



- Board of Directors
Water Planning and Stewardship Committee

5/10/2011 Board Meeting

7-4

Subject

Authorize changes to Water Conservation Program for implementation in fiscal year 2011/12

Summary

Through the annual review process with member and retail agencies, staff has identified improvements to Metropolitan's Water Conservation Program (Program) to achieve water savings goals consistent with Metropolitan's 2010 Integrated Resources Plan (IRP) Update. Staff is seeking board authorization for changes to the Program which are designed to help meet IRP objectives. The Program will be implemented in accordance with the approved fiscal year 2011/12 conservation budget and builds upon past efforts to provide improved cost-effectiveness, increased water savings, and flexibility for member agencies to focus on local needs and opportunities.

Detailed Report

Water Conservation Program

For more than 20 years, Metropolitan has supported regional conservation efforts through a variety of incentive and non-incentive based programs with the goal of promoting water use efficiency and increased understanding of conservation's role. Conservation continues to be an important part of Metropolitan's regional water supply planning. Continued investment in cost-effective conservation remains a key component of Metropolitan's resource goals set forth in the IRP.

The IRP sets conservation goals consistent with the 20x2020 Water Conservation Act of 2009, which calls for a reduction in urban per capita water use by 2020. Metropolitan's IRP goal is 580,000 acre-feet, which is approximately a 20 percent reduction in gallons per capita per day (GPCD), which staff estimates based on current demographic data to be a reduction from 177 to 141 GPCD. Staff is currently in the process of developing a long-term conservation plan that provides the framework for achieving the IRP conservation objectives, and anticipates returning to the Board with this plan later in the year.

Annual Review

On an annual basis, Metropolitan conducts a comprehensive review with member and retail agencies and develops recommendations for updating its water conservation programs. Over the last several months, staff convened a Project Advisory Committee (PAC) and met regularly to review new devices and program refinements, traditional approaches offering incentives, and new concepts including market transformation that are consistent with staff's February presentation on conservation.

Strategic Focus

Strategic focus is an approach that focuses on a specific opportunity to increase water use efficiency and begin market transformation. The PAC identified proper irrigation control as a strategic focus for FY 2011/12. This new implementation approach complements the broader program objectives to achieve water savings through incentive and non-incentive based efforts. Metropolitan will collaborate with the member and retail agencies, irrigation manufacturers, and professional organizations to provide focused outreach and targeted messaging to

homeowners, property managers, and landscape contractors. New online tools will be developed to assist proper irrigation controller programming. In addition, Metropolitan will work with licensed landscape contractors to develop approaches to encourage greater participation in achieving mutual goals.

Incentive Programs

Incentive programs are used to motivate customers to retrofit existing equipment with more water efficient devices. Metropolitan utilizes a balanced, flexible approach to administer regional incentive programs and provides incentives to member agencies for their locally implemented programs to meet unique needs. In consultation with the member agencies, staff recommends the following changes to the existing programs.

- **Regional Residential and Commercial Incentive Programs:** The regional programs provide standardized incentives for water-saving devices throughout Metropolitan's service area, offering uniform coverage that improves customer access and increases water savings. Metropolitan would continue to provide incentives proposed in [Attachment 1](#). Staff proposes to eliminate the incentive for water brooms effective June 30, 2012. This is primarily in response to coastal jurisdictions that prohibit washing down outdoor areas due to runoff and pollution concerns. Staff also proposes to eliminate incentives for high efficiency toilets effective June 30, 2014, due to existing legislation which requires that all toilets sold in California meet water efficient criteria.
- **MWD-Funded / Member Agency Administered Program:** The MWD-Funded/Member Agency Administered Program allows member agencies to receive funding for locally implemented programs to address unique needs in their service area as shown in [Attachment 1](#). Metropolitan would continue to support locally implemented programs administered by member and retail agencies.
 1. **Industrial Program:** Staff proposes changes to the program's payment method. Member agencies would have the choice to either **estimate** or **measure** water savings for customized industrial process improvement projects. The goal of this change is to increase participation of industrial customers and provide member agencies with flexibility to meet their customer's unique needs.
 2. **Turf Removal:** The current incentive for turf removal is \$1.00 per square foot, which includes a Department of Water Resources (DWR) grant and is based on a survey of comparable incentives by other water agencies and turf removal costs. This incentive was established by the Board as a pilot program in November 2008. Staff proposes continuing to pay the \$1.00 per square foot incentive until the DWR grant is completed. If other additional outside funding becomes available while the DWR grant is active, it would be incorporated into Metropolitan's current turf removal incentive. If the DWR grant is completed and no other outside funding becomes available, staff proposes changing the incentive to \$0.30 per square foot. .

