



SUMMARY REPORT

Agenda Date: 8/9/2022

To: Board of Directors, Sonoma County Water Agency
Department or Agency Name(s): Sonoma County Water Agency
Staff Name and Phone Number: Joan Hultberg, 547-1902
Vote Requirement: Majority
Supervisory District(s): Countywide

Title:

Sonoma-Marin Drought Resiliency Program - 2023

Recommended Action:

- A) Adopt a resolution authorizing the General Manager of Sonoma Water to apply, accept, and execute a grant agreement and any amendments thereto with the United States Department of the Interior, Bureau of Reclamation for the Sonoma-Marin Drought Resiliency Program.
- B) Authorize the General Manager or designee to enter into agreements with program partners to pass-through grant funds to implement and administer the Sonoma-Marin Drought Resiliency Program.

Executive Summary:

The United States Bureau of Reclamation (Bureau) is accepting applications to its WaterSMART FY 2023 Water and Energy Efficiency grant program, due July 28, 2022. The Sonoma-Marin Saving Water Partnership (Partnership), of which Sonoma Water is a member, is proposing a regional drought resiliency program that will offer consumer rebates for water saving measures, including turf removal, replacement of inefficient clothes washing machines, installation of home water-use monitoring devices, and smart irrigation controllers. In addition, the City of Santa Rosa will implement a direct install program providing indoor low water use fixtures. The grant application, prepared by Sonoma Water on behalf of the Partnership, will request \$2,000,000 in grant funds to implement the program. Partners will administer their own rebate program and provide the required 50% in matching funds. If awarded, Sonoma Water will provide program and grant administration. Its approximate financial interest will be \$261,369, of which \$67,500 will be reimbursed under the grant.

Discussion:

BACKGROUND

As of June, 2022, 85% of the western United States is experiencing drought conditions, and 98% of California is experiencing severe drought, including Sonoma and Marin counties. These historic records are according to the U.S. Drought Monitor (USDM). In Sonoma and Marin counties, January to May 2022, has been the second driest year to date over the last 128 years.

The United States Department of the Interior, Bureau of Reclamation's Water and Energy Efficiency Grants (WEEG) program provides funding for projects that result in quantifiable water savings, implement renewable energy components, and support broader sustainability benefits. These projects conserve and use water more efficiently; increase the production of renewable energy; mitigate conflict risk in areas at a high risk of future

water conflict; and accomplish other benefits that contribute to sustainability in the Western United States. In November 2021 Sonoma Water, on behalf of the Partnership, submitted a grant application to the 2022 cycle of the WEEG program. That application was not selected for funding. In a de-briefing with the WEEG program manager, Sonoma Water was told that the proposal scored in the top 40% of applications and that the project was a good fit for the WEEG program. The proposal's biggest weakness was in the Quantifiable Water Savings category, which proved to be on the lower end of water savings of competing proposals. Sonoma Water was encouraged to apply for the 2023 cycle. The program that will be proposed in the 2023 cycle will address this weakness and increase the quantifiable water savings through additional program offerings.

Sonoma-Marín Water Saving Partnership

The Sonoma-Marín Water Saving Partnership was formed in 2010 to identify and recommend implementation of water use efficiency programs, and maximize the cost effectiveness of water-use efficiency programs in our region. Its members represent 13 water utilities in Sonoma and Marin counties, including the cities of Cloverdale, Cotati, Santa Rosa, Sonoma, Rohnert Park, Petaluma, Healdsburg; Town of Windsor; California American Water-Larkfield; North Marin, Valley of the Moon and Marin Municipal Water Districts and Sonoma Water. Each member of the Partnership has water conservation programs that can assist customers in reducing their water use. The Partnership recognizes that establishing common regional water conservation programs can cost-effectively conserve more water than would otherwise be conserved by individual agencies. This regional approach is based on meeting water conservation regulatory requirements by offering financial incentives to conserve and by educating water users about where drinking water comes from and how to use it most efficiently.

Through the proposed Sonoma-Marín Drought Resiliency Program (Program), participating partners plan to remove 1,571,764 square feet of residential turf and 351,300 square feet of commercial turf, as well as replace 650 inefficient clothes washing machines with high-efficiency models. Additionally, the partners plan to install 215 Flume home water monitoring devices, replace 700 high volume toilets with ultra-high efficiency models, and provide 815 smart irrigation controllers to improve irrigation efficiency. Lastly, the City of Santa Rosa will purchase WaterSense fixtures and contract with qualified plumbers to directly install (at no cost to customers) 2,500 residential fixture packages. The residential fixture package will include one toilet, one bathroom faucet aerator, one kitchen faucet aerator and one showerhead for single family or multi-family residences that are served by Santa Rosa Water.

In total, the Sonoma-Marín Drought Resiliency Program will save an estimated 353 acre-feet of water per year and save 5,104 acre-feet of water over the program's measured life. Cost sharing with Reclamation will increase the amount of water saved, creating a positive impact on our regional water supply reliability during this historic 2020-2022 drought and increase water supply resiliency in the face of climate change.

