



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

7/12/2016 Board Meeting

8-5

Subject

Approval of Modifications and Additions to the Conservation Programs

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 initiatives to help increase and enhance conservation program activity.

Details

Background

Even with improved hydrological conditions in Northern California, in May 2016 Governor Brown issued Executive Order B-37-16 making "Water Conservation a California Way of Life." Metropolitan has long been a leader in water use efficiency, helping its member agencies reduce urban per capita water use. Through the Long-Term Conservation Plan (LTCP) adopted by the Board in August 2011, Metropolitan implements the goals and strategies to help achieve the Integrated Water Resources Plan Update (IRP) target through market transformation.

After an unprecedented \$450 million towards incentives, mostly turf removal rebates, the Board has approved \$59 million for the biennial FY 2016/17 and FY 2017/18 budget. In addition, the Board has authorized the use of unexpended funds from FY 2014/15 and FY 2015/16 to be utilized in the current biennial budget cycle. In total, funds for conservation activities are in the range of \$100 million for the next two fiscal years.

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

Changes to Metropolitan's Water Conservation Program

Given the improved hydrological conditions, coupled with market transformation principles, several incentives implemented during the height of the drought should be adjusted. Staff recommends implementing new programs that are consistent with the LTCP that promote outreach, education, training, collaboration, and new or modified incentives.

Change to Rain Barrels and Cistern Incentives

Rain barrels were introduced in 2013 as a pilot program with a \$75 rebate. The rebate was offered within the strategic focus of the LTCP to encourage market transformation for residential customers. Since then, almost 100,000 rain barrels have been rebated. Given this level of participation, the PAC recommended continuing incentives for rain barrels, but at a lower level of \$35 per rain barrel beginning January 1, 2017. The phase-in of the new incentive rate is being proposed at the request of member agencies that have rain barrel distribution events scheduled over the next six months. Effective August 1, 2016, staff recommends changing the limit on the number of rain barrels per household to two units per household. Cistern incentives were introduced in 2015, but failed to attract a large number of customers. The PAC recommended a rebate value of \$300 for cisterns with at

least 200 gallons, regardless of size. This incentive was calculated based on the \$75 rebate for 50 gallon rain barrels. To encourage the adoption of cisterns, staff recommends the introduction of tiered cistern rebates at the following capacities:

| Cistern Volume (gal) | Incentive (\$) |
|---------------------------------|---------------------------|
| 200-500 | \$250 |
| 501-999 | \$300 |
| 1000+ | \$350 |

Renew the Public Agency Landscape Program

A program that offers up-front enhanced incentives up to \$300 per acre-foot for public agencies to install water-efficient landscape devices expires on June 30, 2016. Based on staff experience, there is a high potential for water savings in landscape irrigation by public agencies. Also, public agencies' commitment to water efficiency projects positively impacts the general public's willingness to conserve. However, because of cash flow and budget limitations, many public agencies opt to defer water efficiency improvements. Staff recommends continuing this program through June 30, 2018.

| Public Agency Landscape Program | Incentive (\$) |
|---|-----------------------|
| Weather-Based Controller, Central Computer Irrigation Controller or Soil Moisture Sensor System | \$55 per station |
| Rotating Nozzles for Pop-up Spray Head Retrofits | \$3 (minimum 30) |

Expanded Landscape Training for Professionals

Metropolitan is presently offering landscape training classes for residential customers. Staff proposes to offer the EPA Certified Qualified Water Efficient Landscaper (QWEL) professional certification training and/or other training for professionals. The offering of these classes would help train professionals in the maintenance and care of California-friendly landscapes.

New Residential Landscape Design Assistance

Under this proposed pilot program, residential customers that attend Metropolitan-sponsored California-Friendly Landscape or Turf Removal classes would be eligible to receive design assistance from approved designers. Staff recommends offering Metropolitan-funded landscape design assistance to customers as a way to encourage the conversion of residential yards from turf intensive landscapes to California-friendly ones with water efficient irrigation systems without offering a dollar per square foot incentive. Staff is currently working on developing the rules and procedures for this program.

Multifamily Residential Sub-Metering

The PAC recommended the introduction of a rebate for sub-metering in multifamily residential properties. This rebate would be for sub-metering of individual apartment units within the multifamily property. The success of sub-metering is tied to the closeness of the retail water agency and the customer, which makes this rebate difficult to implement on a regional level by Metropolitan. Staff recommends that a rebate of \$100 per unit be offered for sub-metering of existing multifamily properties through the MWD Funded/Member Agency Administered

Program if a retail/member agency chooses to offer this option in its service area. The rebate amount is based on \$195/acre foot of water saved.

Study/Pilot

Staff is currently working with member and retail agencies to refine studies and pilot programs which may include:

- Pressure Regulation Valve Study
- Commercial Site Audits Pilot Program
- HVAC Cooling Tower Study
- Device Saturation Surveys
- Residential/Agency Leak Detection Study
- Aerial Imagery Assistance Pilot

Next Steps

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 48772, dated August 16, 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 continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, 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).

The CEQA determination is: Determine that the proposed action is not defined as a project and is not subject to the provisions of CEQA pursuant to Sections 15378(b)(2) and 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 not defined as a project and is not subject to CEQA, and Authorize implementation of new conservation program initiatives effective August 1, 2016, with the exception of the change in rain barrel incentive to be effective January 1, 2017.

Fiscal Impact: The approved budget for conservation activities for the next two-year budget cycle (in the range of \$100 million).

Business Analysis: The proposed changes would help achieve the Integrated Water Resource Plan water savings goal.

Option #2

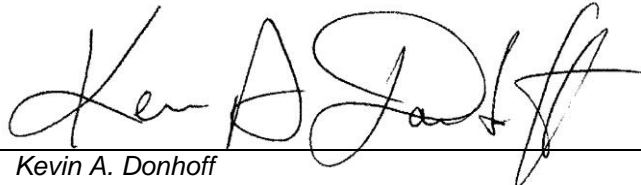
Take no action.

Fiscal Impact: None

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

Staff Recommendation

Option #1



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Interim Manager, Water Resource Management

6/21/2016

Date



Jeffrey Lightlinger
General Manager

6/29/2016

Date