2026 Watershed Resilience Grant Program

Guidelines

September 2026

CLIMATE BOND
PROP 4 • 2024
GOVERNOR GAVIN NEWSOM
STATE OF CALIFORNIA

California natural Resources Agency
Department of water Resources
Division of regional assistance

Foreword

The 2026 Watershed Resilience Grant Program Guidelines (2026 Guidelines) contain the general process, procedures, and criteria that DWR will use to implement the Proposition 4 (The Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024) Watershed Resilience Grant Program. Additionally, the Department of Water Resources (DWR) will issue separate Proposal Solicitation Packages (PSP) to provide detailed information on how to apply for specific funding opportunities. The PSPs for specific grant funding opportunities are available at the website listed below.

Grant Program Website

DWR will use the internet as the primary communication tool to notify interested parties of the status of grant solicitations and to convey pertinent information. DWR will post information at the following website: https://water.ca.gov/Work-With-Us/Grants-And-Loans/Watershed-Resilience-Program

See Appendix A for other useful web links and Appendix B for common usage of terms and definitions.

Mailing List

In addition to the above-referenced website, DWR will distribute information via e-mail. If you are not already on the Watershed Resilience e-mail distribution list and wish to be placed on it, please visit the following site: https://public.govdelivery.com/accounts/CNRA/signup/31790 and select DWR Water Grants on the sign-up list.

Contact Information

For questions about the 2026 Guidelines or other issues, please contact DWR’s Financial Assistance Branch at (916) 651-9613 or by e-mail at FinancialAssistance@water.ca.gov.

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ACRONYMS AND ABBREVIATIONS

AB	Assembly Bill
ACS	American Community Survey
Basin Plan	Regional Water Quality Control Plan
CASGEM	California Statewide Groundwater Elevation Monitoring
CEDEN	California Environmental Data Exchange Network
CEQA	California Environmental Quality Act
CNRA	California Natural Resources Agency
CWC	California Water Code
DAC	Disadvantaged Community
DIR	California Department of Industrial Relations
DWR	Department of Water Resources
EDA	Economically Distressed Area
EIR	Environmental Impact Report
EJ	Environmental Justice
EO	Executive Order
GAMA	Groundwater Ambient Monitoring Assessment
GRanTS	Grants Review and Tracking System
GHG	Greenhouse Gas
GIS	Geographic Information System
GSA	Groundwater Sustainability Agency
GSP	Groundwater Sustainability Plan
GWMP	Groundwater Management Plan
IRWM	Integrated Regional Water Management
JPA	Joint Powers Authority
LPS	Local Project Sponsor
MHI	Median Household Income
NEPA	National Environmental Policy Act
NAHC	Native American Heritage Commission
O&M	Operation and Maintenance
OPR	The Governor’s Office of Planning and Research
PRC	Public Resources Code
PSP	Proposal Solicitation Package
RFP	Request for Proposals
RWQCB	Regional Water Quality Control Board
SB	Senate Bill
SDAC	Severely Disadvantaged Community
SGMA	Sustainable Groundwater Management Act
SLR	Sea-Level Rise
SWRCB	State Water Resources Control Board
USACE	United States Army Corps of Engineers
USEPA	United States Environmental Protection Agency
UWMP	Urban Water Management Plan
UWS	Urban Water Supplier
VCP	Vulnerable Communities Platform
WUE	Water Use and Efficiency Branch

2026 WATERSHED RESILIENCE
GRANT PROGRAM GUIDELINES

I. Introduction and Overview

Proposition 4, Chapter 2 Safe Drinking Water, Drought, Flood, and Water Resilience (Public Resources Code (PRC) § 91000 – 95050) funding is intended to strengthen statewide climate resilience and protect natural resources from escalating environmental risks. Specifically, the purpose is to prioritize projects that improve long-term water security by adapting local infrastructure to the challenges of extreme drought and climate change. The 2026 Watershed Resilience Grant Program Guidelines (2026 Guidelines) will apply to subsequent solicitations for grant funding under Proposition 4 Watershed Resilience program. However, changes may be necessary due to legislation or changes in State water management policy. If changes are necessary, the 2026 Watershed Resilience Guidelines will be amended and subject to a public review process.

A. Funding

This program combines two Proposition 4 funding sources into a single approximately $165 million program:

- Public Resources Code section 91019 authorizes $75 million for projects that increase water conservation in agricultural and urban areas. Approximately $65 million of this funding will be administered through the Watershed Resilience program.
- Public Resources Code section 91031 authorizes $100 million in funding for projects related to integrated regional water management to improve climate resilience on a watershed basis.

DWR will utilize approximately 7% of the combined funding for administrative costs and retains discretion to utilize additional funds for state operations. After administrative and bond costs, approximately $152 million will be available for grants. DWR may make additional funding available under section 91019 should funds become available.

B. Funding Opportunities

The Watershed Resilience Grant Program will be administered as two separate solicitations. Each solicitation has specific requirements and selection processes. Program schedules can be found at the website shown in the Foreword.

- **Conservation Implementation Solicitation –** Approximately $60.1 million will be awarded for projects that increase water conservation in agricultural or urban areas.

- **Planning + Solicitation –** Approximately $93 million will be awarded to support the development of new Watershed Resilience Plans or to update existing Watershed Resilience Plans and fund the highest priority implementable project(s) identified through this planning process.

C. Minimum Local Cost Share Requirements

Although local cost share is not required, applicants are encouraged to use other funding sources to supplement grant funds. Local cost share may include, but is not limited to, federal funds, local funding, or donated services from non-State sources. Refer to the applicable PSP for more information regarding local cost share.

D. Program Preferences

California Water Code Program Preferences

Public Resources Code sections 90050, 90140, and 90150 identify various priorities or considerations that shall be given to proposals and are listed below and are collectively referred to as the "Program Preferences."

- **Leverage Funds or Produce the Greatest Public Benefit** – Give priority to projects that leverage private, federal, or local funding or produce the greatest public benefit relative to grant funds requested.
- **Benefit Disadvantaged, Severely Disadvantaged, and Vulnerable Populations** – Ensure that at least 40 percent of Proposition 4's funds are allocated to projects which provide meaningful and direct benefits (benefits) to vulnerable populations or disadvantaged communities; and that at least 10 percent of the funds provide benefits to severely disadvantaged communities.
- **Utilize California Conservation Corps** – Give preference to projects whose applications include use of the California Conservation Corps or certified community conservation corps.

These Program Preferences will be taken into consideration during the review process; refer to the applicable PSP for the specific details regarding the application of the Program Preferences.

