

SANTA ANA WATERSHED PROJECT AUTHORITY

PROJECT AGREEMENT 25

ONE WATER, ONE WATERSHED (OWOW)

THIS AGREEMENT is made on _____, **2019**, by and between the **SANTA ANA WATERSHED PROJECT AUTHORITY (SAWPA)**, a joint powers agency created pursuant to Government Code Section 6500 et seq., and the following Member Agencies of SAWPA: **EASTERN MUNICIPAL WATER DISTRICT (EASTERN); INLAND EMPIRE UTILITIES AGENCY (IEUA); SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT (VALLEY); WESTERN MUNICIPAL WATER DISTRICT (WESTERN)**, and **ORANGE COUNTY WATER DISTRICT (OCWD)**, all collectively referred to herein as "Parties."

RECITALS

- A. The Parties are all special districts with broad authority over water resources, including powers to develop, protect, and enhance water supply and reliability within the region and to protect and preserve the quality of the surface and subsurface water supplies within their respective boundaries. SAWPA is a Joint Powers Authority, formed by the other Parties pursuant to Government Code Section 6500 et seq., to serve as a regional entity to facilitate the collaborative development and regional implementation of a wide range of water resources strategies.
- B. The SAWPA Joint Powers Agreement, as amended, provides for SAWPA's exercise of the shared powers of the Member Agencies, and recognizes SAWPA shall function through the identification and implementation of specific projects. The JPA establishes that such specific projects will be administered through individual project agreements and by project committees when less than all of the SAWPA member agencies are participating.
- C. SAWPA was originally formed in 1967 to engage in watershed-scale water quality planning. During the 1970s, the agency was reformed as a project authority to implement projects in furtherance of the planning that had been done. From its beginning, SAWPA worked closely with the Santa Ana Regional Water Quality Control Board, and worked collaboratively with other stakeholders and agencies in the watershed. In 1984, SAWPA's purpose was broadened to encompass a wide range of water supply and water quality issues and activities.
- D. In the 1990s, SAWPA engaged in a watershed-scale strategic planning effort that led to the development of the Santa Ana Integrated Watershed Program. This program was included in Proposition 13 (2009) and became the model for the State's integrated regional water management program, created in 2002, by the Regional Water Management Planning Act (Water Code Section 10539 et seq.). Since then, various

bond acts approved by California voters have provided over \$1.5 billion in State funding to support and advance integrated, multi-benefit regional projects.

- E. After the California Department of Water Resources (DWR) formalized a process for approval of Regional Water Management Groups (RWMG) for purposes of being eligible to apply for Integrated Regional Water Management (IRWM) grants, SAWPA submitted a Regional Acceptance Process application and was approved by DWR as the RWMG for the Santa Ana River watershed.
- F. In 2007, SAWPA renamed its IRWM process, One Water, One Watershed (OWOW), and launched a broad stakeholder process to draft an updated plan, the OWOW Plan. In 2009, the SAWPA Commission approved a governance policy for OWOW that established the OWOW Steering Committee to oversee development of the OWOW Plan and updates thereto and to develop recommendations of suites of projects to include in future IRWM grant applications or for other funding opportunities. The Steering Committee is constituted of County supervisors, City council members or mayors, SAWPA Commissioners, and representatives of the environmental community, the business community, and the Santa Ana Regional Board. Within the structure of the OWOW Pillars, the Steering Committee, and the SAWPA Commission, the Commission remains the governing body of the RWMG.
- G. SAWPA has recently adopted the third updated version of the OWOW Plan, the OWOW Plan Update 2018. SAWPA is preparing a grant application in response to the Proposition 1 Round 1 IRWM Implementation Grant solicitation from DWR. SAWPA is currently administering grant agreements with DWR from four prior rounds of grant funding from Proposition 84, and from Proposition 1 for the Disadvantaged Communities Involvement Program.
- H. SAWPA acts in several capacities within the OWOW program, including serving as staff to the Commission and the Steering Committee, leading the development of the OWOW Plan, administering planning contracts, facilitating extensive stakeholder processes, assembling the region's grant applications, contracting with DWR and administering grant agreements, and in some cases acting as a project proponent, or on behalf of a group of applicants. Where SAWPA is not a project proponent, it could also serve a project implementation role, in addition to functioning as a grant administrator, but that implementation role would be subject to a separate project agreement, analogous to the existing Project Agreements 22 and 23.
- I. All SAWPA Member Agencies have actively participated in the OWOW program and its governance and foresee continuing that participation.
- J. This project agreement is intended to describe SAWPA's activities, the responsibilities of the Parties, and the procedures SAWPA will follow with regard to the OWOW program.

