



August 23, 2012

Attn: Zaffar Eusuff  
California Department of Water Resources  
Division of Integrated Regional Water Management  
Financial Assistance Branch  
P.O. Box 942836  
Sacramento, CA 94236  
email: DWR\_IRWM@water.ca.gov

**Subject: San Diego Region Comments on the Draft 2012 Guidelines, Implementation Grant PSP, and Stormwater Flood Management PSP**

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 its recent release of the Draft 2012 Guidelines, Implementation Grant-Round 2 Proposal Solicitation Package (PSP), and Stormwater Flood Management-Round 2 PSP. Our Region and the State continue to benefit from DWR's efforts to encourage integrated solutions for regional water management by issues.

Our comments on the draft Guidelines and PSPs follow.

**1) Defer to Regional Project Selection and Review**

Proposition 84 (PRC §75028(a)) states that DWR

“shall defer to approved local project selection and review projects only for consistency with the purposes of §75026.”

Section 75026 requires that eligible projects (1) be consistent with an adopted IRWM plan or its functional equivalent as defined in the IRWM Guidelines; (2) provide multiple benefits; and (3) contribute to DWR's program preferences. So long as regions can demonstrate that their project review and selection processes meet these Guidelines, DWR should defer to the list of projects selected by the Regions and eliminate extensive scoring and ranking of Proposition 84 Implementation Grant proposals.

## **2) Streamline Application in Non-Competitive Funding Areas**

The Proposition 84 Implementation Grant application requirements should be streamlined for non-competitive Funding Areas. DWR should request only information necessary to confirm consistency of grant application project(s) with the local IRWM Plan and any Memorandum of Understanding (MOU) adopted by the region or Funding Area. Extensive development of supporting information and attachments beyond those necessary to comply with the Public Resources Code should be eliminated. We recommend that a streamlined grant application for non-competitive Funding Areas include work plans, budgets, schedules, discussion of performance measures, and outreach to disadvantaged communities (DACs) for each proposed project in order to demonstrate consistency with local IRWM Plans and priorities.

The Tri-County Funding Area Coordinating Committee (Tri-County FACC), which includes all three regions within the San Diego Funding Area, has an MOU 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 Round 2 maximum, and will not be competitive among our three regions. This mutual agreement will enable DWR to honor our approved local project selection processes and review our grant applications in a more streamlined manner.

Offering a streamlined grant application process for non-competitive Funding Areas will encourage regional cooperation, coordination, and collaboration between IRWM regions throughout the State and will reduce DWR's workload.

## **3) Expand Preference to Regional Priorities**

The San Diego Region respects that DWR must honor provisions established in PRC §75026.(b) and CWC §10544, and will therefore give preference to proposals that address Statewide Priorities. Due to the high level of focus on stakeholder outreach within the IRWM Program, and the fact that the IRWM Program encourages regions to complete planning on a regional scale, we request that DWR also allow IRWM regions the option to establish additional Regional Priorities within individual IRWM Plans if so desired. For example, the San Diego region might like to add an additional priority associated with a unique feature of its region (e.g. addressing border issues) that would not make sense to have as a Statewide Priority.

Additionally, we request that DWR also give preference to proposals based upon how well they address Regional Priorities that are established through an open stakeholder process and identified in an adopted IRWM Plan. In this way, an IRWM Region would not be penalized in the grant review process for establishing its own priorities, which in many cases may be more appropriate for the Region than pre-established Statewide Priorities.

We also request that DWR amend Table 1: Statewide Priorities of the 2012 Guidelines regarding Climate Change Response Actions. The existing Climate Change Response Actions listed in Table 1 do not capture actions appropriate for arid regions such as Southern California, and the San Diego IRWM Region in particular. Recent stakeholder outreach regarding climate change in the San Diego IRWM Region has indicated that Climate Change Response Actions such as additional storage, drought response, and stormwater capture would be appropriate ways to adapt to anticipated climate change effects in the San Diego IRWM Region.

#### **4) Implementation Grant Project Eligibility**

The draft 2012 Guidelines (pages 15-16, Eligible Project Types) notes the types of projects that are eligible to receive Proposition 84-Round 2 Implementation Grant funding. We request that DWR add to this list a new category for planning, research and development, and pilot/demonstration projects. By adding this category, DWR will allow for potential funding of planning and pilot efforts that are necessary to develop robust, integrated projects that align with goals of the IRWM Program. Although most benefits associated with these projects will be potential (not actual), funding them is essential for developing innovative solutions to water management issues and conflicts.

