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March 21, 2014

Keith Wallace
Zaffar Eusuff
California Department of Water Resources
Division of Integrated Regional Water Management
Financial Assistance Branch
PO Box 942836
Sacramento, CA 94236

VIA EMAIL: keith.wallace@water.ca.gov
muzaffar.eusuff@water.ca.gov

Subject: Suggestions for Process Improvements (Proposition 84 Round 3)

Dear Mr. Wallace and Mr. Eusuff,

The North San Diego County Regional Recycled Water Project is a multi-faceted, cross-jurisdictional approach to expanding recycled water use that will significantly reduce regional reliance on water imported to San Diego County from the Colorado River and Sacramento-San Joaquin Bay-Delta.

The participating agencies, collectively known as the North San Diego Water Reuse Coalition, include Carlsbad Municipal Water District, the City of Escondido, Leucadia Wastewater District, the City of Oceanside, Olivenhain Municipal Water District, Rincon del Diablo Municipal Water District, San Elijo Joint Powers Authority, Santa Fe Irrigation District, Vallecitos Water District, and Vista Irrigation District. My agency, Olivenhain Municipal Water District, is the lead agency, acting as the Local Project Sponsor for the IRWM process.

The coalition participates in the San Diego Integrated Regional Water Management (IRWM) Program. We appreciate that the San Diego IRWM Program benefits from DWR's efforts to encourage integrated regional strategies for water management. This letter represents the coalition's suggestions on process improvements for the



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Proposition 84 Round 3 solicitation.

1) Award Full Allocation to Each Hydrologic Region per Proposition 84

The coalition encourages DWR to award the remaining \$450 million Proposition 84 dollars (\$472.5 million minus \$21.8 million additional funding for Round 2) in a single Round 3 grant cycle in accordance with PRC §75027 and PRC §75028(b). If complete funding is not distributed in one cycle, DWR should set maximum amounts for each funding area, and final funding recommendations should remain within these limits, clearly setting and managing expectations for funding availability.

2) Streamline Distribution of “Expedited” Grant Funding

Because an “expedited” round of Proposition 84 IRWM grant funding to address drought response was approved by the legislature (SB 103 and SB 104; approved by the governor on March 1, 2014), DWR should not use its traditional proposal solicitation/review process to award those funds. In the “expedited” round of Proposition 84 funding, DWR should allocate maximum funding amounts proportional to the Funding Area allocations, award “block grants” of funds to Funding Areas, and then implement a simplified proposal review before releasing the funds. A simplified proposal review should be limited to Proposition 84 eligibility criteria and minimize extraneous materials. As an alternative, DWR might give preference to projects that satisfy the requirements of SB 104 and have been funded in a previous round of IRWM grant funding. In this case, a region may propose a previously funded project for additional funding in the emergency drought relief round, and refer to the details of the previous application for information concerning evaluation. To achieve a supplementary award via the “expedited” funding round, DWR would require such previously funded projects to (a) measurably increase the quantity of reliable and sustainable water resources made available within its Funding Area, and/or (b) be accelerated so as to meet the definition of “shovel-ready” and thereby provide immediate relief from statewide drought conditions.

3) Streamline Proposals for Non-Competitive Funding Areas

DWR should streamline the proposal requirements for non-competitive Funding Areas, such as in the San Diego Funding Area where we have an agreement with our neighboring IRWM regions on how to divide the funding. A streamlined proposal could be limited to basic contracting materials and eliminate excessive technical and economic analysis.

4) Defer to Regional Project Selection Process

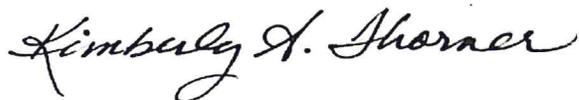
In non-competitive Funding Areas, DWR should defer to regional project selection processes that are conducted through open and transparent stakeholder committees. DWR should request only information necessary to confirm consistency of grant application project(s) with the local IRWM Plan, multiple benefits, and DWR's program preferences, along with any Memorandum of Understanding adopted by the region or Funding Area. Extensive development of supporting information and attachments beyond those necessary should be eliminated. Individual regions should be able to specify their own regional priorities (of the state priorities) for the available grant funding.

5) Allow for Response to DWR's Questions/Evaluation

The coalition requests that DWR institute a "feedback loop" after release of the proposal evaluations and before release of the draft awards. By releasing the evaluations first, separate from the funding awards, regions would be able to respond to DWR's questions and evaluation by pointing reviewers to the information provided. This can prevent in inaccurate scoring of an application and release of draft award recommendations that are not aligned with the true quality and value of a funding request.

The IRWM program has been a valuable asset to water supply development in San Diego County. Updates to the program based on the suggestions above will ensure its continued effectiveness in navigating water supply challenges in the immediate future and through the long term. Thank you for your consideration.

Regards,



Kimberly Thorner
General Manager
Olivenhain Municipal Water District