

### Environment Committee

Meeting date: September 22, 2015

For the Metropolitan Council meeting of September 23, 2015

<b>Subject:</b> Approval of Clean Water, Land, & Legacy Water Efficiency Grant Program Design and Guidelines
--

#### Proposed Action

That the Metropolitan Council approve the Clean Water, Land, & Legacy Water Efficiency Grant Program design and guidelines.

#### Summary of Committee Discussion/Questions

A question was raised regarding administrative costs to the communities for a program of this type. Staff stated all administrative costs are the responsibility of the community chosen for the program. Additionally, an inquiry was made regarding the level of interest in the program. Many cities who participated in a public meeting on Friday, September 11, or contacted by phone call or email indicated they are interested in the program. Feedback from the informational meeting assisted staff in finalizing the guidelines of the program. When the program was proposed to the legislature, staff was aware of the water savings from each of the individual measures proposed. The reporting will include mechanisms for communities to report back how much water savings was achieved. The cap of the funding available is \$50,000 per community.

**Motion to approve the amended proposed action above was made, seconded, and passed unanimously.**

**Environment Committee**

Meeting date: September 22, 2015

For the Metropolitan Council meeting of September 23, 2015

**Subject:** Approval of Clean Water, Land, & Legacy Water Efficiency Grant Program Design and Guidelines  
**District(s), Member(s):** All  
**Policy/Legal Reference:** MN Statute Section 114D.50 (appropriation in MN 2015 Session Law Ch. 2, Art. 2, Sec. 9; and Council Policy 3-3-1 (Grant/Loan approval)  
**Staff Prepared/Presented:** Brian Davis, 651-602-1519  
**Division/Department:** MCES c/o Leisa Thompson, 651-602-8101

**Proposed Action**

That the Metropolitan Council approve the Clean Water, Land, & Legacy Water Efficiency Grant Program design and guidelines.

**Background**

The 2015 Minnesota Legislature, through Clean Water, Land, & Legacy appropriations, approved \$250,000 the first year and \$250,000 the second for the provision of a water efficiency grant program to encourage water demand reduction measures by municipalities in the metropolitan area. This appropriation is available until expended. Promoted by Metro Cities and held at the League of Minnesota Cities, an informational meeting was convened Friday, September 11, 2015 to review the program design and guidelines with potential program participants.

Interest in the program was expressed by participants, along with suggestions for design and process improvements. To the extent possible, those suggestions have been incorporated into the grant program design and guidelines as can be found in Attachment A.

**Rationale**

The expected reduction in water demand will benefit the metropolitan area by working toward ensuring reliability and protection of drinking water supplies. Should this program meet staff expectations, additional funding will be sought to expand the program.

**Funding**

The \$500,000 appropriation comes from the Clean Water, Land, & Legacy funding approved in the 2015 Minnesota Legislature.

**Known Support / Opposition**

Metro Cities, the Clean Water Council, and the attendees at the informational meeting supported the program design and expressed interest in participating, and their requested modifications have been incorporated.

# Metropolitan Council

## Water Efficiency Grant Program



### *Overview*

The Metropolitan Council (Council) will implement a water efficiency grant program effective September 30, 2015 to June 30, 2017. Grants will be awarded on a competitive basis to municipalities that manage municipal water systems. The Council will provide 75% of the program cost; the municipality must provide the remaining 25%. Grants will be made available in amounts with a minimum of \$2,000 and a maximum of \$50,000. Grantees will be required to provide estimated water savings achieved through this program for Clean Water Land & Legacy Amendment reporting purposes.

### **Legislative Directive**

Minnesota 2015 Session Law Ch. 2, Art. 2, Sec. 9:

\$250,000 the first year and \$250,000 the second year are for the water demand reduction grant program to encourage implementation of water demand reduction measures by municipalities in the metropolitan area to ensure the reliability and protection of drinking water supplies.

### *Grant Program Goal*

The goal of the water efficiency grant program is to support technical and behavioral changes that improve municipal water use efficiency in the seven-county metropolitan area.

### **Critical Points to Remember**

- The applying municipality must be a water supplier
- New construction and new developments are not eligible
- Funds are for rebates or grants only; consulting and city staff time are ineligible
- Grant funds for a municipality's rebate or grant program do not cover 100% of the program cost
- Grant recipients must display the Clean Water, Land and Legacy Amendment logo and the Metropolitan Council logo

### *Grant Program Structure*

### **Administration and Funding**

The water conservation grant program will be administered by the Metropolitan Council Environmental Services (MCES) and will be funded with \$500,000 appropriated by the 2015 Minnesota Legislature in Clean Water Funds for FY 2015-2016. Grant applications will be reviewed and ranked by the MCES Water Supply Planning Unit staff.

Grants are only for water demand reduction programs offering rebates or grants to property owners who are customers of the municipal water supply system and who replace specified water using devices with devices that use substantially less water.

Grants will be awarded to municipalities in amounts ranging from \$2,000 to \$50,000 for providing rebates or grants to property owners. Municipalities will be responsible for the design of their rebate or grant program and its details. Grant payments to the municipality will be for 75% of approved rebate or grant program amounts. The municipality must provide the remaining 25% of the program cost. Rebates or grants are eligible for reimbursement on device replacements conducted September 30, 2015 through June 30, 2017.

**Please note:** municipalities may choose the amount of the rebate or grant to apply to any specified water device, up to and including 100% of eligible costs for the device replacements.

### *Eligibility*

Per legislative language, the grant program is limited to municipalities in the seven-county metropolitan area.

Communities eligible per above must apply to participate and, if approved, sign a standard Council grant agreement, before any eligible rebates or grants can be submitted for reimbursement.