E. Grant Award Process

Watershed Resilience grants will be awarded using specific criteria contained in the applicable PSP.

II. Eligibility Requirements

A. Eligible Grant Applicants

Public Resources Code section 90110 identifies the following entities as eligible grant applicants:

- Public agencies
- 501(c)(3) Non-profit organizations
- Special districts
- Joint Powers Authorities
- Public utilities
- Federally recognized Indian Tribes
- State Indian Tribes listed on the Native American Heritage Commission's Tribal Consultation list
- Mutual water companies
- Local agencies
- Local publicly owned utilities

See Appendix B for definitions of these terms.

To be part of the proposal as a Local Project Sponsor (i.e., an entity that will implement a given project under the umbrella agreement entered into by the grant applicant) and access grant funding through their relationship with the applicant, Local Project Sponsors must meet the definition of Eligible Grant Applicant as described above. Note that if the applicant is found ineligible, the entire application will be considered ineligible. If the Local Project Sponsor is found ineligible, funding cannot be awarded to that project, and any grant award will be proportionately reduced.

B. Eligibility Criteria

This is a general list of eligibility criteria for Watershed Resilience grant funding opportunities. Refer to the applicable PSP for specific eligibility criteria requirements and information that must be included in an application to establish eligibility.

Groundwater Management Compliance – A local agency that does not prepare, adopt, and submit its groundwater [management] plan in accordance with groundwater planning requirements established under Division 6 of the Water Code (Water Code § 10000 et seq.) is ineligible to apply for grant funds until the plan is prepared and submitted in accordance the requirements of Division 6 of the Water Code. The groundwater management plan (GWMP) requirement shall not apply to a water replenishment district formed pursuant to Water Code section 60000 et seq., or to a local agency that serves or has authority to manage an adjudicated groundwater basin (Water Code § 79742(b)).

The Sustainable Groundwater Management Act (SGMA) (Water Code § 10720 et seq.) changes grant eligibility related to groundwater management compliance. Various SGMA requirements become effective over time. Applicants will need to maintain continuing eligibility with the most current SGMA requirements as they come into effect. Applicants with groundwater projects must follow specific instructions contained in each PSP on what to submit for groundwater management eligibility as SGMA is implemented.

- **SGMA** – SGMA (Water Code § 10720 et seq.) specifies actions for critically over-drafted groundwater basins, high and medium priority basins, and low and very low-priority basins. Groundwater project proponents must demonstrate how their project is consistent with SGMA efforts in the basin.
- **Groundwater Management Plan Compliance** – The applicant, or the project proponent responsible, must meet one of the following conditions (Water Code § 10753.7 (b)(1)):
  - Conform to the requirements of an adjudication of water rights in the subject groundwater basin.
  - Participate or consent to be subject to a GWMP, basin-wide management plan, or other Watershed Resilience program or plan that meets the requirements of Water Code section 10753.7.
  - For projects located in low or very low-priority groundwater basins, as designated by DWR, without an existing GWMP, the applicant or Local Project Sponsor must commit to adopting a GWMP that meets the requirements of Water Code section 10753.7 or a GSP that meets the requirements of Water Code section 10727 et seq. within one-year of the grant application submittal date.

California Statewide Groundwater Elevation Monitoring Compliance – Water Code section 10920 et seq. establishes a groundwater monitoring program designed to monitor and report groundwater elevations in all or part of a basin or sub-basin. Information on the requirements of the Sustainable Groundwater Management Act (SGMA) Portal's Monitoring Network Module (formerly CASGEM) Program can be found at the link listed in Appendix A. DWR has established high, medium, low, and very low-priority groundwater basins, as well as monitoring entities. For those high and medium priority basins that do not have a monitoring entity, a grant applicant and/or Local Project Sponsor that match the list of potential monitoring entities identified in Water Code section 10927, along with counties whose jurisdictions include unmonitored high and medium priority basins, will not be eligible for grant funding pursuant to Water Code section 10933.7(a). Consistent with Water Code section 10933.7(b), if the entire service area of the grant applicant or the individual project proponent is demonstrated to be a DAC, as defined in Appendix B, the project will be considered eligible for grant funding notwithstanding CASGEM compliance.

Stormwater Resource Plans – Water Code section 10563(c) requires the development of a stormwater resource plan and compliance with these provisions to receive grants for stormwater and dry weather runoff capture projects. This requirement does not apply to a grant for a disadvantaged community with a population of 20,000 or less that is not a co-permittee for a municipal separate stormwater system National Pollutant Discharge Elimination System (NPDES) permit issued to a municipality with a population greater than 20,000 (Water Code § 10563(c)).

Urban and Agricultural Water Suppliers Compliance – To be eligible for grant funding under this program:

- Urban Water Suppliers (UWS) must have a current Urban Water Management Plan that has been reviewed by DWR and found to have addressed the requirements of the Urban Water Management Planning Act (Water Code, §10610 et seq.).
- UWS must comply with the State Water Resources Control Board's Water Conservation and Production Reporting requirement. Reports are due on the 28th of each month and can be filed using the reporting tool at: https://www.waterboards.ca.gov/conservation/conservation_reporting.html
- Agricultural water suppliers must have a current Agricultural Water Management Plan that has been reviewed by DWR and found to have addressed the requirements of the Agricultural Water Management Planning Act (Water Code, § 10800 et seq.).
- Agricultural and urban water suppliers must comply with the conservation and water use efficiency measures of Water Code section 10608 et seq., Sustainable Water Use and Demand Reduction, and associated regulations.

Water Metering Compliance – Any urban water supplier applying for State grant funds for wastewater treatment projects, water use efficiency projects, drinking water treatment projects, or for a permit for a new or expanded water supply, shall demonstrate that they meet the water meter requirements in Water Code section 525 et seq.

Surface Water Diversion Reporting Compliance – A diverter of surface water is not eligible for a water grant or loan awarded or administered by the State unless it complies with surface water diversion reporting requirements outlined in Water Code section 5100 et seq.

C. Eligible Project Types

Projects may include, but are not limited to, the following:

- Water reuse and recycling for non-potable reuse and direct and indirect potable reuse
- Water-use efficiency and water conservation
- Local and regional surface and underground water storage, including groundwater aquifer cleanup or recharge projects
- Regional water conveyance facilities
- Watershed protection, restoration, and management projects, including projects that reduce the risk of wildfire or improve water supply reliability
- Conjunctive use of surface and groundwater storage facilities
- Water desalination projects

Eligible projects must:

- Be consistent with Water Code Division 7 (Water Code § 13000 et seq.) and Section 13100 of the Government Code (Infrastructure Plan)
- Be included in a Stormwater Resource Plan, unless exempt per Water Code section 10563(c)(2)(B). (Applies only to stormwater and dry weather runoff capture projects.)
- Be supported by the local Groundwater Sustainability Agency. (Applies only to projects that affect Groundwater levels.)

