

**STATE WATER RESOURCES CONTROL BOARD  
BOARD MEETING SESSION — DIVISION OF FINANCIAL ASSISTANCE  
NOVEMBER 15, 2006**

**ITEM 10**

**SUBJECT**

CONSIDERATION OF A RESOLUTION APPROVING PROJECTS AND AUTHORIZING ISSUANCE OF GRANTS FOR THE COASTAL NONPOINT SOURCE POLLUTION CONTROL PROGRAM (CNPSPCP) ADMINISTERED THROUGH THE 2005-06 CONSOLIDATED GRANTS PROGRAM

**DISCUSSION**

I. 2005-06 Consolidated Grants Program

In response to stakeholders' requests to integrate and coordinate related grant programs, State Water Resources Control Board (State Water Board) staff consolidated and made available approximately \$146.15 million from six interrelated grant programs administered by the State Water Board's Division of Financial Assistance (Division). Consolidation allowed staff to identify the appropriate grant program(s) for the multitude of project types, reduce application efforts, and better integrate State Water Board program goals with those of our partner agencies. These programs are funded from Proposition 40, Proposition 50, and federal appropriations. The six consolidated programs are as follows:

- 1) Coastal Nonpoint Source Pollution Control Program (CNPSPCP) (*Proposition 50, Chapter 5*) - \$43.1 million
- 2) Integrated Watershed Management Program (IWMP) (*Proposition 40, Chapter 4*) - \$47.5 million
- 3) Nonpoint Source Pollution Control Program (NPSPCP) (*Proposition 40, Chapter 4*) - \$19 million
- 4) Nonpoint Source Pollution (NPS) Implementation Program (*Federal Clean Water Act [CWA], Section 319 [h]*) - \$4.1 million
- 5) Agricultural Water Quality Grant Program (AWQGP) (*Propositions 40 and 50, Chapters 4 and 5*) - \$18.4 million
- 6) Urban Stormwater Program (USWP) (*Proposition 40, Chapter 4*) - \$14.25 million

Additional funds are also available from the Proposition 13<sup>1</sup> CNPSPCP. These funds will be used for additional projects submitted for CNPSPCP.

The State Water Board anticipates receiving another appropriation in federal fiscal year (FFY) 2007, which may be used to fund projects eligible for the NPS Implementation (319[h]) Program.

The State Water Board approved the issuance of grants to implement the Ocean Protection Projects (OPPs), a subset of the Proposition 50 CNPSPCP, in June 2006, and the Recommended Funding Lists for the IWMP, NPSPCP, USWP, and NPS Implementation (319[h]) Program projects were approved by the State Water Board in September 2006. The AWQGP projects were approved by the State Water Board in October 2006. The group of projects presented for approval in this item is for the CNPSPCP. Included with the CNPSPCP projects are the OPPs not recommended for OPP funding in June 2006.

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<sup>1</sup> Proposition 13 - Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act of 2000.

## II. Guidelines, Grant Application, and Review and Selection Process

### A. Guidelines

State Water Board staff, along with staff from the Regional Water Quality Control Boards (Regional Water Boards), United States Environmental Protection Agency (USEPA), and other partner agencies worked together to develop the *2005-06 Consolidated Grant Program Guidelines* (Guidelines), which include a list of priorities for the grant funds. The State Water Board considered input from a broad spectrum of stakeholders and the public regarding the development and implementation of the 2005-06 Consolidated Grants Program through public scoping and draft Guidelines workshops, associated meetings, and the State Water Board website. The Guidelines were adopted by the State Water Board on January 4, 2006, and establish the evaluation criteria and the review and selection process for the 2005-06 Consolidated Grants Program's two-step process.

### B. Grant Application Process

The submittal of grant applications through the web-based Financial Assistance Application Submittal Tool (FAAST) consisted of two steps. In January 2006, the State Water Board released a Solicitation Notice for Concept Proposals. By the February 9, 2006, submittal deadline, the State Water Board received more than 470 Concept Proposals for the six grant programs. In March 2006, the State Water Board invited applicants to submit Full Proposals for 14 OPPs totaling \$18,588,788 million in grant fund requests. Project submittal, review, and selection for the OPP projects was expedited to meet the Ocean Protection Council schedule. On April 5, 2006, the State Water Board invited applicants to submit Full Proposals for 49 CNPSPCP projects totaling \$62,282,200 million in grant fund requests. In June 2006, the State Water Board adopted the OPP Funding List, which provides grants for five projects totaling \$10,021,317. The remaining eight OPPs are included as a subset of the CNPSPCP projects and total \$6,743,966 in grant fund requests.

