



BOARD MEMORANDUM

DATE: August 16, 2022

TO: Board of Directors

FROM: Matthew S. Dickens, MPA *MSD*
Sustainability Manager

SUBJECT: Approve Adoption of a Resolution Authorizing the General Manager to Apply for Grant Funding Under the WaterSmart Water Energy Efficiency Grant Program and Execute a Grant Agreement with the Federal Bureau of Reclamation

SUMMARY

Consistent with Board direction to pursue grant opportunities, on July 28, 2022, staff applied for the Bureau of Reclamation's WaterSMART (Sustain and Manage America's Resources for Tomorrow) Water Energy Efficiency Grant Program to fund \$2,000,000.00 of the Agency's Water Efficiency Programs (WEP). Grant application procedures require that SCV Water Board of Directors adopt a resolution authorizing the General Manager to apply for the grant, execute a grant agreement, and commit to providing a funding match as identified in the grant application (\$2,000,000).

DISCUSSION

To promote the beneficial uses of water, SCV Water, and the Santa Clarita Valley's legacy water providers, have made significant investments in water conservation and water use efficiency. While significant water savings have been achieved via these investments and programs, ample water conservation opportunities persist, and water conservation and water use efficiency remain a cost-effective approach to water resources management. Additionally, though the Agency successfully achieved the water conservation goals proscribed in SBx7-7 (20% Reduction in Gallons per Capita Day (GPCD) by 2020), urban water suppliers in California will be required to maintain the annual Urban Water Use Objectives (UWUO) identified in AB 1668 and SB 606 beginning in 2024. The UWUOs include residential indoor and outdoor efficient water use standards, efficient commercial irrigation standards, annual water loss standards, and implementation of commercial best practices.

In 2015, the Valley's legacy water service providers developed the Water Use Efficiency Strategic Plan (SCV WUE SP) which included both strategies and operating goals critical to achieving water use reductions consistent with SBx7-7. SCV Water and surpassed the 20% GPCD reduction target by conserving ~24% compared to its baseline GPCD. Anticipating SBx7-7's sunset in 2020, the California State Legislature adopted AB 1668 and SB 606 which provided the framework for future water conservation compliance requirements, though implementation details and methodologies are still in development. With that, SCV Water staff developed an interim strategy which builds upon the conservation gains achieved by the community and plans to update the SCV WUE SP pursuant to finalization of the new standards.

However, based on the known components of the long-term framework, SCV Water staff recognizes that every gallon conserved during the interim period and in the inaugural stages of AB 1668 and SB 606 will help the Agency meet both the UWUOs and stretch supplies during periods of drought.

In support of the Agency's conservation efforts, staff conducted a scan for alternative sources of funding and identified opportunity. The Federal Bureau of Reclamation (BOR) issued a notification of availability of funding under the WaterSMART Water Energy Efficiency Grant Program (WEEG) Funding Group II. Eligible projects under the Grant Program include the programs and activities identified by SCV Water including the Agency's US EPA WaterSense Excellence Award (2020 & 2021) winning Multifamily Apartment Program (MFAP), its recently updated Lawn Replacement Program (LRP), and the expanded Irrigation Efficiency Program (IEP). Conservation savings resulting from WEP implementation is estimated at 579.53 Acre-Feet per Year with a lifetime savings of 4,389 Acre-Feet. A full description of the WEP programs is included in the attachments

FINANCIAL CONSIDERATIONS

Funding for WEP is included in the Fiscal Year 2022/2023 and staff anticipates continued program funding for Fiscal Years 2023/2024 and 2024/2025 Operating Budgets. However, depending on program demand and/or program saturation, current and future budgets may need to be adjusted to accommodate this project and the grant funding period.

STRATEGIC PLAN OBJECTIVE(S)

Goal C. Water Supply and Resource Sustainability: Implement programs to ensure the service area has reliable and sustainable supplies of water.

Strategy C.4 Advance demand management and achieve State mandated water use efficiency targets.