Proposition 4 funds cannot be used for the following actions:

- Design, construction, operation, mitigation, or maintenance of isolated Delta conveyance facilities. Those costs shall be the responsibility of the water agencies that benefit from such facilities (Public Resources Code § 90107)
- Fulfillment of any environmental mitigation requirements or compliance obligations imposed by

law (Public Resources Code § 90105).

- Acquisition of water except for projects that will provide fisheries or ecosystem benefits or improvements that are greater than required applicable environmental mitigation measures or compliance obligations in effect at the time the funds are made available. Such funds shall not be credited to any measures or obligations, except for any water transfers for the benefit of section 3406(d) of the Central Valley Project Improvement Act (Title 34 of Public Law 102-575).

The PSP for a specific solicitation may also provide clarifications on the specific project eligibility requirements.

D. Projects on Private Property

Bond funds may not constitute a gift of public funds under Article XVI, Section 6 of the California Constitution. Each private property project must demonstrate that the primary benefit flows to the public, through documented water savings, groundwater recharge, reduced municipal water demand, or improved water quality, rather than conferring a net financial gain on the property owner, including an increase in property value. Staff will assess whether the public benefit is commensurate with the amount of bond funding proposed for the landowner. Consistent with Proposition 4's requirement that administering agencies prioritize projects producing the greatest public benefit, applicants must provide an estimated annual acre-foot (or equivalent) of water savings or other benefits using an approved methodology (e.g., metered use, ET-based accounting, or pre/post installation monitoring). Projects without a measurable outcome methodology are ineligible.

To protect the public's investment, an easement, or deed restriction must be recorded against the property in the official records of the county recorder, running with the land for a minimum term of 30 years, that: (a) prohibits reversal of the funded improvement, (b) requires maintenance of the measure for the full encumbrance period, and (c) grants the administering agency the right to inspect and verify compliance.

Consistent with solicitation requirements, these must be implementation projects with physical improvements. As such, landscape rebates and fallowing are not eligible. Should grant funding be awarded, each agreement will address these requirements.

If you’re planning to submit a private property project, please contact the program to discuss eligibility early.

III. General Program Requirements

A. Conflict of Interest

All participants are subject to State and federal conflict of interest laws. Failure to comply with these laws, including business and financial disclosure provisions, will result in the application being rejected and any subsequent grant agreement being declared void. Other legal action may also be taken. Before submitting an application, applicants are urged to seek legal counsel regarding conflict of interest requirements. Applicable statutes include, but are not limited to, Government Code §1090 and Public Resources Code §10410 and §10411.

B. Confidentiality

Applicants should note that by submitting an application they are waiving their rights to the confidentiality of that application. All proposals, as well as all project materials maintained by the State are subject to disclosure pursuant to the California Public Records Act (Gov. Code, § 7920.000 et seq.). All applications will be public documents.

C. Labor Code Compliance

All grantees are bound by the provisions of the Labor Code regarding prevailing wages and shall monitor all contracts subject to reimbursement from any agreement with the State to ensure that the prevailing wage provisions of the Labor Code are being met. Current Department of Industrial Relations (DIR) requirements may be found at: http://www.dir.ca.gov/lcp.asp. For more information, please refer to DIR's Public Works Manual at: http://www.dir.ca.gov/dlse/PWManualCombined.pdf. Before submitting an application, applicants are urged to consult with their legal counsel regarding Labor Code compliance. DWR will not advise applicants on Labor Code compliance. The grantee will also affirm that it is aware of the provisions of Section 3700 of the Labor Code, which require every employer to be insured against liability for workers' compensation or to undertake self-insurance.

D. CEQA Compliance

All activities funded pursuant to the Program must comply with the California Environmental Quality Act (CEQA) (Public Resources Code, § 21000 et seq.). Any work that is subject to CEQA and funded under a grant agreement shall not proceed until documents that satisfy the CEQA process are received by DWR and DWR has completed its CEQA compliance. Alternatively, the grantee shall notify DWR if they believe their activities will not be considered a project under CEQA or if their activities qualify for a CEQA exemption. DWR must ensure the adequacy of the CEQA documents or CEQA exemption before it can provide funding; therefore, early coordination between the lead agency and DWR during the preparation of the CEQA documents will help expedite DWR's review and approval process. If CEQA compliance by the grantee or lead agency is not complete at the time a funding agreement is executed by the parties, once DWR has considered the environmental documents, it may decide to require changes, alterations, or other mitigation to the project or to not fund the project. Should the State decide not to fund the project, the funding agreement shall be terminated. Any work subject to CEQA that proceeds prior to DWR's review and approval process being completed will not be reimbursed and the amount will be reduced from the award amount.

DWR recognizes the need for consultation regarding projects that affect California tribal communities. As such, the lead agency is required to consult with federally recognized Tribes and non-federally recognized Native American Tribes listed on the California Tribal Consultation List maintained by the Native American Heritage Commission pursuant to the procedures set forth in Public Resources Code section 21080.3.1. That section requires the CEQA lead agency to consider project effects on Tribal cultural resources and to conduct consultation with California Native American Tribes.

E. Monitoring Requirements

Water quality monitoring data shall be collected and reported to the State Water Resources Control Board (SWRCB) in a manner that is compatible and consistent with surface water monitoring data systems or groundwater monitoring data systems administered by the SWRCB (Water Code § 79704). See Appendix A for web links to California Environmental Data Exchange Network (CEDEN) and the Groundwater Ambient Monitoring and Assessment Program (Water Code § 79704).

Projects that collect watershed monitoring data shall collect and report the data in a manner consistent with the Department of Conservation's statewide watershed monitoring program (Water Code § 79704).

If a project's work plan contains groundwater water quality monitoring, groundwater quality monitoring data shall be submitted to the State for inclusion in the State Water Board's Groundwater Ambient Monitoring and Assessment (GAMA) Program. The groundwater quality monitoring sites should also be identified for the respective basin in the Department's SGMA Portal as an existing site and linked to the GAMA Program site URL. For instructions on how to add existing sites or for general questions, grant applicants can review the SGMA Portal GSP Reporting System User Manual available at: https://sgma.water.ca.gov/portal/resources/data/GSP_Reporting_System_Manual.pdf. Information on the GAMA Program can be obtained at the website listed in Appendix A. Projects that collect watershed monitoring data shall collect and report the data in a manner consistent with the Department of Conservation's Statewide watershed monitoring program.

