June 30, 2015

Transmitted via e-mail to: gwquality.funding@waterboards.ca.gov

Mr. Joe Karkoski, PE, PMP
Supervising Water Resources Control Engineer
State Water Resources Control Board
Division of Financial Assistance, Bond Section
1001 I Street, 16th Floor
Sacramento, CA 95814

RE: Comments on Proposed Grant Guidelines for Groundwater Quality Funding Programs Under SB 455 Site Cleanup Subaccount and Proposition 1 Groundwater Sustainability

Dear Mr. Karkoski,

The Water Replenishment District of Southern California (WRD) greatly appreciates the opportunity to comment on the proposed grant guidelines for the above-referenced Groundwater Quality Funding Programs. We believe that the State Water Resources Control Board's (SWRCB) two Groundwater Quality Funding Programs present a significant opportunity for the State of California to incentivize better use of groundwater resources, catalyze bold initiatives, and achieve multiple statewide objectives. As explained herein, these funding programs are crucial to WRD's mission to preserve and protect two of the most utilized urban groundwater basins in the nation, the Central Basin and West Coast Basin.

As the largest groundwater agency in the State of California, WRD replenishes, manages, and protects groundwater for approximately 4 million residents in Southern Los Angeles County. Our 420-square mile service area encompasses 43 cities, including a portion of the City of Los Angeles, and uses about 240,000 acre-feet (78 billion gallons) of groundwater annually. Groundwater in the Central Basin and West Coast Basin supplies 40% of the total water demand in the region. As a result, WRD has a strong interest in protecting the quality of this precious beneficial resource.

For over 50 years, WRD has been monitoring groundwater quality and water levels in the Central Basin and West Coast Basin. In an effort to minimize or eliminate threats to the groundwater supply, WRD has established/ implemented the following programs/projects:

- Central Basin and West Coast Basin Groundwater Contamination Forum: More than 10 years ago, WRD established this data-sharing and discussion forum with key stakeholders including the United States Environmental Protection Agency (EPA), California Department of Toxic Substances Control (DTSC), the Los Angeles Regional Water

Quality Control Board (LARWQCB), SWRCB Division of Drinking Water (DDW), United States Geological Survey (USGS), and various cities and water purveyors. Stakeholders meet several times a year and share data on contaminated groundwater sites within the Central Basin West Coast Basin. WRD acts as the meeting coordinator and data repository/distributor, working closely with the stakeholders to characterize the extent of contamination, identify potential pathways for contaminants in shallow aquifers to reach deeper drinking water aquifers, and develop optimal methods to expedite the remediation of contaminated groundwater.

- High Priority List of Groundwater Contaminated Sites: WRD's service area contains a large and diverse industrial and commercial base. Consequently, many potential groundwater contamination sources exist within District boundaries. With the cooperation and support of all stakeholders in the Groundwater Contamination Forum, WRD developed a list of high-priority contaminated groundwater sites located within the Central Basin and West Coast Basin. Currently, the list includes 48 sites, including seven Federal Superfund Sites. WRD works in close consultation with the lead regulatory agencies for each of these sites to keep abreast of their status, offer data collection, technical review, recommendations, financial assistance as needed, and facilitate progress to expedite site characterization and cleanup.

- Los Angeles Forebay Groundwater Task Force Investigation: In 2012, WRD formed the this interagency Task Force to coordinate and collaboratively address the regional response to groundwater contamination in the Los Angeles Forebay (northwest portion of the Central Basin) that is a significant and exigent threat to drinking water resources. The Task Force members currently include WRD, DTSC, EPA, LARWQCB, SWRCB DDW, USGS, City of Vernon, City of Los Angeles, and others. WRD and DTSC are actively investigating and collecting groundwater and other data to assess the extent of regional volatile organic compound and perchlorate plumes and find the source(s) of this contamination. The data will be utilized by the regulatory agencies to ultimately exercise regulatory authority to facilitate and coordinate remedial actions in order to protect the water supply.

