

## **Board Information**

# Board of Directors One Water and Adaptation Committee (OWA)

7/8/2025 Board Meeting

9-4

#### **Subject**

Information on proposed inspection and verification vendor agreement for Metropolitan's conservation program

#### **Executive Summary**

This letter provides information on the proposed sole source agreement with WaterWise Consulting, Inc. Currently, WaterWise Consulting, Inc. provides inspection and verification services for turf replacement, device-based, and customized water efficiency projects for Metropolitan's Conservation Programs. In 2021, Metropolitan issued a Request for Proposal (RFP) that resulted in only one response, that being from WaterWise Consulting, Inc. In early 2025, staff has conducted research and outreach to identify potential additional firms in this specialized area and has determined that, at this time, there is no evidence to indicate that other qualified consultants have entered the market. Consequently, staff has determined that competitive bidding would not produce an advantage to Metropolitan. Therefore, staff is proposing to enter into a three-year sole-source agreement with WaterWise Consulting, Inc. for an amount not to exceed \$4,500,000. Staff plans to request board authorization for this agreement in August 2025.

#### **Fiscal Impact**

No fiscal impact estimated at this time. If approved, expenditures will remain within the board-authorized budget.

### **Applicable Policy**

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

#### Related Board Action(s)/Future Action(s)

In August 2025, staff plans to request board authorization for a three-year sole-source agreement with WaterWise Consulting, Inc., for an amount not to exceed \$4,500,000, to provide inspection and verification services for Metropolitan's conservation programs.

## **Details and Background**

#### **Background**

Metropolitan's Conservation Inspection Program protects Metropolitan and its member agencies' supplemental funding from fraud and misuse by verifying that the device, installation, or site meets Metropolitan's Regional Conservation Program Terms and Conditions and is eligible to receive a rebate. WaterWise Consulting, Inc. (WaterWise) currently provides inspection and verification services for Metropolitan's Conservation Rebate and Incentive Programs.

In 2018, Metropolitan issued a competitive RFP seeking consultant services to perform inspection and verification services for Metropolitan's Conservation Programs. Over 2,300 firms were notified of the solicitation request, and Metropolitan received two proposals. An evaluation committee reviewed and scored each respondent's respective

proposals relative to the evaluation criteria and recommended WaterWise. The awarded firm from this solicitation request was WaterWise.

In 2021, Metropolitan again issued a competitive RFP seeking consultant services to perform inspection and verification services. Over 1,900 firms were notified of the solicitation request through Metropolitan's bid release system. Despite the outreach, Metropolitan received only one response. The awarded firm was WaterWise. Receiving one response is a significant indicator of the availability of a service in the market. Feedback from other consultants who perform inspection services revealed that other firms were not prepared to perform inspections for Metropolitan's entire service area that covers 5,200 square miles across Los Angeles, Orange, Riverside, San Bernadino, San Diego, and Ventura Counties to service nearly 19 million people, and meet, or be prepared to exceed, the volume of inspections required by Metropolitan. Additional feedback also revealed many firms that specialize in engineering or survey inspections have staff that are overqualified to perform the type of inspection work required for Metropolitan's Conservation Programs. Unlike these services, Metropolitan's Conservation programs require a more simplified inspection process that is performed on a smaller scale and includes both commercial and residential properties.

The inspection program is an integral part of Metropolitan's multi-million-dollar Regional Conservation Rebate Program and is in place to protect public funds. Metropolitan performs an average of at least 2,500 inspections per year. In 2024, Metropolitan reached an agreement with the U.S. Bureau of Reclamation under phase two of Reclamation's Lower Colorado River Basin System Conservation and Efficiency Program to help Southern California reduce its use of Colorado River water. Under this agreement, Metropolitan's Turf Replacement Program will receive up to \$96 million. Staff anticipates this increase in funding will create an even higher demand for turf replacement pre- and post-inspections over the next three years, which reinforces the limitations on finding new vendors capable and prepared to exceed the volume of inspections required for our programs.

Staff continues to gather information on which consultants are performing similar services in the market today by attending conferences and expos, as well as engaging the current network of water conservation industry experts and staff on a routine basis. However, there is no clear indication that a new vendor capable of servicing the regional program has entered the market since the last formal solicitation was conducted in 2021. Metropolitan staff have considered alternative inspection approaches to determine if such alternative approaches would allow other vendors to participate. However, currently, many of these options are not cost-effective or would need additional time to implement program-wide. To conserve Metropolitan's resources and staff time, staff recommends pursuing a sole-source agreement for inspection and verification services. WaterWise Consulting, Inc. is the most qualified firm willing to provide these services to Metropolitan. Staff recommends entering into a three-year sole-source agreement and will re-evaluate the market at the conclusion of this agreement. Staff will perform a formal solicitation for these service via a RFP in 2028 when this new agreement nears its expiration date as a way to confirm the presence of additional firms capable of performing the requested services.

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7/1/2025

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General Manager