

STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
FEBRUARY 20, 2007

ITEM 6

SUBJECT

CONSIDERATION OF ADOPTION OF ADDITIONAL INTEGRATED REGIONAL WATER MANAGEMENT IMPLEMENTATION GRANT FUNDING LIST

DISCUSSION

Proposition 50, the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002, was passed by California voters in November 2002. It amended the California Water Code to add, among other articles, Section 79560 et seq., authorizing the Legislature to appropriate funding for Integrated Regional Water Management (IRWM) projects. The intent of the IRWM Grant Program is to provide funding via competitive grants for projects to protect communities from drought, protect and improve water quality, and improve local water security by reducing dependence on imported water while encouraging water management on a regional level. Approximately \$386 million is available for IRWM grants split between the State Water Resources Control Board (State Water Board) and the Department of Water Resources (DWR). Approximately \$183 million is available from the State Water Board's funding allocation.

The Water Code requires that the IRWM Program be administered jointly by the State Water Board and DWR. The State Water Board and DWR adopted the IRWM Program Guidelines in November 2004. The IRWM Guidelines established the process by which the State Water Board and DWR jointly solicit applications, evaluate proposals, and award grants.

The Step 1 Proposal Solicitation Package (PSP) for the first funding cycle of the IRWM Implementation Grants was made available in March 2005. A total of 50 proposals were submitted electronically to the State Water Board's Financial Assistance Application Submittal Tool (FAAST) system by July 14, 2005. Of the 50 applicants, 16 were invited back for Step 2, including six regions that were asked to consolidate with other applicants. The Step 2 PSP was made available in March 2006, and all 16 applicants submitted proposals by the June 28, 2006 deadline.

The 16 IRWM Step 2 Implementation proposals represented a total of approximately 175 individual projects. Approximately \$382 million in grant funding was requested for projects totaling over \$2 billion.

The State Water Board and DWR coordinated the technical review process for both the Step 1 and Step 2 proposals based on criteria outlined in the IRWM Implementation Grant PSPs. The technical reviews were performed by staff from the State Water Board, Regional Water Quality Control Boards (Regional Water Boards), DWR Headquarters, DWR Districts, Department of Fish & Game, and the California Bay-Delta Authority.

On November 13, 2006, the State Water Board and DWR posted the Draft Funding Recommendations for the IRWM Implementation Grant Program, and evaluation summaries for each proposal. On November 16, 2006, the State Water Board and DWR held an Open House and Public Meeting to discuss the Draft Funding Recommendations and to accept public comments on those recommendations. The public comment period closed on December 8, 2006. After review of the comments, staff developed the Final Funding Recommendations.

At their January 18, 2007 meeting, the State Water Board adopted the IRWM Implementation Grant Funding List and concurred with DWR's IRWM Implementation Grant Funding List. The State Water Board directed staff to work with DWR and consider funding additional Step 2 IRWM proposals. Staff from the State Water Board and DWR considered the North-South split funding requirements, the recent passage of Proposition 84, and the State Water Board's required funding of at least one Integrated Coastal Watershed Management Plan. Based upon, but not limited to these considerations, staff developed Draft Additional Funding Recommendations. Scoping meetings were held to present the recommendations and accept public comments on January 23, 2007 in Sacramento, and January 31, 2007 in Los Angeles.

The written comment period ended on February 8, 2007. After review and consideration of the written comments, State Water Board and DWR staff completed their respective Additional IRWM Implementation Grant Funding List recommendations (Exhibits A and B). These recommendations

are for the State Water Board's and DWR's consideration. At present, DWR Director, Lester Snow has not made a final determination and will make his position known at the February 20, 2007 State Water Board meeting.

State Water Board staff is proposing to use the remaining balance of the State Water Board's IRWM funds for implementation grants that are consistent with adopted Integrated Coastal Watershed Monitoring plans. The State Water Board and DWR funded nine Integrated Coastal Watershed Management grants in the planning grant phase of the IRWM program. The Integrated Coastal Watershed Management (California Water Code Section 79563.5) planning areas are coastal watersheds that influence water quality in an area of special biological significance (ASBS). The proposal would reserve funds for projects that eliminate or significantly reduce pollution in impaired waters and sensitive habitat areas, including ASBSs.

Prior to the execution of all IRWM grant agreements, individual projects will be reviewed for eligibility and consistency with applicable funding guidelines and policies including, but not limited to, the Water Recycling Funding Program Guidelines and the State Revolving Fund Loan Program Guidelines. Adherence to the California Environmental Quality Act (CEQA) will also be reviewed prior to the implementation of eligible projects. Expertise in the areas of nonpoint source pollution and ocean protection will be sought from those branches of the Division of Water Quality, when applicable. Any project determined to be ineligible may be removed from the suite of proposed projects.

POLICY ISSUES

Should the State Water Board adopt a resolution to:

1. Approve the Additional IRWM Implementation Grant Funding List (Exhibit A) and authorize staff to issue grant agreements and amendments for the implementation grants once funds are appropriated?
2. Direct staff to revise the IRWM Guidelines and use the State Water Board's remaining IRWM funds for Integrated Coastal Watershed Management Implementation Grants once funds are appropriated?

