

STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
APRIL 21, 2005

ITEM 2

SUBJECT

ADOPTION OF THE PROPOSITION 40 CLEAN BEACHES INITIATIVE (CBI) GRANT PROGRAM COMPETITIVE LOCATION LIST (LIST)

DISCUSSION

The *Watershed, Clean Beaches, and Water Quality Act* (AB 2534) was signed into law on September 20, 2002. AB 2534 continued the CBI Grant Program established in the State Fiscal Year 2001/2002 Budget with \$32.298 million from the Costa-Machado Water Act of 2000 (Prop 13) to implement 38 specific projects to restore and protect water quality at California's public beaches. AB 2534 appropriated an additional \$43.7 million in local assistance funds to the State Water Resources Control Board (State Water Board) to help local agencies, non-profit organizations, and public agencies implement projects that improve, protect, or restore California's coastal water quality.

On July 16, 2003, the State Water Board, in Resolution 2003-050, approved the Division's recommendation that the CBI grant funds from AB 2534 be released in two rounds of funding and adopted a Priority List for the first round of funding. The projects for the first round Priority List were selected by soliciting proposals from organizations associated with beaches along California's entire coast and ranking the proposals in cooperation with the Clean Beaches Task Force (CBTF) and coastal Regional Water Quality Control Boards (Regional Water Board). Priority was given to projects based on the need for bacterial reduction at the identified beach and the likelihood of the project successfully reducing bacteria at the beach.

The first round of funding from AB 2534 has been committed. As of January 2005, grant commitments have been approved for 28 projects on the July 16, 2003, Priority List for a total commitment of \$21.5 million; approximately \$22.2 million is available for the second round of local assistance grant funding.

AB 2534 authorizes CBI grants, up to \$5 million per project, for projects that:

- improve water quality at public beaches to meet current ocean water bacterial standards;
- improve, upgrade, or convert existing sewer collection systems and septic systems for the restoration and protection of coastal water quality;
- implement storm water and runoff pollution reduction and prevention programs for the restoration and protection of coastal water quality; or
- implement best management practices for the restoration and protection of coastal water quality.

In addition to meeting one or more of the objectives specified above, all projects receiving grants from the CBI Grant Program are required to meet the following criteria:

- (a) projects shall be consistent with California's nonpoint source control program;
- (b) projects shall demonstrate the capability of contributing to sustained, long-term water quality or environmental restoration or protection benefits for a period of 20 years;
- (c) projects shall address the causes of degradation, rather than the symptoms;
- (d) projects shall be consistent with water quality and resource protection plans prepared, implemented, or adopted by the State Water Board, the applicable Regional Water Board, and the State Coastal Conservancy (SCC);
- (e) applicants shall inform the State Water Board of any necessary public agency approvals, entitlements, and permits that may be necessary to implement the Project, and applicants shall certify to the State Water Board at the appropriate time that such approvals, entitlements, and permits have been granted;
- (f) projects shall be consistent with recovery plans for coho salmon, steelhead trout, or other threatened or endangered aquatic species;
- (g) applicants shall be required to submit to the State Water Board a monitoring and reporting plan;
- (h) upon completion of the Project, the recipient of the funds shall submit a report to the State Water Board that summarizes the completed activities and indicates whether the purpose of the Project has been met;
- (i) projects must be reviewed by the CBTF appointed by the State Water Board to review projects and make recommendations for grant funding;
- (j) the State Water Board must provide opportunity for public review and comment in awarding the funds; and
- (k) grant funds can only be expended to the extent that the State Water Board determines that the expenditures are consistent with the requirements of the *California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002* and §16727 of the Government Code.

Instead of updating the Priority List adopted on July 16, 2003 to determine projects eligible for the second round of funds from AB 2534, the CBTF has recommended that the State Water Board adopt a [Competitive Location List \(List\)](#). The List is designed to target specific beaches that are known to have persistent bacterial water quality problems (i.e., the beach is persistently posted with signs warning beachgoers of the risks associated with exposure to beach waters). By targeting beaches with chronic postings, the remaining funds from AB 2534 will be used for projects that reduce bacteria at the most critically impaired beaches.

The CBTF developed a draft recommended Location List, and on January 13, 2005, the Chief of the Division of Financial Assistance (Division) distributed the draft List to the coastal Regional Water Board Executive Officers and Assistant Executive Officers requesting input and comments. Also on January 13, 2005, the Division Chief distributed the draft List to the Directors of all coastal County Environmental Health Departments (EHD) for input and comments. The Division received five comments from the coastal Regional Water Board s and County EHDs. The Division reviewed these comments with the CBTF on February 8, 2005, and finalized the Location List. The final Competitive Location List recommended by the CBTF is attached to this resolution.

