



● **Board of Directors**

2/13/2023 Board Meeting

---

7-3

**Subject**

---

Adopt resolutions to support three applications for the California Department of Water Resources' 2022 Urban Community Drought Relief Program totaling \$38 million; and authorize the General Manager to accept this potential funding and enter contracts with the California Department of Water Resources if awarded; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA

**Executive Summary**

---

As Metropolitan mitigates the impacts of ongoing drought and prepares for a changing climate, staff has accelerated conservation efforts and identified alternative funding sources to enhance regional water-saving efforts. One opportunity for grant funding is the California Department of Water Resources' (DWR) 2022 Urban Community Drought Relief Program. Metropolitan submitted applications for: (1) \$30 million to increase the financing of non-functional turf replacement on commercial and public agency landscapes eligible under the Turf Replacement Program, (2) \$5 million to increase funding available for the Residential Direct Install Program for devices, and (3) \$3 million to supplement the incentive for recirculating firefighting training units eligible through the Water Savings Incentive Program (WSIP). This action requests approval of three resolutions to apply for the grants (**Attachments 1, 2, and 3**). This action also authorizes the General Manager to accept this potential funding and enter contracts with DWR if awarded.

**Timing and Urgency**

DWR requires a board resolution supporting grant applications prior to the execution of any grant agreements. DWR is now reviewing grant applications submitted through January 31, 2023.

**Details**

---

**Background**

On October 19, 2021, Governor Gavin Newsom issued an Executive Order that expanded California's drought declaration to include Metropolitan's service area. Metropolitan's Board declared a regional drought emergency in November 2021 and, in part, directed staff to expand regional conservation programs to ensure all portions of the service area attain a high level of reliability against multi-year, severe drought. On December 13, 2022, in preparation for a fourth consecutive dry year, Metropolitan's Board declared a regional drought emergency for all of Southern California and called upon water agencies to immediately reduce their use of all imported supplies.

The Budget Act of 2021 (Stats. 2021, ch. 240, § 80) as amended (Stats. 2022, ch. 44, § 25.) allocated \$300 million to DWR to deliver interim and immediate drought relief grants to urban communities and multi-benefit projects. These grants provide assistance to communities that face the loss or contamination of their water supplies, address immediate impacts on human health and safety, protect fish and wildlife resources, or address an immediate drought response.

### **Turf Replacement Incentive**

Metropolitan incentivizes improvements to outdoor water-use efficiency by offering a variety of rebates for irrigation system devices and conversions from turf to California-friendly landscapes. These incentives are integral components of Metropolitan's efforts to sustain momentum toward achieving the Integrated Resources Plan goals for urban water conservation. In coordination with those efforts, an analysis by staff that was facilitated through discussions with the Board and member agencies determined that increasing resources for residential and commercial and public agency landscape transformation would be a multi-benefit approach to achieving urban water conservation and would help mitigate the impacts of the current drought.

DWR has emphasized projects aimed at large-scale turf replacement with drought-tolerant landscaping for schools, community centers, government centers, and other institutions in Underrepresented and Tribal Communities. If awarded, Metropolitan will use the grant funds to increase the incentive for commercial and public agency recipients that apply for the Turf Replacement Program by an additional \$1 per square foot, which aligns with this emphasis. Metropolitan will provide funding to member agencies through the existing Conservation Credits Program. Staff anticipates the grant funding would give member agencies a greater ability to tailor outdoor water-efficiency improvements for non-functional turf in the public agency and larger commercial sectors. A 25 percent cost share (\$7.5 million) is required for this grant application. Because of the increased activity that an additional \$1 per square foot rebate would generate, staff anticipates additional spending of up to \$20 million on public agency and commercial turf replacement projects through the entire three-year grant period if the grant is awarded. These additional expenditures would represent Metropolitan's cost share.

### **Residential Direct Install Program for Devices**

Since 2014, Metropolitan and the Southern California Gas Company (SoCal Gas) have partnered to provide water and energy efficiency programming to income-qualified consumers within Metropolitan's service area and to customers of SoCal Gas. The two parties continue to develop collaborative programming measures through a Memorandum of Understanding that is in effect through December 31, 2024. On November 9, 2021, the Board authorized the expansion of the Residential Direct Install Program in partnership with SoCalGas to provide no-cost direct installations of clean energy and water-saving measures to income-qualified residences. Through the Residential Direct Install Program, eligible consumers receive no-cost energy upgrades funded by SoCal Gas and high-efficiency toilets, showerheads, faucet aerators, and weather-based irrigation controllers through financial support from Metropolitan. This initiative enhances Metropolitan's suite of indoor and outdoor incentives to consumers within underserved communities.

