



TUOLUMNE UTILITIES DISTRICT

18885 NUGGET BLVD • SONORA, CA 95370
(209) 532-5536 • Fax (209) 536-6485
www.tudwater.com

DIRECTORS

Barbara Balen
Robert M. Behee
Joseph Day, PhD
Ralph Retherford, M.D.
Delbert Rotelli

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

The Tuolumne Utilities District would like to offer the following comments on the draft P84/1E Project Solicitation Package (PSP) for Planning Grants and Guidelines for the Integrated Regional Water Management Program. Please note that our District is a participant in the Tuolumne - Stanislaus IRWM Program and this region was accepted by DWR through the Regional Acceptance Process in 2009. We therefore have a compelling interest in the Proposition 84/1E PSP and Guidelines.

We appreciate the difficulties presented to DWR staff and executive in managing the IRWM program during very unusual fiscal times. We also understand the nature of IRWM as an "emerging" program and one in which there will be adjustments to improve the program and comply with new legislation. These considerations were incorporated in our review and comments of the documents referenced above. We also believe that the DWR has ample latitude in some areas of the Program to provide flexibility and interpretation on key elements of the Guidelines.

We also believe that DWR must recognize the trying times these have been and continue to be for existing and emerging IRWM Programs. Local agencies in some cases are down sizing and limiting services to meet today's fiscal challenges. Many other NGO and volunteer organizations are also being impacted by lack of grant funding, or availability of personnel. Federal funding for IRWM Programs is also not available from participating federal agencies. This leaves emerging IRWM Programs without essential resources to perform basic tasks expected of an active IRWM Program. This lack of "community capacity" will place severe strains on emerging IRWM programs to carry out activities for completion of grant applications in compliance with DWR's schedule. The District continues to support the Tuolumne - Stanislaus IRWM Program at this regional level and as a key component to the Bulletin 160 State Water Plan.

Our specific comments and recommendations are below:

1. Maintain Regional Funding Allocations

The Tuolumne - Stanislaus IRWM Program is located in the San Joaquin funding region as described in Proposition 84. We have had concerns that funding from one funding region could be shifted to another region. Thankfully, Proposition 84 contained specific

language in the allocation of IRWM funding to assure that there would be an equitable allocation of those funds by specifying the amounts for each funding region. We urge DWR to respect those allocations and to ensure, through the IRWM funding, that all funding regions in the State receive proportional planning and project funding.

2. Recognize Disadvantaged Communities, IRWM startup regions and regions with a geographic area that dwarfs the local population.

It must be noted that our District is participating in an IRWM Program that has an MOU executed with all the water agencies within Tuolumne County and that portion of Calaveras County in the IRWM. We also have significant participation by two Counties and two Cities. Numerous NGO's also participate as does the California Dept. of Fish and Game and the United States Forest Service. Nonetheless, this is a fiscally impacted area and resources for discretionary planning activities are minimal. The Tuolumne - Stanislaus IRWM Program includes the two largest tributaries to the San Joaquin River within its boundary. Thus, we participate in a region rich in resources and water, but severely constrained financially. Our IRWM region is over 1.5 million acres and yet has a service population of under 75,000 people.

Much of the state's large urban areas already have prepared and adopted IRWM Plans. Some of those areas have previously received support from the DWR and now stand ready to implement their existing plans with minor modifications to comply with Proposition 84. By comparison, our District is in one of those areas that does not have an adopted IRWM Plan and has little local agency discretionary funding, or community capacity to carry out discretionary planning activities absent other funding sources. The demands for planning are clear, the landscape and watersheds large and the population base to support the effort small.

We strongly recommend that the DWR make a priority of funding and otherwise supporting those areas of the state which don't have their initial IRWM plan completed and are also financially disadvantaged. The service area of our District (all within the Tuolumne - Stanislaus IRWM Program boundary) is classified as a Disadvantaged Community under the Proposition 84 criteria.

DWR should be cautious in this matter for if the DWR chose not to prioritize such areas, it is probable that only financially advantaged, urban areas will move forward with IRWM Programs. Due to demographics, and geography, this may result in a primarily urban and coastal IRWM Program over the coming years. Those funds identified in Proposition 84 (P84) and allocated by region could go unused due to the proposed planning grant 50% local match by DWR. Those bond funds and the money already spent by local agencies to support the IRWM Region will essentially be stranded assets and frustrate the purpose of the Proposition 84 Bonds.

