NOTICE OF REGULAR MEETING OF THE
PROJECT AGREEMENT 22 COMMITTEE
Interregional Landscape Water Demand Reduction Program

Committee Members:
Shivaji Deshmukh, General Manager, Inland Empire Utilities Agency
Doug Headrick, General Manager, San Bernardino Valley Municipal Water District
Paul D. Jones, General Manager, Eastern Municipal Water District, Chair
Michael Markus, General Manager, Orange County Water District, Vice Chair
Craig Miller, General Manager, Western Municipal Water District

THURSDAY, JUNE 27, 2019 – 8:00 A.M.

Santa Ana Watershed Project Authority
Board Room
11615 Sterling Avenue
Riverside, California  92503

and via telephone conference at
Inland Empire Utilities Agency
Headquarters Building A | Prado Conference Room
6075 Kimball Avenue
Chino, California  91708

AGENDA

1. CALL TO ORDER (Paul D. Jones, Chair)

2. PUBLIC COMMENTS
   Members of the public may address the Committee on items within the jurisdiction of the Committee; however, no action may be taken on an item not appearing on the agenda unless the action is otherwise authorized by Government Code §54954.2(b).

3. APPROVAL OF MEETING MINUTES: MARCH 28, 2019 ................................................................. 5

4. COMMITTEE DISCUSSION ITEMS

   A. PROJECT AGREEMENT 22 COMMITTEE BUDGET FOR FISCAL YEARS ENDING 2020 AND 2021 (PA22#2019.7) ................................................................................................................. 9
      Presenter: Ian Achimore
      Recommendation: Adopt the PA 22 Committee Budget for Fiscal Years Ending (FYE) 2020 and 2021.
B. **CITY OF HEMET CONSERVATION-BASED RATE STUDY PROCESS (PA22#2019.8)**

**Presenter:** Ian Achimore

**Recommendation:** Approve payment of grant funding for the City of Hemet’s work-to-date of the implementation of a rate analysis as complying with the PA 22 Committee conservation-based rates policy statement.

C. **CONSERVATION-BASED WATER RATES PROGRAM CHANGES FOR THE SANTA ANA RIVER CONSERVATION AND CONJUNCTIVE USE PROGRAM (SARCCUP) (PA22#2019.9)**

**Presenter:** Ian Achimore

**Recommendation:** Adopt conservation-based water rates assistance terms under the Santa Ana River Conservation and Conjunctive Use Program’s Conservation-Based Water Rates Program and allow the General Manager to execute sub-grantee agreements with retail water agencies based on these approved changes.

D. **RETAIL WATER AGENCY METER GEOCODING AND BUSINESS TYPE CLASSIFICATION PROGRAM (PA22#2019.10)**

**Presenter:** Rick Whetsel

**Recommendation:** Receive and file.

E. **SMARTSCAPE UPDATE (PA22#2019.11)**

**Presenter:** Ian Achimore

**Recommendation:** Receive and file.

5. **FUTURE AGENDA ITEMS**

6. **ADJOURNMENT**

**PLEASE NOTE:**

Americans with Disabilities Act: Meeting rooms are wheelchair accessible. If you require any special disability related accommodations to participate in this meeting, please contact (951) 354-4220 or kberry@sawpa.org. Notification at least 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility for this meeting. Requests should specify the nature of the disability and the type of accommodation requested.

Materials related to an item on this agenda submitted to the Commission after distribution of the agenda packet are available for public inspection during normal business hours at the SAWPA office, 11615 Sterling Avenue, Riverside, and available at www.sawpa.org, subject to staff’s ability to post documents prior to the meeting.

**Declaration of Posting**

I, Kelly Berry, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on Thursday, June 20, 2019, a copy of this agenda has been uploaded to the SAWPA website at www.sawpa.org and posted at the SAWPA office, 11615 Sterling Avenue, Riverside, California, and the IEUA Office, 6075 Kimball Avenue, Headquarters Building A, Chino, California. /s/

_______________________________________
Kelly Berry, CMC
### 2019 Project Agreement 22 Committee Regular Meetings

Fourth Thursday of Every Month  
(Note: All meetings begin at 8:00 a.m., unless otherwise noticed, and are held at SAWPA.)

<table>
<thead>
<tr>
<th>Month</th>
<th>Date</th>
<th>Meeting Type</th>
<th>Date</th>
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</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>1/24/19</td>
<td>Regular Committee Meeting</td>
<td>2/28/19</td>
<td>Regular Committee Meeting</td>
</tr>
<tr>
<td>March</td>
<td>3/28/19</td>
<td>Regular Committee Meeting</td>
<td>April</td>
<td>Regular Committee Meeting</td>
</tr>
<tr>
<td>May</td>
<td>5/23/19</td>
<td>[cancelled]</td>
<td>June</td>
<td>Regular Committee Meeting</td>
</tr>
<tr>
<td>July</td>
<td>7/25/19</td>
<td>Regular Committee Meeting</td>
<td>August</td>
<td>Regular Committee Meeting</td>
</tr>
<tr>
<td>September</td>
<td>9/26/19</td>
<td>Regular Committee Meeting</td>
<td>October</td>
<td>Regular Committee Meeting</td>
</tr>
<tr>
<td>November</td>
<td>11/21/19</td>
<td>Regular Committee Meeting*</td>
<td>December</td>
<td>Regular Committee Meeting</td>
</tr>
</tbody>
</table>

* Meeting date adjusted due to conflicting holiday.
COMMITTEE MEMBERS PRESENT

Paul D. Jones, General Manager, Eastern Municipal Water District [Chair]
Michael Markus, General Manager, Orange County Water District [Vice Chair]
Kirby Brill, Interim General Manager, Inland Empire Utilities Agency
Doug Headrick, General Manager, San Bernardino Valley Municipal Water District
Craig Miller, General Manager, Western Municipal Water District

COMMITTEE MEMBERS ABSENT

None.

