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1.0 Introduction

1.1 Purpose of Guidelines

The purpose of these guidelines is to establish the process, procedures, and general requirements through which the Wildlife Conservation Board (WCB) will administer its allocated funds. These guidelines are intended to streamline and establish a process for project applications across all WCB programs. As such, all applicants will use one uniform application process that will be utilized by both grantees and the California Department of Fish and Wildlife (CDFW). Land acquisition projects will no longer require Conceptual Area Protection Plans (CAPPs) and Land Acquisition Evaluations (LAEs). All new acquisition projects will utilize the application process; however, WCB will still rely on information in existing CAPPs and LAEs when reviewing applications and making funding decisions. No new CAPPs or LAEs should be initiated or revised after the WCB approves these guidelines.

Individual program or fund source requirements and additional application requirements (project benefits, grantee eligibility, etc.) may be required as part of a Full Application (see Section 5). The appendices include audit requirements (Appendix A), and Supplemental Information for Stream Flow Enhancement Projects (Appendix B).

1.2 Background

The WCB was created by statute in 1947 to conserve California’s wildlife resources and provide for suitable public recreation. WCB funds acquisition, restoration, and public access projects throughout the State. Fish and Game Code (FGC) section 1300 et seq., authorizes the WCB Board to acquire property on behalf of the Department of Fish and Wildlife and award grants for fish and wildlife habitat conservation, restoration, and for development of compatible public access facilities. WCB envisions a future in which California’s wildlife, biodiversity and wild places are effectively conserved for the benefit of present and future generations.

1.3 Goals and Objectives

In 2019, WCB’s 2014 Strategic Plan was updated to include strategic initiatives and measurable objectives. All projects shall provide one or more of the following benefits, as identified in WCB’s Strategic Plan:

- Protected or enhanced biodiversity;
- Climate change resiliency and connectivity;
- Support of the State Wildlife Action Plan priority habitats;
- Conserved or enhanced working landscapes;
- Conserved or enhanced water-related projects; and/or
- Enhanced public access.

Projects should also contribute to the State’s priorities such as protecting biodiversity, increasing climate resilience, providing access for all, and expanding nature-based solutions through initiatives such as the Pathways to 30 X 30 document that identifies a goal of protecting 30 percent of California’s land and coastal waters by 2030.
WCB also strives to support projects with long-term durability, to fund projects that provide a benefit to disadvantaged communities, and to implement projects throughout the state including development of new partnerships. WCB also recognizes the importance of early consultation and collaboration with California Native American tribes.

1.4 Eligible Grant Applicants

Unless otherwise limited by applicable funding sources or individual program guidelines, WCB has the authority under FGC section 1350(c) to award grants to nonprofit organizations, local governmental agencies, federal agencies, state agencies, and California Native American tribes. Under the 2021 Budget Act General Fund allocation for instream flow enhancement projects¹, grants can also be given to private landowners, public utilities, federally recognized Indian tribes, state Indian tribes listed on the Native American Heritage Commission’s California Tribal Consultation List, and mutual water companies.

2.0 Funding Sources

WCB receives funding from a variety of sources which are briefly described below. **Applicants do not need to identify a specific fund source when preparing an application.** A full listing of funding sources and amounts are published in WCB quarterly agendas. WCB agendas are available on the WCB’s website. Once an application is submitted, WCB staff will determine the most appropriate funding source.

2.1 Proposition 68

[Public Resources Code (PRC) section 80000 et seq. – California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018]

Proposition 68 authorized the Legislature to appropriate up to $275,000,000 for projects that will result in enduring benefits and help meet the objectives of each separate allocation as identified in Proposition 68. Proposition 68 can fund a variety of activities including land acquisition, habitat restoration, and public access projects. Other specific activities include projects that support the Lower American River Conservancy Program, projects that support the University of California Natural Reserve System, projects to prepare Regional Conservation Investment Strategies, projects that implement Natural Community Conservation Plans, projects to preserve or restore upper watershed lands in the Sierra Nevada and Cascade mountains, and projects that improve fish or wildlife passage. WCB’s Proposition 68 Guidelines include additional requirements for projects funded by this source.

2.2 Proposition 1

[Water Code (WAT) section 79700 et seq. – Water Quality, Supply and Infrastructure Improvement Fund of 2014]

Proposition 1 authorized the Legislature to appropriate $200 million to WCB to fund projects that result in enhanced stream flows (i.e., a change in the amount, timing, ¹ Funds appropriated under Senate Bill 170, a trailer bill to the Budget Act approved on September 23, 2021.
and/or quality of water flowing down a stream, or a portion of a stream, to benefit fish
and wildlife). WCB distributes these funds on a competitive basis through the Stream
Flow Enhancement Program. WCB’s Proposition 1 Guidelines include additional
requirements for projects funded by this source.

2.3 Proposition 84

[PRC section 75000 et seq. - The Safe Drinking Water, Water Quality and Supply,
Flood Control, River and Coastal Protection Bond Act of 2006]

Proposition 84 authorized the Legislature to appropriate $450 million to WCB in
general obligation bonds to fund safe drinking water, water quality and supply, flood
control, waterway and natural resource protection, water pollution and contamination
control, state and local park improvements, public access to natural resources, and
water conservation efforts.

