



MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

5 HARRIS COURT, BLDG. G
POST OFFICE BOX 85
MONTEREY, CA 93942-0085
(831) 658-5600 • FAX (831) 644-9560 • <http://www.mpwmd.dst.ca.us>

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

April 23, 2010

Subject: Comments on Integrated Regional Water Management (IRWM) Grant Program Guidelines and Proposal Solicitation Packages for IRWM Implementation and Planning grants funded by Propositions 84 and 1E

Dear Mr. Yun:

On behalf of the Regional Water Management Group for the Monterey Peninsula, Carmel Bay, and South Monterey Bay Integrated Regional Water Management (IRWM) planning region, we would like to express appreciation for the set of draft guideline prepared by you and the Department of Water Resources (DWR) team and released in March of this year. They are comprehensive and well crafted. Based on review and discussions with the five other members of the Central Coast funding area and with other planning regions throughout the State, we provide the comments below.

General Comments

Compared with Prop. 50 IRWM plan standards, DWR is proposing to require greater amounts of project information and is setting higher standards for data management and analysis, outreach to disadvantaged communities, responsibility for plan implementation, and coordination with local planning entities. In addition, new requirements concerning economic analysis and global climate change analysis have the potential to burden planning regions with costly studies.

The apparent level of effort (and corresponding resources) necessary to update a suite of projects, re-write an IRWM Plan, implement an IRWM Plan, and maintain the IRWM process may discourage smaller organizations, such as volunteer groups and non-profits, and some communities, particularly Disadvantaged Communities (DACs) from proposing projects and participating in the IRWM program.

Schedule for release of Proposal Solicitation Packages and Grant Applications

We urge you to consider a somewhat longer and staggered schedule for initiating Prop. 84 planning and implementation grant rounds and a Prop. 1E stormwater grant round. Although many areas in the State of California could benefit economically from accelerating the disbursement of funds, a measured approach for receiving grant applications that takes into account the limited resources that some planning regions can devote to preparing grant applications would be appreciated. In particular, the period for more complex applications, such as the one proposed for Implementation Grants, should be revised from the range of 6 to 8 weeks to a range of 12 to 16 weeks. In addition, we recommend that the due dates for grant application not coincide. There should be a minimum of six weeks between due dates for grant applications.

DWR should balance the level of effort involved in developing and maintaining an IRWM process and making successful grant proposals with the risks associated with a competitive environment for funds. The proposed guidelines appear to increase the level of effort needed while maintaining a significant risk to agencies that projects may receive little or no funding.

Comments on Draft Program Guidelines

Page 12 Section F

Will acknowledgement and commitment to implementing Program Preferences be enough, along with a discussion of an evaluation process or will a detailed demonstration be expected

Have recreation projects been deliberately left out of the Prop 84 project discussions? Will water related recreation projects be considered on equal basis?

Pages 13, 22

Climate change discussion in IRWM Plans could prove to be a work intensive item. Duplication among closely spaced regions would be wasteful. We strongly suggest that DWR provide funding area-wide grants to prepare a common analysis for multi-region funding areas such as the Central Coast.

Page 34 – Reimbursable Costs

“f. Purchase of water supplies; “

We suggest the language referring to purchasing of water supplies be restructured so as to allow importation of new supplies for one of two distinct primary benefits:

1. Imported water to restore the hydraulic balance within a groundwater basin.
2. Imported water to restore the balance of salt loading with a groundwater basin management system.

In addition, we request the DWR consider increased permanent allocations within existing contract terms as an acceptable use of implementation grant resources

Mr. Joe Yun
April 23, 2010
Page 3 of 8

“h. Support of existing agency requirements and mandates;”

Please clarify whether State-mandated projects are eligible (e.g., by SWRCB, Superior Court, or other judicial or quasi-judicial entity) for reimbursement. For example, DAC projects to address critical water quality issues may be as a result of RWQCB order or mandate. Are projects that would partially or fully address a State order eligible for funding?

Page 36

Will Appendix C become the final guidelines for development of IRWMP?

General comment on Appendix C

DWR is setting higher IRWMP standards through the proposed guidelines. Examples include more data management and analysis, substantial economic analysis and more detail on who implements plan as well as how the plan is to be implemented. We have concerns that the level of effort associated with these and other requirements would serve to limit what could/would be put in any plan and would potentially reduce the diversity of the participants. In particular, the higher level on analysis required of projects would tend to discourage inclusion of conceptual projects and long term plans to address emerging concerns. This limitation would reduce the utility of the IRWMP to support other grant applications.

