



● **Board of Directors**
Engineering and Operations Committee

5/11/2010 Board Meeting

8-4

Subject

Adopt two resolutions to accept potential funding; and authorize entering into contract on two grant proposal applications as part of the Bureau of Reclamation's WaterSMART: Water and Energy Efficiency Grants for Fiscal Year 2010

Description

This action authorizes Metropolitan to accept any potential grant funding from two Metropolitan grant proposals submitted on May 4, 2010, for a total of \$2 million, to the Bureau of Reclamation (Reclamation) for its WaterSMART: Water and Energy Efficiency Grants for FY 2010. Federal funding of up to \$1 million per applicant is available for projects that use water more efficiently, increase the use of renewable energy in water management, protect endangered and threatened species, facilitate water markets, and address climate-related impacts on water. The projects must provide at least 50 percent funding of costs, up to \$1 million; and work must be completed by September 30, 2012.

Metropolitan submitted two proposals for funding consideration: (1) the Recycled Water Retrofits Program, and (2) the High-Efficiency Clothes Washers Program. To finalize the applications with Reclamation, the following actions must be taken by Metropolitan's Board:

1. Authorize acceptance of potential grant funding of \$1 million.
2. Delegate authority to the General Manager to execute necessary contracts, including the Reclamation grant contract.
3. Agree to enter into future contracts necessary to fulfill the grant contract, including provision of Metropolitan's matching funds of \$1 million.
4. State that Metropolitan, if awarded a grant, will work with Reclamation to meet established deadlines upon entering into a cooperative agreement.
5. Provide a resolution for Reclamation setting forth all of the above.

The board resolution does not obligate Metropolitan to accept the funding if awarded. Metropolitan still has the option of accepting or denying the funding at its sole discretion.

Timing and Urgency

Metropolitan submitted two grant proposals to Reclamation for project funding. As a provision of the application proposal, Metropolitan must submit by June 3, 2010, a board resolution to complete the applications. The board resolution authorizes acceptance of the grants; provides authorization for Metropolitan's General Manager to enter into contract with Reclamation; authorizes entering, if awarded, into any contracts or agreements to fulfill the obligations of the grant award; and states that Metropolitan will work with Reclamation to meet established deadlines of the cooperative agreement. Two resolutions with required language from Reclamation are included in [Attachment 1](#) – Recycled Water Retrofits Program, and [Attachment 2](#) – High-Efficiency Clothes Washers Program.

Staff will return to the Board to authorize the specific project contracts, consistent with Metropolitan's Administrative Code. If during the grant contract, Metropolitan does not complete the project, Reclamation may

withdraw the funding. The projects proposed under the grant proposal must be completed by September 30, 2012. Once entering into a contract with Reclamation, Metropolitan agrees to adhere to the terms of Reclamation's proposal and applicable federal and state laws.

Background

Reclamation's WaterSMART (Sustain and Manage America's Resources for Tomorrow) program is working to achieve a sustainable water strategy to meet the nation's water needs. Through WaterSMART grants, Reclamation provides cost-shared funding on a competitive basis for on-the-ground water conservation and energy efficiency construction projects. Reclamation is providing funding to be awarded in two groups:

Funding Group I: Between \$9 million and \$10 million in federal funds will be available for awards up to \$300,000 per project. Estimated number of agreements to be awarded: 30-40.

Funding Group II: Between \$4 million and \$5 million in federal funds will be available for awards between \$300,000 and \$1 million per project. Estimated number of agreements to be awarded: 4-8.

Reclamation's share of any one proposed project shall not exceed 50 percent of the total project costs, up to \$1 million. As a result, Metropolitan must provide funding for the remainder of the project costs. Metropolitan's matching funds would come from existing budgeted programs, member contributions, or customer payments, depending on the grant awarded. Multiple applications for funding may be submitted for consideration. However, no more than \$1 million in federal funds will be awarded to any one applicant under this funding opportunity application.

Staff has reviewed these programs and determined that Metropolitan is eligible for awards under Funding Group II. On May 4, 2010, Metropolitan submitted two proposals to apply for funds under Funding Group II: (1) the Recycled Water Retrofits Program, and (2) the High-Efficiency Clothes Washers Program. The proposal applications are outlined below:

Proposal 1 for \$1 million in grant funding will be to encourage and accelerate use of Recycled Water Retrofits for irrigation within Metropolitan's service area. The funding would supplement the Local Resource Program's efforts to increase recycled water use, and would offset potable water demand and reduce energy consumption. The cost of retrofitting existing irrigation systems to meet recycled water regulations is a significant barrier to expanding recycled water use. Metropolitan anticipates that conversion of over 50 large landscape irrigation systems could achieve approximately 1,600 acre-feet (AF) of savings per year. Metropolitan's 50 percent match would be from participating property owners.

Proposal 2 for \$1 million in grant funding will be to supplement Metropolitan's efforts to retrofit residential clothes washers with more efficient models. The High-Efficiency Clothes Washers Program would be directed to fund approximately 12,000 clothes washers. Metropolitan would match this commitment with \$1 million in budgeted Conservation Credits for washer rebates, as well as Metropolitan staff involvement for project administration and outreach. The estimated water savings from the grant award would be approximately 5,800 AF.

Reclamation's guidelines require that board resolutions supporting grant proposals must be submitted within 30 days of application as a prerequisite for consideration. Reclamation is scheduled to announce awards in summer 2010, and to execute agreements within three months following the announcement. Staff will return to the Board for project specific approvals where necessary, including approval of project-specific environmental analysis.