### C. Review and Selection Process

The Concept Proposals and Full Proposals were reviewed, scored, and evaluated by technical reviewers using the FAAST. Each proposal received multiple independent technical reviews, in accordance with the Guidelines. Full Proposal technical review teams consisted of staff from the State Water Board, Regional Water Boards, San Francisco Bay Conservation and Development Commission, California Coastal Commission, and State Coastal Conservancy.

The Selection Panel for the CNPSPCP proposals consisted of management staff from the State Water Board, California Coastal Commission, State Coastal Conservancy, and Department of Fish and Game. The Selection Panel convened and developed funding recommendations for CNPSPCP Projects, which are presented in this Agenda Item as Exhibits 1, 2, and 3.

### D. Recommended Funding Lists

The projects in Exhibits 1 (Statewide projects), 2 (Northern California Projects), and 3 (Southern California projects) are listed in order of their funding preference and projects above the funding line are recommended for funding at this time. The projects recommended for funding represent the most competitive proposals that address the criteria adopted in the Guidelines, including providing a water quality and/or environmental benefit, demonstrating technical merit, addressing State Water Board and partner agency priorities, and providing adequate information for grant agreement preparation. Non-responsiveness to executing grant agreements has been an issue with a handful of past grant recipients. In several cases, non-responsiveness has resulted in grant funds being left unused for a substantial and unwarranted amount of time and has caused the termination of grant agreements. For this

reason, the Guidelines state that lack of responsiveness prior to finalizing and executing a grant agreement may result in withdrawal of the grant award. If grant awards are withdrawn or projects are terminated, the funds will be made available to other eligible CNPSPCP competitive proposals presented on the Recommended Funding Lists, which are below the funding line at the time of the State Water Board awards.

### III. Coastal Nonpoint Source Pollution Control Program

The State Water Board was appropriated \$100 million from the *Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002* (Proposition 50) for the CNPSPCP. The purpose of the CNPSPCP is to fund projects that restore and protect the water quality and the environment of coastal waters, estuaries, bays, nearshore waters, and groundwater. The \$100 million was designated for various purposes including \$20 million set aside for projects recommended by the Santa Monica Bay Restoration Commission (SMBRC). Of the \$100 million, \$43.1 million was designated for the CNPSPCP portion of the 2005-06 Consolidated Grants Program. In June 2005, the State Water Board adopted Resolution 2005-0041, which designated \$10 million of the CNPSPCP funds for OPPs that met the mutual priorities of the State Water Board and the Ocean Protection Council. In June 2006, the State Water Board approved the funding of five OPPs, leaving approximately \$33.1 million remaining for CNPSPCP projects, including the OPPs not recommended for funding.

According to Water Code, Section 79148.10, sixty percent of the CNPSPCP funds must be allocated to projects in Southern California, specifically the counties of Riverside, Ventura, Los Angeles, San Diego, Orange, or San Bernardino. The remaining forty percent of the funds are allocated to projects that are not located in these six counties (i.e., Northern California). Due to the previous distribution of the CNPSPCP funds to SMBRC projects and the funds designated for the Clean Beaches Initiative (CBI) Program, the majority of the CNPSPCP funds in the 2005-06 Consolidated Grants Program are targeted in Northern California.

### IV. Appropriations and Grant Program Fund Balances

Proposition 50 funds were appropriated to the State Water Board in the 2005-06 Budget Act and are available for encumbrance until June 30, 2008. As projects close out or are terminated with unspent balances, additional funds may become available from Proposition 13. Staff will request new appropriations and the funds will be used for projects that are currently below the funding line on the Recommended Funding Lists.

Table 1, below, shows the fund appropriations for the Proposition 50 CNPSPCP. Projects will be awarded funding in the order shown on the lists until all funds are exhausted.

**Table 1: Grant Program Fund Balances**

<b>PROGRAM</b>	<b>FUNDING</b>
Proposition 50 CNPSPCP	\$43,100,000
OPPs previously approved for funding (June 2006)	- 10,021,317
<b>CNPSPCP Total:</b>	<b>\$33,078,683</b>

## **POLICY ISSUE**

Should the State Water Board adopt a resolution to:

1. Approve the funding for projects on the Recommended Funding Lists above the funding line for the CNPSPCP, as part of the 2005-06 Consolidated Grants Program;
2. Authorize the issuance of grants and amendments to implement the projects; and
3. Authorize the Deputy Director (formerly known as Chief) of the Division to withdraw grant agreements if applicants are non-responsive. Authorize the Deputy Director of the Division to issue grants to projects below the funding line in the event that funds are withdrawn for non-responsiveness or become available from completed or terminated projects or additional federal appropriations?

