

PROJECT AGREEMENT 22 COMMITTEE BUDGET for FISCAL YEAR ENDING (FYE) 2017



Mark Norton, SAWPA
PA 22 Committee
October 27, 2016



Critical Success Factors



- Data and information needed for decision-making is available to all.



- Administration of the OWOW process and plan in a highly efficient and cost-effective manner.

Why is PA 22 Committee Budget Revision necessary?

- SARCCUP Water Use Efficiency (WUE) tasks are to be administered and implemented by Project Agreement 22 Committee
- PA 22 Committee Budget for these WUE tasks has been prepared in compliance with Project Agreement 22 Section 7
- Approval allows PA 22 Committee to make financial decisions regarding SARCCUP WUE items



SARCCUP Water Use Efficiency Tasks

- **Conservation Based Water Rate Structure Implementation**

- Approximately 5 agencies
- Funds implementation costs
- Approximately \$200,000 per agency upon adoption

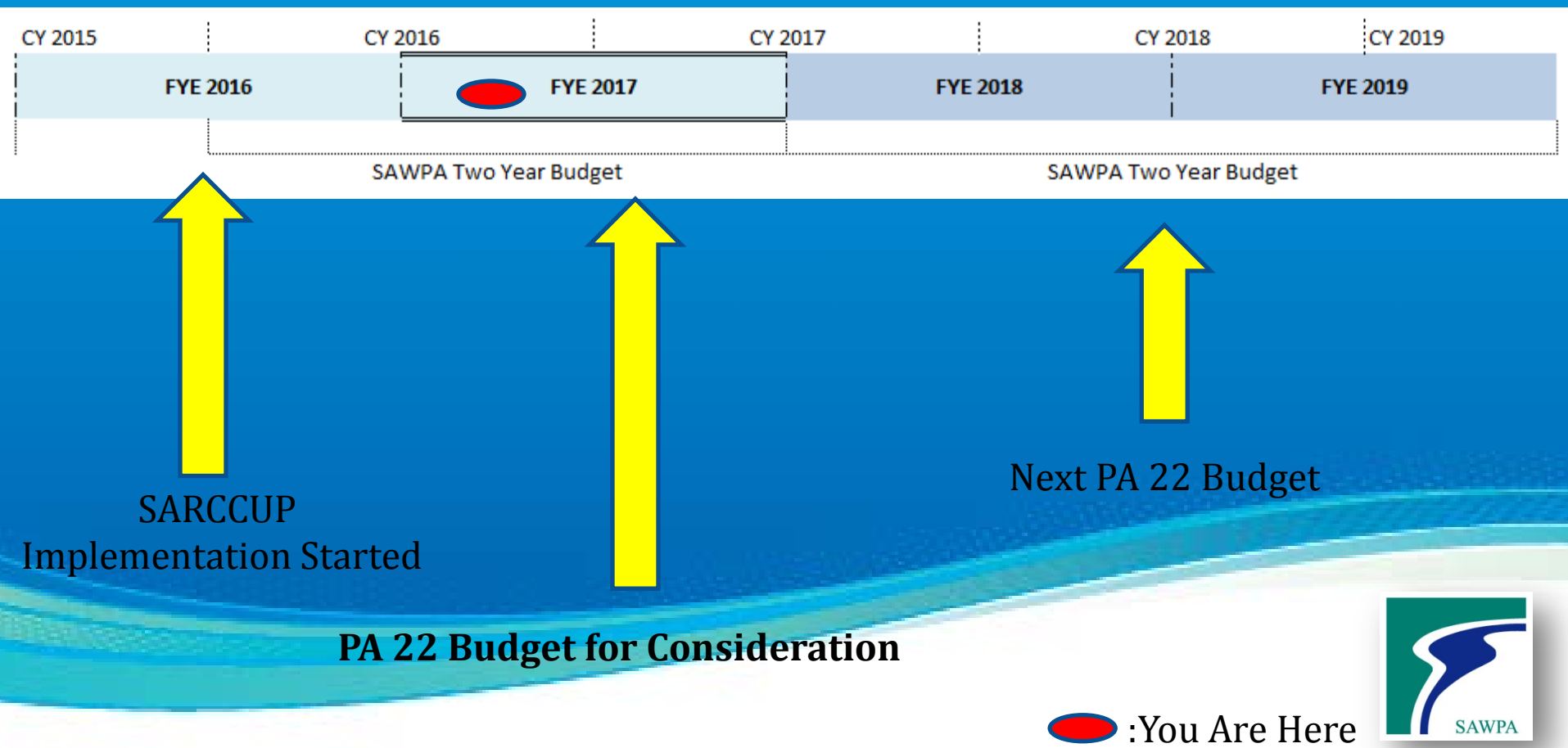


- **Smartscape Implementation**

- Developed program as a partnership between Orange County Coastkeepers/Inland Empire Waterkeeper with the SAWPA Member agencies
- Supports entities that have transitioned from turf grass to drought tolerant landscaping.
- Training workshops and seminars for homeowners, landscape professionals and water retail support agency staff



