October 2, 2015

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

Email: DWR_IRWM@water.ca.gov

**Subject: Coachella Valley Comments on the Proposition 1 IRWM Scoping Process**

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 the California Department of Water Resources (DWR) for the opportunity to provide scoping comments for DWR's Proposition 1 IRWM Program.

We have eight specific comments that we request DWR to consider when preparing Guidelines and Proposal Solicitation Packages (PSPs) for the Proposition 1 IRWM Program. Our comments respond directly to questions posed by DWR during the Public Scoping Meeting that was held on September 18, 2015, and include additional comments specific to the Coachella Valley IRWM Region.

## Innovative Technologies and Practices

During the Public Scoping Meeting, DWR asked, "What constitutes or defines a technology or practice as innovative?" DWR also asked how innovation and innovative projects should be evaluated. Our Region has been successful at implementing innovative technologies and practices through the IRWM Program, including implementing short-term arsenic treatment systems in areas where municipal treatment was not feasible, leveraging Proposition 84 funding to secure federal funding, and implementing a regional, user-friendly conservation program to increase

access to conservation resources through cvwatercounts.com. Given the variety of innovative efforts that have been implemented in our Region, we feel that there is no "one-size-fits-all" approach for evaluating projects for innovation across the state or between regions. Our Region undergoes an extensive project solicitation process that ensures projects included in our IRWM Proposals meet pressing regional needs and utilize methods that are suitable for the Coachella Valley. Therefore, innovative technologies and practices should be considered in the project scoring process, but should not be measured competitively across the regions. Rather it should be left to each region to describe why a particular approach or project demonstrates innovation. With regards to evaluating projects for their innovation, one significant measure we have used in our Region is if the project involves an innovative technology, policy, or strategy to overcome a project implementation barrier in a cost-effective way.

## DAC Projects and Leveraging Funding

During the Public Scoping Meeting, DWR also asked, "For disadvantaged community projects where cost share is waived or reduced, should leveraging funding be a factor?" Part of the local scoring criteria used in the Coachella Valley for IRWM grants has been the cost-effectiveness of projects and the ability to leverage additional funding sources. Specifically, for DAC projects, several IRWM grant applications for our Region have included DAC planning and design projects that leverage USDA or other funding sources for construction. Using IRWM funding to leverage additional funding sources has been a priority in our Region, because it allows IRWM grant funding to be spread among multiple projects for maximum benefits in the Region. Additionally, DAC stakeholders have indicated that there tends to be a funding gap (lack of funding) for planning, design, and environmental work, because many federal funding sources can only be used for construction activities. Because IRWM funding can be used for pre-construction activities for DAC projects, this funding source is well-suited to leverage additional funding sources that are only applicable to construction activities.

Based on the local experience of leveraging IRWM funding to complete DAC projects in the Coachella Valley, we recommend that DWR provide additional points in the scoring process for DAC projects that have matching funds and leverage additional funding sources. However, we also request that DWR continue to honor the DAC funding match waiver and not require DACs to provide a funding match. Given that the Proposition 1 funding match requirement is 50% of the total project costs, we anticipate that DAC projects in our Region will continue to request funding match waivers, and those waivers should be honored by DWR.

## Recent IRWM-Related Legislation

There are three major pieces of recent legislation that contain directives related to the IRWM Program: Senate Bill (SB) 985, Assembly Bill (AB) 1249, and SB 208. Below are our comments for each piece of legislation as they relate to the Coachella Valley IRWM Program.

- SB 985 requires development of Stormwater Resources Plans (SRPs) for stormwater and dry weather runoff capture projects, and also requires that SRPs be incorporated into local IRWM Plans. We request that DWR allow SRPs to be incorporated into IRWM Plans by reference similar to how Urban Water Management Plans, Salt and Nutrient Management Plans, Groundwater Management Plans, and other planning documents are incorporated. Further, we request that RWMGs not be required to seek approval from DWR to incorporate SRPs into their IRWM Plans. The responsibility for preparing adequate SRPs

that meet the intent of SB 985 should be the sole responsibility of the local project sponsor required to develop the SRP.

- AB 1249 requires that IRWM Plans describe areas with nitrate, arsenic, perchlorate, or hexavalent chromium contamination and that IRWM grant applications include information regarding how projects help address the contamination issues. We request that DWR evaluate IRWM Plan consistency with this requirement when evaluating IRWM Implementation Grants, and that a separate Plan Review Process not be undertaken. Further, we request that DWR include scoring criteria in the Draft and Final PSPs 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.
- SB 208 provides provisions by which DACs and non-profit organizations can receive expedited grant funding so that they would not have to wait for grant reimbursements. In 2015 we provided a support letter to Senator Lara for SB 208, indicating that the IRWM funding reimbursement process is a significant barrier to DAC participation in the Coachella Valley IRWM Program. If the legislation is approved by Governor Brown, we request that DWR provide an additional public outreach and comment process through which IRWM regions can work with DWR on how this legislation is implemented to best meet demands of their local DAC and non-profit stakeholders.

