

**STATE OF CALIFORNIA
REGIONAL WATER QUALITY CONTROL BOARD
CENTRAL COAST REGION**

STAFF REPORT FOR REGULAR MEETING OF DECEMBER 9-11, 2020

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ITEM NUMBER: 13
SUBJECT: GRANTS PROGRAM UPDATE
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KEY INFORMATION

Location: Central Coast Region

ACTION: Information/Discussion

SUMMARY

This agenda item provides an overview of the Grants Program in the central coast region and describes how the program addresses central coast priorities. In addition, this item highlights grants supported and managed by Central Coast Water Board (Water Board) staff and describes a selection of other grants administered in the central coast region by the State Water Resource Control Board (State Board) and other agencies. Staff will provide a presentation highlighting some successful grant project outcomes as part of this item.

DISCUSSION

Background

Financial assistance is available to protect and address impacts to water quality and beneficial uses. Funds are available on a competitive basis either annually or in funding cycles, as defined by the specific funding source. Financial assistance provides project proponents with funding for planning and implementation. In addition, funding is available for technical assistance to disadvantaged communities (DACs). Various central coast funding sources are administered and managed by a variety of entities and agencies, including the State and Regional Water Boards.

Water Board staff coordinates with internal and external stakeholders and participates in the following at different levels of involvement: providing feedback on project proposals; providing administrative and technical oversight; developing guidelines; soliciting specific project types to comply with regulations; participating in technical reviews and ranking; assisting applicants; and providing general information on available funding to dischargers, municipalities, and other prospective project proponents. The degree of

involvement depends on the funding source as well as internal priorities and staffing resources.

Central Coast Water Board Funding Priorities

The Grants Program intersects most Water Board programs and areas of focus including nonpoint source (NPS), groundwater, drinking water, irrigated agriculture, stormwater, and wastewater. The priorities and focus of the Grants Program adapt over time in response to available funding opportunities, such as annual federal grant cycles and bond-funded propositions, criteria established for each funding source, and other dynamic and driving influences. Examples of the primary influencing factors are included below:

- Beneficial use protection in high priority areas aligned with the Water Board's vision, regional plans and policies, and climate change considerations.
- Integration with internal Water Board regulatory programs to demonstrate compliance.
- Water Board's commitment to supporting DACs, the human right to water, environmental justice, and racial equality.
- Measurable pollutant load reductions, water and habitat quality improvements, and beneficial use protection.
- Project feasibility and readiness, from the permitting phase, through construction, and ultimately to completion.
- Partnerships with a qualified team that leverages funding opportunities and collaborates with stakeholders in a comprehensive watershed approach.

Measurable Outcomes

Grant projects include milestones, metrics, and performance measures to demonstrate tangible outcomes and project effectiveness. All grants require that the landowner or grantee operate and maintain project practices for their intended useful life, which is well past the typical three-year grant term. This ensures continued realization of the water quality improvement outcomes funded by federal and state grants.

Grantees develop submittals, including a Project Assessment and Evaluation Plan (PAEP) to ensure performance measures are established and tangible results are achieved. Grantees monitor, model, and/or estimate pollutant load reductions that quantify significant results such as thousands of pounds of nutrient and sediment load reductions from project sites, and reduced pollutant concentrations and toxicity in waterbodies throughout the central coast. Staff tracks project outcomes to ensure grantees achieve project objectives and contribute to attainment of the Water Board's goals and priorities.

Grants Program Integration

Grants Program staff coordinates with State Board and internal Water Board staff and is involved in various stages of grant project review and management. Grants Program staff also reviews proposals and coordinates reviews across Water Board programs for some State Board-funded programs and keeps abreast of projects managed by State Board.

Grants Program staff collaborates internally to ensure grant outcomes are integrated into and inform programs. This is accomplished by holding office-wide project kick-off and wrap-up meetings to maximize data and information sharing, ensure projects demonstrate compliance with regulatory requirements, and streamline permitting processes when needed.

Grants Program staff works with stakeholders externally depending on priorities and resources to ensure grants are aligned with Water Board priorities, are feasible from permitting to design and construction, and result in tangible water quality outcomes.