In the past, eligible project types for Proposition 84 funding have been much the same as they are currently listed. It has been our experience that DWR's focus on implementation-ready projects does not encourage integration and the development of innovative projects, but rather tends to favor funding for established projects that would likely be completed with or without IRWM grant funding. Specifically, it has been our experience that projects with completed planning, design, and environmental analysis are highly favored for grant funding, and these are generally standard projects included within existing Capital Improvement Programs. By taking a new direction and allowing for planning projects, DWR will provide funding that is needed to work on innovative research and development that in many cases would offset the need for costly and energy-intensive projects that are often included within Capital Improvement Programs.

#### **5) Scoring Qualitative Benefits in Economic Analysis**

Thank you for modifying the economic analysis portion of the Proposition 84 and Proposition 1E PSPs to place greater emphasis on non-monetized benefits. Despite revisions that have been incorporated to include DWR Method "Non-Monetized Benefits Analysis," it is still not clear how non-monetized (qualitative) benefits will be scored within the cost-benefit analysis. DWR's scoring criteria (page 29 of the Proposition 84 PSP and page 24 of the Proposition 1E PSP) continues to place emphasis on the numeric benefit-cost ratio: "Collectively the proposal is likely to provide high level of benefits in relationship to the cost..." Please clarify the submittal requirements and scoring criteria for non-monetized benefits.

Further, the scoring criteria in both PSPs (same pages as above) note that "points may be reduced if DWR determines that the benefits described in the Non-Monetized Benefits Analysis (Section D2) could readily be quantified in dollar terms." The monetization of benefits for projects such as habitat restoration and water quality improvement is extremely complex. Many of these projects are led by NGO and DAC organizations with limited resources to provide monetized analysis of such benefits as improved habitat conditions for endangered species or reduced sediment transport in aquatic habitats. DWR should give appropriate consideration to inclusion of qualitative benefits within the grant applications, despite the remote possibility of monetization by an economic consultant.

#### **6) Cost and Complexity of Implementation Grant Application**

We appreciate the opportunity to alert DWR to particular concerns within the San Diego IRWM Region regarding the Proposition 84 Implementation Grant process. As we have indicated in the past to DWR, the cost of grant application preparation is very high, approximately \$11,000 per project in our Proposition 84-Round 1 Implementation Grant application. While we appreciate that DWR has consolidated the economic analysis into fewer attachments than were required in Round 1 of both Proposition 84 and Proposition 1E funding, we do not believe that this

consolidation will substantially reduce the costs to prepare an application. Rather, it seems as though IRWM regions (for Proposition 84) or individual applicants (for Proposition 1E) will have to undergo the same costly economic analysis as was required in Round 1. As we have indicated in the past, the cost of developing the information required for an application is prohibitively expensive for many disadvantaged community (DAC) organizations and non-governmental organizations (NGOs), which are both integral to our IRWM program.

Furthermore, the technical justification and economic analysis required by both draft PSPs will demand an overwhelming amount of data to complete. Evaluating whether the physical benefits provided by a DAC Project or a “Small” Project (Proposition 84 PSP, pages 23-24) are provided at the least possible cost will be overwhelming for DACs and NGOs, and may dissuade such organizations from submitting projects for IRWM Program funding. Furthermore, the requirement that, “if DWR determines that project benefits can be monetized, but the applicant did not present the benefits using this evaluation option, the applicant risks losing points,” (Proposition 84 PSP, Exhibit D, page 45) will require that each grant application include even more supporting data to justify economic analyses. Given the extensive nature of the previous economic analysis submitted for Round 1, we implore DWR to consider revising the draft PSP language to reduce the burden placed upon IRWM regions to complete applications.

We have substantial concerns that the cost and complexity of the economic analysis requirements presented within the draft PSP will prevent DACs, NGOs and other small organizations from submitting projects for Round 2 funding. Due to the importance of such organizations to the San Diego IRWM program, we encourage DWR to explore a simplified grant application process that ensures all stakeholders are able and welcome to participate.

