



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

11/8/2021 Board Meeting

7-9

Subject

Authorize implementation of modifications to the Turf Replacement Program, the Member Agency Administered Funds Program, the Pre-1994 Multi-Family Property Toilet Replacement Program, and the Southern California Gas Company Direct Install Program; the General Manager has determined that the proposed actions are exempt or otherwise not subject to CEQA

Executive Summary

This letter seeks approval for modifications to several existing conservation programs in order to accelerate water savings during drought conditions. On August 17, 2021, Metropolitan's Board of Directors declared a Condition – 2 Water Supply Alert. In response to this declaration and California's ongoing drought conditions, staff is proposing a series of modifications to conservation programming. These changes provide assistance and water savings in critical areas such as leak detection, public agency assistance, underserved communities, and turf replacement. This letter seeks authorization to increase water savings, including: (1) public agency turf replacement assistance; (3) expansion of the member agency administered funds program; (4) expansion of the pre-1994 multi-family property toilet replacement program; and (5) expansion of the SoCal Gas direct install program.

Details

Background

Conservation and water use efficiency is a key part in Metropolitan's Integrated Water Resources Plan (IRP) and Southern California's water management strategy. Metropolitan's regional conservation program is an important tool to help meet the conservation goals established by the IRP. This program provides financial incentives to encourage water savings through programs such as the installation of drought tolerant landscapes, water-saving fixtures and devices.

Metropolitan seeks to implement response during this severe drought that will increase water savings throughout the service area while focusing on assistance for public agencies and underserved communities. All of the proposed program changes would be funded through the amount currently available in the FY 2021/22 budget and financed within future board-approved budgets. In addition, staff will seek external funding through state and federal grant programs. All proposed changes will remain in effect through the end of the next biennium or when authorized funding nears its approved budgeted amount.

Turf Replacement Program

During the last drought, Metropolitan's most popular water efficiency program was the Turf Removal Program. Turf removal provided long-term benefits by focusing public attention on a necessary transition to more climate-appropriate landscapes throughout Southern California. After the prior drought concluded, the Board and member agencies supported the creation of a new turf removal program. Staff proposed the Turf Replacement Program, which the Board authorized to save water while creating environmentally sustainable gardens.

Proposed Approach

In response to the current drought conditions, staff is proposing changes to the program to increase public agency participation. The proposed changes focus on spurring program activity and increasing program accessibility for public agency participation. All previously set program controls, required project elements, and pre- and post-inspections will remain in place.

Proposed Changes

- Increase the rebate from \$2 to \$3 per square foot for public agency projects.
- Increase the maximum square footage to 200,000 square feet for public agency projects, which allows larger properties, such as public agency building complexes and parks, to participate.
- Provide support to assist with design and implementation for public agency program applicants across the region.

Supporting Information

Metropolitan's Turf Replacement Program currently provides an incentive of \$2 per square foot. Public agencies have unique budget constraints, which make it difficult for them to undertake turf replacement projects at the current rebate level. An increase in the rebate to \$3 per square foot would increase a public agency's ability to implement turf replacement within their current budget constraints. At the current square footage limit of 50,000 square feet, the majority of the public agency properties participating are small parks and street medians or parkway areas. An increase in the square footage maximum to 200,000 square feet for public agency projects will further incentivize larger parks and public building complexes to participate. In addition, some public agencies have difficulty completing turf replacement projects due to budget constraints and staff workload. The regional support provided by Metropolitan is intended to help to address these issues. Consultants currently under contract to provide assistance to underserved communities would receive amended contracts to provide similar support to public agencies. Public agency turf projects set an important visual example for the region, and Metropolitan support of these projects is recognized as a valuable contributor.

Member Agency Administered Funds Program

Proposed Approach

The primary objective of the proposed changes is to provide funding and program support for member agencies to design and administer customized public agency programs at the local level. The proposed approach focuses on making changes that will spur program activity and make the program more accessible for public agency participation.