Non-Incentive Programs

Staff will continue to pursue non-incentive conservation approaches, including legislation, codes, standards, and ordinances. These efforts are meant to help increase water savings without direct financial incentives such as the following:

- Support reasonable and effective implementation of 20x2020 urban per capita water use reductions;
- Work with agencies responsible for improving building codes and industry groups that determine water efficiency standards for equipment and fixtures;
- Provide support for local ordinances that promote water conservation and water efficient landscapes; and
- Collaborate with member agencies on California Urban Water Conservation Council initiatives, the Environmental Protection Agency's WaterSense certification program, the Irrigation Association's equipment testing program, and others.

Transition to Fiscal Year 2011/12 Water Conservation Program

Staff will continue to administer both regional rebate programs under existing guidelines through June 30, 2011. Program changes outlined in this letter would take effect July 1, 2011. Rebates for eligible products purchased in FY 2010/11 may result in expenditures in FY 2011/12 due to rebate processing and timing. In such instances,

activity would be accounted against the FY 2011/12 budget cycle. Staff will coordinate program activities with the member agencies within the approved budget.

Policy

By Minute Item 48266, dated May 11, 2010, the Board authorized modifications to Metropolitan's Water Conservation Program.

By Minute Item 45208, dated February 11, 2003, the Board adopted policy principles regarding water conservation activities.

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 (Section 15378(b)(2) of the State CEQA Guidelines). Also, 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). Additionally, Metropolitan's Water Conservation Program was previously determined by the Board (July 10, 2007) to be exempt under the provisions of CEQA. Accordingly, no further CEQA documentation is necessary for the Board to act with regards to the proposed action.

The CEQA determination is: Determine that the proposed action is not subject to the provisions of CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines. Additionally, determine that the proposed action has been previously addressed as categorically exempt and no further environmental analysis or documentation is required.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination and authorize changes to the conservation program to be implemented effective July 1, 2011.

Fiscal Impact: No fiscal impact, staff will manage program within approved FY 2011/12 budget.

Business Analysis: Proposed changes will allow for increased opportunities to achieve IRP objectives and increase regional supply reliability.

Option #2

Do not authorize changes the conservation programs.

Fiscal Impact: No fiscal impact, staff will manage program within approved FY 2011/12 budget.

Business Analysis: Staff will implement the existing conservation program and work towards achieving the objectives in the IRP.

Staff Recommendation

Option #1



Deven N. Upadhyay
Manager, Water Resource Management

4/25/2011
Date



Jeffrey Kightlinger
General Manager

4/28/2011
Date

Attachment 1 – MWD Water Conservation Program – Proposed FY 2011/12 Conservation Incentives

Ref# wrm12609564

FY 2011/12 Conservation Incentives

The following incentive schedule is complete and would supersede all previously approved incentives. For commercial rebate reservations, the incentive would be based on the incentive amount in effect on the date the reservation is approved. Staff may move funding among programs to improve administrative management. All devices incentives are limited to cost of the device.

