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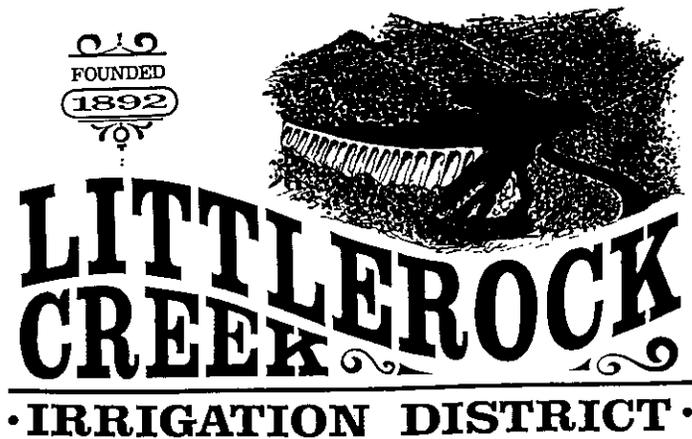
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February 1, 2007

Ms. Tracie Billington
California Department of Water Resources
Division of Planning and Local Assistance
1416 Ninth Street, Room 1115-1
P.O. Box 942836
Sacramento, CA 94236-0001

Ms. Shahla Farahnak
State Water Resources Control Board
Division of Financial Assistance
1001 I Street, 16th Floor
Sacramento, CA 95814

Dear Meses. Billington and Farahnak:

ANTELOPE VALLEY REGION'S RECOMMENDATIONS FOR ADMINISTRATION OF INTEGRATED REGIONAL WATER MANAGEMENT GRANT PROGRAM FUNDS

As requested, following are the Littlerock Creek Irrigation District's recommendations to the Department of Water Resources and State Water Resources Control Board for administration of upcoming Integrated Regional Water Management (IRWM) grant programs for Propositions 50 (Chapter 8, Round Two), 84, and 1E:

- 1. Allocate \$196.2 million in the remaining Proposition 50, Chapter 8, IRWM program funds to the Round Two funding cycle to maintain statewide momentum for the IRWM process.**

The IRWM Grant Program Guidelines published by the State in November 2004 specified that \$380 million in IRWM program grant funds would be administered during two funding cycles: \$160 million for the first funding cycle and \$220 million for the second. It is critical for the Antelope Valley's IRWM Plan process that the State administers the second funding cycle at or near the original funding level.

The Antelope Valley Region initiated the IRWM process in May 2005 with the expectation to compete for Proposition 50, Round Two funds. Although we recognize the broader value of the IRWM process, stakeholders for the Region were expecting the availability of \$220 million in grant funds to assist in funding critical regional water management projects. The State has already awarded to Round One applicants approximately \$30 million more than originally proposed. Any further reallocation of funds from Round Two to Round One funding cycles should be avoided to maintain statewide momentum for the IRWM process.

- 2. Maintain the competitive nature of the IRWM grant programs as intended by the Legislature by not awarding funds from the Proposition 50, Round Two funding cycle to unfunded Round One applicants.**

In response to the State's November 2006 announcement to award IRWM implementation grant funds to 7 of the 16 finalists, some agencies recommended that the State should consider awarding additional funds to the remaining Round One applicants.

Although this request seems equitable, it is inconsistent with the Legislature's intent for Proposition 50, Chapter 8 funds to be awarded competitively (Water Code §79560). A competitive grant program should result in award of funds to the highest rated applicants rather than to all applicants. Applicants from Round One that were not awarded funds will be well positioned for Round Two funds because they have received valuable comments from the State on their original applications.

- 3. Administer IRWM grant program funds for Propositions 50 (Round Two), 84, and 1E together with a single application process.**

The administration of future IRWM grant program funds together with a single application process will facilitate the application process and enable the State to administer the funding programs more efficiently.

- 4. Direct a portion of the Proposition 50, Round Two funds to planning grants to encourage Regions to initiate the IRWM process or to improve their IRWM plans.**

The State can effectively encourage Regions that have not yet initiated the IRWM process to begin by allocating a portion of the Proposition 50, Round Two funds to planning grants. Also, Regions that have recently started the process, such as the Antelope Valley, but require financial assistance to leverage local funds can apply for planning grants.

We appreciate the opportunity to provide our recommendations for the State's administration of future IRWM grant program funds and look forward to working with the Department of Water Resources and State Water Resources Control Board to address our local water resources issues.

Very truly yours,



Brad Bones
General Manager
Littlerock Creek Irrigation District

BB/cb