2.5 Proposition 40

[PRC section 5096.650 - California Clean Water, Clean Air, Safe Neighborhood Parks
and Coastal Protection Act of 2002]

Proposition 40 provided $300 million to WCB for the acquisition, development,
rehabilitation, restoration, and protection of habitat that promotes the recovery of
threatened and endangered species, that provides corridors linking separate habitat
areas to prevent habitat fragmentation, and that protects significant natural landscapes
and ecosystems such as old growth redwoods and oak woodlands and other
significant habitat areas; and for grants and related state administrative costs pursuant

2.6 Proposition 50

[WAT section 79565 et. seq. - The California Water Security, Clean Drinking Water,
Coastal and Beach Protection Act of 2002]

The passage of Proposition 50 made $140 million available for the acquisition from
willing sellers of land and water resources, including the acquisition of conservation
easements, to protect regional water quality, protect and enhance fish and wildlife
habitat, and to assist local public agencies in improving regional water supply
reliability.

2.7 Habitat Conservation Fund

[Fish and Game Code (FGC) 2785 et. seq. – The California Wildlife Protection Act of
1990, Proposition 117]

Under the California Wildlife Protection Act of 1990 (Proposition 117), thirty million
dollars is provided annually through 2030 from existing environmental funds and the
General Fund. Twenty-one million is appropriated to Wildlife Conservation Board with
the remainder going to CA Coastal Conservancy, Tahoe Conservancy, and California
State Parks. Funds are used principally for acquisition of deer and mountain lion
habitat, rare and endangered species habitat, as well as funding for wetlands, riparian
and aquatic habitat, open space, and other environmental purposes.
2.8 Greenhouse Gas Reduction Fund

Assembly Bill 109, which amended the Budget Act of 2017, provided $20 million to the Wildlife Conservation Board for local assistance, payable from the Greenhouse Gas Reduction Fund (GGRF) for the protection and/or conservation of lands that facilitate wildlife adaptation to projected climate impacts by providing transitional habitat features such as elevation gradients and ecotones, and habitat linkages that enable wildlife movement to and from adjacent wildlife corridors and open space areas.

2.9 Tax Credit Program

Assembly Bill 1219, which amended the previous Natural Heritage Preservation Tax Credit Act of 2000 and provided an opportunity for landowners to receive a tax credit in exchange for a donation of real estate to the state, local government, or to any nonprofit qualified organization in order to provide for the protection of wildlife habitat, open space, and agricultural lands. WCB must ensure that the amount of the tax credit issued must be reimbursed to the General Fund from funds not from the general fund. Landowners may deduct up 55% of the fair market value of any qualified contribution, defined as a contribution of property that has been approved by the Wildlife Conservation Board. The legislation allows the credit to be carried over for 15 years if necessary and is only available to individuals paying California state taxes, any Federal tax deductions are not included in this program. Please consult your tax professional when considering this program.

2.10 Other Funds

In certain years, the annual state budget has allocated General Funds directly to WCB. In the 2021 Budget Act, over $200 million was allocated for stream flow enhancement, fish passage, drought and climate change adaptation, and other specific projects.

3.0 Project Development

Unless otherwise specified in a formal Proposal Solicitation, eligibility for WCB grants is given below.

3.1 Eligible Project Types

Planning

Planning grants provide funding for necessary activities that will lead to a specific future on-the-ground implementation project(s) that is likely to qualify for future implementation funding. If the application seeks funding for permitting, a complete description of the permits needed and a timeline for obtaining them must be included in the application.

Implementation

Implementation grants shall fund construction of restoration and enhancement projects and/or projects that will enhance public access. They are intended to support high priority “shovel ready” projects that have advanced to the stage where planning, land tenure, and design plans have been completed. Implementation applications must include intermediate or advanced design plans (e.g., design plans at ~65% level.
of development or higher). Implementation projects may include development of final design plans and permitting as project activities. Implementation projects must have completed CEQA compliance prior to consideration for funding at a Board meeting.

Acquisition

Acquisitions, in the form of conservation easements, water rights, and fee purchases, must be from willing sellers and at a price that does not exceed the fair market value. Fair Market value is established by an appraisal prepared by a licensed real estate appraiser and approved by the Department of General Services (DGS). A completed appraisal, approved by DGS’ Real Property Services Section, is not required at the time of application submission. Proposed acquisitions should have basic title analysis including analysis of the legal access before WCB evaluates the opportunity. In addition, all conservation easements must conform to statutory requirements and WCB guidelines and minimum standards. Conservation easements may also be required to contain language at the request of the California Department of Fish and Wildlife (CDFW) or WCB’s staff and/or voting members.

Scientific Studies

Grants may be given for scientific studies or other technical analyses that advance projects. Note that some fund sources (i.e., bonds) require that funding be used only for capital outlay projects and so scientific studies may not be eligible.

Block Grants

Block grants provide a lump sum of funding to an entity which will then disburse those funds as smaller grants to other eligible entities. The purpose of block grants is to fund numerous smaller projects that collectively benefit a resource, especially since WCB does not have the staff capacity to manage numerous small grants. A block grant agreement would specify any requirements for the ultimate recipients of the funds.

Technical Assistance

In some cases, grants may be given to assist applicants with capacity building and technical support to enable entities to support the development, management and implementation of projects that support WCB’s strategic goals and objectives. The following may be eligible for capacity-building and technical assistance: Regional planning and project prioritization; Grant administration/bookkeeping; Project management; Partnership and collaborative development; Tribal engagement; Public outreach and education; Facilitation and dispute resolution; Geographic Information Services; Economic Development/Financing planning. Note that some fund sources (i.e., bonds) require that funding be used only for capital outlay projects and so technical assistance may not be eligible.

