

# URBAN STREAMS RESTORATION PROGRAM

## GUIDELINES



STATE OF CALIFORNIA

THE DEPARTMENT OF WATER RESOURCES

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Urban Stream Restoration Program Website

<http://www.water.ca.gov/urbanstreams/>

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## **I. PURPOSE AND INTRODUCTION**

### **Purpose and Background**

The purpose of these guidelines is to establish the process, procedures and criteria that will be used to solicit applications, evaluate proposals, and award grants under the Urban Streams Restoration Program (USRP).

California Water Code Section 7048 was established by the State of California (State) to restore the ecological viability of creek environments located in predominantly urban areas, thereby enhancing aesthetic, recreational, and fish and wildlife values. It is designed to accomplish this objective by combining an effective and efficient means of flood damage reduction with the preservation and enhancement of natural environmental values, and by providing assistance to local agencies and organizations. The statute allows the Department of Water Resources (DWR) to fund projects, through a competitive grants program—to the extent funds are available.

The intent of the USRP grant program is to fund projects that utilize innovative non-structural methods to return streams impacted by urban development to a more natural, stable state; the Program goals are 1) protecting and enhancing the natural, ecological value of streams, 2) preventing future property damage caused by flooding and bank erosion, and 3) promoting community involvement, education, and stewardship.

### **Funding**

Funding for competitive grants is periodically made available through the State budget process. The USRP requests funds and the legislature appropriates funds as needed to support the goals and operations of the program. Appropriations come with specific requirements and limitations that must be met in order to legally expend the funds. These requirements and limitations will be described in each Proposal Solicitation Package (PSP), and are extended to the grant recipients through a contract that is developed for each grant awarded. Awards may vary in the requirements and limitations imposed as the fund source supporting the grants vary.

## **II. ELIGIBILITY**

### **Applicant Sponsors and Co-Sponsor Requirements**

All grant proposals must have two applicants, a sponsor and co-sponsor. The terms sponsor and co-sponsor are defined in Section 451.1 of Title 23 of the California Code of Regulations (See Appendix B). One applicant must be a local public agency and the

other a citizen's group, which is defined by Section 451.1 of Title 23 of the California Code of Regulations to include non-profit organizations. Either party may act as the sponsor, who will be the lead for the project.

## Projects

Projects funded by the USRP must be designed for a creek, stream, or river that crosses built-up residential, commercial, or industrial property, or which crosses land where, in the near future, the land use will be residential, commercial, or industrial (Water Code, §7048(e)). Waterways satisfying this definition may be perennial or ephemeral.

Additionally, projects must have the following elements:

- Protect, restore or enhance ecological viability of riparian or riverine ecosystems.
- Provide flood management or erosion control benefits.
- Promote public awareness and local stewardship of streams.
- For those projects acquiring real property, real property must be acquired only from a willing seller(s).
- Seek a grant in an amount not to exceed \$1 million.
- Comply with other laws and regulations pertinent to the project site including, but not limited to:
  - National Environmental Policy Act (NEPA)
  - California Environmental Quality Act (CEQA)
  - California Endangered Species Act (CESA), federal Endangered Species Act (ESA)
  - Clean Water Act/Porter Cologne Act
  - Urban Water Management Planning Act and AB1420
  - Groundwater Management and Statewide monitoring requirements

### *Ownership/Site Control*

If the entire project site is not owned by an applicant, property owners must sign letters which demonstrate knowledge of the proposed project and allows the applicant (with reasonable notice), to access, implement, and when applicable, operate and maintain the project.

### *Funding Match/Cost Share Requirements*

Specific fund source matching requirements will be identified in each PSP. In the event that matching funds are required to receive a grant, the contribution may be a financial match of the grant, an in-kind contribution, or a combination of both.

Examples of these contributions include:

- Labor
- Materials
- Expertise such as planning, design, permitting, implementation, monitoring, maintenance, or project interpretation (i.e. seminar or educational workshop)
- Heavy equipment use
- Property/rights-of-way/ easements
- Funds

### **III. PROPOSAL SOLICITATION PACKAGE REQUIREMENTS**

The solicitation of grant proposals for each PSP shall describe the nature and scope of projects eligible for funding, the eligibility of grant applicants, any restrictions on the use of funds supporting the specific solicitation, and the items listed in Part II, 'Eligibility' of these guidelines. Each PSP shall contain descriptions or explanations, as appropriate, for each of the following considerations:

#### **Funding**

Each PSP shall state the source of any funds used to support the grants offered in that PSP and any constraints or limitations imposed by the fund source. The PSP shall identify any limitations or constraints directly in the text or by reference.