## Planning Grant Program

During the Public Scoping Meeting, DWR stated that $5 million would be available for a small round of Planning Grant funding, and that funding would be targeted to developing new IRWM Plans and/or updating existing IRWM Plans. We request that DWR focus the funding on both developing new plans and updating existing IRWM Plans to meet new legislative directives or make other necessary amendments. Given the small amount of funding available, we recommend that funding for development of new IRWM Plans be limited to $500,000 and that funding for IRWM Plan amendments be limited to $100,000. Limiting the funding will allow for the Planning Grant funds to be distributed to many IRWM regions throughout the state. Further, we request that DWR not provide additional Proposition 1 Planning Grant funding to regions that did not complete work detailed in their Proposition 84 Planning Grant agreements. Considering the limited amount of funding available, it would not be prudent to re-issue Planning Grant funds to those who were not able to fulfill existing contract obligations.

## IRWM Funding Allocation

During the Public Scoping Meeting, DWR provided several tables that demonstrate how funding would be allocated for three separate funding opportunities: DAC Assistance Funding, DAC Project Funding, and IRWM Implementation Grant Funding. **Table 1** shows an overview of how funding would be allocated in the Colorado River Funding Area according to current information from DWR in the Proposition 1 Public Scoping Meeting presentation.

**Table 1: DWR-Proposed Proposition 1 Funding Allocation**

| Proposition 1 Allocation | Total Encumbered by DWR (7%) | Amount Available for Grants | DAC Assistance Funding (10% of $22.5M) | DAC Project Funding (10% of $22.5M) | IRWM Implementation Grant Funding |
|---|---|---|---|---|---|
| $22,500,000 | $1,575,000 | $20,925,000 | $2,250,000 | $2,250,000 | $16,425,000 |

As shown in **Table 1**, DWR's current proposal shows 20% of each Funding Area's total funding allocation being directed to DAC-specific efforts. Our understanding of the Proposition 1 language (Water Code Section 79742(d)) is that Proposition 1 obligates DWR to allocate 10% of the $510 million total that is available to projects that directly benefit DACs. Our Region appreciates DWR's emphasis on providing directed benefits to DACs as there are many DAC-specific issues and needs in our Region and throughout the state. However, given that the amount of Proposition 1 funding is relatively small for our Funding Area, we are concerned that by allocating 20% of the total amount available to DAC-specific issues, not enough IRWM Implementation Grant Funding will be available to meet other pressing needs in our region such as hexavalent chromium. Therefore, we request that DWR reduce the DAC obligation to 10% in accordance with Proposition 1 requirements as shown below in **Table 2**. Under this scenario, an additional $2.25 million will be available for Implementation Grant Funding to implement high-priority projects, including projects that directly benefit DACs, in our Region.

**Table 2: Coachella Valley-Proposed Proposition 1 Funding Allocation**

| Proposition 1 Allocation | Total Encumbered by DWR (7%) | Amount Available for Grants | DAC Assistance and Project Funding (10% of $22.5M) | IRWM Implementation Grant Funding |
|---|---|---|---|---|
| $22,500,000 | $1,575,000 | $20,925,000 | $2,250,000 | $18,675,000 |

## DAC Assistance Funding

The upcoming funding that will be available for DAC Assistance has the aim of implementing projects to, "ensure involvement of disadvantaged communities, economically distressed areas (EDAs), or underrepresented communities within regions." DWR has indicated that example activities that could be funded by this grant include:

1. Needs Assessments
2. Service Provider Trainings/Local Circuit Rider Programs
3. Community Engagement
4. Community Outreach & Enhance Aspects in IRWM Plan
5. Project Planning, Environmental Documentation, or Engineering/Design

During the Public Scoping Meeting, DWR posed several questions related to this funding opportunity. Our recommendations to DWR for each of those questions are provided below:

- Are there other involvement activities or outcomes that this program should or should not consider funding? Our Region requests that DWR prioritize DAC Assistance Funding for the fifth potential activity on the list above (project panning, environmental documentation, engineering/design). These types of activities tend to be costly, and as was documented in the findings for our 2013 DAC Outreach Program, completion of pre-construction activities is necessary to ensure that DAC projects are shovel-ready and competitive for IRWM Implementation Grant Funding and other construction-oriented funding sources. Given that these types of projects will result in shovel-ready projects to directly address DAC needs, we request that DWR prioritize planning and design projects over community engagement and outreach projects.

  Additionally, we support DAC funding for the second potential opportunity on the list (service provider trainings). In our region, local DACs have expressed a need to fund training and staffing for residents that utilize point-of-use arsenic treatment systems to

ensure that the systems are properly used and maintained over time. Therefore, we would also support DAC funding for technical training needs that ensure successful long-term implementation of projects.

