



Special Committee on Ag and Tribal Partnerships

6/23/2026 Special Committee Meeting

6b

Subject

Water Savings Incentive Program for Agricultural Customers

Executive Summary

The Water Savings Incentive Program (WSIP) is part of Metropolitan's Conservation Program. It is designed for non-residential water users to improve on-site water use efficiency through upgraded equipment or services that do not fit within Metropolitan's standard rebates. WSIP provides participants with an incentive based on anticipated water savings over the project's lifetime, using a year of monitoring for verification. The "pay-for-performance" design allows applicants to implement customized projects and whole system upgrades.

Recently, staff reviewed the efficacy of the Program for the agricultural sector and determined adjustments would improve participation in WSIP for applicants with projects converting from an existing crop to a more water-efficient crop (agricultural projects using water more efficiently on existing crops would follow existing WSIP terms and conditions). The adjustments to the program are being implemented as they continue to be within the parameters of the Board-approved program. The adjustments provide incentives for applicants in the agriculture sector to replace water-intensive crops with less water-intensive crops. The water savings are estimated over a 30-year lifetime, rather than the standard 10 years applied to most commercial and industrial projects. This modification was made after discussion with Metropolitan's Conservation Program Advisory Committee (PAC), composed of representatives from a variety of member and retail agencies. The recommended option was presented to and approved by management.

Fiscal Impact

The program is implemented within the Conservation Program budget.

Details and Background

Background on WSIP

WSIP is administered through SoCal Water\$mart on behalf of Metropolitan. Incentives are based on measured water saved at 60 cents per 1,000 gallons saved (equivalent to \$195 per acre-foot saved) per year over the project's lifetime, up to 10 years. All incentives are subject to a limit of 50 percent of eligible project costs directly related to the project implementation. Eligible costs typically include materials, third-party labor, required engineering analyses, and other costs related to project installation or water management services. Customers' own labor, tax, and other indirect costs are ineligible and are determined at Metropolitan's sole discretion.

Examples of successful projects include:

- Changing industrial process water system to capture, treat, and re-use wastewater.
- Replacing water-using equipment with higher efficiency models in commercial facilities.
- Upgrading existing irrigation systems or landscaping to improve water use efficiency for agricultural operations and large landscapes.

- Contracting for water management services to improve landscape water efficiency.
- Capturing condensation and using it to supplement the cooling tower water supply for increased efficiency.

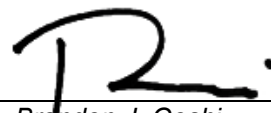
Incentives are generally paid in two installments, with the first payment of up to 50 percent of the total incentive distributed upon verified project completion. The second payment is made based on the water savings determined after a one-year monitoring period. Applicants may also be offered a single payment option if the project is deemed eligible and/or monitoring is infeasible or unavailable. These projects are evaluated based on qualified audits, engineering designs/reports, historic water use with existing equipment, and other project-specific information. For these projects, a single payment is made after project installation and a post-installation inspection to ensure project operation. The incentive rate for these projects is \$150 per acre-foot saved over the lifetime of the project or 46 cents per 1,000 gallons saved per year over the project life. Eligibility for this option is determined by Metropolitan.

WSIP for Agriculture

Staff met with agencies currently implementing a regional “CropSWAP” program to discuss modifications to WSIP to encourage additional participation. CropSWAP offers financial assistance to agricultural water users in western Riverside and northern San Diego Counties to transition away from higher-water-use crops, thereby enhancing efficiency, sustainability, and resilience within the farming community. The current program is funded by a grant that will expire in December 2026.

Staff discussed the program with the PAC and considered various options to modify WSIP to address concerns and accommodate changes to encourage agricultural applicants to participate. The implemented option retains the Board-approved conservation rate of \$195/AF, which is used to calculate the baseline incentive. However, Metropolitan was able to make a reasonable adjustment to the lifetime savings, as many citrus and grape stocks have production lives of at least 30 years. The incentive levels in the table below are per acre of crop converted based on both the \$195/AF and \$150/AF incentives over a 30-year lifetime. There is currently no maximum acreage per application. Because the incentives remain within the Board-approved parameters, no additional Board action is being requested to implement the modifications.

Metropolitan Crop Swap Rebate Options			
Type	Average Annual AF Savings	Option 1	Option 2
		(Monitored one year @ rate \$195/AF)	(Non-monitored @ rate of \$150/AF)
Approximate maximum incentive per acre			
Avocado to Winegrapes	3.24	\$18,980	\$14,550
Citrus to Winegrapes	2.24	\$13,155	\$10,085
Avocado to Citrus	1.50	\$8,880	\$6,745
Rootstock Upgrade	3.23	\$18,940	\$14,525



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 6/17/2026
 Date



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 6/17/2026
 Date