Central Coast Water Board Outreach

Project proponents, in coordination with State and Regional Board staff, develop competitive proposals that are aligned with the priorities, listed above, to protect or improve water quality and beneficial uses.

Water Board staff perform varying degrees of outreach for the various funding programs based on priorities, workload, and resources. For State Board administered grants, Water Board staff informs dischargers of funding opportunities and applicants typically contact State Board directly. For nonpoint source grants, Water Board staff engages directly with stakeholders throughout the region to leverage funds for high priority projects.

Grantees work with Water Board staff for multiple years to bring projects to completion. Grantees, landowners, and subcontractors leverage matching funds and local resources through partnerships, with most grantees providing a 25 to 50 percent local match for construction costs and other in-kind services. Collectively, grantees and landowners proactively identify stewardship opportunities, provide hundreds of thousands of dollars in match funds, and are deeply committed to innovative, effective, and collaborative projects. Together, grantees and their partners implement management practices that significantly reduce nutrient, pesticide, and sediment discharges throughout the region. Examples of dedicated partners include agencies, resource conservation districts, private agricultural landowners, nonprofit organizations, researchers, and professional consultants.

Projects typically take over three years from the proposal and feasibility stage to construction. Water Board staff are involved during the development and approval of these projects and throughout execution and management of grant agreements.

National Water Quality Initiative

In June 2020, Water Board staff worked with the Coastal San Luis and Cachuma Resource Conservation Districts (RCDs) in collaboration with U.S. Environmental Protection Agency (USEPA) and the Natural Resources Conservation Service (NRCS) offices to secure National Water Quality Initiative (NWQI) watershed status for the Oso Flaco Watershed.

The NWQI is the U.S. Department of Agriculture's premiere water quality initiative. This initiative provides a way to accelerate voluntary on-farm conservation investments and targeted water quality monitoring and assessment resources where they can deliver the greatest benefits for clean water. The NWQI is a partnership among NRCS, USEPA, and state water quality agencies to identify and address impaired water bodies through voluntary conservation. NRCS administers targeted funding for financial and technical assistance in small, high-priority watersheds in each state. This funding is used to develop conservation implementation plans and establish metrics to demonstrate progress in meeting water quality goals.

Nonpoint Source Grant Projects Managed by Water Board Staff

Water Board staff manage NPS grants that are administered by State Board and are funded by USEPA Clean Water Act section 319(h) and specific state bond and settlement funds. NPS funding supports implementation of Total Maximum Daily Loads (TMDLs) to address water quality problems resulting from NPS pollution, consistent with the Policy for Implementation and Enforcement of the NPS Pollution Control Program (NPS Policy).

Since 2000, staff has managed NPS projects totaling approximately \$60 million. Of these, approximately \$30 million went towards agricultural-related projects in the central coast region. Grants Program staff works closely with prospective applicants for 319(h) funding, participates in a highly competitive process on a state-wide selection committee, and collaborates with Water Board program staff and managers during the review process. As resources allow, program staff are certified as specific grant project managers to evaluate the technical merit of a project as it progresses. Administrative staff provide support in reviewing and processing invoice packages. Grant project managers approve invoices, report submittals and supporting documentation on a quarterly basis.

NPS projects include innovative and effective best management practices (BMPs) and restoration actions to reduce sediment, nutrients, and pesticide discharges in watersheds such as the San Lorenzo, Pajaro, Salinas, Santa Maria and Morro Bay. Projects include the following types of activities:

- Irrigated land management
- Rural road erosion control, home drainage, and livestock management
- Riparian and rangeland improvements
- Habitat enhancement and restoration
- Post fire recovery
- High quality water protection

- Water quality assessment and analyses
- Pollutant sequestration, load reduction and treatment

More information on central coast Water Board 319(h) projects can be found here: https://www.waterboards.ca.gov/centralcoast/water_issues/programs/grants/open_and_completed_grants#319h.html

Central Coast Region Projects Managed by State Board

State Board administers, awards, and manages several grant and loan programs, such as the ones discussed below. The funding sources are derived from federal and state voter-approved bond funding (such as Proposition 1) and legislatively mandated funds. Applicants may be eligible for full or partial grant funding; State Board prioritizes the relative amount of grant funding based on factors such as project eligibility, available bond funding, applicant's financial capacity, and direct benefit to DACs.

