



April 23, 2015

California Department of Water Resources
Division of Integrated Regional Water Management
Financial Assistance Branch
Post Office Box 942836
Sacramento, CA 94236
Attn: Zaffar Eusuff

Email: DWR_IRWM@water.ca.gov

Subject: San Diego Region Comments on the Draft 2015 IRWM Program Guidelines and Proposal Solicitation Package

Dear Mr. Eusuff,

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 the opportunity to comment on the Draft 2015 IRWM Program Guidelines and Proposal Solicitation Package (PSP). 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 adopted a streamlined grant application approach, which does not include a cost-benefit analysis. This modification is anticipated to save our Region both time and money given that the economic cost-benefit analysis is estimated to have accounted for approximately 30% of our regional application costs in past rounds of funding. 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 future Proposition 1 IRWM Grant funding.

2) Implement Further Grant Streamlining Measures

DWR could further streamline the proposal solicitation/review process by establishing 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 the Guidelines and PSP. 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, while still allowing IRWM regions to honor their local stakeholder processes, and is also consistent with pending legislation (SB 208) under consideration by the Legislature.

3) Final Proposition 84 Implementation Grant Solicitation

Section III, Page 7 of the Draft PSP states, “this solicitation is intended to be the final solicitation of the Proposition 84 Implementation Grant Program.” We strongly encourage DWR to allocate all remaining funding to each Funding Area in accordance with the Proposition 84 schedule articulated in PRC §75027, including designating \$38,834,904 to the San Diego Funding Area.

The Tri-County Funding Area Coordinating Committee (Tri-County FACC), which includes all three regions within the San Diego Funding Area, has a Memorandum of Understanding adopted by all nine RWMG agencies that outlines our commitment to inter-regional coordination, development of cross-watershed projects, and equitable allocation of the Proposition 84 bond funding. Our grant applications will be aligned with our agreed-upon allocation, will not exceed the Funding Area Remaining Balance listed in the PSP, and will not be competitive among our three regions. This mutual agreement will enable DWR to honor our approved local project selection processes and award all remaining funding to our Funding Area consistent with PRC §75027. We do not intend to leave any funding unallocated. If for some reason DWR determines that a project in the proposal is not eligible, we ask to be allowed to substitute with an alternative project or increase funding for other projects in the proposal.

4) Penalty-Based Scoring Methodology

In the last round of IRWM funding, DWR scored applications on a penalty-based system. For example, if a project’s technical justification was deemed “mostly” accurate and reasonable, but had one or two items that did not seem appropriate to DWR reviewers (such as a greenhouse gas offset calculations based on imported water reductions), that project received zero points rather than receiving reduced points. The penalty-based scoring methodology was not described in the PSP or Guidelines, but rather, was explained to representatives from our Region by DWR staff during a debrief call that took place after applications had been evaluated by DWR.

The penalty-based scoring method is disadvantageous to regions that provide additional information to DWR that is intended to clarify regional nuances or complexities, because any additional information increases the chance that a project will score zero points. In the San Diego region, our applications are often comprised of multiple complex projects and systems that warrant additional explanation. Due to the complexity of our projects, we find ourselves in a situation

where we must decide whether to include information that could help clarify projects or omit information based on the concern that it increases our chance of receiving a lower score.

We request that DWR move away from the penalty-based scoring method and instead focus on the parts of the application that are deemed complete and accurate. This will ensure that applicants are not penalized for including information that may be necessary to explain project nuances.

Whichever scoring methodology is adopted by DWR to score applications for the 2015 Implementation Grant opportunity, we request that the method be explained in greater detail in the Final PSP so that IRWM regions understand the scoring process.

5) Clarify and Disclose Scoring Methodology

We appreciate that DWR has provided a table of scoring criteria (Table 10) in the Draft PSP; our region is using the information available in this table to establish project selection criteria for our local project selection process, which is currently in progress. Although the information provided in Table 10 enhances our understanding of DWR's scoring process, we would like clarification and further disclosure of several aspects of the scoring process.

We request that in addition to the scoring criteria, DWR provide additional information about the methodology that will be applied by DWR reviewers to score proposals and projects. For example, criterion 10 states that projects must include “a reasonable claim of no adverse impacts”, criterion 18 states that costs will be assessed for their “reasonableness for the project type and the current stage of the project”, and criterion 21 states that schedules will be evaluated to determine if there are “reasonable timeframes for the proposed tasks.” The evaluation criteria of reasonableness is vague, and at this point it is unclear how DWR will determine what is or is not reasonable for the three aforementioned scoring criteria.

We also request that DWR include a complete set of scoring criteria in the Final PSP. At the public workshop that was held in September 2014 for the 2014 Drought Solicitation, DWR provided a ranked list of IRWM Funding Areas that was used to prioritize funding for the 2014 Drought Solicitation. This list was not included in the Draft or Final versions of the PSP or Guidelines, and IRWM regions were not aware of the ranking after grant applications were due. This is problematic because IRWM Regions generally use DWR's scoring criteria in the PSP as a basis for determining local selection criteria.

