



● **Board of Directors**

One Water (Conservation and Local Resources) Committee

8/16/2022 Board Meeting

7-14

Subject

Support Metropolitan's Application to the United States Bureau of Reclamation's Water and Energy Efficiency Grant Program; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Metropolitan actively seeks grant funding to support its conservation programs. One current opportunity for grant funding is the WaterSMART: Water and Energy Efficiency Grants for FY 2023. On July 27, 2022, Metropolitan applied to the U.S. Bureau of Reclamation's (Reclamation) Water and Energy Efficiency FY 2023 Grant Program. Metropolitan requested \$5 million to increase funding for turf replacement for residential and commercial landscapes. If approved, this action would adopt a resolution (**Attachment 1**) supporting Metropolitan's application for supplemental funding for turf removal in residential and commercial landscapes. This action also authorizes the General Manager to accept up to \$5 million in grant funding and enter into a contract with Reclamation for the WaterSMART: Water and Energy Efficiency Grants for FY 2023. If awarded, Metropolitan would pay the non-federal cost share of \$5 million over three years from the conservation program budget. Metropolitan would provide project participation opportunities to all member agencies.

Timing and Urgency

The WaterSMART: Water and Energy Efficiency Grants for FY 2023 Program requires the inclusion of a board resolution supporting grant proposals as soon as possible following the application submittal date of July 28, 2022.

Details

Background

Through the WaterSMART: Water and Energy Efficiency Grant Program (WaterSMART), Reclamation annually invites states, Indian tribes, water districts, and other organizations to apply for funding assistance. The program targets projects that increase water efficiency, increase hydropower production, mitigate conflict risk in areas at a high risk of future water conflict, and accomplish other benefits that contribute to water supply reliability in the western United States. This funding opportunity will allocate available program funds, including fiscal year 2023 enacted appropriations for WaterSMART Grants and funding available under the Bipartisan Infrastructure Law (BIL), P.L. 117-58 in FY 2022 or FY 2023. Applicants can submit multiple applications, but Reclamation will not award more than \$5 million to any one applicant. Applicants must provide at least a 50 percent cost share, and award recipients must complete projects within three years of the award.

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. 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 will also help respond to the Governor's call for a 15 percent reduction in water use and mitigate the impacts of the current drought.

Metropolitan's application to the WaterSMART: Water and Energy Efficiency Grants for FY 2023 program requests \$5 million in federal grant funds to supplement the residential and commercial turf replacement incentive. Reclamation requires awarded applicants to provide at least a 50 percent cost share, or dollar-for-dollar match based on total project costs. If awarded, Metropolitan would be responsible for providing at least a \$5 million cost share, which is available within the annual expectations for the Turf Replacement Program. If awarded, staff anticipates the grant funding would accelerate conversion of non-functional turf in the residential and commercial sectors. 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.

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. Under the current incentive structure, grant funds would increase the residential and commercial turf replacement incentive from \$2 per square foot to \$3 per square foot while funding is available.

Recently, Metropolitan was awarded \$2 million for residential and commercial turf replacement projects through a grant from the Department of Water Resources (DWR) Urban and Multibenefit Drought Funding Program. The DWR funds will also temporarily increase the residential and commercial turf replacement incentive from \$2 to \$3 per square foot. Once the DWR grant funding is exhausted, Metropolitan would transfer grant funding to the USBR WaterSMART grant, if awarded, as soon as possible.

The WaterSMART program requires the inclusion of a board resolution supporting grant proposals within 30 days of the application submittal date. 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, recognizes that Metropolitan is capable of providing up to \$5 million in matching funds, and commits Metropolitan to work with Reclamation 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.

Policy

Metropolitan Water District Administrative Code Section 8121: General Authority of the General Manager to Enter into Contracts Metropolitan Water District Administrative

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

By Minute Item 51166, dated April 10, 2018, the Board authorized funding for the Landscape Transformation Program, and the Member Agency Administered Program

By Minute Item 50883, dated July 11, 2017, the Board adopted revised policy principles for guiding Metropolitan's role in regional implementation of IRP targets for conservation.

By Minute Item 50358, dated January 12, 2016, the Board adopted the 2015 IRP Update.

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)

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 it involves continuing administrative activities such as general policy and procedure making that will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment (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

Adopt the resolution to support Metropolitan's application for United States Bureau of Reclamation grant funding of \$5 million to provide supplemental funding for residential and commercial landscapes in the Turf Replacement Program:

- a. Authorize the General Manager to accept grant funds, if awarded.
- b. Authorize the General Manager to enter into a contract with United States Bureau of Reclamation for the grant funds, if awarded.

Fiscal Impact: Addition of grant funds of \$5 million to existing Metropolitan funding would allow for more member agency local projects to be implemented to increase outdoor water efficiency.

Business Analysis: This grant would allow Metropolitan's funding to be used to reach more participants by enhancing Metropolitan's incentive for residential and commercial turf replacement.

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

Option #1



Brad Coffey
Manager, Water Resource Management

8/10/2022

Date



Adel Hagekhalil
General Manager

8/11/2022

Date

Attachment 1 – Resolution of the Board of Directors of The Metropolitan Water District of Southern California in Support of its Proposal for Funding Under the WaterSMART: Water and Energy Efficiency Grants for the Turf Replacement Program

RESOLUTION _____

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA IN SUPPORT OF ITS PROPOSAL FOR FUNDING
UNDER THE WATERSMART: WATER AND ENERGY EFFICIENCY GRANTS FOR THE
TURF REPLACEMENT PROGRAM**

WHEREAS, the U.S. Bureau of Reclamation (Reclamation) is requesting proposals for water use efficiency activities from the WaterSMART: Water and Energy Efficiency Grants for FY 2023; and

WHEREAS, the submittal of a proposal for grant funding by Metropolitan has been determined to be exempt from the California Environmental Quality Act (CEQA) under Sections 15378 (b)(4) and 15061 (b)(3) of the State CEQA Guidelines.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Metropolitan Water District of Southern California that the Board supports the proposal for the Turf Replacement Program under Reclamation's WaterSMART: Water and Energy Efficiency Grants for FY 2023.

BE IT FURTHER RESOLVED that Metropolitan's Board authorizes Metropolitan's General Manager to accept grant funding of up to \$5,000,000.00.

BE IT FURTHER RESOLVED that Metropolitan's Board delegates legal authority to Metropolitan's General Manager to enter into an agreement with Reclamation, subject to the approval of the General Counsel, relevant to receipt of the requested WaterSMART grant.

BE IT FURTHER RESOLVED that Metropolitan is capable of providing the amount of funding and/or in-kind contributions specified in the funding plan.

BE IT FURTHER RESOLVED that if selected for funding, Metropolitan will work with Reclamation to meet established program deadlines.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California at its meeting held on August 16, 2022.

Secretary of the Board of Directors
of The Metropolitan Water District
of Southern California