#### **General Requirements**

##### ***Labor Code Compliance***

Applicants must comply with the requirements of Labor Code Sections 1770 et seq. The general prevailing wage determinations can be obtained online from the Department of Industrial Relations at: <http://www.dir.ca.gov/OPRL/DPreWageDetermination.htm>. More information regarding compliance with Labor Code requirements can be found on the Department of Industrial Relations website <http://www.dir.ca.gov>

##### ***Compliance with California Environmental Quality Act (CEQA) and the National Environment Policy Act (NEPA)***

The project sponsor and co-sponsor must demonstrate a plan to comply with all applicable requirements of CEQA and NEPA and provide a schedule that outlines when the appropriate environmental documents will be completed. Once CEQA documentation has been completed, DWR will consider the environmental documents and decide whether to continue to fund the project or to require changes, alterations, or other mitigation. Work that is subject to a CEQA document shall not proceed until and

unless CEQA documents are approved by DWR. Such approval is fully discretionary and shall constitute a condition precedent to any work for which it is required. See [www.ceres.ca.gov](http://www.ceres.ca.gov) for CEQA information and [http://opr.ca.gov/docs/SCH\\_Handbook\\_2012.pdf](http://opr.ca.gov/docs/SCH_Handbook_2012.pdf) for the State Clearinghouse Handbook (CWC §79506).

### *Permitting*

The project sponsor and co-sponsor are solely responsible for complying with permitting requirements for their project. As part of the application, sponsors must identify expected required permits, state whether they have received or begun the process to obtain permits, and indicate which permits could significantly delay project implementation. Prior to construction, sponsors must provide an updated checklist indicating that applicable permits have been secured.

A project permitting checklist (located on the USRP website) is provided to help identify potential permits that may be required for a project. Permits, including specific permit terms required will be determined by the regulating authorities. The PSP will provide information on common permits required and where to get information related to permit requirements.

### *Conflict of Interest Provisions*

All applicants are subject to State and federal conflict of interest laws. Failure to comply with these laws, including business and financial disclosure provisions, will result in the application being rejected and any contracting suspended or cancelled. Other legal action may also be taken. Before submitting an application, applicants are urged to seek legal counsel regarding conflict of interest requirements. Applicable statutes include, but are not limited to, California Government Code Section 1090 and Public Contract Code Sections 10410 and 10411.

### *Eligible/Ineligible Costs*

Each PSP will describe eligible and ineligible costs associated with each fund source supporting the grants to be awarded. If costs incurred prior to the performance period are to be considered eligible for grant support, the PSP shall indicate these costs may be eligible for reimbursement, at the DWR's discretion.

### *Confidentiality*

Once the application has been submitted to DWR, any privacy rights, as well as other confidentiality protections afforded by law with respect to the application package are waived.

## Application Process

Generally, the application process will be conducted using forms supplied by DWR through the internet. In special cases DWR may provide hard copies of needed forms. All forms shall either contain format restrictions or specify content form and limits, as appropriate. Application forms and instructions shall be included in the PSP. The application shall include a description of:

- What work will be done using the grant funds.
- Where the work will be done.
- Who will be responsible for the work: name of entity, lead person by title of position, phone number, email, and mailing address.
- When the work will be undertaken and completed.
- A budget for the work to be supported by grant funds which includes any matching funds or in-kind services (clearly identified as match).
- A schedule of the planning, implementation, and monitoring of the project.
- Other information required by USRP.

Elements of the application such as the scope of work, budget, and schedule may be used in the grant agreement if the application is selected for funding. These elements will be identified in the PSP application materials.

## *Application Review Process Description and Criteria*

The PSP shall describe the process for reviewing grants and recommending awards, including any special considerations or limitations associated with the source of the grant funds to be awarded under the specific solicitation. The description of the process shall include:

- Date applications are due, which will be 75 days after notice of grant application cycle (Final PSP) has been released.
- Method of application and any required formats for the application.
- Major steps or milestones in the review process.
- The expected duration of the review.
- Who will make decisions and recommendations during the process.
- Opportunities, if any, for applicants to provide additional information outside of the initial application.
- A description of grant administration and summary of grantee responsibilities once a grant is awarded.

## *Exhibits*

The PSP may contain exhibits for clarification and assistance in applying for a grant. It is expected that exhibits dealing with the following topics will be included:

- Useful web links.
- Definitions and Acronyms.
- Examples and templates of application documents.

