

December 8, 2006

Via electronic mail

Ms. Tracie Billington
Planning & Local Assistance
Department of Water Resources
P.O. Box 942836
Sacramento, CA 94236-0001

Dear Ms. Billington:

Comments on Funding Recommendations for
Integrated Regional Water Management Program

The San Francisco Public Utilities Commission (SFPUC) would like to thank DWR and SWRCB for the opportunity to comment on the IRWM Program. We appreciate and understand the tremendous amount of time and effort that was put into the IRWM Program by DWR and SWRCB staff. The SFPUC participated in a Bay Area application that was submitted through BACWA. Unfortunately our application was not within the funding range in the preliminary recommendations. After reviewing our proposal evaluation, however, we question the scoring in some areas and feel we would benefit from further review. Areas of specific concern include:

1. **Water Management Strategies and Integration (3 out of 5).** In Step 1, our proposal scored four points for this section, but only three points at Step 2. We question this score given that the integration section was further developed in response to a stakeholder workshop prior to the Step 2 deadline.
2. **Economic Analysis (Score 9 of 15).** According to the Evaluation Criteria in the Step 2 PSP, proposals with a high level of water supply or water quality benefits would receive 3 to 4 points above the minimum 1 point. Our proposal only scored 3 points, which we feel is low. The reviewers noted that we did not include land acquisition costs on one of the projects. However, for this project there were no land acquisition costs. The reviewers also noted that the unit costs of water from two projects appear expensive and may not be economical on a water supply basis. For these two recycled water projects, we feel the reviewers did not fully count the benefits.
3. **Other Expected Benefits (6 out of 10).** The reviewers note there is a “sufficient degree of certainty that the benefits will be realized”. However, we only received

6 out of 10 points for this section. According to the Step 2 PSP, proposals with high levels of Other Expected Benefits will receive 3 to 4 points above the 1 point minimum. Average levels of Other Expected Benefits will receive 2-3 points. Given this scoring criteria, we feel we at least deserve 4 points for this section. The reviewers also question if the water supplies from projects that produce supplemental water supplies will allow currently used imported water to remain in-stream for in-stream flows. We would like to respond to this comment. Any offset will either leave water in the river now or eliminate the need for additional diversions in the future.

4. **Program Preferences (3 out of 5).** According to the Step 2 PSP Evaluation Criteria, if a proposal includes project(s) that implement a single Program Preference with a significant degree of certainty that it can be achieved, the proposal will receive a 4. The reviewers note that our proposal will assist in increasing water supply reliability, but will only marginally address other areas. Again, according to the evaluation criteria, we only had to implement one program preference to receive 4 points.
5. **Statewide Priorities (18 out of 30).** At Step 1 the Bay Area received a High-Med ranking in this category that would translate to 24 points at Step 2. However, the Bay Area received a Medium ranking at Step 2 (18 points) even though nothing was subtracted from the Step 1 proposal and in fact, more work was done. We specifically looked for opportunities to include projects benefiting disadvantaged communities as described in the proposal and changed one of the conservation projects to focus on multi-family dwellings. Another project addressing risk reduction from fish consumption S.F. Bay was described, but did not have the information to meet Step 2 requirements. Additionally, emergency preparedness for earthquake or levee failure through interties was further developed in Step 2.
6. **Impacts and Benefits (2 out of 5).** This section scored three points at Step 1 and two points at Step 2. Inter-regional benefits, including reduced dependence on the imported water from multiple regions were identified in the proposal and the evaluation even notes this under Statewide Priorities. And more work was also done on projects for disadvantaged communities as explained above.
7. **Data Management (2 out of 5).** This section scored three points at Step 1 and two points at Step 2. The website discussed in the proposal contains a vast amount of information that was not available or publicly accessible at Step 1.
8. **Stakeholder Involvement (Score 2 of 5).** Please verify that the reviewers looked at Appendix D-3 of Attachment 3 that contains the presentation materials used at public workshops held in early 2006 with sign-in sheets demonstrating that a diverse group of participants attended representing many different kinds of constituencies (fed agencies, environmental justice groups, local government, environmental groups, etc.). The presentation materials describe the outreach

process, including all four public workshop dates, and the website that includes a way to submit questions or comments electronically. A score of 2 out of 5 seems inordinately low given the expansive outreach that was taking place in early 2006 and conveyed in the Step 2 proposal.

Section C (pg. C-1) of Attachment 3 also describes the important role stakeholders played in formulating the final set of objectives. Based on the evaluation comments (“this portion of the IRWM is incomplete”) it seems that reviewers were only looking at a single section (Section N - Stakeholder Involvement) without considering anything else that was submitted. The Table of Contents (pg. iii) clearly indicated that Appendix D covered stakeholder involvement (Title – Outreach Efforts), in addition to Section N. The truncated review comments make short shrift of an extensive process covered in the proposal. A score of 4 out of 5 or 5 out of 5 seems more appropriate.

We thank you for the opportunity to provide comments on the scoring and would greatly appreciate further review the Bay Area’s Step 2 application. We feel there are a number of areas where our scores should be increased, and would hate for the Bay Area to lose out on such an important funding opportunity.

Sincerely,

Michael Carlin
AGM - Water, San Francisco Public Utilities Commission