

EXHIBIT B

B. Funding Opportunities

DWR administers three separate grant programs as described below. Each program has specific requirements and selection processes. Program schedules can be found at the website shown in the Foreword.

- ◆ **Disadvantaged Community Involvement Program** – Water Code §79745 directs not less than \$51 million, for the purpose of ensuring the involvement of DACs, economically distressed areas (EDA), and underrepresented communities within regions. These funds (\$51,687,838) have already been awarded.
- ◆ **Planning Grant Program** – A total of \$4,199,271 was awarded through a competitive process to support the development of new IRWM Plans or to update an existing IRWM Plan. More information on IRWM Plan Standards and related processes are presented in Volume 2 of the 2016 Guidelines.
- ◆ **Implementation Grant Program** – Approximately \$403 million will be awarded for Implementation programs and projects, of which not less than \$51 million will be allocated to projects that directly benefit DACs (Water Code §79742(d)). These funds may be awarded on a competitive or non-competitive basis.

C. Minimum Local Cost Share Requirements

A local cost share of not less than 50% of the total proposal cost is required. Local cost share may include, but is not limited to, federal funds, local funding, or donated services from non-State sources. Other State funds, if part of the funding package for the proposal, must be included in the total proposal cost but cannot be used as local cost share. The local cost-sharing requirement may be waived or reduced for projects that directly benefit a DAC or EDA. Refer to each PSP for more information regarding the applicability of cost-sharing reduction or waivers.

D. Program Preferences and Statewide Priorities

Water Code §79707 (b and e) and §79742 (a and f) identify various priorities or considerations that shall be given to proposals and are listed below and are collectively referred to as the “Program Preferences.”

- ◆ **Leverage Funds** – Give priority to projects that leverage private, federal, or local funding or produce the greatest public benefit.
- ◆ **Employ New and Innovative Technology or Practices** – Give special consideration to projects that employ new or innovative technology or practices, including decision support tools that support the integration of multiple jurisdictions, including, but not limited to, water supply, flood control, land use, and sanitation.
- ◆ **Implement IRWM Plans with Greater Watershed Coverage** – Give priority to projects in IRWM Plans that cover the greater portion of the watershed.
- ◆ **Multiple Benefits** – Give special consideration to projects that achieve multiple benefits.
- ◆ In addition to the Program Preferences contained in the Water Code, DWR has compiled various statewide priorities that will be utilized for the Proposition 1 IRWM Grant Program. The Statewide Priorities are based on the California Water Action Plan 2016 Update, issued by the California Natural Resources Agency, California Department of Food and Agriculture, and the California Environmental Protection Agency (January 2016). Those Statewide Priorities are shown below in Table 1.

These Program Preferences and Statewide Priorities will be taken into consideration during the review process. Refer to individual PSPs for the specific details regarding the application of the Program Preferences and Statewide Priorities.

Table 1 – Statewide Priorities

Action #	Description
1. Make Conservation a California Way of Life	<ul style="list-style-type: none">◆ Building on current water conservation efforts and promoting the innovation of new systems for increased water conservation.◆ Expand agricultural and urban water conservation and efficiency to exceed SB-X7-7 targets

