

**STATE OF CALIFORNIA
REGIONAL WATER QUALITY CONTROL BOARD
CENTRAL COAST REGION**

STAFF REPORT FOR REGULAR MEETING OF JULY 11, 2008

Prepared on June 10, 2008

ITEM NUMBER: 19

SUBJECT: Proposed Re-Direction of Low Impact Development Project Funds to Support the Central Coast Low Impact Development Center

SUMMARY

In September 2005, the Water Board unanimously approved staff's recommendation to direct \$225,000 from the Unocal Guadalupe Settlement Fund to implement Low Impact Development (LID) projects in Salinas or another Central Coast municipality (Attachment 1). Staff contracted with Kennedy Jenks Consultants to write development standards for the City of Salinas, and used \$123,225 for this purpose. This staff report proposes to redirect the remaining \$101,775 (from the total of \$225,000) based on what we learned from this effort and recent direction from the Water Board. We learned that LID design principles are evolving, are regionally specific to some degree, and LID expertise is not yet common among consulting firms. Based in part on these lessons learned, and feedback from municipalities, staff recommended that the Board fund a Central Coast Low Impact Development Center (Central Coast LID Center) that would provide the highest level of LID expertise possible. In February 2008, the Board allocated \$2.25 million to fund the Central Coast LID Center (Attachment 2). This effort is going well; the Low Impact Development Center of Maryland has agreed to open an office in San Luis Obispo, and has hired Dr. Darla Inglis, currently with the City of Seattle, as the Office Director. Dr. Inglis is scheduled to start work here in September 2008 (Dr. Inglis's resume is included as Attachment 3).

Accordingly, staff recommends that the Water Board direct the remaining \$101,775, from the \$225,000 allocated to LID projects in September 2005, to the Central Coast LID Center fund. This would increase the Water Board's total allocation to support the Central Coast LID Center to \$2,351,777 (\$2 million as an endowment, and \$351,777 for initial services and expenses). These additional funds will help provide LID implementation services as previously directed by the Water Board, and will be used to help municipalities create the institutional capacity to effectively implement LID in the long term, and to help municipalities develop broad-scale LID projects for current and future funding opportunities, such as the Proposition 84 storm water grants.

DISCUSSION

One of our three Vision Measurable Goals is to achieve sustainable land use within our watersheds. The Central Coast of California is one of the most desirable places to live

in the world, and is located between two major metropolitan areas. The population of the Central Coast Metro Region (Monterey, San Luis Obispo, Santa Barbara, Santa Cruz, and San Benito Counties) was 1,306,680 in 1997. In 2000, the California Department of Housing and Community Development projected the population of the Central Coast Metro Region in 2020 at 1,969,749 (<http://www.hcd.ca.gov/hpd/hrc/rtr/>). This is an increase of more than 60% over approximately 20 years. Thus, the question is not whether the development will occur, but whether it will be managed such that watersheds and their component functions are protected for future generations. As discussed at the February 2008 Board Meeting, staff is working closely with municipalities to implement LID as a key component of sustainable land use. The Water Board has made implementation of LID a top priority to reduce urban pollutant loading, erosion, sedimentation, and stream modifications, and to maintain the natural recharge of groundwater.

The deliberate implementation of LID is a new direction for many municipalities. Effective LID implementation demands increased coordination among local agencies and their internal departments, and streamlining of local ordinances and codes. While many municipalities support sustainable land use and LID, many municipalities do not have the knowledge or technical expertise to implement it effectively in the long term. This is especially problematic at a time when significant state and federal funding opportunities (Integrated Regional Water Management grants, Proposition 84 Stormwater grants, Proposition 1E Stormwater and Flood Management grants, U.S EPA grants, etc) are available to support LID projects. Furthermore, many municipalities do not have the resources necessary to institutionalize effective LID planning and develop LID projects that can successfully compete for grant funding. Therefore, we are proposing that the Water Board redirect \$101,775, the amount remaining from a previous LID project allocation, to the Central Coast LID Center fund. The Board already allocated these funds (\$101,775) to LID projects, so this proposal is to merely redirect those funds in line with the Board's February 2008 decision to fund the Central Coast LID Center.

Previous Low Impact Development Projects

In September 2005, the Water Board unanimously approved staff's recommendation to direct \$225,000 from the Unocal Guadalupe Settlement Fund to implement LID projects (Attachment 1). More specifically, the proposed LID projects were to 1) provide funding assistance to a city to update design standards and city ordinances, 2) conduct Low Impact Development workshops, and 3) implement an on-the-ground Low Impact Development pilot project. Furthermore, the proposed LID projects were to implement LID design standards and act as a regional model by demonstrating the benefits, including cost-effectiveness, feasibility, reduced pollutant loads, and increased groundwater recharge.

At the time, staff identified the City of Salinas as a candidate for implementation of LID projects, and contracted with Kennedy Jenks Consultants to write development standards for the City of Salinas, and used \$123,225 for this purpose (\$101,775 remains). This work was partially successful, as Salinas is using some of the language from the Kennedy Jenks report (the Development Standards continue to be reviewed

and revised—see Item 18 on this agenda). Through this experience, we learned that LID design principles are evolving, are regionally specific to some degree, and most importantly, consulting firms, agencies, and municipalities are on a steep learning curve with respect to LID principles and application. Based in part on these lessons learned, and feedback from municipalities, staff recommended that the Board fund a Central Coast Low Impact Development Center (Central Coast LID Center) that would provide the highest level of LID expertise possible. Accordingly, staff recommends that the Board redirect the approximately \$101,775 remaining from the \$225,000 the Board allocated to LID projects in September 2005 to support the Central Coast LID Center. Our progress regarding the Central Coast LID Center is discussed below.

