

State Water Resources Control Board

PROPOSITION 68 FUNDING FOR LOCAL OR REGIONAL PROGRAMS TO SUPPORT OPERATIONS AND MAINTENANCE (O&M) OF DISADVANTAGED COMMUNITY (DAC) DRINKING WATER FACILITIES THAT TREAT CONTAMINATED GROUNDWATER

Request for Letters of Interest

Background:

The California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 (commonly referred to as Proposition (Prop) 68), Chapter 11.1 Groundwater Sustainability (Chapter 11.1), allocates \$80 million for grants for treatment and remediation activities that prevent or reduce contamination of groundwater that serves as a source of drinking water.

After completing two solicitations for the Prop 68 Groundwater Treatment and Remediation Grant Program, approximately \$27.5 million remains uncommitted, \$8.5 million of which is reserved for severely disadvantaged communities (SDACs). To utilize these remaining funds and to help meet the significant needs of DACs across California, the State Water Resources Control Board (State Water Board) adopted a resolution on August 18, 2020, making these funds available for DAC drinking water projects that treat contaminated groundwater for direct potable use, without necessarily remediating the aquifer. This includes funding for non-capital needs, such as O&M¹.

The State Water Board's Division of Financial Assistance (DFA) is soliciting Letters of Interest from qualified parties interested in receiving a grant to administer a program to fund eligible O&M costs for multiple eligible DAC water systems on a local or regional basis, over a period of three to five years.

Who Should Submit a Letter of Interest:

Eligible interested parties may include: 501(c)(3) nonprofit organizations, public agencies, or public water systems.

¹ The Prop 68 Groundwater Treatment and Remediation Grant Program Guidelines are waived for these projects. Instead projects will be funded consistent with the Safe and Affordable Drinking Water Fund Expenditure Plan, and statutory requirements outlined in Section 80141 of the Public Resources Code.

Eligible O&M Costs:

The types of O&M costs envisioned for reimbursement under the program are those associated with existing DAC drinking water facilities that treat contaminated groundwater, including:

- Permitting
- Monitoring and Reporting
- Utility bills
- Chemicals
- Replacement or changeout of existing equipment
- Plant operator labor

Please note that funds cannot be used to pay any costs of remediation recovered from responsible parties.

Letter of Interest Deadline and DFA Timeline:

DFA will accept Letters of Interest until July 12, 2021. The letters will be reviewed by DFA staff to evaluate whether the interested party demonstrates necessary knowledge and experience, and capacity to successfully execute the program in a timely manner and within budget. DFA staff will also consider how interested parties fit together geographically, and, for administrative efficiency, parties that can implement a program serving many water systems across a specific geographic area will be given priority consideration. The results of DFA's initial review will be discussed with the Safe and Affordable Funding for Equity and Resilience (SAFER) Advisory Group prior to award decisions by the Deputy Director of DFA. DFA staff hope to negotiate and execute agreements with eligible recipients by the end of State Fiscal Year 2021/22.

Letter of Interest Submittal:

The Letter of Interest shall be submitted via email to Diana.Conkle@waterboards.ca.gov, by July 12, 2021. The required content of the Letter of Interest is provided below:

Item	Description	Information to Include
A.	Eligibility	<ul style="list-style-type: none">• Confirm if the organization is a 501(c)(3) nonprofit, public water system, or public agency.
B.	Qualifications	<ul style="list-style-type: none">• Describe your organization's existing resources and expertise, including a list of key staff that will administer the program, with the following information provided for each:<ul style="list-style-type: none">○ Name○ Title○ Brief description of duties and qualifications

		<ul style="list-style-type: none"> • Describe past performance with similar programs: <ul style="list-style-type: none"> ○ Identify specific projects or programs under which you have provided similar services to DACs. For each, please provide: <ul style="list-style-type: none"> ▪ Project/Program start and end dates ▪ Project/Program budget ▪ References (i.e., email and phone number for one or more contacts from the entity funding the project/program). • Discuss the specific role your organization had in the effort, and describe your record of performance, including your ability to administer costs, maintain schedules, and ensure completion of all aspects of the project or program. • Discuss your organization’s experience with conducting water rate analyses and completing rate setting processes.
C.	Resources/Capacity	<ul style="list-style-type: none"> • Discuss your organization’s capacity to take on additional work and how implementation of this program will impact existing workload associated with other state-funded projects. Explain any steps that would be taken to mitigate potential impacts to other projects.
D.	Specific Systems, Geographic Preference	<ul style="list-style-type: none"> • Discuss specific DAC water systems your organization would like to target for assistance if funded. • Indicate if your organization is willing to assist other eligible DAC water systems in a broader geographical area, and if so, specify the area or region your organization would be able to serve. Or, if services can be provided statewide, please specify.
E.	OPTIONAL BUT ENCOURAGED: Suggested Eligibility Criteria and Cost Eligibility ²	<ul style="list-style-type: none"> • Suggest requirements to be met by the DAC systems in order to receive O&M support under the program, such as:

² Information provided in response to Item E will not be considered for the purposes of award decisions. It is requested only for State Water Board consideration in setting program eligibility requirements. Requirements and criteria from the Safe and Affordable Drinking Water Fund Expenditure Plan and the Drinking Water Needs Assessment will also be considered. For example, Section II.C of the Fiscal Year 2020-21 Safe and Affordable Drinking Water Fund Expenditure Plan includes an Affordability Threshold for community water systems based on an annual water rate (for water usage of six hundred cubic feet of water per month) that exceeds 1.5 percent of the MHI of the community served. In addition, the Affordability Assessment
(footnote continued next page)

		<ul style="list-style-type: none">○ Minimum eligibility criteria for grant assistance other than Median Household Income (MHI), such as: community size, and/or water rates, etc.○ Sliding scales for cost eligibility, such as: 50% baseline grant, up to 90% grant for DACs paying rates more than a certain percentage of MHI, etc.○ Other criteria or requirements, such as: additional rate revenue available as a result of the grant assistance must be set-aside to build system reserves, etc.
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Questions:

If you have questions regarding this process, please contact: Meghan Tosney, Supervising Engineer, at Meghan.Tosney@waterboards.ca.gov.

Results in the 2021 Drinking Water Needs Assessment include the following affordability indicator thresholds to evaluate systems that may have affordability challenges: percent MHI (water rate greater than 1.5 or 2.5 percent MHI), extreme water bill (greater than 150 or 200 percent of statewide average), and percent shutoff (greater than 10 percent).