In addition, we urge DWR to reduce the level of effort necessary to prepare acceptable economic analysis as proposed in both the IRWM standards and in the application guidelines.

Page 51 Sections G

Please clarify the meaning of the following sentence: “As part of the project review process, the project costs need to be presented for consideration of inclusion as a viable project.” Is this intended to mean that a project review process should include consideration of project costs as one factor in determining the viability of a project?

Page 64 Relation to Local Land Use Planning

The requirement to demonstrate reciprocal communication and coordination between water management organizations and planning organizations could be onerous, especially in planning regions with a large number of planning entities. The previous section “Relation to Local Water Planning” adequately addresses the need to incorporate local planning efforts into an IRWM Plan. We recommend that the “Relation to Local Land Use Planning” be revised so that IRWM Plan developers consider whether reciprocal communication is feasible and what actions could be taken to encourage reciprocal communication. We agree that, at a minimum, all local land use planning organizations should be informed of the development and adoption of an IRWM Plan and invited to give input and that an effort to communicate to planning agencies should be documented.

Mr. Joe Yun
April 23, 2010
Page 4 of 8

Comments on Draft Planning Grant Guidelines

We believe a 50% match for planning grants may be unreasonable, particularly for areas that have received no prior grants. Thus we suggest that, at a minimum, DWR reduce the match for Planning Grants to 25% for those areas that have not received state financial support previously (i.e. a Proposition 50 planning grant). This would be both equitable and likely extend the benefits of Planning Grants to more regions.

Page 5 Section II B

Could you expand on what planning tasks are eligible for funding through a Planning Grant? Which of these categories would be eligible?:

- Ground-water storage modeling or investigations of ground-water banking and retrieval of freshwater, stormwater, or recycled water;
- Winter storm operations and optimization of downstream releases for fish habitat?

Page 8, Table 2

We strongly suggest a minimum of 10 weeks for development of the Planning Grant application. Since several key elements of the guidelines affect the scope and focus of the use of Planning Grant funds, we suggest DWR hold a minimum of 3-4 workshops as early in the process as possible in order to discuss planning grant applications in detail.

Page 9 First line

Why are both electronic copies and paper copies necessary?

Page 9 Bottom paragraph

It is unclear how these supplemental materials are relevant to a Planning Grant.

Page 12 Application questionnaire, .01, Project Description

This language seems more appropriate for an Implementation Grant. Perhaps this should be titled "Proposal Description."

Page 13, section A

This new process seems confusing. (See earlier comment.)

Page 17, AB 1420 compliance

Is it necessary to submit this information if there are no urban water suppliers that would receive grant funds?

Page 17, last paragraph

Do the extra points count as "extra credit?" It appears that regions that have included many of the IRWM Program Preferences in their IRWM Plan face an unfair handicap compared with

Mr. Joe Yun
April 23, 2010
Page 5 of 8

regions that did not adequately address these with plans developed under Prop. 50 IRWM Guidelines. Also, the draft Grant Program Guidelines include eight Program Preferences, but the scoring criteria for Planning Grants allow one point for each Program Preference up to a maximum of 10 points. Are some Program Preferences weighted more than others?

Page 18

It seems, given the nature of the scoring, the weighting factor for schedule is too high. Meeting deadlines is a mandate. Each Region should be presumed responsible for meeting the deadlines.

Comments on draft Implementation Grant Program guidelines

We strongly suggest a minimum of 12 weeks for development of the Implementation Grant application. Since several key elements of the guidelines affect the scope and focus of the use of Implementation Grant funds, we suggest DWR hold a minimum of 3-4 workshops as early in the process as possible in order to discuss implementation grant applications in detail.

Page 9

Is the impression that 10% of funding in an area and/or Region must go to DAC projects correct?

Page 9, Section III, first funding target

What baseline is used to determine the 20% reduction target? Some planning regions, such as those along the Central Coast, began implementing comprehensive water conservation programs in the late 1980's that have dramatically reduced per capita water consumption when compared with other regions that have only recently begun such programs.

Page 10

Do SRF funds qualify as matching funds?

