



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

Department Name: Water Agency/PW  
Department No.: 054-04-07  
For Agenda Of: 10/23/07  
Placement: Administrative  
Estimated Tme: N/A  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

---

**TO:** Board of Supervisors  
Board of Directors, Water Agency  
Board of Directors, Flood Control and Water Conservation District  
Board of Directors, Laguna County Sanitation District

**FROM:** Department Scott McGolpin, Public Works Director, 568-3010  
Director(s)  
Contact Info: Thomas D. Fayram, Deputy Public Works Director, 568-3436

**SUBJECT:** **Approval of MOU and Contract for Proposition 50 Grant Application.**  
**All Supervisorial Districts**

---

**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrence:** Risk Management

As to form: Yes

**Recommended Actions:**

That Board of Supervisors/Directors:

- a. Approve and authorize the Chair to execute the attached Memorandum of Understanding (MOU) with various agencies (Cities, Special Districts, Water Companies, and Joint Powers Authorities) to develop a grant application on their behalf pursuant to the State's Proposition 50 Guidelines, and to provide sharing of costs for preparing the grant application pursuant to the County's Integrated Regional Water Management Plan (IRWMP) process.

That the Board of Directors of the County Water Agency:

- b. Approve and authorize the Chair to execute an agreement for the period of October 23, 2007 through June 30, 2008 with CH2M HILL (a local vendor) for an amount not to exceed \$298,819.50 to develop a Proposition 50 Round 2, Step 2 grant application for approximately 14 projects in Santa Barbara County.
- c. Approve the attached Budget Revision Request (BJE#2007050) to:
  - i. Release \$19,963 of Water Agency designation for the IRWMP and grant process;
  - ii. Authorize \$372,280 of Water Agency funds to pay for professional services through the CH2MHILL contract (at \$298,819.50) and for separate consultant

- services to manage the overall IRWMP and grant application process (at \$74,000); and
- iii. Receive additional unanticipated revenue expected to total \$352,857 from the participating agencies contributing their share of costs for the IRWMP and grant application process, consistent with the MOU noted above.

**Summary Text:**

Pursuant to an MOU approved by the Board of Supervisors in September 2006, but now expired, 29 County-wide public agencies prepared and submitted to the State an Integrated Regional Water Management Plan (IRWMP). Submittal of this Plan allows the interests in the Santa Barbara County Region to apply for State funding available through Proposition 50, Chapter 8 for projects consistent with State and local objectives for integrated regional water management. Approval of the new MOU and contract with CH2MHill provides for preparation of that application, i.e., the Prop 50, Round 2, Step 2 application. County-wide interests have selected 15 projects, worth some \$60 million as the basis for a request of \$25 million from the State. These projects include four projects from three disadvantaged communities, which the State has indicated to be a priority for Round 2 funding. The State has developed detailed and complex guidelines for this application process. The level of effort proposed by CH2MHill is consistent with that of regions whose applications were successful in Round 1 of the Proposition 50 process.

Based on successful preparation of the Santa Barbara Countywide IRWMP, the participating public agencies, or “Cooperating Partners”, request the Water Agency play a lead role in preparation of the Prop 50 grant application. In addition, the State requires a single entity to submit the plan on behalf of all the partners within a geographic region. Therefore, if authorized by the Board through the recommended actions listed above, the Water Agency would:

- a. Cooperate with other agencies and districts in preparing a “Step 2” grant application;
- b. Implement the County’s responsibilities as identified in the Memorandum of Understanding;
- c. Manage contracts for obtaining expert professional assistance in preparing the application;
- d. Collect funds from the Cooperating Partners to pay for consultants’ assistance in the application and IRWMP processes.
- e. Involve relevant County agencies and keep the Board informed at appropriate times regarding progress and products.

If the application is successful, staff will return to the Board for direction regarding the administration of this grant. The State requires a single regional contracting entity for grants awarded under this process. If the County Water Agency is to play this role, several issues need to be addressed in any subsequent agreements including:

- Compensation to the County of administrative and management costs
- Indemnification
- Accounting and reporting responsibilities
- Scope of County involvement in subsequent (Proposition 84) grants opportunities.

If the Grant is not successful, there will be another round of Grant applications coming in 2008 as a result of Proposition 84. An update of the IRWMP may be necessary as well. Staff will return to your Board with a separate action, including an amended MOU, and new contracts as necessary.

For purposes of the Proposition 50 Step 2 grant application, the following agencies, in addition to Santa Barbara County, are also executing the MOU: Cachuma Operation and Maintenance Board, Carpinteria Sanitary District, Carpinteria Valley Water District, Casmalia Community Service District (CSD), Cuyama CSD, Goleta Sanitary District, Goleta Water District, City of Guadalupe, City of Santa Maria, and Vandenberg Village CSD. Other cities and special districts also will be approving the MOU, but not as proponents of projects being included in the Step 2 grant application.

