DAIRY WATER QUALITY GRANT PROGRAM
STATE WATER RESOURCES CONTROL BOARD
Program Guidelines
May 16, 2005

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Acronyms Used In These Guidelines And Appendices

CAFO	Concentrated Animal Feeding Operation
CDQAP	California Dairy Quality Assurance Program
CEQA	California Environmental Quality Act
CNMP	Comprehensive Nutrient Management Plan
DFA	Division of Financial Assistance, State Water Resources Control Board
DWQGP	Dairy Water Quality Grant Program
NEPA	National Environmental Policy Act
NMP	Nutrient Management Plan
NRCS	Natural Resources Conservation Service (of the U.S. Department of Agriculture)
UCCE	University of California Cooperative Extension

1. Purpose of the Guidelines

The Dairy Water Quality Grant Program (DWQGP) will provide grants for projects that reduce threats to, or impairment of, surface or ground waters from dairy operations (see Appendix A for definitions). The funding source for the DWQGP is State bond money from Proposition 50.

These guidelines establish the process the State Water Resources Control Board (State Water Board) will use to administer the DWQGP funds. The guidelines do not include a request for proposals. The State Water Board will solicit projects by issuing a Solicitation Notice following adoption of these guidelines.

2. Introduction

In November 2002, California voters approved the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50) authorizing $3.4 billion in bonds. The State Water Board is administering $5 million from Proposition 50 for the DWQGP. Senate Bill 1107 (Chapter 230, Statutes of 2004) established the DWQGP by adding subsection (b) of section 30940 of the Public Resources Code. These DWQGP guidelines have been developed after consultation with the California Department of Food and Agriculture and with the assistance of other affected State and federal agencies and the California Dairy Quality Assurance Program (CDQAP).

DWQGP grants will be provided on a competitive basis to public agencies, nonprofit organizations, and dairy operators. To be eligible, a dairy operator must have completed the environmental stewardship short course of the CDQAP, unless the operator demonstrates that the operator has taken similar actions to mitigate adverse environmental impacts of its dairy operation.

Applicable types of projects include water quality planning and regional and on-farm projects to reduce threats to, or impairment of, water quality from dairy operations. Only proposals that clearly demonstrate that a project is ready to proceed within the time frames set forth in the DWQGP will be eligible to compete for funding.

A. Funding Priorities

California has more than 2200 dairies and the DWQGP has $5 million from this one-time allocation of State bond funds. It is expected that the demand for these grants will exceed the funds available. Minimum grant amounts are set at $250,000. Applicants wishing to construct smaller projects are encouraged to propose projects at multiple dairies under a single grant.

Priority will be given to projects that do any of the following:

- Demonstrate the greatest potential to reduce or prevent water pollution
- Assist in bringing dairy operations into compliance or keeping them in compliance with applicable laws and regulations
- Focus on existing facilities with identified and potential water quality problems
- Are proposed by an applicant with an established record of working towards compliance
- Address an operation that discharges or threatens to discharge to an impaired water body listed under 303(d) of the Clean Water Act
- Are at facilities that have had evaluations completed by a CDQAP-designated third party (see below for more information)
- Provide benefits to multiple dairy operations
- Projects that have significant multi-media benefits (e.g., benefit both air and water quality)
- Use a regional approach to implement management plans
- Have an ability to leverage other funds or provide more than the minimum amount of matching funds
- Produce plans that identify projects that improve water quality
- Provide benefits to a disadvantaged community
- Include feasible tasks and scheduling to achieve the project's goals
- Provide valuable and quantifiable water quality information

CDQAP-designated third party evaluations are those conducted for operators that have completed the CDQAP environmental stewardship short course. Currently, the California Department of Food and Agriculture is a CDQAP-designated third party evaluator. Some evaluations identify improvements needed at a dairy operation. Implementing these improvements is a funding priority for the DWQGP.

B. Overview of Project Solicitation and Selection Process

Within 45 days of adoption of these guidelines by the State Water Board, a Solicitation Notice will be issued. The Solicitation Notice will provide proposal submittal requirements. Applicants are strongly encouraged to consult with the applicable Regional Water Quality Control Board (Regional Water Board) while developing their project proposals. The proposal preparation process is detailed below in Section 4.

State Water Board and Regional Water Board staff will evaluate proposals for eligibility according to sections 3A and 3B, below. Eligible proposals will be reviewed and ranked by a selection panel as described below in Section 5. Projects recommended by the panel for funding will be submitted to the State Water Board for final consideration and adoption. Projects recommended for funding that are in the Bay-Delta Program solution area, and assist in the fulfillment of the goals of the Bay-Delta Program, will be provided to the California Bay-Delta Authority (Authority) for public comment before receiving final approval by the State Water Board.

