



Authorize Modifications to the On-Site Retrofit Program

Water Planning and Stewardship Committee

Item 7-6

January 10, 2022

Incentivizes Recycled Water End-Use

- Pilot Program authorized in 2014; Permanent in 2016
- Provides incentives to end-users to convert potable water to recycled water systems
 - Incentive is $\$195/\text{AF} \times \text{water savings} \times 5 \text{ years}^*$
 - Paid in full at start-of-operation



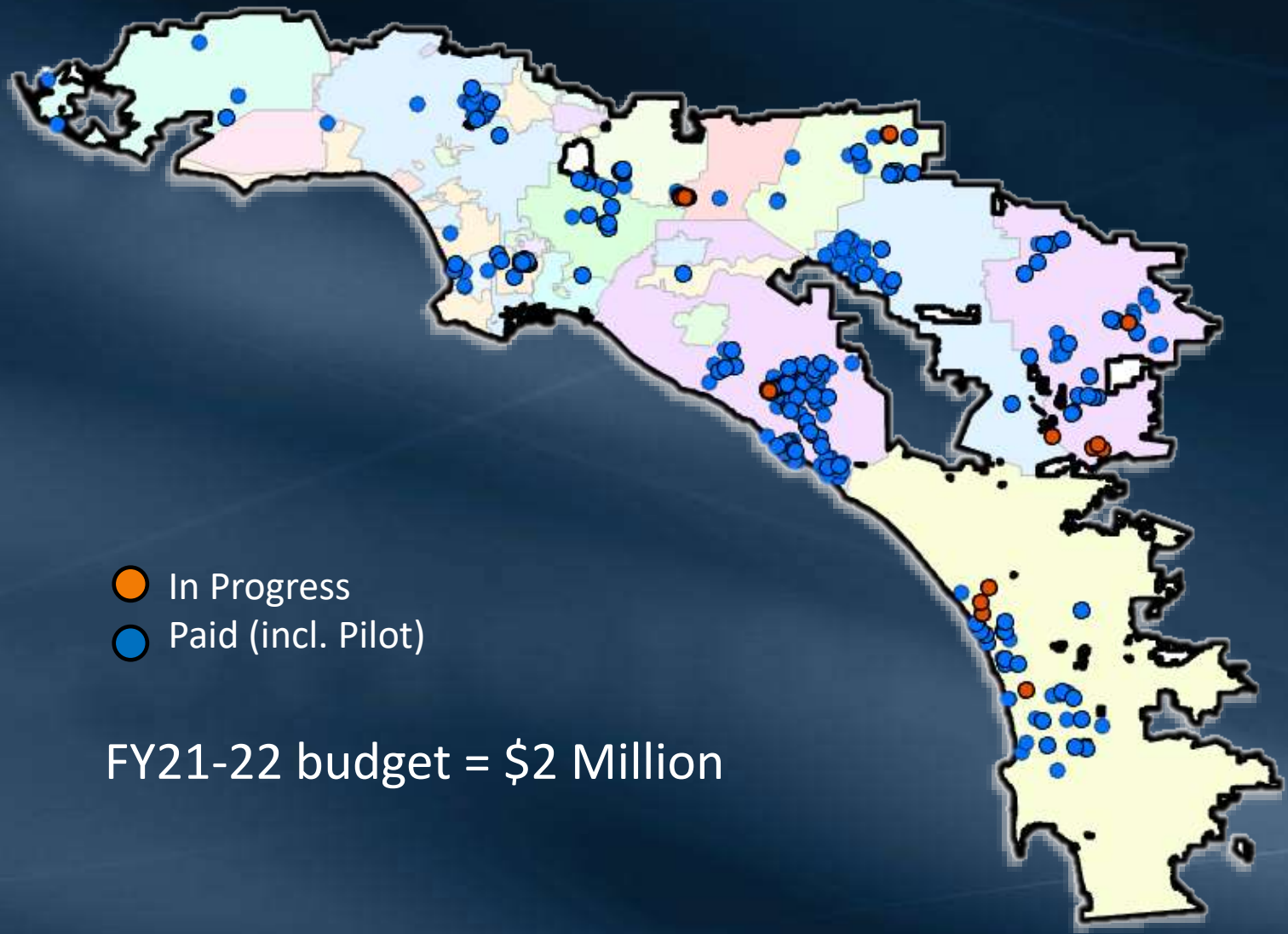
**capped at actual project costs*

Promotes Local Water Supplies

- Supports IRP goals by developing local supplies
 - Offsets imported water supplies in the region
- Contributes to success of Local Resource Program projects
- Complements Metropolitan's drought actions
 - Potential near-term water savings



