

**CALIFORNIA DEPARTMENT OF PUBLIC HEALTH
PROPOSITION 50 FUNDING PROGRAM, MS 7408**

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**DRINKING WATER PROGRAM
PROPOSITION 50 FUNDING PROGRAM**

APPLICATION GUIDELINES

Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002

APPLICATION GENERAL INFORMATION - Please review the application and these guidelines carefully before completing the application. Contact the DWP if you need additional guidance.

- **Application Deadline:** The application and all required attachments must be submitted by the Application due date.
- Incomplete applications will not be processed.
- The application package consists of several parts that **must** be submitted. These parts include:
 - The application itself with an original signature
 - The Project Technical Report
 - California Environmental Quality Act (CEQA) documentation
 - Application Submittal Resolution
 - Financial information
 - Other attachments as specified in the application
- Following receipt and initial completeness review of your application packet, you will be notified with a determination that the application is complete or that the application is incomplete.
- If the application is deemed complete, the technical review process will begin.
- If the application is deemed incomplete, you will be notified of the information that is missing. You will have 30 days to provide the missing information.
- For complex projects, it may be helpful to have an initial meeting or conference call to discuss the proposed project, timing, project eligibility, environmental review procedures, for any other aspect of your project. To arrange such a meeting or conference call, contact the DWP.
- Please contact the DWP for clarification if a specific portion of the application does not seem to apply to your project.
- Proposition 50 funds **cannot be used** to reimburse the applicant for construction expenses incurred prior to the issuance of Letter of Commitment.

APPLICANT GENERAL INFORMATION

1. Provide the Legal Name of the Applicant.
2. Provide the Public Water System Name:
 - The name should be the same as it appears on the domestic water supply permit.
 - If the applicant is a privately owned for-profit business (e.g. a mobile home park) and is doing business under another name, the applicant must provide a fictitious name statement from the County in which the statement was filed along with the application.
 - If the project involves more than one existing public water system, the water system whose name appears on this line must be the system that has been designated as the applicant and recipient of

the Prop 50 funding on behalf of the water systems involved in the project.

- For projects involving consolidation of several water systems, contact the DWP to determine whether each system needs to submit a separate application.

3. Provide the Water System ID Number:

The public water system ID number is a seven digit number assigned to the water system to identify a water system. The number is on the invitation letter and should be on the domestic water supply permit issued to the water system by the regulatory agency.

4. Provide the Project Title as stated on the pre-application.

5. Provide the name and contact information of the Authorized Representative:

- Identify the person who has the authority to represent the water system and sign documents pertaining to the funding application.
- The application must include a copy of a resolution adopted by the governing body designating its authorized representative and authorizing the submission of the application.
- The funding application must be signed by the authorized representative.

6. Provide the contact information of the Authorized Representative:

Include the Authorized Representative's title, mailing address, e-mail information and contact numbers.

7. Provide the overnight mailing address if different than the primary mailing address.

GRANT PROGRAM FUNDING APPLICATION INFORMATION

Check one box to designate the funding program for this project.

APPLICATION REQUIREMENTS

This is a listing of the application elements. Use this as a reference but do not check any of the boxes in this section.

APPLICATION CERTIFICATION

Provide the signature and date for the Authorized Representative submitting the application. This certifies that the Authorized Representative possesses the authority to apply for funding, and the accuracy of the information provided. For more information on the authority required for signature of the application, refer to the Water System Resolution section of the application guidelines.

ADDITIONAL PROJECT CONTACT INFORMATION

Alternate Project Contacts: Provide the name, title, and contact information of additional person(s) that can serve as a contact for this project. Be sure to include the project engineer or engineering firm that will be involved with the project. This information helps the DWP to communicate effectively with you.

