(5/17/16) Board Meeting
Prop 1 Groundwater Grant Funding Guidelines
Deadline: 4/1/16 by 12:00 noon

FRESNO METROPOLITAN FLOOD CONTROL DISTRICT

File 160.8372

March 11, 2016

RECEIVED
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SWRCB Clerk

Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
P.O. Box 100
Sacramento, CA 95812-0100

Comments on the Draft Guidelines of the Proposition 1 Groundwater Sustainability Program

The Fresno Metropolitan Flood Control District (District) appreciates the opportunity to submit comments on the State Water Resources Control Board's Proposition 1 Groundwater Sustainability Program Draft Guidelines. Our comments are presented in the attached document, in red type, under the sections they address.

First, we gratefully acknowledge the addition of groundwater contamination prevention through groundwater recharge as an eligible project type, in accordance with the language of Prop 1, Chapter 10. As stated in the first line of that chapter, "Prevention and cleanup of groundwater contamination are critical components of successful groundwater management." Our groundwater basin has been designated "High-Priority, Critically-Overdrafted" by the State Department of Water Resources. Region-wide, decades-long over drafting of groundwater, exacerbated by years of drought, requires municipal, commercial and agricultural users of groundwater to draw from progressively lower depths where higher concentrations of salts and metals impair water quality. Groundwater recharge has a critical, if not central role to play in reversing this trend and preventing ground water contamination.

Because both groundwater contamination prevention projects and groundwater contamination cleanup projects are identified in Chapter 10 as the focus of $800,000,000 in grant funds, both should be equally addressed in the grant program guidelines. At present, the guidelines focus solely on groundwater contamination cleanup projects. This is of particular concern in the project evaluation and project scoring sections, and in the technical review section.

The appropriate addition of groundwater contamination prevention projects through groundwater recharge is not, however, followed by corresponding mention of such projects in any section of the draft guidelines. The comments provided here, are an attempt to address that significant omission. We understand that further review, and possibly consultation with the Department of Water Resources, is necessary to properly review and assess applicant projects whose purpose is groundwater contamination prevention through groundwater recharge.

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The goal of these comments is final guidelines that provide fair and balanced opportunities for all qualified projects to compete for Prop 1 Groundwater Sustainability Grant funds. The current content of the draft guidelines would make success by groundwater contamination prevention projects impossible unless there were no groundwater contamination cleanup projects submitted, or cleanup project submissions were of poor quality. For example, the scoring criteria assign a possible 55 points to the Project/Applicant Background section, the largest scoring section, to only groundwater contamination cleanup projects. The only criteria identified there are specific to cleanup projects, which would preclude prevention projects from earning any points in that section.

Thank you again for the opportunity to submit comments on the SWRCB's Draft Guidelines of the Prop. 1 Groundwater Sustainability Grant Program. Please contact Brandy Swisher, Staff Analyst with the District, at (559) 456-3292 or brandys@fresnofloodcontrol.org, should you require additional information.

Very Truly Yours,

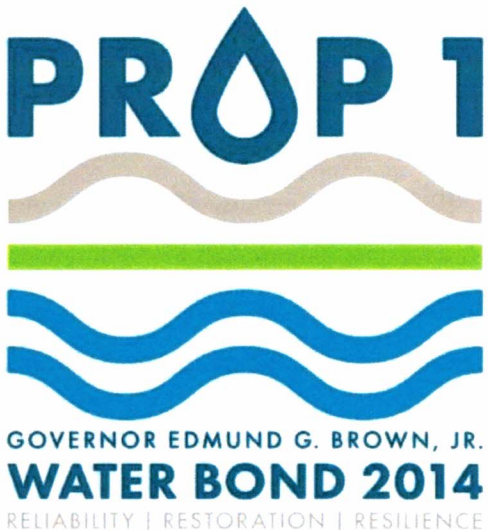
Peter Sanchez
District Engineer

PS/BS/sy

Attachment

c: John Santos, Engineer, FMFCD
Brandy Swisher, Staff Analyst, FMFCD

PROPOSITION 1
GROUNDWATER GRANT PROGRAM
GUIDELINES



Public Review Draft
February 2016

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1. PURPOSE AND OVERVIEW

The Water Quality, Supply, and Infrastructure Improvement Act of 2014 (commonly referred to as Proposition 1), Chapter 10 Groundwater Sustainability (Chapter 10), includes $900 million for grants, and loans, for projects that prevent or cleanup the contamination of groundwater that serves or has served as a source of drinking water. The State Water Resources Control Board (State Water Board) is charged with administering $800 million of those funds (all funds except groundwater planning funds identified in California Water Code [Water Code] section 79775) and the Department of Water Resources (DWR) will administer the remaining $100 million to fund projects that develop and implement groundwater plans.

This document serves as the required project solicitation and evaluation guidelines (Guidelines) (Water Code section 79706(a)) for the State Water Board's Division of Financial Assistance (Division) Groundwater Sustainability Grant Program (Groundwater Grant Program). The funds available for projects will be provided as grants only. These Guidelines do not establish a loan program. The individual solicitations for proposals for each funding round will include more information on how to apply and include a detailed application.

Additional changes to the guidelines may be necessary due to legislation or changes in State Water Board policy. If additional changes are necessary, these guidelines will be amended and subject to a public review process per Water Code section 79706(b).

1.1 Funding

After accounting for administrative and bond costs, approximately $744 million is available to fund projects through the Groundwater Grant Program. The State Water Board is setting aside $160 million for projects serving disadvantaged communities (DACs)/economically distressed areas (EDAs) and will ensure that at least $80 million of those funds go to projects that serve severely disadvantaged communities (SDACs) (Water Code section 79774(d)).

Projects funded by general obligation bonds must be for construction or acquisition of capital assets (Government Code section 16727) unless specifically authorized by the bond. Water Code section 79704 allows up to ten (10) percent of the Groundwater Grant Program funds (up to $80 million) for "... planning and monitoring necessary for the successful design, selection, and implementation of the projects authorized...". Additionally, of the $744 million, $80 million shall be available for "treatment and remediation activities that prevent or reduce the contamination of groundwater that serves as a source of drinking water" (Water Code section 79772)[1].

2. PROGRAM PRIORITIES, REQUIREMENTS AND PREFERENCES

The State Water Board will evaluate and score project proposals competitively based on the program priorities, requirements, and preferences identified in this section. In addition to the program priorities that are based on Proposition 1, the State Water Board has established requirements and preferences for implementation projects. Planning projects will be evaluated based on whether they will result in implementation projects that meet the established requirements and preferences.

[1] Note – the State Water Board is currently seeking guidance from the State Treasurer's Office on the type of activities that may be funded under the Water Code section 79772 provision. These draft Guidelines will be revised, as necessary, to be consistent with any guidance received.

2.1 Priorities Established in Proposition 1

2.1.1 Leverage Funds – Priority will be given to projects that leverage private, federal, or local funding or produce the greatest public benefit (Water Code section 79707(b)).

2.1.2 Include New and Innovative Technology – Special consideration will be given to projects that employ new or innovative technology or practices, including decision support tools that support the integration of multiple jurisdictions, including, but not limited to, water supply, flood control, land use, and sanitation (Water Code section 79707(e)).

2.1.3 Proposition 1, Chapter 10 (Water Code section 79771(b)(1-5)) prioritization criteria:

a. The threat posed by groundwater contamination to the affected community's overall drinking water supplies, including an urgent need for treatment of alternative supplies or increased water imports if groundwater is not available due to contamination.

b. The potential for groundwater contamination to spread and impair drinking water supply and water storage for nearby population areas.

c. The potential of the project, if fully implemented, to enhance local water supply reliability.

d. The potential of the project to maximize opportunities to recharge vulnerable, high- use groundwater basins and optimize groundwater supplies.

e. The project addresses contamination at a site for which the courts or the appropriate regulatory authority has not yet identified responsible parties, or where the identified responsible parties are unwilling or unable to pay for the total cost of cleanup, including water supply reliability improvement for critical urban water supplies in designated superfund areas with groundwater contamination listed on the National Priorities List established pursuant to Section 105(a)(8)(B) of the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Section 9605(a)(8)(B)).

d. should be broken into d. and e.

2.2 Eligibility Requirements Established by the State Water Board for Implementation Projects

To be eligible for funding, implementation projects must meet the following requirements:

2.2.1 Consistent with the California Water Action Plan, the project must achieve at least one or more of the following objectives:

a. Prevent the spread of contamination in an aquifer that serves or has served as a source of drinking water;

b. Accelerate the cleanup of contamination in an aquifer that serves or has served as a source of drinking water;

c. Protect an aquifer that serve as a source of drinking water; or

d. Provide clean drinking water to DACs or EDAs.

2.2.2 The project must be identified as a high priority by the applicable State or federal regulatory agencies (e.g. Regional Water Quality Control Board [Regional Water Board], State Water Board, Department of Toxic Substances Control (DTSC), the United States Environmental Protection Agency (US EPA).

2.2.3 The Applicant must demonstrate the availability of funds for any match required and that the Applicant has the capacity to pay for the ongoing operation and maintenance (O&M) of any facility funded (Water Code section 79774(c)).

2.2.4 The project must have a useful life of at least 20 years.

A prerequisite should be added that addresses groundwater supply sustainability. Example: or address groundwater supply sustainability in a basin designated by the State of California as being in a condition of high priority critical overdraft.

2.3 Project Preferences Established by the State Water Board for Implementation Projects

In its evaluation of projects, the State Water Board will give higher scores to projects that effectively address the following project preferences:

a. Human Right to Water – the project supports and advances the State's policy on the human right to water, including any resolutions or policies adopted by the State Water Board.
b. Community Benefit – the project benefits the largest number of people per dollar spent considering the size of the community in which the project is located.
c. Contaminant Removal Efficiency – the project removes the most contamination at the lowest cost.
d. Timeliness for Project Completion – the project can be completed within the appropriation time frame.
e. Promote Groundwater Sustainability – the project supports attainment of the goals of and is identified in an approved groundwater sustainability plan or the project is consistent with the applicable court decree in an adjudicated basin.
f. Demonstrated Ability – the applicant has demonstrated the ability to complete similar projects or previous phases of the overall cleanup effort on time and within scope and budget.
g. Regional Project – the project is identified in the applicable integrated regional water management plan (Water Code section 10544).
h. Multiple Benefits – the project is designed to achieve one of more Proposition 1 prioritization criteria; one or more California Water Action Plan objectives identified in 2.2.1; or is an integrated part of a groundwater recharge program.

The priorities, requirements, and preferences are consistent with the California Water Action Plan (CWAP). The focus on cleaning up contamination, and, thereby increasing local water supplies and reliability, is consistent with Action 6 of the CWAP. Funding preferences to support treatment of drinking water for DACs, where additional grant support is needed, is consistent with Action 7 of the CWAP.

Second line should read, "The focus **on preventing** and cleaning up contamination…"

3. COMPETITION

Groundwater contamination prevention or cleanup grants will be awarded on a competitive basis based on application scores using specific criteria contained in these Guidelines (Water Code section 79771(a)). Grants provided to support projects funded through the Drinking Water State Revolving Fund (SRF) will be funded competitively using the process identified in the Drinking Water SRF Intended Use Plan (IUP).

4. ELIGIBILITY REQUIREMENTS

4.1 Eligible Grant Applicants

Eligible grant applicants are public agencies, non-profit organizations, public utilities, federally recognized Indian tribes, California Native American Tribes, and mutual water companies (Water Code section 79712(a-b)). See Appendix A for definitions of these

terms.

4.2 Eligible Project Types

Projects that are eligible to receive funds through the Groundwater Grant Program must:

4.2.1 Meet the purpose of Proposition 1 Chapter 10, Groundwater Sustainability, to prevent or cleanup the contamination of groundwater that serves or has served as a source of drinking water and meet the eligibility requirements and project preferences specified in Sections 2.2 and 2.3.

