



PROPOSITION 84
The Safe Drinking Water, Water Quality and Supply, Flood Control,
River and Coastal Protection Bond Act of 2006

APPLICATION GUIDELINES

Please review these application guidelines carefully before completing the Proposition 84 (Prop 84) Application for Grant Funding. Contact the California Department of Public Health (CDPH) Prop 84 Funding Program or your local CDPH District Office if you need additional guidance.

A. PUBLIC WATER SYSTEM AND/OR APPLICANT

1. Provide the Legal Name of the Applicant.
 - If the applicant is a privately owned for-profit public water system, such as a mobile home park, and is doing business under any name other than the owner's true name, the name of the applicant must be the name on the fictitious business name statement.
 - The applicant's legal name must match the documented legal name in the ownership documents requested in Section B. The State must enter into a funding agreement with a valid legal entity.
2. Provide the Public Water System Name and Number:
 - The Public Water System Name should be the same as it appears on the domestic water supply permit. If the project involves more than one existing public water system, the public water system whose name appears on this line must be the system that has been designated as the applicant and will be the recipient of Prop 84 funding on behalf of the other public water systems involved in the proposed project.
 - The Public Water System Number is an assigned seven digit number identifying a public water system. The number can be found on the domestic water supply permit issued to the public water system by the CDPH District Office or County.
 - For projects involving consolidation of several public water systems, supplemental information will be needed for each public water system involved. Please contact the local CDPH District Office to obtain the necessary forms.
3. Provide the Project Title and County
 - This should be the common name of the improvement project.
 - Identify the county where the project will be constructed.

4. Provide the contact information of the Authorized Representative:

- Provide the name, title, telephone number, mailing address, and e-mail address of the person authorized to represent the public water system and sign documents pertaining to the Prop 84 grant funding application.
- If the public water system is owned by a public agency or has a governing board, the application must include a copy of the resolution adopted by the governing board designating its authorized representative and authorizing the submission of a Prop 84 grant funding application.
- **NOTE:** The funding application must be signed by the Authorized Representative.

5. In order to expedite the delivery of essential documents, please provide an overnight mailing address if different than the mailing address provided above. The overnight mailing address must be a physical address. Do not use a post office box.

6. Provide the Name and District Numbers for both the State Senator and State Assembly for the service area of the project. A list of senate and assembly districts is available at the following website:

http://www.legislature.ca.gov/legislators_and_districts/legislators_and_districts.html

Also provide the name, title, and contact information of any other local government officials that would like to be notified when the funding agreement is executed.

7. Provide the name, title, and contact information of any additional persons that can serve as a contact for this project. Be sure to include the project engineer or engineering firm that will be involved with the project.

B. OWNERSHIP TYPE

Check the box that represents the public water system's ownership type. The ownership type can be found in the water system's formation documents or tax records. The documents supporting the stated ownership type must be submitted with the application.

- Appropriate formation documents must be submitted with the application. Examples of formation documents include, but are not limited to, articles of incorporation, corporation by-laws, or partnership agreements,
- Non-profit public water systems must include the appropriate IRS non-profit ID number.
- Privately owned for-profit public water systems operating under a fictitious business name must submit a copy of the fictitious business name statement from the County in which the statement was filed.
- A copy of the State's Payee Data Record Form (STD 204) must be submitted with the application. The name on the form should match the legal name of the applicant.

C. CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC) NOTIFICATION

1. Indicate whether the public water system is regulated by the CPUC.

- Public water systems regulated by the CPUC must notify the CPUC that they intend to apply for Prop 84 funding. A copy of the notice to the CPUC must be included with the application. The notice must be sent to the Director of the Division of Water and Audits and copied to the Division of Ratepayer Advocates. Additional information may be found at the following websites:

CPUC Division of Water and Audits

<http://www.cpuc.ca.gov/PUC/aboutus/Divisions/Water+Division/>

CPUC Division of Ratepayer Advocates

<http://www.dra.ca.gov/DRA/>

- Grants to privately owned public water systems that are regulated by the CPUC will be subject to the CPUC's review, approval, directives and general orders addressing the public water system's use of Prop 84 funds. Any privately owned public water system receiving funding will be prohibited from earning a profit from the use of these funds and achieving financial benefit from the later disposition of assets purchased by these funds regardless of whether or not the assets are a useful part of the public water system.
2. A list and description of all matters relating to the public water system's financial condition or the project that are currently pending before the CPUC must be submitted with this application.

