

**Meeting Date:** 9/2/2014

**Report Type:** Consent

**Report ID:** 2014-00588

**Title: Agreement: High Efficiency Clothes Washer Rebate Program**

**Location:** Citywide

**Recommendation:** Pass a Motion authorizing the City Manager or the City Manager's designee to sign a Memorandum of Understanding with the Sacramento Municipal Utility District, for administration of a rebate program providing incentives for customers to purchase high-efficiency clothes washers, at a cost not-to-exceed \$107,500 per year through June 30, 2020.

**Contact:** Bill Busath, Manager, Engineering and Water Resources, (916) 808-1434; William Granger, Water Conservation Program Specialist, Engineering and Water Resources, (916) 808-1417, Department of Utilities

**Presenter:** None

**Department:** Department Of Utilities

**Division:** Engineering & Water Resources

**Dept ID:** 14001311

**Attachments:**

1-Description/Analysis

2-Background

3-Memorandum of Understanding

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**City Attorney Review**

Approved as to Form

Joe Robinson

8/14/2014 3:01:20 PM

**Approvals/Acknowledgements**

Department Director or Designee: Dave Brent - 8/11/2014 2:45:25 PM

## Description/Analysis

**Issue Detail:** The Department of Utilities (DOU) has developed a Memorandum of Understanding (MOU) in collaboration with the Sacramento Municipal Utilities District (SMUD), for SMUD to administer a clothes washer rebate program. The program provides rebates of up to \$200 towards the purchase of high efficiency clothes washers by City residents to reduce water and energy usage. This is a continuation of past City-SMUD efforts that have successfully promoted the purchase of high efficiency washers. **Policy Considerations:** The agreement will further the City's efforts to promote water conservation consistent with the City's Water Conservation Plan (2013). The MOU was approved by SMUD on July 31, 2014.

**Economic Impacts:** None.

**Environmental Considerations:** The Community Development Department, Environmental Planning Services Manager has reviewed the proposed MOU and has determined that the MOU is not a "project" under Section 15378 of the California Environmental Quality Act (CEQA) Guidelines. Implementation of the MOU is an administrative activity that will not have any significant environmental effects.

**Sustainability:** The clothes washer rebate program is consistent with goals outlined in the City's Water Conservation Plan, which focus on assisting ratepayers in reducing water use and water-related energy consumption.

**Commission/Committee Action:** Not Applicable.

**Rationale for Recommendation:** High efficiency clothes washers provide substantial energy and water savings as compared to standard clothes washers. The cost of a high efficiency clothes washer is higher than that of a standard clothes washer. To help overcome the cost barrier, SMUD and the City are offering an incentive, in the form of a rebate, to encourage customers to purchase high efficiency clothes washers.

**Financial Considerations:** Under the proposed MOU, SMUD will administer the City's rebate program, in addition to SMUD's own rebate program. SMUD will be authorized to charge the City an administrative fee of up to \$15 for each City rebate processed on the City's behalf. The proposed MOU has a term extending through June 30, 2020, but either party may terminate the MOU at any time upon 90-days' notice. The projected annual cost to fund and administer the City's program through SMUD is \$107,500. This amount provides for up to 500 rebates awarded at \$200 each, and up to a \$15 administrative fee per rebate. Sufficient funding is available in the Water Conservation Rebates Program I14120400 to fund the program through the fiscal year 2020.

**Local Business Enterprise (LBE):** Not Applicable.

## **Background**

In September of 2013, the City Council adopted a revised Water Conservation Plan (WCP) that establishes the City as a leader in resource conservation and assures that the City will meet or exceed the State mandate to reduce per capita water consumption by 20 percent by 2020.

In order to help meet this goal, the City of Sacramento, Department of Utilities (DOU) is partnering with the Sacramento Municipal Utilities District (SMUD) to help residents of Sacramento conserve water and energy usage by offering financial incentives to customers who wish to purchase higher efficiency clothes washers. These washers provide substantial energy and water savings and are easier on the environment, but are more expensive than standard clothes washers.

The average American family washes about 300 loads of laundry each year. Energy efficient clothes washers can help families cut their related energy and water costs by using 20 percent less energy and 35 percent less water than regular washers. They also have a greater tub capacity, which means customers can wash fewer loads to clean the same amount of laundry. They are available in front-load and top-load models; the top-load models look like standard machines on the outside, yet they do not waste water filling up the tub. They clean using a sophisticated wash system to flip or spin clothes through a stream of water. They also rinse clothes with repeated high-pressure spraying instead of soaking them in a full tub of water.

