



May 16, 2012

Attention: Administrative and Finance Committee

Report on Water Authority Grants and Grants Administration Program (Information)

Purpose

This report provides an update of the Grant Management Efficiency Project and an overview of the Water Authority Grants Administration Program.

Background

The Water Authority has been successful in finding new revenue sources through grant funding programs and supporting member agency efforts to obtain funding for essential and beneficial water supply related projects in the region. These funds were provided by programs of various government agencies and other organizations for specified purposes. The Water Authority, its member agencies, local special districts and municipalities and non-profit organizations have been awarded approximately \$449 million from these funding sources. These funds support projects that improve water use efficiency, expand reliable water supplies for the region, enhance water quality and protect the environment.

Numerous projects, which have been funded primarily by agencies such as the Department of Water Resources (DWR) and U.S. Bureau of Reclamation (BOR), were made possible through the Water Authority's partnerships and coordination with member agencies, non-profit organizations, the federal and state government, private entities and disadvantaged community organizations. These efforts, which include the canal lining projects, conjunctive use programs, the Integrated Regional Water Management (IRWM) Program, federal Title XVI and various local conservation and public affairs outreach programs, were successful in part due to the financial support received through grants that often were passed through by the Water Authority to its partners. DWR and USBR will continue to be important funding agencies for future grants.

As an off-budget year project, staff established project efficiency teams to assess and identify areas of organizational process improvements. In August 2009, a grant administration team was put together to lead the Grant Management Efficiency Project. The project's goal was to clearly define the management structure, work processes and staffing requirements to effectively manage the entire lifecycle for each grant from application to closeout. Based on the team's assessment, the findings and recommendations were focused on the following: standardization of grant management processes and procedures across departments, identification of core roles and responsibilities, staffing requirements and the establishment of a grant review committee.

During this same time period, the Water Authority was designated as the San Diego IRWM Program's lead agency for the purpose of applying for IRWM grants and administering grant funding in the San Diego region. Aside from the \$33.4 million awarded under Prop 50 and Prop 84, about \$56 million in additional Prop 84 IRWM grants are scheduled to be awarded to the region. To address the team's recommendations, properly manage existing and future IRWM grants and

enhance the Water Authority's ability to seek and receive funds from other revenue sources, the Water Authority established the Grant Administration Program in June 2010 as a multi-departmental endeavor.

Discussion

The Grant Administration Program's vision is to establish a centralized grant administration process that covers everything from acquisition to implementation of grants involving the Water Authority. It supports the organization's overall mission through effective management of the grant administration process as well as ensuring proper fiscal management of grants.

The program is led by a Grant Administrator, housed in Water Resources, and a staff member from the Finance Department. A Grant Review Committee composed of representatives from five departments was established to focus funding applications toward grants that provide the greatest value to the organization and the region considering the grant amount, use of the funds and administrative requirements. As part of the program, Water Resources also works in conjunction with the Finance Department to administer the IRWM Grant, ensuring proper oversight and financial controls.

Since the program's inception, staff in the program developed a grant resource database and web tools that monitor new grants and manage the grant implementation process effectively through budgeting, billings and reporting performance data. A Grants Administration Manual was also developed as a guideline to acquiring, implementing and closing out grant projects. To date, the program has reviewed and evaluated over 15 grant funding opportunity announcements worth over \$13 million dollars, and submitted several proposals. Staff has assisted over 30 local project partners with contract processing and amendments, deliverable submittals, project reporting and payment disbursement in the amount of \$5.2 million.

Since 1999, the Water Authority has received and managed the following grants:

- **IRWM Grants:** The Water Authority was awarded \$25 million in IRWM implementation grant funding from DWR in 2008. This grant supports 19 high-priority water-related projects managed by public agencies and non-profit organizations in the San Diego region, including three sponsored by the Water Authority and nine by Water Authority member agencies. This ongoing grant is being administered by the Water Authority. As these projects are completed, they will optimize water supply reliability and protect and enhance water quality while providing stewardship of natural resources in the region. Since the Grant Administration Program was established, the Water Authority was awarded an additional \$1 million planning grant and a \$7.9 million implementation grant supporting the 2007 IRWM plan update and 11 local projects. The Water Authority receives three percent of these IRWM funds to cover administrative costs associated with the management of these grants

