

**Proposition 84
Safe Drinking Water, Water Quality and Supply,
Flood Control, River and Coastal Protection
Bond Act of 2006
Public Resources Code Section 74001 et seq.**

**California Department of Health Services
Drinking Water Program
Implementation of Sections 74020 through 75023, and 75025**

Summary of Prop 84

Chapter 2 (\$1.5 billion)

- for safe drinking water, water quality and other water projects

Chapter 3 (\$800 million)

- for flood control

Chapter 4 (\$65 million)

- for statewide water management

Chapter 5 (\$928 million)

- for protection of rivers, lakes and streams

Summary of Prop 84 continued..

Chapter 6 (\$450 million)

- for forest and wildlife conservation

Chapter 7 (\$540 million)

- for protection of beaches, bays, and coastal waters and watersheds

Chapter 8 (\$500 million)

- for state parks and nature education facilities

Chapter 9 (\$580 million)

- for sustainable communities and climate change reduction projects

**Proposition 84 : Chapter 2
Safe Drinking Water and Water Quality Projects
Implementation by CDHS**

Public Resources Code Section 75021

**\$10 million to fund emergency and urgent actions to ensure
that safe drinking water supplies**

Public Resources Code Section 75022

**\$180 million in grants for small community drinking water
system infrastructure improvements and related actions to
meet safe drinking water standards. Priority shall be given
to projects that address chemical and nitrate contaminants.**

Proposition 84 : Chapter 2 Safe Drinking Water and Water Quality Projects Implementation by CDHS (cont.)

Public Resources Code Section 75023
\$ 50 million for the Safe Drinking Water State Revolving Fund – State match

Public Resources Code Section 75025
\$ 60 million for loans and grants for projects to prevent or reduce contamination of groundwater that serves as a source of drinking water.

**CDHS
Prop 84
Implementation Timeline**

11/7/06 - Prop 84 enacted by voters
2/13/06 CDHS Prop 84 Criteria work group first meeting
3/8/07 Preliminary Draft Criteria to CDHS Stakeholders
3/23/07 Draft Criteria posted - CDHS DDWEM Website
3/27, 28, & 30/07 Public Workshops on Draft ranking criteria
*4/13/07 Close of public comment on Draft criteria
*4/20/07 criteria due to CDHS Division Chief
*4/30/07 Finalized Criteria posted to CDHS Website
*target dates

CDHS Public Workshops

Input on Prop 84 Draft Criteria

March 27th, 10:00 a.m. Inland Empire Utilities Agency
6075 Kimball Avenue, Chino, CA 91710

March 28th, 10:00 a.m. Tulare County Board Chambers
2800 W. Burrel Visalia, CA 93291

March 30th, at 1:00 p.m. Calif. Dept of Health Services
Auditorium, 1500 Capitol Ave, Sacramento CA 95714

Prop 84 Implementation Public Resources Code Division 43 Chapter 2

Sections 75021, 75022, and 75025

Purpose: funding for projects to ensure public water systems can provide safe water to the community served

Who: public water system apply for funding
(or directly benefit from funding provided)

What costs are eligible: application, feasibility, project design, and construction costs

Emergency Clean Water Grant Fund Prop 84, Chapter 2

Public Resources Code Section 75021

- ❖ \$10 million from Prop 84 to the Emergency Clean Water Grant Fund (H&SC Section 116475)
- ❖ \$250,000 limit per "project" (Public Res. Code Sec. 75021)
- ❖ CDHS - district may make oral contract up to \$5,000 (H&SC Section 116480)
- ❖ Request from public water system, County Health Officer or County Director of Environmental Health
- ❖ Applications for emergency funding must be submitted to CDHS or LPA
- ❖ CDHS District office reviews and confirms funding need consistent with Emergency Clean Water Grant Fund criteria
- ❖ District makes funding recommendation to DDWEM Chief

Prop 84 Implementation

General Process
for
Funding Projects

Public Resources Code
Sections 75022 and 75025

The general process

CDHS funding -- Prop 84 projects

Sections 75022 and 75025

- ❖ Pre-application submitted by system
- ❖ Pre-application reviewed and project ranked by CDHS
- ❖ (Using Table 1-75022 and Table 1-75025)
- ❖ Project Priority List established
- ❖ Projects invited to submit a full project application
- ❖ Complete project application submitted by system
- ❖ Application evaluated by CDHS
- ❖ Commitment letter issued by CDHS
- ❖ Conditions of letter of commitment are met by Applicant
- ❖ Funding agreement issued by CDHS

**CDHS
Prop 84
General Guidelines
PRC Sections 75022 & 75025
(slide 1 of 2)**

Applicants may be reimbursed for expenses incurred for preliminary and construction costs determined by CDHS to be eligible.

