

Central Coast Region

IRWM

March 8, 2007

Tom Howard, Acting Executive Director
State Water Resources Control Board
1001 "I" Street
Sacramento, CA 95814

Lester Snow, Director
Department of Water Resources
P.O. Box 942836
Sacramento, CA 95814



Subject: Integrated Regional Water Management (IRWM) on the Central Coast
Current Proposition 50 Funding Proposal
Future Proposition 84 Allocations

Dear Mr. Howard and Mr. Snow:

The recent proposal to eliminate Round 2 of Proposition 50 funding has resulted in the identification of important policy considerations on the issue. Representatives of the Central Coast region have met and conducted several conference calls on the issue, and how it relates to our future efforts under Proposition 84. This letter reflects the position of representatives, with noted exceptions, of the Central Coast region, which consists of the following sub-regions that have adopted, or will adopt in the near future, Integrated Regional Water Management Plans:

- Pajaro River Watershed Integrated Regional Water Management Plan
- Northern Santa Cruz County Integrated Regional Water Management Plan*
- Salinas Valley Integrated Regional Water Management Plan
- Monterey Peninsula, Carmel Bay and South Monterey Bay Integrated Regional Water Management Plan
- San Luis Obispo County Integrated Regional Water Management Plan
- Santa Barbara County Integrated Regional Water Management Plan*

Collectively, we have developed recommendations for you to consider in determining how to complete the allocation process under Proposition 50 while also transitioning into Proposition 84 efforts. We do not believe that one can be done without considering the other. Our recommendations have also been developed to provide the basis for our upcoming individual

* Representatives of these Plans participated in discussions but are not signatory to this letter

work efforts within our sub-regions (i.e. within the areas defined in existing Draft and Final IRWM Plans). Most importantly, we have committed to working with each other, and your respective staff, in an educated and collaborative manner while pursuing equitable distribution of grant funds within the context of sound water management practices, policies, programs and projects that encompass the priority setting, stakeholder involvement, performance review and adaptive management principles of integrated regional water management planning.

We have reviewed, discussed and debated, on several occasions, numerous issues, including the following:

- Current proposal to allocate remaining Proposition 50 funds
- The merits of the “Special Case” proposal for the Los Osos wastewater project
- Future funding allocations under Proposition 84
- Scenarios that illustrate combined Prop 50 and Prop 84 allocations
 - On a sub-regional basis (i.e. by existing IRWM plans)
 - By County political jurisdictions
- Water management priorities, including State priorities
- Future possible realignment of sub-regions

On the last point, we have identified some realignment under Prop 84 that may likely enhance our current efforts. For example, numerous creeks and watersheds exist on the Central Coast that range from small to medium size with common issues. We discussed potential realignment and whether we might more efficiently address those watersheds through a consolidated sub-region that stretches from our southern boundary to our northern boundary, but which may be discontinuous where large watersheds exist. We also discussed the possible realignment of the San Luis region to combine its coverage of the Salinas groundwater basin with that portion within Monterey County that also overlies the Salinas groundwater basin. Similarly, we discussed realigning the southerly portion of San Luis Obispo County and northerly portion of Santa Barbara County that overly the Santa Maria Groundwater basin, which has been subject to groundwater adjudication proceedings for several years. We only initially discussed these possibilities, and based on their merit, we will continue to incorporate them into our coordinated approach to IRWM planning on the Central Coast.

On the grant funding, we reviewed current and potential grant allocations from several initial perspectives. It should be noted that a full consensus of the six sub-regions concerning allocation of funds has not been reached and that our work on this is ongoing and will continue to evolve as a result of our coordinated efforts, including future discussions on realignment. Nevertheless, we did come to some important conclusions, including the following:

- The arguments in favor of allocating existing Proposition 50 funds are strong and compelling:
 - Allocating grant funds in a timely manner from the State to Local Agencies is important to prevent further deterioration of the value of the grants. Inflation on public works projects over the past few years has increased significantly and has deteriorated the fiscal viability of several projects. Timely implementation of projects requires timely allocation of grants.