Proposed Changes

- Member agencies would be enabled to use 100 percent of their Member Agency Administered Program Allocation for programs targeted at conservation savings in a manner supportive of public agency projects. The eligible costs would no longer be capped at Metropolitan's base conservation rate of \$195 per acre-foot.
- Metropolitan would provide regional support for the design and/or administration of programs.

Supporting Information

Providing a funding mechanism and support for member and local agency programs addresses some of the input and information received during the program development process and is complementary to the regional pilot approach. Staff received input from member agency staff that programs designed and administered at the local level can be more effective than regional approaches because of familiarity with the local issues and needs. However, member agencies have not been able to fully utilize their Member Agency Administered Program funding allocations from the Metropolitan conservation budget in past years due to a variety of factors.

The Member Agency Administered Program support approach may help to address these issues. Under this approach, local agencies will be able to utilize more of the Member Agency Administered Program funding allocations for programs that increase conservation through public agency projects. Further, member agencies

that have experienced difficulties in designing and administering programs will have regional support from Metropolitan, that will then enable them to more easily access and utilize funding for their programs.

Pre-1994 Multi-Family Property Toilet Replacement Program

Proposed Approach

The primary objective of the proposed approach is to increase water savings within underserved communities. This objective was refined based on input from the member agency and Conservation and Local Resources Committee process.

Proposed Changes

- Metropolitan would provide additional funding for the installation of Premium High-Efficiency Toilets within multi-family housing constructed prior to 1994.
- The additional \$5.5 million in funding would be allocated from funds currently available in the approved FY 2021/22 budget to cover up to 20,000 toilet installations, and would also include costs related to inspections and program administration.
- Future funding cycles would be provided upon approval of the FY 2022/23 and FY 2023/24 biennial budget.
- Staff proposes to offer the \$250 incentive for all eligible toilets 1.6 gallons per flush (gpf) and higher.

Supporting Information

Historical data on regional toilet installations showed that toilet rebates in certain areas can be up to \$250 (including all agency contributions). In underserved communities, the majority of toilet installations were incentivized in the range of \$250 per toilet, and nearly all installations came as a result of third-party contractor activity in the multi-family residential sector. The multi-family sector creates a natural economy-of-scale for contractors because multiple installations can be done in a single visit through a single owner.

Targeting the multi-family residential sector with pre-1994 construction serves several purposes. First, it targets a sector in which a higher proportion of the residents and of the water use may be in underserved communities. There is a higher instance of multi-family housing units within these areas as opposed to single-family dwellings. Second, higher water use savings are achieved by replacing older, higher-water-using toilets with Premium High-Efficiency Toilets. Pre-1994 construction dwelling units are more likely to have these older toilets. Previous funding cycles for this program have been reserved by third-party contractors in less than one day. By providing funding for an additional funding cycle during this fiscal year, Metropolitan is demonstrating its commitment to increasing water savings in underserved communities.

Through the current program, Metropolitan offers a tiered incentive of \$250 for 3.5 gpf toilets and \$125 for 1.6 gpf toilets, respectively. Administering the tiered incentive has presented challenges during the pre-installation inspection process, and contractors are less likely to replace less efficient 1.6 gpf toilets that may be over 20 years old. The current tiered program is also seeing a higher drop-out rate than the initial program, likely resulting from the added complexity and reduced financial incentives of the two-tiered toilet replacement incentive. Thus, staff now recommends offering \$250 for all eligible toilets 1.6 gpf and above.

Southern California Gas Direct Install Program

Proposed Approach

The primary objective of the proposed approach is to increase water savings within underserved communities. This objective was refined based on input from the member agency and Conservation and Local Resources Committee process.

Proposed Changes

- Expand the collaboration with Southern California Gas to provide funding for the direct installation of additional water-saving devices for income-qualified customers.
- An additional \$1.5 million in funding would be allocated from funds currently available in the approved FY 2021/22 budget.

