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September 29, 2014

Via E-mail

Mr. Zaffar Eusuff
California Department of Water Resources
Division of Integrated Regional Water Management
Financial Assistance Branch
Post Office Box 942836
Sacramento, CA 94236
Muzaffar.Eusuff@water.ca.gov

Subject: DERWA Phase 3 Recycled Water Expansion Project - 2014 Drought Grant Solicitation
Draft Funding Recommendation – Comment Letter

Dear Mr. Eusuff:

The above subject project is part of the Association of Bay Area Governments' application for the San Francisco Bay Area for \$4 M to expand recycled water delivery. On behalf of Dublin San Ramon Services District (DSRSD), I am commenting on the decision of Department of Water Resources (DWR) to disqualify the *DERWA Phase 3 Recycled Water Expansion Project* from the Prop. 84 IRWM 2014 Drought Grant Funding. This regional project will increase recycled water deliveries to San Ramon and Dublin, and will permanently reduce ultimate water demands in our region. It provides drought relief, which is exactly the type of project suitable for funding under the 2014 drought relief round. The basis of disqualification is that the project was identified as noncompliant with the California Statewide Groundwater Elevation Monitoring (CASGEM) Program. The basis of disqualification is erroneous and I am requesting reconsideration.

DSRSD/EBMUD Recycled Water Authority (DERWA) is the applicant agency for the above listed project. DSRSD and East Bay Municipal Utility District (EBMUD) formed DERWA to manage and implement the San Ramon Valley Recycled Water Program, which serves communities in the Livermore-Amador-San Ramon area. As shown on the attached map, a portion of the DERWA service area overlies the Livermore Groundwater Basin (Basin No. 2-10), which is monitored by Zone 7 Water Agency and is CASGEM compliant. In fact, Zone 7 Water Agency's *Chain Lakes Well & Cope Lake to Lake I Pipeline Project* has been recommended for 2014 Drought Grant Funding. DERWA's service area is far from the noncompliant basin that was used for determination of disqualification.

In the spirit of regional cooperation in accordance with the Integrated Regional Water Management Program, DSRSD and EBMUD developed its proposed project jointly under DERWA. The development of the project and the grant application was not taken lightly as it required significant staff resources and cost to both agencies. DERWA and DSRSD's service area overlies the CASGEM compliant Livermore Valley Groundwater Basin and has no eligibility issues. Concerned about eligibility, EBMUD discussed funding eligibility based on CASGEM compliance criteria with DWR management staff in August 2014. EBMUD's comment letter regarding this project notes the results of that meeting. DWR staff assurances from that meeting led DSRSD to partner with EBMUD to proceed with its grant application.

The community that DSRSD serves, along with the Cities of Livermore and Pleasanton, are in a dire drought situation. Zone 7 Water Agency, our sole water supplier, received 5% of its normal water supply allocation, but delivery only started on September 1, 2014. DSRSD has declared a Community Drought Emergency that has been in place since May 5, 2014, with 25% mandatory water use restrictions. DSRSD has been consistently one of the Top 10 urban water use suppliers that has achieved significant water conservation, reducing its water demands by 30% compared to last year. However, Zone 7 Water Agency's water supply is stressed and there is great probability that another year of drought will occur. Every drop of recycled water used in our region means additional potable water for over 240,000 people who share Zone 7's water supply during the drought.

I believe that DWR erroneously disqualified the *DERWA Phase 3 Recycled Water Expansion Project*. I request that DWR consider the additional information present in this letter, along with letters from both EBMUD and DERWA representatives, prior to finalizing its 2014 Drought Fund Awards.

The first subphase of the *DERWA Phase 3 Recycled Water Expansion Project* will be ready for construction in late October/early November. This subphase represents 200 acre-feet per year of potable water offset. State funding is required to make this project affordable for our community.

We appreciate your consideration. If you have further questions, please contact Rhodora Biagtan, DSRSD's District Engineer, at (925) 875-2255 or biagtan@dsrsd.com.