Device	FY 2010/11 Incentive	FY 2011/12 Incentive (Effective 07/01/2011)	Reason for Incentive Change
Regional Residential Program			
Weather-based Irrigation Controller – under 1 acre	\$80	\$80	No change
Weather-based Irrigation Controller – 1 acre or larger	\$25 per station	\$25 per station	No change
Rotating Nozzles for pop-up spray head retrofits	\$3 Minimum 25 per application	\$3 Minimum 15 per application	Increase participation of customers with smaller lot sizes
High Efficiency Clothes Washer – Single and Multi-family (Water Factor <4.0)	\$85	\$85	No Change
Regional Commercial Program			
Weather-based or Central Computer Irrigation Controller	\$25 per station	\$25 per station	No change
Large Rotary Nozzles	\$7 per set Minimum 8 sets per application	\$13 per set Minimum 8 sets per application	Increase participation of large landscape projects
Rotating Nozzles for pop-up spray head retrofits	\$3 Minimum 25 per application	\$3 Minimum 15 per application	Increase participation of customers with smaller lot sizes
Commercial High Efficiency Toilet (tank or flushometer)	\$50	\$50	No change
Commercial High Efficiency Toilet – New Construction Upgrade	\$30	Eliminate	Existing building code requires installation of high efficiency toilets
Urinals – Zero Water Use and Ultra Low Water Use (0 – 0.25 gal/flush)	\$200	\$200	No change
Urinals – Zero Water Use and Ultra Low Water Use – New Construction Upgrade (0 – 0.25 gal/flush)	\$60	Eliminate	Existing building code requires installation of high efficiency urinals
Cooling Tower pH Controller	\$1,750	\$1,750	No change
Dry Vacuum Pump	\$125 per 0.5 hp	\$125 per 0.5 hp	No change
Connectionless Food Steamer	\$485 per compartment	\$485 per compartment	No change
Cooling Tower Conductivity Controller	\$625	\$625	No change
Ice Making Machine	\$300	\$300	No change

Device	FY 2010/11 Incentive	FY 2011/12 Incentive (Effective 07/01/2011)	Reason for Incentive Change
Water Broom	\$110 limited eligibility ¹	\$110 limited eligibility ¹	No change for FY 2011/12, but will be eliminated at the end of FY 2011/12.
Other Incentives Eligible in MWD-Funded/Member Agency Administered Program²			
Residential Irrigation Evaluation (without irrigation timer)	\$8	\$8	No change
Residential Irrigation Evaluation (with irrigation timer)	\$18	\$18	No change
Commercial Landscape Survey	\$200 per acre ³	\$200 per acre ³	No change
Water Use Accountability	\$3.50 per acre ⁴	\$3.50 per acre ⁴	No change
Residential High Efficiency Toilet – Single and Multi-family	\$50	\$50	No change
Residential High Efficiency Toilet – New Construction Upgrade	\$30	Eliminate	Existing building code requires installation of high efficiency toilets
Single-family Indoor Survey	\$12.50	\$12.50	No change
Customized Projects ⁵	\$195 per AF	\$195 per AF	No change
Industrial Projects ⁵	\$195 per AF	\$150 per AF of Estimated water savings or \$195 per AF of Measured water savings,	Increase participation of industrial customers, streamline process for member agencies
Turf Removal	\$1.00 per square foot (pilot) ⁶	\$1.00 per square foot (DWR grant)	No change, while DWR grant is active
	\$1.00 per square foot	\$0.30 per square foot	Incentive when DWR grant completed or when additional outside funds become available
Incentives Eligible in Agricultural Conservation Program			
Agricultural Projects ⁵	\$195 per AF	\$195 per AF,	No change

¹Eligibility limited to customers required to wash down surfaces to comply with health and safety regulations

²Incentives listed under regional programs may be used for MWD-Funded/Member Agency-Administered Program for implementation approaches other than direct customer rebates

³Limited to the full cost of the survey

⁴Limited to one-half of eligible project costs

⁵Limited to one-half of eligible project costs, based on up to a ten-year life

⁶Pilot incentive rate as approved by the Board in November 2008