LABOR COMPLIANCE PLAN (LCP)

Prop 50 projects must comply with all applicable provisions of Labor Code, Division 2, Part 7, Chapter 1, Article 2, commencing with Section 1770 and implementing regulations regarding labor compliance monitoring and prevailing wage requirements. The Labor Compliance Program (LCP) is used to ensure that workers employed by contractors on these projects are paid according to minimum labor standards. The Department of Industrial Relations (DIR) is the agency enforcing the requirements of the Labor Code. Entities receiving Prop 50 funding **must** contact DIR for information on how to comply with the Labor Code requirements **prior to initiation of a construction contract**. Information can be found at the following DIR website: www.dir.ca.gov/lcp.asp

TECHNICAL, MANAGERIAL, AND FINANCIAL (TMF) CAPACITY

The applicant must meet mandatory TMF requirements for water systems in order to receive funding. However, the TMF requirement information does not need to be submitted at the time of application submission. The DWP will perform a TMF review. You will be contacted to discuss required documentation to be submitted to assess the TMF capacity if necessary. If the applicant has already completed a TMF assessment the information MAY be submitted with the Prop 50 funding application.

PROJECT TECHNICAL REPORT INFORMATION

The applicant must submit a Project Technical Report that addresses the items listed in the application for the project. In some cases, these items may have already been described in a previous report such as an engineering report or feasibility study. If another document provides some or all of the information, refer to that document / report in the application, and provide a copy. Small water systems (those serving less than 1,000 services connections) should contact the DWP before completing this section. Small water systems may generally use a simplified version of the technical report. For large water systems (those serving more than 1,000 service connections) a full technical report is required. Please refer to the DWP website for Guidelines, instructions and templates: www.cdph.ca.gov/services/funding/Pages/Prop50AppInfo.aspx

For Chapter 3 Water Security projects that involve interties, the project description should state how the intertie would benefit the Applicant's water system and the other systems.

Indicate on the application the required sections of the project technical report that have been addressed and included within the report. If the information is provided in a separate document, check the "Attached" box and provide the name of the attachment. Provide any additional relevant information in the Comments field.

PROJECT ENVIRONMENTAL DOCUMENTATION

An environmental review that complies with CEQA is required as part of the application process for all projects seeking Prop 50 funding. Compliance with CEQA can be a time-consuming process. In order to avoid delay in the funding application process, the applicant is urged to begin the CEQA process as soon as possible. The CEQA process does not have to be completed prior to the application submittal, but must be finalized prior to the issuance of a Funding Agreement. Please note that all CEQA documentation must be circulated through the State Clearinghouse. A Funding Agreement **will not** be issued until the environmental review process is complete.

Provide the name, title, and contact information of the applicant's CEQA Representative for the project.

1. Indicate if the applicant or any other public agency is acting as the lead agency for CEQA. The DWP Environmental Review Unit (ERU) will coordinate with the lead agency on the project's CEQA review.
2. Indicate if any environmental documents have been drafted, adopted or circulated, and proceed to the next question as appropriate.
3. Indicate the environmental documents that have been completed and attach a copy to the application. This will expedite the application review.

In cases where the applicant is a public agency, and has determined that the project is exempt from CEQA, a completed Worksheet for CEQA Exemptions must be submitted with the application.
4. If any CEQA documentation will be completed after the application submittal, the applicant must attach a completed Schedule for CEQA Compliance.
5. In cases where applicants are not public agencies (e.g., private companies and mutual water systems), the DWP may assume the lead agency role under CEQA. If this is the case, the water system must submit a completed Environmental Information Form (EIF) with the application. If an EIF is submitted along with the application then no other environmental documentation is required at this time.

For more information (such as the CEQA compliance information, schedule for CEQA compliance, Worksheet for CEQA exemptions, and/or the supplemental Environmental Information Form) go to www.cdph.ca.gov/services/funding/Pages/Prop50AppInfo.aspx

If, based on the EIF, the ERU determines that the project is not exempt from CEQA, the applicant must submit the equivalent of an Initial Study prepared pursuant to CEQA guidelines, before project construction may begin or a funding agreement can be issued. If the ERU determines that an EIR should be prepared, the applicant must submit to the ERU an EIR prepared pursuant to CEQA guidelines, in addition to the Initial Study. To assist in preparing an Initial Study or EIR that will be adequate, the applicant may wish to retain the services of a consultant.

All of the environmental documents will be reviewed and approved by the ERU. The ERU staff is available to assist applicants with environmental compliance questions related to the project. Contact the ERU at **(916) 449-5600**.