## IV. GRANT AGREEMENT

All funding is awarded through a grant agreement between the project sponsor, co-sponsor, and DWR. Grant agreements will be structured to provide for payment in arrears of work being done.

### Grant Agreement Process

#### *Responsibility of Grantee*

Once a grant agreement is executed, the project sponsor and co-sponsor become collectively referred as to the Grantee. The Grantee will then be responsible for carrying out the work agreed to and for managing finances, including but not limited to, invoicing, payments to contractors, accounting and financial auditing, and other project management duties.

#### *Payment for Grant Work*

Funds cannot be disbursed until there is a fully-executed grant agreement between DWR and the project sponsor and co-sponsor. Funds for construction cannot be disbursed until CEQA is complete and applicable permits are obtained.

- Payments will be made on a reimbursement basis (i.e., the grantee pays for services, products or supplies and is then reimbursed by the State).
- Up to ten percent (10%) of the amounts submitted for reimbursement may be withheld and issued as a final payment upon project completion.
- Generally, advance payments are not allowed.

For acquisition projects:

- The State-approved purchase price, together with eligible acquisition costs, may be advanced into an escrow account within 60 days of close of escrow. The remainder of the Grant shall be available on a reimbursable basis for other eligible project costs.

All eligible costs must be supported by appropriate documentation. The PSP shall describe the documentation required to support cost claims.

#### *Contract Indemnity Provisions*

The project sponsor and co-sponsor will agree to indemnify the State and its officers,

agents, and employees against and to hold the same free and harmless from any and all claims, demands, damages, losses, costs, expenses or liability due or incident to, either in whole or in part, and whether directly or indirectly, arising out of the project, including, without limitation, arising out of post-construction operation and maintenance.

### *Water Monitoring Requirements*

Projects that affect surface water quality may be required to have a monitoring component that includes the integration of data into specified data bases, such as the California Environmental Data Exchange Network (CEDEN).

Groundwater elevation monitoring may be required of some projects. The PSP shall contain references to sources of information explaining DWR's California Statewide Groundwater Elevation Monitoring (CASGEM) program and related laws and regulations, as appropriate.

### *National Flood Insurance Program*

If the applicant is a participant in the National Flood Insurance Program (NFIP), it may be necessary to support a Letter of Map Revision (LOMR). The PSP shall contain references to assistance in understanding and satisfying FEMA requirements.

### *Site Visits*

Access to the project site will be required to allow the State to may make periodic visits to the project site, including a final inspection. The purpose of State visits will be to provide technical assistance, ensure performance consistent with the contract, or improve USRP program quality.

## **Loss of Funding**

Work performed under the grant agreement with DWR is subject to availability of funds through the State's normal budget process. If funding for the grant agreement is reduced, deleted, or delayed by the Budget Act or through other budget control actions, the State shall have the option to either: cancel the grant agreement, offer to the Grantee a grant agreement amendment reflecting the reduced amount, or to suspend work. In the event of cancellation or suspension of work, the State shall provide written notice to the sponsor and co-sponsor and be liable for any work completed pursuant to the contract up to the date of the written notice and shall have no liability for payment for work undertaken after such date. In the event of a suspension of work the State may remove the suspension of work through written notice to the sponsor and co-sponsor. The State shall be liable for payment for work

completed from the date of written notice of the removal of the work suspension forward, consistent with other terms of the grant agreement. In no event shall DWR be liable to the sponsor and co-sponsor for any costs or damages associated with any period of suspension invoked pursuant to this provision, nor shall DWR be liable for any costs in the event that, after a suspension, no funds are available and the grant agreement is then cancelled based on budget contingencies.

Actions of the State that may lead to suspension or cancellation include, but are not limited to:

- Lack of appropriated funds.
- Executive order directing suspension or cancellation of grant agreements.
- Departmental or California Natural Resources Agency directive requiring suspension or cancellation of grant agreements.

Actions of the project sponsor and/or co-sponsor that may lead to suspension or cancellation of the grant agreement include, but are not limited to:

- Failing to execute a contract with DWR.
- Withdrawing from the grant program.
- Land acquisition cannot be acquired at approved fair market value.
- Losing willing seller(s).
- Failing to submit required documentation within the time periods specified in the grant contract.
- Failing to submit evidence of CEQA or permit compliance as specified by the grant contract.
- Changing project scope without prior approval from the State.
- Failing to complete the project.
- Failings to demonstrate sufficient progress.
- Failing to comply with pertinent laws.

If grant funds were advanced and a grant agreement is canceled, those funds, plus any accrued interest, must be returned to the State.

