



- **Board of Directors**
One Water Committee

6/14/2022 Board Meeting

7-1

Subject

Authorize agreement with Electric & Gas Industries Association to administer Metropolitan's Consumer Incentive Programs; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

This action seeks authorization of a five-year agreement with Electric & Gas Industries Association (EGIA) to administer Metropolitan's consumer incentive programs. These programs include incentives that encourage conservation and efficiency for residential, commercial, and industrial consumers. Incentives are also available to help consumers hook up to recycled water systems through the On-Site Retrofit Program (OSRP) and participate in the Water Savings Incentive Program (WSIP). Metropolitan will pay fees for EGIA's services from the funds that the Board authorizes for consumer incentive programs. The Regional Rebate Program, OSRP, and the WSIP are major vehicles that Metropolitan relies on to advance water use efficiency in the service area. EGIA's cost proposal is included as **Attachment 1**.

Details

Background

Metropolitan provides incentive programs to encourage conservation and efficiency for consumers throughout the region with regional programs and member agency administered programs. Various elements of these programs target residential, commercial, and industrial consumers. Metropolitan also has programs that target conservation among public agencies, incentives for consumers interested in hooking up to recycled water systems, and incentives for consumers that may have a unique project.

To help administer these regional incentive programs, Metropolitan uses the services of a vendor to manage the processing of consumer applications for rebates. These services include the many steps necessary to process rebate applications and pay the incentive dollars to consumers. The current vendor, EGIA, was selected through a competitive Request for Proposals (RFP) process in 2017.

RFP For Services To Administer Consumer Incentive Programs

On January 26, 2022, staff issued an RFP requesting new proposals for the administration of the incentive programs because EGIA's current five-year contract expires on June 30, 2022. Staff notified more than 1,500 firms to generate interest in bidding on this work. Of the firms notified, 38 firms downloaded the proposal package, and five firms attended a pre-proposal conference held on February 9, 2022. EGIA was the sole respondent through this process.

EGIA is a nonprofit organization, recognized as a national leader in providing resource efficiency services, energy efficiency program administration, and rebates for utility and water agencies. EGIA also provides the home improvement industry with comprehensive consumer energy efficiency and solar financing solutions and has worked with the Department of Water Resources and other agencies on water conservation programs. Metropolitan and member agency staff reviewed EGIA's proposal and determined that EGIA, the current vendor, is both qualified and responsive to the RFP. EGIA also has extensive experience in managing and implementing

agency and utility programs, and staff recommends approval of an agreement with EGIA to administer the consumer incentive programs.

Administration Costs

Attachment 1 contains the cost proposal from EGIA for the proposed five-year term. The cost of EGIA's administration is estimated at approximately 7.4 percent of Metropolitan's consumer incentive programs and will be paid from the funds that the Board authorizes for consumer incentive programs. Actual administrative fees will vary with budgets and activity levels.

EGIA's cost proposal is competitive with their existing contract and is segmented based on Metropolitan's various incentive programs as follows:

- **Residential and commercial programs.** No more than 10.95 percent of Metropolitan's incentive.
- **Turf removal.** No more than \$500 per application.
- **On-site Retrofit Program.** No more than \$680 per application.
- **Water Savings Incentive Program.** No more than \$4,250 per application.
- **Contractor Direct Rebate Program.** A total of no more than \$119,250 annually, assuming 50 participating companies.

Because Metropolitan has not yet negotiated a new agreement with EGIA, EGIA's proposal represents a maximum. The actual amount paid would vary in accordance with the funding authorized by Metropolitan's Board for these programs. Since the fees are based on the incentives funded by Metropolitan, any additional funding added by member agencies does not result in higher administrative fees.

Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute item 52790, dated April 12, 2022, the Board approved the biennial budget for fiscal years 2022/2023 and 2023/2024.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA (Public Resources Code Section 21065, State CEQA Guidelines Section 15378) because the proposed action will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment and involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, 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 physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options

Option #1

Authorize the General Manager to enter into a five-year agreement with Electric & Gas Industries Association to administer Metropolitan's consumer incentive programs, to be paid from funds the Board authorized for Metropolitan's consumer incentive programs, in accordance with a cost schedule that will not exceed the proposal in **Attachment 1** of the board letter.

Fiscal Impact: The cost of the contract is estimated at 7.4 percent of Metropolitan's consumer incentive programs.

Business Analysis: EGIA is highly experienced in the administration of consumer incentive programs.

