

## Attachment 3

**DRAFT**

### Instructions for Filing Category III Applications

#### 1. Introduction

This package provides information on how to file applications for Category III projects to be funded in 1997, including

- objectives of the RFP
- information on how applications will be evaluated,
- how funding decisions will be made,
- Guidance on the types of projects to be considered for funding, and
- The maximum amount of funding potentially available.

This package includes requests for three separate types of proposals for different types of proposals including:

RFP 1: Public Works Contracts: Public works contracts are defined as “an agreement for the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind.” (There are on-going discussions with administrative and legal staff to better define this term)

RFP 2: Real estate transactions: Real estate transactions include any acquisition of interest in property including fee title and easements, and,

RFP 3: Other proposals.

Applicants should carefully read the descriptions in each RFP to determine where their project fits under and follow the instructions in that RFP. The contracting and administrative requirements are different for each RFP so it is essential that applications be filed under the appropriate RFP. Some actions may require multiple submittals for different aspects of the project (ie. land acquisition separate from improvements)

#### 2. Background Information

The December 15, 1994 Bay-Delta Accord included a commitment to develop and fund non-flow related ecosystem restoration activities to improve the health of the Bay-Delta ecosystem, commonly referred to as Category III. The Category III Steering Committee, who administered previous rounds of Category III funding, is no longer involved in decisions on expenditure for new projects. This function has been assigned to the CALFED Bay-Delta Program Restoration Coordination Program which receives public input through the Ecosystem Roundtable and the Bay-Delta Advisory Council. The mission of the Restoration Coordination Program and the Ecosystem Roundtable also

includes improved coordination with other ecosystem restoration programs in the Central Valley. This change was made to ensure that Category III projects were well integrated with other restoration programs and with the long term Ecosystem Restoration Program Plan (ERPP) being developed by CALFED.

The goal for the ERPP is to improve and increase aquatic and terrestrial habitats and improve ecological functions in the Bay-Delta to support sustainable populations of diverse and valuable plant and animal species. The ERPP is a long-term ecosystem restoration program that will be implemented in phases over several decades and incorporates the use of adaptive management defined as a process of testing alternative ways of meeting objectives, and adapting future management actions according to what is learned. If an applicant would like additional information on the ERPP, they can contact the CALFED Bay-Delta Program at (916) 657-2666 to request information.

### 3. Objectives of the Program

The objectives of the Category III program are to address non-flow related factors that may be affecting the Bay-Delta ecosystem including unscreened diversions, loss of habitat, water quality problems, adverse effects of fish and wildlife harvest, and other stressors which are identified. The Category III program is also being integrated with the long-term CALFED ecosystem program known as the Ecosystem Restoration Program Plan (ERPP).

### 4. 1997 Funding Priorities

To guide funding for 1997, an implementation strategy was developed so that near-term restoration efforts would:

- flow logically into the long term program,
- begin to reduce the most critical conflicts in the Bay-Delta ecosystem and
- initiate the adaptive management cycle.

The implementation strategy identified priority species and habitats based on the following rationale:

- CALFED Mission Focus on species and habitats whose restoration will result in the greatest progress towards achieving the CALFED mission to restore ecological health and improve water management for beneficial uses of the Bay-Delta system. Aquatic species and those habitats supporting aquatic species would be priorities based on this criteria because the major issue in the Bay-Delta that led to the creation of CALFED centered on the conflicts between fisheries and water management.
- High Risk Focus on desirable species and habitats that have experienced the greatest declines.

- Ecosystem Benefits Focus on habitats that provide the broadest benefits to priority species and to the ecosystem.

The priority habitats identified for the 1997 funding cycle are:

- 1) Tidal perennial aquatic habitat (freshwater),
- 2) Seasonal wetland and aquatic,
- 3) Instream aquatic habitat,
- 4) Shaded riverine aquatic habitat,
- 5) Saline emergent wetlands habitat (tidal),
- 6) Midchannel islands and shoal habitat, and
- 7) North Delta agricultural wetlands and perennial grasslands.

The priority species include

- 1) San Joaquin and eastside delta tributaries fall-run chinook salmon,
- 2) Winter-run chinook salmon,
- 3) Spring-run chinook salmon,
- 4) Delta smelt,
- 5) Splittail,
- 6) Steelhead trout,
- 7) Green sturgeon,
- 8) Longfin smelt, and
- 9) Late-fall run chinook salmon.

The list also includes striped bass and migratory birds.

These priority species and habitats were used to identify and prioritize stressors and to identify types of actions to alleviate the stressors. This was done through a series of meetings of technical teams. There were five separate geographical technical teams covering these areas:

- Sacramento River and Tributaries
- San Joaquin River and Tributaries
- Delta, Suisun Marsh, and East-side Tributaries
- North Bay
- Lower American River

Reports summarizing each of these technical teams are available by calling the CALFED Bay-Delta Program.

The technical teams identified actions they felt were technically justified and so identified actions outside of the scope of Category III. The information produced by the technical teams was summarized and the types of actions were evaluated to determine which ones should be included in this package. The stressors and types of actions are more fully described in Attachment A. Attachment A is intended to provide information and guidance applicants can use in developing proposals but is not an all inclusive list of actions that can be submitted. Furthermore, not all example actions are of equal biological priority. CALFED will consider proposals that are not covered by the

examples of actions. Section ???, criteria for evaluating projects, includes additional information on how information in Attachment A will be used in the ranking of proposals.

