

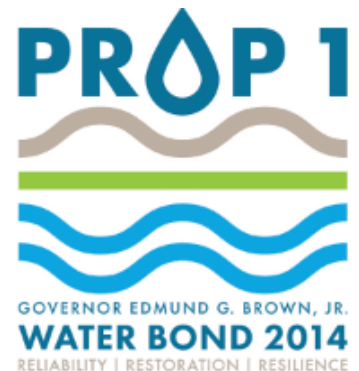


Virtual OWOW Stakeholder Meeting

Prop 1 IRWM Round 2 – Santa Ana River Watershed

June 24, 2021

Santa Ana Watershed Project
Authority



What Will Be Covered in this Workshop

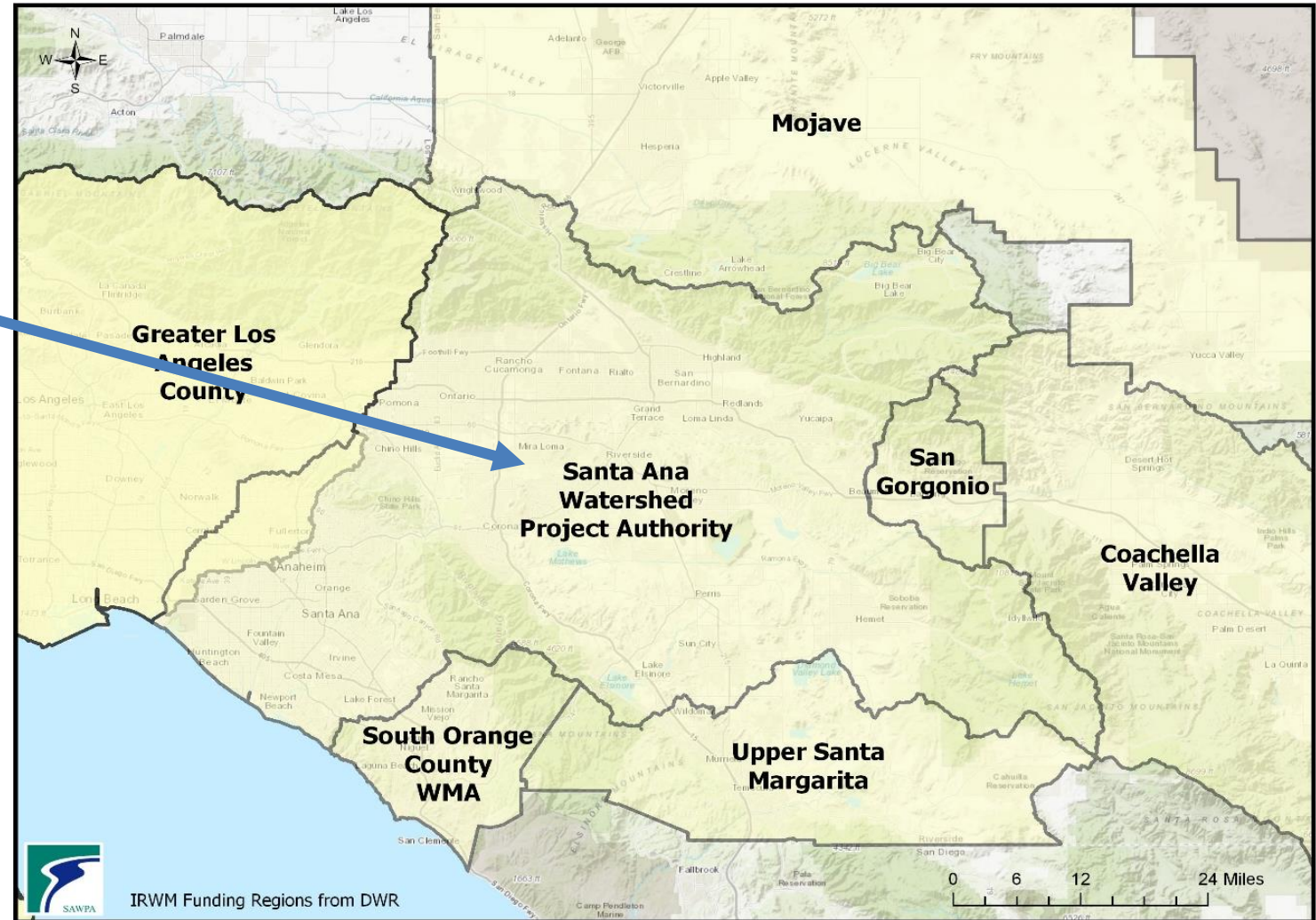
1. The **updated schedule** that the Department of Water Resources has shared for the Proposition 1 Round 2 Integrated Regional Water Management (IRWM) funding,
2. Review of the **available grant** funding for Round 2 and the updated schedule for the OWOW process,
3. Review of **possible updates** from the Department of Water Resources that could modify some of the requirements for Round 2,
4. Review of the Round 2 **rating and ranking criteria** along with funding categories for small and large projects and Disadvantaged Communities, and
5. **Input** from stakeholders like you!