### **Standard Conditions**

DWR will attach required standard conditions to the grant agreement at the time of execution of the grant agreement. Examples of standard conditions can be found in the grant agreement template posted on the USRP website:

<http://www.water.ca.gov/urbanstreams/>.

### **Reports**

Reporting requirements desired by the USRP or required by law shall be included in the grant agreement.

## V. Appendices

- A. Urban Streams Restoration Program Implementing Statute
- B. Regulations for the Urban Creek Restoration and Flood Control Act of 1985
- C. State Auditing Requirements

## APPENDIX A: Urban Streams Restoration Program Implementing Statute

### WATER CODE, SECTION 7048

**7048.** (a) The Legislature hereby finds and declares that the protection, restoration, and enhancement of urban creek channels provide potential benefits to the state by combining an effective and efficient means of flood damage reduction with the preservation and enhancement of natural environmental values. The Legislature further finds that urban creek protection, restoration, and enhancement are best undertaken by local agencies and organizations with assistance from the state. It is the intent of the Legislature, in enacting this section, to restore the ecological viability of creek environments located in predominantly urban areas, thereby enhancing aesthetic, recreational, and fish and wildlife values.

(b) (1) The director may establish a program of flood damage reduction and urban creek restoration known as the Urban Streams Restoration Program. The program shall consist of both of the following components:

(A) The development of the capability by the department to respond to requests from local agencies and organizations for planning and design assistance for efficient and effective urban creek protection, restoration, and enhancement.

(B) To the extent that funds are provided, a process for awarding competitive grants.

(2) For purposes of this section, urban creek protection, restoration, and enhancement include, but are not limited to, the maintenance of channel capacity, channel stabilization, vegetation management, and adaptive management to meet program objectives. Where appropriate, the protection, restoration, and enhancement shall utilize efficient, nonstructural low-maintenance flood protection techniques. The department shall utilize in this program its expertise in a variety of disciplines, including, but not limited to, soil bioengineering, hydrology, and plant ecology.

(3) (A) The department shall maintain a balance in allocating the money annually available for grants to small urban creek restoration projects and large urban stream restoration projects, allocating not less than 35 percent to both small and large projects. For purposes of this section, "small urban creek restoration projects" are projects for which total costs, including acquisition and restoration costs, are below one million dollars (\$1,000,000) and "large urban stream restoration projects" are projects for which total costs, including acquisition and restoration costs are one million dollars (\$1,000,000) or more.

(B) Notwithstanding subparagraph (A), if an insufficient number of qualified projects are available to fully meet the allocation requirement, the department may grant funds to any project that is otherwise qualified, in order to ensure that all available funds are used efficiently.

(c) In responding to requests for assistance, the department shall give priority to those projects that are being planned in conjunction with, or in lieu of, local flood control projects. The department may award grants and contracts to local agencies and organizations as provided for in the budget of the department. Participating local agencies and organizations shall follow procedures, plans, and practices that are acceptable to the department, and shall conform to guidelines established by the department that define the level of contribution and participation required by local agencies and organizations.

The department shall coordinate the program with the Department of Fish and Game during the formulation of guidelines and project planning for urban creek protection, restoration, and enhancement. The department shall also consult with the Department of Fish and Game on project criteria which may include economic, environmental, and social benefits to be achieved.

(d) It is the intent of the Legislature that the duties and responsibilities of the department be identified as the Urban Streams Restoration Program and be carried out by an office or staff designated for this purpose. Information on how to obtain planning, design, and financial assistance should be readily accessible to the public.

(e) As used in this section, "urban creek" means a creek stream, or river that crosses built-up residential, commercial, or industrial property, or that crosses land where, in the near future, the land use will be residential, commercial, or industrial.

(f) For the purposes of this section, eligible activities include, but are not limited to, the maintenance of channel capacity and stabilization of the morphological equilibrium of a natural channel for purposes of flood damage reduction, erosion control, and bank stabilization which may include nonstructural as well as structural projects.

(g) The department may adopt regulations that define adaptive management for the purposes of the Urban Streams Restoration Program and establish criteria to fund projects that include adaptive management activities.

(h) The department may amend or utilize existing regulations for approving competitive grants. The regulations may include, but are not limited to, an application process, grant approval criteria, and grantee's reporting requirements. The department shall annually make available to the public, in a form that is readily accessible, information regarding the status of funds appropriated for these purposes and projects that received grants.

