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15 May 2014

Keith Wallace
Financial Assistance Branch
California Department of Water Resources
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Subject: Comments on the Draft 2014 Drought Grant PSP

Dear Keith:

Kennedy/Jenks is submitting the attached comments for your consideration when revising the Draft 2014 Drought Grant Proposal Solicitation Package (PSP).

1. Please provide clarification in the PSP about the mechanism for submitting the supporting documentation for Attachment 2 (drought declarations, ordinances). Should these materials be Attachment 2A?
2. Please provide clarification in the PSP about Plan adoption. It would be very helpful if DWR could describe scenarios regarding adoption that would be acceptable. For example:
 - a. Submit final plan with grant application and adopt within 45 days followed by DWR Review.
 - b. Distribute and adopt plan prior to grant application and then have DWR review after submittal.
3. Please provide additional clarification and guidance on the Least Cost Alternative. There are some projects for which least cost alternatives are not obvious (e.g. arundo removal and stormwater recharge). Please provide clarification in the PSP whether the following approaches would be acceptable for demonstrating "least-cost":
 - a. Conduct a benefit/cost analysis (similar to Proposition 84 Round 1 and Round 2 implementation) - we have information for some projects which would allow us to quickly prepare a cost vs. benefit analysis.
 - b. Document the decision tree for developing the project and noting at each step the actions taken to minimize cost.
 - c. Identify alternatives for each of the benefits of the project (e.g. groundwater recharge and water quality improvement) and compare those costs against the project. In this case please clarify how realistic/feasible do the project

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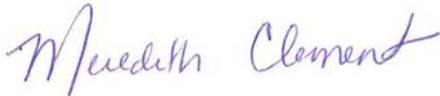
alternatives have to be? Can the project be compared against the no project alternative? Using arundo removal as an example: without the project arundo will grow and consume an increasing volume of water which would require purchase of additional water or implementation of additional water use efficiency measures to compensate. In this case the arundo removal project would be compared against these alternative actions.

4. We strongly urge that you extend the proposed application period from 30 to 60 days following publication of the final Guidelines and PSP.

Feel free to contact me with any questions on these comments. I can be reached at (805) 973-5700 or MeredithClement@kennedyjenks.com.

Very truly yours,

KENNEDY/JENKS CONSULTANTS



Meredith Clement
Water Resources Project Manager

Enclosure

cc: Sachi Itagaki, Kennedy/Jenks