



**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

7-4

September 29, 1992

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

From: General Manager

Subject: Commercial, Industrial, and Institutional Conservation Program  
Report

Following your Board's authorization in May of 1991, Metropolitan established a successful Commercial, Industrial, and Institutional (CII) Conservation Program (Program) to assist member agencies in promoting CII programs. Now that we are in the second year of statewide implementation of Urban Water Conservation Best Management Practices, with CII programs as an important component, staff proposes a CII Program based on results of interviews with member agencies assessing their needs, capabilities, and levels of commitment.

The proposed CII Program builds on the experience of past programs, focuses on training member and subagencies to develop their own local programs, and develops mechanisms to overcome barriers to CII Program implementation. CII Program components include: services to member agencies, an intern program, water management studies, and pilot projects. The following is a brief description of these components.

Services to member agencies are tailored to reflect the agency's capability to develop and sustain an effective CII program. These services include: 1) technical support in developing objectives, resources, and CII conservation policies; 2) training in planning, managing, and evaluating CII programs; 3) training in performing commercial water-management studies; 4) assisting in water-management studies; 5) developing and testing models for marketing conservation services and stimulating investment in conservation projects; and 6) creating public recognition programs of notable conservation projects.

Intern program would develop and train college student interns to perform simple, low-cost, commercial water audits. Year-end targets: 20 trained auditors and 800 audits.

Water-management studies (Studies), which were a primary objective of the first year CII Program, would be continued. These Studies document the potential for cost-effective conservation opportunities in a variety of industrial

settings, with an average water savings potential of 20 percent. It is too soon to know the actual rate of implementation of proposed conservation measures, but a reasonable implementation rate of only 25 percent justifies a continued commitment to these Studies.

Pilot projects would be developed to: 1) examine the feasibility of incentives designed to encourage implementation of cost-effective projects; 2) test use of performance contracts as incentives to encourage private companies to implement conservation projects; 3) evaluate conservation benefits of certain retrofit devices; and 4) study economics of retrofitting a standard package of conservation measures for a given type of facility. Agencies with CII programs in place will serve as a platform for testing innovative pilot programs.

Total Program budget is estimated to be \$1.5 million, which would be allocated from the Conservation budget of \$21.3 million for fiscal year 1992-93.

This action is exempt from provisions of the California Environmental Quality Act in that there is no possibility that it may have a significant effect on the environment.

#### Board Committee Assignments

This letter is referred to:

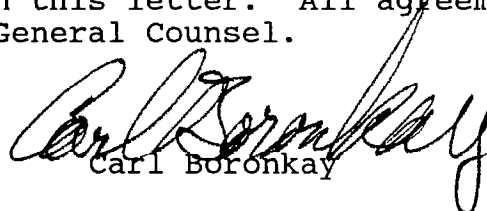
The Water Problems Committee for action because of its authority to advise and make recommendations with regard to policies regarding water conservation pursuant to Administrative Code Section 2481(i); and

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 your Board approve funding of \$1.5 million for this Program from the fiscal year 1992-93 Conservation budget, and that 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 CII Program projects as outlined in this letter. All agreements are to be approved in form by the General Counsel.

  
Carl Boronkay