

State Water Resources Control Board
PROPOSITION 1 TECHNICAL ASSISTANCE FUNDING PLAN

I. PURPOSE:

This Technical Assistance Funding Plan (Plan) outlines the State Water Resources Control Board's (State Water Board's) general approach for administering the Proposition 1 (Prop 1; Assembly Bill 1471, Rendon) Technical Assistance (TA) Funding Program.

II. APPLICABLE LAW:

Prop 1 authorized \$7.545 billion in general obligation bonds for water projects including surface and groundwater storage, ecosystem and watershed protection and restoration, and drinking water protection. Prop 1 specifies that the State Water Board shall operate a multidisciplinary TA program for Small Disadvantaged Communities (Small DACs). Chapter 5 allocates \$520 million for drinking water and wastewater projects and allows the State Water Board to utilize up to 15 percent of this \$520 million to fund TA (Section 79725). Chapter 10 allocates \$900 million for groundwater sustainability. The State Water Board administers \$800 million of this Chapter 10 allocation, for projects that prevent or clean up the contamination of groundwater that serves or has served as a source of drinking water, including funding for technical assistance (Section 79774). Although the stormwater grant program in Chapter 7 (Section 79747) does not explicitly identify technical assistance for disadvantaged communities, the State Water Board may set aside a portion of the planning/monitoring funds for that purpose.

III. BACKGROUND:

Many Small DACs lack the economies of scale to build, operate and maintain, or upgrade their water and wastewater infrastructure. These communities are also commonly located in rural areas that require greater pipeline and pumping infrastructure. These problems can be compounded by difficulties in hiring and retaining qualified technical and managerial staff. As a result, many Small DACs struggle to provide safe, affordable, and adequate drinking water and sanitation. To ensure sustainable solutions, it is critical that these communities weigh not only capital costs but also long-term operations and maintenance (O&M) costs to the community.

The Office of Sustainable Water Solutions (Office) was established on March 27, 2015, as a result of the Governor signing Assembly Bill 92. The Office is part of the State Water Board's, Division of Financial Assistance (Division) and was created to promote permanent and sustainable solutions to help ensure effective and efficient provision of safe, affordable, and reliable drinking water and wastewater treatment services. The Office is focused on addressing both financial assistance and TA needs, with a focus on Small DACs. The Office provides direct assistance to potential funding applicants, as well as contracting and coordinating with external TA providers.

Using primarily set-aside and administrative funds associated with the Drinking Water State Revolving Fund (DWSRF) and the Clean Water State Revolving Fund (CWSRF), the State Water Board currently contracts with several non-profit TA providers to address a variety of needs, such as, funding applications, budgets, financial management, rate setting, compliance audits, and trouble shooting to improve operations. The Prop 1 TA Funding Program is intended to expand upon these services and address additional needs of Small DACs.

IV. DEFINITIONS:

"Eligible Applicant" means eligible 501(c)(3) non-profit organizations, and public universities. The Division may also consider providing TA funding to public utilities or public agencies (such as, special districts, joint powers authorities, cities, and counties).

"Consolidation" – as defined under Section 116681 of the Health and Safety Code, means joining two or more public water systems, state small water systems or affected residences not

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served by a public water system, into a single public water system. For the purposes of this TA Funding Program, consolidation may also be used to refer to non-physical consolidation of managerial or operational functions.

“Division” means the Division of Financial Assistance within the State Water Board.

“Financial Assistance Application Submittal Tool” or “FAAST” is a online tool managed by the Division which allows funding applicants to apply for grants and loans offered by various State agencies.

“Human Right to Water” refers to statewide policy set forth in Section 106.3 of the Water Code, which declares that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

“Median Household Income” or “MHI” is typically determined based on either data from the United State Census Bureau’s American Community Survey, or a community income survey. For the purposes of streamlining assistance under this TA Funding Program, if representative American Community Survey data is not available, the Division may make a determination to accept a community as eligible for TA without requiring an income survey.

“Proposition 1” or “Prop 1” means Assembly Bill 1471, Rendon.

“TA Project” means activities determined by the Division as appropriate for funding under this TA Funding Program.

“Office” means the Office of Sustainable Water Solutions within the Division.

“Small Disadvantaged Community” or “Small DAC” generally means a community with a population less than 10,000 and an MHI less than 80 percent of the statewide MHI. This includes communities served by public water systems, state small water systems, private wells, onsite wastewater systems, or some combination thereof. The Division may determine community boundaries based upon existing sewer or water system service areas, census geographies, project boundaries, or other basis, as appropriate. If a disadvantaged community (MHI less than 80 percent of statewide MHI) with a population larger than 10,000 has a demonstrated TA need consistent with the priorities of this program, the Division may make an exception to include them as eligible for TA.