- **Title XVI Grant Program:** The San Diego region has received more than \$125 million to support water recycling projects from the BOR Title XVI Grant Program. Although the Water Authority is not a direct recipient of the majority of Title XVI funding to the region, staff has assisted member agencies in securing funding by sending support letters for area projects, working in conjunction with BOR staff to provide input on budgeting, expenditure projections and assisting in grant solicitation. Staff and the Water Authority's legislative advocates have been involved in coordinating activities to secure both new and continuing federal funding. The Water Authority was also awarded Title XVI funding in the amount of \$590,000 for its Camp Pendleton Seawater Desalination Feasibility Studies. An additional \$150,000 Title XVI Camp Pendleton Seawater Desalination feasibility study grant has been awarded since inception of the Grant Administration Program.
- **The Canal Lining Projects:** DWR provided \$254 million for the planning, design and construction of the All American and Coachella Canal Lining Projects. This funding was distributed to the Water Authority, Coachella Valley Water District and the Imperial Irrigation District to construct these projects. The Water Authority obtained the water supply benefits from the canal lining projects as a result of the execution of the Quantification Settlement Agreement in 2003. These projects will collectively supply the Water Authority with 80,200 acre-feet of conserved water per year for 110 years.
- **Public Outreach and Conservation Projects:** The Water Authority manages one of the most comprehensive water conservation programs in California. This program has been awarded approximately \$4.5 million in grant funding from BOR, SDG&E, the Hans and Margaret Doe Foundation and DWR. The program's emphasis has shifted from offering incentives to purchase water-saving devices to supporting devices that require performance in advance of incentives, thereby take a holistic approach to water savings. With this combined funding support, the Water Authority is poised to achieve its 11 percent water supply goal from conservation projects by 2015. IRWM funding provided an additional \$2.1 million to support conservation programs and the most recent IRWM implementation grant will make available another \$1.02 million.
- **Conjunctive Use Program:** Some \$35 million from the 1998 California Water Use Plan funding was allocated to fund groundwater conjunctive use programs. Of this amount, \$30.5 million was made available to the Water Authority. In 2008, the contract value was expended to implement two groundwater conjunctive use agreements and a water purchase agreement.

Primary future funding opportunities for the San Diego region are expected to be focused on IRWM and BOR (including Title XVI and WaterSmart) programs. The Hans and Margaret Doe Foundation and EPA-sponsored programs will continue as a focus of the Grant Administration Program's grant acquisition activities as well as any other applicable opportunities that arise. About \$56 million in IRWM funds from DWR is expected to be available in the next three years to support San Diego regional projects in the areas of water supply, water quality and ecosystem stewardship. The fiscal

impact to the Water Authority of future IRWM grants is unknown and will be determined as projects are selected to be included in future grant proposals.

The Grant Administration Program will continue to focus on implementation of a centralized and coordinated Grants Program that supports the Water Authority's overall mission through effective grant management. The program will continue to assist the region's efforts to position itself to compete successfully for funding opportunities across the state and the nation.

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Attachment: Water Authority Grants Award Status Report

Water Authority Grant Awards Status Report

Grant/Project Name	Granting Agency	Status	If Completed, Date of Completion	Lifetime Grant Budget
IRWM Prop 50				
IRWM Prop 50 GrantTotal				\$ 25,000,000
IRWM Prop 84 Planning Grant				
<i>IRWM Prop 84 Plan Grant</i>	DWR	Active	-	\$ 1,000,000
IRWM Prop 84 Planning Grant Total				\$ 1,000,000
IRWM Prop 84 Implementation Grant, Round 1				
<i>IRWM Prop 84 Implementation Grant, Round 1(Funding Agreement in process)</i>	DWR	Active	-	\$ 7,900,000
IRWM Prop 84 Planning Grant Total				\$ 7,900,000
Title XVI Grant Program				
<i>Title XVI Grant Program</i>	BOR	Active	-	125,000,000
Title XVI Grant Program Total				\$ 125,000,000
Camp Pendleton Seawater Desalination Feasibility Study				
<i>SONGS (San Onofre Nuclear Generating Station) Pre-Feasibility Study</i>	BOR	Completed	11/30/05	50,000
<i>Camp Pendleton Seawater Desalination Feasibility Study</i>	CA DWR (Prop 50)	Completed	12/31/09	238,427
<i>Camp Pendleton Seawater Desalination Feasibility Study</i>	EPA	Completed	12/31/09	301,614