DWR has also emphasized Direct Install programs for conservation projects benefitting Underrepresented Communities and Tribes with no cost to the homeowner. If awarded, Metropolitan would use the grant funds to increase Metropolitan's share of program funding to provide direct installation services for more water-efficiency devices in the Residential Direct Install Program with SoCalGas. Metropolitan will partner with SoCal Gas to enhance the installation of water-efficient devices and appliances. Staff anticipates \$2.5 million to be expended annually for the direct installation of water-efficiency devices in the Residential Direct Install Program for the current biennial budget. This activity is eligible for a cost-share waiver because there is a direct benefit to disadvantaged communities.

### **Direct Recirculating Apparatus Firefighting Training and Sustainability (DRAFTS) Units**

DRAFTS Unit technology provides fire departments with devices that recycle water during full-flow training exercises. Typical engineer training requires flowing water through hoses with varying rates, pressures, and setups to try to mimic real-world situations. Water used for training purposes has traditionally been allowed to flow to storm drains or sewers. Public perception of flows going to drain can be negative--particularly during drought--and is one reason for recent reductions in training sessions for many departments. By recirculating training flows, DRAFTS devices save water and help reduce this negative stigma. DRAFTS units also provide an immediate response and long-term preparation for future health and safety crises that may arise from the increasing threat of urban and wildfires being exacerbated by climate change.

The WSIP provides financial incentives for commercial, industrial, institutional, agricultural, and large landscape projects that improve water-use efficiency, reduce water consumption, and increase regional water supply reliability within Metropolitan's entire service area. In May 2012, the Board authorized incentives for a regional

pay-for-performance program administered by Metropolitan. Customized nonresidential projects throughout Metropolitan's service area are eligible. Incentives up to \$195 per acre-foot of water saved are offered for up to ten years. The incentive may not exceed 50 percent of eligible project costs. Payment is made upon verification of project installation and operation, and completion of 12 months of water-use monitoring to verify actual water savings and performance. These projects offer significant water savings with minimal administrative costs.

Funding for DRAFTS technology is currently available through Metropolitan's WSIP. In recent years, Metropolitan has supplemented the purchase of DRAFTS devices for local fire departments. An analysis of metered DRAFTS devices compared to prior estimates of water use indicate a savings potential of 2.5 to 4 million gallons, per device, per year.

The availability of discretionary funds for public fire departments has been the main detriment to the widespread implementation of a technology that saves water and secures the health and safety of the general population. If awarded, Metropolitan would use the grant funds to increase Metropolitan's incentive for DRAFTS units available through the WSIP. A cost share of 25 percent (\$750,000) is required for this grant application. Staff anticipates \$2.5 million to be expended per year for the expansion of funding for DRAFTS units made available through the WSIP for the current biennial budget, which may also be provided as a cost share from the conservation budget.

### **Required Resolutions**

DWR requires a resolution supporting grant proposals as part of the project application package. The Board resolution: (1) acknowledges support for the applications, (2) authorizes the General Manager to accept funding, (3) delegates authority to the General Manager to enter into a contract, and (4) commits Metropolitan to work with DWR to meet established deadlines. The resolution does not obligate Metropolitan to accept funding. Metropolitan has the discretion to accept or decline potential funding after the award. See **Attachments 1, 2, and 3**.

### **Policy**

---

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter into Contracts

By Minute Item 53062, December 13, 2022, the Board declared a Regional Drought Emergency for all of Southern California and called upon water agencies to immediately reduce their use of all imported supplies.

By Minute Item 52581, November 9, 2021, the Board recognized a statewide drought emergency, declared specified emergency conditions within the Metropolitan service area, and directed specified actions.

By Minute Item 52582, dated November 8, 2021, the Board authorized the expansion of the Residential Direct Install Program and modifications to the Turf Replacement Program.

By Minute Item 51166, dated April 10, 2018, the Board authorized funding for the Turf Replacement Program, and the Member Agency Administered Program.

By Minute Item 49542, dated September 10, 2013, the Board authorized changes to Metropolitan's Water Conservation Program including incentives for pay-for-performance projects.

