

**FREQUENTLY ASKED QUESTIONS AND COMMENTS:
PROPOSITION 50
WATER USE EFFICIENCY PROPOSAL SOLICITATION PACKAGE**

2008 PSP

SECTION I: GENERAL QUESTIONS AND COMMENTS

ELIGIBILITY

<p>1. If an agency has prepared an Agricultural Water Management Plan (AWMP) and is required to submit an Urban Water Management Plan (UWMP) and is applying for agricultural grant, does it have to have a complete UWMP in order to qualify?</p>	<p>Yes, the applicant agency has to submit its UWMP to be eligible to apply. A complete UWMP is required before signing the contract.</p>
<p>2. Does the UWMP criterion apply to all co-applicants in a joint application?</p>	<p>Yes. All agencies subject to UWMP Act that are participants in the proposed project that may receive a grant will be subject to the requirement of this PSP and must have submitted a complete 2005 UWMP to DWR by the signing of the final contract. All co-applicants must have a complete UWMP by the time the agreement is signed between DWR and applicants.</p>
<p>3. Does the Demand Management Measures (DMMS) criterion apply to applicants and co-applicants?</p>	<p>Assembly Bill 1420 (Laird) requires DWR to: (1) Condition a grant made by DWR to an urban water supplier on implementation of the DMMs, and (2) in consultation with the SWRCB and California Bay Delta Authority (CBDA), or its successor agency, after soliciting public comments, develop eligibility requirements that consider the California Water Conservation Council's Best Management Practices (BMPs) and alternative approaches that provide equal or greater water savings, recognize the different roles and responsibilities of wholesale and retail water suppliers. To be prudent and safe, urban water suppliers should be aware that, although the eligibility requirements and enhanced BMPs and other water conservation measures are not reflected in the draft PSP, DWR will comply with the provisions of AB 1420. The requirement will apply to contracts executed on or after January 1, 2008. Contracts executed pursuant to this solicitation may be executed after that date. Therefore suppliers may wish to ensure that they are fully implementing BMPs or DMMs that, at a minimum, meet the implementation schedule and coverage requirements contained in the Memorandum of Understanding Regarding Urban Water Conservation in California (MOU) http://www.cuwcc.com/memorandum.lasso.</p>

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4. How does DWR handle a non-complying applicant?

If one or more non-complying applicants exist in a proposed project, DWR will review the proposed project as if the non-complying agencies don't participate in the project. The proposal will be reviewed and scored without consideration of the non-complying agencies. If the complying agency's proposal is invited back, DWR will require the applicant to limit the full proposal to the complying agency's project. It is the responsibility of the complying agency(s) to provide adequate information of their proposed project so their proposed project can be evaluated.

If one of the co-applicants submits a plan but it is not complete by the time of signing the agreement, DWR will scale down the agreement and the grant amount to the complying agency's project.

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<p>5. Will applicants receiving USBR (U.S. Bureau of Reclamation) funding be subject to DWR criteria?</p>	<p>All proposals that may be funded by DWR or jointly by DWR and USBR will be subject to DWR review & evaluation criteria. Projects that may be funded with USBR funds will be subject to USBR criteria. (The total USBR and State share of funds can not exceed DWR criteria)</p>
<p>What is USBR Criteria?</p>	<p>USBR is collaborating with DWR to provide cost-share funding for water use efficiency and conservation activities under the 2008 PSP. USBR has approximately \$3 million available to agricultural and urban entities. USBR can provide a cost share of \$300,000 per project. The sum total of federal cost-shared funds from USBR and all other federal entities cannot exceed 50% of the total project costs. These funds are subject to budget approval by the U.S. Congress, and financial assistance will be provided for selected proposals as funds become available.</p>
<p>What applicant must to do to be considered for USBR funds?</p>	<p>Entities wishing to apply for federal assistance, in addition to State funds, must 1) check mark on the FAAST questionnaire, 2) complete and sign the attached Application for federal Assistance Standard Form 424, Assurances Standard Form 424B, and the Budget Information Standard Form 424A. Note: these forms are in addition to all State required forms and criteria. If funds are awarded from both federal and State programs, the recipient will hold separate agreements with each government agencies for the specified funds.</p>
<p>Where Applicant find USBR Forms?</p>	<p>Applicants are not required to be disadvantaged communities. Disadvantaged communities are encouraged to apply; qualification is based on the median household income of the entire project area. If an applicant wishes to distinguish between communities in a project area, a separate proposal can be submitted for a project that serves only the disadvantaged community or communities</p>
<p>6. Would a project qualify as a “disadvantaged community” if the project covers multiple communities and only one is disadvantaged?</p>	<p>Yes.</p>
<p>7. Are non-profit entities eligible for Proposition 50 Grants?</p>	<p>The only private entities eligible for Section A funding are investor owned utilities regulated by the PUC and mutual water companies.</p>
<p>8. Are private entities eligible for funding?</p>	<p></p>

