

# Upper Santa Margarita Watershed Integrated Regional Water Management Region Regional Water Management Group



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

Dear Mr. Wallace:

The Upper Santa Margarita Watershed (USMW) Integrated Regional Water Management (IRWM) Regional Water Management Group (RWMG) appreciates the opportunity to provide comments on the Draft 2014 IRWM Drought Solicitation, Proposal Solicitation Package (PSP) and Draft 2014 IRWM Drought Solicitation, IRWM Grant Program Guidelines (Guidelines). This letter represents the collective comments, suggestions, and recommendations of the USMW RWMG on the Draft PSP and Guidelines.

## **1) Streamlined Grant Application Approach**

DWR's approach to a streamlined application process as presented in the Draft PSP is a welcomed modification to IRWM proposal applications. This streamlined approach with reduced requirements will be beneficial to all agencies within the region, and further to disadvantage communities and non-governmental organizations that have been deterred from participating in the IRWM grant program due to the complexity of the required cost-benefit analyses and substantial materials required to complete a high-scoring, compelling application. We support and encourage DWR to continue this streamlined grant application approach, as well as consider additional streamlined measures as discussed below, for future rounds of IRWM Implementation Grant funding.

## **2) Additional Grant Application/Award of Funding Streamlining Measures**

The legislature strongly passed legislation (SB 103 and SB 104), as approved by Governor Brown on March 1, 2014, that requires an expedited round of Proposition 84 IRWM grant funding to implement drought relief responses. In consideration of truly expediting funding awards for project implementation, DWR should consider establishing a "fast track" application process that would include the following:

- a. Establish two methods of accessing the grant funds:
  - 1.0 Fast Track Approach: Directly award grant funding to IRWM planning regions through a simplified proposal process (see item 'b' below) if a Funding Area includes only one eligible IRWM planning region or a Funding Area that covers more than one IRWM planning region and all regional water management groups within the Funding Area have entered into a written agreement concerning the proportional allocation of IRWM funds to the individual IRWM planning regions, then implement a simplified proposal review per PRC §75026 before releasing the funds.
  - 2.0 Streamlined Approach: Implement the streamlined approach as presented in DWR's Draft 2014 Drought Solicitation Proposal Solicitation Package for IRWM regions that have more than one eligible IRWM region and do not have a funding allocation agreement within the funding area.
- b. The Fast Track Approach simplified proposal submission would include the following: 1) A list of projects to be funded by the IRWM Drought Relief Funding; 2) Demonstration of how the projects satisfy the eligibility requirements established in SB 104, including how they are consistent with the adopted IRWM Plan and will provide multiple benefits; and 3) A project summary, budget and anticipated schedule for each project. This would allow DWR the ability to evaluate a suite of projects with the confidence that these projects have already gone through a rigorous selection process within the IRWM planning region.
- c. Within 60 days of receipt of the application, DWR would agree to complete its evaluation of the application based on criteria established for Fast Track applications, including communicating with the public agency applicant if additional information is needed to complete its evaluation.
- d. If DWR approves a Fast Track application, DWR would then award the IRWM funds requested.
- e. Within 90 days of award of grant funds, DWR and the IRWM planning region will work together to execute a funding agreement and distribute the funding to the IRWM planning region. The funding agreement would contain the terms for grant auditing to ensure grant funding is expended in accordance with DWR standards.

This Fast Track Approach would allow DWR to issue grants on an expedited schedule in accordance with SB 104, while still allowing IRWM regions to honor their local stakeholder processes.

### **3) Allocate Funding To Each Funding Area per Proposition 84**

The currently proposed Statewide competition in the Draft PSP for the \$200 million in expedited drought relief funding focuses on providing 2014 IRWM funding to “IRWM regions with the greatest drought impacts”, but does not take into consideration PRC §75027 that specifies the allocation of funding for each Funding Area, as shown in Table 1 (pg. 9) of the PSP. PRC §75028(a) directs DWR to “allocate grants on a competitive basis within each identified hydrologic region”. Additionally, SB 104, which provides the funding directive for the Drought Solicitation, does not specifically state the Expedited IRWM Drought Solicitation should be on a ‘statewide competitive basis’. Therefore, the USWM RWMG supports an allocation to each Funding Area consistent with Funding Area (hydrologic region and sub-regions) allocations in the Proposition 84 bond language.