4.2.2 Be consistent with water quality protection requirements outlined in Division 7 (commencing with section 13000) of the Water Code, and with applicable Regional Water Board and State Water Board policies, permits, and orders. The applicant is expected to consult with the local Regional Water Board, prior to submitting their final application, to ensure that their project is consistent with Water Board policies, permits, and orders and to identify any permits that may be required.

4.2.3 Be consistent with Section 13100 of the Government Code relating to state infrastructure funding plans (Water Code section 79707(h)). The applicant is expected to provide a description in its application of how the proposed project is consistent with the applicable sections of the Governor's Five-Year Infrastructure Plan[2].

4.2.4 Promote State planning priorities and sustainable community strategies (consistent with Sections 65041.1 and 65080 of the Government Code, respectively) (Water Code section 79707(i)). The applicant is expected to provide a description in its application of how the proposed project is consistent with the applicable sections of Government Code Sections 65041.1 and 65080, and the applicable components of the local regional transit plan (if such a plan is available).

The general types of projects eligible for funding are described below. Project proposals that are not eligible projects will not be evaluated or scored. Division staff will refer applicants of ineligible projects to appropriate State or Federal funding programs, if an applicable funding program can be readily identified.

4.3 Planning and Monitoring Projects

Planning projects generally produce a report or information needed to design and build an eligible implementation project. Planning and monitoring projects include, but are not limited to, site assessment; site characterization; modeling; remedial investigation (RI); feasibility study (FS); monitoring and reporting plan; responsible party search; and preliminary engineering design.

4.4 Implementation Projects

Implementation projects can include, but are not limited to the following: design, construction, pilot studies, and initial startup of facilities. Implementation projects, including treatment and remediation activities (Water Code section 79772), must meet the Government Code Section 16727(a) definition of "capital assets" and produce a positive, quantifiable environmental outcome.

All implementation projects must meet the following requirements:

a. Meet two or more of the program priorities, requirements, and preferences identified in Section 2;
b. Be consistent with the applicable water quality control plan adopted by the

State Water Board and/or Regional Water Board (Basin Plan), and any applicable permit or board Order;

[2] The applicant should specifically review the chapters of the Plan associated with DWR and the California Environmental Protection Agency (Cal/EPA).

c. Demonstrate the capability of contributing to sustained, long-term project benefits for a minimum period of 20 years;
d. Be operated and maintained for the project's useful life; and
e. Demonstrate adequate rights of way for the useful life (i.e., ≥ 20 years) of the project.

Implementation projects that can prevent or clean up the contamination of groundwater that serves or have served as a source of drinking water include, but are not limited to:

a. Wellhead treatment;
b. Installation of extraction wells combined with treatment systems;
c. Centralized groundwater treatment systems;
d. Groundwater recharge to prevent or reduce contamination of municipal or domestic wells; and
e. Groundwater injection to prevent seawater intrusion[3].

4.5 Drinking Water Treatment Projects

Implementation projects that are focused primarily on treating groundwater for direct use in the drinking water system will generally be funded through the Drinking Water SRF program; however, such projects may also be eligible for Groundwater Grant Program funds. These project types will generally address regional contamination that is not conducive to cleanup due to the extent of the contamination and/or ongoing discharge (e.g., regional nitrate plumes).

Projects that benefit DACs or EDAs will be considered for Groundwater Grant Program funding if constraints associated with the Drinking Water SRF program prevent fully funding a worthy project solely with Drinking Water SRF program funds. In general, such projects may be provided funding that is "bundled" from different funding sources into a single funding agreement (e.g., Drinking Water SRF loan, Water Pollution Control Revolving Fund Small Community Grant Fund, Proposition 1 Groundwater Sustainability Grant).

4.6 Contaminants

Implementation projects must address contaminants in groundwater that serves or has served as a source of drinking water. The contaminants that may be addressed through projects funded by the Groundwater Grant Program include both human made and natural contaminants (see Water Code section 79773).

4.7 Other Eligibility Considerations

4.7.1 **Projects vs. Programs:** Some applicants may want to fund a groundwater cleanup "program", which is composed of multiple projects. Multiple projects proposed by an applicant may be funded provided that the projects would have otherwise been recommended for funding had they been submitted individually. The State Water Board may enter into a single agreement with an applicant with multiple projects, if it is administratively expedient to do so or may have separate funding agreements for individual projects (e.g., if the projects have significantly

different timelines for completion; or legal issues may hold up one project, but not another).

4.7.2 **"Phased" Projects:** Groundwater cleanup projects can often be complex and can be most effectively carried out in "phases". A "phased" project is one in which either one phase of the project must be completed before the next phase is begun (e.g., an

[3] Such projects will be evaluated to ensure they are not contributing to groundwater overdraft – e.g., the project is located in an adjudicated basin or is consistent with an approved Groundwater Sustainability Plan.

FS is completed before construction of the selected alternative), or two or more phases can be conducted independently, but each phase must be completed to successfully accomplish the overall project goals (e.g., a wellhead treatment "phase" and a soil remediation/source cleanup "phase").

"Phased" projects may be funded separately: if the information from one phase is needed to accurately describe the scope and budget of the subsequent phase; if one phase is on a significantly different schedule than another; or if the overall cleanup effort is sufficiently complex that phasing the effort is in the best interest of the State to maintain adequate fiscal and regulatory oversight. "Phased" projects may be included in one funding agreement if it is administratively expedient to do so and the projects have similar, relatively short-term schedules for completion. The State Water Board encourages applicants to break up long-term (i.e., greater than five years) cleanup projects into "phases".

For implementation projects, the phases of the overall cleanup effort that are most well-defined, and for which construction can be completed in less than five years, will receive priority consideration. The State Water Board will also give priority consideration to funding projects from applicants who have projects that benefit DACs and EDAs.

4.7.3 **Public Purpose:** Projects proposed by a public utility regulated by the Public Utilities Commission or a mutual water company shall have a clear and definite public purpose and shall benefit the customers of the water system and not the investors (Water Code section 79712(b)(1)). Public utility or mutual water company applicants may be required by the Deputy Director of the Division to provide information necessary to demonstrate that the customers of the water system receive the benefits of the project through a reduction in rates (or decrease in rate increase) commensurate with the grant funding provided. In addition, the Deputy Director of the Division may require applicants to conduct any independent, third-party audit necessary to demonstrate that the investors are not benefiting from the grant funding provided.

4.8 Ineligible Project Types

Proposition 1 Groundwater Grant Program funds cannot be used for the following items:

a. Projects that do not meet the purpose of Proposition 1 Chapter 10, Groundwater Sustainability.
b. Any project that could adversely impact a wild and scenic river, or any other river, afforded protection under the California Wild and Scenic Rivers Act or the Federal Wild and Scenic Rivers Act (Water Code section 79711(e)).

c. Acquisition of land through eminent domain (Water Code section 79711(g)).
d. Design, construction, operation, mitigation, or maintenance of Delta conveyance facilities (Water Code section 79710).
e. Acquisition of water except for projects that will provide fisheries or ecosystem benefits or improvements that are greater than required applicable environmental mitigation measures or compliance obligations in effect at the time the funds are made available for the project (Water Code section 79709(c)).
f. To pay any share of the costs of remediation recovered from parties responsible for the contamination of a groundwater storage aquifer (funds may be used to pay costs that cannot be recovered from responsible parties (Water Code section 79771(c)).

g. Ineligible monitoring or planning projects, including, but not limited to, monitoring, planning, or modeling efforts that are not necessary to design and build an eligible implementation project.
h. Ineligible implementation activities, including, but not limited to, projects or tasks that: (1) fund ongoing O&M; (2) avoid, but do not prevent or cleanup, the groundwater contamination (e.g., drilling a new supply well in a part of the aquifer that is not contaminated); (3) repair/replace drinking water infrastructure that would be necessary even in the absence of groundwater contamination.
i. Overhead or costs not directly related to the project (see Section 10.15).
j. State or federal taxes.[4]

5. GRANT AMOUNTS AND MATCH REQUIREMENTS

This section establishes a funding "set-aside" for DACs and EDAs, as well as, minimum and maximum funding amounts for planning and implementation grants for funding decisions delegated to the Deputy Director of the Division.

5.1 Funding Minimum and Maximum Amounts

Table 1 provides the minimum and maximum grant amounts that apply to funding decisions that are delegated to the Deputy Director of the Division. [Note: Funding limits for drinking water treatment projects (as discussed in Section 4.5) are identified in Table 2 (Section 5.4).]

There is no maximum grant limit for implementation projects. The State Water Board may waive the maximum planning grant limit through its approval of a project exceeding the cap at a State Water Board meeting. The Deputy Director of the Division may approve funding of projects below the minimum amounts for projects benefiting DACs or EDAs.

Table 1. Limits on Grant Amounts

	Planning	Implementation
Minimum	$100,000	$500,000
Maximum	$1,000,000	N/A

5.2 SDACs, DACs, and EDAs

Twenty (20) percent of the available funds ($160 million) will be set aside for projects benefiting DACs/EDAs. At least half of the $160 million (i.e., $80 million) will go to projects

that serve SDACs.

5.3 Availability of Funds

The Budget Act of 2015 (Assembly Bill 93) appropriates Proposition 1 funds[5] and makes the funding available for expenditure (i.e., encumbered in a funding agreement) until June 30, 2018, and available for liquidation (i.e., funds encumbered in funding agreements have been invoiced

[4] Grant proceeds may be taxable for certain entities. Grantees should consult with their tax advisors. The Division cannot provide assistance related to federal or state taxes. Under no circumstances can Proposition 1 funds be used to pay a Grantee's taxes

[5] Item: 3940-101-6083—For local assistance, State Water Board, payable from the Water Quality, Supply, and Infrastructure Improvement Fund of 2014, to be available for expenditure until June 30, 2018, and available for liquidation until June 30, 2021.....Amount: $1,357,500,000.

and paid) until June 30, 2021. Since projects to be funded with the appropriation from the Budget Act of 2015 must meet the expenditure and liquidation deadlines, project selection in the initial rounds will be based on the ability to meet those respective deadlines.

5.4 Match Requirements

The applicant is required to provide a minimum local cost share (or funding match) of fifty (50) percent of the total project cost (Water Code section 79774(b)). **Other State funds (regardless of the issuing State agencies) cannot be used for the required local cost share.** The local cost share may include, but is not limited to: Federal grants and loans, local and private funding, or donated and volunteer ("in-kind") services. Repayable financing received through the Drinking Water or Clean Water SRF Programs or a federally sponsored loan program may be used for match. The State Water Board reserves the discretion to review and approve funding match expenditures.

Add 'and agency "in-kind" services' as a local cost share.

Local cost share includes only those costs that are otherwise eligible reimbursable planning or implementation expenses (see Section 10.15) and were incurred on or after approval of Proposition 1 by the voters (November 4, 2014).

Proposition 1 requires added consideration be given to projects that leverage private, federal, or local funding (Water Code section 79774(a)). Since applicants must provide a minimum fifty
(50) percent match (unless waived or reduced for projects benefiting a DAC or EDA), projects that go beyond the minimum local cost share requirements will be given priority consideration.

5.4.1 **DAC and EDA Match:** Water Code section 79774(b) provides allowances to reduce match requirements for projects that directly benefit DACs and EDAs. Drinking water treatment projects (as described in Section 4.5) that benefit DACs and EDAs have maximum funding amounts and match requirements identified in Table 2 (below). The terms used in Table 2 have the same meaning as the analogous table in the Drinking Water IUP. Reduced match funding criteria for eligible DAC and EDA Groundwater Grant Program applicants is described in Appendix B. Appendix B includes eligibility requirements and steps the applicant must take to apply for a reduction in funding.