STAFF PRESENT

Rich Haller, Mark Norton, Dean Unger, Ian Achimore, Matt Howard, Zyanya Ramirez

1. CALL TO ORDER

The meeting was called to order at 8:00 a.m. by Chair Jones at the Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, California.

2. PUBLIC COMMENTS

There were no public comments.

3. APPROVAL OF MEETING MINUTES: DECEMBER 18, 2018

Chair Jones stated he was not present at the December 18, 2018 meeting and would accordingly abstain from voting.

MOVED, approve the December 18, 2018 meeting minutes.

Result: Adopted (Passed)

Motion/Second: Markus/Miller
Ayes: Markus, Brill, Headrick, Miller
Nays: None
Abstentions: Jones
Absent: None

4. COMMITTEE DISCUSSION ITEMS

A. ONE WATER ONE WATERSHED (OWOW) PROPOSITION 1 IMPLEMENTATION GRANT PROJECT (PA22#2019.1)

Mark Norton provided a PowerPoint presentation on the Proposition 1 grant proposal “Enhancements to Watershed-Wide Water Budget Decision Support Tool” project, submitted by SAWPA in coordination with the PA22 Conservation Coordinators Workgroup. The project will develop an urban landscape assessment tool that will measure, monitor, classify and report on landscape water demands in the Santa Ana River Watershed.
It is seeking $500,000 from the grant under the small budget category. The time frame to complete this project is two years at an estimated total cost of $1,000,000. A local or non-State share match of at least 50% of the grant amount requested, $500,000, is required. Local funding cost share could be provided by the SAWPA member agencies, local retail agencies and/or a Bureau of Reclamation grant program.

The Bureau of Reclamation recently invited SAWPA to submit a letter of interest to participate in its Water Management Options Pilot program. This opportunity may provide federal funding to serve as the non-State matching funds for the project.

SAWPA recently approached two other potential watershed-wide projects to combine into one; the Comprehensive Landscape Program (led by Municipal Water District of Orange County) and the Accelerated Leak Detection and Meter Testing project (led by Eastern Municipal Water District). The combined watershed-wide project will be submitted separate from the PA22 Committee submittal. If successful, local match would not be needed until the California Department of Water Resources agreement is signed in late spring or early summer 2020.

MOVED, (1) Express support for the “Enhancements to Watershed-wide Water Budget Decision Support Tool” project that is seeking $500,000 from the DWR Proposition 1 IRWM Round 1 Implementation Grant Program funding to be administered by the Project Agreement (PA) 22 Committee, and for seeking and accepting local match by interested agencies for the project; and, (2) Approve submittal of a Letter of Interest and subsequent application for a Pilot study grant under the Bureau of Reclamation Water Management Options Pilots to further secure local match.

Result: Adopted (Unanimously)
Motion/Second: Headrick/Miller
Ayes Jones, Markus, Brill, Headrick, Miller
Nays: None
Abstentions: None
Absent: None

B. EMERGENCY DROUGHT GRANT PROGRAM SCHEDULE AND BUDGET UPDATE
(PA22#2019.2)

Ian Achimore provided a PowerPoint presentation on the Emergency Drought Grant Program schedule and budget update.

Achimore noted that the funding amounts for Project 2 – High Visibility Turf Removal and Retrofit show that the Sub-Grantee agreements have been amended, which was approved by the Committee on August 24, 2017. That action increased the funding available to Eastern Municipal Water District, Inland Empire Utilities Agency and Western Municipal Water District. The funding amounts reflect the latest invoices that have been submitted to SAWPA as of February 28, 2019.

The overall program status is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Grant</th>
<th>Required Funding Match</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Grant Agreement</td>
<td>$12,860,110</td>
<td>$7,051,533</td>
<td>$19,911,643</td>
</tr>
<tr>
<td>Invoiced ($)</td>
<td>$7,450,456</td>
<td>$5,943,834</td>
<td>$13,394,291</td>
</tr>
<tr>
<td>Invoiced (%)</td>
<td>58%</td>
<td>84%</td>
<td>67%</td>
</tr>
</tbody>
</table>
The following is the schedule status by component for Project 1 - Conservation Based Reporting Tools and Rate Structure Implementation:

- Aerial Mapping: (Completed) July 2017
- Conservation Based Rates: June 2019
- Meter Geocoding and Business Type Classification: June 2019
- Web-Based Information Tool: (Completed) June 2018
- ESRI Customer Parcel Water Budget Tool: (Completed) October 2018
- PA 22/Grant Administration: December 2019 (the date that the grant agreement expires)
- SAWPA Implementation: June 2019 (the date the projects implementation are scheduled to end)

The following is the schedule status by component for Project 2 - High Visibility Turf Removal and Retrofit:

- Most turf projects to be done by April 2019
- Invoicing paperwork completed by May/June 2019
  - Includes rebate applications
  - Pre and post photos
  - Landscape contractor invoices
  - Rebate checks from water agencies

This item was for informational and discussion purposes; no action was taken on Agenda Item 4.B.

C. RETAIL WATER AGENCY METER GEOCODING AND BUSINESS TYPE CLASSIFICATION PROGRAM (PA22#2019.3)

Dean Unger provided a status update PowerPoint presentation on the Retail Water Agency Meter and NAICS Geocoding Program.

The Program’s objective is to provide a comprehensive water meter geocoding service. The Program classifies commercial, industrial and institutional accounts using NAICS coding. Its goal is to implement for a minimum of six retail water agencies located within the Santa Ana River Watershed and parts of the Upper Santa Margarita Watershed. Due a high number of interested agencies, the program is estimated to be completed by June 2019. It was noted that the Program is still slightly under budget.

SAWPA staff continues to schedule onsite demonstrations of the ESRI Customer Parcel Water Budget Tool (Tool) to the participating water retail agencies. Committee member Headrick asked if participating water retail agencies had the ability to continue using the Tool after the program is complete. Unger stated that Millar Spatial is offering editing licenses to the agencies at a cost of $300 a year; this will allow them to continue updating their data as it becomes available.

