

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

October 14, 2003 Board Meeting

8-7

Subject

Adopt resolutions to accept \$4.63 million in state grants for three water conservation projects; and approve extending Metropolitan's existing High-Efficiency Clothes Washer bridge incentive payments until grant is received

Description

This letter seeks board resolutions to formalize Metropolitan's acceptance of \$4.63 million for water conservation project grants under Proposition 13. This letter also proposes an extension of budgeted bridge incentive funding of \$110/unit until grant funds are received.

In May, the Department of Water Resources (DWR) notified Metropolitan that three water conservation proposals were selected to receive a total of \$4.63 million in grant funding under the Urban Water Conservation Program of the Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act. DWR recently requested that Metropolitan's Board adopt resolutions accepting grant funds, authorizing the Chief Executive Officer to execute the contracts, and designating a project manager to administer the projects. These resolutions are in the following attachments:

- **Attachment 1:** Resolution for \$2.5 million for the residential High-Efficiency Clothes Washer (HECW) incentive program;
- **Attachment 2:** Resolution for \$1.78 million for a pilot regional evapotranspiration (ET) irrigation controller project; and
- **Attachment 3:** Resolution for \$348,630 for an industrial process capital improvement project.

The HECW grant will supplement Metropolitan's \$35 per unit long-term incentive, which is based on an existing policy of \$154 per acre-foot (AF) saved. The total project cost is \$3.7 million, of which the state's contribution will be \$2.5 million for incentives and project administration. Metropolitan will provide about \$1.2 million through the baseline incentive. Metropolitan's share is budgeted in the Conservation Credits Program in fiscal year 2003/04, and will be included in the next fiscal year's budget as needed. The estimated water savings is about 10,500 AF over a 15-year period for 33,000 retrofits.

In December 2002, the Board approved \$3 million in this fiscal year's budget to provide an incentive of \$110 per unit for a limited term through December 2003. To ensure a smooth transition, approval is requested to extend the expenditure of bridge funding (\$110/ unit) until Proposition 13 funds become available or through June 2004, whichever comes first.

The ET Controller grant will provide additional funding on top of Metropolitan's \$65 per unit incentive to fund new weather-based, self-adjusting irrigation controllers in residential and commercial settings. The total project cost is estimated at \$3.2 million, of which the state's contribution will be \$1.78 million for incentives and project administration costs. Metropolitan will provide about \$770,000, and its participating member service areas will provide the remaining \$650,000. The estimated water savings is 23,300 AF over ten years for 5,500 retrofits.

The three-year project will include an evaluation of the water savings achieved, the relative effectiveness of various controller technologies, and overall program cost-effectiveness. The program will run concurrently with a

similar program being implemented by northern California agencies to achieve a statewide assessment of the value of the emerging irrigation control technologies.

This month, the Board will also consider authorizing a new \$5.50 per station incentive to commercial, industrial, and institutional customers for the purchase of a weather-based irrigation controller. This would allow Metropolitan incentives of up to \$350 for a 64-station device.

The Industrial Process grant will fund an incentive for an industrial process capital improvement project, which will install advanced water treatment technology in a metal plating facility in Orange County to recirculate its process water. The total project cost is estimated at \$662,000, of which the \$348,630 grant will be used to facilitate construction. Metropolitan will fund the water savings from this project under its existing Industrial Process Improvement program on a “pay as you save basis.” Metropolitan's total funding is estimated to be \$250,000, and the plating facility will contribute the remaining \$63,000. The estimated water savings is about 1,600 acre-feet over 15 years.

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 44974, dated August 20, 2002, the Board authorized an incentive of \$65 per unit for the retrofit installation of evapotranspiration controllers in residential landscapes.

By Minute Item 45113, dated December 10, 2002, the Board approved the expenditure of \$3 million of unbudgeted funds for the HECW program through June 2003; and approved HECW rebate plus marketing contributions of \$110 per unit through December 2003.

California Environmental Quality Act (CEQA)

CEQA determination for Options #1 and #2:

As related to the previously board-approved water conservation projects, the proposed actions are not defined as a project under CEQA, because they involve continuing administrative activities such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed actions are not subject to CEQA because they involve other government fiscal activities, which do not involve any commitment to any specific project that 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 actions associated with the previously board-approved water conservation projects are not subject to CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and

- a. Adopt the resolutions (in [Attachment 1](#), [Attachment 2](#), and [Attachment 3](#)); and
- b. Approve extending the expenditure of bridge funding (\$110/ unit) until Proposition 13 funds become available or through June 2004, whichever comes first.

Fiscal Impact: Receipt of \$4.63 million in state funds through DWR under the Urban Water Conservation Program. Metropolitan will contribute about \$2.2 million for the three projects.

Option #2

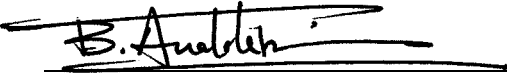
Adopt the CEQA determination and

- a. Adopt the resolutions (in [Attachment 1](#), [Attachment 2](#), and [Attachment 3](#)); and
- b. Do not approve extending the expenditure of bridge funding.