Prop 1 Round 2 Funding Available and Draft Schedule for Grant Application/Award

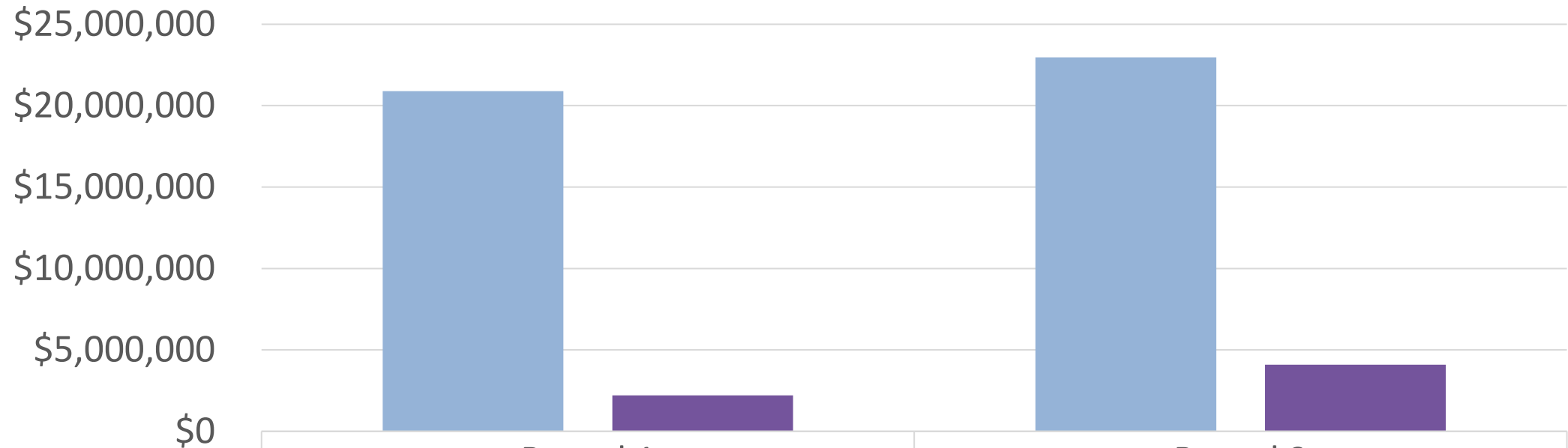
IRWM Funding Regions in the Area



Also Known as “Santa Ana IRWM Funding Area” per Prop 1 Legislation (or Santa Ana River Watershed)



Prop 1 IRWM Implementation Grant Funding for Watershed



	Round 1	Round 2
General	\$20,886,428	\$22,963,572
DAC Implementation*	\$2,205,000	\$4,095,000
Total	\$23,091,428	\$27,058,572

Grand Total = \$50,150,000

*Disadvantaged Community

SAWPA & North OC IRWM Cooperative Agreement



- Created funding categories and percentages for Santa Ana River Watershed IRWM Funding.
- Thirty percent (30%) of the IRWM general implementation grant funds allocated to projects in the Orange County Plan (incorporated by reference into OWOW Plan Update 2018).



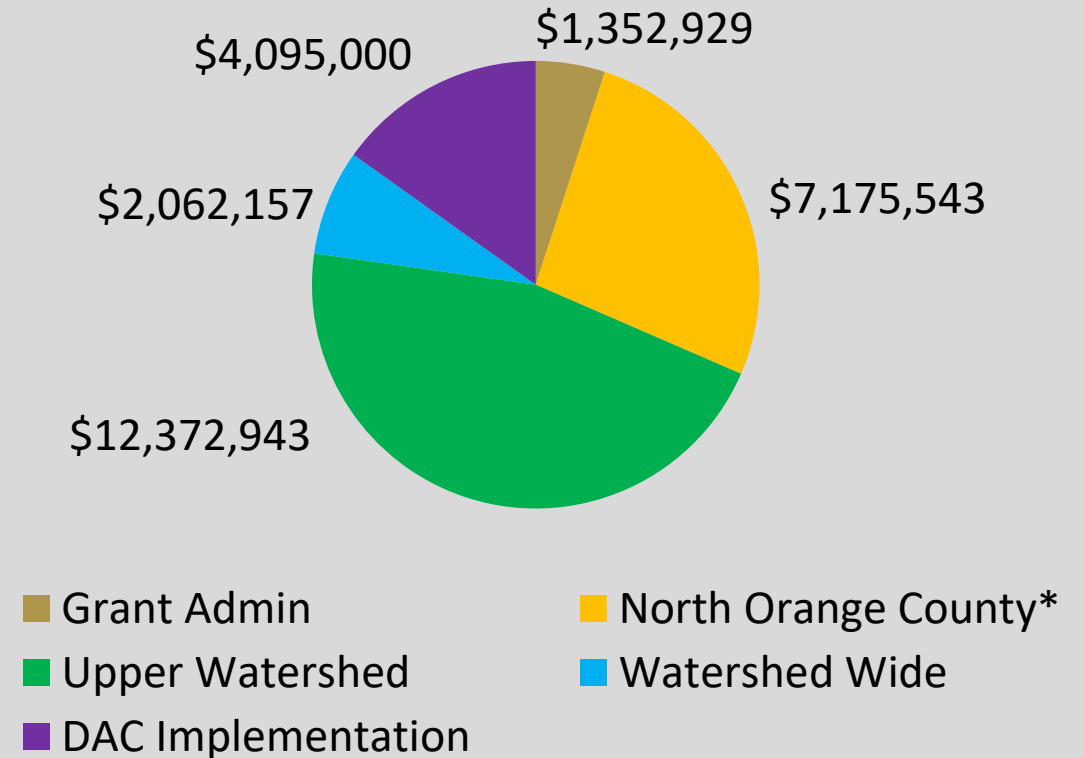
Sub-Region	Category %	Selected By Planning Process
North OC	30%*	OC Plan
Upper Watershed	60%	OWOW Plan
Watershed-wide	10%	OWOW Plan
Total	100%	

*For Prop 1 Round 2, North OC funding is greater than 30% due to carry over from Round 1

Prop 1 Round 2 (More Detail)

- Categories created by Agreement executed with North Orange County IRWM Group in 2019.
- Will receive OWOW Steering Committee approval of rating and ranking criteria before opening OWOW Round 2 Call for Projects.
- 50% local match still required (doesn't apply to DAC Implementation).

Round 2 Amounts By Category



Total in Pie Chart = \$27,058,572

*Includes \$989,072 carry over from Round 1. North OC also able to receive some/all of "Watershed Wide" amount.