## **APPENDIX B: Regulations for the Urban Creek Restoration and Flood Control Act of 1985**

(1) In Chapter 2, Title 23, California Code of Regulations, amend Subchapter 2.4, Sections 451.1 through 451.6, inclusive to read as follows:

Subchapter 2.4. Grant Program under the Urban Creeks Restoration and Flood Control Act of 1985.

### **451.1. Definitions.**

The words used in this subchapter have the meanings set forth below:

(a) “Bioengineering” is the use of horticultural and landscape planting techniques with living materials, in conjunction with grading, earth moving and conventional soil stabilization structures, to produce a self-repairing, low-cost composite bank or channel.

(b) “Citizens' Group” is an organization of the public which has no official governmental status, including but not limited to clubs, societies, neighborhood organizations, advisory councils, and non-profit local community conservation corps and other non-profit organizations.

(c) “Co-sponsor” means a local agency involved in planning, flood control or waterway management or an individual or citizens' group interested in floodplain management and stream restoration which, jointly with the sponsor, supports and actively participates in a project. There may be more than one co-sponsor for a single project. If the sponsor is a local agency, at least one co-sponsor must be a citizens' group and vice-versa.

(d) “Department” means the California Department of Water Resources.

(e) “Eligible project costs” means reasonable costs associated with carrying out a project as described in section 451.3, including the reasonable costs of organizing community and/or volunteer groups, engineering, land and easement acquisition, legal fees, preparation of the application for funding, preparation of environmental documentation, environmental mitigation, and construction. Costs incurred prior to applying for or entering into a contract for grant funding may be reimbursed at the Department's discretion. Costs that are not eligible include regular operation and maintenance costs, and costs for the purchase of movable equipment not an integral part of the project.

(f) “Endorse” or “Endorser” means a group or individual who expresses written support for a grant application and may or may not have a commitment to actively participate.

(g) “Enhancement” means the process of improving upon current conditions, and may be used to describe a program that would result in a channel gaining desired features, while considering conditions for fish and wildlife. It is distinguishable from “restoration” in that it does not imply merely a return to natural conditions, but may include the provision

of recreation or other features that were not part of the natural channel.

(h) “Flood mitigation measures” refers to selective removal of excess sediment or debris deposited during a flood event which is likely to deflect or restrict flows and increase flooding or erosion in the future, bioengineering projects to restore streambanks damaged during flood events, and revegetation efforts to improve the fluvialgeomorphology of streams.

(i) “Local Agency” means any political subdivision of the State of California, including but not limited to any county, city, city and county, district, joint powers agency, local community conservation corps agency, or council of governments.

(j) “Local Community Conservation Corps” is a non-profit benefit corporation formed or operating pursuant to Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code, or an agency operated by a city, or city and county, which is certified by the California Conservation Corps under Section 14507.5 of the Public Resources Code. These organizations may also be referred to as local urban conservation corps or local conservation corps to avoid confusion with the California Conservation Corps.

(k) “Nonstructural” refers to measures which solve flooding or erosion problems without physically changing the dimensions of a waterway. This may include floodplain zoning, land acquisition, flood insurance, watershed management, debris removal, and floodproofing of existing structures by elevating or building a berm around them, but does not include constructing storage reservoirs or lining channels.

(l) “Restore” means to reproduce and reestablish the physical and biological characteristics of a natural channel which would occur at a given location under the current climatic, geologic and hydrologic conditions. Either a natural channel that has been damaged or a channel that has been modified by human efforts can be restored.

(m) “Sponsor” means a local agency involved in planning, flood control or waterway management or an individual or citizens' group interested in floodplain management and stream restoration. which is acting as the principal party making the grant application and which will have primary responsibility for executing the contract, submitting the invoices and receiving reimbursements.

(n) “Stable” and “stabilize” refer to the state or process of bringing a channel to a condition of equilibrium in which the dimensions and gradient are appropriately matched to the watershed and the runoff of water and sediment, with the objective to have a self-maintaining system.

(o) “Stream clearance” refers to removal of garbage, junk and excessive vegetation to allow for more effective geomorphic functioning of the stream, so that there is neither excessive deposition or excessive erosion, while maintaining suitable vegetation and woody debris to provide aquatic and riparian habitat.

Note: Authority cited: Section 7048, Water Code. Reference: Sections 7048 and 79062, Water Code.

#### **451.2. Program Purposes.**

(a) The Urban Creek Restoration Program is intended to protect, restore, and enhance urban creek channels by combining effective, low-cost flood control with preservation and enhancement of the natural environment. Its purpose is to reduce flooding and erosion in ways which restore the ecological viability of creek environments located in predominantly urban areas, thereby enhancing aesthetic, recreational, and fish and wildlife values.