5. Funding Available

Applications submitted through this process can be funded from several sources: the contributions of stakeholders to Category III, funding in EPA's FY 97 budget, and from the Bay-Delta Agreement Subaccount of Proposition 204. It is expected that up to \$71 million will be available from these three sources but not all of these funds will necessarily be obligated in this funding decision. Where contract requirements are referred to in this package, they are for the Bay-Delta Agreement Subaccount of Proposition 204. Projects funded from the other two sources of funds may have different requirements. Following is a brief description of these three sources:

Stakeholder contributions to Category III: Metropolitan Water District of Southern California is considering contributing an additional \$10 million to Category III in August, 1997. It is expected that this fund will be administered through a Memorandum of Understanding between the California Urban Water Agencies and the National Fish and Wildlife Foundation.

EPA funding for FY 97: For Federal fiscal year 1997, Congress appropriated to the U.S. Environmental Protection agency Region 9 "\$1,000,000 for a grant program to assist established conservancies to develop or complete stream restoration or watershed management plans as approved by CALFED consistent with the Bay-Delta Category III Program". Similar funds are expected to be made available in subsequent years for continued support of local watershed activities.

Bay-Delta Agreement Subaccount of Proposition 204: Section 78535 et seq of the Safe, Clean Reliable, Water Supply Act continuously appropriated \$60 million to pay for "non-flow-related projects called for in the Water Quality Control Plan for the Bay-Delta, ...known as 'Category III' activities called for in the 'Principles for Agreement on Bay-Delta Standards Between the State of California and the Federal Government,' dated December 15, 1994."

In addition, projects which do not receive funding in this round may be considered for funding from federal appropriations authorized under the California Bay-Delta Environmental Enhancement and Water Security Act or through other programs.

6. Who may apply

Private and public parties with an interest in ecosystem restoration can apply. This includes but is not limited to state and federal agencies, special districts, local

government, universities, resource conservation districts, non-profit organizations, other organizations with an interest in ecosystem restoration. Contracting requirements will vary by type of organization. Attachment ?? includes information on these requirements for the different types of organizations.

7. Geographic Scope

Projects must be within the Ecosystem Restoration Program Plan planning area which includes the Bay-Delta and its tributary watersheds as well as the near-shore ocean area. (See map)

8. Stages of projects which funding is available for (make consistent with criteria and take this out of criteria)

- planning
- design
- permitting
- land acquisition or easements
- construction
- monitoring
- O & M (?)
- Funding available for single/multiple years but some multiple year funding contingent on future availability of funds (check with lawyers)

Funding for any stage of a project does not necessarily guarantee funding for the next stage of that project.

9. Review and selection process

Two forms of proposals will be accepted: (1) "Quick Looks" and (2) Formal Proposals. Quick Looks are limited to 3 pages with no attachments and are intended to minimize unnecessary effort in proposal preparation on the part of an applicant is concerned that their proposed work may not be of interest to CALFED. Formal proposals provide the full detail required to make a final award decision.

Quick Look Format and Review

The format for a Quick Look proposal can be found in attachment ??. A Quick-Look cannot be longer than 3 pages, and should contain the information included in the format. Quick-Looks will be reviewed by a technical review panel to determine if it falls within the scope of actions to be funded through Category III, is of sufficient interest to CALFED to warrant a Formal Proposal in a future funding round and has a realistic chance of being funded given budget constraints. Favorable review of a Quick Look

proposal does not guarantee subsequent funding of a Formal Proposal. Successful Quick Look applicants will be provided with the results of their review and invited to submit a Formal Proposal in the next funding round. Please note that this next funding round is currently scheduled to begin in the fall of 1997 with funding decisions in January 1998.

#### Formal Proposal Format and Review

The format for Formal Proposals can be found in attachment ???. A Formal Proposal must comply with the standards in Section ??? of this package. All Formal Proposals will be reviewed by a technical review panel using the criteria listed in section ???.

- Criteria for Evaluation (see attachment 4 in Roundtable package)
  - Technical review and ranking (who, how)
  - Review by Ecosystem Roundtable
  - Presented to BDAC
  - Decision by CALFED
  - Transmittal signed by Secretary for Resources and Secretary of the Interior
10. Schedule for process (conference, proposals received by due date, date of expected funding decision, contract process, future cycles)
  11. Conflict of Interest
    - Organizations represented on the Ecosystem Roundtable and on the Bay-Delta Advisory Council may not apply. (Being revised by Attorney General's office)
  12. Funding mechanism

Successful proposals will be funded from one of the three sources of funds. Projects funded by the Bay-Delta Agreement Subaccount of Proposition 204 will likely be funded through an agreement with the National Fish and Wildlife Foundation. This agreement will include the appropriate state requirements for the type of project and type of applicant (see section ???)

EPA will use their grant process to fund projects approved for their funds. Projects funded by the stakeholder contributions to Category III will be funded through agreements with the National Fish and Wildlife Foundation. These funding mechanisms are likely to include a different set of contract requirements from the state requirements in this package.

Applicants should note that they should not begin work on their projects until there is a signed agreement.

13. Other proposal requirements

- Include a one page summary of any Formal Proposal
- Include self addressed postcard to acknowledge receipt
- Black and white text and graphics, 10 or 12 cpi pica or elite type.
- Plain white paper
- Not bound but stapled in corner or along left margin.

14. Contract Requirements

- Liability
- Auditing
- Dispute Resolution
- Amendments to contract
- Indemnification
- Insurance
- Termination
- Reporting requirements (financial, programmatic, final reports)
- Financial details (10% hold till completion, exceeding budget requires approval, payment will be in arrears or in the case of land acquisition, to escrow)
- When subcontracting, contractor must solicit three bids, follow procedures in Government Code Section 4525, or provide written justification why they chose not to do so.