

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

November 18, 2003 Board Meeting

8-5

Subject

Authorize water use efficiency incentives for new construction

Description

Summary

A prime opportunity exists to expand regional water use efficiency through installation of water-efficient fixtures and landscaping in the design and construction of new homes. Staff requests board authorization for the following actions to be paid through budgeted conservation credits:

1. Apply Metropolitan's existing water-efficiency financial incentives to the added water savings achieved when installed fixtures exceed current construction standards.
2. Conduct a \$250,000 pilot installation project of highly efficient fixtures and landscaping in 30 model homes.

Incentives for New Construction

Metropolitan's Conservation Credits Program focuses on the replacement of older, less efficient fixtures with new, high-efficiency fixtures that reduce water use. There are new fixtures on the market that not only meet, but exceed current federal, state, and local building requirements. Metropolitan provides financial incentives for some of these fixtures to encourage their use. Several devices that are beginning to appear in the marketplace include high-efficiency clothes washers, weather-sensitive irrigation controllers, and dual-flush toilets.

Staff proposes providing financial incentives to new homebuilders that install highly efficient fixtures that exceed current water use efficiency standards. Metropolitan would pay only the incremental incentive for program fixtures that exceed current standards. This represents the first time Metropolitan incentives are explicitly offered to new construction in addition to our long-standing retrofit actions. The following are examples of incentives that would apply to new construction:

| | | |
|----|--|--------|
| 1. | Dual-flush toilets | \$ 20 |
| 2. | High-efficiency clothes washers | \$ 100 |
| 3. | Weather-sensitive irrigation controllers | \$ 65 |

Additional items and associated incentives would be added as they are developed in the future.

Pilot Project to Demonstrate New Technology to Developers and Homebuyers

In order to make developers and homebuyers aware of the variety of water-efficient devices currently available in the marketplace, staff proposes a pilot program that offers homebuilders the opportunity to have one or more of their model homes outfitted with water-efficient fixtures and native and California-friendly landscaping. By previewing model homes that include a variety of water-efficient features, homebuyers would become acquainted with new efficiency options. Homebuilders could gauge the public's interest and offer upgrade packages, or raise the level of their standard home offerings based on the reaction of prospective buyers. Homebuyers would be educated on water-saving options and the importance of their role in helping to conserve our water resources.

The proposed pilot project includes outfitting approximately 30 model homes with selected water-efficient fixtures and native and California-friendly landscaping that represents our region's semi-arid climate. Along with the model homes, Metropolitan would develop educational materials for prospective homebuyers. Staff would use this opportunity to promote a new ethic with the developer's landscape designers, specification engineers, and sales force. The cost for this pilot is \$250,000, which includes approximately \$6,000 per model home and \$70,000 for marketing materials and education. Staff would seek additional outside sources of funding to expand this pilot program. Should this pilot effort be successful, staff may request additional funding from the Board to further influence public behavior.

Policy

By Minute Item 37324, dated September 1988, the Board established financial incentives for water conservation and authorized funding new and emerging technologies.

By Minute Item 38290, dated May 1990, the Board increased the incentive amount.

Metropolitan Water District Administrative Code § 4210: Water Conservation

California Environmental Quality Act (CEQA)

CEQA determination for Options #1 and #2:

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 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. Authorize incentives for installation of water-efficient devices in new homes; and
- b. Authorize \$250,000 to implement a pilot project with developers to install water-efficient features in 30 new model homes.

Fiscal Impact: \$250,000 for the pilot project

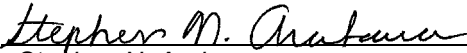
Option #2

Adopt the CEQA determination and do not authorize one or both of the actions in option #1

Fiscal Impact: Up to \$250,000

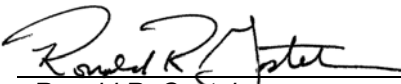
Staff Recommendation

Option #1


 Stephen N. Arakawa
 Manager, Water Resource Management

10/24/2003

Date


 Ronald R. Gastelum
 Chief Executive Officer

10/27/2003

Date