F. Signage or Acknowledgement of Credit

To the extent practicable, a project supported by funds made available through this program will include signage or other relevant forms of acknowledgement informing the public that the project received funds from the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 (Public Resources Code § 90050).

G. Tribal Status

DWR acknowledges federally recognized Tribes are protected by the doctrine of sovereign immunity. All funding agreements where the recipient is a federally recognized Tribe shall require a limited waiver of sovereign immunity to be adopted prior to execution of the funding agreement.

H. Indemnify and Hold Harmless

As part of the funding agreement, the grantee shall indemnify and hold harmless the State, its officers, agents, and employees from any and all liability from any claims and damages (including inverse condemnation) arising from the planning, design, construction, repair, replacement, rehabilitation, maintenance, and operation of the project, and any breach of the funding agreement.

I. Operations and Maintenance

The Grantee shall maintain and operate the facility and structures constructed or improved as part of the project throughout the useful life of the project (minimum 15 years post construction), consistent with the purposes for which this grant was made. The Grantee assumes all operations and maintenance costs of the facilities and structures; DWR shall not be liable for any cost of such maintenance, management, or operation. Operation costs include direct costs incurred for material and labor needed for operations, utilities, insurance, and similar expenses. Maintenance costs include ordinary repairs and replacements of a recurring nature necessary to prolong the life of capital assets and basic structures, and the expenditure of funds necessary to replace or reconstruct capital assets or basic structures.

J. Competitive Bidding and Procurement

A Grantee's contracts with other entities for the acquisition of goods and services and construction of public works with funds provided by the State must be in writing and shall comply with all applicable laws and regulations regarding the securing of competitive bids and undertaking competitive negotiations. If a Grantee does not have a written policy to award contracts through a competitive bidding or sole source process, the Department of General Services' State Contracting Manual rules must be followed and are available at: http://www.dgs.ca.gov/ols/Resources/StateContractManual.aspxhttps://www.dgs.ca.gov/OLS/Resources/Page-Content/Office-of-Legal-Services-Resources-List-Folder/State-Contracting. Applicants with questions regarding competitive bidding requirements should be directed to their counsel. DWR will not advise applicants on competitive bidding requirements.

K. Income Restrictions

Any capital asset acquired or constructed in any part with grant funds may not be used to generate income of any kind. This includes but is not limited to, revenue derived from leases, rentals or any other fee-based use of the asset. The grantee shall agree that any refunds, rebates, credits, or other amounts (including any interest) accruing to or received by the grantee pursuant to public funding shall be paid by the grantee to the State, to the extent that they are properly allocable to costs for which the grantee has been reimbursed by the State pursuant to a grant agreement.

L. Easements

Grantees will prepare and execute a title restriction, conservation easement, or other legal instrument that adequately describes and protects the project improvements funded through the grant award for the subject property in perpetuity, as approved by the State. The easement or other title restriction must be in the first position, ahead of any recorded mortgage or lien on the property unless this requirement is waived by the State.

Where the Grantee acquires an easement under this Agreement, the Grantee agrees to monitor and enforce the terms of the easement, unless the easement is subsequently transferred to another land management or conservation organization or entity with State permission, at which time monitoring and enforcement responsibilities will transfer to the new easement owner. Failure to record a title restriction or easement acceptable to the State prior to Project construction may result in termination of the Agreement and require the repayment of all grant funds disbursed to be repaid to the State.

M. Open and Transparent Water Data

Recipients of state funds through grants or contracts for research or projects relating to the improvement of water or ecological data shall, as a condition of the receipt of a grant or contract, adhere to the protocols developed pursuant to subdivision (a) for data sharing, transparency, documentation, and quality control (Water Code § 12406(b)).

IV. Proposal Selection and Award Process

This section describes the proposal selection and award process for the grant programs.

A. Application Submittal and Review

The PSPs provide detailed instructions on the mechanics of submitting applications and specific information on submittal requirements. PSPs will be made available on the DWR website listed in the Foreword. A notice will be emailed to all interested parties on the Watershed Resilience Grant Program mailing list and posted on the website listed in the Foreword.

Solicitations will require a concept proposal before submission of a full application. Submission of full applications will be through DWR's Grant Review and Tracking System (GRanTS). Applicants will be required to submit a new concept proposal and full application for each Solicitation.

Each application will be evaluated for completeness and eligibility, in accordance with the PSP. Applications deemed incomplete and/or ineligible may not be evaluated.

All complete and eligible applications will be reviewed and evaluated by DWR based on the criteria and process described in the applicable PSP. DWR may request technical review services from the SWRCB or other agencies, based on technical elements of the proposals.

B. Applicant Assistance Workshops

Informational workshops may be conducted to address applicant questions and to provide general assistance to applicants preparing applications. The dates of the workshops will be provided via the Watershed Resilience Grant Program website, email distribution list, and news release(s). In addition to these informational workshops, applicants are encouraged to contact DWR staff with any questions regarding the Watershed Resilience Grant Program at (916) 651-9613 or by e-mail at: financialassistance@water.ca.gov.

C. Final Awards

Based on the application evaluations, and the recommendation of the selection panel, DWR's Executive will approve the release of the grant Final Awards. Final Awards will be posted on DWR's website and announced by e-mail. Following approval by Executive, the selected grant recipients will receive award notification letters of their selection, the grant amount, and associated conditions and requirements.

D. Grant Agreement Execution

Following award notification, DWR will execute a grant agreement with the grant recipient. Grant agreements are not executed until signed by the authorized representative of the grant recipient and

DWR. The grantee will correspond directly with DWR and then distribute funding to the Local Project Sponsors that are responsible for implementation of the component projects. DWR may, where it determines doing so is administratively efficient and appropriate, incorporate funding awarded under this Program into an existing agreement between DWR and the awardee rather than executing a new, standalone agreement. In such cases, the awardee shall comply with all applicable terms, conditions, and requirements of the program governing that existing agreement.

