

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION — DIVISION OF FINANCIAL ASSISTANCE
SEPTEMBER 21, 2006**

ITEM 4

SUBJECT

CONSIDERATION OF A RESOLUTION APPROVING PROJECTS, AND AUTHORIZING ISSUANCE OF GRANTS FOR THE URBAN STORMWATER PROGRAM (USWP) AND THE NONPOINT SOURCE (NPS) IMPLEMENTATION (319[h]) PROGRAM 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 (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*) - \$18.3 million
- 6) Urban Stormwater Program (USWP) (*Proposition 40, Chapter 4*) - \$14.25 million

The State Water Board approved the issuance of grants to implement the ocean protection projects, a subset of the Proposition 50 CNPSPCP, in June 2006 and the Recommended Funding Lists for the IWMP and NPSPCP projects were presented to the State Water Board on September 6, 2006. Recommended Funding Lists for the remaining 2005-06 Consolidated Grants Program are being presented to the State Water Board as they are developed. The group of projects presented for approval in this item are for the USWP and NPS Implementation (319[h]) Program.

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. On April 5, 2006, the State Water Board invited applicants to submit Full Proposals for 36 USWP projects totaling \$20,909,807 million in grant fund requests and 18 NPS Implementation (319[h]) Program projects totaling \$11,815,570 million 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, USEPA, Resources Agency, San Francisco Bay Conservation and Development Commission, and other partner agencies. The Selection Panel consisted of management staff from the State Water Board and USEPA for the USWP proposals, and management staff from the State Water Board, the California Coastal Commission, and USEPA for the NPS Implementation (319[h]) Program proposals. The Selection Panel convened and developed funding recommendations for USWP Projects and NPS Implementation (319[h]) Program Projects, which are presented in this Agenda Item as Exhibit 1 and Exhibit 2, respectively.

D. Recommended Funding Lists

The projects in Exhibits 1 and 2 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 USWP and NPS Implementation (319[h]) Program competitive proposals presented on the Recommended Funding List, which are below the funding line at the time of the State Water Board awards.

III. Urban Stormwater Program

The State Water Board was appropriated \$14.25 million from the *California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002* (Proposition 40) for the USWP. The purpose of the USWP is to fund projects designed to implement stormwater runoff pollution reduction and prevention programs.

IV. Nonpoint Source Implementation (319[h]) Program

The State Water Board anticipates receiving \$4,137,410 million from USEPA CWA Section (319[h]) that may be used to provide funding for the NPS Implementation (319[h]) Program in federal fiscal year (FFY) 2006. The purpose of the NPS Implementation (319[h]) Program is to fund projects that reduce and prevent NPS pollution that impairs beneficial uses and implements Total Maximum Daily Loads that are adopted or under development.

V. Appropriations and Grant Program Fund Balances

Proposition 40 funds were appropriated to the State Water Board in September 2002 (Chapter 727, Statutes of 2002) and are available for encumbrance until December 31, 2006. The funding for NPS Implementation (319[h]) Program projects and staff is contingent upon federal budget appropriation in FFY 2006 and will be available for expenditure until December 31, 2010. The State Water Board will receive another federal budget appropriation in FFY 2007. As projects close out or are terminated with unspent balances, additional funds may become available. 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 current fund appropriations for the Proposition 40 USWP and the NPS Implementation (319[h]) Program. Projects will be awarded funding in the order shown on the lists until all funds are exhausted.

Table 1: Grant Program Fund Balances

PROGRAM	FUNDING	
Proposition 40 USWP	Total:	\$14,250,000
NPS Implementation (319[h]) Program	Total:	\$4,137,410

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 USWP and NPS Implementation (319[h]) Program, 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 new appropriations or completed or terminated projects?

FISCAL IMPACT

Local assistance appropriations authorized for Propositions 40 and Federal funding are sufficient to fund the recommended Projects.

REGIONAL WATER BOARD IMPACT

Yes. All 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 USWP and NPS Implementation (319[h]) Program, 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 new appropriations or completed or terminated projects.

**STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2006-**

**CONSIDERATION OF A RESOLUTION APPROVING PROJECTS, AND AUTHORIZING ISSUANCE
OF GRANTS FOR THE URBAN STORMWATER PROGRAM (USWP) AND THE NONPOINT
SOURCE (NPS) IMPLEMENTATION (319[H]) PROGRAM ADMINISTERED THROUGH
THE 2005-06 CONSOLIDATED GRANTS PROGRAM**

WHEREAS:

1. In March 2002, the voters approved the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40). Approximately \$175 million from Proposition 40 was appropriated to the State Water Resources Control Board (State Water Board) to administer through eight different programs, including the USWP (\$14.25 million);
2. The State Water Board is authorized to administer approximately \$4.1 million in federal funds pursuant to Section 319(h) of the federal Clean Water Act for local nonpoint source pollution control activities from enactment of the federal 2006 budget;
3. 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 partner agency priorities;
4. 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);
5. The State Water Board released the Full Proposal Solicitation Notice in April 2006, soliciting Full Proposals from the most competitive Concept Proposal applicants;
6. 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, United States Environmental Protection Agency, Resources Agency, San Francisco Bay Conservation and Development Commission, and other partner agencies. The projects recommended for funding represent the most competitive proposals;
7. Recommended funding lists for the Proposition 40 USWP and the NPS Implementation (319[h]) Program 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;
8. 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 related to watershed protection, water management, and the protection of beneficial uses through the control of urban stormwater runoff and nonpoint source pollution; and
9. 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 List from the USWP and NPS Implementation (319[h]) Program;
2. Authorizes the issuance of grants and amendments to implement the projects; and
3. Authorizes the Deputy Director 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 new appropriations or completed or terminated projects.

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 September 21, 2006.

Song Her
Clerk to the Board

Exhibit 1
2005-06 Consolidated Grants Program
Urban Stormwater Program (USWP)
Recommended Funding List

PIN	PROPOSAL TITLE	NATIVE REGION(S)	FUNDING AMOUNT	TOTAL
9364	Smartimer/Edgescape Evaluation Program (SEEP)	9	\$992,000	\$992,000
9086	Integrated Stormwater Element of the 12th St Project	2	\$577,900	\$1,569,900
8910	Polaris Creek/Wetland/SEZ Restoration for Tahoe TMDL, BMP Efficiency, Habitat Enhancement & Outreach	6	\$852,958	\$2,422,858
9355	Implementation of Low Impact Development Design Standards in San Luis Obispo County	3	\$600,000	\$3,022,858
8966	San Pasqual Academy Water Quality, Stormwater Mgt., Flood Control & Porous Pavement Project	9	\$750,000	\$3,772,858
9324	Strathern Pit Multiuse	4	\$1,000,000	\$4,772,858
9375	Florence Street LID Pedestrian Improvements	3	\$450,000	\$5,222,858
8860	Magnolia Channel	8	\$954,320	\$6,177,178
9026	Ojai Wetland Restoration, Stormwater Capture and Groundwater Recharge Project	4	\$985,000	\$7,162,178
9322	Compton Creek Trash Capture	4	\$600,000	\$7,762,178
9140	San Diego County Flinn Springs Regional Park LID Porous Pavement Parks Installation	9	\$798,500	\$8,560,678
8913	Santa Rosa Creek - B Street Outfall Retrofit Project	1	\$396,300	\$8,956,978
9524	Garvanza Park BMP	4	\$1,000,000	\$9,956,978
9528	Alameda Gateway Stormwater Treatment Improvements	4	\$284,750	\$10,241,728
8991	LA River Trash Nets	4	\$566,000	\$10,807,728
8909	LA River VSS Unit - SD12	4	\$605,000	\$11,412,728
8861	Reducing NPS Sediment and Pesticide Pollution in County Road Maintenance Operations	3	\$629,756	\$12,042,484
9466	School Urban Runoff BMP Retrofit Project	4	\$472,500	\$12,514,984
9173	Mountainbrook Community Church Low Impact Development Project - Phase I	3	\$623,132	\$13,138,116
9172	Low Impact Development Guidance and Training for Southern California	4 & 8	\$600,000	\$13,738,116
9147	Greater Prado Basin Clean Up and Restoration	8	\$375,000	\$14,113,116
9437	LA River Trash Separation Device - SD13	4	\$550,000	\$14,663,116
9263	San Francisco Bay PCB Reduction: Ettie Street Pump Station Watershed Abatement	2	\$500,000	\$15,163,116
9392	Residential Block Urban Runoff BMP Retrofit Project	4	\$339,750	\$15,502,866
9384	Modifications to stormwater drainage system	1	\$883,680	\$16,386,546
9424	Park Urban Runoff BMP Treatment Retrofit Project	4	\$562,500	\$16,949,046
9023	BMP Aircraft/Vehicle Wash Rack at Long Beach Airport	4	\$950,000	\$17,899,046
9044	Montara Drainage and Stormwater Improvements	2	\$255,000	\$18,154,046
8881	Urban Runoff Diversion	2	\$345,000	\$18,499,046

\$18,499,046

Funding Line

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

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

For PINs 9026 and 9524, the applicant will need to be revised to meet the eligibility requirements (i.e., local public agency).

For PIN 9324, if the applicant accepts the USWP grant funds, the applicant cannot receive more than an additional \$4 million from the 2005-06 Consolidated Grants Program.

Exhibit 2
 2005-06 Consolidated Grants Program
 Nonpoint Source Implementation (319[h]) Program
 Recommended Funding List

PIN	PROPOSAL TITLE	NATIVE REGION	FUNDING AMOUNT	TOTAL
8911	Indian Creek Reservoir TMDL Mitigation	6	\$609,166	\$609,166
9516	Trinity River Watershed TMDL Implementation Project	1	\$675,000	\$1,284,166
9487	Little Larabee Watershed Sediment Control project	1	\$773,776	\$2,057,942
9010	Shasta Water Association Dam Demobilization and Water Quality Enhancement Project	1	\$635,000	\$2,692,942
9090	Demonstrating Road Improvements	2	\$344,222	\$3,037,164
9231	The Students and Teachers Restoring a Watershed (STRAW) Project	2	\$283,500	\$3,320,664
8825	Rural Road Erosion Control Assistance	3	\$816,746	\$4,137,410
8825	Rural Road Erosion Control Assistance	3	\$167,724	\$4,305,134
8968	Salmon River Road Restoration Phase 3 - North Fork	1	\$315,000	\$4,620,134
9113	Fish Rock Road Sediment Reduction Project	1	\$787,552	\$5,407,686
9206	Navarro River Watershed Sediment Reduction Project	1	\$946,075	\$6,353,761

Funding Line

\$6,353,761

*** 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 9026 & 9524 were originally invited back for the NPS Implementation (319[h]) Program; however, these projects have been removed due to eligibility concerns.