

# Water Upgrades \$ave Program Manual

2020 Version

Exhibit E

DRAFT

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## 1. Welcome

Welcome to the BayREN program, Water Upgrades \$ave.

This Program Manual is a living document that summarizes the protocols and requirements for Water Upgrades \$ave (Program). The Program is a regional on-water-bill efficiency program implemented by the Sonoma County Regional Climate Protection Authority (RCPA), Bay Area Regional Energy Network (BayREN),<sup>1</sup> the Association of Bay Area Governments (ABAG), and Bay Area local governments and their water utilities. The intent of this Program Manual is to help partners focus on key issues, tasks, and procedures required to operate the Program throughout the Bay Area region. This Program Manual has been developed by BayREN and RCPA.

Note: Throughout this document the term *BayREN Team* refers to the three program partners: ABAG, BayREN, and RCPA. Where a specific partner holds sole responsibility, its name is provided.

BayREN's administration of Water Upgrades \$ave is funded by California rate payers under the auspices of the California Public Utilities Commission (CPUC). Existing Program initiatives have been operating since October 2012, including programs or pilots in the Town of Windsor, City of Hayward, and East Bay Municipal Utility District.<sup>2</sup> Funding for on-water-bill projects facilitated by the Program, including project installation, contractor oversight, and repair of installed Improvements, is provided by ABAG and repaid by Program Participants through a utility-authorized charge on the Participant's water bill for a cost-recovery period agreed to by the Participant.

As Program initiatives are ongoing, this document will continue to be updated based on input from various internal and external parties, including the RCPA Water Upgrades \$ave Design Team, BayREN and Program Partners, and third-party evaluators.

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<sup>1</sup> The Bay Area Regional Energy Network ([www.bayren.org](http://www.bayren.org)) is a joint effort of the Association of Bay Area Governments and the nine Bay Area counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma.

<sup>2</sup> These programs and pilots have been based on the Pay As You Save<sup>®</sup> tariffed on-bill program model. PAYS<sup>®</sup> and Pay As You Save<sup>®</sup> are registered trademarks of the Energy Efficiency Institute (EEI), Inc., Colchester, VT.

## 2. About the Program

### 2.1 Objectives and Goals

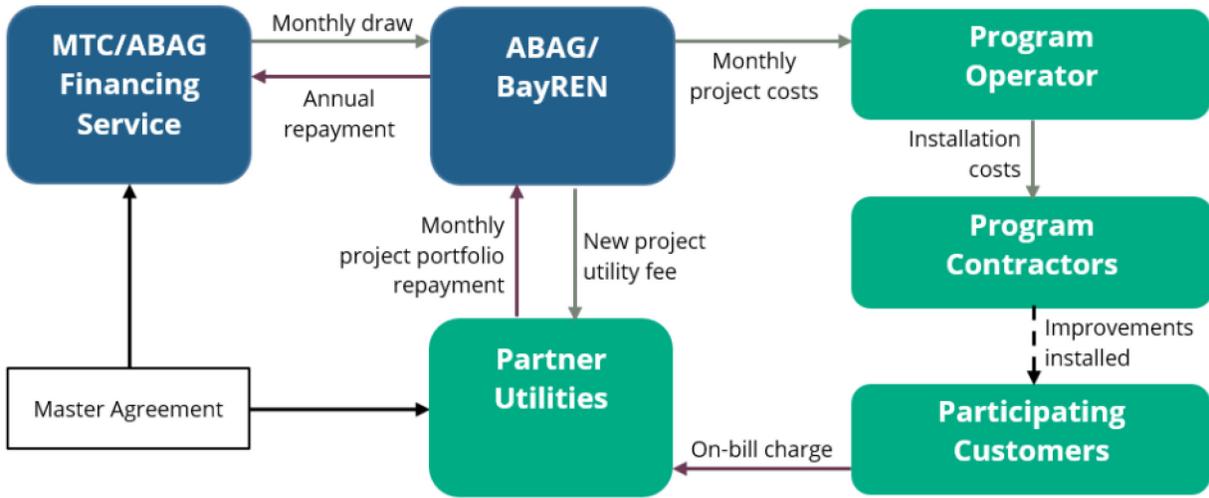
Water Upgrades \$ave (Program) is a collaboration of BayREN, ABAG, and Bay Area municipal water utilities to address California's mounting water supply and climate adaptation challenges. The Program provides participating municipal water utilities (Partner Utilities) a way to offer their customers a simple path to installing water efficiency upgrades with no up-front costs. Participating customers pay for Improvements through a monthly charge on the water utility bill, or On-Bill Charge, at the improved location, with the assurance that bill savings exceed the On-Bill Charge. The Program:

1. Is intended to facilitate wide-spread adoption of water efficiency Improvements to decrease per-capita demand on water supplies without strict reliance on rebates. Similar on-bill programs have allowed utilities to reach 4 percent of their customers in 2-3 years.
2. Offers a self-funding initiative to expand ABAG's capacity to serve local governments, using BayREN funds to launch and expand the Program and project On-Bill Charges to support its operation.
3. Delivers water and energy savings on the customer side of the meters and energy indirectly through reduced water use (i.e., the water-energy nexus).
4. Compliments existing water and energy efficiency programs and serves local difficult-to-serve communities including low and moderate income, multifamily, and commercial rental properties.

### 2.2 Program Structure

As currently proposed, Water Upgrades \$ave will benefit from BayREN's existing resources and experience with multi-party program delivery. ABAG oversees the Program through BayREN and facilitates access to capital, engaging with the bond market when necessary. BayREN's Program Lead, RCPA, will contract with a Program Operator who will manage the daily operation of the Program on behalf of participating local governments and their water utilities. Partner Utilities opting into the Program support targeted marketing to their customers using materials developed by the Program and leverage their billing systems to collect On-Bill Charges at participating properties.

**Figure 2-1: Program Structure**



The Program has set goals for growth over the next five years, shown below in Table 2-1. If one or more larger water utilities signs up for the program, fewer utilities would be needed to dramatically increase Program performance. The program partners are committed to expanding services to as many single and multifamily building customers as possible.

**Table 2-1: Years 1-5 Enrollment Targets**

Year of Operation	Total # of Participating Utilities	# of Residential Units/Year
Year 1	2	400 SF; 120 MF
Year 2	5 (3 new)	1,000 SF; 300 MF
Year 3	8 (4 new)	1,600 SF; 480 MF
Year 4	12 (4 new)	2,400 SF; 720 MF
Year 5	16 (4 new)	3,200 SF; 960 MF
<b>Total</b>	<b>16</b>	<b>8,600 SF; 2,580 MF</b>

### 2.3 Program Funding

The BayREN Team has secured funding from the CPUC through an application by ABAG on behalf of BayREN to support program development, launch, and refinement. Expansion of the Program to include additional Partner Utilities is funded by the CPUC through 2025.

The Program financing service uses ABAG-secured capital to facilitate utility investment for public benefit, leveraging utility rate-setting authorities to recover their investments. ABAG pays

for services rendered (i.e., installation of water efficiency improvements at meter location) to participating customers who join the utility’s portfolio of Program projects.

Costs for approved projects facilitated by the Program will be repaid by Program Participants through a utility-authorized charge on the Participant’s water bill for a cost-recovery period agreed to by the Participant. Partner Utilities agree to repay ABAG for its investment in approved projects regardless of collections from Participants. The utility-authorized charge will also include fees required for the administration of the Program as established by ABAG and the Partner Utility and detailed below in Section 3 – General Terms and Conditions, Program Fees.

## 2.4 Program Benefits

The Program, based on BayREN PAYS<sup>®</sup> Pilots with the Town of Windsor, City of Hayward, and East Bay Municipal Utility District (EBMUD), helps Partner Utilities overcome common challenges to customers’ adoption of efficiency by providing:

1. **Access to Capital** — The Program provides low-cost capital to deliver services at scale to the utilities’ customers.
2. **Efficient Delivery of Services** — Centralized Program administration and operation allows Bay Area communities to benefit from water efficiency without Partner Utilities having to grow staff.

In addition, the Program offers:

- Enhanced and inclusive utility service to all customers, including local difficult to serve customers.
- An easy path for residents and businesses to make their properties more efficient and meet code requirements.
- The opportunity to help Participants lower their utility bills, which in turn reduces risk of non-payment.
- The option for the Partner Utility to include a fixed On-Bill Charge for Partner Utility cost recovery.
- Support to customers with an alternative tool for water efficiency without strict reliance on rebates.

## 2.5 Participation Benefits

The Program helps local governments, residents, and businesses pursue property Improvements required by code changes, time-of-sale requirements, and water-use regulations. It allows water utility customers to install eligible Improvements with:

- No up-front payment, new debt obligation, or liens.

- Estimated savings of at least \$1.25 in utility costs for every \$1.00 of the Participant's On-Bill Charge.
- Repayment required only while they are a utility customer at the project location.
- A guarantee that Improvements that fail through no fault of the customer are repaired or the On-Bill Charge is terminated.

## 2.6 Overview of Program Roles

Multiple parties will perform coordinated roles to facilitate projects that produce enough customer bill savings to cover the costs of installation, financing, and Program management and leave customers with net savings of at least 25 percent of the utility charges each year.

1. **BayREN Team (including ABAG and RCPA):** Administers Program; enrolls utilities and manages Utility/ABAG Master Agreement; agrees to Master Agreement terms, including dispute resolution; secures an initial pool of capital and aggregates debt into larger amounts for bonds or more attractive sources available at that time; provides funds to Program Operator for contractor payments.
2. **Program Operator:** Manages the day-to-day operation and administration of the Program, including but not limited to: project approvals and Participant Agreements; oversees Contractors' installations at Participants' locations; resolves Participant and Contractor issues; reports On-Bill Charge to Partner Utilities; data collection and reporting.
3. **Partner Utility:** Agrees to Master Agreement terms, including dispute resolution; supports marketing to customers; verifies customer eligibility; implements On-Bill Charge at participating locations; tracks and collects On-Bill Charge; communicates benefits and obligations to successor customers; issues repayment to ABAG regardless of collections.
4. **Contractor:** Agrees to and abides by Program terms, including dispute resolution and bonding to reduce risk for Participants and Partner Utilities; completes authorized Improvements for eligible customers; participates in Quality Assurance/Quality Control (QA/QC) and measurement and verification activities. Contractor also has the option to provide on-call services and Multi-Family Do-It-Yourself (DIY) inspections.
5. **Customer:** Water utility customers are referenced in this document as leads for Program Participant before they sign an agreement and become a Participant.
6. **Participant:** Partner Utility Customer who agrees to Program terms, including dispute resolution and noticing of program participation in property records; allows installation of Improvements; pays On-Bill Charge, including fees for cost of capital and administration; participates in measurement and verification activities.
7. **Building Owner (Owner):** May be different from Participant. Allows notice of Program benefits and obligations to be filed on property records to ensure prospective purchasers are informed of installed project and On-Bill Charge. Owner is also a party to the Participant Agreement. Owner must also notify tenants of the efficiency charges through the Rental Notice for On-Bill Efficiency Improvements.

## 2.7 General Terms and Conditions

### 2.7.1 CONTACTS

#### Program Manager

Entity: BayREN Water Upgrades \$ave  
Sonoma County Regional Climate Protection Authority  
Contact: Chris Cone, Program Manager  
Address: 411 King Street  
Santa Rosa, CA 95404  
Main: 707-565-5373  
Direct: 707-565-8031  
Email: [chris.cone@rcpa.ca.gov](mailto:chris.cone@rcpa.ca.gov)

#### Program Operator

Entity:  
Contact:  
Address:  
  
Main:  
Direct:  
Email:

#### ABAG Finance Department

Entity: Association of Bay Area Governments (ABAG)  
Contact:  
Address:  
  
Direct:  
Email:

## 2.7.2 ELIGIBLE IMPROVEMENTS

The table below summarizes the current service offerings that will be available in the regional Program. Detailed requirements for all Eligible Improvements are listed in Appendix B.

**Table 2-2: List of Improvements**

Improvement	Maximum Usage Rate	Eligibility	MF	SF
<b>Indoor</b>				
Showerheads, Aerators	1.5 gpm	≥ 2 gpm	✓	✓
Toilets	1.06 gpf	≥ 1.6 gpf	✓	✓
<b>Landscaping</b>				
Sheet Mulch		Irrigated Turf	✓	✓
New Drip Irrigation and Weather-Based Irrigation Controllers			✓	✓
Irrigation System Repairs		Irrigation Audit	✓	✓

The Improvements best suited for the Program can be determined by answering a single question: Does an Improvement deliver enough on-going water and energy savings so a Participant can repay the Improvement's costs over time on their utility bill with a net decrease of their total annual utility costs?