Budget Separated by Fiscal Year



Phase II Budget (SARCCUP)

FYE 2017 PA 22 Committee - Phase II Budget (SARCCUP)

	Fund/Task	Requested Grant Amount	Local Match: Non-State Fund Source	Total
Total	PA 22 Phase II FYE 2017 Budget	\$197,600	\$191,120	\$388,720

Project Implementation (SARCCUP WUE Components)

504-401WUE

Water Use Efficiency Component Implementation

G/L Acct.	Description	FYE 2016 Actuals	FYE 2017 Budget
Revenues			
40102	State Grant Proceeds - Prop 84	\$ -	\$ 197,600.00
40005	Local Match from SAWPA Member Agencies	\$ -	\$ 191,120.00
	Total Revenues	\$ -	\$ 388,720.00
Expenses			
51000	Salaries - Regular	\$ -	\$ 21,184.44
52000	Benefits	\$ -	\$ 9,194.29
53000	Indirect Costs	\$ -	\$ 33,451.12
60121	Consulting	\$ -	\$ 324,890.15
6310	Construction	\$ -	\$ -
60190	Offsite Meeting/Travel Expense	\$ -	\$ -
60500	Program Expenses	\$ -	\$ -
	Total Expenditures	\$ -	\$ 388,720.00
	Excess Rev over (under) Exp	\$ -	\$ -

Project Implementation (SARCCUP WUE* Components)

Water Use Efficiency Component Implementation

Budget Assumptions

Acct # - Description

FYE 2017

40102 - State Grant Proceeds - Prop 84

Based on Prop 84 Department of Water Resources Grant Agreement to implement SARCCUP	\$	197,600.00
TOTAL	\$	197,600.00

40005 - Local Funding Proceeds

Based on Sub-Agreements with SAWPA Member agencies to implement SARCCUP	\$	191,120.00
TOTAL	\$	191,120.00

60120 - Consulting

Consulting with Orange County Coastkeeper to Implement SARCCUP WUE Smartscape and Sub-Agreements with Retail Water Agencies to Implement SARCCUP WUE Conservation Based Rates	\$	324,890.15
TOTAL	\$	324,890.15

6310 - Construction

No funding projected.	\$	-
TOTAL	\$	-

60190 - Offsite Meeting / Travel Expense

No funding projected.	\$	-
TOTAL	\$	-

60500 - Program Expenses

No funding projected.	\$	-
TOTAL	\$	-

*Santa Ana River Conservation and Conjunctive Use Program - Water Use Efficiency

Recommendation

- Adopt the Project Agreement 22 Committee – Phase II Budget for Fiscal Year Ending 2017 to implement the Santa Ana River Conservation and Conjunctive Use Program’s water use efficiency

PA 22 Committee
Implementation



Assisting Retail Water Agencies Comply with Executive Order B-37-16



Water Use Efficiency
Making Water Conservation a California Way of Life

Ian Achimore
Santa Ana Watershed Project Authority
October 27, 2016



Critical Success Factors



Data and information needed for decision-making is available to all.



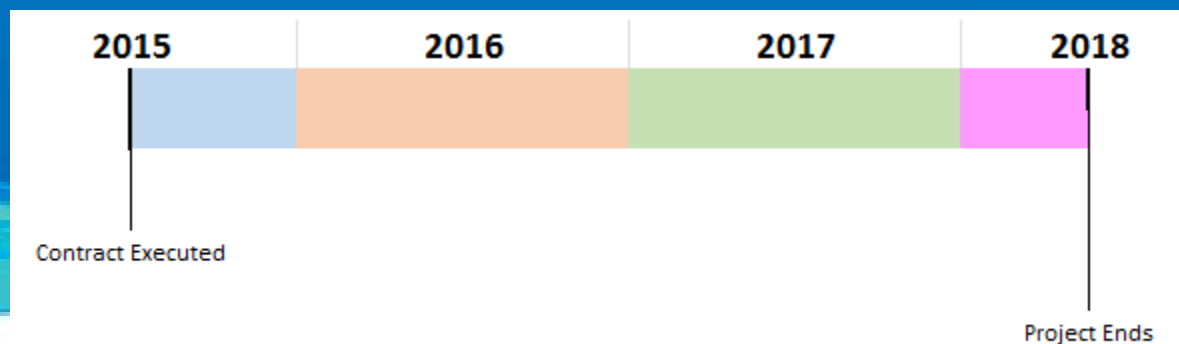
Administration of the OWOW process and plan in a highly efficient and cost-effective manner.