D. ADDITIONAL INFORMATION

1. Estimate the population served on an average daily basis by the public water system.
 - When estimating the population served, make a close approximation of the actual number of persons served using data such as: a) census data, water use records and billing information; or b) if based on service connections, use a conversion factor of 2.8 persons per connection.
 - For community water systems this is the permanent population within the boundaries of the documented service area.
 - Seasonal water systems should use the average population served by the system during the peak period that the system is in operation.
 - Wholesalers or entities that deliver water to another public water system should contact their local CDPH District Office for assistance in calculating the appropriate population served.
2. Provide the total number of active service connections that are currently and directly served by the public water system. This includes all domestic, residential, industrial, commercial, and other connections.
3. Attach a system map which identifies the major facilities.
 - Identify and delineate the service area of the water system. This can be done by providing a map showing the boundaries of the area served by the specific permitted water system. For community water systems that do not have a specified legal boundary, the service area should be described as that area served by the existing distribution system.

If the boundaries of the project extend beyond the area served by the existing distribution system, the location of the current distribution system within those overall boundaries should be shown on the service area map (for example, projects planning for consolidation).
4. Specify which agency has regulatory jurisdiction over your public water system. If your system is regulated by a Local Primacy Agency (LPA), include the LPA County name.
5. Identify whether there is any litigation pending that could affect the operation of the public water system or the proposed project. This could include litigation that affects the applicant's financial situation to the extent that the ability to provide operations and maintenance costs could be hindered. It may also

include litigation over water rights or water allocations that could affect the applicant's ability to provide an adequate water supply. Minor litigation without impact to the project does not have to be described.

6. If the applicant has contracted with a private firm or another agency for the operation of the facilities to be constructed, name the firm or agency and describe the terms of the agreement. Attach a copy of this agreement.
7. If the applicant leases land or major public water system facilities associated with the project, describe the terms of the lease or attach a copy of the lease agreement. These leases may cover water sources, land upon which all or a portion of the system is located, treatment facilities, or pipelines. Leased equipment, such as vehicles, and leased space for laboratories or offices do not need to be described. If a lease is critical to the location or operation of proposed project facilities, the lease must cover the life expectancy of the project.

NOTE: An applicant that does not own or lease the land upon which all or a portion of the project is located, must have a recorded easement on the land upon which the facilities to be constructed will be located.

E. FUNDING AUTHORITY INFORMATION

1. Indicate if the applicant is required in its by-laws to hold an election before entering into a funding agreement.
2. Provide a description of the actions that the applicant must take in order to obtain the necessary approvals to enter into a funding agreement (i.e., resolution, modification of by-laws, city council approval, vote of governing body, etc.).

F. PUBLIC WATER SYSTEM RESOLUTION

1. Indicate if the Application Resolution is approved and attached with the Prop 84 funding application.
 - An Application Resolution or acceptable equivalent document authorizing a designated officer to sign and submit the application for Prop 84 Funding must be formally adopted in accordance with the water system's established procedures.
 - Public agencies and corporations with established boards may do this by resolution.
 - Sole proprietors of public water systems may have the authority to apply for funding without a formal resolution.
 - It is important that a person is authorized by the water system's governing body to apply for Prop 84 funding. The Application Resolution or equivalent document is required to be submitted with the Prop 84 funding application. Your Prop 84 funding application cannot be processed without this resolution.
 - Prior to issuance of a funding agreement, a second resolution will be required, called a Funding Agreement Resolution. This document 1) authorizes an officer to sign the Funding Agreement, certifications, and any amendments; 2) designates a person to approve claims for reimbursement; 3) designates a person (registered engineer) to sign the Budget and Expenditure Summary; 4) designates a person to sign the Certification of Project Completion (for a construction project), and 5) designates a person to sign the Final Release form.

- Please refer to the sample resolutions included in this Prop 84 Funding Application Package. The exact language of the resolutions is critical, so please review the draft resolution language with the Prop 84 Funding Program prior to adoption.

G. LABOR COMPLIANCE PROGRAM (LCP)

Public Resources Code section 75075 requires that any entity awarding a contract for a public works project financed in any part with funds made available by Prop 84 must adopt and enforce an LCP. The LCP is used to ensure that workers employed by contractors on these projects are paid accordingly to minimum labor standards. The California Department of Industrial Relations (DIR) is the agency primarily responsible for the enforcement of prevailing wage requirements on public works projects in California. Information regarding labor compliance is available on the DIR website at www.dir.ca.gov/lcp.asp.