This can be summarized by a simple formula:

$\begin{aligned} & \text{Annual water and sewer gallons saved} \times \text{current water utility} \\ & \text{rates} \div 12 \\ + & \text{ Annual electricity and natural gas units saved} \times \text{current} \\ & \text{energy utility rates} \div 12 \\ * & \text{ 80\%} \\ \hline = & \text{ Maximum On-Bill Charge} \end{aligned}$
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For high quality and high performing technologies and equipment that Contractors or Customers would like to be eligible as Program Improvements, Contractors may submit specification sheets for proposed Improvements for approval by the Program Operator. Specification sheets will need to provide all required information for Program approval consideration. Additional system details and or property audit documentation may also be required.

## 2.8 Calculating the On-Bill Charge

When calculating the On-Bill Charges and cost recovery period for Improvements, the Program uses the “80 Percent Rule” to help ensure installed projects deliver Participants and Successor Customers bill savings that exceed their On-Bill Charge. The 80 Percent Rule states that the Participant’s annual payments cannot exceed 80 percent of the estimated annual utility bill (water, sewer, natural gas, and electricity) savings obtained from installation of the Improvements based on a cost recovery period of no more than 80 percent of the useful life of the Improvement.

The total On-Bill Charge is determined by an annual percentage rate (APR) calculation with three primary variables: Project cost (including labor, materials, costs associated with operations and permits, and other applicable expenses), program fees (administration, capital, and utility), and cost recovery period.

The Total On-Bill Costs below are incorporated into the Participant’s total on-bill charge. The total on-bill charge is then divided across the cost recovery period to determine the monthly On-Bill Charge. During intake, the Program Operator determines the Customer eligibility for the Program. Once the Customer becomes a Participant, they will pay back the monthly On-Bill Charge to the Partner Utility on the Partner Utility’s standard billing schedule. The Partner Utility will then repay ABAG on a monthly basis.

## 2.9 Project Costs and Expenses

Project costs and expenses have an associated dollar amount. (Program Fees, on the other hand, are based on a percentage of the Project Cost.) Project costs are costs associated with a project and project administration duties carried out by the Program Operator. These include costs for permits, materials (i.e., Improvements), contractor payment for labor, and project administration costs. The following are examples of common project costs:

1. Permits
2. Standard program labor rates
3. Materials and Improvements
4. Parts and Labor warranty
5. Marketing and sales
6. Recruitment/training/maintenance of Program Contractors
7. Potential Participant intake
8. Review and approve Participant and Contractor Agreements
9. Facilitate Participant/Contractor disputes
10. Oversee Participant projects and project quality assurance and control activities
11. Verify and approve projects prior to paying Program Contractors
12. File notices of On-Bill Charge at County Recorder Offices as necessary

While the Fee Schedule (i.e. authorizing language approved by Partner Utility Board/Council for the On-Bill Charge) allows the On-Bill Charge cost recovery period to be extended to cover missed payments or potential Repair Expenses, the 80 Percent Rule also protects Partner Utilities. It ensures most Improvements will still be functioning throughout the lifetime of the Improvement, allowing continued cost recovery from the Participant's location.

## **2.9.1 ADDITIONAL EXPENSES**

### *2.9.1.1 Site-Visit Expense*

The Program Application includes an agreement that potential Multifamily or commercial Participants who receive an initial site visit and decline to proceed or complete a project with a Program Contractor will pay a site-visit expense. The site-visit expense is paid to the Program Contractor and charged to the potential Participant as a one-time On-Bill Charge as a second line-item. The site-visit expense also includes an SB 407 report, detailed in Section 3.4.10.

### *2.9.1.2 Re-inspection Expense*

#### **Standard Pathway**

A re-inspection expense will be charged to the Program Contractor for standard pathway projects that fail their first QC inspection and require a second visit. Re-inspection expenses will be debited from the next payment to the Program Contractor.

#### **DIY Pathway**

A re-inspection expense will be charged to the Participant for DIY pathway projects that fail their first QC inspection and require a second visit. If the Participant uses a non-Program Contractor who installed Improvements that fail inspection, the Participant is responsible for the re-inspection expense. It is the Participant's responsibility to seek compensation from their selected contractor if they choose to do so.

### *2.9.1.3 Repair Expense*

Repair Expenses are for additional services required to repair or replace failed Improvements, if feasible. If Improvements fail due to action or neglect of some party, Repair Expenses will be charged to the responsible party. Participants who are responsible for Repair Expenses will have their On-Bill Charge at their location extended to cover the expense. If a Contractor is the responsible party, they will have expenses debited from their next payout.

Repair Expenses result from Participant damage, defective products, or faulty installation. When it is determined that the Participant, tenant, or Owner, if different, is responsible for the failure, the responsible party will be responsible for the Repair Expense in its entirety. If it is determined that the failure results from defective products or faulty installation, the one-year service warranty and the manufacturers' product warranties will be utilized to pay for the Repair Expense. Should there be any remaining unreimbursed cost after these sources are utilized, then the On-Bill Charge

will be extended to pay the remaining Repair Expense including those associated with deferred payment. The amount of the monthly On-Bill Charge will not increase because of a repair expense.

If Repair Expense recovery would require extending the On-Bill Charge beyond the useful life of the Improvement, then the Program Operator may elect to decline to make the repair. In that case, or if the Improvement fails after the repair, the Program Operator will notify the Partner Utility to cancel remaining On-Bill Charges.

#### *2.9.1.4 On-Call Contractor Expense*

A Program Contractor will have the option to opt in as an on-call Program Contractor. An additional duty as an on-call Program Contractor may include offering program-related emergency repair services during non-operating hours. When emergency services are procured, an on-call contractor expense can accrue to the Participant (or Successor Customers) through an extension of the On-Bill Charge if emergency services fall into any of the following prescriptive categories:

*[Prescriptive list in development]*

All other emergency services will need to be paid out of pocket by Participant or Successor Customer.

#### *2.9.1.5 Program Fees*

Program Fees cover BayREN and Partner Utility costs for regional administration. The maximum total of Program Fees is targeted to be five percent and is composed of a capital fee, ABAG administration fee, and Utility Fee. All Program fees will be disclosed and communicated to Participants in Program materials and agreements.

##### *2.9.1.5.1 Capital Fee*

A primary value of the Program is to enable Partner Utilities to access capital at a scale that does not limit project uptake. The 2-percent capital fee secures and provides capital for the Program with a low interest rate to minimize the cost recovery period. Capital is provided to the Program Operator by the BayREN Team to cover Total On-Bill Costs.

##### *2.9.1.5.2 ABAG Administration Fee*

The administration fee is a 1-percent fee paid to ABAG for performing Program administration duties. This fee enables Partner Utilities to benefit from program services with minimal impact to Partner Utility staff and budget. The administration fee covers the following services:

1. Track and maintain records of payments from Partner Utility for completed projects
2. Track and maintain records of payments to Program Operator for completed projects
3. Track and maintain records of Utility Fee payments to Partner Utilities on a monthly basis
4. Coordinate Master Agreement and Program Operator Agreement content updates, signatures, and record keeping

5. Oversee Participant Agreement and Contractor Agreement content updates, signatures, and record keeping
6. Oversee Program Operator activities such as marketing and sales and project QA/QC
7. Address initial Participant/Program Contractor disputes
8. Procure services and/or pricing for bulk materials
9. Expanding to include additional Partner Utilities

#### 2.9.1.5.3 Utility Fee (Optional)

Partner Utilities will have the option to charge a Utility Fee, capped at a percentage (assumed 1 to 2 percent) of a Participant's approved project costs and recovered from Participants as part of their project's total on-bill costs. The Utility fees for completed projects will be paid monthly by the BayREN Team to Partner Utility in a lump sum based on the Partner Utility's Participant projects completed in the previous month.

#### 2.9.1.6 Cost Recovery Period

The On-Bill Charge is set based on a maximum cost recovery period of ten years or 120 monthly billing cycles that can be reduced to a shorter period as long as the project's On-Bill Charge meets the 80 percent rule.

## 2.10 Measurement of Savings

*In development.*

## 2.11 Required Forms and Documents

The Program uses the documents, forms, and agreements listed below. Select Program forms can be found in Appendix C. All Program forms will be updated and maintained at the BayREN website: <<Insert URL once final>>. BayREN reserves the right to make changes in any or all of these documents, forms, and agreements as needed.

1. **Master Agreement:** The Master Agreement (MA) serves as the agreement between ABAG and a Partner Utility. The Agreement includes the Model Schedule of Rates and Fees, Roles and Responsibilities — ABAG and Partner Utility, Utility Program Profile, Total On-Bill Cost Detail, and Utility Payment Report.
2. **Program Operator Agreement:** The Program Operator Agreement serves as the agreement between BayREN and the Program Operator. The Agreement details the responsibilities of the Program Operator in service of the Program and BayREN in addition to BayREN's obligations to support the Program Operator in its duties.
3. **Contractor Agreement and Statement of Work:** The Contractor Agreement serves as the Agreement between the Partner Utility and a Program Contractor. It defines the expected and agreed upon general scope of services, compensation, and billing terms. The Agreement includes the Contractor Scope of Services, Program Improvements and Pricing Schedule, and Waiver for Mechanics Lien.

- a. **Program Improvements and Pricing Schedule:** This Schedule lists the eligible improvements and approved products and pricing for the Program. It also provides contractor costs and prevailing wage information.
  - b. **Waiver for Mechanics Lien:** This waiver is the unconditional waiver and release of lien, stop payment notice, and payment bond rights the claimant has for labor and service provided.
4. **Multifamily Intent to Participate Form:** The Intent to Participate form, signed by the Customer, provides Multifamily Customers an overview of the Program and Customer' obligations related to the Contractor site assessment. This form is not required for single family Participants.
  5. **Single-Family/Multifamily Participant Agreement:** The Participant Agreement serves as the agreement between the Program, Partner Utility, the Participant, and the Owner, if different. It outlines Participant and Program Operator roles and responsibilities as well defining dispute resolution options. The Agreement includes the Approved Efficiency Improvements, Rental Notice for On-Bill Efficiency Improvements, and Program Change Order as attachments. There are separate agreements based on whether the metered property is a Single-Family or Multifamily housing unit. The Program Operator signs and maintains the Participant Agreement on behalf of the Program and the Partner Utility.
  6. **Approved Efficiency Improvements Form:** This form is an attachment to the Participant Agreement and identifies the approved Improvements and calculates the cost of the Improvements, including the resulting monthly and annual On-Bill Charge and administrative fees, in addition to the estimated annual utility bill savings.
  7. **Change Order:** This Change Order is required to be completed if the Participant and/or Contractor requests changes to the Improvements identified in the original Agreement and those changes are approved by the Program Operator.
  8. **Participant Work Acceptance Form:** The Form serves to memorialize that the Participant accepts the work performed and that Improvements were installed correctly.
  9. **New Customer Utility Notice Form:** This Form provides a Successor Customer notice that the water utility bill tied to the Customer's meter will include the on-bill costs for Improvements made prior to Customer's involvement with the account.
  10. **Participant Alternative Dispute Resolution Process:** Participants may elect to use the Program's Alternative Dispute Resolution process as an alternative to resolving disputes in court. A description of process is located online at <<Insert URL here.>> or through the Program Operator.
  11. **Recorded Notice of Efficiency Charges:** The notice is submitted to the County Registrar-Recorder's office within the county where the water meter is located. This Notice informs potential Successor Customers of the on-bill charges and estimated savings and other benefits of the Improvements at a location prior to purchase .
  12. **Rental Notice for On-Bill Efficiency Improvements:** This informs a renter of a housing unit that Improvements have been made to the unit and that their water utility bill will include charges for these improvements.
  13. **Model Schedule of Rates and Fees:** This document provides a model for the schedule of rates and fees (Schedule) that must be adopted by the Partner Utility to enable on-bill

collection as required for the Program. The Schedule must be formally adopted by the Partner Utility and will be documented in the same manner as the Partner Utility does for their existing rates and fees.

14. **Roles and Responsibilities ABAG and Partner Utility:** This attachment to the Master Agreement identifies and summarizes the roles, responsibilities, and other anticipated work that will be coordinated between ABAG and Partner Utilities participating in the Program.
15. **Partner Utility Program Profile:** This attachment to the Master Agreement provides the detailed contact information and governance of the Partner Utility as well as details on their customer class breakdown and participation caps by class. It also provides the reporting and payment schedule between the Program Operator, the Partner Utility, and ABAG.
16. **Total On-Bill Cost Detail:** This attachment to the Master Agreement provides instructions on calculating the maximum On-Bill Charge. It also outlines the terms of the payment plan, including the recovery period, APR calculation, and the 80-Percent Rule formula. This form must be completed and signed as part of the MA. It must be updated and submitted on or before November 1 of each year.
17. **Utility Payment Report:** This attachment to the Master Agreement serves as a template for the information that will accompany the Partner Utility's Monthly Utility Payment to ABAG. It provides utility payment details for the total payment to ABAG.