C. Project Timeframes

After State Water Board approval of the list of selected projects, a grant agreement will be executed between the State Water Board and the funding recipient. A project may begin when the agreement is executed. The State Water Board will not retroactively fund any work that has already been initiated or completed on the project before execution of the agreement. Projects funded by Proposition 50 must be completed by March 2009 (i.e., the final date an invoice may be submitted for payment). State Water Board staff will notify all successful grant recipients of the applicable deadlines.

3. Program Requirements

A. General Requirements

Projects must:

- Provide measurable long-term water quality benefits;
- Be consistent with applicable adopted local watershed management plans where they exist;
- Be consistent with the applicable Regional Water Quality Control Plan;
- Include an effectiveness and assessment component that has load reduction calculations and water quality monitoring where applicable;
- Comply with the California Environmental Quality Act (CEQA), where applicable;
- Be consistent with local Mosquito and Vector Control District dairy wastewater guidelines; and
- Be in compliance with local laws and regulations that are applicable to the type of project.

Grant recipients will be required to report project information (including locations of all activities implemented) and data to the State Water Board and the Regional Water Board. All water quality data must be compatible with the submittal requirements of the Surface Water Ambient Monitoring Program (SWAMP) and the Groundwater Ambient Monitoring and Assessment Program (GAMA). These requirements include latitudes and longitudes of all sampling locations. Information on SWAMP requirements is available at: http://www.waterboards.ca.gov/water_issues/programs/swamp/index.shtml. Information on GAMA requirements is available at: http://www.waterboards.ca.gov/water_issues/programs/gama/index.shtml.

Grant recipients must comply with applicable California Labor Code sections that require payment of prevailing wages and development of a labor compliance program on public works projects (Labor Code sections 1771 and 1771.8). The California Labor Code may be found at: http://www.dir.ca.gov. The definition of "public works projects" is in Labor Code Section 1720. For more information on labor compliance programs, go to: http://www.dir.ca.gov/lcp.asp.

Projects that assist in fulfillment of the goals of the Bay-Delta Program must be consistent with the Programmatic Record of Decision and must be carried out, to the maximum extent possible,

through local and regional programs. Additional information on the Bay-Delta Program is available at: http://calwater.ca.gov/.

Projects located in the San Gabriel and Los Angeles River watersheds must be consistent with the San Gabriel and Los Angeles River Watershed and Open Space Plan. The Plan is available at: http://www.rmc.ca.gov/plans/index_commonground.html

B. Eligibility Requirements

Public agencies and nonprofit organizations (these terms are defined in Appendix A) are eligible to receive funds. Public agencies may include local government agencies, special districts (e.g. resource conservation districts or water districts), State or federal agencies, and Native American tribes. Educational institutions that are established as a public agency or nonprofit organization also qualify to receive grant funds.

Dairy operators who have completed the environmental stewardship short course of the CDQAP or who demonstrate that they have taken similar actions to mitigate adverse environmental impacts of their dairy operation are also eligible to receive funds.

Only public agencies and nonprofit organizations are eligible to receive funds for projects that provide services and equipment to multiple dairies under a single grant. Dairy operators receiving assistance under a multi-dairy project will need to meet eligibility requirements identified in the grant guidelines and Solicitation Notice and eligible dairy operators would be able to apply for this assistance based on a readiness to proceed.

C. Eligible Project Types

The following types of projects are eligible to compete for DWQGP funds:

- On-farm infrastructure (see next paragraph for details)
- Development of regional dairy water quality plans and on-farm management plans (see Appendix A for definition of on-farm management plans)
- Regional infrastructure
- Pollution prevention
- Technical assistance
- Demonstration projects

It is expected that the bulk of the available funding will be spent for on-farm infrastructure projects that are designed to prevent or reduce dairy generated waste from entering surface or ground waters (includes production facilities and land application facilities). Infrastructure projects are those constructed or installed to manage animal waste produced at the dairy facility. Also eligible for funding are projects that monitor or analyze the effectiveness of infrastructure projects. Specific types of fundable on-farm infrastructure would include, but are not limited to:

- Tailwater return systems,
- Rainfall gauges and pond level gauges,

- Nutrient testing equipment,
- Backflow prevention devices,
- Infrastructure such as roof gutters, concrete gutters, grading, etc., to segregate storm water and reduce volume of contaminated storm water,
- Infrastructure such as expansion of storage, pond liners, grading improvements, drainage conveyance, etc., to improve collection and containment of wastewater, and
- Infrastructure such as pumps, pipelines, mixing chambers, and flow meters, to convey and distribute of wastewater to fields consistent with section 22563 of Title 27 of the California Code of Regulations.

The following activities are not eligible for funding:

- Leasing or purchasing of land or easement;
- Projects at a dairy that has not been constructed or is otherwise not operational prior to the date the Solicitation Notice is released,
- Projects related to expansion of dairy operations beyond their operating herd size as measured on or before July 1, 2005,
- Overhead costs, and
- Any costs incurred prior to the execution of a State Water Board grant agreement.

