

Meeting Date: 4/28/2015

Report Type: Consent

Report ID: 2015-00331

Title: Agreement: Sacramento Regional Water Indoor Efficiency Retrofit Project

Location: Citywide

Recommendation: Pass a Motion authorizing the City Manager, or the City Manager's designee, to execute an Agreement with the Regional Water Authority (RWA) to implement the City's portion of the Sacramento Regional Water Indoor Efficiency Retrofit Project.

Contact: William Granger, Program Specialist, (916) 808-1417; Terrance Davis, Program Manager, (916) 808-1868, Department of Utilities

Presenter: None

Department: Department Of Utilities

Division: Water Conservation

Dept ID: 14001381

Attachments:

1-Description/Analysis

2-Background

3-RWA Agreement Sacramento Regional Water Indoor Efficiency Retrofit Project

City Attorney Review

Approved as to Form
Joe Robinson
4/21/2015 12:02:54 PM

Approvals/Acknowledgements

Department Director or Designee: Dan Sherry - 4/9/2015 3:49:54 PM

Description/Analysis: Sacramento Regional Water Indoor Efficiency Retrofit

Issue Detail: In 2014, the Sacramento Suburban Water District (SSWD) applied for and received a CALFED grant for the “Sacramento Regional Indoor Efficiency Retrofit Project.” The grant is \$300,000 with a match funding of \$300,000 from the participating water providers for a total funding of \$600,000. The grant project is to install high efficiency toilets (HETs), showerheads, and aerators in its service area as well as throughout the Sacramento region. Acting as the lead agency, SSWD worked closely with the Regional Water Authority (RWA) to submit the grant application. As a Joint Powers Authority, RWA could not apply for the grant itself, but does administer grants once received on behalf of its member agencies. As a result, SSWD has partnered with the Regional Water Authority to administer the project on behalf of the region. RWA will pay the installation contractor directly and invoice the participating agencies. Three participating agencies will provide matching funds toward the project, the City of Sacramento, SSWD, and Placer County Water Agency.

In order to participate in the grant, the City of Sacramento must sign an agreement with RWA to provide the local match. The grant activity will provide funding for the installation of an estimated 1,066 HETs, 1,066 showerheads, and 2,132 bathroom faucet aerators in the City of Sacramento.

Policy Considerations: The proposed project under this agreement is in line with the City Water Conservation Plan adopted by City Council in October 2013, and is consistent with the City Council focus areas of sustainability and supports water use reduction efforts in response to ongoing drought conditions.

Economic Impacts: *None*

Environmental Considerations: The Sacramento Regional Water Indoor Efficiency Retrofit Project that will be replacing older interior water fixtures with more efficient fixtures is categorically exempt from the California Environmental Quality Act (CEQA) under Class 2 and Section 15302 of the CEQA Guidelines. Projects exempt under Class 2, Section 15302 consist of the replacement of existing utility systems. The project will not result in a significant effect on the environment. Old toilets and showerheads will be recycled by the contractor.

Sustainability: Approval of this agreement is in line with the City’s approved Water Conservation Plan.

Commission/Committee Action: None

Rationale for Recommendation: Participation in this grant funding opportunity will help reduce the City’s per capita water demand, which is consistent with the City’s Water Conservation Plan.

Financial Considerations: The City will not directly receive grant funding. The agreement with RWA meets the City’s requirement to provide \$160,000 for the 50% local match cost-share requirement of the grant. Sufficient funding for the cost-share exists in the Water Conservation Rebates MYOP (114120400, Fund 6005).

Local Business Enterprise (LBE): The City will not be procuring any services or supplies to implement this grant.

Background

In 2014, the Sacramento Suburban Water District applied for and received a CALFED grant for the “Sacramento Regional Indoor Efficiency Retrofit Project.” This is a collaborative project between three water supply agencies in the Sacramento region: City of Sacramento, Placer County Water Agency, and Sacramento Suburban Water District (SSWD). With the SSWD acting as the lead applicant, the project will retrofit a minimum of 3,000 residential housing units through the direct installation of indoor water efficient fixtures (toilets, showerheads, and aerators) to achieve an estimated water savings of 3,200 acre feet over the assumed 25-year expected lifetime of the improvements, or an average savings of 127 acre feet per year. The project will continue for two years commencing on October 1, 2014 and concluding on September 30, 2016. A portion of the project will target disadvantaged customers, as these customers typically do not participate in water conservation rebates and programs.

The grant funding is \$300,000 with a match funding of \$300,000 from the participating water providers for total funding of \$600,000. The City of Sacramento has committed to providing \$160,000 to meet the 50% local cost share requirement to participate in the grant project. By providing the cost-share amount, over 40 percent of the grant funding will be used for City projects. It is expected that 1,066 HETs, 1,066 showerheads, and 2,132 bathroom faucet aerators will be installed within the City of Sacramento.

SSWA has partnered with RWA to administer the project. RWA has contracted an installation vendor, selected through the competitive bid process, and will pay the contractor directly. RWA will also handle all grant administration responsibilities.

**REGIONAL WATER AUTHORITY
PROJECT AGREEMENT**

SACRAMENTO REGIONAL WATER INDOOR EFFICIENCY RETROFIT PROJECT

This Agreement is made and entered into as of the ___ day of _____, 2015, by and among 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. A key element of the RWA is the Regional Water Efficiency Program (RWEP), which

supports the water conservation programs of participating member agencies. As signatories of the Water Forum Agreement (WFA) members participating in the RWEP have committed to implementing a number of Best Management Practices (BMPs) for urban water conservation.