## 3. Roles and Responsibilities

### 3.1 ABAG/BayREN

#### 3.1.1 AGREEMENTS

ABAG is responsible for establishing the Master Agreement. Partner Utilities opting into the Program are required to sign a Master Agreement with ABAG. The Master Agreement establishes terms and conditions for how ABAG provides Program services to eligible Participants at Partner Utilities, roles and responsibilities for Partner Utilities to effectively facilitate these on-bill projects, and requirements for Partner Utility repayment to ABAG for Program services rendered. In addition to required terms and conditions, the Master Agreement identifies optional and negotiable roles and responsibilities for the parties. ABAG and the BayREN Team are responsible for maintaining current and signed records of all Master Agreements and adhering to the terms and conditions of the Master Agreement.

ABAG is responsible for establishing other Program Agreements and Notices including the Participant Agreement and the Program Operator Agreement, making updates to these agreements as required, maintaining a current and signed record of the Program Operator Agreement, and adhering to the terms and conditions of the Program Operator Agreement. ABAG will also establish terms for the Contractor Agreement and work with Program Operator on contract updates.

#### 3.1.2 CAPITAL AND PAYMENT

A primary value of the Program to Partner Utilities is that participation does not require them to raise their own capital. The Program provides Partner Utilities with access to capital at a scale that does not limit their project uptake. ABAG is responsible for securing and providing capital for the Program with the lowest possible Capital Fee and most flexible cost recovery period. The BayREN Team reviews Program Operator invoices and issues monthly payments to the Program Operator to cover all Project Costs (the Program Operator will pay all contractors).

Capital provided to the Program Operator by the BayREN Team covers Project Costs including:

1. Contractor labor and Materials
2. Program Operator project sales, quality assurance, and contractor oversight services
3. Necessary and agreed-to Expenses

Partner Utilities pay an amount equal to the aggregated On-Bill Charges for approved Project Costs and Program Fees to ABAG regardless of collections from Customers to repay the capital provider. ABAG may also use Program-secured capital to pay the optional Utility Fee that can be requested to cover Program-related Utility costs (e.g., select marketing and QA/QC tasks; billing coordination).

### **3.1.3 DATA, REPORTING, AND CUSTOMER RELATIONSHIP MANAGEMENT**

The BayREN Team will be responsible for establishing a Customer Relationship Management (CRM) Project Tracking Tool for use by the Program Operator to assist in tasks such as:

1. **Sales Tracking:** Marketing and lead management.
2. **Contact Management:** Customer and Participant data such as contact information, support interactions, demographics.
3. **Project Tracking:** Number and type of projects, including installation and repair, and repayment status, and record of project documentation and signed agreements.
4. **Reports and Dashboards:** Including tracking data for: requested Partner Utility reporting; monthly, quarterly, and annual California Public Utilities Commission (CPUC) reporting and any ad-hoc EM&V requests from the CPUC.
5. **Collections by Partner Utilities:** Including any missed payments due to non-payment or vacancies, and payments of monthly On-Bill Charges.
6. **Program Feedback:** Participant or Program Contractor feedback, complaints, and endorsements
7. **Savings Results:** Estimated water, sewer, and energy savings from current and completed projects.

The BayREN Team will use information collected in the CRM Project Tracking Tool and other Participant, Contractor and Partner Utility feedback to evaluate the Program's effectiveness and efficiency and make any adjustments necessary to ensure ongoing Program success. All personally identified information will be held as confidential by the Program.

### **3.1.4 MARKETING**

The BayREN Team is responsible for developing Program-wide branding guidelines, including a Brand name, Program logo, and style guide, and marketing collateral in multiple languages and outreach templates for use by the Program Operator, Partner Utilities, and Program Contractors. ABAG will prepare a marketing plan that details marketing approaches appropriate for the Program and issue draft recommended potential Participant service protocols and scripts. ABAG will direct and manage the majority of marketing campaigns through coordination with the Program Operator and its Program Contractors, Partner Utilities, and the BayREN County Representatives. The BayREN Team will also secure and direct budgeting via CPUC, ABAG administrative fee, or other grant funds for marketing activities by the Program Operator and the BayREN County Reps.

### **3.1.5 PROCUREMENT**

The Program does not anticipate a need to warehouse or store products. The Program may use Contractor Request for Information (RFI) responses to research the specifications, availability, and pricing of brands and models of potential materials for eligible improvements. The Program may establish an account with one or several supply houses or big box stores (e.g., Home Depot, Lowes,

Friedman's, etc.) in a Partner Utility's jurisdiction. The Program may request to enter into a vendor agreement with these businesses to limit risk to the DIY participant. A vendor agreement will ensure products are not swapped for unapproved materials and warranties are present. The vendor will then invoice the Program for DIY customer procured materials. During the Program Operator's inspection, the Program Operator will take count of the number of installed materials and compare it to the purchase order invoiced to the Program. If all materials are not installed, the DIY participant will have breached the contract and all charges will become due in alignment with Section 5.4 of the Multifamily Participant Agreement.

If pricing discovered through any type of vendor agreement is deemed advantageous to the Program, Program Operator will work to provide this opportunity to Program Contractors.

ABAG will not be responsible for negotiating Program pricing for common Materials nor will it be responsible for purchasing the Materials for Program Contractors or DIY Participants. It will also not be responsible for delivery logistics of Materials purchased by the Program Operator. Program Contractors are not required to use Materials sourced by ABAG procurements; DIY Participants must use Materials sourced from ABAG procurements if the cost for those Materials are to be placed on bill. Should a Material not be used, the Program Contractor or DIY Participant will be responsible for returning the Material to the supplier.

### **3.1.6 QUALITY ASSURANCE/QUALITY CONTROL (QA/QC)**

The BayREN Team is responsible for establishing QA/QC requirements and oversight of in-field and desktop QA/QC conducted by the Program Operator and/or the Partner Utility. It is at the Team's discretion if it chooses to audit or conduct QA/QC activities performed by the Program Operator.

### **3.1.7 DISPUTE RESOLUTION**

The BayREN Team is responsible for establishing and re-evaluating dispute resolution processes including mediation, conciliation, or negotiation between Program Contractors, the Program Operator, Partner Utilities, and when necessary, the Participants in accordance with processes outlined in their respective agreements.

## **3.2 Program Operator**

In addition to the responsibilities for Program capital and contractor payment discussed above, the Program Operator will provide the following additional services to enable local governments to opt into the Program with minimal staff and resource impacts.

1. Partnering with the BayREN Team to finalize Water Upgrades \$aves protocols and processes
2. Outreach to and engagement with potential Participants that result in signed agreements and completed projects
3. Issuance and oversight for all Program agreements

4. Recruitment, establishment/training, and maintenance of eligible Program Contractors
5. Ensuring Contractor marketing materials align with Program marketing strategy and design
6. Review and approval of Participant agreements
7. Ensure Improvements installed at Participants' properties are appropriate, cost effective, and correctly installed
8. Providing excellent customer service
9. Approval of projects for payment to eligible Contractors
10. Reporting of On-Bill Charges to Partner Utilities for placement on Participant bills
11. Filing appropriate notices of On-Bill Charges at County Recorder Offices
12. Addressing initial Participant or Contractor disputes and assessing any penalties/fees for Contractors not complying with program requirements, including but not limited to removing Contractor's program eligibility
13. Supporting tracking and maintenance of records for Partner Utility repayment of funds paid for completed project

The terms and conditions for carrying out these responsibilities are established in the Program's Contracts, Agreements, and Forms.

### **3.2.1 AGREEMENTS**

The Program Operator is responsible for adhering to the terms and conditions of the Program Operator Agreement. The Program Operator is responsible for making sure that all Participant and Contractor agreements are complete and signed, all forms required for a specific project are complete and accurate (and signed if appropriate), and that all data on forms and agreements are correct based on quality control verification. Program Operator may use all signature methods approved by the BayREN Team, including, but not limited to DocuSign or wet-ink original signatures. Estimated Participant savings and payments will be based on the information in these agreements and forms. The Program Operator is responsible for storing these agreements and will provide records to the BayREN Team or the Partner Utility on request.

Once a Participant Agreement is signed, the Program Operator will send the executed Participant Agreement to Participant and Program Contractor with written approval to start work. For each Participant, the Program Operator is responsible for maintaining all relevant Program files, including Participant Agreement, all Program forms, water and energy billing records, and documentation of any complaints, disputes, praise, or comments.

The Program Operator will be the primary contracting agent for Program Contractors. The Program Operator will recruit contractors to the Program and respond to inquiries from interested contractors and other firms. The Program Operator will arrange for signing of the Contractor Agreement, which will entail verifying contractor license information and status, insurance coverage, and proof of bonding that protects owners/Customers and ABAG. As required, the Program Operator will forward verified copies of these documents to ABAG, which will maintain signed copies of the agreements including Program Contractor Agreement exhibits, Certificates of

Insurance, proof of bonding, etc. in a file for each contractor. The Program Operator will ensure all agreements remain in force throughout the Program. The Program Operator will, if necessary and in consultation with the BayREN Team, de-certify Program Contractors who fail to adhere to the requirements in their agreements.

#### *3.2.1.1 Contractor Pricing*

The Program proposes a market friendly approach to establishing contractor labor and product rates via a request for information (RFI). The RFI will be used to inform eligible price thresholds and the Program Contractor Agreement. The Program intends to use submitted prices to develop a maximum Materials and labor price the program will pay for all indoor improvements to avoid price gouging and to ensure only one cost effectiveness analysis is necessary for each participant. Combining improvement and labor rates allows the Program to defer to contractors' existing procurement process and avoids bulk procurement for the Program.

Contractors interested in becoming a Program Contractor will request a Contractor Agreement from the Program Operator. Contractors must include all the following information: contractor license number, bond number, certificates of insurance naming the BayREN Team and other Program parties as additionally insured. Contractors must include bid prices for labor and Materials costs in the Contractor Agreement for (1) multifamily buildings using prevailing wages and (2) single family buildings with and without prevailing wage. Any Contractor whose price is above the maximum set by the Program may participate as long as the customer pays a copay equal to the amount the contractor's price(s) exceed the Program's maximum price. For all Contractors whose price is equal to or less than the program price, if Participants seek a recommended contractor, a rotating list will be used to assign contractors to participants. Participants have the right to use any Program Contractor willing to meet program guidelines. Contractors with higher pricing will be allowed to charge their rates, but the Program Operator will inform Participants of all Program Contractors offering services at or below the maximum Program rate and those whose prices are higher creating the need for copays.

#### **3.2.2 CUSTOMER SERVICE**

All Program partners are expected to provide exemplary customer service in connection with any activities related to the Program.

At a minimum, the Program Operator must:

1. Provide an accurate description and representation of the Program and its benefits.
2. Offer the Participants the most comprehensive, cost-effective, and water efficient solution to ensure customer satisfaction.
3. Provide the Participants with courteous, attentive, and responsive staff with a professional manner and appearance.
4. Promote and strengthen the partnership with the Program, Utilities, and other partners.

5. Work effectively with Participants and Program staff to identify and resolve issues as quickly as possible.
6. Respond to the Participants' inquiries promptly (e.g., within 24 hours). If requested information is not available on short notice, the parties will agree upon a reasonable time when a full response is to be expected.

### **3.2.3 ONBOARDING AND TRAINING**

The Program Operator staff will attend trainings for:

1. Program marketing
2. Customer Relationship Management (CRM) platform
  - a. Ensure staff understand Program requirements and security protocols
  - b. Learn how to work with transfers (import/export) between CRM and other Program communications
  - c. Conduct two rounds of Sample Project Data submitted through CRM
3. Contractor training
4. Program reporting

During the onboarding process, the Program Operator will write a memorandum identifying any concerns, and for identified concerns suggestions for resolution, for performing or enforcing the Program Operator's scope of work and the requirements of the Program Manual, Participant Agreement, and Contractor Agreement. On an ongoing basis, the Program Operator will identify and communicate any concerns for performing or enforcing the Program Operator's scope of work and the requirements of the Program Manual, Participant Agreement, and Contractor Agreement should anything arise as conditions change.

The Program Operator will also align with and stay up-to-date with Program data security protocols to ensure secure management of customer and contractor data as well as that of the BayREN Team.