High-Level Draft* Round 2 (R2) Schedule



*Schedule assumes DWR will release draft Proposal Solicitation Package (PSP) by August 2021, and all other Round 2 deadlines will reflect the same timing of the Round 1 schedule of events.

Prop 1 Policy Approved by OWOW Governance



- Has high level policy language that states what a project proponent must demonstrate about their project, including:
 - It will be completed with active participation of multiple agencies and/or NGOs or other stakeholders,
 - It produces a net benefit to the Watershed and has no unreasonable negative impacts on others,
 - Is a sustainable and resilient to changing conditions in the watershed, and
 - Provides multiple benefits and includes two or more of the following elements (next slide).

Benefit Categories from Prop 1 Policy

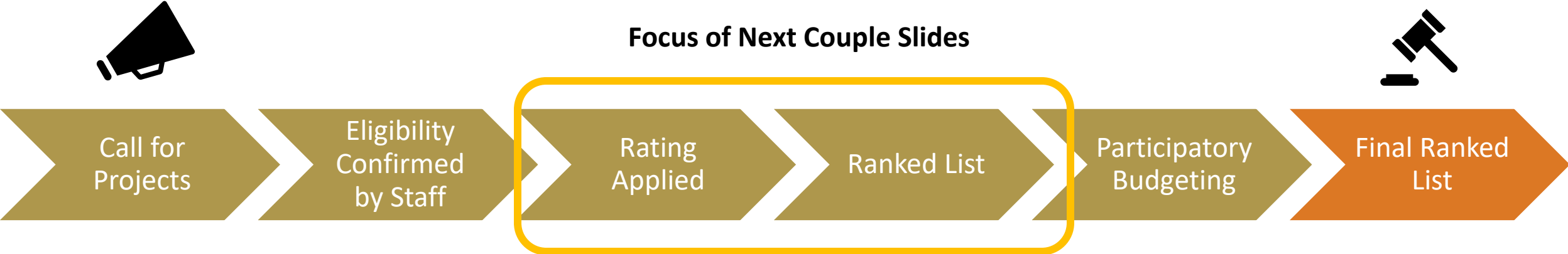
- Water supply reliability, water conservation, and water use efficiency,
- Stormwater capture, storage, clean-up, treatment, and management,
- Non-point source pollution reduction, management, and monitoring,
- Removal of invasive non-native species, the creation and enhancement of wetlands, and the acquisition, protection, and restoration of open space and watershed lands,
- Groundwater recharge and management projects,
- Contaminant and salt removal through reclamation, desalting, and other treatment technologies and conveyance of reclaimed water for distribution to users,
- Water banking in the Watershed, exchange, reclamation, and improvement of water quality,
- Multipurpose flood and storm water management programs,
- Watershed protection and management,
- Drinking water treatment and distribution, and
- Ecosystem and fisheries restoration and protection.

Questions from Stakeholders

- Regarding schedule, funding available and funding categories?
- Questions about the Prop 1 policy adopted by the OWOW governance?

Rating/Ranking Overview and Analysis to Inform Round 2

OWOW Grant Application Process



Recap of Prop 1 Round 1 Ranking Process

- **Step 1** – Max Quantity:
Identify max quantity in a benefit class
- **Step 2** – Raw Score:
(Project Quantity / Max Quantity) * 20
- **Step 3** – Weighted score:
Raw Score * Weighting Factor
- **Step 4** – Summation:
Add up all weighted scores

Example: $\left(\frac{x \text{ acres}}{X \text{ Acres}} \times 20 \right) \times 7.7$

Step 2 points to the fraction $\frac{x \text{ acres}}{X \text{ Acres}}$ and Step 3 points to the multiplication by 7.7.