3.2 Project Examples

WCB will allocate funds to projects that provide long-term benefits and durability. The following examples are illustrative of project types and should not be viewed as an exhaustive list of eligible project types:
• Projects to promote the protection of threatened and endangered species;
• Projects to implement goals and objectives of NCCPs and HCPs;
• Projects to improve climate adaptation and resilience;
• Projects to improve open-space corridors and trail linkages;
• Projects to control and/or eradicate invasive species;
• Projects to provide water for fish and wildlife or improve aquatic and riparian habitats;
• Projects that provide publicly accessible hunting, fishing, wildlife viewing, and other wildlife-dependent recreational opportunities;
• Projects for the acquisition, development, rehabilitation, restoration, protection, and expansion of wildlife corridors and open space to improve connectivity and reduce barriers between habitat areas;
• Projects to promote landscape-scale conservation;
• Projects to construct, repair, modify, or remove to improve passage for wildlife or fish;
• Projects to protect and improve water supply and water quality;
• Projects to improve forest health, reduce wildfire danger, or mitigate the effects of wildfires on water quality and supply;
• Projects to increase flood protection, and
• Projects to conserve working landscapes producing food, forest products and fiber where wildlife benefits can also be protected, enhanced or restored.

3.4 Funding Justification

Each application submitted must provide justification for why the project was submitted and how it will support WCB’s priorities. Each application submitted must include an evaluation of how the proposed activities will result in a long-term benefit. Guidance can be found in CDFW’s State Wildlife Action Plan (SWAP) and Areas of Conservation Emphasis (ACE 3.0), both of which contain information on natural lands that may provide the desired benefits.

3.5 Co-Benefits

An additional goal of WCB is to achieve benefits beyond the primary objective of the project. Each application should include a clear description of expected co-benefits that will result from project implementation and an approach to measure and report those co-benefits. Co-benefits might include such things as improved water quality, habitat connectivity, flood control, creation of pollinator habitat, soil improvement, carbon sequestration, or recreational opportunities.

3.6 Project Monitoring

Applications shall describe plans for how project implementation will be monitored and success determined. The scope of the monitoring plan will vary depending on the nature of the project. Applicants will work with WCB staff to adjust the monitoring plan, if necessary, to ensure the proposed parameters are adequate to meet reporting requirements and to assist with consistency of nomenclature, units, and measurements.
All conservation easement applications shall contain a monitoring plan description and any necessary monitoring and reporting protocols. Please reference WCB’s Minimum Standards for Monitoring Protocols. In addition, if applicable, applications must contain a detailed description of endowment funding and justifications for endowment amounts and expenditures. Potential grantees should also describe how endowment funds will be managed and invested.

All fee title acquisition applications shall include discussion of long-term ownership and management, including management funding. The financial vigor of the grantee will be taken into consideration when long-term landownership and stewardship is being considered. Lastly, WCB will consider the grantee’s past performance as a real property owner or manager in its decision to fund.

3.7 Project Funding Requirements

All grantees must be deemed an eligible grantee and shall be required to enter into a grant agreement with the WCB, which imposes certain conditions on the grantee and/or the landowner relative to project delivery, maintenance, monitoring, and long-term stewardship of the project improvements or land acquisition.

3.8 Licensed Professional Engineers or Geologists

Some projects may require a licensed professional engineer or licensed professional geologist to comply with the requirements of the Business and Professions Code, section 6700 et seq. (Professional Engineers Act) and section 7800 et seq., (Geologists and Geophysicists Act). If a project requires the services of licensed professionals, these individuals and their affiliations should be identified in the application.

3.9 Ineligible Projects

Examples of projects that may be ineligible, include but are not limited to:

- Projects mandated to address a violation of, or an order to comply with, a law or regulation;
- Projects that fund acquisitions of land by eminent domain;
- Projects that include acquisition of property above fair market value;
- Operations and maintenance of existing structures, including roads;
- Projects that are intended to correct problems caused by inadequate maintenance; and
- Projects for the purpose of regulatory compliance or mitigation.

Projects funded by bonds must be spent consistent with the General Obligation Bond Law, Government Code, section 16720 et seq.
4.0 Budget

Budget tasks should be consistent with the work plan tasks and sufficiently detailed to describe project costs. Justification must be provided for costs to ensure that they are cost effective and appropriate to the work proposed.

4.1 Cost Share

Cost share is the portion of the project cost not funded by the awarding agency (WCB) and is provided by the applicant and/or other sources (e.g., private companies, nonprofit organizations, public agencies, and/or other entities). Cost share is not required but may be beneficial, in particular to complete a larger project. Applications with higher proportions of secured cost share contribution towards total project cost will score more points through the “Cost Share” application evaluation criterion. A list of all cost share sources must be detailed in the budget worksheets. Applications must specify the source and dollar amount of all cost share contributions of cash or in-kind services (e.g., volunteer time, materials, land donations). In addition, all cost share must be identified as secured or proposed. Secured cost share are funds the grantee has an executed grant agreement or letter of intent to fund from the organization providing matching dollars. If volunteer time is to be used as part of the cost share, explain the type of service that will be provided, the number of hours the service will be provided, and the hourly rate associated with the service. Cost share must be:

- Used to support the proposed project;
- Spent between the submission of the Full Application and the end of the grant term; and
- Secured prior to application submission in order to be considered during proposal scoring.