Providing funding based on current drought impacts and the potential for 2015 drought impacts does not take into consideration the unknown near-future drought conditions, which could change considerably by April 1, 2015 when the IRWM Drought Solicitation funding will begin implementation. Further supporting this, Attachment 2 of the PSP (pg. 19) requires a description of “...any anticipated or projected impacts if drought or dry year conditions continue into 2015.” SB 104, Section 18(a) states the expedited solicitation is “for projects that provide immediate regional drought preparedness, increase local water supply reliability and the delivery of safe drinking water, assist water suppliers and regions to implement conservation programs and measures that are not locally cost-effective, or reduce water quality conflicts or ecosystem conflicts created by the drought.” Since “or” is used, this means that proposed projects can be any one of these types of projects, which is quite possible in all regions. Therefore, DWR should be consistent with the intent of Proposition 84 allocations and adhere to the same allocation share to each funding area for this drought solicitation.

Further, there is concern by some regions that all of their remaining funds would be awarded within the Drought Solicitation, providing no access by project proponents with other types of eligible projects under Proposition 84 to funding in the final round of Implementation funding. We support the general consensus among IRWM regions that a 50 percent cap allocation for this Drought Solicitation is made of a Funding Area’s remaining balance. This would provide an upper limit to each planning region’s application. 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.

### **4) Economic Analysis**

We support and are grateful that DWR has modified the economic analysis

portion of the 2014 Drought Solicitation PSP to eliminate the cost-benefit analysis requirements. This modification substantially reduces labor time and the cost to prepare our grant application by nearly 30 percent. It also recognizes the great work accomplished in each IRWM region to establish and implement an IRWM Plan Project Selection Process that identifies highly qualified IRWM projects. We support the continued elimination of the cost-benefit analyses in future IRWM Implementation Grant funding solicitations.

## **5) Expedited Timeline**

We support the proposed expedited Drought Solicitation schedule as shown in Table 2 of the PSP (pg. 9) with the exception of the one-month grant application period to submission. Although the Draft PSP does not have specific dates, it was made clear in the recent Drought Solicitation Public Comment Meetings that application submission would be required within 30 calendar days from release of the final PSP. Although the PSP requirements are streamlined, 30 days would be an insufficient amount of time to prepare a thorough and compelling grant application that requires input from local project proponents. Particularly if DWR stays with its proposed “announcement of awards without public comments”, this provides no opportunity for clarification to the DWR evaluation. We can, however, support 60 calendar days to assist in the expedited drought solicitation, which is consistent with DWR’s time for review and evaluation, as well as the proposed application period for the upcoming Water-Energy Grant Program, also approved under SB 103.

We recommend DWR release the final Guidelines and PSP as soon as possible in early June 2014 and set a grant application submission deadline of early August 2014.

## **6) DWR Review Process**

Section IV. Schedule of the PSP (pg. 9) states “Due to the expedited nature of this solicitation, DWR is suspending Section V. H. Applicant Notification and Public Meeting of the 2014 IRWM Drought Guidelines.” The section of the Guidelines being suspended provides for the list of funding recommendations be posted on the DWR website, the applicants be notified, and a public meeting is held by DWR to solicit public comments on the funding recommendations. The Draft 2014 IRWM Drought Solicitation Guidelines also provides DWR the opportunity suspend this process in an expedited situation.

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, and provides DWR with clarification and understanding to outstanding concerns it might have to support an award to an applicant.

Since the proposed evaluation of “yes” and “no” responses (PSP, pg. 26) is very subjective, we recommend DWR consider a modified Applicant Notification process in an expedited solicitation, in both the Guidelines and PSP, rather than fully suspend this important process. The modified process could include a period of up to two-weeks at the release of DWR’s recommendations and proposal evaluations for DWR and the applicant to convene, in person or by phone, to discuss and clarify any outstanding concerns, questions, or misunderstandings that DWR might have about an application. If, at the conclusion of the two-week timeframe, an applicant cannot satisfy DWR’s questions and concerns, the funding recommendations would stand. If in this timeframe, DWR determines that the applicant did in fact meet the necessary criteria to be awarded additional points, DWR will adjust the scoring and recommendations accordingly.

In addition, since the “yes” and “no” evaluation process is subjective, we recommend if an evaluator cannot substantiate either a “yes” or a “no” response and is somewhere in the middle of the two with a “maybe”, that a second evaluator review those projects for the specific evaluation criteria in question and provide a second opinion. This would greatly enhance the quality of DWR’s streamlined evaluation using “yes” and “no” responses and give more credibility to its responses. Again, particularly if DWR does not allow for a comment period after award announcements.

