

N.C. Division of Water Resources

Water Resources Development Grant – NRCS-EQIP Fall 2019 Guidelines

Administered by: Division of Water Resources (DWR), N.C. Department of Environmental Quality (DEQ), 1611 Mail Service Center, Raleigh, NC., 27699-1611. Contact Amin Davis at amin.davis@ncdenr.gov or (919) 707-9132.

Authority: DWR is authorized to provide grants to local governments for stream restoration projects under the Natural Resources Conservation Service's Environmental Quality Incentives Program (NRCS-EQIP) by General Statutes § 143-215.70-73 and Session Law 2017-57. These statutes can be viewed online at the following web addresses:

<http://www.ncleg.net/gascripts/Statutes/StatutesTOC.pl?Chapter=0143>

<https://www.ncleg.net/enactedlegislation/sessionlaws/pdf/2017-2018/sl2017-57.pdf>

Who is Eligible: Units of local government, local political subdivisions, and non-governmental entities (only as co-applicants).

Project Eligibility: Stream restoration projects approved for NRCS-EQIP funding by the U.S. Department of Agriculture are eligible for state financial assistance. A single project shall consist of no more than two landowners along a contiguous stretch of stream. **Eligible stream practices for DWR funding consideration are those listed in the most recent version of the *EQIP/RCPP Guidelines for Natural Stream Channel Work*. Non-eligible purposes are considered any practices not listed in this EQIP guidance document. Other non-eligible purposes include projects directly associated with meeting an existing permit requirement (i.e., NPDES Phase I and Phase II Stormwater), generating nutrient credits, environmental regulatory enforcement actions and small watershed projects of the NRCS (reviewed by the N.C. Soil and Water Conservation Commission). Compensatory mitigation projects and the generation of compensatory mitigation credits for impacts to aquatic resources per the Federal Mitigation Rule (33 CFR Part 332) are non-eligible purposes.** However, compensatory mitigation projects can be located directly adjacent to an eligible project for the purposes of achieving maximum ecological benefit. **Per pending General Assembly legislation, stream restoration projects that receive Clean Water Management Trust Fund monies are ineligible for DWR funding.**

Application Deadlines: Applications are received throughout the year for two standard grant cycles. The current spring 2019 grant cycle began Jan 1 and ends at the close of business on June 30. The next fall 2019 grant cycle begins July 1 and ends at the close of business on December 31. **Any complete application submittals that are not received by these dates will not be eligible for review and funding for this application review cycle.**

Maximum Award Calculation: NRCS-EQIP stream restoration projects are funded at an estimated 50% Federal cost and 50% non-Federal cost. Projects in North Carolina, which have been approved by the NRCS for Federal funding, are eligible for up to 100% funding by the State of the estimated 50% non-Federal cost. Essentially, **DWR can provide up to a maximum 1:1 cost-share based on the federal cost estimate of implementing eligible stream restoration practices reported on the project-specific Conservation Plan/Schedule of Operations (NRCS-CPA-1155 Forms).**

Example Award Calculation:

| | |
|------------------------------------|------------------|
| Federal Estimate (50%): | \$ 50,000 |
| <u>Non-Federal Estimate (50%):</u> | <u>\$ 50,000</u> |
| Total Estimated Project Cost: | \$ 100,000 |

Maximum NC (DWR) Grant Amount for this example: \$50,000

Grant awards are a maximum grant award, not a guaranteed payment amount – if actual project costs are less than estimated, DWR will only pay out the difference between the actual cost and the federal payment. Actual Project Costs are the sum of all invoices submitted for the project and approved by DWR. **Applicants are generally encouraged to keep Administrative costs below 10% of the total project budget based on limited annual funding availability.**

Pre-Application Site Visits

As part of the application review process, a pre-application site visit shall be scheduled with the DWR Grant Administrator (or designee) to gather additional information regarding the project area to assist the DWR in determining if the project meets this grant’s review criteria. **This site visit shall be scheduled with DWR prior to the end of the grant application cycle if possible. Scaled versions of the most recent NRCS Practice Code Map and/or restoration plan map shall be provided to the DWR Grant Administrator prior to this site visit.** A member of the project team who is familiar with the project area and conceptual restoration plan shall join DWR staff for this site visit.

