



City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: January 6, 2009

SUBJECT: Proposition 50 Toilet Replacement Program

Report in Brief

The City of Woodland has the opportunity to receive a portion of Proposition 50 grant funds awarded to the Regional Water Authority (RWA) by the California Department of Water Resources (DWR) to increase water conservation through participation in a toilet replacement program. The City would use the grant funds in combination with monies from the Water Enterprise Fund to provide rebate incentives during 2009 for the replacement of as many as 300 older model residential toilets with models that substantially reduce water use. Through the RWA grant program, the City would be reimbursed by DWR for approximately half the total rebate amount. The total rebate amount is anticipated to be \$45,000. This program would support the implementation of the City's 2005 Urban Water Management Plan, specifically Demand Management Measure 14, Residential Ultra-low-flush Toilet Replacement Program.

Staff recommends that the City Council authorize the City Manager to enter into the RWA project agreement for participation in the RWA Proposition 50 grant project and approve implementation of a 2009 Residential Toilet Replacement Program that provides rebates for replacement of existing toilets with higher-efficiency toilets.

Background

Toilets produced prior to 1980 use 5.0 to 7.0 gallons per flush (gpf) or more. Toilets produced from the early 1980s to 1992 use 3.5 gpf or more. Since 1992, federal law has mandated that all toilets manufactured in the United States must use an average of 1.6 gpf or less. Toilets using 1.6 gpf are often referred to as Ultra-Low-Flush Toilets or ULFTs. The ULFTs that were manufactured between 1992 and 1994 were poorly designed and commonly require multiple flushes, leading to excessive water use. Since 1994, the design has been substantially improved. New ULFTs use approximately 14,000–15,000 gallons less water annually than older non-ULFT models.

High-Efficiency Toilets (HETs) are defined as fixtures that flush at 20 percent below the 1.6-gpf U.S. maximum or less, equating to a maximum of 1.28 gpf. The HET category includes dual-flush

toilets. The average household water savings for HETs is estimated to be 38 gallons per day (gpd) when replacing non-ULFTs and 7 gpd when replacing ULFTs.

RWA is a joint powers authority of 22 water agencies in the greater Sacramento area and El Dorado, Placer, and Yolo Counties. RWA has a Regional Water Efficiency Program (RWEF) specifically designed to help water agencies with their water conservation programs. DWR recently awarded RWA with a Proposition 50 grant to support implementation of the RWEF by helping regional agencies provide incentives for the replacement of existing toilets with models that substantially reduce water use. The grant program runs through December 31, 2009. RWA, at the suggestion of the City of Davis, is offering a portion of the Proposition 50 grant funds to Woodland for a residential toilet replacement program with a target of 300 residential rebates. An agency does not have to be a member of RWA to participate, but non-members are required to pay a surcharge of 20% of RWA's grant management costs. Woodland, as a non-member, would be required to pay the 20% surcharge, which is estimated to be \$350.

Under the program, the participating agencies provide rebates for replacement of older toilets with more efficient new ULFTs and HETs. The toilets cost as little as approximately \$90 to as much as several hundred dollars. The rates set for residential toilet rebates in the program are as follows:

- Up to \$125 for each ULFT (1.6 gpf)
- Up to \$175 for each HET (1.28 gpf)

For both types of residential toilets, DWR reimburses the participating agencies a maximum of \$75 per toilet. For the ULFT with a rebate of \$125, this equates to a 75:50 (or 3:2) cost share between DWR and the local agency. For the HET with a rebate of \$175, this equates to a 75:100 (or 3:4) cost share between DWR and the local agency. It is expected that the number of ULFTs and HETs in the rebate program will be roughly equal. Based on this assumption, the City's cost to participate in this program is \$22,500 based on the award of the program target of 300 residential rebates.

If the cost of a toilet is less than the rebate amount, the cost share between the agency and DWR is reduced proportionately. For example, for a ULFT costing \$100, the resident would receive a \$100 rebate. Only \$60 would be requested from DWR, and the local share would be \$40, maintaining the 3:2 cost share for ULFTs.