Eligible preliminary costs may include planning, engineering, design, environmental documentation, labor compliance and interim financing.

Construction expenses, in order to be eligible, must have been incurred after the applicant receives a letter of commitment from CDHS

CDHS
Prop 84
General Guidelines (cont.)
(cont) PRC Sections 75022 & 75025
(slide 2 of 2)

- Grants to privately owned water systems will be subject to conditions (either from California Public Utilities Commission (CPUC) or by CDHS in the grant agreement, to prohibit private gains from public grant funds)
- Funds cannot be used for operation and maintenance activities
- Project activities subject to CEQA
- Labor Compliance Plan required

Prop 84 General Terminology

2007 statewide median household income = \$54,135

Disadvantaged Community

Community with an MHI less than 80% of the statewide MHI

2007 disadvantaged community
mhi below **\$43,308**

Severely Disadvantaged Community

Community with an MHI less than 60% of the statewide MHI

2007 severely disadvantaged community
mhi below **\$32,481**

CDHS
Prop 84 Implementation

Public Resources Code

Section 75022

**Small Community Water System
Infrastructure Improvement Grants**

Prop 84
Section 75022
Small Community Grants for Infrastructure

**Priority for projects to correct
chemical contaminants**

**Funding for construction projects to enable system to
meet safe drinking water standards**

Examples:

- treatment of contaminated water
- construction of new source
- interconnection or consolidation with adjacent water system

Prop 84 Section 75022

Small Community Grants for Infrastructure Development

- **Specific Criteria:**
 - Small Community Water System is defined as a community water system serving 4,500 service connections or less, or providing service to a yearlong population of 12,600 or less, or a public school water system
 - allows for feasibility and construction grants (or funding phases)
 - allows advanced funding (up to 25% of project cost)

Public Resources Code Section 75022

Small Community Grants for Infrastructure Development

- Projects ranked using Table 1-75022
- \$5 million per project maximum
- \$15 million maximum per regional project
- Applicant must meet Technical, Managerial, Financial requirements
 - document ownership and water rights
 - consolidation must be considered as a project alternative
 - budget projection
- Applicant must hold or have applied for a water system permit from CDHS or the county.

Small Water System Infrastructure Improvements

Table 1- 75022 Proposed Ranking Points

(slide 1 of 5)

Applicant/Project Characteristic	Criteria	Points
Regulatory Status of Primary Contaminant Addressed	Chemical Contaminant w MCL	8
	Microbial Contamination w MCL	4
	Contamination w PHG; MCL not yet adopted	2

Small Water System Infrastructure Improvements
Table 1- 75022
Proposed Ranking Points
(slide 2 of 5)

Applicant/Project Characteristic	Criteria	Points
Health Risk of Primary Contaminant Addressed	Acute effects, developmental effects, or effects from shorter-term exposures	4
	Carcinogen by ingestion + effects from chronic, longer term exposures	3
	Carcinogen by ingestion	2
	Chronic effects	1

Small Water System Infrastructure Improvements
Table 1- 75022
Proposed Ranking Points
(slide 3 of 5)

Applicant/Project Characteristic	Criteria	Points
Number of Contaminants in Drinking Water Supply Exceeding MCL to be Addressed	4 or more contaminants	4
	3 contaminants	3
	2 contaminants	2
	1 contaminant	1

Small Water System Infrastructure Improvements
Table 1- 75022
Proposed Ranking Points
(slide 4 of 5)

Applicant/Project Characteristic	Criteria	Points
Applicant MHI	$\leq 20\% \text{ SMHI}$	10
	$20\% < \text{SMHI} \leq 40\%$	8
	$40\% < \text{SMHI} \leq 60\%$	6
	$60\% < \text{SMHI} \leq 80\%$	4
	$> 80\% \text{ SMHI}$	0

