



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

8-10

January 26, 1993

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

From: General Manager

Subject: Fiscal Year 1992-93 Conservation Branch Budget and Conservation Credits Program Criteria

Report

At the beginning of fiscal year 1992-93, Conservation Branch staff surveyed member agencies to determine the amount of funding support required to implement conservation projects. Your Board approved a budget that would meet drought-response needs and implement the second-year schedule of the Memorandum of Understanding (MOU) for Best Management Practices (BMP). Subsequently, as the water supply picture improved and water agencies reviewed their financial situations, many pilot projects for landscaping, indoor/outdoor water audits, and Commercial/Industrial/Institutional (CII) incentives were delayed. The predominance of Conservation Credit applications were for ultra-low-flush (ULF) toilet projects, for which \$7 million was allocated and distributed out of total requests of \$11.6 million. This has left a balance of ULF toilet project requests of approximately \$4.6 million. This is explained in greater detail in Board Letter No.9-9, which has also been submitted for the February Board meeting.

Metropolitan's conservation program has been reevaluated mid-fiscal year. It appears that there will be a balance of uncommitted funds of approximately \$6.6 million at the end of the fiscal year that could be made available for reallocation to other programs. The existing budget and suggested budget revision is attached for your reference as Attachment A.

It is anticipated that a significant portion of these funds available for reallocation could be distributed in a third ULF toilet replacement program allocation. This would enable member and subagencies to implement new projects or expand existing ones. Member agencies that have not been fully funded in the two earlier allocations could also receive more funding support. This third allocation could give first preference to new project applications and later consideration for existing unfunded applications. Funds not requested for ULF toilet projects could be distributed for landscape,

indoor/outdoor water audits, and CII projects as scheduled in the MOU.

However, many member agencies appear to have significant funding constraints. In order to mitigate this problem, it has been suggested that the Conservation Credits Program criteria be temporarily adjusted to provide a two-thirds (67 percent) contribution of a project's cost instead of the existing one-half and suspend the \$154 per acre-foot (AF) savings limitation. This would enable agencies to provide some funding co-participation that was not anticipated in this budget year, and to anticipate funding needs for fiscal year 1993-94. This could facilitate participation in the Water-Wise Ultra-Low-Flush (ULF) Toilet Replacement Program implemented by Metropolitan to target low-income/minority communities and multi-family complexes.

Board Committee Assignments

This letter is referred for action to:

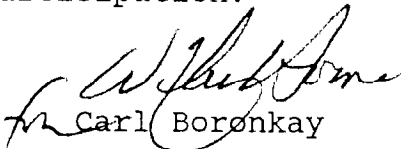
The Water Problems Committee because of its authority to make recommendations regarding policies on water conservation, pursuant to Administrative Code Section 2481(i); and

The Finance and Insurance Committee because of its authority to study, advise, and make recommendations in matters concerning the disposition of funds, pursuant to Administrative Code Section 2441(c).