D. Maximum and Minimum Grant Amounts

The maximum grant amount for a single dairy is $500,000. For regional projects proposed by a public agency or nonprofit organization, the maximum amount is $3 million. The minimum grant amount is $250,000.

E. Matching Fund Requirement

Applicants are required to provide a funding match for projects. The required minimum match will be 30% of the total project costs. The State Water Board will waive the matching fund requirement for applicants that are disadvantaged communities where the project results in water quality improvements for the disadvantaged community. The applicant will be required to document that it is a disadvantaged community and that the project benefits a disadvantaged community. See Section 4, below, and Appendix D for more information on the required documentation.

4. Proposal Contents

Applicants must submit a complete proposal to the State Water Board by the deadline specified in the Solicitation Notice. Complete proposals must include discussion of the items listed below. Additional detail on required content of acceptable proposals will be included in the Solicitation Notice. Once the proposal is submitted to the State Water Board, the applicant waives any privacy rights as well as other confidentiality protections afforded by law with respect to the proposal.

A. Project Title and Summary

The project title should include the name of the dairy where the project will be conducted unless it is a regional or multi-dairy project, in which case the project title should include the name of the watershed or County in which the project will be located. The project summary must be no more than 500 words and must describe:

- The proposed project;
- The project goals and objectives;
- The project location (including an estimate of the project acreage and identification of any surface or ground waters affected by the project or facility);
- Current waste load and projected waste load, if applicable;
- The work proposed to be done by the project; and
- The expected water quality benefits from the project.

B. Water Quality Protection and Environmental Compliance

All projects must be consistent with State, federal, and local water quality regulatory requirements and must have obtained any needed discharge permits or waivers. Proposals must include the following information:

- A description of the surface and/or ground water bodies that the project addresses and the corresponding beneficial uses of the water bodies that could be affected by the project. The water body names and beneficial uses must be consistent with those identified in the Water Quality Control Plan of the applicable Regional Water Board, if possible.
- A description of the water quality problem the project addresses including specific pollutants or parameters. References to existing reports and water quality data related to the project should be provided.
- The goals and objectives of the project and the project's proposed contribution to solving the identified water quality problem.
- Description of method used to estimate waste load reduction.
- For projects in the Bay-Delta Program Solution Area, a description of how the project is consistent with the Record of Decision and which Bay-Delta Program goals the project will help to achieve.
- Documentation of the project's compliance with the California Environmental Quality Act (CEQA) and, if applicable, compliance with the federal National Environmental Policy Act (NEPA). CEQA compliance requirements are described in more detail in Appendix C.
- Documentation of the project's compliance with State and local water quality regulatory requirements including waste discharge permits or waivers.
- Identification of any applicable adopted local watershed management plan(s) and an evaluation of the project's consistency with such plan(s)
- For projects undertaken by dairy operators, documentation that the operator has completed the environmental stewardship course offered by the CDQAP or documentation that other similar actions have been taken to mitigate the adverse environmental effects of the dairy operation.

- For projects undertaken by dairy operators who have had a CDQAP-designated third party evaluation, documentation of the third party evaluation and whether the resulting recommendations include implementation of the proposed project.

C. Project Description and Work to be Performed

All proposals must include a detailed description of the activities, methods, procedures, equipment, and facilities that constitute the proposed project.

For all projects, the description must provide the information necessary to evaluate the technical feasibility of the project to meet the goals and objectives identified in 4B, above. The rationale for the proposed project activities and facilities should be sufficiently detailed to understand the relationship to water quality improvements. Where applicable, the relevant research or reliability of proposed project elements that have been proven to be effective should be described.

A vicinity map must be provided to show the general location of the project. A more detailed map showing the location of any activities or facilities of the project, any surface water bodies that will be affected, and proposed monitoring locations must also be provided. For projects that include groundwater monitoring, a description must be provided of the depth to groundwater, and flow rate and direction of all affected groundwater zones, and construction details of any existing or planned groundwater monitoring wells. Maps depicting groundwater flow direction and gradients, and pollutant concentrations should be provided where data are available. If applicable, disadvantaged communities must be identified on the detailed map.

Based on the goals and objectives of the proposed project this section must include a list and description of all project tasks with a corresponding time-line. This section must provide enough detail to clearly explain all tasks necessary to complete the project. This information will be placed into the Scope of Work section of the grant agreement for selected projects.

Proposals to provide infrastructure and technical services to multiple dairies must include the following additional information:

- A description of which dairies are eligible to participate in the project (e.g., types of dairies within a geographical area);
- A description of the documentation to be used to certify that all participating dairy operators have completed the CDQAP environmental stewardship short course or have taken other similar actions (as determined by the State Water Board) to mitigate adverse environmental effects of the relevant dairy operation;
- A description of the types and amounts of infrastructure and technical assistance to be offered and the criteria for determining which dairies are eligible to apply under the project for specific services. The description should include the names and qualifications of those who have helped to develop the criteria, those responsible for project selection, and who will be offering technical assistance to project participants;
- A plan showing how each dairy receiving funding will be evaluated to ensure that selected projects are feasible for the dairy operator and effective for achieving water

quality benefits. The plan will need to contain a cost analysis to demonstrate the effectiveness of the project;
- A plan to advertise the project to eligible dairies;
- The type of documentation to be used to demonstrate completion of project components at individual dairies and a description of how individual project components will receive field inspections, and;
- A plan showing how the project manager (grantee) will be accountable to the State Water Board for submitting regular progress reports and other required documents in addition to audited financial statements prepared in accordance with Generally Accepted Accounting Principles. The plan must show how the grantee will be able to monitor the use of the funds to verify they have been used as intended.

