



Staff Recommendation
February 16, 2021

Consent Item: Proposition 1 Grant Guidelines Update

Holly Wyer, Program Manager
Maria Rodriguez, Program Manager

RECOMMENDED ACTION: Adoption of Ocean Protection Council’s Revised Proposition 1 Grant Program Guidelines

LOCATION: Statewide

STRATEGIC PLAN OBJECTIVE(S): This program implements strategic targets in Goal 2 and 3, within Objective 2.2: Enhance Engagement with Underserved Communities; Objective 2.3: Improve Coastal Access; Objective 3.1: Protect and Restore Coastal and Marine Ecosystems; and Objective 3.4: Improve Coastal and Ocean Water Quality.

EXHIBITS:

Exhibit A: Proposed Final Proposition 1 Grant Program Guidelines
Exhibit B: Public Comment on the Draft Proposition 1 Grant Program Guidelines
Exhibit C: Public Comment on the Proposed Final Proposition 1 Grant Program Guidelines

FINDINGS AND RESOLUTION:

Staff recommends that the Ocean Protection Council (OPC) adopt the following resolution pursuant to Section 35500 *et seq.* of the Public Resources Code:

“OPC hereby adopts the revised Proposition 1 Grant Program Guidelines, attached to the accompanying staff recommendation as Exhibit A, pursuant to Water Code Section 79706(a).”

Staff further recommends that OPC adopt the following findings:

“Based on the staff report and attached exhibit, OPC hereby finds that:

1. The revised Proposition 1 Grant Program Guidelines are consistent with the purposes of Division 26.5 of the Public Resources Code, the Ocean Protection Act.
2. The revised Proposition 1 Grant Program Guidelines are consistent with Division 26.7 of the California Water Code, the Water Quality, Supply, and Infrastructure Improvement Act of 2014.”

PROJECT SUMMARY:

The revised Proposition 1 Grant Program Guidelines (Grant Guidelines) establish the general process, procedures, and criteria that OPC will use to solicit applications, evaluate proposals, and award grants pursuant to Proposition 1 (Prop 1). The revised Grant Guidelines identify the overall priorities for OPC funds and the additional project requirements and evaluation processes applicable to Prop 1-funded projects. OPC staff developed the revised Grant Guidelines (Exhibit A) consistent with the process and requirements of Chapter 4 of Prop 1 (CWC §79703 et seq.) and Chapter 6 of Prop 1 (CWC §79730 et seq.).

The revised Grant Guidelines are intended to reflect OPC’s focus and prioritization on projects that benefit communities entitled to environmental justice. Additionally, Prop 1 requires that funding support multi-benefit ecosystem and watershed protection, and restoration projects with a component that improves water quality. Major revisions to the revised Grant Guidelines include:

- OPC’s refined priorities for Round 4 solicitation;
- A new proposal submission process; and
- Updated scoring criteria.

Background

The Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Prop 1) was approved by voters in November 2014 (California Water Code (CWC) Division 26.7). Prop 1 is intended to fund projects that meet the goals of the Water Action Plan to provide more reliable water supplies, restore important species and habitat, and develop a more resilient and sustainably managed water system) to better withstand inevitable and unforeseen pressures in the coming decades. Chapter 6 of Prop 1, “Protecting Rivers, Lakes, Streams, Coastal Waters, and Watersheds,” allocates \$30 million to the OPC for a competitive grant program for multi-benefit ecosystem and watershed protection and restoration projects in accordance with statewide priorities, CWC §79730 and §79731(d).

OPC has had three solicitation rounds of Prop 1 funding from 2015 to 2019. In 2015, OPC developed and adopted initial Grant Guidelines consistent with Chapter 4 and Chapter 6 of Prop 1 (CWC §79703 et seq. and CWC §79730 et seq., respectively). The initial Grant Guidelines were revised in 2017 to reflect staff feedback on the evaluation and scoring process and align with OPC priorities for rounds 2 and 3 of Prop 1 funding for FY 17-18

and FY 19-20. The round 4 solicitation will be released in March 2021 with the remaining \$7.5 million of OPC's Prop 1 funds.

