

**APPENDIX 4**

**REQUESTS FOR WAIVER OR REDUCTION OF FUNDING MATCH FOR**

**DISADVANTAGED COMMUNITIES**

**(APPLICABLE TO FULL PROPOSALS)**

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**I. PURPOSE**

The purpose of this appendix is to provide a method for requesting a waiver or reduction of the funding match for the CWA 319(h) NPS Grant Program. The State Water Board will review the information submitted by the applicant and decide, based on the information provided, whether to grant, amend, or deny, the request for the waiver or reduction. Applicants must demonstrate that the required funding match will be provided or request a waiver or reduction of the funding match and submit a signed certificate of understanding ([Exhibit D-1](#)).

At a minimum, the following information must be included in the application:

- ❖ Provide a map with sufficient geographic detail to define the boundaries of the disadvantaged community.
- ❖ Describe the methodology used in determining the total population of the project area and the total population of the disadvantaged community(ies) in the project area. The applicant must include what census geographies (i.e., census designated place, census tract, census block) were used, and how they were applied. Also, the applicant must explain how the disadvantaged communities were identified.
- ❖ Provide annual median household income (MHI) data for disadvantaged communities in the project area.
- ❖ Provide sample calculations showing how the proposed reduced funding match was derived.
- ❖ Provide information on amount and type of direct benefit(s) the project(s) provides to the disadvantaged community(ies).
- ❖ Include descriptions or information on the disadvantaged community's(ies)' involvement, such as past, current, and future efforts to include disadvantaged community representatives in the planning and/or implementation process.
- ❖ Letters of support from representatives of disadvantaged communities indicating their support for the project or portion of the proposal designed to provide direct benefits to the disadvantaged communities and acknowledging their inclusion in the planning and/or implementation process.

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The following data requirements must be met:

- ❖ MHI and population data sets must be from the 2000 Census or more recent; and
- ❖ MHI data used in analysis must be from the same time period and geography as the population data.

#### II. ALLOWANCES

- ❖ Applicants may estimate total and disadvantaged community population numbers by whatever means that are accessible to them as long as the above requirements are met.
- ❖ In determining MHI and population for a disadvantaged community(ies) and the project area, applicants may use a single type of census geography or combinations of 2000 Census geographies that best represent the project area. However, the census geography used must be consistent for both MHI and population for a particular community. Official census geographies, such as census tract, place, and block group, are acceptable. The intent of including this flexibility is to allow applicants a choice so that population and income data in the project area can be accurately represented.

#### III. DEFINITIONS

Block Group – means a census geography used by the United States Census Bureau (USCB) that is a subdivision of a census tract. A block group is the smallest geographic unit for which the USCB tabulates sample data. A block group consists of all the blocks within a census tract with the same beginning (block) number.

Census Designated Place – means a census geography used by the USCB that is a statistical entity, defined for each decennial census according to USCB guidelines, comprising a densely settled concentration of population that is not within an incorporated place, but is locally identified by a name. Census designated places are delineated cooperatively by State and local officials and the USCB, following USCB guidelines.

Census Tract – means a census geography used by the USCB that is a small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features in some instances; they always nest within counties. Census tracts are designed to be relatively homogeneous units with respect to population characteristics,

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economic status, and living conditions at the time of establishment. Census tracts average about 4,000 inhabitants.

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.

Disadvantaged Community – a community with an annual MHI that is less than 80% of the statewide MHI (CWC § 79505.5 (a)). For example, using Census 2000 data, 80% of the statewide annual MHI is \$37,994.

Place – a census geography used by the USCB that is a concentration of population either legally bounded as an incorporated place, or identified as a Census Designated Place.

#### IV. STEPS TO REQUEST A REDUCTION OR WAIVER OF THE FUNDING MATCH

##### ***Step A. Screening based on Maximum Grant Amount:***

Grants awarded under the CWA 319(h) NPS Grant Program have specific maximum grant amounts (presented in Section B of the [Program Guidelines](#)) regardless of disadvantaged community status.