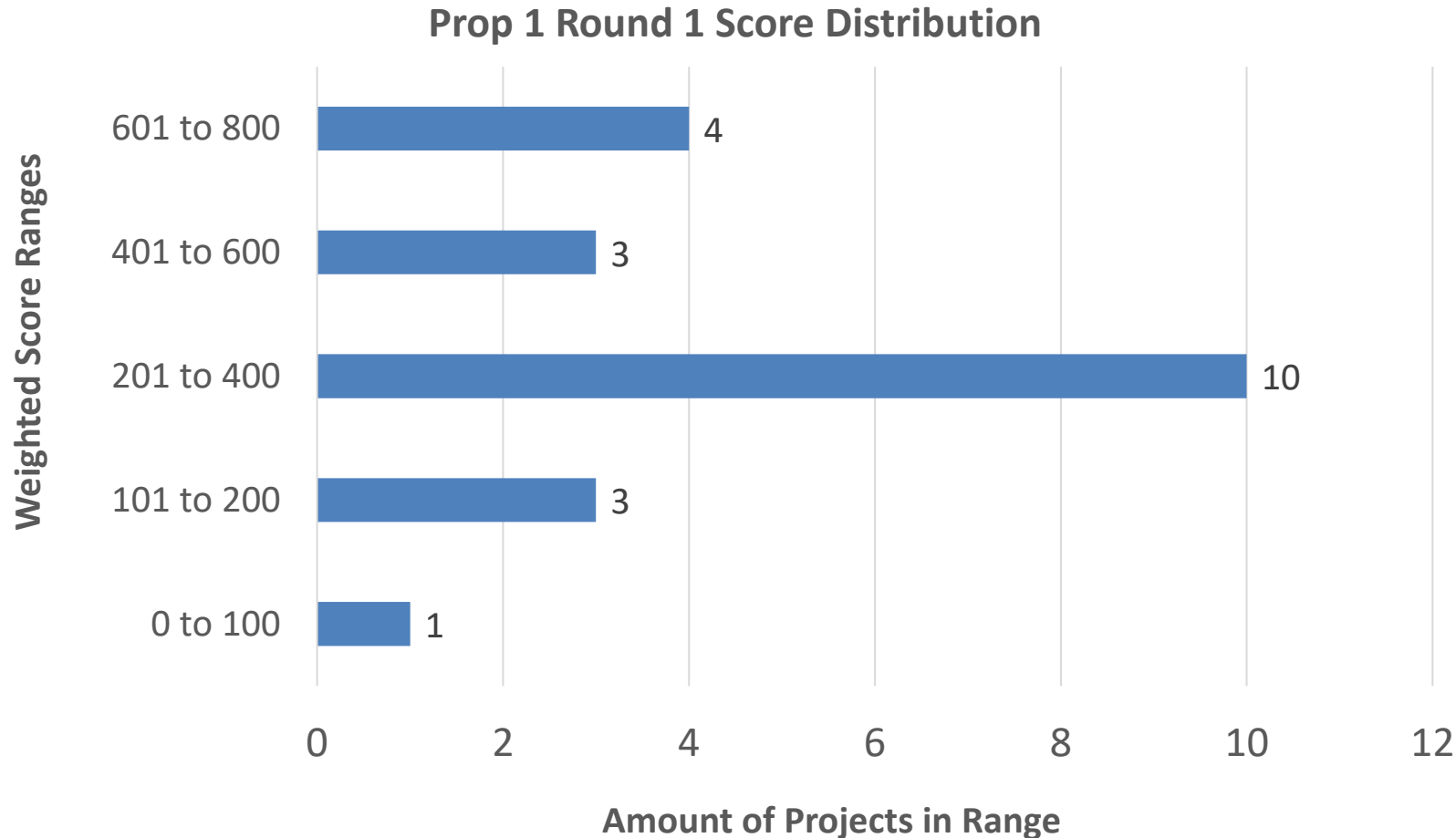
Benefit Classes	Weighting Factor
Water supply reliability, efficiency	9.2
Groundwater recharge and management	8.9
Reclaim water, treat and convey	8.5
Multipurpose flood & Stormwater	8.4
Watershed / ecosystem / wetland	7.7
Benefits to members of DACs	7.7
Benefits large area of watershed	7.6
Drinking water treatment, distribution	7.4
Contains public education component	7.4
Non-point source pollution, reduce, etc.	7.1
Fisheries restoration / protection	6.9
Removal invasive non-native species	6.3

Example: Weighted Score Project in the Ecosystem Benefit Class

Project ID	Points Earned*	Weighting Factor	Weighted Score
A	20	7.7	154
B	5	7.7	38.5
C	2	7.7	15.4
D	0	7.7	0

*Due to Step 2 shown on previous slide.

Weighted Score Distribution Analysis



Notes on chart:

- Projects analyzed are from Prop 1 Round 1.
- Weighted scores are largely distributed along a bell curve.



OWOW and DWR Rating Criteria

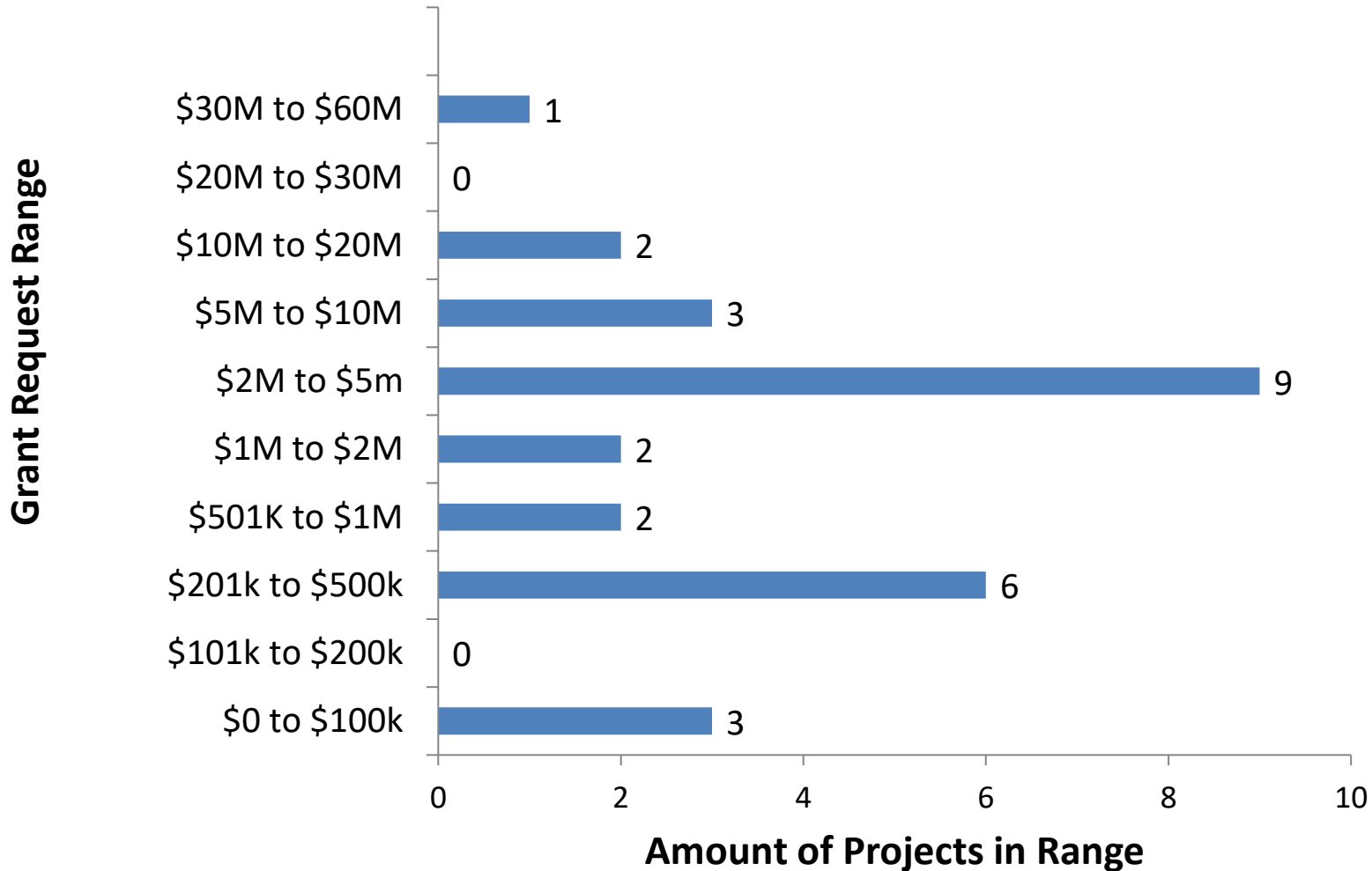
- Local IRWM regions, like the Santa Ana River Watershed, have their own criteria in addition to DWR's to incentivize projects that reflect regional priorities.
- Local IRWM regions also mirror DWR's rating criteria to ensure projects reflect the Proposition 1 grant requirements.
- For this reason, the OWOW criteria and Call for Projects are not finalized until DWR publishes their draft PSP and priorities.