Small Water System Infrastructure Improvements

Table 1- 75022
Proposed Ranking Points
(slide 5 of 5)

Applicant/Project Characteristic	Criteria	Points
Consolidation / Interconnection	Physical consolidation with another system	5
	Interconnection with another system (not consolidation)	3
	Managerial Consolidation	2
Applicant/Project Characteristic	Criteria	Points
Regional Projects	Projects that address regional water issues with 3 or more systems	2

**Prop 84
Public Resources Code
Section 75025**

**Projects to Prevent or Reduce
Contamination of Groundwater
used as a
Drinking Water Source**

Who is eligible to apply:

- **Community Water Systems**
- **Non-profit entities**

[for projects which benefit a water source used by several community water systems]

Prop 84 (Public Resources Code 75025) Groundwater contamination reduction (\$60 million)

Examples of Potentially Eligible Projects

- Local and Regional groundwater remediation/treatment projects
- Properly constructed replacement wells to avoid contaminated strata.
- Treatment or construction of blending facilities to deal with contaminated well.
- An Aquifer Storage and Recovery (ASR) project that stores surface water in the ground and extracts and blends with contaminated wells during high demand periods.
- Use of treated surface water and blend with contaminated well water.
- Project to remediate contaminant plume to prevent migration of contaminants to drinking water sources

Public Resources Code Section 75025 Groundwater Contamination Reduction CDHS Implementation

- Projects assigned points based on Table 1-75025
- Same categories as Table 1-75022 with two additional categories "Additional Project Benefits" and "Impact on Drinking Water Sources"
- CDHS shall require repayment for costs that are subsequently recovered from parties responsible for the contamination.

Projects to Prevent or Reduce Contamination of Groundwater that Serves as a Source of Drinking Water

Table 1- 75025
Proposed Ranking Points
(slide 1 of 7)

Applicant/Project Characteristic	Criteria	Points
Regulatory Status of Primary Contaminant Addressed	Chemical Contaminant w MCL	4
	Microbial Contamination w MCL	3
	Contamination w PHG; MCL not yet adopted	2

Projects to Prevent or Reduce Contamination of Groundwater that Serves as a Source of Drinking Water

Table 1- 75025 Proposed Ranking Points

(slide 2 of 7)

Applicant/Project Characteristic	Criteria	Points
Health Risk of Primary Contaminant Addressed	Acute effects, developmental effects, or effects from shorter-term exposures	4
	Carcinogen by ingestion + effects from chronic, longer term exposures	3
	Carcinogen by ingestion	2
	Chronic effects	1

Projects to Prevent or Reduce Contamination of Groundwater that Serves as a Source of Drinking Water

**Table 1- 75025
Proposed Ranking Points**

(slide 3 of 7)

Applicant/Project Characteristic	Criteria	Points
	4 or more contaminants	4
	3 contaminants	3
	2 contaminants	2
	1 contaminant	1

Projects to Prevent or Reduce Contamination of Groundwater that Serves as a Source of Drinking Water

**Table 1- 75025
Proposed Ranking Points**

(slide 4 of 7)

Applicant/Project Characteristic	Criteria	Points
Applicant MHI	$\leq 20\% \text{ SMHI}$	10
	$20\% < \text{SMHI} \leq 40\%$	8
	$40\% < \text{SMHI} \leq 60\%$	6
	$60\% < \text{SMHI} \leq 80\%$	4
	$> 80\% \text{ SMHI}$	0

Projects to Prevent or Reduce Contamination of Groundwater that Serves as a Source of Drinking Water

**Table 1- 75025
Proposed Ranking Points**

(slide 5 of 7)

Applicant/Project Characteristic	Criteria	Points
Consolidation / Interconnection	Physical consolidation with another system	5
	Interconnection with another system (not consolidation)	3
	Managerial Consolidation	2

Projects to Prevent or Reduce Contamination of Groundwater that Serves as a Source of Drinking Water

Table 1- 75025
Proposed Ranking Points
(slide 6 of 7)

Applicant/Project Characteristic	Criteria	Points
Regional Projects	Projects that address regional water issues with 3 or more systems	4
Applicant/Project Characteristic	Criteria	Points
Additional Project Benefits	Provides Treatment	3