##### ***Step B. Documentation of the Presence of Disadvantaged Communities:***

Disadvantaged communities must be located in the project area. **If there are no disadvantaged communities in the project area, please do not apply for a reduced funding match or waiver.** The disadvantaged community(ies) should be identified in the description of the project area in the Full Proposal (FP). Applicants should ensure the description of the disadvantaged community(ies) is adequate to determine whether the community(ies) meet the definitions of this Appendix. The disadvantaged community(ies) should also be shown on maps of the project area. In describing the disadvantaged community(ies), include the relationship to the project objectives. Include information that supports the determination of disadvantaged community(ies) in the project area.

##### ***Step C. Documentation of Disadvantaged Community Representation & Participation:***

The mere presence of a disadvantaged community(ies) in the project area is not sufficient cause to grant a waiver or reduction of the funding match. The disadvantaged community(ies) must be involved in the implementation process. Supporting information

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that demonstrates how the disadvantaged community(ies) is, or will be, involved in the implementation process of the project must be included. Information must demonstrate how the disadvantaged community(ies) or their representative(s) is participating in the implementation process. As indicated above, include letters of support from the disadvantaged community(ies) representatives that verify support, inclusion, and participation in the process. **If an applicant cannot demonstrate disadvantaged community representation or participation in the implementation process, please do not apply for a reduced funding match or waiver.**

#### ***Step D. Benefits and Impacts to Disadvantaged Communities:***

Applicants should explain anticipated benefits and impacts to the disadvantaged community(ies) in their project area for the specific work item(s) in their proposal. The explanation should include the nature of the anticipated benefit(s), the certainty that benefit(s) will accrue if the project is implemented, and which disadvantaged community(ies) in the project area will benefit.

#### ***Step E. Calculating a Reduced Funding Match:***

The required funding match for the CWA 319 (h) NPS Grant Program is 25% of the **total cost of the project** and 75% match for septic system upgrades presented in Section D of [Program Guidelines](#). Where the project directly benefits a disadvantaged community, a reduction in the required funding match may be allowed. To reduce the required funding match, the applicant must determine the Disadvantaged Community Ratio (DCR), Benefit Factor (BF), and the Reduced Funding Match Factor (RFMF). The details of determining the DCR, BF, and RFMF, and an example calculation is provided below.

### **V. DETERMINING THE DCR FOR THE PROJECT AREA**

Applicants can use any method that is reproducible and logical in determining populations in the project area as long as the requirements of this Appendix are met and the method is consistently applied. For assistance with accessing census data see the Census data web link on the Appendix 4 of the [CWA 319\(h\) Grant Solicitation](#) webpage. To calculate the DCR:

- ❖ Determine the total population of the project area. The total population in the project area =  $P_R$

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- ❖ Determine the total population of the disadvantaged community(ies) (e.g. MHI greater than zero but less than \$37,994) in the project area. The disadvantaged community population =  $P_D$
- ❖  $DCR = P_D/P_R$

In determining populations and MHI for disadvantaged communities, applicants must ensure that population and MHI values of zero are appropriate for use in data sets. Text, data, and other information that supports selection of areas as a disadvantaged community(ies) must be provided. For assistance with accessing census data, see the 2000 Census data web link in Appendix 4 on the [CWA 319\(h\) Grant Solicitation](#) webpage. Include the method used for population determination, the population of the project area, the population of disadvantaged communities in the project area, MHI data for disadvantaged communities, and the calculation of the reduced funding match.

#### VI. DETERMINING THE BF FOR THE PROJECT AREA

The BF is a function of the percentage of the disadvantaged community(ies) within the project area receiving direct benefit from the proposal. As described above, applicants must discuss and document direct benefits to disadvantaged communities from specific proposal elements. Select the BF that applies to your project area from the following table for use in the RFMF calculation:

Percentage of Disadvantaged Community(ies) in the Project Area Directly Benefited by the Proposal	Benefit Factor
More than 50%	1
25% - 50%	0.5
More than 0% but less than 25%	0.25

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#### VII. DETERMINING THE RFMF FOR THE PROJECT AREA

The RFMF is a function of the DCR and BF and is calculated as follows:

❖  $RFMF = FM - (FM \times DCR \times BF)$

❖ Where:

FM = the minimum funding match for specific grant program;

DCR =  $P_D/P_R$ ; and

BF = 1, 0.5, or 0.25 as presented in the table above

❖ Round the RFMF to the nearest 0.01

The RFMF is then multiplied by the total proposal cost to determine the reduced funding match. The reduced funding match should be used in the budgets presented for the FP. An example calculation is shown below.