## **7) Recognition of Tribal Nations in IRWM Planning**

We appreciate that DWR has recognized the importance of collaborating with the tribes to address tribal water resources during IRWM planning. Although “improve[ing] tribal water and natural resources” is one of DWR’s Statewide Priorities, tribal representatives in the San Diego IRWM region would like the tribes to have greater recognition in the Guidelines and PSPs.

DWR’s Guidelines, PSPs, and grant contracting should reflect tribal sovereignty. Specifically, DWR should not include requirements to follow State laws which aren’t enforceable on Tribal trust land. Perhaps setting up an alternative to follow analogous federal laws on Tribal trust land would meet the State’s needs without creating a legal issue. For example, CEQA cannot be enforced on Tribal Lands, but perhaps NEPA would be an acceptable alternative.

The tribes are also concerned that DWR continues to lump them in with discussions of DACs (see Guidelines: third bullet on page 22 of and Table 8 on page 81). Input from local tribal representatives indicates that many of these groups do not wish to be categorized along with DACs, as they are sovereign nations that may or may not contain disadvantaged residents. Please consider modifying the Guidelines to remove instances in which DACs and tribal organizations are inappropriately categorized as similar organizations.

## **Conclusion**

Again, we appreciate the opportunity to comment on the draft IRWM Grant Program Guidelines and PSPs, and we are looking forward to continuing to work with DWR on development our IRWM program.

Sincerely,

### **San Diego Regional Water Management Group**



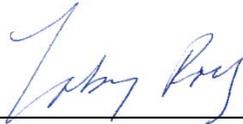
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Kathleen Flannery, Land Use and Environment Group Finance and HR Director  
**County of San Diego**



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Marsi Steirer, Deputy Director, Long-Range Planning and Water Resources Division, Public  
Utilities Department  
**City of San Diego**



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Toby Roy, Water Resources Manager  
**San Diego County Water Authority**

Cc:

### **San Diego Regional Advisory Committee**

#### **Regional Water Management Group**

- Kathleen Flannery, LUEG Finance and HR Director, County of San Diego (chair)
- Marsi Steirer, Deputy Director of Water Policy and Strategic Planning, City of San Diego
- Ken Weinberg, Director of Water Resources, San Diego County Water Authority

#### **Retail Water Entities**

- Michael Bardin, General Manager, Santa Fe Irrigation District
- Linden Burzell, General Manager, Yuima Municipal Water District
- Jim Smyth, General Manager, Sweetwater Authority
- Mark Umphres, Director of Water Quality and System Operations, Helix Water District
- Cari Dale, Director of Water Utilities, City of Oceanside

**Water Quality**

- Albert Lau, Director of Engineering and Planning, Padre Dam Municipal Water District
- Mike Thornton, General Manager, San Elijo Joint Powers Authority
- Kirk Ammerman, Principal Civil Engineer, City of Chula Vista
- Anne Bamford, Industrial Environment Association

**Natural Resources and Watersheds**

- Lynne Baker, Executive Director, San Dieguito River Valley Conservancy
- Doug Gibson, Executive Director, San Elijo Lagoon Conservancy
- Rob Hutsel, Executive Director, San Diego River Park Foundation
- Megan Cooper, Project Manager, California Coastal Conservancy
- Judy Mitchell, District Coordinator, Mission Resource Conservation District
- Kathy Viatella, Senior Project Director, The Nature Conservancy

**Members At Large**

- Linda Flournoy, Sustainability Consultant, Planning & Engineering for Sustainability
- Travis Pritchard, Water Quality Lab Coordinator, San Diego CoastKeeper
- Rob Roy, La Jolla Band of Luiseno Indians
- Dave Harvey, Rural Community Assistance Association
- Eric Larson, Executive Director, Farm Bureau of San Diego County
- Richard Pyle, San Diego Regional Chamber of Commerce
- Shelby Tucker, Regional Planner, San Diego Association of Governments
- George Loveland, Board Member, SD Regional Water Quality Control Board
- Khalique Khan, U.S. Department of the Navy, Camp Pendleton
- Iovanka Todt, Floodplain Management Association

**Non-Voting Members**

- Laurie Walsh, San Diego Regional Water Quality Control Board
- Greg Krzys, U.S. Bureau of Reclamation
- Perry Louck, Rancho California Water District (Tri-County FACC)
- Marilyn Thoms, County of Orange (Tri-County FACC)