

San Diego Integrated Regional Water Management Administrative Policy

Policy and Procedures for Reallocation of Grant Funding

Adopted: May 4, 2017

Purpose:

To establish a policy and procedures for reallocation of Integrated Regional Water Management (IRWM) grant funding awarded to a project after the project selection process occurs.

Timing:

The Regional Water Management Group's (RWMG) goal is to complete the process for considering reallocation of grant funding within 2 months of Step 2 (below).

Policy:

For each round of funding, the Project Selection Workgroup spends a great deal of effort selecting projects that best meet the needs of the region and the grantor. Substantial changes in a project's goals or benefits following the grant award may result in reallocation of the grant funding awarded to that project. Grant funding awarded to an IRWM project may be reallocated to one or more projects if one of the criteria below are met and procedures are followed:

- Project termination or withdrawal
- Substantial project changes (as defined in this policy)
- Unused grant funds

Discussion:

Reallocation of grant funding may be triggered by the following conditions.

Project Termination or Withdrawal

The Local Project Sponsor (LPS) is responsible for communication of project termination or withdrawal to the Grant Administration Program (GAP) within 30 days of the LPS decision.

If an LPS withdraws its project or the project is terminated *before* the grant is awarded, the RWMG will replace the project with one or more projects with similar benefits, likely an alternate or interviewed project as described in Step 3 (below).¹

If an LPS withdraws its project or the project is terminated *after* the grant is awarded, the RWMG will transfer the projects' grant funding to one or more projects with similar benefits,

¹ Note: In unusual circumstances, for timeliness of grant contract execution for the other LPS, the terminated/withdrawn project may be included in the Grant Agreement and replaced later on.

either within the same funding package, an alternate, or an interviewed project as described in Step 3 (below).

If the RWMG decides to reallocate the funding awarded to a project, Steps 3 through 5 of the Procedures described below shall be followed.

Substantial Project Changes

The LPS is responsible for communication of project changes to the GAP within 30 days of the LPS decision. Substantial project changes are a trigger to draw the GAP's attention to projects of potential concern.

Substantial project changes may include, but are not limited to:

- Removal or revision of project components that reduce the forecasted primary and/or secondary benefits claimed for the project by more than 10 – 25% in numerical value (e.g., acre-feet of water produced or reduction of contaminants in water body)
- Change in location of project activities that results in a reduction of forecasted benefits
- Changes that result in the project's failure to meet the mandatory eligibility requirements for the San Diego IRWM region project selection process (e.g., removal of public outreach/engagement component)

If the GAP determines that an LPS has submitted proposed project changes that substantially alter the nature of the project, Steps 3 through 5 of the Procedures described below shall be followed.

Unused Grant Funds

If an LPS has not used all of its awarded grant funds at the time of project closure, those funds may be reallocated. Unused grant funds typically comprise a small proportion of the total grant award, but shall be reallocated within that grant package to effectively use 100% of the grant award by program closure.

At their discretion, the RWMG may direct reallocation of unused grant funds 1) to the GAP to serve the grant administration needs of the region or 2) shall follow Steps 3 through 5 of the Procedures described below. If unused grant funds are reallocated to the GAP, priority shall be given to serving the grant administration needs of disadvantaged community (DAC) projects within that grant package.

Timing of Action May Affect Decision Making

The GAP and RWMG may consider timing when deciding whether to replace a project and reallocate its funding.

- After grant award, if replacing the project will significantly impact the execution of the Grant Agreement, the RWMG may decide to include the project in question in the Grant Agreement and then amend the agreement after the funds are reallocated.
- During implementation, if the need to replace a project arises during the first half of a grant agreement timeframe (e.g., years 1 through 2 of a four-year agreement), the region is likely in a good position to reallocate funding.

- If the need to replace a project arises during the last half of a grant agreement timeframe (e.g., years 3 through 4 of a four-year agreement), it may be too late to reallocate the project funding effectively and the RWMG may suggest continuing with the proposed project changes without reallocating funds. In this situation, the GAP shall seek the grantor's approval of the amended project.
- If the need to replace a project arises late in the grant agreement timeframe, but the RWMG determines that the funding shall be reallocated, Step 3 below may be limited to projects within that grant package that have not yet filed for their retention (project completion report not yet approved).

Procedures:

Procedures for determining if and how grant funding shall be reallocated:

Step 1: The GAP shall review any proposed contract changes submitted by an LPS. If the GAP determines that the proposed project changes substantially reduce the forecasted primary and/or secondary benefits of the project, the issue shall be raised to the RWMG for discussion.

If the GAP determines that the proposed project changes are not substantial and/or will not affect the forecasted benefits, no additional steps under this policy shall be completed. The GAP shall provide regular updates to the RWMG on the status of all contract amendments.

Step 2: If the RWMG concurs with the GAP's finding that an LPS is proposing changes that substantially reduce the project benefits, the GAP shall provide the RWMG with:

- The project's grant application materials, including the benefits assessment and monitoring plan (if available).
- The proposed project changes in track changes format on the original grant application or contract documents and in the DWR amendment format comparing the original contract language with the proposed revised language.

If, having analyzed this information, the RWMG decides to reallocate the project's grant funding, Steps 3 through 5 shall be followed.