The purpose of IRWM Programs is to develop integrated plans, leading to integrated projects that implement appropriate resource management strategies as defined in the State Water Plan. This would lead to a regional, but statewide application of a new

planning approach that would be a “value added” by product of the State Water Plan. Absent making the disadvantaged and emerging areas a priority in the IRWM Program, that will not happen.

In the current proposal by DWR there is no (Disadvantaged Community) DAC waiver of match for planning grants - there is a 50% requirement to fund the development of the IRWM Plan out of local coffers, or other (non-state) sources.

The Tuolumne - Stanislaus IRWM Region would be classified as a DAC under P84 criteria. Nonetheless under the proposed Guidelines, 50% of all planning costs will have to be borne by non-state grant sources. This would likely mean using locally generated funds from local agencies and governments that are already significantly impacted by the economic condition of the region and the budgetary actions of the State. As stated earlier, funding for discretionary planning is simply not available in such DAC jurisdictions. The 50% cost share will create a significant barrier to the Tuolumne - Stanislaus IRWM program due to the lack of provision for a DAC local funding match waiver. This will create a situation with multiyear impacts to the IRWM region. Unable to equitably compete in a statewide arena, and absent the completion or updating of a P84 plan, the Tuolumne - Stanislaus IRWM Program will also be ineligible for P84 project money.

This will tend to concentrate the first 2-4 years of funding out of P84 in, potentially, the wealthiest, urban parts of our state. That is, those least in need of those funds and those most capable of developing plans and projects on their own. More ironically, some of those urban areas so advantageously positioned are the very communities that directly benefit from water resources that are sourced in and diverted out of the Tuolumne - Stanislaus IRWM Region.

The current draft 84 Guidelines for planning grants and PSP will create an obstacle for the Tuolumne - Stanislaus IRWM Program. Absent equitable access to the P84 planning funds there is a distinct possibility that the Tuolumne - Stanislaus IRWM may suffer significant setbacks in its efforts to develop an IRWM Program for the Tuolumne and Stanislaus Watersheds. The implications of this outcome for the watersheds of the two largest tributaries of the San Joaquin River could be far reaching and result in adding to the challenges of resource management in this key area.

In the strongest terms we urge DWR to revise its 50% local match requirement and further to prioritize DAC areas and areas such as the Tuolumne - Stanislaus IRWM which have a limited population base upon which to support a program that is driven by planning for and serving a large geographic area.

3. Planning Grant Applications should be competitive by Region - not Statewide.

The District wishes to point out that the current proposal establishes that planning grant applications are competitive statewide - not regionally. This is wrong. Such a process will create a significant barrier to IRWM programs to those areas just emerging

and ready to develop their first IRWM Plan, such as the Tuolumne - Stanislaus Program. Specifically, the Tuolumne - Stanislaus IRWM program would submit a planning grant application which would have to compete against planning grant applications statewide, instead of only against those within its own region (the San Joaquin).

The Tuolumne - Stanislaus IRWM program would therefore be competing statewide for limited planning funds against wealthy urban and coastal areas for a relatively small amount of Planning funding. Given the limited institutional and fiscal capacity in the Tuolumne - Stanislaus IRWM Region, this will create a barrier, perhaps insurmountable, to obtaining funding for this Region.

4. Longer Planning Grant Application period needed.

Due to the anticipated detail and complexity of the planning grant application and coupled with limited community capacity at this time, we urge the DWR to provide for a longer application period for "first time" planning grant applications. These are the geographic areas and political institutions with the least familiarity with the DWR process and most in need of adequate time to prepare grant applications.

We also reiterate our recommendation that the DWR should allocate the funds for planning grants strictly on the formula of 1/9th of the P84 funding allocations for each funding region. Thus, the San Joaquin region would have a "fixed" amount dedicated for planning grants, which should also be prioritized for new IRWM plans and not updates.

If you have any questions regarding these comments or wish to discuss these matters please do not hesitate to contact John S. Mills (sixbit@sonnet.com - 209-532-0432) the District's consultant. We want to thank you for the opportunity to participate in the review of the PSP and Guidelines and look forward to working with you on the IRWM Program in the future.

Sincerely,

A handwritten signature in cursive script that reads "Pete Kampa" followed by a small flourish.

Peter J. Kampa,
General Manager, Tuolumne Utilities District