D. Project Effectiveness

Projects that install on-farm or regional infrastructure must include a plan to measure, evaluate, and report the project effectiveness including how data will be collected and reported where appropriate. Projects must include development of a Project Assessment and Evaluation Plan that identifies:

- Effectiveness measures for the project and how data will be collected;
- A methodology for verifying pollutant load reduction estimates for the project;
- The number of adult cows (i.e., includes milk cows, dry cows, and bred heifers) at each dairy on July 1, 2005; and
- Water quality data to be collected, if any, including how water quality data will be reported in a format compatible with State Water Board databases.

Effectiveness of some tasks or projects may be measured with other appropriate methods besides collection of water quality monitoring data. Effectiveness measures should be provided in the Project Assessment and Evaluation Plan for all applicable project components.

Projects that include surface or ground water quality monitoring components must include development of a plan to document water quality improvements (i.e., a Water Quality Monitoring Plan and a Quality Assurance Project Plan), both with an associated budget and schedule. The proposal must include a general description of the monitoring plan, rationale for selecting sample locations, sampling frequencies, and constituents to be analyzed.

An applicant may use an existing Water Quality Monitoring Plan or Quality Assurance Project Plan, if applicable. If there is no existing Water Quality Monitoring Plan or Quality Assurance Project Plan, the grant proposal may include tasks to develop a Water Quality Monitoring Plan and/or a Quality Assurance Project Plan. A Water Quality Monitoring Plan must identify:

- How pre-project conditions and water quality will be or have been determined;
- Assumptions used in developing the plan;
- Accuracy of the data to be produced;
- Methodologies that will be used and the data that will be collected;

- How the data will be used to evaluate success in relation to project goals and objectives;
- How external factors such as changes in weather and sampling location access will be taken into account;
- How pollutant load reductions were estimated and will be verified for the project;
- How the monitoring component allows integration of data into the Surface Water Ambient Monitoring Program and/or the Groundwater Ambient Monitoring and Assessment Program; and
- How the data and other information will be handled, stored, reported and made accessible to the State Water Board and others.

E. Submittal List and Schedule

The Submittal List and Schedule section must include:

- Descriptions of items to be submitted to the State Water Board or Regional Water Board (reports, assessments, other documents), and
- Estimated completion dates.

For infrastructure projects, the project must be fully functional upon completion of all the tasks listed. Project tasks funded by sources other than the DWQGP (e.g., matching funds) that are a functional part of the project must be included in the overall schedule. The proposal must not be dependent on future phases of work in order to meet its objectives.

F. Cost and Financial Feasibility

The Cost and Financial Feasibility section of the proposal must provide a complete estimate of project costs and funding sources. A budget form will be provided with the Solicitation Notice for the line item budget estimate listed below. The estimate must include:

- Labor, material costs, project tasks, and other costs associated with each proposed task;
- Cost justification;
- The sources of all matching funds;
- The amount of matching funds applied to each task;
- Tasks that are completely supported by matching funds; and
- A line item budget showing the costs for each budget category (i.e. personnel, equipment, etc.).

G. Readiness to Proceed

Proposals must provide the following items in this section with timeframes provided for items not already completed:

- Secured matching funds;

- Commitments from project partners and subcontractors;
- Plan of acquisition (including schedule) of necessary equipment, labor, land and other project elements;
- Necessary approval of the proposed project by applicable permitting agencies;
- The firmness and expected timing of sources of in-kind resources;
- A statement indicating project compliance with CEQA (see Appendix C), and, as applicable, NEPA; and
- Other necessary acceptances of obligations, if appropriate.

These factors must also be identified in the project timeline. Only proposals that clearly demonstrate a project is ready to proceed within the time frame set forth for the DWQGP funds will be eligible to compete for funding.

H. Qualifications of Applicants

The proposal must identify the roles and qualifications of the applicant and project partners, if any. The applicant must also describe any legal agreements among partners that ensure project performance and tracking of funds. The proposal should also describe any similar work, including any previously funded State water quality grants, performed by the applicant and/or project partners and the funding source and outcome or status of this work. The academic and work-related qualifications of individuals that have been identified to implement the project must be identified. Copies of legal agreements, résumés and other documents may be submitted as appendices.