- Proposition 84 will continue the flow of grant funds and should also be implemented in a timely manner.
- Round 1 applications do address many of the highest priority projects for state and local agencies (i.e., this is not just about local agency needs), and while they do not address all of the highest priority needs, Prop 50 will not, under any circumstance, fund all of the highest priority needs of state and local agencies.
- The staff of the Central Coast, collectively, support distribution of existing Prop 50 funds to those projects proposed in current recommendations. However, key principles of this support are the following:
 - Benefits from the various funding sources, taken as a whole, should be shared throughout the funding area so that areas that are not funded by Prop 50 are given initial priority in allocating a portion of Prop 84 (IRWM) funds, recognizing that these areas must adhere to IRWM standards and guidelines and have sub-region and regional stakeholder support.
 - The Central Coast region is allowed, under a performance based approach to IRWM planning, to continue our efforts to develop regional priorities, which includes providing added priority to projects identified in sub-region IRWM plans not previously funded by Proposition 50, and reach consensus on the equitable allocation of Proposition 84 funds in our region.
- The collective staff of the Central Coast also strongly supports the Special Case request for the Los Osos wastewater project.
 - The merits of the San Luis Obispo County region's Step 1 application met the quality and content that resulted in your ranking that plan higher than others that were invited to Step 2.
 - We believe the project for Los Osos does address a State priority. The need for a resolution to the situation is in fact such a high priority to the State that the State legislature voted *unanimously* in support of special legislation (AB 2701 Blakeslee).
 - The County of San Luis Obispo has dedicated significant discretionary funds to help resolve the pollution problem while only requesting the Prop 50 IRWM implementation funds if the County is able to meet tests established in AB 2701 and conditions established by the Governor. This we believe is a fair proposal.

Also regarding the Los Osos Special Case proposal, the Prop 50 implementation funds are available. The \$10 million request can be funded from the State Water Resources Control Board Coastal Funding Program consistent with the priorities for this coastal program. Undoubtedly the Morro Bay National Estuary is impaired as a result of ongoing pollution, and the timeliness of the County of San Luis Obispo's proposal, with your support, can significantly benefit the overall efforts to resolve this significant State priority through the County's current implementation efforts under AB 2701.

We hope you find these recommendations helpful. We understand that many agencies throughout the State have divergent opinions on the current proposal to allocate remaining Prop 50 funds. By taking the time to consider the issue before acting, and providing the opportunity for input and comment, we believe that the State Water Resources Control Board and the Department of Water Resources have provided fair opportunity for stakeholder input.

Agencies in our region are among those who were preparing for competition in Round 2. We are committed to equitable distribution of funds to those agencies / sub-regions based on the principles of our efforts (attached) and the water management principles of sound IRWM planning. You have also provided opportunity for special case presentations and we hope your actions will recognize the need for allocating funds in a timely manner to support project implementation and that those actions also demonstrate that your input process duly considers special case needs. This, we believe, is a fundamental cornerstone of the stakeholder input process.

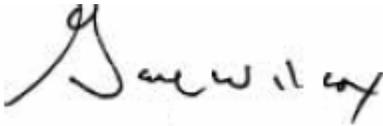
Sincerely,



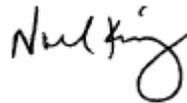
Bruce Gibson
District 2 Supervisor
San Luis Obispo County



Jerry Lenthall
Chair of the Board of Supervisors
San Luis Obispo County



Gail Wilcox
Assistant Chief Executive Officer
San Luis Obispo County



Noel King
Public Works Director
San Luis Obispo County



Dan Berman
Program Director
Morro Bay National Estuary Program
San Luis Obispo County

Attachments

- cc. Tracie Billington, IRWM Program Manager, Department of Water Resources
Shahla Farahnak, Supervising Engineer, State Water Resources Control Board
Christine Robertson, District Director for Assemblyman Sam Blakeslee
Harvey Packard, Division Chief, Environmental Coordinator, Central Coast RWQCB
Allison Dominguez, Environmental Scientist, Central Coast RWQCB