DWR may require the CEQA process to be complete for any or all projects (if applicable) at the time of application or anytime thereafter as specified by DWR in the individual PSP. If applicable, the Grantee must demonstrate that it has a plan to comply with all applicable requirements of CEQA and, if applicable, the National Environmental Policy Act (NEPA) and a schedule that outlines when the appropriate environmental documents will be completed. Each project with work subject to CEQA shall not proceed until documents that satisfy the CEQA process are received by DWR and DWR has completed its CEQA compliance review. Work that is subject to a CEQA shall not proceed until and unless approved by DWR. Such approval is fully discretionary and shall constitute a condition precedent to any work for which it is required. Once CEQA documentation has been completed, DWR will consider the environmental documents and decide whether to continue to fund the project or to require changes, alterations, or other mitigation. Any work subject to CEQA that proceeds prior to DWR’s review and approval process being completed will not be reimbursed and the amount will be reduced from the award amount.

As part of the grant agreement, grant recipients and associated Local Project Sponsors will be required to provide information regarding their projects for Bond Accountability reporting. The Grantee may be required to provide audited financial statements for each agency or organization proposed to receive grant funding.

Applicants are **strongly encouraged** to review existing agreement templates for an understanding of responsibilities for the grant recipient and Local Project Sponsors prior to submitting an application. Appendix C provides a summary of the minimum documents/records that will need to be maintained for State auditing purposes.

E. Eligible Costs and Payment

Costs incurred by grant recipients must meet the “reimbursable costs” definition contained in Appendix B to be eligible to be considered for grant share. Costs incurred by grant recipients must meet the “local cost share” definition in Appendix B to be eligible to be considered for local cost share. Additionally, these costs must be incurred between the effective dates listed in the PSP and termination date of the grant agreement. Refer to the PSP for additional guidance regarding travel costs.

F. Reimbursement

DWR’s standard method of payment is reimbursement in arrears. Funds are dispersed after DWR approves the submittal of the DWR invoice form and required back-up documentation by the Grantee.

G. Advance Payment

Proposition 4 authorizes advance payment by DWR. See Appendix E for information on Advance Payment.

APPENDIX A – USEFUL WEB LINKS

Department of Water Resources (DWR)

Homepage:	http://www.water.ca.gov/
Financial Assistance Programs:	https://water.ca.gov/Work-With-Us/Grants-And-Loans
California Water Resilience Portfolio:	https://resources.ca.gov/Initiatives/Building-Water-Resilience/portfolio
Water Use and Efficiency Branch:	https://water.ca.gov/Programs/Water-Use-And-Efficiency
Urban Water Management Plans:	https://water.ca.gov/Programs/Water-Use-And-Efficiency/Urban-Water-Use-Efficiency/Urban-Water-Management-Plans
Agricultural Water Management Plans:	https://water.ca.gov/Programs/Water-Use-And-Efficiency/Agricultural-Water-Use-Efficiency
General Groundwater Management:	https://water.ca.gov/Programs/Groundwater-Management
Climate Change Website:	https://water.ca.gov/Programs/All-Programs/Climate-Change-Program
SGMA website:	https://water.ca.gov/Programs/Groundwater-Management/SGMA Groundwater-Management
CASGEM Program:	https://water.ca.gov/Programs/Groundwater-Management/Groundwater- Elevation-Monitoring--CASGEM
California Water Plan	https://www.californiawaterplan.com/

State Water Resources Control Board (State Water Board)

Homepage:	http://www.waterboards.ca.gov
Stormwater Resource Plan Guidance:	https://www.waterboards.ca.gov/water_issues/programs/grants_loans/swgp/docs/draft_guidelines_120315.pdf
California Environmental Data Exchange Network:	http://www.ceden.org/
Impaired Water Bodies:	https://www.waterboards.ca.gov/rwqcb5/water_issues/tmdl/impaired_waters_list/
Groundwater Ambient Monitoring and Assessment:	http://www.swrcb.ca.gov/gama

Regional Water Quality Control Plans (Basin Plans)

All Regions:	https://www.waterboards.ca.gov/plans_policies/

California Natural Resources Agency (CNRA)

Homepage:	http://www.resources.ca.gov/
Climate Bond (Proposition 4) Disadvantaged and Severely Disadvantaged Communities Map:	https://experience.arcgis.com/experience/aa723fdf521a44c9a428f1a46cd38a09

Governor's Office for Land Use and Climate Innovation

Homepage:	http://www.lci.ca.gov/
Vulnerable Communities Platform (VCP):	https://experience.arcgis.com/experience/652c6def7040429bafe23c38966f8f73

Climate Change Information

California Climate Change Portal:	http://www.climatechange.ca.gov/
AB 32 Scoping Plan:	http://www.arb.ca.gov/cc/scopingplan/scopingplan.htm
Cal-Adapt:	http://cal-adapt.org/

Department of Industrial Relations

Labor Compliance/Programs:	http://www.dir.ca.gov/lcp.asp
DIR's Public Works Manual:	http://www.dir.ca.gov/dlse/PWManualCombined.pdf

California Conservation Corp

California Conservation Corp Consultation:	https://ccc.ca.gov/collaborate/consultation/

APPENDIX B – DEFINITIONS

Acquisition – obtaining an interest in real property including, easements, leases, water, water rights, or interest in water obtained for the purposes of instream flows and development rights.

Advance Payment – Advance payments may be allowed in the amount of 25 percent of the grant award to the recipient (Public Resources Code § 90130). Project must meet specified criteria. See Appendix E for more information. Advance payment is only available for eligible reimbursable costs (see reimbursable costs definition below).

Agricultural Water Supplier – a water supplier, either publicly or privately owned, that provides water to 10,000 or more irrigated acres, excluding the acreage that receives recycled water; also includes a supplier or contractor for water, regardless of the basis of right, that distributes or sells water for ultimate resale to customers (Water Code § 10608.12(a)).

Applicant – the entity that is formally submitting a grant application. This is the same entity that would enter into an agreement with the State should the grant application be funded. The grant applicant must be a public agency, local agency, non-profit organization, special district, joint powers authority, public utility, local publicly owned utility, federally recognized Indian Tribe, state Indian Tribe listed on the Native American Heritage Commission's Tribal Consultation list, or a mutual water company (Public Resources Code § 90110).

Application – the electronic or hard copy submission to DWR that requests grant funding for a proposal that the applicant intends to implement.

Basin Plan – also referred to as Regional Water Quality Control Plan, identifies: 1) beneficial uses to be protected; 2) water quality objectives for their reasonable protection of beneficial uses; and 3) a program of implementation for achieving the water quality objectives as established by the RWQCBs or SWRCB (Water Code § 13050(j)).

