

**Environment Committee**

Meeting date: July 9, 2019

For the Metropolitan Council meeting of July 10, 2019

**Subject:** 2019-2020 Water Efficiency Grant Program  
**District(s), Member(s):** All  
**Policy/Legal Reference:** Metropolitan Area water Supply Planning Activities (Minnesota Statute 473.1565), Minnesota 2019 Session Law Clean Water Appropriation  
**Staff Prepared/Presented:** Brian Davis, 651-602-1519; Ali Elhassan, 651-602-1066  
**Division/Department:** MCES c/o Leisa Thompson, 651-602-8101

**Proposed Action**

That the Metropolitan Council approves the process for 2020 - 2021 water efficiency grants described in Attachment A and authorizes staff to advertise the availability of grant funding and solicit applications for the 2019 grants.

**Background**

One important factor to improve water supply management practices is to reduce water use in communities through implementation of water efficiency measures. There is a need to provide financial assistance to incentivize communities to implement approved water demand reduction measures to reduce reliance on groundwater which will help prevent groundwater degradation in the region.

**Rationale**

In fiscal year 2020 and fiscal year 2021, the Metropolitan Council was appropriated \$750,000 from the Clean Water Fund to award grants to communities in the metro area to implement water use reduction measures that increase water efficiency, both indoors and outdoors to ensure the reliability and protection of drinking water supplies. Grants will range from \$2,000 to \$50,000 to Communities to support the purchase and installation of products that reduce water use, such as EPA WaterSense-labeled toilets, Energy Star-rated washing machines, WaterSense-labeled smart irrigation controllers, irrigation audits and repairs. Grants are providing 75% of the program cost; each municipality provides the remaining 25%.

**Thrive Lens Analysis**

This action supports the Thrive MSP 2040 Stewardship and Sustainability outcomes, the water sustainability goal of the Water Resources Policy Plan and the water conservation strategies of the Master Water Supply Plan.

**Funding**

This action will be funded with a \$750,000 appropriation from the Clean Water Fund as pass-through grants to communities in the Metro region.

**Known Support / Opposition**

No known opposition.

Support: Metro Area Water Supply Advisory Committee (MAWSAC) and Technical Advisory Committee (TAC).



# Metropolitan Council

## Water Efficiency Grant Program



### *Overview*

The Metropolitan Council (Council) will implement a water efficiency grant program effective September 30, 2019 to June 30, 2022. 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%. Municipalities will use the combined Council and municipality funds to run their own grant or rebate programs.

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 2019 Session Law**

\$375,000 the first year and \$375,000 the second year are for the water demand reduction grant program to encourage municipalities in the metropolitan area to implement measures to reduce water demand to ensure the reliability and protection of drinking water supplies. Fiscal year 2020 appropriations are available until June 30, 2021, and fiscal year 2021 appropriations are available until June 30, 2022.

### *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
- Combined Council and municipality funds cannot pay for 100% of an eligible activity's cost
- A portion of each eligible activity's cost must be paid by the property owner
- Grant recipients must display the Clean Water, Land and Legacy Amendment logo and the Metropolitan Council logo on program-related web pages and paper communications

### *Grant Program Structure: Administration and Funding*

The Water Efficiency Grant Program will be administered by Metropolitan Council Environmental Services (MCES) and will be funded with \$750,000 appropriated by the 2019 Minnesota Legislature. Grant applications will be reviewed and ranked by the MCES Water Supply Planning Unit staff.

Grants are only for water efficiency 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 approved 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 and operation of their rebate or grant program and its details. Grant payments to the municipality will be for 75% of approved program amounts. The municipality must provide the remaining 25% of the program cost. Municipality rebates or grants are eligible for reimbursement on device replacements conducted September 30, 2019 through June 30, 2022.

## *Eligibility*

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

Municipalities 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 municipalities:

- Entirely pass through grants received (as is being done by MCES)
- Verify purchase of devices to receive grants
- Retain records and cooperate with any audits
- Conduct 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
- Provide quantitative information for state reporting purposes

Eligible water efficiency devices consist of the following:

- Toilet replacement with a US EPA WaterSense labeled toilet
- Irrigation controller replacement with a US EPA WaterSense labeled controller
- Clothes washing machine replacement with an US DOE Energy Star labeled clothes washing machine
- Irrigation spray sprinkler body replacement with a US EPA WaterSense labeled spray sprinkler body
- Irrigation system audit by an Irrigation Professional certified by a US EPA WaterSense program

Expenses eligible for reimbursement 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 September 30, 2019. Required information includes:
  - the municipality's rebate or grant program design and work plan
  - proposed examples of communications to property owners
  - requested total grant amount
  - estimated annual amount of water saved by the applying municipality
- Application form is available at: <https://metrocouncil.org/Wastewater-Water/Funding-Finance/Available-Funding-Grants.aspx>

- Submit completed application to: [brian.davis@metc.state.mn.us](mailto:brian.davis@metc.state.mn.us)
- Metropolitan Council will notify municipalities of grant awards and provide grant agreements by December 2, 2019.

### *Proposal Selection Criteria*

In the event that funds requested exceed funds available, the following criteria will be used to determine the amount granted to a given municipality:

- Municipalities that are supplied 100% with groundwater
- Municipalities with identified water supply issues in Master Water Supply Plan Community Profiles or Local Water Supply Plans
- Municipalities' ratio of peak monthly water use to winter monthly water use
- Municipalities' average residential per capita water use
- 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 device installation
  - Municipality matching funds disbursed
  - Number of unmet funding requests from property owners, if any
- 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 replacement with a US EPA WaterSense labeled toilet:  
[http://www.epa.gov/WaterSense/product\\_search.html](http://www.epa.gov/WaterSense/product_search.html)
- Irrigation controller replacement with a US EPA WaterSense labeled controller:  
<https://www.epa.gov/watersense/product-search>
- Clothes washing machine replacement with an US DOE Energy Star labeled clothes washing machine:  
<https://www.energystar.gov/productfinder/product/certified-clothes-washers/results>
- Irrigation spray sprinkler body replacement with a US EPA WaterSense labeled spray sprinkler body  
<https://www.epa.gov/watersense/product-search>
- Irrigation system audit by an Irrigation Professionals certified by a US EPA WaterSense program  
<https://www.epa.gov/watersense/find-pro>