The City would offer residential single-family and multi-family water customers rebates as follows:

- Up to \$125 for replacing a 3.5-gpf or greater toilet with a new ULFT
- Up to \$175 for replacing a 3.5-gpf toilet or a pre-1994 ULFT with a new HET

Rebates would be provided on a first-come, first-served basis and end when funds are exhausted. Toilets must be purchased within the timeframe of the program. New construction would not be eligible for rebates under this program. The program would be administered by the City's Water Conservation Coordinator.

To receive a rebate, an applicant would need to submit a signed application that includes:

- The original dated receipt and/or plumber's invoice with the price, model, and brand of each toilet listed individually
- An agreement to have City staff verify the type of existing toilet and installation of the specified toilet(s)

The City would be required to verify 10 percent of the replacements to be eligible for reimbursement by DWR. Thus, for any toilet replacement, City staff may conduct a pre- and/or post-installation inspection accompanied by the resident.

To initiate participation in the RWA program, the City would need to sign the Regional Water Authority Project Agreement: Proposition 50 Regional Toilet Replacement Program Grant Project (Attachment 1) and pay the administrative surcharge.

Discussion

Participation in the program and administration of a toilet rebate program would support the implementation of Demand Management Measure 14, Residential Ultra-low-flush Toilet Replacement Program, in the City's 2005 Urban Water Management Plan, which was adopted by the City Council in December 2005.

Participating in the RWA program would allow Woodland to use DWR grant funding taking advantage of RWA's grant administration efforts and expertise. The proposed rebate program would help promote substantial residential water savings in Woodland without requiring behavioral changes. Providing rebates for toilet replacements as described above would demonstrate the City's commitment to helping residents save on water use and water bills in anticipation of the State-mandated changeover to consumption-based water billing, which will begin to take effect in January 2010. Based on average annual household water savings of at least 14,000 gallons per toilet upgrade, the upgrade of 300 toilets is estimated to result in total savings of 4.2 million gallons of water per year in Woodland. Reduction of water demand will help reduce the need for costly City infrastructure upgrades, such as the construction of new water supply wells.

Fiscal Impact

If the replacement toilets are equally split between ULFTs and HETs, provision of all 300 toilet rebates would result in City distribution of as much as \$45,000 in rebates. The City would be reimbursed \$22,500 by DWR in payments following each quarterly reporting period. In addition, the City would be assessed a surcharge estimated at \$350 for participating in the program. The City's share of the costs (approximately \$22,850) would be funded from the Water Enterprise Fund. If the Council approves the staff recommendation, an appropriation request to fund the City's participation in this program will be included in the FY 2008-09 Mid-Year adjustments scheduled for Council consideration on February 3. The Water Enterprise Fund has sufficient reserves to support this expenditure.

Public Contact

Posting of the City Council agenda.

Council Committee Recommendation

Public Works staff members presented the Infrastructure Committee with information on the RWA toilet replacement grant project and discussed the project at the September 16, 2008 Committee meeting. The project was favorably reviewed by the Committee.

Alternative Courses of Action

1. Authorize the City Manager to enter into the RWA project agreement for participation in the RWA Proposition 50 grant project and approve implementation of a 2009 Residential Toilet Replacement Program that provides rebates for replacement of existing toilets with higher-efficiency toilets.
2. Do not approve City participation in the RWA Proposition 50 grant program.

Recommendation for Action

Staff recommends that the City Council approve Alternative No. 1.

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Environmental Resource Analyst

Reviewed by: Greg Meyer
Public Works Director

Mark G. Deven
City Manager

Attachment: Regional Water Authority Project Agreement Proposition 50 Regional Toilet Replacement Program Grant Project

**REGIONAL WATER AUTHORITY
PROJECT AGREEMENT**

**PROPOSITION 50 REGIONAL TOILET REPLACEMENT PROGRAM
GRANT PROJECT**

This Agreement is made and entered into as of the 1st day of January, 2008, by and between the Regional Water Authority (“RWA”), a joint exercise of powers authority formed under California Government Code section 6500, and following, and the Members and Contracting Entities of RWA listed in **Exhibit 1** to this Agreement, upon their execution of this Agreement (who are collectively referred to in this Agreement as “Participants”), to provide for carrying out a project or program that is within the authorized purposes of RWA, and sharing in the cost and benefits by the Participants.

