



- **Board of Directors**  
***One Water and Adaptation Committee***

8/19/2025 Board Meeting

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8-4

## Subject

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Authorize the General Manager to enter into a new three-year sole source agreement with WaterWise Consulting Inc. for inspection and verification services for Metropolitan's Conservation Programs, for a total agreement not to exceed \$4,500,000; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

## Executive Summary

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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 conducted research and outreach to identify potential additional firms in this specialized area and determined that, at this time, there is no evidence to indicate that other qualified vendors have entered the market. Consequently, staff have determined that competitive bidding would not produce an advantage to Metropolitan and that WaterWise is uniquely qualified. 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.

## Proposed Action(s)/Recommendation(s) and Options

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### Staff Recommendation: Option #1

#### Option #1

Authorize the General Manager to enter into a new three-year sole source agreement with WaterWise Consulting Inc. for inspection and verification services for Metropolitan's Conservation Programs, for a total agreement not to exceed \$4,500,000.

**Fiscal Impact:** \$4,500,000 over three years, funded from the current Conservation Program budget. This request will not increase the Conservation Program budget.

**Business Analysis:** This proposed agreement will allow the program to continue uninterrupted through 2025.

#### Option #2

Authorize the General Manager to authorize a new eighteen-month sole source agreement with WaterWise Consulting Inc. for inspection and verification services for Metropolitan's Conservation Programs, for a total agreement not to exceed \$400,000.

**Fiscal Impact:** \$400,000 over eighteen months from the current Conservation Program budget. This request will not increase the Conservation Program budget. Funding for Year 1 is included in the existing budget; however, Board action will be required to approve funding for Years 2 and 3.

**Business Analysis:** This proposed agreement will allow the program to continue uninterrupted until a new agreement can be authorized from a competitive bid.

#### Option #3

Do not authorize a new agreement with WaterWise Consulting Inc. If not authorized, the program will end.

**Fiscal Impact:** None

**Business Analysis:** Metropolitan's Conservation Inspections Program will end. Metropolitan will no longer be able to provide inspection and verification services for all conservation incentives, and the Regional Conservation Rebate Program will be temporarily paused until a new vendor can be secured.

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### **Alternatives Considered**

Not applicable

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### **Applicable 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 Contracts

Metropolitan Water District Administrative Code Section 8140: Competitive Procurement

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

Not applicable

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### **California Environmental Quality Act (CEQA)**

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#### **CEQA determination for Options #1 and #2:**

The proposed action is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment (State CEQA Guidelines Section 15378(b)(4)).

#### **CEQA determination for Option #3:**

None required.

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### **Details and Background**

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#### **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.

Under Administrative Code Section 8140, Metropolitan is generally required to utilize the competitive procurement process to select professional and technical services vendors where the contract amount meets or exceeds \$75,000. Administrative Code Section 8140 subdivision (1)(d) creates an exception to the general competitive procurement requirement when the competitive process does not produce an advantage or due to impracticality created by the unique, exploratory or competitive nature of the work. To utilize these exceptions, the General Manager's designee proposing the contract must certify that the contract is exempt from competitive procurement and set forth the reasons for that determination.

In 2018, Metropolitan issued a competitive RFP seeking a consultant 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.

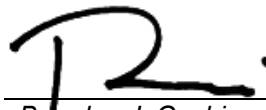
In 2021, Metropolitan again issued a competitive RFP seeking a consultant to perform inspection and verification services. Over 1,900 firms were notified of the solicitation request through Metropolitan's bid release system. Despite the outreach, Metropolitan received only one response. The awarded firm was WaterWise. Receiving one response is a significant indicator of a service's lack of availability in the market. Feedback from other

consultants who perform inspection services revealed that other firms were not prepared to perform inspections across Metropolitan's entire service area that encompasses 5,200 square miles in Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura Counties. The other consultants were also unprepared to meet or exceed the volume of inspections required by Metropolitan. Additional feedback revealed many firms specializing 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 other inspection services, Metropolitan's Conservation Programs require a more straightforward 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 meet the volume of inspections required for our programs.

Staff continue 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 indication that a new vendor capable of servicing the regional program has entered the market since the last formal solicitation was conducted in 2021, making WaterWise uniquely qualified to perform the work. Metropolitan staff have considered alternative inspection approaches to determine if such alternative approaches would allow other vendors to participate or create a competitive advantage. However, currently, many of these options are not cost-effective or would need additional time to implement program-wide. At this time, alternative approaches would not be competitively advantageous to Metropolitan. As a result, pursuant to Administrative Code Section 8140 subdivision (1)(d), the General Manager's designee, Assistant General Manager John Bednarski, certifies this contract would meet two of the exemptions stated therein: (1) the unique nature of the work; and (2) alternative contracting approaches would not be competitively advantageous to Metropolitan.

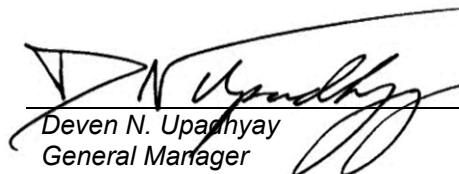
If the Board does not proceed with staff's recommendation to approve Option #1, staff recommends the Board approve Option #2 to allow the program to continue uninterrupted while staff pursue a competitive bid release and finalize a new agreement over the next 18 months. It is important to protect Metropolitan and its member agencies' funding and ensure inspection and verification services are uninterrupted until a new agreement can be established. To conserve Metropolitan's resources and staff time, staff recommends Option #1 to pursue a sole source agreement for inspection and verification services. WaterWise Consulting Inc. is a uniquely qualified firm willing to provide these services to Metropolitan and, at this time, a bid release would not yield a competitive advantage. Staff recommend 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 services via a competitive bid in 2028 when this new agreement nears its expiration date as a way to determine if there are additional firms capable of performing the requested services.



Brandon J. Goshi  
Manager, Water Resource Management

8/12/2025

Date



Deven N. Upadhyay  
General Manager

8/12/2025

Date