(b) Urban creek protection, restoration and enhancement are best undertaken at the local level by a combination of local agencies and citizens' groups. Local agencies and citizens' groups have the greatest incentive to make the projects successful. Community participation reduces the cost of the projects and fosters long-term community commitment to maintenance of the projects and affected streams. The Urban Creek Restoration Program is designed to provide assistance from the State to the local effort.

(c) The Urban Creek Restoration Program is designed to contribute to the long-term enhancement and restoration of natural stream corridors in the State of California by encouraging projects which contribute to the education of the public in methods of stream restoration or stream corridor management and develop new techniques and innovative technologies in the field of stream restoration.

NOTE: Authority cited: Section 7048, Water Code. Reference: Section 7048, Water Code, Sections 5907(e)(3) and 5919, Public Resources Code.

#### **451.3 Types of projects for which assistance is available.**

Planning and financial assistance will be available for projects designed to accomplish one or more of the objectives listed below:

(a) Projects designed to organize and/or supervise volunteer labor to clear debris from stream channels and perform erosion control and bank stabilization work.

(b) Projects designed to develop and implement stream restoration plans.

(c) Projects designed to use bioengineering techniques to install plant materials, rock, netting, mulch, wood fencing, irrigation or drainage systems necessary to control erosion or stabilize banks.

(d) Projects designed to remove culverts or storm drains as needed to stabilize and restore channels or accomplish flood control objectives.

(e) Projects designed to carry out nonstructural flood control actions that contribute to the goal to protect, restore and enhance natural stream environments, including the acquisition of land, and the elevation, relocation and/or floodproofing of structures.

(f) Projects that utilize local community conservation corps and other nonprofit corporations for local stream clearance, flood mitigation and cleanup activities.  
NOTE: Authority cited: Section 7048, Water Code. Reference: Sections 7048 and 79062, Water Code.

#### **451.4. Applications for Financial Assistance.**

(a) Grant funding in an amount not to exceed \$1 million per project shall be available for eligible project costs associated with projects described in Section 451.3 above.

Assistance may be given under the Urban Creek Restoration Program to projects which involve the assistance or participation of Federal or State agencies, so long as those projects are sponsored by at least one local public agency and at least one citizens' group.

(b) The Department shall conduct periodic grant application cycles based upon availability of funding and the existing pool of projects approved for funding. For each grant application cycle, the Department shall notify the public that financial assistance is available. Applications for funding shall be due 75 days after mailing of the notice. When funding constraints require a streamlined application cycle, the notice shall so state and applications for funding shall be due 30 days after mailing of the notice. Applications may be made for projects to be implemented in phases. The Department may require a new application for funding for each phase of a project, and may re-evaluate the project during each successive application cycle. Unfunded applications from a previous cycle may, at the discretion of the Department, be carried over for consideration in the next application cycle.

(c) Applicants for financial assistance shall file a written application. A complete application shall include, but not be limited to, the following information:

- (1) A cover sheet identifying all sponsors, co-sponsors, the program manager and any endorsers of the project, and providing information regarding the sponsor's legal authority to submit the application. Attached to the cover sheet shall be a map showing the location of and access to the proposed project site.
- (2) A summary statement describing the purpose of the project proposal. The summary statement shall address how the project or plan proposes to meet the program objectives set forth in sections 451.2 and 451.3 above and fits within the goals of California Water Code section 7048, and whether the grant will assist in planning or implementation of a creek restoration project, or both.
- (3) A description of the stream restoration or watershed management techniques the applicant proposes to use.
- (4) A description of the project's relationship to other flood control projects, which states whether the proposed project and/or plan supplements or would be in lieu of a local or cooperative local-federal flood control project, and whether it is consistent with applicable local land use, water management and/or general

plans. If there is any relationship between the proposed project and other flood control projects, the description shall identify the agencies and organizations involved and summarize the plans and features of the other projects.