Program Budget

The budget for the Sonoma-Marín Drought Resiliency Program is \$4,818,264. The grant program will reimburse Sonoma Water and its other partners up to \$2,000,000 for programs expenses. Partner contributions related to rebate programs total an estimated \$4,556,895, with an estimated \$1,932,500 in offsetting federal revenue. The remaining \$2,624,395, of the \$4,556,895, is related to non-Federal cost share under the grant and has no fiscal impact to Sonoma Water. Sonoma Water will contribute \$261,369 in administration costs to the programs, with an estimated \$67,500 in offsetting federal revenue. Sonoma Water

will act as the grant administrator on the program to oversee compliance reporting and invoicing in accordance with all local and federal funding requirements, and will enter into agreements with Partners to pass through grant funds to reimburse them for eligible costs. Partners will run their own rebate programs and supply all necessary backup documentation to Sonoma Water for Federal reimbursement requests.

| Program Budget | Federal Funds | Non-Federal Cost Share | Total Program |
|----------------|---------------|------------------------|---------------|
| Sonoma Water | \$67,500 | \$193,869 | \$261,369 |
| Other Partners | \$1,932,500 | \$2,624,395 | \$4,556,895 |
| Total Program | \$2,000,000 | \$2,818,264 | \$4,818,264 |

According to the Notice of Funding opportunity published in April 2022, the Bureau anticipates announcing grant awards by May, 31, 2023. If awarded, the first phase of the Program will include executing contract agreements between Sonoma Water and each partner to establish roles, responsibilities, and the process for reimbursement. Once partner agreements are executed, partners will implement their respective rebate programs (second phase) and submit reimbursement requests to Sonoma Water on a quarterly basis. Sonoma Water will administer the pass-through of funds between Partners and the funding agency and will package a reimbursement request to the funding agency on the same quarterly schedule. The program is expected to last for three years after grant award execution.

This proposed programs will provide supplemental funding to the region for much needed water conservation programs. The Program is estimated to save 5,130 acre feet of water over the lifetime of the programs. If not approved by the Board, the region risks losing an additional \$2,000,000 in federal funding for water conservation projects estimated to save 5,130 acre feet of water over the lifetime of the programs.

County Strategic Plan:

This item directly support the County's Five-year Strategic Plan and is aligned with the following pillar, goal, and objective.

Pillar: Climate Action and Resiliency

Goal: Goal 4: Seek out grant funding to enhance programs and improve infrastructure

Objective: Objective 1: Align the Board of Supervisor's strategic priorities, policy, and operational goals with funding and resources.

Sonoma Water Strategic Plan Alignment:

Water Supply and Transmission System Goal 1: Protect drinking water supply and promote water-use efficiency.

Prior Board Actions:

12-14-2021: Adopt a resolution authorizing application, acceptance, and execution of a grant agreement from the 2022 WEEG program; and authorize the General Manager to enter into agreements with program partners to implement and administer the grant, if awarded.

FISCAL SUMMARY

| Expenditures | FY 22-23 Adopted | FY23-24 Projected | FY 24-25 Projected |
|--------------|---------------------|----------------------|-----------------------|
|--------------|---------------------|----------------------|-----------------------|

Agenda Date: 8/9/2022

| | | | |
|------------------------------------|-----------------|--------------------|------------------|
| Budgeted Expenses | \$17,000 | \$1,020,000 | \$700,000 |
| Additional Appropriation Requested | | | |
| Total Expenditures | \$17,000 | \$1,020,000 | \$700,000 |
| Funding Sources | | | |
| General Fund/WA GF | | | |
| State/Federal | \$4,390 | \$930,991 | \$648,078 |
| Fees/Other | \$12,610 | \$89,009 | \$51,922 |
| Use of Fund Balance | | | |
| Contingencies | | | |
| Total Sources | \$17,000 | \$1,020,000 | \$700,000 |

Narrative Explanation of Fiscal Impacts:

Budgeted amount of \$17,000 is available from FY 2022/2023 appropriations for the Water Conservation Fund. Offsetting revenue in the amount of \$4,390 will come from a United States Bureau of Reclamation federal grant, if awarded. Non-grant funded costs in the amount of \$12,610 is funded under the Water Conservation Fund.

If awarded, appropriations in FY 2023/2024, FY 2024/2025, and FY 2025/2026 will be budgeted in those fiscal years.

| | FY22/23 | FY23/24 | FY24/25 | FY25/26 | Total |
|-------------------------|----------|-------------|-----------|-----------|-------------|
| Expenditures | \$17,000 | \$1,020,000 | \$700,000 | \$456,869 | \$2,193,869 |
| | | | | | |
| Federal Funds | \$4,930 | \$930,991 | \$648,078 | \$416,541 | \$2,000,000 |
| Water Conservation Fund | \$12,610 | \$89,009 | \$51,922 | \$40,328 | \$193,869 |
| Total | \$17,000 | \$1,020,000 | \$700,000 | \$456,869 | \$2,193,869 |

Staffing Impacts:

| Position Title (Payroll Classification) | Monthly Salary Range (A-I Step) | Additions (Number) | Deletions (Number) |
|---|---------------------------------|--------------------|--------------------|
| | | | |
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| | | | |

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Resolution

Related Items "On File" with the Clerk of the Board:

Agenda Date: 8/9/2022

None