This action authorizes Metropolitan to accept any potential Reclamation WaterSMART grant funding from two Metropolitan grant proposals for up to \$1 million, and authorizes the General Manager to execute grants and all necessary agreements to meet funding requirements.

Funding will be allocated in the FY 2010/11, FY 2011/12 and FY 2012/13 budgets, as necessary, for project-related work. However, part of this program has approved CIP funding in the current fiscal year.

These projects are consistent with Metropolitan's strategic priorities in water supply reliability by:

- Supporting water recycling projects through assisting member agencies in implementing local projects
- Developing control measures through expanded funding efforts to keep conservation incentives within budgetary requirements while managing public and member agency expectations

Project Milestones

- May 4, 2010 – Metropolitan submitted two grant proposals to Reclamation for (1) the Recycled Water Retrofits Program, and (2) the High-Efficiency Clothes Washers Program
- May 11, 2010 – Board action adopting resolution for grant proposals
- June 4, 2010 – Board resolution submitted to Reclamation to finalize grant application packages
- June 2010 – Notices of Proposed Awards for Reclamation's WaterSMART Grants
- September 30, 2012 – Project completion deadline

Policy

By Minute Item 42287, dated February 11, 1997, the Board adopted a set of policy principles on water recycling.

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

By Minute Item 47049, dated April 10, 2007, the Board adopted the Local Resources Program revisions including the goal of adding 174,000 acre-feet per year of new production.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

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). The proposed actions are not subject to CEQA because they involve 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). In addition, where it can be seen with certainty that there is no possibility that the proposed actions in question may have a significant effect on the environment, the proposed actions are not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines). For future proposed projects associated with the grant funding, the appropriate lead agencies will be responsible for complying with all applicable federal and state environmental laws and regulations.

The CEQA determination is: Determine that the proposed actions are not subject to the provisions of CEQA pursuant to Sections 15378(b)(2), 15378(b)(4), and 15061(b)(3) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination and two resolutions which:

- a. Authorize acceptance of potential grant funding of \$1 million;
- b. Delegate authority to the General Manager to execute necessary agreements, including the Reclamation grant contracts;
- c. Metropolitan agrees to enter into future contracts necessary to fulfill the grant contract, including provision of Metropolitan's matching funds of \$1 million; and
- d. State that Metropolitan, if awarded a grant, will work with Reclamation to meet established deadlines upon entering into a cooperative agreement.

Fiscal Impact: Under this option, Metropolitan would receive up to \$1 million in federal grants over a projected two-year period. Metropolitan’s matching funds would come from existing budgeted programs, member contributions, or customer payments depending on the grant awarded.

Business Analysis: Grant funds would help Metropolitan achieve additional savings of approximately 1,600 AF and increase recycled water use throughout the service area under the Recycled Water Retrofits Program. The High-Efficiency Clothes Washers Program grant funding will provide total water savings of approximately 5,800 AF.

Option #2

Do not adopt the resolutions supporting grant funding.

Fiscal Impact: None

Business Analysis: This option would forego an opportunity to receive grants funding of up to \$1 million. Metropolitan may miss opportunities to expand water recycling and achieve increased water use efficiency.

Staff Recommendation

Option #1



Roy L. Wolfe
Manager, Corporate Resources

4/29/2010
Date



Jeffrey Kightlinger
General Manager

4/29/2010
Date

Attachment 1 – Resolution for Recycled Water Retrofits Program

Attachment 2 – Resolution for High-Efficiency Clothes Washers Program

Ref# cr12605173

Resolution supporting USBR WaterSMART Grant 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 WATERSMART: WATER AND ENERGY EFFICIENCY GRANT FOR FISCAL YEAR 2010

FOR

RECYCLED WATER RETROFITS PROGRAM

WHEREAS, the U.S. Bureau of Reclamation (Reclamation), is requesting proposals for water use efficiency activities from the WaterSMART: Water and Energy Efficiency Grants for Fiscal Year 2010; 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(b)(3), 15378(b)(2), and 15378(b)(4).

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Metropolitan Water District of Southern California that the Board supports the grant application submitted for the Recycled Water Retrofits Program under the Bureau of Reclamation’s WaterSMART: Water and Energy Efficiency Grant.

BE IT FURTHER RESOLVED that Metropolitan’s Board delegates legal authority to Metropolitan’s General Manager to enter into an agreement with Reclamation relevant to receipt of the requested WaterSMART grant.

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 May 11, 2010.

Board Executive Secretary
The Metropolitan Water District
of Southern California

Resolution supporting USBR WaterSMART Grant 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 WATERSMART: WATER AND ENERGY EFFICIENCY GRANT FOR FISCAL YEAR 2010

FOR

HIGH-EFFICIENCY CLOTHES WASHER PROGRAM

WHEREAS, the U.S. Bureau of Reclamation (Reclamation), is requesting proposals for water use efficiency activities from the WaterSMART: Water and Energy Efficiency Grants for Fiscal Year 2010; 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(b)(3), 15378(b)(2), and 15378(b)(4).

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Metropolitan Water District of Southern California that the Board supports the grant application submitted for the High-Efficiency Clothes Washer Program under the Bureau of Reclamation’s WaterSMART: Water and Energy Efficiency Grant.

BE IT FURTHER RESOLVED that Metropolitan’s Board delegates legal authority to Metropolitan’s General Manager to enter into an agreement with Reclamation relevant to receipt of the requested WaterSMART grant.

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 May 11, 2010.

Board Executive Secretary
The Metropolitan Water District
of Southern California