The Deputy Director of the Division will determine the appropriate match reduction for other (i.e., non-drinking water treatment) qualifying projects based on the ability of the applicant to pay for their portion of project costs. The Deputy Director of the Division may request documentation necessary to verify any claims made regarding the ability to pay.

The requirement for match is waived for those entities that provide technical assistance to DACs and EDAs (see Section 10.18).

The DAC and EDA Match is worded as though the applicant agency has to meet undefined DAC/EDA income requirements. Is the DAC/EDA cost reduction based on a project's benefit to DACs/EDAs, or based on the fiscal strength of the applicant agency? This language has not appeared in other Prop 1 grant programs' documents released so far, that we have reviewed. It is also unusual that the cost share reduction is discretionary, and offered only on drinking water projects. That limitation does not seem consistent with the list of eligible project types listed in the guidelines, and should be applied equally to all qualified projects. A potential method is use of a structured process and criteria determined by the percentage of the project that benefits and/or is located within a DAC/EDA, similar to the breakdown in the Prop 1 Storm Water Grant draft guidelines. Without an established process and criteria, there is no consistent basis to determine the amount of DAC/EDA cost match reductions and to what projects they are awarded. Comments address information in Table 2, as well. ↓

Table 2. Groundwater Grant Program Funding for Drinking Water Treatment Projects Serving a Disadvantaged Community's or Economically Distressed Area's Public Water System (PWS)

PWS Affordability Criteria			
Type of Community Served by PWS	Average Residential Water Rate as Percent of MHI*	Percentage of Total Eligible Project Cost	Maximum Amount Construction
DAC or EDA	1.5% - 2% > 2%	up to 80% From 90% up to 100%	$5 Million
SDAC	NA	up to 100%	

*MHI = Median Household Income

6. PROJECT SELECTION PROCESS AND RELATED INFORMATION

The project selection process primarily will consist of the steps described below:

Step 1. **Pre-Application Submittal:** An applicant first fills out an online "Pre-Application" for groundwater quality funding using the Financial Assistance Application Submittal Tool (FAAST), which includes basic information about the proposed project. The Pre- Application is continuously available; however, the Division will periodically announce a deadline to submit a Pre-Application to be considered for a funding

solicitation round. Potential applicants will be provided at least 30 days to complete their Pre-Application prior to the deadline. Division staff will conduct technical assistance workshops to address questions and provide general assistance to applicants in preparing their project proposals. The dates and locations of the workshops will be posted on the Proposition 1 Groundwater Sustainability website and announced via the Groundwater Quality Funding electronic mailing list[6].

Step 2. **Initial Staff Review:** All Pre-Applications will be reviewed to identify the appropriate funding program for the proposed project. The initial staff review will identify whether the "best" funding fit for the proposed project is the Proposition 1 Groundwater Grant program; Site Cleanup Subaccount Program; Drinking Water SRF; or potentially other Proposition 1 funding programs. Each program is administered by different units in the Division. Staff from the funding program that is identified as the "best" fit .will follow-up with the applicant.

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[6] Check the box next to "Groundwater Quality Funding Assistance" under the Financial Assistance (Grants & Loans) category.

General Decision Rules to Identify "Best" Funding Fit:

a. Projects with no other available funding will be reviewed for funding in the Site Cleanup Subaccount Program.

b. Projects that are primarily drinking water treatment projects (i.e., treatment of natural contaminants or contaminants that are not amenable to source area cleanup) will be administered through the Drinking Water SRF program. Proposition 1 Groundwater Sustainability funds can be used to support the drinking water treatment project if there is a need for grant funds and there are insufficient funds through the Drinking Water SRF to support the project.
c. Projects with eligible applicants and eligible projects that address the cleanup or prevention of contamination of groundwater that serves or has served as a source of drinking water AND will substantially reduce the contaminants in the drinking water aquifer will be administered by the Proposition 1 Groundwater Grant Program.
d. Applicants with projects that are ineligible for the three drinking water/groundwater quality funding programs will be directed to other funding programs if staff can identify a funding program that fits the applicant and project.

This section needs to be consistent with the preferences already stated in sections 2.3 and 4.4.

Allow a measure of acre-feet of groundwater recharged to count as "substantially reducing the contaminants in the drinking water aquifer" to account for the eligibility of implementation projects that use "Groundwater recharge to prevent or reduce contamination of municipal or domestic wells".

The steps below apply to projects that will be administered by Proposition 1 Groundwater Grant Program staff.

Step 3. **Applicant Contact:** Groundwater Grant Program staff will contact the applicant and

begin a dialogue with the applicant and regulatory agencies (i.e., Regional Water Board, Division of Drinking Water [DDW], DTSC, US EPA) on the scope/budget for the project. Discussion with the applicant will focus on adjustments to the scope, as needed, to meet State Water Board or the other regulatory agency's priorities and goals and any additional detail required to evaluate the project.

Step 4. **Final Application Submittal**: Based on discussions in Step 3, the applicant will be invited to submit a Final Application that includes, at a minimum, a detailed work plan (tasks, deliverables, and schedule), budget, and metrics of success for implementation projects (see Section 8). The Final Application should incorporate the feedback from the discussions in Step 3. The Division will provide all applicants with a common deadline to complete their Final Application prior to the evaluation of proposals (see Step 5 below). Division staff will develop a Final Application in the FAAST system based on the requirements and scoring criteria in these Guidelines.

Step 5. **Evaluation:** Division staff will conduct an initial review of readily available information from the applicant and regulatory agency(ies) related to responsible party searches to verify that the project is eligible for funding. A technical review team, including State Water Board, Regional Water Board, and (potentially) DTSC staff will score all complete, eligible applications submitted based on the evaluation criteria established in these Funding Guidelines. Planning and implementation projects will be evaluated separately (see Appendix E and Appendix F for planning and implementation evaluation criteria, respectively). Responsibilities of the Regional Boards and DDW in reviewing submitted Pre-Applications/Final Applications are discussed in Appendix G.

All evaluation information listed here is exclusively related to groundwater contamination cleanup projects, and does not at all address groundwater contamination prevention projects. What is stated here is the basis for evaluation of applicant projects, and must be broadened to address prevention projects. It would be appropriate to include DWR staff in the review of projects that use groundwater recharge to prevent groundwater contamination, as groundwater recharge is within that department's purview. Without such review, prevention projects may not be evaluated thoroughly using criteria specific to them, and that could impact funding recommendations for otherwise eligible projects.

Step 6. **Preliminary Award:** Division staff will develop a list of projects recommended for funding for each solicitation round, along with a recommended funding amount, based on the evaluation by the technical review team. The Deputy Director of the Division will make the final decision as to which applicants will receive notification of a "Preliminary Award", and will take one of the following actions: a) offer a Preliminary Award to the applicant consistent with recommendations provided by Division staff; b) offer a Preliminary Award to the applicant but award a different amount than recommended by Division staff; or c) do not award funds for the applicant's project as recommended by Division staff. The Deputy Director may also award funds to an applicant for a project not recommended by Division staff, provided such a project otherwise meets the requirements of these Guidelines. Any projects exceeding the established maximum grant amount will be presented to the State Water Board for consideration.

Division staff will prepare and make publicly available, the list of awarded projects, along with a summary of the basis for selection of each project for funding and the rationale for the funding amount.

The Preliminary Award letter will identify the amount of funding that the State Water Board intends to provide and the additional information that must be provided to complete the Grant Agreement.

Those applicants who are not awarded funding will also be notified and will be provided an opportunity to receive feedback on the basis for their project not receiving funding.

Step 7. **Grant Agreement:** The applicant will work with Division staff to complete the Grant Agreement based on the direction provided in the Preliminary Award letter. Division staff, with assistance from the regulatory agencies, will evaluate additional documents to:

a. Confirm the technical feasibility of the project;
b. Evaluate any additional information regarding responsible parties and their ability and/or willingness to pay for the cost of cleaning up the contamination being addressed (see Appendix H);
c. Determine the technical, managerial, and financial capacity (TMF) of the applicant to operate and maintain the project for the useful life of the project (see Appendix I);
d. Determine the status of California Environmental Quality Act (CEQA)/ environmental documentation, if available;
e. Determine the status of any legal issues that may affect the outcome of the project (e.g., site access, pending litigation regarding cleanup); and
f. Address any information gaps or issues that must be resolved prior to completing the Grant Agreement.

Based on the information gathered from the applicant during step 7, the Deputy Director may approve adjustments to the amount awarded or scope of the project. The Deputy Director may withdraw the Preliminary Award and direct staff not to complete a Grant Agreement if the additional information gathered indicates that: the applicant would be unable to satisfactorily complete the project; the project is deemed ineligible; or a more appropriate source of funding is identified.

7. FUNDING CYCLES

The Division intends to have annual solicitations for projects until all funds have been expended. The Division will have two types of solicitations: (a) solicitations targeted to projects benefiting DACs and EDAs and (b) general solicitations. Applicants with projects benefiting DACs and

EDAs can respond to both solicitation types. The first solicitations will occur approximately one month after Board adoption of these Guidelines.

The solicitation notice will include deadlines to complete the Pre-Application and Final Application. The solicitation notice will also include information on: the anticipated award date; any deadlines for completion of the project; when final invoices must be submitted; and where applicants can find standard terms and conditions for grant agreements.

8. METRICS OF SUCCESS

Proposition 1 requires the State Water Board to establish metrics of success (Water Code section 79716). For implementation projects, the applicant must provide estimates for one or more of the following metrics of success:

a. Annual volume of clean drinking water provided or annual volume of water that is prevented from becoming contaminated.
b. Number of people or residential connections directly benefiting[7] from the project.
c. Population and percentage of population of DAC or EDA directly benefiting from the project.
d. Average annual mass of contaminant and total mass of contaminant removed (or prevented from contaminating the drinking water source) over the projected useful life of the project.
e. Number or percentage of previously contaminated or threatened municipal or domestic wells, and cumulative capacity (volume/time) of those wells, that will no longer be contaminated or threatened after the end of the useful life of the project.
f. Percent reduction in concentration of the contaminant (or percent increase in concentration prevented) over the projected useful life of the project.

Section 10.7 Project Assessment and Evaluation Plan (PAEP) is general enough to work for all types of projects. This section should either be made more general so as not to exclude prevention projects, or specific language should be added to include prevention projects.

Mention of groundwater recharge volume is needed. This section also focuses only on cleanup projects and does not include mention of prevention projects.

Grant agreements will include requirements to evaluate actual project performance relative to these metrics of success (see Section 10.7, Project Assessment and Evaluation Plan [PAEP]).

9. RESPONSIBLE PARTY REQUIREMENTS

Proposition 1 includes two references regarding responsible parties. In prioritizing projects, the State Water Board is to prioritize projects where the responsible party has not yet been identified or the responsible party is unwilling or unable to pay for the total cost of cleanup ((Water Code section 79771(b)(5)). Water Code section 79771(c) does not allow Proposition 1 funds to be used to pay for the share of costs recovered from responsible parties, but they may be used to pay for costs that cannot be recovered. In addition, Water Code section 79771(c) also states "...Parties that receive funding for remediating groundwater storage aquifers shall exercise reasonable efforts to recover the costs of groundwater cleanup from the parties responsible for the contamination. Funds recovered from responsible parties may only be used to fund treatment and remediation activities."

The expectation for Parties receiving funding to exercise reasonable efforts to recover costs only applies to efforts to recover costs associated with the grant funding provided. The treatment and remediation activities that may be funded with recovered funds include acquiring new capital assets and paying for any ongoing costs to maintain the treatment and remediation system, including, but not limited to, O&M costs.