- C.4.1 Continue to implement and assess programs identified in the updated Santa Clarita Valley Water Use Efficiency Strategic Plan (SCV WUE SP)
- C.4.2 Support local and statewide regulations consistent with the goals of the Water Use Efficiency Strategic Plan
- C.4.5 Reevaluate and prioritize outreach targets and methods to maximize rebates and incentive benefits to encourage additional conservation
- C.4.6 Develop equitable conservation/demand management programs to meet current and upcoming regulatory measures
- C.4.9 Promote drought tolerant and water efficient landscapes out into the community
- C.4.10 Communicate with customers the message that "conservation is a way of life"

RECOMMENDATION

The Water Resources and Watershed Committee recommends the Board of Directors authorize (1) a resolution authorizing the General Manager to apply for funding under the Bureau of

Reclamation's WaterSMART Water Energy Efficiency Grant Program; (2) execute a grant agreement and (3) commit to providing up to \$2,000,000 dollars in matching funds.

Attachment

RESOLUTION NO.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARITA VALLEY WATER AGENCY AUTHORIZING AN APPLICATION FOR GRANT FUNDING UNDER THE BUREAU OF RECLAMATION'S FY2023 WATERSMART WATER ENERGY EFFICIENCY GRANT PROGRAM FOR THE AGENCY'S WATER EFFICIENCY PROGRAM

WHEREAS, the Santa Clarita Valley Water Agency (Agency) provides potable water for the businesses and residents in its service area and offers customers a wide range of conservation and water use efficiency; and

WHEREAS, the Agency, in alignment with the Santa Clarita Valley Water Use Efficiency Plan, has implemented water conservation programs including the Residential, Commercial, Industrial and Institutional Lawn Replacement Programs, incentives for Irrigation Efficiency Improvements, and its Multifamily Apartment Retrofit Program (for which the Agency received EPA WaterSense Excellence Awards in 2020 and 2021) (collectively, Water Efficiency Program); and

WHEREAS, savings achieved through the Agency's water conservation programs decrease its aggregate energy consumption and greenhouse gas emissions resulting from decreases in treatment, pumping, and distribution, and

WHEREAS, there is potential opportunity to increase participation in the Agency's Water Efficiency Program, promote conservation, reduce energy consumption and greenhouse gas emissions; and

WHEREAS, water conservation, whether achieved through water use efficiency improvements, landscape transformation, technological enhancements, and/or education is a cost-effective demand management best practice which improves local supply reliability and water affordability, and significant water saving opportunities remain; and

WHEREAS, The United States Department of the Interior offers financial assistance in the form of grant funding through its Bureau of Reclamation's WaterSMART (Sustain and Manage America's Resources for Tomorrow) Water Energy Efficiency Grant Program (WEEG) for this type of project. The WaterSMART WEEG program provides three levels of grant funding up to a maximum grant amount of \$5,000,000; and

WHEREAS, the Agency desires to fund part of the cost of the Water Efficiency Program with grant funding from the WaterSMART WEEG program at the \$2,000,000 funding level for projects to be completed within 3 years of grant award.

NOW, THEREFORE BE IT RESOLVED, the Board of Directors of the Santa Clarita Valley Water Agency hereby finds, determines, declares, and resolves as follows:

1. The Board hereby supports a grant application to the WaterSMART WEEG Program for the Water Efficiency Program.

2. The Board hereby authorizes and directs the General Manager, or his or her designee, to complete, review, sign and submit, for and on behalf of the Agency, a grant application to the Bureau of Reclamation's WaterSMART WEEG Program for the Water Efficiency Program up to the amount of \$2,000,000.
3. The General Manager, or his or her designee, is authorized and designated to provide the assurances, certifications, and commitments required for the grant application, including executing a financial assistance or similar agreement with the Bureau of Reclamation within established deadlines and any amendments or changes thereto.
4. The General Manager, or his or her designee, is authorized and designated to represent the Agency in carrying out the Agency's responsibilities under any grant future agreement, including certifying disbursement requests on behalf of the Agency and compliance with applicable state and federal laws.
5. If a grant award is made to the Agency by the Bureau of Reclamation, the Agency commits, pending Board compliance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) and approval of the Water Efficiency Program, to providing a minimum of 100% in matching funds (\$2,000,000) for the Water Efficiency Program, and up to the balance of funds needed to complete the Water Efficiency Program Project.
6. This Resolution shall take effect immediately.