### **3.2.4 MARKETING**

The Program will provide the Program brand, marketing plan, and outreach materials. Program will also provide initial Contractor recruitment activities to secure engagement with at least two contractors per Partner Utility territory for the initial two Partner Utilities. The Program Operator will handle the majority of outreach for the Program on behalf of the BayREN Team and Partner Utilities and approve any Contractor and/or Partner Utility marketing to ensure clear communication with potential Participants, accurate information, and facilitate installation of Improvements. The Program Operator's duties will include:

1. Maintaining branding and styling guidelines: The Program Operator will approve cobranded Contractor marketing materials in accordance with the Program's branding and styling

protocols and guidelines to ensure brand and styling consistency. This includes maintaining templates for use and approving any use of the Program logo.

2. Supporting implementation of any public marketing campaigns including defining goals; identifying outreach channels, such as Multifamily building decisionmakers; and scheduling advertisements. As budgeted, this will include activities such as tabling at select community and industry events serving target customer audiences, direct solicitation of customers (using contact information and pre-screening provided by Program), and other appropriate marketing tasks as proposed.
3. Managing lists of high-use Customers and Customers in target neighborhoods provided by each Partner Utility, creating customer service protocols, and maintaining a record of Customers who have been solicited to participate and declined, who received proposals and did not accept them, and who participated in the Program, including answers to any Program survey questions.
4. Handling all Participant and Contractor inquiries about the Program. Handling calls from potential Participants who are interested in and eligible for the Program.
5. Managing semi-annual Customer lists provided by Partner Utilities that include water customers who are eligible for Program services; the lists will be updated twice a year by each Partner Utility and uploaded to the Program CRM by the Program Operator.
6. Managing Customer intake. Verifying with Utilities Customers' eligibility for the Program and assigning a Program Contractor or providing them a list of Program Contractors as requested. If Customer indicates a preference for a specific Program Contractor, Program Operator will send a referral to the Program Contractor. Customer may refer non-participating contractors to the Program Operator to become a Program Contractor.
7. Supporting the designing of Participant satisfaction surveys and issuing surveys to Participants. Asking any follow up survey questions and receiving requested information from Participant in order to assist in evaluating the effectiveness of the Program and participating in any surveys requested by the Partner Utility or the BayREN Team.

### **3.2.5 PROGRAM OPERATOR RESPONSIBILITIES WITH PROGRAM-PROVIDED CRM**

At the beginning of Program operation, Program Operator will confirm access to CRM with BayREN Team and enter sample projects from initiation through payment. Program Operator will report on the outcome of these tests and any potential issues or errors in the system. Program Operator will also confirm at the beginning of operation that Program Operator has met security protocols established by the Program.

The Program Operator will ensure that staff are trained in how to use the CRM and that such staff understand Program requirements and security protocols for working with the CRM and with transfers (import or export) between the CRM and other Program communications.

Program Operator and its staff will enter Program data in real time as necessary and ensure secure storage of data in the Program-provided and -managed Customer Relationship Management (CRM) system and will ensure that data is available to Partner Utilities and the BayREN Team.

The Program Operator will use the provided CRM for marketing and Participant data management including but not limited to verifying Participant qualification; maintaining lists of current, potential, and unqualified Participants; maintaining utility rate data; reviewing and verifying calculations for and reporting Participant On-Bill Charges; uploading the last 12 months of Participant's water utility bills to Participant's account; generating necessary agreements and forms for Participants and Contractors; and reporting project performance to appropriate parties. Additionally, if PG&E energy billing for a Participant becomes available, Program Operator will also upload to Participant's account. The Program Operator will also report broken features or other errors in the CRM to the BayREN Team as they arise so that any issues can be addressed quickly and not interfere with Program operation.

### **3.2.6 PROCUREMENT**

As required based on location of Partner Utilities, the Program Operator will establish purchasing account at local distributor(s) or retailer(s) for multifamily Participants pursuing the Do-It-Yourself (DIY) Pathway. . The Program Operator will maintain a list of products that are eligible for use under the Program and will vet and approve as appropriate applications from Participants or Contractors for new products to be added to the list.

### **3.2.7 CONTRACTOR RECRUITMENT, MANAGEMENT, SUPPORT, AND DISPUTE RESOLUTION**

Only Program Operator–approved Program Contractors may perform installations based on approved Participant Agreements. Participants electing to pursue the DIY Pathway must pay for DIY work performed by their staff or contractors outside of the Program.

The Program Operator will recruit, train, certify, and support Program Contractors, including answering questions about the Program and training Contractors to best practices and to adhere to Program standards. Program Operator will arrange for signing of the Contractor Agreement and verify and maintain record of contractor license information and status, insurance coverage, and proof of bonding that protects owners/Customers and the BayREN Team. It will forward verified copies of these documents to the BayREN Team, which will maintain signed copies of the agreements, including Program Contractor Agreement exhibits, Certificates of Insurance, proof of bonding, etc. in a file for each contractor. In addition, Program Operator will ensure all agreements remain in force throughout the Program and, if necessary and in consultation with the BayREN Team, de-certify Program Contractors who fail to adhere to the requirements in their agreements. Program Operator will sign and execute Contractor Agreements with at least two Program Contractors for each Program launch with a new Partner Utility.

The Program Operator will keep a record of which Partner Utility service territories a Program Contractor operates within and direct Participant leads to Contractors based on a Contractor's operating territory and availability:

1. Confirm Customer/Contractor scheduling options, first sharing a list of participating Contractors with Customer.

2. If Customer indicates preference for specific participating Contractor, the Program Operator will send a referral to that Contractor. The Contractor will copy the Program Operator on scheduling confirmation with Customer for installation visit.
3. Otherwise, the Program Operator will:
  - a. Ask Customer for three dates for installations (i.e., after a waiting period determined to be acceptable to local Contractors).
  - b. Batch dates to a participating Contractor (on rotating basis). The Contractor will have a limited time to accept or reject the offer to install improvements or offer goes to next Contractor in rotation.
  - c. Notify the Customer of the Contractor and date.

The Program Operator will work with Contractors to resolve any faults the Program Operator identifies, such as failed installation of Improvements, according to the terms within the Contractor Agreement and may impose any of the following consequences:

1. Not approve the Contractor's work
2. Insist the Contractor correct any deficiencies (if necessary, using the Contractor's bonding to hire another Contractor to correct deficiencies)
3. Deduct the Re-Inspection expense for each failed inspection, including multiple failed inspection of a single project, from any Contractor payment (or from the bonding)
4. Arrange for an independent third-party inspection of one or two other projects completed by this Contractor
5. Deem a Contractor ineligible for the Program if Contractor does not follow Program requirements.
6. In order to ensure Contractors understand the difference between financing installations through the Program with a Program Contractor charging prevailing wages and Participants using the DIY option to install program-sourced Improvements with their own staff or contractors, the Program Operator will use a Program-developed one-page table itemizing the different consumer assurances offered by the program that are not available outside of the Program.

### **3.2.8 CUSTOMER ENGAGEMENT**

The Program Operator is responsible for pre-qualifying new Customers, determining their eligibility, developing and finalizing a project scope, selecting a Program Contractor, and overseeing all installations. The Program Operator is responsible for approving all projects prior to any work commencing and for ensuring Participants understand the Program and the basis for savings estimates. The Program Operator is responsible for ensuring Program calculations for projects meet the 80 Percent Rule (i.e., 80 percent of total estimated dollar savings over 80 percent of the Improvement's estimated useful life will cover the Program Total On-Bill Costs) and performs quality control after project installation. Project screening may take place over the phone or on-site for multifamily projects. Project screening for single family projects will only take place over the phone to maintain program efficiency.

For all Customers, the Program Operator will perform the following duties to pre-qualify the Customer:

1. Call the Customer to explain benefits of Program. Depending on Customer interest, the Program Operator may send the Customer a Program brochure and FAQ, schedule another call, or schedule a Program Contractor visit.
2. Identify qualifying Improvements (e.g., shower and toilet usage, turf area, etc.) with brief questions.
3. Identify conditions that might preclude installations (e.g., rotten floor under toilet).
4. For Multifamily Customers: Discuss options for working with Program Contractor (standard pathway) or a Do-It-Yourself contractor (DIY pathway) and the benefits (deferred payment, no debt on the books, a trained installer overseen by the program, bonding, materials selection, etc.) and costs (prevailing wage and the Program's interest rate) of using Program Contractor for scoping work via a site visit. Confirm that if Customer receives a site visit but chooses not to proceed or chooses to follow the DIY pathway after a Program Contractor has visited the site, Customer will pay a site-visit expense as a one-time, On-Bill Charge.
  - a. If the Participant chooses to use the standard pathway, send Program Intent to Participate form to Participant and upon receipt of signed Intent form, select Program Contractor for a site visit and assist in scheduling the site visit. Work with Program Contractor to receive and review details of the site visit as detailed in the Program Manual.
  - b. If Participant chooses to follow the DIY pathway, send Program Intent to Participate Form to Participant and, upon receipt of signed Intent form, schedule, conduct, or have a Program Contractor conduct an on-site screening for 100 percent of building units to confirm qualifying Improvements, answer Participant questions, and prepare scope of eligible Improvements. Make sure Participant knows that an On-Bill Charge for at least the cost for this on-site screening will be applied to their water account.
5. Provide details for proposed Customer project using the Program Data Sheet (estimated net savings, estimated charge and gross savings, estimated Total On-Bill Costs and cost recovery period) and the mechanics of participation.
6. Populate a Participant Agreement and Cover Letter and send to Customer for review.

For eligible Customers intending to participate in the Program that have received a Participant Agreement, complete Pre-Installation Approval Duties for all Customers by telephone or Pre-Installation Inspection (see below):

Verify with Customer that:

1. The Customer is the property owner or that the Customer understands the property owner must also sign the Participant Agreement.
2. The Customer has the Program Operator's contact information.
3. The Customer is the Partner Utility Customer of record or the property Owner, if different. The Participant Agreement must be signed by the Customer and the property Owner or an authorized representative of the Owner.

- a. The Customer is responsible for getting the Owner, if different, to sign the Participant Agreement as well.
4. For Customers referred to Program by a Program Contractor that:
  - a. No other savings or performance claims beyond those approved by the Program have been made by Program Contractor,
  - b. Program Contractors abide by up-selling limitations,
  - c. Participants received referrals to relevant efficiency and energy programs, including applicable rebate programs

Ensure the Customer understands:

1. If Participant requests, or conditions at location necessitate, a change to the Improvements approved for installation in the Participant Agreement, change orders must be issued by the Program Operator to Contractor. Only change orders that add out-of-pocket costs must be agreed to in writing by Program Operator, Contractor, and Participant.
2. The benefits of participation including savings that produce immediate positive cash flow for the Participant, a streamlined installation service for high quality Improvements that out-perform code minimums, and helping to protect the environment and the water supply.
3. The Program Operator is the Participant's representative charged with advising Participant on whether the Improvements to be installed are appropriate, estimated to produce savings in excess of their cost, are installed correctly, and continue to function. The Program Operator should be contacted about any questions or problems.
4. Some savings may be realized on PG&E or sewer bills. The combined water, energy, and sewer utility bill savings are estimated to significantly exceed the On-Bill Charge annually.
5. That any copay for Improvements:
  - a. reflects that portion of the cost that will not allow the project to meet the 80 percent Rule;
  - b. is the sole responsibility of the Participant, not covered by the Program or the Participant Agreement; and
  - c. will not be refunded if the Improvements fail.
6. Usage information Participant provided to the Program Operator or Program Contractor was used to qualify Improvement installation. If the estimates were conservative, Participants' savings will be greater. If estimates were high, savings may be lower and may not cover the On-Bill Charge.
7. Misrepresenting any information makes that person liable for the Total On-Bill Cost of Improvements, including all fees, expenses, and rebates.
8. As long as the Improvements continue to function, the Participant and any Successor Customers at that location will pay an On-Bill Charge on the water bill until the Total On-Bill Cost for installed Improvements has been paid in full. Participant failure to pay On-Bill Charges is the same as failure to pay other utility bill charges and is subject to Partner Utility's policy for non-payment.
9. The Owner will allow the Program Operator to record a Notice of Efficiency Charge at the appropriate County Recorder's Office to ensure that Successor owners of the location have

been informed of their Program rights and obligations and Program benefits prior to purchase.

10. If the Owner rents out the premises and transfers the water account to the tenant, the Owner , must provide notice to the Successor Customer of the benefits and obligations of the Improvements before the Tenant signs a lease or rental agreement. Failure to provide notice constitutes permission for the new Tenant to break the lease or rental agreement and Participant or Owner's agreement to accept consequential damages.
11. For Multifamily DIY projects, ensure the Participant understands the responsibilities for installation that they assume by choosing this option, including payment for this work, responsibility that the right materials were correctly installed, all required notices and permits, liability for work, enforcing warranties, etc . The Program Operator will inspect 100% of installations, however, the Participant is responsible for correcting any identified problems with the work.