After adoption of the Location List by the State Water Board, Division staff, members of the CBTF, and staff from the coastal Regional Water Board s will conduct outreach to help eligible

local organizations develop and implement projects at beaches identified on the List that are consistent with existing water quality control plans and that meet the criteria of AB 2534. Eligible local organizations will be asked to submit comprehensive project proposals. The Division, the CBTF, and staff from the applicable Regional Water Board will review each proposal, and a grant commitment will be given to an organization if it meets all the program requirements and the beach is on the adopted Location List. Grant funds will be committed on a first-come, first-served basis until the remaining local assistance funds from AB 2534 are committed.

On July 16, 2003, the State Water Board also approved the Division's recommendation that projects that improve wastewater systems can receive at most 25 percent funding for eligible project costs (up to a maximum of \$5 million in grant funds per project). The State Water Board also approved the Division's recommendation that all other proposed projects be eligible to receive 100 percent funding for eligible project costs (up to a maximum of \$5 million in grant funds per project). The Division recommends that State Water Board continue to limit eligibility for wastewater system improvement projects in the second round of funding because wastewater systems are supported by dedicated revenue sources. Other types of projects requesting CBI grant funds generally do not have dedicated revenue sources.

POLICY ISSUE

Should the State Water Board adopt the CBI Grant Program Competitive Location List allowing eligible organizations to submit comprehensive grant proposals to address bacterial water quality problems at a beach on the List and receive grant funding from AB 2534 provided the proposal meets all requirements of AB 2534 and is consistent with adopted regional water quality control plans?

Should the State Water Board limit the amount of grant funds for wastewater system improvement projects to 25 percent of eligible project costs?

FISCAL IMPACT

AB 2534 appropriated \$46 million to the State Water Board for CBI grants that will improve coastal water quality and administrative costs. As of January 2005, commitments have been approved for 28 local assistance grants for a total of \$21.5 million; approximately \$22.2 million remains for a second round of local assistance grants.

The staff required to administer CBI grants for projects at beaches on the List will be funded by a five-percent administrative set-aside allowed by AB 2534. Staffing levels approved for the Division will be sufficient to review and process grants approved for CBI funding.

REGIONAL WATER BOARD IMPACT

Yes, Regional Water Boards 1, 2, 3, 4, 8, and 9.

STAFF RECOMMENDATION

That the State Water Board adopt the CBI Grant Program List allowing eligible organizations to submit comprehensive grant proposals and receive grant commitments to implement a project at a beach identified on the List, provided the proposal meets all requirements of AB 2534 and is consistent with adopted regional water quality control plans.

That the State Water Board limit the amount of grant funds for wastewater system improvement projects to 25 percent of eligible project costs.

STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2005 -

ADOPTION OF THE PROPOSITION 40 CLEAN BEACHES INITIATIVE (CBI) GRANT
PROGRAM COMPETITIVE LOCATION LIST (LIST)

WHEREAS:

1. The Clean Beaches Task Force (CBTF) recommended developing a Competitive Location List and a Competitive Location List will focus funding on projects that reduce bacteria at the most critically impaired beaches;
2. The Division of Financial Assistance (Division) has developed the CBI Grant Program Competitive Location List based on input from the CBTF, the coastal Regional Water Quality Control Boards, and the Directors of coastal County Environmental Health Departments; and
3. Up to five percent of the funds appropriated under the *Watershed, Clean Beaches, and Water Quality Act* (AB 2534) is available to the State Water Board for administrative costs.

THEREFORE BE IT RESOLVED THAT:

1. The State Water Board adopts the CBI Grant Program List. An eligible organization may submit a comprehensive grant proposal and receive a grant commitment to implement a project at a beach identified on the List, provided the proposal meets all requirements of AB 2534 and is consistent with adopted regional water quality control plans;
2. Projects that propose to improve, upgrade, or convert existing sewer collection systems may receive up to 25 percent CBI grant funding for project costs eligible under the CBI Grant Program upon recommendation by the CBTF; all other projects may receive up to 100 percent CBI grant funding for project costs eligible under the CBI Grant Program upon recommendation by the CBTF;
3. The State Water Board makes available the remaining local assistance funds from AB 2534;
4. Up to five percent of the funds designated for the CBI Grant Program in AB 2534 may be used for administration; and
5. The State Water Board delegates authority to the Chief of the Division to make preliminary grant commitments and to execute grant documents for projects on the List.

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 April 21, 2005.

Debbie Irvin
Clerk to the Board