By Minute Item 49068, dated May 8, 2012, the Board authorized changes to Metropolitan's Water Conservation Program including incentives for pay-for-performance projects.

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 actions are not defined as projects and are not subject to CEQA (Public Resources Code Section 21065, State CEQA Guidelines Section 15378) because they involve continuing administrative activities such as general policy and procedure making that will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed actions are not subject to CEQA because they involve 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).

### CEQA determination for Option #2:

None required

## Board Options

---

### Option #1

Adopt resolutions to support three applications for the California Department of Water Resources' 2022 Urban Community Drought Relief Program totaling \$38 million; and authorize the General Manager to accept this potential funding and enter contracts with the California Department of Water Resources if awarded.

**Fiscal Impact:** The addition of up to \$38 million to supplement existing Metropolitan funding would allow more member agency local projects to be implemented to increase both indoor and outdoor water efficiency. Increasing program incentives would likely increase program activity and spending, which staff has accounted for in projected expenditures.

**Business Analysis:** This grant proposal would allow Metropolitan's funding to reach more participants by enhancing Metropolitan's incentive for commercial and public agency turf replacement projects, increasing participation in income-qualified programs supported by the Residential Direct Install Program, and enhancing Metropolitan's incentive for DRAFTS units through the Water Savings Incentive Program.

### Option #2

Do not support or accept grant funding.

**Fiscal Impact:** None

**Business Analysis:** Without the grant funds, Metropolitan would reach fewer participants in the conservation program.

**Staff Recommendation**

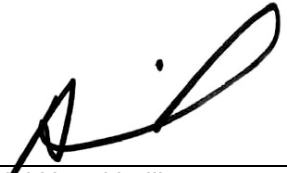
---

Option #1

  
\_\_\_\_\_  
Brad Coffey  
Manager, Water Resource Management

1/24/2023

Date

  
\_\_\_\_\_  
Adel Hagekhalil  
General Manager

1/25/2023

Date

**Attachment 1 – Resolution Authorizing the Grant Application, Acceptance, and Execution for the Turf Replacement Program**

**Attachment 2 – Resolution Authorizing the Grant Application, Acceptance, and Execution for the Residential Direct Installation Program**

**Attachment 3 – Resolution Authorizing the Grant Application, Acceptance, and Execution for the Direct Recirculating Apparatus Firefighting Training And Sustainability (DRAFTS) Unit Program**

Ref# wrm12687144

**RESOLUTION NO. [xxxx]**  
**A RESOLUTION OF THE BOARD OF DIRECTORS OF**  
**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**  
**AUTHORIZING THE GRANT APPLICATION, ACCEPTANCE, AND EXECUTION**  
**FOR THE TURF REPLACEMENT PROGRAM**

WHEREAS, The Metropolitan Water District of Southern California proposes to implement the Turf Replacement Program;

WHEREAS, The Metropolitan Water District of Southern California has the legal authority and is authorized to enter into a funding agreement with the State of California; and

WHEREAS, The Metropolitan Water District of Southern California intends to apply for grant funding from the California Department of Water Resources for the Turf Replacement Program;

THEREFORE, BE IT RESOLVED by The Board of Directors of The Metropolitan Water District of Southern California as follows:

1. That pursuant and subject to all of the terms and provisions of the Budget Act of 2021 (Stats. 2021, ch.240, § 80) as amended (Stats. 2022, ch. 44, § 25), the General Manager of The Metropolitan Water District of Southern California, or designee, is hereby authorized and directed to prepare and file an application for funding with the California Department of Water Resources, and take such other actions necessary or appropriate to obtain grant funding.
2. The General Manager of The Metropolitan Water District of Southern California, or designee, is hereby authorized and directed to execute the funding agreement with the California Department of Water Resources and any amendments thereto.
3. The General Manager of The Metropolitan Water District of Southern California, or designee, is hereby authorized and directed to submit any required documents, invoices, and reports required to obtain grant funding.

