



Santa Barbara County Public Works Department
Flood Control  Water Agency

April 22, 2010

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

RE: DWR Draft Guidelines for IRWM Grant Program Funded by Prop 84 and Prop 1-E

Dear Mr. Yun

On behalf of the Cooperating Partners that comprises the Regional Management Group for the Santa Barbara county area-wide IRWM Region, I offer my appreciation for the excellent set of draft guideline prepared by you and the DWR team and released in March of this year. They are comprehensive and well crafted. Based on our review and discussions with the five other members of the Central Coast funding area we provide the comments below.

Our comments are provided in several sections: first general comments and then in turn comments on the Draft Program Guidelines, the Planning Grant Guidelines and the Implementation Guidelines. If there are any clarifications that would help in your utilization of these comments, please contact me at this office.

General Comments

The draft guidelines are each well organized and well written.

DWR is requiring greater amounts of project information and setting higher standards through the proposed guidelines. Examples include more data management and analysis, substantial economic analysis and more detail on who implements plans and projects. 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 addition, this level of effort may discourage smaller communities, particularly Disadvantaged Communities (DACs) from proposing projects. In particular, the higher level of analysis required of projects would tend to discourage inclusion of conceptual projects to address emerging concerns: i.e. long term planning. This limitation would reduce the utility of the IRWMP to support other grant applications.

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Further, the level of effort and risk involved in developing and maintaining an IRWM process and making successful grant proposals in a competitive environment will begin to discourage investment in the IRWP process because Regions may not view the potential return as commensurate with the effort. DWR needs to keep in mind that, in the main, RMG participants are public agencies with competing priorities.

We urge DWR to provide more time, perhaps several more weeks, between the submittal dates of the various grant applications.

Comments on Draft Program Guidelines

Page 11 Section D

How much funding will be allocated for interregional projects in Round 1?

Page 12 Section F

Do these preferences apply to Planning Grants? Will acknowledgement and commitment be enough, along with a discussion of evaluation process or will a detailed demonstration be expected? See Planning Grant Application criteria.

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

Can private water companies apply for an implementation grant?

Pages 13, 22 and others

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

Page 22

Can DWR clarify the types of performance measures and monitoring and also clarify how these interact with the specific projects' performance measures?

Page 34

Please clarify whether State-mandated projects are eligible (e.g., by SWRCB, RWQCB, Superior Court, or other judicial or quasi-judicial entity) ? 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 be 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

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higher level of analysis required of projects would tend to discourage inclusion of conceptual projects to address emerging concerns: i.e. long term planning. This limitation would reduce the utility of the IRWMP to support other grant applications.

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

Page 51 Sections G through K

Clarify meaning of “viable Project” since requiring too much detail of all projects will stifle inclusion of forward looking problem statement and the conceptual projects to address future issues.

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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.

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.

Comments on Draft Planning Grant Guidelines

We believe a 50% match for planning grants is unreasonable, particularly for areas that have received no prior grants. Thus we suggest that, at a minimum, DWP reduce the match for Planning Grants to 25% for those areas that have not received state financial support (i.e. 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

How much detailed planning may be proposed/accomplished with Planning Grant support?

Which of these categories would be eligible:

- Salt/Nutrient management;
- Ground-water storage modeling for ground-water banking; and/or
- Winter storm operations and optimization of downstream releases for fish habitat?

Page 8, Table 2

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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, Proj. Descript

This language seems more appropriate for an Implementation Grant.

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 no urban suppliers

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 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 days 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?

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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.)

Page 22 table 5, Funding Area Balance Points

Does the term “existing IRWM grants active” mean Prop 50 grants, whether or not they have been completed?

Page 22 table 5

Can DWR clarify the rationale behind the scoring criteria "Funding Area Balance Points" giving DWR discretion in awarding 5 points?

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?

Page 48

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

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Page 57 (Exhibit G)

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?

Please feel free to contact me at (805) 568-3542 or mnaftal@cosbpw.net if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Naftaly", is written over a horizontal line. The signature is fluid and cursive.

Matt Naftaly
Santa Barbara County Water Agency
Water Agency Manager

Cc: Jerry Snow, DWR