State Board administers two State Revolving Fund (SRF) programs, the Clean Water SRF (CWSRF) and the Drinking Water SRF (DWSRF), which are capitalized with federal and state funds that revolve in perpetuity using the repayments and earnings from financed projects and other investments. The CWSRF supports stormwater pollution prevention, groundwater sustainability, wastewater treatment and collection, and wastewater recycling. The DWSRF program assists public water systems in financing the cost of drinking water infrastructure projects needed to achieve or maintain compliance with Safe Drinking Water Act requirements.

Water Board staff has varying degrees of involvement in State Board-funded grant project proposals. This involvement includes participating as a regional review liaison, conducting technical reviews and ranking, and answering questions from municipalities, dischargers and other prospective project proponents.

More information on State Board grant programs can be found here: https://www.waterboards.ca.gov/water_issues/programs/grants_loans/

Stormwater

State Board administers the Stormwater Grant Program (SWGP). Multi-benefit stormwater management projects from this program include planning and implementation projects that aim to utilize stormwater as a valuable resource that recharges aquifers for water supply storage and reuse, supports watershed processes, and benefits communities by creating habitat and open spaces.

Staff participates in proposal reviews and ranking of State Board-funded grants, coordinates with State Board when asked to assist with reviewing responses to comments and participates on technical advisory committees (TACs).

Approximately \$31 million has been awarded to central coast stormwater projects, and applicants have committed to approximately \$21 million in matching funds since 2013. Of these grant funds, approximately \$27 million were for construction and implementation. Projects in multiple central coast counties include green infrastructure, rainwater,

stormwater and dry weather capture projects, and stormwater treatment facilities. DACs are exempt from certain planning requirements and are eligible for reduced match requirements.

Groundwater

State Board administers the Groundwater Grant Program (GWGP). The GWGP was established to prevent and clean up polluted groundwater that serves, or has served, as a source of drinking water.

Approximately \$60 million in funding was recently awarded to three projects in the central coast region as part of the GWGP Round 2 solicitation. These include the following: City of San Luis Obispo's PCE Plume Characterization, Monterey County Water Resources Agency's Protection of Domestic Drinking Water Supplies for the Lower Salinas Valley, and Soquel Creek Water District's Pure Water Soquel - Groundwater Replenishment and Seawater Intrusion Prevention Project. The applicants have pledged approximately \$52 million in local match.

Although State Board staff will provide grant management for the projects, Water Board staff assisted with the technical review of the proposals and will participate on TACs during the term of each project.

Wastewater and Water Recycling

State Board awards funds for wastewater and water recycling projects to ensure effective and efficient provision of safe, clean, affordable, and reliable drinking water and wastewater treatment services. Funds for wastewater are prioritized to address financial and technical assistance needs, particularly for small DACs through the Small Community Funding Program. The Water Recycling Funding Program (WRFPP) promotes the beneficial use of treated municipal wastewater to augment fresh water supplies. In the past ten years, approximately \$350 million has been awarded for wastewater treatment plant improvements and to construct water recycling projects in the central coast region. Projects providing principal forgiveness to eligible entities, such as DACs, total approximately \$40 million. Additional project proposals, totaling approximately \$200 million are pending awards.

Drinking Water

The State and Regional Water Boards have provided funding for safe and affordable drinking water. In 2014, the Central Coast Water Board provided approximately \$118,000 in grants from PG&E Moss Landing Settlement Funds to support DACs without access to safe drinking water due to nitrate-contaminated wells. These grants were used to assess domestic well water quality and determine replacement water needs. The grants also funded bottled water delivery and point of use treatment systems. State Board continued funding the replacement water when the settlement funds were fully expended.