- What is a reasonable performance period for completion of funded activities? Considering that projects vary in size and complexity, we request that DWR not mandate one completion period for all projects. Rather, we request that DWR consider the nature and scope of each project and work with stakeholders to solidify appropriate schedules and completion periods during the grant contracting process.
- How should DWR request proposals for Funding Areas with multiple regions? As has been done in the past with Proposition 84 IRWM Implementation Grant and Planning Grant funding, we request that DWR score and rank proposals within competitive Funding Areas in accordance with clear and established scoring criteria made available in the PSP for the grant opportunity.
- Separate or concurrent solicitations for DAC Project Grants and Implementation Grants? We request that DWR make DAC Assistance Funding available in advance of DAC Project Grant and Implementation Grant Funding. We anticipate that our stakeholders will use the DAC Assistance Funding opportunity to request funding for planning, design, and engineering projects that will prepare projects for implementation. Therefore, the DAC Assistance Funding is needed in advance of the implementation funding sources to ensure that pre-construction work can be completed or is well underway before the implementation grant opportunities arise.

## DAC Project Funding

The upcoming funding for DAC Projects will be a competitive grant program that makes funding available for projects that directly benefit DACs. As stated above, we request that the DAC Project Funding and the DAC Assistance Funding total 10% of each Funding Area allocation in accordance with language in Water Code Section 79742(d). Further, we request that the DAC Project Funding take place after the DAC Assistance Funding opportunity but concurrent with the IRWM Implementation Grant Funding opportunity. We request that DWR hold the DAC Project and IRWM Implementation grant cycles concurrently to allow regions to submit one consolidated application for this funding. Given the considerable time, cost, and effort required to prepare grant applications, we request that DWR combine the DAC Project and IRWM Implementation grant opportunities to reduce expenses for local project sponsors.

## IRWM Implementation Grant Funding

During the Public Scoping Meeting, DWR posed several questions related to the upcoming IRWM Implementation Grant Funding opportunity for Proposition 1. Based on our extensive experience applying for and receiving Proposition 84 Implementation Grant Funding, we would like to provide the following recommendations to DWR for each of the questions posed during the scoping process:

- How should the Proposition 1 directives be reflected in the Guidelines and solicitation processes? With respect to directives that are associated with recent legislation, please see our comments under “Recent IRWM-Related Legislation”. In general, we request that all considerations and directives that affect project scoring be included in the scoring table available in the Draft and Final versions of the PSP. Our Region and our stakeholders rely

heavily on information in the PSP to determine which types of projects would be best-suited and most competitive for each round of IRWM funding. Having this information available to us early in the process (in the Draft PSP) will ensure that our project selection process takes into account applicable statewide directives.

Additionally, we request that DWR defer to local IRWM Plans when determining funding priorities. 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.

- Are there advantages/disadvantages for one vs. two rounds of IRWM Implementation Grant funding? We request that DWR hold two solicitation rounds for the IRWM Implementation Grant funding, but that the first round be held prior to the currently proposed date of FY 2017/2018. Holding the first round of funding within the next year would ensure timely implementation of high-priority projects that address the ongoing drought, hexavalent chromium compliance, providing clean drinking water to DACs, and other pressing issues. Holding a second round the following year and concurrent with the DAC Project funding will ensure that projects that are not yet ready for implementation can be developed prior to the final implementation grant solicitation. In sum, we propose the following schedule for each rounds of funding:
    - Early 2016: DAC Assistance Funding
    - Mid-Late 2016: First Round of IRWM Implementation Grant Funding
    - Mid-Late 2017: DAC Project Funding and Second Round of IRWM Implementation Grant Funding
- Any "lessons learned" recommendations from the Proposition 84 IRWM experience? Based on prior experience with Proposition 84 IRWM Implementation Grant funding, we have several recommendations and lessons learned gathered within our agencies and from our work with local stakeholders. Details are provided below in the following paragraphs:

  Balance statewide and local/regional priorities. Understanding that there are legislative directives placed upon DWR for IRWM funding, we expect that upcoming PSPs will include scoring to ensure projects meet statewide priorities. However, there are also various local and regional priorities detailed in each region's IRWM Plan that should also be considered when scoring grant applications. Therefore, we request that each PSP provide a balance of both statewide and local priorities.

  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.

## Conclusion

Again, the CVRWMG thanks DWR for the opportunity to provide input on the Proposition 1 Scoping Process. Our region appreciates DWR's solicitation of our input and hopes the suggestions in this letter are useful to DWR when developing the Proposition 1 Guidelines and PSP. The CVRWMG looks forward to the release of the Proposition 1 Guidelines and PSP and to continuing to work with DWR to implement high-priority projects in our region.

Sincerely,

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