



STAFF REPORT

Meeting Type: Communications & Water Efficiency Committee/Board of Directors
Title: Water and Energy Efficiency Grant Funding
From: Paul Sellier, Director of Water Resources
Through: Ben Horenstein, General Manager
Meeting Date: May 15, 2024

TYPE OF ACTION: Action Information X Review and Refer

RECOMMENDATION: Review the Water and Energy Efficiency Grant funding and refer the item to a regular bi-monthly Board meeting authorizing the General Manager to execute the grant agreement with Sonoma Water

SUMMARY: The District has been awarded grant funding to support the District's water efficiency incentives through a grant application submitted by the Sonoma County Water Agency (Sonoma Water). The award allows for rebates issued since April 2022. The remaining funds will be used for turf rebates and smart irrigation controllers.

DISCUSSION: The United States Bureau of Reclamation (Bureau) has awarded WaterSMART FY 2023 Water and Energy Efficiency grant program funds to the Sonoma-Marín Saving Water Partnership (Partnership), which is administered by Sonoma Water. The grant supports a regional drought resiliency program that will offer consumer rebates for water saving measures, including turf removal, replacement of inefficient clothes washing machines, installation of home water-use monitoring devices, and smart irrigation controllers. The grant application, prepared by Sonoma Water on behalf of the Partnership, requested \$2,000,000 in grant funds to implement the program. Partners will each administer their own rebate programs and provide the required matching funds for the 3-year program, beginning in 2023.

Marin Water's portion of the 3 -year grant funding is \$722,000 with \$882,000 in matching funds and the grant funding must be utilized by September 30, 2026. The grant award provides specific rebate levels and total grant funds for each different incentive program. Due to the delayed implementation of the grant contracts, the Bureau is allowing for pre-award submittal for rebates issued starting in April 2022 on smart controllers, toilet and clothes washer rebates. Marin Water is able to utilize these pre-award funds to receive reimbursement of \$31,612.50 as shown in the table below. Turf rebates issued prior to award of the grant are excluded from the pre-award reimbursement per the Bureau.

Incentive Costs Pre- Award of Grant Eligible for Reimbursement

Program	Grant Funded Rebate	Pre-Award Submittal (units)	Pre-Award Invoice (\$)	Incentive Program Maximum (\$)	Amount Remaining (\$)
High Efficiency Washer Rebate	\$45.00	220	\$9,900	\$9,900	\$0
HE Toilet Rebate - 0.80 toilets	\$67.50	65	\$4,387.50	\$4,387.50	\$0
Smart Irrigation Controller	\$45.00	385	\$17,325	\$22,500	\$5,175
Reimbursement Total			\$31,612.50		

There is some flexibility in how the grant funds can be used: either increase the rebate amount or offset some of the District costs. Staff is recommending that the District's turf rebate be increased and the smart controller funds be used as an offset, as follows, while grant funding is available:

Turf rebate – The grant provides for a total of \$685,125 in funding for turf rebates, and presents an opportunity to provide a higher turf conversion rebate, while grant funds are available. The terms of the grant would allow the turf rebate to be increased by \$0.68/ sqft bringing the total rebate amount available to the customer up to \$2.18/ sqft for the standard rebate and \$3.68/ sqft for the best practices rebate. Once the grant funds are exhausted the rebate would go back to the current level of \$1.50 and \$3.00 for the standard and best practices rebate, respectively.

Staff recommends the smart irrigation controller remain at the current rebate level of \$100/ controller and the grant funds be utilized to offset a portion of the District's contribution to the rebate. With the pre-award submittal, 77% of the smart controller grant funding already exhausted, this program needs less of a boost to fully utilize the grant funds. Additionally, increasing the smart controller rebate appears unnecessary due to the active participation in the smart controller program.

Sonoma Water is in the process of finalizing the contract terms with the Bureau. Once the agreement is signed, Sonoma Water will provide a pass through agreement for each of the partners, including the District. If other partners are not able to utilize all their grant funding, the District may have an opportunity to increase its grant allocation.

ENVIRONMENTAL REVIEW: Not applicable.

FISCAL IMPACT: Matching funds are already identified in the budget for FY 23 and 24, and will be included in the next budget as appropriate to meet the grant match requirements.

ATTACHMENT(S): None.