Rating Criteria Comparison - Two Examples (Rating Values Shown in Parenthesis)

OWOW Rating Criteria from Round 1 Call for Projects	DWR Rating Criteria from Round 1 Proposal Solicitation Package (PSP)
Reclaim water, treat and convey (8.5 weighting)	Addresses AB 1249 contaminants (nitrate, arsenic, perchlorate, or hexavalent chromium contamination)... (1 point)
Benefits to members of DACs (7.7 weighting)	Provide a benefit(s) to a DAC, EDA and/or Tribe (1 point)

Prop 1 IRWM Grant Request Analysis

Grant Request - Prop 1 Round 1



Notes on chart:

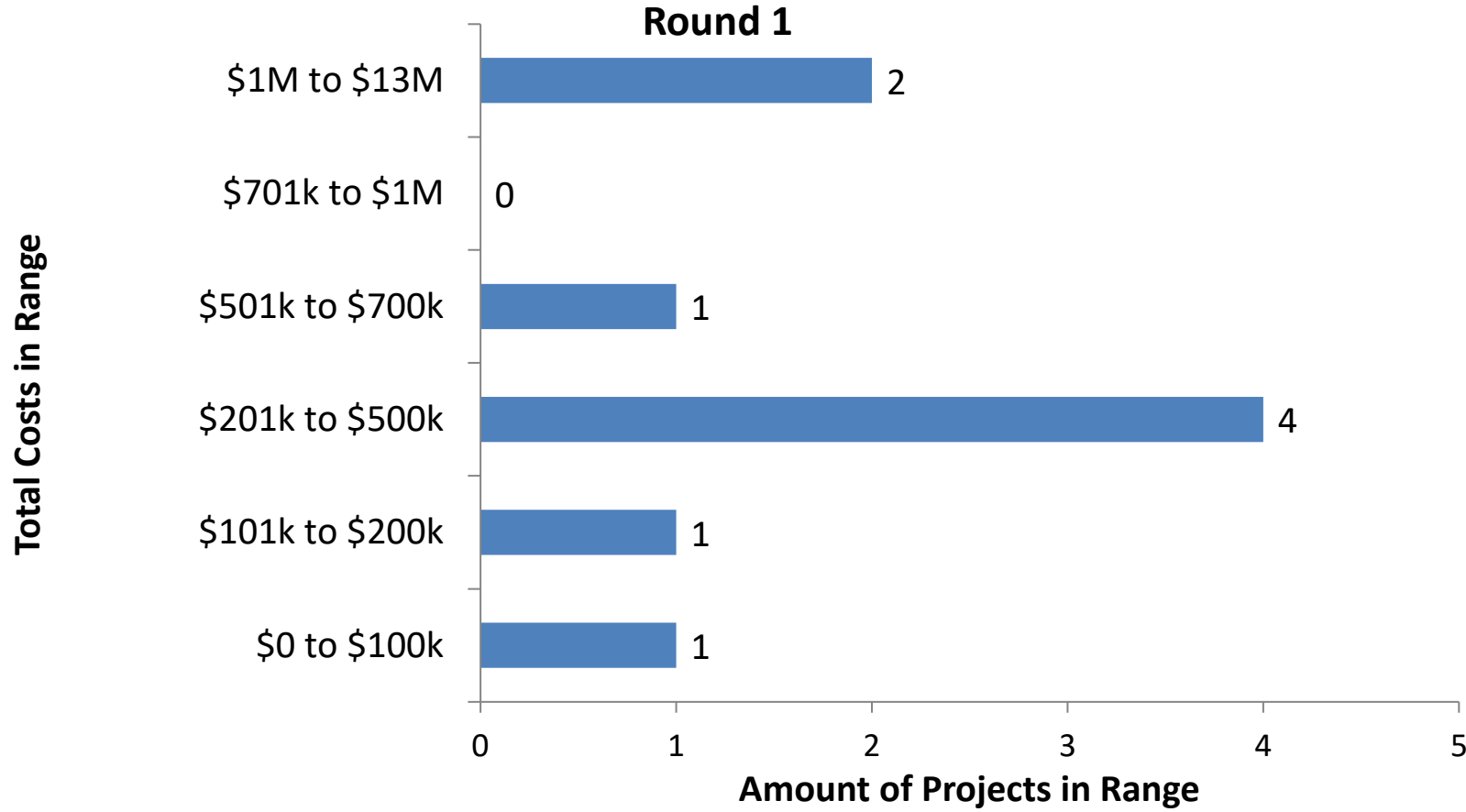
- Many projects requesting grant in the amounts of approximately \$5M and \$500K.