To help overcome the cost barrier of owning an energy efficient clothes washer, SMUD will offer a rebate of up to \$200.00 to qualifying SMUD customers with electric water heaters. In addition to the SMUD rebate, the City will also offer a rebate of up to \$200.00 to qualifying SMUD customers with electric or gas water heaters if the customer receives water service from the City. Only washers that meet the Tier 3 efficiency level, as established by the Consortium for Energy Efficiency (CEE) and identified on SMUD's Clothes Washer Eligibility list, will qualify to receive the City rebates. Typically these washers are the most efficient in terms of low energy consumption throughout the total laundry cycle (washing and drying) and use the least amount of water for each cubic foot of laundry.

The goal of the program is to issue rebates for up to 500 units a year. The program has been in place since fiscal year 2014 and is anticipated to continue through fiscal year 2020.

**MEMORANDUM OF UNDERSTANDING BETWEEN  
SACRAMENTO MUNICIPAL UTILITY DISTRICT  
AND CITY OF SACRAMENTO FOR HIGH  
EFFICIENCY CLOTHES WASHER REBATE PROGRAM**

**THIS MEMORANDUM OF UNDERSTANDING** is entered into on \_\_\_\_\_, 2014, by and between the Sacramento Municipal Utility District (SMUD) and the City of Sacramento (City), to set forth the terms and conditions under which SMUD will process consumer rebates for purchases of qualifying high efficiency clothes washers on behalf of the City.

**RECITALS**

- A. Since 2009 SMUD and the City have collaborated on a Clothes Washer Rebate Program (Program) to encourage the purchase of high efficiency clothes washers by City residents, to reduce water and energy usage.
- B. SMUD and the City desire to extend this Program through the 2014-2020 fiscal year.

**NOW, THEREFORE**, the parties agree as follows:

- 1. **Scope.** High efficiency clothes washers provide substantial energy and water savings and are easier on the environment. The cost of a high efficiency clothes washer is higher than that of a standard clothes washer. To help overcome the cost barrier, SMUD and the City are offering an incentive, in the form of a rebate, to encourage customers to purchase a high efficiency clothes washer over a standard clothes washer. SMUD will offer a rebate of up to \$200.00 to qualifying SMUD customers with electric water heaters, and the City will offer a rebate of up to \$200.00 to qualifying SMUD customers with electric or gas water heaters if the customer receives water service from the City. The actual rebate amounts may be less than the above maximums depending on funding availability.
- 2. **Rebate Program Criteria.**
  - A. **Qualified Products:** SMUD and the City agree to use the eligibility guidelines established by the Consortium for Energy Efficiency (CEE) to determine eligible products. Only clothes washers that meet a Tier 3 efficiency level, or higher, as established by the CEE and identified on SMUD's Clothes Washer Eligibility List qualify for the rebates, provided that either SMUD or The City may modify its rebate criteria to specify a different minimum efficiency level.
  - B. **Target Levels:** The goal for the Program is to issue rebates for up to 500 units a year, subject to funding availability.

- C. **Qualified Customers:** SMUD will process the City rebate to qualifying SMUD customers with electric or gas water heaters. SMUD will verify with the City that the customer is an eligible City water service customer prior to processing of the City rebate.
3. **Program Effective Date and Duration.** The effective date of the Program is January 1, 2014 through June 30, 2020, unless terminated by either party by sending the other party a written notice of termination of this Memorandum of Understanding (MOU) not less than 90 days prior to the termination date. City rebates for purchases made prior to the execution of this MOU may be approved for processing at the discretion of the City.
4. **SMUD Responsibilities.**
- A. **Processing and Payment.** SMUD will process the rebate applications and pay the SMUD and City rebates to qualifying customers in accordance with the terms and conditions of this MOU.
- B. **Marketing.** SMUD will market and promote the Program in coordination with participating retailers. SMUD agrees to include the "Be Water Smart" and Regional Water Authority (RWA) name and/or logo on the application, the SMUD website, and advertisements designed to promote the Program.
- C. **Customer Contact and Problem Resolution.** SMUD agrees to work with local retailers to resolve customer concerns and promote customer satisfaction.
- D. **Reporting.** SMUD will provide the City with copies of the City rebate applications received from SMUD customers who participate in the Program. The application has been or will be developed by the City in concert with the Regional Water Authority in order to meet the City's reporting criteria. SMUD will mail the rebate applications to the City for each preceding month's activity. Each quarter SMUD will provide a report on the amount of City funds dispersed and the amount retained for administrative costs during the preceding quarter. If there is a discrepancy between the number of completed applications the City receives from SMUD and the reported amount of City funds dispersed and/or the reported amount retained for administrative costs, SMUD will work with City staff to reconcile the difference.
- E. **Administration of Funds.** SMUD will deposit funds paid to SMUD by the City in advance in a separate account and will only use these funds to pay the City rebates under the Program. SMUD will pay rebates in the amount of up to \$200.00 per customer, out of City funds, by check that is separate from any SMUD rebate. The check stub will advise the customer that the check is for the City of Sacramento rebate. There will be an administrative cost of up to

\$15 per rebate processed, charged by SMUD to the City for the processing of the City rebate to its customers.

