



City of Sacramento City Council

915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: 2/22/2011

Report Type: Consent

Title: Agreement: Sacramento Regional Water Efficiency Acceleration Program Grant Project

Report ID: 2011-00116

Location: Citywide

Recommendation: Adopt a Resolution authorizing the City Manager to execute a Project Agreement with the Regional Water Authority (RWA) to receive funding awarded to the RWA by the California Department of Water Resources for the Proposition 50 Urban Drought Assistance Grant Agreement Water Efficiency Acceleration Program, and take related budgetary actions.

Contact: Terrance Davis, Program Manager, (916) 808-4929; Julie Friedman, Program Specialist, (916) 808-7898, Department of Utilities

Presenter: None

Department: Department of Utilities

Division: Water Conservation & Mgmt

Dept ID: 14001441

Attachments:

- 1-Description/Analysis
- 2 - Background
- 3 - Resolution
- 4 - Unexecuted Agreement Cover
- 5 - Exhibit A - Agreement
- 6 - Exhibit B - Statement of Work

City Attorney Review

Approved as to Form
Joe Robinson
2/15/2011 5:16:43 PM

City Treasurer Review

Prior Council Financial Policy Approval or
Outside City Treasurer Scope
Russell Fehr
2/9/2011 2:03:37 PM

Approvals/Acknowledgements

Department Director or Designee: Marty Hanneman - 2/14/2011 10:02:19 AM

Assistant City Manager: John Dangberg - 2/15/2011 4:30:43 PM

Eileen Teichert, City Attorney

Shirley Concolino, City Clerk
Gus Vina, Interim City Manager

Russell Fehr, City Treasurer



Description/Analysis

Issue: The Department of Utilities requests authorization to execute the Sacramento Regional Water Efficiency Acceleration Program Grant Project Agreement to utilize funding awarded to the Regional Water Authority (RWA) by the California Department of Water Resources (DWR) for the Proposition 50 Urban Drought Assistance Grant Agreement Water Efficiency Acceleration Program. This grant opportunity allows the City to accelerate meeting its Water Conservation Best Management Practice (BMP) commitments and state required water metering at a lower cost to City ratepayers. By participating in this Agreement, the City will receive \$366,479 of the \$1,997,870 of funds awarded to RWA.

Specifically, this grant project is to implement a cost sharing agreement for the following activities: 1) installation of additional water meters; 2) incentives for high-efficiency clothes washers; and 3) audits and incentives for water-efficient devices for commercial customers, including high efficiency toilets, urinals, and evapotranspiration (ET) controllers for businesses with a landscaped area of one-fourth acre or more.

Policy Considerations: This project will improve conservation efforts and aid the City in meeting its California Urban Water Conservation Council (CUWCC) and Water Forum Agreement (WFA) BMP commitments. The DWR funding awarded to RWA will increase water conservation efforts of commercial, industrial, institutional and residential water users by replacing high water using toilets and washers with high efficiency toilet and clothes washer models, and includes meter installation which furthers the City's progress in implementing BMP's.

This grant project recommendation is consistent with the City's Strategic Plan Goals of improving and expanding public safety and achieving sustainability and livability.

Environmental Considerations: California Environmental Quality Act (CEQA): Actions requested in this report relate to funding mechanisms that do not constitute a project as defined by the CEQA [CEQA Guidelines Section 15378 (b)(4)]. Additionally, water meter retrofits are exempt from CEQA under Section 15301(b) and (c) and Section 15303(d) of the CEQA Guidelines. Projects exempt under Section 15301(b) and (c) consist of minor alteration or repair of existing utility facilities and sidewalks. Projects exempt under Section 15303(d) consist of installation and location of new, small utility facilities.

Sustainability: Sustainability Considerations: This project is consistent with the Sustainability Master Plan goals to help improve water conservation awareness, as the installation of water meters will allow the City to provide a monthly statement of water usage to the customers, and metered billing will improve water conservation. The installation of water meters and incentives for water-efficient devices furthers the City's progress in implementing the WFA and CUWCC BMP's, and compliance with recent state legislation requiring the City to achieve at least a 20% reduction in per capita water use by the year 2020.

Implementation of this agreement is consistent with the City Sustainability Master Plan in advancing the following water conservation goals:

1. Conserving the use and protection of sources of water;
2. Implementation of select water conservation BMP's;
3. Partnership opportunities with water purveyors to continue a regional approach toward water conservation education.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: Approving the agreement between the City of Sacramento and RWA for the Regional Water Efficiency Acceleration Program grant funding supports Council's direction to meet the BMP's stated in the WFA and CUWCC and does so with minimal net Water Fund dollars.

Financial Considerations: Up to \$366,479 has been dedicated over the next three years by RWA to provide reimbursement to the City from the Proposition 50 Drought Assistance Grant for incentives provided to the City's commercial, industrial, institutional, and residential customers. Grant reimbursable expenses are retroactive for the period beginning May 1, 2009, and will continue through December 31, 2013. Regional project participants include 19 water purveyors and affiliated agency members in Sacramento, Placer, El Dorado, and Yolo Counties and are listed in the Project Agreement attached as Exhibit A to the Resolution. A description of the grant project statement of work as incorporated in the funding agreement with DWR is included as Exhibit B. No additional funds are requested. DWR has a 50 percent or dollar-for-dollar match requirement, thus a \$366,479 grant request requires a match of \$366,479 for a total project budget of \$732,958.