Specify that this section applies only to cleanup projects, and not prevention projects. It should be determined whether other prevention-specific requirements should be listed to create balance in the grant program's focus in selecting projects that eligible project types.

The primary venues for identifying responsible parties and recovering costs for cleanup are the courts and through the processes established by the regulatory agencies. Proposition 1 Groundwater Grant funds can be used to accelerate cleanup efforts that would otherwise be delayed due to the length of the processes associated with those venues. Proposition 1 funds can also support efforts to identify viable responsible parties.

Roles and expectations of Division staff and applicants regarding assessment of responsible parties are described below.

9.1 Responsible Party Considerations During the Application Process As part of the application process and prior to execution of a grant agreement, the applicant must make reasonable efforts to identify existing and readily available information on any potentially responsible parties and the status of efforts by the regulatory agencies to require responsible parties to pay for the total cost of cleanup. The applicant should contact the regulatory agencies and, as part of its application, provide documentation summarizing the status of potentially responsible parties.

[7] A direct benefit includes both the cleanup and prevention of contamination.

Division staff will work with the applicant and regulatory agencies to determine the ability and willingness to pay for the total cost of cleanup of any identified responsible parties. Should the available information indicate that responsible parties are able and willing to pay for the total cost of cleanup associated with the proposed project; the project is considered ineligible for funding.

As mentioned above, addition of prevention-focused requirements is appropriate here to ensure balance. Or, the language needs to be made more general to apply to both prevention and cleanup projects.

9.2 Responsible Party Considerations – Award/Grant Agreement

Should the Deputy Director award funding to a project, the Deputy Director will take one of the following actions based on consideration of the potentially responsible parties' ability and willingness to pay for the total cost of cleanup:

a. Award funding for the project and not require any additional efforts on the part of the applicant to make further efforts to recover the cost of cleanup. The Deputy Director will take this action, if available information indicates that reasonable efforts have already been made by the applicant, regulatory agencies, or other parties to require the responsible parties to pay for the total cost of the cleanup and recovering additional costs for cleanup is infeasible.
b. Award funding for the project at a reduced amount from the total cost of the cleanup and not require any additional efforts on the part of the applicant to make further efforts to recover the cost of cleanup. The Deputy Director will take this action, if available information indicates that reasonable efforts have already been made by the applicant, regulatory agencies, or other parties to require the responsible parties to pay for the total cost of the cleanup and the responsible parties are obligated to pay for a portion of the project cost. The Deputy Director will reduce the amount awarded, as necessary, to ensure that Proposition 1 funds are not used to pay for the share of costs recovered

from responsible parties.

c. Award funding for the project and require additional efforts on the part of the applicant to make further efforts to recover the cost of cleanup. The Deputy Director may increase the award amount to provide the applicant with funds necessary for any additional efforts (e.g., responsible party searches; source identification), but in no case shall any such additional award exceed $1 million or five (5) percent of the total project cost (whichever is smaller). The Deputy Director will also include such conditions in the funding agreement as necessary to ensure that the applicant makes reasonable efforts to recover the costs of cleanup, and that such funds recovered are used to fund treatment and remediation activities, including, but not limited to, ongoing costs of O&M.

10. GENERAL PROGRAM REQUIREMENTS

All applicants that are awarded a grant through the Groundwater Grant Program must comply with the following general program requirements. Before proceeding with the application process, applicants must consider their ability to comply with these requirements. Guidelines for grantees, including details that State Auditors would need to review if a grant were audited are discussed in Appendix D.

10.1 Conflict of Interest

Applicants are subject to State and federal conflict of interest laws. Failure to comply with these laws, including business and financial disclosure provisions, will result in the application being rejected and any subsequent grant agreement being declared void. Other legal action may also be taken. Before submitting an application, applicants are urged to seek legal counsel regarding conflict of interest requirements. Applicable statutes include, but are not limited to, California Government Code Section 1090 and California Public Contract Code Sections10410 and10411.

10.2 Confidentiality

Any privacy rights, as well as other confidentiality protections afforded by law with respect to the application package, will be waived once the proposal has been submitted to the State Water Board. The locations of all projects awarded funding, including the locations of management measures or practices implemented, must be reported to the State Water Board and Regional Water Boards (Water Boards) and made available to the public. The Water Boards may report project locations to the public through internet-accessible databases. The State Water Board uses Global Positioning System (GPS) coordinates for project and sampling locations. See Sections 10.8 through 10.10 of the General Program Requirements below for additional information on monitoring and reporting requirements.

10.3 Labor Code Compliance

Grantees are bound by all of the provisions of the Labor Code regarding prevailing wages and shall monitor all contracts subject to reimbursement from the grant agreement to ensure that the prevailing wage provisions of the Labor Code are being met.

Before submitting an application, applicants are urged to seek legal counsel regarding Labor Code compliance. See the California Department of Industrial Relations website for more information.

10.4 CEQA Compliance

Grantees are responsible for complying with all applicable laws and regulations for their

projects, including CEQA. State Water Board selection of a project for a grant does not indicate that the consideration of alternatives or mitigation measures that would reduce or eliminate adverse environmental effects of that project is adequate. No work may proceed until the State Water Board completes its own CEQA findings. Details about the State Water Board's environmental compliance process can be found online at:

http://www.waterboards.ca.gov/water_issues/programs/grants_loans/docs/environmental_review/environmental_faq.pdf

Public Resources Code (PRC) Section 21080.3.1 requires that, prior to the release of a Negative Declaration, Mitigated Negative Declaration, or Environmental Impact Report (EIR) for a project, the Lead Agency shall (under certain conditions) begin consultation with a California Native American tribe that is traditionally and culturally affiliated with the geographic area of the project. PRC Section 75102 requires that, prior to the adoption of a Negative Declaration or EIR for any project, the Lead Agency shall notify the proposed action to a California Native American tribe that is on the contact list maintained by the Native American Heritage Commission (NAHC) if that tribe has traditional lands located within the area of the proposed project. See Appendix C for the Office of Planning and Research's (OPR) procedures for tribal consultation for General Plans and Specific Plans as guidance to meeting the Native American Tribe Notification requirement.

10.5 Related Litigation

A grantee cannot use funds from any disbursement under a grant agreement to pay costs associated with any litigation the grantee pursues. Regardless of whether the project is the subject of litigation, the grantee agrees to complete the project funded by the grant agreement or to repay all grant funds plus interest.

10.6 Compliance with Emergency Drought Regulations

A grantee shall comply with the State Water Board's Drought Emergency Water Conservation regulations in Section 863-866 of title 23 of the California Code of Regulations.

10.7 Project Assessment and Evaluation Plan (PAEP)

Grantees are required to assess and report on project effectiveness. Such reporting is required to ensure that the State Water Board meets its obligation to establish metrics of success (Water Code section 79716). At a minimum, implementation projects must include one or more of the metrics of success identified in Section 8.

Please refer to comments on Section 8.

All Proposals must include a PAEP table to summarize how project performance will be assessed, evaluated, and reported. The goals of a PAEP are to:

a. Provide a framework for assessment and evaluation of project performance;
b. Identify measures that can be used to monitor progress towards achieving project goals and desired outcomes; and
c. Provide a tool for grantees and Grant Managers to monitor and measure project progress and guide final project performance reporting that will fulfill the grant agreement requirements.

In addition, grantees must submit an updated PAEP after the grant agreement is executed and make annual updates thereafter for the term of the agreement. The PAEP must include a summary of project goals, the appropriate performance measures to track the project progress, and measurable targets that the applicant thinks are feasible to meet during the

project period. The PAEP is not intended to be a monitoring plan (MP). PAEP guidance will be provided by the assigned Grant Manager.

10.8 Monitoring Requirements

If project effectiveness is being evaluated through water quality, water quantity, or other environmental monitoring, the grantee must prepare a MP. The MP must include a description of the monitoring program and objectives, types of constituents to be monitored, methodology, the frequency and duration of monitoring, and the sampling location for the monitoring activities.

10.9 Data Management

Projects must include appropriate data management activities so that Grantees can provide data in the format necessary to upload into the applicable statewide data systems.

a. Groundwater quality monitoring data must be integrated into GeoTracker and be compliant with an approved Quality Assurance Project Plan (QAPP). Data will be available to the stakeholders, agencies, and the public. Please see the GeoTracker website http://geotracker.waterboards.ca.gov/ for additional information.
b. Groundwater monitoring data also must be integrated into the Groundwater Ambient Monitoring & Assessment (GAMA) database. Please see the GAMA website http://waterboards.ca.gov/gama/ for additional information.
c. Water quality monitoring data must be integrated into the California Environmental Data Exchange Network (CEDEN) and be compliant with an approved QAPP. Data will be available to the stakeholders, agencies, and the public. Please see the CEDEN website http://www.ceden.org/ for additional information.

10.10 Reporting

Every grantee is required to submit quarterly progress reports to the Division that detail activities that have occurred during the applicable reporting period. Reporting is required even if no grant related activities took place during the reporting period. At the conclusion of the project, the grantee must submit a Final Project Summary, Final Project Inspection and Certification, and a comprehensive Draft and Final Project Report. Division staff will make templates available to grantees, where possible, to reduce reporting burdens.

10.11 Operations and Maintenance (O&M)

For implementation projects, the grantee shall maintain and operate the facility and structures constructed or improved as part of the project throughout the useful life of the project (and in no instance less than 20 years) consistent with the purposes for which the grant was made. The grantee assumes all O&M costs of the facilities and structures; the State Water Board shall not be liable for any cost of such maintenance, management, or operation. Operation costs include direct costs incurred for material and labor needed for operations, utilities, insurance, and similar expenses. Maintenance costs include ordinary repairs and replacements of a recurring nature necessary to prolong the life of capital assets and basic structures, and the expenditure of funds necessary to replace or reconstruct capital assets or basic structures. O&M costs are not an eligible grant expense, and, therefore, do not qualify as an eligible match cost. O&M for both planning and implementation projects may include destruction of monitoring wells at the completion of the project, or when no longer needed.

