



Santa Clara Valley Water District

File No.: 19-0157

Agenda Date: 2/26/2019

Item No.: *7.3.

BOARD AGENDA MEMORANDUM

SUBJECT:

Safe, Clean Water and Natural Flood Protection Program Grant Award Process.

RECOMMENDATION:

- A. Receive staff's presentation regarding recommended modifications to the grant award process for the Safe, Clean Water and Natural Flood Protection Program as recommended and proposed by the Board Policy and Planning Committee; and
- B. Approve the recommended revisions to the evaluation criteria and the proposed standardized process for allocating grant funds, including allowing for a budget adjustment of 10 percent of the budget as a contingency to enable staff to better allocate funds in alignment with the proposed process, if needed.

SUMMARY:

Board Policy and Planning Committee. Staff presented recommendations to revise the Safe, Clean Water and Natural Flood Protection Program's (Safe, Clean Water) grant award criteria to the Board Policy and Planning Committee at the Committee's January 28 meeting. The Committee discussed staff's proposed additions to the evaluation criteria and revisions to the grant allocation process as listed in Attachment 1 of the agenda memo. The Committee unanimously approved supporting staff's proposal and recommended staff request board approval of adding a 10 percent contingency to each year's grant budget to allow staff the flexibility to fund eligible projects within the proposed two-tier allocation process. The 10 percent contingency will be utilized, as needed, through a budget adjustment and will draw from the respective project's 15-year funding allocation from the Safe, Clean Water Fund 26 Operating and Capital Reserves and will not impact any other Safe, Clean Water project's funding.

Background. It is anticipated that the Safe, Clean Water Grants Program will award over \$30 million in grants and partnerships to the community during its fifteen-year duration. The funds will be dispersed during various grant cycles through the 15 years of the Safe, Clean Water Program. The funding available for each grant cycle has been pre-approved by the board. The following are the available funding amounts for each grant program per cycle:

- A2 Water Conservation: \$200,000

- B3 Pollution Prevention: \$500,000
- B7 Support Volunteer Cleanup Efforts & Education: \$120,000 - \$200,000
- D3 Restore Wildlife Habitat: \$1.3 million
- D3 Access to Trails and Open Space: \$571,000

All proposed projects must be in Santa Clara County and applicants must be able to contribute 25 percent of the total project cost as part of the required match. Each grant cycle, staff receives applications with a total funding request for more than is available to award. Applications are scored based on several board approved criteria depending on the grant program. Staff uses the score to determine the recommended funding to present to the Board for approval.

In the past, staff has used a variety of methods to determine the allocation of grant amounts to recommend to the Board for approval. Staff has recommended selecting the top ranked applications to award the full funding allowed within the funding amount available. This process ensures that the top-scored projects would receive adequate funding to carry-out their full proposed scope of work. This method typically leaves other qualified projects with slightly lower scores without any funding. Staff has also recommended funding several qualified projects at a reduced amount based on what applicants are able to scale back in their proposed scope of work. This process allows the District to fund more projects and impact more communities. However, each project would receive less funding than what is requested, thereby, the applicants would need to find other sources of funding or reduce their scope of work.

In an effort to develop standard practices that fulfill the objectives of the Safe, Clean Water Grants Program, and provide a way for the District to make a broad and positive impact in all communities, staff researched best practices of other grant-makers. Staff looked at a variety of processes including, required documentations for application submission, matching funds, and the entity's award selection process. Staff looked at local entities, such as Midpeninsula Regional Open Space District and San Francisco Public Utilities Commission, as well as grant-makers from other areas and private foundations (Attachment 2). Many of the entities require some form of a match to contribute to the total cost of the project, ranging anywhere between 25 percent to a 1:1 match. Many entities also require the submission of audited financial documents to establish the applicant's financial stability. The formula for how each entity allocates grant funding for qualified applicants varies, depending on the amount of funds available and the total request from applicants.