- (5) A description of the proposed project's use of public participation in planning, design or implementation of the project.
- (6) A description of the educational benefits to be derived by the public and any technical advances or demonstrations of new methods of stream restoration or stream corridor management the project may provide. This should include a description of the photographs, charts, videotapes, reports, or other material the applicant plans to develop to illustrate the methods used and the results obtained by the project. At the completion of the project, copies of these materials are to be submitted to the Department of Water Resources, which shall make them available to the public upon request and payment of its reasonable reproduction costs.
- (7) A description of plans for long-term management or maintenance of the stream which the project will affect.
- (8) A disclosure of other options available to the applicant to carry out the proposed project if the Urban Creek Restoration Program is unable to provide full funding, including other potential funding sources. The applicant shall identify the priority set by the applicant on various project components, to be used in the event partial funding is provided.
- (9) A description of all anticipated local contributions to defray the cost of the project, which may include financing, materials, paid or volunteer labor, administrative services, rights-of-way, easements, equipment or landfill fees.
- (10) A project budget reflecting all costs associated with the project, and designating specifically costs to be covered by the grant request, costs to be covered by local contributions and costs to be covered by any other source. The budget should quantify costs for planning and design, ground area of restoration work, labor, material and equipment requirements, and display the total project budget in relation to the total amount of the grant request.
- (11) A project schedule designating anticipated start and finish dates, and highlighting any times or components which are contingent upon the actions of other entities.
- (12) During the administration of this program and the evaluation of applications, additional technical, financial, hydrologic, bioengineering, soil and water quality, environmental, water rights, legal analyses and justifications, and other relevant information may be required by the Department.

NOTE: Authority cited: Section 7048, Water Code. Reference: Sections 7048 and 79062, Water Code.

**451.5. Priority for Financial Assistance.**

(a) For each application cycle, the Department shall establish a priority list pursuant to the requirements of Water Code section 7048(c), after considering the recommendations of an interdisciplinary team comprised of technical experts from the Department of Water Resources and a representative of the Department of Fish and Game, and based upon the following criteria.

- (1) Is the project designed to relieve the magnitude or severity of flooding and/or to protect property and resources from bank failure?
- (2) Is the project planned in conjunction with or in lieu of local flood control projects, and would it result in implementation of more environmentally sensitive flood management approaches than would otherwise be implemented? (Note: Any project that directly conflicts with federally authorized and funded flood control projects shall not be funded under this program without the consent of the Director.)
- (3) Does the project use cost effective, low maintenance bioengineering techniques for flood damage reduction while protecting, restoring and enhancing natural environmental values?
- (4) Does the project restore culverted or channelized segments to a condition which optimizes fish passage conditions in fish bearing streams and the natural, recreational, and aesthetic values of the stream consistent with flood control objectives?
- (5) Does the project incorporate non-structural methods to reduce urban flooding and erosion and maintain or improve environmental and social benefits.
- (6) Does the project incorporate riparian restoration techniques that improve habitat for fish and wildlife?
- (7) Does the project enhance aesthetic, recreational and economic values?
- (8) Does the project enjoy broad based public and institutional support?
- (9) Does the project incorporate significant participation of local agencies and citizens' groups in project planning, design or implementation? Do the sponsors share in the project costs by providing funds or in kind contributions (i.e. administrative/technical services, labor, materials, equipment)?
- (10) Does the project provide for collection and distribution of information of value to the public regarding either the community involvement or technical aspects of

natural stream restoration?

- (11) Is the project consistent with all relevant local land use, water management or general plans?
- (12) Is the project important as an innovation or unprecedented departure in the field of stream restoration?
- (13) Is the project of value to the general public?
- (14) Is there a particular need for timely action on this project?
- (15) Are other funding sources available to the applicant? Is the Department the only likely funding source for this project? Will providing this grant allow implementation of a larger, collaborative, multi-objective project?
- (16) Is there a need for continuity and final implementation of plans previously funded by the Program?

(b) Applications reviewed shall be considered for partial funding to increase the number of projects that may be funded. The Department may allocate funds for a project in an amount less than the amount requested in the application. The Department shall also consider the location and size of proposed projects to provide for a reasonable geographic distribution of projects and a balance between small and large projects. The Department will coordinate with CALFED to ensure projects funded are not in conflict the CALFED goals and objectives.

(c) The priority list shall consist of all projects for which funds are allocated in a given application cycle. The Department may establish a reserve list of projects to which funds may be allocated if applicants on the priority list decline grants, abandon their projects, or otherwise fail to use the entire amount of funds allocated to them. The Department may establish an additional priority list from the remaining pool of qualified applicants if additional funds become available.

NOTE: Authority cited: Section 7048, Water Code. Reference: Sections 7048 and 79062, Water Code.

#### **451.6. Contract Requirements.**

(a) Prior to entering into a contract, representatives of the Department may visit the project site to assess its conditions and needs, and then meet with all the project sponsors, co-sponsors, endorsers, and any other local officials, agencies and/or organizations with an interest in the project to develop a work plan. The work plan shall reflect the specific schedule and components of the project, and incorporate recommendations made by the Department. The work plan shall be attached to and become a part of the contract between the Department and the applicant. The Department may require all individuals or organizations it believes to be integral to the effective completion and long-term maintenance of the project to endorse the work plan.

