THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Board Action

- **Board of Directors**
  One Water and Adaptation Committee

10/13/2026 Board Meeting

8-7

Subject

Authorize a two-year agreement with Electric & Gas Industries Association to administer Metropolitan's regional consumer conservation incentive programs for a not-to-exceed amount of $4,200,000; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

Currently, Electric & Gas Industries Association (EGIA) manages the processing of consumer applications for all regional conservation program rebates, manages the budgets for member and retail agency co-funding, grants, and coordinates with other vendors. EGIA is now in the final year of its current five-year agreement, which is scheduled to expire in June 2027.

Metropolitan staff is preparing for an evaluation of the conservation programs as directed by the Board during the FY2026/27 and FY2027/28 budget approval process. The scope of the review will include an evaluation of the programs' cost-effectiveness and which programs best meet the needs of Metropolitan and the Member Agencies. The review, however, will also take place while staff would normally be preparing a Request for Proposals (RFP) for a new program management agreement in advance of the June 2027 expiration of the existing agreement with EGIA. Staff recommends that the solicitation for a new conservation program management agreement be postponed until the comprehensive review of Metropolitan's conservation programs is completed. This action seeks authorization of a two-year agreement with EGIA to administer Metropolitan's consumer conservation incentive programs for a not-to-exceed amount of $4,200,000. The new agreement would maintain program continuity while giving staff enough time to complete the evaluation and use the findings to develop the next program management agreement, which Metropolitan will competitively solicit.

Proposed Action(s)/Recommendation(s) and Options

Staff Recommendation: Option #1

Option #1

Authorize a two-year agreement with Electric & Gas Industries Association to administer Metropolitan's regional consumer conservation incentive programs, for a not-to-exceed amount of $4,200,000. Fees paid to the contractor under this agreement are budgeted under the approved budgets for Metropolitan's conservation program budget for the current Budget Biennium.

Fiscal Impact: This agreement extends the existing agreement with EGIA. The $4.2 million is the not-to-exceed limit under the extension; payments will be made from budgeted conservation funds.
Business Analysis: This proposed agreement will allow the programs to continue uninterrupted through June 2029.

Option #2

Do not authorize a two-year agreement with Electric & Gas Industries Association to administer Metropolitan's regional consumer conservation programs.
Fiscal Impact: To be determined
Business Analysis: Staff would start the process for an accelerated RFP for a new multi-year agreement to avoid a lapse in services. Impact of the programs' evaluation to the new contract would have to be assessed.

Alternatives Considered

Not applicable

Applicable Policy

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 Contracts

Metropolitan Water District Administrative Code Section 8140: Competitive Procurement

Related Board Action(s)/Future Action(s)

Not applicable

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 consists of extending an existing agreement for the continued administration of existing water conservation incentive programs and does not involve changes to the scope of those programs that would cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. The proposed action also involves continuing administrative activities (Section 15378(b)(2) of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Details and Background

Background

Metropolitan's regional conservation incentive program administrator vendor, EGIA, provides the necessary services to process hundreds of consumer applications, distribute rebate funds, and coordinate with our third-party inspection vendor. They also manage and track all co-funding of multi-million-dollar budgets for member and retail agencies that choose to contribute additional dollars to the program for rebates in their respective service areas. EGIA currently administers applications for residential and commercial devices, turf replacement, pay-for-performance, utility-partnership programs, and the on-site recycled water retrofit program. All these programs combined constitute the majority of Metropolitan's Regional Conservation Program. Metropolitan entered into the current contract with EGIA in July 2022, and the agreement ends on June 30, 2027.

In April 2026, with the approval of Metropolitan's biennial budget, the Board directed staff to review the existing conservation programs to determine which are most cost-effective and best serve the region's needs. The review of the conservation programs, to be conducted over a one-year duration, is occurring at the same time staff would normally be developing the scope of work for the next program management RFP. The new agreement must be in place by July 1, 2027, to ensure continuity of the regional consumer conservation incentive programs with the expiration of EGIA's existing agreement. Due to the size and complexity of this agreement, the procurement process typically begins 10 to 12 months before the current agreement expires.

The Board directed review of the existing conservation programs could result in changes or adjustments to the services the new program administrator would perform. If Metropolitan were to issue an RFP while conducting the program review, the scope of work in the competitive solicitation process may not reflect the revised scope of the conservation programs. Depending on the extent of the changes, a substantially revised scope of work could require restarting the bidding process for a regional rebate program administrator.

The number of companies qualified to perform this work at the scale of Metropolitan's programs is limited. In previous solicitations, EGIA was either the sole respondent or the only qualified vendor to respond. Even if a competitive bidding process at this juncture were to reveal a new qualified vendor, that vendor would need time to develop the systems, staffing, and other infrastructure required to manage the programs and budgets. Because the overall program review may lead to significant changes in the scope of work, a new program administrator vendor would likely invest substantial time and resources preparing for services that may later be changed or may no longer be needed.