Once a Participant is accepted into the Program and has signed a Participant Agreement (Single Family) or Intent to Participate (Multifamily), the Program Operator will:

1. Request from Partner Utility a record of the last 12 months of water utility bills for this location and place record in Participant's file. If the BayREN Team or Partner Utility receives copies of PG&E's energy billing for a Participant, the Program Operator will add a copy to its Participant's file.
2. Verify that Participant Agreement is signed by Customer, Owner if different, Program Operator, and authorized representatives of Owner or the Customer.
3. Verify proposed Improvements for any specific Participant project meet program requirements and use the CRM's Data Sheet to ensure project will deliver sufficient utility bill savings to meet the program's 80 Percent Rule. Finalize and execute the Participant Agreement.
4. For Participants recruited by Program marketing, complete Contractor Coordination Duties for Participants in accordance with Participant confirmation protocols for Program Marketing leads and Program Contractor leads.
5. Send the executed Participant Agreement to Participant and Program Contractor with written approval to start work.
6. Monitor communications with Participant and Program Contractor to track status of the installation visit.
7. Review requested change orders and issue and record approvals consistent with Program requirements for calculating an On-Bill Charge adhering to the 80 Percent Rule in Section 2.8.

### **3.2.9 CONTRACTOR INSTALLATION QA/QC**

The Program Operator is responsible for managing Program Contractor installation quality assurance. Program Operator is responsible for approving all projects prior to any work being done. It ensures that all Improvements meet Program requirements and are installed according to manufacturer specifications and local, state, and federal building code as well as ensuring Program

project calculations meet the 80 Percent Rule (i.e., 80 percent of total estimated dollar savings estimated to be produced during the first 80 percent of the Improvement's estimated useful life will yield savings sufficient to cover the Program Total On-Bill Charge). The Program Operator will also monitor communications with Participant and Program Contractor to track status of the installation visit. It will review requested change orders and issue and record approvals consistent with Program requirements.

Program Operator is responsible for determining which projects receive inspections. The Program Operator will conduct pre-installation inspections for any Contractor's first project, at least 10 percent of Participant project sites and 100 percent of building units at multifamily DIY project sites. Program Operator will also complete post-installation inspection verifications, which will be carried out through an onsite visit for the Program Contractor's first completed project and for a minimum 10 percent of total completed projects, with the remaining project post-installation inspection duties performed by phone with Participant.

QA/QC includes the verification of the following:

1. Onsite Pre-Installation Inspection: Program Operator will verify the pre-installation property conditions, to determine whether inputs Contractors report in the Data Sheets are identical to the conditions noted by the Program Operator. Contractor will also verify that the Improvements proposed for installation are possible (e.g., there are no pre-existing conditions that prevent Improvement installation). Inspection will include image evidence of each examined installation location and utility sites, all of which will be geocoded and time stamped. Program Operator will then update Data Sheets and the Participant Agreement's Attachment A: Approved Improvements Form, if necessary.
2. Onsite Post-Installation Inspection: Program Contractor installed the approved Program Improvements and installed them correctly, the worksite was left "vacuum clean" (in the same or better condition than when work commenced), and all packaging and materials were removed from the site. Inspection will include image evidence of each installed measure, all of which will be geocoded and time stamped.
3. Phone Inspection: The Program Operator may ask the Participant to take pictures or read identifying information from the appliances or the Improvements themselves or from warranty information and verify that the Participant has signed all project documentation, including the Work Acceptance Form.
4. All eligible Improvements were installed or legitimate reasons as to why the eligible Improvements were not installed were provided and verified by the Participant or owner.
5. The Participant or owner has used all Improvements, they function properly, and the Participant or owner report no problems with the installations.
6. The Participant or owner received all warranty information and usage and maintenance instructions.
7. Participant or owner has retained a copy of all agreements for their records.

8. Participant understands that record of a completed version of agreements will be listed on the official property records to ensure that Successor Customers at the property are informed of their rights and obligations.

For Multifamily Improvements installed through the DIY option, the same protocols for QA/QC inspections will be followed. However, because the Participant used their own staff or contractor to install Program Improvements, the Program Operator must inspect 100 percent of completed DIY projects. The Program Operator will notify the Participant of the reason(s) for any failed inspections and will instruct the Participant to fix the failures.

For DIY projects, if Participant's staff or Participant's contractor did not install approved Program Improvements, did not install them correctly, did not follow installation protocols, or did not provide appropriate reports and documentation, Program Operator will notify Participant of the specific failure(s) that must be resolved by Participant. If Participant resolves failures, Program Operator will complete Project Close Out activities as identified below. If Participant does not resolve failures, payment for approved Improvements will be due per the terms of the Participant Agreement, also outlined below.

For standard projects, if a Program Contractor did not install approved Program Improvements, did not install them correctly, did not follow installation protocols, or did not provide appropriate reports and documentation, Program Operator will notify Contractor of the specific failure(s) to fulfill its agreement and charge Contractor a program re-inspection expense (which can be subtracted from their payment).

The Partner Utility will begin billing On-Bill Charges no sooner than 45 days after Program Operator's approval of all installed Improvements and notification to the Partner Utility.

### **3.2.10 PROJECT CLOSE-OUT**

The Program Operator performs the following project close-out activities once a project is complete:

1. Make payments to Program Contractors and Program suppliers during the following billing cycle in accordance with the approved payment turnaround established between the BayREN Team and the Program Operator.
2. Ensure any dispute with Contractors or suppliers is resolved and documented and that the Contractor rectified each violation and any Participant who refused to sign Work Acceptance Form is notified in writing of the resolution and reasons for the resolutions of their dispute.
3. Notify Partner Utility to initiate billing of On-Bill Charge (including the amount and type of charges) on the billing cycle minimally 45 days following verification of Contractor's installation of the Improvements at the location.
4. Complete, notarize, and file appropriate notices of On-Bill Charge at County Recorder Office.

The Program Operator will review all required completed project forms submitted by Program Contractors and ensure all work has been completed in accordance with the Participant Agreement(s) and that Project Inputs in the CRM accurately reflect pre- and post-installation conditions and the Participant's desired scope of work.

Contractor Payment Approval: Prior to approving Program Contractor payment, the Program Operator will complete post-installation inspection verifications, which will be carried out through an onsite visit for the Program Contractor's first completed project and for a minimum of 10 percent of total completed projects, with the remaining project post-installation inspection duties performed by phone with Participant. For multifamily Improvements installed through the DIY pathway, the same protocols for Quality Assurance/Quality Control (QA/QC) inspections will be followed. However, because the Participant used their own staff or contractor to install Improvements, the Program Operator must inspect 100 percent of building units for all completed DIY projects. The Program Operator will notify DIY Participant of the reason(s) for any failed inspections and will notify the Participant that it is their responsibility to fix any failures. Program Operator will verify project completion and site conditions according to Program protocols.<sup>3</sup>

Verification Discrepancies: Perform in a timely manner and as necessary activities to address discrepancies between the Participant Agreement and Participant's comments or observed conditions prior to approving Program Contractor payment.<sup>4</sup>

### *3.2.10.1 Complete Project Close-out Activities*

The Program Operator will:

1. Authorize BayREN Team staff, after ensuring that work has been satisfactorily installed, to make payments to Contractors and the Program Operator during the following monthly billing cycle.
2. Supply BayREN Team/Partner Utility with copies of the Participant Agreement, and relevant Program forms, for each Participant in the manner dictated by the Program.
3. Sign, notarize, and file the Notice of Efficiency Charge with the location's property records.
4. Ensure any dispute with Program Contractors is resolved and documented (per requirements in the Program Manual) and that the Program Contractor has corrected each violation.
5. Provide assistance if Improvements fail (i.e., implementing cost-effective repairs or payment cessation) for reasons other than Owner or Tenant fault.
6. Ensure Contractors fulfill their warranty obligations.
7. Notify appropriate Partner Utility to initiate billing of On-Bill Charge (including the amount and type of charges) no less than 45 days after this notice and on the first full billing cycle following verification of Program Contractor's installation of the Improvements at the location.

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<sup>3</sup> See Water Upgrades \$ave Program Manual, Section 3.2.6: Contractor Installation QA/QC.

<sup>4</sup> See Water Upgrades \$ave Program Manual, Section 3.2.4: Contractor Recruitment, Support, and Dispute Resolution; Section 3.2.6: Contractor Installation QA/QC, and Section 3.2.7: Project Close Out.

8. Notify appropriate Partner Utility when to stop On-Bill Charges if Improvements fail, when to restart Charges after repairs are completed, and any extension of the Participant's On-Bill Charge to cover repair costs not covered by Contractor or Improvement's manufacturer warranty.
9. Determine payments to Program Contractors for Improvement repairs and notify the BayREN Team to issue payments to the Program Operator.

The Program Operator is responsible for providing all ongoing Participant support throughout the life of the Project, including but not limited to answering inquiries from Successor Customers about the Program after receipt of the Welcome Packet sent by a Partner Utility and inquiries stemming from review of notices filed at the County Recorder's Office and the Program.

### **3.2.11 FAILED IMPROVEMENTS**

Program Operator will address any Participant complaints about the quality or functionality of the Improvements. If the Program Operator is notified by the Participant of a failed Improvement, the Program Operator will:

1. Verify whether the failure was caused by the Participant/building owner or Participant's guests.
2. For all Standard Pathway Projects (Single Family & Multifamily)
  - Coordinate installation and billing for replacement Improvements as appropriate and ensure Program Contractors and/or suppliers make good on their warranties. If the Program Operator has any unreimbursed Repair Expense after the warranty payments have been applied, the Program Operator may request that the relevant Partner Utility extend the cost recovery period to cover the remaining Repair Expense. The amount of the monthly On-Bill Charge will not increase because of Repair Expenses.
  - If the Improvement is not repaired within XX days of report, Program Operator will advise the Partner Utility to suspend On-Bill Charges unless it determines Participant/building owner or Participant's guests were responsible for the failure.
  - Arrange for an on-call Contractor to complete a repair or install replacement Improvements and track status of the installation, including managing all Participant and/or Contractor questions or issues during the installation process.
  - Notify Partner Utility when to stop monthly On-Bill Charges if Improvements fail and cannot be repaired.
  - Determine disbursements to Program Contractors and suppliers for Improvement installations and repairs and authorize BayREN Team staff to make payments to Contractor.
3. For all DIY Pathway Projects
  - As requested by Participant, Program Operator will call manufacturer of failed Improvements still under warranty, support customer by requesting delivery of eligible replacement Improvements to the location specified by Participant, and confirm with Participant the details of the manufacturer's delivery.

- Participant will still be required to pay the On-Bill Charges if Improvements fail, regardless of whether they can be repaired.
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### **3.2.12 DATA AND REPORTING**

The Program Operator is responsible for collecting, maintaining, and reporting all Program data to the BayREN Team, BayREN member agencies, and Partner Utilities as agreed and consistent with Personal Identifying Information (PII) and data privacy requirements. Program Operator will provide ongoing reports to monitor Program activity and billing, and support BayREN Team reporting to the CPUC on behalf of ABAG. The Program Operator will provide the BayREN Team or a Partner Utility with any records, documents, communications, or other relevant information to enable it to evaluate and ensure the integrity of the Program. At a minimum, reporting requirements will include:

- Participate in twice-monthly program management meetings with Program Lead RCPA. Prepare appropriate updates and report outs on Program Operator activities and needs. Submit follow up notes, action items, and requested data in a timely manner.
- Provide the BayREN Team with twice-monthly reports on Program activity, contractor payments, suspension of charges for Program repairs or vacancy extension of On-Bill Charges, Program Repairs, and billing. Pre-formatted reports and queries from the Program-provided CRM should enable the majority of this reporting.
- Monthly reporting of On-Bill Charges and Extensions of On-Bill Charges for Repairs and Repair Expenses, if not covered by warranty or bonding to Partner Utilities.
- Monthly reporting of Program Operator and Contractor disbursements to the BayREN Team.
- Monthly reporting of participating locations, total On-Bill Charges, and monthly On-Bill Charges to the BayREN Team.
- Monthly, quarterly, and annual CPUC-required Project performance reporting, including:
  - Customer Inquiries
  - Site Visits performed
  - Participant Agreements sent to Customers
  - Participating Locations (i.e., all required parties signed Participant Agreement)
  - Participating Contractors
  - By Project and for all Projects:
    - Total On-Bill Charges
    - Monthly On-Bill Charges
    - Installed Improvements
    - Estimated Water Savings
    - Estimated Energy Savings
    - Customer Satisfaction Metrics and Key Performance Indicators as determined by the Program and potentially reported by Partner Utility.

