

**Newport Bay Watershed Executive Committee
Special Workshop October 2, 2008**

Background: Proposition 84-Chapter 2 allocates \$114M to Santa Ana Funding Area for Integrated Regional Water Management Plans

Implementing Legislation/additions to Calif. Water Code (enrolled 9/3/2008):

§10531 Findings: (a) It is the intent of the Legislature to encourage local agencies to work cooperatively to manage their available local and imported water supplies to improve the quality, quantity, and reliability of these supplies. (b) Local agencies can realize efficiencies by coordinating and integrating their assets and seeking mutual solutions to water management issues.

§10541(f): Requires Department of Water Resources (DWR) to establish standards for identifying a region for the purpose of developing or modifying an Integrated Regional Water Management Plan (IRWMP). "At a minimum, a region shall be a contiguous geographic area encompassing the service areas of multiple local agencies, and shall be defined to maximize opportunities for integration of water management activities."

§10544: Requires DWR to use a criterion that provides "a preference for regional projects or programs for grant funding."

§10537: Defines "regional projects or programs" as projects or programs identified in an IRWMP that reduce water demand, increase water supplies for any beneficial use, improve operational efficiency and water supply reliability, improve water quality, improve resource stewardship, and improve flood management.

§75028 of ballot text: funds are competitive within Funding Areas

Policy Question: should Central Orange County compete for Integrated Regional Water Management Plans funds from Proposition 84-Chapter 2 as its own region or as part of SAWPA's One Water-One Watershed IRWMP?

OPTION 1: Participate in watershed planning, project prioritization, and grant funding allocation through OWOW process

Note: This option does not limit the ability of local agencies to continue watershed planning efforts for the Central OC Watershed Management Area and pursue grant programs beyond Prop 84, Chapter 2 – IRWM. Plans are still needed to prioritize Measure M funding, projects for other grants, and local cost-sharing

Opportunities:

- Support for regional projects/programs for groundwater management (OC basin) and conservation that will improve local water supply reliability

- Accumulated overdraft of groundwater basin at 06/30/2008 was 306,000 acre feet; basin pumping to be reduced in the future.
- Imported water supplies are expected to be reduced by 10-20% as MWD implements its adopted allocation plan in 2009.
- Agencies are facing significantly increased water supply costs, affecting rate payers
- Local agencies rely heavily on groundwater to meet demands:
 - (groundwater as % of total supply, 2006-07)
 - Irvine Ranch Water District: 40%
 - Newport Beach: 69%
 - Tustin: 85%
 - Mesa Consolidated Water District: 90%
- Many conservation programs are oversubscribed; more incentives needed to meet demand
- Participate in larger regional watershed planning that opens opportunities for science-based studies, improving habitat connectivity, multi-beneficial flood management, etc.; Central OC and North OC both part of OWOW plan
- Achieve legislative intent per implementing legislation, i.e., integrating across disciplines and planning for larger scale region
- Increase economic value of grant funds to region through early implementation, avoiding project cost escalation
 - With larger region, can demonstrate benefits to disadvantaged communities (key priority for state)
 - Reduces in-region competition for funds at grant proposal stage, simplifies DWR's approval process, increases likelihood of award in earlier funding rounds
- Build stakeholder relationships and shared goals throughout the larger region—Big Bear to Pacific Ocean—that can be leveraged in future legislation and funding programs
- “Power in numbers” – the potential to achieve more working together than separately

Challenges:

- Water quality issues and flood control may not be considered a high priority for grant funding; risk that water supply may trump other water resource priorities of cities and counties

- An allocation strategy that offers a “10% off coupon” on projects ignores the difference in financing abilities for water and wastewater agencies (rate payers) vs. cities and counties (tax payers)
- Lack of a memorialized governance structure weakens the planning process and introduces greater uncertainty for local agencies; other IRWMP efforts around California operate under written, agreed to decision-making structure and procedures conducted per open public meeting laws.

