



10/06/2014

Mr. Zaffar Eusuff
Project Manager
California Department of Water Resources
P.O. Box 942836
Sacramento, CA. 94236

Re: Drought Round 3a Draft Funding Recommendations

Dear Mr. Eusuff,

On behalf of Hi-Desert Water District (the "District"), and the community we serve, I would like to extend our appreciation for allowing us to present our comments regarding the 2014 Integrated Regional Water Management (IRWM) Drought Grant 3a (the "Grant") funding recommendations and for the time and resources dedicated to reviewing the respective grant applications.

As part of the Colorado River Basin (CRB) Funding Area, the District was very pleased to see that the collaborative application submitted by the Mojave Water Agency (MWA) on behalf of its stakeholders, received an excellent score of thirty (30) out of a possible thirty-seven (37) points for its grant application. Of the thirty-eight (38) applications receiving a tabulated score, the MWA application was among three proposals receiving a score of thirty (30), with only eleven (11) applications receiving a higher score. However, despite the results, projects listed within the MWA application were not recommended to receive funding under the draft funding recommendations for either the total requested amount or a portion thereof.

All applications that scored higher than the MWA application, with exception to one, are currently recommended to receive one-hundred (100) percent of the requested grant amount with the exception receiving sixty-two (62) percent. Unfortunately, a score of thirty (30) was unsuccessful in receiving a funding recommendation. However, a total of fourteen (14) applications receiving scores below thirty (30), received all or a portion of their requested grant amount totaling \$73,789,549 or approximately thirty-seven (37) percent of the total recommended grant allocation of \$200 million. Of the fourteen (14) applications, ten (10) were fully funded. These scores ranged between twenty-one (21) and twenty-nine (29) points with the remaining four applications receiving scores as low as eighteen (18) points which received fifty-nine (59) percent of the applicant's requested grant amount.

As a participant within the MWA grant application, the District put forth a considerable amount of effort and expense to ensure that the grant application provided by MWA was both competitive and



successful at addressing the Grant's required criteria. While the application's score suggests that the District and regional stakeholders were successful in accomplishing this, it appears that far more priority was given to funding areas based upon the impact they are experiencing due to the current drought. Drought impact was listed within the Grant criteria as receiving a total of five points, an amount equal to just over thirteen (13) percent of the total score. The amount of points given to this consideration in relation to the remaining criteria, would suggest that scoring well in other criteria would allow applications to remain competitive even if a low score was given under the drought impact criteria. Due to the recommended distribution of funds, it appears that consideration outside of the Grant's criteria allowed certain funding regions to successfully obtain funding thereby overriding the scoring system that had been the basis for preparing the MWA application.

While it is the intent of the Grant to provide funding to areas affected by the drought, a prioritization of funding regions outside of the current grant guidelines would have been addressed in more detail within the MWA application had that consideration process been more clearly articulated in the grant Proposal Solicitation Package and guidelines. In order to fully understand the prioritization these funding areas received over and above the points given for their application, we request that a description of these considerations, including an outline of each region's current ranking, be provided for stakeholder review prior to finalizing the recommended funding. These considerations are important for not only gaining insight into the current funding recommendations, but also may serve a purpose during Round 3b submittals.

Due to the costs and resources that are required to appropriately address the Grant's required criteria, a detailed review of the Grant's guidelines was performed to ensure that a submitted application would not only meet the required criteria, but also be competitive with other potential projects. It was the District's understanding that the available points for each grant criteria would be used to determine funding recommendations. Based upon this information, the District felt confident expending the necessary resources to apply for the Grant. Without knowledge of other considerations that would be given to prioritize projects, the District would have been unable to make an educated decision as to whether or not a submittal would have been appropriate for Grant Round 3a.

In order to receive the maximum benefit from the above listed project, the District requested \$12,525,000 from the Drought Round 3a funding allocations. With only \$16,700,000 remaining within the CRB Funding Area for award, it was the District's intent to submit a project that would provide the greatest drought relief in the most efficient, timely manner, and to secure as much available funding for our disadvantaged community during Round 3a. While the District feels that its project accomplished this, it also realizes that the requested grant amount matches that of the maximum grant award allocated to the CRB Funding Area for Round 3a. The District also recognizes that other stakeholders within the CRB Funding Area submitted projects that were equally important to their community and in one case, scored closely to the MWA application exhibiting a strong application as well.

In light of this information, the District feels strongly that a collaborative split of Round 3a funding can be obtained to address the current drought impacts of those Round 3a applicants within the CRB Funding Area. The District appreciates the effort provided by the Department of Water Resources to



stay under the 200 million dollar cap set by the legislature for Round 3a, but requests the additional \$12,525,000 it would take to partially fund all 3 applications submitted by the CRB Funding Area be allocated now for the drought grants and not held until the Proposition 84 Final Solicitation Round 3b. The allocation could then be proportionately divided amongst the Round 3a CRB Funding Area applicants based upon the region's total requested funding. One method of accomplishing this would be to assign a percentage to each applicant's request based upon the CRB Funding Area's total requested funding. Table 1a exhibits the potential allocation of Round 3a grant funding based upon this principal.

Table 1a

IRWM Region	Applicant	Amount Requested	% of Total ¹	Revised Grant Total
Mojave	MWA	\$12,525,000	54.400	\$6,813,600
Coachella	Indio Water Authority	\$9,100,000	39.524	\$4,950,381
Imperial	City of Imperial	\$1,398,600	6.074	\$760,768.50

The requested amount for the CRB Funding Area totaled \$23,023,600. MWA's application requested \$12,525,000 which equals approximately fifty-four (54) percent of the total. By applying this percentage to the maximum grant amount allocated to the CRB Funding Region for Round 3a of \$12,525,000, under the proposed Round 3a funding split, Mojave would receive \$6,813,600 for use within the Colorado River Basin Funding Region. Using the same formula, Coachella and Imperial would receive \$4,950,381 and \$760,768.50 respectively. The District believes that this method would be a fair distribution of funds and would allow the CRB Funding Region to address the impacts the current drought is having within the region in an expedited manner. In addition, the District feels that this strategy provides a gateway toward regional cooperation and collaboration – a process heavily supported by the Department of Water Resources.

We sincerely hope that the content of this letter provides regional representation and potential funding solutions that will address the challenges our funding region currently faces. We would like to provide any support necessary to both the Department of Water Resources and our CRB Funding Area neighbors to reach a mutually acceptable agreement in our efforts to reach a common goal.

Thank you in advance for your consideration. If you have any questions, please do not hesitate to contact me by phone at (760)228-6269 or by email at edm@hdwd.com.

Sincerely,



Ed Muzik
General Manager

¹ Based upon the total Colorado River Basin Funding Area request of \$23,023,600.