Projected Savings



- Approximately \$1,500,000 for Santa Ana River Watershed
- Approximately \$30,000 for the Upper Santa Margarita Watershed
- These projected surpluses are largely due to cost savings from the Aerial Mapping Project and the Conservation Based Water Rates Project

Emergency Drought Grant Program Timeline



Steps for Managing Surplus

Run Spending Projections/Develop Draft Concepts

Input



- PA 22 Advisory Workgroup meeting: October 13
- PA 22 Committee meeting: October 27

Run Spending Projections/Finalize Concepts*

Share



- PA 22 Advisory Workgroup meeting: TBD November
- PA 22 Committee meeting: TBD Nov/Dec
- Propose amendment to DWR

*Note: Spending projections will include SAWPA staff time for overseeing Program as well as contractor costs

Coordinate with DWR



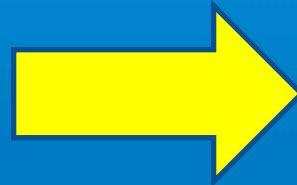
Focus of Project Concepts

- Assist agencies with **Executive Order**
- Assist agencies develop **budgets** for their customers
- The State's proposed approach includes performance measures:
 - Require all dedicated irrigation meters to have a water budget;
 - Require NAICS classification for CII customers by 2021;
 - Require all mixed-use CII water meter accounts to
 - Separately meter their outdoor and indoor water use
 - Quantify irrigated area served by mixed use CII meters



Concepts Help Retailers

Report to State



Project Concepts



A. Assist retail water agencies geolocate their dedicated irrigation (DI) and commercial, industrial, and institutional (CII) water meters;



B. Assist retail water agencies code their mixed use CII water meters using the North American Industry Classification System (NAICS);



C. Assist retail water agencies create meter service areas (i.e. irrigated area) for the DI and CII water meters;



D. Locate and install evapotranspiration rate monitoring stations (CIMIS stations) in the watersheds;

Project Concepts



E. For State reporting purposes, codify the OmniEarth individual agency dashboards for retailers currently contracted with the firm and create new dashboards for the other interested retail agencies; and

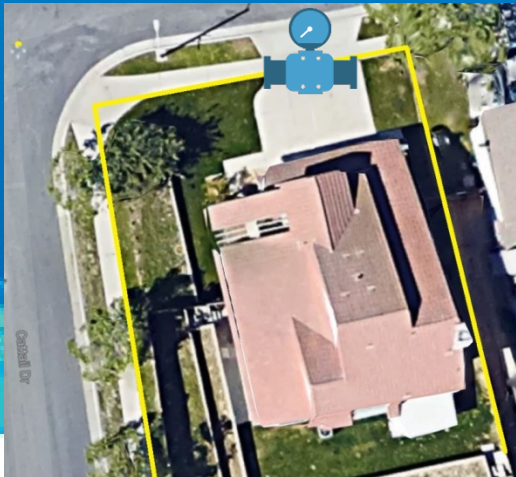


F. Create an invite-only watershed-wide Application Program Interface that allows all retail staff to login and more readily view previously produced aerial imagery and download outdoor water budget data at the parcel level.

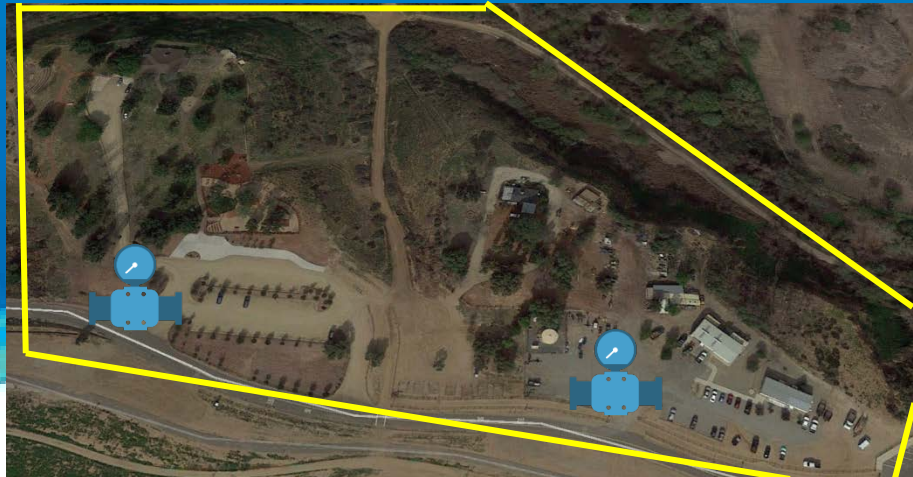
A. Geolocate Meters

- Some agencies do not have geolocations of meters
- Lack of data prevents the implementation of budgets