RECITALS

A. RWA is a joint powers authority, formed to serve and represent regional water supply interests and to assist its members in protecting and enhancing the reliability, availability, affordability and quality of water resources.

B. The joint powers agreement (“RWA JPA”) pursuant to which RWA was formed and operates, authorizes RWA to enter into a “Project or Program Agreement,” which is defined in the RWA JPA as an agreement between RWA and two or more of its Members or Contracting Entities to provide for carrying out a project or program that is within the authorized purposes of RWA, and sharing in the cost and benefits by the parties to the Project or Program Agreement.

C. Article 21 of the RWA JPA states: “The Regional Authority’s projects are intended to facilitate and coordinate the development, design, construction, rehabilitation, acquisition or financing of water-related facilities (including sharing in the cost of federal, State or local projects) on behalf of Members and/or Contracting Entities. The Regional Authority may undertake the development, design, construction, rehabilitation, acquisition or funding of all or any portion of such projects on behalf of Members and/or Contracting Entities in the manner and to the extent authorized by such Members and/or Contracting Entities as provided in this Agreement, but shall not accomplish these functions, nor acquire or own water-related facilities in its own name.”

D. Article 22 of the RWA JPA states: “Prior to undertaking a project or program, the Members and/or Contracting Entities who elect to participate in a project or program shall enter into a Project or Program Agreement. Thereafter, all assets, benefits and obligations attributable to the project shall be assets, benefits and obligations of those Members and/or Contracting Entities that have entered into the Project or Program Agreement. Any debts, liabilities, obligations or indebtedness incurred by the Regional Authority in regard to a particular project or program, including startup costs advanced by the Regional Authority, shall be obligations of the participating Members and/or Contracting Entities, and shall not be the debts, liabilities, obligations and indebtedness of those Members and/or Contracting Entities who have not executed the Project or Program Agreement.”

E. RWA and the Participants desire to carry out a project and share in the costs and benefits of the project, as a Project or Program Agreement as provided for in Articles 21 and 22 of the RWA JPA.

In consideration of the promises, terms, conditions and covenants contained herein, the parties to this Agreement hereby agree as follows:

- 1. Recitals Incorporated.** The foregoing recitals are hereby incorporated by reference.
- 2. Defined Terms.** Terms defined in the RWA JPA will have the same meaning in this Agreement.
- 3. Description of the Project.** A key element of the Regional Water Efficiency Program (RWEP) is to support the water conservation programs of the 19 participating member agencies. As signatories of the Water Forum Agreement (WFA) www.waterforum.org (see Appendix J), members participating in the RWEP have committed to implementing a number of Best Management Practices (BMPs) for urban water conservation. In addition, 10 RWA members also have committed to the Memorandum of Understanding Regarding Urban Water Conservation (MOU) as supported by the California Urban Water Conservation Council (www.cuwcc.org) with similar BMPs.

The primary goal with this project is to utilize the California Department of Water Resources (DWR) grant funding program provided through Proposition 50 funding awarded to the RWEP to increase water conservation of Commercial, Industrial, Institutional and residential water users under WFA Best BMP 16 and CUWCC BMP 9 and CUWCC BMP 14 by replacing high water using toilets with more efficient ultra low flow toilet (ULFT) and high efficiency toilet (HET) models. The project targets the installation of 8,000 high-efficiency or ultra low-flush toilets in residences, and 4,000 for Commercial, Industrial, and Institutional customers within the El Dorado, Placer, Sacramento and Yolo counties for customers with service provided by the participating agencies listed in **Exhibit 1**. The project duration is January 1, 2008 through December 31, 2009. A description of project requirements such as reporting documentation, rebate incentive structure, customer eligibility, and participant invoice submission schedule is outlined in **Exhibit 2**.

4. Project Committee. The Participants hereby form a Project Committee consisting of one representative (and one or more alternates) designated by each Participant. The Project Committee will appoint a Chair and Vice-Chair from among its members. The Project Committee will meet as necessary from time to time to administer and implement this Agreement on behalf of the Participants. A majority of the members of the Project Committee will constitute a quorum, and a majority of the members of the Project Committee will be required for an affirmative vote to take action on behalf of the Participants.