This item was for informational and discussion purposes; no action was taken on Agenda Item 4.C.
D. **CONSERVATION-BASED WATER RATES UPDATE (PA22#2019.4)**

Ian Achimore provided a PowerPoint presentation updating the Committee of the Conservation-Based Water Rates Project, which involve the cities of Chino, Chino Hills and Hemet.

The City of Chino adopted their conservation-based rate structure on June 19, 2018. They currently have utility billing processing issues that have caused late customer billing. The city is working on resolving these issues. Once fixed they can begin working to implement the structure in the next several months.

The City of Chino Hills adopted their conservation-based rate structure on May 8, 2018. The city has fully implemented the rate structure and customer bills are being calculated using the budget-based formula.

The City of Hemet has not had their Proposition 218 hearing and have experienced delays due to development of other major priorities. City management leadership recently changed and staff from the public works department are working with the new management to finalizing the schedule for bringing the rate structure to the City Council. The city has also had delays on finalizing the study due to well refurbishment and new customer meter installations.

Achimore stated that there were other interested agencies that did not want to implement conservation-based water rates due to their rate study results and the proximity of their city elections. SAWPA plans to reach out to the City of Tustin who was initially interested but had not completed their rate study.

This item was for informational and discussion purposes; no action was taken on Agenda Item 4.D.

5. **FUTURE AGENDA ITEMS**

There were no proposed future agenda items.

6. **ADJOURNMENT**

There being no further business for review, Chair Jones adjourned the meeting at 8:33 a.m.

Approved at a Regular Meeting of the Project Agreement 22 Committee on Thursday, May 23, 2019.

__________________________________________
Paul D. Jones II, Chair

Attest:

__________________________________________
Kelly Berry, CMC
Clerk of the Board
PA 22 COMMITTEE MEMORANDUM NO. 2019.7

DATE: June 27, 2019

TO: SAWPA Project Agreement 22 Committee

SUBJECT: Project Agreement 22 Committee Budget for Fiscal Years Ending 2020 and 2021

PREPARED BY: Ian Achimore, Senior Watershed Manager

RECOMMENDATION

It is recommended that the Committee adopt the PA 22 Committee Budget for Fiscal Years Ending (FYE) 2020 and 2021.

DISCUSSION

In July 2015, SAWPA and the Department of Water Resources (DWR) executed the Proposition 84 Integrated Regional Water Management (IRWM) 2014 Drought Round Grant Agreement that is funding the Emergency Drought Grant Program (“Drought Grant”). Under the Grant Agreement, $12,860,110 is provided in grant funding and $10,645,000 is accounted as matching funds, for a total Program cost of $23,505,110.

The PA 22 Budget, like the PA 23 Budget that was adopted on April 5, 2019, employs the standard two-year budget planning timeframe. It excerpts two years’ worth of grant and match funds included in the Drought Grant Agreement with DWR and plans for their outlays on a two year-basis. For ease of ratification, once a SAWPA member agency approves the SAWPA Budget, they will have approved the PA 22 Budget. This budget was first developed in January 2019 and reflects the expiration of the 2014 Drought Round Grant Agreement by the end of calendar year 2019 (mid-way through FYE 2020) thus no revenue and expenses are shown in FYE 2021 related to the Proposition 84 2014 Drought Round.

Also included in the PA 22 budget is the implementation of the Enhancements to Watershed-wide Water Budget Decision Support Tool (Tool) that was presented to the Committee at the March 28, 2019 meeting. As previously discussed, SAWPA has applied for a Proposition 1 IRWM Round 1 grant for $500,000 and included potential local match from the SAWPA member agencies and the Municipal Water District of Orange County (MWDOC). If successful in receiving that grant, SAWPA will work with the member agencies and MWDOC on the specific amount of local match required. The budget includes an estimate of the amount of grant and local match needed each fiscal year assuming the Tool will be implemented over several years. Per the Committee’s approval at the March 28 meeting, SAWPA also submitted a letter of interest to receive funding from the Bureau of Reclamation through their Water Management Options Pilots Program. If successful, the Bureau of Reclamation could provide further revenue to implement the Tool. That potential Reclamation revenue is not included in the PA 22 budget as the opportunity for that funding was not advertised at the time this budget was prepared.

As the PA 22 Committee is to consider items related to the Santa Ana River Conservation and Conjunctive Use Program’s Water Use Efficiency (SARCCUP WUE) component, those funding amounts were excerpted from the PA 23 budget and included as an informational item in this memorandum in
Tables 3 and 4. This budget does not duplicate SARCCUP project budget values shown for PA 23 Committee Budget.

Table 1. PA 22 Budget – Revenues

<table>
<thead>
<tr>
<th>Budget Line Item</th>
<th>FYE 2020</th>
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</tr>
</thead>
<tbody>
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<td>$0</td>
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<td>160,667</td>
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<td><strong>Total</strong></td>
<td><strong>$542,788</strong></td>
<td><strong>$642,668</strong></td>
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</table>

Table 2. PA 22 Budget – Expenses

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<tr>
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<td><strong>Total</strong></td>
<td><strong>$511,588</strong></td>
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</table>

**BACKGROUND**

There are two sub-projects included in the Proposition 84 IRWM 2014 Drought Round Grant Agreement:

- Project 1: Conservation Based Reporting Tools and Rate Structure Implementation.
- Project 2: High Visibility Turf Removal and Retrofit.

These two projects make up the entirety of the Emergency Drought Grant Program. Project 1 includes the following components: 1) Aerial Mapping, 2) Conservation Based Rates, 3) Meter Geocoding & Business Type Classification, 4) Web-Based Information Tool, 5) ESRI Customer Parcel Water Budget Tool, as well as funding for grant administration and PA 22 Committee coordination and administration. Project 2 includes the turf removal and retrofit component.