Additional Notes on Final Funding:

- 10 Projects funded in Round 1 in grant amounts that range from \$297k to \$4.6M (average \$2.2M).
- Funding amounts decided through participatory budgeting process.

Total Project Costs Relationship

Total Number of Small Projects* by Total Cost Range - Prop 1



Notes on chart:

- Most projects are below \$500K even in total project cost to ensure they were considered a Small Project

*As defined as \leq \$500,000 grant request

Participatory Budgeting

OWOW Grant Application Process



Recap of Round 1 Participatory Budgeting Process

- After rankings, OWOW workshops were part of the “Participatory Budgeting” the OWOW Stakeholders and Governance Approved
 - Developed with the goals of **transparency**, objectivity, and deliberation.
- Purpose was to receive input on the projects proposed in the OWOW process
 - Is the project eligible for OWOW/Prop 1?
 - Are the benefits claimed realistic?
 - Is watershed improved without unreasonable expense/detriment to others?
 - Includes active participation of multiple agencies?

Recap of Participatory Budgeting in Prop 1 Round 1

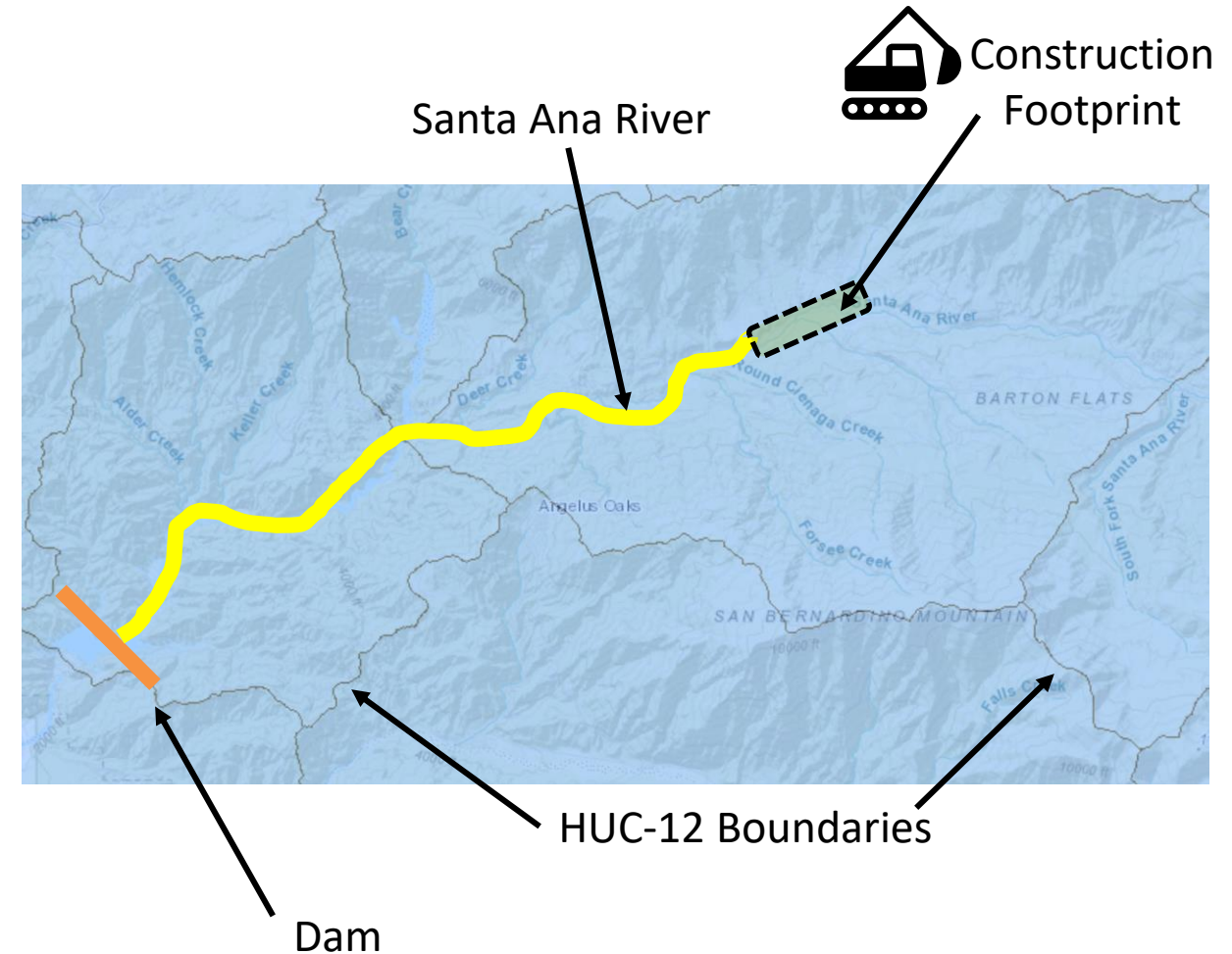
- Much of the discussion in process was ensuring the same methodology was used by applicants for designating their **benefit areas**.
- This largely affected the two benefit classes highlighted.

Benefit Classes	Weighting Factor
Water supply reliability, efficiency	9.2
Groundwater recharge and management	8.9
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Non-point source pollution, reduce, etc.	7.1
Fisheries restoration / protection	6.9
Removal invasive non-native species	6.3

Recap of Benefit Area

Through the participatory budgeting process in Round 1, stakeholders were comfortable with the following limits to benefit areas:

- **Ecosystem Projects:** US Geological Survey designated HUC-12* level watersheds,
- **Surface Water Quality and Groundwater Quality:** HUC-12s and DWR-118 Groundwater Basins,
- **Coastal water quality/recreation:** 10-mile buffer areas, and
- **Inland park or water-body Recreation:** ½ mile buffer areas.