Option #2

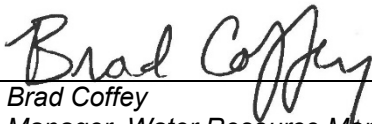
Do not authorize a five-year agreement with Electric & Gas Industries Association. Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and authorize a one-year extension of the current contract

Fiscal Impact: Undetermined. EGIA proposal is for an expected contract of five years and may not apply to a contract of a shorter duration. In any event, staff would negotiate the most favorable terms,

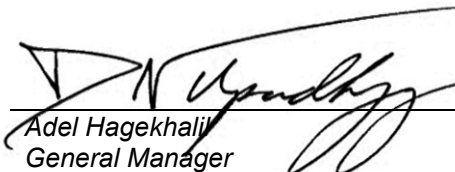
Business Analysis: An extension to the current contract would be necessary to allow staff to re-issue the RFP, although additional companies may not submit proposals. Metropolitan's consumer incentive programs would continue to be processed by EGIA during the RFP process.

Staff Recommendation

Option #1


Brad Coffey
Manager, Water Resource Management

5/18/2022
Date

for 
Adel Hagekhalil
General Manager

5/19/2022
Date

Attachment 1 – Exhibit B – Fee Schedule - Sample

Ref# wrm12689691

Exhibit B – Fee Schedule – SAMPLE

Respondent shall submit a proposal on all Programs. Complete the information below.

A. Residential & Commercial Programs

Instruction: Enter % to be multiplied times the budget to calculate respondent fee proposal.

<i>Cost Proposal for Residential and Commercial Programs</i>	
Metropolitan's estimated annual budget for Residential and Commercial Programs (Do Not Change)	\$ 20,000,000
Proposed fees as a percentage of the budget amount*	10.95%
<i>Respondent's Cost Proposal (Multiply percentage times \$20,000,000)*</i>	<i>\$2,190,000.00</i>

**proposed fee shall be inclusive of all services required to administer program (e.g. database, website, reporting, etc.)*

B. Turf Removal Program

Instruction: Enter a flat amount to be charged per application based on the sq. ft. listed below

<i>Cost Proposal for Turf Removal Program</i>			
	<u>Flat Amount per Application*</u>	<u>Estimated Number of Applications, Annually (Do Not Change)</u>	<u>Annual Total*</u>
Turf Removal Square Footage			
Applications for 250-5,000 sq. ft. Assume 400 applications annually	\$275.00	400	\$110,000.00
Applications for 5,001 sq. ft. or greater. Assume 100 applications annually	\$500	100	\$50,000.00
<i>Total (add shaded cells):</i>			<i>\$160,000.00</i>

**proposed fee shall be inclusive of all services required to administer program (e.g. database, website, reporting, etc.)*

C. Recycled Water Program

Proposed budget for this program will be \$15,000,000 (total, not annually). Assume 80 applications annually.

<i>Cost Proposal for Recycled Water On-Site Retrofit Program</i>			
	<u>Flat Amount per Application*</u>	<u>Estimated Number of Applications, Annually (Do Not Change)</u>	<u>Annual Total*</u>
Each Application	\$680.00	80	\$54,400.00

**proposed fee shall be inclusive of all services required to administer program (e.g. database, website, reporting, etc.)*

D. Contractor Direct Rebate Program

Assume 50 companies annually.

Cost Proposal for Contractor Direct Rebate Program			
Online Enrollment Process- start-up (one-time cost)	\$10,000.00		
Contractor Enrollment (per company, assume 50 companies annually)	<u>Unit Cost</u>	<u>Estimated Number of Companies, Annually (Do Not Change)</u>	<u>Annual Total</u>
1st Year Enrollment	\$100.00	50	\$5,000.00
Annual Renewal	\$75.00	50	\$3,750.00
Background Check Screening (per company Principle)	\$35.00	50	\$250.00
Monthly administration & reporting	<u>Monthly Cost</u>	<u>Number of Months</u>	\$114,000.00
	\$9,500.00	12	
Total (add shaded cells):			\$119,250.00

E. Water Savings Incentive Program (WSIP)

Proposed budget for this program will be approximately \$10,000,000 (total, not annually). Assume 30 applications annually. The Cost Proposal will have two components:

1. A Cost Per Application to complete all tasks from application receipt through payment of non-monitored project incentives or initial payments of monitored projects (steps 1 through 14m. / 15 on WSIP process flowchart in section 2.2.8.5). This would also include projects that have been analyzed, but not approved by Metropolitan for funding.
2. A Cost Per Application to complete all tasks for Monitored Projects from analyses of water savings through final incentive payments and verification of cashed checks (steps 15m. through 17m. on WSIP process flowchart in section 2.2.8.5).

Cost Proposal for WSIP Program			
<u>Processing Steps</u>	<u>Flat Amount per Application*</u>	<u>Estimated Number of Applications, Annually (Do Not Change)</u>	<u>Annual Total*</u>
Steps 1 through 14m. / 15 on WSIP process flowchart*	\$2,500.00	30	\$75,000.00
Steps 15m. through 17m. on WSIP process flowchart*	\$1,750.00	30	\$52,500.00
Total (add shaded cells):			\$127,500

**proposed fee shall be inclusive of all services required to administer program (e.g. database, website, reporting, etc.)*

GRAND TOTAL:	\$2,651,150.00
The combined costs of A, B, C, D, and E.	