Central Coast Low Impact Development Center

In February 2008, the Water Board approved Resolution No. R3-2007-0064 (Attachment 2) to provide funding in the amount of \$2.25 million to establish the Central Coast LID Center and to provide LID services, including the following: technical expertise, facilitating cultural change toward sustainable development, education and outreach, agency coordination, a reference library, and leveraging. This effort is going well; the Low Impact Development Center of Maryland has agreed to open an office in San Luis Obispo, and has hired Dr. Darla Inglis, currently with the City of Seattle, as the Office Director. Dr. Inglis is scheduled to start work here in September 2008 (Dr. Inglis's resume is included as Attachment 3). The Central Coast LID Center is an independent, non-profit organization, with extensive experience in providing LID services throughout the United States. If the Board approves staff's proposal to redirect \$101,775, the total amount allocated to support the Central Coast LID Center will be \$2,351,777 (\$2 million as an endowment, and \$351,777 for initial services and expenses).

Upcoming Funding Opportunities for LID

Significant funding is available to municipalities for LID projects (Attachment 4). The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84) provides more than \$232 Million for upcoming water quality grants. This \$232 Million includes \$90 million for storm water, \$15 million for agriculture, \$37 million for the Clean Beaches Initiative, \$32 million for Areas of Special Biological Significance, and \$5 million annually for Total Maximum Daily Load Implementation. This amount also includes \$52 Million available specifically to the Central Coast Region for Integrated Regional Watershed Management Plans. With the exception of the Agricultural Water Quality Grant Program, LID projects are eligible for these types of grant funding and are often identified as a grant program preference.

The Disaster Preparedness and Flood Prevention Bond Act of 2006 (Proposition 1E) provides an additional \$300 Million in grants for storm water management and flood prevention. Up to \$30 Million per project is available to local agencies.

Additionally, U.S. EPA Region 9 expects to award approximately \$5 Million under the West Coast Estuaries Initiative for projects that conserve, restore and protect the water

quality, habitat and environment of California coastal waters, estuaries, bays and near shore waters through comprehensive approaches to water quality management. Past funded projects for this grant program have included LID.

The solicitations for the above grant programs are scheduled to open in late 2008 – early 2009. To successfully compete for grant funding, municipalities must have the technical expertise and resources to seek out grant funding opportunities and develop strong grant proposals according to specific grant program criteria.

Technical Assistance for LID Grant Proposals

The pending grant opportunities are extraordinary, but as we have learned, agencies, municipalities, and consultants are on a steep learning curve with respect to LID principles and implementation. We have also seen previous LID grant applications fail to get funding because they were poorly prepared. The Central Coast LID Center will help municipalities to create successful grant applications with its in-house expertise and through subcontracting with outside experts. For example, staff has started working with Monica Reid, with Kestrel Consulting, Inc. to begin helping municipalities create grant applications that are more likely to be funded. This includes developing great LID projects, and establishing the institutional capacity to effectively implement LID over the long term. Ms. Reid has been highly successful in helping municipalities obtain grant funding. For example, Kestrel Consulting has played a key role in the successful development, funding and execution of the \$12.5 Million Santa Cruz County Integrated Regional Water Management (IRWM) grant. The Santa Cruz County IRWM is a model IRWM program demonstrating a highly collaborative and innovative group of projects that address the highest water management priorities of the area.

By redirecting the \$101,775 to support the Central Coast LID Center, the Center has the opportunity to retain Ms. Reid and substantially leverage their efforts, and ours, to obtain funding for major LID projects in our Region.

Staff estimates that these funds would provide assistance for two to three municipalities, based upon a specific set of criteria that may include projected population growth, scale of planned development, water quality impairment, and history of grant funding received. Staff will work with the Central Coast LID Center and any consultants to define criteria for assistance, clarify the roles and responsibilities of participating municipalities, and develop appropriate outreach activities. Beyond assisting specific municipalities, we will also document lessons learned to improve our efforts and enable other municipalities to successfully implement similar strategies.

CONCLUSION

The Water Board has directed staff to make implementation of LID principles a major priority for the Central Coast. Staff is learning from its early efforts and is making progress, especially with the Central Coast LID Center. Redirecting \$101,775 from previous LID projects to support the Center will increase the technical services provided,

and leverage our efforts by helping municipalities obtain funding for great LID projects.

RECOMMENDATION

Staff recommends the Water Board redirect \$101,775 from its previously approved LID projects to support the Central Coast LID Center. If approved, the Executive Officer will transfer the money to the Water Board's LID fund at the Bay Foundation of Morro Bay, and will work with the LID Center and any sub consultants to begin providing necessary services immediately. These services include technical assistance as previously approved by the Board, and assistance to help municipalities develop the institutional capacity to implement LID over the long term, and immediate assistance to develop outstanding LID grant applications.

ATTACHMENTS

1. September 2005 Board Meeting Staff Report, Item 28 - Low Impact Development Pilot Project
2. Resolution RB3-2007-0064 approving use of Guadalupe Funds for Low Impact Development Center
3. Dr. Darla Inglis' Resume
4. Central Coast Water Board Priorities for External Projects