5. Sharing in Project Costs and Benefits. Subject to the provisions of Articles 8 and 10 of this Agreement, it is anticipated that up to seventeen RWA members, contracting agencies, and non-members will participate in the Project as listed in Exhibit 1. Non-RWA members may

participate in the program, but may be subject to a 20% surcharge. Each Participant will pay an apportioned share for the project costs, based on their relative estimated benefit received from the grant program. **Exhibit 3** provides an estimate of the relative benefit for each of the participants.

The Project Committee will pay back any surplus funds, including any excess project management fees charged in accordance with Article 7 of this Agreement, to the Participants on a pro rata basis reflecting the amount of the payments made by each of the Participants. In accordance with the provisions of Articles 21 and 22 of the RWA JPA, any debts, liabilities, obligations or indebtedness incurred by RWA in regard to the Project will be the obligations of the Participants, and will not be the debts, liabilities, obligations and indebtedness of those Members and/or Contracting Entities who have not executed this Agreement.

6. Role of RWA. The Executive Director of RWA will (a) ensure that the interests of Members and Contracting Entities of RWA who do not participate in this Project are not adversely affected in performing this Agreement, (b) provide information to the Participants on the status of implementation of the Project, (c) assist the Project Committee in carrying out its activities under this Agreement, and (d) administer the grant on behalf of RWA and the Participants consistent with the determinations of the Project Committee and the provisions of this Agreement.

7. RWA Project Management Fee. The management fee to administer the Project has not-to-exceed amount of \$30,000, with approximately \$20,000 of the management fee being funded directly by the Proposition 50 grant. The Participants will pay RWA for the remaining balance of \$10,000 for managing and performing Project activities under this Agreement as described in **Exhibit 4**, which will be apportioned for each Participant as described in **Exhibit 3**.

8. Authorization to Proceed with the Project. The Project is authorized to proceed upon the commitment of at least three Project Participants to fund Project costs. Upon execution of this Agreement, the Participants agree to make their payment to cover the management fees as required by Articles 5 and 7, respectively. Payments will be due and payable upon RWA's presentation of an invoice to each Participant.

9. Term. This Agreement will remain in effect for so long as any obligations under this Agreement remain outstanding.

10. Withdrawal. A Participant may withdraw from this Agreement without requiring termination of this Agreement, effective upon ninety days' notice to RWA and the other Participants, provided that, the withdrawing Participant will remain responsible for any indebtedness incurred by the Participant under this Agreement prior to the effective date of withdrawal.

11. Amendments. This Agreement may be amended from time to time with the approval of all of the Participants and RWA.

12. General Provisions. The provisions of Articles 37 through 41, inclusive, of the

RWA JPA, and the provisions of Article 10 (“General Provisions”) of any Participation Agreement entered into between RWA and a Participant, will apply to this Agreement.

The foregoing Proposition 50 Regional Toilet Replacement Program Grant Project Agreement, is hereby consented to and authorized by RWA and the Participants.

Dated: _____ __, 2008

Dated: _____ __, 2008

Signature

Signature

Name

Name

Regional Water Authority

Agency

Attest:

Secretary

EXHIBIT 1

REGIONAL WATER AUTHORITY

**PROPOSITION 50 REGIONAL TOILET REPLACEMENT PROGRAM
GRANT PROJECT**

PROJECT PARTICIPANTS

Agency (Proposed)

California American Water^a
Carmichael Water District
Citrus Heights Water District
Davis, City of
El Dorado Irrigation District
Fair Oaks Water District
Folsom, City of
Golden State Water Company
Lincoln, City of
Orange Vale Water Company
Placer County Water Agency
Roseville, City of
Sacramento County Water Agency
Sacramento Suburban Water District
Sacramento, City of
San Juan Water District
West Sacramento, City of

^a California American Water (Cal Am) is not currently eligible to participate in the DWR grant because its 2005 Urban Water Management Plan (UWMP) has not been accepted as complete by DWR. DWR has indicated that it would consider amending the grant funding agreement upon satisfactory completion of the UWMP by Cal Am.