Where applicable, cost share agreements or funding assurances will be required prior to grant execution. Applicant must also indicate if any cost share is being used as match for other grants or entities and whether they intend to leverage other state funds as match, if awarded. WCB may withhold retention until all cost share is expended. Management, monitoring, endowment, broker’s fees, and donations to grantee’s costs for acquisition projects will not count towards cost share. However, if the landowner contributes funds from the sale to the project (e.g., management funds, transaction costs, etc.), that contribution can count towards cost share. If the landowner agrees to a bargain sale, the charitable contribution (percent of the appraised value) can also count towards cost share.

4.2 Indirect Costs

Indirect costs (alternatively known as Administrative Costs, Incidental Costs, or Administrative Overhead) rates are limited to 20 percent of the total direct WCB award to the grantee. Indirect will only apply to personnel time and fringe benefits for the grantee and no other items (e.g. subcontractor costs, materials and supplies, mileage, and equipment costs). Any amount over 20 percent will not be funded but may be covered by cost share. Indirect costs include but are not limited to: workers compensation insurance, utilities, office space rental, phone service, and copying...
which is directly related to completion of the proposed project. The applicant must explain the methodology used to determine the rate and provide detailed calculations in support of the indirect cost rate. It is the responsibility of the grantee to keep documentation for all indirect costs. For all indirect costs claimed, grantee must keep backup documents in audit-ready files (these documents are not provided to WCB). Typical backup documents include, but are not limited to, timesheets, utility and rent bills, and similar documents. If a grantee seeks to recover indirect costs from a WCB grant, this item should be included as a line item in the approved project budget.

4.3 Eligible and Ineligible Costs

Costs that are eligible for reimbursement are those that have been clearly indicated in the full application and are necessary for completion of the project. Any other costs can only be reimbursed with advance written permission from the Grant Manager prior to submission of the invoice that includes the other cost(s).

Costs that are ineligible for reimbursement through an awarded grant include:

- All costs incurred outside of the grant agreement term (i.e., prior to or after the grant term);
- Travel costs not specifically identified in the grant budget without prior written authorization from WCB;
- Out of state travel, unless identified in the full application and budget and approved in advance;
- Appraisal, title, or escrow costs;
- Endowment payments, broker’s fees, or grantee’s transaction fees;
- Due diligence costs associated with environmental inspections, surveys, or hazardous material clean-ups;
- Student tuition and/or registration fees;
- Purchase of electronics or other equipment not specifically identified in the grant application, without prior written authorization from WCB;
- Costs associated with attending conferences without prior written authorization from WCB;
- Food or beverages not associated with travel activities (eligible food and beverage costs must be at or below the state per diem rate, with itemized receipts);
- Entertainment costs;
- Contributions and donations, including cash, property, and services to others, regardless of the recipient;
- Fines, penalties, damages, and other settlements resulting from violations or non-compliance;
- Costs associated with legal defense funds or endowments; and
- Costs associated with fundraising.
5.0 Application Submission and Selection

5.1 Application Submittal Process

Applications will be submitted in two phases, a Pre-application and a Full Application. All applicants, including CDFW, will follow this process. Applications are subject to Public Records Act requests. **It is strongly recommended that prospective applicants contact WCB staff for a consultation prior to submitting a Pre-application.**

Applicants will first submit a Pre-application. WCB staff review Pre-applications for consistency with WCB goals, any specific program priorities, and the strength of the proposed project. In addition, WCB staff will look at all Pre-applications for geographic location, regional need, project type, readiness, threats, cost, and cost share. WCB staff will offer applicants feedback regarding alignment with priorities, overall merit, and any ineligible costs. WCB staff will select Pre-applications to move forward and will invite the selected applicants to submit Full Applications.

Applicants will be provided the Full Application upon WCB invitation. WCB staff are available to work with Applicants during the preparation of the Full Application, as needed. WCB may request Applicants to revise and resubmit Full Applications, as necessary.

5.2 Application Evaluation Process

All eligible and complete Full Applications will be evaluated and scored by technical reviewers, which will include representatives from WCB, CDFW, and others as appropriate. Full Proposal evaluation may also include a site visit. Table 1 presents a suite of review criteria that are meant to be broadly representative of the types of criteria upon which applications will be evaluated.

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<tr>
<th>Table 1. Basic Review Criteria (criteria may vary)</th>
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<tr>
<td>Criteria</td>
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<td>Project Outcomes – Significance of the Benefits</td>
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<td>Consistency with and Implementation of Regional, State, and Federal Plans</td>
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<td>Durability of Investment/Climate Change Considerations</td>
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<td>Community Support and</td>
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<td>Collaboration</td>
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### 5.3 Application Selection

When scoring is complete, a selection panel will compose preliminary funding recommendations based on:

- Final score by technical reviewers;
- Alignment with Guidelines;
- Distribution of funds among geographies, applicants, etc.;
- Availability of funds;
- Coordination with other agencies implementing complementary programs; and
- Project readiness.

The selection panel may recommend modifications, including recommending partial funding, in order to meet program priorities, funding targets and available funding limitations, and will direct staff to conduct due diligence on the applications to assure the project can move forward.

