April 8, 2016

Mr. Craig Cross
California Department of Water Resources
Division of Integrated Regional Water Management
P.O. Box 942836
Sacramento, CA 94236

Subject: Coachella Valley Regional Water Management Group comments on the DRAFT IRWM Grant Program Guidelines, Planning Grant Proposal Solicitation Package, and DAC Involvement Request for Proposals

Dear Mr. Cross:

The Coachella Valley Regional Water Management Group (CVRWMG), comprised of the Coachella Water Authority, Coachella Valley Water District, Desert Water Agency, Indio Water Authority, Mission Springs Water District, and Valley Sanitary District, would like to thank DWR for release of the draft IRWM Grant Program Guidelines, Planning Grant Proposal Solicitation Package (PSP), and DAC Involvement Request for Proposals (RFP), and for the opportunity to provide input on these materials. The CVRWMG is committed to IRWM planning, and is looking forward to continuing implementation of our IRWM Plan, and involvement in IRWM-related efforts through the Proposition 1 Program.

We have reviewed the aforementioned materials, and have developed specific comments for your consideration.

IRWM Grant Program Guidelines

Include Criterion for Population Served

The Coachella Valley IRWM Region lies within the Colorado River Funding Area, which includes three IRWM regions that have been approved through the Region Acceptance Process and have adopted IRWM Plans: Coachella Valley, Mojave, and Imperial. An analysis of the population within each of these three IRWM regions shows the following:

1. Coachella Valley comprises 63% of Funding Area population
2. Imperial comprises 25% of Funding Area population
3. Mojave comprises 12% of Funding Area population

Although population served has not been a consideration or scoring criterion in the past, the CVRWMG requests that for Proposition 1 grant pursuits, DWR consider the population that benefits from grant awards. Distributing State water bond dollars to regions based on population will maximize the amount of people that receive direct benefits from projects that are implemented with State grant funds.

Competitive vs. Non-Competitive Implementation Grant Funding

Section B. of the IRWM Program Guidelines notes that the Implementation Grant Program funding may be awarded on a competitive or non-competitive basis. We request that these funds continue to be awarded on a competitive basis, as was completed for the Proposition 84 Implementation Grant Program. Our region is committed to preparing applications that include competitive projects intended to provide maximum benefits to the Coachella Valley, and to address high-priority needs in our region. While the CVRWMG appreciates DWR's emphasis on coordination and collaboration with neighboring IRWM regions, the regions within our Funding Area function through separate MOUs and governance agreements, and it would not be feasible to coordinate on one non-competitive application for the entire $18.675M available to our region for implementation projects.

Funding Match Waiver

Section C. of the IRWM Program Guidelines notes that a local cost share of not less than 50% is required for Proposition 1 funding, but that local cost-sharing may be waived or reduced for projects that directly benefit an economically disadvantaged community (DAC) or economically distressed area (EDA). The details for how this funding waiver will be applied have not been detailed in the Guidelines at this time. We request that DWR apply the funding match waiver proportionate to the amount of DAC benefits that would occur as a result of a project. For example, if a project would provide sole benefits (100% of its benefits) to a DAC or EDA, 100% of the funding match requirement should be eligible for a waiver.

Leveraging Funding Sources

Section D. of the IRWM Program Guidelines notes that one of the Program Preferences for Proposition 1 IRWM funding will be, "leverage funds." During the DWR workshops that were held in March 2016, DWR indicated that this Program Preference could be potentially interpreted in one of two ways:

1. Provide additional points for projects with a higher funding match
2. Provide additional points for projects that leverage other non-state funds such as federal grant funding

We request that DWR consider the latter definition when employing this Program Preference. In our region, we have found that many of our small DAC projects can successfully leverage a relatively small amount of IRWM funding to secure larger federal grants for construction. This methodology has been successfully employed in our region many times, and allows IRWM funding in our region to be spread farther and to more local project sponsors.

Greater Watershed Coverage

Section D. of the IRWM Program Guidelines notes that one of the Program Preferences for Proposition 1 IRWM funding will be, "Implement IRWM Plans with Greater Watershed Coverage." During the DWR workshops that were held in March 2016, DWR indicated that this Program Preference could be potentially interpreted in many ways. Our region requests that DWR apply this Program Preference based on the scale of projects relative to the size of an IRWM region. For example, if a project spans an entire IRWM region, it should receive maximum points under this Program Preference.

Advanced Payment

The CVRWMG appreciates that DWR has amended the grant reimbursement process for DACs and non-profit organizations, as detailed in Appendix G of the Guidelines. As was documented extensively in the *Coachella Valley DAC Outreach Demonstration Program*, which was funded with a separate grant from DWR, the funding reimbursement process is a major deterrent to DAC involvement in the Coachella Valley IRWM Program. We anticipate, therefore, that amending this process will

substantially increase involvement in the IRWM Program and interest in pursuing IRWM funding among DACs and non-profit organizations in our region.

The following are specific comments about the reimbursement process, which we feel will provide additional benefits to DACs and non-profit organizations in our region.