10.12 Urban and Agricultural Water Management Plan and Groundwater Planning Requirements

a. **Urban Water Management Planning Act Compliance**: Water suppliers who were required by the Urban Water Management Planning Act (Water Code section 10610 *et seq.*) to submit an Urban Water Management Plan (UWMP) to the DWR must have submitted a complete UWMP to be eligible for grant funding. Applicants that are urban water suppliers and have projects that would receive funding through the Groundwater Grant Program must have a UWMP that has been verified as complete by DWR before a grant agreement will be executed. *Note: The 2015 UWMPs are due for submittal to DWR by July 1, 2016.*

b. **Agricultural Water Management Plan Compliance:** Beginning July 1, 2013, an agricultural water supplier is not eligible for a water grant or loan awarded or administered by the State unless the supplier complies with Senate Bill (SB)x7-7 water conservation requirements outlined in Water Code section 10608, Division 6, Part 2.55, which requires that submittal of an Agricultural Water Management Plan (AWMP). *Note: The 2015 AWMPs are due for submittal to DWR by December 31, 2015.*

c. **Water Code Section 10920 Compliance**: Water Code section10920 *et seq.* establishes a groundwater monitoring program designed to monitor and report groundwater elevations in all or part of a basin or sub-basin. Information on the requirements of the California Statewide Groundwater Elevation Monitoring (CASGEM) Program can be found at the CASGEM link here: http://www.water.ca.gov/groundwater/casgem/. DWR has established high, medium, low, and very low priority groundwater basins, as well as CASGEM monitoring entities. Water Code section10927 identifies potential CASGEM monitoring entities. Applicants who match the list for potential CASGEM monitoring entities, and whose jurisdictional boundaries include high or medium priority basins with no CASGEM monitoring entity, will not be eligible for a Groundwater Grant Program award pursuant to Water Code section 10933.7(a). Consistent with Water Code section 10933.7(b), if the entire service area of the grant applicant is demonstrated to be a DAC, the project will be considered eligible for grant funding notwithstanding CASGEM compliance.

d. **Surface Water Diversion Reporting Compliance**: A diverter of surface water is not eligible for a water grant or loan awarded or administered by the State unless it complies with surface water diversion reporting requirements outlined in Part 5.1 (commencing with section 5100) of Division 2 of the Water Code.

e. **AB 1420 Compliance**: Assembly Bill (AB) 1420 (Stats. 2007, Chapter 628) conditions the receipt of a water management grant or loan, for urban water suppliers, on the implementation of water demand management measures described in Water Code section10631. DWR has determined that implementation of the California Urban Water Conservation Council best management practices (BMPs) will fulfill the requirements of AB 1420. An urban water supplier may be eligible for a water management grant or loan if it demonstrates that it has implemented or scheduled, or is in the process of implementing or scheduling the implementation of BMPs. Urban water suppliers applying to use grant funds for implementation of BMPs must ensure they have submitted all the necessary information. Therefore, urban water suppliers who are applicants in a grant application must supply additional information which can be found at the DWR Water Use and Efficiency website here: http://www.water.ca.gov/wateruseefficiency/.

f. **Sustainable Groundwater Management Act (SGMA) Compliance**: The

Sustainable Groundwater Management Act is intended to provide for the sustainable management of groundwater by enhancing the local management of groundwater. SGMA includes a multi-year and multi-step process of forming local Groundwater Sustainability Agencies (GSAs); establishing local Groundwater Sustainability Plans (GSPs); and implementing those GSPs.

To support the goals of SGMA, the State Water Board will only fund projects in basins in which the local agencies are taking the required steps to comply with SGMA. The following is required of applicants with grants in non-adjudicated high or medium-priority CASGEM basins, as designated by the DWR:

i) After July 1, 2017, the project must be located in a basin in which a GSA has formed or an alternative has been submitted to the DWR (Water Code section 10735.2 (a)(1)).
ii) After January 31, 2020, the project must be consistent with an adopted GSP, if the project is located in a basin that is subject to critical conditions of overdraft (Water Code section 10735.2 (a)(2)).
iii) After January 31, 2022, the project must be consistent with an adopted GSP, if the project is located in a basin that is not subject to critical conditions of overdraft (Water Code section 10735.2 (a)(4)).

If the applicant is not a GSA, the applicant must demonstrate that it has coordinated with the appropriate GSA and document that the GSA supports the proposed project.

The above SGMA-requirements do not apply to the adjudicated areas listed in Water Code section 10720.8(a), since the water master or local entity managing groundwater is not required to form a GSA or prepare a GSP. Applicants with projects in adjudicated areas have not complied with the reporting requirements of Water Code Sec. 10720.8 (f), entities in those areas should not be eligible to receive grant funding.

g. **SBx7-7 Compliance**: Sustainable Water Use and Demand Reduction (Water Code section10608 *et seq.*). SBx7-7 conditions the receipt of a water management grant or loan for urban water suppliers on achieving Gallons per Capita per Day reduction targets with the end goal of a twenty (20) percent reduction by 2020.

10.13 Applicant Notification

Division staff will notify applicants of awards via email, or by letter, and post the approved Funding List on the State Water Board website.

10.14 Grant Agreement

Following funding awards, the State Water Board will execute a grant agreement with the grantee. Grant agreements are not executed until signed by authorized representatives of the grantee and the State Water Board.

It is **HIGHLY recommended** that applicants review the grant agreement template prior to submission of their proposal. If applicants are not able to abide by the terms and conditions contained therein, applicants should not submit a proposal. A copy of a grant agreement template will be posted prior to opening the funding solicitations on the Proposition 1 Groundwater Grant Program web site.

The State Water Board encourages collaboration in the development and implementation of

projects. Parties that wish to collaborate on a proposal may elect to use a contractor-subcontractor relationship, a joint venture, a joint powers authority (JPA), or other appropriate mechanism. Grant agreements will be executed with one eligible grantee per project. This grantee can subcontract with partners that are responsible for implementation of the project tasks. The grant funding and the implementation responsibilities will be the province of the grantee; subcontracting to another entity does not relieve the grantee of its responsibilities. The

State Water Board will not have a relationship with collaborators or subcontractors.

Notwithstanding the foregoing, the State Water Board may revise the standard grant agreement terms and conditions to reflect State law changes.

10.15 Reimbursement of Costs

Only direct costs and work performed within the terms of the grant agreement will be eligible for reimbursement. Indirect costs, such as overhead, contingency, or markup are not eligible expenses. Eligible expenses incurred upon the start date listed in the grant agreement and prior to the project completion date may be directly reimbursed. Advance funds will not be provided.

Reimbursable costs include the reasonable costs of planning, engineering, design, permitting, preparation of environmental documentation, environmental mitigation, easement and land purchases, project implementation, project monitoring within the term of the agreement, and education and outreach necessary for successful project implementation.

Costs that are not reimbursable with grant funds and do not qualify for meeting local cost share requirements include, but are not limited to:

a. Costs, other than those noted above, incurred outside the terms of the grant agreement with the State;
b. O&M costs for maintenance, management, and operation beyond initial startup;
c. Education and outreach not directly related to project construction;
d. Purchase of equipment not an integral part of the project or included in the line item budget;
e. Establishing a reserve fund;
f. Replacement of existing funding sources for ongoing programs;
g. Expenses incurred in preparation of the proposal;
h. Payment of principal or interest of existing indebtedness or any interest payments;
i. Overhead, markup, or indirect costs, and
j. State and federal taxes.

10.16 Grant Manager Notification

Grantees will be required to notify the State Water Board Grant Manager prior to conducting construction, monitoring, demonstration, or other implementation activities so that the Grant Manager may observe to verify activities are conducted in accordance with the grant agreement. The Grant Manager may document the inspection with photographs or notes, which may be included in the Groundwater Grant Program project file.

10.17 Deputy Directory, Division of Financial Assistance Additional Authority

Funds may become available from projects that are withdrawn or completed under budget. The Deputy Director of the Division shall have the authority to utilize these funds for funding additional projects below the funding line or for augmenting the scope and budget of

projects previously awarded. Additional activities funded under existing grants will be subject to these Guidelines and must complement or further the goals of existing projects.

10.18 Technical Assistance Set-aside

The State Water Board has initially set aside $10 million to provide technical assistance for DACs and EDAs. The technical assistance program will be administered by the Office of Sustainable Water Solutions. Technical assistance may include, but not be limited to, preparation of Pre-Applications/Final Applications; assistance in assessment of the scope of contamination; initial assessment of potential cleanup options; legal assistance; organization formation and managerial assessment and assistance; and technical training. The Deputy Director of the Division is authorized to provide up to an additional $10 million in technical assistance to benefit DACs and EDAs.

APPENDIX A: ACRONYMS AND DEFINITIONS USED IN THESE GUIDELINES AND APPENDICES

Acronyms

AB	Assembly Bill
AWMP	Agricultural Water Management Plan
Basin Plan	Regional Water Quality Control Plan
BMP	Best Management Practice
Cal/EPA	California Environmental Protection Agency
CASGEM	California Statewide Groundwater Elevation Monitoring
CEDEN	California Environmental Data Exchange Network
Census Bureau	United States Census Bureau
CEQA	California Environmental Quality Act
Chapter 10	Chapter 10 Groundwater Sustainability of Proposition 1
COC	Chemical of Concern
CWAP	California Water Action Plan
DAC	Disadvantaged Community
DDW	Division of Drinking Water
Division	Division of Financial Assistance
DTSC	Department of Toxic Substances Control
DWR	Department of Water Resources
EDA	Economically Distressed Area
EIR	Environmental Impact Report
FAAST	Financial Assistance Application Submittal Tool
FS	Feasibility Study
GAMA	Groundwater Ambient Monitoring & Assessment
GPS	Global Positioning System
Grant Manager	State Water Resources Control Board's Grant Manager
Groundwater Grant Program	Groundwater Sustainability Grant Program
GSA	Groundwater Sustainability Agency
GSP	Groundwater Sustainability Plan
Guidelines	Project solicitation and evaluation guidelines
IUP	Intended Use Plan
JPA	Joint Powers Authority
MHI	Median Household Income
MP	Monitoring Plan
NAHC	Native American Heritage Commission
NEPA	National Environmental Policy Act
NOI	Notice of Intent
NPDES	National Pollutant Discharge Elimination System
O&M	Operation and Maintenance
OPR	Office of Planning and Research
PAEP	Project Assessment and Evaluation Program
PRC	Public Resources Code
PRP	Potentially Responsible Party
PWS	Public Water System
QAPP	Quality Assurance Project Plan
Regional Water Board	Regional Water Quality Control Board
RI	Remedial Investigation

RP	Responsible Party
SB	Senate Bill
SDAC	Severely Disadvantaged Community
SDWA	Safe Drinking Water Act of 1996 (federal)
SRF	State Revolving Fund
State Water Board	State Water Resources Control Board
TMF	Technical, Managerial, and Financial
US EPA	United States Environmental Protection Agency
USGS	U.S. Geological Survey
UWMP	Urban Water Management Plan
Water Code	California Water Code
WDR	Waste Discharge Requirement Permit

Definitions

Agricultural Water Supplier – means a water supplier, either publicly or privately owned, providing water to 10,000 or more irrigated acres, excluding the acreage that received recycled water; also include a supplier or contractor for water regardless of the basis of right that distributes or sells water for ultimate resale to customers (Water Code section 10608.12.(a)).
Applicant – means the entity that is formally submitting a grant application. This is the same entity that would enter into an agreement with the State should the grant application be funded.
Application – the electronic submission to the State Water Board that requests grant funding for a proposal that the applicant intends to implement.
Basin – means a groundwater basin or subbasin identified and defined in Bulletin 118 or modified pursuant to Chapter 3 (commencing at section 10722) of the Water Code.
Beneficial Uses – means the uses of groundwater, streams, lakes, rivers, and other water bodies, that are beneficial to humans and the environment. Beneficial uses are identified in each Regional Water Board's Basin Plan(s) and in state-wide Water Quality Control Plans.
Bulletin 118 – means "California's Groundwater: Bulletin 118" updated in 2003, as it may be subsequently updated or revised in accordance with section 12924 of the Water Code.
California Native American Tribe – the term "state Indian tribes" (Water Code section 79712(a)) means Indigenous Communities of California, which are on the contact list maintained by the NAHC, including those that are federally non-recognized and federally recognized, and those with allotment lands, regardless of whether they own those lands. Additionally, because some water bodies and Tribal boundaries cross State borders, this term may include Indigenous Communities in Oregon, Nevada, and Arizona that are impacted by water in California.
Community – for the purposes of this grant program, a community is a population of persons residing in the same locality under the same local governance.
Contamination – includes the Water Code section 13050(k) definition: "Contamination" means an impairment of the quality of the waters of the state by waste to a degree which creates a hazard to the public health through poisoning or through the spread of disease. "Contamination" includes any equivalent effect resulting from the disposal of waste, whether or not waters of the state are affected.
Disadvantaged Community (DAC) – means a community with an annual median household income that is less than eighty (80) percent of the statewide annual median household income (Water Code section 79702(j) which cross references to Water Code section 79505.5).
Economically Distressed Area (EDA) – means a municipality with a population of 20,000 persons or less, a rural county, or a reasonably isolated and divisible segment of a larger municipality where the segment of the population is 20,000 persons or less, with an annual median household income that is less than eighty-five (85) percent of the statewide median

household income, and with one or more of the following conditions as determined by DWR: (1) financial hardship; (2) unemployment rate at least two (2) percent higher than the statewide average; or (3) low population density (Water Code section 79702(k)).