COVENANTS

Based on the foregoing facts, and in consideration of the mutual covenants of the Parties, it is agreed that:

1. This project agreement (PA25) defines the responsibilities of the Parties and the administrative procedures that will apply to the integrated regional water management program in the Santa Ana River watershed, known as OWOW. In accordance with Section 18 of the SAWPA Joint Powers Agreement, the SAWPA Member Agencies will govern the implementation of this PA25 through the SAWPA Commission.
2. Per Section 18 of SAWPA Joint Powers Agreement, all budget and operating decisions related to PA25 will be made by unanimous consent of the Parties. The Parties agree that, other than approval or amendment of the project budget in accordance with this PA25, no other decisions related to the activities addressed by this PA25 shall be deemed budget or operating decisions.
3. The Commission will have such authority as may be necessary to implement the provisions of this PA25 so long as expenditures are within the PA25 budget. Consistent with Section 29 of the SAWPA Joint Powers Agreement, any expenditure or contractual commitment of SAWPA funds which exceeds the PA25 budget must be approved by unanimous consent of the Parties. Any expenditures or contractual commitments within the designations and limitations of the approved PA25 budget shall be made on the authorization of a majority of the Commission and in accordance with all regular SAWPA administrative and operating policies.
4. SAWPA has funded all aspects of the OWOW program through State and federal grants and SAWPA Member Agency contributions. SAWPA also accounts for the project proponents' matching funds used for projects that receive grants. In the future, it is possible the OWOW program could also be financially supported by other cost-sharing by stakeholders or other sources of revenue not yet foreseen. How such funding would be utilized will be addressed through the PA25 project budget process. In conjunction with each SAWPA budget, SAWPA shall prepare a budget for the OWOW Program (PA25 budget) that shall address the sources and uses of funds and the respective financial obligations and functions of the Parties. The PA25 budget shall include costs for SAWPA administration of this PA25 and of the OWOW Program. If any PA25 Party fails or refuses to approve any PA25 budget, said budget shall be returned to the Commission for restudy and revision. In the event a PA25 budget acceptable to all of the Parties is not obtained prior to the start of the fiscal year, SAWPA shall continue to implement the OWOW Program at the level of total expenditure authorized by the last approved PA25 budget and shall continue to adhere to the requirements of any executed grant agreements related to OWOW projects or activities. The Parties shall be obligated to fund such obligations and activities to the same extent as in the previously approved

PA25 budget. For administrative convenience, the PA25 budget shall be included with the SAWPA budget for approval by the Parties' governing boards per the SAWPA Joint Powers Agreement. Approval of the proposed PA25 budget shall not be unreasonably withheld by the Parties. SAWPA shall provide a quarterly report to the Commission of actual expenses relative to the approved PA25 budget.

