



- Board of Directors
Water Planning and Stewardship Committee

2/14/2012 Board Meeting

7-4

Subject

Adopt resolutions to accept potential funding for two projects; and authorize entering into contracts with the Bureau of Reclamation if selected for grant funding under the WaterSMART: Water and Energy Efficiency Grants for FY 2012

Description

This action authorizes Metropolitan to accept any potential grant funding for Metropolitan's two grant applications totaling \$1.65 million submitted to the Bureau of Reclamation (Reclamation) for its WaterSMART: Water and Energy Efficiency Grants for FY 2012. In January, Metropolitan submitted applications requesting \$1.5 million to expand a turf replacement rebate program and \$150,000 to enhance incentives to replace water-cooled ice machines with water and energy-efficient air cooled ice machines, consistent with the Long Term Conservation Plan approved in August 2011.

Federal funding of up to \$1.5 million per application is available for projects that leverage funding and resources by cost sharing with Reclamation on projects that:

- Conserve and use water more efficiently;
- Increase the use of renewable energy and improve energy efficiency;
- Benefit endangered and threatened species;
- Facilitate water markets;
- Carry out other activities to address climate-related impacts on water; and
- Prevent any water-related crisis or conflict.

Turf replacement and high-efficiency ice machines are eligible water conservation projects identified by Reclamation in the WaterSMART Grants for 2012. Turf replacement is a popular and highly visible program with the potential to change landscape practices and therefore offers significant water savings potential. This effort would expand Metropolitan's turf replacement program implemented last year under a state Proposition 50 Drought Assistance Grant and 2011 federal WaterSMART Grant. Metropolitan currently provides incentives for water efficient ice machines to commercial, industrial, and institutional (CII) customers through its regional "Save Water, Save A Buck" (SAB) rebate program. These help to encourage replacement of older, water-cooled ice machines with more efficient models, thereby providing increased water and energy savings.

Supplemental grant funding for turf replacement and ice machine incentives would allow increased participation and water savings. The proposals encourage market transformation within the landscape and commercial sectors, consistent with Metropolitan's Long Term Conservation Plan. The nonfederal cost share requirement is 50 percent, up to \$1.65 million. Work must be completed by September 30, 2015. Reclamation is scheduled to announce awards in March 2012 and estimates executing agreements by June 2012.

Reclamation's guidelines require inclusion of board resolutions supporting grant proposals within 30 days of application submittal as a prerequisite for consideration ([Attachment 1](#) and [Attachment 2](#)). Staff submitted WaterSMART grant proposals on January 19, 2012. To finalize the application process with Reclamation, the following actions must be taken by Metropolitan's Board:

1. Authorize acceptance of grant funding of up to \$1.65 million, if selected.
2. Delegate authority to the General Manager to execute contracts as necessary, including the Reclamation grant contract(s).
3. Upon General Manager accepting cooperative agreement conditions, fulfill the grant contract(s), including provision of Metropolitan's matching funds of up to \$1.65 million for two grants (which may be funded in part by member agencies and/or state grants).
4. State that Metropolitan, if awarded a grant(s), will work with Reclamation to meet established deadlines upon entering into a cooperative agreement.
5. Provide Reclamation two resolutions 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. The total cost of both programs is estimated at \$3.3 million, of which \$1.65 million could be provided by Reclamation under the grant for incentives. The nonfederal cost share of \$1.65 million could be provided by Metropolitan, its member agencies and/or other nonfederal sources such as state grants.

Policy

By Minute Item 47705, dated November 18, 2008, the Board authorized the Turf Removal Pilot Program, and the requirement that ordinances be enacted to participate in extraordinary conservation programs.

By Minute Item 48449, dated October 12, 2010, the Board adopted the 2010 Integrated Water Resources Plan Update.

By Minute Item 48772, dated August 18, 2011, the Board adopted the Long Term Conservation Plan and revisions to the water conservation policy principles.

California Environmental Quality Act (CEQA)

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). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061 (b)(3) 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

Option #1

Adopt the CEQA determination and the resolutions to:

- a. Authorize acceptance of potential grant funding of up to \$1.65 million;
- b. Delegate authority to the General Manager to execute necessary contracts if selected, including the Reclamation grant contract(s);
- c. Agree to fulfill the grant contract(s), including provision of matching funds of up to \$1.65 million, through existing Metropolitan programs; 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: Up to \$1.65 million cost (including Metropolitan, member agencies and/or other nonfederal sources such as state grants) supplemented with \$1.65 million federal grant over a three-year period. Metropolitan funding would come from the conservation program budget in future fiscal years.

Business Analysis: Achieve lifetime water savings of approximately 8,300 acre-feet for turf replacement and 3,600 acre-feet for water efficient ice machines.

Option #2

Do not adopt the resolutions supporting grant funding.

Business Analysis: Metropolitan would miss an opportunity to receive grant funding of up to \$1.65 million to expand water conservation and achieve increased water use efficiency within its service area.

Fiscal Impact: None

Staff Recommendation

Option #1

	1/26/2012
Deven N. Upadhyay Manager, Water Resource Management	Date

	2/1/2012
Jeffrey Knightlinger General Manager	Date

Attachment 1 – Resolution for Turf Replacement Rebate Program

Attachment 2 – Resolution for Enhanced Incentives for Water Efficient Ice Machines

Ref# wrm12615597

Resolution supporting USBR WaterSMART 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 WATERSMART: WATER AND ENERGY EFFICIENCY GRANTS

FOR

TURF REPLACEMENT REBATE PROGRAM

WHEREAS, the U.S. Department of the Interior Bureau of Reclamation (Reclamation) is requesting proposals for water use efficiency activities from the WaterSMART: Water and Energy Efficiency Grants for FY 2012; 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 its proposal to expand the California Friendly turf replacement incentive program under the Bureau of Reclamation’s WaterSMART: Water and Energy Efficiency Grants for FY 2012.

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

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

BE IT FURTHER RESOLVED that if selected for funding, Metropolitan will coordinate 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 February 14, 2012.

Board Executive Secretary
The Metropolitan Water District
of Southern California

Resolution supporting USBR WaterSMART 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 WATERSMART: WATER AND ENERGY EFFICIENCY GRANTS

FOR

ENHANCED INCENTIVES FOR WATER EFFICIENT ICE MACHINES

WHEREAS, the U.S. Department of the Interior Bureau of Reclamation (Reclamation) is requesting proposals for water use efficiency activities from the WaterSMART: Water and Energy Efficiency Grants for FY 2012; 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 its proposal to increase incentives for water efficient ice machines under the Bureau of Reclamation’s WaterSMART: Water and Energy Efficiency Grants for FY 2012.

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

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

BE IT FURTHER RESOLVED that if selected for funding, Metropolitan will coordinate 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 February 14, 2012.

Board Executive Secretary
The Metropolitan Water District
of Southern California