Utilizing the information that was gathered, staff has developed the practices and requests the Board consider the proposed changes to the Evaluation Criteria and Award Allocation Process:

Evaluation Criteria. Each grant program has its own set of evaluation criteria (Attachment 3) based on the Safe, Clean Water priority area. Staff is proposing that all grant programs include the additional criteria:

- Applicant's financial stability
 - More than half of the applicant's required matching funds come from a monetary source (not in-kind) - **5 points maximum**
- Diverse applicant pool

- Applicant has never received a standard grant from the District under the Safe, Clean Water Program - **5 points maximum**
- Environmental Justice
 - Proposed project's scope of work includes serving/impacting a disadvantaged community (as defined by California's Environmental Protection Agency) - **5 points maximum**

The financial stability of the applicant reduces the chances that the project is left incomplete due to an organization's instability. It protects the District from funding risky organizations that cannot carry-out the full scope of the project. It is important that organizations are not solely relying on the District as its main or only funding source. It is also important for an organization's long-term financial health to be able to demonstrate a strong and diverse funding stream from other sources. Additionally, the applicants' strong financial stability serves as a strong indicator of the organization's ability to have a long-term impact with the project.

The Safe, Clean Water Grants Program has completed 5 years of grantmaking. Staff is seeking to expand the outreach and impact of grantmaking into communities that have not directly benefited from the funds in the first 5 years of the program. Staff has received feedback from the community that the Safe, Clean Water Grants Program is intimidating and doesn't appeal to organizations that don't already have an established relationship with the District. Therefore, extending consideration for new applicants will be a first step towards breaking down some of these conceived barriers.

Additionally, giving consideration to projects that proposes to work in disadvantaged communities would align with the Board's approved Environmental Justice Policy - *We are committed to upholding Environmental Justice for Disadvantaged Communities in Santa Clara County (including low-income, minority, immigrant, tribal, and or Limited English Proficiency residents), and will strive to ensure the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income with respect to our projects and programs.* The Board adopted this policy at the February 27, 2018 Board Meeting and the Safe, Clean Water Grants Program was cited as an example of where the policy can be implemented.

Award Allocation Process. To standardize the process for allocating funding to applicants, staff proposes the following practice:

All projects that receive a score of 70 percent or higher would be eligible for funding. Currently, only B7 Support Volunteer Cleanup Efforts & Education implements this standard. Staff proposes that this 70 percent standard is applied to all grant programs. The eligible proposals would be divided into two tier funding levels:

- **Tier One:** *Proposals with scores between 85 -100 points (or 170 - 200 points for Restoration grants) will receive between 70 -100 percent of their total requested funding*
- **Tier Two:** *Proposals with scores between 70 - 84 points (or 140 - 169 points for Restoration grants) will receive between 30- 60 percent of their total requested funding*

Funding percentages for each tier would be dependent on the number of applications that qualify for

funding and the total funding requested amount of those applications. Once all applications are scored, staff will review the total funding request and determine the percentage of funding for each tier. In situations where the number of eligible applicants in Tier One would not allow for a funding percentage between 70 - 100 percent, the Board Policy and Planning Committee has recommended a 10 percent contingency in the budget to allow staff to make the funding allocation work within that tier. The 10 percent contingency will be added to the budget through processing a budget adjustment and will draw from the respective project's 15-year funding allocation from the Safe, Clean Water Fund 26 Operating and Capital Reserves.

The two-tier funding process allows the District to provide some level of grant awards to all qualified applicants, but prioritizing the stronger proposals with higher levels of funding. Staff believes implementing this practice will ensure that the District continues to make a strong and equitable impact in the community through the grants program. A summary of the staff's proposed changes is provided in Attachment 1.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

The recommended action does not constitute a project under CEQA (per CEQA Guidelines Section 15378(a)) because it does not commit the District to a definite course of action, and therefore has no potential to result in a direct or reasonably foreseeable indirect environmental impact. Specifically, it is a government fiscal activity which is not a project because it does not involve commitment to any specific project that may result in a potentially significant environmental impact, per CEQA Guidelines Section 15378(b)(4). The Board action is approval of a staff recommendation to fund projects following project-specific District CEQA compliance, and is not a commitment to fund those projects. It does not foreclose alternatives or mitigation measures, including the alternative of not proceeding with a project, that ordinarily are part of project-specific CEQA review. The CEO will execute project-specific funding agreements only after District CEQA compliance is completed. For public agency projects, the grantee will be the lead agency and must submit evidence of CEQA compliance (adopted Negative Declaration, certified EIR, or Notice of Exemption) to the District, which will serve as Responsible Agency. For non-government grantees, the District will serve as lead agency.

ATTACHMENTS:

- Attachment 1: Proposed Grant Evaluation & Allocation Process
- Attachment 2: Comparison of Practices from other Grant-Makers
- Attachment 3: Evaluation Criteria
- *Handout 7.3-A - T. Mulvey

UNCLASSIFIED MANAGER:

Rick L. Callender, 408-630-2017