



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

Sent via Email: Craig.Cross@water.ca.gov

Subject: San Diego Region Comments on the Proposition 1 IRWM Grant Program Scoping

Dear Mr. Cross,

The San Diego Regional Water Management Group (RWMG), representing the San Diego Integrated Regional Water Management (IRWM) Program, sincerely thanks the Department of Water Resources (DWR) for conducting public scoping for the Proposition 1 IRWM Program. Our Region and the state continue to benefit from DWR's efforts to encourage integrated solutions for regional water management issues.

Our comments on the Proposition 1 IRWM Program to consider for your Public Scoping Process follow.

1) Innovative Technology or Practice

During the Public Scoping Meeting held on September 18, 2015, DWR posed the following question to participants: what constitutes or defines a technology or practice as innovative? For the San Diego IRWM Region, innovative technologies and practice can often be defined by the type of project put forward. As such, we encourage DWR to expand the types of projects that are eligible for IRWM funding to include flexibility for innovative technologies and practices.

In the past, eligible project types for Proposition 84 funding have focused on implementation-ready projects. This implementation-ready criterion does not encourage integration and the development of innovative projects, but rather tends to favor funding for established projects that would likely be completed with or without IRWM grant funding. Specifically, it has been our experience that projects with completed planning, design, and environmental analysis are highly favored for grant funding, and these are generally standard projects included within existing Capital Improvement Programs (CIPs). By taking a new direction and allowing for pilot projects, DWR will provide funding that is needed to work on innovative research and development that

in many cases would offset the need for costly and energy-intensive projects that are often included within CIPs.

Therefore, we request that DWR allow innovative projects in the categories of planning, research and development, and pilot/demonstration projects to be eligible for IRWM grant funding. By adding these types of projects, DWR will allow for potential funding of planning and pilot efforts that are necessary to develop robust, integrated projects that align with goals of the IRWM Program. Because most benefits associated with these projects will be potential (not actual), we also request that DWR modify grant application requirements to lessen requirements associated with physically quantify benefits for these types of projects. Although pilot projects may not have tangible physical benefits on a short-term basis, funding them is essential for developing innovative solutions to water management issues and conflicts in the long-term.

2) DAC Funding

During the Public Scoping Meeting held on September 18, 2015, DWR also posed the following question: for disadvantaged community (DAC) projects where cost share is waived or reduced, should leveraging funding be a factor? In a competitive funding setting, DWR should take into account leveraged funding for DAC projects when the cost share is waived or reduced. All other things being equal, a project that leverages funding (presumably to produce greater results) should get an advantage over a project that does not.

3) Recent Legislation Related to IRWM

DWR has indicated that there are three major pieces of recent legislation 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 IRWM Program requirements.

For SB 985, we request that DWR allow IRWM Regions to incorporate Stormwater Resource Plans into their IRWM Plans by reference, similar to how other planning documents such as Urban Water Management Plans are incorporated. In addition, because the RWMG is not responsible for preparing or gaining approval for Stormwater Resource Plans, we should not be obligated to gain DWR's approval for incorporation of these plans into the IRWM Plan.

For AB 1249, we request that DWR allow IRWM Regions to demonstrate that IRWM Plans have been revised to meet relevant requirements (if necessary) prior to being awarded funding under the first round of Proposition 1 Implementation Grant Funding, which is anticipated in Fiscal Year (FY) 2017-2018. When making funding decisions, DWR should first determine whether or not an IRWM Plan meets the requirements of AB 1249. Additional points should be available for projects that address contaminants identified in AB 1249 only if those contaminants are of a concern in the Region. If DWR is going to consider AB 1249 as part of the project selection process, we request that the scoring rubric within the Draft and Final versions of the Proposal Solicitation Package (PSP) clearly indicate the amount of points that will be allocated to projects and how scoring will be determined.

Our Region is in strong support of SB 208. This legislation is important to our Region, because it will encourage further participation in the IRWM Program on behalf of DACs and non-profit organizations. Once SB 208 is signed into law, we hope to have the opportunity to sit down with DWR and talk about how best to implement this legislation. Specifically, we would like to discuss amendments we proposed that were not incorporated into the final legislation.

4) Planning Grant Program

For the proposed \$5 million that will be available for IRWM Planning Grants, DWR should prioritize funding for regions that do not currently have adopted IRWM Plans. This will reinforce the importance of establishing IRWM planning and integrated management of water resources throughout the state. The maximum grant amount should be \$750,000 per Region for those that will use the funding to prepare an IRWM Plan, and \$200,000 per Region for those that will use the funding to update an existing IRWM Plan. The funding caps will maximize the amount of IRWM regions that can receive grant funding, which is important considering the limited amount of funding available. Finally, applicants that have not yet completed their Proposition 84 Planning Grant obligations should not be eligible to receive Proposition 1 Planning Grant funding. Given the limited amount of funding available, the money should be first awarded to regions that have not yet received planning grants and need to complete IRWM Plans to become eligible for IRWM funding.