Easy to Locate/Create Budgets



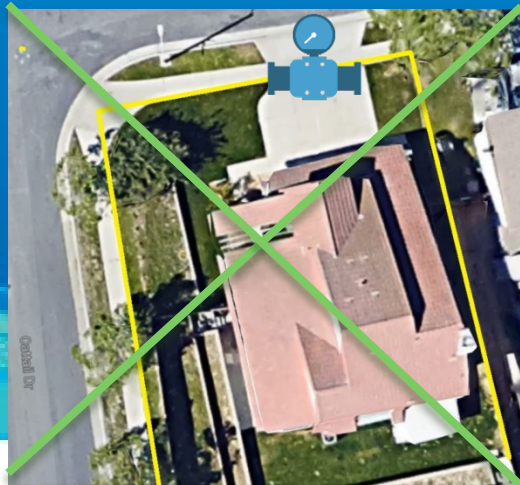
Difficult to Locate/Create Budgets



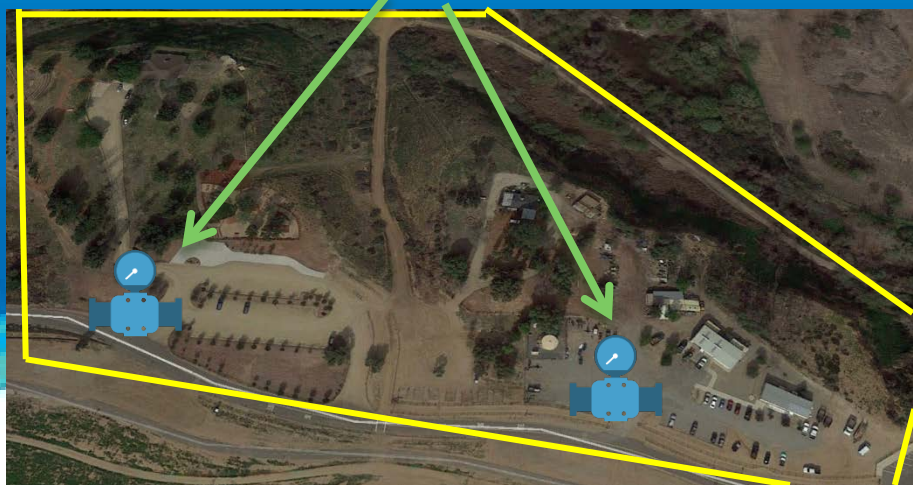
B. Code mixed use CII water meters using NAICS

- The first two digits designate the economic sector, the third digit designates the subsector, the fourth digit designates the industry group, the fifth digit designates the NAICS industry, and the sixth digit designates the national industry

Not Needed



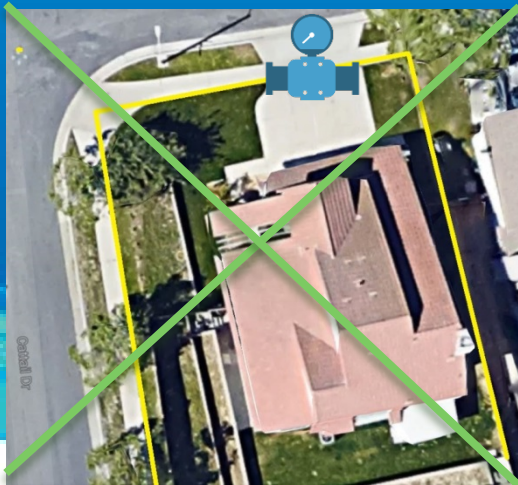
Code



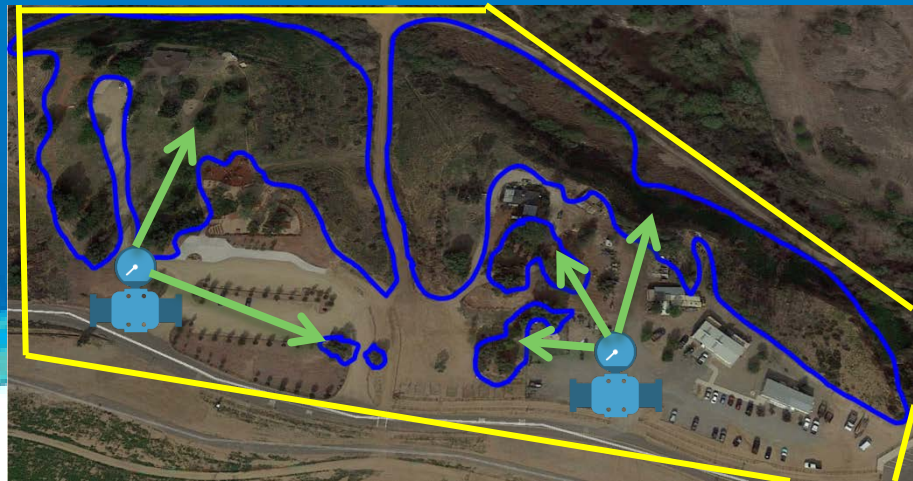
C. Create meter service areas for the DI and CII water meters

- Requires meeting with retail agency customers and their landscapers
- Requires mapping or walking the irrigated area
- Two meter types require more time to develop budgets