- Provide BayREN Team with any records, suggestions for workflow enhancements, communications, or other relevant information to enable it to evaluate and ensure the integrity of the Program.
- Ensure all Program forms are submitted, filled out correctly, and signed.

### 3.3 Partner Utilities

Partner Utilities opting into the Program will be invited to work with the BayREN Team to tailor the eligible Improvements and customer classes included in the Program’s region-wide service offering to the local needs of the Partner Utility and its community. The BayREN Team will also work with Partner Utilities to establish, as necessary, any local target for the number of annual Participants and/or aggregated capital for projects completed and approved in their service territory. To receive Program services under a Master Agreement with ABAG, local governments and their water utilities (Partner Utilities) must adopt a locally appropriate fee schedule to enable on-bill collection and have the ability to implement and track line-item charges for reported on-bill repayment at participating customer locations in accordance with that fee schedule. These requirements will enable Partner Utilities to access Program financing and repay ABAG for Program services delivered to their participating customers regardless of collections.

#### 3.3.1 IDENTIFICATION OF POTENTIAL UTILITIES

The BayREN Team analyzed the potential for cost-effective water efficiency projects for Bay Area water utilities in the Multifamily and Single-Family sectors to identify utilities that would benefit from a Water Upgrades \$ave partnership. Utilities that would benefit meet all the following criteria:

- A public municipal utility governance structure
- An estimated minimum 7,500 multifamily units and single-family homes served
- Volumetric water and sewer rates that result in sufficient savings to cover project costs consistent with the Program’s 80 Percent Rule.

Additionally, some utilities may have planned rate increases or need for new supply that increase the value to a utility of the Program.”

#### 3.3.2 MASTER AGREEMENT

Partner Utilities opting into the Program will be required to sign a Master Agreement. The Master Agreement will establish terms and conditions for how ABAG (and the BayREN Team) will provide Program services to eligible customers at Partner Utilities, roles and responsibilities for Partner Utilities to effectively facilitate these on-bill projects, and requirements for Partner Utility repayment to ABAG for Program services rendered. In addition to required terms and conditions, the Master Agreement will identify optional and negotiable roles and responsibilities for the parties. The Master Agreement will require Partner Utilities to:

1. Adopt a locally approved fee schedule to enable on-bill collection.
2. Implement and track line-item charges for ABAG reported on-bill repayment at participating meter locations in accordance with that specific utility's fee schedule.
3. Repay ABAG for Program-approved project costs regardless of collections.
4. Repay ABAG for Program development, administration, and financing services.

Partner Utilities will have the right to limit eligible Improvements, eligible customers (e.g., criteria for individual account; classes for eligible accounts), and the total number of annual Participants and/or total value of annual project capital for their utility.

The Master Agreement establishes Program protocols and roles and responsibilities. The Master Agreement also articulates how customer data will be maintained as private and confidential and Customer Personal Identifying Information will be secured.

### **3.3.3 CUSTOMER ELIGIBILITY**

The Partner Utility will support the Program Operator in verification of customer eligibility. Partner Utilities will have the right to limit eligible Improvements, eligible customer types, and the total number of annual Participants and/or total value of project capital for their utility. To communicate any such limits to the BayREN Team, the Partner Utility will complete and sign the Utility Program Profile (Exhibit C of the Master Agreement) as part of the Partner Utility's final signed Master Agreement. Partner Utility will provide a revised copy of this Exhibit to ABAG at least annually on or before November 1 or else the previous year's limits, if any, will apply.

To reduce the number of one-off customer account verifications, the Partner Utility will provide the Program Operator a list of eligible customers sorted by their winter usage twice a year. Partner Utilities will also have the right to exclude specific Contractors from operating within their jurisdiction. Optimal eligible customers will have accounts in good standing for 12 months, or the duration of their utility service if their account has been open less than 12 months. The Partner Utility may identify other programs to promote to Participants but may not require participation in these other programs to participate in the Program.

### **3.3.4 TRAINING**

Partner Utility staff involved with marketing, customer service, and utility billing associated with the Program will be required to attend a Program training offered by the Program Operator. Training benefits include streamlining customer intake and questions to increase overall Program participation within the Partner Utility's jurisdiction. Partner Utility staff will be apprised of basic program processes thus increasing their awareness of opportunities for additional marketing, contractor and customer participation, and resource efficiency.

### **3.3.5 AUTHORIZING AND COLLECTING THE ON-BILL CHARGE**

The Program relies on a Partner Utility’s authority to implement approved fees and schedules to collect charges on participating customers’ utility account for the provision of water utility service. California Senate Bill 564 — The Water Bill Savings Act (2017) (SB 564) further establishes that municipal water utilities may extend this authority to enable fees to collect costs for the voluntary acquisition, installation, and repair of water efficiency Improvements repaid through an *efficiency charge* (i.e., On-Bill Charge) added to the water bill associated with the utility’s water meter at the customer property upon which the water efficiency Improvement is located. SB 564 goes on to establish that the timely and complete payment of an efficiency charge by a customer that has agreed to pay an efficiency charge may be a condition of receiving water service from the local agency or its publicly owned utility, and a local agency and its publicly owned utility are authorized to use their established collection policies and all rights and remedies provided by law to enforce payment and collection of the efficiency charge. A person liable for an efficiency charge will not be entitled or authorized to withhold payment, in whole or in part, of the efficiency charge for any reason.

SB 564 furthermore establishes that the efficiency charge is a voluntary charge that will be made pursuant to a written agreement among the customer, all property owners of record if these are different than the customer, the authority, and the local agency or its publicly owned utility; the Legislature finds and declares that voluntary efficiency charges under this section are not taxes, assessments, fees, or charges for the purposes of Articles XIII C and XIII D (Proposition 218) of the California Constitution and therefore the provisions of Articles XIII C and XIII D and Article 4.6 (commencing with Section 53750) of Chapter 4 of Part 1 of Division 2 of Title 5 are not applicable to voluntary efficiency charges levied pursuant to this section.

Partner Utilities will be required to treat the Program On-Bill Charge the same as all other billed charges. The Partner Utility will publish the Fee Schedule information alongside its water rates and costs for water on its website. Customers are required to pay only for billed charges and will not be allowed to pay for unbilled charges. This will facilitate Improvements remaining in place at improved locations when Successor Customers take occupancy at an improved location.

### **3.3.6 INITIATING, COLLECTING, AND ASSIGNING ON-BILL CHARGE TO A LOCATION**

Once a Partner Utility has established a fee schedule authorizing the Program On-Bill Charge for Program projects to be installed for that Partner Utility’s customers, the Partner Utility’s billing system needs to be able to:

1. Accommodate a line item for the On-Bill Charge that is maintained on that account until all Program costs are recovered (maximum On-Bill Charge term is expected to be 10 years). Billing system functionality needs to allow for the On-Bill Charge to be suspended, canceled, or extended (as necessary, for example, to cover authorized Repair Expenses).
2. Provide a “flagging mechanism” to ensure customer service staff can easily identify any customer occupying a location with a On-Bill Charge.

3. Provide a “noticing” mechanism to identify new account holders at locations where Improvements have been installed and automatically generate a program welcome letter to communicate benefits and obligations to Successor Customers, either distributed at the time new service is requested or within two weeks of a request.
4. Allow Partner Utility billing staff to access all available Program-related information for that account number, including:
  - a. The Improvements installed at that location.
  - b. The On-Bill Charge in effect for Improvements installed at that location.
  - c. The remaining number of payments at any time, including adjustments for suspensions, missed payments, and repairs.
  - d. One-time expense charges using a second line item.
  - e. On-Bill charges billed, On-Bill Charge amounts paid, and On-Bill Charges missed.
  - f. Contact information for installing Program Contractor or DIY-related staff and BayREN or its third-party Program Operator.

When participating customers leave a location with remaining payment obligations and successor customers begin service at that location, the billing system needs to flag the account as having been upgraded, receiving savings, and having a Program On-Bill Charge — and automatically generate a Program Welcome Letter, detailing the new (i.e., Successor) customer’s benefits and obligations under the Program. The system should also be able to aggregate the amount of bad debt associated with the Program, if any, on an ongoing basis. The Program’s recommendations and requirements for billing system functionality leverages lessons learned from Partner Utilities’ billing system enhancements required for implementation of BayREN PAYS® Pilots.

### **3.3.7 MARKETING, EDUCATION, AND OUTREACH**

The Partner Utility will support the Program Operator with marketing for the Program on behalf of the BayREN Team to ensure clear communication, accurate information, and hassle-free installation of Improvements. Marketing responsibilities include general distribution of program materials such as bill stuffers, press releases, and first-class mail to eligible customers who are likely to have cost effective opportunities. Partner Utilities must place a description of the Program and contact information on their websites. The BayREN Team will provide templates and other assistance for these Partner Utility marketing responsibilities.

### **3.3.8 REPAIRS**

If it is determined by the Program Operator (or Partner Utility), during the billing of On-Bill Charges, that the installed Improvement(s) are no longer functioning as intended and that the Participant or its occupants, or building owner if different, did not damage or fail to maintain the Improvements in place, the Program Operator will notify the Partner Utility to reduce or suspend the On-Bill Charges until the Partner Utility, Program Operator, and/or its Contractor can repair the Improvement(s). If it is determined that Improvement(s) cannot be repaired or replaced cost effectively, the Partner Utility will waive remaining On-Bill Charges for the failed Improvement.

If the Program Operator determines the Participant or its occupants, or building owner if different, did damage or fail to maintain the Improvement(s), the Partner Utility will seek to recover all costs associated with the installation, including the balance of all unpaid and unbilled On-Bill Charges, rebates paid to lower project costs, and legal fees. The On-Bill Charges will continue until cost recovery is complete.

### **3.3.9 TERMINATION OF ON-BILL CHARGE**

Once the Partner Utility's costs for Improvements at a location, including any costs associated with repairs, suspension of charges due to repairs, and extended vacancies, have been recovered, the monthly On-Bill Charge will no longer be billed.

### **3.3.10 EXTENSION OF ON-BILL CHARGE**

If the monthly On-Bill Charge is suspended because of disconnection or pending needed repairs, once repairs have been successfully effected or service reconnected, the number of total monthly payments will be extended until the Partner Utility has recovered all of its costs for the installation, including any costs associated with deferred collections. Cost recovery of On-Bill Charges billed but not paid by Participants (i.e., missed payments) will be the responsibility of the Partner Utility and will be recovered as the Partner Utility would recover any unpaid customer billings. In no case will the On-Bill Charges extend beyond the actual life of the Improvements.

### **3.3.11 TIED TO THE LOCATION**

Until cost recovery for Improvements at the location is complete or the Improvements fail, the terms of the Fee Schedule will be binding on the property and any Successor Customer who will receive service at that location. Neither Participants nor Successor Customers may prepay unbilled charges.

### **3.3.12 COST RECOVERY**

The On-Bill Charge will be billed after a minimum of 45 calendar days following installation of Improvements and the Program Operator or the Partner Utility, if it has elected to participate in QA/QC activities, approves the completed work. The Participant will pay the On-Bill Charge as implemented by the Partner Utility and stipulated in the Participant Agreement they signed, or if they are a Successor Customer, on the property notice filed with the property's records or if they are a renter as stated in the Rental Notice for On-Bill Efficiency Improvements the Owner required they sign they were required to sign by the Owner. The Partner Utility will bill and collect On-Bill Charges until the Partner Utility recovers the Total On-Bill Costs for Improvements (i.e., project costs for labor and materials, permits, project administration tasks carried out by the Program Operator, the Program fee, and accrued expenses associated with the project).

Partner Utility has the right to pursue all its current collection mechanisms to recover project costs including but not limited to disconnection for non-payment. Without regard to any other approved Partner Utility rules or policies, the On-Bill Charges will be considered as an essential part of the

Participant's bill for water service, and the Partner Utility may disconnect the property for non-payment of On-Bill Charges under the same provisions as for any other water service.

### **3.3.13 UTILITY PAYMENT REPORT**

The Partner Utility is responsible for repaying ABAG for all approved project costs in accordance with the schedule established in Master Agreement Exhibit C: Utility Program Profile, and for using the BayREN-approved reporting format similar to the template presented in the Master Agreement Exhibit E (Utility Repayment Report). The repayment report will include the monthly utility payment made by the Partner Utility to ABAG for all current on-bill collections reported by the Partner Utility for a given month.

### **3.3.14 DO-IT-YOURSELF (DIY) PATHWAY**

Partner Utilities will have the option to allow their Multifamily customers participate in the DIY pathway at any time. While DIY removes a possible participation barrier in the Program, it increases potential risk for the Partner Utility. The DIY pathway does not guarantee safe or warranted installation by a licensed contractor, which can result in lower than estimated savings or other problems.