Beneficial Uses – the uses of streams, lakes, rivers, and other water bodies to humans and other life. Beneficial uses are outlined in a Regional Water Quality Control Plan (Basin Plan). (See also Water Code § 13050(f).)

California Native American Tribe – all Indigenous Communities of California, which are on the contact list maintained by the Native American Heritage Commission, including those that are federally non-recognized and federally recognized, and those with allotment lands, regardless of whether they own those lands. Additionally, because some water bodies and Tribal boundaries cross State borders, this term may include Indigenous Communities in Oregon, Nevada, and Arizona that are impacted by water in California.

Climate Resilience – means the ability of an entity or system, including an individual, a community, an ecosystem, or a natural system, and its component parts, to absorb, accommodate, or recover from the effects of a climate event in a timely and efficient manner, including through ensuring the preservation, restoration, or improvement of its essential basic structures and functions. In the case of natural and working lands, climate resilience includes the preservation, restoration, or enhancement of the ability to sequester greenhouse gases.

Disadvantaged Community – means a community with a median household income of less than 80 percent of the area average or less than 80 percent of statewide median household income.

Economically Distressed Area – a municipality with a population of 20,000 persons or less, a rural county, or a reasonably isolated and divisible segment of a larger municipality where the segment of the population is 20,000 persons or less, with an annual median household income that is less than 85 percent of the statewide median household income, and with one or more of the following conditions as determined by the DDWR: (1) financial hardship, (2) unemployment rate at least 2 percent higher than the statewide average, or (3) low population density. (Water Code § 79702. (k)).

Grantee – a grant recipient that is responsible for the administration of the grant agreement.

Grant Administration – work or other activities performed by the Grantee or Local Project Sponsor including, but not limited to, activities associated with administering the grant, submitting progress reports, invoice processing, coordinating with DWR's Financial Assistance Branch, and other like work required for the successful execution, managing, processing, and closing of a Grant Agreement.

In-Kind Services – work performed by the Grantee that furthers the scope of the grant, the cost of which is considered local cost share in-lieu of actual funds from the Grantee.

Local Cost Share – non-State fund portion of cost share made available by the applicant to assist in financing a project which can include in-kind-services directly related to the scope of work presented in the grant proposal. Generally, local cost share expenses must meet reimbursable cost requirements.

Local Project Sponsor – the subrecipient of grant funds that is implementing an individual project contained within the grant agreement.

Long-term – means for a period of not less than 20 years.

Mutual Water Company – a private corporation or association organized for the purposes of delivering water to its stockholders and members at cost, including use of works for conserving, treating, and reclaiming water (Public Utilities Code §§ 2725-2729).

Natural Infrastructure - "Natural infrastructure" means a network of ecological areas, man-made systems, or practices that use or mimic natural processes to benefit people or wildlife. "Natural infrastructure" reduces vulnerability to the impacts of climate change and includes, but is not limited to, permeable pavements, bioswales, wetlands, floodplains, forests, urban forests, beaches, dunes, tidal marshes, reefs, seagrass, parks, rain gardens, and engineered systems, such as levees, that are combined with restored natural systems, to provide a wide array of benefits to people or wildlife.

Non-profit Organization – any non-profit corporation qualified to do business in California and qualified under United States Code, title 26, § 501(c)(3). (Water Code § 79702(p))

Physical Benefits –measures of project accomplishments (expressed as numeric targets) such as amount of water supply, change in water quality, area, and types of properties protected by flood control features, habitat measured in acreage or flow, energy production or savings, recreation facilities, etc.

Proposal – the suite of projects that is submitted in a Watershed Resilience grant application.

Proposition 4 – The Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 (Public Resources Code, § 90000 et seq.).

Public Agency – any state agency or department, special district, joint powers authority, city, county, city and county, or other political subdivision of the State. (Water Code § 79702(s))

Public Utility – as defined in Public Utilities Code section 216.

Reimbursable Costs – costs that may be repaid by state grant. Reimbursable costs may include the reasonable costs of engineering, design, land and easement, legal fees, preparation of environmental documentation, environmental mitigation, and project implementation including directly related administrative costs.

Costs that are <u>not reimbursable</u> with grant funding include, but are not limited to:

a. Costs for preparing and filing a grant application
b. Operation and maintenance costs, including post construction project performance and monitoring costs
c. Purchase of equipment not an integral part of the project
d. Establishing a reserve fund
e. Purchase of water supplies
f. Replacement of existing funding sources for ongoing programs
g. Purchase of land in excess of the minimum required acreage necessary to operate as an integral part of the project, as set forth and detailed by engineering and feasibility studies or acquisition of land by eminent domain
h. Mitigation for environmental impacts not resulting from implementation of the project funded by this program or required by law
i. Costs incurred as part of any and all necessary response and cleanup activities required under the Comprehensive Environmental Response, Compensation, and Liability Act;

Resource Conservation and Recovery Act; Hazardous Substances Account Act; or other applicable law

j. Any costs associated with fundraising or lobbying efforts which include financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or to obtain contributions for the project or any other effort. Any food, beverages, and entertainment costs

Scoring Criteria – set of requirements used by DWR to evaluate a proposal for a given program or for funding.

Severely Disadvantaged Community – A community with a median household income of less than 60 percent of the area average or less than 60 percent of statewide median household income.

Urban Water Supplier – supplier, either publicly or privately owned, that provides water for municipal purposes, either directly or indirectly, to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually (Water Code § 10617).

Vulnerable Population – subgroup of population within a region or community that faces a disproportionately heightened risk or increased sensitivity to impacts of climate change and that lacks adequate resources to cope with, adapt to, or recover from such impacts. Tribes are considered vulnerable populations (Water Code § 90100).

APPENDIX C – GUIDELINES FOR GRANTEES

The list below details the documents/records that State Auditors would need to review in the event of a grant audit. Grantees should ensure that such records are maintained for each funded project for a minimum of three years after termination of the grant agreement.