## **7) Drought Project Elements and Conservation Programs**

We recommend that the PSP recognizes and states that water conservation programs and measures that provide drought-preparedness and water supply reliability can also be classified as either a D1 Project (provide immediate regional drought preparedness) or D2 Project (increase local water supply reliability and the delivery of safe drinking water) (PSP, pg. 20, Table 4). If an application clearly defines these types of projects as such, this will ensure that a water conservation project does not automatically get classified as a D3 Project (assist water supplies and regions to implement conservation programs and measures that are not locally cost-effective).

## **8) Project Performance Monitoring**

In Attachment 3. Project Justification (PSP, pgs. 19-22), the last sentence of Attachment 3 (pg. 22) suggests the Project Monitoring Table (PSP, Exhibit B, Table B-1) is only required for each proposed project after award of funding. Therefore, since Attachment 3 does not contain the requirement to demonstrate the “associated tools/methods that will be used to monitor the project’s ability to achieve the claimed benefits”, scoring criteria #19 and #20 (PSP, Table 9, pg. 27) should be removed and not be scored. However, if DWR meant to require Project Monitoring Tables in the application, then Attachment 3 should be revised to clearly state this and criteria #19 and #20

could remain in the scoring.

## **9) Work Summary**

We appreciate Attachment 4. Work Summary (PSP, pg. 22) streamlining the requirement to submit a full Work Plan into a “Work Summary”; however, the Work Summary still requires tasks and deliverables consistent with a Work Plan, all limited to 500 words (approximately one page). In an effort to maximize scoring points in Criteria 21-24 of Table 9 – Scoring Criteria and Standards (PSP, pg. 27), a project would need to describe all the necessary tasks in the project, all the appropriate deliverables, the status of each task, and, if part of a project, a listing of permits and environmental documentation and the status of each, all in about one page.

Experienced grant writers will affirm that it can be more difficult to write to a 500-word limit in a manner to clearly articulate each aspect of a project so that an evaluator can clearly understand and score an application without question. Once again, this is extremely challenging without the ability to comment on the evaluations and funding recommendations.

We recommend DWR consider increasing the Work Summary word limit to 2,000 words (approximately four pages) to allow applicants to thoroughly explain work tasks, deliverables, permitting and environmental documentation, and the status of each of these, for each project. This will improve DWR’s ability to identify the highest quality projects for the Drought Solicitation, while providing the application with a greater opportunity to maximize scoring.

## **10) Defining Human Right to Water**

Section C. Eligible Project Types (PSP, pg.8) includes the opportunity for additional points “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.” This effort is included in Attachment 7 (PSP, pg. 25) to “describe any issues related to the Human Right to Water Policy and how the proposal project(s) will assist in meeting the goals of this policy.”

In Attachment 7, we recommend that the PSP further state that “this does not obligate the state to require the expenditure of additional resources to develop water infrastructure beyond the obligations that exist, that this does not apply to water supplies for new development, and that this does not infringe on the rights or responsibilities of any public water system.”

We also recommend DWR consider specifically including projects that *offset potable water demands* and therefore increase reliability and availability of existing potable supplies for human consumption, cooking, and sanitary

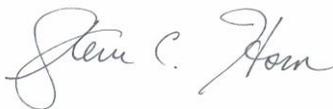
purposes. In regions where the predominance of residents live within urban areas that receive clean, affordable and accessible water, water reliability projects that offset potable water demands will help to address the Human Right to Water. Therefore, we recommended adding “and verify” after “will be scored” in the following sentence, “...it will be scored and verified for each application to determine whether the proposal assists in addressing the Human Right to Water Policy”, to ensure that a proposed eligible project can, in fact, offset potable water demands.

**Scoring:** Further, Attachment 7 refers to Table 9 (PSP, pg. 27), Question 29; however, Table 9 does not currently include Question 29. This may be an oversight in the Draft PSP. After further review of Table 9, Question 7 appears to refer to the “Human Right to Water”. A correction is needed in Attachment 7 on page 25 to appropriately reference Question 7 instead of Question 29.

The USMW RWMG appreciates the opportunity to comment on the Draft 2014 Drought Grant Guidelines and PSP. Your thoughtful consideration of our recommendations and comments is greatly respected. We are looking forward to successfully working with DWR on development of the IRWM program into the future.

Sincerely,

**UPPER SANTA MARGARITA WATERSHED IRWM REGIONAL WATER MANAGEMENT GROUP**



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