### **3.3.15 QUALITY CONTROL**

The Partner Utility will have the option to conduct quality control for final inspections within their jurisdiction. Partner Utility may negotiate additional services and costs with the Program Operator and the BayREN Team.

### **3.3.16 LOW TO MIDDLE INCOME CUSTOMERS**

The Program will offer to target low-to-middle income (LMI) single family customers who live in neighborhoods identified by Partner Utilities and or live in census tracts identified as disadvantaged in the most current version of the CalEPA's CalEnviroScreen. Depending on the Partner Utility's rates, costs, Program Operator costs, or ABAG interest rates, it is possible serving LMI single family customers may require copays if the household is receiving discounted water rates as a result of their income status.

A Partner Utility may want to subsidize services to LMI customers by paying, with utility funds, any copay where non-subsidized water and energy rates create savings over the estimated life of the Improvements to offset project costs but are not sufficient to provide immediate net savings without subsidy.

### **3.3.17 OPTIONAL ROLES**

All optional roles are to be negotiated between the Partner Utility and the BayREN Team and put into writing prior to the signing of the Master Agreement.

## 3.4 Contractor

### 3.4.1 CONTRACTOR AGREEMENT

Contractors interested in becoming a Program Contractor will request a Contractor Agreement from the Program Operator. Contractors must include all the following information: contractor license number, bond number, if available up to three references from multifamily building owners and up to three references from single family home owners, and certificates of insurance meeting program requirements naming the BayREN Team and other Program parties as additionally insured. The Contractor will sign the Contractor Agreement in addition to completing program training to become certified as a Program Contractor. Contractors are responsible for accurately documenting all program activity using program forms and securing Participant signatures, as necessary.

### 3.4.2 CUSTOMER SERVICE

All Program partners are expected to provide exemplary customer service in connection with any activities related to the Program.

At a minimum, the Program Contractor must:

1. Provide customers with an accurate description and representation of the Program and its benefits.
2. Offer the Participants the most comprehensive, cost-effective, and water efficient solution to ensure customer satisfaction.
3. Provide the Participants with courteous, attentive, and responsive staff with a professional manner and appearance.
4. Promote and strengthen the partnership with the Program, Utilities, and other partners.
5. Work effectively with Participants, Program Operator, and Program staff to identify and resolve issues as quickly as possible.
6. Immediately inform Program Operator of any problems encountered in doing the work.
7. Respond to the Participants' inquiries promptly (e.g., within 24 hours). If requested information is not available on short notice, the parties will agree on a reasonable time for a response.
8. Ensure that the efficiency measures are installed with minimal disruption to the Participant's place of business.
9. Provide the Participants and Program Operator with an estimate of the date the installation will be completed and inform the Participants if the installation appears to be taking longer than the original estimate.
10. Work with building owner to provide notice to tenants in accordance with California noticing requirements.
11. Ensure all required materials are in stock prior to beginning installation.
12. Ensure that the workspace is returned to its original condition before leaving Participant's home, including vaccuuming and other clean-up, leaving behind no debris.

13. Provide Participants with warranty information in writing as well as Program Operator contact information so that the Participant can follow up with the Program Operator with any questions.
14. Perform all corrections as identified during field quality control inspections within three (3) business days, unless the problem interrupts the Participant's normal business operations or presents a health and safety threat, in which case the correction will be made immediately.

### **3.4.3 MARKETING, OUTREACH, AND ENGAGEMENT**

Contractor may market its services to Partner Utility customers. All advertising must be approved in advance by the Program Operator. Acceptable outreach includes co-branding with the Program Operator on existing program materials and letterhead, email marketing, website branding, etc. Unacceptable outreach methods would include any activities that harass customers (i.e., spamming) or misrepresent the Program. The Partner Utility may supplement Contractor marketing with its own efforts.

The key message for the Program will focus on the opportunity to purchase water efficiency products with no upfront payment, no new debt, and none of the risks Customers are likely to associate with Contractors installing Improvements in their buildings or installing products based on future savings.

Contractor marketing materials should support messaging or features such as saving money, upgrading building equipment, eliminating water waste, and confidence about the Improvement quality and workmanship as a bonded Program Contractor.

### **3.4.4 PROGRAM TRAINING**

The Contractor and/or its designated representatives will attend at its own expense and satisfactorily complete the Program training course. The course is required for all Contractors and their staff to sell program Improvements. All Contractor staff who will be interacting with Partner Utility Customers must attend the training. The Contractor is responsible for ensuring it and its representatives use program products and follow Contractor-related program protocols.

While the initial certification training is offered prior to program implementation at no charge to Contractors and staff, subsequent training sessions (i.e., required for additional or replacement staff) set-up and presented by the Program Operator will require a per-person, per-session charge.

Additional trainings will be an expense at cost to the Program Contractor. Additional trainings may be required to train new staff or re-train existing Program Contractors at the Program Operator's discretion.

### **3.4.5 MENTORSHIP**

The Contractor's initial program project will require a mentorship session with the Program Operator. The Program Contractor is responsible for contacting the Program Operator to schedule a pre-installation site visit. The mentorship allows the Contractor to ask the Program Operator any procedural and/or program related questions and to avoid the possibility of misunderstanding.

### **3.4.6 MATERIALS PROCUREMENT**

Contractors are responsible for purchasing Program-approved Materials. The Program will procure discounts for Materials when possible. The Contractor may procure approved, Program-listed eligible Materials through their own channels if the Materials are cheaper, but Materials must always be new and meet the Program's warranty requirements.

### **3.4.7 PERMITTING AND EXPENSES**

Program Contractor will secure and pay for all permits, governmental fees, licenses, and inspections necessary for the proper execution and installation of the Improvements. These costs must be either included in Contractor's bid price as established in the Participant Agreement or be absorbed by the Program Contractor. Program Contractor will give all notices and comply with all laws, ordinances, rules, and orders of any public authority bearing on the performance of the work.

### **3.4.8 PRE-INSTALLATION SITE VISIT**

A pre-installation site visit is required prior to starting any work. During the site visit, the Contractor will be responsible for identifying any pre-existing conditions that would preclude installation of program Improvements and confirm the type and the number of qualifying Improvements to enable the Program Operator to prepare a Participant Agreement.

#### **Pre-Installation Site Visit for Single Family**

If the site visit confirms the scope of work in the Participant Agreement's Attachment A: Approved Efficiency Improvements Form is appropriate for the Location, the Contractor may complete the installation during that visit or in a subsequent visit scheduled at a mutually agreeable time with the Participant.

#### **Pre-Installation Site Visit for Multifamily**

Following the site visit for multifamily Participants, the Contractor will prepare the scope of work of eligible Improvements. The Contractor will submit to the Program Operator the scope and estimated labor-hours based on Program standard labor rates. The Program Operator will review the scope of work and present the Participant with Approved Efficiency Improvements Form for signature.

Once the Participant signs this form and if they have chosen to have the Contractor install the Improvements, the Contractor proceed with the work. If the Participant chooses to have their own staff install the Improvements (DIY), the pre-installation site visit is included in the charges

assessed on the Participant. Additionally, if the Contractor determines during the pre-installation site visit that Improvements qualify without an out-of-pocket copayment and the Customer does not accept the offer, the Customer will also pay for the pre-installation site visit.

### **3.4.9 DO-IT-YOURSELF (DIY)**

In order to ensure Contractors understand the difference between financing installations through the Program with a Program Contractor charging prevailing wages and Participants using the DIY option to install program-sourced Improvements with their own staff or contractors, the Program Operator will use a Program-developed one-page table itemizing the different consumer assurances offered by the Program that are not available outside of the Program.

There may be instances where a Contractor completes a pre-installation site visit with a Participant who intends to use a non-participating contractor or their own staff to install Improvements. As noted above, these Participants will have the Program Contractor's pre-installation site visit added to their On-Bill Charge. In addition, the Contractor will have the option in their agreement to inspect the Improvements installed by the Participant's own staff or contractor to confirm the work meets the Program standards. Program Operator will assign such inspections to Contractors who have opted into this service on an as-needed basis. DIY Participants will also be responsible for the cost of this inspection and any necessary subsequent inspections that may be required to confirm any errors identified in the inspection process have been corrected. Contractor will receive payment for this work through the Program Operator.

### **3.4.10 SENATE BILL 407**

Senate Bill (SB) 407 — Property Transfers: Plumbing Fixtures Replacement Act (2009) requires non-compliant plumbing fixtures be replaced with water-efficient plumbing fixtures regardless of whether the property undergoes alterations or Improvements as of January 2019. As an additional value to customers that decline to participate, the site-visit expense includes a SB 407 report. The SB 407 report is generated by the Contractor soon after the site visit using a template provided by the Program, stating on the day of the site visit what fixtures are not meeting the SB 407 state requirement per unit. All building Owners that complete the installation of program Improvements that pass the final inspection will be provided a certificate stating the premises are SB 407 compliant with project close out materials by the Program Operator.

### **3.4.11 INSTALLATION**

Contractors are responsible for installing authorized Improvements for Participants at a standard program price as agreed to in the Participant Agreement for a specific project Location. Contractors also must adhere to the Contractor Agreement including the requirements to:

1. Be responsible for the quality of their work as well as compliance with federal, state, and local standards
2. Be responsible for all actions of its staff and any subcontractors

3. Hold the appropriate California licenses for the work performed
4. Be responsible for identifying any pre-existing conditions that would preclude installation of program Improvements (e.g., a rotted floor under the toilet or corroded shower pipes) prior to starting work that would result in cost for Participants without savings
5. Secure required permits and include this cost in their proposed project price
6. Be bonded
7. Offer a minimum 1-year parts and labor warrantee
8. Pay any required training expenses and any penalties related to failed program inspections, which will be used to pay for additional quality control inspections
9. Have sufficient staff available to complete installations for Participants
10. Have those staff members successfully complete required training

#### **3.4.12 QUALITY ASSURANCE/QUALITY CONTROL (QA/QC)**

Contractors are required to participate in program quality assurance and control activities. Quality assurance and quality control will be completed for all projects. Site inspections for standard pathway projects will take place for 10 percent of sites during pre-installation and for 10 percent of sites during post-installation through an independent inspection carried out by the Program Operator. The same project is not guaranteed to receive both the pre- and post-installation inspection. All building units in Participant DIY pathway projects will receive a pre- and post-installation inspection.

#### **3.4.13 PAYMENT**

Program Contractors must submit all completed program documentation to the Program Operator including a participant-signed Work Acceptance Form for project payment. Program Contractors are responsible for submitting paperwork to the Program Operator. Once all program documentation is reviewed and approved by the Program Operator, the Program Operator will then pay the Program Contractor during the next payment cycle.

Program Contractors are responsible for collecting any copays from Participants before ordering materials and Improvements or beginning work. The Program Operator or Partner Utility will assume no responsibility for Participants' copays unless provided for under the Partner Utility's optional supports and incentive programs for low-to-middle income customers.

#### **3.4.14 ON-CALL**

Program contractors will have the option to opt-in as an On-Call Program Contractor. Additional responsibilities would include providing site visits and inspections to DIY participants, determining the cause of failed upgrades, repairing or replacing failed upgrades, serving a broader region, and or responding in timely manner within a 24-hour period. To opt-in as an On-Call Program Contractor, there will be an additional section and signature required on the Contractor Agreement.

## 3.5 Participant

### 3.5.1 SINGLE FAMILY

Single family Participants must use the standard pathway. The standard pathway includes purchasing and installing eligible Improvements from the Program using a Program Contractor. Non-participating contractors can become Program Contractors if they meet all criteria (e.g., licensing, bonding, training, sign the Contractor Agreement, commit to standard pricing) for Participants who have a preferred contractor. Using the standard pathway, the Participant's On-Bill Charge would include materials and labor. In case of repairs, the standard path allows for charges to be suspended until Improvements are fixed because of Improvement or installation issues.

### 3.5.2 MULTIFAMILY

Potential multifamily Participants have two pathway options and may choose to participate in the Standard or Do-It-Yourself (DIY) program path. The standard pathway includes purchasing eligible Improvements from the Program and using a Program Contractor to install those Improvements. It is the Participant's responsibility to select the standard or DIY pathway before a Program Contractor has conducted the pre-installation site visit. Potential Participants will be asked to sign a Multifamily Intent to Participate Form prior to the Program Contractor conducting a site visit to cover the site-visit expense for customers who decline to participate or pursue the DIY pathway.