- Safe Drinking Water Program: Since 1991, WRD has installed wellhead treatment systems for existing drinking water wells that have been contaminated by man-made and naturally-occurring constituents. For man-made contaminants, WRD provides grants for the design, equipment, and installation of the wellhead treatment facility. For naturally-occurring contaminants, WRD provides zero-interest loans for construction of the treatment facility.

- Regional Groundwater Monitoring Program: WRD's Regional Groundwater Monitoring Program consists of a network of 324 nested groundwater monitoring wells at 58 locations throughout the basins to depths up to 3,000 feet. The wells are measured for water levels every 6 hours using data loggers and sampled semi-annually for numerous

constituents, including general minerals, volatile organic compounds, metals, general physical properties, and chemicals of emerging concern. WRD is the designated groundwater monitoring entity for the Central Basin and West Coast Basin under the State of California's CASGEM program (California Statewide Groundwater Elevation Monitoring). More recently, WRD has installed regional nested monitoring wells to support regulatory agencies in their investigation of major contaminated sites in Central Basin. The information generated by the regional monitoring wells is stored in WRD's Geographic Information System (GIS) and provides the basis to evaluate dynamic changes in the basins and the in-house capability to collect, analyze, and report groundwater data. An annual Regional Groundwater Monitoring Report is published by the District, highlighting the groundwater conditions in the basins based on the monitoring activities performed over the previous year.

- Saline Plume Assessment and Remediation: Excessive historical over-pumping in the Central Basin and West Coast Basin caused severe overdraft and created a hydraulic gradient that resulted in seawater intrusion, which contaminated coastal groundwater aquifers. To address this problem, barrier injection wells were constructed by Los Angeles County Flood Control District along the coast between the 1950s and 1970s in three main areas, referred to as the West Coast Basin Seawater Intrusion Barrier (WCBB), the Alamitos Gap Seawater Intrusion Barrier, and the Dominguez Gap Seawater Intrusion Barrier. While the water injection activities at the barriers were successful in halting further seawater intrusion, these efforts could not address the seawater which had already intruded into the West Coast Basin, before the WCBB was constructed. To address this "saline plume" that is trapped inland of the injection wells, WRD constructed and began operating the Robert W. Goldsworthy Desalter facility in 2002, which pumps and treats brackish groundwater for potable use in the City of Torrance; plans are currently underway to expand the Goldsworthy Desalter. Through the sampling of nested groundwater monitoring wells in the area, WRD continues to assess the migration of the saline plume.

- Salt and Nutrient Management Plan (SNMP): In accordance with the Recycled Water Policy issued by the SWRCB in May 2009, WRD along with other stakeholders in the Central Basin and West Coast Basin prepared a SNMP, and a Basin Plan Amendment subsequently was adopted by the LARWQCB Board in February 2015. It is anticipated that the Basin Plan Amendment will be adopted by the SWRCB Board on July 21, 2015. The SNMP will help facilitate basin-wide management of salt and nutrients from all sources in a manner that optimizes recycled water use while ensuring protection of the groundwater supply, beneficial uses, and human health. The SNMP included a list of existing, proposed, and conceptual implementation measures to manage salt and nutrients, as well as a list of proposed major recycled water projects in the basins. A Substitute Environmental Document (i.e. program-level CEQA analysis) was also completed for the SNMP. Seventy (70) WRD nested groundwater monitoring wells at 13

locations throughout the CBWCB have been selected for salt/nutrient sampling and reporting as part of the SNMP Monitoring Program.

Due to the scale and magnitude of groundwater quality issues being addressed by WRD in the Central Basin and West Coast Basin, WRD will seek financial assistance for monitoring, investigations, and cleanup of groundwater contamination (both man-made and naturally occurring) in a coordinated and integrated fashion. Typical groundwater investigation projects will involve the installation of multiple nested monitoring wells screened at discreet depths to assess specific aquifers, collect water level and water quality data, and attempt to predict the fate, transport, and source areas of the contamination to pursue remedial actions. As new investigations and cleanup projects are implemented, WRD also has a desire to centralize data collection and optimize its groundwater monitoring network and GIS.

