Cosumnes, American, Bear & Yuba River
Integrated Regional Water Management

American Basin Council of Watersheds
American River Recreation Association
American River Watershed Group
American River Watershed Institute
American Rivers
Bear River Watershed Group
California Outdoors
City of Colfax
City of Nevada City
County of Placer
County of Sierra
Dry Creek Conservancy
El Dorado County Resource Conservation District
El Dorado County Water Agency
El Dorado Irrigation District
El Dorado National Forest
Fire Safe Council of Nevada County
Friends of Deer Creek
Georgetown Divide Public Utilities District
Georgetown Divide Resource Conservation District
Gold Country Fly Fishers
Grizzly Flats Water District
Mountain Counties
Natural Heritage Institute
Nature Conservancy
Nevada County Resource Conservation District
Nevada Irrigation District
North San Juan Fire Protection District
Northern CA Council Federation of Fly Fishers
Placer County Resource Conservation District
Placer County Water Agency
Protect American River Canyons
Sierra Club Mother Lode Chapter
Sierra Fund
Sierra Nevada Alliance
South Yuba River Citizens League
Tahoe National Forest
Upper American River Foundation
Washington County Water District
Wolf Creek Community Alliance
Yuba / Bear Watershed Council

April 23, 1010

Mr. Joe Yun
Division of Integrated Regional Water Management
California Department of Water Resources
PO Box 942836
Sacramento, CA 94236-0001

*Sent via electronic mail*

**Re: Comments on Prop. 84 Draft Program Guidelines and Planning & Implementation PSPs**

Dear Mr. Yun:

The Cosumnes American Bear Yuba (CABY) Regional Water Management Group is writing to provide comment on the Integrated Regional Water Management Program Guidelines and Proposal Solicitation Package (PSP) Guidelines, as published in March of 2010.

We greatly appreciate the staff time and effort that went into the creation of these new Proposition 84 grant funding documents, and are well aware of the labor and level of thinking involved in developing these guidelines. Our comments in no way diminish the high level of thought and dedication brought to bear by DWR staff. We appreciate the attempt to balance divergent interests and priorities of IRWMs across the state, within the bounds of the enabling legislation and the exigencies of the current economic situation.

In addition to a careful review of the documents by CABY staff, we have participated in a variety of conference calls discussing the guidelines and PSPs. These calls included the Round Table of Regions (RTOR) members from the state-wide IRWM community, and the Sierra Water Work Group, which represents IRWM efforts in the Sierra Nevada. The CABY governing body/RWMG, the Planning Committee, has discussed the PSP and guidelines and our staff has outreached directly to IRWM RWMGs across the state through meetings and phone conversations.

With this perspective in mind, CABY provides two types of comments, both detailed and "big picture":

- Our "big picture" comments follow on page 2.
- Our detailed comments are included in this letter on pages 6 and 7 as **Attachment 1—CABY Comments on the Prop 84 Guidelines and PSPs**.

**Source Area Concerns**

The Sierra Nevada source area contributes some 60% of California's water. This area, then, is a key component of any future water planning on a state-wide basis. The ability of the Sierra region IRWMs to collaborate and reach across boundaries to tackle issues in a coherent and integrated manner is of paramount importance to the state as a whole. CABY is very concerned that the source area issues associated with watershed stewardship, regional responses to climate change, management of extensive hydroelectric and water storage and conveyance facilities, the capacity to serve growing local populations, and export of critical agricultural, industrial, municipal and environmental water, be reflected as having direct merit and value within the IRWM community.

> ***Comment:*** The Planning Grants should specifically allow for the use of planning funds to enhance, establish, expand and support inter-IRWMP and regional-scale discussions in support of developing and engaging a dialogue covering Sierra water management, operations and export (such as Sierra Water Work group participation and activities, as well as other less formal activities and conversations).

**Constrained Financial Times and the Future of IRWM**

All across the CABY area, and the Sierra region as well, governments, agencies and organizations are laying off staff, cutting budgets and reducing levels of services. Against this backdrop, the costs of sustaining IRWM participation are becoming increasingly difficult to cover.

When faced with laying off sheriffs and emergency responders, many governments are simply unable to justify allocating funds to integrated water management planning, no matter how important to the long-term picture of the region. Regional non-profits have been especially hard hit by the bond freeze, along with a sharp drop in Foundation and donation funds, and have lost staff and institutional capacity with no real options for replacement. Agency staffs are being asked to cover more tasks with reduced budgets and in some cases are being directed to cease all collaborative activities as a cost-saving measure.

Costs to sustain IRWM include administrative, overhead, direct expenses, staffing and other costs that (while useful as a match) must be allocated from shrinking budgets and tightened reserves.

CABY fears that many Sierra IRWMs will become inactive due to lack of support funds and, further, will not be able to bear the costs associated with proposal preparation (for perspective - several urban IRWMs spent over $500,000 on their ***applications*** for Prop 50 funds alone). In many cases, the availability of Planning Grant funds will be the deciding factor in whether an individual IRWM will be able to survive into the coming years.

