



● **Board of Directors**  
***Water Planning and Stewardship Committee***

12/14/2021 Board Meeting

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**7-8**

**Subject**

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Adopt resolutions to support Metropolitan's applications for the California Department of Water Resources 2021 Urban and Multi-benefit Drought Relief Program of \$7.5 million to supplement funding for residential and commercial landscapes within the Turf Replacement Program and \$2.5 million to supplement funding for the Residential Direct Install Program in partnership with the Southern California Gas Company; authorize the General Manager to accept grant funds, if awarded; and authorize the General Manager to enter into a contract with the California Department of Water Resources for the grant funds, if awarded; the General Manager has determined that the proposed action is exempt of otherwise not subject to CEQA

**Executive Summary**

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As Metropolitan prepares to mitigate challenges imposed by impending drought conditions, staff accelerated local conservation efforts and identified alternative funding sources to enhance regional programming.

One potential opportunity for grant funding is the California Department of Water Resources (DWR) 2021 Urban and Multi-benefit Drought Relief Program. Metropolitan requested \$7.5 million to increase the financing of turf replacement of residential and commercial landscapes eligible under the Turf Replacement Program and \$2.5 million to increase funding available for the Residential Direct Install Program. If approved, this action authorizes two different resolutions for Metropolitan's applications to the DWR 2021 Urban and Multibenefit Drought Relief Program (**Attachments 1 and 2**). If awarded, this action also authorizes the General Manager to accept up to \$7.5 million in grant funding for the Turf Replacement Program, \$2.5 million for the Residential Direct Install Program, and enter into a contract with DWR the 2021 Urban and Multibenefit Drought Relief Program.

**Timing and Urgency**

The Department of Water Resources requires the inclusion of a board resolution supporting grant applications. DWR will be evaluating applications and making awards on a phased schedule. DWR accepted applications submitted by November 19, 2021, for the first round of funding.

**Details**

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**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.

The Budget Act of 2021 (Stats. 2021, ch. 240, § 80) 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 more 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 landscape transformation would be a multi-benefit approach to achieving urban water conservation and would help mitigate the impacts of the current declared drought.

If awarded, Metropolitan will use the grant funds to increase the incentive for residential and commercial recipients that apply for the Turf Replacement Program by an additional \$1 per square foot. Metropolitan will provide funding to member agencies through the existing Conservation Credits Program. If awarded, staff anticipates the grant funding would give member agencies a greater ability to tailor outdoor water efficiency improvements for non-functional turf in the residential and commercial sectors. Cost-sharing is encouraged but not required for grant applications. Because of increased activity that an additional \$1 per square foot rebate would generate, staff anticipates an additional spending of up to \$11.5 million on residential and commercial turf replacement projects through the entire three-year grant period if the grant was awarded. These additional expenditures would represent Metropolitan's cost share.

### **Residential Direct Install Program**

Since 2014, Metropolitan and the Southern California Gas Company (SoCal Gas) partnered to provide water and energy efficiency programming to 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.

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 their installation of water-efficient devices and appliances. Staff anticipates \$1.5 million to be expended per year for the direct installation of water efficiency devices in the Residential Direct Install Program for the upcoming biennial budget, which may also be provided as a cost share by Metropolitan from the Conservation budget.

### **Required Resolution**

DWR requires the inclusion of a board resolution supporting grant proposals along with the program applications. The Board resolution documents the governing body's support of the application. The Board resolution: acknowledges the support of the applications, authorizes the General Manager to accept funding, delegates authority to the General Manager to enter into a contract, and 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 award. **See Attachments 1 and 2.**

### **Policy**

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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 52582, dated November 8, 2021 the Board authorized the expansion of the Residential Direct Install Program.

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

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)**

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### **CEQA determination for Option #1:**

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, which may result in a potentially significant impact on the environment (State CEQA Guidelines Section 15378(b)(4)).

### **CEQA determination for Option #2:**

None required

## **Board Options**

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### **Option #1**

1. Adopt the resolutions to support Metropolitan's application to the California Department of Water Resources 2021 Urban and Multi-benefit Drought Relief Program grant funding of \$7.5 million to provide supplemental funding for residential and commercial landscapes in the Turf Replacement Program and \$2.5 million for the direct installation of water efficiency devices for the Residential Direct Install Program.
2. Authorize the General Manager to accept grant funds, if awarded.
3. Authorize the General Manager to enter into a contract with the California Department of Water Resources for the grant funds, if awarded.

**Fiscal Impact:** The addition of grant funds to existing Metropolitan funding would allow for 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 our projected expenditures.

**Business Analysis:** This Turf Replacement grant proposal would allow Metropolitan's funding to reach more participants by enhancing Metropolitan's incentive for residential and commercial turf replacement projects and increasing participation in income-qualified programs supported by the SoCal Gas Direct Install Program.

### **Option #2**

Do not support or accept grant funding.

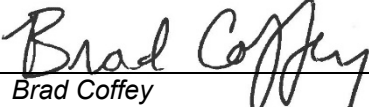
**Fiscal Impact:** None

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

**Staff Recommendation**

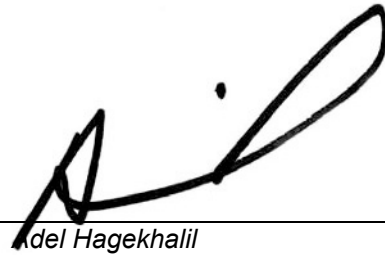
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Option #1

  
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Brad Coffey  
Manager, Water Resource Management

12/6/2021

Date

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

12/7/2021

Date

**Attachment 1 – 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**

**Attachment 2 – 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 Install Program**

Ref# wrm12683131

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 Budget Act of 2021 (Stats. 2021, ch.240, § 80), 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 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 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:

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Authorized Representative, Metropolitan Water  
District of Southern California

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ATTEST: Secretary, 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 INSTALL PROGRAM

WHEREAS, the Metropolitan Water District of Southern California proposes to implement the Residential Direct Install 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 Install 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 Budget Act of 2021 (Stats. 2021, ch.240, § 80), 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 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 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:

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Authorized Representative, Metropolitan Water  
District of Southern California

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