Below are WRD's comments on the scoping questions regarding grant guidelines presented by the SWRCB at the Groundwater Sustainability Scoping Meeting held on June 8, 2015 at the LARWQCB office in Los Angeles, California.

<u>WRD Comments on Proposed Grant Guidelines under the SB 445 Site Cleanup Subaccount Program (SCAP)</u>

1. What type of projects should be given higher priority?

With the limited funding available, and the recurring nature of this new grant program, we suggest that the following considerations should be priority:

- Significant threat to human health, environment, or economy,
- Projects that benefit disadvantaged communities (DAC's),
- Projects that specifically address groundwater contamination (not other media),
- Projects to address public water supply wells that have already been contaminated,
- Projects that bring existing infrastructure back into use, and
- Implementation projects with completed environmental documents.

We do not agree that "No other funding source(s) available other than SCAP" is a valid consideration, because in most cases, partnerships can be utilized to access other funding sources. Also, we do not agree that funds cannot be used for the "prevention of groundwater contamination." By conducting any type of groundwater remediation project, we are preventing contamination from migrating laterally and vertically.

We suggest that 20% of funds should be set aside for projects that benefit DAC's, and that those grants be competitive. In considering DAC's, the cost of the project relative to the size of the population that it will benefit should be considered, and investments by the State should be made for the greater good. WRD has some projects that primarily benefit a DAC, but are physically

located outside the DAC boundary. We recommend that the guidelines will be flexible enough to accommodate situations like this.

1.A. Of the considerations required in evaluating projects, should some be weighted more than others? What other information should be considered?

Projects that address multiple criteria should be weighted more than others. Projects that benefit the highest population should be weighted more than smaller communities, with the possible exception of the DAC set-aside funds. Projects where the responsible parties are unknown or cannot be identified should be weighted more than projects where the polluter is known.

1.B. Should projects that address certain contaminants be given higher priority than others?

We do not believe that the ranking of contaminants is helpful and thus, strongly urge the SWRCB to refrain from prioritizing contaminants. When this approach was used in the past by the California Department of Public Health, only projects with highest ranked contaminants were competitive for funding. Communities with groundwater supplies contaminated with other substances had little access to grant funds, regardless of the size of the population served, or the extent of the problem. Rather than focusing on the contaminant, WRD suggests prioritizing projects based on the threat or risk to drinking water wells or aquifers.

1.C. Should projects that propose short term solutions (whether due to emergency or non-emergency), ongoing operations and maintenance, or permanent solutions be prioritized differently?

Priority should be given to long-term permanent solutions only. Short-term solutions are not likely to present a good return on investment. Applicants should demonstrate sufficient funding and a plan to address operations and maintenance of long-term solutions. Documentation of this ability to pay for operations and maintenance should be evaluated as part of the application. Operations and maintenance should not be eligible activities for grant funding.

1.D. Should the timing of project completion compared with the timeline for project benefits be prioritized differently?

Groundwater investigations and cleanups can take years; therefore, the timeline for project completion should be a generous five years. Projects with completed environmental documents for construction or installation of a new facility, should receive some preference. Projects that will result in restored access to groundwater supplies or that will create additional storage within the first 2 to 3 years should receive some preference.

2. What kind of limits should there be on grant funding amounts?

With the modest amount of $19.5 million annually, projects should be capped at $2 million per implementation project, and $250,000 for planning projects. Phased projects should be allowed so that applicants may apply in future years for subsequent activities. Concept proposals should be screened so that competition is reduced in the final round. It is expensive and time-consuming to apply for grants, so there should be a reasonable chance of success with a full proposal.