5) Proposition 1 Funding Allocations

Upon reviewing the materials provided at the Public Scoping Meeting, we have two comments and recommended revisions for the method by which funding allocations are calculated for the DAC Assistance, DAC Project, and IRWM Implementation Grant funding.

The first comment is that DWR is proposing to allocate 10 percent of the \$510 million available for DAC Assistance and 10 percent for DAC Projects (20 percent total), but based on language in Section 79742(d) of the Water Code, our interpretation is that 10 percent of the overall funding should be allocated to DAC assistance and projects.

As it has done with the Proposition 84 IRWM grant program, DWR should determine its achievement of the DAC funding requirement to spend at least 10 percent of the Proposition 1 IRWM funding on DAC projects on a statewide basis. Some funding areas have a more acute need for DAC funding than others. So, if Funding Area X has a smaller need for DAC funding and so seeks less funding for DAC projects than its 10 percent share, this will free up more funding for Funding Area Y, which has a greater need for such assistance. We believe that the ultimate goal for DAC grant funding is to achieve the 10 percent minimum goal in a way that directs the funding to where it is needed most on a statewide basis.

The tables provided below demonstrate the existing and proposed funding allocations. As shown in the tables below, the San Diego IRWM Region's proposal would allow for substantially more money to be available for IRWM Implementation Grant Funding. This is preferable, because it allows additional flexibility to allocate funding to a wide variety of projects, including DAC projects, and other projects that are critical to our Region. In the past, DWR has determined that projects in our Region do not qualify as meeting critical DAC needs despite the fact that they meet critical DAC needs identified in our IRWM Plan. Therefore, our concern is that high-priority DAC projects in our Region will not align with DWR's definition of DAC projects and will therefore not be eligible for DAC-specific grant funding. As such, our Region would like additional flexibility to allocate funding to the best and highest priority projects, rather than a smaller set of projects that were selected simply because they meet DWR's narrow definition of projects that directly benefit DACs.

DWR Proposal for IRWM Grant Funding

Allocation	Total Encumbered by DWR 7%	Available for Grants	DAC Projects 10% of \$52.5M	DAC Involvement 10% of \$52.5M	Implementation Grant Remaining
San Diego Funding Area \$52,500,000	\$3,675,000	\$48,825,000	\$5,250,000	\$5,250,000	\$38,325,000

San Diego Proposal for IRWM Grant Funding

Allocation	Total Encumbered by DWR 7%	Available for Grants	DAC Projects 5% of \$52.5M	DAC Involvement 5% of \$52.5M	Implementation Grant Remaining
San Diego Funding Area \$52,500,000	\$3,675,000	\$48,825,000	\$2,625,000	\$2,625,000	\$43,575,000

6) DAC Assistance Funding

Regarding the definition of DAC assistance and which types of projects would qualify for this funding, we request that DWR not establish prescriptive one-size-fits-all criteria, but rather defer to individual IRWM regions to determine appropriate activities to ensure involvement of DACs, economically distressed areas (EDAs), or underrepresented communities. Furthermore, we request that DWR not provide emphasis on establishing one method for quantifying benefits, outcomes, or timelines for these types of projects. Rather, the nature of the projects should determine the appropriate length and outcomes.

DWR has requested input on how DAC assistance funding should be allocated to various types of regions. Recommendations for each type of region are provided below.

- 1 One planning region: DWR should defer to local project selection processes where the projects proposed for funding help to achieve the goals and objectives established in the region’s DWR-approved IRWM Plan. DWR should award the funding up to the total amount allocated to the Funding Area to support such projects. The planning region will include projects in its grant application that are the most high-priority projects per their local project vetting, scoring, and selection processes.
- 2 Cooperative agreements between all of the planning regions in the funding area: DWR should defer to the proposal that the regions agree upon where the proposal reflects the cooperative agreement and the projects proposed for funding help to achieve the goals and objectives established in the regions’ DWR-approved IRWM Plans. DWR should award the funding up to the total amount allocated to the Funding Area to support such projects. The planning region will include projects in its grant application that are the most high-priority projects per their local project vetting, scoring, and selection processes.
- 3 Multiple planning regions: If the regions within a funding area are unable to agree upon a cooperative agreement for how the Funding Area’s allocated funding should be awarded, DWR should decide how to award the funding based on how well the projects proposed for funding help to achieve the goals and objectives established in the regions’ DWR-approved IRWM plans.

