



State of California—Health and Human Services Agency
California Department of Public Health



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**SAFE DRINKING WATER STATE REVOLVING FUND
PRE-PLANNING AND LEGAL ENTITY FORMATION ASSISTANCE PROGRAM**

SOLICITATION FOR 2013 PRE-PLANNING APPLICATIONS

INTRODUCTION

The Pre-Planning and Legal Entity Formation Assistance Program (Pre-Planning) is designed to assist communities that do not have access to safe drinking water, and public water systems (PWS) not eligible for Safe Drinking Water State Revolving Fund (SDWSRF) funding due to the lack of an eligible entity. California Department of Public Health (CDPH) has grant funds available for a pilot program to assist with the formation of a legal entity with the necessary authority to enable access to SDWSRF funds for these communities.

Communities eligible to receive Pre-Planning funds include (but are not limited to):

- **Homes, schools and businesses** (1) that obtain drinking water from domestic wells or surface water sources with a water quality or quantity public health problem, *and* (2) that are not currently served by a PWS, that wish to:
 - form a legal entity with the necessary authority to access SDWSRF funds and eventually a Community Water System (CWS), or
 - become part of or be served by a nearby PWS.

- **State small water systems (SSWS), or multiple SSWSs, and individual homes/businesses** (1) that obtain drinking water from domestic or surface water sources with a water quality or quantity public health problem, *and* (2) that are not currently served by a PWS, that wish to:
 - form a legal entity with the necessary authority to access SDWSRF funding and eventually a CWS, or
 - become part of or be served by a nearby PWS.

- **Existing PWSs** with a water quality or quantity public health problem that are not eligible for SDWSRF funding due to the lack of a legal entity, that wish to:
 - form a legal entity with the necessary authority to access SDWSRF funding, or
 - form a regional entity eligible for SDWSRF funding with the appropriate governing authority over participating PWSs, or
 - become part of or be served by a nearby PWS.

Applicants can apply for up to \$250,000 for a defined affected community. Applicants may apply for multiple grants for assistance to an affected community over multiple years; however, the total cumulative funding for the same affected community will be limited to \$1,000,000. Receipt of funding in one year does not guarantee any future funding. A single applicant may submit separate applications for multiple distinct affected communities. CDPH will use a competitive process to evaluate applications and select eligible grant recipients.

BACKGROUND, GOALS, AND OBJECTIVES

The 1996 amendments to the federal Safe Drinking Water Act responded to national drinking water infrastructure needs by establishing the SDWSRF program. The SDWSRF provides financial assistance in the form of capitalization grants to states to provide low interest loans and other assistance to PWSs. However, federal law requires the State to enter into binding and enforceable contracts only with legally established entities that have the ability to hold property, assess and collect funds, and operate as an on-going business. In the past, CDPH has found that applicants proceed through the SDWSRF application process only to discover they are not eligible to receive SDWSRF funds due to the lack of a legal entity with the necessary authority to apply for SDWSRF funding.

Federal and State laws allow a portion of federal funds to be used for specified set-aside activities in addition to providing financial assistance to PWSs for infrastructure improvements. Therefore CDPH amended its 2012-2013 Intended Use Plan (IUP) to include a new Local Assistance set-aside, to provide a source of funds to assist communities that do not have access to safe drinking water and PWSs that are not eligible for SDWSRF funding due to the lack of an eligible entity. CDPH is using two percent (2%), or \$1,707,160, of the 2012-2013 SDWSRF capitalization grant under a Local Assistance set-aside for a pilot program to provide grants to Pre-planning Projects.

The primary objective of the Pre-Planning program is to create legal entities necessary to enable communities to access to the SDWSRF funding process for subsequent planning and construction funding. Pre-Planning Projects do not include in-depth analyses of solutions to the public health problem, engineering studies, hydrogeological reports, preliminary designs, preparation of plans and specifications, and construction activities, as these are all eligible for reimbursement under the SDWSRF. Additionally, the program is not intended to and does not bind an affected community to a subsequent construction project, but rather simply enables access to the SDWSRF by forming a legal entity eligible for funding.

Funds are to be used to explore formation of an eligible legal entity and to complete such formation where it is feasible and desired by the affected community. Possible project outcomes include the identification and/or creation of a regional authority, identification of an existing authority which could extend service, or the creation of a new governing authority.