OPC Funding Priorities for Prop 1

Consistent with Prop 1 requirements, projects should provide multi-benefit ecosystem and watershed protection and restoration projects with a component that improves water quality. OPC seeks to advance coastal projects that directly benefit communities, including: [disadvantaged and severely disadvantaged communities](#) (DACs/SDACs)¹, California Native Tribes and Tribal Governments, and communities that score above 80% on [CalEnviroScreen](#) results (Communities). Additionally, OPC seeks to advance projects that are led by community-based organizations. Prop 1 funding will prioritize coastal projects in or near Communities that propose restoration, habitat enhancement, and resilience to climate change, including adaptation to sea-level rise, flooding, and shoreline erosion.

Please see below for examples of OPC's Priority Project Types for coastal projects benefitting Communities:

- Restoration projects that address habitat loss and environmental degradation.
- Community-led projects that reduce pollutant run-off, restore urban waters, streams, and beaches and address water quality in a [Critical Coastal Area \(CCA\)](#)².
- Multi-benefit projects that improve access, coastal ecology, and local water resilience. Multi-benefits may include carbon sequestration.
- Projects that promote risk reduction and resiliency of the built and natural environment in the face of sea-level rise, including innovative design elements and approaches such as living shorelines and nature-based infrastructure.
- Projects that address needs of communities at risk of exposure to toxic or hazardous sites due to sea-level rise and flooding.
- Projects that improve ecosystem health and resiliency to impacts of climate change.
- Projects that develop green infrastructure solutions in coastal environments to address water quality problems.

Other Revisions to Grant Guidelines

In addition to OPC's priorities for Prop 1 funding, other major revisions to the Grant Guidelines include a new proposal submission process and updated scoring criteria. To

¹ Prop 1 uses the definition of a "disadvantaged community" as defined by California Water Code §79505.5a: "Disadvantaged community is a community with an annual median household income that is less than 80% of the statewide annual median household income."

² Critical Coastal Areas (CCA) identify coastal watersheds that reflect the dual goals of improving degraded coastal water quality, and providing extra protection from polluted runoff to coastal waters with recognized high resource value. (Coastal Water Quality Program, California Coastal Commission, December 2019).

improve and streamline the proposal submission process, applications for upcoming Prop 1 solicitations will no longer be submitted online through the System for Online Application Review (SOAR). Instead, applications will be accepted via email to make it easier and more accessible for all applicants to submit proposals. Additionally, letters of Intent (LOI) will be required as an initial step during the competitive application process, selected applicants will be invited to submit a full proposal after the LOIs are reviewed. The scoring criteria was updated to reflect OPC priorities for Prop 1 funding focused on providing meaningful and direct benefits to Communities. The new scoring criteria aims to simplify project review and prioritize projects that achieve the following:

- Ensure alignment with Prop 1 and OPC Priority Project Types; and
- Demonstrate significant benefits to Communities Entitled to Environmental Justice.

Other revisions include grantee opportunities for advanced payments and changes to project minimum and maximum amounts. For grants awarded for projects that benefit a Community, OPC may provide advanced payments to qualified grantees³ of up to 25% of the grant award at a time to the recipient to initiate the project in a timely manner. The 2017 Grant Guidelines designated a minimum for grant proposals to be \$250,000 with no maximum, with the exception of a maximum of 5 projects that would qualify for a project minimum of \$50,000 under the Prop 1 Small Grants category. The revised Grant Guidelines discontinue the Small Grants category and updated project amounts to reach a balance with new priorities for Prop 1 funding. Project minimum and maximum amounts were also adjusted based on feedback from previous Prop 1 solicitations, and are as follows:

- Minimums: OPC strongly encourages project budgets over \$250,000. However, the minimum project award amount for OPC's Prop 1 program is \$100,000.
- Maximum: The maximum project award is \$5,000,000.

OPC staff intends to provide more details and specific application requirements in the upcoming solicitation.