7) DAC Project Funding

As indicated above in Point 5 regarding the funding allocations, our Region has concerns with the manner in which “direct” benefits to DACs is interpreted and applied by DWR. We appreciate that the 2015 IRWM Implementation Grant Solicitation provided DAC consideration and points to projects that provided direct water-related benefits to DACs. We continue to request that DWR evaluate benefits to DACs and DAC issues based upon information in each region’s DWR-approved IRWM Plan.

DWR has requested input on how DAC project funding should be allocated to various types of regions. Recommendations for each type of region are provided in the previous section.

With respect to timing, we request that DWR solicit and award DAC project funding in a manner consistent with how DAC project funding was distributed for Proposition 84. Under Proposition 84 each Implementation Grant Solicitation included a DAC Project funding target of 10%, which ensured that at least 10% of the statewide IRWM project funding was allocated to DACs. We request that DWR maintain this approach and distribute DAC Project funding together with Implementation Grant funding. This will ease the application and grant administration burden placed on RWMGs given that application preparation, contracting, and administration are timely and costly endeavors. We request that DAC assistance funding to ensure DAC involvement be awarded separately and preceding the Implementation Grant and DAC Project Grant solicitations.

8) Implementation Grant Funding

General comments regarding Implementation Grant funding for Proposition 1 are based upon our Region’s extensive involvement and lessons learned from the Proposition 84 Implementation Grant Program, and are provided below:

- 1 Please continue the streamlined grant application approach used in the last two rounds of Proposition 84 Implementation Grant funding, including the exclusion of a cost-benefit analysis. The streamlined approach has saved our Region both time and money, especially since doing a cost-benefit analysis accounted for approximately 30 percent of our application costs in past rounds of funding. These streamlined requirements particularly benefit our DAC and other non-profit partners, some of whom have decided not to participate in IRWM grant programs due to the complexity and multiple requirements of the application process.
- 2 DWR could further streamline the proposal solicitation/review process by establishing maximum funding amounts proportional to the Funding Area allocations in Proposition 1, directly award grant funding to planning regions that are part of a Funding Area that comprises one eligible region or has an adopted/executed funding agreement, and then implement a simplified proposal review per PRC §75026 before releasing the funds. The proposal submitted by a planning region would explain the projects it plans to fund and demonstrate how the projects satisfy the eligibility requirements established in the Guidelines and PSP. This would allow the regions in an eligible Funding Area to directly solicit, select, award, and contract those drought response projects that help to meet State goals. A region that receives grant funding through this process would agree to report the actual projects it funds to DWR within 60 days of the grant award, along with task-oriented budgets and schedules for each project. This streamlined approach would allow DWR to issue grants, while still allowing IRWM regions to honor their local stakeholder

processes, and is also consistent with pending legislation (SB 208) currently under consideration by the Governor.

- 3 We request that DWR hold the next round of Implementation Grant funding prior to FY 2017/2018. Our IRWM Program relies upon stakeholder involvement, and grant funding has proven to help keep momentum and involvement steady in our Region. We are concerned that waiting for two years prior to the next round of IRWM Implementation Grant funding could delay or stall the momentum we have gathered to date. Furthermore, our Region and many others continue to have high demands for grant funding due to the drought, regulatory mandates, and other pressing issues. Delaying funding would also delay implementation of important projects in our Region.
- 4 As stated above in Point 1, we request that DWR expand the definition of eligible projects to include planning, research and development, and pilot/demonstration projects. These types of projects are critical for addressing regional issues of concern and are also largely dependent upon grant funding as local agencies and organizations may be reluctant to allocate money to new and innovative approaches.
- 5 Along with the aforementioned point, we request that DWR provide higher deference to IRWM regions to select appropriate projects for Implementation Grant Funding. As long as regions can demonstrate that their project review and selection processes meet DWR's established Guidelines, DWR should defer to the list of projects selected by the regions and eliminate extensive scoring and ranking of Proposition 1 Implementation Grant proposals.
- 6 We request that DWR consider providing "liaison" staff that could coordinate between the DWR Financial Assistance Branch and other state agencies to provide assistance for tracking and reporting grant contract requirements. During our local grant administration process, we have encountered instances when our Regional Service Representative (RASR) was not able to provide guidance on how to maintain compliance with requirements in our grant contract because those requirements are not under the guise of DWR's Financial Assistance Branch. This has been problematic for our Region, because the information we receive regarding eligibility and reporting requirements is sometimes inconsistent and our local project sponsors (LPS) are unsure of how to properly track and report grant requirements. Therefore, we would very much appreciate if the RASRs had a point person of contact with other departments such as the Department of Industrial Relations that oversees Labor Compliance Programs, so that the information we provide to our LPS is consistent and we can be sure that all projects are appropriately tracking and reporting grant requirements.

