



**MWD**

*METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA*

8-11

August 4, 1992

(Water Problems Committee--Action)

*To:* Board of Directors (Finance and Insurance Committee--Information)

*From:* General Manager

*Subject:* Allocation and Implementation of Ultra-Low-Flush Toilet Projects

Report

On July 14, 1992, your Board authorized an allocation formula (Allocation) (Attachment A) for Conservation Credits Program (Credits Program) applications, to ensure an equitable distribution of funds among member agencies and broader implementation of Best Management Practices (BMP). Staff has allocated \$7 million for ultra-low-flush (ULF) toilet projects for fiscal year 1992-93, with \$6 million for disbursement now and \$1 million held in reserve to fund applications received after July 31, 1992. Metropolitan has received Credits Program applications from 14 member agencies totalling \$16 million for fiscal year 1992-93. Distribution among applying agencies, based upon total urban demand, is shown in Attachment B.

Based on staff's analyses, the creation of a Water-Wise type program, managed by Metropolitan, to centrally purchase, warehouse, assist in marketing, and distribute ULF toilets, and recycle replaced toilets, will be a significant cost-saving measure. The initial cost will be approximately \$100 per toilet with Metropolitan's participation under the Credits Program at 50 percent, and is anticipated to decrease with the participation of community-based groups, entrepreneurs, and business partners. Historically, most ULF toilet projects were rebate programs that averaged \$130 per toilet, and reached as high as \$150. This resulted in a regional cost of approximately \$400 per AF saved for a single-family residence toilet replacement.

Member agencies have expressed interest in the development of a comprehensive marketing program by Metropolitan, similar to the Water-Wise Program. Based on historical marketing methods, the \$7 million available this fiscal year would support agency programs totalling 108,000 toilets. Utilizing the proposed lower-cost marketing methods, the \$7 million could support programs totalling 140,000 toilets. The difference represents a savings of \$4 million.

August 4, 1992

Funds are available for Conservation Credits support of member agencies' projects and Metropolitan's development and implementation of the comprehensive marketing program in the existing Conservation budget.

The programs are exempt from the California Environmental Quality Act because they entail minor alterations to the plumbing of existing facilities involving no expansion of capacity.

#### Board Committee Assignments

This letter is referred to:

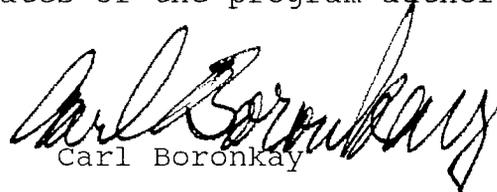
The Water Problems Committee for action because of its authority to advise and make recommendations regarding policies on water conservation, pursuant to Administrative Code Section 2481(i); and

The Finance and Insurance Committee for information because of its authority to advise and make recommendations regarding policies concerning the disposition and investment of funds, pursuant to Administrative Code Section 2441(c).

#### Recommendation

#### **WATER PROBLEMS COMMITTEE FOR ACTION.**

It is recommended that: (a) the allocation for ULF toilet projects be approved as presented in this letter; (b) the General Manager be authorized to enter into agreements in excess of \$250,000 with member agencies and other parties as he deems desirable to implement ULF toilet projects as outlined in this letter, the agreements to be in form approved by the General Counsel; and (c) member agencies be allowed to amend contracts executed under this program to take advantage of new program designs described in this letter as they develop, consistent with Credits Program criteria. The General Manager will report back to your Board quarterly with updates of the program authorized.

  
Carl Boronkay

MDP:aw:ALOCMTG.MDP

Attachments (2)

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

7-21

June 30, 1992

*To:* Board of Directors (Water Problems Committee--Action)  
Board of Directors (Finance and Insurance Committee--Information)

*From:* General Manager

*Subject:* Conservation Credits Program Funding Policy

Report

Statewide implementation of the Urban Water Conservation Best Management Practices (BMP) is well under way in Southern California. Water agencies throughout Metropolitan's service area are budgeting upwards of \$50 million for conservation programs in fiscal year 1992-93. In apportioning Metropolitan's conservation budget, two criteria are important: 1) funding for all BMPs, and 2) fair access for all member agencies to Metropolitan funds. Currently, the largest request for funds is for ultra-low-flush (ULF) toilets - \$12 million of applications. Funding these requests from the conservation program budget of approximately \$16 million would not leave sufficient funds for the other BMPs. Consequently, staff has been investigating ways to determine each member agency's fair share of the amount budgeted for a given BMP.

Staff considered four alternative funding criteria to determine a member agency's relative share of conservation funds available from Metropolitan: a) total demand in Metropolitan's service area, b) total urban demand in Metropolitan's service area, c) total purchases from Metropolitan, and d) total urban purchases from Metropolitan. The relative funding allocation in percent for each member agency for the four alternatives considered is shown for your reference in the attachment.

Based on considerations of effectiveness and fairness, and after consultation with member agencies, staff recommends that when requests for funds exceed budgeted amounts, funds for the Conservation Credits Program be based on alternative "b", each member agency's relative share of **total urban demand** in Metropolitan's service area. The logic of this recommendation is based on the overall objective of the BMPs -- to reduce total urban demand in Metropolitan's service area. The base criteria of total urban demand is therefore the most equitable basis for dispersing conservation funds.

