



Valley Water

Clean Water • Healthy Environment • Flood Protection



Safe, Clean Water Grants & Partnerships Redesign Recommendations

Board Meeting
May 28, 2024

Grants Redesign Background

Measure S

- In 2020, the voters approved the renewed Safe, Clean Water Program with continued funding for community grants.
- Updated and expanded the eligible project types and eligible applicants for grants.

Performance Audit

- In 2021, an audit was conducted on the grants administration.
- 11 recommendations were adopted by the Board for implementation.

Measure S Updates

- Consolidated and increased the community grant funding into Project F9
- Expanded potential eligible project types to include:
 - wildlife corridors and crossings
 - recycled water programs and infrastructure
 - partnerships to remove flood-inducing blockages
- Expanded potential eligible applicant types to include:
 - 501(d) religious or apostolic associations
 - individual persons

Grants Performance Audit 2021

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The audit identified **11** recommendations:

- **7** recommendations were **achieved**.
- **4** recommendations are **in progress**, and on target to be achieved with the completion of the grants redesign and right sizing.

4 Recommendations In Progress

- Scale the application and reporting requirements to fit the size, risk, and complexity of each individual grant.
- Base invoice requirements on the grant's risk level.
- Re-assess reporting and invoicing requirements based on risk, dollar value, and project complexity.
- If continuing as is, should confirm the grantee's financial management system data before award.

Grants Redesign Approach

Grants Administration

- Focus on right-sizing the grants administration for the application, agreement, reporting, and invoicing.
- Address the audit recommendations.

Standard Grants Project Criteria

Focus on updating the project types and criteria to:

- align with the expanded Measure S program;
- match current industry standards; and
- accommodate innovation and new ideas through multi-benefit projects.

Grants Redesign Methodology

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Information Gathering

- Review documents and desk research
- Internal staff interviews
- External grantee interviews
- Benchmarking with other government grantmakers
- Research industry best practices



Identify Themes and Findings



Develop Recommendations

- Align with audit recommendations
- Align with DEI Master Plan recommendations

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Standard Grants: Lifecycle Comparison

Months	1-3	4-6	7-9	10-12	13-15	16-18	19-21	22-24
Parks California	Applications due	Review period	Grant awardees notified	Grant agreements executed				
CA Coastal Commission	Applications due	Review period	Grant awardees notified	Grant agreements executed				
Open Space Authority	Applications due	Review period	Grant awardees notified	Grant agreements executed				
Santa Clara County Parks	Applications due	Review period	Grant awardees notified	Grant agreements executed				
Valley Water*	Applications due	Review period	Grant awardees notified	Grant agreements executed	Grant agreements executed	Grant agreements executed	Grant agreements executed	

Stage	Color
Applications due	Red
Review period	Yellow
Grant awardees notified	Blue
Grant agreements executed	Green

*Note: Valley Water grant execution timeline ranges anywhere from 6-12 months. There are a few factors that influence this timeline, including: partial funding of standard grants and subsequent grant scope revisions and CEQA review.

Grants Administration Redesign

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Recommendations

- **7 priority #1 recommendations** will help Valley Water achieve industry-standard grant timelines with its existing staff.
- **5 priority #2 recommendations** will enable additional improvements to the grants program and grantee experience.

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 grant application questions with the grant agreement template.
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

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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 facilitate the gathering of data for impact assessment and consider revising or eliminating quarterly progress reports for standard grants.
10. Revising and relying on the indemnification clause in the 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.

All Grant Types

1. Right-size CEQA process to align with peer best practices.
2. Streamline the legal review process.
5. Align grant application questions with the grant agreement template.
8. Develop a formal due diligence policy and procedure to assess financial risk and other risks based on grant type and grant amount.
10. Revising and relying on the indemnification clause in the grant agreements instead of requiring burdensome insurance requirements.
12. Optimize the use of grant management technology to improve grantee data collection, analysis and process management.

Reducing burdensome insurance requirements

Current:

- Agreement includes an indemnification clause.
- Grantees must provide documentation of insurance policies and all endorsements for workers compensation, vehicle coverage, etc.
- Insurance costs are not eligible for reimbursement from grant funds.

Redesigned:

1. Remove the current insurance requirements and supporting documentation, and rely on the indemnification clause in the agreement; OR
2. Continue with the current insurance requirements and required documentation, and allow the grantee's insurance costs to be eligible for reimbursement.

Mini-Grants

Current:

- Award up to \$5,000 per project.
- 25% match funding requirement that can be monetary or in-kind contributions.
- Application includes multiple questions which require narrative responses.

Redesigned:

- Award up to \$10,000 per project.
- No match funding requirement.
- Remove all questions from the application. Only request the information required for the agreement.

Example: Table of tasks, deliverables, and schedule; and a simplified budget table.

Standard Grants

Current:

- Award amount is based on the grant funding allocation matrix, which recommends a % of funding based on the evaluation panel scores
- 25% match funding requirement that can be monetary or in-kind contributions.
- Board approves all amendments to scope; time extensions beyond 12-24 months; and budget changes over 10% per task.