The PA 23 Budget is provided below in Tables 3 and 4:

Table 3. PA 23 Budget – Revenues

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<th>Budget Line Item</th>
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<th>FYE 2021</th>
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<tbody>
<tr>
<td>SARCCUP Prop 84 2015 Round Grant</td>
<td>$455,144</td>
<td>$515,850</td>
</tr>
<tr>
<td>SARCCUP Local Match (SAWPA member agency contributions)</td>
<td>$503,990</td>
<td>$463,292</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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<td><strong>$979,142</strong></td>
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</table>

Table 4. PA 23 Budget – Expenses

<table>
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<th>FYE 2021</th>
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</thead>
<tbody>
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</tr>
</tbody>
</table>
CRITICAL SUCCESS FACTORS

- Administration of the OWOW process and plan in a highly efficient and cost-effective manner.
- Data and information needed for decision-making is available to all.

RESOURCE IMPACTS

None

Attachment:
1. Presentation for Committee Meeting

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
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<tbody>
<tr>
<td>SAWPA Labor</td>
<td>$294,251</td>
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<td>$257,114</td>
<td>$215,505</td>
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<td>Program Expenses (For SARCCUP Water Use Efficiency)</td>
<td>$407,769</td>
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<td>Smartscape Program</td>
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Committee Budget for Fiscal Years Ending 2020 & 2021

June 27, 2019

Ian Achimore
Senior Watershed Manager
Santa Ana Watershed Project Authority

Background on Emergency Drought Grant Program

Project 1: Conservation Based Reporting Tools and Rate Structure Implementation

Project 2: High Visibility Turf Removal and Retrofit

*Components/tasks
Important Drought Grant Milestones

- Received $12M Prop 84 grant through OWOW process from Department of Water Resources (DWR)
- SAWPA member agencies and Metropolitan Water District provide $10.6M cost share for the turf removal component.
- SAWPA Commission forms PA 22 Committee and SAWPA staff implements Drought Grant:
  - Partnering with water agencies
  - PA 22 committee and project management
- Note: Grant will expire December 31, 2019, thus no Drought Grant funding is shown in FYE 2021.

Enhancements to Watershed-wide Water Budget Decision Support Tool

- January 15, 2019: Commission supported submitting a $500,000 grant application to the OWOW process for the Tool
- March 28, 2019: SAWPA received PA 22 approval for Bureau of Reclamation partnership funding and seeking/accepting local match for the Tool
- If successful, SAWPA would implement the tool
Relation to SAWPA Commission Budget

- PA 22 budget required per Section 10 of Project Agreement
- PA 22 budget is also inserted into SAWPA two year budget
  - SAWPA two year budget was approved at April 2 Commission meeting
  - Does not require separate approval by SAWPA member agency boards

Drought Grant: Origin of $ Values in Committee Budget

Prop 84 Grant Agreement (SAWPA and DWR)

(Five Year Timeline)

And

PA 22 Committee Budget

(Two Year Timeline)
### Separate Documents for Drought Grant

**Prop 84 Grant Agreement**
- Purpose: Transfer grant funding and track local match

**Committee Budget**
- Purpose: Committee makes management decision on project

### DWR Budget

**Prop 84 Grant Agreement**
- Total Cost in Grant Agreement: $23,505,110
- Task List in Grant Agreement:
  - Aerial imagery
  - Geo/Meter Coding
  - Conservation-Based Rates
  - Project and Committee management

**Total Grant Agreement Budget**
- $10,645,000
- $12,860,110

**PA 22 Budget**
- Grant
- Local Match
Conservation-Based Water Rates

- Pass through grant funding to rate agency partners
- Agencies use funding to fund rate consultant contracts, upgrade billing system, collect relevant data.

Committee and Project Management

- SAWPA staff also manages the preparation and materials for the PA 22 Committee
  - Planning agendas and developing packet materials,
  - Bringing new water use efficiency proposals for approval.

- SAWPA manages the contract with the retail and wholesale water agencies partners:
  - 4 conservation-based water agencies.
  - 20 agencies partnering on geo/meter coding;
  - 6 agencies partnering on turf removal rebates.
Enhancements to Watershed-wide Water Budget Decision Support Tool

- Develop an Urban Landscape Assessment Tool to measure, classify, monitor, and report on landscape water demands for the Santa Ana River Watershed.
- Provide uniform methodology to accurately calculate landscape water demands at both a regional and agency scale.
- Enable agencies to develop state efficiency targets.
- Establish baseline for more sophisticated tools to assist agencies in tracking development patterns, improve water demand scenario planning, and inform demand management program investments.

### PA 22 Committee Budget

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**Expenses**
For Further Background
PA 23 Committee Budget

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Recommendation

It is recommended that the Committee adopt the PA 22 Committee Budget for Fiscal Years Ending 2020 and 2021.
PA 22 COMMITTEE MEMORANDUM NO. 2019.8

DATE: June 27, 2019

TO: SAWPA Project Agreement 22 Committee

SUBJECT: City of Hemet Conservation-Based Rate Study Process

PREPARED BY: Ian Achimore, Senior Watershed Manager

RECOMMENDATION

It is recommended that the Committee approve payment of grant funding for the City of Hemet’s work-to-date of the implementation of a rate analysis as complying with the PA 22 Committee conservation-based rates policy statement.

DISCUSSION

Through the Emergency Drought Grant Program, SAWPA has implemented the Conservation-Based Water Rates component by entering into Sub-Grantee agreements with various retail water agencies in the watershed. The Sub-Grantee agreements allow SAWPA to reimburse the retail agencies for up to $452,000 using funds provided by the Department of Water Resources (DWR) Proposition 84 Drought Grant. On March 26, 2015 the PA 22 Committee adopted Policy No. 2 to help implement that component by defining:

- “Conservation-based rates” as described in the DWR Grant Agreement as budget-based rates with three escalating tiers,
- The two phased approach where a retail agency has access to 50% of their contract amount before their elected board make a decision on whether to adopt the rate structure, (Phase 1), and the remaining funds in the contract if the rate structure is approved (Phase 2), and
- The eligible costs for studying and implementing conservation-based rates such as billing system needs, public outreach and other internal needs an agency may need to accomplish adopting conservation-based rates.