A “**Project**” for the purposes of the 2013 Pre-Planning application is limited to activities related to assisting communities with existing drinking water quality or quantity public health problems in the exploration and formation of an entity with the required legal authority to enter into a contract with the State for SDWSRF planning or construction funding.

ELIGIBILITY

A. Eligible Grant Applicants

The following entities are eligible and encouraged to submit an application on behalf of one or more affected communities:

- Public entities such as cities, counties, special districts, Local Agency Formation Commissions (LAFCo)
- Existing PWSs
- Public colleges
- Public universities
- Non-profit organizations
- Joint Powers Authorities (JPAs)

Note: Applicants must demonstrate their ability to carry out the activities identified in the work plan.

B. Eligible Project Components

The following are costs that may be **eligible** for funding under the Project. This list is provided for illustrative purposes only and may not be relied upon as a comprehensive list of eligible costs. CDPH reserves the right to make additional eligibility determinations as questions arise and in the course of reviewing claims submitted for reimbursement. Applicants are encouraged to contact CDPH with questions pertaining to the eligibility of unlisted components.

- Feasibility study to identify and evaluate options for formation of an entity with the appropriate legal authority to enter into a contract with the State for SDWSRF funding
- Identification of affected geographic area that meets the federal requirement for creation of a new community water system (CWS). (Must serve a minimum of 15 connections used by yearlong residents or regularly serve 25 yearlong residents with a drinking water quality or quantity public health problem. Undeveloped parcels are not eligible.)
- Public outreach to affected community
- Costs associated with the LAFCo process/requirements
- Legal services, financial planning, and administrative fees related to the formation of a legal entity

- Preliminary engineering, such as surveying, necessary for the formation of a legal entity
- Feasibility study to identify water source options
- Administrative costs related to management of Project tasks and costs associated with the administration of the Pre-Planning grant (including the preparation of claims)
- Costs associated with the preparation of the Pre-Planning application
- Environmental work necessary for the formation of a legal entity
- Limited water quantity testing to establish existing conditions and verify the public health problem, and/or establish the boundaries of the geographic area affected by the public health problem
- Limited water quality testing by California Environmental Laboratory Accreditation Program (ELAP) certified laboratories, to establish existing conditions and verify the public health problem, and/or to establish the boundaries of the geographic area affected by the public health problem. (Routine water quality sampling is considered an operations and maintenance (O&M) cost and as such not an eligible expense).

Note: Water quality sampling conducted by an appropriate California ELAP certified laboratory is acceptable for the purposes of demonstrating a water quality problem. Please be aware that lists vary depending on the targeted constituent. For procedures, lists of certified labs, and other related information, please visit: <http://www.cdph.ca.gov/certlic/labs/Pages/ELAP.aspx>. CDPH will evaluate alternative forms of water quality sampling data and/or reports submitted for sufficiency on a case by case basis.

C. Ineligible Components

The following are costs that are **ineligible** for funding under the Project. This list is provided for illustrative purposes only and may not be relied upon as a comprehensive list of ineligible costs. CDPH reserves the right to make additional eligibility determinations as questions arise and in the course of reviewing claims submitted for reimbursement. Applicants are encouraged to contact CDPH with questions pertaining to the eligibility of unlisted components.

- Engineering design (preliminary or final design of a project alternative)
- Income/MHI surveys
- Evaluation of solutions to the water quality or quantity public health problem
- Funding for operation costs (For example, if an existing PWS has a suspended status with the Secretary of State, the cost to bring the PWS into compliance with the Secretary of State is not eligible.)
- Purchase of equipment
- Purchase of interim water (including bottled water)
- Routine water quality or quantity sampling
- Purchase of water rights
- Connection fees (eligible under SDWSRF construction funding)

FUNDING GUIDELINES

The following guidelines will be taken into consideration during the scoring process:

- Administrative costs (expenses associated with the administration of the Pre-Planning grant) must be reasonable. 5-10% of the total project cost (less contingency) is generally acceptable. Projects with unjustified or excessive administrative costs may score lower.
- Applicant's contingency should be no more than 10% of the total Project cost.
- The legal entity created must be an entity eligible to apply for and receive further funding assistance for planning and/or construction under the SDWSRF program.
- The legal entity created must have authority to own and operate the PWS, execute contracts, exercise legal rights, incur debt, assess charges, and enforce obligations on behalf of the community to be served. Prior to formation of the legal entity, full public notice to all persons affected, including obtaining a commitment from affected homeowners agreeing to be part of and subject to the binding obligations of the proposed legal entity, is required.
- When contracting for professional engineering, environmental, land surveying, and project management services, the applicant must implement procedures that assure the services are engaged on the basis of demonstrated competence and qualifications for the types of services to be performed, and at reasonable prices. Guidance on procurement of professional services can be found on our website at:
<http://www.cdph.ca.gov/certlic/drinkingwater/Documents/Funding/CaliforniaGuidetoSelectEngineeringFirm082012.doc>

APPLICATION AND SUBMISSION INFORMATION

This section provides instructions for preparing and submitting an application. It is important that applicants follow these instructions and those within the application to ensure their application will address all required elements. Non-responsive applicants will not be eligible for funding.

Assistance in completing the Pre-Planning application is available from CDPH. If you have questions about the program or the application process, please visit the Pre-Planning website: www.cdph.ca.gov/services/funding/Pages/Pre-Planning.aspx. The Pre-Planning website contains the application, guidance, frequently asked questions, and program updates.

Additionally, CDPH intends to hold training sessions during the application solicitation period. At these training sessions, CDPH staff will be present to discuss the application process and address specific questions. Information regarding the dates, locations, and times for the CDPH training sessions will be posted on the Pre-Planning website. **Applicants are strongly encouraged to attend.**

CDPH Contact Information:

If you have general questions about the Pre-Planning application, please contact Kim Dinh at (916) 552-9127, or Kim.Dinh@cdph.ca.gov. When emailing, please include your county in the subject line to ensure your email is sent to the person most able to assist you.

You may also contact your local CDPH Regional Funding Coordinator (RFC) for assistance:

Region 1 Northern California: Pete Stamas, (916) 552-9983 Pete.Stamas@cdph.ca.gov

- Alpine, Butte, Colusa, Del Norte, El Dorado, Glenn, Humboldt, Lassen, Modoc, Nevada, Placer, Plumas, Sacramento, Shasta, Sierra, Siskiyou, Sutter, Tehema, Trinity, Yolo, Yuba

Region 2 Coastal Area: Ryan Thissen, (510) 620-3465 Ryan.Thissen@cdph.ca.gov

- Alameda, Contra Costa, Lake, Marin, Mendocino, Monterey, Napa, San Benito, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma

Region 3 Central Valley: Joel Greathouse, (559) 447-3481 Joel.Greathouse@cdph.ca.gov

- Amador, Calaveras, Fresno, Kern, Kings, Madera, Mariposa, Merced, San Joaquin, Stanislaus, Tulare, Tuolumne

Region 4 Los Angeles Area: Lawrence Sanchez, (818) 551-2017 Lawrence.Sanchez@cdph.ca.gov

- Los Angeles, San Luis Obispo, Santa Barbara, Ventura

Region 5 Southern California: Kyle Ochenduszk, (714) 558-4708 Kyle.Ochenduszk@cdph.ca.gov

- Imperial, Inyo, Mono, Orange, Riverside, San Bernardino, San Diego

Steps to Obtain Application Package Materials:

Applicants must download application materials from CDPH's Pre-Planning program website:
www.cdph.ca.gov/services/funding/Pages/Pre-Planning.aspx

APPLICATION DUE DATE: NOVEMBER 8, 2013

**All applications must be post marked by this date.
Late applications will not be considered for funding.
No time extensions will be granted.**

Submit Application To:

Applicants must submit **one complete paper copy and one digital copy** (on a CD/DVD in Adobe.pdf or Microsoft Word .doc format) of the application and all required attachments and supporting documentation by mail to:

ATTN: TECHNICAL SUPPORT UNIT
California Department of Public Health
Safe Drinking Water State Revolving Fund Program
P.O. Box 997377
Sacramento, CA 95899-7377

What to Submit:

Applications must contain all required attachments and applicable supporting documentation to be processed. CDPH will notify applicants when the application is deemed complete, at which time the review process will begin. You will be notified if your application will not be processed.