Recommendation

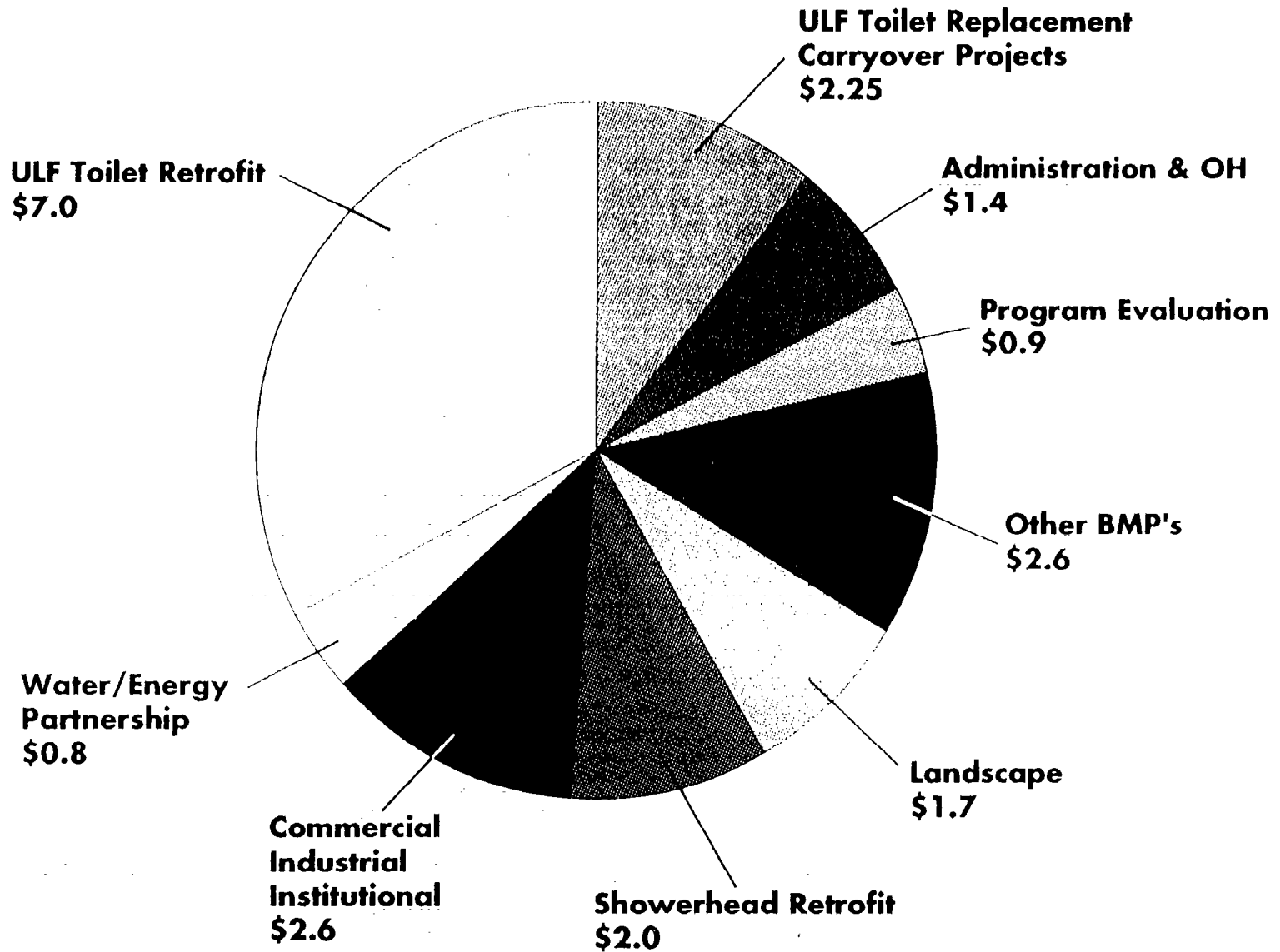
WATER PROBLEMS AND FINANCE AND INSURANCE COMMITTEES FOR ACTION.

It is recommended that: a) a third ULF toilet replacement project allocation be instituted with priority to new project proposals, and funded by the projected \$6.6 million balance of uncommitted, budgeted funds; b) staff be allowed to reallocate the balance of funds among various work orders and projects; c) existing Conservation Credits Program criteria be temporarily adjusted through June 30, 1994, as outlined in this letter, but allowing staff discretion to apply the \$154 per AF criteria if a project is not cost effective under the new criteria requiring two-thirds participation.


