



## SUMMARY REPORT

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**Agenda Date:** 3/21/2023

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**To:** Board of Directors, Sonoma County Water Agency  
**Department or Agency Name(s):** Sonoma County Water Agency  
**Staff Name and Phone Number:** Paul Piazza/547-1968; Michael Thompson/521-1863  
**Vote Requirement:** Majority  
**Supervisory District(s):** All

**Title:**

Sonoma Water Urban Community Drought Relief Projects

**Recommended Action:**

Adopt a Resolution approving the filing of a grant application to the California Department of Water Resources (DWR) for the 2022 Urban Community Drought Relief Grant Program in the amount of \$5,768,670 in state funds (75%) and \$1,922,890 from local match (25%) and taking related actions.

- i. The General Manager of Sonoma Water, or his designee, is hereby authorized to file and sign a grant application for the Project under the Department of Water Resources Urban Community Drought Relief Grant Program; and
- ii. The General Manager of Sonoma Water, or his designee is hereby authorized to execute a grant agreement with the Department of Water Resources (Exempt per CEQA Guidelines sections 15061(b)(3), 15304); and
- iii. The General Manager of Sonoma Water, or his designee, is hereby authorized to manage the grant agreement, conduct all negotiations, execute and submit all documents, including, but not limited to, applications, agreements, amendments, invoices, and reports which may be necessary for the completion of the aforementioned Project, and delegate authority to others to provide management and support services required for performance of the work and administration of the agreement.
- iv. The General Manager of Sonoma Water, or his designee, is hereby authorized to enter into agreements with City of Healdsburg, City of Petaluma, City of Santa Rosa, North Marin Water District, Marin Municipal Water District, and Valley of the Moon Water District, or other project partners, to pass-through grant funds to implement the Sonoma-Marin Drought Resilient Landscapes Program.
- v. The General Manager of Sonoma Water, or his designee, is hereby authorized to amend the partner agreements as needed to update pass-through funding requirements, reallocate funding, add partners, extend the term, or accomplish other purposes of the grant.

**Executive Summary:**

Sonoma Water is requesting grant funding in the amount of \$5,768,670 for two projects under the Department of Water Resources (DWR) 2022 Urban Community Drought Relief Grant Program. The title of the application is Sonoma Water Urban Community Drought Relief Projects. Project 1 grant funding will support a robust water conservation program that will result in estimated water savings of 2,651 acre-feet. Project 2 grant funding will support the continued work of multiple stakeholders in the Russian River and/or Eel River basins to collaboratively identify local solutions for maintaining the water flow from the Potter Valley Project

(PVP) into the Russian River watershed.

### **Project 1 - Sonoma-Marín Drought Resilient Landscapes Program**

The Sonoma County Water Agency (Sonoma Water) will administer the Sonoma-Marín Drought Resilient Landscapes Program (Project) on behalf of its twelve water utility partners comprising the Sonoma-Marín Saving Water Partnership (Partnership). The purpose of the Project is to provide a pathway for residential and commercial property owners to remove turf and plant landscapes with drought-resilient, low water-use plants that help our region successfully adapt to a limited water supply, current drought constraints, and future climate change conditions while providing diverse benefits to wildlife, pollinators, and our communities. The Project also supports market transformation of plant inventories available at local nurseries to increase diversity and quantity of climate appropriate species which help normalize water efficient choices to customers. Additionally, this Project will provide information needed to develop targeted programs in the Commercial, Industrial, and Institutional (CII) sector that will be crucial to meeting the anticipated Urban Water Use Objectives of the retail water agencies of the Partnership. Overall, the Project estimates a total water savings of 264 acre-feet per year, with a lifetime water savings of 2,651 acre-feet. Six of the Partnership entities are listed as Local Project Sponsors for the grant and require agreements in order for Sonoma Water to pass-thru grant funding for their projects. The six Partnership entities are: the cities of Healdsburg, Petaluma, and Santa Rosa, and North Marin Water District, Marin Municipal Water District, and Valley of the Moon Water District. If the grant is awarded, other Partners may elect to participate and will be included if there are unused funds available within the grant amount.

### **Project 2 - Russian River Water User Forum - Phase 2**

The Russian River Water Forum Phase 2 will continue the work of multiple stakeholders in the Russian River and/or Eel River basins to collaboratively identify local solutions for maintaining the water flow from the PVP into the Russian River watershed while also emphasizing Russian River water supply resilience and fisheries protection/improvements in both river basins. The project will also address interim PVP water diversions during the decommissioning process.

### **Discussion:**

DWR is combining portions of the Urban Community, Conservation for Urban Suppliers, and Turf Replacement Funding into a \$300 million program. The goal of the 2022 Urban Community Drought Relief Grant Program and other DWR drought relief grant programs is to provide water to communities that face the loss or contamination of their water supplies, to address immediate impacts on human health and safety, to secure the future of California's water supply, and to protect fish and wildlife resources.