Sincerely,



Bert Michalczyk
General Manager

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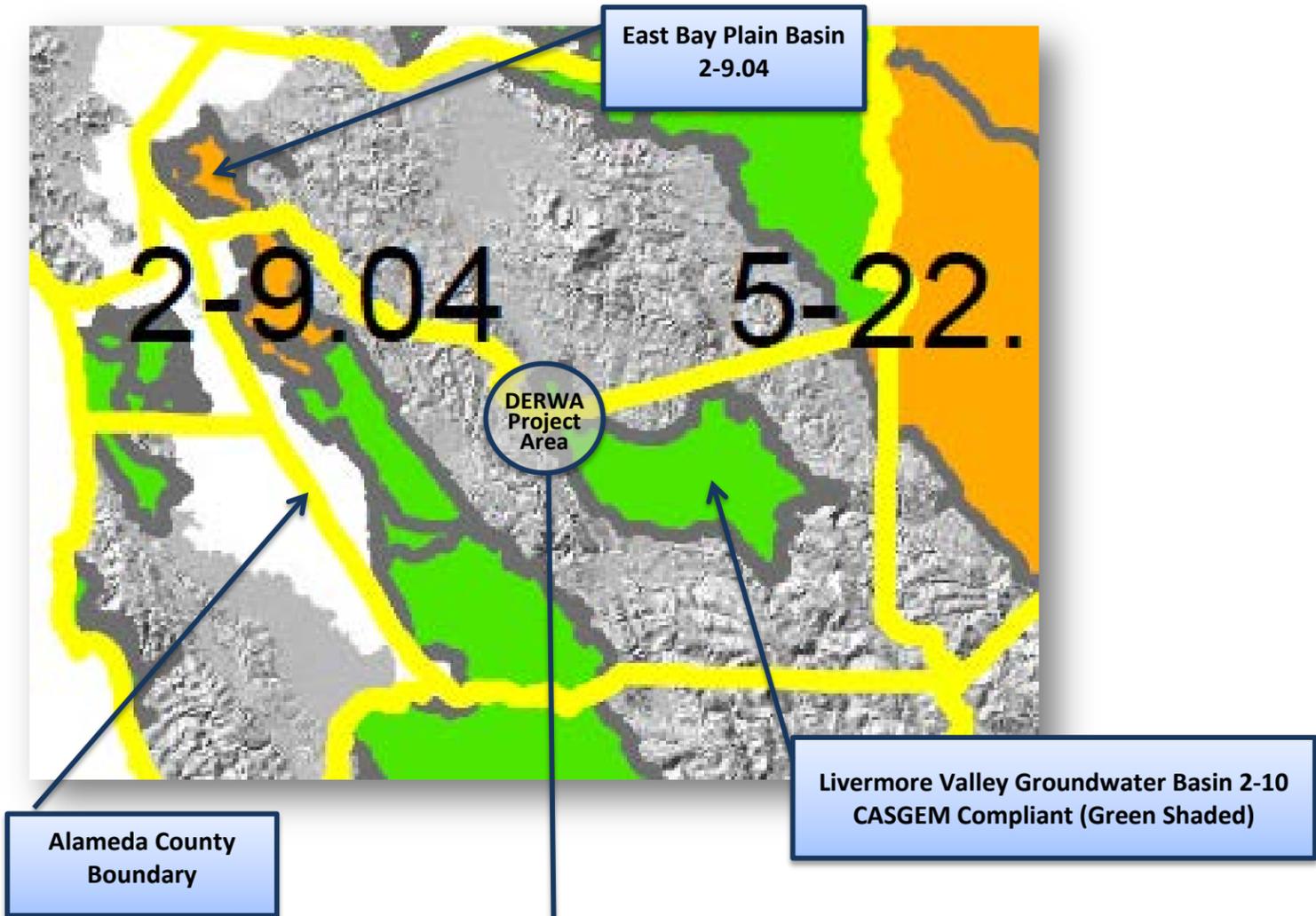
Attachment: Figure 1

cc: Martha Guzman-Aceves, Governor's Office
Assembly Member Joan Buchanan, District 16
Senator Mark DeSaulnier, District 7
James Bewley, DERWA Authority Manager
Bert Michalczyk, DSRSD General Manager
Alex Coates, EBMUD General Manager
Jennifer Krebs, ABAG/SFEP
Rhodora Biagtan, DSRSD District Engineer
File: 15-R009 2.0

FIGURE 1

This attachment illustrates the location of the DERWA Phase 3 Recycled Water Project Area relative to the CASGEM Compliant Livermore Valley Groundwater Basin (Basin Number 2-10) and the East Bay Plain Basin (Basin Number 2-9.04).

CASGEM COMPLIANCE (Ref. = DWR)



DETAILED PROJECT MAP (As included in grant application)