State Board administers the Safe and Affordable Drinking Water (SADW) Fund established by Senate Bill 200 which will provide \$130 million per year for the Safe and Affordable Funding for Equity and Resilience (SAFER) Program to develop and implement sustainable solutions for small drinking water systems with violations of drinking water standards. The SAFER Program provides funding for drinking water related projects with an emphasis on emergency and urgent funding needs for small communities, DACs and schools, and the planning and implementation of interim and long-term drinking solutions with an emphasis on consolidation. The SAFER program's goal is to provide safe drinking water in every California community, for every Californian.

Technical Assistance

State Board's Office of Sustainable Water Solutions provides technical assistance (TA) to DACs through contracted organizations to develop, fund, and implement eligible drinking water, wastewater, stormwater, or groundwater projects. TA services include coordination and development of capital improvement projects, facilitation of operation and maintenance, engineering and environmental analysis, legal assistance, leak detection/water audits, compliance audits, financial analysis, technical managerial and financial (TMF) assessments, and board or operator training. DACs contact State Board directly for TA. Approximately \$2 million has been provided to DACs in the central coast region for TA since 2015.

Projects Administered by Department of Water Resources

The Department of Water Resources (DWR) administers grant programs associated with the Integrated Regional Water Management (IRWM) and Sustainable Groundwater Management Act (SGMA) to benefit surface water and groundwater supply and quality.

In February 2020, DWR announced IRWM funding awards totaling approximately \$15 million dollars in the central coast region. These funds will support projects that address aging infrastructure, flood control, depleted groundwater levels, and other critical needs. Approximately \$2 million will fund construction projects that provide direct benefits to DACs.

The Sustainable Groundwater Planning Grant Program provides funding for sustainable groundwater planning and implementation projects that support compliance with SGMA. In 2018, local agencies in the central coast region received funding awards totaling approximately \$13 million dollars to develop Groundwater Sustainability Plans (GSPs).

Human Right to Water

California Water Code section 106.3, subdivision (a) states that it is "the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitation purposes." On January 26, 2017, the Central Coast Water Board adopted Resolution No. R3-2017-0004, which affirms the realization of the human right to water and the protection of human health as the Central Coast Water Board's top priorities.

Grant Program priorities and funding facilitation efforts and associated expenditures are consistent with Resolution No. R3-2017-0004 by cultivating practices and constructing facilities that result in pollutant load reduction to drinking water sources within the central coast region. Grants have directly benefited DACs and schools in the region. In addition, the Water Board is soliciting projects to install hygiene facilities in priority sub-watersheds to foster the Human Right to Water for homeless populations and DACs.

Disadvantaged Communities

The Central Coast Water Board implements regulatory activities and water quality projects in a manner that ensures the fair treatment of people of all ethnicities, cultures, backgrounds and income levels, including DACs. Additionally, the Central Coast Water Board is committed to providing all stakeholders the opportunity to participate in the public process and provide meaningful input to decisions that affect their communities.

State Board and Regional Water Board staff prioritize DACs in funding award decisions, as described above. Grant projects have been funded in locations that benefit DACs, including Watsonville, Gonzales and elsewhere in Monterey County, and Santa Maria.

Climate Change

The Central Coast faces the threat and the effects of climate change for the foreseeable and distant future. To proactively prepare and respond, Central Coast Water Board staff has launched the Central Coast Water Board's Climate Action Initiative, which identifies how our work relates to climate change and prioritizes actions that promote adaptation and mitigation to improve resilience and protect beneficial uses. The Climate Action Initiative is consistent with the Governor's Executive Order B-30-15 and the State Water Board's Climate Change Resolution No. 2017-0012.

Grant funded projects aid in creating more resilient watersheds that will adapt better to future climate fluctuations. Projects such as habitat restoration, BMP implementation, water management infrastructure improvements, and other climate change strategies will help reduce the climate impacts to water quality.

CONCLUSION

Water Board staff have been able to effectively leverage available grant funding from a number of sources to address water quality priorities in the central coast region through outreach and education, coordination, facilitation, and technical and administrative support. Water Board staff will continue to engage with the State Water Board and other stakeholders (including other agencies) to inform and achieve positive water quality outcomes associated with implementation of the Grants Program. Staff will prioritize these efforts to facilitate and leverage available funding programs as resources allow, with a focus on our highest water quality and public health priorities.