Once all due diligence is complete, WCB staff will notify the applicant and work with them to prepare a draft Grant Agreement and any other associated materials in preparation for presentation at a public WCB Board meeting. WCB’s voting members have sole and absolute discretion to approve a project for funding.
6.0 Project Approval and Implementation

6.1 Responsibility of the Grantee

The grantee will be responsible for carrying out the project and for managing finances, including but not limited to, invoicing; payments to contractors, subcontractors, and suppliers; accounting and financial auditing; and other project management duties, including monitoring and reporting requirements.

6.2 Awards

The final funding decisions will be made by the WCB voting board. Successful applicants will work with an assigned WCB grant manager or land agent to finalize the grant agreement.

6.3 Grant Agreement

Grant agreements are not executed or final until authorized by the WCB’s voting members and fully signed by the grant recipient and WCB’s Executive Director.

For planning, development, scientific studies and technical assistance grant agreements, no work is authorized under the grant until the grantee has received written notice to proceed from the WCB. Work performed prior to a fully executed grant agreement and notice to proceed is done at the risk and expense of the applicant and cannot be reimbursed.

If someone other than the applicant owns all or any part of the project site, the applicant will be required to secure a written agreement with the landowner(s) acknowledging and consenting to the proposed project on the landowner’s land and allowing the applicant to access, implement, and when applicable, operate, monitor, and maintain the project. WCB also generally requires recording of a Notice of Unrecorded Grant Agreement against title to the property restored with WCB grant funds.

For acquisition grants, all due diligence, appraisals, approvals, and documentation shall be completed by grantee in advance of the board meeting and grant award. Real property costs are paid directly into escrow, once grantee has satisfied the necessary grant requirements and WCB staff have completed necessary due diligence. Grantees and their partners must provide the assigned WCB Land Agent all appropriate items including buyer’s settlement statements, escrow instructions, deeds, Notices of Unrecorded Grant Agreements, and any project specific items deemed necessary by the Land Agent assigned to the project.

For CDFW acquisitions all due diligence is performed by WCB Land Agents in coordination with CDFW Regional Staff in advance of the board meeting. Transactional review by the Department of General Services and, in some cases, the Department of Finance may be required. Real property costs are paid directly into escrow by WCB and once WCB has the necessary documents from title company the project is closed.
6.4 Invoicing and Payments for Development Project Grants

Grant agreements for development projects will generally be structured to provide for payment in arrears of work being performed. Funds cannot be disbursed until there is an executed grant agreement between WCB and the project applicant/grantee. Payments will generally be made on a reimbursement basis (i.e., the grantee pays for services, products or supplies, submits an invoice that must be approved by the WCB grant manager, and is then reimbursed by WCB). WCB may retain from the grantee’s reimbursements, for each period for which payment is made, an amount equal to 10 percent of the invoiced amount, pending satisfactory completion of the task or grant.

6.5 Reporting and Monitoring

All grantees will be required to provide a final report. Additional specifications concerning performance measures, monitoring requirements, data management, quality assurance/quality control, and reporting desired by WCB or required by law will be described in each grant agreement.

All formal monitoring for acquisition grants must be done by grantee on a yearly basis. The yearly formal monitoring designation is a minimum and WCB encourages monitoring at a more frequent rate. WCB shall have the option of accompanying grantee during the yearly monitoring period once every three years. Grantees should

6.6 Loss of Funding

Work performed under the grant agreement is subject to availability of funds through the State’s budget process. If funding for the grant agreement is reduced, eliminated, or delayed by the Budget Act or through other budget control actions, WCB shall have the option to cancel the grant agreement, offer to the grantee a grant agreement amendment reflecting the reduced amount, or suspend work. In the event of cancellation of the grant agreement or suspension of work, WCB shall provide written notice to the grantee and be liable only for payment for any work completed pursuant to the grant agreement up to the date of the written notice. WCB shall have no liability for payment for work carried out or undertaken after the date of written notice of cancellation or suspension. In the event of a suspension of work, WCB may remove the suspension of work by written notice to the grantee. WCB shall be liable for payment for work completed from the date of written notice of the removal of the suspension of work, consistent with other terms of the grant agreement. In no event shall WCB be liable to the grantee for any costs or damages associated with any period of suspension, nor shall WCB be liable for any costs in the event that, after a suspension, no funds are available and the grant agreement is then cancelled based on budget actions.

Actions of the State that may lead to suspension or cancellation include, but are not limited to:

- Lack of appropriated funds;
- Executive order directing suspension or cancellation of grant agreements; or
- California Department of Fish and Wildlife or California Natural Resources Agency directive requiring suspension or cancellation of grant agreements.

Actions of the grantee that may lead to suspension or cancellation of the grant
agreement include, but are not limited to:

- Withdrawing from the grant;
- Real property cannot be acquired at approved fair market value;
- Losing willing seller of real property;
- Failing to submit required documentation within the time periods specified in the grant agreement;
- Changing project scope, schedule, or budget without prior approval from WCB;
- Including fraudulent or knowingly incorrect information in an application;
- Failing to complete the project;
- Failing to demonstrate sufficient progress; or
- Failing to comply with applicable laws or grant requirements.

6.7 State Audits

Grantees of the State of California are subject to audit by the Department of Finance. It is the responsibility of the grantee to be sure that the project budget as well as all subsequent billings are justified and documented appropriately. As part of the grant process all grantees may be asked to demonstrate their ability to withstand an audit. See Appendix B for more information.

7.0 General Requirements

Each application submitted to the WCB must be in full compliance with all stated requirements. Any changes to the application submission process will be posted in a timely manner on the WCB’s website.