I. Disadvantaged Communities

Disadvantaged communities must provide supporting information if requesting waiver of matching fund requirements. The community must verify that it is a disadvantaged community using the procedures in Appendix D.

J. Appendices

Proposals may include Appendices with supplemental materials required by the other sections of these Guidelines and may include additional maps, diagrams, letters of support, copies of agreements, or other items applicable to the implementation of the proposed project. All documents must be in accordance with the requirements in the Solicitation Notice.

5. Proposal Evaluation

Proposals will be evaluated in two stages. First, State Water Board and Regional Water Board staff will review all proposals to determine if they are complete and that the applicant and the proposed project are eligible for DWQGP funding in accordance with the requirements in Section 4 (above).

Projects with a complete proposal that is determined to be eligible will be reviewed and ranked for funding priority by a Project Selection Panel as described below under Section 6, Funding Process. Ranking will be in accordance with the criteria described in Table 5, below.

Table 5- Point System for Evaluating DWQGP Projects

Criteria	**Points Possible**
What is the project's potential to reduce pollutants and protect water quality?	15
Will the project assist in bringing the targeted dairy operation(s) into compliance or keeping it in compliance with applicable laws and regulations?	15
Does the project focus on existing facilities with identified or potential problems?	10
Do the applicant or anticipated project participants have an established record of working towards regulatory compliance at the project?	10
How significant is the water quality impairment that the project is trying to reduce?	10
Has a CDQAP-designated third party evaluation of the dairy operation been completed and copies of relevant portions submitted with the grant proposal?	5
Is the proposed project identified as a needed water quality improvement in an evaluation completed by a CDQAP-designated third party?	5
How many dairy operations will benefit from the project?	5
Will the project have significant multi-media benefits (e.g., benefit both air and water quality)?	5
Does the project use a regional approach to implement management plans?	5
How much do the proposed matching funds exceed the matching requirement and does the project have the ability to leverage other funds?	5
Will the project produce plans that identify projects that improve water quality	5
Does the project benefit a disadvantaged community?	5
Does the proposal contain feasible tasks and scheduling to achieve the project's goals?	5
Does the project provide valuable and quantifiable water quality information?	5
Total Possible Points	**110**

6. Funding Process

Once the State Water Board has adopted the DWQGP guidelines, they will be posted on the State Water Board's Website. A Solicitation Notice for project proposals will be issued at least two months before the required due date for submittal. The Solicitation Notice will provide more detailed instructions on the mechanics of submitting proposals. The Solicitation Notice will be posted at http://www.waterboards.ca.gov/water_issues/programs/grants_loans/awqgp/index.shtml. Paper copies will be available upon request. Applicants are encouraged to work with Regional Water Board and State Water Board staff and members of the CDQAP in developing proposals.

A. Proposal Submittal

The procedure for submitting a complete proposal will be provided in the Solicitation Notice. Proposals must be submitted electronically. State Water Board or Regional Water Board staff can assist applicants that do not have Internet access to submit proposals. The proposal must

contain all the required items listed in these guidelines and the Solicitation Notice. Any information received after the submittal deadline will not be used in the State Water Board's funding review process.

B. Eligibility Review

Within four weeks of the proposal submission deadline the State Water Board's Division of Financial Assistance with Regional Water Board staff assistance will conduct a completeness and eligibility review of all timely submissions. Applicants with incomplete packages or that are deemed ineligible will be notified. Applicants will not be given an opportunity to change or correct proposals after they have been submitted.

C. Funding Priority Review

The State Water Board will request participation on the Project Selection Panel from the following organizations:

- Regional Water Boards;
- California Department of Food and Agriculture;
- UC Cooperative Extension;
- California Bay-Delta Authority;
- U. S. Environmental Protection Agency;
- California Air Resources Board;
- California Department of Pesticide Regulation;
- Mosquito and Vector Control Districts;
- U. S. Department of Agriculture's Natural Resource Conservation Service; and
- The California Dairy Quality Assurance Program.

The Project Selection Panel (Panel) will review the proposals and generate a ranked list of the proposals the Panel recommends for funding (i.e., DWQGP Funding List). The Panel may consider geographic distribution of projects and the value of funding different types of projects (e.g., planning, demonstration, or infrastructure) in developing the final recommended funding list. The Panel may recommend reducing individual project grant amounts based on DWQGP and individual project budget evaluations. Such reductions will be weighed against whether the reduced funding would impede implementation of the proposal.

The Panel will present its recommendations to State Water Board management for approval or modification. Only complete proposals, with a well-prepared Scope of Work, and otherwise ready for timely grant agreement execution, will be presented to the State Water Board for funding. The State Water Board will provide to the California Bay-Delta Authority the DWQGP Funding List and information on the DWQGP for their consideration prior to consideration by the State Water Board.

