

- **Board of Directors**  
**Water Planning, Quality and Resources Committee**

December 10, 2002 Board Meeting

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**9-6**

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**Subject**

Approve increased conservation credits funding of \$3 million for the High Efficiency Clothes Washer Program

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**Description**

The member agencies recently requested that Metropolitan extend its temporarily increased rebate amounts for High Efficiency Clothes Washers that were made available using a \$925,000 grant from CALFED. Over the last several months the public has responded so strongly to the \$100 per unit rebate (**Attachment 1**), that the entire CALFED grant is now exhausted. As a result, approval is requested to use an additional \$3 million of unbudgeted Metropolitan funds during this fiscal year to sustain the higher rebate amounts. Additional funds would also be sought for next fiscal year's budget to support increased rebates through December 2003.

As background, in 2001 Metropolitan successfully competed for the \$925,000 CALFED grant to support 10,000 rebates for residential consumers to retrofit HEWCs. Each new washer would save about 5,250 gallons per year. Coupled with Metropolitan's standard incentive amount, the grant money was used for extra marketing and increased rebates to influence residential customers to adopt the new water saving technology offered by HECWs. For each unit installed, \$10 went to member agency marketing and \$100 went to the residential customer.

Metropolitan and the member agencies will engage in aggressive efforts to obtain additional grant funding. The most promising opportunity is for Proposition 13 funds, which would not be available until the end of calendar year 2003. If Proposition 13 or other grants are not obtained, rebates would fall back to Metropolitan's established \$35 per unit amount in January 2004. The \$35 rebate is based on existing policy of \$154 per acre-foot saved. Using Metropolitan-only funding at the \$100 rebate plus \$10 per unit for marketing would exceed the existing \$154 per acre-foot policy and serve as a bridge during the gap period to potential new grant funding.

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**Policy**

By Minute Item 43397, dated February 9, 1999, the Board authorized the General Manager to enter into agreements to provide \$35 per water efficient clothes washers.

By Minute Item 44530, dated July 10, 2001, the Board adopted resolutions to accept \$1.3 million in state grants for three water conservation projects and a groundwater feasibility study.

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**California Environmental Quality Act (CEQA)**

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

**Board Options/Fiscal Impacts**

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**Option #1**

Adopt the CEQA determination and

- a. Approve the expenditure of \$3 million of unbudgeted funds for the HECW program through June 2003; and
- b. Approve HECW rebate plus marketing contributions of \$110 per unit through December 2003.

**Fiscal Impact:** \$3 million additional expenditure in fiscal year 2002/03 and potentially \$3 million more in fiscal year 2003/04 if budgeted

**Option #2**

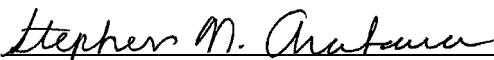
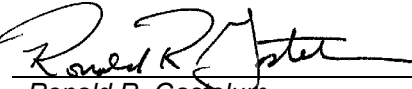
Continue Metropolitan's existing \$35 rebate.

**Fiscal Impact:** None

**Staff Recommendation**

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Option #1

 Stephen N. Arakawa Manager, Water Resource Management	11/26/2002 Date
 Ronald R. Gastelum Chief Executive Officer	11/26/2002 Date

**Attachment 1 – Metropolitan's CALFED HECW Rebate Program**

BLA #2096