Board of Directors

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June 30, 1992

Steps in the proposed allocation process are as follows: 1) At the beginning of the last quarter of each fiscal year, staff would make a tentative distribution of anticipated conservation funds among each of the BMP work orders; member agencies would be informed of that distribution, with the proviso that it would be subject to change, based on your Board's final budget approval and on the extent of requests for funds by member agencies. 2) Member agencies would be requested to submit applications prior to the end of the fiscal year. 3a) For a given BMP, if, by the beginning of the fiscal year, the requested funds are **less than** the budgeted amount, each requesting agency would be funded up to the amount requested; funds remaining would be held for subsequent applications or reassigned to a different BMP work order, as appropriate. 3b) If, by the beginning of the fiscal year, the requested funds for a specific BMP program are **greater than** the budgeted amount, all applying agencies would be funded up to an amount necessary to implement a minimum, threshold program. Funds remaining would be allocated among each applying agency based on its relative proportion of average service area total urban water demand in the fiscal period 1987-88 to 1990-91. All applications would be funded up to this initial allocation. 4) These allocations could be adjusted based on the following criteria: project innovation; breadth and history of the agency's conservation program; and other relevant factors affecting project cost-effectiveness.

#### Board Committee Assignments

This letter is referred to:

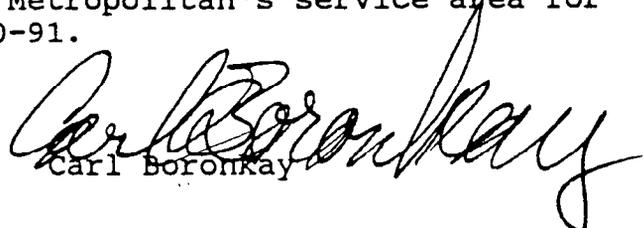
The Water Problems Committee for action because of its authority to advise and make recommendations with regard to policies regarding water conservation pursuant to Administrative Code Section 2481 (i); and

The Finance and Insurance Committee for information because of its authority to advise and make recommendations with regard to policies regarding disposition and investment of funds pursuant to Administrative Code Section 2441 (c).

#### Recommendation

#### **WATER PROBLEMS COMMITTEE FOR ACTION.**

It is recommended that the Board adopt staff's proposed allocation Conservation Credits funding policy based on percent of average total urban demand in Metropolitan's service area for the fiscal period 1987-88 to 1990-91.

  
Carl Boronkay

**Conservation Credits Program  
Alternative Funding Criteria**

**PERCENT OF TOTAL OF FOUR-YEAR AVERAGE  
FISCAL YEARS 1987-88 TO 1990-91**

AGENCY	(a) TOTAL SERVICE AREA DEMAND	(b) TOTAL SERVICE AREA URBAN DEMAND	(c) TOTAL PURCHASED FROM MWD	(d) TOTAL URBAN PURCHASED FROM MWD
San Fernando	0.10%	0.11%	0.06%	0.07%
San Marino	0.17%	0.18%	0.05%	0.05%
Compton	0.28%	0.32%	0.22%	0.24%
Beverly Hills	0.38%	0.43%	0.66%	0.72%
Foothill MWD	0.44%	0.49%	0.48%	0.52%
Santa Monica	0.45%	0.50%	0.48%	0.53%
Las Virgenes MWD	0.63%	0.70%	1.02%	1.11%
Burbank	0.61%	0.68%	1.01%	1.10%
Torrance	0.64%	0.72%	0.99%	1.08%
Glendale	0.84%	0.94%	1.23%	1.34%
Fullerton	0.89%	0.98%	0.71%	0.77%
Pasadena	1.00%	1.12%	1.10%	1.20%
Santa Ana	1.33%	1.48%	0.79%	0.87%
Coastal MWD	1.37%	1.52%	2.05%	2.22%
Anaheim	1.90%	2.11%	1.25%	1.36%
Long Beach	2.05%	2.29%	2.17%	2.38%
Three Valleys MWD	3.39%	3.72%	3.21%	3.50%
Calleguas MWD	3.48%	3.22%	4.71%	4.67%
Eastern MWD	3.82%	2.38%	2.22%	1.98%
Upper San Gabriel Valley MWD	4.99%	5.57%	2.81%	3.07%
West Basin MWD	5.30%	5.90%	8.39%	9.15%
Chino Basin MWD	5.38%	4.98%	2.31%	2.51%
Western MWD of Riverside Co.	7.00%	4.45%	3.49%	1.78%
Central Basin MWD	7.10%	7.92%	6.39%	6.99%
MWD of Orange County	11.66%	11.92%	12.12%	12.40%
San Diego CWA	16.96%	15.51%	26.73%	23.79%
Los Angeles	17.85%	19.88%	13.37%	14.61%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

ATTACHMENT B

<u>Member Agency</u>	<u>ULFT Allocation</u>
Anaheim	\$ 279,817
Burbank	90,272
Calleguas	239,778
Coastal	68,714
MWDOC	192,475
Las Virgenes	67,127
Los Angeles	2,637,673
Pasadena	139,238
SDCWA	2,057,882
San Marino	8,800
Santa Monica	66,124
Three Valleys	17,500
Torrance	95,000
U. San Gabriel	<u>39,600</u>
Total	\$6,000,000