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9. Are public school districts eligible for funding?	Public School Districts are only eligible for Section B.
10. Are universities and colleges eligible for funding?	Public universities and colleges are eligible for Section B projects only.
11. Can entities apply as a group?	Entities can apply as a group, but DWR will only execute the contract with one entity. The other entities will be named as cooperators. The entity that signs the contract must meet all eligibility requirements and takes full legal and fiscal responsibility for the project. Cooperators do not have to meet the PSP eligibility requirements and can be private entities.
12. What is a political subdivision of the state?	Any entity which is administered by individuals who are controlled by public officials and responsible to such officials or to the general electorate, shall be deemed to be a " political subdivision of the State"
13. Is there a restriction on applying for a Proposition 50 grant if the applicant wants to apply to do the same type of project as was done under a previous WUE grant?	No. The applicant may apply to do the same type of project as long as applicant demonstrates that the project is directed toward a different set of customers or a different community.
14. Are low flush toilet rebate projects eligible?	Yes.
15. Are projects with a life span of less than 10 years eligible for funding?	Section A projects must provide benefits that last at least ten years.
16. Are large landscape projects, such as irrigation systems and landscaping eligible?	<p><u>Section A Projects:</u> Yes. Landscape projects are eligible. Funded projects must have a lifespan of 10 years or more and the project must clearly demonstrate improvements in water use efficiency. Plant materials, mulch and soil amendments are not eligible for funding. Funding will not be provided for the installation of new irrigation systems or landscape.</p> <p><u>Section B Projects:</u> Demonstration gardens that promote water use efficiency are eligible under Section B of the PSP. DWR will fund the purchase and installation of irrigation equipment and interpretive displays. Plant materials, mulch, soil amendments and buildings are not eligible for funding.</p>

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<p>17. Will DWR fund the installation of weather based controllers and other irrigation system devices for new construction?</p>	<p>For new construction, DWR will fund weather-based evapotranspiration controllers as a rebate. For public and city agencies the reasonable cost difference will be paid as appropriate.</p>
<p>18. Are splitting meters and the installation of dedicated landscape meters eligible?</p>	<p>Not for new construction, because dedicated meter are required by law. Dedicated meters for existing landscape are eligible.</p>
<p>19. Are residential meter replacements eligible?</p>	<p>No, meter replacement is not eligible. Meter installation in new and existing homes is required by law thus not eligible. But installation in existing non metered homes is eligible if it expedites implementation of meter installation.</p>
<p>20. Are replacements of water storage tanks eligible for funding?</p>	<p>Water storage tank replacement is eligible for funding if the project improves water use efficiency. Funding is only provided to replace existing storage capacity. Funding is not provided for increases in storage capacity.</p>
<p>21. Are water system audits and leak detection eligible?</p>	<p>Water audit and leak detection programs are eligible for Section B funding. Repair and replacement programs are eligible for Section A.</p>
<p>22. Are improvements in water use efficiencies of water delivery systems eligible for funding?</p>	<p>Yes.</p>
<p>23. Are recycled water projects eligible for funding?</p>	<p>No.</p>
<p>24. Is the implementation of a budget based rate structure BMP eligible?</p>	<p>No.</p>
<p>25. Is the conversion of natural grass sports fields to artificial grass eligible</p>	<p>Artificial turf projects will be considered only as a Section B Pilot Study. Projects must evaluate water conservation, environmental effects, and overall costs/benefits and provide information that can be utilized on a statewide basis. Proposals must evaluate the water use of the entire site and not just the replaced turf.</p>
<p>26. Will DWR fund the purchase of a mobile equipment (vehicles, trucks, boats, tractors, ATVs, etc) with grant funds?</p>	<p>No. The purchase of such equipment is not eligible under this program.</p>

