



COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

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GRACE ROBINSON HYDE
Chief Engineer and General Manager

April 8, 2016

Mr. Craig Cross
California Department of Water Resources
Division of Integrated Regional Water Management
Financial Assistance Branch
Post Office Box 942836
Sacramento, CA 94236

Dear Mr. Cross:

Comments on the Draft 2016 IRWM Grant Program Guidelines

Thank you for the opportunity to provide comments on the Department of Water Resources (DWR) Draft 2016 Integrated Regional Water Management (IRWM) Implementation Grant Program Guidelines (Draft Guidelines). The Sanitation Districts of Los Angeles County belong to the Regional Water Management Groups for the Antelope Valley, Upper Santa Clara River and Greater Los Angeles County IRWM regions. We offer the following comments and recommended changes to the Guidelines for your consideration based on our experience with the IRWM program.

- 1) Eligibility of Clean Water Act State Revolving Loan Funds as Matching Funds:** Currently, page 8 of the Draft Guidelines states that “Local cost share may include, but is not limited to, federal funds, local funding, or donated services from non-State sources. Other State funds, if part of the funding package for the proposal, must be included in the total proposal cost but cannot be used as local cost share.” We are unsure of the Department’s intent regarding Clean Water Act State Revolving Fund (SRF) loans, which we believe should be eligible to count as matching funds. In the final round of IRWM funding under Proposition 84, DWR agreed with this policy, and, page 34 of the Proposal Solicitation Package (PSP) for the Proposition 84 2015 Implementation Round stated that “State Revolving Funds (SRF)... are not considered State funds and may be used as funding match...”

As acknowledged by both DWR and the State Water Resources Control Board, SRF loans must be repaid with local funds. Therefore it seems reasonable to consider SRF funding as eligible to be part of the “local share” when calculating the match provided by the project proponent, which will allow more projects to be eligible, particularly given the 50% matching requirements for Proposition 1.

Through the budget process in 2015, the Legislature decided that SRF funding should be allowed to be considered local match in the context of the State Water Resources Control Board's Proposition 1 Recycled Water program (see page 7 of the Proposition 1 Water Recycling Funding Program Guidelines, which state that "Local cost share may be provided by CWSRF financing."). We do not believe there is any limitation on the use of SRF loans as match for the IRWM Program in Proposition 1. We therefore request that DWR modify the Draft Guidelines to clarify that SRF loans may count as part of local matching funds.

- 2) **Elimination of Requirement that All Projects Demonstrate Multiple Benefits:** Currently, page 13 of the Draft Guidelines states that "Eligible projects must also . . . provide multiple benefits." There is no citation from Proposition 1 for that particular item in the Draft Guidelines. While we certainly support multiple benefit projects, we don't believe that requiring projects to provide multiple benefits in order to be eligible for funding is consistent with the letter of Proposition 1.

The term "multiple benefits" is found twice in Proposition 1: The first instance of "multiple benefits" is found in Chapter 7, Section 79742 (f) which states "Projects that achieve multiple benefits shall receive special consideration." The second instance of "multiple benefits" is found in Chapter 7, Section 79743 (f)(2) and applies to eligible stormwater resource management projects, which "may include, but are not limited to... projects that provide multiple benefits..". We don't believe either of these instances can be interpreted as an eligibility requirement that every project funded under Chapter 7 in the IRWM program must provide multiple benefits. In addition, we don't believe these instances authorize the scoring of projects/proposals in such a manner as to virtually exclude all single purpose projects from funding in an effort to award "special consideration". There are important single purpose projects that will help Regions meet their IRWM goals, and those projects should be incentivized, not penalized. Further, as demonstrated in most Proposition 50 and 84 IRWM funding rounds, Regions can achieve multiple benefits through suites of projects, which may best meet regional priorities, may be more cost-effective, and may allow a broader array of entities to participate in a region's IRWM process, thereby increasing stakeholder participation and support of local IRWM efforts. Therefore, we request that the requirement that all projects "provide multiple benefits" be deleted from the Guidelines as an absolute requirement for each project included in grant applications.

- 3) **Recommend One Funding Round in FY2017-18:** The Sanitation Districts recommend that the Department of Water Resources have the first round of implementation grant funding in Fiscal Year 2017-18, as currently scheduled. However, it is our understanding that the Department is reconsidering whether to split the funding into two funding rounds or consolidate the solicitation into one round. We recommend that the funding be awarded in one funding round in 2017-18, because it is very resource intensive to prepare grant applications and it will be more cost-effective for project applicants, IRWM Regions, and DWR to have only one funding round. Moreover, notwithstanding the

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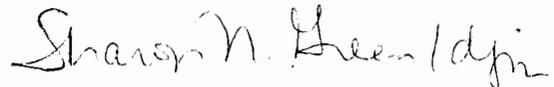
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2015-16 rainy season, much of the state is still in severe drought and we must continue to invest in water resource (and related) projects that help increase the resiliency of our communities.

Thank you for your consideration of our comments and recommended changes to the Draft Guidelines.

Very truly yours,

A handwritten signature in black ink that reads "Sharon N. Green / djm". The signature is written in a cursive style.

Sharon N. Green
Legislative and Regulatory Liaison
Technical Services Department

SNG:MZ:djm