



- Board of Directors
Water Planning and Stewardship Committee

9/10/2013 Board Meeting

8-3

Subject

Authorization to implement New Conservation Program Initiatives

Executive Summary

Staff regularly reviews Metropolitan's water conservation programs in cooperation with the member agencies with the goal of increasing the efficiency and effectiveness of the programs. As a result of the most recent review, staff proposes new conservation and water recycling initiatives to help increase and enhance conservation program activity. In addition, staff recommends a new policy for the interaction between recycled water and conservation.

Details

Metropolitan's 2010 Integrated Water Resources Plan Update (IRP Update) sets water use efficiency targets which call for urban per capita water use reductions by the year 2020. The Long-Term Conservation Plan (LTCP), adopted by the Board in August 2011, identifies goals, strategies, and implementation approaches to help achieve the IRP Update target through market transformation. The focus of the LTCP is to create lasting and accelerated water savings through outreach, education, training, collaboration, incentives, and regulations, while managing within Metropolitan's conservation budget.

Staff is recommending changes and updates to Metropolitan's water conservation program. These changes are the work product of a Program Advisory Committee comprised of member and retail agencies.

Key changes include updates to the following areas:

- Public Agency Landscape Program;
- Targeted Fitness Center Incentive Program;
- Turf Removal Program;
- New device incentives; and
- Conservation incentive eligibility for sites using recycled water.

Public Agency Landscape Program

Based on staff experience in working with public agencies, there is a high potential for water savings, particularly with respect to landscape irrigation. Because of cash flow and budget limitations, it is not uncommon for public agencies to defer water efficiency improvements. The public's perception of water efficiency by public agencies impacts the general public's willingness to conserve. Staff recommends a short-term program offering up-front enhanced incentives up to \$300 per acre-foot for public agencies to install water-efficient landscape devices, as shown in [Attachment 1](#). Public agencies would also be offered no-cost landscape irrigation audits. The program would run through June 30, 2016.

Targeted Fitness Center Incentive Program

In partnership with the United States Bureau of Reclamation (USBR), staff conducted a study in 2011 to analyze the commercial market. The market study found that replacing toilets and urinals in fitness centers has great potential to increase water savings due to the high volume usage of these devices in these facilities. The study indicated that there are approximately 1,500 fitness centers within Metropolitan's service area. Staff recommends implementing a new program targeting fitness centers with higher incentives, as shown in [Attachment 1](#). The higher incentive is based on the higher water savings achievable in these facilities. Only WaterSense labeled models, where available, of toilets and urinals would be included in this program. The program would run through June 30, 2016.

Turf Removal Program

Metropolitan is presently implementing a turf removal program with an incentive of \$1 per square foot using grant funds from USBR and the Department of Water Resources (DWR). The USBR grant ends on September 30, 2013, and the DWR grant ends on January 31, 2014. Funding for both grants is fully allocated among 19 member agencies that are implementing turf removal programs. Some member agencies have exhausted their respective allocation and are presently receiving only Metropolitan's base incentive of 30 cents per square foot. Staff recommends that Metropolitan continue to pay for turf removal at \$1 per square foot, even for member agencies that have exhausted their allocated funding.

Staff continues to pursue additional grant funding for turf removal. In the meantime, Metropolitan's \$1 per square foot incentive would serve as a bridge to any future grant funding award. Practical experience from a wide variety of member and retail agencies as well as efforts in other states has shown that this incentive level is essential to motivate public participation.

Some member agencies have requested that turf removal be added to Metropolitan's regional rebate program. Other member agencies prefer to run turf removal programs at a local level. Staff now plans to offer turf removal through both Metropolitan's regional rebate program and the MWD-Funded/Member Agency Implemented Program. This would allow maximum flexibility for agencies to participate in the turf removal program.

New Device Incentives

The following new devices are recommended for inclusion in Metropolitan's conservation program:

- Soil moisture sensor system
- Plumbing flow control valves
- Rain barrels

A complete schedule of incentives that would become effective October 1, 2013, is listed in [Attachment 1](#).