Table 1 – Statewide Priorities

Action #	Description
	<ul style="list-style-type: none"> ◆ Provide funding for conservation and efficiency ◆ Increase water sector energy efficiency and greenhouse gas reduction capacity ◆ Promote local urban conservation ordinances and programs
<p>2. Increase Regional Self-Reliance and Integrated Water Management Across All Levels of Government</p>	<ul style="list-style-type: none"> ◆ Ensure water security at the local level, where individual government efforts integrate into one combined regional commitment where the sum becomes greater than any single piece. ◆ Support and expand funding for Integrated Water Management planning and projects ◆ Improve land use and water alignment ◆ Provide assistance to disadvantaged communities ◆ Encourage State focus on projects with multiple benefits ◆ Increase the use of recycled water
<p>3. Achieve the Co-Equal Goals for the Delta</p>	<ul style="list-style-type: none"> ◆ This action is directed towards State and federal agencies; however, consideration will be afforded to eligible local or regional projects that also support achieving the co-equal goals providing a more reliable water supply for California and to protect, restore, and enhance the Delta ecosystem.
<p>4. Protect and Restore Important Ecosystems</p>	<ul style="list-style-type: none"> ◆ Continue protecting and restoring the resiliency of our ecosystems to support fish and wildlife populations, improve water quality, and restore natural system functions. ◆ Restore key mountain meadow habitat ◆ Manage headwaters for multiple benefits ◆ Protect key habitat of the Salton Sea through local partnership ◆ Restore coastal watersheds ◆ Continue restoration efforts in the Lake Tahoe Basin ◆ Continue restoration efforts in the Klamath Basin ◆ Water for wetlands and waterfowl ◆ Eliminate barriers to fish migration ◆ Assess fish passage at large dams ◆ Enhance water flows in stream systems statewide
<p>5. Manage and Prepare for Dry Periods</p>	<ul style="list-style-type: none"> ◆ Effectively manage water resources through all hydrologic conditions to reduce impacts of shortages and lessen costs of state response actions. Secure more reliable water supplies and consequently improve drought preparedness and make California’s water system more resilient. ◆ Revise operations to respond to extreme conditions ◆ Encourage healthy soils
<p>6. Expand Water Storage Capacity and Improve Groundwater Management</p>	<ul style="list-style-type: none"> ◆ Increase water storage for widespread public and environmental benefits, especially in increasingly dry years and better manage our groundwater to reduce overdraft. ◆ Provide essential data to enable Sustainable Groundwater Management ◆ Support funding partnerships for storage projects ◆ Improve Sustainable Groundwater Management ◆ Support distributed groundwater storage ◆ Increase statewide groundwater recharge ◆ Accelerate clean-up of contaminated groundwater and prevent future contamination

Table 1 – Statewide Priorities	
Action #	Description
7. Provide Safe Water for All Communities	<ul style="list-style-type: none"> ◆ Provide all Californians the right to safe, clean, affordable and accessible water adequate for human consumption, cooking, and sanitary purposes. ◆ Consolidate water quality programs ◆ Provide funding assistance for vulnerable communities ◆ Manage the supply status of community water systems <ul style="list-style-type: none"> ◆ Additionally, as required by Water Code §10545, in areas that have nitrate, arsenic, perchlorate, or hexavalent chromium contamination, consideration will be given to grant proposals that included projects that help address the impacts caused by nitrate, arsenic, perchlorate, or hexavalent chromium contamination, including projects that provide safe drinking water to small disadvantaged communities.
8. Increase Flood Protection	<ul style="list-style-type: none"> ◆ Collaboratively plan for integrated flood and water management systems, and implement flood projects that protect public safety, increase water supply reliability, conserve farmlands, and restore ecosystems. ◆ Improve access to emergency funds ◆ Better coordinate flood response operations ◆ Prioritize funding to reduce flood risk and improve flood response ◆ Encourage flood projects that plan for climate change and achieve multiple benefits
9. Increase Operational and Regulatory Efficiency	<ul style="list-style-type: none"> ◆ This action is directed towards State and federal agencies; however, consideration will be afforded to eligible local or regional projects that also support increased operational of the State Water Project or Central Valley Project.
10. Identify Sustainable and Integrated Financing Opportunities	<ul style="list-style-type: none"> ◆ This action is directed towards State agencies and the legislature.

E. Grant Award Process

IRWM grants will be awarded using specific criteria contained in the individual PSPs.

If there are multiple IRWM regions in a Funding Area, those IRWM regions are competing for the funding allocated to that Funding Area. DWR will make funding decisions based on application scores within a Funding Area, as described in Section V below. In order to ensure wise investments of State general obligation bond funds, minimum scores for various criteria may be established to ensure that quality proposals are awarded funding.

II. ELIGIBILITY REQUIREMENTS

A. Eligible Grant Applicants

Water Code §79712 identifies the following entities as eligible grant applicants:

- ◆ Public agencies
- ◆ Non-profit organizations
- ◆ Public utilities
- ◆ Federally recognized Indian Tribes
- ◆ State Indian Tribes listed on the Native American Heritage Commission’s Tribal Consultation list
- ◆ Mutual water companies

See Appendix B for definitions of these terms.