OWNERSHIP AND AUTHORITY OF APPLICANT – Page 5

Ownership of Applicant

Check the box that corresponds to the ownership of the applicant. Non-profit owners of water systems must include the appropriate IRS non-profit ID number. If a privately owned system is operating under a fictitious name, a copy of the fictitious name statement from the County in which the statement was filed must be included along with the application.

California Public Utilities Commission (CPUC) Information

Grants to privately owned water systems that are regulated by the CPUC will be subject to the CPUC's review, approval, directives and/or general order(s) addressing the water system's use of Prop 50 funds. Any privately owned water system receiving funding will be prohibited from earning a profit from the use of these funds and achieving financial benefit from the later disposition of assets purchased by these funds regardless of whether or not said assets are a useful part of the water system.

1. Indicate whether the applicant water system is regulated by the CPUC. Water systems regulated by the CPUC must notify the CPUC that the applicant intends to apply for Prop 50 funding. A copy of the notice to the CPUC must be attached to the application. The notice to CPUC must be sent to the Director of the Water Division and copied to the Office of Ratepayer Advocate.
2. If there are any matters relating to the applicant that are currently pending before the CPUC that affect or concern the financial condition of the applicant and/or the project, list them on the application or attach a list.

Funding Authority Information

The applicant must have the legal authority to enter into a Proposition 50 funding agreement with the State of California.

1. Indicate if the applicant is required to hold an election before entering into a funding agreement.
2. Provide a description of the actions that the applicant must take to obtain the necessary approvals to enter into a funding agreement (i.e., resolution, modification of by-laws, city council approval, vote of governing body, etc.). Provide the date(s) by which the applicant will complete the necessary actions.

WATER SYSTEM RESOLUTION

A resolution is required for submittal of the application. This is called the Application Resolution. Your application cannot be processed without this resolution.

Prior to issuance of a funding agreement, a second resolution will be required. The second resolution is called the Agreement Resolution.

The exact wording of these resolutions is critical so please review these with the DWP PRIOR to adoption.

Resolution templates are available from the Prop 50 web site at:

www.cdph.ca.gov/services/funding/Pages/Prop50AppInfo.aspx

PROJECT FINANCIAL INFORMATION – ESTIMATED PROJECT COSTS

Provide the estimated project costs by category as Preliminary Costs, Construction Costs, Engineering Costs, Equipment Costs, Land Acquisitions, Contingencies, and other costs. Then break out the Total Costs into appropriate funding source(s), Prop 50 Funds, Applicant Funds, Other Funds. Add additional categories if there are project expenses that do not fit into the categories listed. If you have additional cost breakdowns that would help to describe the project costs, you may attach them to the application.

Enter only the amount of project costs for **eligible project components** for which Prop 50 funding is being requested. (Please refer to the Prop 50 Ranking Criteria for Projects regarding costs that are eligible for funding). This amount may differ from the preliminary estimate stated on the pre-application. The estimated project costs should be based on the preliminary engineering design and estimated construction costs as set forth in the project technical report. The estimated project cost should also include any cost of planning the project and preparing the application. **These costs can be reimbursed only if the application is approved and a Funding Agreement is executed.**

The DWP will determine the final eligible funding amount after completion of the application review. This amount will be reflected in the preliminary funding offer (Letter of Commitment or LOC) that will be sent to applicants qualifying for funding, following the application review. The DWP will contact the applicant to discuss any significant changes that may arise from the review of the application. The estimated amount of funding set forth in the LOC is expected to be further refined after approval of plans and specifications and prior to the issuance of a funding agreement.

The applicant is encouraged to wait until the issuance of the LOC before proceeding to construction. The DWP will not reimburse the applicant for construction costs incurred prior to issuance of the LOC. During the application review, the DWP may determine that some project components are ineligible for funding. The applicant will have to remove those components from the project, or provide a separate source of funding.

PROJECT FINANCIAL INFORMATION – SOURCES OF MATCHING FUNDS IF REQUIRED

Small systems and disadvantaged communities may skip this section of the application.

Complete the table in the application showing the source, type, amount and status of funds to be used to meet the match requirement.