5. OWOW Plan. Development and adoption of updates of the OWOW Plan is a core function of the RWMG. The SAWPA Commission relies on the Steering Committee to oversee development of plan updates and present them to the Commission for adoption. SAWPA staff will lead the stakeholder process and final drafting for any updates and will present drafts to the Steering Committee. SAWPA staff will, with Commission approval, seek grant funds to cover planning costs when available.
6. IRWM Implementation Grant Applications. When grant opportunities are available for IRWM implementation, SAWPA staff will administer the Steering Committee's solicitation, review, evaluation, and ranking of projects and the development of a recommendation to the Commission for a portfolio of projects for each grant opportunity. Contracting for any consultant support for this process in excess of the SAWPA General Manager's procurement authority would require approval by the Commission.
7. Other Grants. SAWPA will take advantage of opportunities to use the OWOW Plan and the OWOW process to support efforts by other entities in the watershed to obtain grants not specifically targeted to IRWM for projects related to IRWM. SAWPA may apply for grants that are not from the State's IRWM program and may use the OWOW Plan to support its application, but that SAWPA activity would not be pursuant to this project agreement. A decision for SAWPA to pursue other grants would be outside of this PA25 and would require action by the Commission.
8. Other Funds. Other funding opportunities beyond State grants might become available for IRWM planning or implementation in the future, including new cost-sharing approaches, other partners, private philanthropic grants, or other sources. Pursuing or accepting any such funding would require Commission action. This PA25 allows such other funds, if obtained, to be applied to OWOW activities.
9. IRWM Grant Administration. As an approved RWMG, SAWPA will continue its role of administering the IRWM program for the region, including executing and implementing grant agreements with the State. Where State grant funds may be used for grant administration, SAWPA will use grant funds for that purpose.
10. SAWPA as an IRWM Project Proponent. SAWPA, with Commission approval, may seek and accept grant funds from IRWM grant opportunities. In such a case, the SAWPA project will be competitively evaluated along with all other projects submitted for that grant round. In addition, one or more project proponents may agree with SAWPA to

administer, manage or assist with the implementation of a project that receives grant funds. In that case, SAWPA's agreed upon project administration costs shall be accounted for as project costs, separate and distinct from grant administration costs. Arrangements for such services may be the subject of separate agreements between SAWPA and other entities. If the other participants in such an arrangement are all SAWPA member agencies, funds available to SAWPA for services in support of that project shall be approved in accordance with the budgeting process described in Section 4 above, or per any other applicable project agreement specific to that project. If the other participants in such an arrangement include non-member agencies, funds available to SAWPA for services in support of that project shall be approved in accordance with Project Agreement 26.

11. At the time of execution of this PA25, SAWPA has executed various agreements related to OWOW, including grant agreements with the State, subgrantee agreements related to specific projects or programs, and an MOU with several Orange County agencies related to IRWM grant funding. This PA25 does not amend, revise, or abrogate any existing agreements.
12. This PA25 addresses SAWPA's IRWM role in developing and updating the OWOW Plan; applying for, allocating, and administering IRWM grant funds from the State; and implementing any IRWM grant-funded projects for which SAWPA is the project proponent. With regard to other IRWM projects, SAWPA may also take on a project implementation role separately from its grant administration role, but that activity would be under a separate project agreement.
13. Any of the Parties may withdraw from this PA25 at any time upon not less than 60 days written notice to the other Parties. Obligations of the withdrawing Party, including any liabilities related to any grant agreement or other financing commitment associated with PA25, will be determined according to the PA25 budget then in effect or by the Commission. Pursuant to Section 8 of the SAWPA Joint Powers Agreement, no withdrawal shall relieve the withdrawing Party from financial obligations theretofore incurred by it under this PA25.
14. No right, duty, or obligation of whatever kind or nature created herein will be assigned by any Party to this PA25 without the prior written consent of the Commission.
15. This PA25 shall inure to the benefit of and bind the successors and assigns of the Parties hereto.
16. Each signatory hereto warrants that the execution of this PA25 represents the approval of that Party's board of directors of this PA25.
17. This PA25 may be executed in counterparts.

18. The Recitals are incorporated herein and made an operative part of this PA25.

19. Except as otherwise specifically provided for in this PA25, the provisions of the SAWPA Joint Powers Agreement, as amended, shall be controlling in regard to the performance of this PA25.

IN WITNESS WHEREOF, the signatories hereto have executed this PA25 to be effective as of the day and year first written above.

SANTA ANA WATERSHED PROJECT AUTHORITY

By _____

Its _____

Approved as to Form:

By

Its

EASTERN MUNICIPAL WATER DISTRICT

By _____

Its _____

Approved as to Form:

By

Its

INLAND EMPIRE UTILITIES AGENCY

By _____

Its _____

Approved as to Form:

By

Its

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

By _____

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Approved as to Form:

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WESTERN MUNICIPAL WATER DISTRICT

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Approved as to Form:

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ORANGE COUNTY WATER DISTRICT

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