The primary objectives of this site visit are: 1) for the DWR Grant Administrator (or designee) to address any questions or concerns the project team may have about this grant program; 2) for the project team to share with the DWR Grant Administrator (or designee) information about the conceptual restoration plans associated with a proposed project, and 3) for the DWR Grant Administrator (or designee) to photo-document the project area for application review purposes.

Application Submittal

An application for Water Resources Development Grant funding shall include information about the five items listed below and the required supplementary forms that have been signed by the appropriate reviewing officials listed in *Attachment 2* to be considered complete. Additional supplementary documentation (reports, photos, etc.) are not required but can be provided as separate attachments via email. All required forms and grant information can be found at the following website: <https://deq.nc.gov/about/divisions/water-resources/water-resources-grants/financial-assistance>. Please check this website frequently for updates.

I. Application Spreadsheet (MS Excel) - The most recent version of the application spreadsheet shall be used. All applications should include the appropriate project information in the designated sheets including contacts, general information, narratives, stream treatment amounts, benefits, budget and in-kind budget notes. Detailed instructions about how to complete this application are provided on the *Instructions* sheet of this spreadsheet.

The project narrative should begin with a statement outlining the overall project scope (what’s being proposed). This shall be followed by the project justification (why it’s being proposed) and how the proposed stream treatments will mitigate the documented stream impairments. **Information about proposed riparian buffers (minimum/maximum or average proposed widths) and stream crossings shall also be provided.**

The Federal Contribution listed on the Budget sheet of the Application shall be equal to the sum of all eligible stream restoration practices reported on the approved NRCS-CPA-1155 form that has been signed by both reviewing officials. If the Total Contract Payment (TCP) amount listed on the NRCS 1155 form includes estimated costs for non-eligible stream restoration practices then an *Eligible Stream Practices* spreadsheet must be completed that breaks out the estimated costs of the eligible and non-eligible practices listed on the NRCS 1155 form.

The application budget will serve as the basis for the financial administration of the grant contract and reimbursement requests for projects that are awarded funding. Applicants shall list all sources of Non-Federal funding contributions on the application's Budget Sheet to minimize the potential for duplicative funding for identical work activities associated with a single project. The complete application will be included in the DEQ contract documentation; therefore it is very important that its contents are accurate and complete.

II. Project Plan and Location Maps – Scaled versions of the most recent *NRCS Practice Code Map* and associated *Conservation Plan Map* shall be provided and must clearly depict the conceptual restoration plan as well as any additional stream treatments such as livestock exclusion fencing or stream crossings. 30% restoration design drawings shall also be provided when available.

III. Official Resolution - The Applicant shall include a resolution adopted by its governing board stating the amount of state aid requested and accepting the applicant's responsibilities. A representative of the Applicant with signatory authority shall sign this Resolution. For projects involving a Co-Applicant, the Co-Applicant shall provide DWR with a signed document affirming/adopting the terms of this Resolution so that it can be included with the final DEQ contract documentation. A form-fillable Official Resolution template can be downloaded from our grant [website](#). In most circumstances the responsibilities listed below shall be included in the Official Resolution. However, this resolution template can be adapted to fit the unique circumstances of a specific project. Written justification shall be provided to DWR for any responsibilities listed below that are not included in the Official Resolution.

The following responsibilities shall be included in the Official Resolution:

1. Assume full obligation for payment of the balance of project costs.
2. Obtain all necessary state and federal environmental permits.
3. Comply with all applicable laws governing the award of contracts and the expenditure of public funds by local governments.
4. Supervise construction of the project to assure compliance with permit conditions and to assure safe and proper construction in accordance with approved plans and specifications.
5. Obtain appropriate easements, rights-of-way or suitable spoil disposal areas that may be necessary for the construction and operation of the project without cost or obligation to the State.
6. Hold the state harmless for any damages that may result from the construction, operation, and maintenance of the project.
7. Accept responsibility for operation and long-term maintenance of the completed project.
8. *When there is a Co-Applicant:* Applicant identifies Co-Applicant as a responsible party and grants them authority to operate on the Applicant's behalf as project administrator, project fiduciary, etc.