> ***Comment:*** Allow all proposals to ask for, and receive, up to 10% management and administrative funding and, in the case of Disadvantaged Communities (DAC), allow the percentage to be up to 100% of these costs.

***Comment:*** Expand the definition of allowable planning and implementation grants to include a higher percentage of direct expenses associated with grant administration and implementation, travel time and expense (In the Sierra many people must drive 2 to 3 hours just to attend a meeting), regional capacity building and other similar costs, in addition to administrative costs.

***Comment:*** Allow the costs of proposal preparation to count as a match for DAC communities and projects.

***Comment:*** Include regional capacity building and on-going RWMG participation both as allowable match activities and also as specific line items in grant funding applications (both for Planning Grants and, where relevant, Implementation Grants).

**Equity in Dispersal of Planning Grant Funds**

CABY is cognizant that the "emerging IRWMs" need an increased level of Planning Grant support when compared to those areas which are seeking to update an existing plan. We are also aware that many of the new IRWM groups are located in areas that can be categorized as DACs. We are in favor of a waiver for the 50% match for DACs and (in light of the overall financial condition of the state) a reduction to a 25% match for other IRWM grants.

However, we are also aware that many IRWMs (CABY included) have spent considerable time and effort on keeping their IRWMPs up to date and want to be able to continue these activities to be consistent with the new guidelines. Further, previous experience would suggest that large, urban, coastal IRWMPs will be able to field the most elaborate and competitive grants – due to the constrained resources of DAC (and non-DAC) mountain county and inland regions.

Additionally, the Sacramento Funding Region has been conducting inter-regional meetings for almost two years in an effort to foster collaboration amongst the groups in our region and to address issues of equity of funding. As a region, we have developed methods and strategies that will enable us to maintain the spirit of competition for grant funds, while also ensuring that all efforts that can "make the grade" will receive funding. This investment of time and intellectual capital will be completely ignored if funding is allocated on a state-wide level with, once again, the smaller and less affluent IRWMs losing out.

***Comment:*** Reduce the match for non-DAC Planning Grant applications to 25%

***Comment:*** Allow for a waiver of all match funds for DAC community IRWM Planning Grants, but set a cap for 'match-free funding' at $200,000. To receive any additional funds, the DAC communities would need to show a match commensurate with the match required of other planning efforts (i.e., 25%, per our suggestion above).

***Comment:*** Expand definition of "match activities" to include IRWM-initiated regional outreach and coordination, regional capacity building workshops/activities undertaken by RWMGs, inter-IRWMP project development activities, intra/inter-funding area IRWMP coordination, incremental updates to IRWMPs per their IRWMP-defined process, and other such activities undertaken after 9/30/08.

***Comment:*** Allocate planning grants by region rather than state-wide and set a cap for such funds in this first round ***by region***.

***Comment:*** Do not restrict planning funds to emerging areas only but, instead, allow for funding area negotiations and agreements to determine a reasonable allocation of planning funds within any given region.

**Definitions of Disadvantaged Communities**

CABY, in common with many rural IRWMs, has large populations of disadvantaged people who do not live in discrete geographic areas which are captured by census data. For example, in the CABY region, approximately 1% of our population is of Native American ancestry. Seventy percent of Native American children in the Placer County school district (for example) are in the "free or reduced lunch program", indicating their families meet the mandated poverty rate. State-wide the median household income for Native Americans is $31,799, with 25.9% poverty rate overall. Yet, because our Native American citizens do not live in a single area but, rather, are living across the region, they do not "show up" as a disadvantaged population using census tract data.

***Comment:*** Allow for Native American and other disadvantaged peoples to be served with projects that are targeted at their specific demographic, if it can be demonstrated that the proposed project or planning effort will, in fact, serve their population directly. Documentation can be a verifiable and systematically derived combination of census data, CA State Department of Finance or Ca Department of Education data.

**Economic Analysis/Water Quality and Other Expected Benefits**

During the last round of Prop 50 grants many IRWM groups incurred considerable expense by having their economic and benefits sections completed by professional consultants. CABY spent over $30,000 on such an effort during the last round. We are concerned, upon reading the PSP for Implementation Grants, that the level of technical work expected will again necessitate the hiring of specialists – despite the previous assurances of DWR staff that hiring these sections out was not necessary and that "any IRWM" could complete such work with some technical assistance from DWR.

CABY cannot afford to hire this work out. Neither does CABY have the expertise in house. Conversations across the state indicate that this same issue is relevant to many IRWMs and all are expecting that, once again, the urban water RWMGs will be able to subcontract this work and the less affluent regions will not – thus diminishing funding opportunities for many regions, CABY included.

Additionally, the analysis evaluation criteria make it clear that the "bigger the benefit, the higher the score". Yet, for rural regions and DACs, the total population served and net dollar value of project benefits is necessarily, and in some cases substantially, lower than those of large urban areas. This puts an intrinsically lower priority on rural projects and projects that might address natural resource priorities which are traditionally difficult to quantity.

