

Anza Borrego Desert (ABD) Integrated Regional Water Management (IRWM)

Planning Grant Application Work Plan Development

Questions Posed by Work Plan Workgroup for Discussion by Stakeholder Committee

December 13, 2011

1. “The immediate important question I have is how this Work Plan relates to the necessity to update BWD's 2002 GWM "plan" so as the two plans are in conformance w/ one another - something required for implementation grant funding.”

Work being completed under the State of the Basin Report by RMC-Wrime (through a DWR contract) will work to help achieve consensus within the Region regarding current and future characteristics of the Borrego Valley Groundwater Basin. It is anticipated that this effort (with robust stakeholder involvement) will help clear up some of the discrepancies between BWD's GWM Plan and BWD's Integrated Water Resources Management Plan, as well as other questions regarding the status of the Borrego Valley Groundwater Basin.

IRWM Plans are referred to as “umbrella plans” in that they encompass planning efforts across an IRWM Region. IRWM Plans also include planning-specific work (such as that included within the Work Plan) to address data gaps, and clarify other issues necessary to complete an IRWM Plan. IRWM Plans do not have authority themselves. They can include recommendations and projects that would help resolve discrepancies or issues within the Region, but they do not have the authority to ensure that two existing plans are in conformance.

It would be up to the discretion of BWD or any agency to take recommendations or information presented within the IRWM Plan and utilize this information or recommendations to move forward and amend existing documents.

2. “As to questions that occur related to the budget and objectives of the Work Plan: Politically, the BWD ratepayers have already put many tens of thousands of dollars into this planning process and many dollars into previous GWM schemes, with yet little that is tangible to show for these expenditures. The questions that I am asked repeatedly by ratepayers are: (a) at what point will something meaningful to address the overdraft actually be done as opposed to more studies and "activity" that accomplishes little? and (b) at what point will the ratepayers no longer be on the hook for covering 100% of GWM costs, as ratepayers are responsible for only 10% of the annual overdraft of the basin??”

Relating to groundwater management, Task 2-1 of the Work Plan will include work to analyze viable options for financing groundwater management for the Region. We can add language into the Work Plan that clarifies that some of these options will be to analyze how to shift groundwater management fees for the Borrego Valley Groundwater Basin to others beyond BWD ratepayers. Direction needed here.

3. “Somewhere, somehow we need to be able to explain to ratepayers that they will be receiving a real economic return on their investment of capital and not just be continuing

to subsidize other "stakeholders" who are along for the ride but have little of their own skin in the game.”

Perhaps we can include information further describing how this grant application not only leverages the Region for Planning Grant funding right now, but through development of the IRWM Plan, the Region will be eligible for Proposition 84 Implementation Grant funds to fund development of important regional projects in the future. Direction needed here.

4. “Regarding existing Table 3-2 (Stakeholder list): This is a nice, comprehensive list, but, from a “who has skin in the game” perspective, the key stakeholders probably include, in order of priority based on net invested capital and net cash flow available directly to the economy of the region (as opposed to cash exported from the region):
 - a. The State Park and their associated organizations
 - b. Homeowners
 - c. Commercial interests (includes golf course owners)
 - d. Agricultural interests”

It was our understanding that at this point in the development of the Region’s stakeholder process, we did not want to single-out stakeholders and risk leaving some out. However, we can create a second stakeholder list with the suggestions above. Direction needed here.

5. “With respect to the Budget: Optically, the budget looks great! But, where did those numbers come from?”

RMC developed this budget based on work completed for other IRWM regions, consultation with consultants who have performed similar work, and utilizing RMC consultant fees.

6. “From the proposal perspective, the text of the work plan elements sounds well thought out. However, I do not yet understand:
 - a. “Who is to perform this work?”

The way the budget is currently written, a consultant (or consultant team) would perform the majority of the work, with some in-kind assistance from BWD. DWR requires (at this time) that IRWM Regions developing IRWM Plans with Planning Grant money go through a competitive bid process to select the consultant or consultant team.

- b. “Who will manage and be accountable that this work gets done on time and under budget?”

In RMC’s experience managing IRWM efforts, as the consultant, we ensure that these efforts get completed on time and on budget. BWD (or other RWMG agencies) could be responsible for project management, or the consultant team selected to do the work could be responsible. This will be up to the discretion of the RWMG to decide.

- c. “Who will do the accounting and disbursements of payments to accomplish this work?”

As written, the consultant team would be responsible. Task 4, Proposal Administration, would pay for these costs. We can shift the money to the RWMG if you would like to do this work in-house. Direction needed here.

- d. “How progress will be communicated and checked by the stakeholders that the work is satisfactory and real problems are being solved vs money spent?”

This is really up to the RWMG and the Region’s stakeholders. The communication aspect will be conveyed through the robust stakeholder outreach we have included under Task 1. Many IRWM regions that we work with have stakeholder bodies that vote on important decisions, thereby ensuring that stakeholders are checking that work is satisfactory and voicing their opinion in a real way on important matters. This has not yet been determined for the Region, but could be developed as the Region sees fit. Currently, part of developing the IRWM Plan (Task 3-1) involves convening a Governance and Financing Workgroup that will make these types of decisions.

