

3.1 Cost-Share Program

Applicability

This best management practice is intended for wholesale water providers with customers that would like to implement a conservation measure, but need additional funding to make it cost-effective.

Description

A wholesale cost-share program provides matching funds to water users (wholesale customers or end-users) in order to help offset the cost of water efficiency projects and programs. Cost-share programs allow end-users and/or wholesale customers to identify conservation options specifically tailored to their needs and receive assistance for implementation. Cost-share programs typically receive and approve proposals on a periodic basis (annually or bi-annually) for water efficiency measures that result in concrete water savings.

Examples of areas where a cost-share program could provide funding include, but are not limited to the following:

1. Water loss reduction efforts
2. Recycling and water reuse projects that replace potable or raw water use with condensate or reclaimed water
3. Demand-side conservation programs with proven water savings
4. Encouraging the retrofit of existing landscape irrigation systems to more efficient systems using soil moisture sensors or other technologies

All projects need to be approved prior to commencement and a goal amount of water saved would be required.

Implementation

When establishing the program, the following items should be considered:

1. Timeframe
 - a. How often will proposals be reviewed and awarded?
 - b. When will funds be awarded? (up-front, at project completion, on an annual basis)
2. Program funding
 - a. Will there be a cap on the dollar amount of funding awarded per proposal?
 - b. Will there be a cap on the percentage of funding awarded (i.e. no more than 50 percent of the proposal cost)?
 - c. Will there be a dollar value awarded per acre-foot of water saved?
3. Project approval
 - a. Who will review the proposals?
 - b. Who will have final approval on which proposals are awarded?

4. Tracking
 - a. How often will progress reports be required (at project completion, quarterly, etc.)?
 - b. Will there be any additional reporting requirements at or after project completion?

Once the basic program elements have been developed, the information will be incorporated into an application that can be made available to potential participants.

The wholesale water provider will need to develop a set of evaluation criteria to score the project proposals. Proposals would typically be awarded based on a combination of factors that could include the following:

1. Project goals and objectives
2. Cost-effectiveness
3. Life expectancy of water savings
4. Ancillary benefits such as environmental, community, regional impacts
5. Amount of funding requested
6. Quality and detail of project planning
7. Past performance and/or previous participation
8. Innovation

To facilitate the evaluation of proposals, the majority of the scoring elements should be reflected in the application requirements.

Scope and Schedule

1. Wholesale water provider develops program (sets funding amount, timeline, requirements), application, scoring criteria, and other necessary items.
2. Wholesale water provider markets the program to its customers and other potential participants.
3. Wholesale water provider collects and reviews proposals and recommends awards.

Measuring Implementation and Determining Water Savings

Water savings will vary between projects.

Cost-Effectiveness Considerations

1. Depending on the frequency and amount of proposals received, 0.25 full time equivalent staff needed for a mid-large size wholesale water provider.
2. The majority of the cost for the program will be the actual cost-share funding awarded.
3. Consider setting a limit on the cost-per-acre-foot match of funding (i.e. will not provide funding for a 50 percent cost share or \$200 per acre-foot saved over the lifetime of the project, the less of the two)

Determination of the Impact on Other Resources

This best management practice could incorporate additional criteria that targets or encourages developing projects with an energy savings, water quality, or other resource benefit.

References for Additional Information

- Edwards Aquifer Authority Conservation Grant Program
- South Florida Water Management District Water Savings Incentive Program

Acknowledgments

- Edwards Aquifer Authority
- Sabine River Authority
- South Florida Water Management District
- Lower Colorado River Authority