6) Include Desalination in Drought Preparedness

The scoring rubric provided in the Draft PSP (Table 10) demonstrates that projects will receive up to 3 additional points (out of 22 total points) if they address “Drought Preparedness”, which is defined in Table 1 (Statewide Priorities) of the Draft Guidelines as projects that will achieve one or more of the following:

- Promote water conservation, conjunctive use, reuse and recycling
- Improve landscape and agricultural irrigation efficiencies
- Achieve long term reduction of water use
- Efficient groundwater basin management
- Establish system inerties

We urge DWR to expand the definition of “Drought Preparedness” to include all projects that will augment potable water supplies, including desalination projects. Desalination is a highly reliable and drought-proof water supply that has the potential to assist many regions in preparing for and

responding to drought conditions on a long-term basis. Given the drought-related benefits that can be provided by desalination, we urge DWR to consider this supply in its category of “Drought Preparedness” such that these types of projects are prioritized within the scoring criteria that DWR will apply to projects submitted for consideration of grant funding.

7) Adjust California Statewide Groundwater Elevation Monitoring (CASGEM) Compliance Deadline

Executive order B-29-15 states “Local water agencies in high and medium priority groundwater basins shall immediately implement all requirements of the CASGEM program, pursuant to Water Code section 10933. The Department shall refer noncompliant local water agencies within high and medium priority groundwater basins to the Water Board by December 31, 2015, which shall consider adopting regulations or taking appropriate enforcement to promote compliance.” However, the 2015 Guidelines require that agencies be CASGEM compliant by August 7, 2015. The two different deadlines cause confusion, and are likely to impact agencies who are applying for funding for the final round of Proposition 84. We recommend that language be included in the guidelines to reflect that project proponents must be CASGEM compliant prior to being awarded grant funds from DWR, which will provide more flexibility for project proponents who are currently working toward becoming compliant.

8) Modifying Scoring Criteria

With the exception of changes to address important policy issues or omissions, such as including desalination as Drought Preparedness, we urge DWR not to substantially modify scoring criteria in Table 10 between the Draft and Final PSP as IRWM regions are currently going through their project selection processes and are taking the scoring criteria in the Draft PSP into consideration when selecting projects. In the San Diego region, we encourage our stakeholders to use DWR’s Draft PSP and Guidelines as a tool to understand the “rules” for each grant solicitation; it would be detrimental to our process and unfair to our stakeholders to substantially modify scoring criteria in the Final PSP. Due to the accelerated schedule for the 2015 Grant Solicitation, our Region will have to complete the project solicitation, prioritization, and selection process by early June 2015 to have enough time to submit applications by early August 2015; as such, if DWR releases substantially different information in the Final PSP and Guidelines (due for release in late May 2015), our region will not have enough time to revise the project solicitation, review, and selection process, as we will be nearly done with selecting projects when the Final PSP is released.

Further, we urge DWR to defer to local project selection processes and entrust that local IRWM regions will include projects in the grant applications that are the most high-priority projects per their local project vetting, scoring, and selection processes.

9) Clarify Water-Related Benefits to DACs

Thank you very much for modifying DAC criteria from “critical water quality and water supply” issues to “water-related benefits”. This modification will help to ensure that projects that would benefit DACs in our region will be acknowledged and prioritized. While the PSP does not indicate which type of water-related benefit to DACs will be considered eligible, we strongly encourage DWR to consider any water-related benefits to DACs that are consistent with a region’s IRWM Plan.

We request that DWR provide additional clarification about how the water-related benefits to a DAC criterion will be evaluated. We have the following two items that we would like to clarify:

- Do projects that benefit DACs need to provide directed benefits to DACs, or can a project benefit a larger community that includes DACs? Specifically, please clarify how much of the benefit area (50%? 75%? 100%?) needs to be classified as a DAC to receive these points.
- The scoring criterion says that there must be a “description of the specific need(s) of a DAC” – please clarify how DWR is defining the term “specific” in this criterion. Does the need have to be one that is experienced solely by DACs, or can it be a larger issue that impacts the entire community, including DACs?