D. State Water Board Workshop and Meeting

The DWQGP Funding List will be subject to public review and comment at a regularly scheduled State Water Board Workshop. The DWQGP Funding List and information on the DWQGP will be made publicly available and posted on the State Water Board's Website for review at least 10 days prior to the State Water Board workshop. The State Water Board will then consider formal adoption of the funding list and the associated funding commitments at a subsequent State Water Board meeting. Proposals on the list will be offered funding starting with the highest ranked ones and continuing until the $5 million is expended.

E. Funding Agreement Management

Upon the approval of the final DWQGP Funding List, successful applicants will be notified of the State Water Board's commitment to fund the proposed project. A Grant Agreement will be executed between the State Water Board and the applicant. Regional Water Board staff, or in some cases State Water Board staff, will be the Grant Agreement manager.

Grant Agreements will specify that acceptance of grant funds constitutes a waiver of litigation rights (including pending actions) to challenge any State Water Board or Regional Water Board regulation or order that is reasonably related to the purpose of the grant.

Only work performed after the execution date of the Grant Agreement will be eligible for reimbursement. Within three months of Grant Agreement execution, recipients will be required to electronically submit project summary and tracking information to the State Water Board for entry into the appropriate databases. The project summary information will be made available to the public through the State Water Board's Website.

Applicants may submit monthly requests for reimbursement by the State Water Board for work performed. Advance funds will not be provided. A cash flow budget must be provided showing anticipated expenses and receipt of funds to cover expenses during the project period. The budget should identify the major tasks and sources of funds in quarter-year increments. Grant recipients will need to update cash flow projections annually.

F. Project Administration and Duration

The State Water Board or Regional Water Board Grant Agreement manager will be the grant recipient's contact person and will be responsible for assisting the recipient in understanding the Agreement terms and approving Agreement submittals items prior to release of funds. For projects that span multiple regions, either one lead Regional Water Board or the State Water Board will administer the project and provide corresponding Grant Agreement management.

DWQGP-funded projects must not start until after Grant Agreement execution and must be completed by March 31, 2009.

APPENDIX A- Definitions

Bay-Delta Program – The undertaking by Bay-Delta Authority to develop and implement, by means of the final programmatic environmental impact statement/environmental impact report, the preferred programs, actions, projects and related activities that will provide solutions to identified problem areas related to the San Francisco Bay/Sacramento-San Joaquin Delta Estuary ecosystem, including but not limited to the Bay-Delta and its tributary watersheds. The programs are described in the Bay-Delta Program Record of Decision, dated August 28, 2000.

California Bay Delta Authority – The consortium of state and federal agencies with management and regulatory responsibilities in the San Francisco Bay/Sacramento-San Joaquin Delta Estuary created by the California Bay-Delta Authority Act (SB 1653, Statutes of 2002, Chapter 812). For purposes of public involvement the Authority uses the Bay-Delta Public Advisory Committee that was established by charter issued by the United States Department of Interior, dated June 8, 2001.

Dairy – A contiguous facility that produces milk from cows and includes milk cow feeding, holding, and milking operations. For the purposes of the DWQGP, facilities that process or bottle milk from offsite sources are not considered dairies (e.g., cheese production).

Disadvantaged Community – A municipality, including, but not limited to a city, town or county, or a reasonably isolated and divisible segment of a larger municipality, that has an average median household income that is less than 80 percent of the statewide annual median household income.

On-farm Management Plans- On-farm management plans include Engineered Waste Management Plans, Waste Management Plans (WMP), and Nutrient Management Plans (NMPs) acceptable to Regional Water Boards and any other appropriate State and local regulatory agencies. Also included are Comprehensive Nutrient Management Plans (CNMPs) consistent with guidelines established by the U.S. Department of Agriculture's Natural Resources Conservation Service (NRCS).

Public Agency – A city, county, city and county, district, the State or Federal government, Native American tribes, or any agency or department thereof.

Nonprofit Organization - Any nonprofit public benefit corporation formed pursuant to the Nonprofit Corporation Law (commencing with Section 5000 of the Corporations Code), qualified to do business in California, and qualified under Sections 501(c)(3), 501(c) (4), or 501(c)(5) of the Internal Revenue Code.

APPENDIX B- Agency Contacts

Regional Water Board Contacts

Region 1, North Coast Region
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Region 9, San Diego Region
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State Water Board Contact

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APPENDIX C- CEQA Requirements

California law requires projects likely to have potentially significant environmental effects to comply with California Environmental Quality Act (CEQA; Public Resource Code δ21000 et seq.). CEQA applies to "projects" proposed to be undertaken or requiring approval by the State and local government agencies. "Projects" are activities that have the potential to have a physical impact on the environment and require the issuance of permits from local or State agencies. Detailed requirements are given in the CEQA Guidelines (California Code of Regulations Title 14, Division 6, Chapter 3).

All project contracts or grant agreements having a work activity that requires CEQA compliance will be allowed to use funds under the contract or agreement to complete CEQA requirements consistent with the definition of "cost" as defined by the Public Resources Code section 32025 and to complete applicable permits. The amount budgeted should be consistent with the size and complexity of the project. Work that is subject to CEQA shall not proceed under the contract or agreement until the Project Manager has received documents that satisfy the CEQA process.

