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February 10, 2020

Department of Water Resources  
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**Subject:** Round 3, Proposition 68 Grant Funding

To Whom it May Concern:

The Indian Wells Valley Groundwater Authority (IWVGA) recently submitted a grant application to the California Department of Water Resources (DWR) to obtain Proposition 68 funding under DWR's Sustainable Groundwater Management (SGM) Grant Program Planning Grant – Round 3 (Round 3). The IWVGA is the Groundwater Sustainability Agency (GSA) for the Indian Wells Valley groundwater basin, a “critically overdrafted” basin, under the Sustainable Groundwater Management Act (SGMA). The IWVGA submitted a Groundwater Sustainability Plan (GSP) for the basin on January 31, 2020. The IWVGA is in critical need of funding in order to implement the recommendations identified in the GSP. As a result, the IWVGA submitted a Round 3 grant application to DWR for the “Indian Wells Valley Groundwater Basin - Implementation Projects and Additional GSP Development” (Project) with a requested funding amount of \$753,900.

In an email correspondence on October 11, 2019, DWR staff indicated the IWVGA was eligible to apply for \$330,827 of Round 3 funding. The IWVGA requested funding in excess of the amount DWR indicated the

IWVGA was eligible for in the event additional funds were available at the time of grant award or in case DWR decided some of the work in the application was not eligible for funding.

DWR released a “draft funding list” for Round 3 funding (in a January 24, 2020 e-mail) which indicates the IWVGA may be awarded \$200,000. In addition, the draft list requires the IWVGA provide a 26.74 percent local project cost (i.e. match requirement) of \$73,000. The IWVGA’s Water Resources Manager (Stetson Engineers Inc.) contacted DWR staff on January 30, 2020 for additional clarification on the draft funding list.

DWR staff indicated IWVGA’s Round 3 application included an implementation project (regarding evaluation of imported water opportunities) which DWR considered a duplication of previous grant funding awarded to IWVGA under Round 2 (Groundwater Sustainability Plans and Projects). DWR staff also indicated IWVGA’s Round 3 application included a separate implementation project (installation of replacement groundwater production wells) which was not eligible to receive funding. DWR staff also acknowledged an error regarding the local project cost/match required by the IWVGA, which has been clarified.

As indicated in DWR’s January 24<sup>th</sup> 2020 e-mail, the IWVGA may submit comments to DWR. Pursuant to the e-mail, as well as the subsequent correspondence, the IWVGA is respectfully submitting the following comments to DWR regarding the draft funding list:

### **Evaluate Imported Water Opportunities**

- 1) The IWVGA previously received grant funding under Round 2 for the preparation of the GSP for the Indian Wells Valley groundwater basin. The GSP included an “*Imported Water Study*”, funded under Round 2, which provided a preliminary review of potential imported water supplies, required infrastructure, and costs as well as recommendations in order to offset groundwater production.
- 2) Due to the severe overdraft conditions in the Indian Wells Valley Basin and the scarcity of available regional imported water supplies, the IWVGA began exploration of the current water market and available water supplies concurrently with the *Imported Water Study* being finalized. This work expands upon the assumptions and preliminary recommendations that are provided in the *Imported Water Study*. The IWVGA hired a consultant to provide information on water procurement and government affairs services. The IWVGA will also need to identify and evaluate potential funding sources needed to construct the infrastructure for delivering imported water supplies to the region. These tasks (including completed, ongoing, and proposed tasks) were included/discussed in the IWVGA’s Round 3 application and are not duplicative of the work prepared under the previous Round 2 funding.

## Shallow Well Mitigation Plan

- 3) As noted above, the IWVGA is pursuing alternative water supply sources (i.e. imported water) in order to achieve basin sustainability. Prior to achieving sustainability, however, it is anticipated groundwater levels will continue to decline. Because many existing production wells in the basin were constructed at shallower depths, many of these wells will be impacted (i.e. water level and water quality). These impacts are considered “undesirable results” that must be addressed during the GSP implementation. Mitigation of these impacts includes the replacement of shallower production wells with deeper wells (while new sources of water supply are being obtained/developed). The IWVGA's Round 3 application includes the implementation tasks of preparing a an “*Impacted Shallow Well Mitigation Plan*” as well as the installation of replacement production wells recommended by the *Plan*.
  
- 4) Prior to submitting the Round 3 grant application, the IWVGA reviewed DWR's application guidelines (including the “*SGM Grant Program 2019 Guidelines*” and the “*Planning Grants Proposal Solicitation Package*”). The guidelines provided examples of eligible projects, however, the guidelines indicated eligible projects were not limited to the examples. In addition, the guidelines did not state that replacement production wells would not be eligible for funding. As a result, the IWVGA included replacement production wells in its Round 3 grant application.

## Local Project Cost (Match Requirement)

- 5) As noted above, the “draft funding list” for Round 3 funding requires the IWVGA provide a 26.74 percent local match requirement of \$73,000. In addition, the IWVGA received an e-mail from DWR dated January 27, 2020 requesting additional information be provided regarding Severely Disadvantaged Communities (SDACs) in the basin area. Pursuant to follow-up communication (including the January 30<sup>th</sup> correspondence), DWR staff indicated the information originally submitted in IWVGA's grant application regarding SDACS was actually complete and did not need to be revised/resent. DWR staff indicated the “draft funding list” would be updated to reflect the IWVGA's correct local project cost (i.e. the local project cost will be reduced from 26.74 percent to 15 percent). However, it is not clear why this correction would not result in an increase in the grant amount awarded to the IWVGA (i.e. the awarded grant amount should increase if the local project cost decreases).

## Funding Amount

- 6) As noted above, the "draft funding list" for Round 3 funding indicates the IWVGA may be awarded \$200,000. Based on the correspondence with DWR staff, the IWVGA was eligible to apply for \$330,827 in funding. As noted in the comments provided above, the IWVGA believes the proposed projects are necessary for GSP implementation to achieve basin sustainability. In addition, our local project cost should be decreased. Based on these reasons, the IWVGA should have been awarded at least \$330,827 out of the \$753,900 originally requested.

The IWVGA appreciates DWR providing us with the opportunity to submit these comments on the grant application to obtain funding through Proposition 68. The IWVGA is committed to implementing its Groundwater Sustainability Plan for the Indian Wells Valley groundwater basin, however, much financial assistance will be required.

The IWVGA has made initial contact with DWR to request a meeting to discuss the "draft" funding list. In the meantime, please let us know if you have any questions regarding those comments

Sincerely,



Don Zdeba

General Manager

Indian Wells Valley Groundwater Authority