IV. No Conflict of Interest Certification – The Applicant shall provide a certification that the applicant, applicant's subordinates and any person or persons designated to act on behalf of the applicant do not have an actual or apparent conflict of interest with respect to the project. A representative of the Applicant with signatory authority shall sign this certification. For projects involving a Co-Applicant, both the Applicant and the Co-Applicant shall sign and submit their own separate forms. A fillable Certification form can be downloaded from our [website](#).

As per NCGS §143C-6-23(b), every Co-Grantee must file a copy of their conflict of interest policy with DEQ. This is separate from the above-referenced Conflict of Interest Certification and need only be filed once with DEQ, unless changes or updates are made to the policy. The policy must address situations in which any of the Co-Grantee's management employees and the members of its board of directors or other governing body may directly or indirectly benefit (except as the Co-Grantee's employees or members of its board or other governing body) from the Co-Grantee's disbursing of State funds. The policy must also include actions to be taken by the Co-Grantee or the individual, or both, to avoid conflicts of interest and the appearance of impropriety.

V. Supplementary Documentation – Applicants shall provide the complete set of the NRCS Conservation Plan Schedule of Operations (Forms NRCS-CPA-1155). Additional supplementary documentation (reports, photos, etc.) is not required but can be provided as separate attachments via email.

Application submittal documents shall be emailed to amin.davis@ncdenr.gov by the close of business of the last day of the application cycle in order to be considered for grant funding during the current application cycle. If a project includes a Co-Applicant, a representative of both the Primary and Co-Applicant should be included on the email application submittal.

**** A summary of potential required forms is provided as *Attachment 2* near the end of this document.**

Notes: It is the Applicant's responsibility to ensure their application is accurate and complete at the time of submission to DWR. Any application errors or modifications must be submitted by the Applicant to DWR within 30 calendar days of the end of the Application Cycle in which the application was submitted. Erroneous or incomplete application information can also lead to significant delays with the issuance of a DEQ Contract should the project be recommended for grant funding.

DWR may not be able to grant requests for additional funding caused by inaccurate or incomplete information provided in the application or project budget. Any changes to the original project budget and/or project scope submitted with the application will require the prior written approval of DWR. Unapproved changes to the project scope or budget throughout the course of a project will not be eligible for cost-share funding or reimbursement.

Grant Application Review and Approval

The following criteria will be used to approve, approve in part, or disapprove grant applications:

1. The economic, social, and environmental benefits to be provided by the projects;
2. Regional benefits of projects to an area greater than the area under the jurisdiction of the local sponsoring entity;
3. The financial resources of the local sponsoring entity;
4. The environmental impact of the project;
5. Any direct benefit to State-owned lands and properties.

Applicant Obligation – Environmental Permitting

All proposed stream restoration projects are subject to environmental review and permitting under applicable federal and state laws. It is the Applicant's responsibility to prepare, provide and remain in compliance with all applicable environmental permitting requirements associated with project implementation.

Review Decisions

This is a competitive grant program due to limited funding availability. The grant's review criteria is contained within the *Benefits & Evaluation Criteria* sheet of the application form. A multi-agency review team comprised of various subject-matter experts reviews each application to assist the DWR Grant Administrator and Division Director with establish funding priorities. Applications that receive a total cumulative review team score of less than 50% will not be recommended for funding.

Review decisions and notifications for applications received during the spring application cycle are generally made in October. Review decisions and award notifications for applications received during the fall application cycle are generally made in April of the next calendar year. However, unforeseen circumstances such as legislative, policy or funding allocation changes may delay award notifications.

Projects Not Awarded Funding

Applicants who are not awarded funding within one calendar year from the end date of the grant cycle in which their application was originally submitted must complete and submit a new application to DWR if they wish to re-apply for funding consideration. A new application will also be required if there have been any changes to the project scope or budget. The spring grant cycle ends on June 30th and the fall cycle ends on December 31st of each year.

Post Grant Funding Award

Acceptance of a grant award will require the Applicant to enter in to a grant contract with the DEQ. A DEQ grant contract is considered 'fully-executed' once it has been signed by a signatory authority of the Applicant (referred to as the Grantee upon the awarding of a grant) and the Co-Applicant (referred to as the Co-Grantee), if applicable, and DEQ Financial Services. A copy of the fully-executed contract shall be provided to both the Grantee and Co-Grantee by DEQ. **No portion of work or expenditure of funds for the project, plan or services shall begin prior to receiving a fully-executed contract from DEQ.** Contracts are generally valid for two years from the date the contract document is sent to grant recipient for contract execution.