1. The Appendix G information suggests that DWR will provide 50% of funding upfront (advanced funds), then distribute the remaining 50% grant funding through the traditional reimbursement process. Given that the reimbursement process is a significant deterrent to DAC involvement, we request that DWR provide the remaining 50% grant funding as advanced funds once the first 50% has been expended.
2. Information in Appendix G indicates that advanced funds must be spent within six months of receipt, and that DWR may waive this requirement. We request that DWR consider the size, scale, and readiness of each project prior to requiring that funds be expended within a specific time period. For many DAC organizations, spending funding up to $500,000 is not realistic in a six-month time period. We request that DWR provide flexibility for the time within which funding may be spent, and take into consideration unique situations of each project to ensure overall project implementation success.
3. One of the requirements for advanced funds is that the funds must be held in a non-interest bearing account. In other DWR-administered grant programs, advanced funds were allowed to be held in interest-bearing accounts, so long as any accrued interest was expended on project-related costs. We request that DWR implement this same requirement to ensure that maximum benefits are achieved with IRWM funding.

Assembly Bill 1249

After the 2015 (Round 4) IRWM Implementation Grant solicitation, DWR issued forms that asked each region to describe how the projects included in the grant application would address nitrate, arsenic, perchlorate, or hexavalent chromium contamination, which is consistent with direction of Assembly Bill (AB) 1249. The *2014 Coachella Valley IRWM Plan* details water quality issues pertaining to the constituents mentioned in AB 1249, and many projects included in the IRWM project list would address these constituents. Recognizing the importance of addressing constituents of concern and meeting provisions of AB 1249, we request that DWR include scoring criteria in the Proposal Solicitation Package (PSP) for Proposition 1 Implementation Grant Funding that would provide points for projects that address contamination issues consistent with information in each region's IRWM Plan. This will ensure that those projects are prioritized in regional scoring processes and included in IRWM funding proposals.

Balancing Statewide and Local Needs

We request that DWR defer to local IRWM Plans when determining funding priorities and scoring criteria for Implementation Grant solicitations. Each region that is eligible for funding has a DWR-approved IRWM Plan that was developed with considerable input from stakeholders, and contains information about local issues and needs. We request that IRWM Implementation Grant scoring criteria balance required directives from the legislature along with local issues and needs to ensure that projects that are proposed for funding meet both statewide and local priorities.

Streamlined Grant Applications

We appreciate that DWR has included streamlined analyses in the past two IRWM Implementation Grant solicitations, which do not require cost-benefit analyses. We request that DWR continue to include streamlined analyses in future applications to reduce the complexity and cost of our grant applications. With respect to quantifying and measuring benefits for the technical analysis, we request that DWR measure benefits based on local conditions (such as objectives and targets in each IRWM

Plan) rather than using a set of potential quantifiable benefits that may not be applicable to all IRWM regions.

Planning Grant PSP

Extend Timeline per Release of Final PSP

The Draft PSP for Planning Grants indicates that the Final Planning Grant PSP will be released in April, and Planning Grant applications will be due in June. During the DWR workshops that were held in March 2016, DWR indicated that the Final PSP will likely be released sometime in mid-May, 2016. We ask that DWR move back the deadline for submittal of Planning Grants such that regions have at least three months after the Final PSP is released to complete applications.

DAC Request for Proposals

Contracting with IRWM Regions

Grant administration can require a substantial amount of effort on behalf of the grantee, and it may be a barrier to implementation of the DAC Involvement Funding to require financial coordination between IRWM regions. Therefore, we request that DWR enter into separate contracts with each IRWM region for the DAC Involvement Funding. In the Colorado River Funding Area, our proposal would specify the work and grant funds for each IRWM region, and DWR could use that information to prepare separate grant contracts. This would reduce the administrative burden for the grantees, and help to ensure that DAC Involvement Funding is dispersed in a timely fashion.

DAC Needs Assessment

Recent information from DWR indicates that in the Final DAC RFP, a needs assessment will be required for each IRWM region. The Coachella Valley completed a comprehensive analysis of DAC needs and issues through a separate contract with DWR under the DAC Assistance Pilot Program, which constitutes a DAC needs assessment for our region. Therefore, we request that in the Final DAC RFP, DWR provide specific clarification that regions that have completed DAC needs assessments do not need to replicate this process. This will allow our IRWM region to use DAC Involvement Funding to fund activities that will move our region forward in addressing already identified needs.

Conclusion

Again, the CVRWMG thanks DWR for the release of draft Guidelines and DAC RFP. Our region appreciates the solicitation of our input and hopes the suggestions in this letter are valuable to the department. The CVRWMG looks forward to the release of the final Guidelines and RFP. Our region is committed to IRWM planning and improving our region through the integrated resources management process.

Sincerely,

Patti Reyes on behalf of the CVRWMG
Planning and Special Programs Manager
Coachella Valley Water District
(760) 398-2661, ext. 2270
preyes@cvwd.org