Staff recommends that the City Council authorize the City Manager to: 1) Establish revenue and expenditure budgets for the residential meter grant funds to the Residential Water Meter Program (Z14010000) in the amount of \$200,000. There are sufficient funds for the match in Z14010000; 2) establish the Regional Water Efficiency Acceleration Grant Program (G14110200) and establish revenue and expenditure budgets for the grant funds for the incentive projects in the amount of \$166,479; and 3) transfer Water Funds (6005) in the amount of \$166,479 from the Operating budget to the Regional Water Efficiency Acceleration Grant Program (G14110200) to match the grant award.

Emerging Small Business Development (ESBD): Contracts for which funding is accepted will require compliance with applicable ESBD and/or MBE/WBE requirements.



Background

In July 2001, the City of Sacramento joined the Regional Water Authority (RWA) whose mission is to represent the regional water supply interests and to assist its members in protecting and enhancing the reliability, availability, affordability and quality of water resources. The RWA provides assistance to achieve water efficiency on a regional scale by assisting member agencies with meeting Best Management Practice (BMP) commitments and solicit grant funding for conservation efforts. Today, RWA represents 20 water purveyor and affiliated agency members in Sacramento, Placer, El Dorado, and Yolo Counties. The City of Sacramento has been an active member, which has enabled the City a better opportunity to meet its BMP commitments with the Water Forum Agreement (WFA) and the California Urban Water Conservation Council (CUWCC).

This Agreement will utilize the California Department of Water Resources (DWR) grant funding awarded to RWA with reimbursable expenses retroactive for the period beginning May 1, 2009 through December 31, 2013, to increase water conservation efforts of commercial, industrial, institutional and residential water users under the CUWCC BMP's. Specifically, improved water efficiency activities included in the project consist of: 1) the installation of additional water meters; 2) offering added incentives for high-efficiency clothes washers; and 3) increasing audits and incentives for water-efficient devices for commercial customers, including high efficiency toilets, urinals, and evapotranspiration (ET) controllers for businesses with a landscaped area of a minimum of one-fourth acre. Upon execution of any agreement(s), the City would participate in the project with 19 other regional agencies.

Through this project, the City would utilize \$366,479 of the \$1,997,870 of funding awarded to RWA's Regional Water Efficiency Program (RWEP) through the California Department of Water Resources (DWR) Urban Drought Assistance Grant Program.



RESOLUTION NO.

Adopted by the Sacramento City Council

AUTHORIZING A PROJECT AGREEMENT WITH REGIONAL WATER AUTHORITY FOR THE SACRAMENTO REGIONAL WATER EFFICIENCY ACCELERATION PROGRAM GRANT PROJECT (G14110200)

BACKGROUND

- A. In July 2001, the City of Sacramento joined the Regional Water Authority (RWA) whose mission is to represent the regional water supply interests and to assist members of the RWA in protecting and enhancing the reliability, availability, affordability and quality of water resources.
- B. Today, the RWA represents 20 water purveyors and affiliated agency members in Sacramento, Placer, El Dorado, and Yolo Counties.
- C. The RWA has been awarded grant funding by the California Department of Water Resources (DWR) for the Proposition 50 Urban Drought Assistance Grant Agreement Water Efficiency Acceleration Program.
- D. Participating in this grant opportunity allows the City to accelerate meeting several Water Conservation Best Management Practice commitments and state-required water metering at a lower cost to City ratepayers.
- E. The proposed project agreement with RWA will allow the City to receive up to \$366,479 of the \$1,997,870 of funds awarded to RWA. DWR has a 50 percent or dollar-for-dollar match requirement, thus a \$366,479 grant request requires a match of \$366,479 for a total project budget of \$732,958.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager is hereby authorized to execute a Project Agreement with the Regional Water Authority (RWA) to receive funding awarded to the RWA by the California Department of Water Resources for the Proposition 50 Urban Drought Assistance Grant Agreement Water Efficiency Acceleration Program.

- Section 2. The City Manager is authorized to establish revenue and expenditure budgets for the residential meter grant funds to the Residential Water Meter Program (Z14010000) in the amount of \$200,000. There are sufficient funds for the match in the Z14010000.
- Section 3. The City Manager is authorized to establish the Regional Water Efficiency Acceleration Grant Program (G14110200) and to establish revenue and expenditure budgets for the grant funds for the incentive projects in the amount of \$166,479.
- Section 4. The City Manager is authorized to transfer Water Funds (6005) in the amount of \$166,479 from the Operating budget to the Regional Water Efficiency Acceleration Grant Program (G14110200) to match the grant award.
- Section 5. The Project Agreement described in Section 1 is attached as Exhibit A and made a part of this Resolution.