**Projects to Prevent or Reduce Contamination of Groundwater that
Serves as a Source of Drinking Water**

Table 1- 75025

Proposed Ranking Points

(slide 7 of 7)

Applicant/Project Characteristic	Criteria	Points
Impact on Drinking Water Sources	Contaminant has reached active PWS source & has been detected below the MCL	3
	Contaminant has not reached PWS source but is within 2 year time of travel	2
	Contaminant has not reached PWS source but is within 2 to 10 year time of travel	1

CDHS Prop 84

Additional Information General Project Development

- 1.** Engineering design - component capacity limits
- 2.** Engineering design - evaluation of project alternatives
- 3.** Feasibility studies



CDHS Implementation Plan / Milestones

General Guidelines

Project Design Capacity

Project Design Capacity

- If an applicant is required to prepare an Urban Water Management Plan pursuant to California Water Code Section 10610 et seq [systems serving 3,000 or more service connections], a copy of the plan shall be submitted to CDHS. The proposed project must be consistent with the most recent urban water management plan of the system.
- 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 comparable public water system planning document.
- In the absence of an Urban Water Management Plan or comparable document, the eligible project costs are limited to facilities sized to serve no more than 10% above existing water demand at peak flow

Engineering Report

Engineering report component of the application must include a life cycle cost analysis

- ~minimum of 10 years life cycle,

- ~including the operations and maintenance costs for each alternative

Engineering report must fully evaluate consolidation as a project alternative

CDHS Prop 84 Implementation Funding for Feasibility Project

Feasibility projects: examples of potentially eligible activities & costs

- ❖ engineering analysis to identify and evaluate possible solutions
- ❖ preliminary engineering design,
- ❖ environmental compliance
- ❖ drilling of test wells
- ❖ labor compliance activities, laboratory testing, legal and administrative expenses

Proposed General Guidelines

Feasibility Studies

- Feasibility studies must be completed within 18 months following the Funding Agreement execution
- Award of a feasibility study grant does not guarantee that a subsequent construction grant will be available or offered

**CDHS
Prop 84
Section 75022 & 75025**

2007 Funding

Applications submitted for funding under the Safe Drinking Water State Revolving Fund, Safe Drinking Water Bond Law, or CDHS Prop 50, as of April 12, 2007, that are eligible under the criteria developed for Section 75022 or 75025 will be considered for funding in 2007

Project Funding and Construction Timeline Targets

- Universal Pre-application
 - Initial ~ May 1, 2007; close June 30, 2007]
 - Annually ~ May 1 to June 30 thereafter]
- Prop 84 Project Priority Lists (Section 75022 and 75025)
 - Updated annually following close of pre-app period
- Letter Inviting Application --
 - semiannual for ~15% of available funds
- Response to Letter Inviting Application
 - System response due 30 days from receipt
- Complete Application due
 - Application due 6 mos. from Letter Inviting Application

Project Funding and Construction Timeline Target

- Letter of Commitment (LOC) of grant funds
 - ~ 6 months from application receipt
- Funding Agreement
 - ~~ 6 months from LOC
- Project must start construction
 - no later than one year from the date of the Funding Agreement execution.
- Project construction must be completed
 - within 3 years from the date of the Funding Agreement execution.

How do I submit a Prop 84 Pre-application?

CDHS Universal pre-application is scheduled for release

~ May 1, 2007 [submission period close date will be announced on the web site ~ June 30]

CDHS - DWP is developing a single pre-application for all of its funding programs

- State Revolving Fund
- Prop – 50
- Prop - 84

Systems may submit more than one pre-application

Separate pre-application required for each project problem

Preapp will be ranked and incorporated on each funding list for which it is eligible

**Submit Comments to CDHS
on Proposed Ranking Criteria for Prop 84**

by April 13, 2007

Fax: (916) 449-5656

email: Prop84@dhs.ca.gov

Mail: CDHS-DDWEM (MS 7418)

Attn: Prop 84

P.O. Box 997413

Sacramento, CA 95899-7413

For details on Prop 84

**Check DHS website for ongoing implementation of
Prop 84 and other funding programs
including Pre-application announcements**

<http://www.dhs.ca.gov/ps/ddwem/funding>