Internal Controls

1) Organization chart (e.g. Agency's overall organization chart and organization chart for the grant funded program/project)
2) Written internal procedures and flowcharts for the following:
    a) Receipts, deposits, and disbursements
    b) State reimbursement requests
    c) Grant expenditure tracking
    d) Guidelines, policy, and procedures on grant funded program/project
3) Audit reports of the Agency's internal control structure and/or financial statements within the last three years
4) Prior audit reports on grant funded program/project

Grants

1) Original grant agreement, any amendment(s) and budget modification documents
2) A listing of all bond-funded grants received from the State
3) A listing of all other funding sources for each Program/Project

Contracts

1) All subcontractor and consultant contracts and related or partners documents, if applicable
2) Contracts between the Agency and member agencies as related to the grant funded program/project

Invoices

1) Invoices from vendors and subcontractors for expenditures submitted to the State for payments under the grant
2) Documentation linking subcontractor invoices to State reimbursement, requests and related grant budget line items
3) Reimbursement requests submitted to the State for the grant

Cash Documents

1) Receipts (copies of warrants) showing payments received from the State
2) Deposit slips (or bank statements) showing deposit of the payments received from the State
3) Cancelled checks or disbursement documents showing payments made to vendors, subcontractors, consultants, and/or agents under the grant
4) Bank statements showing the deposit of the receipts

Accounting Records

1) Ledgers showing entries for grant receipts and cash disbursements
2) Ledgers showing receipts and cash disbursement entries of other funding sources
3) Bridging documents that tie the general ledger to requests for grant reimbursement

Administration Costs

1) Supporting documents showing the calculation of administration costs

Personnel

1) List of all contractors and Agency staff that worked on the grant funded program/project
2) Payroll records including timesheets for contractor staff and the Agency personnel who provided services charged to the program

Project Files

1) All supporting documentation maintained in the project files
2) All grant related correspondence

APPENDIX D – DISADVANTAGED COMMUNITIES AND VULNERABLE POPULATIONS

Proposition 4 establishes its own definitions of Disadvantaged Community (DAC), Severely Disadvantaged Community (SDAC), and Vulnerable Population in Public Resources Code § 90100.

- **"Disadvantaged community"** means a community with a median household income of less than 80 percent of the area average or less than 80 percent of statewide median household income (PRC § 90100(d)).
- **"Severely disadvantaged community"** means a community with a median household income of less than 60 percent of the area average or less than 60 percent of statewide median household income (PRC § 90100(j)).
- **"Vulnerable population"** means a subgroup of population within a region or community that faces a disproportionately heightened risk or increased sensitivity to impacts of climate change and that lacks adequate resources to cope with, adapt to, or recover from such impacts (PRC § 90100(o)). *Note: California Native American tribes are considered vulnerable populations.*

Determining DAC/SDAC Status

The American Community Survey (ACS) of the U.S. Census provides a dataset that can be used as a source to estimate a community's Median Household Income (MHI). The ACS data estimates MHI for different census geographies, such as for states, counties, census places (incorporated cities and unincorporated towns), census tracts, and census block groups. ACS data is updated on a regular basis. CNRA has developed a tool that allows users to identify if a demographic area falls into the definition of a Disadvantaged Community or Severely Disadvantaged Community. The Climate Bond (Proposition 4) Disadvantaged and Severely Disadvantaged Communities Map allows users to identify DACs and SDACs using ACS data. This tool can be accessed at the following link: https://experience.arcgis.com/experience/aa723fdf521a44c9a428f1a46cd38a09

Note: CalEnviroScreen and the California Climate Investments Priority Populations Mapping Tool cannot be used to identify DACs or SDACs for Climate Bond funding, as the definitions of these terms differ between Proposition 4 (2024) and those used in SB 535 (De León, 2012) and AB 1550 (De León, 2012).

The applicant may use ACS data at the census place, census tract, or census block group geography levels to show whether a project serves a DAC, based on what geography is the most representative for that community. For DACs, the allowable alternative geographies are, respectively:

Alternative Geography	Threshold
The project serves an area that is contained within a census place for which the MHI is less than	80% of the statewide MHI*
The project serves an area that is contained within one or more census tracts and the MHI of each census tract is less than	80% of the statewide MHI*
The project serves an area that is inscribed within one or more census block groups and the MHI of each block group is less than	80% of the statewide MHI*
The project serves an area that is inscribed in one or more census tracts or block groups and some (but not all) of the census tracts or block groups have an MHI of less than	80% of the statewide MHI*

In cases where the map does not support a community as a DAC, DWR will consider use of other data that shows the community is a DAC. For example, income survey data may be used to support the MHI of the project benefit area. In these instances, please contact DWR at the phone number or email listed in the Foreword for assistance on how alternate data may be used to determine whether a community is a DAC.

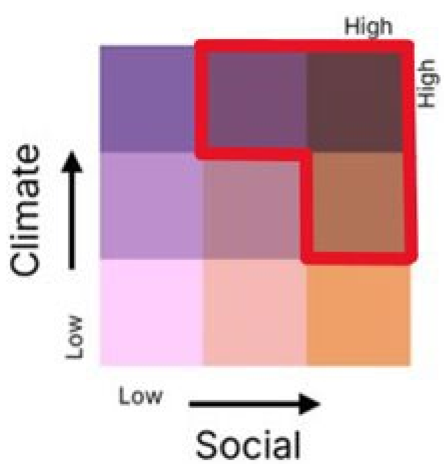
Determining Vulnerable Population Status

Unlike DAC/SDAC status, which is determined solely by median household income, vulnerable population status is assessed by considering two factors together:

1. **Climate hazard exposure** – how much a population is or will be affected by climate impacts such as wildfire, flooding, sea level rise, drought, or extreme heat; and
2. **Adaptive capacity** – the resources and ability a population has to prepare for, cope with, and recover from those impacts.

The primary tool for this purpose is the Vulnerable Communities Platform (VCP), developed by the Governor's Office of Land Use and Climate Innovation which shows the location and boundaries of communities experiencing extreme heat, flooding, sea level rise, drought, or wildfire, including a Climate Vulnerability Map Tool that displays both current conditions and a 2050 future scenario. To qualify as a vulnerable population, the project benefit area must have a rating of at least medium for one climate hazard or social vulnerability and high for the other (see Figure 1)

Figure 1 Example of Vulnerable Population



The VCP can be accessed at: https://vcp.lci.ca.gov/. For guidance on using the VCP specifically for Climate Bond vulnerable population determinations, refer to the CNRA StoryMap guide: https://storymaps.arcgis.com/stories/155ac51794bc49ea85d3c1697ed3007a

Note: Not all vulnerable populations are mappable using existing tools (e.g., unhoused individuals), and Native American tribes and other underrepresented communities have historically been undercounted or excluded from Census-based data. California Native American tribes are automatically considered vulnerable populations under Proposition 4 and do not need to be independently assessed using the tools above.