Funding for the Program was authorized by the Legislature amending the Budget Act of 2021; DWR was allocated \$200 million for Urban Communities, \$75 million for Conservation for Urban Suppliers, and \$75 million for Turf Replacement. The same Budget Act also authorized \$100 million for the Small Community Drought Relief Program. The grants are expected to be awarded in March 2023.

### **Authorizing Resolution**

In order to apply to the 2022 Urban Community Drought Relief Grant, DWR requires a resolution from Sonoma Water's governing board that takes the following actions:

1. Authorizes Sonoma Water's General Manager to file a grant application.

2. Authorizes Sonoma Water's General Manager to execute a grant agreement with the State of California; and
3. Authorizes Sonoma Water's General Manager to take all necessary actions to carry out the project and implement the grant agreement.

A copy of this resolution must be submitted to DWR prior to the execution of a grant agreement.

Additionally, Staff is requesting the Board authorize the General Manager of Sonoma Water to enter into and amend agreements with participating Sonoma-Marín Saving Water Partnership partners and to pass-through grant funds to implement the Sonoma-Marín Drought Resilient Landscapes Program.

In November 2022, the water supply in Lake Mendocino and Lake Sonoma reached historic lows due to severe drought. Water use restrictions plus the uncertain future of water supply to nearly 700,000 people as a result of PG&E's FERC license surrender application for the PVP warrants a multifaceted approach to urban community drought relief solutions. The two projects proposed in this grant application both align with the Urban Community Drought Relief Grant Program goals.

#### **Proposed Project 1**

Participating partners will market, verify eligibility, and conduct inspections to verify water savings resulting from the following Sonoma-Marín Drought Resilient Landscapes program elements.

- **WaterSmart Plant Kit**-Provide up to five garden designs and low water use plants from nurseries to qualified households to convert turf to low water use plants. Partners will market, verify eligibility, and conduct inspections of installation;
- **CII Turf Conversion**-Incentivize turf removal;
- **Water Smart Home Assessment**-Assessments of households throughout Sonoma and Marin counties;
- **QWEL**- landscaper trainings and development of bilingual training manual for graywater systems;
- **Water Use Efficiency Workshops and Trainings**-Residential workshops and a series of how-to videos. Tasks include marketing and development of how-to videos;
- **Water Smart Plant Label Outreach**- Promotion of the WaterSmart Plant Kit through workshops and tabling at nurseries;
- **Eco-Friendly Garden Tour Outreach**-Marketing in newspapers, social media, and nurseries;
- **Water/Drought Education**-Drought curriculum for grades 6-12;
- **Water Education**-School incentives for low water use projects;
- **CII Spatial Analysis**-Develop CII landscape area measurements.

Project 1 will lower water demands by implementing turf conversion incentives to residents and businesses. By removing turf grass, performing home water use assessments, and increasing outreach, education and training programs the Project will reduce urban water demands by 264 AF annually and 2,651 AF over the lifetime of the project. Lowering demands extends reservoir supplies in times of drought and lessens the impact to our constrained local groundwater basins used conjunctively during surface water shortages. The completed landscape conversions to California native and summer-dry adapted species will increase the benefits that residential and commercial landscapes provide to attenuate and treat stormwater runoff, increase beneficial habitat for pollinators and other beneficial insects that reduce the need for chemical pest control, implement landscape design strategies needed to adapt to increased fire danger, and reinforce improvements to water efficient plant inventories at local nurseries needed to normalize water efficient

choices by customers.

### **Project 1 Budget**

The budget for the Sonoma-Marin Drought Resilient Landscape Program is \$5,415,576. The grant will reimburse Sonoma Water and participating partners up to \$3,820,523 for program expenses. Total Program cost for the partners is estimated at \$1,889,084, with \$1,062,074 in grant revenue and a cost share of \$827,010. Sonoma Water will contribute \$3,526,492 in administration and implementation costs to the Program, with an estimated \$2,758,449 in grant revenue and a cost share of \$768,043. Sonoma Water will implement various water savings programs and will oversee compliance reporting and invoicing in accordance with all local and state funding requirements. For partners that implement and operate their own rebate programs, Sonoma Water will enter into agreements to pass-through grant funding.

Program Budget	State Funds	Cost-Share	Total Program
Sonoma Water	\$ 2,758,449	\$ 768,043	\$ 3,526,492
Other Partners	\$ 1,062,074	\$ 827,010	\$ 1,889,084
<b>Total Program</b>	<b>\$ 3,820,523</b>	<b>\$ 1,595,053</b>	<b>\$ 5,415,576</b>

The proposed program will provide supplemental funding to the region for much needed water conservation programs. Without the Board's approval, the region risks losing \$3,820,523 in state funding for its on-going water conservation projects, which is estimated to save an additional 2,651 acre feet of water over the course of its lifetime.