- e. “How the money will be held in trust to accomplish this work rather than being siphoned away for other projects?”

BWD as the applicant is responsible for submitting invoices for work to DWR for reimbursement in order to receive grant funds. DWR will not reimburse the Region for completed work that is not in accordance with the Work Plan. Therefore, the Work Plan itself is a way to ensure that this work will be done, and that money from DWR will not be spent on other things.

7. “I would caution us to what this summary might (with respect to Dale Schafer’s work).”

RMC suggests having a discussion with stakeholders at the next meeting in order to decide what message is conveyed regarding Dale Schafer’s stakeholder outreach process. This was anticipated as a summary of interviews of potential stakeholders for the purpose of describing the Region’s existing stakeholder outreach process, and not anticipated to discuss potential groundwater issues and various opinions on the Region’s aquifers. Direction needed here.

8. “Where did this “100 years” come from? The USGS study team have never mentioned 100-years as the “usable life of the Upper Aquifer of the Borrego Valley Groundwater Basin.” I find this number suspect.”

This number came from the Borrego Springs Community Plan (County of San Diego, August 2011). We can change the language in this section to address your concerns on this issue and the numbers presented.

9. “If this is merely a paper exercise (Task 2-1), I foresee political problems w/ the ratepayers who have put forth large amounts of capital over the years and only gotten back more paper. However, if we are discussing active planning that is hands on and problem-centered, then we are on the right track. My question is when do we get down to specifics as to who is responsible for what deliverable and do we have the right people who can credibly deliver a specific task on time and on budget?”

Task 2-1 of the Work Plan was written to convey that real work (developing alternative strategies and financing options) would be completed for the Region's aquifers. As mentioned previously, the budget currently shows this work being completed by a consultant. It will be up to the discretion of the RWMG to decide who is responsible for doing the work on time and on budget.

10. "Historical note: In the recent past almost all regional GWM studies and initiatives have been paid for with a local share entirely by BWD ratepayers, even though they are responsible for only 10% of the annual overdraft. Over the years, this has amounted to hundreds of thousands of dollars for studies and millions of dollars for various GWM initiatives, all paid for 100% by BWD ratepayers.

The result of these capital investments to date: no plan that details how the basin will be brought into balance with a safe yield, by what date, or at what cost.

These GWM costs were primarily funded from the District's cash reserves. All these cash reserves have now been depleted.

In 2011, BWD commissioned the development of an economic model by Raftelis Financial Consultants (RFC). The model indicates that the District must raise rates 80% over the next 5-years (FY 2012-2016). This amount of rate increase is the minimum necessary to establish the cash flow and cash reserves to borrow ~\$6M in FY 2016/17 for necessary CIP.

However, to keep the rate increase to only 80% over the next 5-years, we zeroed out any GWM costs after FY 2014.

Unless a means can be developed to spread the proportional share of GWM costs across all pumpers of the basin, another 40%-80% rate increase over the following 5-years after FY 2014 may be required to pay for GWM.

And, if the results of a forecast of declining water quality and the attendant costs to render the groundwater usable is included, it is likely that somewhere between 13-20 years from now another 40% - 80% rate increase may need to be considered to produce the cash flow to cover P&I of secondary or tertiary water treatment CIP.

Thus, it is necessary that by around FY 2014: there is a basin management plan; the authority to enforce the plan; and a mechanism in place to finance the implementation of the plan."

The current timeframe for completing the work in the Work Plan would be over the next two years (likely by summer of 2014). Please note that the Work Plan does not include development of a basin management plan or implementation of a mechanism to finance implementation. The Work Plan includes development of alternatives that can be implemented to manage the basin and potential alternatives for how to finance top scoring alternatives.

11. "Min. Criteria (Task 2-1):
 - a. a plan that actually addresses the overdraft by bringing withdrawals into balance w/ annual recharge
 - b. the authority to enforce the plan

c. a mechanism to pay for implementing the plan”

Task 2-1 does not include an evaluation of the authority to enforce the alternative groundwater management strategies at this time, but we can include this into the scope of work. The other issues of actually addressing the overdraft and finding a mechanism to pay for implementation are addressed within Task 2-1. We added text to address that these questions would be posed to stakeholders during this task.

12. “I’m not certain this is the case (re: no applicable groundwater quality studies available for Task 2-2).”

RMC is not familiar with any studies pertaining to this issue. Can you please provide them to us? Direction needed here.

13. “Regarding Task 4: where is project oversight and management, accounting, program governance and overhead, etc.?”

Task 4 includes administrative work necessary to administer the grant itself. This includes invoicing and developing contract materials, progress reports, and other information required by DWR. DWR only allows regions to allocate 5% of the total grant request to administrative costs, and we have found that regions generally need all of this money to accommodate DWR’s grant contracting requirements. Any other administration costs would need to be paid for by other means.