UPPER SANTA CLARA RIVER
Integrated Regional Water Management

Los Angeles County Flood Control District
Castaic Lake Water Agency
City of Santa Clarita
Santa Clarita Valley Sanitation District
Newhall County Water District
Valencia Water Company
Castaic Lake Water Agency, Santa Clarita Water Division
San Gabriel and Los Angeles Rivers and Mountains Conservancy

April 8, 2016

Craig Cross
California Department of Water Resources
Division of Integrated Regional Water Management
Financial Assistance Branch
P.O. Box 942836
Sacramento, CA 94236-0001

RE: Comments on the Draft 2016 Integrated Regional Water Management Grant Program Guidelines

Dear Mr. Cross:

Thank you for the opportunity to provide comments on the Draft 2016 Integrated Regional Water Management Grant Program Guidelines (Draft Guidelines). The Upper Santa Clara River Integrated Regional Water Management (IRWM) Region respectfully submits the following comments.

Clarify SRF Loans Count as Local Matching Funds

Page 8 of the Draft 2016 IRWM Grant Program 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 use of 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 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 request that DWR modify the 2016 IRWM Grant Program Guidelines to clarify that SRF loans may count as part of local matching funds.

Remove Requirement that Each Project in an Application Provide 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 their priorities and may be more cost-effective. Therefore, we request that "provide multiple benefits" be deleted from the Guidelines as an absolute eligibility requirement for each project.

Thank you again for the opportunity to comment. We look forward to working with DWR staff through the review process.

Sincerely,

Dirk Marks
Water Resources Manager
Castaic Lake Water Agency

Cc: USCR RWMG