Under Administrative Code Section 8140, Metropolitan is generally required to use the competitive procurement process to select purchasing, and professional and technical services vendors when the contract amount meets or exceeds $75,000. Administrative Code Section 8140 subdivision (1)(d) creates an exception to the general competitive procurement requirement when the competitive process does not produce an advantage or due to impracticality created by the unique, exploratory, or competitive nature of the work. To utilize these exceptions, the General Manager's designee proposing the contract must certify that the contract is exempt from competitive procurement and set forth the reasons for that determination.

Need for a two-year agreement with EGIA

Given the planned review of the conservation programs and the upcoming expiration of the current program administrator agreement, staff does not believe that issuing an RFP at this time would create a competitive advantage or is impractical to obtain the services to Metropolitan as it would most likely not allow for respondents to compete for the work due to the anticipated changes to the conservation programs and need to develop the systems, staffing, and other infrastructure required to manage the programs and budgets. A short-term agreement (two-year duration) with EGIA would help maintain program continuity while allowing the program review process to be completed with reports issued to the Board. Once the review process is complete, a competitive solicitation will be issued for a long-term program administrator agreement. As a result, pursuant to Administrative Code Section 8140 subdivision (1)(d), the General Manager certifies that this contract would meet the exemptions stated therein: alternative contracting approaches would not be competitively advantageous to Metropolitan.

Administrative Costs:

Attachment 1 contains EGIA's cost proposal for the proposed two-year term. The estimated cost of EGIA's administration is $4,200,000, which is estimated at approximately seven percent (7 percent) of Metropolitan's consumer incentive programs and will be paid from the funds that the Board authorizes for consumer incentive programs. The estimated $4,200,000 cost of the proposed two-year agreement includes services such as the distribution of rebate funds, coordination with third-party inspection vendors, the management of a multi-million dollar budget, and extensive customer service and program monitoring, and does not include Metropolitan's base rebate expenditures.

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 13.14 percent of Metropolitan's incentive.
- **Turf removal**. No more than $4,000 per application.
- **On-site Retrofit Program**. No more than $680 per application.
- **Water Savings Incentive Program**. No more than $4,250 per application.

The recommended amendment of $4,200,000 to the EGIA agreement represents a maximum amount based on the anticipated scope of work for the next two years. Actual administrative fees vary with budgets and activity levels. The actual amount paid varies in accordance with the funding authorized by Metropolitan's Board for these programs and is highly dependent on activity levels. The number of applications in **Attachment 1** represents the staff's best estimate for one year, at this time. The total fiscal impact is for two years. Fees are based on incentives funded by Metropolitan; any additional funding added by member agencies does not result in higher administrative fees.

10/7/2026
Brandon J. Goshi *Date*
Manager, Water Resource Management

10/7/2026
Shivaji Deshmukh *Date*
General Manager

Attachment 1 – Cost Proposal for the Proposed Two-Year Term

Ref# wrm12714963

Cost Proposal for the Proposed Two-Year Term

Exhibit B – Fee Schedule

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

A. Residential & Commercial Device Programs

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

a.

Cost Proposal for Residential and Commercial Device Programs	
Metropolitan's estimated annual budget for Residential and Commercial Device Programs	$4,000,000
Proposed fees as a percentage of the budget amount*	13.14 %
Respondent's Cost Proposal (Multiply percentage times $4,000,000)*	***$525,600.00***

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

B. Minimum Fee Per Device

b. Device fees are based on the base rebate amount. The minimum fee per device will be: $11.16.

C. Turf Replacement Program

Cost Proposal for Turf Replacement Program					
Turf Replacement Application Square Feet			Total Amount per Application*	Estimated Number of Applications, Annual (Do Not Change)	Annual Total*
	Part 1/Pre-installation	Part 2/Post-installation			
250-5,000 sq. ft.	$165	$165	$330	2,146	$708,180
5001-10,000 sq. ft.	$375	$375	$750	184	$138,000
10,001-25,000 sq. ft.	$500	$500	$1,000	188	$188,000
25,001-50,000 sq. ft.	$1,000	$1,000	$2,000	144	$288,000
50,001-100,000 sq. ft.	$1,500	$1,500	$3,000	14	42,000
100,001 sq. ft. or greater.	$2,000	$2,000	$4,000	14	$56,000
Total :					***$1,420,180***

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

- Vendor will be able to bill the Part 1 administration fee upon completion of their review of pre-installation application materials, and approval has been sent via email to the applicant, allowing them to proceed with their project.
- Vendor will be able to bill the Part 2/post-installation administration once all components of the application have been received, reviewed, and approved.
- If an application receives pre-approval, but does not complete to Part 2, the vendor does not return administration fee.

D. Recycled Water Program

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

Cost Proposal for Recycled Water On-Site Retrofit Program			
	Flat Amount per Application*	Estimated Number of Applications, Annually (Do Not Change)	Annual Total*
Each Application	$680.00	30	$20,400

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

E. Water Savings Incentive Program (WSIP)

Proposed budget for this program will be approximately $3,000,000 (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).

c.

Cost Proposal for WSIP Program			
Processing Steps	Flat Amount per Application*	Estimated Number of Applications, Annually (Do Not Change)	Annual Total*
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: **The combined costs of A, B, C, D, and E.**	**$2,093,180**