If, having analyzed this information, the RWMG decides that a reallocation is not desirable or feasible, no additional steps under this policy shall be completed. The RWMG may decline to reallocate grant funds due to population served (project serves a specific disadvantaged community need) or timing (too near the end of a grant contract) or other reasons.

Step 3: The RWMG shall report their decision to reallocate grant funds to the RAC and ask the RAC to reconvene the Project Selection Workgroup for that round of funding to consider how to reallocate the funding. The workgroup shall consider the following:

1. The workgroup may consider reallocation of the funding to one or more projects with similar benefits:
 - Projects in the same grant package,
 - Alternate projects (if any were identified), or
 - Any other project that was selected for a workgroup interview during that round of funding.

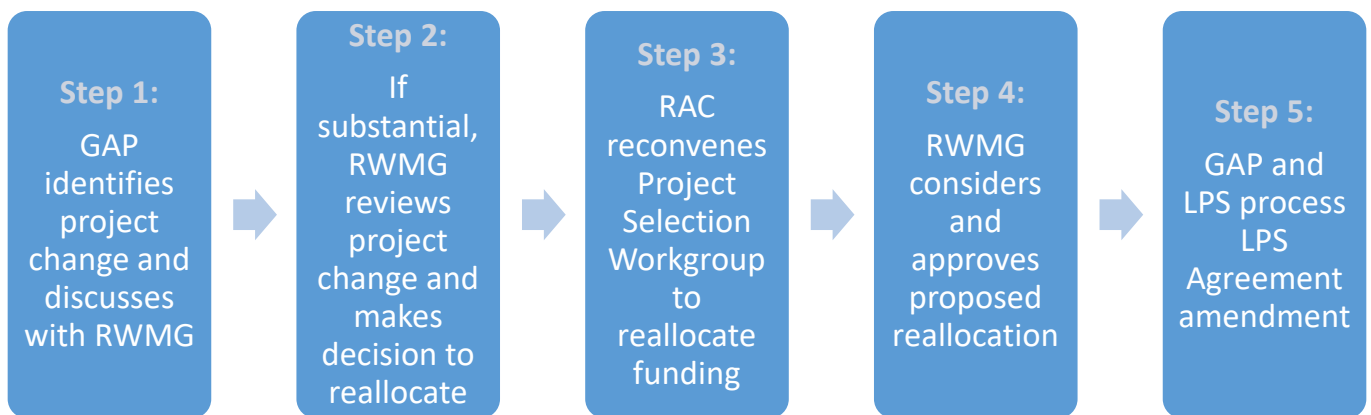
2. All projects that are receiving funding from the grant in question and any identified alternates will be invited to submit a request for reallocated funding and a project abstract for project activities that will achieve at least the same benefits as the project being replaced. If a project in the same grant package submits an abstract, the expanded activities must result in additional benefits beyond what is anticipated by the original project.
3. The workgroup shall give primary consideration to projects that will achieve the same benefits as the original funded project.
4. The workgroup shall consider a replacement project's readiness to proceed (e.g., its level of CEQA compliance), feasibility, and ability to comply with grant agreement requirements, within the agreement timeframe for that funding round.

The workgroup shall consider all the requests for reallocated funding and select which project or projects shall receive some or all of the funds. The workgroup shall report its findings to the RAC, which shall vote on the recommended funding reallocation.

Step 4: The recommendations of the workgroup and the RAC will be forwarded to the RWMG, which shall make the final decision about funding reallocation. If the workgroup cannot reach a decision, they shall notify the RWMG and the RWMG shall reallocate the grant funding.

Step 5: Once the funding reallocation has been approved, the LPS Agreement(s) amendment processing begins. The LPS submits an LPS Agreement amendment form to the GAP showing the proposed reallocation and the reason for the reallocation, as well as its appropriate budget, scope, and schedule for the additional activities, and applicable agreement exhibits to be changed. Once this information is submitted, the GAP shall request approval of the amendment from the grantor as necessary. After receiving approval from the grantor, the GAP shall amend the LPS Agreement(s).

Reallocation of Grant Funding Flow Chart



Effective Date:

The *Policies and Procedures for Reallocation of Grant Funding* will be effective immediately upon approval by the RWMG (San Diego County Water Authority, City of San Diego, and County of San Diego). The policy will be made available to all current and prospective LPS.

Upon adoption, the *Policies and Procedures for Reallocation of Grant Funding* will be incorporated into all new LPS contracts and new amendments to existing LPS contracts. This policy shall be applicable to all projects.

Notes: Once the reallocation process occurs, the GAP will amend the Grant and LPS Agreements (as necessary) to reflect the changes.

Grant funding made available as a result of LPS Agreement default may not be eligible for reallocation; the GAP will consult with DWR about how to proceed.

Any project that requests termination or withdrawal after receiving funding must go through the accounting reconciliation process with the GAP before the RWMG approves the termination or withdrawal is officially approved.

Definitions:

1. RMWG – Regional Water Management Group
2. RAC – Regional Advisory Committee
3. GAP – Grant Administration Program
4. LPS – Local Project Sponsor
5. CEQA – California Environmental Quality Act
6. Project Selection Workgroup – Comprises of members from various stakeholder groups (e.g., non-profit entities, water agencies, etc.) who select the projects for regional grant applications
7. LPS Agreement – Agreement between LPS and San Diego County Water Authority
8. Grant Agreement – Agreement between San Diego County Water Authority and grantor