Rain barrels would be offered as a pilot for up to a total of \$500,000 or through June 30, 2016, whichever comes first. The LTCP includes a strategic focus within the conservation program to emphasize increased water use efficiency and encourage market transformation. The current strategic focus is on "proper irrigation control." The LTCP supports funding for the strategic focus through methods that may differ from traditional incentive approaches including outreach, education, increased incentives and research. To that end, staff would offer incentives for rain barrels as a pilot and then assess the viability of a longer-term incentive to encourage market transformation for residential customers.

Commercial and Multi-Family High-Efficiency Toilets

In May 2011, the Board approved eliminating 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. However, there is still an untapped market in commercial and multi-family sectors, where the replacement to more efficient toilets has not been as accelerated as in the single-family residential sector. Staff recommends continuing incentives for high-efficiency toilets aimed at the commercial and multi-family sectors.

Conservation Incentive Eligibility for Sites Using Recycled Water

The current policy for funding conservation projects on sites using recycled requires a review of each incentive on a case-by-case basis. This policy is difficult to administer. Staff recommends that sites using recycled water be eligible for conservation program funding. Member agencies may choose to disallow conservation of recycled water in their service area and sites would be excluded as requested by the member agency.

Program Flexibility

The Long-Term Conservation Plan established a framework that includes flexibility to adjust programs based on levels of success, cost, and opportunities. Staff recommends having the administrative authority to make these types of adjustments to the conservation program as long as the changes stay within the existing policy of incentives based on \$195 per acre-foot of water conserved. This would allow staff to make program adjustments that take into account market forces, new catalysts, and motivational factors to increase program participation, and position staff to take advantage of opportunities that arise.

Next Steps

Staff will work with member and retail agencies to implement these new conservation program initiatives, consistent with the approved Conservation Credits Program budget, beginning October 1, 2013. The conservation incentives administered directly by Metropolitan through the regional program are available to applicants throughout Metropolitan's service area. Metropolitan will continue to work with member and retail agencies to identify new conservation opportunities and to refine existing programs.

Policy

By Minute Item 49068, dated May 8, 2012, the Board authorized changes to Metropolitan's Water Conservation Program.

By Minute Item 48772, dated August 16, 2011, the Board adopted the Long-Term Conservation Plan and revisions to the water conservation policy principles.

By Minute Item 42785, dated December 5, 1997, the Board approved expanding Conservation Credits Program funding to projects that conserve recycled water.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed action involves implementing new conservation program initiatives (including Public Agency Landscape Program, Targeted Fitness Center Incentive Program, Turf Removal Program, New device incentives, and Conservation incentive eligibility for sites using recycled water) at existing public or private facilities involving negligible or no expansion of use and no possibility of significantly impacting the physical environment, within the context of the existing conservation incentive program. Accordingly, the proposed actions qualify under a Class 1 Categorical Exemption (Section 15301 of the State CEQA Guidelines).

In addition, the fiscal aspects of the conservation program initiatives themselves are not subject to CEQA because they involve 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 pursuant to CEQA, the proposed actions qualify under a Categorical Exemption (Class 1, Section 15301 of the State CEQA Guidelines). In addition, the fiscal aspect of the rebates is not subject to CEQA (Section 15378(b)(4) of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination that the project is categorically exempt from CEQA and authorize implementation of

- a. New conservation program initiatives effective October 1, 2013; and
- b. New policy on providing Conservation Credits Program funding to projects conserving recycled water.

Fiscal Impact: \$5,000,000; Conservation incentive expenditures would be managed within the board-approved budget for each fiscal year. The board-approved conservation program budget is \$20 million in fiscal year 2013/14.

Business Analysis: The proposed changes would help achieve the IRP water savings goal.

Option #2

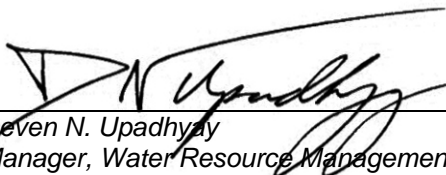

Take no action.

Fiscal Impact: None

Business Analysis: Staff would consider other initiatives to help achieve the IRP water savings goal.