GEOGRAPHIC SCOPE

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1. Are areas outside the Bay Delta Watershed eligible for funding and if so, under which circumstances?	If the applicant can demonstrate that their proposed project would result in benefits to the State and/or an increase in water supply reliability, the project may be eligible. (See Project Benefits in the PSP).
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PREVAILING WAGE, LABOR CODE, Use of Volunteers

1. Is the applicant required to pay prevailing wage for work done on a grant project? Are there exemptions from the Labor Code?	Applicants should check with their legal staff or with the Department of Industrial Relations regarding their labor code responsibilities and labor compliance program requirements for public works projects. Applicants must follow all applicable local, state and federal labor laws.
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2. Can volunteer labor be used as part of the grant project, for operations and maintenance activities, or for education awareness programs?	Volunteers cannot be used as a part of a <u>public works</u> project. Applicants should consult with their legal department or the Department of Industrial Relations. Labor Code Section 1720 defines public works.
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PROPOSAL FORMAT AND PROJECT REQUIREMENTS

1. Where can applicants find more information about the California Bay-Delta Program?	Information can be obtained from the California Bay-Delta Authority website at: www.calwater.ca.gov .
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2. Does DWR want applicants to describe all other water use efficiency projects that they have completed or are currently implementing?	No, describe only those projects related to DWR and federally funded programs and other WUE-related proposals currently pending review and approval.
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3. Must all funding partners be identified in the grant proposal?	Yes.
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4. What level of commitment is required from funding partners?	When a proposal is submitted, DWR must know who the cooperators will be and the role and the responsibility of each cooperator in the project. At the time of contract execution, the cooperators will be named in the contract and the contractor will be responsible for ensuring the cooperator's commitments.
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<p>5. Where does the applicant list the funds by others such as “customer” or “project partner”?</p>	<p>This can be in the application questionnaire and in Project Cost</p>
<p>6. If an applicant has an activity with both an agricultural and urban component, does DWR require the applicant to submit two proposals (i.e., one for each component)?</p>	<p>Yes. Applicants should submit two separate proposals keeping agricultural and urban projects separate.</p>
<p>7. Does the applicant need to submit plans and specifications and a certification statement with the completed Step 1 or Step 2 proposal?</p>	<p>For all implementation projects preliminary plans and specification must be submitted as part of the step 2 proposals. These items must be prepared by California registered civil engineer and include a certification state stating that the project is feasible</p>
<p>8. Is environmental documentation required for rebate or incentive programs?</p>	<p>It is the responsibility of the applicant to determine if the activity is defined as a “project” under CEQA and if so, follow all necessary steps in CEQA guidelines. If an applicant and their legal council determine that the activity is not a “project” as defined by CEQA, then the applicant should state this. A “project” is defined by CEQA, CCR, Title 14, Division 6, Chapter 3, section 15378 as “...the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonable foreseeable indirect physical change in the environment...”.</p>
<p>9. Do Section B projects have a five year reporting requirement?</p>	<p>No, this requirement applies to Section A projects only.</p>
<p>10. Does DWR require the submittal of confidential information such as billing account number, customer name, and customer address as part of water use data collection?</p>	<p>DWR does not require submission of confidential customer information other than that which would provide sufficient identifying data for verification and auditing purposes.</p>
MISCELLANEOUS	
<p>1. Are applicants required to participate in an Integrated Regional Water Plan?</p>	<p>Applicants are not required but are encouraged to participate.</p>