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Sincerely,



David A. Berger, General Manager
Monterey Peninsula Water Management District
for the Monterey Peninsula, Carmel Bay, and Southern Monterey Bay
Integrated Regional Water Management Plan

Attachment: Central Coast Area Statement of Principles

cc. Tracie Billington, IRWM Program Manager, Department of Water Resources
Shahla Farahnak, Supervising Engineer, State Water Resources Control Board
Central Coast Region IRWM Planning Agency Representatives
Bridget Hoover, Monterey Bay National Marine Sanctuary

Monterey Peninsula, Carmel Bay and South Monterey Bay IRWM Water Management
Group:

Donna Meyers, Conservation Project Director, Big Sur Land Trust
Tom Reeves, City Engineer, City of Monterey
Curtis Weeks, Monterey County Water Resources Agency
Keith Israel, Monterey Regional Water Pollution Control Agency

Agencies in our region are among those who were preparing for competition in Round 2. We are committed to equitable distribution of funds to those agencies / sub-regions based on the principles of our efforts (attached) and the water management principles of sound IRWM planning. You have also provided opportunity for special case presentations and we hope your actions will recognize the need for allocating funds in a timely manner to support project implementation and that those actions also demonstrate that your input process duly considers special case needs. This, we believe, is a fundamental cornerstone of the stakeholder input process.

Sincerely,

A handwritten signature in black ink, appearing to read 'Curtis Weeks', written over a faint, illegible typed name.

Curtis Weeks, General Manager
Monterey County Water Resources Agency

Agencies in our region are among those who were preparing for competition in Round 2. We are committed to equitable distribution of funds to those agencies / sub-regions based on the principles of our efforts (attached) and the water management principles of sound IRWM planning. You have also provided opportunity for special case presentations and we hope your actions will recognize the need for allocating funds in a timely manner to support project implementation and that those actions also demonstrate that your input process duly considers special case needs. This, we believe, is a fundamental cornerstone of the stakeholder input process.

Sincerely,

Pajaro River Watershed Integrated Regional Water Management Plan



Bruce Laclergue, General Manager
Pajaro Valley Water Management Agency

**Central Coast Area Statement of Principles
Proposition 50/Proposition 84 IRWMP process**

Background

- The State of California proposes to substantially change the Integrated Regional Water Management (IRWM) Grant Program as early as March 20, 2007. These changes could significantly affect planning and implementation of projects throughout the Central Coast Region.
- In an effort to respond to these proposed changes, which include accelerated funding for Proposition 50 and the elimination or reduction of a second round of competitive grants, regional representatives have met and agreed to develop a process to maintain an equitable distribution of IRWM funds throughout the Central Coast. However, due to the limited time available for a full stakeholder process, this statement may be modified upon mutual consent of the planning sub-regions after a complete stakeholder process.
- Regional representatives have met and agree that their long term interests are best met by working together to develop a coherent approach to benefit all planning sub-regions within the funding area.
- The region is diverse, with geographically distinct sub-regions. Some sub-regions have common/overlapping water related interests, but most water issues are more effectively managed within the six geographic sub-regions.
- Water management interests that are common across the Central Coast funding area have yet to be defined, but may include (but not be limited to) water conservation, water quality monitoring and improvement, fisheries restoration, and drought protection.

Principles

- Cooperate on a regional basis (Central Coast funding area) within the framework of the IRWM process pursuant to Prop 50 (IRWM) and Prop 84 (IRWM).
- To the extent possible, such a process should be consensus based among/across the six planning sub-regions defined in the Central Coast funding area.
- To the extent possible, geographic areas not currently covered by IRWM Plans should be brought into the IRWM planning process in the future and incorporated into adjacent planning areas.
- The six planning sub-regions (participants) agree to take coordinated action and no unilateral action in seeking Prop 84 (IRWM) funds allocated to the Central Coast area.
- The six planning sub-regions agree to coordinate their actions in seeking further Prop 50 (IRWM) funds, including supporting current changes to the State process, but acknowledge the continued competitive nature of the process.
- Benefits from the various funding sources, taken as a whole, should be shared throughout the funding area so that areas that are not funded by Prop 50 are given initial priority in allocating

a portion of Prop 84 (IRWM) funds, recognizing that these areas must adhere to IRWM standards and guidelines and have sub-region and regional stakeholder support.