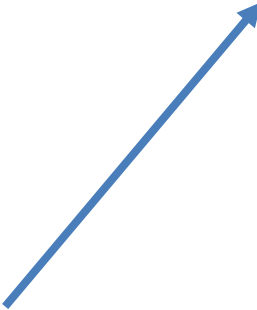
*HUC = Hydraulic Unit Code (more info: <https://water.usgs.gov/GIS/huc.html>)

Recap of Final Grant Funding Amounts

- In Prop 1 Round 1, OWOW allocated funding to those top projects based on those top projects share of the sum of the weighted scores, and
- Any State priority projects near threshold were included.

Project ID	Weighted Score
1	699.90
2	643.89
3	526.26
4	424.44
5	401.53
6	298.39
7	246.87
8	244.25
9	170.26
10	143.83
11	101.49
12	93.87

Top project threshold.

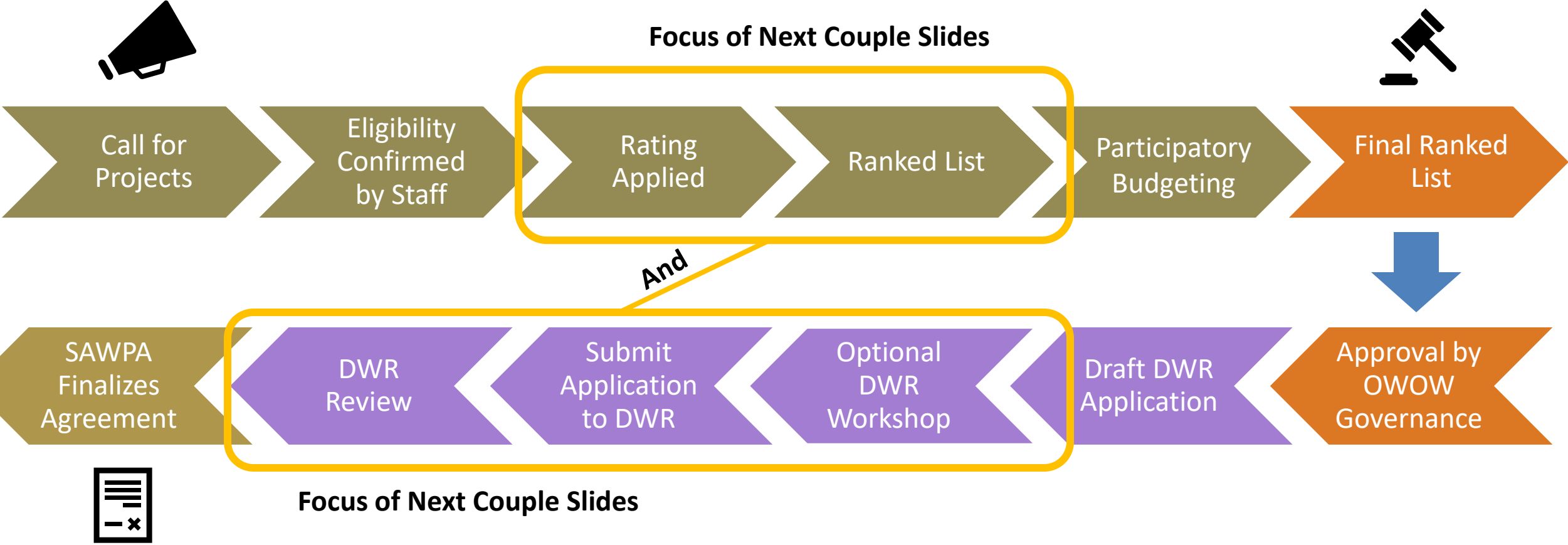


Feedback from Stakeholders

- Your thoughts on the OWOW Prop 1 Round 1 process, rating and ranking criteria?
- Your thoughts on the OWOW final grant funding amount process?
- Possible updates to OWOW criteria could include:
 - Change small project threshold of \leq \$500,000 of grant request,
 - Change the 10% and 90% split for large small and large projects, and
 - Weighting factors of benefits.
 - More formal guidance on benefit area limits.

Update on the latest information from
Department of Water Resources regarding
Prop 1 Round 2

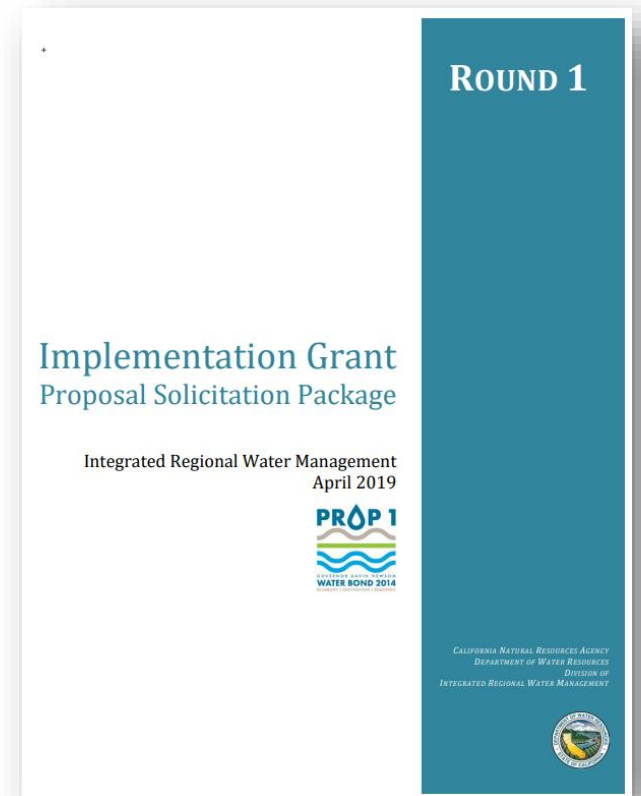
OWOW Grant Application Process



Updates from DWR on Round 2

- Simplify application process including removal of required pre-application workshop,
- Promotion of climate resilience throughout the Proposal Solicitation Package (PSP) and grant guidelines documents,
- Clarification of “directly benefit” to DAC to ensure stakeholders know if their potential project is eligible,
- Two application preliminary deadlines to DWR: March 2022 and September 2022, and
- Potential for Governor and State Legislature to add additional grant requirements based on major policy issues (such as responding to drought emergencies).