**Background:**

In 2002 a bond measure (Proposition 50) was approved by California voters to provide funding for water-related projects across the State. Subsequently, Prop 50 grant guidelines were issued jointly by the Department of Water Resources (DWR) and the State Water Resources Control Board (SWRCB) to provide funds for plans and projects to protect communities from drought, protect and improve water quality, and reduce dependence on imported water. With approval from the Board of Supervisors in 2005, the County Water Agency took the lead role in a regional partnership to develop two Prop 50 Round 1 grant applications for: (1) a planning grant to develop an Integrated Regional Water Management Plan (IRWMP), and (2) an implementation grant for various local government and special district projects. Unfortunately, in December 2005, the State denied the grant requests but encouraged the County-wide interests to apply in Round 2.

In response to DWR and SWRCB feedback, the Board and 28 other public agencies approved preparation of a Countywide IRWM Plan which was completed in May 2007 and approved by your Board in June 2007. The IRWMP was submitted to the State for their review on July 31, 2007. The Cooperating Partners recommend the County Water Agency continue its lead role in coordinating development of an IRWMP based grant application, given its history in developing the IRWMP. The proposed new Memorandum of Understanding signed by partner agencies, districts, and others establishes a process to prepare the Step 2 application, and serves as the mechanism for agencies and districts to transfer funds to the Water Agency for contractual expenses to develop the Round 2 Step 2 application. All of the agencies with projects proposed for Round 2 funding as well as a number of the other Cooperating Partners are approving and signing the new MOU. All of those agencies, with the exception of the disadvantaged communities of Cuyama and Casmalia, are able to provide the consultant with the data and information needed to prepare the Round 2 application. The Water Agency is working with Cuyama Community Service District (CSD) and Casmalia CSD to ensure they have the technical and logistical support needed to provide the required information. Support for those two CSDs would be provided through Water Agency funding under a subsequent budget revision to be submitted to the Board. Support for Casmalia may also be forthcoming through the County Housing Finance Division under a federal Community Development Block Grant. Inclusion of these high-priority projects is critical not only for the two communities, but also will improve the likelihood of State approval of the entire Step 2 application.

Staff will report back to the Board upon completion of the application and will detail the project list as it is further defined by the County and cooperating agencies. The Prop 50 Step 2 grant application must be completed, approved by local boards, and submitted to the State by January 14, 2008.

**Fiscal and Facilities Impacts:**

Budgeted: No. Approval of the project would result in a release of Water Agency’s designations of \$19,963 to pay consultant costs toward preparation of the Step 2 application and on-going IRWMP coordination. The IRWMP Cooperating Partners would be paying for most of the costs, as indicated in the MOU.

**Fiscal Analysis:**

At the time of its preparation no funding was included in the Water Agency 2007-08 Budget. Total consultant costs of this project are estimated to be \$372,820, divided between two consultants at costs of \$298,820 and \$74,000 respectively. These consultant costs are being borne by the IRWMP Cooperating Partners, primarily those having projects for inclusion in the Step 2 application, as shown in the MOU. The Water Agency will invoice the Cooperating Partners for their pro-rated contributions. The Water Agency’s share is a relatively small portion of the total contractor costs being shared by all Cooperating Partners.

Budget revision requests are attached in order to: (1) release \$19,963 from the Water Agency’s designations to pay a share of consultant costs for preparation of the Step 2 application (primarily on behalf of the two small disadvantaged communities of Casmalia and Cuyama); (2) authorize expenditure of \$372,870 for consultant services; and (3) receive \$352,857 in unanticipated revenue from the participating agencies signing the MOU. The budget adjustment would allow the County Water Agency to recoup direct costs associated with application preparation from those agencies having projects in the application.

The dollar figures shown in the MOU differ slightly from the numbers in the attached budget revision requests because the total costs in the MOU table include not only the consultant costs, but also \$8,375 of Water Agency staff time that will be paid by the Cooperating Partners. This amount is the estimated direct administration cost to be incurred by the Water Agency for its project oversight role.

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
County Water Agency	\$ 19,963.00		
Federal			
Fees			
Partners MOU	\$ 352,857.00		
Total	\$ 372,820.00	\$ -	\$ -

**Staffing Impacts:**

**Legal Positions:**

**FTEs:**

Approval of the project does not result in addition of FTEs. The current level of staff investment in Proposition 50 related activities will be reduced by utilizing a consultant to provide management of the technical contractor for application preparation and submittal, and for any refinements after receiving State comments in spring 2008.

**Special Instructions:**

Direct the Clerk of the Board to send an original of the MOU, two originals of the Agreement with CH2M HILL, a copy of the approved budget revision(s) along with a copy of the minute order of these actions to the Water Agency office, Attn: Christina Lopez.

**Attachments: (list all)**

1. Memorandum of Understanding (MOU) for Administration of Santa Barbara Countywide Integrated Regional Water Management Plan and Proposition 50 Round 2 Step 2 Application
2. Agreement with CH2MHILL to develop a Proposition 50 Round 2 Application
3. Budget Revision Request (BJE 2007050)

**Authored by:** Robert Almy, Water Agency Manager, 568-3542

**cc:**