- The Central Coast region will, under a performance based approach to IRWM planning, continue our efforts to develop regional priorities, which includes providing added priority to projects identified in sub-region IRWM plans not previously funded by Proposition 50, and reach consensus on the equitable allocation of Proposition 84 funds in our region.
- This agreement does not affect a sub-region's ability to apply unilaterally for other recently established State grants, such as Prop 1-E funds, but best efforts should be made to coordinate with other sub-regions so as to avoid direct competition. Other funding processes (such as the State Revolving Fund) are not affected by this agreement.
- Priorities within each IRWM Plan have been determined based on the needs of the sub-region identified through a rigorous outreach and stakeholder process. These priorities were also developed to integrate or be consistent with portions of the Basin Management Plan for the Region and other applicable State and Federal management plans.
- Regional interests intend to develop a process that will address:
 - The intent of the process
 - The participants
 - The decision making process for Proposition 84 (IRWM)
 - Regional cooperation and communication in accessing funds from other grant programs
 - The term of the agreement
 - Role/opportunity for future applicants



Michael Winn Eric Greening Paavo Ogren
Chairperson Vice Chairperson Secretary
Room 207, County Government Center PH (805) 781-5269
San Luis Obispo CA 93401 FAX (805) 788-2182

Members

Steve Sinton
District 1
Bill Garfinkel
District 2
Michael Winn
District 4
Dan O'Grady
District 5
Chuck Fellows
Arroyo Grande
George Luna
Atascadero
John Shoals
Grover Beach
Betty Winholtz
Morro Bay
Douglas Monn
Paso Robles
Kris Vardas
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Christine Mulholland
San Luis Obispo
Ken Weathers
Atascadero MWC
Henn Szopinski
Golden State Water Co.
Bryan Bode
Cambria CSD
John D'Ornellas
Heritage Ranch CSD
Steve Senet
Los Osos CSD
Bruce Buel
Nipomo CSD
Richard Searcy
Oceano CSD
Bill VanOrden
Templeton CSD
Linda Chipping
Coastal RCD
Tom Mora
Upper Salinas RCD
Chris Long
Camp San Luis Obispo
Joy Fitzhugh
County Farm Bureau
Edralin Maduli
Cuesta College
John Kellerman
CA Men's Colony
Bill Bianchi
Environmental-at-Large
Eric Greening
Environmental-at-Large
Ray Allen
Agriculture-at-Large

March 7, 2007

Board of Supervisors of San Luis Obispo County
Flood Control and Water Conservation District
County Government Center, Room D430
San Luis Obispo CA 93408

Subject: Letter Reflecting San Luis Obispo County Water Resource Advisory Committee (WRAC) Support of Central Coast Proposition 84 Funding Region Recommendations on the Proposed Modifications in Proposition 50 Grant Allocations

Dear Supervisors:

The purpose of this letter is to express WRAC support for the regional recommendations developed by agencies participating in Integrated Regional Water Management within the Central Coast funding area identified in Proposition 84. This support is based on a key principle in the recommendations: to support additional Proposition 50 grant allocations given that initial priority in allocating a portion of Proposition 84 funding is provided to those areas not funded by Proposition 50. Based on preliminary examples of an equitable distribution of grant funding, WRAC is reasonably confident that the other Central Coast agencies will support an allocation of at least \$12.5 million of IRWM grant funding to the San Luis Obispo County region.

Respectfully,

MICHAEL WINN
Chair, San Luis Obispo County Water Resources Advisory Committee

Purpose of the Committee:

To advise the County Board of Supervisors concerning all policy decisions relating to the water resources of the SLO County Flood Control & Water Conservation District. To recommend to the Board specific water resource programs. To recommend methods of financing water resource programs.

Excerpts from WRAC By-Laws dated 3/6/07