Not Needed



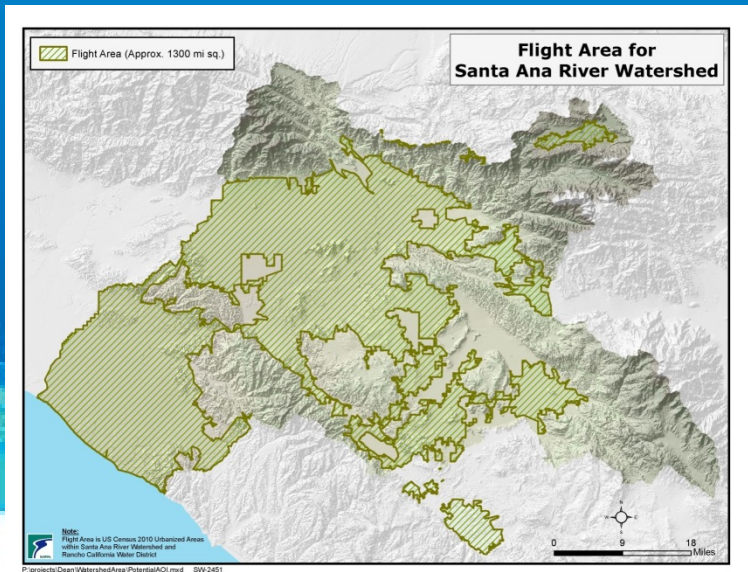
Difficult to Isolate/Create Budgets



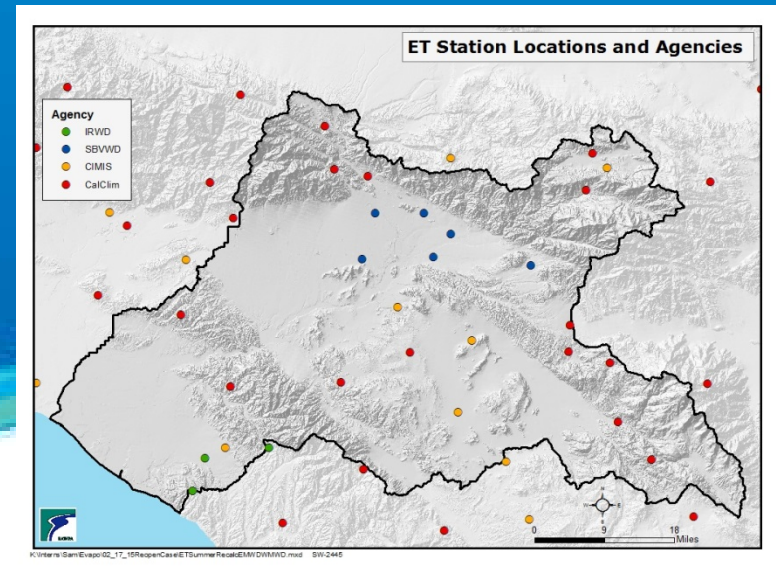
D. Locate and Install ET Stations

- Fill gaps in Watershed
- Partner with landowners
- Have local agency maintain the station

Urbanized Areas
2010 census urbanized areas

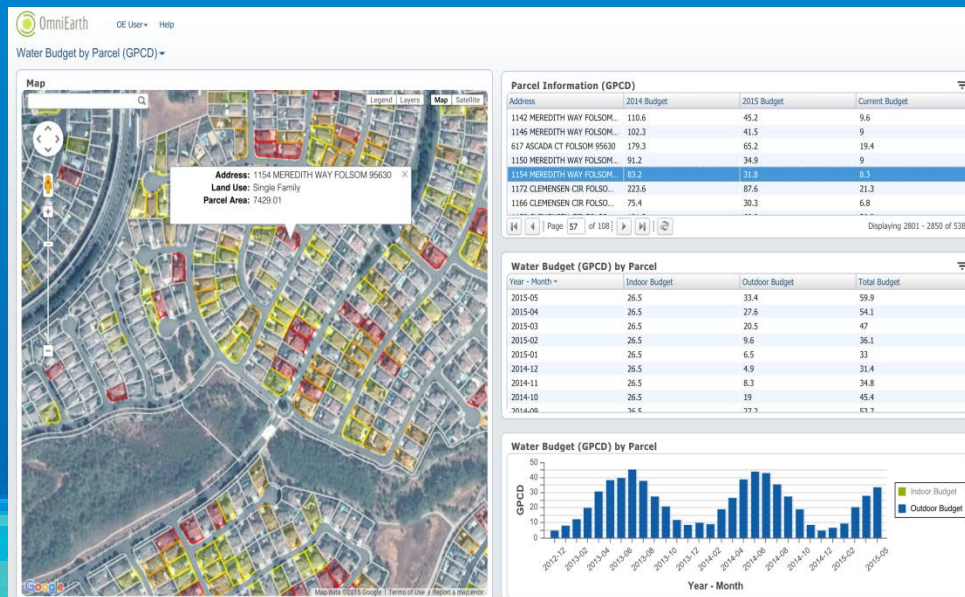


ET Stations
Santa Ana River Watershed



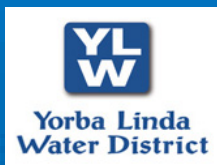
E. OmniEarth Dashboard Upgrades

- Modify the OmniEarth, Inc. individual agency dashboards for water retailers currently contracted with the firm, and
- Create new dashboards for the other interested retail agencies not currently contracting with OmniEarth.