Fiscal Impact: Receipt of \$4.63 million in state funds through DWR under the Urban Water Conservation Program. Metropolitan will contribute about \$2.2 million for the three projects.


Staff Recommendation

Option #1



for Anatole Falagan
Stephen N. Arakawa
Manager, Water Resource Management

9/15/2003
Date



Ronald R. Gastelum
Chief Executive Officer

9/24/2003
Date

Attachment 1 – Resolution for the HECW grant

Attachment 2 – Resolution for the ET Controller grant

Attachment 3 – Resolution for the Industrial Process Capital Improvement grant

BLA #2530

Resolution for the HECW grant

RESOLUTION ____

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA ACCEPTING FUNDING PURSUANT
TO THE URBAN WATER CONSERVATION PROGRAM OF THE
SAFE DRINKING WATER, CLEAN WATER, WATERSHED PROTECTION AND FLOOD
PROTECTION ACT (PROPOSITION 13, CHAPTER 8, ARTICLE 6)

FOR

HIGH EFFICIENCY CLOTHES WASHER REBATE PROJECT

WHEREAS, the Safe Drinking Water, Clean Water, Watershed Protection and Flood Protection Act (Proposition 13, Chapter 8, Article 6) appropriated to the Department of Water Resources local assistance grants to The Metropolitan Water District of Southern California payable from the Water Conservation Account.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Metropolitan Water District of Southern California that pursuant to and subject to all the terms and provisions of Proposition 13 funds, Metropolitan shall accept \$2.5 million in grant funds from the California Department of Water Resources for the High-Efficiency Clothes Washer Project.

BE IT FURTHER RESOLVED that the Chief Executive Officer of the Metropolitan Water District of Southern California is hereby authorized and directed to execute the contracts, and to designate the Project Manager for the administration of the projects authorized to approve and sign project invoices, and act as liaison to the Department of Water Resources. Mr. Andrew Sienkiewich shall be the initial Project Manager.

BE IT FURTHER RESOLVED that the Executive Secretary is hereby directed to file forthwith certified copies of this resolution with the Department of Water Resources.

I HEREBY CERTIFY, that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California at its meeting held October 14, 2003.

Executive Secretary
The Metropolitan Water District
of Southern California

Resolution for the ET Controller grant

RESOLUTION ____

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA ACCEPTING FUNDING PURSUANT
TO THE URBAN WATER CONSERVATION PROGRAM OF THE
SAFE DRINKING WATER, CLEAN WATER, WATERSHED PROTECTION AND FLOOD
PROTECTION ACT (PROPOSITION 13, CHAPTER 8, ARTICLE 6)

FOR

EVAPOTRANSPIRATION (ET) IRRIGATION CONTROLLER INSTALLATION REBATE PROJECT

WHEREAS, the Safe Drinking Water, Clean Water, Watershed Protection and Flood Protection Act (Proposition 13, Chapter 8, Article 6) appropriated to the Department of Water Resources local assistance grants to The Metropolitan Water District of Southern California payable from the Water Conservation Account.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Metropolitan Water District of Southern California that pursuant to and subject to all the terms and provisions of Proposition 13 funds, Metropolitan shall accept \$1.78 million in grant funds from the California Department of Water Resources for the Evapotranspiration (ET) Irrigation Controller Installation Rebate Project.

BE IT FURTHER RESOLVED that the Chief Executive Officer of the Metropolitan Water District of Southern California is hereby authorized and directed to execute the contracts, and to designate the Project Manager for the administration of the projects authorized to approve and sign project invoices, and act as liaison to the Department of Water Resources. Mr. Andrew Sienkiewich shall be the initial Project Manager.

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Executive Secretary
The Metropolitan Water District
of Southern California

Resolution for the Industrial Process Capital Improvement grant

RESOLUTION ____

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA ACCEPTING FUNDING PURSUANT
TO THE URBAN WATER CONSERVATION PROGRAM OF THE
SAFE DRINKING WATER, CLEAN WATER, WATERSHED PROTECTION AND FLOOD
PROTECTION ACT (PROPOSITION 13, CHAPTER 8, ARTICLE 6)

FOR

INDUSTRIAL PROCESS CAPITAL IMPROVEMENT PROJECT

WHEREAS, the Safe Drinking Water, Clean Water, Watershed Protection and Flood Protection Act (Proposition 13, Chapter 8, Article 6) and appropriated to the Department of Water Resources local assistance grants to The Metropolitan Water District of Southern California payable from the Water Conservation Account.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Metropolitan Water District of Southern California that pursuant to and subject to all the terms and provisions of Proposition 13 funds, Metropolitan shall accept \$348,630 in grant funds from the California Department of Water Resources for the Industrial Process Capital Improvement Project.

BE IT FURTHER RESOLVED that the Chief Executive Officer of the Metropolitan Water District of Southern California is hereby authorized and directed to execute the contracts, and to designate the Project Manager for the administration of the projects authorized to approve and sign project invoices, and act as liaison to the Department of Water Resources. Mr. Andrew Sienkiewich shall be the initial Project Manager.

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Executive Secretary
The Metropolitan Water District
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