Application Review and Selection Process:

A review panel consisting of CDPH SDWSRF program staff and Regional Funding Coordinators will evaluate and score each complete application.

The following evaluation criteria will be used in reviewing 2013 Pre-Planning applications:

1. **Readiness to Proceed:** For projects involving the formation of a legal entity, points in this area will be awarded on the following basis:
 - a. A legal entity type has already been selected
 - b. Work plan tasks are limited to the remaining steps necessary to form the legal entity

For projects involving an extension of service from an existing PWS, points will be awarded on the following basis:

- a. The applicant sufficiently demonstrates that the PWS is willing to extend service
 - b. Work plan tasks are limited to the remaining steps necessary to become part of or be served by the PWS
2. **Community Support:** Scores will be based upon the level of community support as demonstrated in the application and supporting documentation. For projects involving the formation of a legal entity, applicants that have received consent from at least 15 (developed) parcel owners to be part of the new legal entity will receive points if the resulting proposed entity has the ability to form a CWS (as defined under Health & Safety Code 116275(i)).

3. **Work Plan Content and Details:** Scores in this area will be based upon the following:
 - a. Application and work plan contains well defined objectives and goals
 - b. Tasks identified in the work plan are clearly identified and defined, and include expected deliverables
 - c. Reasonableness of time allocated for attainment of objectives
 - d. Staff to complete the tasks are identified and dedicated to the project
 - e. Quality of the evaluation plan for project activities, outcomes, and appropriateness of the budget

4. **Cost and Qualifications of Project Personnel:** Scores will be based upon the identification of internal and/or external resources necessary to complete work plan tasks. Inclusion of documentation such as cost estimates or quotes with identified cost structures for each work plan task will provide a basis for points awarded.

5. **Public Health Problem:** Scores will be given based on the description of the public health issue and the inclusion of supporting documentation. Applications that establish an existing public health problem, with supporting material that meets the mandatory documentation requirements of an SDWSRF Category A through G will provide a basis for points awarded. Alternative forms of supporting documentation not listed in the SDWSRF Project Ranking Criteria will be evaluated on a case by case basis for sufficiency.

SDWSRF documentation requirements are specified within the Project Ranking Criteria, located here:

http://www.cdph.ca.gov/services/funding/Documents/SRF/Ranking/2012AprilReprintSDWSRF_RankingCriteria.pdf

Applications will be scored as follows:

Scoring Criteria	Maximum Possible Points
Readiness to proceed and selection of a legal entity	10
Community support	15
Work plan content, tasks, and schedule	35
Identification of project resources, qualifications of project personnel, alignment of tasks and resources	25
Public health problem description and evidence	15
Total	100

CDPH will compile a list of the scored applications and post the results on its website. From this list CDPH will award funding up to the amount of funds available, starting with highest score first.

Award of Funding:

CDPH will notify applicants selected for funding and coordinate the next steps required to enter into a grant funding agreement. Information regarding the reimbursement process will also be provided. Issuance of a funding agreement to the applicant is targeted to occur 30 working days from the posting of application scores. Initiation of work plan activities is to begin within 30 days of execution of the funding agreement so that Project goals may be attained within the prescribed period.

Use of Funds:

Delegation of Fiscal Responsibility: Unless the terms and conditions of the funding agreement state otherwise, the funding recipient may not in whole or in part delegate or transfer to another person, institution, organization, or company, the responsibility for use or expenditure of funds awarded by CDPH.

DEFINITIONS

- **Community Water System (CWS)** is defined as “a public water system that serves at least 15 service connections used by yearlong residents or regularly serves at least 25 yearlong residents of the area served by the system.” (Health & Safety Code 116275(I)). (NOTE: Pursuant to federal law and regulations for the SDWSRF, systems eligible for funding, is limited to privately-owned and publicly-owned community water systems and non-profit non-community water systems.)
- **Primary Drinking Water Standards**, for the purposes of these set-aside funds, includes drinking water quality or quantity public health problems, such as violation of one or more maximum contaminant levels (MCLs).
- **Public Health Problem** means a condition or set of facts that, taken together, present a verifiable, present and addressable threat to the public health and wellbeing of a defined community or population.