Evaluation Criteria – means the set of specifications used to select or choose a project based on available funding.

Federally Recognized Indian Tribes – means an American Indian or Alaska Native tribal entity that is recognized as having a government-to-government relationship with the United States, with the responsibilities, powers, limitations, and obligations attached to that designation, and is eligible for funding and services from the Bureau of Indian Affairs.

Funding Match – means funds made available by the applicant for the Project including, but not limited to, Federal funds (grants or loans), local and private funding, or donated and volunteer ("in-kind") services. Repayable financing received through the Clean Water SRF Program or a federally sponsored loan program may be used for the match. Regardless of the source, State funds cannot be used for the required match.

Grantee – means a grant recipient.

Groundwater – refers to water beneath the surface of the earth within the zone below the water table in which the soil is completely saturated with water, but does not include water that flows in known and definite channels.

Groundwater Recharge – the augmentation of groundwater, by natural or artificial means.

Groundwater Sustainability Agency – means one or more local agencies that implement the provisions of the Sustainable Groundwater Management Act. For purposes of imposing fees pursuant to Chapter 8 (commencing with section 10730) or taking action to enforce a groundwater sustainability plan, "groundwater sustainability agency" also means each local agency comprising the groundwater sustainability agency if the plan authorizes separate agency action (Water Code section 10721(j)) .

Groundwater Sustainability Plan – a plan of a groundwater sustainability agency proposed or adopted pursuant to the Sustainable Groundwater Management Act (Water Code section 10721(j)).

In-Kind Contributions – work performed by the grantee that furthers the scope of the grant, the cost of which is considered local cost share in-lieu of actual funds from the grantee.

INDIPAY – means a U.S. Environmental Protection Agency (US EPA) screening process that assesses an individual's ability to pay civil penalties, Superfund cleanup costs, and pollution control expenditures. .

Land Subsidence – means a gradual settling or sudden sinking of the Earth's surface due to movement of earth materials. (*USGS Fact Sheet-165-00 December 2000*)

Local Cost Share – see Funding Match.

Long-term – means for a period of not less than 20 years (Water Code section 79702(o)).

Management Measures – means economically achievable measures for the control of the addition of pollutants from existing and new categories and classes of nonpoint sources of pollution, which reflect the greatest degrees of pollutant reduction achievable through the application of the best available nonpoint pollution control practices, technologies, processes, siting criteria, operating methods, or alternatives.

Median Household Income (MHI) – commonly used to provide data about geographic areas. It divides households into two equal segments, with the first half of households earning less than the MHI, and the other half earning more.

MUNIPAY – means a US EPA screening process that assesses a municipality's ability to afford civil penalties, Superfund cleanup costs, and pollution control expenditures.

Mutual Water Company – means a private corporation or association organized for the purposes of delivering water to its stockholders and members at cost, including use of works for conserving, treating, and reclaiming water (Public Utilities Code Sections 2725-2729).

National Pollutant Discharge Elimination System (NPDES) Permit Program – means a program that controls water pollution by regulating point sources that discharge pollutants into waters of the United States. Point sources are discrete conveyances such as pipes or man-made ditches.

Non-profit Organization – means any non-profit corporation qualified to do business in California and qualified under Section 501(c)(3) of the Internal Revenue Code (Water Code section 79702(p)).

Overdraft – means the condition of the groundwater basin or aquifer where the average annual amount of water extracted exceeds the average annual supply of water to a basin or aquifer.

Person – includes any city, county, district, the state, and the United States, to the extent authorized by federal law.

Pollution – an alteration of the quality of the waters of the state by waste to a degree which unreasonably affects either of the following: 1) the waters for beneficial uses; or 2) facilities which serve these beneficial uses. "Pollution" may include "contamination."(Water Code section 13050(l)).

Project – means the entire set of activities, including, but not limited to, planning, permitting, constructing, monitoring, and reporting that is included in a request for grant funding from an applicant.

Project Area – means the geographical boundaries, as defined by the applicant that encompass the area where the project will be implemented / constructed, including the area where the benefits and impacts of project implementation or planning activities extend.

Proposal – means all of the supporting documentation submitted that details the project and actions that are proposed for funding pursuant to an application for a grant.

Proposition 1 – means the "Water Quality, Supply, and Infrastructure Improvement Act of 2014" passed by California voters on November 4, 2014, and as set forth in Division 26.7 of the Water Code.

Public Agency – means any state agency or department, special district, JPA, city, county, city and county, or other political subdivision of the State (Water Code section 79702(s)).

Public Utility – means an entity as defined in Public Utilities Code Section 216.

Regional Water Board – means any California Regional Water Board as specified in section 13200 of the Water Code.

Reimbursable Costs – means costs that may be repaid by State grant funds.

Scoring Criteria – means the set of requirements used by the State Water Board to evaluate a proposal for funding.

Severely Disadvantaged Community (SDAC) – means a community with a median household income of less than sixty (60) percent of the statewide average. (Water Code section 79702(v) which cross references to Health and Safety Code Section 116760.20).

Stakeholder – means an individual, group, coalition, agency, or other entity that is involved in, affected by, or has an interest in the implementation of a specific program or project.

Superfund – refers to the program administered by the US EPA under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA).

Sustainable Groundwater Management – means the management and use of groundwater in a manner that can be maintained during the planning and implementation horizon without causing undesirable results (Water Code section 10721(u).

Technical Reviewers – means a group of Division staff assembled to evaluate the technical competence of a proposed project and the feasibility of the project being successful if implemented. Representatives from the Regional Water Boards, DTSC, and/or other State Water Board divisions may also be invited to participate as technical reviewers.

Undesirable Result – means one or more of the following effects caused by groundwater conditions occurring throughout the basin (Water Code section 10721(w)):

1. Chronic lowering of groundwater levels indicating a significant and unreasonable depletion of supply if continued over the planning and implementation horizon. Overdraft during a period of drought is not sufficient to establish a chronic lowering of groundwater levels if extractions and recharge are managed as necessary to ensure that reductions in groundwater levels or storage during a period of drought are offset by increases in groundwater levels or storage during other periods.
2. Significant and unreasonable reduction of groundwater storage.
3. Significant and unreasonable seawater intrusion.
4. Significant and unreasonable degraded water quality, including the migration of contaminant plumes that impair water supplies.
5. Significant and unreasonable land subsidence that substantially interferes with surface land uses.
6. Depletions of interconnected surface water that have significant and unreasonable adverse impacts on beneficial uses of the surface water.

Urban Water Supplier – means a supplier, either publicly or privately owned, that provides water for municipal purposes, either directly or indirectly, to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually (Water Code section 10617).

Useful Life – refers to the length of time that a funded project must be operated and maintained in order to achieve the environmental outcome identified in the applicable grant agreement. The useful life can also refer to the length of time that the environmental outcome of a funded project will be sustained, after the funded project is no longer operated or maintained. The useful life must be at least 20 years.

Waste – includes sewage and any and all other waste substances, liquid, solid, gaseous, or radioactive, associated with human habitation, or of human or animal origin, or from any producing, manufacturing, or processing operation, including waste placed within containers of whatever nature prior to, and for purposes of, disposal.

Waste Discharge Requirements (WDRs) – means requirements that are adopted by the State or Regional Water Boards to regulate the discharge of waste to protect the waters of the state in accordance with the applicable Water Quality Control Plan and other statewide policies or plans.

APPENDIX B: REQUESTS FOR REDUCED FUNDING MATCH FOR DISADVANTAGED COMMUNITIES AND ECONOMICALLY DISTRESSED AREAS

B.1 PURPOSE

The purpose of this Appendix is to provide a method for demonstrating eligibility for the reduced funding match for the Groundwater Grant Program. At a minimum, the following information must be included in the application (details are provided in Section B.3 below):

- A map with sufficient geographic detail to define the boundaries of the overlying drinking water entity's service area (if applicable), the DAC/EDA, and the project construction and benefit areas;
- Description of the method used in determining the total population of the proposed DAC/EDA. The applicant must identify what census geographies (e.g., census designated place, census tract, census block group) were used, and how they were applied. Also, the applicant must explain how the DACs/EDAs were identified;
- Annual MHI data for the DAC/EDA in the project area;
- Information on amount and type of direct benefit the project provides to the DACs/EDAs;
- Descriptions or information on the DAC/EDA involvement, such as past, current, and future efforts to include DAC/EDA representatives in the planning and/or implementation process; and
- Letters of support from representatives of the DAC/EDA indicating their support for the project or portion of the proposal designed to provide direct benefit to the DAC/EDA and acknowledging their inclusion in the planning and/or implementation process.

More guidance is needed on how to meet DAC/EDA involvement and support requirements. For example, more than 80% of the Fresno Metropolitan Flood Control District's service area is within the City of Fresno, which is 135 square miles, has a population of 516,000, and is entirely considered to be a DAC using State criteria. It is unclear who of those 516,000 should be involved in planning or implementation, and how they can reasonably be involved in planning or construction of infrastructure capital projects that must meet specific design standards, be in specific locations, and perform only functions the applicant agency is authorized to perform.

The following data requirements must be met:

- MHI and population data must be from 2010 or later United States Census Bureau (Census Bureau) data sets, or an income/population survey if no representative census data are available; and
- MHI and population data used in analysis must be from the same time period and geography.

To determine whether the project is located within an EDA, please refer to DWR's website at: http://www.water.ca.gov/irwm/grants/resources_eda.cfm.

B.2 ALLOWANCES

For assistance with accessing census data see the Census Bureau American FactFinder website (http://factfinder.census.gov/). Applicants may use a single type of census geography or combinations of 2010 or later Census Bureau geographies in determining the MHI and population for DACs and the project area. However, the census geography that is used must be consistent for both MHI and population. Official census geographies, such as census tract,

place, and block group, are acceptable.

B.3 STEPS TO REQUEST A REDUCED FUNDING MATCH

Step A. **Documentation of the Presence of DACs/EDAs**: The project must be located within and benefit a DAC/EDA. **If the project is not located within and does not benefit a DACs/EDA, do not apply for a reduced funding match.** The DAC/EDA should be identified in the description of the project area in the Proposal. Applicants should ensure that the description of the DAC/EDA is sufficient to determine whether the community meets the applicable definition. The DAC/EDA should also be shown on maps of the project area. In describing the DAC/EDA, include the relationship to the project objectives and information that supports the determination of DAC/EDA in the project area.

Please see comments under section B.1

Step B. **Documentation of DAC/EDA Representation & Participation:** The mere presence of a project within a DAC/EDA area is not sufficient cause to grant a reduction of the funding match. The DAC/EDA must be involved in the implementation process. Supporting information that demonstrates how the DAC/EDA is, or will be, involved in the implementation process of the project must be included. Information must demonstrate how the DAC/EDA or their representatives are participating in the implementation process. As indicated above, include letters from the DAC/EDA representatives that verify support of and inclusion and participation in the process. **If DAC/EDA representation or participation in the implementation process cannot be demonstrated, do not apply for a reduced funding match.**

Step C. **Benefits and Impacts to DACs/EDAs:** The applicant must explain anticipated benefits and impacts to the DAC/EDA in their project area for the specific work item in their proposal. The explanation should include the nature of the anticipated benefit, the certainty that benefit will accrue if the project is implemented, and which DAC/EDA in the project area will benefit and/or be impacted.

For assistance with accessing census data, see the Census Bureau's website (http://www.census.gov/#) or American FactFinder website (http://factfinder.census.gov/). Include the method used for population determination, the population of the project area, population of DACs/EDAs in the project area, MHI data for DACs/EDAs, and calculation of the reduced funding match.

