

ET Water excites local investors

Big name backers give startup a lift

CORTE MADERA, CA – It's no coincidence that the two leading intelligent irrigation systems in the United States are being launched from the North Bay. ET Water Systems, championed by prominent Bay Area developers and investors, was formed when its principals failed in their bid to purchase a patented agricultural water-loss sensing system developed in Petaluma and now owned by HydroPoint.

Two-year-old Hydro Point, with 2,000 residential, water-district, and corporate customers in several states and a recent round of \$11.8 million in venture funding, was first on the block. But ET Water, which launches its system in November, expects to move up fast, especially in the residential and commercial real estate industry. Investors include Matt and Bill White of Basin Street Properties, John Barella of North Bay Construction, Peter Nosler of DPR Construction, and Lewis Cook of Sequoia Land Investments, among other leaders in the Bay Area building industry.

Also, on board are noted environmental advocate and past Sierra Club Foundation President Robert Flint, former U.C. Berkeley dean of business William Hasler, and several current and former telecommunications executives.

“Our investors are in diverse fields, but they share a belief that water conservation and runoff issues are key to the future of the Western states,” says ET Water founder and CEO Bruce Cardinal.

Difference is user interface

Both ET Water and HydroPoint have built their systems using ET (evapotranspiration) a formula that determines the amount of water lost by a plant and its soil as a result of weather conditions. Developed by scientists at UC Davis and Cal Poly, Pomona, for the agricultural industry, the formula can be used in conjunction with real time weather data pulled from

satellites and weather stations, and site-specific data – plant and soil type, slope, sun exposure, and sprinkler type – to determine whether irrigation is needed and the amount of water to apply. On-site controllers activate the sprinkler system.

Where ET Water and HydroPoint systems diverge is in the user interface. HydroPoint users enter the site-specific data into the controller itself. ET Water uses a client/server model, with customers accessing a Website to enter information, make adjustments, read reports, and manager the system from remote locations via the Internet. Two-way communication utilizing phone lines allows the system to report equipment malfunctions, saving a visit to the site.

To develop the graphical interface, which helps users identify key attributes of different sites, the ET Water team consulted horticultural experts at colleges and universities nationwide. A remarkable amount of research has gone into the deceptively simple screens, behind which operate a series of algorithms to sift and organize the data. Mr. Cardinal consulted a leading runoff specialist to make sure the system could identify and adjust for the conditions that lead to runoff.

“Up to 60% of urban water use goes to outside watering,” says ET Water vice president of marketing Steve Snow. “The waste from overwatering is huge, and fertilizer-bearing runoff is

a serious hazard to any nearby body of water. Orange County has had to close beaches due to runoff. Lake Tahoe is also facing serious runoff issues.”

Water biggest issue

Forward-looking water districts, led by the East Bay Municipal Utility District and Orange County, are offering rebates and incentives to commercial developers and landscapers to install systems that save water and prevent runoff. Similar incentives for residential users are expected to be in place as soon as next year, according to Mr. Snow.

According to ET Water beta tester and investor Matt White, water is the single biggest issue facing the North Bay.

“I’m convinced that in five years residential and commercial developers will be required to install this type of system. And why not? It’s simple to use, and the payoff is immediate,” he says. “The plants are healthier. And for hillside development, the runoff prevention feature is indispensable.”

Mr. Cardinal had developers like Mr. White in mind when he designed the system. “We purposely built in features that developers and commercial landscapers would like, other features that water districts will appreciate and features to please the residential user,” he says.

“Developers can go to planning commissions with almost the exact amount of water they’ll be saving, which expedites the process. For commercial contractors, the remote management and two-way communication is a time and money saver.”

Water agencies can access the aggregate data to determine when and where water is being used.

“If the system is overloaded at certain times of the day, we can shift the watering schedule, with the user’s permission, to accommodate the district,” says Mr. Cardinal. “Also, our two-way communication feature allows water districts to verify water savings, enabling rebate programs. “And residents will appreciate the simple interface, customized to various climates and regions.” He also says it is the only system that automatically incorporates rainfall

into the watering schedule, eliminating the need to shut off the system or buy add-on rain sensors.

A typical homeowner would pay \$250 for a system plus an annual service fee, or \$500 with no service fee for the life of the product. Under pending state and county incentive programs, 50%-60% of that cost will be rebated, according to Mr. Snow. Water savings typically range from 20,000-250,000 gallons a year, depending on lot size.

Facing water shortages

The market is very large. At least 13 states are facing or will face acute water shortages, he says. In these states, many of which are expected to mandate ET controller adoption, replacing all installed controllers with ET systems would generate \$4 billion-\$5 billion.

ET Water, which is currently raising its second round of funding, expects to be profitable in two years. “I won’t speculate, but I don’t think our investors will be disappointed,” says Mr. Cardinal.

For more information, call 415-945-9383 or visit www.etwater.com