“State Water Board” means State Water Resources Control Board.

“Technical, Managerial, and Financial Capacity” or “TMF” means the ability to plan for, achieve, and maintain long term sustainable compliance with drinking water standards to ensure the quality and adequacy of the water supply.

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V. PRIORITIES:

The goal of this program is to provide TA to Small DACs, to achieve measurable improvement in water quality and supply, and more stable and sustainable community governance with enhanced public awareness. This includes improved technical capability, asset management, fiscal planning, affordability, and accountability. The Division seeks to ensure that grant and loan funds from the State Water Board and other State/Federal agencies are used as effectively as possible to implement practical, cost-effective projects that will be adequately maintained over the long term. This is a multidisciplinary approach, intended to address Small DAC drinking water, wastewater, groundwater quality, and stormwater needs under one program. The most immediate priority of the program will be to formulate solutions to address the critical needs of Small DACs that do not have safe, reliable, and affordable drinking water, with a focus on: interim drought emergency projects and longer term drought solutions; developing shared solutions for multiple communities; preventing or reducing contamination in drinking water supplies; enhancing local supply reliability, particularly for communities with a single source; and improving affordability and TMF capacity.

VI. FUNDING MATCH:

Cost-sharing or match requirements are waived for TA Projects that directly benefit a Small DAC or multiple Small DACs.

VII. ELIGIBLE TA PROJECT TYPES:

Eligible TA Project activities include, but are not limited to, the following:

1. Project coordination and development
 - a. Pre-planning and preliminary engineering to identify and evaluate consolidation options and identify targeted geographic areas for further planning work;
 - b. Facilitate discussions between nearby communities to help encourage extension of service, consolidation, or regional projects wherever feasible;
 - c. Facilitate formation of legal entities with authority to receive planning and construction funding, preferably consolidating into an existing nearby public system;
 - d. Facilitate discussions with regulatory agencies and funding agencies;
 - e. Community outreach, education, engagement, and capacity development, including flyers, newspaper advertisements, public meetings, workshops, training sessions, surveys or other evaluations of public support; and
 - f. Facilitate and oversee the completion, submittal, or approval of:
 - i. Engineering and environmental analysis;
 - ii. Water quality testing (including testing private wells, as appropriate), site investigation and characterization of groundwater contamination problems, and possible identification of responsible parties;
 - iii. Financial planning and rate setting, developing policies and procedures, and other measures to build TMF capacity;
 - iv. MHI surveys;
 - v. Legal services (entity formation; agreements for the transfer of facilities or provision of water supply sources; land acquisition or access agreements; developing resolutions, corporate documents, bylaws; review of existing debts and preparation of bond counsel opinions; etc.);
 - vi. Commitments and agreements from participating entities or households; and
 - vii. Funding applications, deliverables, and disbursement requests.

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2. Drought preparedness, water/energy efficiency, and other planning needs
 - a. Provide training and onsite-assistance with Emergency Response Plans, Climate Readiness, Vulnerability Assessments, Drought Contingency Plans, Water Conservation Plans, etc.;
 - b. Evaluate alternate or additional water supply sources, and related capital improvement needs;
 - c. Provide training and onsite-assistance with water and energy audits and leak detection;
 - d. Assist in planning and seeking funding for meter installations/upgrades and other water conservation or energy efficiency projects; and
 - e. Prepare case studies to demonstrate long-term cost savings realized from implementing various water and energy efficiency improvements.

3. Identifying and encouraging low-cost sustainable approaches
 - a. Evaluate alternative approaches such as regional O&M, point of use, dual plumbing, and decentralized wastewater management. This may include pilot testing, evaluating pros and cons of various approaches, providing scalable probable capital and O&M costs, and identifying under what scenarios such alternative approaches would be most appropriate to consider; and
 - b. Provide engineering services for third-party evaluation of selected project alternatives, including consolidation options, and provide suggested modifications for improved performance and cost effectiveness.

4. Operator recruitment, training, and retention
 - a. Develop statewide or regional recruitment, training, and retention program(s);
 - b. Create online forums to share resources; and
 - c. Assist with provisional operator training plans.

5. Small DAC engagement
 - a. Act as a Small DAC liaison providing guidance and information about available technical assistance, funding, and other resources statewide, and how to engage with the agencies providing such resources; and
 - b. Help small DACs participate in planning efforts for Groundwater Resource Management Plans, Integrated Regional Water Management Plans, Stormwater Resource Management Plans, Local Area Management Plans, etc.