DWR has indicated that the scoring for Implementation Projects in the economic and water supply benefits sections will be weighted based on the level of benefit (page 24, Table 5). This strategy virtually

assures that no projects from rural regions will be competitive, as they will not be able to match the high-dollar value (i.e., "high levels of benefits") when compared to urban projects that have service areas of 100's of thousand of connections and customers. Further, in funding areas where urban IRWMs will be in direct competition with rural IRWMs, this imbalance will assure that the rural (and therefore many source area IRWMs) will be non-competitive.

> ***Comment:*** Provide direct and detailed training to IRWM staff and member organizations as to the specifics of accomplishing the economic and benefit analysis without needing to resort to outside consultants. If no such support can be provided then either these requirements should be eliminated, funds should be allocated to support the provision of this data by regions that would otherwise not have the resources to complete the analysis, or reduce the complexity of the analysis and the revise the scoring framework so that all areas of the state can be on equal footing when preparing these documents.
>
> ***Comment:*** Develop a score weighting-factor or formula to enable rural and DAC projects to remain competitive within the economic benefits framework.

This concludes our comments on the Draft Prop 84 IRWM Program Guidelines and Planning and Implementation Grant PSPs. Please refer to Attachment 1 for additional, more document specific comments.

We appreciate the opportunity to comment on the Prop 84 documents. We hope that we might continue the dialogue as you work to assimilate and reconcile the myriad, mutually exclusive and divergent comments you will, no doubt, receive.

Sincerely,

KATIE BURDICK

Katie Burdick

CABY Executive Director

[Note: this is a PDF document that has been sent to DWR as an electronic document, via email. A signed hard copy has also been sent via USPS directly to DWR]

*Attachment 1—*

*CABY Comments on the Prop 84 Guidelines and Planning and Implementation PSPs*

**Program Guidelines (page 31) and Implementation Grant PSP: Disadvantaged Communities/DAC (pages 10, 57)**

- Please expand your definition of a Disadvantage Community to include a demographic group that meets the income criteria (e.g., Native American, Hispanic), rather than a geographic location.
- Many rural areas contain small communities that are clearly disadvantaged but that do not show up in a discrete census district. Please describe the specific and appropriate mechanism/technique to use in determining a community's status, in light of the requirement that all DAC within a region be identified using the same criteria? In other words, explain how an IRWMP document should determine such a community's status?
- Please expand your text to indicate how, exactly, one identifies the benefits accruing to a DAC (i.e., units of measurement, establishment of boundaries, changes in levels of service, quantifying benefits that accrue to the community through improving water supply or natural resource values, etc)?

**Program, Guidelines (page 18): Projects requesting Proposition 84 IRWM Implementation funding**

- On Program guidelines, under the heading of "Projects requesting Proposition 84 IRWM Implementation funding," page 18 paragraph 3, first bullet: re: location of a project proposed by one IRWMP but performing work in another funding area– to which IRWMP does the phrase "their" relate… the applicant's IRWMP or the IRWMP in which the project/work is actually located?

**Program Guidelines (page 11): Maximum Grant Funding**

- What is the overall Prop 84 cap for Planning Grants for each funding area (as a % of total)?
- Of the total funds allocated to any given funding area (e.g., the Sacramento River Funding area at $73 million), how much of those funds will be used by DWR for administrative costs and what will be the available balance for distribution to the region?
- Please repost, on the DWR/IRWM web page, the ranking scores and evaluation narrative for the IRWM plans (and implementation projects as well) from Prop 50 Round 1 and Round 2.
- The Planning Grants should be awarded on a regional rather than state-wide basis, with a set allocation for each region
- DAC proposals (either planning or implementation) should be allowed to include a full 100% in administration rather than the current 5% limit, with non-DACs receiving a 15% cap on billed funds
- The scope of Planning Grants should be expanded to allow for formal (and compensated) inter-IRWMP, regional scale planning (e.g., mercury, fish, TMDLs, etc)
- Eligible planning activities should be expanded to include project development, formation of regional work groups, conducting regional forums aimed at building inter- and intra-IRWMP

collaboration at the plan level, etc

- In light of Lester Snow's comments that "no IRWMP should be left behind" it is imperative that rural IRWMPs be allocated a fair share of planning funds, as well as implementation for projects that are regionally significant but that look less important or impactful when compared to large-scale urban projects and planning efforts. IRWMPs that are made up of small communities often have great capacity to create integrated projects across a region because their small projects can so easily be made stronger through partnerships. This kind of region-wide planning is also often very challenging for some IRWMPs because of their lack of capacity. These integration activities should be encouraged and supported financially in the form of planning and implementation grants.

**Implementation PSP (page 10, Funding Match) and Attachment B (Budget, pages 29 - 32)**

- On page 10 (under the header "Funding Match, last sentence) of the Implementation PSP there is a reference to Attachment 11 and an Exhibit F. These appear to be mislabeled and should be Attachment 12 and Exhibit G.
- There is no specific guidance in Attachment B (pages 29 – 32) as to what is required in terms of documentation or "proof" re: request for funding match waiver (as mentioned on pg 18, last sentence of paragraph 3). Is it appropriate to assume the documentation that is referenced in program guidelines in Exhibit G, Step A is the desired documentation?