DWR has requested input on two specific questions regarding Implementation Grant Funding. For the first question about how Proposition 1 directives should be reflected in the Guidelines and PSP, please refer to Point 3 above on specific input for recent legislative directives. In addition, we request that the PSP for Proposition 1 focus on deference to local IRWM regions to select the type of projects that are most appropriate to meet regional needs, and that the scoring and ranking for proposals not focus on prioritizing specific types of projects determined by DWR. For example, in the 2015 Proposition 84 Implementation Grant PSP, the eligible quantifiable benefits were very narrow and did not align well with local projects of importance for the San Diego Region. The result of this narrow definition of benefits is that some projects of importance in our Region that scored well in our local project selection process and would have generated substantial benefits (stakeholder outreach, reduction of bacteria, greenhouse gas

reductions, energy savings, etc.), were not selected. Providing larger deference to IRWM regions for project selection and prioritization will ensure that each Region proposes a suite of projects that is best-suited to meet important regional needs.

For the second question of holding one or two solicitation rounds, we request that DWR hold two rounds for Implementation Grant Funding. One large round in our Funding Area would make up to \$43 million available at one time, which is a substantial amount of money. Distributing this money in two rounds would make the project review and selection process much more manageable for our stakeholders, and will also provide an opportunity for additional projects to receive funding. We request that specific DAC project funding be included in both rounds of Implementation Grant Funding as elaborated upon above in Point 7.

Conclusion

We appreciate the open process used by DWR to receive scoping comments on the Proposition 1 IRWM Program. We have mirrored this transparency by asking our RAC for their input on this comment letter. We are looking forward to continuing to work with DWR on implementation of our IRWM Program.

Sincerely,



Mark Stadler
San Diego IRWM Program Manager on behalf of the San Diego Regional Water Management Group

Cc:

Regional Advisory Committee

Regional Water Management Group

- Toby Roy (co-Chair) and Mark Stadler, San Diego County Water Authority
- Lan Wiborg (co-Chair) and Goldy Herbon, City of San Diego
- Ramin Abidi (co-Chair) and Stephanie Gaines, County of San Diego

Water Supply

- Greg Thomas and Julia Escamilla, Rincon del Diablo Municipal Water District
- Bill Hunter and Michael Bardin, Santa Fe Irrigation District
- Brian Olney and Mark Umphres, Helix Water District
- Jennifer Sabine and Ron Mosher, Sweetwater Authority
- Kimberly Thorner and Joey Randall, Olivenhain Municipal Water District

Water Quality

- Crystal Najera, City of Encinitas and Ligeia Heagy, City of Carlsbad
- Chris Helmer, City of Imperial Beach and Joe Kuhn, City of La Mesa
- Travis Pritchard and Kristin Kuhn, San Diego CoastKeeper
- Leigh Johnson and Loretta Bates, University of California Cooperative Extension
- Bob Kennedy, Otay Water District and Metropolitan Joint Powers Authority and Greg Humora, City of La Mesa
- Mike Thornton and Chris Trees, San Elijo Joint Powers Authority

Natural Resources and Watersheds

- Patrick Crais, California Landscape Contractors Association
- Phil Pryde and Jim Peugh, San Diego River Park Foundation
- Ronald Wooton and Jay Klopfenstein, Buena Vista Lagoon Foundation
- Al Lau and Arne Sandvik, Padre Dam Municipal Water District
- Kimberly O'Connell and Hawkeye Sheene, UCSD Clean Water Utility

DAC/Environmental Justice

- Jennifer Hazard and Oscar Romo, AlterTerra
- Joni Johnson and Dave Harvey, Rural Community Assistance Corporation

Other Members

- Mark Seits and Brinton Swift, Floodplain Management Association
- Michael McSweeney and S. Wayne Rosenbaum, Building Industry Association
- Eric Larson and Casey Anderson, San Diego County Farm Bureau
- John Flores, San Pasqual Band of Mission Indians
- Katie Levy, San Diego Association of Governments
- Ann Van Leer and Betsy Keithley, Escondido Creek Conservancy
- Robyn Badger and Kelly Craig, San Diego Zoo Global

Regulatory / Tri-County FACC (Non-Voting)

- Laurie Walsh, San Diego Regional Water Quality Control Board
- Jack Simes and Leslie Cleveland, U.S. Bureau of Reclamation
- John Simpson, USMC Camp Pendleton
- Justin Haessly, Rancho California Water District
- Marilyn Thoms and Mary Anne Skorpanich, County of Orange
- Gloria Silva and Emily Fudge, U.S. Forest Service, Cleveland National Forest
- Sean Bush, U.S. Indian Health Services