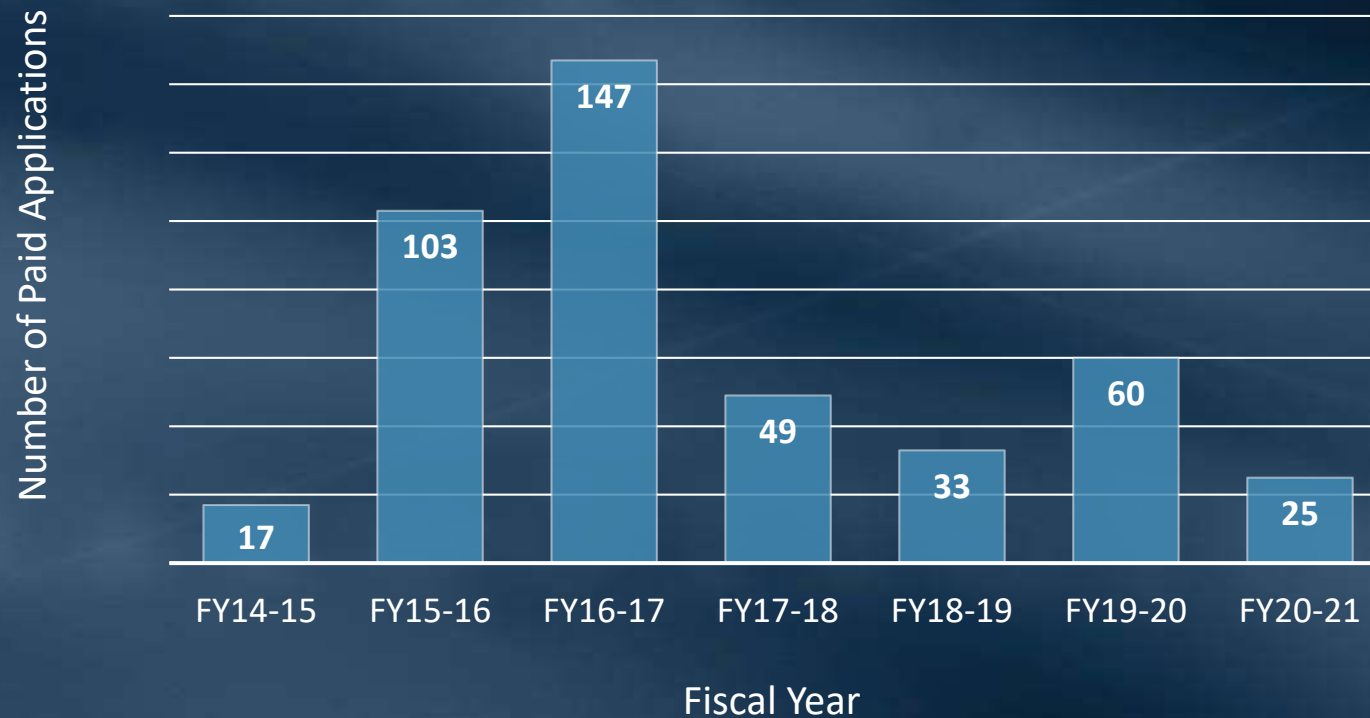
Program Success throughout Region



FY21-22 budget = \$2 Million

Decline in Program Participation

On-Site Retrofit Paid Applications



Observations

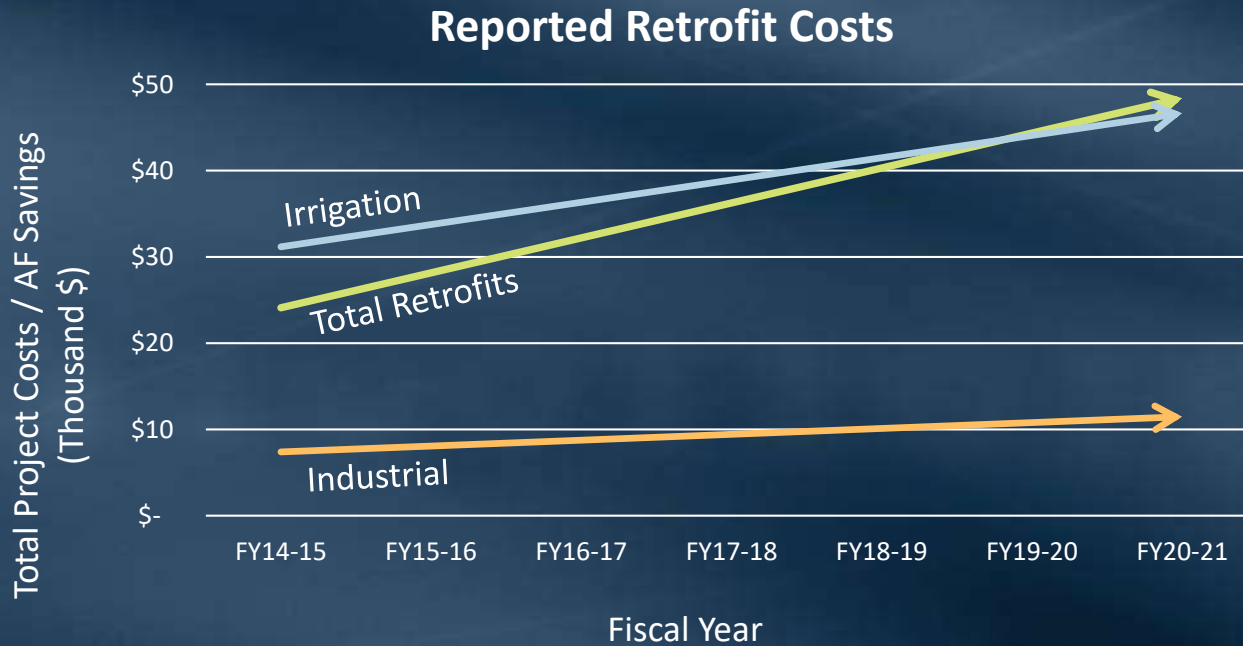
- Declining participation due to rising retrofit costs
- Incentive term (# of years) does not reflect the actual long-term potable water savings
- **There are opportunities to increase regional recycled water use**



Retrofit Costs are Increasing



- Upward trend in total retrofit costs reported during invoicing
- Agencies identified rising costs as a barrier for new retrofits



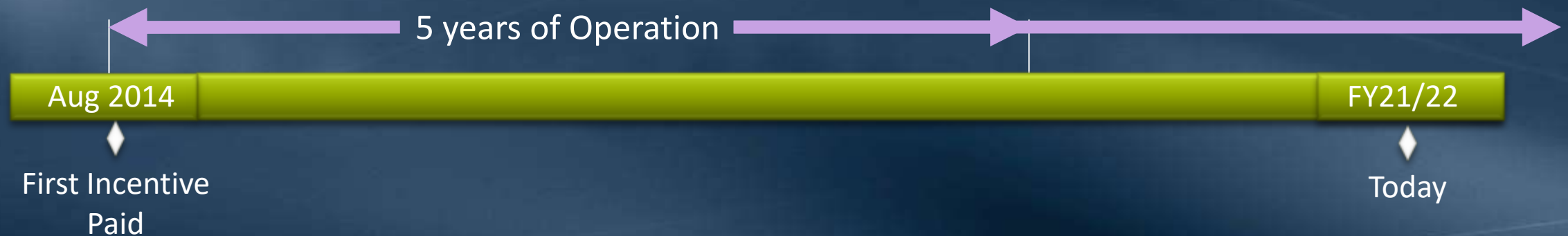
Projects Produce Long-Term Water Savings



- Surveys to all applicants who received an incentive 5+ years ago
- 100% of respondents are still using recycled water
 - 96% response rate to surveys

137

Paid Projects



Proposed Modification to Incentive Term

- Increase the existing incentive term from 5-years to 10-years of imported water savings

$$\text{\$195} \times \text{Water Savings (AF)} \times \frac{\text{10 years}}{\text{5 years}}$$

- Recognizes longer term benefits to the region
- Responds to higher retrofit costs
- Increases program participation
- Incentive remains capped at actual project costs
- No change to current annual budget

Untreated Imported Water is Valuable



- Some water users have direct connections to untreated supplies
- Program is currently limited to potable water retrofits
- However...
 - **Offsetting all imported water is beneficial to the region!**
- Staff recommends adjusting policy to allow eligibility of ALL imported water retrofits



Summary

- Retrofit infrastructure and operating lifespan exceeds 5 years
- Retrofit costs have increased
- Increasing the incentive term:
 - More closely reflects imported water savings
 - Responds to higher retrofit costs
- Offsetting untreated imported water supplies provides regional benefits
- Improving Program participation in the Program positively impacts the regional water supply reliability

Board Options

- Option #1
 - Authorize modifications of the On-Site Retrofit Program to increase the \$195 per acre-foot incentive term from five to 10 years, and to allow untreated imported water as eligible for retrofit under the Program.
- Option #2
 - Take no action

Staff Recommendation

- Option #1