Step D. **Determining Funding Match Reduction:** The applicant must provide a proposed funding match reduction and justification for the proposed reduction. Division staff will review the following information to develop a recommended match reduction:

1) The financial records of the applicant from the last 3 years;
2) The water rate information for community residents, and any information on projected changes in the water rate due to project implementation and ongoing O&M; and
3) Any other information provided by the applicant justifying the requested match reduction.

To approve a reduction in funding match, the Deputy Director of the Division must determine that: a) the Project will benefit a DAC or EDA and b) the ability of the

applicant to conduct and maintain its normal business operations will be substantially impacted if available funds or revenue are used to meet the full fifty (50) percent match; or the community's residents will be significantly impacted due to changes in water rates needed to provide the funding match (e.g., water rates are 1.5 percent or greater of the MHI for the community and would increase to meet the match requirement).

Please see comments under section 5.4

Exhibit B-1: Certification of Understanding

The undersigned certifies that:

The application submitted by <Insert Name of Applicant> for <Insert Proposal Title> for a Prop 1 Groundwater Grant Program contains a request for a reduction of the funding match based on <"small & severely disadvantaged", "disadvantaged", or "economically distressed area"> community status.

The above named applicant understands:

- The reduction of the funding match presented in the application is a request that will not be automatically granted.

- State Water Board staff will review the DAC/EDA information submitted in the application prior to making a decision to accept, modify, or deny such a reduction.

- Should the proposal be chosen for funding, but the requested reduction in funding match is rejected or modified, the grantee is responsible for costs exceeding the grant funding amount to complete the project and any additional required match.

- The State Water Board will rescind the grant award if the grantee cannot either:
  1. Cover the increased costs and/or match due to rejection or modification of the request for reduction in the funding match; or
  2. Adequately restructure the grant proposal within the available budget, while still meeting the intent of the original proposal.

Authorized Signature: _____

Printed Name: _____

Title: _____

Agency:_____

Date: _____

APPENDIX C: NATIVE AMERICAN TRIBE NOTIFICATION

Public Resources Code Section 21080.3.1 requires the CEQA lead agency to consider project effects on tribal cultural resources and to conduct consultation with California Native American tribes. The State Water Board recommends using the OPR's procedures for tribal consultation for General Plans and Specific Plans as guidance to meeting the Native American Tribe Notification requirement. The notification process a lead agency uses may include the following steps:

- Determine if the proposed project is a project under CEQA.
- If the project will use a negative declaration or an EIR to comply with CEQA and the CEQA document was not adopted by March 1, 2009, tribal notification is required prior to adoption of the CEQA document.
- To determine which tribes may have traditional lands located within the project area, send a request to the NAHC using the NAHC request form which can be found at the following link: http://nahc.ca.gov/resources/forms/. Expect a reply within 30 days.
- Once tribal information from NAHC is received, notify tribes of the project nature and project location.
- Allow tribes 90 days to reply to the notification.
- Solicit input from tribes that respond to the notification.
- Consider tribal input to the project prior to adoption of a negative declaration or EIR.

The above notification process follows OPR's procedures for tribal consultation for General Plans and Specific Plans. Further information on tribal consultation can be found at the following link: http://www.opr.ca.gov/s_localandtribalintergovernmentalconsultation.php

Contact information for the NAHC is as follows:

Tribal Advisor
Office of Governor Edmund G. Brown Jr.
Executive Secretary, Native American Heritage Commission
1550 Harbor Blvd. Suite 100
West Sacramento, California 95691
(916) 373-3710
(916) 373-5471
nahc@nahc.ca.gov
http://nahc.ca.gov/

APPENDIX D: GUIDELINES FOR GRANTEES

The lists below details the documents/records that State Auditors would need to review in the event of a grant being audited. Grantees should ensure that such records are maintained for each funded project for a minimum of three years after termination of the grant agreement.

Internal Controls

1) Organization chart (e.g. the Grantee's overall organization chart and organization chart for the grant funded Program/Project)
2) Written internal procedures and flowcharts for the following:
   a) Receipts, deposits, and disbursements
   b) State reimbursement requests
   c) Grant expenditure tracking
   d) Guidelines, policy, and procedures on grant funded Program/Project
3) Audit reports of the Agency's internal control structure and/or financial statements within the last three years
4) Prior audit reports on grant funded Program/Project

Grants

1) Original grant agreement, any amendment(s), and budget modification documents
2) A listing of all bond-funded grants received from the State
3) A listing of all other funding sources for each Program/Project

Contracts

1) All subcontractor and consultant contracts and related or partners documents, if applicable
2) Contracts between the Agency and member agencies as related to the grant funded Program/Project

Invoices

1) Invoices from vendors and subcontractors for expenditures submitted to the State for payments under the grant
2) Documentation linking subcontractor invoices to State reimbursement requests and related grant budget line items
3) Reimbursement requests submitted to the State for the grant

Cash Documents

1) Receipts (copies of warrants) showing payments received from the State
2) Deposit slips (or bank statements) showing deposit of the payments received from the State
3) Cancelled checks or disbursement documents showing payments made to vendors, subcontractors, consultants, and/or agents under the grant
4) Bank statements showing the deposit of the receipts

Accounting Records

1) Ledgers showing entries for grant receipts and cash disbursements
2) Ledgers showing receipts and cash disbursement entries of other funding sources
3) Bridging documents that tie the general ledger to requests for grant reimbursement

Administration Costs

1) Supporting documents showing the calculation of administration costs

Personnel

1) List of all contractors and Grantee's staff that worked on the grant-funded project
2) Payroll records including timesheets for contractor staff and the Grantee's personnel who provided services charged to the project

Project Files

1) All supporting documentation maintained in the project files
2) All grant-related correspondence

APPENDIX E: PLANNING PROPOSAL EVALUATION SCORING CRITERIA

The proposal evaluation scoring for Planning projects includes two types of evaluations depending on the evaluation question:

1) A simple "Yes/No" determination as to whether the proposal includes the information. Five points will be given for each "yes" determination while "no" determinations will receive zero points; and

2) A qualitative evaluation that requires the reviewer to determine how well the proposal addresses the evaluation question. Four to five points will be given if the proposal addresses the question well and no changes are needed to fund. One to three points will be given if the proposal addresses the question to some degree, but changes are needed to fund. No points will be given if the proposal does not address the evaluation question.

Of those evaluation questions that are qualitatively evaluated, some are considered "critical"[8] and must receive a score of four or five, otherwise, the project will not be recommended for funding.

A bonus of up to 10 points will be given for projects that benefit DACs or EDAs.

[8] An "*" is used to designate "critical" evaluation questions.

APPENDIX E: PLANNING PROPOSAL EVALUATION SCORING CRITERIA

SCORED CRITERIA

Project/Applicant Background – 40 Points

1. Does the proposal:
   a. Describe the beneficial use(s), water quality and quantity issues present, and ongoing efforts to address issues within the groundwater basin? (Yes = 5 points, No = 0 points)
   b. Describe current and proposed projects within the basin that address groundwater contamination? (Yes = 5 points, No = 0 points)
   c. Describe the roles and responsibilities of the applicant and cooperating entities in the project? (Yes = 5 points, No = 0 points)
2. Has the applicant and its technical team (if identified) conducted similar projects and demonstrated an ability to complete projects on time and within scope and budget?
3. Does the proposal:
   a. Provide a complete description of the extent to which a search for Responsible Parties (RPs)/Potentially Responsible Parties (PRPs) has been conducted?
   b. Provide a complete and accurate description of the known RP/PRPs in relation to the proposed project?
   c. Clearly describe the relationship between the proposed project and any other planning or monitoring efforts that are addressing critical information gaps?
   d. Provide a summary of existing information, technical description and discussion that demonstrates that a critical information gap will be addressed by the planning project?*

Program Priorities, Requirements and Preferences – 25 Points

4. Does the proposal, including the identified project goals and purpose:
   a. Provide a clear and well supported description of how the proposed planning project will lead to implementation of a contamination cleanup or prevention project?*
   b. Demonstrate that the anticipated implementation project, supported by the planning project, is consistent with one or more Proposition 1 prioritization criteria (Water Code section 79771(b)(1-5) (see Section 2.1)?*
   c. Demonstrate that the anticipated implementation project, supported by the planning project, is consistent with State Water Board requirements and preferences (see Sections 2.2 and 2.3)?*
   d. Demonstrate that the anticipated implementation project, supported by the planning project, addresses a significant groundwater contamination problem based on best estimates of the anticipated implementation project benefits?*
   e. Include the use of new and innovative technologies (or approaches)? (Yes = 5 points, No = 0 points)

APPENDIX E: PLANNING PROPOSAL EVALUATION SCORING CRITERIA

SCORED CRITERIA
Scope of Work – 40 Points
5. Does the proposal/project include sufficient justification and provide: a. Adequate and appropriate stakeholder involvement and include sufficient public outreach? b. Include a discussion of any applicable required permits and landowner/access agreements to implement the project? (Yes = 5 points, No = 0 points) c. The detailed work tasks necessary to complete the project and the deliverables expected to be completed for each task?* d. A detailed description and technical justification for the methodology or study design the project is proposing to use and the feasibility of the approach? * e. A discussion of the scientific and technical information that will be collected or assessed to achieve the project goals and purpose?* f. A discussion of how the applicant will ensure the validity and quality of the information produced by the proposed project? g. A discussion of how the information and data will be stored and managed and presented in any reports produced? 6. A discussion of the alternatives to achieving the project purpose and how the proposed project is the lowest cost alternative for achieving the project purpose?*
Schedule – 15 Points
7. Will the project be completed in a timeframe required for the next phase of the overall project (e.g., FS, remedial design, pilot study)? 8. Does the proposal include a schedule that is consistent with and reasonable given the tasks described in the Scope of Work and the available budget? 9. Based on the proposed schedule and deliverables, can the project be completed within the appropriation timeframe?*
Budget – 15 Points
10. Does the summary budget table and narrative justify the project costs? Are the costs reasonable?* 11. Are the tasks shown in the budget consistent with the tasks shown in the work plan and schedule? 12. Does the proposal include leveraging of other funding sources (i.e., private, federal or local) and are the sources of matching funds clearly committed and well-documented? (Yes = 5 points, No = 0 points)

APPENDIX E: PLANNING PROPOSAL EVALUATION SCORING CRITERIA

SCORED CRITERIA	
DAC – 10 Possible Points	
13. Does the implementation project, supported by the planning project proposal, identify project benefits to SDACs/DACs/EDAs and are the anticipated benefits sufficiently justified? 14. Does the applicant provide sufficient documentation that the project is supported by representatives of the SDACs/DACs/EDAs that are anticipated to benefit from the implementation project?	
OVERALL TOTAL POINTS:	**145**

APPENDIX F: IMPLEMENTATION PROPOSAL EVALUATION SCORING CRITERIA

The proposal evaluation scoring for Implementation projects includes two types of evaluations depending on the evaluation question:

1) A simple "Yes/No" determination as to whether the proposal includes the information. Five points will be given for each "yes" determination while "no" determinations will receive zero points; and

2) A qualitative evaluation that requires the reviewer to determine how well the proposal addresses the evaluation question. Four to five points will be given if the proposal addresses the question well and no changes are needed to fund. One to three points will be given if the proposal addresses the question to some degree, but changes are needed to fund. No points will be given if the proposal does not address the evaluation question.

Of those evaluation questions that are qualitatively evaluated, some are considered "critical"[9] and must receive a score of four or five, otherwise, the project will not be recommended for funding.

A bonus of up to 10 points will be given for projects that benefit DACs or EDAs.

[9] An "*" is used to designate "critical" evaluation questions.