Staff and Mr. Tom Ash have been working closely with the City of Hemet since the execution of their sub-grantee agreement in October 2015 to assist them with the process of analyzing conservation-based rates. In 2016, the City executed a contract with Bartle Wells Associates to perform tasks such as analyzing SAWPA’s aerial imagery and Hemet’s customer data to determine the amount of efficient water use and excess use across the service area, refining cost categories developed in Hemet’s last 2015 water rate study, conducting an in-depth analysis of Hemet’s water supply costs by category, and determining a cost allocation to clearly define fixed vs. volume costs for the water utilities and the costs allocated to each water usage tier. In May 2019, the rate study was 95% complete but the City is choosing not to move forward with finalizing the study due to direction of new city management and the approaching deadline of the grant. With an upcoming deadline there are other major priorities such as well refurbishment and
new customer meter installation that are taking priority as summer (and peak water demand) approaches.

As shown in Table 1 below, Hemet has invoiced SAWPA for approximately $76,000, which is 71% of the Phase 1 allocation of $107,000 and 17% of the total Agreement amount of $452,000. Staff has worked with the City of Chino Hills, another SAWPA rates sub-grantee, who acquired an approximately $1,000,000 billing system to help assist in implementing conservation-based rates, and the City is able to utilize the approximately $376,000 in Hemet’s unutilized contract. The PA 22 Committee has already taken action on June 28, 2018 regarding the issue of rate cost savings, and SAWPA can redistribute the Hemet savings to Chino Hills without further action by the Committee.

Table 1.
Sub-Grantee Agreement with City of Hemet

<table>
<thead>
<tr>
<th>Sub-Grantee Agreement Phases</th>
<th>Grant Available to Hemet</th>
<th>Invoiced by Hemet</th>
<th>Grant Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>$107,000</td>
<td>$76,000</td>
<td>$31,000</td>
</tr>
<tr>
<td>Phase 2</td>
<td>$345,000</td>
<td>$0</td>
<td>$345,000</td>
</tr>
<tr>
<td>Total</td>
<td>$452,000</td>
<td>$76,000</td>
<td>$376,000</td>
</tr>
</tbody>
</table>

In a similar case in March 2018, the PA 22 Committee approved the rate study efforts of Rialto as compliant with the PA 22’s policy statement. Rialto’s management decided not to move forward with the rate study at that time due to the limitations of their billing software system.

Staff believes that with City providing the final draft of their rate study, the intent of the Policy Statement will have been met and adequate deliverables will be provided that meet the Grant Agreement funding requirements. With the analysis done, Hemet will have made progress toward adopting conservation-based rates and will be able to utilize this information for a future rate change.

Staff has informed the City of Hemet that the Santa Ana River Conservation and Conjunctive Use Program has funding to support an additional five agencies implement conservation-based rates and a future partnership may be available.

**CRITICAL SUCCESS FACTORS**

The following OWOW critical success factors are addressed by this action:

1. Administration of the OWOW process and plan in a highly efficient and cost-effective manner.
2. Data and information needed for decision-making is available to all.
RESOURCE IMPACTS
None.

Attachments:
   1. PowerPoint Presentation
City of Hemet’s Conservation Based Water Rates Process

PA 22 Committee
June 27, 2019

Ian Achimore
Senior Watershed Manager
Santa Ana Watershed Project Authority

Scope of the Drought Grant’s Conservation-Based Rates Component

- SAWPA provides funding and technical assistance (w/ Tom Ash) to retail water agencies
- $452,000* in funding per retail water agency
- Agency, if board approves, implements rates and provides water use information to SAWPA/DWR for ten years post implementation

*Was initially $215,000, but later amended by the PA 22 Committee to larger amount for remaining retail water agencies.
Partnership with Retail Agencies

Grant Agreement

Individual Sub-Agreements

Policy Statement History

- PA 22 Rates Policy Statement does the following:
  - “Conservation-based rates” = budget-based rates with three escalating tiers,
  - Two phased approach for allocating $452,000 in Sub-Agreement, and
  - The eligible costs for studying and implementing conservation-based rates include billing system needs, public outreach and other internal needs.
Hemet’s Work To Date

- In 2016, the City executed a contract with Bartle Wells Associates to perform tasks:
  - Analyzing SAWPA’s aerial imagery and Hemet’s customer data to determine the amount of efficient water use and excess use across the service area,
  - Refining cost categories developed in Hemet’s last 2015 water rate study,
  - Determining a cost allocation to clearly define fixed vs. volume costs for the water utilities and the costs allocated to each water usage tier.
- Hemet has worked closely with SAWPA staff and Mr. Tom Ash
- In May 2019, the rate study was 95% complete.

Hemet and Policy Statement

- Hemet has invoiced the State $76,000 for rate study and data management costs, but cannot move forward with rates due to direction of new city management and approaching deadline of the grant.
- Hemet is able to provide the final draft study they have developed through participation in the program
- The $76,000 has prepared them to implement conservation-based rates if desired by the City.
- Staff recommending that this preparation complies with the intent of the policy statement.
Status of Grant Funding: City of Hemet

<table>
<thead>
<tr>
<th>Sub-Grantee Agreement Phases</th>
<th>Grant Available to Hemet</th>
<th>Invoiced by Hemet</th>
<th>Grant Remaining</th>
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</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>$107,000</td>
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<tr>
<td>Phase 2</td>
<td>$345,000</td>
<td>$0</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$452,000</strong></td>
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</tr>
</tbody>
</table>

Staff has worked with the City of Chino Hills, another SAWPA rates sub-grantee, who acquired an approximately $1,000,000 billing system to help assist conservation-based rates, and the City is able to utilize the approximately $376,000 in Hemet’s unutilized contract.

Recommendation

It is recommended that the Committee approve payment of grant funding for Hemet’s work-to-date of the implementation of a rate analysis as complying with the PA 22 Committee conservation-based rates policy statement.
DATE: June 27, 2019

TO: SAWPA Project Agreement 22 Committee

SUBJECT: Conservation-Based Water Rates Program Changes for the Santa Ana River Conservation and Conjunctive Use Program

PREPARED BY: Ian Achimore, Senior Watershed Manager

RECOMMENDATION

It is recommended that the Committee adopt conservation-based water rates assistance terms under the Santa Ana River Conservation and Conjunctive Use Program’s Conservation-Based Water Rates Program and allow the General Manager to execute sub-grantee agreements with retail water agencies based on these approved changes.