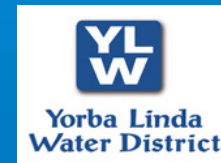
Current OmniEarth Contract

- Current \$1,500,000 Task Order Executed Sept. 2015
- Task Order expires Dec. 31, 2017
- Currently nine agencies contracted with OmniEarth



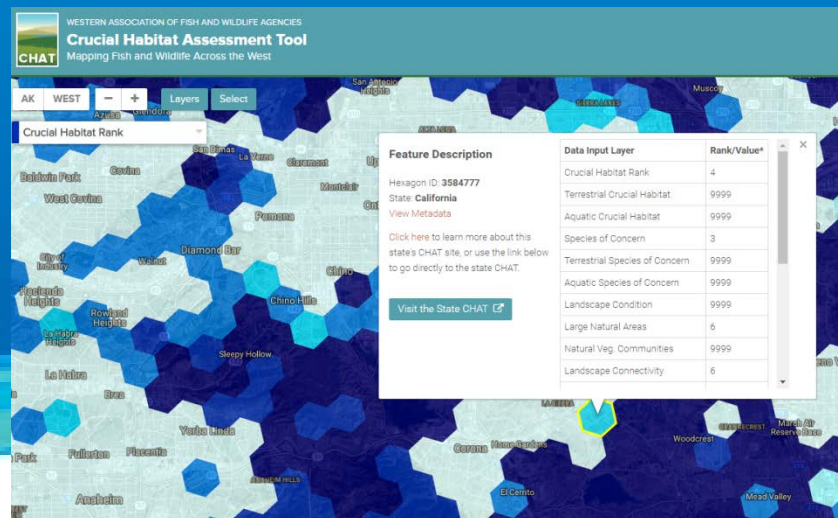
Current OmniEarth Timeline

- Currently four interested agencies.
 - Ontario, Yucaipa, Corona, Monte Vista WD
- Contract develop takes approx. 3-6 months.
- If PA 22 Committee doesn't decide to expand OmniEarth, staff recommends choosing a cutoff date of Dec. 31, 2016 for executing new contracts.
 - Allows OmniEarth to implement for a year per agencies until Dec. 31, 2017.
- Downside to OmniEarth dashboards = grant contract would end when it comes time for retail agencies to actually report to State.



F. Application Program Interface

- Would utilize the SAWPA 2015 aerial mapping data and imagery
- Allows agencies without GIS/IT departments to view and further utilize the aerial mapping data and imagery
- Could be developed relatively in-house
- Agencies could download data well beyond grant timeline for reporting to the State



Water Savings Estimate

- 2004 study titled “Evaluation of the Landscape Performance Certification Program” conducted by A & N Technical Services, Inc.,
- MWDOC program analyzed was estimated to save approximately 765 gallons per day per dedicated irrigation meter
- Savings realized because Program created customer outdoor water budgets and targeted outreach to those customers based on their water use.



Review Steps for Managing Surplus

Run Projections/Develop Draft Concepts

Input



- PA 22 Advisory Workgroup meeting: October 13
- PA 22 Committee meeting: October 27

Run Projections/Finalize Concepts

Share



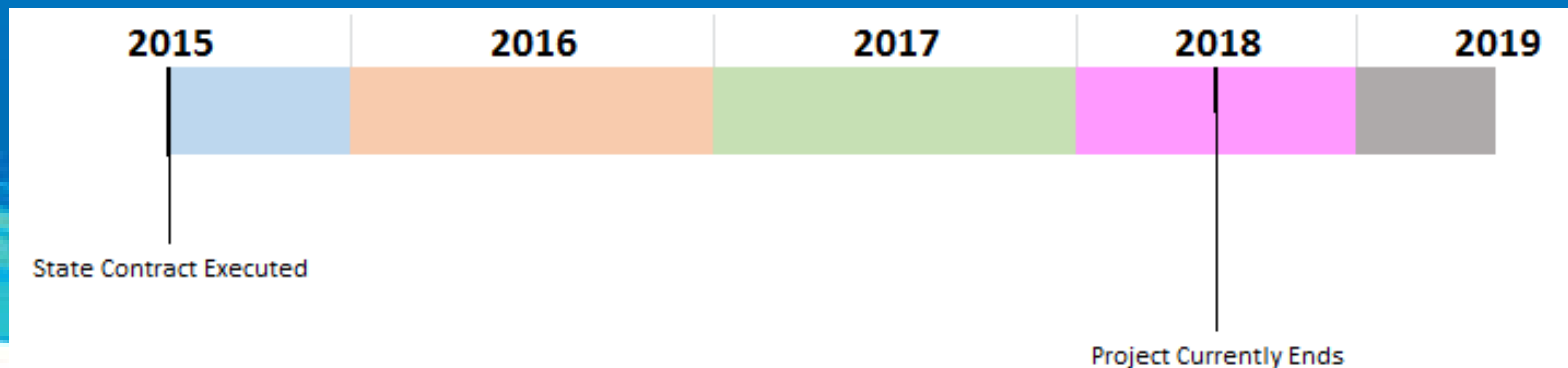
- PA 22 Advisory Workgroup meeting: TBD November
- PA 22 Committee meeting: TBD Nov/Dec
- Propose amendment to DWR