Redesigned:

- Only award projects at 100%. No partial funding.
- Reduce or eliminate match funding requirements:
 - No match required for Education and Planning (low risk)
 - 15% match required for Program and Implementation (high risk)
- Delegate authority to the CEO or CEO's designee to authorize amendments and budget changes that do not impact the total award amount.

Standard Grants: Project Criteria

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- Moving away from limited, singular benefit categories to a “right-sizing” approach based on project features
- Four grant categories based on:
 - Size of project and budget
 - Size of risk: CEQA, permits, feasibility
 - Activity type: educational, planning, implementation, etc.

Categories	Education	Planning	Program	Implementation
Request Range	\$10,001 to \$150K	\$10,001 to \$150K	\$10,001 to \$150K	\$50K to \$500K
Match Requirement	None	None	15% of the total project cost	15% of the total project cost
Project Description	Strictly educational: presentations, curriculum/material development, videos, field trips/tours, etc. No direct or foreseeable physical change to the environment.	Planning, design, investigative, or feasibility studies only. No direct or foreseeable physical change to the environment or minor changes that qualify for a cat. ex.	For smaller-scale implementation projects (cleanups, gardens, minor restoration work, research that requires physical manipulation of land, etc.)	Capital/construction projects. Award amounts can include surveys and other planning and design activities of up to 20% of the award amount.
Agreement Term	Three years	Three years	Five years	Five years
CEQA	None (not a project) or exempt.	None or categorical exemption. Valley Water may serve as the lead agency or responsible agency.	Likely to receive a categorical exemption. Valley Water may serve as the lead agency or responsible agency.	Valley Water serves as the responsible agency. Another public agency must serve as the lead agency. Non-public agency grantees must partner with a public agency to be the lead agency.

Standard Grants: Grant Cycle

Current:

- Annual grant cycle. All grant types eligible every year.

Redesigned:

Consider the following options:

1. Annual grant cycle and alternate grant categories each year (Education, Planning and Program alternating with Implementation) ****Staff Rec.***
2. Annual grant cycle and all grant categories eligible each year.
3. Every other year grant cycle with double the funding available (\$2.8M/2 years vs. \$1.4M/year).

Standard Grants: Eligibility

Current:

- Eligible projects:
 - Water Conservation Research
 - Pollution Prevention
 - Volunteer Cleanups and Education
 - Access to Trails and Open Space
 - Wildlife Habitat Restoration
- Eligible applicants:
 - Local cities, towns and county agencies
 - local 501(c)(3) nonprofit organizations
 - open space and special districts
 - mutual water agencies
 - resource conservation districts
 - schools, community colleges/universities
 - 501(d) religious or apostolic associations
 - for-profit companies eligible for Water Conservation Research projects only

Redesigned:

- Eligible projects: Same project types are eligible, with this update:
 - Trails and Open Space and Wildlife Crossings will only be eligible for partnerships.
- Eligible applicants: Same applicant types are eligible, with these updates:
 - Remove for-profit entities, which will only be eligible for mini-grants and bottle refill station grants

Board Recommendations

Review and approve the **Grants Redesign Project** recommendations to update the improve the administration of the Safe, Clean Water Grants and Partnerships Program;

- A. Authorize the following updates for **all grant types**:
1. Continue with the current insurance requirements and required documentation, and allow the grantee's insurance costs to be eligible for reimbursement (staff rec); OR
 2. Remove the current insurance requirements and supporting documentation, and rely on the indemnification clause in the agreement.

Board Recommendations *(continued)*

B. Authorize the following updates for the **Mini-Grant Program**:

1. Raise the mini-grant threshold from \$5,000 to \$10,000 per project;
2. Eliminate the match funding requirement;

Board Recommendations *(continued)*

- C. Authorize the following updates for the **Standard Grant Program**:
1. Adopt the Grants Redesign Project criteria framework, project eligibility, and applicant eligibility, and direct staff to replace the existing standard grant criteria based on the new framework;
 2. Delegate authority to the CEO or CEO designee to streamline the agreement terms corresponding with the framework categories;
 3. Set minimum and maximum funding amounts per category;
 4. Fund projects at the full amount requested, eliminating partial funding awards and eliminating the current grant funding allocation matrix;

Board Recommendations *(continued)*

5. Reduce or eliminate match funding requirements:
 - a. No match funding required for Education and Planning categories;
 - b. 15% match funding required for Program and Implementation categories;
6. Require grantees to identify a separate CEQA lead agency for Implementation projects at the time of application;
7. Release standard grants on an annual grant cycle and alternate grant categories each year;
8. Delegate authority to the CEO or CEO designee to authorize amendments and budget adjustments that do not impact the total grant award amount approved by the Board;

Board Recommendations *(continued)*

- D. Delegate authority to the Board Policy and Monitoring Committee for periodic review of the grants administration and to implement improvements as needed related to the project criteria framework, agreement terms, and grant cycles.

Next Steps

- Implement the recommendations as approved by the Board
- Mini-grant recommendations will be implemented at the beginning of FY25
- Standard grant recommendations will be implemented with the release of the next standard grant cycle – Target: Fall 2024

QUESTIONS



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