3. What kind of technical assistance is needed?

WRD offers technical assistance to the 175 water rights holders that may pump groundwater in the two basins, as well as technical support to regulatory agencies that are actively investigating and remediating groundwater contaminated sites. We also have the ability to design, construct, and finance wellhead treatment facilities. One way that SCAP could provide technical assistance is to make a few planning grants to support regional coordination for groundwater cleanup activities. It would be reasonable to make four planning grants up to $250,000 each. This would allow DAC's and others to get plans and environmental documents completed in order to apply for implementation funding in future rounds. These planning grants could also be used to fund full-time or part-time staff at WRD or at the regulatory agencies to provide technical assistance, such research of potential contamination sources and remediation technologies, data collection, review, and evaluation, etc., to pursue or expedite the cleanup of specific contaminated sites.

4. The responsible parties' lack of sufficient financial resources to pay for the required response actions is a grant requirement. How should the Board evaluate a responsible party's ability to pay?

The lead regulatory agency managing the specific site investigation/cleanup, such as the Regional Water Quality Control Board (RWQCB) or the DTSC, should be involved in this determination, and documentation of the RWQCB/DTSC concurrence, should be a required attachment for each application. This will also facilitate better communication with the RWQCB/DTSC regarding basin management activities. Sites that have been or are currently being investigated using Orphan Funding or other grant funding by the regulatory agency should be considered as a lack of financial resources by the responsible party. Additionally, we suggest that projects where the responsible party is unknown or where a site has been abandoned (i.e. no identified responsible party) should be given the highest priority.

WRD Comments on Proposed Grant Guidelines under Proposition 1 Groundwater Sustainability

1. What types of projects should be eligible or given higher priority?

Projects that provide the greatest good for the greatest number of people should be a higher priority and projects that benefit one or more DAC's should also be a priority. This approach that has been used successfully with the Integrated Regional Water Management grant program. Both groundwater investigations and cleanup projects should be eligible, as well groundwater monitoring and management activities, including prevention of contamination. It is important to allow multiple activities located in a single groundwater basin to be bundled into one application. Projects that provide multiple benefits such as: reduced reliance on imported water, protection or enhancement of a regional economy, climate change resilience, improved water storage, and/or ecosystem benefits should be a priority, with more weight given to more benefits. Projects that demonstrate new technologies or innovations for treating certain contaminants should be eligible and encouraged. Projects that meet the objectives of an Integrated Regional Water Management Plan should receive some preference.

2. Should some funds be used for loans? If so, how much?

A Revolving Loan Fund very similar to the Clean Water State Revolving Fund (SRF), that is dedicated to groundwater contamination could be helpful, particularly if loans were available for planning, implementation, and monitoring activities AND if it had similarly low interest rates. Of the $800 million available, not more than $200 million should be dedicated to such a loan fund, and loans should be capped at about $20 million each. If the loan program is not fully subscribed within 2 years, then the program should forgive loan principals and be discontinued. Loans should be eligible as the match for Proposition 1 grants, in the same way that Clean Water SRF loans are eligible. We suggest that the remaining $600 million of Proposition 1 should be awarded in grants as quickly as possible.

3. How much funding should be set aside for technical assistance to disadvantaged communities? What kinds of technical assistance is needed?

WRD offers technical assistance to the 65 drinking water purveyors that serve groundwater in the two basins, as well as technical support to regulatory agencies that are actively investigating and remediating groundwater contaminated sites. We also have the ability to design, construct, and finance wellhead treatment facilities. One way that Proposition 1 could provide technical assistance is to make planning grants to support regional coordination for groundwater cleanup activities. These planning grants could be used to fund full-time or part-time staff at WRD or at the regulatory agencies to provide technical assistance, such research of potential contamination sources and remediation technologies, data collection, review, and evaluation, help DAC's to find and apply for funding for groundwater remediation projects, etc.

4. What limits should be set for grant funding amounts?

Grants should be large enough to support regional efforts (multiple projects) or multi-faceted approaches (investigation, cleanup, monitoring and prevention). Grantees may be able to utilize the local Integrated Regional Water Management grant administration framework. A cap at $30 million per application would likely catalyze bold, comprehensive, regional initiatives, and also result in a reduced administrative burden for the SWRCB. Organizations should be able to submit multiple applications and receive multiple awards.

5. What factors should be considered in determining cost share? How should leveraging of private, federal and local funds be considered in project selection?