Matching funds are required for all applicants except for small water systems and applicants determined by DWR to be disadvantaged communities. Applicants must provide matching funds for eligible project components in an amount equal to or greater than the amount of Prop 50 funds requested.

Matching funds includes funds spent on eligible project components since October 28, 2003, on preliminary engineering, environmental documentation, design, application preparation, interim financing, and other related costs.

Funds spent on construction costs incurred prior to the issuance of a LOC may be counted towards matching funds if the applicant can demonstrate that all required environmental compliance was completed and an approved labor compliance plan was in place prior to the start of construction. If the DWP determines that facilities or components previously constructed are not eligible for funding, or that environmental compliance or labor compliance was incomplete, any change orders or costs associated with removing or modifying those facilities will not be considered eligible expenses.

Please be aware that during the application review process, the DWP may determine that some project costs are not eligible for reimbursement. The applicant must pay any ineligible project costs from either matching funds or additional sources of funding. For this reason, it is recommended that you identify and list in the application additional “extra” sources of funding that are available to pay for any project costs that are determined to be not eligible. This may prevent delays later in the funding process.

Matching funds may be from multiple sources. These may include cash contributions from the applicant or other partners from such sources as user fees, water rates, or assessments. Other sources may include loans and grants from local, state, or federal agencies, including the DWP Drinking Water State Revolving Fund. Research foundations or private entities may also provide loans or grants. You are encouraged to use multiple

funding sources and the DWP will work cooperatively with other funding agencies to coordinate and expedite funding.

Matching funds may also include non-cash contributions such as staff resources by the applicant or other partners, office support, donated equipment or supplies, or force account work (construction done by the applicant's own staff), if done in accordance with an approved LCP.

Documentation will be required prior to the execution of a funding agreement to demonstrate that all required matching funds will be available. In addition, for each reimbursement request the applicant will be required to verify that matching funds have been spent in an amount equal to or greater than all reimbursement claims up to the time of the request.

PROJECT FINANCIAL INFORMATION – OPERATIONS AND MAINTENANCE COSTS

The applicant must demonstrate that it has sufficient resources to fund any additional operations and maintenance costs that will be incurred as a result of the project. These additional costs may include power costs for a new treatment plant or pump station, disposal costs for treatment plant wastes, additional staffing costs for an increased level of operator expertise, chemical costs, etc. Prop 50 funds cannot be used for operations and maintenance costs. State the source of funds that will be used for the additional costs.

APPLICANT FINANCIAL INFORMATION

The items in this section are used to evaluate the affordability of the proposed project and the financial capacity of the applicant to carry out the project and to provide matching funds, if required. Affordability is measured in terms of water service charges imposed on residential customers. If the project will add any additional costs to consumers, including matching funds and operations and maintenance costs, affordability must be considered. Affordability is based on a comparison of the average residential water bill of the system to a standard "consumer target rate". (See California Code of Regulations, Section 63000.90.) For disadvantaged communities, the affordability analysis may be used to determine if any non-eligible costs (to be paid by the water system) can be included in the project.

1. Average current monthly residential water bill:

- Determine the average current monthly residential water bill. (Do not include industrial and commercial users.) This can be done by an evaluation of past charges.
- If the water system uses a "tiered" water rate, the charge should reflect what a typical residential user pays. The rate should reflect direct water charges plus any other fees or charges that support the water service such as parcel fees, standby charges, water taxes, and surcharges.
- In addition to providing the average monthly water rate, the applicant should include a description of the method that was used to calculate the average residential rate. In estimating projected costs, use current dollars and do not apply an inflation factor.

2. Water rate structure:

Attach the water rate structure (for all consumers, including commercial and industrial users) for the current year.

3. Financial Statements:

Provide three years of audited financial statements including the current year and two years prior. If audited financial statements are not available, please submit a written explanation of why they are not available, and provide a description of the financial records maintained by the applicant.

4. Cash reserves:

List any cash reserves that the applicant has in place.

5. Describe cash reserves:

Briefly describe the cash reserves of the applicant. This would include any cash-flow reserve, emergency reserve, equipment replacement fund, contingency reserve, etc.