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<p>2. What constitutes Integrated Regional Watershed Management plan participation?</p>	<p>The following will be considered participation in the IRWM process:</p> <ul style="list-style-type: none"> • An IRWMP • Letter of Intent • MOU • Resolution
<p>3. Are Board resolutions required for the Concept Proposal phase?</p>	<p>Board resolutions are not required for the concept proposal phase, but will be required for step two (full proposal) applications.</p>
<p>4. Can one organization submit more than one proposal?</p>	<p>Yes. A separate application must be submitted for each proposal.</p>
<p>5. Are there priority projects under the agricultural program (examples: canal lining, metering, water delivery systems, piping a system)?</p>	<p>Agricultural projects that address the high priority Targeted Benefits will have higher priority.</p>
<p>6. Are residential water savings such as metering and home water conservation measures eligible projects?</p>	<p>Yes. Meter installation in existing homes is eligible, meter replacement and the purchase of meter for new homes are not eligible. Meter installation in existing homes is required by law, the applicant must show that the project will expedite the installation of the meters</p>
<p>7. Will rural communities, many of which have high percentages of poor and minority populations be considered as competitive applicants for the program?</p>	<p>Rural communities that meet the eligibility requirements will be considered. Projects that serve a disadvantaged community may request a reduction or waiver of the local cost share.</p>
<p>8. How do applicants determine if they meet disadvantaged community criteria?</p>	<p>Disadvantaged community applicants must demonstrate that the population served by the project has a median household income less than 80% of the statewide median household income. Based on the 2000 census 80% of the median household income is \$37,994. Applicants must document the sources of information that were used for the calculations.</p>
<p>9. Can I hire any consultant or private company to assist me in my project?</p>	<p>The applicant must comply with all applicable laws when it hires private consultants to implement partially or fully the tasks of its project.</p>
<p>10. Who owns the intellectual property right resulting from proposal?</p>	<p>The State of California.</p>
<p>11. Will DWR keep my proposal confidential?</p>	<p>No. The proposals submitted to DWR will become public information and the applicant waives any right to privacy and confidentiality of the proposal.</p>

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SECTION II: FUNDING, BENEFITS, COSTS

FUNDS AVAILABLE

1. What is the amount of funding available in the 2008 Water Use Efficiency PSP for agricultural and urban grants?	Approximately, \$38.3 million is available for funding in this cycle.
2. What is the minimum/maximum amount of funding available for an urban grant? For an agricultural grant?	Section A grants have \$3 million funding cap per project. For Section B maximum limits see the PSP- Distribution of Funds.

PROPOSAL FORMAT AND PROJECT REQUIREMENTS

1. What does “local cost share” include?	Local cost share may include, but are not limited to, in-kind services, local funding, and grants and corporate sponsorships. Local cost share funds must be from non-state sources.
2. Under which circumstances does a local agency not need to produce a local cost share for a proposed project?	Cost share may be reduced or waived for disadvantaged communities. Also a local cost share is not required for Section B projects.

SCORING PROPOSALS SELECTION CRITERIA

1. Do the selection criteria include monitoring and evaluation?	Yes, the selection criteria for the full proposal phase include monitoring and evaluation.
2. Does a proposal review score higher than 70 guarantee funding?	No. Proposal will be funded based on competitive scoring by the review panel and available funding.
3. Can an applicant contact the DWR economists with questions about their analysis before they submit a proposal?	Yes. The economists can provide <u>general</u> information about the analysis.

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BENEFITS AND COSTS	
1. What will be considered under the “Benefits” selection criteria when ranking a project or program?	The purpose of this PSP is to fund projects that conserve water or result in greater in stream flows. Projects that meet these objectives will receive high scores for the “benefits criteria”. Added consideration will be given to projects that while meeting the first objectives provide additional benefits (multiple benefits) of addressing water quality targeted benefits and/or conserving energy through water conservation. (See also scoring criteria)
2. Is the applicant required to have a cost share for the project?	Section A applicants are required to provide a cost share, except for disadvantaged communities if they meet certain conditions. See the PSP for more information.
3. If a proposed project addresses a water quality targeted benefit, how does the applicant quantify this benefit?	Water quality benefits can be qualitatively described or quantitatively reported in Table 4 of Attachment 7 required of Step 2 applicants
4. The costs of a project will occur over the life of the project. How should we annualize the project costs?	DWR Excel tables available on the web site are designed such that annualized costs over the life of the project are built into the calculations. You MUST enter the life of investment for each cost item. For example, if equipment is listed, its cost and its expected life must be entered.
5. Will environmental justice issues be assessed in the process?	Yes. Environmental Justice will be addressed through environmental review and overall review of the project.
6. Can a project without State benefit be eligible?	If the project does not provide the State benefit as defined in the PSP, the project is not eligible.