DISCUSSION

Per the PowerPoint provided, staff is recommending several changes from the current Conservation-Based Water Rates Program as utilized for the Proposition 84 IRWM 2014 Drought Round Grant program for the Santa Ana Conservation and Conjunctive Use Program (SARCCUP). The SARCCUP conservation program is funded through local match from the SAWPA member agencies and the Proposition 84 Integrated Regional Water Management (IRWM) 2015 Round Grant with the Department of Water Resources.

The Emergency Drought Grant Program, which is funded by the Proposition 84 IRWM 2014 Drought Round Grant, is set to expire in 2019. Staff is currently working with the three remaining agencies (Hemet, Chino and Chino Hills) who are partnering on the Drought Grant and recruiting new retail agencies to partner with for the SARCCUP Conservation-Based Rates Program which is currently underway and set to expire in 2021.

The following changes to the process of supporting Conservation-Based Water Rates is proposed for the launch of the SARCCUP Conservation-Based Rates Program, which will be presented in the attached PowerPoint, will be discussed with the Project Agreement 22 Committee during the June 27 Committee meeting for feedback:

<table>
<thead>
<tr>
<th>Changed Item</th>
<th>Description</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Grantee Agreement Approval</td>
<td>If today’s recommendation is approved, as long the Program conditions are met, the SAWPA General Manager will execute sub-grantee agreements without agency-specific approval by the PA 22 Committee to streamline the implementation of the Program.</td>
<td>Streamline management of SARCCUP. PA 22 Committee will still be briefed frequently on progress of the SARCCUP Conservation-Based Water Rates Program.</td>
</tr>
</tbody>
</table>
Funding Phases

With $200,000 available per agency, 37.5% ($75,000) will be available for Phase 1; and 62.5% ($125,000) will be available for Phase 2.

With less funding available than the Drought Grant, providing an increase incentive to adopt the rate structure may help motivate boards on taking action as it will allow them to receiving the majority of the funding available from SAWPA.

Flexible Outdoor Budget Approach

SAWPA will still encourage the use of aerial imagery and daily evapotranspiration rate monitoring to establish outdoor water budget tiers but will maintain flexibility if agencies prefer other approaches such as using seasonal evapotranspiration rates.

With less funding available for agencies, and no updated aerial imagery provided by SAWPA, it is fair to be flexible for agencies that do not have the resources to measure vegetation on a customer basis.

Invoicing

SAWPA will only allow invoices from agencies to move forward for grant repayment once Phase 1 is completed.

Streamlines management of SARCCUP. Ensures that SAWPA doesn’t have to remit any grant funding from the agencies if they did prepare a study but either decide not to finalize it, or not to submit it to their governing board for consideration

CRITICAL SUCCESS FACTORS

- Administration of the OWOW process and plan in a highly efficient and cost-effective manner.
- Data and information needed for decision-making is available to all.

RESOURCE IMPACTS

Allowing the SAWPA General Manager to execute contracts for the SARCCUP Conservation-Based Water Rates Program with each retail water agency partner will obligate $200,000 of funding from SAWPA for up to five retail water agencies. That $1,000,000 in total funding (5 retail water agencies at $200,000 each) will be provided by both Proposition 84 IRWM 2015 Grant funding and local match from the member agencies per the Grant Agreement that SAWPA has with the Department of Water Resources. The grant amount is estimated to be approximately $460,000, and the local match is estimated to be $540,000. This takes into account past action by the Committee that increased the local match funding to the SARCCUP Conservation-Based Water Rates Program from Orange County Water District in lieu of using their local match for the SARCCUP Smartscape Program. Implementation of SARCCUP, including spending on retail water agencies for the Conservation-Based Water Rates Program, is a budgeted expense.

Attachment:
1. Presentation for Committee Meeting
Conservation-Based Water Rates Program Changes for the Santa Ana River Conservation and Conjunctive Use Program

PA 22 Committee
June 27, 2019

Ian Achimore
Senior Watershed Manager
Santa Ana Watershed Project Authority

[Map image: Budget Based Rate Agencies in the Santa Ana River Watershed]
Background

Drought Grant Conditions:
A. $215,000 in funding provided in two phases
   A. 50% provided for phase 1 and 50% for phase 1
B. SAWPA provided 2015 imagery for urban areas of the watershed to assist agencies
C. SAWPA approved invoices before phase 1 was complete

No change to definition of Conservation-Based Water Rates
San Jacinto* rate approach still complied with policy statement:
“...a customer-specific allocation that follows an increasing block rate structure that includes at least three blocks, with one or more blocks accounting for high or exceeding water use, based on State efficiency standards or more stringent efficiency standards.”

*City water a rate agency for the Drought Grant
Why Are Changes Necessary

- Streamline implementation
- Increase incentives with limited funding
- Adapt to the “post-drought” mindset that many have

New Funding Approach

<table>
<thead>
<tr>
<th>Phase</th>
<th>Funding Provided</th>
<th>Purpose of Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$75,000 (37.5%)</td>
<td>Study rate structure and propose it to governing board</td>
</tr>
<tr>
<td>2</td>
<td>$125,000 (62.5%)</td>
<td>If adopted, implement rate structure</td>
</tr>
<tr>
<td>Total</td>
<td>$200,000</td>
<td></td>
</tr>
</tbody>
</table>

Schedule: Recommend beginning Phase 1 as soon as possible. Deadline for Phase 2 is June 2021.
Streamlining Management of SARCCUP

New Recommended Invoice Process:
A. Invoices from agencies not provided to the State, via SAWPA, for reimbursement until Phase 1 is complete.
B. Phase 2 costs can be reimbursed by the State, via SAWPA, throughout implementation of Phase 2.
C. Prevents SAWPA from potentially having to remit grant payments from agencies if they don't finish Phase 1 (i.e. rate study).