### **Proposed Project 2**

Sonoma Water was awarded a DWR grant in 2022 to initiate a formal engagement process with stakeholders regarding PG&E's decision to decommission the PVP. In the first phase of the Russian River Water Forum (Water Forum or Project), Sonoma Water retained Kearns & West and created a multicounty advisory team to lead the process and identify recommendations regarding the future of the PVP. The proposed project is Phase 2 of the implementation of the Water Forum, which will be comprised of parties with interests in the Russian River and Eel River basins. It will focus on collaboratively identifying local solutions for maintaining the flow of water from the PVP into the Russian River watershed while also emphasizing Russian River water supply resilience and fisheries protection/improvements in both river basins and will address interim PVP water diversions during the decommissioning process. The Water Forum's fundamental goal is to ensure that PG&E's license surrender application does not preclude the ongoing operation of the PVP's water diversion facilities. The Water Forum will work over the next two years to identify a local solution that has broad support, is affordable, meets multiple local interests, can be implemented from a water rights perspective, and meets PG&E's interests. These efforts should allow Russian River interests to initiate meaningful discussions with PG&E regarding the PVP license surrender application that is currently being prepared. The loss of this critical water supply will dramatically increase drought impacts and decrease climate change resiliency in the Russian River watershed.

### **Project 2 Budget**

The budget for continued support of the Russian River Water Forum through the implementation of Phase 2 is \$2,989,983 with an estimated \$1,948,147 offset in state grant revenue. Sonoma Water will contribute \$1,041,836 in administration and implementation costs to the project. Sonoma Water will seek additional

funding from other agencies to help cover their costs. It is estimated that up to \$650,000 will be covered by Sonoma County, Mendocino County, other cities, and water contractors. Sonoma Water will return to the Board when entities and dollar amounts have been identified to seek authority to enter into agreements with partners and consultants while it oversees compliance reporting and invoicing in accordance with all local and state funding requirements.

Phase 2 of Russian River Water Forum will assist Sonoma Water in its efforts to continue the engagement process with stakeholders regarding PG&E's decision to decommission the PVP. Proper funding of this effort is critical to ensure a logical solution for all parties involved in the decommissioning process.

#### CALIFORNIA ENVIRONMENTAL QUALITY ACT

Sonoma Water's General Manager has determined that the project is exempt from CEQA under CEQA Guidelines sections 15061(b)(3) and 15304, as there is no possibility that the project may have a significant effect on the environment.

#### **County Strategic Plan:**

This item directly supports 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: Secure a total of \$60 million in grant funding by 2026 for strategic priorities, including technology tools, climate resiliency, and other capital projects.

Seeking funding for the Sonoma Water Urban Community Drought Relief Projects aligns with the County's Five-Year Strategic Plan by supporting Climate Action and Resiliency. The grant funding will support implementation of an enhanced and robust water conservation program that will help our region successfully adapt to a limited water supply, current drought constraints, and future climate change conditions while providing diverse benefits to wildlife, pollinators, and our communities. The grant funding will also support the continued work of multiple stakeholders in the Russian River and/or Eel River basins to collaboratively identify local solutions for maintaining the water flow from the PVP into the Russian River watershed to improve water supply resiliency in the region.

#### **Sonoma Water Strategic Plan Alignment:**

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

Project 1 will help reduce water use and promote water-use efficiency. Lowering demands extends reservoir supplies in times of drought and lessens the impact to our constrained local groundwater basins used conjunctively during surface water shortages.

Project 2 will help identify local solutions for maintaining the flow of water from the PVP into the Russian River watershed while also emphasizing Russian River water supply resilience and fisheries protection/improvements in both the Russian River and Eel River basins and will address interim PVP water diversions during the decommissioning process.

**Prior Board Actions:**

N/A

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 22-23 Adopted</b>	<b>FY23-24 Projected</b>	<b>FY 24-25 Projected</b>
Budgeted Expenses	\$80,951	\$3,963,530	\$2,378,695
Additional Appropriation Requested			
<b>Total Expenditures</b>	<b>\$80,951</b>	<b>\$3,963,530</b>	<b>\$2,378,695</b>
<b>Funding Sources</b>			
General Fund/WA GF	\$43,918	\$111,854	\$38,790
State/Federal		\$2,547,882	\$2,213,763
Fees/Other	\$37,033	\$1,303,794	\$126,142
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>	<b>\$80,951</b>	<b>\$3,963,530</b>	<b>\$2,378,695</b>

**Narrative Explanation of Fiscal Impacts:**

Budgeted amount of \$80,951 is available from FY 2022/2023 appropriations in the Water Conservation Fund and the General Fund for Project 1.

If awarded, appropriations in FY 2023/2024, FY 2024/2025, FY 2025/2026, FY 2026/2027 will be budgeted in those fiscal years, with Project 2 funded from the Russian River Projects Fund.

There is \$5.76 million in offsetting state grant revenue, and Project 2 also has \$650,000 in contributions from various project partners including the County of Sonoma, Mendocino County, other cities, and water contractors.

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>
N/A			

**Narrative Explanation of Staffing Impacts (If Required):**

N/A

**Attachments:**

Resolution

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**Agenda Date:** 3/21/2023

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**Related Items “On File” with the Clerk of the Board:**

None.