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Exhibit A – Regional Water Authority Project Agreement



Unexecuted Contract/Agreements

- The Unexecuted Contract/Agreement is signed by the other party, is attached as an exhibit to the resolution, and is approved as to form by the City Attorney.
- The Unexecuted Contract/Agreement (Public Project) is NOT signed by the other party, is attached as an exhibit to the resolution, and is approved as to form by the City Attorney.
- The Unexecuted Contract is NOT included as an exhibit to the Resolution because the Agreement(s) is with other another governmental agency and it is not feasible to obtain the other agency's signature prior to Council action (be they denominated Agreements, MOUs, MOAs, etc.); however, the City Attorney approves the forwarding of the report to Council even though the signed agreement is not in hand yet.
- The Unexecuted Contract is NOT included as an exhibit to the resolution because, due to special circumstances, and the City Attorney confirms in writing that it is okay to proceed with Council action even though the signed agreement is not in hand yet.

All unexecuted contracts/agreements which are signed by the other parties are in the Office of the City Clerk before agenda publication.



REGIONAL WATER AUTHORITY PROJECT AGREEMENT

SACRAMENTO REGIONAL WATER EFFICIENCY ACCELERATION PROGRAM GRANT PROJECT

This Agreement is made and entered into as of the __ day of _____, 20__, 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 (RWEF) 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 RWEF 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 \$1,997,870 in funding awarded to the RWEF through the California Department of Water Resources' (DWR) 2008 Urban Drought Assistance Grant Program to accelerate implementation of several BMPs in the region, including: 1) install additional water meters (\$1,000,000 of grant); 2) offer added incentives for high efficiency clothes washers (\$342,500 of grant); 3) increase customer awareness on dry hydrologic conditions and the availability of incentives (\$120,000 of grant); and 4) increase audits and incentives for water-efficient devices for commercial customers, including high efficiency toilets, urinals, and ET controllers for businesses with a landscaped area of a minimum of one-fourth acre (\$463,870 of grant). Additionally, the grant will fund \$71,500 for grant reporting and invoicing activities. Potential project participants are listed in **Exhibit 1**. Grant reimbursable expenses are for the period beginning May 1, 2009 and December 31, 2013 per the funding agreement with DWR. A description of the grant project statement of work as incorporated in the funding agreement with DWR is included as **Exhibit 2**. Project participants agree to submit information associated with fulfilling the statement of work in a timely fashion to allow RWA to meet reporting requirements.

- 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 twenty RWA members, contracting agencies, and other local agencies will participate in the Project as listed in **Exhibit 1**. Non-RWA members may participate in the Project, but may be subject to a 20% surcharge for any fees collected for the Project. Non-RWEP members may participate in the Project, but may be subject to a 20% surcharge for any fees collected for the Project. Agencies that are both non-RWA members and non-RWEP members may be subject to a total 40% surcharge. Surcharges collected are to be designated to the RWA Operating Fund. Each Participant will pay an apportioned share for the project costs, based on their relative estimated benefit received from the grant program, for any fees that need to be collected for the Project.

Exhibit 3 provides an estimate of the benefit for each of the participants. Note that the grant provides a total of \$806,370 for customer incentives programs (referred to as BMPs 6 and 9). At the time of the development of this Agreement, only \$628,000 of that amount has been committed to participants as shown in **Exhibit 3**. Therefore, **Exhibit 3** serves to identify the grant-reimbursable funds requested by an agency that have been reserved for its use, unless it requests to release these funds due to non-use. The remaining funds that have not been committed in **Exhibit 3** will be available to participants on a first-come, first-served basis. All funds in **Exhibit 3** will be subject to assessment of the RWA Project Management Fee as described in Article 7 of this Agreement. Finally, agencies not currently identified in **Exhibit 1** or **Exhibit 3** may be added to this Agreement following its execution subject to availability of funds and approval of the Project Committee.

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 estimated budget of \$89,500, with \$71,500 of the management fee being funded directly by the Proposition 50 grant. The Participants will pay RWA for the remaining balance of approximately \$18,000 for managing and performing Project activities under this Agreement. Project management activities include development of project agreements, project guidance, project meetings, quarterly reporting and invoice processing, preparation and submittal of final project reports and five annual post-project reports as required by the DWR funding agreement.

The management fees will be collected as follows: 1) each Participant receiving meter acceleration grant funding will pay a fee equivalent to one percent of its grant award at the time its executes and returns this Agreement to RWA; 2) each Participant receiving reimbursement for incentives issued to customers will have one percent deducted from each reimbursement check issued to the Participant by RWA following payment from DWR. The deduction of the fee will be itemized on the accounting prepared by RWA for each reimbursement payment to Participants in the incentive program. Project management expenses may be incurred by a combination of RWA staff and consulting support as determined by RWA in consultation with the Project Committee.

8. Authorization to Proceed with the Project. The Project is authorized to proceed upon the commitment of at least four Project Participants to fund Project costs. Upon execution of this Agreement, each Participant will make payments to cover the management fees in accordance with the terms of Articles 5 and 7.

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 Sacramento Regional Water Efficiency Acceleration Program Grant Project Agreement is hereby consented to and authorized by RWA and the Participants.