Coordinate with DWR



Likely DWR Amendment

- Extend State Contract for another year.
- Conducted initial discussion with DWR on amendment and they seemed supportive
- In estimating the workload of completing these project concepts, in the MWDOC's service area there are approximately 70,000 CII meters and approximately 24,000 DI meters
 - Although some of these meters have already been geolocated and not all are in the Santa Ana River Watershed.
- Cost estimates of project concepts to be available at next Committee meeting



Recommendation

It is recommended that the Project Agreement (PA) 22 Committee provide feedback regarding SAWPA and the Advisory Workgroup's recommendations to assist retail water agencies comply with Governor Edmund G. Brown's Executive Order "Making Conservation a California Way of Life" (B-37-16) using projected surplus funds from the Emergency Drought Grant Program.



Time Extension Request by Cucamonga Valley Water District



Project Agreement 22 Committee

Mark Norton

Oct. 27, 2016



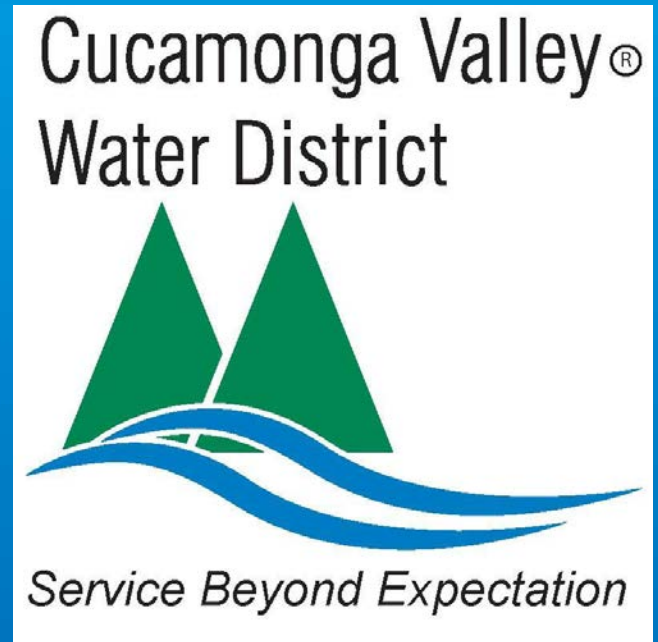
Background

- July 20, 2015- SAWPA and DWR executed the Prop 84 IRWM Emergency Drought Grant Program
- Total Funding Cost: \$23,505,110
 - \$12,860,110 - Proposition 84 grant funding
 - \$10,645,000 matching funds (turf removal match)
- Consists of two projects:
 - Project #1: **Conservation Based Reporting Tools and Rate Structure Implementation**
 - Project #2: High Visibility Turf Removal and Retrofit



CVWD Letter to PA 22 Committee – Timeline Change

- April 26, 2016- Cucamonga Valley Water District (CVWD) contracts with SAWPA for grant funding to implement conservation based water rates
- Nov. 11, 2017 - Original estimated CVWD Board adoption date
- October 14, 2016 – CVWD requests a time extension due to State's upcoming January 2017 framework for permanent efficiency regulations.



CVWD Proposal

CVWD requests a change to their rate implementation schedule

- July 1, 2018, instead of November 11, 2017.

- **Concerns:**

- Would require that the Grant Agreement's schedule be adjusted by at least **SEVEN MONTHS**
- Grant Schedule shows an end date for implementation of the Conservation- Based Water Rates Project by December 2017

Response:

Staff can estimate the fiscal impact on grant agreement for another year

Feedback from DWR and the results will be shared with the PA 22 Committee



Critical Success Factors



- Data and information needed for decision-making is available to all.



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Recommendation

- Provide feedback on whether to request a grant agreement amendment to extend the agreement deadline with the Department of Water Resources based on the October 14, 2016 letter from Cucamonga Valley Water District (CVWD).