APPENDIX E – ADVANCE PAYMENT

Advance Payment

Advance payments under State funding agreements are prohibited unless authorized by statute. Under the Watershed Resilience Grant Program, advance payments may be permitted. Below are the procedures by which an entity may apply for and receive advance pay of their award from the Department. Please be aware that access to and the use of advance payment is a privilege and not a right. As a recipient of advance payment, grantees have a fiduciary duty to the people of the State.

Application Process Upon approval of the final award, the Department shall notify the awardee in writing of its award and the opportunity to apply for advance payment. The awardee shall have up to 90 calendar days from the date of the award letter to return the form and provide all applicable backup documentation. If the awardee fails to return all completed forms and backup documentation within 90 calendar days, **the awardee has forfeited the right to request advance payment for its award**. If documents are incomplete or inadequate, the Department shall reach out as soon as it is aware of the issue to notify the awardee of the issue. Failure of the awardee to respond to Department requests for clarification or further documentation shall result in a denial of the request for advance payment. The Department will notify the awardee within 90 calendar days of receipt of a **complete** advance payment request on its final decision. The Department's final decision is not appealable.

An awardee's application for advance pay must include its most recent financial documents that include sufficient detail to enable the Department to determine the financial and institutional capacity of the awardee, the details of the use of any authorized advance payment, and to determine the risk being taken by the Department on behalf of the taxpayers and/or bond holders providing the funds. Failure to provide adequate documentation shall result in the awardee being deemed ineligible for advance payment. To apply for advance payment, the awardee must:

Submit a statement of need explaining its need for advance payment. The awardee must submit the most recent three years of verifiable documentation supporting its claim. These may include:

- Most recent audited financial statements.
- Revenue and cost statements.
- Other financial statements, including bank statements.
- Tax returns.

Submit a statement explaining the awardee's ability to manage the approved project and its finances. The awardee must submit verifiable documentation supporting its claim. These may include:

- Audit reports or other financial reviews completed within the last three years.
- List of its other projects (current and past) including scope, duration, and funding partners.
- Organization chart of employees responsible for approved project.
- Detailed work plan, budget, and schedule showing how the advance payment will be used. These will need to break down activities and corresponding expenditures on a quarterly basis.
  - For non-profit (private) awardees, demonstrate their good standing as a tax-exempt organization.
  - For non-profit (private) and Tribe awardees, submit verification that all advanced State funds provided shall be deposited into a separate federally insured bank account that either tracks interest earned, or is non-interest-bearing.

Approval Process

Once the Department has received a complete application for advance payment, it shall inform the awardee within 90 calendar days of its decision. The final decision will be in writing and will either be a denial or approval of the request. This decision is not appealable.

If the awardee's request is denied, the awardee may request the reason(s) for denial from the Department. If the awardee's request is approved, the awardee will be notified of the amount approved and the conditions of approval. The maximum amount that may be awarded at any one time is 25% of the full award amount or the project's reasonable needs based on an immediate six-month planning period, whichever is the lesser amount. The project's immediate six-month need will be based on the awardee's submissions during the application process.

The notification shall also state the frequency of the accountability and progress reports to be submitted, the timeline by which advance payment funds are to be spent, and any other restrictions deemed necessary by the Department. Accountability report and progress report templates shall be provided to the awardee. The awardee must respond within fourteen calendar days accepting the terms of the advance payment; failure to notify the Department within fourteen calendar days shall be considered as the awardee's refusal to accept the advance payment terms, and the awardee shall no longer be eligible for advance payment. Be aware that although advance payment has been authorized, no disbursement of funds can occur until a funding agreement incorporating the terms and conditions of the advance payment's use has been executed.

Use of Advance Payment

Advance payment funds may be used for any eligible project costs as set forth in your funding agreement and its work plan except for the purchase of real property or interests in real property. Those expenses must use the existing State process whereby the real property purchase price (plus escrow fees) is deposited into a qualified escrow account after State review of Department of Water Resources and/or Department of General Services-approved appraisals. The "purchase" only includes the amount deposited into a qualified escrow account or costs associated with obtaining financing. This does not include those items necessary and directly related to the due diligence for acquisition of real property or interests in real property (e.g., appraisals, environmental assessments, legal fees, surveys, recording fees, etc.); these may be paid for with advance payment funds.

During any period in which a Grantee is using advance payment, it shall submit an accountability report and a progress report to its grant manager for review and approval. These reports must be submitted on the time schedule set forth in the funding agreement but shall be no less frequently than once per quarter (i.e., every three months). If a Grantee is late in submitting any of its required reports, it is grounds for termination of its privilege to continue using advance payment on its existing project and any potential future projects that may receive funding from the Department.

Accountability Report and Progress Report templates shall be provided to each Grantee. Accountability reports are intended to demonstrate the proper use of the State's fiscal resources. Accountability reports must include:

- All supporting documentation of funds spent (e.g., receipts, invoices, etc.).
- Any updates to the project's projected spending plan for the next three months, six
- months and for the remainder of the project's implementation period.
- If applicable, a statement that the funds have been deposited and use of advance
- payment funds were withdrawn from a federally insured, non-interest-bearing
- account and is separate from other funding sources.
- If applicable, documentation of interest earned during the reporting period. Any interest earned shall be considered part of the funding award and shall be used towards the project.

Progress reports are intended to demonstrate the proper implementation of the project. Progress reports must include:

- Actions taken by the Grantee on the project.
- A statement of milestones achieved, and problems encountered on the project.
- A statement of whether the project is on schedule.
- If the project is not on schedule, the reasons for the delay and proposed remedy(-ies), and an updated schedule.

Request for Further Advance Payments

Once the initial authorized advance payment has been spent by the Grantee, further advance payments may be allowed. Further use of advance payments by a Grantee may only be granted if there was prudent use of the initial advance payment, adherence to all corresponding requirements (e.g., timely submission of deliverables and reports), and compliance with all requirements in the funding agreement, and it is permitted by statute. Further advance payments may be requested in writing up to 90 days in advance of the anticipated exhaustion of the initial amount advanced. An updated accountability report showing the future spending plan will need to be submitted. Further advance payments shall only be permitted in the amount of a project's reasonable needs based on an immediate six-month planning period, or 25% of the full award amount, whichever is the lesser amount. Up to 90% of the grant award can be requested via advance pay with the last 10% of the award being held for retention. That last 10% will be invoiced via the normal State invoicing process i.e., in the arrears. However, under no circumstances may advance payments result in the reduction or elimination of the amount of required withholding (retention) or any required cost share amount. Any determination regarding further advance payment(s) must be made in writing.

CALIFORNIA NATURAL RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES
DIVISION OF REGIONAL ASSISTANCE