(b) The project sponsors must provide an opportunity for public comment, unless the Department waives this requirement for good cause. A public meeting held to adopt a resolution to support the project or accept a grant will satisfy this requirement. Grants that involve trash and debris clean up only may be exempted from the public comment requirement. A contract will be signed by the Department only after the sponsor provides copies of resolutions from the sponsor and all co-sponsors accepting the grant and authorizing specific individuals to sign the contract on the behalf of each.

(c) The Department may enter into a contract before the sponsors and/or co-sponsors have obtained all applicable permits, but may not disburse any funds to be used for project construction until the sponsors and/or co-sponsors have complied with all applicable federal, State and local laws, rules and regulations, and obtained all required permits.

(d) All applicable requirements of the California Environmental Quality Act (California Public Resources Code sections 21000-21177) and applicable regulations shall be compiled with prior to entering into a contract.

(e) If a contract is not signed within six months of the date the priority list is approved, the grant may be withdrawn or revised.

(f) All contracts shall be signed by all the sponsors and co-sponsors. If the sponsor is a citizens' group that is not a nonprofit corporation, it must designate a fiscal agent to act on its behalf, and provide evidence that the fiscal agent agrees to so act.

(g) The contract shall require the sponsors and/or co-sponsors to submit a written report of the project to the Department upon completion. The report must include photographs of planning and restoration activities and techniques.

(h) The contract shall include, as part of the work plan, a plan for the long-term management or maintenance of the stream which the project will affect.

(i) The Department may withhold up to 10 percent of the grant amount until the project and final report are complete to the Department's satisfaction.

(j) During planning and construction the Department may inspect the project at any reasonable time to ensure it is being carried out in accordance with the work plan, and after completion to ensure that it is being properly maintained.

NOTE: Authority cited: Section 7048, Water Code. Reference: Section 7048, Water Code, Sections 5907(e)(3), 5917, 5918 and 5919, Public Resources Code.

## APPENDIX C: State Auditing Requirements

The list below details the documents/records that State Auditors would need to review in the event of a Grant Agreement being audited. Grant Recipients should ensure that such records are maintained for each State funded Program/Project. Where applicable, this list of documents also includes documents relating to the Grant Recipient's funding match which will be required for audit purposes.

### State Audit Document Requirements

#### Internal Controls:

1. Organization chart (e.g. Grant Recipient's overall organization chart and organization chart for the State funded Program/Project).
  2. Written internal procedures and flowcharts for the following:
    - a. Receipts and deposits
    - b. Disbursements
    - c. State reimbursement requests
    - d. State funding expenditure tracking
    - e. Guidelines, policy(ies), and procedures on State funded Program/Project
3. Audit reports of the Grant Recipient's internal control structure and/or financial statements within the last two years.
4. Prior audit reports on State funded Program/Project.

#### State Funding:

1. Original grant agreement, any amendment(s) and budget modification documents.
2. A list of all bond-funded grants, loans or subventions received from the State.
3. A list of all other funding sources for each Program/Project.

#### Contracts:

1. All subcontractor and consultant contracts and related, if applicable.
2. Contracts between the Grant Recipient, member agencies, and project partners as related to the State funded Program/Project.

#### Invoices:

1. Invoices from vendors and subcontractors for expenditures submitted to the State for payments under the Grant Agreement.
2. Documentation linking subcontractor invoices to State reimbursement requests

and related Grant Agreement budget line items.

3. Reimbursement requests submitted to the State for the Grant Agreement.

Cash Documents:

1. Receipts (copies of warrants) showing payments received from the State.
2. Deposit slips or bank statements showing deposit of the payments received from the State.
3. Cancelled checks or disbursement documents showing payments made to vendors, subcontractors, consultants, and/or agents under the Grant Agreement.

Accounting Records:

1. Ledgers showing receipts and cash disbursement entries for State funding.
2. Ledgers showing receipts and cash disbursement entries of other funding sources.
3. Bridging documents that tie the general ledger to reimbursement requests submitted to the State for the Grant Agreement

Administration Costs:

1. Supporting documents showing the calculation of administration costs.

Personnel:

1. List of all contractors and Grant Recipient staff that worked on the State funded Program/Project.
2. Payroll records including timesheets for contractor staff and the Grant Recipient's

Project Files:

1. All supporting documentation maintained in the Program/Project files.
2. All Grant Agreement related correspondence.