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
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)

SAWPA Budget

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

- $12,860,110
- $10,645,000

PA 22 Budget
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: Drought Grant

<table>
<thead>
<tr>
<th>Budget Line Item</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prop 84 2014 Drought Round Grant</td>
<td>$221,454</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$221,454</strong></td>
<td><strong>$0</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Budget Line Item</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAWPA Labor</td>
<td>$31,595</td>
<td>$0</td>
</tr>
<tr>
<td>Program Expenses (Conservation-Based Rates)</td>
<td>$189,859</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$221,454</strong></td>
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# PA 22 Committee Budget: Prop 1 Capital Projects

## Revenues

<table>
<thead>
<tr>
<th>Budget Line Item</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
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<tbody>
<tr>
<td>Prop 1 Round 1 Grant</td>
<td>160,667</td>
<td>321,334</td>
</tr>
<tr>
<td>Prop 1 Round 1 Local Match</td>
<td>160,667</td>
<td>321,334</td>
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<td><strong>Total</strong></td>
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<td><strong>$642,668</strong></td>
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## Expenses

<table>
<thead>
<tr>
<th>Budget Line Item</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
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<tbody>
<tr>
<td>Consulting (Tool Implementation)</td>
<td>$290,134</td>
<td>$580,266</td>
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### Revenues

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<td>Prop 1 Round 1 Local Match</td>
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<td><strong>Total</strong></td>
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### Expenses

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<thead>
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<th>FYE 2020</th>
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<tbody>
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<td>Consulting (Tool Implementation)</td>
<td>$290,134</td>
<td>$580,266</td>
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<td><strong>Total</strong></td>
<td><strong>$511,588</strong></td>
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### For Further Background

**PA 23 Committee Budget**

#### Revenues

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<thead>
<tr>
<th>Budget Line Item</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
</tr>
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<tbody>
<tr>
<td>SARCCUP Prop 84 2015 Round Grant</td>
<td>$455,144</td>
<td>$515,850</td>
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<tr>
<td>SARCCUP Local Match (SAWPA member agency contributions)</td>
<td>$503,990</td>
<td>$463,292</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$959,134</strong></td>
<td><strong>$979,142</strong></td>
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#### Expenses

<table>
<thead>
<tr>
<th>Budget Line Item</th>
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<th>FYE 2021</th>
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</thead>
<tbody>
<tr>
<td>SAWPA Labor</td>
<td>$294,251</td>
<td>$355,868</td>
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<tr>
<td>Consulting (Woodard and Curran)</td>
<td>$257,114</td>
<td>$215,505</td>
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<tr>
<td>Program Expenses (For SARCCUP Water Use Efficiency)</td>
<td>$407,769</td>
<td>$407,769</td>
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<tr>
<td>Conservation-Based Water Rates</td>
<td>$332,093</td>
<td>$332,093</td>
</tr>
<tr>
<td>Smartscape Program</td>
<td>$75,677</td>
<td>$75,677</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$959,134</strong></td>
<td><strong>$979,142</strong></td>
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</table>
It is recommended that the Committee adopt the PA 22 Committee Budget for Fiscal Years Ending 2020 and 2021.
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

[Logos of various agencies]
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>
</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>
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</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.
Conservation-Based Water Rates Program Changes for the Santa Ana River Conservation and Conjunctive Use Program

PA 22 Committee
June 27, 2019
Partnered with SAWPA and Adopted Rate Structure:
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
Background

- 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 was 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
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.

Example: At least one must be Conservation Based Rates
# Phase 1 Overview: Outdoor Budgets

<table>
<thead>
<tr>
<th>WEATHER</th>
<th>LANDSCAPE AREA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Averaging Parcel Sizes</td>
</tr>
<tr>
<td>Seasonal Evapotranspiration</td>
<td>Allowed</td>
</tr>
<tr>
<td>Daily Evapotranspiration</td>
<td>Encouraged</td>
</tr>
</tbody>
</table>
Phase 1 Overview: Outdoor Budgets
Phase 2 Overview: Implementing the Rate Structure

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)
Summary of Changes Recommended for Approval

<table>
<thead>
<tr>
<th>Item</th>
<th>Description of Change</th>
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<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.
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
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
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

Rebate Water Capture Feature

Driveway

House

All plants are 1 gallon in size except for
Manzanas, which is a 15 or 25 gallon.
You will need a
minimum of 4 cubic
yards of decomposed granite.
Plant design features 60 plants for 1,971 sq.
meters meeting the rebate
requirement of 8 plants
per 100 sq. feet.
Tasks Implemented

Outreach in Community - EMWD

Landscape Workshop - EVMWD

Site Visit - SBVMWD
# Smartscape Budget

<table>
<thead>
<tr>
<th>Coastkeeper Sub-Agreement Amount</th>
<th>Grant Amount</th>
<th>Local Match*</th>
<th>Total Cost</th>
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<tbody>
<tr>
<td></td>
<td>$122,000</td>
<td>$278,000</td>
<td>$400,000</td>
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*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</th>
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<tbody>
<tr>
<td></td>
<td>Actual To Date - Costs</td>
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<tr>
<td>2018Q1</td>
<td>-</td>
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<td>2018Q4</td>
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<td>$3,000</td>
<td>$7,100</td>
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<tr>
<td>2019April*</td>
<td>NA</td>
<td>$23,662</td>
<td>NA</td>
<td>NA</td>
<td>$23,662</td>
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<td>Totals</td>
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<td>$49,751</td>
<td>$55,075</td>
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<td>$96,509</td>
<td>$96,509</td>
<td>$96,509</td>
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<tr>
<td>Remaining</td>
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<td>$46,758</td>
<td>$41,434</td>
<td>$83,009</td>
<td>$263,833</td>
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</table>

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

<table>
<thead>
<tr>
<th></th>
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<th>SBMVWD</th>
<th>WMWD</th>
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<tbody>
<tr>
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<td>$55,075</td>
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<td>$122,201</td>
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<tr>
<td>Projections*</td>
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<td>$24,476</td>
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<td>$96,509</td>
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<td>$22,282</td>
<td>$24,984</td>
<td>$71,209</td>
<td>$166,607</td>
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*Projections reflect customers in the queue (as of mid-June 2019)
Questions and Feedback