



● **Board of Directors**  
***Water Planning and Stewardship Committee***

March 10, 2009 Board Meeting

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**7-5**

**Subject**

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Adopt resolution to support Metropolitan's \$300,000 grant funding application for agricultural conservation incentives under the Bureau of Reclamation's Water for America Challenge Grant Program; and authorize agricultural incentives under Metropolitan's water conservation programs

**Description**

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A board resolution is sought to support Metropolitan's \$300,000 grant proposal to the Bureau of Reclamation (Reclamation) for its Water for America Challenge Grant Program (Program) to implement a pilot water conservation incentive program for service area agricultural water use.

Federal funding of up to \$300,000 per grant is available through Reclamation's \$10 million Program to encourage conservation and water use efficiency in agricultural and urban areas. Submittal and implementation of the grant proposal would contribute to water savings, consistent with board direction in October 2008 to develop a program by June 2009 that encourages the use of devices and activities leading to greater water use efficiency in the agricultural sector.

Reclamation's guidelines require inclusion of board resolutions supporting grant proposals within 60 days of application submittal as a prerequisite for consideration (**Attachment 1**). Staff submitted a grant proposal in January 2009. If selected, staff would return to the Board for a separate resolution accepting grant funds.

Metropolitan's existing Water Savings Performance Program provides financial incentives to customers that make investments for industrial and landscape improvement projects that save water. Staff is proposing that agricultural water use efficiency improvements could also be funded under Metropolitan's Water Savings Performance Program, which provides incentives up to \$195 per acre-foot of water saved. This program is working well in cases where water savings are achieved through customized landscape and industrial process retrofits.

The total cost of the two-year pilot is estimated at \$600,000, of which \$300,000 could be provided by Reclamation under the grant for incentives, analyses, reporting, and project administration. Metropolitan would provide \$300,000 for incentives to eligible projects under the Water Savings Performance Program in fiscal years 2010 and 2011.

Reclamation is scheduled to announce awards in April 2009 and execute agreements in June 2009.

**Policy**

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By Minute Item 45208, dated February 11, 2003, the Board approved Metropolitan's policy principles on water use efficiency.

By Minute Item 45784, dated June 8, 2004, the Board adopted the CEQA determination and authorized changes to Metropolitan's existing industrial process water-use program.

By Minute Item 47672, dated October 14, 2008, the Board approved changes to Metropolitan's Interim Agricultural Water Program.

**California Environmental Quality Act (CEQA)**

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CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves the creation of government funding mechanisms or 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 the provisions of CEQA pursuant to Sections 15378(b)(4) and 15061(b)(3) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

**Board Options**

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**Option #1**

Adopt the CEQA determination and

- a. Adopt resolution supporting Metropolitan’s proposal for grant funding under Reclamation’s Water for America Challenge Grant Program; and
- b. Approve inclusion of agricultural improvements as eligible elements under Metropolitan’s Water Savings Performance Program.

**Fiscal Impact:** \$300,000 Metropolitan cost supplemented with \$300,000 federal grant over a projected two-year period.

**Business Analysis:** Achieve lifetime water savings of approximately 1,300 acre-feet; create and implement a pilot program to assess steps to improve service area agricultural water use efficiency. Additional savings may occur.

**Option #2**

Do not adopt the resolution supporting grant funding.

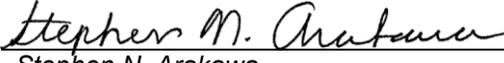
**Fiscal Impact:** None

**Business Analysis:** Metropolitan may miss opportunities to expand water conservation and achieve increased agricultural water use efficiency.

**Staff Recommendation**

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Option #1

 2/13/2009  
 Stephen N. Arakawa Date  
 Manager, Water Resource Management

 2/24/2009  
 Jeffrey Knightlinger Date  
 General Manager

**Attachment 1 – Resolution supporting grant funding application under USBR’s Water for America Challenge Grant Program**

**Resolution supporting USBR Grant Funding Application**

RESOLUTION \_\_\_\_\_

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
IN SUPPORT OF ITS PROPOSAL FOR FUNDING  
UNDER THE WATER FOR AMERICA CHALLENGE GRANT PROGRAM

FOR

AGRICULTURAL WATER USE EFFICIENCY MEASURES

WHEREAS, the U.S. Department of the Interior Bureau of Reclamation (Reclamation) is requesting proposals for water use efficiency activities from the Water Marketing and Efficiency Grants Program for fiscal year 2009; and

WHEREAS, the submittal of a proposal for grant funding by Metropolitan has been determined to be exempt from the California Environmental Quality Act (CEQA) under Sections 15301 and 15378(b)(4) of the State CEQA Guidelines.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Metropolitan Water District of Southern California that the Board supports the proposal for agricultural water use efficiency measures under the Bureau of Reclamation's Water for America Challenge Grant Program.

BE IT FURTHER RESOLVED that Metropolitan is capable of providing the amount of funding and/or in-kind contributions specified in the funding plan.

BE IT FURTHER RESOLVED that if selected for funding, Metropolitan will work with Reclamation to meet established program deadlines.

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 March 10, 2009.

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Board Executive Secretary  
The Metropolitan Water District  
of Southern California