

## **Grants Redesign Project**

Valley Water initiated the Grants Redesign Project to update and improve the Safe, Clean Water Grants and Partnerships Program to align with the changes adopted through the passage of Measure S, which was approved by voters in 2020, and to address the recommendations from the 2021 Grants Management Performance Audit Report.

The Grants Redesign Project includes two parts with a separate consultant on each: grants administration redesign with Arabella Advisors; and standard grants project criteria redesign with Duckler Consulting. Both consultants approached the redesign with a similar methodology of gathering information; identifying themes and findings; and developing recommendations. The draft recommendations developed by the consultants are listed below for reference.

### ***Grants Administration Redesign***

Arabella Advisors developed seven priority #1 recommendations to help Valley Water achieve industry-standard grant timelines with its existing staffing levels; and five priority #2 recommendations to enable additional improvements to the grants program and grantee experience. All twelve recommendations below are ranked by impact.

#### **Priority #1 Recommendations:**

1. Right size CEQA process to align with peer best practices.
2. Streamline the legal review process.
3. Delegate oversight and revisions of grants program and amendments to lower levels.
4. Fully fund standard grant requests, even if that means funding fewer projects.
5. Align and simplify grant application questions with grant agreement templates.
6. Raise the mini-grant threshold from \$5,000 to \$10,000.
7. Eliminate match funding requirement for mini-grants and revise match funding requirement for standard grants.

#### **Priority #2 Recommendations:**

8. Develop a formal due diligence policy and procedure to assess financial risk and other risks based on grant type and grant amount.
9. Revise reporting requirements to better facilitate data reporting for impact assessment and consider revising or eliminating quarterly progress reports for standard grants.
10. Revise and rely on the indemnification clauses in grant agreements instead of requiring burdensome insurance requirements.
11. Consider establishing a new grant cycle (e.g., every other year vs. annually) for standard grants based on grant complexity and staff capacity.
12. Optimize the use of grant management technology to improve grantee data collection, analysis and process management.

### ***Standard Grants Project Criteria Redesign***

Duckler Consulting proposed a right-sized standard grant process that scales the requirements based on risk and allows for flexibility in the project types accepted to adapt to the community's needs. The proposed changes will simplify the application process, support innovative community projects, and meet new grant requirements under Measure S.

The main recommendations for the standard grants project criteria redesign include:

- Restructuring the grant types into four categories based on project complexity and budget; size of risk based on CEQA requirements, permits and feasibility; and the types of activities.
- Setting minimum and maximum amounts per category and awarding 100% funding.
- Removing the match requirement for Education and Planning projects, which tend to be lower risk, and reduce the match requirement to 15% of the total project cost for Program and Implementation projects.
- Requiring grantees to identify the CEQA lead agency for implementation projects at the time of application. This specifies Valley Water's role as the responsible agency. If the grantee is a government agency, it can serve as the CEQA lead agency. If the grantee is a non-government agency, it must partner with a public agency to serve as the CEQA lead agency.
- Considering an annual grant cycle with alternating categories each year (Education, Planning and Program alternating with Implementation).
- Continuing to allow all project types, with multiple benefits, except Trails and Open Space projects, which will remain eligible for partnerships (Water conservation, pollution prevention, volunteer cleanups and education, and wildlife habitat restoration remain eligible for standard grants).
- Updating the eligible applicant types to include 501(d) religious organizations and removing for-profit entities which will be eligible for mini-grants and bottle refill station grants.

A table of the proposed standard grants framework is shown below.

<b>Categories</b>	<b>Education</b>	<b>Planning</b>	<b>Program</b>	<b>Implementation</b>
<b>Request Range</b>	\$10,001 to \$150K	\$10,001 to \$150K	\$10,001 to \$150K	\$50K to \$500K
<b>Match Requirement</b>	None	None	15% of the total project cost	15% of the total project cost
<b>Project Description</b>	Strictly educational: presentations, curriculum / material development, videos, field trips / tours, etc. No physical change to the environment.	Planning, design, or feasibility studies only. Projects that will become CEQA compliant. No physical work.	For smaller-scale implementation projects: cleanups, gardens, minor restoration work, research that requires physical manipulation of land, etc.	Capital / construction projects
<b>Agreement Term</b>	Three years	Three years	Five years	Five years

<b>CEQA Requirements</b>	None	None	Likely to receive a categorical exemption.  Valley Water may serve as the lead agency.	Requires a thorough CEQA review.  Valley Water serves as the responsible agency. Grantee serves as the lead agency or partners with a lead agency.
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