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<p>7. What are the State share and local share for a project with state and local benefits?</p>	<p>Applicants calculate state and local share as follows:</p> <p>Step 1 applicant enters project costs in Attachment 1 of DWR Excel sheet, completes all required fields (life of investment is required) and makes an estimate of its local share and State share based on the expected balance of local and State benefits and determines the total project cost (completes Table 1).</p> <p>Step 2 applicants are required to calculate the state and local cost shares using the DWR Excel sheets for Cost and Benefit Tables of Attachment 6 & 7 (Tables 1 through 7). Instructions are available in the PSP and the Attachment.</p>
<p>8. Can a project that is locally cost effective with significant State benefit get more funding?</p>	<p>Locally cost effective programs have local monetary benefits that are higher than total project costs on an annual basis.</p> <p>A locally cost effective project that has state benefit is only eligible for up to 10% of the project costs. However, a project that has more State benefits or proposes a higher priority project (see priority projects in the PSP), will rank higher and has better chance of receiving a grant.</p>
<p>9. Do I have to quantify my project benefits?</p>	<p>Section A applicants are required to quantify the project benefits and provide documentation for the claimed benefits (water conserved, etc.). Section B applicants are expected to estimate the potential benefits that can be derived from the project.</p>
<p>10. How important are the Targeted Benefits in a proposal?</p>	<p>Projects that address water conservation or stream flow Targeted Benefits have the first priority and will receive higher score for benefit criterion.</p>
<p>11. What is the State benefit?</p>	<p>State benefit is project's saved water, instream flow improved water quality, and water use efficiency-related energy conservation in any part of the state. A project must have a State benefit to be eligible.</p>
<p>12. What is local benefit?</p>	<p>Local benefit is any monetary gain by the applicant as a result of the project (avoided cost of water supply, waste water treatment, water treatment, labor, etc.). Applicant must pay local share. Local benefits determine the applicant's local cost share.</p>
<p>13. What kind of projects and benefits have high priority?</p>	<p>Projects that receive water from the Bay-Delta system and reduce current or future diversion or projects that are linked to Targeted Benefits have high priority.</p>
<p>14. What items are ineligible for funding?</p>	<p>Ineligible items are listed in the PSP.</p>

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15. What if my proposed costs are overestimated?	If the cost estimates are unreasonable, overestimated, or unacceptable, the application will receive low score for Costs Criteria.
16. Are operation and maintenance costs eligible for funding?	No, O&M costs are the responsibility of the applicant. Step 2 applicants are required to report annual O&M costs for calculating the total annualized project costs.
17. Are administration cost eligible?	Administration costs of the project are eligible and applicants are encouraged to limit the administration costs, to 5 to 10 %. Applicants can use true administration costs as a local cost share match.
18. What if my proposed local cost share is low?	Local cost share should be proportionate to the local benefits. If local benefits are low, the local share can be low. Step 1 applicants are expected to estimate the local cost share based on the estimate of local benefits. DWR may propose a revised cost share to applicants invited for Step 2. Step 2 applicants are required to calculate local cost share based on the local benefits. Proposals are scored for accuracy of cost and benefit data, for calculations, and for reasonableness of local cost share. An application with unreasonable or erroneous local cost share will receive low score for cost criteria.
19. Will DWR modify applicant's proposed cost share?	Yes, DWR may propose a modified cost share for proposals that are eligible for funding (score of more than 70) based on the State benefits of the project relative to other proposed projects or if DWR decides to award many projects.
20. How is the disadvantaged community local cost share calculated?	Disadvantaged communities can provide a local cost share. But the local cost share may be reduced or waived if applicant provides the required information (required in Step 2). Disadvantaged Community applicant's local cost share will have a different formula compared to other applicants (see Cost Share part of the PSP and Tables 5, 6, and 7 of DWR Excel sheet).

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21. How do State benefits and local benefits determine my eligibility, score and cost share?

A project that either currently or in future results in water savings that reduces diversion from the Bay-Delta Watershed or improves instream flow or quality or energy conservation creates state benefits and such proposal is eligible for grant application. The magnitude and type of the state benefit affects proposals' score. If your project creates state benefits its state share and local cost share depend on its cost effectiveness and magnitude of local benefits. Two formulas determine the state and local cost share depending on whether project is locally cost effective or not locally cost effective. The magnitude of the local benefits will determine your local cost share. The more local benefits, the more local share.