EXHIBIT 2

REGIONAL WATER AUTHORITY

PROPOSITION 50 REGIONAL TOILET REPLACEMENT PROGRAM GRANT PROJECT

PROJECT REQUIREMENTS

The following is a description of project requirements that will be expected to be adhered to by each project participant.

1. Project inception is the date that each individual participating member agency has submitted a complete signed Category 2 agreement and paid invoice for project management fees as received by RWA. Reimbursement requests of issued toilet rebate incentives can begin upon project inception date.
2. Rebate incentive structure is planned to be \$125 for ultra-low flow residential toilets, \$175 for high efficiency residential toilets, and up to \$300 for ultra-low flow and high efficiency commercial toilets and is subject to change based on project committee majority vote, RWA and DWR approval. Reimbursement of up to \$75 per toilet will be provided by the Proposition 50 grant funding for qualifying customers and plumbing fixtures to participating members submitting invoices and reporting documentation based on the schedule in section 6.
3. Customer eligibility is restricted to active customers in good standing with verifiable account numbers of participating water providers per Exhibit 1. There is no restriction on the number of toilets per customer that can apply for reimbursement. Both residential and commercial or other customers with qualifying plumbing fixtures are eligible at the member participants' discretion.
4. All toilet inspection and verification of accounts is the responsibility of the participant and a minimum of 10% of the toilets are expected to be inspected for verification. A certificate of compliance will be required to confirm participant adherence with this requirement.
5. Reporting documentation is required to be submitted with each reimbursement request. The reporting documentation shall be submitted on a quarterly basis and include the following:
 - a. Invoice summary using the template provided by RWA.
 - b. Electronic copy of the invoice reporting spreadsheet provided by RWA that was used to create the invoice summary.

- c. Electronic copy of a written summary of activities (e.g., total number of toilets rebates issued for your agency, marketing efforts, and labor hours expended by all staff associated with this project, including inspections).
 - d. Copy of the Certificate of Compliance that verifies that participating water providers have reviewed and confirm the accuracy of the information submitted.
6. Quarterly submission schedule is outlined below from project inception and the quarter ends on the last calendar month end from the date that the invoice is to be submitted. Any invoice and quarterly documentation received after the scheduled date may be subject to forfeiture of the reimbursement of Proposition 50 funds from DWR:
- a. March 14, 2008 (Project inception to February 29, 2008)
 - b. June 13, 2008 (invoice close date May 30, 2008)
 - c. September 12, 2008 (invoice close date is August 30, 2008)
 - d. December 12, 2008 (invoice close date is November 30, 2008)
 - e. March 13, 2009 (invoice close date is February 28, 2009)
 - f. June 12, 2009 (invoice close date is May 30, 2009)
 - g. September 11, 2009 (invoice close date is August 30, 2009)
 - h. December 11, 2009 (invoice close date is November 30, 2009)
 - i. January 15, 2009 (Final invoice through December 31, 2009)