## **FISCAL IMPACT**

Local assistance appropriations authorized for Proposition 50 are sufficient to fund the recommended Projects.

## **REGIONAL WATER BOARD IMPACT**

Yes. All coastal Regional Water Boards.

## **STAFF RECOMMENDATION**

That the State Water Board adopt a resolution to:

1. Approve the funding for projects on the Recommended Funding Lists above the funding line for the CNPSPCP, as part of the 2005-06 Consolidated Grants Program;
2. Authorize the issuance of grants and amendments to implement the projects; and
3. Authorize the Deputy Director of the Division to withdraw grant agreements if applicants are non-responsive. Authorize the Deputy Director of the Division to issue grants to projects below the funding line in the event that funds are withdrawn for non-responsiveness or become available from completed or terminated projects or additional federal appropriations.

## STATE WATER RESOURCES CONTROL BOARD

### RESOLUTION NO. 2006-

#### RESOLUTION APPROVING PROJECTS AND AUTHORIZING ISSUANCE OF GRANTS FOR THE COASTAL NONPOINT SOURCE POLLUTION CONTROL PROGRAM (CNPSPCP) ADMINISTERED THROUGH THE 2005-06 CONSOLIDATED GRANTS PROGRAM

#### WHEREAS:

1. In November 2002, the voters approved the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50). Approximately \$527 million from Proposition 50 was appropriated to the State Water Resources Control Board (State Water Board) to administer through 12 different programs, including the CNPSPCP (\$100 million);
2. Proposition 50 CNPSPCP provides funds upon appropriation by the Legislature to the State Water Board for the purpose of financing projects that restore and protect the water quality and environment of coastal waters, estuaries, bays and near shore waters, and groundwater;
3. Additional funding will be available from Proposition 13 CNPSPCP;
4. The State Water Board anticipates receiving federal appropriations pursuant to Clean Water Act, Section 319 in federal fiscal year 2007 to fund nonpoint source pollution control activities including projects;
5. All expenditures, grants, and loans made pursuant to Proposition 50, Section 79543 must be consistent with the requirements of Article 5 of Chapter 7 of Division 26 of the Water Code, which outlines the CNPSPCP;
6. The State Water Board adopted the 2005-06 Consolidated Grants Program Guidelines (Guidelines) establishing the evaluation criteria and the review and selection process for the 2005-06 Consolidated Grants Program's two-step process and identifying priorities;
7. The State Water Board released the Concept Proposal Solicitation Notice in January 2006, soliciting project proposals for six interrelated grant programs from Proposition 40, Proposition 50, and federal Clean Water Act, Section 319(h);
8. The State Water Board released the Full Proposal Solicitation Notice in April 2006, soliciting Full Proposals from the most competitive Concept Proposal applicants;
9. Consistent with the Guidelines, the Full Proposals were reviewed for technical merit by technical review teams consisting of staff from the State Water Board, Regional Water Quality Control Boards, San Francisco Bay Conservation and Development Commission, California Coastal Commission, and State Coastal Conservancy. The projects recommended for funding represent the most competitive proposals;
10. In June 2006, through Resolution 2006-0043, the State Water Board approved the funding of five ocean protection projects (OPPs), with approximately \$10 million in CNPSPCP funds, for projects that met the mutual priorities of the State Water Board and Ocean Protection Council, consistent with Resolution 2005-0041;
11. The recommended funding lists for the CNPSPCP, which includes the remaining OPPs, were prepared by State Water Board staff, with input from the technical review teams, and forwarded to the Selection Panel for review and recommendation in accordance with the process outlined in the Guidelines;
12. The Selection Panel recommends funding the projects presented on the Recommended Funding Lists, which were determined to best address the priorities identified in the Guidelines,

and result in projects that restore and protect the water quality and environment of coastal waters, estuaries, bays, nearshore waters, and groundwater; and

13. The Guidelines allow withdrawal of the grant awards to non-responsive applicants, and issuance of grant awards to other competitive proposals that are below the funding line.

**THEREFORE BE IT RESOLVED THAT THE STATE WATER BOARD**

1. Approves the funding for projects on the Recommended Funding Lists above the funding line from the CNPSPCP, as part of the 2005-06 Consolidated Grants Program;
2. Authorizes the issuance of grants and amendments to implement the projects; and
3. Authorizes the Deputy Director (formerly known as Chief) of the Division of Financial Assistance (Division) to withdraw grant awards if applicants are non-responsive. Authorizes the Deputy Director of the Division to issue grants to projects below the funding line in the event that funds are withdrawn for non-responsiveness or become available from completed or terminated projects or additional federal appropriations.

**CERTIFICATION**

The undersigned, Clerk to the Board, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on November 15, 2006.

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Clerk to the Board

Exhibit 1  
 2005-06 Consolidated Grants Program  
 Proposition 50 Coastal Nonpoint Source Pollution Control Program - STATEWIDE  
 Recommended Funding List

PIN	PROPOSAL TITLE	REGION(S)	FUNDING AMOUNT	TOTAL STATEWIDE	
9305	Arundo donax (giant reed) Complete High Resolution Regional Mapping: Salinas to Tijuana	3, 4, 8, & 9	\$412,500	\$412,500	
9031	Development of multimetric tools for setting numeric nutrient targets including a periphyton IBI	3, 4, 8, & 9	\$1,476,400	\$1,888,900	Funding Line
<b>\$1,888,900</b>					

\*\*\* Applicants must address technical reviewer comments during the development of their grant agreement. \*\*\*  
 PINs NOT recommended for funding do not appear on this list.

Exhibit 2  
2005-06 Consolidated Grants Program  
Proposition 50 Coastal Nonpoint Source Pollution Control Program - NORTH  
Recommended Funding List

PIN	PROPOSAL TITLE	REGION(S)	FUNDING AMOUNT	TOTAL NORTH	
9094	Taking Action for Clean Water: Bay Area TMDL Implementation	2	\$2,679,728	\$2,679,728	
9572	Redwood Creek Erosion Control (CP 8890 inv back)	1	\$1,425,000	\$4,104,728	
9577	Olema Creek Sediment Reduction Project (CP 9288 inv back)	2	\$568,100	\$4,672,828	
9249	Tomales Bay Wetlands Restoration and Monitoring Program	2	\$1,550,000	\$6,222,828	
9373	Algae Biomonitoring and Assessment of Central Coast Watersheds	3	\$660,000	\$6,882,828	
9425	Demonstration Project in Three Critical Coastal Area Watersheds	2	\$900,000	\$7,782,828	
8975	Implementation Effectiveness Program for the Morro Bay Watershed	3	\$553,871	\$8,336,699	
9325	Humboldt Bay Watershed - Sediment Reduction and Monitoring and Salmon Habitat Improvement Program	1	\$1,376,933	\$9,713,632	
9329	Salt River Ecosystem Restoration Project	1	\$5,000,000	\$14,713,632	
8983	Community-Based Watershed Management: Sonoma Creek Watershed	2	\$866,173	\$15,579,805	
9396	Estero Americano Watershed Rangeland Water Quality Management Project	1	\$863,212	\$16,443,017	
8895	Urban Pollution Prevention Program	3	\$999,926	\$17,442,943	
9438	Estero Americano Watershed Sediment Reduction Project	1	\$606,577	\$18,049,520	
9480	Bay Area Model for Comprehensive Wetland Assessment in Watershed Context	2	\$1,250,000	\$19,299,520	
8920	Watershed-scale evaluation of agricultural BMP effectiveness protecting critical coastal habitats	3	\$885,000	\$20,184,520	
9126 <sup>1</sup>	Scott River Road Sediment Source Reduction: Lower Scott	1	\$251,250	\$20,435,770	
9540	Assessment of State-Funded Wetland Restoration Projects in Region 3	3	\$400,000	\$20,835,770	
9573	Conserving Our Watershed (COW): Tomales Bay, Walker and Stemple Crk TMDL Impl. (CP 9101 inv back)	1 & 2	\$1,000,000	\$21,835,770	Funding Line
9282	City of San Jose Public Works Urban Runoff Design Elements	2	\$1,780,150	\$23,615,920	
9302	Stinson Beach CWD-Phase 2 Hydrologic Study	2	\$400,000	\$24,015,920	
9475	Aquatic Pesticide Use Reduction and At-Risk Species Recovery, San Pablo Bay	2	\$1,200,000	\$25,215,920	
8864	Napa River TMDL Monitoring Program	2	\$587,759	\$25,803,679	
8946	Yosemite Slough Restoration Project	2	\$1,000,000	\$26,803,679	
8977	Chorro Creek Floodplain & Riparian Restoration	3	\$2,100,000	\$28,903,679	
9584	The Monterey Bay Regional Urban Watch-First Flush Stormwater Monitoring Program (CP 9379 inv back)	3	\$595,366	\$29,499,045	
9440	Mt. Tamalpais and Lagunitas Creek Watersheds Sediment Reduction Project	2	\$1,710,075	\$31,209,120	
9583	Russian, Gualala, Garcia Rivers Coastal Water Quality Monitoring Project (CP 9376 inv back)	1	\$300,000	\$31,509,120	
9024*	Orick Valley Septic Replacement Project	1	\$250,000	\$31,759,120	



Exhibit 2  
 2005-06 Consolidated Grants Program  
 Proposition 50 Coastal Nonpoint Source Pollution Control Program - NORTH  
 Recommended Funding List

PIN	PROPOSAL TITLE	REGION(S)	FUNDING AMOUNT	TOTAL NORTH
9432	Tools for Improving the Implementation of Hg and PCB TMDLs in the San Francisco Bay Region	2	\$624,800	\$32,383,920
9317	Relocate Sewer Line from New Brighton and Seacliff State Beaches	3	\$3,000,000	\$35,383,920

**\$35,383,920**

**\*\*\* Applicants must address technical reviewer comments during the development of their grant agreement. \*\*\***

PINs NOT recommended for funding do not appear on this list.

\* PINs with an asterisk (\*) indicate the applicant was invited back to submit a Full Proposal to compete for the up to five percent (5%) in Coastal Nonpoint Source Pollution Control Program funds reserved to fund projects that provide a direct benefit to disadvantaged communities.

<sup>1</sup> Pending eligibility determination, PIN 9126 may be funded with Nonpoint Source Implementation (319[h]) Program funds.

Exhibit 3  
2005-06 Consolidated Grants Program  
Proposition 50 Coastal Nonpoint Source Pollution Control Program - SOUTH  
Recommended Funding List

PIN	PROPOSAL TITLE	REGION(S)	FUNDING AMOUNT	TOTAL SOUTH	
9005	East Garden Grove Wintersburg Channel Urban Runoff Diversion-Phase II	8	\$2,062,500	\$2,062,500	
9165	Arundo Control San Luis Rey: Water Conservation, Pollution Reduction & Riparian Habitat Restoration	9	\$900,000	\$2,962,500	
9276	Mapping Wetland and Riparian Habitats in Southern California Coastal Watersheds	8	\$860,000	\$3,822,500	
9515	Ensuring Biological Integrity of Nonperennial Streams	9	\$400,000	\$4,222,500	
9426	Development of Tools for Hydromodification Assessment and Management	4, 8, & 9	\$907,440	\$5,129,940	
9339* <sup>1</sup>	El Rio Sewer System Project - Phase 6	4	\$2,155,000	\$7,284,940	
9275	Creating Tools for Numeric Nutrient Criteria and TMDL Development in San Diego Coastal Lagoons	9	\$989,000	\$8,273,940	Funding Line
9519	Assessment of TMDLs for Toxic Organics using Solid Phase Microextraction (SPME)	4	\$600,000	\$8,873,940	
9179	Consolidated Slip Cleanup and Rehabilitation Project	4	\$5,000,000	\$13,873,940	
9339* <sup>1</sup>	El Rio Sewer System Project - Phase 6	4	\$2,845,000	\$16,718,940	
9336	Malibu Civic Center Integrated Stormwater Management Project	4	\$3,000,000	\$19,718,940	
9185	Restoration of Riparian/Wetlands Habitat in the Carlsbad Hydrologic Unit (HU A145904.00)	9	\$980,000	\$20,698,940	
9581	Endocrine Disruption in Aquatic Systems of the Los Angeles Region (CP 9349 inv back)	4	\$562,000	\$21,260,940	
9575	Implementation of Protection and Restoration Project in the ASBSs - Central Coast O.C. (CP9208 inv)	8	\$1,584,000	\$22,844,940	
9164	San Luis Rey River Mouth Bacteria Source Tracking Study	9	\$471,375	\$23,316,315	
<b>\$23,316,315</b>					

**\*\*\* Applicants must address technical reviewer comments during the development of their grant agreement. \*\*\***

PINs not recommended for funding do not appear on this list.

\* PINs with an asterisk (\*) indicate the applicant was invited back to submit a Full Proposal to compete for the up to five percent (5%) in Coastal Nonpoint Source (CNPS) Pollution Control Program funds reserved to fund projects that provide a direct benefit to disadvantaged communities (DACs).

<sup>1</sup> PIN 9339 requested \$5 million. PIN 9339 is recommended for the five percent (5%) DAC funds reserved for projects that provide a direct benefit to DACs. Therefore, five percent of the CNPS funds (\$2,155,000) are allocated for this project. The remaining funding requested for PIN 9339 (\$2,845,000) is shown below the funding line.