Dated: _____, 20__

Dated: _____, 20__

Signature

Signature

Name

Name

Regional Water Authority

Agency

EXHIBIT 1

REGIONAL WATER AUTHORITY

**SACRAMENTO REGIONAL WATER EFFICIENCY ACCELERATION PROGRAM
GRANT PROJECT**

PROJECT PARTICIPANTS

Agency

California American Water
Carmichael Water District
Citrus Heights Water District
City of Davis
City of Folsom
City of Lincoln
City of Roseville
City of Sacramento
City of West Sacramento
El Dorado Irrigation District
Elk Grove Water Service
Fair Oaks Water District
Golden State Water Company
Orange Vale Water Company
Placer County Water Agency
Rancho Murieta Community Services District
Rio Linda/Elverta Community Water District
Sacramento County Water Agency
Sacramento Suburban Water District
San Juan Water District

EXHIBIT 2

REGIONAL WATER AUTHORITY

**SACRAMENTO REGIONAL WATER EFFICIENCY ACCELERATION PROGRAM
GRANT PROJECT**

DWR FUNDING AGREEMENT STATEMENT OF WORK

EXHIBIT 3

REGIONAL WATER AUTHORITY

**SACRAMENTO REGIONAL WATER EFFICIENCY ACCELERATION PROGRAM
GRANT PROJECT**

ESTIMATED BENEFITS

PROP 50 Drought Assistance Funds Allocation Requests

	*Residential clothes washers	**CII Programs	Meter funds
Carmichael Water District		\$441	
Citrus Heights Water District		\$3,780	
City of Folsom	\$6,875		\$200,000
City of Roseville		\$133,519	
City of Sacramento	\$82,500	\$83,979	\$200,000
El Dorado Irrigation District	\$68,400		
Elk Grove Water Service			\$200,000
Placer County Water Agency	\$59,538		
Rancho Murieta Community Services District	\$6,875		
Sacramento County Water Agency	\$34,513	\$11,520	\$200,000
Sacramento Suburban Water District	\$26,967	\$30,739	\$200,000
San Juan Water District Wholesale		\$51,950	
San Juan Water District	\$22,000	\$4,410	
Total Committed	\$307,667	\$320,338	\$1,000,000

** referred to as BMP 6 in DWR statement of work Exhibit B*

***referred to as BMP 9 in DWR statement of work Exhibit B*



EXHIBIT B

STATEMENT OF WORK REGIONAL WATER AUTHORITY (RWA), 14427

B-1 Project Goals and Objectives

The Program will complete the following objectives: Accelerate the installation of 1,000 more meters with volumetric billing rates (BMP 4); provide additional incentives through rebates for 7,080 high-efficiency residential clothes washers; provide public outreach, expand the direct install program for pre-rinse spray valves, expand on the types of direct-marketed commercial industrial and institutional (CII) water saving devices offered to include: water brooms, air-cooled ice machines, cooling tower conductivity controllers, and high efficiency commercial clothes washers.

B-2 Project Description

The Regional Water Authority (Grantee) has implemented the Regional Water Efficiency Program (WEP) effort and has actively sought to assist members in completing BMPs for several years. Based on the combined priorities of the BMPs and local needs for drought assistance, Grantee is proposing a grant that will accelerate implementation of the highest priority elements of the following BMPs in an integrated regional effort:

- BMP 4 – Acceleration of Metering to Existing Connections
- BMP 6 – Acceleration of Residential High Efficiency Washing Machine Rebate Program
- BMP 7 – Increase Public Awareness of the Dry Conditions and Availability of Program Incentives and Other Assistance
- BMP 9 – Increase the Level of CII Demand Management Measures

Task 1 Administration

The Grantee will process grant agreement documents, develop project agreements and guidance documents for participating agencies.

Task 2 BMP 4 - Acceleration of Metering to Existing Connections

A total of 1,000 meters will be installed on an accelerated schedule. This program element would accelerate the already planned installation of 8,450 meters by an additional 1,000 meters over a two year period (>10% increase).

Task 3 BMP 6 - Accelerate the Residential High Efficiency Washing Machine Rebate Program

Grantee will issue rebates for approximately 7,080 residential customers based on \$100 per eligible machine with a \$50 cost share from water and wastewater agencies. The customers will be given the opportunity to participate in the BMP 1 – Residential survey program and some water purveyors will require surveys prior to receiving the rebate, others will reserve the right to inspect machines to verify installation.

Task 4 BMP 7 - Increase Public Awareness of the Dry Conditions and Availability of Program

Grantee will provide incentives and other assistance including the incentive program messaging campaign promoting water-energy connection and WaterSense labeled products. Grantee will develop complementary outreach materials based on regionally appropriate dry year messaging; update mailing lists; print and distribute materials; solicit participation by directly contacting targeted residential and commercial customers; purchase media spots on TV and radio. Grantee will identify key motivators for participation in incentive programs and key messages that customers are hearing to tailor 2009 messaging campaign.

Task 5 BMP 9 - CII Drought Measures Implementation

This project will be quickly ramped up based on the template of the past Rinse and Save program successfully implemented in 2003-05. The project will use RWA pre-qualified local plumbers and may include locally certified GreenPlumbersUSA members. Direct install at no cost will be provided for pre-rinse spray valves and pressurized brooms. Grantee's field personnel will canvass neighborhood CII facilities, determine the customer's program eligibility and install the devices all in a single site visit at no charge to the customer. The on-site visit will also assess eligibility for the other incentives and sign-up for follow-up by Grantee's water utility staff to consider incentives for air-cooled ice machines, high-efficiency clothes washers, and cooling tower conductivity controllers.

