



DATE: November 16, 2016

TO: Waste Management Authority Board

FROM: Wendy Sommer, Executive Director

BY: Cassie Bartholomew, Program Manager; Kelly Schoonmaker, Program Manager

SUBJECT: Decline DROPS Funding and Amend FY16/17 Budget

SUMMARY

Over the past year, staff has worked with the State Water Resources Control Board to finalize a \$1.5 grant agreement for the DROPS-OPS Project to implement stormwater capture projects paired with education and outreach at Oakland and Piedmont Schools. Several insurmountable obstacles from the Water Board and school district level created significant risks to StopWaste, the schools, and school districts. As a result, staff has declined the funding, and is recommending that the Waste Management Authority amend the FY16/17 budget accordingly.

DISCUSSION

In January 2015, StopWaste staff submitted a grant application for the Drought Response Outreach Program for Schools (DROPS) administered by the State Water Resources Control Board. StopWaste applied for \$1,491,503 in funding for five projects located at four school sites in Oakland and Piedmont Unified School Districts. The grant was intended to provide funding for projects that reduce stormwater pollution and provide multiple benefits including water conservation, water supply augmentation, energy savings, increased awareness of water resource sustainability through classroom curriculum and public outreach, and reduced dry weather runoff.

In May, 2015, the State Water Resources Control Board announced a grant award to StopWaste for the DROPS-OPS (Oakland and Piedmont Schools) Project in the amount of \$1,491,503 to implement stormwater capture projects paired with education and outreach that would build teaching and learning opportunities at each of the participating schools and in the community.

In December, 2015, the WMA Board adopted a Resolution accepting the grant funds and authorizing the Executive Director to enter into an agreement with The State of California. The majority of this grant was a pass through with the Authority acting primarily as a fiscal agent.

In working with the Water Board to finalize the grant agreement in the past ten months, several insurmountable obstacles from both the Water Board and at the school district level developed

(described below), which would have created significant risks to StopWaste, the schools, and school districts.

In addition, staff recently learned from Water Board staff that six other grantees have withdrawn from DROPS for similar reasons. As a result, StopWaste has made the difficult decision to decline the funding. The impact on the Agency's overall budget is minimal as it pertains only to the labor hours that were required to administer the grant. These hours will be reassigned and absorbed into the core budget.

The projects are not able to meet a completion date of March, 2019. The State has a hard deadline of April, 2019, to spend this funding and has indicated that all projects must be completed by March, 2019. In a typical design and construction process, this deadline would be very difficult to meet, given both the current status of the projects, which have not entered into design, and construction timelines for the districts. Water Board reviews throughout design and construction add additional time to this process, making the deadline impossible to meet, even with the quickest turnaround times. During the pre-execution process, staff experienced turnaround times from the Water Board that were significantly longer than promised, and must conclude that this pattern would continue during grant implementation, setting projects back further, and putting schools, districts, and StopWaste at great risk of failing to meet grant deadlines.

The grant requirements and approval process are excessively slow, onerous, rigid, and not realistic. During the pre-execution process we have encountered Water Board requirements both within the grant agreement and outside of it that have been difficult or impossible to resolve. It often takes weeks to resolve straightforward issues, such as providing documentation acceptable to the state for the name of the Agency, an issue that remains unresolved. Also adding risk for StopWaste, schools, and districts is the non-negotiable requirement of a *36-year fiscal commitment*, which staff learned of during the pre-execution process.

It is not certain that all project costs will be reimbursed, and no matching funds are available to cover additional costs. With the conceptual nature of the proposed projects and the detailed content of the Scope of Work in the grant agreement, requests to deviate from the proposed scope will need to be reviewed by Water Board staff before proceeding, and it is uncertain if the design and construction of new proposed project elements in the deviation requests would be approved. This condition presents a risk of further extending the timeline, and districts incurring design costs that will not be reimbursed.

After a review of the final grant agreement, Oakland Unified School District indicated that the budget included insufficient funding for OUSD projects. OUSD reviewed the budget during the proposal phase, but upon closer review, calculated an \$800,000 shortfall for the three projects as described in the Scope of Work. Additional funding from the Water Board is not available to cover this shortfall. To complete the projects with the current budget would mean dramatically reducing the scope of work, which is not an acceptable alternative for the Water Board. Also during the final grant agreement review, OUSD's Building and Grounds Department indicated that it would not sign an MOU for the *required 20-year maintenance commitment* unless the school community volunteers were to assume the bulk of the work. This maintenance strategy is not acceptable to the Water Board.

RECOMMENDATION

Amend the FY16/17 budget by \$1.5 million (pass through funds) to reflect the removal of the State Water Resources Control Board DROPS grant and adjust labor hours as appropriate.