The DIY pathway allows a Multifamily Participant to procure eligible Improvements from the Program, but installations are completed by maintenance staff or any non-participating contractor. Using the DIY path, the Participant is responsible for all labor costs and the On-Bill Charge will only be for procured eligible Improvements. Once the DIY pathway is chosen, neither the Participant nor any Successor Participants can use a Program Contractor.

### 3.5.3 AGREEMENT

The Participant, and building owner if different, is responsible for adhering to the terms and conditions of the Participant Agreement. The Participant Agreement will remain in effect until the Participant has paid all On-Bill Charges or the Program Operator determines that the Improvements have stopped working and cannot be repaired.

### 3.5.4 MAINTAINING AND REPAIRING IMPROVEMENTS

The Participant will be responsible for maintaining the installed Improvements in good condition and repair. If the Participant damages or removes Improvements during the term of the Agreement, the Participant will be responsible for costs incurred from removal of the Improvement, failure to properly maintain Improvements, and damaging the Improvements. If in such cases the Program Operator approves repair of the Improvement and extension of the On-Bill Charge, the Partner Utility will continue to collect On-Bill Charges from the location. If Program Operator does not

approve repair of the Improvement, Partner Utility is authorized to seek cost recovery from the Participant as specified in the Participant Agreement.

The Participant will be responsible for notifying the Program Operator of any failure in Improvements. This process includes:

1. Participant notifies Program Operator of any Improvement failure and allows the Program Operator to inspect the failed Improvements.
2. If the Program Operator determines that the Improvement failure was not caused by removal, a failure to maintain the upgrade, or damage by the Participant, owner, or Participant's guests, the Program Operator will arrange with the Contractor for repair of failed Improvements or request the partner utility terminate the portion of the On-Bill Charge associated with the failed Improvements.
3. If the Program Operator has any unreimbursed repair expenses after the warranty payments or after bonding (if the upgrades were improperly installed by the Program Contractor) have been applied, the Program Operator may request that the relevant Partner Utility will extend the on-bill collections at the location to cover its additional expense. The amount of the monthly On-Bill Charge will not increase because of repair expenses.

If within twenty-one (21) days of the Participant notifying the Program Operator of the failed Improvements, the Program Operator has not repaired or replaced the failed Improvements and the Participant was not notified by the Program Operator that the Improvements are not eligible for repair or replacements under the terms of the Participant Agreement, the Program Operator will instruct the relevant Partner Utility to suspend the monthly On-Bill Charge for the failed Improvements until the repairs are completed and the Improvements are properly functioning. If the Program Operator does not arrange for the repairs because the Participant has failed to provide reasonable access to the property, the monthly On-Bill Charge will not be suspended, and the Participant will be obligated to continue to pay it.

The Program Operator will attempt to remedy any problems that arise out of work conducted under the standard pathway. Manufacturers are solely responsible for the design and manufacture of their product and Program Contractor is solely responsible for the installation of the Improvements and the conduct of Contractor's staff and subcontractors under the standard option. Customers who choose the DIY option are responsible for their choice of installer and their installation and conduct. Neither Program Operator nor Partner Utility are guarantors of the work performed by any contractor or of the installed Improvements and neither will not be liable for:

- Any damages resulting from faulty installation, design, or manufacturing defects;
- Personal injury, property damage, actions, or illegal activity caused by Contractor or Contractor's agents or employees; or
- Faulty design or manufacturing defect by the manufacturer of Improvements and any consequential damages.

Under the DIY option, the Program Operator will inspect the completed installation. If Program Operator determines that the Improvements were not properly installed, Program Operator will notify the the Participant who must take the corrective action required by the Program Operator for the On-Bill Charges to be authorized. If the Participant fails to take those corrective actions and requests re-inspection within 21 days of notice from the Program Operator, they will still be obligated to pay the Partner Utility for Total On-Bill Costs, costs for failed DIY inspections, and other related costs.

### **3.5.5 ON-BILL CHARGE**

The Participant is responsible for paying a monthly On-Bill Charge, which will be first placed on the bill no more than 45 calendar days following the Program Operator's verification of Program Contractor's installation of the Improvements at the location. The On-Bill Charge is a fixed, location-based charge applied to the Participant's utility bill by the Partner Utility. The Participant as long as they remain a Customer of Partner Utility at that location is responsible to pay each bill-cycle thereafter for the period of the on-bill collection process. The amount of the charge will be the amount shown on the Approved Efficiency Improvements Form and the Program Agreement. However, if there are extended vacancies or if an Improvement is repaired because of damage not caused by the Participant, Owner or occupants, the Partner Utility may extend the cost recovery period and the total number of On-Bill Charges to cover expenses associated with repairs or deferred collections as long as Improvements continue to function. The annual On-Bill Charge will not exceed 80 percent of the annual total savings estimates for the Participant. Once all payments have been made, the building Owner will own the Improvements. If the Owner, Participant or occupants fail to maintain or removes or damages an Improvement, the Partner Utility will continue to issue On-Bill Charges until Total On-Bill Costs are recovered and the utility may seek total cost recovery from the responsible party.

### **3.5.6 PROPERTY ACCESS**

The Participant is responsible for organizing access to the property for the Contractor and/or Program Operator and for providing any required notice to tenants for:

- Assessment of eligible Improvements, including pre- and post-installation QA/QC activities
- Installation of Improvements
- Inspection of installed Improvements
- Repair of Improvements

### **3.5.7 PARTICIPATE IN MEASUREMENT AND VERIFICATION ACTIVITIES**

The Participant and, if different, the Owner, will agree in the Participant Agreement to share water and energy consumption data and water and energy bill payment history and to make a good faith effort to participate in follow-up surveys and provide requested information to assist in evaluating the effectiveness of the Program.

### **3.5.8 SUCCESSOR CUSTOMERS**

If a Successor Customer takes occupancy at the location, they will automatically assume the terms of the Fee Schedule and the remaining On-Bill Charge repayment obligations by virtue of their accepting utility service at the location. They will receive a New Customer Utility Notice Form to make them aware of the On-Bill Charge and the benefits and obligations associated with the installed Improvements.

### **3.5.9 RENTAL CUSTOMERS**

Similarly, Rental Customers (i.e., tenants) will be informed by the Owner via a Rental Notice for On-Bill Efficiency Improvements. A building owner that leases a location with installed Improvements is responsible for providing this notice to a Rental Customer. The owner will notify the Rental Customer of Program benefits and obligations, including the requirement to pay the Program's On-Bill Charge. Failure to obtain the Rental Customer's signature on the Rental Notice for On-Bill Efficiency Improvements prior to the Rental Customer taking occupancy will constitute the owner's acceptance of consequential damages and permission for a tenant to break their lease or rental agreement without penalty. Participants leasing a location with an On-Bill Charge will also disclose Program obligations and benefits in the lease for that location.

## Appendix A: Glossary of Common Terms

Preferred Term	Meaning
ABAG Administration Fee	Percent charge on Project Costs and due ABAG to support Administration services separate from Program Operator project responsibilities (dispute resolution), reporting to Partner Utilities, expansion post BayREN
Capital Fee	Percent charge on Project Costs and due to MTC for sourcing capital and service administration
Cost Recovery Period	Amount of time from the initial placement of the On-Bill Charge until the Total On-bill Costs are paid for
Current On-Bill Charge Report	Aggregate and current amount of all On-Bill Charges reported to Partner Utility for a given month.
Customer	Only use for water utility customers, not program customers (see Participant)
DIY Participant	Multifamily Customer who is participating in the Program through DIY
DIY Participant Agreement	An agreement for DIY Participants
Expense	Costs associated with deferred collections. A type of cost associated with the extension of a Participant's On-bill Charge
Fee Schedule	Approved by Partner Utility it defines who pays for what, for how long, and what happens if it's not paid.
Improvements	Improvements made to the premises (toilets, aerators, landscaping etc.) as approved by the Program Operator to deliver monthly utility bill savings that exceed efficiency charge.
Location	The place where Improvements are installed and tied to the meter
Master Agreement	Program agreement between ABAG and Partner utilities

Preferred Term	Meaning
Materials	The Program-approved hardware involved in the installation of an Improvement such as, toilet seats, seals, flanges, nuts and bolts
Monthly Utility Payment	Monthly payment made by Partner Utility to ABAG for all current On-Bill Charges reported to Partner Utility for a given month.
Non-Participating Contractor	Contractors, maintenance staff, handymen, and other DIY installers who are not trained, licensed, and/or bonded and have not signed a contractor agreement
Notice for Lease Location	A notice from the building owner to a successor customer that must be signed prior to taking occupancy describing obligations to program including the On-Bill Charge.
Notice of Agreement	The notice to be attached to the property records at the appropriate County Recorder's Office
On-Bill Charge	From the participating customer's point of view, regular (monthly or bimonthly) charge on their water bill that allows the utility to recover Total On-Bill Costs for installed Improvements at that location.
On-Bill Collection	Refers to Partner Utilities' collection of charges from ABAG's perspective
Participant	Customer recorded on the water utility account. Could be an individual or entity/agency. Agrees to program terms and signs Participant Agreement.
Participant Agreement	An agreement between the Partner Utility Customer, Owner (if different from Customer), and the Program Operator defining the terms and agreed-upon Improvements to be installed during the Project.
Partner Utility	Utilities that have signed the master services agreement
Program Application	A multifamily/commercial application signed by the water customer before a site visit can be scheduled stating customer intent to participate in the Program or be charged a Site Visit Expense
Program Contractor	Received program training, licensed, bonded, and has signed the contractor agreement
Program Fees	Percent-based fees calculating the APR. (Consists of Capital Fee, Admin Fee, Utility Fee)
Program Manual	Manual provides detailed guidance on program operation

Preferred Term	Meaning
Program Operator	A third-party contracted by BayREN to manage the day-to-day activities of the Program.
Program Operator Agreement	Agreement between the Program Operator and ABAG
Project	The array of activities from assessment through inspection that result in the installation of Program Improvements at a customer's premises
Project Costs	Normal costs associated with one project: labor and materials; project and Contractor oversight
Proposal Summary	A project summary on the cost-effective analysis of Improvements at a given location that includes cost recovery period, number of Improvements, and estimated savings
Quality Assurance	Process oriented, focused on defect prevention. Activities like pre-inspection, pre-desktop review. Post desktop review.
Quality Control	Product oriented, focuses on defect identification. Includes post-inspection
Re-inspection expense	Cost associated with failed inspections debited from the Program contractor or by extending the DIY Participant's On-Bill Charge
Repair Expense	Cost associated with Program Contractors fixing installed Improvements within the cost recovery period. Cost may be recovered from Program Contractor or Material supplier during warranty periods or from participant, occupant, or owner if they caused the need for repairs
SB 407 Report	Program document breaking down by unit what fixtures do and do not comply with California state water fixture compliance law.
Site-Visit Expense	Cost associated with potential multifamily and commercial Participants that elect to receive an initial site visit and decline to complete a project with a Program Contractor or request a site visit under the DIY pathway. Those charged a site visit expense will receive a SB 407 report
Successor Customer	The new owner or tenant who becomes a Partner Utility Customer at an Improved location, accepts water service during the cost recovery period, and is bound by the Fee Schedule even though they have not signed a Participant agreement.

Preferred Term	Meaning
Total On-bill Costs	Total program costs charged to a location over the recovery period. Used for costs with an associated dollar amount that includes normal (Project Costs), situational costs (Expenses), and any percentage-based fees (Program Fee)
Training Expense	Cost associated with additional training or re-training of Program Contractors
Utility Fee	Optional percent charge on Project Cost and due Partner Utility to recover costs for Partner Utility supporting program services (utility billing system maintenance; customer service questions/calls; new/successor customer noticing)
Work Acceptance Form	A form signed by the Participant accepting that all Improvements agreed upon in the Participant Agreement have been installed and to Participant satisfaction.

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## **Appendix B: Equipment Specification Guide and Measure Installation Standards**

Appendix B information in development.

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## Appendix C: Program Forms

*[Document Locations Pending]*

Document	Location
Change Order	
Contractor Agreement	
Contractor Scope of Services	
Master Agreement	
Model Schedule of Rates and Fees	
Multifamily Intent to Participate Form	
New Customer Utility Notice Form	
Program Operator Agreement	
Participant Agreement Attachment A: Approved Efficiency Improvements Form	
Participant Alternative Dispute Resolution Process	
Participant Work Acceptance Form	
Partner Utility Program Profile	
Program Improvements and Pricing Schedule	
Recorded Notice of Efficiency Charges	
Rental Notice for On-Bill Efficiency Improvements	
Roles and Responsibilities ABAG and Partner Utility	
Single-Family/ Multifamily Participant Agreement	
Total On-Bill Cost Detail	
Utility Payment Report	
Waiver for Mechanics Lien	