Page 10

Is there a distinction between State agency budget line items and other funding sources in qualifying for match? How may applicants determine which could be used as the source of project funding match?

Page 10

Do Federal ARRA funds ("stimulus") qualify as a match?

Page 21, Attachment 13, paragraph 4

Term "Both certification documents" is unclear. (It appears both 1) AB 1420 and 2) Water Meter Compliance is due for each project.)

Mr. Joe Yun
April 23, 2010
Page 6 of 8

Page 22 table 5, Funding Area Balance Points

Could you clarify what the following term means “developmental state of IRWM planning regions in a funding area.” What criteria will be used to determine the state of development? Does this apply to each planning region within a funding area or to the entire funding area? Does the term “existing IRWM grants active” mean Prop 50 grants, whether or not they have been completed?

Page 24, Monitoring, Assessment etc

If BP is applicable, is demonstration of consistency with the Basin Plan to be included in the application for each project? If so, at what level of detail?

Page 24

The scoring of water supply projects seemed high since Prop. 84 and enabling legislation did not emphasize water supply.

Page 24 Economic Analysis

Whether DWR is focused on the quality of demonstration vs. actual benefit(s) of project is not clear. Specifically what are the points awarded for a good project versus a good economic analysis?

Page 25

Why are a few preferences called out specifically for higher weighting (see right hand column, top and second boxes)?

By what date is CEQA compliance necessary: grant application submittal, contract, or at the time of the each projects' implementation?

Are consultant fees incurred after 9/30/08 eligible for matching funds (criteria, feasibility, IRWMP reporting etc) for implementation grants and/or planning grants?

Page 34

The discount rate of 6% seems high. Is this intended to be a nominal rate for comparison among projects? Please note that the Federal Reserve discount rate for more than 20 years after the start of the Great Depression was fixed at or below 2% (1934-55). It would appear that, given the state of the overall U.S. economy and the California economy, in particular, that interest rates may be held down for several years.

Page 48

Can environmental benefits be factored into this element of the analysis?

Page 57 (Exhibit G)

Mr. Joe Yun
April 23, 2010
Page 7 of 8

There is a need to clarify the nature and process of allocation of grants to DACs. Will DAC funding need to follow the % funding allocated for each funding area (such as the Central Coast) or will the allocation be counted at the Region level?

If you have any questions or comments, please contact Larry Hampson, Senior Water Resources Engineer at (831) 659-2543.

Sincerely,

A handwritten signature in black ink that reads "Larry Hampson". The signature is written in a cursive, flowing style.

Larry Hampson, Senior Water Resources Engineer

Cc: Regional Water Management Group (see attached distribution list)

| <U:\mpwmd\IRWM\Prop84\Mont Pen area comments20100423.doc>

Mr. Joe Yun
April 23, 2010
Page 8 of 8

Regional Water Management Group
Big Sur Land Trust
Donna Meyers
3785 Via Nona Marie, Carmel 93923
831-625-5523
Web address: www.bigsurlandtrust.org
Email: mail@bigsurlandtrust.org

City of Monterey
Tom Reeves, City Engineer
Mail Address:
City of Monterey
City Hall
Monterey, CA 93940
Tel: (831) 646-3920 FAX: (831) 646-3467
Web address: <http://www.monterey.org/>

Monterey County Water Resources Agency
William L. (Bill) Phillips, Deputy General Manager
P.O. Box 930
Salinas, California 93902
Tel: (831) 755-4896 FAX: (831) 424-1098
Email: phillipsb@co.monterey.ca.us
Web address: <http://www.mcwra.co.monterey.ca.us/>

Monterey Peninsula Water Management District
Larry Hampson, Senior Water Resources Engineer
E-mail address: larry@mpwmd.dst.ca.us or
Andrew M. Bell, District Engineer
E-mail address: andy@mpwmd.dst.ca.us
5 Harris Court, Bldg. G
P.O. Box 85
Monterey, California 93942-0085
Tel: (831) 659-2543 FAX: (831) 659-2598
Web address: <http://www.mpwmd.dst.ca.us/>

Monterey Regional Water Pollution Control Agency
Brad Hagemann, P.E.
Assistant General Manager
5 Harris Court, Bldg D.
Monterey, California 93940-5756
Tel: (831) 883-6133 FAX: 831) 372-6178
Web address: <http://www.mrwpc.org/>