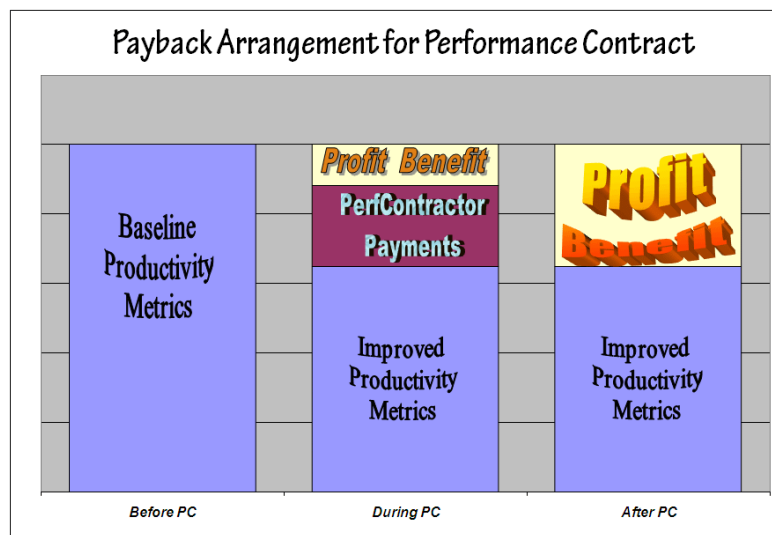


Performance Specifications

Pay for performance is the new normal. Performance contracting has worked very well in energy service companies and their clients, large energy using facilities. WaterBalance offers performance contracting terms and conditions to only a few of our clients. Unlike HVAC, lighting, window treatments, roof coatings, and insulation for buildings, landscape are alive! They breath, and get attacked by virus. Unlike windows and foam, they decline over many years and can finally die. So, it takes a very special relationship between Client and Consultant to assemble a fair and equitable agreement. Still, the arrangement plays out about the same:



Here are a few cases where it is working:

“A KB home built to new EPA guidelines will reduce water usage by 20% and save 10,000 gallons of water each year.”

LOS ANGELES (April 1, 2010) – KB Homes (NYSE: KBH), one of America’s premier homebuilders, in partnership with the U.S. Environmental Protection Agency (EPA) WaterSense® program, announced today plans to be the first homebuilder to construct homes to meet the WaterSense specification. A new WaterSense labeled home built by KB Home will also allow homeowners to significantly reduce their water and energy consumption, resulting in lower monthly utility bills.

This story is playing out all across the U.S. The contractors are responsible for delivering the WaterSense labeled landscape the high-performance irrigation system these new home owners pay a small premium for. Taking this further, the performance specification is still a work in progress.

Note: WaterBalance is a WaterSense partner and has evaluated the specification and contributed comments. Some aspects of the specification, this version anyway, are illogical. For example, the budget model does a very poor job of calculating water requirements of maturing landscapes, with lots of shade trees. The model seems to penalize people for planting trees, which obviously makes no sense. We need more trees in our cities, not fewer. Also, the irrigation system performance is too low. There is no reason irrigation systems should distribute water at below 80% uniformity.

Tucson Unified School District

TUSD currently pays \$475/acre foot for reclaimed water compared to \$779/acre foot for potable water, and those rates are expected to increase 4.2% per year over the next 5 years (22.8% cumulative increase). Tucson Water's increasing block rate structure makes it especially expensive to grow even Bermuda grass with minimal winter landscaping water use.

Several grant projects funded by the Arizona Department of Water Resources (ADWR) helped TUSD quantify landscaping water use, irrigation system efficiency, and the potential for connecting schools to reclaimed water. But, importantly, **TUSD also requires contractors who build new systems to meet or exceed system performance audits at the end of construction.** While these schools are not like Tucson's great golf courses, where extreme care is employed in design and construction, and where system distribution uniformities average above 80%, TUSD systems are relatively high performance systems. Of course, without high quality design and construction, grounds maintenance workers haven't any chance of using water wisely, and watering according to plant demands.

Others

Water budgeting is opposed by many American Westerners. As a Best Management Practice is Arizona, where active management areas are under water use regulations, water budgeting is rarely utilized. Fortunately, landscape water use ordinances prevail in other key cities. Most importantly, many California cities have adopted water budgeting, and system performance criteria to all new construction. It just makes sense. Good for them !