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Grant/Project Name	Granting Agency	Status	If Completed, Date of Completion	Lifetime Grant Budget
<i>Camp Pendleton Seawater Desalination Feasibility Study</i>	BOR	Active	-	150,000
Camp Pendleton Seawater Desalination Feasibility Study Total				\$ 740,041

Canal Lining Projects

<i>*Coachella Canal Lining Project</i>	DWR	Completed	04/01/07	83,650,000
<i>*All American Canal Lining Project</i>	DWR	Completed	04/01/10	170,390,000
Canal Lining Projects Total				\$ 254,040,000

Public Outreach and Conservation Grants

<i>Reuben H. Fleet Science Center and space rental</i>	Hans & Margaret Doe Charitable Trust	Completed	FY2000	\$ 49,000
<i>Splash Lab</i>	Hans & Margaret Doe Charitable Trust	Completed	FY2001	\$ 40,000
<i>water history book</i>	Hans & Margaret Doe Charitable Trust	Completed	FY2002	\$ 30,000
<i>Splash Lab</i>	Hans & Margaret Doe Charitable Trust	Completed	FY2003	\$ 16,000
<i>Dr. Wilderness Magic Show video equipment</i>	Hans & Margaret Doe Charitable Trust	Completed	FY2004	\$ 12,000

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Grant/Project Name	Granting Agency	Status	If Completed, Date of Completion	Lifetime Grant Budget
Splash Lab and creation of new work stations	Hans & Margaret Doe Charitable Trust	Completed	FY2008	\$ 45,000
Water conservation/watershed student workbook	Hans & Margaret Doe Charitable Trust	Completed	FY2009	\$ 30,000
Education Programs H2O Where Did You Go	Hans & Margaret Doe Charitable Trust	Completed	FY2010	\$ 54,000
California Friendly CD	USBR	Completed	10/30/07	\$ 23,250
Smart Landscape Grant Program	DWR	Completed	06/30/09	\$ 1,125,000
Water Budget Software & Landscape Measurement Tool	USBR	Completed	09/30/09	\$ 55,574
Smart Landscape Grants (CLIP)	USBR	Completed	10/31/09	\$ 298,701
Water/Energy Partnership Program	SDG&E	Completed	02/28/10	\$ 746,000
Residential Water Budgets (w/Rincon)	USBR	Completed	02/28/11	\$ 67,400
Landscape Audits (Mini Audits)	USBR	Completed	06/30/11	\$ 60,000
Landscape Retrofit Technical Assistance Program	USBR	Active	06/30/12	\$ 100,000
High Efficiency Washing Maching Incentives	SDG&E	Cancelled	03/31/13	\$ 1,516,769
Water Budget Assistance to Member Agencies	DWR	Active	12/31/13	\$ 200,000

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Grant/Project Name	Granting Agency	Status	If Completed, Date of Completion	Lifetime Grant Budget
Water Use Calculator	Hans & Margaret Doe Charitable Trust	Active	-	\$ 10,000
WaterSmart Landscape Lab	Hans & Margaret Doe Charitable Trust	Active	-	\$ 15,000
How-To Guides for Water-Efficient Homes	Hans & Margaret Doe Charitable Trust	Active	-	\$ 14,000
Dr. Wilderness Education Program for 2011/2012	Hans & Margaret Doe Charitable Trust	Active	-	\$ 16,000
Total Public Outreach and Conservation Total				\$ 4,523,694

Groundwater Conjunctive Use Project

Groundwater Conjunctive Use Project	DWR	Completed	03/01/09	30,484,000
Groundwater Conjunctive Use Project Total				\$ 30,484,000
Total Grant Awards To Date				448,687,735

* Grant funding for Coachella Canal is \$83.5 million, \$3.5 million went to MWD

** Grant funding for All American Canal went directly to IID