6. Data analysis, with a focus on assessment and prioritization of statewide needs
 - a. Analysis of typical costs to provide water and wastewater service;
 - b. Consider methods for evaluating drinking water/wastewater affordability; and
 - c. Identify communities not served by public water systems that are without safe, adequate, affordable drinking water, or where septic systems are failing.

Eligible applicants may apply for TA activities not listed above, if such activities will help achieve the purpose and priorities of this program; however, capital improvements are not eligible. The Division reserves the right to determine if proposed TA activities are an eligible use of TA funds.

Whenever possible, a TA Project scope should include documentation of lessons learned, and development of templates and protocols that can be shared and applied to future efforts at the state, regional, or local level. The Division will ensure such materials are made publicly available.

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VIII. APPLICATION AND EVALUATION PROCESS:

It is anticipated that TA Projects will be solicited on a continuous basis through FFAST. The TA funding program will be managed through a two-step solicitation process consisting of: (1) Concept Proposal, and (2) Final Proposal.

It is the Division's intent to use grant agreements, when appropriate. For some TA Projects, depending on the applicant and scope of work proposed, an interagency agreement or contract may be required, which will necessitate a more lengthy procurement process separate from the FFAST solicitation.

Applicants are encouraged to coordinate with Division staff for guidance.

1. Concept Proposal:

At a minimum, the Concept Proposal should include the following:

- Description of how the applicant qualifies as an eligible applicant;
- Description of how the proposed TA Project will address identified TA needs and priorities, without duplicating efforts already underway;
- Description of the applicant's qualifications, including a description of existing resources and expertise, and past performance on similar projects; and
- Information about how the TA Project budget will be structured (for example lump sum, time and expense basis, or some combination of both), a list of expected contractors necessary to implement the work, and the processes the applicant will use to select contractors.

It is anticipated that Concept Proposals will be reviewed and evaluated by Division staff on a periodic basis. Division staff may either invite the applicant to submit a Final Proposal, work with the applicant to modify or improve the Concept Proposal, or notify the applicant that they will not be invited to submit a Full Proposal.

If several eligible applicants pursue funding for similar TA activities, the Division may opt to fund multiple agreements for similar TA activities. Certain recipients might be designated to implement activities on a local or regional level, while other recipients might be designated to implement the same type of activities on a statewide level, with clear direction not to undertake activities in the local or regional areas being addressed by other providers. In other cases, multiple recipients may be designated implement TA activities in the same area, with different areas of expertise provided by each of the recipients. In such cases, recipients will be expected to coordinate on a regular basis to ensure consistency in implementation and to avoid duplication of efforts.

2. Final Proposal:

Eligible applicants invited to submit Full Proposals will be assigned a Division staff contact to assist the applicant with the Full Proposal process. At a minimum, the Full Proposal should address the following:

- TA Project description;
- Detailed scope of work, including reporting requirements;
- Schedule for TA Project activities and deliverables, including development of templates and other protocols that can be shared and applied to similar efforts in other areas;

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- Line item budget (TA Projects with unjustified or excessive administrative costs or contingency costs may not be awarded funds)
- Description of:
 - Key staff and their experience, qualifications, and expertise;
 - Contractors necessary to implement the work, and the process the applicant will use to select contractors (should be based on demonstrated competence and qualifications, and reasonable costs for the specific types of services to be performed); and
 - Other available resources that will help the applicant achieve the goals of the TA Project, or the expected process to obtain such resources in a timely fashion.
- Description of performance measures or other outcomes that will be monitored to determine TA Project effectiveness;
- Resolution or other similar documentation from the applicant's governing body assigning an Authorized Representative to enter into an agreement with the State Water Board;
- Three years of financial statements; and
- Applicable disclosures regarding any potential conflicts of interest, litigation, other disputes, or audit findings that might impact the applicant's ability to implement the TA Project.

IX. FUNDING APPROVAL:

Division staff may require additional supporting information, or adjustments to the TA Project scope, schedule, or budget, prior to approving funding. The Division will post information online about which Concept Proposals have been invited to submit a Full Proposal, and which Full Proposal have been approved for funding.

X. DISCLAIMER:

This Plan may be updated periodically to ensure funding is going to those communities in greatest need, and to ensure the funding is being provided in an expedient manner. The State Water Board reserves the right to modify this Plan, or to make exceptions for specific TA Projects, and may consult with appropriate stakeholder groups, as necessary to effectively implement this program. The most recent Plan will be used for evaluation of a request for funding under this program.