FISCAL IMPACT

The Legislature appropriated \$183 million from Proposition 50 to the State Water Board for local assistance grants. Of that amount, \$77 million is currently in the State Water Board's budget. The \$75 million in grant funds for the first IRWM Implementation Grants, approved on January 18, 2007, will be committed from the 2005-2006 and 2006-07 allocations. The \$75 million in grant funds for the additional IRWM Implementation Grants will be committed from the 2007-2008 allocation.

State Water Board Funding Appropriations	
State Fiscal Year	IRWM Appropriations
SFY 2003-04	\$26,000,000 ¹
SFY 2005-06	\$55,000,000
SFY 2006-07	\$20,000,000
SFY 2007-08	\$82,000,000 ²
Total Funding Allocation	\$183,000,000

¹ Of this amount, \$24 million is proposed for re-appropriation in SFY 2007-08

² Does not include proposed re-appropriation from SFY 2003-04

Proposition 50 – IRWM Grant Program (State Water Board Funding Allocation)	
Available Grant Funds	\$183,000,000
Encumbered IRWM Planning Grant Funds	\$2,104,046
Approved IRWM Implementation Grant Funds (January 18, 2007)	\$75,000,000
Recommended Additional IRWM Grant Funds (February 20, 2007)	\$75,000,000
Remaining Funds for Integrated Coastal Watershed Management Implementation Grants	\$30,895,954
TOTAL	\$183,000,000

REGIONAL WATER BOARD IMPACT

None

STAFF RECOMMENDATIONS

That the State Water Board:

1. Approve the Additional IRWM Implementation Grant Funding List (Exhibit A) and authorize staff to issue grant agreements and amendments for the implementation grants once funds are allocated by the legislature; and
2. Direct staff to revise the IRWM Guidelines and use the State Water Board’s remaining IRWM funds for Integrated Coastal Watershed Management Implementation Grants.

**STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2007 -**

**ADOPTION OF THE ADDITIONAL INTEGRATED REGIONAL WATER MANAGEMENT
IMPLEMENTATION GRANT FUNDING LIST**

WHEREAS:

1. Proposition 50, the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002, authorizes approximately \$386 million to implement projects that protect communities from drought, protect and improve water quality, and improve local water security by reducing dependence on imported water while encouraging water management on a regional level;
2. The Integrated Regional Water Management (IRWM) Grant Program is administered jointly by the State Water Resources Control Board (State Water Board) and the Department of Water Resources (DWR);
3. The IRWM Program Guidelines were adopted by the State Water Board and approved by DWR in November 2004;
4. In accordance with the requirements of Proposition 50, public participation in the development of the Proposal Solicitation Packages (PSPs) was provided through public workshops and applicant assistance workshops;
5. The State Water Board and DWR jointly released the IRWM Implementation Grant Step 1 PSP in March 2005, with a July 14, 2005, submittal deadline;
6. The State Water Board and DWR jointly released the IRWM Implementation Grant Step 2 PSP in March 2006, with a June 28, 2006, submittal deadline;
7. The proposals were reviewed for technical merit based on criteria outlined in the IRWM Implementation Grant Step 1 and Step 2 PSPs, and the projects recommended for funding have shown competitive technical merit;
8. An IRWM Implementation Grant Funding List with grants totaling \$75,000,000 was approved by the State Water Board on January 18, 2007;
9. The State Water Board directed staff to work with DWR and consider funding additional Step 2 IRWM proposals;
10. On January 23, 2007, the State Water Board and DWR posted the Draft Additional Funding Recommendations for the IRWM Implementation Grant Program;
11. On January 23 and January 31, 2007, the State Water Board and DWR held public meetings to discuss the Draft Additional Funding Recommendations and to accept public comments on those recommendations through February 8, 2007;
12. Additional IRWM Implementation Grant Funding List (Exhibit A) with grants totaling \$75,000,000 has been recommended to the State Water Board for SFY 2007-08 funding;
13. DWR is considering approval of an Additional IRWM Implementation Grant Funding List (Exhibit B); and
14. The State Water Board will have approximately \$31 million in remaining IRWM funding in SFY 2007-08.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Approves the Additional IRWM Implementation Grant Funding List and authorizes staff to issue grant agreements and amendments once funds are appropriated by the legislature; and
2. Directs staff to revise the IRWM Guidelines and use the State Water Board's remaining IRWM funds for Integrated Coastal Watershed Management Implementation Grants once funds are appropriated by the legislature.

CERTIFICATION

The undersigned, Clerk to the Board, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on February 20, 2007.

Song Her
Clerk to the Board

Exhibit A

**State Water Resources Control Board
Integrated Regional Water Management
Implementation Grant Program
Additional Funding Recommendations**

PIN	Applicant	Funding Amount
10039	Santa Ana Watershed Project Authority	\$25,000,000
9598	Tahoe Resource Conservation District	\$12,500,000
10029	Contra Costa Water District	\$12,500,000
10052	Monterey County Water Resources Agency	\$12,500,000
10045	Community Foundation of Santa Cruz County	\$12,500,000

Exhibit B

**Department of Water Resources
Integrated Regional Water Management
Implementation Grant Program
Additional Funding Recommendations**

PIN	Applicant	Funding Amount
10061	County of Plumas	\$7,000,000
10024	Bay Area Clean Water Agencies	\$12,500,000
10073	Northern California Joint Exercise of Powers	\$12,500,000
9610	Mojave Water Agency	\$25,000,000