DWR's PSP for Round 1



Direct Benefits to DACs: How the DAC (MHI*) Data Was Used in Prop 1 Round 1



DWR

Method:

- Count the DAC areas within either a construction footprint area, or (larger) benefit area.
- Use MHI* Survey if no data exists for a given area.

Purpose:

- To determine if a project is
 - 1) eligible for waiver of the cost share requirement, and
 - 2) eligible for receiving some of the DAC grant funding set aside.



OWOW

Method:

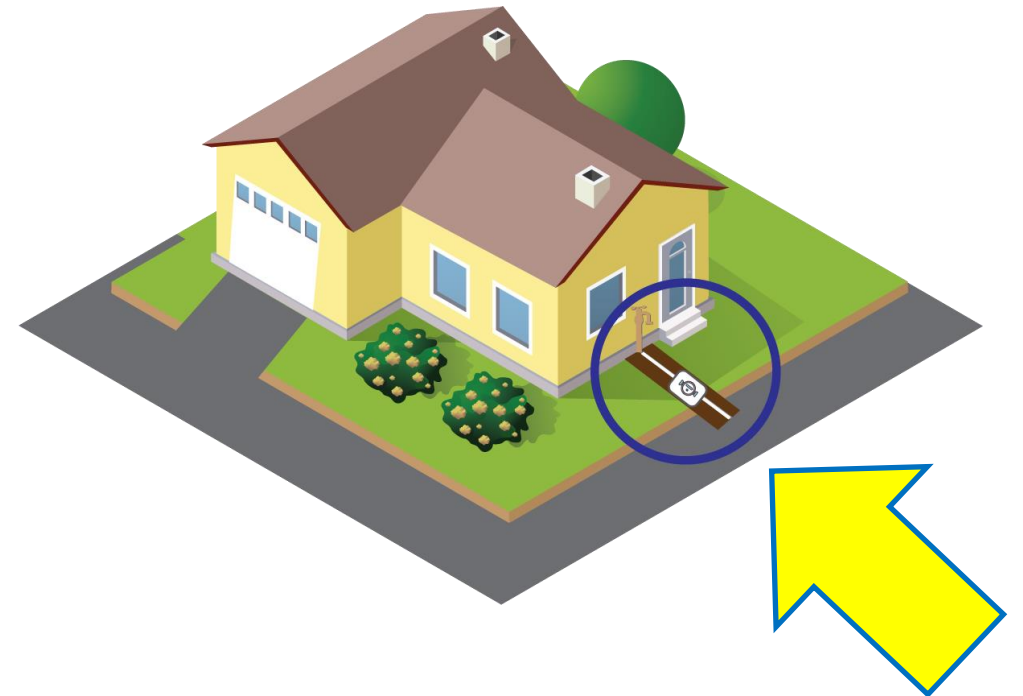
- Count the DAC areas within the larger benefit area.

Purpose:

- To determine how a project scores in the OWOW "Benefits to members of DACs" benefit class.

DWR Definition of “Direct DAC Benefit” Under the IRWM Program

- Benefits need to accrue to those parcels where DAC community members work/live.
 - Projects that create water supply, protect property from flood control are okay.
 - Projects that protect water quality on parcels okay (septic to sewer).
 - Other projects that improve infrastructure (related to supply or quality) still okay.
 - Projects that protect habitat and quality of recreational water bodies are not competitive because general public enjoys those benefits.



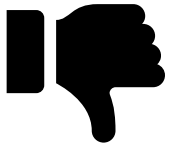
Possible example: Benefits could be reflected by flow to resident’s parcel through a water meter (i.e. directly to the parcel). Other projects might include as septic to sewer conversion, stormwater improvements, etc.”

Potential Issue with Past DAC Definition

- OWOW allowed project proponents to claim open-space areas, like surface water bodies and the river bottom, as a direct benefit to DAC.
- Was done to encourage project proponents to think regionally and find interlinkages with other potential project partners.
- **A possible change to the OWOW** process could be done to mirror DWR methodology as DWR interpreted “direct benefit to DAC” very specifically (can only claim benefits to end use customers and non-open space parcels).

Pros and Cons of Modifying Direct Benefit to DACs

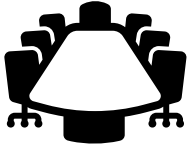
- **Pro:** No confusion later in process when DWR does analysis of final application, and
 - Incentivizes projects that mirror the goals of Prop 1 legislation.
- **Con:** Could make OWOW application complicated as benefit areas created via OWOW project portal are currently drawn regardless of parcel type (investigating GIS fix to portal), and
 - Doesn't incentivize project proponents to think as regionally.



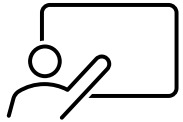
Feedback from Stakeholders

- Your thoughts on the DWR Updates?
- Your thoughts on the DAC definitions that DWR and OWOW used?

Next Steps



- Take feedback from this meeting and share it with OWOW governance on July 22, 2021,



- Hold another OWOW virtual workshop on August 26, 2021 and get additional feedback from stakeholders,



- Take recommendation of any updates to OWOW Call for Projects process to OWOW governance on September 23 and October 4, 2021,



- Open OWOW Call for Projects from October 2021 to January 2022.

OWOW Contacts



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