The applicant is responsible for complying with the LCP requirements. The applicant must provide documentation that this requirement has been met before a Prop 84 Funding Agreement can be executed.

The LCP requirement can be met for purposes of this funding program in one of the following ways:

- The applicant will use its own existing Labor Compliance Program, which is approved by the DIR.
- The applicant will develop a Labor Compliance Plan for approval by the DIR.
- The applicant has contracted or intends to contract for LCP services from an organization approved by the DIR.
- DIR may determine that LCP requirements do not need to be met by this project. If so, documentation from the DIR must be provided to support the determination.

In all cases, please complete the attached LCP Self-Certification Form and submit it with the Prop 84 funding application.

H. TECHNICAL, MANAGERIAL, AND FINANCIAL (TMF) CAPACITY OF APPLICANT

Pursuant to the requirements specified in the Prop 84, Section 75022, Final Revised Criteria (October 20, 2010), the applicant must satisfy the mandatory TMF elements for water systems in order to receive funding. The mandatory TMF elements are: (1) consolidation assessment, (2) proof of ownership, (3) proof of water rights, and (4) a budget projection. Applicants are encouraged to evaluate all TMF elements and submit the TMF assessment form with the application. If the applicant is seeking future funding from the Safe Drinking Water State Revolving Fund program, the completed TMF assessment form must be submitted.

Links are provided below for the community TMF assessments as well as the criteria for each that provide additional information regarding the TMF elements:

Community TMF Assessment Form:

<http://www.cdph.ca.gov/certlic/drinkingwater/Documents/TMF%20Capacity%20Development/TMF%20Assessment.pdf>

Community TMF Criteria:

<http://www.cdph.ca.gov/certlic/drinkingwater/Documents/TMF%20Capacity%20Development/TMF%20Criteria.doc>

I. PROJECT TECHNICAL REPORT

The applicant must submit a Project Technical Report that addresses the items listed in the Prop 84 funding application specific to the proposed project. In some cases, these items may have already been described in a previous report such as an engineering report or feasibility study. If another document provides some or all of the information, refer to that document / report in the application, and provide a copy. Small public water systems should contact the Prop 84 funding program or local CDPH District Office before completing this section. Please refer to the project technical report guidelines included in this Prop 84 Funding Application Package.

Indicate on the Prop 84 funding application the required sections of the project technical report that have been addressed and included within the report. If the information is provided in a separate document, check the "Attached" box and provide the name of the attachment. Provide any additional relevant information in the Comments field.

J. PROJECT ENVIRONMENTAL DOCUMENTATION

An environmental review that complies with California Environmental Quality Act (CEQA) is required as part of the application process for all projects seeking Prop 84 funding. Compliance with CEQA can be a time-consuming process. In order to avoid delay in the funding application process, the applicant is urged to begin the CEQA process as soon as possible. The CEQA process does not have to be completed prior to the application submittal, but must be finalized prior to the issuance of a Funding Agreement. Please note that all CEQA documentation must be circulated through the State Clearinghouse at the following website:

<http://www.opr.ca.gov/index.php?a=sch/environmental.html>

A Funding Agreement **will not** be issued until the environmental review process is complete.

Provide the name, title, and contact information of the applicant's CEQA Representative for the project.

1. Indicate if the applicant or any other public agency is acting as the lead agency for CEQA. The CDPH Environmental Review Unit (ERU) will coordinate with the lead agency on the project's CEQA review.
2. Indicate if any environmental documents have been drafted, adopted or circulated, and proceed to the next question as appropriate.
3. Indicate the environmental documents that have been completed and attach a copy to the application. This will expedite the application review.
In cases where the applicant is a public agency, and has determined that the project is exempt from CEQA, a completed Worksheet for CEQA Exemptions must be submitted with the application.
4. If any CEQA documentation will be completed after the application submittal, the applicant must attach a completed Schedule for CEQA Compliance.
5. In cases where applicants are not public agencies (e.g., private companies and mutual public water systems), CDPH may assume the lead agency role under CEQA. If this is the case, the public water system must submit a completed Environmental Information Form (EIF) with the application. If an EIF is submitted along with the application then no other environmental documentation is required at this time.