For cost share, there should just be a 50% of total project costs minimum requirement, with no additional points for exceeding the minimum. Allowable costs should include in-kind contributions as well as direct expenditures. With regard to leveraging other funds, there should be a point awarded for projects that include other parallel investments, including investments by private industry that depend on the groundwater supply and reliability.

6. What kind of project benefits should we look for or focus on?

These project benefits should be significant: reduced reliance on imported water; improved local water supply reliability/sustainability; number of drinking water wells that would be protected or additional water storage that would be created; number of communities that the project would benefit; size of the population that the project would benefit; improved regional coordination and collaboration; consistent with the objectives of an integrated regional water management plan; includes projects that benefit one or more DAC's; and brings existing infrastructure back on line.

7. How should the timing of project completion and timeline for project benefits to be realized be considered in project selection?

Groundwater investigations and cleanups can take years; therefore, the timeline for project completion should be a generous five years. Projects with completed environmental documents for construction or installation of a new facility, should receive some preference. Projects that will result in restored access to groundwater supplies or that will create additional storage within the first 2 to 3 years should receive some preference.

8. How should we assess a community's ability to pay for operations and maintenance of a facility funded by Proposition 1 funds?

General creditworthiness should be a primary consideration, and documentation should be submitted to support the application. The application may also include a rate study or similar documentation of the community's ability to pay for operations and maintenance.

9. What would constitute a reasonable effort to identify responsible parties and recover costs by parties receiving funding?

Any effort to identify a responsible party should be considered and included with the application for funding. Higher priority should be given to projects that have already initiated their search of responsible parties. Higher priority should also be provided to projects that include a multi-agency collaborative effort to identify responsible parties. These efforts should include research of historical records and agency databases, collection of groundwater data from existing wells and nearby contaminated sites, installation of groundwater monitoring wells to assess groundwater quality and flow.

10. How should responsible parties' unwillingness or inability to pay for the total cost of cleanup be evaluated?

WRD suggests that projects where the responsible party is unknown or where a site has been abandoned (i.e. no identified responsible party) should be the highest priority in the evaluation for funding. Sites that have been or are currently being investigated using Orphan Funding or other grant funding by the regulatory agency should be considered a secondary priority. The lead regulatory agency managing the specific site investigation/cleanup, such as the Regional Water Quality Control Board (RWQCB) or the DTSC, should be involved in this determination, and documentation of the RWQCB/DTSC concurrence, should be a required attachment for each application. This will also facilitate better communication with the RWQCB/DTSC regarding basin management activities. Sites where a responsible party is unwilling to pay should not even be considered for grant funding.

11. When considering a potential project funded under this program, should any of the contaminants listed in Proposition 1 or other contaminants not listed be given higher priority?

We do not believe that the ranking of contaminants is helpful and thus, strongly urge the SWRCB to refrain from prioritizing contaminants. When this approach was used in the past by California Department of Public Health, only projects with highest ranked contaminants were competitive for funding. Communities with groundwater supplies contaminated with other substances had little access to grant funds, regardless of the size of the population served, or the extent of the problem. Rather than focusing on the contaminant, WRD suggests prioritizing projects based on the threat or risk to drinking water wells or aquifers.

12. What areas of the Groundwater Sustainability section of Proposition 1 should be further defined or clarified in the guidelines?

It would be helpful to identify a focus on achieving multiple benefits and consistency with other water management efforts. It would also be helpful to mention CASGEM compliance and the Sustainable Groundwater Management Act in the guidelines.

We would like an opportunity to meet with you and other State Water Board staff in July to discuss our proposed project concepts in more detail. Ms. Phuong Ly of WRD (ply@wrd.org, 562-275-4246) will be contacting you to schedule this meeting. In the meantime, please contact Ms. Ly or me at 562-275-4240 or tjohnson@wrd.org if you need any more information. Thank you for your consideration of our comments and suggestions on the grant guidelines.

Sincerely,

Theodore Johnson, P.G, C.HG.
Chief Hydrogeologist