F. RWA and the Participants desire to carry out the project described herein for implementation of certain urban water conservation BMPs and to 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. The Sacramento Regional Indoor Efficiency Retrofit Project is a collaborative project among the three Participants listed in **Exhibit 1**. This project will retrofit a minimum of 3,000 residential housing units through the direct installation of indoor water efficient fixtures (toilets, showerheads, and aerators) to achieve an estimated water savings of 3,200 acre-feet over the assumed 25-year expected lifetime of the improvements, or an average savings of 127 acre-feet per year. The project will commence on June 1, 2015 and conclude on October 31, 2015. A portion of the project will target disadvantaged customers as these customers typically do not participate in water conservation rebates and programs. This project will utilize \$300,000 in grant funding awarded by the United States Bureau of Reclamation ("Reclamation") through the CALFED Bay-Delta Restoration Program combined with \$300,000 of match funding from the participating water providers for a total project funding amount of \$600,000. A description of the grant project statement of work as incorporated in the funding agreement with Reclamation is included as **Exhibit 2**. Project participants agree to comply with all applicable provisions and to submit all information required to satisfy the conditions of 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 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 quorum will be required for an affirmative vote to take action on behalf of the Participants.

5. Sharing in Project Costs and Benefits. Non-RWA members may not participate in the Project. 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 identifies the grant-reimbursable funds requested by each Participant that have been

reserved for its use and provides an estimate of the benefit and match payment information for each of the Participants. Match payments will be paid from the Participants directly to RWA. Participants will not directly receive any grant funding from Reclamation. The grant funding will be directly paid to RWA to reimburse RWA for contractor payments. RWA will hire a contractor to perform necessary work to complete this project. A Participant may request to release a portion of the funds reserved for its use if it determines that it will not use that portion of funds. 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.

Reclamation has indicated that it will reduce the overall grant award to fund Reclamation's internal project management expenses. Reclamation has estimated this fee at \$1,500 for environmental review. The Participants agree to share in this expense by reducing their shares of the grant award in the same proportion as each Participant's share of the grant award. **Exhibit 3** provides the required local cost share of each Participant and an estimate of the grant benefit for each of the Participants. If Reclamation determines that additional project management expenses are required, the participants agree to reduce their grant awards using the same formula agreed to in this Article. At the time of execution of the Reclamation funding agreement, Reclamation obligated \$298,500.00 as the total estimated funding award available. Finally, agencies not currently identified in **Exhibit 1** or **Exhibit 3** may be added to this Agreement as a Participant after executing it, 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 by the performance of 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 \$5,760. Project management activities include development of project agreements, project guidance, project meetings, and semi-annual reporting, preparation and submittal of interment and final project reports as required by the Reclamation funding agreement. The management fees will be collected based on relative total grant benefit per Participant as outlined in **Exhibit 3** and are embedded in each agency's Direct Local Match Requirement. 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 two Project Participants to fund Project costs. Upon execution of this Agreement, each Participant will make payments to cover the first match and future payments in accordance with the amounts and schedule outlined in **Exhibit 3**.

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. Any notice to be given under this Agreement may be made by: (a) depositing in any United States Post Office, postage prepaid, and shall be deemed received at the expiration of 72 hours after its deposit; (b) transmission by facsimile copy; (c) transmission by electronic mail; or (d) personal delivery. This Agreement shall be governed by the laws of the State of California. This Agreement may be executed by the parties in counterpart, each of which when executed and delivered shall be an original and all of which together will constitute one and the same document.

The foregoing Sacramento Regional Indoor Efficiency Retrofit Project Agreement is hereby consented to and authorized by RWA and the Participants.

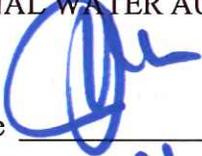
PARTICIPANT

Signature _____

Date _____

Bill Busath
General Manager
City of Sacramento

REGIONAL WATER AUTHORITY

Signature  _____

Date 3/27/15 _____

John Woodling
Executive Director
Regional Water Authority

EXHIBIT 1

REGIONAL WATER AUTHORITY

CALFED SACRAMENTO REGIONAL INDOOR EFFICIENCY RETROFIT PROJECT

PROJECT PARTICIPANTS

Agency

City of Sacramento

Placer County Water Agency

Sacramento Suburban Water District

EXHIBIT 2

REGIONAL WATER AUTHORITY

CALFED SACRAMENTO REGIONAL INDOOR EFFICIENCY RETROFIT PROJECT

CALFED FUNDING AGREEMENT STATEMENT OF WORK

EXHIBIT 3

REGIONAL WATER AUTHORITY

CALFED SACRAMENTO REGIONAL INDOOR EFFICIENCY RETROFIT PROJECT

GRANT PROJECT

ESTIMATED BENEFITS

Agency	Direct Local Match Requirement	RWA Project Management Fee (included in Direct Local Match)	1 st Match Payment Due: May 1, 2015	2 nd Match Payment Due: August 1, 2015	Estimated Grant Funding*
Sacramento	\$160,000	\$3,072	\$80,000	\$80,000	\$159,200
PCWA	\$65,000	\$1,248	\$32,500	\$32,500	\$64,675
SSWD	\$75,000	\$1,440	\$37,500	\$37,500	\$74,625
Total	\$300,000	\$5,760	\$150,000	\$150,000	\$298,500

*This amount subtracts out \$1,500 for environmental review shared between Participants based on total project budgets (match and grant funding) of individual Participants.

