



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

10/13/2020 Board Meeting

7-7

Subject

Approve the Multi-Family Property Toilet Replacement Program; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Staff seeks approval for an ongoing Multi-Family Property Toilet Replacement Program (Program) based on the success of a regional pilot program recently conducted for this sector. The pilot program offered an enhanced incentive to replace toilets in multi-family properties built prior to 1994 with Premium High-Efficiency Toilets. Staff proposes an ongoing program with an annual budget of \$2.75 million, to be managed within the overall Conservation Program budget. This program will increase water efficiency in properties where site owners have not previously made water efficiency upgrades and taken advantage of Metropolitan's regional incentive programs in the past.

Details

Background

For decades, conservation and water-use efficiency programs have played a key part in Metropolitan's planning for water supply reliability. Metropolitan largely achieves its conservation goals through a conservation credits program, which includes financial incentives to purchase and install water-saving fixtures and devices.

Metropolitan's conservation programs encourage the installation of water-saving fixtures and devices throughout a large and diverse service area. In 2018, the Board approved an overall framework to increase access to water conservation programs in Disadvantaged Communities (DAC). A Regional Pilot Program for Premium High-Efficiency Toilets (Regional Pilot Program) was conducted in 2019 as one part of this framework.

The purpose of the Regional Pilot Program was to determine whether an enhanced incentive for water-saving devices would spur the participation of third-party contractors and increase the installation rates of toilets in the multi-family sector. Prior to the pilot, multi-family sector toilet installations incentivized at \$250 per toilet by member agencies, demonstrated that this amount spurs contractor activity to perform installations on behalf of site owners. Multi-family properties create a natural economy-of-scale for contractors as multiple installations can be done in a single visit, often through contact with a single owner. It was also assumed there would be more high-flush volume toilets in properties built prior to 1994.

To stimulate activity associated with the Regional Pilot Program, Metropolitan increased its incentive from \$40 to \$250 for the installation of Premium High-Efficiency Toilets within qualified multi-family housing units. The criteria to participate were as follows: multi-family property built prior to 1994; no past participation in toilet rebate; pre-installation inspections to verify existing toilet flush volumes; and post-installation inspections upon completion of projects.

Based upon the lessons learned and a desire expressed by the member agencies to extend the success associated with the Regional Pilot Program, staff proposes the following criteria for a Multi-Family Property Toilet Replacement Program:

- Multi-family property built prior to 1994.
- Retain \$250 incentive to replace toilets with a flush volume greater than or equal to 3.5 gallons per flush (gpf) with Premium High-Efficiency Toilets with a volume of less than or equal to 1.1 gpf.
- Create a second-tier rebate of \$125 to replace 1.6 gpf toilets with Premium High-Efficiency Toilets.
- Pre-installation inspections of all properties to verify existing toilet flush volumes.
- Post-installation inspections of selected properties upon completion of projects.
- No past participation in toilet rebate.

If approved, the Program would launch annually and be available until funds of \$2.75 million are expended. The \$2.75 million budget will allow reservations for 10,000 toilet installations annually. The Program also includes pre-installation inspections, data collection and analysis, and post-installation inspections of selected properties.

The Program would include coordinated conservation program marketing and outreach information to contractors and multi-family property owners to be distributed both through the SoCalWaterSmart website and via email.

Supporting Information

The data collected during the Regional Pilot Program helped inform the development of the proposed Multi-Family Property Toilet Replacement Program. Specifically, the pilot allowed Metropolitan to evaluate the effects of a targeted, enhanced device incentive on participation levels in multi-family rebate programs. The approach increased the installation of water-saving devices in DAC areas. The results of the pilot showed that the installations were driven by contractors working with participating sites. The incentive motivated third-party contractors to target pre-1994 buildings, specifically in areas that previously had lower participation.

Data collected via the pre-installation inspections showed that most of the estimated water savings came from replacing toilets with greater than or equal to 3.5 gpf volume. Overall, the data analysis showed that buildings in DAC census tracts tended to have toilets with flush volumes of 1.6 gpf and greater. The proposal to offer a two-tiered rebate for greater than 3.5 gpf and 1.6 gpf toilets will shift the focus of the installations to higher-flush volume toilets, but still incentivize contractors to work with property owners to replace 1.6 gpf toilets found on site. The incentive for 1.6 gpf toilets will encourage contractors not to pass over the site. Additionally, toilets with 1.6-gallon tanks may have been installed up to 25 years ago and may not be as efficient now as when first installed. Limiting the incentive to 1.6 gpf and higher toilets and creating a two-tiered rebate for the different toilets increases the overall cost effectiveness of the program.

Staff anticipates that the demand for contractors to replace toilets in older multi-family buildings remains high.

Next Steps

If approved by the Board, staff will issue the contract amendment documents needed to implement the Multi-Family Property Toilet Replacement Program. Staff is monitoring the current public health situation in response to COVID-19 to ensure inspections can be performed safely for all participating sites. Due to the critical pre-installation inspection protocols for this proposed program and the invasive nature of toilet replacements, staff will only implement the Multi-Family Property Toilet Replacement Program when all counties within the service area attain Moderate or Minimal status according to California's current COVID-19 risk criteria (or a similar criteria if changed).

Staff would report progress on the program to the Board on an annual basis.

Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 51426, dated December 11, 2018, the Board authorized implementation of Regional Pilot Program as set forth in Agenda Item 8-9 board letter.

By Minute Item 50358, dated January 12, 2016, the Board adopted the 2015 Integrated Water Resources Plan Update, as set forth in Agenda Item 8-3 board letter.

By Minute Item 49542, dated September 10, 2013, the Board authorized new conservation program initiatives effective October 1, 2013.

By Minute Item 49068, dated May 8, 2012, the Board authorized changes to Metropolitan's Water Conservation Program effective July 1, 2012.

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 (Public Resources Code Section 21065, State CEQA Guidelines Section 15378) because the proposed action will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment and involves 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). Further, 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). In the alternative, and even if the proposed action was defined as a project under CEQA and is subject to CEQA, the proposed action is categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The proposed action involves operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use and no possibility of significantly impacting the physical environment. Accordingly, the proposed action qualifies as a Class 1, Categorical Exemption (Section 15301 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Authorize the use of up to \$2.75 million annually from the Conservation Program Budget for the Multi-Family Property Toilet Replacement Program.

Fiscal Impact: Up to \$2.75 million in funds used from the Conservation Program Budget.

Business Analysis: The proposed changes aim to increase water efficiency in disadvantaged communities.

Option #2

Take no action.

Fiscal Impact: None

Business Analysis: Staff would consider other initiatives to increase water efficiency in disadvantaged communities.

Staff Recommendation

Option #1



Brad Coffey
Manager, Water Resource Management

9/23/2020
Date



Jeffrey Knightlinger
General Manager

9/29/2020
Date

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