New Sub-Agreement Approval Process:
A. As long the Program conditions are met, the SAWPA General Manager executes agreements without agency-specific approval.

Items Agencies will Need to Partner with SAWPA

- Signed buy-in from management to receive SAWPA grant
- Execute SAWPA agreement which specifies the conditions for the two phases of funding
- Sufficient cost share to cover non-grant costs (in excess of $75,000 for Phase 1)
- Aerial imagery data, weather data, or other methods to estimate outdoor water demands is encouraged
Phase 1 Overview

- Agency must **thoroughly evaluate** conservation-based rate structure through rate study.
- Agency must present rate conservation based rates to board so they can make an informed choice.

“Thoroughly evaluate” = Need to show board conservation based rate charges as one of the options.

**Phase 1 Overview: Outdoor Budgets**

<table>
<thead>
<tr>
<th>WEATHER</th>
<th>LANDSCAPE AREA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seasonal Evapotranspiration</td>
<td>Averaging Parcel Sizes</td>
</tr>
<tr>
<td>Daily Evapotranspiration</td>
<td>Allowed</td>
</tr>
</tbody>
</table>

Increasing validity but also costs.
Phase 1 Overview: Outdoor Budgets

Items water agencies need:
- Updated billing system if needed
- Board and staff training encouraged
- Customer outreach encouraged
- Shadow billing encouraged
- Billing specialist consultant encouraged
- Sufficient cost share to cover non-grant costs (in excess of $125,000 for Phase 2)

Phase 2 Overview: Implementing the Rate Structure
Summary of Changes Recommended for Approval

<table>
<thead>
<tr>
<th>Item</th>
<th>Description of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Grantee Agreement Approval</td>
<td>Per today’s recommendation, SAWPA approves Sub-Grantee agreements without individual agreement approval by PA 22 Committee.</td>
</tr>
<tr>
<td>Invoicing</td>
<td>Start allowing invoice approval once Phase 1 is complete.</td>
</tr>
<tr>
<td>Funding Phases</td>
<td>37.5% for Phase 1; 62.5% for Phase 2.</td>
</tr>
<tr>
<td>Flexible Outdoor Budget Approach</td>
<td>Still encourage use of aerial imagery and daily ET, but maintain flexibility.</td>
</tr>
</tbody>
</table>

Recommendation

It is recommended that the Committee adopt conservation-based water rates assistance terms under the Santa Ana River Conservation and Conjunctive Use Program’s Conservation-Based Water Rates Program and allow the General Manager to execute sub-grantee agreements with retail water agencies based on these approved changes.
DATE: June 27, 2019

TO: SAWPA Project Agreement 22 Committee

SUBJECT: Retail Water Agency Meter Geocoding and Business Type Classification Program

PREPARED BY: Rick Whetsel, Senior Watershed Manager

RECOMMENDATION
Receive and file this status report on the Miller Spatial Retail Water Agency Meter Geocoding and Business Type Classification Program.

DISCUSSION
Miller Spatial is nearing completion on the Retail Water Agency Meter Geocoding and Business Type Classification Program. Through this effort, 16 retail agencies have worked with Miller Spatial to complete the following:

- Data Discovery
- Update customer meter service areas (MSAs)
- Match Meter/Service points to customer account
- Add NAICS business-type codes and match to commercial business accounts

The status of each is as follows:

Complete:
- Monte Vista Water District
- City of Hemet
- City of Chino
- East Valley Water District
- Rancho California Water District
- Mesa Water District
- Western Municipal Water District
- Jurupa Community Services District
- Cucamonga Valley Water District
- Yorba Linda Water District
- Fontana Water Company
- City of Riverside
- City of San Bernardino

Final Review/Edits:
- City of Chino Hills
- City of Upland
- West Valley Water District

In Process:
- Eastern Municipal Water District
- Remaining 45 Agency NAICS

The project schedule has been extended to September 30, 2019 to provide additional time to Miller Spatial to the update and enhance watershed-wide NAICS business type coding GIS Layer.

Upon completion of the project Miller Spatial will provide the following final project deliverables to SAWPA:

- Updated Meter/Service points and MSA polygon layer
- Updated Watershed-wide NAICS classification business location point layer.
- Maps for each CII focus area and other CII properties
BACKGROUND
On August 24, 2017, the Project Agreement (PA) 22 Committee authorized a Task Order with Miller Spatial Services, LLC for an amount not-to-exceed $300,000 to implement the Retail Water Agency Meter Geocoding and Business Type Classification Program for agencies in the Santa Ana River Watershed, as well as the EMWD and WMWD service areas within the Upper Santa Margarita Watersheds.

The support services to be performed by the consultant, Miller Spatial Inc. are highlighted below:
- Water Meter Account to Water Meter Service Area Matching Services
- Business Account Type Classification Services based upon North American Industry Classification System (NAICS) Data
- Identification of Mixed Use Commercial, Industrial and Institutional (CII) Accounts
- Project Reporting following Prop 84 Reporting Formats and Requirements

CRITICAL SUCCESS FACTORS
The following OWOW critical success factors are addressed by this action:

1. Administration of the OWOW process and plan in a highly efficient and cost-effective manner.
2. Data and information needed for decision-making is available to all.

RESOURCE IMPACTS
No impact.

Attachments:
1. PowerPoint Presentation
Meter / Commercial GIS Project

Doug Mende
Miller Spatial
June 2019

Project Overview

• Locate NAICS Businesses Data to MSA
• Link NAICS Business Data to Agency Meter Data using MSA
• Complete 17 Agency NAICS to Meter ArcGIS Online Application
• Complete 45 Agency NAICS readiness to join to Agency Meter data in the future
GIS Design

- 2016 MSA
  - Imagery Analysis
  - Outdoor Irrigable and Irrigated Areas

GIS Design

- 2018 Business Point
  - NAICS
  - Located inside MSA on Building
- 2018 Meter Point
  - Located Inside MSA
- GIS Overlay creates relationship between Meter and Business Data
- Output data integrated with Billing System and Analysis
DATE: June 27, 2019

TO: SAWPA Project Agreement 22 Committee

SUBJECT: Smartscape Update

PREPARED BY: Ian Achimore, Senior Watershed Manager

RECOMMENDATION

Receive and file.