Task 6 Reporting

Grantee will track project results; prepare and submit progress reports, prepare and submit a mid-project summary report, a Draft Report and Final Report, including total number of incentives and number of units per sector, total number of installation inspections, summary of program applicant surveys, if applicable.

Schedule for Completion of Project Tasks and Deliverables:

Tasks 1 through 5 would be ongoing throughout the project period.

Task 6 would occur on a quarterly basis as invoices and summary reports are submitted, including an interim one year summary report, a draft report and final project report including documentation of water savings. Five annual reports will follow the conclusion of the project to document ongoing project benefits.

Benefits

Water Quantity - The quantifiable water savings resulting from the project are estimated to be 17,927 AF over the life of the project. The BMP 4, accelerated meter installation component will save 3,380 AF (169 AF/yr). The BMP 6, Tier 3 residential clothes washers component will save 8,235 AF (549 AF/yr) over the 15 year life of the clothes washers. The BMP 9, CII high efficiency devices will save 4,695 AF (450 AF/yr) over the life of BMP 9 installations. An additional savings of 1,617 AF (404 AF/yr) is estimated from BMP 9 additional surveys. The BMP 7 public information component could result in 30,000 AF/yr savings in dry years.

In-stream Flow - The project in-stream flow benefits reduces future diversions. The water savings would occur in all years, benefits would be even more pronounced in dry and critically-dry years. Direct water quantity benefits to the Bay-Delta and in-stream flow benefits to American, Bear, Consumes, and Sacramento rivers would be realized. Water conservation is one element of the Water Forum Agreement that helps the regions purveyors meet their commitments to reduced diversions in dry years to provide fishery flows in the American River. CALFED defined locations include: Sub-region 7 – Lower Sacramento below Verona; Sub-region 8 – Valley Floor East of Delta; Sub-region 9 – Sacramento-San Joaquin Delta.

Water Quality - By reducing overall water demands, this project provides a potential water source to the Bay-Delta that improves raw water quality. Increased flows of high quality American River water to the Bay-Delta system and provide a larger volume to dilute the lesser quality inflows. Secondary benefits also result to water quality and wildlife habitat in the Bay-Delta.

Water Shortages/Drought Mitigation – The program elements are high priority and designed to provide incentives to increase customer participation immediately when water savings are needed the most. Grantee will conduct promotion of the program to reduce statewide water shortage conditions. Funding through this grant program will provide real and immediate water savings allowing for drought mitigation.

Energy - Energy savings resulting from the project are estimated to be 24,169 megawatt hours (MWh). The energy savings is a result of reduced potable and wastewater

treatment and delivery, as well as, reduced hot water use for components such as clothes washers and spray-rinse valves.

Other Benefits - This project will have an impact on increasing participation in the traditionally hardest to attain BMP targets that will include more water savings, which will be an added immediate benefit and will include the following BMPs:

- BMP 1: Residential sector water savings through Water Wise House Calls (single and multi-family home surveys)
- BMP 5: Leverage CII and multi-family incentives and rebates program into more large landscape audits
- BMP 9: Commercial sector water savings through Water Wise Business Calls (CII surveys)

Deliverables

The Grantee is responsible for the following deliverables:

Quarterly reports documenting progress, task completion, and project success, including a summary and identification of participants receiving rebates/installations requested by agency, rebate amounts by agency, number of fixtures inspected, estimated water savings on available metered accounts, promotional activities conducted, and dollars expended to date.

Draft Final Report - The draft final report will include a summary of the data presented in the quarterly reports, outcomes of customer participation levels by agency, estimated water savings verified with data on pre- and post-water savings on available metered accounts, a summary of promotional activities conducted by each agency, lessons learned by water agencies in general and from a survey of customer feedback collected during the rebate/installation process, and information on the transformation of market acceptance to high efficiency fixtures and associated data at Agreement end date;

- A Quarterly Project Progress Report and invoice is due every three months after execution of Agreement, see Exhibit B, Attachment 1.
- A Draft Final Report is due at the Agreement end date, see Exhibit B, Attachment 2.
- A Final Report and Retention invoice is due two months following Agreement end date, see Exhibit B, Attachment 2.

- Annual Report of Benefits and Costs are due once a year for five consecutive years following the anniversary of Agreement end date, see Exhibit B, Attachment 3.
- Projected benefits will be validated through data analysis and reported according to Monitoring and Verification Plan.

B-3 Project Monitoring and Evaluation Plan

Pre-Project Conditions, Baseline Data, Assumptions and Accuracy of Data

The regional efficiency incentive programs have been in place less than four years and this region is not believed to be saturated with water conservation devices, so the potential for greater savings and cost-effectiveness are increased with the accelerated meters and incentives. There is significant opportunity for replacing fixtures in the region given our incentives program was just started four years ago, and individual water purveyors had variable success rates with their previous efforts dating back to the last drought from 1988-92.

Monitoring Plan and Performance Measures

The project benefits will be evaluated and reported on in the following documents:

- One interim report will be submitted at the end of the first year of implementation to include year-to-date totals for number of devices installed and rebates by agency, rebate amounts, estimated water savings verified with data on pre- and post- water savings on available metered accounts, and a summary of promotional activities for the project.

A Monitoring and Assessment Report

Grantee will be prepared following project completion:

- This report will include totals for number of devices installed and rebates by agency, rebate amounts, estimated water savings verified with data on pre- and post- water use savings on available metered accounts, a summary of outreach activities for the program, and a summary of successes and challenges encountered implementing this project. Annual reports for a minimum of 5-years post-project will be submitted to Department of Water Resources (DWR).

Post Project Verification of Results and Benefits

The primary output indicator will be the number of actual devices installed and rebates issued. The primary outcome indicator will be the calculated savings through time depending upon the water savings associated with specific installed devices. Both the output and the outcome will be tracked and reported using the following process:

- Water conservation coordinators will be promoting water wise house calls and in some cases, each participating RWA member agency or "cooperator" may elect to require a water wise house call to participate in the residential clothes washer rebate program. Water savings will be estimated based on the type of machines installed.
- The MS Excel spreadsheet will be expanded to include the water savings tracking for devices and rebates, estimated volumes and replaced higher efficiency volumes to demonstrate water savings to be reported to DWR.

Estimated Monitoring and Evaluation Costs

The output and outcome parameters are already integrated into the program and will be readily available as part of the program database. As a result, the expense of this monitoring and evaluation is already contemplated with the preparation expenses of the quarter, interim, draft and final reports.

B-4 Qualification of Applicants and Cooperators

Rob Swartz will serve as the Grantee's project manager. Each participant has a Conservation Coordinator on staff that will oversee their participation in the regional program.

B-5 Outreach, Community Involvement, and Acceptance

The project will include direct mailings announcing program enhancements and will be directly distributed to regional residential and commercial customers. Grantee will develop a list of more than 200 regional plumbing contractors that will be targeted through direct mailings announcing the substantial incentive increases.

Community Involvement – Grantee will expand its efforts to reach out directly to the community as part of announcing the CII direct install program and the rebates. Grantee will survey rebate applicants and CII customers on their attitudes toward water conservation, and prepare to improve programs based on this feedback. The regional Be Water Smart Hotline will be used including a Spanish language option to leave a

voicemail and have a call back by Spanish translator for questions about water wise house calls and rebates.

Acceptance: There is no known opposition to this project.

B-6 Budget

The State's funding share will be for tasks identified in Exhibit C. Total State share expenditure must not exceed \$1,997,870.00.

B-7 Schedule for Progress Reports and Payments:

A Quarterly Project Progress Report and invoice is due every three months after execution of Agreement.

A Draft Final Report is due one month prior to Agreement end date.

A Final Report and Retention invoice is due two months following Agreement end date.

Annual Report of Benefits and Costs are due once a year for five consecutive years following the anniversary of Agreement end date.

The Agreement is executed on date that the Chief of Department of Water Resources, Office of Water Use and Efficiency signs, and terminated as specified in the SECTION 2 TERM OF STATE GRANT.

Agreement 4600008288
 Regional Water Authority
 Sacramento Regional Water Efficiency Acceleration Program
 Drought Grant

B-8 Expedited Schedule for Water Meter Installation/Retrofit

Funds awarded under this Agreement to accelerate water meter installation or retrofit of meters and AMR's are conditioned on applicant's express commitment to accelerate implementing the water meter program in its service area. Grantee confirms that the initial 1,000 meters to be installed through the grant period are being accelerated from the final year of each participant's installation program and that the installation schedule in years following the grant period will be at least as aggressive as shown below. Grantee agrees to submit a water meter installation plan that demonstrates the benefit of the accelerated program.

For purposes of this Agreement, the Grantee shall comply with the installation schedule as described in Exhibit B-2 for the term of this Agreement (2 years), or risk at the Department's discretion, forfeiting any grant funds awarded under this Agreement. Grantee also commits to exploring options to further accelerate the water meter installation plan described in Exhibit B-8 below, after this Agreement expires and reporting on progress to DWR in future annual reports through 2015.

Scheduled Percent of Water Meter Coverage	Year
Complete 28 percent coverage (53,370 number of meters) by:	2010
Complete 37 percent coverage (69,666 number of meters) by:	2012
Complete 44 percent coverage (82,410 number of meters) by:	2014
Complete 51 percent coverage (96,460 number of meters) by:	2016
Complete 59 percent coverage (111,825 number of meters) by:	2018
Complete 70 percent coverage (131,208 number of meters) by:	2020
Complete 82 percent coverage (155,096 number of meters) by:	2022
Complete 94 percent coverage (176,766 number of meters) by:	2024
Complete 100 percent coverage (188,132 number of meters) by:	2025
(For Urban agencies under State Law):	2025
Complete 100 percent coverage (64,683 number of meters) by (for federal water contractors)	2013

DEPARTMENT OF WATER RESOURCES

1416 NINTH STREET, P.O. BOX 942836
SACRAMENTO, CA 942360001
(916) 653-5791



November 1, 2010

Mr. Robert Roscoe
Regional Water Authority Board Chair
Regional Water Authority
5620 Birdcage Street, Suite 180
Citrus Heights, California 95610

Amendment Letter A-1 Prop 50 - Drought Grant Agreement 4600008288

Dear Mr. Roscoe:

The Regional Water Authority request to modify Proposition 50 Drought Assistance Grant Agreement 4600008288 Water Efficiency Acceleration Program has been approved for the following amendments to the original Scope of Work and Budget. Your Agreement for the Sacramento Regional Water Efficiency Acceleration Program has been extended from May 1, 2011 to December 31, 2013, and is necessary to complete work under this Agreement.

1. Reduction in the number of High Efficiency Clothes Washer (HECW) rebates from 7,080 rebates to 5,000 rebates, Exhibit B – Statement of Work, B-2 Project Description, Task 3 and an increase in Commercial, Industrial and Institutional (CII) Sector incentives, specifically High Efficiency Toilets, High Efficiency Urinals, and ET Controllers for businesses with a landscaped area of a minimum of one-fourth acre (10,890 square-feet), B-2 Project Description, Task 5, to ensure equitable water savings in relation to other measures in this Agreement, and targeting outreach from 1,300 businesses up to 1,500 businesses.
2. As a result, Task 3, Residential HECW Rebate Program (BMP 6), State share will decrease by \$152,500, from \$495,000 to \$342,500, and Task 5, CII Drought Measures Implementation (BMP 9), State share will increase from \$311,370 up to \$463,870. Task 3 Applicant cost share will decrease by \$87,800, from \$528,525 to \$440,725 and Task 5 Applicant cost share will increase from \$639,749 to \$727,549. Total project costs, total applicant share, and total grant share remain unchanged as in original Agreement 4600008288 (Section 3, Project Costs and Exhibit C - Budget)
3. Project water savings, as a result of the above modifications, are comparable to water savings scoped in the original Agreement (See Table 1- Regional Water Authority Unit Savings)

Mr. Robert Roscoe
November 1, 2010
Page 2

These modifications are incorporated into, made part of, and shall be attached to Agreement 4600008288 as Amendment A-1, between the Department of Water Resources and Regional Water Authority. Please sign and date the two (2) copies of the letter and return both to:

Lisa Batiste
Department of Water Resources
Water Use and Efficiency
901 P Street, Room 314
P.O. Box 942836
Sacramento, CA 94236-0001

The amendment agreement will not become effective until approved by the Department of Water Resources, as required by State procedure. When fully approved, an original copy will be sent to you.

Until the amendment has been executed you will not be able to bill for services, if the amendment is not executed, any funds spent related to agreed upon changes will be fully encumbered by you, the Grantee.

If you have any questions, please contact Christy Spector at (916) 653-4863.

Attachments (Revised Exhibit C – Budget and Table 1 - RWA Unit Savings)

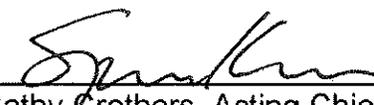
Mr. Robert Roscoe
November 1, 2010
Page 3

Your grant Agreement is amended as follows:

"SECTION 2. TERM OF STATE GRANT

The term of this Agreement is from the date of execution of this Agreement through
December 31, 2013."

Approved as to Legal Form and Sufficiency:

By:  _____ 11/10/10
for Cathy Crothers, Acting Chief Counsel Date
Department of Water Resources

Amendment A-1 to Agreement 4600008288, approved:

By: _____ Date
Robert Roscoe, RWA Board Chair
Regional Water Authority

Approved:

By: _____ Date
Manucher Alemi, Chief
Water Use and Efficiency

Enclosures: (2 originals)

4600008288 - TABLE 1- Regional Water Authority Unit Savings, Amendment Letter A-1

Existing Conservation Measures in current agreement	Task 3 (BMP 6) Task 5 (BMP 9)	Residential HECCW	Pre-Rinse Spray Valves	Water Brooms	Multi-Family HECCW	Ice Machine	Cooling Tower	Water savings	Length of savings	Lifetime unit	Cost per	Cost per gallon		
								(gal/year/unit)	(years)	water savings (gal/unit)	intervention (material and	saved		
								29,500	15	442,500	\$	125	\$	0.00028
								50,005	10	500,050	\$	75	\$	0.00015
								50,000	10	500,000	\$	150	\$	0.00030
								38,000	10	380,000	\$	165	\$	0.00043
								271,925	10	2,719,250	\$	1,700	\$	0.00063
								800,000	10	8,000,000	\$	1,040	\$	0.00013

Proposed Other Conservation Measures for amendment	Task 5 (Other BMP 9)	CII - HET	CII - HE Urinals	CII - ET Controller	Water savings	Length of savings	Lifetime unit	Cost per	Cost per gallon		
					(gal/year/unit)	(years)	water savings (gal/unit)	intervention (material and	saved		
					13,600	25	340,000	\$	200	\$	0.00059
					22,500	25	562,500	\$	225	\$	0.00040
					111,950	10	1,119,500	\$	450	\$	0.00040

Calculations for ET controller

1/4 acre = 10,890 sq feet

Total estimated applied water for cool season turf grass = (55 inches per year) * 10,890 sq feet * 0.623 (inches/sf/gallons) = 373,145 gallons used per site

30% savings from ET controllers and efficiency upgrades found or performed during inspection and installation controller study reports, (Oregon, El Dorado Irrigation District, Irvine Ranch Water District)

Water savings estimated= 373,145 gallons per year*30% = 1,111,950 gallons per year

111,950 gallons/year*10 years= 1,119,500 gallons

\$450 cost per intervention/1,111,950 lifetime savings= \$0.0004046 cost per gallon saved

Exhibit C - Budget, Amendment 1

Applicant:

Regional Water Authority

PIN #

14427

Project Title:

Sacramento Regional Water Efficiency Acceleration Program

THE TABLE IS FORMATTED WITH FORMULAS.

FILL IN THE SHADED AREAS ONLY.

Tasks/subtasks (i)	Year 1 \$	Year 2 \$	Total \$	Contingency % (iii)	Cost + Contingency \$ (iv)	Applicant cost share,\$ (v)	State Share,\$ (vi)	Life of investment, year (vii)	Annualized Costs (ix)
(a) Task 1- Administration/ management									
subtask 1- Administration	\$10,000	\$5,000	\$15,000	0%	\$15,000	\$15,000	\$0	20	\$1,308
subtask 2-									
Subtotal, Administration Costs	\$10,000	\$5,000	\$15,000		\$15,000	\$15,000			\$1,308
(b) BMP4. Acceleration of Metering to Existing Connections									
subtask 1- Purchase and install meters	\$8,509,648	\$8,439,912	\$15,949,560	0%	\$15,949,560	\$14,949,560	\$1,000,000	20	\$1,390,555
Historical funds spent since 2002 to subtask 2- July 30,2008	\$9,282,673	\$0	\$9,282,673	0%	\$9,282,673	\$9,282,673	\$0	20	\$809,306
subtotal, Task 2	\$15,792,321	\$8,439,912	\$25,232,233		\$25,232,233	\$24,232,233	\$1,000,000		\$2,199,861
(c) BMP 6. Accelerate the Residential High Efficiency Washing Machine Rebate Program									
subtask 1- Process customer incentives	\$15,000	\$15,000	\$30,000	0%	\$30,000	\$0	\$30,000	15	\$3,089
subtask 2- Customer incentives	\$256,250	\$256,250	\$512,500	0%	\$512,500	\$200,000	\$312,500	15	\$52,768
Historical funds spent since 2002 to subtask 3- July 30,2008	\$240,725	\$0	\$240,725	0%	\$240,725	\$240,725	\$0	15	\$24,786
subtotal, Task 3	\$511,975	\$271,250	\$783,225		\$783,225	\$440,725	\$342,500		\$80,643
(d) BMP 7. Increase Public Awareness of the Dry Conditions and Availability of Program Incentives and Other Assistance									
subtask 1- Public Outreach	\$120,000	\$120,000	\$240,000	0%	\$240,000	\$120,000	\$120,000	10	\$32,608
Historical funds spent since 2002 to subtask 2- July 30,2008	\$309,923	\$0	\$309,923	0%	\$309,923	\$309,923	\$0	10	\$42,109
Subtotal, Task 4	\$429,923	\$120,000	\$549,923		\$549,923	\$429,923	\$120,000		\$74,717
(e) BMP 9. CII Drought Measures Implementation									
subtask 1- CII Surveys (site verification)	\$55,725	\$87,725	\$123,450	0%	\$123,450	\$123,450	\$0	10	\$16,773
subtask 2- Process customer incentives	\$31,875	\$31,875	\$63,750	0%	\$63,750	\$0	\$63,750	10	\$8,662
subtask 3- Customer incentives	\$398,005	\$398,005	\$796,010	0%	\$796,010	\$365,890	\$430,120	10	\$108,152
Historical funds spent since 2002 to subtask 4- July 30,2008	\$208,209	\$0	\$208,209	0%	\$208,209	\$208,209	\$0	10	\$28,289
subtotal, Task 5	\$693,814	\$487,605	\$1,191,419		\$1,191,419	\$727,549	\$463,870		\$161,876
(f) Task 6- Reporting									
subtask 1- Prepare quarterly reports	\$35,000	\$25,000	\$60,000	0%	\$60,000	\$0	\$60,000	20	\$5,231
subtask 2- Prepare draft and final report	\$0	\$11,500	\$11,500	0%	\$11,500	\$0	\$11,500	20	\$1,003
subtotal, Task 6	\$35,000	\$36,500	\$71,500		\$71,500		\$71,500		\$6,234
(g) Task 7-									
subtask 1-									
subtask 2-									
Subtotal, Task 7									\$0
(h) Task 8-									
subtask 1-									
subtask 2-									
subtotal, Task 8									\$0
(i) Task 9-									
subtask 1-									
subtask 2-									
Task 9									\$0
(j) Task 10-									
subtask 1-									
subtask 2-									
Task 10									\$0
(k) TOTAL	\$17,473,033	\$10,370,267	\$27,843,300		\$27,843,300	\$26,845,430	\$1,997,870		\$2,524,638
(l) Cost Share -Percentage						93%	7%		