



# STAFF REPORT

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**Meeting Type:** Board of Directors  
**Title:** Water Efficiency Program – Proposed Changes to Incentives  
**From:** Paul Sellier, Director of Water Resources  
**Through:** Ben Horenstein, General Manager  
**Meeting Date:** May 21, 2024

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**TYPE OF ACTION:**    X    Action                      Information                      Review and Refer

**RECOMMENDATION:** Approve the proposed changes to the District water efficiency incentives

**SUMMARY:** Staff presented the proposed changes to the Board at the May 1, 2024 Water Efficiency Master Plan Workshop and the May 15, 2024 Communications and Water Efficiency. The High-Efficiency Toilet Rebate program, which was reinstated during the water shortage emergency, and the longstanding High-Efficiency Clothes Washer Rebate are a largely ineffective use of District resources because high flow toilets and washing machines are no longer available for purchase. The funds allocated to these programs would be redirected to support a new Custom Rebate program tailored for Commercial, Institutional, Irrigation, and Multi-Family Customers.

**DISCUSSION:** This item was previously presented at the Communications and Water Efficiency Committee on May 15, 2024. The changes include sun setting the High Efficiency Toilet Rebate Program and the Clothes Washer Rebate Program; and launching a new Custom Rebate.

### *High Efficiency Toilet Rebate*

Through rebates, District policy, and state regulations, high flow toilets have been replaced with low flow and high efficiency fixtures resulting in a substantial level of efficient fixture saturation in the District’s service area. Additionally, the current rebate program has very little participation, likely due to the saturation. From 1993 to 2019, over 48,000 toilets were incentivized for replacement through District programs.

In conjunction with the incentives, District policy through Residential Time-of-Sale Ordinances effective during the periods of 2002-2004 and 2004-2007, further expedited the fixture replacement resulting in an additional 14,000 replaced. California adopted AB715 in 2014 which restricted the flush volume for toilets sold in the State to 1.28 gallons per flush. In June 2023, EPA issued a Notice of Intent to revise the WaterSense Specification for Tank-Type Toilets to make improvements to the specification criteria.

Changes to the WaterSense specification could potentially further reduce the flush volume of toilets sold in California in the future.

### *High Efficiency Clothes Washer Rebate*

The High Efficiency Clothes Washer Rebate has been offered by the District for decades. Similar to toilets, clothes washer standards have ratcheted down the acceptable level of water and energy use allowed for fixtures available on the market. As a result market transformation through these ongoing code updates are reducing water use of clothes washers and reducing the need for incentives. The recent Flume analysis of clothes washers shows a high saturation of high efficiency washers. Since almost all washers on the market are efficient, there are likely a high number of “free riders”. Free riders are customers who would purchase the equipment regardless of the incentive. The current rebate program has about 8 participants each month.

Based on fixture saturation, low participation, and regulations limiting water use by both clothes washers and toilets, staff is recommending the high efficiency toilet and clothes washer rebate program sunset effective June 30, 2024. Having a delayed effective date allows one final opportunity for customers who have delayed installing their high efficiency fixtures to receive a rebate. The toilet rebate program was budgeted in FY24 at \$12,000 and the clothes washer program was budgeted at \$10,000. Staff believes that these funds would be more effective if directed to other Water Efficiency programming.

### *Custom Rebate Program*

The Custom Rebate will provide an incentive for non-residential customers to implement water saving upgrades that are not covered though any other existing rebate program. A detailed Standard Operating Procedure will be developed and signed off by the General Manager, which will include:

- Methodology for estimates of water savings, fixture life, and costs
- The customer rebate amount will be no more than the lesser of:
  - 50% cost share or
  - 75% of the amount calculated based on water savings
- Rebate based on water savings will be in accordance with a cost model developed with support of the Finance Department
- Timing of the rebate payments
- Levels of staff authority for project approvals

Adding this new program for Commercial, Institutional, Irrigation and Multi-Family Customers will provide water savings support for our non-residential customers.

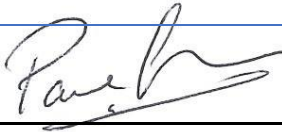
**ENVIRONMENTAL REVIEW:** Not applicable.

**FISCAL IMPACT:** None.

**ATTACHMENT(S):** None.

DEPARTMENT OR DIVISION	DIVISION MANAGER	APPROVED
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Water Resources



**Paul Sellier**  
**Water Resources Director**



**Ben Horenstein**  
**General Manager**