The State Water Board's selection of a project for funding does not foreclose appropriate consideration of alternatives or mitigation measures that would reduce or eliminate adverse environmental effects of that project during the CEQA review process. Complete information on CEQA can be found at http://ceres.ca.gov/ceqa/.

The information presented here is intended to supplement the CEQA Guidelines with specific requirements for environmental documents acceptable to the State Water Board when reviewing projects; they are not intended to supersede or replace CEQA Guidelines.

CEQA Requirements

As defined under CEQA, the applicant is usually the *Lead Agency* and will be responsible for the preparation, circulation and consideration of the environmental document prior to approving the project. In the situation where the applicant is a nonprofit organization, the local agency having primary jurisdiction over the proposed project will usually be the *Lead Agency*. The State Water Board and other agencies having jurisdiction over the proposed project are generally *Responsible Agencies* and are accountable for reviewing and considering the information in the environmental document prior to approving any portion of the project.

The project may be exempt from CEQA or the applicant may use a Negative Declaration, a Mitigated Negative Declaration, or an Environmental Impact Report to comply with CEQA requirements. It is the responsibility of the applicant to demonstrate that:

CEQA does not apply to the project if the proposed project comes under an exemption to CEQA requirements, or proper environmental documents have been prepared and comply with CEQA requirements.

The applicant may use a previously prepared document accompanied by a checklist to determine if the project is adequately covered. If the project is not adequately covered by an existing document, an updated Negative Declaration or Environmental Impact Report may need to be prepared. Applicants should contact the Project Manager before they decide to use an existing final document.

Public participation

Public participation and review are essential to the CEQA process (Section 15087). An earnest public participation program can improve the planning process and reduce the chance of delays due to public controversy. Each public agency, consistent with its existing activities and procedures, should include formal and informal public involvement and receive and evaluate public reactions to environmental issues related to its project. Public comments or controversies not addressed during the planning of a proposed project could result in the need for a subsequent environmental document at a later stage or lead to legal challenges, delaying the project and raising the cost significantly.

Exemptions from CEQA

In many circumstances, the applicant's project may be approved under a statutory or categorical exemption from CEQA. Applicants must submit the exemption findings to the Project Manager for these projects. After the applicant's decision-making bodies approve the project, the applicants should file a Notice of Exemption with the County Clerk and provide a copy of the notice to the Project Manager.

A Notice of Exemption should include:

- A brief description of the project;
- A finding that the project is exempt;
- References stating the applicable statutory or categorical exemption in the law or State guidelines; and
- A brief statement supporting the finding of exemption.

Categorical Exemptions cannot be used if the project is in an environmentally sensitive area. Compliance with applicable Federal environmental regulations, including consultation with Federal authorities, is required for some exempt projects.

Initial Study (IS)

If no exemption is appropriate, then an IS is developed (CEQA Guideline Section 15063). An IS is a preliminary analysis prepared by the Lead Agency to determine whether an Environmental Impact Report (EIR) or a Negative Declaration (ND) should be prepared. The IS uses the fair argument standard to determine if a project may have a significant environmental effect that cannot be mitigated before public release of the environmental document. The criteria for "significance" of impacts (Sections 15064 et seq.) must be based on substantial evidence in the

record and includes:

- Direct effects;
- Reasonably foreseeable indirect effects;
- Expert disagreement;
- Considerable contribution to cumulative effects; and
- Special thresholds for historical and archaeological resources

If an applicant can determine that an EIR will clearly be required for the project, an IS is not required but may still be desirable to focus the analysis of impacts. Most applicants for funding would not be expected to prepare an EIR, since most project proposals are expected to be limited in scope.

The IS must include:

- A project description;
- An environmental setting;
- Potential environmental impacts;
- Mitigation measures for any significant effect;
- Consistency with plans and policies; and
- The names of preparers.

If a checklist is used, it must be supplemented with explanations for all applicable items, including the items that are checked "no impact". Checklists should follow the format used in Appendix G of the most recent revision (1999 or later) of the CEQA Guidelines.

If the project has no significant effect on the environment, the applicant should prepare an Initial Study and a Negative Declaration or Mitigated Negative Declaration (Section 15371).

Negative Declaration (ND)

An ND is a written statement, briefly explaining why a proposed project will not have a significant environmental effect. It must include:

- A project description;
- The project location;
- The identification of the project proponent;
- A proposed finding of no significant effect; and
- A copy of the IS.

For a MND, mitigation measures included in the project to avoid significant effects must be described.

The applicant must provide a notice of intent to adopt a ND (Section 15072) specifying:

- The review period;
- The time and location of any public meetings or hearings on the proposed project;
- A brief project description; and
- The locations where copies of the proposed negative declaration or mitigated negative declaration are available for review.