**Example:** Agency A is requesting a reduced funding match for a grant proposal from the Nonpoint Source Pollution Control Program that has a total cost of \$500,000.

$$P_R = 1,000,000$$

$$P_D = 750,000$$

$$DCR = 750,000/1,000,000 = 0.75$$

$$BF = 0.5^1$$

$$FM = 0.25$$

$$RFMF = 0.25 - (0.25 \times 0.75 \times 0.5)$$

$$= 0.25 - (0.09375)$$

$$= 0.15625 \text{ rounded to } 0.16 \text{ (or 16\%)}$$

Total Project Cost	Grant and Fund Match Using the Minimum Funding Match Requirement (25% of total)		Grant and Funding Match Using a Reduced Funding Match (16% of total)	
	Funding Match	Grant Funds	Funding Match	Grant Funds
\$0.5 Million	$0.25 \times \$500,000$ $= \$125,000$	$\$500,000 - \$125,000$ $= \$375,000$	$0.16 \times \$500,000$ $= \$80,000$	$\$500,000 - \$80,000$ $= \$420,000$

<sup>1</sup> Assuming 25-50% of the disadvantaged community(ies) in the project area directly benefit from the proposal.

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**Septic System Example (75% match funds):** Agency A is requesting a reduced funding match for a grant proposal from the Nonpoint Source Pollution Control Program that has a total cost of \$500,000.

$$P_R = 1,000,000$$

$$P_D = 750,000$$

$$DCR = 750,000/1,000,000 = 0.75$$

$$BF = 0.5^1$$

$$FM = 0.75$$

$$RFMF = 0.75 - (0.75 \times 0.75 \times 0.5)$$

$$= 0.75 - (0.2813)$$

$$= 0.4688 \text{ rounded to } 0.47 \text{ (or } 47\%)$$

Total Project Cost	Grant and Fund Match Using the Minimum Funding Match Requirement (75% of total)		Grant and Funding Match Using a Reduced Funding Match (47% of total)	
	Funding Match	Grant Funds	Funding Match	Grant Funds
\$0.5 Million	$0.75 \times \$500,000 = \$375,000$	$\$500,000 - \$375,000 = \$125,000$	$0.47 \times \$500,000 = \$235,000$	$\$500,000 - \$235,000 = \$265,000$

<sup>1</sup> Assuming 25-50% of the disadvantaged community(ies) in the project area directly benefit from the proposal.

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**EXHIBIT D-1:**

**CERTIFICATION OF UNDERSTANDING**

**The undersigned certifies that:**

The application submitted by the Applicant for a Project Proposal seeking a CWA 319(h) grant contains a request for waiver or reduction of funding match based on disadvantaged communities.

**The above named applicant understands:**

- The waiver or reduction of the funding match presented in the application is a request that will not be automatically granted.
- The State Water Resources Control Board will review the disadvantaged community information submitted in the application prior to making a decision to accept, modify, or deny such a waiver or reduction.
- Should the proposal be chosen for funding, but the requested waiver or reduction in funding match be rejected or modified, the grantee is responsible for costs exceeding the grant funding amount to complete the project.
- The granting agency will rescind the grant award if the grantee cannot cover increased costs due to rejection or modification of the request for a waiver of or reduction in the funding match or adequately restructure the grant proposal so that it can meet the intent of the original proposal.

Authorized Signatory's Signature:

\_\_\_\_\_  
Printed Named:

\_\_\_\_\_  
Title:

\_\_\_\_\_  
Agency:

\_\_\_\_\_  
Date: