

STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
NOVEMBER 16, 2005

ITEM 9

SUBJECT

ADOPTION OF THE SMALL COMMUNITY GROUNDWATER GRANT PROGRAM (SCGG PROGRAM) COMPETITIVE PROJECT LIST (CPL)

DISCUSSION

The SCGG Program was established in Public Resources Code Division 20, Chapter 4, Article 6, Section 30950 by Assembly Bill 2534 (Chapter 727, Statutes of 2002) to administer \$9.5 million from Proposition 40 (California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002). The SCGG Program goal is to assist small communities with a financial hardship in either treating or replacing water supplies that exceed Maximum Contaminant Levels (MCLs) for arsenic or nitrate. Funds may also be allocated for projects identified by the Department of Health Services (DHS) as having a priority to address the needs of small community water systems. Local public agencies and nonprofit organizations formed under Section 501(c)(3) of the Internal Revenue Code are eligible to receive SCGG funds.

The statute defined small community for the SCGG Program as municipalities with a population of 20,000 persons or less, a rural county or a reasonably isolated and divisible segment of a larger municipality, where the segment of the population is 20,000 persons or less. Financial hardship was not defined. For the SCGG Program, Division of Financial Assistance (Division) staff considered a community to have a financial hardship if it was consistent with the definition of disadvantaged community from Proposition 50, Water Code Section 79505.5 which is a community with a Median Household Income (MHI) that is less than or equal to 80 percent of the statewide MHI.

On July 8, 2005, Division staff released a Solicitation Notice requesting pre-applications for SCGG funds. Eligible applicants that were not funded in DHS' Proposition 50 Small Community Water System Facilities (SCWSF) grant program were contacted and invited to apply for SCGG grants.

The Solicitation Notice described the application and project ranking process. The purpose of the pre-applications was to identify and rank potential projects. The Division received 38 eligible pre-applications seeking \$40,673,988 in grant funds. Division staff, in consultation with DHS, reviewed the project pre-applications and ranked them in order of priority to develop a CPL.

Pre-applications were ranked in order of priority based on the percent of the water supply that is contaminated, and the contaminant scoring process outlined in the Solicitation Notice. The Contaminant Score for each water system was determined by adding the ratios for the concentrations of arsenic and/or nitrate to the respective MCL. For arsenic, the pending federal MCL of 10 µg/l was used in the calculation.

To ensure that the contaminant score for all applicants' systems adequately represented the available data, DHS staff provided the water quality data for systems identified in the pre-

applications. Division staff used the DHS water quality data in the final ranking of the projects, rather than the concentrations reported by the applicants. Division staff met with DHS to incorporate DHS' priorities for small community water systems into the final ranking and development of the CPL.

The projects that were placed in Rank 1 of the CPL include all projects where the entire water supply for the community exceeds the MCL for arsenic or nitrate, and the contaminant levels are at least twice the MCL for that contaminant, i.e., the Contaminant Score for the project is greater than 2.0. Rank 1 projects are listed on the CPL in descending order according to the Contaminant Score. Rank 2 includes all projects where the entire water supply for the community exceeds the MCL for arsenic or nitrate, and the Contaminant Score is less than 2.0. Rank 3 includes all other eligible projects where only a portion of the community's water supply exceeds an MCL. Within Rank 3, projects were prioritized based on the Contaminant Score, multiplied by the percentage of the water supply that exceeds the MCL.

Upon adoption of the CPL, applicants in Rank 1 will be invited to submit detailed applications. Applicants will be notified that being included on the CPL is not a guarantee of funding.

There are eleven projects totaling \$14,918,000 in Rank 1 on the CPL. Grant funds will be committed to the projects in Rank 1 based on the applicants' readiness-to-proceed and timely submittal of completed applications. Division staff will process applications in the order completed applications are received until the funding is exhausted. If by March 30, 2006, the funding is not exhausted because project(s) in Rank 1 have not submitted full applications, are determined to be infeasible, or are unable to be completed for any reason, projects from Rank 2 may become eligible for funding in the order of their priority. If by June 30, 2006, the remaining funding is not exhausted, for any reason, projects in Rank 3 may become eligible for funding in the order of their priority.

POLICY ISSUE(S)

- (a) Should the State Water Resources Control Board (State Water Board) approve the proposed SCGG Program CPL presented in Attachment A and make those projects that are listed in Rank 1 eligible to compete for funding?
- (b) Should the Chief of the Division be authorized to make Rank 2 projects eligible for funding based on priority order if by March 30, 2006, it is determined that a project(s) in Rank 1 has not submitted the necessary information, is infeasible, or cannot be completed as planned?
- (c) Should the Chief of the Division be authorized to make Rank 3 projects eligible for funding based on priority order if by June 30, 2006, it is determined that a project(s) in Rank 1 or Rank 2 has not submitted the necessary information, is infeasible, or cannot be completed as planned?

FISCAL IMPACT

AB 2534 appropriated \$9.5 million to the State Water Board for SCGG Program grants that will address the needs of small communities with financial hardship whose source of water supply is from contaminated groundwater. The staff required to administer grants for projects receiving SCGG Program grants will be funded by a five-percent administrative set-aside allowed by AB 2534.

REGIONAL WATER BOARD IMPACT

No, Regional Water Boards are not directly involved in this program.

STAFF RECOMMENDATION(S)

- (a) That the State Water Board approve the SCGG Program CPL with projects in Rank 1 eligible to submit comprehensive applications for grant commitments; and
- (b) That the State Water Board authorize the Chief of the Division to make Rank 2 projects eligible in priority order if by March 30, 2006, it is determined that a project in Rank 1 has not submitted necessary information, is infeasible, or cannot be completed as planned.
- (c) That the State Water Board authorize the Chief of the Division to make Rank 3 projects eligible for funding based on priority order if by June 30, 2006, it is determined that a project(s) in Rank 1 or Rank 2 has not submitted the necessary information, is infeasible, or cannot be completed as planned.

STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2005 -

ADOPTION OF THE SMALL COMMUNITY GROUNDWATER
GRANT PROGRAM (SCGG PROGRAM)
COMPETITIVE PROJECT LIST

WHEREAS:

1. AB 2534 (Chapter 727, Statutes of 2002) appropriated \$9.5 million from Proposition 40 (California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002) to the State Water Resources Control Board for the Small Community Groundwater Grant (SCGG) Program;
2. The Division of Financial Assistance (Division) has developed the SCGG Program Competitive Project List (CPL) in accordance with AB 2534 and in consultation with the Department of Health Services;
3. The number of projects in Rank 1 exceeds the available funding; and
4. If projects in Rank 1 are infeasible, do not submit all the necessary information or cannot be completed, projects from Rank 2 could be funded.

THEREFORE BE IT RESOLVED THAT:

The State Water Resources Control Board:

1. Adopts the SCGG Program [CPL](#);
2. Allows projects identified in Rank 1 on the CPL to submit a comprehensive project applications to the Division; and
3. Allows the Chief of the Division to make Rank 2 projects eligible for funding, in priority order, by March 30, 2006, if it is determined that a project in Rank 1 has not submitted necessary information, is infeasible, or cannot be completed as planned; and
4. Allows the Chief of the Division to make Rank 3 projects eligible for funding based on priority order if by June 30, 2006, it is determined that a project(s) in Rank 1 or Rank 2 has not submitted the necessary information, is infeasible, or cannot be completed as planned.

CERTIFICATION

The undersigned, Acting 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 16, 2005.

Selica Potter
Acting Clerk to the Board