Staff Recommendation

Option #1

| | |
|--|-----------|
|  | 8/20/2013 |
| Deven N. Upadhyay Manager, Water Resource Management | Date |
| | |
|  | 8/22/2013 |
| Jeffrey Kightlinger General Manager | Date |

Attachment 1 – Conservation Incentives

Ref# wrm12626054

Conservation Incentives

The following incentive schedule is complete and supersedes all previously approved incentives. For regional commercial rebates, incentives are based on incentive amounts in effect when the reservation is made. All device incentives are limited to cost of the device, unless otherwise noted.

| Device | Proposed Incentive (Effective 10/01/2013) |
|--|--|
| Regional Residential Program | |
| Weather-Based Irrigation Controller – under 1 acre | \$80 |
| Weather-Based Irrigation Controller – 1 acre or larger | \$25 per station |
| Rotating Nozzles for pop-up spray head retrofits | \$4 ¹ Minimum 15 per application |
| High Efficiency Clothes Washer – (Water Factor ≤ 4.0) | \$85 |
| High Efficiency Toilet – 1.28 gallon or less (single family) | \$50 |
| Turf Removal | \$1 per square foot* |
| Rain Barrel | \$75 per barrel* |
| Soil Moisture Sensor System | \$80* |
| Regional Commercial Program | |
| Weather-Based or Central Computer Irrigation Controller | \$25 per station |
| Large Rotary Nozzles | \$13 per set Minimum 8 sets per application |
| Rotating Nozzles for pop-up spray head retrofits | \$4 ¹ Minimum 15 per application |
| High Efficiency Toilet (Tank-Type) | \$100 |
| High Efficiency Toilet (Flushometer) | \$100 |
| Multi-Family High Efficiency Toilet | \$50 |
| Urinals – Zero Water Use and Ultra Low Water Use (0 – 0.125 gal/flush) | \$200 |
| Dry Vacuum Pump | \$125 per 0.5 hp |
| Connectionless Food Steamer | \$485 per compartment |
| Cooling Tower pH Controller | \$1,750 |
| Cooling Tower Conductivity Controller | \$625 |
| Ice Machine | \$1,000 |
| In-Stem Flow Regulator | \$1 Minimum 25 per application |
| Laminar flow restrictor | \$10 per restrictor |
| Turf Removal | \$1 per square foot* |
| Plumbing Flow Control Valve | \$10 per pair* |
| Soil Moisture Sensor System | \$25 per station* |

¹ Increase may be funded through grants

| Device | Proposed Incentive (Effective 10/01/2013) |
|--|---|
| Other Incentives Eligible in MWD-Funded/Member Agency Administered Program | |
| Residential Irrigation Evaluation (without irrigation timer) | \$8 |
| Residential Irrigation Evaluation (with irrigation timer) | \$18 |
| Single-Family Indoor Survey | \$12.50 |
| Commercial Landscape Survey ² | \$200 per acre |
| Water Use Accountability ³ | \$3.50 per acre per month |
| Rotating Nozzles for pop-up spray head retrofits | \$4 ¹ Up to cost of device plus project administrative costs ⁴ |
| Commercial, Industrial, Institutional, Large Landscape, and Agricultural Projects ⁵ | \$150 per AF of Estimated water savings or \$195 per AF of Measured water savings |
| Customized Projects ⁵ | \$195 per AF |
| Incentives Eligible in Pay for Performance Contracts | |
| Commercial, Industrial, Institutional, Large Landscape, and Agricultural Projects ⁵ | \$150 per AF of Estimated water savings or \$195 per AF of Measured water savings |
| Grant Funding Program | |
| Turf Removal | \$1.00 per square foot |
| Rotating Nozzles for pop-up spray head retrofits | \$4 |
| Residential High Efficiency Clothes Washer – (Water Factor ≤ 4.0) | \$110 |
| Public Agency Landscape Program | |
| Weather-Based or Central Computer Irrigation Controller | \$40 per station* |
| Large Rotary Nozzles | \$13 per set Minimum 8 sets per application* |
| Rotating Nozzles for pop-up spray head retrofits | \$6 ¹ Minimum 15 per application* |
| Fitness Center Incentive Program⁶ | |
| High Efficiency Toilet | \$300* |
| Urinals – WaterSense labeled | \$500* |

* These items were changed or added in this board letter.

² Limited to the full cost of the survey

³ Limited to one-half of eligible project costs and a maximum of five years per project

⁴ Eligible project administrative costs include third party costs billed to the agency

⁵ Limited to one-half of eligible project costs and a maximum of ten years per project

⁶ Limited to cost of device plus installation