7.1 Conflict of Interest

All applicants and individuals who participate in the review of submitted applications are subject to State and federal conflict of interest laws. Any individual who has participated in planning or setting priorities for a specific solicitation or who will participate in any part of the grant development and negotiation process on behalf of the public is ineligible to receive funds or personally benefit from funds awarded through these guidelines. Applicants should also be aware that certain local agencies may submit applications that will compete for funding. Failure to comply with the conflict-of-interest laws, including business and financial disclosure provisions, will result in rejection of the application and any subsequent grant agreement being declared void. Other legal actions may also be taken.

7.2 Confidentiality

Once the application has been submitted to the WCB, any privacy rights, as well as other confidentiality protections afforded by law with respect to the application package will be waived. All applications, communications, or other documentation received by WCB is subject to the Public Records Act (Gov. Code section 6250, et seq.).

7.3 Compliance with Laws

Activities funded under these guidelines must be in compliance with applicable local, State, and federal laws and regulations and applicants may include in their budgets the funding necessary for compliance-related tasks. As part of the application, applicants
must identify expected required permits, state whether they have received the required permits or describe the process through which the permits will be obtained, and indicate which permits could significantly delay project implementation.

7.4 Signage

All successful grantees will include signage, to the extent practicable, informing the public that the project received funds through the WCB. Project signs should include the items below. WCB also strongly encourages that signage include multiple languages.

- Project name as it appears in the project agreement;
- Acknowledgment of project partners including WCB (logo is preferred); and
- On CDFW-owned lands, acknowledgement of CDFW

7.5 Labor Code Compliance

Grants awarded consistent with these guidelines may be subject to prevailing wage provisions of Part 7 of Division 2 of the California Labor Code (CLC), commencing with section 1720. Typically, the types of projects that are subject to the prevailing wage requirements are public works projects. Existing law defines “public works” as, among other things, construction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds. Successful grantees shall pay prevailing wage to all persons employed in the performance of any part of the project if required by law to do so. Any questions of interpretation regarding the CLC should be directed to the Director of the Department of Industrial Relations (DIR), the state department having jurisdiction in these matters. For more details, please refer to the DIR website.

7.6 Environmental Compliance

Activities funded consistent with these guidelines must be in compliance with applicable State and federal laws and regulations, including the California Environmental Quality Act (CEQA), National Environmental Policy Act (NEPA), and other environmental permitting requirements. The project applicant is responsible for project compliance and applications may include in their budgets the funding necessary for compliance-related tasks. Applications for activities that are subject to CEQA and/or NEPA must identify the State and/or federal lead agency or agencies and provide documentation evidencing that the agency or agencies have accepted the lead agency role. The WCB will not award funding for project implementation until any required environmental review pursuant to CEQA and/or NEPA has been completed.

If the project is selected to be presented to the Board for consideration, CEQA must be completed at least 15 days prior to the WCB Board Meeting at which the project will be presented. For evaluation purposes, WCB will consider CEQA complete when the lead agency has filed a Notice of Determination with the Office of Planning and Research for that lead agency’s approval of the project, or upon adequate documentation that the project qualifies for an exemption. WCB will exercise its independent judgment about whether a project qualifies for a statutory or categorical CEQA exemption.
Appendix A. State Auditing Requirements

The documents/records listed below include, but are not limited to, those that State Auditors would need to review in the event of a Grant Agreement being audited. Grant Recipients should ensure that such records are maintained for 35 years for each State funded Project. Where applicable, this list of documents also includes documents relating to the Grant Recipient's funding match which will be required for audit purposes.

State Audit Document Requirements

Internal Controls:
- ✓ Organization chart (e.g. Grant Recipient's overall organization chart and organization chart for the State funded Program/Project).
- ✓ Written internal procedures and flowcharts for the following:
  - Receipts and deposits
  - Disbursements
  - State reimbursement requests
  - State funding expenditure tracking
  - Guidelines, policies, and procedures on State funded Program/Project
- ✓ Audit reports of the Grant Recipient's internal control structure and/or financial statements within the last two years.
- ✓ Prior audit reports on State funded Program/Project.

State Funding:
- ✓ A list of all funding sources (including loans and subventions) for each project.

Project Files:
- ✓ All supporting documentation maintained in the Project files.
- ✓ All Grant Agreement related correspondence (letters and emails).
- ✓ Original grant agreement, amendment(s) and budget modification documents.
- ✓ All subcontractor and consultant contracts and supporting documents, if applicable.
- ✓ Agreements between the Grant Recipient, member agencies, and project partners as related to the State funded Project.
- ✓ Project deliverables and miscellaneous project-related items.
- ✓ Post-close monitoring report and final annual monitoring reports/plan (if applicable).

Invoices:
- ✓ Invoices from vendors/subcontractors along with supporting documentation for expenditures submitted to the State for payments under the Grant Agreement budget.
- ✓ Reimbursement requests (invoices) submitted to the State for the Grant Agreement.

Accounting Records:
- ✓ Ledgers showing receipts and cash disbursement entries for all funding sources related to the program/project.
- ✓ Supporting documents that tie the general ledger to reimbursement requests submitted to the State for the Grant Agreement.
- ✓ Receipts (copies of warrants) showing payments received from the State.
- ✓ Deposit slips or bank statements showing deposit of the payments received from the State.
- ✓ Cancelled checks or disbursement documents showing payments made to vendors, subcontractors, consultants, and/or agents under the Grant Agreement.
Administration Costs:
✓ Supporting documents showing the calculation breakdown of administrative overhead costs (indirect cost).

Personnel:
✓ List of all contractors and Grant Recipient staff that worked on the State funded Program/Project.
✓ Payroll records including timesheets for contractor staff and the Grant Recipients.
Appendix B. Supplemental Information for Stream Flow Enhancement Projects

The information below is provided for Applicants preparing applications for multi-benefit ecosystem restoration and protection projects that result in enhanced stream flow and contribute to achieving the objectives of the California Water Action Plan, State Wildlife Action Plan, WCB’s Strategic Plan, and other State or federal plans. Stream Flow Enhancement Projects that may be funded through Proposition 1 would still need to adhere to the requirements in WCB’s Proposition 1 Guidelines.

ELIGIBILITY

Eligible recipients include private landowners, public agencies, nonprofit organizations, public utilities, federally recognized Indian tribes, state Indian tribes listed on the Native American Heritage Commission’s California Tribal Consultation List, and mutual water companies. Other entities can be included as subcontractors of an eligible applicant.

Eligible projects are those that enhance instream flow for the purposes of protecting fish and wildlife. Eligible projects include acquisition of water or water rights from willing sellers, acquisition of real property that includes water rights or contractual rights to water, short- or long-term water transfers and leases, projects that provide water for fish and wildlife, or projects that improve aquatic or riparian habitat conditions. No funds may be expended for existing obligations imposed on any party under law.

PROJECT PRIORITIES AND CATEGORIES

The following are funding priorities for the stream flow enhancement projects:

- Implementation projects resulting in measurable increases in stream flow
- Acquisition projects resulting in permanent or long-term in-stream flow dedications
- Projects that are focused on a watershed or regional approach
- Projects in critical watersheds for salmonids
- Projects that help to complete previously funded projects
- Projects that evaluate stream flow conditions and stream responses to other stream flow enhancement projects

For projects that may be funded by general fund stream flow enhancement funds, Full Applications will be given additional points that enhance outflows in the Sacramento-San Joaquin Delta watershed.

Eligible project categories are Planning, Scientific Studies, Implementation, and Acquisition. Applications for Planning and Scientific Study projects must be stand-alone (i.e., not combined with other project categories). Each of these project categories is described below.

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2 Funds appropriated under Senate Bill 170, a trailer bill to the Budget Act approved on September 23, 2021.
3 Senate Bill 170 required that “In reviewing any grant application under this subprovision, preference shall be given to projects that enhance outflows in the Sacramento-San Joaquin Delta watershed.”

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Planning

Planning grants provide funding for necessary activities that will lead to a specific future on-the-ground stream flow enhancement implementation project(s) that is likely to qualify for future implementation funding.

Examples of Stream Flow Enhancement Planning Projects include:

- Acquiring permits for a specific, future on-the-ground project(s)
- Preparation of water right change petitions (CWC § 1707) and/or forbearance agreements for instream flow dedication
- Analysis required to support complete California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) documentation for a specific, future on-the-ground project(s). Lead agency(ies) must be identified and demonstrate a willingness to complete adoption of CEQA/NEPA.
- Developing project designs or supplementing existing designs for a specific future on-the-ground project(s)
- Performing necessary biological, hydrologic or other studies/surveys to support project design and/or environmental compliance related to a specific future on-the-ground project(s)
- Developing a monitoring plan and/or collecting baseline data to support future effectiveness monitoring linked to a specific future on-the-ground project(s) (monitoring should be linked to other Planning activities)

Implementation

Implementation grants shall fund construction of restoration and enhancement projects and new or enhanced facilities that will provide a direct and measurable enhancement to stream flow. Projects that will result in a change in a stream's hydrograph must provide baseline reference data and demonstrate how the changes will be protected for the entire reach of stream within the project limits. This data can be submitted with the full application or be included as a Task in the project application. Strong applications will include monitoring pre-, during, and post-project to assess project effectiveness.

Examples of Stream Flow Enhancement Implementation Projects components include:

- Preparation of bid packages and subcontractor documents (when subcontractors have not been identified at the time of grant award)
- Development of the final design plans
- Preparation and/or filing of water right change petitions (CWC § 1707) and/or recordation of forbearance agreements for instream flow dedication (if coupled with an acquisition project)
- Pre- and post-project monitoring (within grant term)
- Water transactions (such as instream dedications, forbearance agreements, water transfers)
- Water conservation projects coupled with adequate long-term protections for the conserved water
  - Off-channel water storage
  - Rainwater capture and reuse coupled with forbearance (reduction) of surface diversions or pumping from shallow alluvial wells (riparian wells)
  - Changes in the timing or rate of diversion or source water supply
  - Irrigation ditch lining or piping
Agricultural tailwater recovery/management systems
• Changing points of diversion
• Groundwater storage and conjunctive use
• Reservoir operations both at existing and new storage sites
• Projects that improve aquatic or riparian habitat conditions for fish and wildlife
  • Wet meadow restoration
  • Forest management practices (e.g., thinning)
  • Reconnecting flood flows with restored flood plains
  • Eradication of invasive plant species with high water use rates, relative to native plant species
• Stream flow gaging to assess project effectiveness

Note that the individual activities identified above are not necessarily mutually exclusive. Proposed projects may incorporate more than one of these activities. For example, an applicant could propose to construct off-channel storage and irrigation efficiencies coupled with an instream dedication pursuant to CWC section 1707 and forbearance agreement to protect the conserved water.

The three legal mechanisms by which a water right holder can dedicate water instream are: CWC section 1707 dedications, forbearance agreements, and conservation easements. It is important to note that forbearance agreements and conservation easements do not protect instream flows from diversion by other water rights holders and do not protect appropriative water rights from forfeiture. A CWC section 1707 dedication will protect against these issues, but will not necessarily require that the water remain instream. Under CWC section 1707, a water right may be changed to designate instream use as the only purpose of use, thereby effectively requiring that the water be left instream, or instream uses can simply be added to the list of allowable uses under the water right. Under the latter option, often referred to as a “permissive” change, the water right holder may leave some or all the water instream and specify the timeframe and duration of the instream dedication.

Because the maximum instream benefit may be attained from guaranteeing that water will be both dedicated instream and protected from diversion by others, these tools often work best in combination. For example, to permanently dedicate and protect water instream, a project might use a CWC section 1707 dedication to protect the water from diversion by others and combine that with a conservation easement requiring the water to be left instream in perpetuity. To dedicate water instream long-term, a project might use a CWC section 1707 permissive dedication and combine it with a transfer of water rights. See A Practitioner’s Guide to Instream Flow Transactions in California (SWIFT) for guidance specific to helping water right holders understand their options for keeping water instream in California.

**Acquisition**

Acquisition grants shall fund purchases of land (fee interest or Conservation Easement) that includes water rights or contractual rights to water and will lead to a direct and measurable stream flow enhancement. Acquisitions of water or water rights shall be dedicated instream pursuant to Section 1707 of the Water Code. Pre-1914 appropriative water rights may be dedicated instream pursuant to a recorded forbearance agreement where such dedication would be equally protective. Applicants must illustrate how the acquisition will enhance stream flow. Acquisitions must be from willing sellers and at a price that does not exceed fair market value, as set forth in an appraisal prepared by a licensed real estate appraiser and approved by
the Department of General Services (DGS). A completed appraisal, approved by DGS Real Property Services Section, is not required at the time of application submission; however, if a grant is awarded, the appraisal must be submitted to WCB and approved by DGS prior to execution of a grant agreement (anticipate this to occur within six months following the Board’s funding determination). All appraisals must meet DGS minimum standards and include the necessary pieces to justify valuation.

**If activities such as an instream dedication, stream restoration, or modifications to the water conveyance system are included in the application, the acquisition and implementation activities must be clearly differentiated as separate tasks in the work plan, budget, and budget justification.** In such instances, a single CEQA analysis that addresses the acquisition and implementation activities should be completed, as applicable. While projects solely for acquisitions may be exempt under CEQA, in instances where an acquisition would be followed by implementation activities, such activities may result in project impacts that would complicate reliance on an exemption.

**Scientific Studies**

Scientific Study grants fund studies to assess the effectiveness of previously implemented projects to enhance stream flow or to inform design and implementation of future stream flow enhancement projects. Scientific study projects may also develop tools, models or streamlined processes to provide assistance for future stream flow enhancement projects. Applicants must illustrate how data and information derived from the scientific study will inform management and/or design of an existing project(s) or a future implementation project(s) that will enhance stream flow. These projects will be evaluated within the SFEP in relation to projected stream flow benefits anticipated to accrue through implementation of stream flow enhancement projects directly related to the Scientific Study.

**Block Grants**

Block grants provide a lump sum of funding to an entity which will then disburse those funds as smaller grants to other eligible entities. The purpose of block grants is to fund numerous smaller projects that collectively result in stream flow benefits, especially since WCB does not have the staff capacity to manage numerous small grants. A block grant agreement would specify any requirements for the ultimate recipients of the funds.

**WATER LAW**

Funded grants that may impact a water right, including any project that would require a change to water rights, involve water diversion, or address stream flows or water use shall comply with the CWC, as well as any applicable State or federal laws or regulations. Any application that would require a change to water rights, including, but not limited to, bypass flows, point of diversion, location of use, purpose of use, or off-stream storage shall demonstrate an understanding of the relevant SWRCB processes, timelines, and costs necessary for project approvals by SWRCB and the ability to meet those timelines within the term of a grant. In addition, any application that involves modification of water rights for an adjudicated stream shall identify the required legal process for the change as well as associated legal costs. Any project involving a water right acquisition, prior to its completion, must be supported by a water

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rights appraisal approved by the DGS Real Property Services Section. Typically, WCB obtains this approval from DGS.

For projects involving water diversions or diversion-related infrastructure, an applicant must demonstrate to WCB a legal right to divert water, consistent with the project application, and sufficient documentation regarding actual water availability and use. For post-1914 water rights, the applicant must submit with their application a copy of the applicable water right permit or license on file with the SWRCB. Applicants who divert water, based on a riparian or pre-1914 water right, must submit with their application written evidence of the right to divert water and the priority in the watershed of that diversion right. An applicant must submit with their application to WCB any operational conditions, agreements, court or SWRCB orders or decrees affecting the asserted water right. All applicants must include past water diversion and use information reported to the SWRCB, pursuant to CWC section 5101. Such reports include Progress Reports of Permittee and Reports of Licensee for post-1914 rights, and Supplemental Statements of Water Diversion and Use for riparian and pre-1914 water rights. Projects involving activities described in Fish and Game Code section 1602 may require a Lake or Streambed Alteration Agreement.