



May 15, 2014

Attn: Keith Wallace
California Department of Water Resources
Division of Integrated Regional Water Management
Financial Assistance Branch
Post Office Box 942836
Sacramento, CA 94236
Email: Keith.Wallace@water.ca.gov

Subject: San Diego Region Comments on the Draft 2014 Drought Grant Proposal Solicitation Package and Draft 2014 IRWM Drought Grant Program Guidelines

Dear Mr. Wallace,

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 its recent release of the Draft 2014 Drought Grant Guidelines and Proposal Solicitation Package (PSP). We appreciate that in the Draft PSP DWR acknowledges the 2014 Drought Grant Solicitation must adhere to both drought-related legislation and IRWM principles stipulated in Proposition 84. This is especially appropriate given that the \$200 million that will be awarded was approved by the voters for integrated regional water management projects. 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 draft Guidelines and PSP follow.

1) Streamlined Grant Application Approach

We appreciate that DWR has modified the requirements in the PSP to adopt a streamlined grant application approach, which addresses concerns we have raised in the past. These reduced requirements will be particularly beneficial to our disadvantaged community (DAC) and non-governmental organization (NGO) partners, who in the past have been hindered from participating in the IRWM grant program due to the complexity of required cost-benefit analyses and substantial materials required to complete a high-scoring application. We encourage DWR to continue this streamlined grant application approach for the next and final round of IRWM Implementation Grant funding.

2) Economic Analysis

Thank you for modifying the economic analysis portion of the 2014 Drought Grant PSP to eliminate the cost-benefit analysis requirements. This modification is anticipated to save our Region both time and money (estimated at approximately 30% of our regional application costs) in preparing our grant application and is therefore greatly appreciated by our Region's stakeholders. We request that the next and final round of Proposition 84 IRWM Implementation Grant funding also does not require cost-benefit analyses.

3) Implement Further Grant Streamlining Measures

Because an expedited round of Proposition 84 IRWM grant funding to address drought response was approved by the legislature (AB 103 and SB 104; approved by the Governor on March 1, 2014), DWR could further streamline proposal solicitation/review process to award those funds. Instead of the standard solicitation and review process used in past rounds, DWR could establish maximum funding amounts proportional to the Funding Area allocations in Proposition 84 (refer to PRC §75027), 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 SB 104. 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 on an expedited schedule in accordance with SB104, while still allowing IRWM regions to honor their local stakeholder processes, and is also consistent with pending legislation (AB 1874) under consideration by the Legislature.

4) Allocate Funding to Each Funding Area per Proposition 84

PRC §75027 specifies the allocation of funding for each Funding Areas, including designating \$91 million to the San Diego Funding Area. PRC §75028(a) directs DWR to “allocate grants on a competitive basis within each identified hydrologic region”. We request that DWR reconsider its decision to administer the \$200 million for the 2014 IRWM Drought Grant solicitation as a Statewide competition. We recommend a new Column D in Table 1 of the PSP that articulates up to 50% of any Funding Area's remaining balance will be awarded in the current solicitation. This would provide an upper limit to each planning region's application, depending on which Funding Area it is located in. Clearly setting and managing expectations for funding availability helps to maintain transparency, confidence, and commitment to the IRWM Grant Program, especially within non-competitive regions such as the San Diego Funding Area. It is contradictory to the intent of Proposition 84 legislation to issue any IRWM funding as a Statewide competition and not allocate grants on a competitive basis within each Funding Area.

DWR's proposed Statewide competition that focuses on providing 2014 IRWM funding to “IRWM regions with the greatest drought impacts” is also contrary to several drought response proclamations from Governor Edmund G. Brown that call for all Californians to take measures to respond to the drought. It would be short-sighted of DWR to provide funding based solely on current drought impacts when near-future drought conditions are unknown and could shift dramatically between now and the timeframe within which projects funded with the 2014 IRWM

funding will begin implementation (April 1, 2015). In order to honor the Governor's call for all California residents to respond to the drought, we urge DWR to allocate funding to each Funding Area and to honor those maximum allocations during the current solicitation.

