



August 23, 2012



California Department of Water Resources
Division of Integrated Regional Water Management
Financial Assistance Branch
Post Office Box 942836
Sacramento, CA 94236-0001
Attention: Zaffar Eusuff



Submitted Electronically: DWR_IRWM@water.ca.gov

SUBJECT: COMMENT LETTER - PROPOSITION 84 & PROPOSITION 1E 2012 DRAFT GUIDELINES, DRAFT PROPOSAL SOLICITATION PACKAGE PROPOSITION 84 IMPLEMENTATION ROUND 2 FUNDING PROGRAM, AND DRAFT PROPOSAL SOLICITATION PACKAGE PROPOSITION 1E STORMWATER FLOOD MANAGEMENT FUNDING PROGRAM

Dear Mr. Eusuff:

The Regional Water Management Group (RWMG) of the Upper Santa Margarita Watershed (USMW) Planning Region is pleased to provide you with comments on the Department of Water Resources (DWR) Proposition (Prop) 84 & Prop 1E Draft Integrated Regional Water Management (IRWM) Guidelines, Prop 84 Draft IRWM Implementation Grant Round 2 funding program, and Proposition 1E Draft IRWM Stormwater Flood Management funding program. DWR's efforts to encourage integrated solutions for regional water management continue to benefit the state and the USMW Planning Region.

The following presents our comments:

1. Streamline Implementation Grant Application in Non-Competitive Funding Areas

The Prop 84 Implementation Grant application requirements should be streamlined for non-competitive Funding Areas. While we agree with DWR's efforts to ensure funding of truly integrated water resources projects, to continue the process of extensive scoring and ranking of proposals in non-competitive Funding Areas expends valuable resources that could be better applied to development of key projects. Prop 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."

DWR should consider refining the Guidelines and Proposal Solicitation Package (PSP) to 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. A streamlined grant application for non-competitive Funding Areas could be limited to 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.

As you are aware, the Tri-County Funding Area Coordinating Committee (FACC), which includes all three regions within the San Diego Funding Area, has an MOU adopted by all nine RWMG agencies that outlines a full commitment to inter-regional coordination, development of cross-watershed projects, and equitable allocation of the Prop 84 bond funding. This arrangement has been very successful and used as an example across the state. Each Tri-County FACC IRWM region's grant application has been and will continue to be aligned with the agreed-upon allocation, and for the upcoming Round 2 Implementation grant opportunity, will not exceed the maximum and will not be competitive among the Tri-County FACC IRWM regions. This mutual agreement enables 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 everyone's workload, together with DWR, focusing time and money on implementation of well-qualified, high-priority projects.

2. Expanding Implementation Grant Project Eligibility

We appreciate and support DWR for including the two exceptions to project eligibility criterion (process to be included on a region's project list): 1) projects that directly address a critical water quality or water supply issue in a DAC; and 2) urban water suppliers implementing best management practices (BMPs) as described in the 2012 Guidelines. In addition, the opportunity for DACs to put forth studies, engineering design and specifications, and needs assessments where a critical water supply or quality issue is perceived but specific needs still need to be assessed. These exceptions will definitely encourage and enhance a region's ability and opportunity to develop much-needed projects.

In addition, many regions continue to have excellent implementation projects outside of a DAC that could move forward with assistance from grant funding to conduct a little more planning, additional research and development, or a pilot project that demonstrates the value and benefits of a full implementation project. If a new category were to be added to the "Eligible Project Types" (pgs. 15-16) in the 2012 Guidelines, this would allow the necessary efforts to develop sound, integrated projects that align with goals of the IRWM program. It would encourage integration and development of unique and creative projects that help to meet the objectives of the IRWM program, statewide objectives, and region-specific needs. We believe DWR should consider studies, engineering design/specs, needs assessments, research and development and pilot/demonstration projects for all eligible project proponents, not just DACs, and for all project types, not just BMPs.

3. Scoring Qualitative Benefits in Economic Analysis

The USMW RWMG is concerned with DWR's criterion that "scoring will be based on the magnitude of benefits and quality of analysis" (Draft Implementation Grant PSP, page 29). According to the PSP, if an application includes DAC projects, these projects may be scored with a Cost Effectiveness Analysis that "evaluates whether the physical

benefits provided by the project are provided at the least possible cost, or not” (Draft Implementation Grant PSP, page 23). Our primary concern is how to rectify DWR’s scoring criteria, which rely on the magnitude of benefits, and DWR’s inclusion of a cost effectiveness analysis for DAC projects that does not monetize benefits provided by such projects. It appears including DAC projects may negatively impact an IRWM Region by receiving less points under the Benefits and Cost Analysis (BCA) evaluation section, as these projects will not have calculated benefits. Please clarify or reconsider the manner in which the BCA scoring is completed, and particularly take into consideration how DAC projects might reduce a BCA score.

4. Eligible Projects within an Adopted IRWM Plan

The USMW IRWM Plan was adopted in 2007 in compliance with DWR’s original IRWM Guidelines. Please clarify in the Prop 1E Stormwater Flood Management PSP (Section II.B., page 6-7) that projects must be included in an IRWM Plan that “addresses all Plan Standards, as listed in the IRWM Guidelines that were final at the time of adoption (i.e., 2006, 2010, or 2012 Guidelines).” Currently, the PSP states only 2010 or 2012 Guidelines.

5. Cost and Complexity of Implementation Grant Application

While we appreciate that DWR has consolidated the economic analysis into fewer attachments than were required in Round 1 of both Prop 84 and Prop 1E funding, we do not believe that this consolidation will substantially reduce the costs or effort required to prepare an application. Rather, it seems as though IRWM regions (for Prop 84) or individual applicants (for Prop 1E) will have to undergo the same costly economic analysis as was required in Round 1. The cost of developing the information required for an application is prohibitively expensive for many DAC organizations and non-governmental organizations (NGOs), which are essential to our IRWM programs.

Preparation of the newly added Technical Justification attachment (Attachment 7), in both the Prop 84 and Prop 1E PSPs, may be complicated and time consuming. DWR’s proposed timeframe for submission of the Prop 1E Stormwater Flood Management grant applications (October – December 2012) may not be feasible to complete such studies, particularly the flood risk reduction analysis, if they are not already in progress.

DWR should consider substantially reducing the technical justification and economic analysis required in both the Prop 84 Implementation Grant and Prop 1E Stormwater Flood Management PSPs, particularly for Funding Areas that have established formal funding agreements and do not directly compete for Implementation Grant funding. In accordance with PRC §75028(a), once an IRWM Region has prioritized and approved its project list, additional economic analysis, or at least such an extensive analysis, and assessment of impacts and benefits should not be necessary. Development and review of these materials is time consuming and overly burdensome on DWR, local RWMGs, and individual applicants. Instead, a summary of economic benefits could be presented demonstrating the region has done its due diligence in selecting a project for submission for grant funding.

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The USMW Regional Water Management Group appreciates the opportunity to provide comments on these important and driving documents of the IRWM Program. We look forward to successful rounds of IRWM funding in the coming months and years.

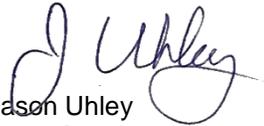
Please contact Denise Landstedt, Senior Water Resources Planner, Rancho California Water District, at landstedtd@ranchowater.com or (951) 296-6916 with any questions.

Sincerely,

**RIVERSIDE COUNTY UPPER SANTA MARGARITA WATERSHED
REGIONAL WATER MANAGEMENT GROUP**



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