EXHIBIT 3

REGIONAL WATER AUTHORITY

**PROPOSITION 50 REGIONAL TOILET REPLACEMENT PROGRAM
GRANT PROJECT**

ESTIMATED BENEFITS

Revised November 26, 2008

	2008			2009			Grand Totals	Estimated Grant Benefit	Estimated % of Grant Benefit	Invoice amount
	Residential	CII	2008 Totals	Residential	CII	2009 Totals				
California American Water (1)	0	0	0	0	0	0	0	\$ -	0.0%	\$ -
Carmichael Water District (2)	100	40	140	100	40	140	280	\$ 12,900.00	1.6%	\$ 170.00
Citrus Heights Water District (2)	275	15	290	275	15	290	580	\$ 22,650.00	2.9%	\$ 300.00
Davis, City of (3)(4)	300	300	600	300	300	600	1200	\$ 120,000.00	15.2%	\$ 1,824.00
El Dorado Irrigation District (3)	625	125	750	625	125	750	1500	\$ 125,000.00	15.8%	\$ 1,680.00
Fair Oaks Water District (2)	100	0	100	100	0	100	200	\$ 7,500.00	0.9%	\$ 100.00
Folsom, City of (2)	100	463	563	100	463	563	1126	\$ 70,005.00	8.8%	\$ 940.00
Golden State Water Company (2)	55	5	60	60	5	65	125	\$ 4,987.50	0.6%	\$ 70.00
Lincoln, City of (3)	275	25	300	275	25	300	600	\$ 47,500.00	6.0%	\$ 600.00
Orange Vale Water Company (2)	116	83	199	116	83	199	398	\$ 19,905.00	2.5%	\$ 270.00
Placer County Water Agency (3)	400	200	600	400	100	500	1100	\$ 97,500.00	12.3%	\$ 1,310.00
Rancho Murieta Community Services Dist.									See note 5	
Roseville, City of (3)	220	20	240	220	20	240	480	\$ 38,000.00	4.8%	\$ 510.00
Sacramento, City of (2)	1100	250	1350	1100	250	1350	2700	\$ 116,250.00	14.7%	\$ 1,560.00
Sacramento County Water Agency (2)(4)	100	20	120	100	20	120	240	\$ 10,200.00	1.3%	\$ 156.00
Sacramento Suburban Water District (2)	350	400	750	350	400	750	1500	\$ 80,250.00	10.1%	\$ 1,080.00
San Juan Water District (2)	100	5	105	100	5	105	210	\$ 8,175.00	1.0%	\$ 110.00
West Sacramento, City of (2)	50	50	100	50	50	100	200	\$ 10,500.00	1.3%	\$ 140.00
Woodland, City of (4)				300	0	300	300	\$ 22,500.00	See note 5	
Total	4266	2001	6267	4571	1901	6472	12739	\$ 791,322.50	100.00%	\$ 10,820.00

(1) As of February 19, 2008, Cal Am is not eligible to participate in the DWR grant agreement because its 2005 Urban Water Management Plan (UWMP) has not been accepted as complete by DWR. DWR will consider adding Cal Am upon completing its UWMP to DWR's satisfaction. At that time, Cal Am may enter into this project agreement and be invoiced based on its toilet targets at that time.

(2) These agencies are also eligible to participate in the Sacramento Regional County Sanitation District (SRCSD) incentives program. Because SRCSD will get a portion of the DWR grant incentive, the estimated benefit from DWR was assumed at \$37.50 for residential toilets, and \$67.50 for commercial toilets.

(3) These agencies have self-funded programs and will receive higher relative portions from the DWR grant. The DWR grant benefits are estimated at an average of \$75 per residential toilet, and \$125 per commercial fixture.

(4) These are not RWA member agencies. Invoices to non RWA members for project management expenses include an additional mark-up of 20 percent.

(5) These agencies joined the program after the initial project agreement was executed. These agencies are being invoiced as a percent of their calculated benefit divided by the total grant benefit (\$791,322.50). That percentage is then multiplied by the total invoice for the program (\$10,820).

EXHIBIT 4

COST ESTIMATE - Prop 50 Program Administration (January 1, 2008 - December 31, 2009)

Project Management Tasks	Staff	hrs	Rate	Total
Grant Agreement Administration	Legal Counsel	4	250	\$1,000
	Senior Project Manager	6	140	\$840
	Executive Director	2	175	\$350
Conduct and Document Project Committee meetings (8 meetings scheduled)	RWA Admin.	24	65	\$1,560
	Senior Project Manager	16	140	\$2,240
Prepare 8 Quarterly Invoices for Grant Reimbursement to DWR and Distribute to Participants	RWA Admin.	16	65	\$1,040
	Senior Project Manager	16	140	\$2,240
	Finance Manager	8	120	\$960
Prepare 8 Quarter Reports to DWR	RWA Admin.	16	65	\$1,040
	Senior Project Manager	48	140	\$6,720
Prepare Final Project Report	RWA Admin.	5	65	\$325
	Senior Project Manager	20	140	\$2,800
Prepare 5 Annual Reports Post-Project	RWA Admin.	10	65	\$650
	Senior Project Manager	20	140	\$2,800
Coordination meetings with DWR (4 meetings)	Senior Project Manager	12	140	\$1,680
Direct Expenses				\$500
Audit of Program Required for RWA				\$500
Total Estimated Project Management Expenses				\$27,245
Contingency - 10% of Project Management Total Costs				\$2,725
				<u>\$29,970</u>