5) Expedited Timeline

While we understand that DWR is under pressure to issue IRWM grant funding in an expedited fashion in response to the current drought, we have some concerns with the timeline as indicated in the Draft PSP (Table 2, Page 9). First, we request that DWR extend the grant submittal deadline from 30 calendar days to 60 calendar days after the release of the final Guidelines and PSP. Although the PSP requirements are reduced compared to previous rounds, 30 days is an insufficient amount of time to prepare a thorough grant application that involves input from local stakeholders. We strongly urge DWR to release the final Guidelines and PSP as soon as possible (by early June 2014) and return to the proposed grant application deadline of early August 2014. This revised schedule would provide IRWM regions with two months to complete grant applications.

Second, we request that DWR revisit the proposed suspension of the applicant notification and public meeting process that is outlined in Section V.H of the 2014 IRWM Drought Guidelines. While it is understandable that DWR is making every effort to issue grant funding on an expedited schedule in response to the current drought, we are concerned that circumvention of the applicant notification and response process will be detrimental to the outcome of this grant cycle. Allowing applicants to provide clarification and input to DWR regarding funding recommendations is important to maintaining the open and transparent public process that has been instituted for IRWM grant funding.

6) Drought Project Elements and Conservation Programs

We request that DWR clarify how projects will be evaluated for consistency and eligibility with meeting the "Drought Project Elements" described in Table 4 of the PSP. In Southern California, the primary benefit of water conservation programs and measures implemented through the IRWM Program have been drought-preparedness and water supply reliability, because these projects directly offset purchase of imported water supplies. We understand that such projects could be classified as "D.1" or "D.2" in Table 4 of the PSP, and we request that DWR verify this in the Final PSP to provide assurance that water conservation programs and measures that provide drought-preparedness and water supply reliability benefits will not be erroneously classified as "D.3" by DWR reviewers.

7) CASGEM Eligibility Requirements

We request that DWR clarify the eligibility requirements in Attachment 1 as they pertain to CASGEM compliance (PSP, Page 18). Our understanding is that the CASGEM eligibility requirements only pertain to 1) project proponents who are eligible monitoring entities per CASGEM legislation, 2) whose jurisdictions include high or medium priority basins, and 3) whose projects directly affect groundwater in those high or medium priority basins. We request that DWR verify this in the Final PSP to ensure that all project proponents are aware of and properly understand the CASGEM eligibility requirements.

Specifically, we request that DWR ensure that the PSP is consistent with CASGEM legislation as it relates to eligibility criteria for grant applicants such as the San Diego County Water Authority, which is a special water district that does not manage groundwater, has a jurisdictional authority that is separate and distinct from the applicable county (in this case San

Diego County), and has a service area boundary that includes medium priority basins. The San Diego County Water Authority is not an applicable monitoring entity per CASGEM legislation and should not be subject to grant application restrictions; therefore, the PSP should ensure that the San Diego County Water Authority will not be erroneously excluded as an eligible applicant.

Because of the possibility that this requirement might unduly limit participation by planning regions that need immediate drought relief, DWR might consider removing the CASGEM requirements from the 2014 Drought Grant cycle altogether. If DWR retains CASGEM-related requirements in the PSP, such requirements must be consistent with the CASGEM legislation (Senate Bill X7-6) in all aspects. There are instances within the San Diego IRWM region wherein an entity has asked to be recognized as a monitoring entity in a medium priority basin but has been rejected by DWR because they did not technically meet the legal requirements in the statute to be a monitoring entity. As a result that basin has no recognized monitoring entity. Agencies that do not currently meet the legal requirements to become a monitoring entity should not be denied grant funding. Due to the specific conditions in our IRWM Region, there are medium priority groundwater basins for which an eligible monitoring entity has not been identified. Given that the statute provides specific definitions for monitoring entities, including those who form a voluntary monitoring group, to take responsibility for measuring and reporting groundwater levels to DWR, our region cannot be held responsible by DWR to appoint or mandate that potentially eligible entities take on that responsibility.

8) Project Performance Monitoring

We request that DWR remove scoring criterion #19 included in Table 9 of the PSP that states “does the applicant identify targets, and associated tools/methods that will be used to monitor the project’s ability to achieve the claimed benefits (project performance)?” This criterion is inconsistent with Attachment 3 of the PSP, which states that “if conditionally awarded funding, applicant will be required to submit to DWR a Monitoring Plan consistent with Exhibit B.” Given that DWR requires applicants to fill-out and submit information in Exhibit B (including targets and associated tools and methods to monitor projects) only after receiving a conditional award of funding, it is not reasonable that DWR would use information required in Exhibit B to evaluate applications.