Conservation-Based Water Rates Project Policy & Update

Policy Statement



Ian Achimore
Santa Ana Watershed Project Authority
October 27, 2016



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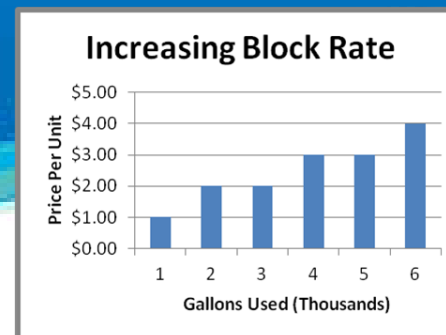
Retail Agency Reporting to SAWPA

- Draft Invoice Reporting Form to be used for agencies contracted with SAWPA
 - Will allow SAWPA to track progress
 - Will be sent out through normal monthly reporting process



PA 22 Policy Statement:

- Adoption of conservation-based water rate structures is defined as an agency transitioning from a flat or tiered rate structure to 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. The customer class for which the rate applies shall comprise at least **50 percent** of the agency's potable water demand



PA 22 Committee Further Clarified - Feb 25, 2015

- *...the Committee's intent in adopting this language was to encourage individualized water budgets in providing **customer-specific allocations**, allowing an agency to determine excessive water use. It is expected that grant fund reimbursement related to conservation based water rates would be inclusive of a rate structure comprising **parcel based water budgets** with **indoor budgets** based on per capita water use and **outdoor water budgets** based on **irrigated area** and **ET rates**. **From meeting minutes.***



Suggested Focus of Conservation Based Rates

OUTDOOR IRRIGATION – LANDSCAPE AREA

OUTDOOR IRRIGATION - WEATHER

	Other Landscape Area Method	GIS
Other Weather Method		
Actual Evapotranspiration		



East Valley Water District
reimbursed by SAWPA Grant

 : SAWPA Grant Focus



Retail Agency Reporting to SAWPA

- Form asks questions that tease out compliance with the policy statement
- From PA 22 Policy Statement and February 25, 2016 PA 22 feedback, staff was planning to not recommend further funding if the agencies:
 - Are not using methods to customize outdoor water budgets using “customer specifics” such as
 - Ongoing evapotranspiration rate monitoring and
 - Actual measurements, on a customer basis, of irrigated areas.



Positives of More Specific Rate Structure

- Customer's budgets are more accurate
- Customers of retailers are likely happier because budgets are based on actual observed data
- Can save more water if less accurate budgets (for the same customers) over allocate water
- More accurate budgets help agencies more accurately forecast how much water they will distribute to customers



Negatives of More Specific Rate Structure

- Negates incremental success from moving from tiered rates to a more customized tiered rate
- Punishes agencies that may not be near existing ET Station
- Punishes agencies that do not have full GIS capabilities



Recommendation

It is recommended that the Project Agreement (PA) 22 Committee provide feedback regarding staff's interpretation of the policy statement for the Conservation-Based Water Rates Project.



Award of Contract for Conservation-Based Water Rates Outreach

Contract Award



Ian Achimore
Santa Ana Watershed Project Authority
October 27, 2016



Critical Success Factors



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Administration of the OWOW process and plan in a highly efficient and cost-effective manner.

Purpose of Contract

- Used Dr. Baerenklau with assisting agencies staff and board members **understand benefits** of rates
- Need resources/experience from public relations standpoint on helping staff and board members **communicate benefits** of rates



Background on RFQ

- Scope was presented to PA 22 Committee at last Committee meeting.
- The RFQ was released on September 29, 2016 and two responses were received on October 14, 2016.
- Two firms submitted responses:
 - 1) **CV Strategies** based out of Corona, and
 - 2) **Hammons Strategies** based out of Riverside.



CV STRATEGIES
PRECISION IN PERCEPTION™



HS
HAMMONS
STRATEGIES



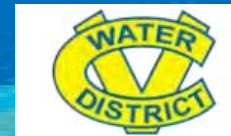
Scope of Work

- Assist staff in creating FAQ documents at an approximately length of one page each
- Staff will distribute FAQs to retail agencies contracted with SAWPA
- FAQs will cover topics to prepare retail agencies for outreach efforts needed
- Draft FAQ topics include:
 - How to explain to your customers that rates and water use efficiency are related.
 - How to explain that revenue stability is important to your community in light of a rate modification.



Staff Recommendation

- CV Strategies
- Experience in budget-based rate outreach support for:
 - Coachella Valley Water District • East Valley Water District • Elsinore Valley Municipal Water District • Indio Water Authority • Jurupa Community Services District • Western Municipal Water District



Past Experience Includes



- East Valley Water District Budget Based Rates Outreach Support: 2015
- Worked with Board, GM, Staff to develop/implement materials from the time of the rate study to board rate hearings
- Worked with Board/Staff to determine specific language used in outreach material, FAQs, and key message points



Contract Award for PA 22 Approval

- Standard General Services Agreement and Task Order
- Funding for the \$25,000 contract will come from the Drought Grant shown in the PA 22 Committee contract line item in the budget.
 - The total grant funding that was set aside for the Rates Project was approximately \$3.1 Million.
 - With some of the funds now becoming available from 3 retail agencies who have withdrawn from the Project, there is sufficient funding for a \$25,000 contract.



Discussion Points

- Feedback on Concepts
- OmniEarth Timeline
- Outreach



Recommendation

It is recommended that the Committee approve executing the SAWPA General Service Agreement and a Task Order with CV Strategies for an amount not-to-exceed \$25,000 to conduct outreach support for conservation based water rate implementation.