Public Outreach Process

The 2021 Grant Guideline revision occurred during the coronavirus pandemic, and all outreach is being conducted virtually, including a OPC-led Prop 1 webinar on January 25, 2020. The draft revised Grant Guidelines were published on the OPC website 30 days before the public webinar and are being considered for adoption by OPC on February 16, 2021. In addition to publishing the draft revised Grant Guidelines on the OPC website, OPC has conducted virtual public outreach by circulating announcements via its listserv, Twitter account, and staff outreach to various organizations. OPC staff has connected virtually with partners and reached out to organizations and groups that may be interested in Prop 1 funding opportunities. Upon adoption of the revised Grant Guidelines, OPC staff will

³ To qualify for advanced payments, the grantee must explain how their project meets the definition of a Community, as described in the Grant Guidelines, and must meet additional requirements regarding the use of advanced payments, as will be specified by OPC. Advances cannot be used for in-house labor or personnel costs.

continue virtual public outreach efforts to announce the availability of Prop 1 funding, with a focus on targeted outreach to Communities and Community-Based Organizations (CBOs).

Public Comments Received and Revisions Made

OPC provided the draft revised Grant Guidelines for public review and comment from December 23, 2020 through January 26, 2021. OPC received written comments via email, letter, and through webinar registration, as well as verbal comments at the January 25, 2021 webinar. In total, OPC received around 30 comments representing 15 organizations (see Exhibit B for public comments), and carefully considered all comments. A summary of the revisions made to the Guidelines to address comments is as follows:

Revisions to add clarity

Numerous comments requested additional minor clarifications of language in the Grant Guidelines. The Grant Guidelines were revised to provide additional clarity on issues including: whether planning or acquisition projects were eligible for funding, permitting requirements for proposed projects, and whether projects in the San Francisco (SF) Bay would be considered as “part of the coast”.

OPC staff added language in the Guidelines to clarify that planning projects are eligible for Prop 1 funding and OPC will consider funding projects with both planning and implementation components. Design, engineering, and/or permitting could be considered planning components. Revisions also emphasized permitting requirements for projects with a combination of planning and implementation components are expected to have their permitting and CEQA complete before the implementation phase of the project. OPC recognizes that planning projects may not require permitting, and environmental documents and permitting for projects should be completed, as applicable to the proposed project.

OPC staff made revisions to clarify that proposed acquisition projects are eligible for Prop 1 funding, with the added caveat that proposed acquisition projects will only be funded for the acquisition component. OPC will not fund projects that have both an acquisition and implementation or construction component for the acquired property. Based on previous Prop 1 solicitations, acquisition projects that include an implementation or construction component have had challenges that caused delays in project schedules and resource implications for OPC staff and grantees.

OPC staff explicitly clarified that projects in the SF Bay are considered eligible coastal projects. OPC developed [maps](#) to help applicants visualize OPC’s priority geographical areas for funding, which include Communities in the SF Bay.

Revisions to expand location criteria for projects, in relation to Communities served

OPC staff made revisions to expand the project location eligibility criteria to include projects outside of ½ mile from the Community’s border and 3 miles of the coast that

demonstrate direct, meaningful benefits to Communities. OPC staff emphasized the need for applicants to demonstrate significant and intentional Community benefits for projects outside of OPC's priority geographical area to be considered for eligibility. Additionally, projects outside of OPC's priority geographical area must demonstrate environmental improvements that reach the coast and ocean.

Revisions to better enable stakeholder Communities to participate

OPC staff added Appendix F: Technical Assistance Resources, which lays out the advice and assistance that OPC staff can provide to all applicants during the solicitation period. This appendix is intended to provide applicants with information on how OPC staff can advise and assist them during the solicitation period as they develop their applications.

Comments informing our solicitation process

OPC also received comments about resources that will inform our solicitation process, and therefore, were not included in revisions to the Grant Guidelines. These comments included questions on which type of project costs are allowed for Prop 1 funding, options for community engagement given Covid restrictions, and providing a guide for applicant best practices or FAQs to help organizations identify project partners in the application process. These are all valuable comments and OPC intends to provide a FAQ or guidance document, budget template, and other resources to assist applicants during the solicitation phase. Additionally, OPC is willing to work with applicants during these unprecedented times to ensure safety during the COVID pandemic.