9) Work Summary Word Limits

While we greatly appreciate that DWR has reduced grant application requirements by requiring Work Summaries instead of full Work Plans, our Region does not believe that the 500-word character limit is sufficient to provide the information that is needed to accurately and thoroughly explain our projects to DWR. Given our Region’s location in Southern California, our past grant applications have at times been misunderstood or improperly evaluated by DWR based on the reviewers’ greater familiarity with water systems and context more often found in Northern California. We request that DWR increase the Work Summary character limit to 2,000 words per project to allow applicants to thoroughly explain background information and work to be performed for each project.

Per Table 9 of the PSP, there are four project-level evaluation questions (21, 22, 23, and 24) pertaining to the Work Summary Attachment, which means that each project can receive a maximum of 4 out of 24 total points for this attachment. Given that one-sixth of each project’s total score will be based on the information in the Work Summary Attachment, it is reasonable that DWR would allow each project a 2,000-word limit to thoroughly and adequately explain details necessary to evaluate each project.

10) Clarification about Human Right to Water

On Page 8 of the PSP under the section titled “Eligible Project Types,” it states that “DWR is making additional points available to proposals with projects that address clean, affordable, and accessible water for human consumption, cooking, and sanitary purposes as a water supply reliability and delivery of safe drinking water.” In this criterion, we request that DWR include projects that *offset potable water demands* and therefore increase reliability and availability of existing potable supplies for human consumption, cooking, and sanitary purposes.

Per Table 9 in the PSP, proposals can receive up to 3 points if they address the Human Right to Water. Given that one-sixth of each proposal’s overall score will be based on the Human Right to Water criterion, we request that DWR verify that eligible projects can offset potable water demands and therefore increase the availability of clean, affordable, and accessible potable water for human consumption, cooking, and sanitary purposes. This is particularly important to regions such as the San Diego IRWM Region within which 98% of residents live within urban areas that receive clean, safe municipal water supplies. In this case, water supply reliability projects that help to offset potable water demands will help our region to address the Human Right to Water.

Conclusion

Again, we appreciate the opportunity to comment on the Draft 2014 Drought Grant Guidelines and PSP, and we are looking forward to continuing to work with DWR on development of our IRWM program.

Sincerely,

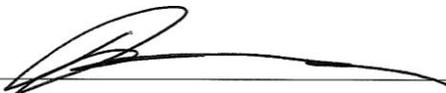
San Diego Regional Water Management Group



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Marsi A. Steirer, Deputy Director, Public Utilities Department
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Cc:

Regional Advisory Committee

Regional Water Management Group

- Ken Weinberg (co-Chair) and Toby Roy, San Diego County Water Authority
- Marsi Steirer (co-Chair) and Jennifer Casamassima, City of San Diego
- Troy Bankston and Nancy Stalnaker, County of San Diego

Water Supply

- Michael Bardin and Bill Hunter, Santa Fe Irrigation District
- Cari Dale and Mo Lahsaie, City of Oceanside
- Mark Umphres and Brian Olney, Helix Water District
- Jennifer Sabine and Ron Mosher, Sweetwater Authority
- Kim Thorner and Joey Randall, Olivenhain Municipal Water District

Water Quality

- Crystal Najera, City of Encinitas and Ligeia Heagy, City of Vista
- 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, San Elijo Joint Powers Authority

Natural Resources and Watersheds

- Rob Hutsel 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
- Patrick Crais and Lawrence O'Leary, California Landscape Contractors Association

DAC/Environmental Justice

- Jennifer Hazard and Oscar Romo, AlterTerra
- Dave Harvey and Natalie Smith, Rural Community Assistance Corporation

Other Members

- Dennis Bowling and Iovanka Todt, Floodplain Management Association
- Anne Bamford and Lisa Skutecki, Industrial Environmental Association
- Eric Larson and Casey Anderson, San Diego County Farm Bureau
- Tribal – open
- Katie Levy, San Diego Association of Governments
- Linda Flournoy, SDSU Center for Regional Sustainability
- 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 Greg Krzys, U.S. Bureau of Reclamation
- Denise Landstedt, Rancho California Water District
- Marilyn Thoms and Mary Anne Skorpanich, County of Orange
- John Simpson, USMC Camp Pendleton