10) Modifying Budget Requirements

Table 10 of the Draft PSP indicates that budgets will be assessed for their reasonableness based upon whether or not, “the budget contains costs that are reasonably supported and not significantly higher or lower than industry standard.” We request that DWR clarify how the “industry standard” will be assessed and what significance threshold will be used to determine whether or not a cost is reasonable. We suggest that DWR use federal data from the Bureau of Labor Statistics regarding industry standard billing rates to assess budgets for the 2015 Grant Solicitation: <http://www.bls.gov/oes/>

11) Timeline for Implementation

Table 10 of the Draft PSP indicates that projects must begin implementation by April 1, 2016. We select projects for the proposal based on the ability to meet DWR’s required start date for implementation. While we understand the need to expedite implementation of projects to address critical issues in the State, we request that DWR re-consider the required start date to be more realistic based on the time needed for DWR to put contracts in place. For the 2014 Drought Solicitation, DWR had required that the majority of projects begin implementation by April 1, 2015; however, it is now April 23, 2015 and our region does not yet have a final contract from DWR for the 2014 Drought Solicitation. Many of our project proponents are not able to move forward with project implementation until they receive a finalized contract, because only a final contract can provide assurance that they will receive the grant funding necessary to implement their projects. We urge DWR to expedite contracting for previously awarded funding in order to ensure local agencies have funding available to help combat the current drought.

As a result of issues our region has experienced for the 2014 Drought Solicitation, we request that DWR modify the project implementation start date requirement such that the start date is tied to receipt of a final contract. For example, the Final PSP could state that, “all projects must begin implementation four months after contracts are finalized with DWR; for purposes of this solicitation it is assumed that contracts will be finalized by December 1, 2015 and projects will begin by April 1, 2016. This date may shift based upon the date on which contracts are finalized.”

12) Editorial Change

On page 9 of the PSP the naming convention for attachments seems to be carried over from the drought round and should be revised.

13) Streamline Permitting per Governor’s Executive Order

On April 1, 2015 Governor Brown released Executive Order B-29-15; this order includes several components to respond to the ongoing drought, including a call to streamline government response to water infrastructure projects. Specifically, the order states:

“State permitting agencies shall prioritize review and approval of water infrastructure projects and programs that increase local water supplies, including water recycling facilities, reservoir improvement projects, surface water treatment plants, desalination plants, stormwater capture, and greywater systems. Agencies shall report to the Governor’s Office on applications that have been pending for longer than 90 days.”

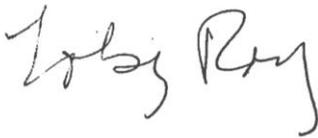
Our Region is and will continue to prioritize implementation of projects that address and respond to drought conditions. However, some of our projects, including those that were awarded grant funding from DWR during the 2014 Drought Solicitation, are currently being held up due to permitting approvals. We urge DWR to work with other State permitting agencies to ensure that permit applications for water infrastructure projects are prioritized per Executive Order B-29-15, and request that DWR work with permitting agencies to facilitate the implementation of projects that can be implemented to respond to drought conditions.

Conclusion

Again, we appreciate the opportunity to comment on the Draft 2015 IRWM Program Guidelines and PSP, and we are looking forward to continuing to work with DWR on implementation of our IRWM program.

Sincerely,

San Diego Regional Water Management Group



Toby Roy, Water Resources Manager
San Diego County Water Authority



Lan Wiborg, Deputy Director, Public Utilities Department
City of San Diego



Ramin Abidi, Deputy Director, Department of Public Works
County of San Diego

Cc:

Regional Advisory Committee

Regional Water Management Group

- Toby Roy (co-Chair) and Mark Stadler, San Diego County Water Authority
- Lan Wiborg (co-Chair) and Goldy Herbon, City of San Diego
- Ramin Abidi (co-Chair) and Stephanie Gaines, County of San Diego

Water Supply

- Greg Thomas and Julia Escamilla, Rincon del Diablo Municipal Water District
- Bill Hunter and Michael Bardin, Santa Fe Irrigation District
- Brian Olney and Mark Umphres, Helix Water District
- Jennifer Sabine and Ron Mosher, Sweetwater Authority
- Kimberly Thorner and Joey Randall, Olivenhain Municipal Water District

Water Quality

- Crystal Najera, City of Encinitas and Ligeia Heagy, City of Carlsbad
- Chris Helmer, City of Imperial Beach and 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 and Chris Trees, San Elijo Joint Powers Authority

Natural Resources and Watersheds

- Patrick Crais, California Landscape Contractors Association
- Phil Pryde 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

DAC/Environmental Justice

- Jennifer Hazard and Oscar Romo, AlterTerra
- Joni Johnson and Dave Harvey, Rural Community Assistance Corporation

Other Members

- Mark Seits and Brinton Swift, Floodplain Management Association
- Michael McSweeney and S. Wayne Rosenbaum, Building Industry Association
- Eric Larson and Casey Anderson, San Diego County Farm Bureau
- John Flores, San Pasqual Band of Mission Indians
- Katie Levy, San Diego Association of Governments
- Ann Van Leer and Betsy Keithley, Escondido Creek Conservancy
- 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 Leslie Cleveland, U.S. Bureau of Reclamation
- John Simpson, USMC Camp Pendleton
- Justin Haessly, Rancho California Water District
- Marilyn Thoms and Mary Anne Skorpanich, County of Orange
- Gloria Silva and Emily Fudge, U.S. Forest Service, Cleveland National Forest
- Sean Bush, U.S. Indian Health Services