Comments not addressed in Guidelines

OPC also received a comment that was not addressed in the revisions to the Grant Guidelines. The comment, and the rationale for retaining the approach laid out in the draft guidelines include:

- **Comment:** 25% of overall scoring is allocated for DAC/SDAC. A lot of beach communities do not fall into that and they will be losing on that 25% altogether. Do you have a recommendation on how, if they have serious problems, how they can benefit from this grant? How can those communities be more competitive?

Response: OPC is focusing its final round of Prop 1 funding on Communities Entitled to Environmental Justice (Communities). We are defining Communities more broadly than just DAC and SDAC by also including Communities in the top 20% of CalEnviroScreen results and Indian tribes (federally recognized or listed on the Native American Heritage Commission's California Tribal Consultation List). OPC recommends interested applicants to check if their project falls under any other aspects of what could be considered a 'Community' under these guidelines.

Project Timeline

These revised Grant Guidelines are intended to remain through the duration of OPC's Prop 1 Grant Program. Pending OPC adoption of these revised Grant Guidelines, the anticipated general schedule for round 4 of competitive solicitations⁴ is as follows:

Prop 1 Grant Program Project Solicitation Schedule for 2021	
Grant Guidelines presented to the Ocean Protection Council for approval	February 16, 2021
Round 4 solicitations released (pending approval of Grant Guidelines)	March 1, 2021
Round 4 letters of Intent due	April 2021
Round 4 letters of Intent evaluated	Second Quarter 2021
Round 4 full proposals due	Third Quarter 2021
Round 4 full proposals evaluated	Third and Fourth Quarter 2021
OPC Meeting Consideration	Fourth Quarter 2021

CONSISTENCY WITH CALIFORNIA OCEAN PROTECTION ACT:

The proposed program is consistent with the Ocean Protection Act, Division 26.5 of the Public Resources Code, because the funding will be provided for projects and activities that are consistent with trust-fund allowable projects, defined in Public Resources Code Section 35650(b)(2) as projects which:

- Eliminate or reduce threats to coastal and ocean ecosystems, habitats, and species
- Improve coastal water quality
- Allow for increased public access to, and enjoyment of, ocean and coastal resources, of those resources
- Improve management, conservation, and protection of coastal waters and ocean ecosystems
- Protect, conserve, and restore coastal waters and ocean ecosystems
- Address coastal water contamination from biological pathogens
- Provide funding for adaptive management, planning coordination, and other necessary activities to minimize the adverse impacts of climate change on California's ocean ecosystem

CONSISTENCY WITH THE OPC'S STRATEGIC PLAN:

This program implements strategic targets in Goal 2 and 3, within Objective 2.2: Enhance Engagement with Underserved Communities; Objective 2.3: Improve Coastal Access; Objective 3.1: Protect and Restore Coastal and Marine Ecosystems; and Objective 3.4: Improve Coastal and Ocean Water Quality. Specifically, projects funded by this program will support efforts towards achieving these targets:

⁴ Timing of grant rounds or solicitation periods also depends on budget allocations.

- Target 2.2.2: Develop, refine, begin, and expand implementation of strategies for effectively engaging and partnering with underserved communities on ocean and coastal resource protection, access, policy, and management by 2021.
- Target 3.4.1: Strengthen water quality protection in MPAs equivalent to at least that of Areas of Special Biological Significance or State Water Quality Protection Areas by 2023.
- Target 3.4.9: By 2020, identify and reduce the ecological and human health risks posed by emerging contaminants that threaten coastal watershed, estuarine and ocean water quality.

Additionally, projects funded by this program could also address other strategic targets, such as:

- Ensure California's coast is resilient to at least 3.5 feet of sea-level rise by 2050
- Work with partners to ensure an additional 10,000 acres of coastal wetlands will be protected, restored or created by 2025, and increase the acreage of coastal wetlands in California by 20% by 2030 and 50% by 2040.
- Work with partners to preserve the existing, known 15,000 acres of seagrass beds and create an additional 1,000 acres by 2025.

COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

Adoption of the Grant Guidelines is not a "legal project" that triggers the California Environmental Quality Act (CEQA) pursuant to Public Resources Code section 21068 and Title 14 of the California Code of Regulations, section 15378. Future projects that may be funded by this program will be required to comply with CEQA and other necessary environmental permitting requirements, or otherwise explain why permits are not applicable to the project.