for Carl Boronkay

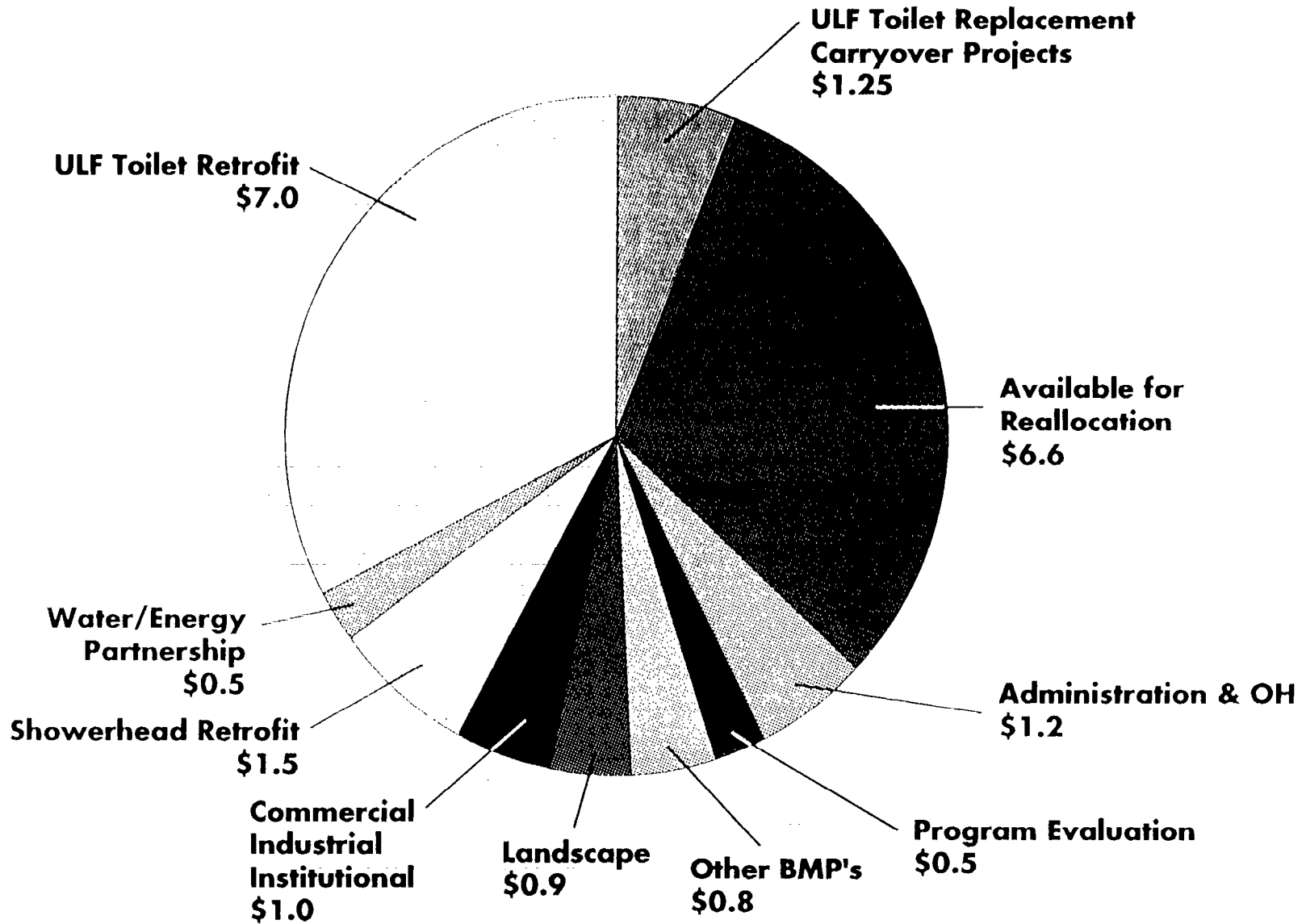
ATTACHMENT A
CONSERVATION BUDGET

Fiscal Year 1992 - 1993
in Millions



Total Conservation Budget: \$21.25 Million

ATTACHMENT A
REVISED CONSERVATION BUDGET
Fiscal Year 1992 - 1993
in Millions



Total Conservation Budget: \$21.25 Million