DISCUSSION

The Santa Ana River Conservation and Conjunctive Use Program (SARCCUP) includes several projects including the water use efficiency focused Smartscape Program. Smartscape was designed to continue the momentum of the various turf removal rebates that were offered by the Emergency Drought Grant Program and train water agency customers to maintain their drought-tolerant landscapes. On December 18, 2018, the PA 22 Committee also approved, at the request of IEUA, adding a landscaping retrofit task whereby a technician would make physical improvement to improve customers’ drought tolerant planting irrigation systems.

Orange County Coastkeeper (OCCK) is a project partner and the lead for implementing Smartscape while SAWPA manages the agreement with OCCK. The time frame for Smartscape implementation per the PA 22 approved Smartscape Roles/Responsibilities Memo is from March 2018 to March 2020 and each agency has a $96,509 allocation to spend by using the services of OCCK.

With invoices received until April 2019, the effort is 32% implemented. By taking into account the invoices received as well as the customers in the Smartscape queue (i.e. customers who have registered for services with the SAWPA member agencies and OCCK), the Smartscape effort will be 57% implemented. By taking into account the Spending to Date and Projections, as shown in Table 1 below, there is $166,607 remaining to be spent within the project time frame.

Table 1
Smartscape Spending to Date and Projections

<table>
<thead>
<tr>
<th></th>
<th>EMWD</th>
<th>IEUA</th>
<th>SBMVWD</th>
<th>WMWD</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spending to Date</td>
<td>$ 3,875</td>
<td>$ 49,751</td>
<td>$ 55,075</td>
<td>$ 13,500</td>
<td>$ 122,201</td>
</tr>
<tr>
<td>Projections</td>
<td>$ 44,500</td>
<td>$ 24,476</td>
<td>$ 16,450</td>
<td>$ 11,800</td>
<td>$ 97,226</td>
</tr>
<tr>
<td>Allocations</td>
<td>$ 96,509</td>
<td>$ 96,509</td>
<td>$ 96,509</td>
<td>$ 96,509</td>
<td>$ 386,034</td>
</tr>
<tr>
<td>Remaining</td>
<td>$ 48,134</td>
<td>$ 22,282</td>
<td>$ 24,984</td>
<td>$ 71,209</td>
<td>$ 166,607</td>
</tr>
</tbody>
</table>

1 As received through invoicing as of April 30, 2019.
CRITICAL SUCCESS FACTORS

- Administration of the OWOW process and plan in a highly efficient and cost-effective manner.
- Data and information needed for decision-making is available to all.

RESOURCE IMPACTS
None.

Attachments:
1. PA 22 Committee Presentation
Program Development and Task List

- Smartscape is a partnership between SAWPA member agencies and OC Coastkeeper, developed in 2015 during SARCCUP initial grant application effort;
- Supports water customers that have transitioned from turf grass to drought tolerant landscaping through specific tasks:
  - Landscape site visits
  - Develop written training materials
  - Workshops, training, etc.
- Makes physical improvements to irrigation systems (prevents leaks and overwatering)
Program Overview and Agreements

- Program descriptions contained in Sub-Agreement and SAWPA Member Agency Roles/Responsibilities Memo:
  - Defines two year schedule (March 2020 end date)
  - Defines scope and qualifications for OCCK training and outreach personnel
  - Task list and their specific costs
  - Deliverables
  - Process for reporting to SAWPA and the four member agencies

Program Overview (Continued)

- In December 2018, PA 22 Committee added (at IEUA’s request) a landscaping retrofit task
- OCCK uses sub-contractor (Conserv Inc.) to perform these tasks in the IEUA service area
Tasks Implemented

Irrigation Improvements - IEUA

Landscape Designs - WMWD

Tasks Implemented

Landscape Workshop - EVMWD

Outreach in Community - EMWD

Site Visit - SBVMWD
### Smartscape Budget

<table>
<thead>
<tr>
<th>Grant Amount</th>
<th>Local Match*</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>$122,000</td>
<td>$278,000</td>
<td>$400,000</td>
</tr>
</tbody>
</table>

*OCWD’s SARCCUP local cost share funding originally intended for Smartscape was added to Conservation-Based Water Rates portion of SARCCUP.

### Spending to Date (Invoices Received as of March 2019)

<table>
<thead>
<tr>
<th>Period</th>
<th>EMWD</th>
<th>IEUA</th>
<th>SBMVWD</th>
<th>WMWD</th>
<th>Total Actual To Date Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018Q1</td>
<td>-</td>
<td>-</td>
<td>$1,000</td>
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<tr>
<td>2018Q2</td>
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<td>$33,700</td>
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<tr>
<td>2018Q3</td>
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<td>-</td>
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<td>$11,875</td>
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<td>2019Q1</td>
<td>$1,500</td>
<td>$24,839</td>
<td>$3,000</td>
<td>$7,100</td>
<td>$36,439</td>
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<tr>
<td>2019April*</td>
<td>NA</td>
<td>$23,662</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>Totals</td>
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<td>$96,509</td>
<td>$386,034</td>
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<td>Remaining</td>
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<td>$46,758</td>
<td>$41,434</td>
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<td>$263,833</td>
</tr>
</tbody>
</table>

*Irrigation improvement tasks are invoiced monthly for IEUA area.
Spending to Date Plus Projections (Customers in the Queue)

<table>
<thead>
<tr>
<th></th>
<th>EMWD</th>
<th>IELA</th>
<th>SBMVVD</th>
<th>WMWD</th>
<th>Total</th>
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</tbody>
</table>

*Projections reflect customers in the queue (as of mid-June 2019)

Questions and Feedback