OPTION 2: Pursue DWR approval with Central Orange County as a designated IRWM region and compete for a share of Prop 84 grant funds designated for the Santa Ana Funding Area

Opportunities:

- Promote Central OC WMA regional priorities for water quality, water supply, habitat, and flood management based on local issues and state preferences
 - Pilot projects and other water quality projects are essential to meet Total Maximum Daily Load (TMDL) regulations per the Clean Water Act
 - With Prop 218 limitations, local agencies do not have a reliable funding mechanism to adequately address water quality issues and must rely on grant funding
- Use long-standing (25 years), effective shared governance structure of the Newport Bay Executive Committee to demonstrate that Central OC region is a model for integrated planning and agency cooperation, and fully achieves legislative intent

Challenges:

- Grant funding competitiveness may be downgraded due to limited benefits for disadvantaged communities within Central Orange County
- Limits the scale of water supply and water conservation projects that local agencies could champion
- May extend the timeframe for grant awards, increasing the risk for cost escalation
 - Early funding rounds will likely give preference to projects that address drought issues and benefit disadvantaged communities
 - Multiple plans within the Santa Ana funding area competing for grant funds may make DWR’s review and approval process more involved
- Central OC might not be vetted by DWR as a region eligible to compete for Proposition 84-Chapter 2; fall back position is participating in OWOW plan

OPPORTUNITIES & ADVANTAGES	
OWOW Integrated Regional Plan	Central OC Integrated Regional Plan
Support for regional projects/programs for groundwater management and conservation that will improve water supply reliability for Central OC	Promote Central OC WMA regional priorities for water quality, water supply, habitat, and flood management
Achieve legislative intent per implementing legislation, i.e., integrating across disciplines and planning for larger scale regions	Broad-based governance structure in place for 25 years
Easier demonstrating benefits to disadvantaged communities, a key priority for State	History of consensus based decision making process for plan development
Reduces in-region competition for funds at grant proposal stage, simplifies DWR's approval process, and increases likelihood of award in earlier funding rounds	History of multi-benefit prioritization for grant funding
Central OC and North OC both part of one integrated regional plan	Established recognition that not all water resource needs have the same financing capabilities; some more reliant on grants and less able to provide matching funds
"Power in numbers" – the potential to achieve more working together than separately	Plans developed, although expected to be modified after State guidelines issued
Build stakeholder relationships and shared goals throughout the larger region—Big Bear to Pacific Ocean—that can be leveraged in future legislation and funding programs	

CHALLENGES & DISADVANTAGES	
OWOW Integrated Regional Plan	Central OC Integrated Regional Plan
Lack of a memorialized governance structure weakens the planning process and introduces greater uncertainty for local agencies	Grant funding competitiveness may be downgraded due to limited benefits for disadvantaged communities within Central Orange County
Proceedings not conducted as open public meetings; currently opportunities for participation are tightly controlled	Limits the scale of water supply and water conservation projects that local agencies could champion
Water supply may trump other water resource priorities of cities and counties such as water quality and flood control	Multiple plans within the Santa Ana funding area competing for grant funds may make DWR's review and approval process more involved
An allocation strategy that offers a "10% off coupon" on projects ignores the difference in financing abilities for water and wastewater agencies with rate payers vs. cities and counties with tax payers	Early funding rounds will likely give preference to projects that address drought issues and benefit disadvantaged communities
	Central OC might not be vetted by State as a region eligible to compete for Proposition 84-Chapter 2; fall back position is participate in OWOW plan

Option 1 with Modification: Policy Principles Offered for Consideration

In order to reduce uncertainty and overcome the disadvantages identified, the following policy level modifications to the current OWOW process are offered for consideration.

1. SAWPA Commission adopts a resolution memorializing the Steering Committee as the highest authority for OWOW process at its next regularly scheduled meeting.

Goal: memorialize decision making authority within the OWOW process and clarify that OWOW process and plan belongs to the region, not a single agency. Commitment needed before State undertakes its regional acceptance process.

2. Conduct Steering Committee in accordance with open meeting laws with public notice and opportunities for wider attendance.

Goal: broaden participation and flow of information to the entire region and expand opportunities for engagement to all interested parties.

3. Provide notice of Pillar meetings and Pillar Chair meetings to all OWOW participants.

Goal: broaden participation and flow of information to the entire region and expand opportunities for engagement to all interested parties.

4. Publish details of OWOW planning process and schedule on OWOW website; update website information as process and schedule change.

Goal: broaden participation and flow of information to the entire region and expand opportunities for engagement to all interested parties.

5. Publish draft and final documents (goals, objectives, chapters) from the Steering Committee, Pillars, and Pillar Chair committee on the OWOW website.

Goal: broaden participation and flow of information to the entire region and expand opportunities for engagement to all interested parties.

6. To meet the State's requirements for formal plan adoption, have the Steering Committee select a subset of at least agencies, two of which have statutory responsibility for water management.

Goal: institutionalize region's ownership in the OWOW process and plan.