



April 23, 2010

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

Dear ~~Mr.~~ ^{Joe} Yun:

The Regional Water Authority (RWA) appreciates the opportunity to comment on the draft Integrated Regional Water Management (IRWM) Grant Program Guidelines and Proposal Solicitation Packages (PSPs) released by DWR in March 2010. In response to these documents, we have the following comments:

- 1. The requirements outlined in the guidelines and PSP may hinder the continuous evolution of IRWM plans that has been one of the hallmarks of many regional efforts and of the state's program.**

The Guidelines state:

"If an IRWM plan is silent on procedures to update the implementation project list, the applicant is limited to projects contained in the plan at the time of adoption."

Some currently adopted plans were completed as early as 2006, based on IRWM guidelines released by DWR in November 2004. Significant improvements have occurred over the past four years, including involvement of additional stakeholders, improvements in governance (as approved in Regional Acceptance Process (RAP) applications), expansion and clarification of objectives, and development of new, improved, or more integrated projects. These developments could not necessarily be foreseen at the time of initial plan development. In fact, the 2004 DWR IRWM guidelines did not recognize the need for identifying a specific process for including new projects in an adopted IRWM. Therefore, it would be inappropriate to include this requirement for plans adopted under those guidelines.

While we recognize DWR's desire to ensure that new projects are included in a collaborative and inclusive manner, we would propose an alternate standard, that new or additional projects be added through a process that is consistent with the IRWM plan or subsequently adopted process, including, but not limited to processes outlined in an approved RAP application. DWR's stated goal of ensuring that "any grant funded project has been fully vetted," should be the measure of compliance – a performance, rather than prescriptive standard. This approach allows each region and the state to take advantage of IRWM plan

developments over the past four years. The law requires completion of an updated plan over the course of two years; and a more flexible standard for project inclusion allows regions to take advantage of their efforts toward that goal.

2. The cost share requirements for planning grants may restrict the ability of regions to develop or update their IRWM plans.

Development of a sound IRWM Plan through a thorough and inclusive process is an expensive proposition. Many regions may lack the resources to commit a 50% local cost share toward a voluntary planning process such as IRWM. In order to reach the state's goal of having IRWM Plans throughout the state, we recommend that the cost share requirement be lowered to one-quarter or one-third of total costs. A small additional investment of state funds in planning should reap large rewards in the form of better plans and projects. We understand the state's concern that the planning grant funds currently available may not meet the total funding needs of the many existing IRWM planning regions, if the state provides a greater than 50% cost share. We recommend that the state consider capping planning grants for regions with existing IRWM Plans at \$500,000 and allowing IRWM regions without an adopted IRWM to apply for up to \$1,000,000. This will provide for a higher state cost share, while still meeting the needs of all agencies requiring planning grant funding assistance.

3. The cost share requirements for implementation grants may reduce the ability of the state to leverage local funds to improve California's environment and infrastructure.

Bond funded programs for water-related projects have traditionally leveraged at least 50% and as much as 90% non-state sources of funds. Unlike for planning, local agencies are much more willing and able to provide funding for project implementation. With the current financial condition of the state, it is important to leverage local, federal, and private funds to the maximum extent possible. We recommend one of two options, either:

- A minimum cost share of 50%, as is required for the Proposition 1E storm water funding, or
- A minimum cost share of 25%, with a scoring criterion that recognizes higher cost share up to 50% or more.

4. Applicants must be given as much clarity as possible in the proposal scoring criteria, and the process should be as objective as possible to provide equal opportunity to all applicants.

Development of an application for Proposition 84 IRWM funding will be an expensive undertaking. Applicants must have complete and clear information on how the state will evaluate proposals to decide whether to apply and to maximize their chances of success. The "Funding Area Balance Points" included in the implementation grant scoring are not adequately described. A few considerations are listed, but whether they positively or negatively affect an applicant's score is not addressed. We recommend removing these purely subjective criteria from the scoring. The remainder of the criteria allows DWR adequate opportunity to identify the best proposals to fund.

5. Lack of adequate current funding should not limit grant commitments.

The state's current fiscal crisis, as well as the limited appropriation of IRWM funding resulted in relatively small allocations to each funding area for the first round of funding. In light of the expense of developing an application for funding, we recommend that DWR accept applications up to the "maximum first round allocation" shown in Table 2 of the Implementation PSP as proposed, and commit grant funds beyond the current appropriation when funds become available. Many projects will be implemented over the course of several years. The commitment of funds early, even if funds are not fully available, allows project proponents to plan for and begin implementation of more significant projects than would otherwise be the case, with the assumption that funds would be available in future years as implementation progresses, recognizing that funding is dependent on the state budget process. This commitment of funds also supports the state's desire to pass the next water bond in November of 2010.

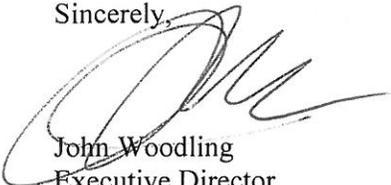
6. The Storm Water Grant PSP does not sufficiently leverage the funds to incentivize regional planning and implementation.

While DWR characterizes the Proposition 1E Storm Water program as an integral part of the IRWM program and its funding, the requirements do not do enough to encourage regional collaboration and planning. We recommend that scoring criteria be modified to give a preference to regional proposals for 1E funding submitted by or in coordination with a regional water management group. This approach would have a number of benefits, including:

- Promoting inclusion of regional flood planning in IRWM plans,
- Encouraging active involvement in regional planning efforts,
- Facilitating collaboration to maximize multiple benefits of stormwater flood management projects,
- Encouraging regional prioritization of projects, thereby reducing responsibility for DWR staff to prioritize,
- Reducing the number of applications, thereby reducing DWR workload.

Thank you for consideration of these comments and recommendations. If you have any question, please contact me at (916) 967-7692.

Sincerely,



John Woodling
Executive Director
Regional Water Authority