CERTIFICATION I hereby certify that the foregoing Resolution was duly and regularly adopted by the Board of Directors of The Metropolitan Water District of Southern California at the meeting held on [date], motion by [member name] and seconded by [member name], motion passed by the following vote:

AYES:                NOES:

ABSTAIN:          ABSENT:

---

Authorized Representative,  
The Metropolitan Water District of  
Southern California

---

ATTEST: Secretary of the Board of Directors  
of The Metropolitan Water District  
of Southern California

**RESOLUTION NO. [xxxx]**  
**A RESOLUTION OF THE BOARD OF DIRECTORS OF**  
**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**  
**AUTHORIZING THE GRANT APPLICATION, ACCEPTANCE, AND EXECUTION**  
**FOR THE RESIDENTIAL DIRECT INSTALLATION PROGRAM**

WHEREAS, The Metropolitan Water District of Southern California proposes to implement the Residential Direct Installation Program;

WHEREAS, The Metropolitan Water District of Southern California has the legal authority and is authorized to enter into a funding agreement with the State of California; and

WHEREAS, The Metropolitan Water District of Southern California intends to apply for grant funding from the California Department of Water Resources for the Residential Direct Installation Program;

THEREFORE, BE IT RESOLVED by the Board of Directors of The Metropolitan Water District of Southern California as follows:

1. That pursuant and subject to all of the terms and provisions of the Budget Act of 2021 (Stats. 2021, ch.240, § 80) as amended (Stats. 2022, ch. 44, § 25), the General Manager of The Metropolitan Water District of Southern California, or designee, is hereby authorized and directed to prepare and file an application for funding with the California Department of Water Resources, and take such other actions necessary or appropriate to obtain grant funding.
2. The General Manager of The Metropolitan Water District of Southern California, or designee, is hereby authorized and directed to execute the funding agreement with the California Department of Water Resources and any amendments thereto.
3. The General Manager of The Metropolitan Water District of Southern California, or designee, is hereby authorized and directed to submit any required documents, invoices, and reports required to obtain grant funding.

CERTIFICATION I hereby certify that the foregoing Resolution was duly and regularly adopted by the Board of Directors of The Metropolitan Water District of Southern California at the meeting held on [date], motion by [member name] and seconded by [member name], motion passed by the following vote:

AYES:            NOES:  
 ABSTAIN:        ABSENT:

---

Authorized Representative,  
 The Metropolitan Water District of  
 Southern California

---

ATTEST: Secretary of the Board of Directors  
 of The Metropolitan Water District  
 of Southern California

**RESOLUTION NO. [xxxx]**  
**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**  
**AUTHORIZING THE GRANT APPLICATION, ACCEPTANCE, AND EXECUTION FOR THE DIRECT RECIRCULATING APPARATUS FIREFIGHTING TRAINING AND SUSTAINABILITY (DRAFTS) UNIT PROGRAM**

WHEREAS, The Metropolitan Water District of Southern California proposes to implement the Direct Recirculating Apparatus Firefighting Training and Sustainability (DRAFTS) Unit Program;

WHEREAS, The Metropolitan Water District of Southern California has the legal authority and is authorized to enter into a funding agreement with the State of California; and

WHEREAS, The Metropolitan Water District of Southern California intends to apply for grant funding from the California Department of Water Resources for the Direct Recirculating Apparatus Firefighting Training and Sustainability (DRAFTS) Unit Program;

THEREFORE, BE IT RESOLVED by the Board of Directors of The Metropolitan Water District of Southern California as follows:

1. That pursuant and subject to all of the terms and provisions of the Budget Act of 2021 (Stats. 2021, ch.240, § 80) as amended (Stats. 2022, ch. 44, § 25), the General Manager of The Metropolitan Water District of Southern California, or designee, is hereby authorized and directed to prepare and file an application for funding with the California Department of Water Resources, and take such other actions necessary or appropriate to obtain grant funding.
2. The General Manager of The Metropolitan Water District of Southern California, or designee, is hereby authorized and directed to execute the funding agreement with the California Department of Water Resources and any amendments thereto.
3. The General Manager of The Metropolitan Water District of Southern California, or designee, is hereby authorized and directed to submit any required documents, invoices, and reports required to obtain grant funding.

CERTIFICATION I hereby certify that the foregoing Resolution was duly and regularly adopted by the Board of Directors of The Metropolitan Water District of Southern California at the meeting held on [date], motion by [member name] and seconded by [member name], motion passed by the following vote:

AYES:            NOES:  
 ABSTAIN:        ABSENT:

---

Authorized Representative,  
 The Metropolitan Water District of  
 Southern California

---

ATTEST: Secretary of the Board of Directors  
 of The Metropolitan Water District  
 of Southern California