APPENDIX F: IMPLEMENTATION PROPOSAL EVALUATION SCORING CRITERIA

SCORED CRITERIA
Project/Applicant Background – 55 Points

1. Does the proposal provide the following to support and justify the project:
   a. An accurate and complete summary of other work completed to address the groundwater contamination and the relation of this project to other efforts?
   b. Accurate and complete regional and project maps depicting the site location, lateral and vertical extent of contaminated groundwater, location of production wells, and area to be remediated?
   c. A description of the groundwater basin, beneficial uses, and groundwater quality issues especially related to chemicals of concern (COC's) and their impact on drinking water sources? (Yes = 5 points, No = 0 points)
   d. Accurate and complete identification of contaminant source area(s) associated with the project area?
   e. Accurate and complete summary of the data available on the COC's and any changes in the extent of the plume and COC levels over time?
   f. Description of consistency with any applicable groundwater management plan, court decree (for an adjudicated basin), salt and nutrient management plan, and other regulatory orders or requirements?
3. Does the proposal:
   a. Provide a complete description of the extent to which a search for RPs/ PRPs has been conducted?
   b. Provide a complete and accurate description of the known RP/PRPs in relation to the proposed project?
4. Has the applicant and its technical team (if identified) conducted similar projects and demonstrated an ability to complete projects on time and within scope and budget?
5. How well is the project coordinated with cooperating entities such as; a water master (for adjudicated basins); federal, state, and local regulatory agencies; and any community organizations and is there documented support for the project from cooperating entities?*
6. Does the applicant demonstrate the required TMF capacity necessary for successful long-term O&M of the project?*

This section is to be used to explain the background of the project and the applicant, and carries the largest possible score of any of the scored criteria. It is focused solely on cleanup projects. Since prevention projects could not score any of the 55 points possible in this section, it puts them at a distinct competitive disadvantage. This deficit creates a situation where prevention projects would likely not score well enough to be recommended for funding unless there were no cleanup projects submitted, or only poor quality cleanup projects submitted. This section should either be balanced with questions specific to prevention projects, perhaps from existing and appropriate DWR grant documents, or made more general to gather project and applicant background, as the criteria title describes.

APPENDIX F: IMPLEMENTATION PROPOSAL EVALUATION SCORING CRITERIA

SCORED CRITERIA
Program Priorities, Requirements, and Preferences – 30 Points
7. Does the proposal, including the identified project goals and purpose, provide sufficient justification that the project, as described: a. Addresses one or more Proposition 1 prioritization criteria (Water Code section 79771(b)(1-5) (see Section 2.1)?* b. Addresses one or more State Water Board requirements and preferences (see Sections 2.2 and 2.3)?* c. Addresses a significant groundwater contamination problem based on best estimates of the anticipated project benefits?* d. Is the lowest cost alternative for achieving the project purpose and adequately considered other alternatives?* 8. Does the project include the use of new and innovative technology (or approaches)? (Yes = 5 points, No = 0 points) 9. Has the applicant estimated one or more of the metrics of success (see Section 8) and are the estimates reasonable for the project? Are the goals and targets reasonable and feasible within the life of the project?*
Scope of Work – 40 Points
10. Does the proposal include sufficient justification and provide: a. A detailed description of the technology and practices the project is proposing to use and adequate justification for the technical basis of the approach?* b. The supporting engineering calculations to demonstrate that the project will achieve its purpose?* c. The detailed tasks and deliverables necessary to complete the project? d. Adequate technical justification that completion of the tasks are appropriate and necessary to achieve the project purpose?* e. Adequate and appropriate stakeholder involvement and include sufficient public outreach? f. An adequate description of how the proposed project is consistent with or is the appropriate next phase to address the contamination? g. A discussion on the required permits, environmental documentation (CEQA/NEPA), and landowner/access agreements required to implement the project? (Yes = 5 points, No = 0 points) h. A description of the status of any design plans and specifications? (Yes = 5 points, No = 0 points)

APPENDIX F: IMPLEMENTATION PROPOSAL EVALUATION SCORING CRITERIA

SCORED CRITERIA	
Schedule – 20 Points	
11. Does the proposal include a description of any key decision points, milestones, or deliverables that could impact project scope, cost, and schedule? 12. Will the project be completed in a timeframe required for the next phase of the overall project, if applicable? 13. Does the proposal include a schedule that is consistent with and reasonable given the tasks described in the Scope of Work and the available budget? 14. Based on the proposed schedule and deliverables, can the project be completed within the appropriation timeframe?*	
Budget – 25 Points	
15. Do the summary budget table, narrative, and supporting cost documentation justify the project costs? Are the costs reasonable?* 16. Are the tasks shown in the budget consistent with the tasks shown in the work plan and schedule? 17. Was a cost-benefit analysis provided justifying the proposed project relative to other feasible alternatives?* 18. Are the benefits significant given the cost of the project? Are the costs less than or equal to $25,000 per household connection that will benefit from the project?* 19. Does the proposal include leveraging of other funding sources (i.e., private, federal or local) and are the sources of matching funds clearly committed and well-documented? (Yes = 5 points, No = 0 points)	
Performance Evaluation and Monitoring – 15 Points	
20. Does the proposal include sufficient justification and provide a discussion of the proposed data collection and monitoring and how that data will be managed and reported? 21. Will the measurement tools and methods effectively monitor project performance and target progress? 22. Is the proposed monitoring appropriate for the benefits claimed, and the process for which it will be tracked discussed?	
DAC – 10 Points	
23. Does the implementation project, supported by the planning project proposal indicate project benefits to SDACs/ DACs/ EDAs and are the anticipated benefits sufficiently justified? 24. Does the applicant provide sufficient documentation that the project is supported by SDACs/DACs/EDAs that are anticipated to benefit from the implementation project?	
OVERALL TOTAL POINTS:	**195**

APPENDIX G: REGIONAL WATER BOARD AND DIVISION OF DRINKING WATER RESPONSIBILITIES

The Regional Water Board and/or the State Water Board DDW will assist Division staff in reviewing the scope, budget, and schedule of each Pre-Application/Final Application that is submitted and determined eligible for Proposition 1 Groundwater Grant Program funding. The level of involvement and review by both the Regional Water Board and DDW will depend on the scope of the proposed project. The Regional Water Board will assist the applicant in identifying responsible parties, when possible, or providing information that will assist the applicant's search for responsible parties within the proposed project area or areas that are adjacent to the project area, if necessary. The Regional Water Board will also inform the applicant of any Water Board permit requirements for the proposed project (e.g., WDRs, NPDES permits, Notices of Intent [NOIs]). To the extent feasible, the Regional Water Board will inform the applicant of any other local ordinance requirements (e.g. well construction permits by local environmental agency), under which the applicant may be required to operate the proposed remediation facilities or conduct site investigations. Similarly, the DDW will inform the applicant of any 1996 federal Safe Drinking Water Act (SDWA) requirements that may require consideration in the applicant's project proposal.

APPENDIX H: RESPONSIBLE PARTY SEARCH

Water Code section 79771(c) states that funding authorized by this chapter (Chapter 10) shall not be used to pay for costs of cleanup recovered from responsible parties. Furthermore, Water Code section 79771(b)(5) states that prioritization of projects that are funded under this chapter shall in part be based on if the project addresses contamination for which a responsible party has not yet been identified or where the identified responsible party is unwilling or unable to pay for the total cost of the cleanup. Water Code section 79771(c) also requires that the Grantee exercise "reasonable efforts" to recover costs of the cleanup activities but does not specifically define these requirements.

The aforementioned requirements will be addressed in two steps.

- In the Pre-Application, the applicant is required to provide all available information that was used to identify potentially responsible parties. If applicable, the applicant is also required to determine financial viability of the potentially responsible party.
- In the Final Application, Division staff will review all available information submitted by the applicant and any additional information that is gathered after consulting with regulatory agencies that have information or knowledge that is directly or indirectly related to the proposed project and project area(s) described in the application.

The applicant will have the responsibility to provide the following (minimum) information (as applicable) pertaining to the property or area(s) that would be addressed by the project:

- Property file searches
- Online database searches such as Westlaw, etc.
- Conducting a tax and financial documents search
- Providing title history reports and documents
- Performing corporate and other public documents search
- Performing property searches via assessor's office
- Identifying and locating witnesses and other knowledgeable parties
- Providing lien information and moratorium documents

The information (above) should be reviewed by the applicant to determine if any viable responsible parties should be contributing to the investigation and cleanup actions in the proposed project area or any adjoining areas (not necessarily within the scope of the proposed project).

Financial Status (Viability of Responsible Party)
An applicant seeking to determine the financial status (i.e., the viability) of a responsible party should consider consulting the following resources and any other resources it may deem to be useful to make this determination:

1. Responsible Party: Ask the responsible party for its financial information (tax returns, bank statements, financial statements, insurance policies designed to address environmental liabilities, etc.), especially if the responsible party is still associated with the site or is the applicant, and, therefore, will receive the benefit of the grant. An applicant that is a responsible party and claiming it is not viable should provide conclusive information, such as an INDIPAY or MUNIPAY analysis, or its inability to pay for the assessment or cleanup.

2. Federal, State, and Local Records: Federal, State, and local (i.e., county and city) records often provide information on the status of a business. An applicant that is a State or local government should, at the very least, search its own records for information on a responsible party. Examples of such resources include regulatory records (e.g., state hazardous waste records), Secretary of State databases, and property/land records.
3. Public and Commercial Financial Databases: Applicants also may obtain financial data from publicly available and commercial sources. Please note that some commercial sources may charge fees. The State Water Board does not endorse the use of any specific sources, and will accept reliable data from other sources as part of a proposal for funding. Examples of sources that could searched include: Lexis/Nexus, Dun & Bradstreet reports, Hoover's Business Information, Edgar Database of Corporate Information, Thomas Register of American Manufacturers, The Public Register, Corporate Annual Reports, Internet search engines (Google, Ask).

   The project solicitation package for the Final Application will include additional guidance on how applicants can evaluate and identify financial viability of a potentially responsible party (i.e., financial means test).

APPENDIX I: TECHNICAL, MANAGERIAL, AND FINANCIAL CAPACITY

The federal SDWA required states to incorporate TMF capacity into PWS operations. This requirement helps ensure that PWSs have long-term sustainability and are able to maintain compliance with all applicable drinking water laws and regulations.

The Division recognizes that applicants (PWSs) that apply for funding have in many cases been required to conduct a TMF capacity analysis to obtain construction financing from the State Water Board's Drinking Water SRF Program. The TMF capacity analysis and the required TMF elements that must be addressed for the Drinking Water SRF program will in many cases be complimentary to the TFM capacity that the applicant will be required to have to operate and maintain a groundwater remediation system. O&M of projects that are funded by the Groundwater Grant Program may, in some instances, be directly linked to the PWS that previously was required to demonstrate TFM capacity.

The TMF capacity analysis for applicants that receive funding for groundwater remediation facilities will be required to provide an assessment of the following TMF elements:

- System Description
- Certified Operators
- Operations Plan
- Training
- Organization
- Emergency Response Plan
- Policies
- Budget and Capital Improvement Plan

Applicants must demonstrate that these TMF elements have been satisfactorily assessed or will be assessed prior to execution of the grant agreement. The Final Application submittal package will include TMF assessment forms for the elements (above). During the Final Application step, Division staff will review and comment on the TMF assessment and will determine if all TMF elements have been satisfactorily addressed by the applicant. The applicant will be required to address any deficiencies in the assessment before the grant agreement is completed, or the Deputy Director may require that TMF elements are adequately addressed prior to funding the construction phase of a project. If necessary, Division staff will determine if the applicant requires technical assistance to ensure that all TMF elements will be addressed.