A copy of the notice of intent and the proposed ND must be mailed to responsible and trustee agencies, agencies with jurisdiction, and all parties previously requesting notice. Since the State Water Board will be a Responsible Agency, the ND/IS also needs to be circulated through the State Clearinghouse (Sections 15072 and 15073). The notice of intent must be posted in the county clerk's office and sent to the State Clearinghouse with 15 copies of the ND.

After the review period ends, the applicant should review and address comments received. The applicant's decision-making body should make a finding that the project will have no significant effect on the environment based on the commitment to adequately mitigate significant effects disclosed in the IS or the lack of significant effects, and the absence of significant comments received, and adopt the ND.

Notice of Completion

Draft environmental documents must be submitted to the State Clearinghouse for review by State agencies (Section 15205). The applicant needs to send 15 copies of the ND to the State Clearinghouse, unless the State Clearinghouse approves a lower number in advance (Section 15205e).

The applicant may use the standard *Notice of Completion and Environmental Document Transmittal Form* included in the CEQA Guidelines or develop a similar form to be used when submitting the documents. The Notice of Completion must include:

- A brief project description;
- The project location;
- The address where the draft environmental document is available; and
- The public review period.

On the backside of the form, applicants should put a check on any of the "REVIEWING AGENCIES" that they would like draft documents to be sent to including "State Water Board – Financial Assistance"; otherwise the State Clearinghouse will select the appropriate review agencies.

The applicant must also send a formal transmittal letter to the State Clearinghouse giving them the authority to distribute the copies of the document. If a consultant is preparing the draft environmental document, the consultant must obtain a formal transmittal letter from the applicant stating that they give permission to the consultant to send the copies of the document to the State Clearinghouse. The letter should include the State Clearinghouse number.

If the applicant needs a shorter review period than the 30 or 45-day period required by the CEQA Guidelines, the applicant, not the consultant, must submit a written request. This formal request can be included in the transmittal letter stating the reasons for a shorter review period. Use the following address to send documents to the State Clearinghouse:

STATE CLEARINGHOUSE
OFFICE OF PERMIT ASSISTANCE
GOVERNOR'S OFFICE OF PLANNING AND RESEARCH
P.O. Box 3044
Sacramento, CA 95812-3044

The focal point of the CEQA review is the State Clearinghouse. The review starts when the State Clearinghouse receives your ND/IS or Mitigated Negative Declaration at which time it will assign a Clearinghouse number (SCH#) to the project. If a Notice of Preparation (NOP) was previously filed, the State Clearinghouse will use the SCH# assigned to the NOP. This ten-digit number is very important and should be used on all documents, such as inquiry letters, supplemental drafts, final environmental documents, etc. The State Clearinghouse will send the applicant an *Acknowledgment of Receipt* card when the document is received. If applicants have any questions about the State Clearinghouse procedures, they should call (916) 445-0613.

To ensure that responsible agencies, including the Project Manager, will receive copies of the environmental document for review, the applicant should send them directly to the agencies. This submittal does not replace the requirement to submit environmental documents to the State Clearinghouse for distribution (Section 15205f). The applicant is also responsible for sending copies of the environmental documents to any local or federal responsible agency with jurisdiction over any part of the proposed project.

After the review period ends, the State Clearinghouse should send the applicant a letter stating that the review process is closed and that they have complied with the review requirements. Any comments from State agencies will be forwarded with the letter. Lack of response from a State or federal agency does not necessarily imply concurrence.

When the comment period closes, the applicant should review all comments received during the review process, including any oral comments received at formal or informal public meetings. The applicant should then consider whether comments are significant enough to require a complete revision of the environmental document or the proposed project, or whether minor changes in the document or addition of mitigation measures could adequately address the issues raised.

Within five days after the applicant's decision-making body has made a decision to proceed with the project, the applicant should prepare and file a *Notice of Determination* (NOD) with the Governor's Office of Planning and Research and the local County Clerk (see Appendix D of the CEQA Guidelines).

APPENDIX D- Disadvantaged Communities

For the DWQGP, disadvantaged community means that the annual Median Household Income (MHI) for the community is less than 80 percent of the California average annual MHI. The annual MHI is based on the most recent census data or a local survey approved by the State Water Board. Using the 2000 census data, 80 percent of the California average annual MHI is $37,994.

If a community believes that the census data does not represent the community, and the community is not a "Census Designated Place", a City, or a Town, the community may apply to the State Water Board for designation as a "disadvantaged community". The proposal must include a map with sufficient geographic detail to define the boundaries of the disadvantaged community, and the number of people in the community. If necessary to establish eligibility, the State Water Board may request additional information including a list of properties, the number of households, and income and/or property values of the community. If the proposal does not provide an adequate basis for the calculation of median household income, the State Water Board may require an independent income survey conducted in accordance with a pre-approved methodology. A subdivision of State government cannot be considered a disadvantaged community with hardship.

If you need any assistance with this eligibility determination please contact the State Water Board or Regional Water Board staff.