For more information (such as the CEQA compliance information, schedule for CEQA compliance, Worksheet for CEQA exemptions, and/or the supplemental Environmental Information Form) please refer to the following website: <http://www.cdph.ca.gov/certlic/drinkingwater/Pages/ERU.aspx>

If, based on the EIF, the ERU determines that the project is not exempt from CEQA then the applicant must submit the equivalent of an Initial Study prepared pursuant to CEQA guidelines, before project construction may begin or a funding agreement can be issued. If the ERU determines that an EIR should be prepared, the applicant must submit to the ERU an EIR prepared pursuant to CEQA guidelines, in addition to the Initial Study. To assist in preparing an Initial Study or EIR that will be adequate, the applicant may wish to retain the services of a consultant.

All of the environmental documents will be reviewed and approved by the ERU. The ERU staff is available to assist applicants with environmental compliance questions related to the project. If you have any questions, please contact the ERU staff person assigned to your project.

K. PROJECT FINANCIAL INFORMATION – ESTIMATED PROJECT COSTS

Enter the total project cost, amount of Prop 84 funds requested, and if applicable also list applicant funds or other funds associated with this project. Please refer to the Prop 84 Section 75022 Final Revised Criteria regarding eligible project costs. The cost provided may differ from the preliminary estimate stated on the pre-application. The estimated project costs should be based on the preliminary engineering design and estimated construction costs as set forth in the project technical report. The estimated project cost should also include any cost of planning the project and preparing the application. **These costs can be reimbursed only if the application is approved and a Funding Agreement is executed.**

After completion of the application review the Prop 84 program will determine the final eligible funding amount. The Prop 84 program will contact the applicant to discuss any significant changes that may arise from the review of the application. The Prop 84 program may also determine that some project components are ineligible for funding. In those instances, the applicant will have to remove those components from the project, or provide a separate source of funding.

PROJECT FINANCIAL INFORMATION – OPERATIONS AND MAINTENANCE (O&M) COSTS

The applicant must demonstrate that it has sufficient resources to fund any additional operations and maintenance costs that will be incurred as a result of the project. These additional costs may include power costs for a new treatment plant or pump station, disposal costs for treatment plant wastes, additional staffing costs for an increased level of operator expertise, chemical costs, and any other costs associated with running the completed project. Prop 84 funds cannot be used for these operations and maintenance costs. Please identify the source of funds that will be used for the additional O&M costs.

L. APPLICANT FINANCIAL INFORMATION

The items in this section are used to evaluate the affordability of the proposed project and the financial capacity of the applicant to carry out the project. Affordability is measured in terms of water service charges imposed on residential customers. If the project will add any additional costs to consumers, including operations and maintenance costs, affordability must be considered. Affordability is based on a comparison of the average residential water bill of the system to a defined target consumer rate (California Code of Regulations, Section 63000.90). For disadvantaged communities, the affordability analysis may be used to determine if any ineligible costs to be paid by the public water system can be included in the project.

1. The current average residential monthly water charge must be included with the application. Please use the following guidelines when determining the charge:
 - It should be determined by evaluating past charges.
 - It should not include industrial and commercial users.

- Inflation factors should not be applied to the charges.
- If the public water system uses a “tiered” water rate structure, the charge should reflect what a typical residential user pays. The rate should reflect direct water charges plus any other fees or charges that support the water service such as parcel fees, standby charges, water taxes, and surcharges.
- In addition to providing the average residential monthly water charge, the applicant should also include a description of the method used to calculate it.

2. Water Rate Structure:

- Attach the water rate structure for all consumers, including commercial and industrial users, for the current year.

3. Financial Statements:

- Provide three years of audited financial statements including the current year and the two prior years. If audited financial statements are not available, please submit a written explanation of why they are not available, and provide a description of the financial records maintained by the applicant.

4. Cash Reserves:

- List any cash reserves that the applicant has in place. Include any cash-flow reserve, emergency reserve, equipment replacement fund, contingency reserve, etc.
- Briefly describe the listed cash reserves.

5. Existing Indebtedness:

- Provide detailed information on all existing outstanding debt of the water system

6. Capital Improvement Plan (CIP)

- If available, provide a copy of your current CIP. In order to satisfy the budget projection mandatory TMF requirement, the CIP should account for the projects needed over the next five years.

M. APPLICATION CERTIFICATION

Provide the signature and date for the Authorized Representative submitting the application. This certifies that the Authorized Representative possesses the authority to apply for funding, and the accuracy of the information provided. For more information on the authority required for signature of the application, refer to the Section F (Public Water System Resolutions) of the application guidelines.