- F. **Invoicing/Reconciliation.** SMUD will reconcile the City's account approximately 30 days after processing the last eligible rebate or not more than 30 days after the termination of this MOU by either party.
5. **Exceeding goals.** The City has no obligation under this MOU beyond funding City rebates for the rebate goal of up to 500 units per year. SMUD will not advance funding to the City rebate account if this goal is exceeded. However, the parties may agree to provide additional funding to exceed this goal if more than 500 qualifying rebate applications are received and processed for payment.
6. **City of Sacramento Responsibilities.**
- A. **Funding.** Subject to funding availability, the City agrees to send SMUD a check in the amount of up to \$ 107,500 a year to fund the annual 500 unit City rebate goal. SMUD shall have no obligation to pay any City rebate for which funding has not been provided to SMUD in advance by City. The check should be payable to:
- Sacramento Municipal Utility District  
Attn: Paula Robertson  
PO Box 15830 MS A203  
Sacramento, CA 95852-1830
- Any City funds remaining in the rebate account established by SMUD at the conclusion of the Program, or the termination of this MOU by either party, shall be returned to the City by SMUD after the reconciliation of the City account has been completed.
- B. **Marketing.** The City will post the City rebate application on its website and on the RWA website. The City will distribute rebate applications and other marketing materials provided by SMUD to participating appliance retailers.
7. **Notices.** Notices and other communications under this MOU shall be provided as follows:

CITY OF SACRAMENTO	SMUD
Contact Name: Water Conservation Office, Jennifer Chikasawa	Contact Name: Paula Robertson
Address: 2260 Glen Ellen Circle Sacramento, CA 95822	Address: PO Box 15830 MS A203 Sacramento, CA 95852-1830
Contact Phone: 311 or 916-264-5011  (William Granger, 916-808-1417)	Contact Phone: 916-732-5429
Contact Fax: 916-808-5655	Contact Fax: 916-732- 6831

Contact Email: wgranger@cityofsacramento.org	Contact Email: paula.robertson@smud.org
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8. **No Agency.** Neither party, nor its respective directors, officers, agents, and employees shall not be considered to be agents of the other party in connection with the performance of the other party's obligations under this MOU, and neither party shall have any authority, express or implied, to bind the other party to any obligations whatsoever. It is understood and agreed that no relationship of employer-employee exists between the parties for any purpose whatsoever, and that any persons or entities employed or under contract to either party shall be entirely and exclusively under the direction, supervision, and control of the employing or contracting party.
9. **Customer Information.** Each party shall keep and maintain the confidentiality of the other party's customer account information except to the extent that disclosure of such information is required by law.
10. **Mutual Indemnity.** Each party hereto (hereafter "INDEMNIFYING PARTY") shall indemnify, defend and hold harmless the other party, its officers, agents and employees, from and against any and all losses, costs, damages, expenses, claims, suits, demands, or liability of any kind or character, including but not limited to reasonable attorney fees, to the extent arising from or relating to any negligent, reckless or intentional act or omission of the INDEMNIFYING PARTY, its officers, agents or employees, which occurs in the performance of, or otherwise in connection with this MOU.
11. **General Provisions.** This document contains the entire agreement between the parties and supersedes whatever oral or written understanding they may have had prior to the execution of this MOU. No alteration to the terms of the MOU shall be valid unless approved in writing by both parties. The waiver by any party of a breach of any provision of this MOU shall not be construed as a continuing waiver or a waiver of any subsequent breach of that or any other provision of this MOU. This MOU is not intended to, and will not be interpreted as conferring, any benefit or right whatsoever upon any person or entity that is not a party hereto. This MOU may not be assigned without the written consent of the non-assigning party, and any purported assignment without such consent shall be void.
12. **Authority to Execute.** Each person executing this MOU for a party represents and warrants that he or she is duly authorized and has legal authority to execute this MOU on behalf of that party. Each party represents and warrants to the other party that the execution and delivery of the MOU and the performance of such party's obligations hereunder have been duly authorized.

IN WITNESS WHEREOF, this Agreement has been executed as of the last day and year written below.

**CITY OF SACRAMENTO**  
a Municipal Corporation

**SACRAMENTO MUNICIPAL  
UTILITY DISTRICT**

By \_\_\_\_\_  
*Dave Brent, Department of Utilities  
For John F. Shirey  
City Manager*

  
\_\_\_\_\_  
*Alex Araiza  
Sr. Product Service Coordinator  
Programs and Services*

\_\_\_\_\_  
*Date*

*7/31/2014*  
\_\_\_\_\_  
*Date*

APPROVED TO AS FORM:

\_\_\_\_\_  
*City Attorney*

ATTEST:

\_\_\_\_\_  
*City Clerk*