Supporting Information

Metropolitan's Long-Term Conservation Plan identifies building strategic alliances and collaborative efforts with entities including energy utilities to further program development and implementation. Metropolitan currently collaborates on projects with Southern California Gas Company (SoCal Gas), including landscaping workshops, marketing of SoCalWaterSmart rebates through energy conservation kits, sharing collateral materials, and joint speaking engagements. In December 2014, Metropolitan entered into a Memorandum of Understanding with SoCal Gas to further develop this partnership and appropriate instruments for collaboration.

Currently, SoCal Gas operates a "direct install" program to provide water and energy-efficient clothes washing machines (HECWs) to income-qualified customers. These HECWs are both water and energy efficient and eligible for Metropolitan's rebates. Metropolitan provides a direct payment of our incentive to SoCal Gas for the installation of these devices. Direct installation of these devices to the targeted customers ensures that every installed device achieves both water savings and underserved community assistance goals. The expansion of this program to include other water-saving devices will allow Metropolitan to increase water savings in these communities without incurring additional administrative expenses. In addition, income-qualified customers outside of underserved communities would also be able to receive the benefits of this program. The cost of these devices will be based on the cost of the product, labor, and other administrative fees.

Next Steps

If approved by the Board, staff will implement the proposed changes. All proposed changes will remain in effect through the end of the next biennium or when funding nears the Board-approved budget. Staff will monitor data from the programs and report progress and results to the Board.

Policy

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities.

By Minute Item 51426, dated December 11, 2018 the Board authorized the implementation of a program for increasing conservation in disadvantaged communities.

By Minute Item 51166, dated April 10, 2018, the Board authorized the landscape transformation program.

By Minute Item 50358, dated January 12, 2016, the Board adopted the 2015 Integrated Water Resources Plan Update, as set forth in Agenda Item 8-3 board letter.

By Minute Item 50134, dated May 26, 2015, the Board authorized a budget increase and modifications to the turf removal program.

Dated December, 14, 2014, Executive Management authorized the execution of a memorandum of understanding with SoCal Gas.

By Minute Item 49542, dated September 10, 2013, the Board authorized new conservation program initiatives.

By Minute Item 49068, dated May 8, 2012, the Board authorized changes to Metropolitan's water conservation 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)

CEQA determination for Option #1:

The proposed actions are not defined as a project under CEQA because they involve continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed actions are not subject to CEQA because they involve 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

1. Authorize changes to the Turf Replacement Programs.
 - a) Authorize increase of the Turf Replacement Program incentive for public agencies from \$2 to \$3 per square foot.
 - b) Authorize increase of the square footage maximum to 200,000 square feet for public agency projects.
 - c) Authorize turf replacement public agency assistance program.
2. Authorize changes to the Member Agency Administered Funds Program to include a public agency local project category.
3. Authorize expansion and changes to the Pre-1994 Multi-Family Property Toilet Replacement Program.
 - a) Authorize one additional funding cycle for the installation of 20,000 toilets.
 - b) Authorize change to eliminate tiered incentive and offer flat incentive of \$250 for all eligible toilets.
4. Authorize expansion of SoCal Gas Direct Install Program.

Fiscal Impact: The budget for the FY 2020/21 and FY 2021/22 budget cycle is \$86 million, and these changes are intended to accelerate participation and increase conservation savings while remaining within the budgeted amount.

Business Analysis: The proposed changes would aim to increase water savings and participation in conservation programs and activities.

Option #2

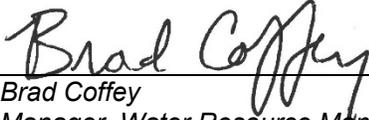
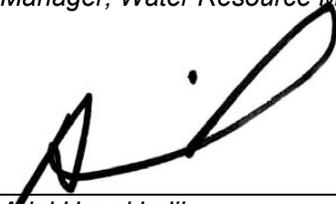
Take no action.

Fiscal Impact: None

Business Analysis: Staff would consider other initiatives to increase water savings during the current drought conditions.

Staff Recommendation

Option #1

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|  <hr/> Brad Coffey Manager, Water Resource Management | 10/28/2021 Date |
|  <hr/> Adel Hagekhalil General Manager | 10/28/2021 Date |