Agreements shall require that communities:

- Entirely pass through grants received (as is being done by MCES).
- Sign certification of work done to receive grants.
- Retain records, and cooperate with any audit.
- Do all communications with property owners and ensure all written communications to property owners include both the Clean Water, Land and Legacy Amendment and the Metropolitan Council's logo.
- Agree to provide quantitative information for state reporting purposes.

Eligible water demand reduction measures:

- Toilet replacement with a US EPA WaterSense labeled toilet
- Clothes washing machine replacement with an Energy Star qualified clothes washing machine
- Irrigation system audits by a WaterSense audit-certified professional that result in an irrigation system Controller *Replacements* with a WaterSense labeled controller, replacement of broken or inefficient sprinkler heads

Expenses eligible for rebate are the out-of-pocket cost of the device and its installation only, not to include any owner labor costs. In addition, new construction and new developments are ineligible, as this program is intended as a current infrastructure replacement program.

### *Application Process*

- Applicants must be municipal water suppliers.
- Municipalities will submit MCES supplied application form by November 30, 2015. Required information will include:
  - the municipality's rebate or grant program design and work plan (Template Provided)
  - examples or proposed examples of communications to property owners
  - requested total grant amount
  - estimated annual amount of water saved by the applying municipality.
- Metropolitan Council will notify municipalities of grant awards and provide agreements by December 31, 2015.

## *Proposal Selection Criteria*

Preference will be given to:

- Municipalities where total per capita water use is greater than 90 gallons per capita per day (gpcd) or residential per capita water use is greater than 75 gpcd (based on 2013 water data reported to the DNR)
- Municipalities that are supplied 100% with groundwater
- Municipalities with identified water supply issues in the Master Water Supply Plan Community Profiles (including location within the DNR North & East Metro Groundwater Management Area)
- Municipalities with a high ratio of peak monthly water use to winter monthly water use (based on 2013 water data reported to the DNR)
- The order in which applications are received and until grant funds are completely committed.

## *Funding Process and Reporting Requirements*

- Utilizing forms provided by MCES, the following information must be reported on a quarterly basis:
  - Number, type and amount of rebates or grants provided to property owners, along with each property address
  - Estimated annual gallons of water saved per installation
  - Municipality matching funds disbursed and encumbered for disbursement
  - Number of unmet funding requests from property owners
- Upon review and confirmation of the above information, MCES will process a grant payment in the amount of 75% of approved total rebates or grants for the reporting period.
- MCES will provide confirmation of grant balances available upon request and reserves the right to amend grant agreements, in collaboration with grantee municipality, if quarterly reporting indicates rebate or grant programs will not fully utilize grant awards within the grant period.

## *Qualified Activities*

- Toilet Replacements  
[http://www.epa.gov/WaterSense/product\\_search.html](http://www.epa.gov/WaterSense/product_search.html)
- Residential Clothes Washing Machine Replacements  
<http://www.energystar.gov/productfinder/product/certified-clothes-washers/results>
- Irrigation System Audits that result in Irrigation System Controller Replacements  
[http://www.epa.gov/watersense/outdoor/cert\\_programs.html](http://www.epa.gov/watersense/outdoor/cert_programs.html)  
[http://www.epa.gov/WaterSense/product\\_search.html](http://www.epa.gov/WaterSense/product_search.html)
- Irrigation System Controller Replacements only  
[http://www.epa.gov/WaterSense/product\\_search.html](http://www.epa.gov/WaterSense/product_search.html)

## **Reporting and Rebate Examples**

**Municipality ABC**

Property Address	Property Type	Water Device Replaced	#	Rebate or Grant per device	Total Rebate or Grant	Municipality Contribution	Eligible Grant Amount	Est Annual Water Saved (Gal)
2828 Service Rd, 55035	Residential	Toilet	2	\$50.00	\$100.00	\$25.00	\$75.00	250
		Clothes Washer	1	\$125.00	\$125.00	\$31.25	\$93.75	325
1658 Rockford Rd, 55034	Residential	Toilet	1	\$50.00	\$50.00	\$12.50	\$37.50	250
		Clothes Washer	1	\$125.00	\$125.00	\$31.25	\$93.75	325
		Irrigation Control	2	\$200.00	\$400.00	\$100.00	\$300.00	1575
52 Pennington Ave, 55035	Commercial	Toilet	4	\$50.00	\$200.00	\$50.00	\$150.00	500
<b>Totals</b>					<b>\$1,000.00</b>	<b>\$250.00</b>	<b>\$750.00</b>	<b>3225</b>

**Municipality XYZ**

Property Address	Property Type	Water Device Replaced	#	Rebate or Grant per device	Total Rebate or Grant	Municipality Contribution	Eligible Grant Amount	Est Annual Water Saved (Gal)
2828 Service Rd, 55035	Residential	Toilet	2	Full cost*	\$750.00	\$187.50	\$562.50	250
		Clothes Washer	1	Full cost*	\$1,650.00	\$412.50	\$1,237.50	325
1658 Rockford Rd, 55034	Residential	Toilet	1	Full cost*	\$375.00	\$93.75	\$281.25	250
		Clothes Washer	1	Full cost*	\$1,275.00	\$318.75	\$956.25	325
		Irrigation Control	2	Full cost*	\$1,875.00	\$468.75	\$1,406.25	1575
52 Pennington Ave, 55035	Commercial	Toilet	4	Full cost*	\$1,700.00	\$425.00	\$1,275.00	500
<b>Totals</b>					<b>\$7,625.00</b>	<b>\$1,906.25</b>	<b>\$5,718.75</b>	<b>3225</b>

\* Full cost as eligible