ADDITIONAL INFORMATION

1. Identify whether there is any litigation pending that could affect the operation of the water system or the proposed project. This could include litigation that affects the applicant's financial situation to the extent that the ability to provide matching funds or operations and maintenance costs could be hindered. It may also include litigation over water rights or water allocations that could affect the applicant's ability to provide an adequate water supply. Minor litigation without impact to the project does not have to be described.
2. Identify if the operation of the facilities to be constructed will be contracted to a private entity or another agency. If so, the applicant must name the contractual party and describe the terms of the agreement.
3. Identify if the applicant leases land or any major water system facilities associated with the project. If so, describe the terms of the lease. These leases may cover water sources, land upon which all or a portion of the system is located, treatment facilities, or pipelines. Leased equipment, such as vehicles, and leased space for laboratories or offices do not need to be described. If a lease is critical to the location or operation of proposed project facilities, the lease must cover the life expectancy of the project (typically 20 years). NOTE: An applicant that does not own or lease the land upon which all or a portion of the project is located, MUST have a recorded easement on the land upon which the facilities to be constructed will be located.
4. Indicate if the applicant has a 20-year planning document for water demand. Eligible project costs are limited to facilities sized to serve no more than the 20-year demand projected in an Urban Water Management Plan or the 20-year demand projected in a comparable public water system planning document. If an applicant does not have an Urban Water Management Plan or comparable document, the eligible project costs are limited to facilities sized to serve no more than ten percent above existing water demand at peak flow.
5. Indicate if the project is in conformance with the planning document described in Question 4, and describe how the project is in conformance.

CALFED DRINKING WATER QUALITY PROGRAM INFORMATION

One of the objectives of the Prop 50 bond measure is to encourage projects that provide improvement to water quality in the Sacramento - San Joaquin Delta. The DWP is working with the CALFED Drinking Water Quality Program to identify projects that are part of a multi-barrier approach to improving drinking water quality from the Delta. Even projects that do not have an apparent connection to the Delta may have benefits that can be considered part of the overall Bay-Delta solution. The CALFED Program recognizes that water quality improvement can come through many forms (from source water quality improvements to infrastructure changes to treatment plant upgrades).

If you need assistance with this section or in determining if this part of the application is applicable to the proposed project, contact Prop 50 staff or Sam Harader at the California Bay Delta Authority (CALFED) at (916) 445-5466 or sharader@CalWater.ca.gov .

To determine whether this project supports the CALFED objectives, the applicant is asked to provide brief responses to the questions in the application.

1. Indicate if the origin of any water supply for the applicant water system is in some way connected to the Delta, its watersheds, or conveyance structures, even if the water supply is not part of the proposed project. This may include water purchased from or sold to other water systems that obtain water from the Delta in some way.

If the answer to any of the options is “**Yes**”, attach a brief description (1-2 paragraphs for each “yes” answer, or more as needed) to the application, and proceed to the remaining questions.

If the answer to all of the options is “**No**”, no further information is required at this time. Prop 50 staff or CALFED staff may contact the applicant for additional information if necessary.

2. Indicate if the proposed project will improve drinking water quality delivered to the consumer for organic carbon, bromide, microbial pathogens, salinity, nutrients, turbidity, taste, disinfection by-products, and/or odor. If the proposed project will result in water quality improvements to these constituents, even if this is not the primary purpose of the project, indicate “Yes.”
3. For any “Yes” answers to question 2, attach a description (1-2 paragraphs for each “yes” answer, or more as needed) to the application of the estimated relative magnitude, frequency, and location (i.e., portion of service area) of the improvements.
4. Indicate if this project assists in meeting existing or anticipated regulations, and attach a description of the regulations affected and the impact this project is anticipated to have. If the project does not address any regulations, indicate if it is likely to address an internal water quality goal and if so, briefly describe in an attachment. If this information is provided elsewhere in the application or the technical report, please state where the information can be found.
5. If the applicant believes that this project would result in improved water quality for users of the Sacramento-San Joaquin Delta water supply and has not been able to describe it through the above questions, attach a brief description.

LIST OF ATTACHMENTS TO THE APPLICATION

Provide a list of attachments that are included with the application. All attachments must be properly labeled. Include the Prop 50 Number in the upper right corner of each attachment.