Contract Modifications

Any changes to the scope of the project or project budget after submission of a grant application will require the written approval of the DEQ and may also require a DEQ contract amendment. Typical changes that require a contract modification are listed below.

Project Scope/Budget Changes: The minimum information that shall be supplied to DEQ for consideration includes a brief written narrative containing the justification for any proposed changes and a revised scope of work and revised budget sheet. A revised project plan/map to scale and completed Revision of Plan/Schedule of Operations or Modification of a Contract (NRCS 1156 Form shall also be supplied if applicable. . Unapproved changes to the project scope or budget shall not be eligible for, and may result in additional reductions to, cost-share funding or reimbursement.

Extension Requests: Grant recipients can submit an extension request for one additional year beyond the grant expiration date if progress toward project completion can be sufficiently documented. An extension request shall be submitted at least 45 days prior to the DEQ contract expiration date by the project sponsor or primary contact via email in a cover letter on official agency letterhead. This request shall include a justification statement, current project status update and anticipated project schedule moving forward.

Any documentation associated with a contract modification should be submitted electronically to Amin.Davis@ncdenr.gov.

Grant Reimbursement Payments

The grant award amount is the maximum possible reimbursement amount. **Allowable expenditures incurred which are associated with eligible stream practices and the contract budget after the start date of the DEQ contract are eligible for reimbursement.** Allowable expenditures are expenditures associated with the work performed for a specific invoicing cycle that are in accordance with the DWR-approved application budget sheet and EQIP *Reimbursement Instructions* document. **Reimbursement requests can be submitted no more frequently than monthly.** DEQ will normally pay the grant recipient by check or electronically within 30 days of receipt of the reimbursement payment request, provided the expenses are in accordance with the budget/contract information, or as amended. If the grant recipient decides that significant changes to a project's scope from that in the original application are necessary, the grant recipient must send a request in writing to DWR and receive approval of those changes from the DWR. Unapproved changes will not be eligible for state cost-sharing.

The Cumulative State Disbursement (CSD) of grant funds to a grant recipient shall be done in a manner consistent with the Approved DWR Application Package, fully-executed DEQ Contract and the following provisions:

- a. Invoices shall be on either Grantee or Co-Grantee's letterhead and include, at a minimum: (1) the total amount spent on the project to date and the amount of the reimbursement request, (2) the names of any contractor(s) or vendor(s) responsible for the work performed during the relevant invoicing cycle, (3) the contact information for such contractor(s) or vendor(s), (4) a list of task(s) completed during the invoicing cycle and the cost associated with each task, and (5) copies of all invoices related to tasks in item (4) for contractors and vendors under item (2). **Invoices submitted to DWR must be signed by both Grantee and Co-Grantee. Invoices submitted by subcontractors to the Grantee or Co-Grantee must be on the subcontractor's letterhead/invoice form and be included as an attachment to the invoice that is submitted to DWR.**

- b. Prior to the final invoice and payment, one hundred percent (100%) of each eligible invoice submitted for actual allowable expenditures, up to a cumulative reimbursement total equal to ninety percent (90%) of the Contract Amount shall be paid to the Co-Grantees. The final ten percent (10%) of the Contract Amount will not be paid until a close-out site visit has been completed and the project has been approved for close-out by DWR staff.
- c. The final invoice shall contain the remaining balance of project costs not submitted to DWR previously for allowable expenditures, in addition to the applicable NRCS-CPA-1245. The total of all submitted invoices approved by DWR shall be the Actual Project Cost.
- d. The final invoice shall contain the remaining balance of project costs not submitted to the Department previously for allowable expenditures, in addition to the applicable NRCS-CPA-1245. The total of all approved invoices shall be the Actual Project Cost. The final invoice, including the applicable NRCS-CPA-1245, must be received by the Department within forty-five (45) days following the date on which termination or expiration of this Agreement becomes effective.
- e. Amended or corrected invoices must be received by the Department within six (6) months of the date on which termination or expiration of the contract becomes effective. Any invoice received thereafter shall be returned without action.

The cumulative State disbursement (CSD) amount shall be calculated as follows:

Actual Project Cost - (Total NRCS-CPA 1245 distribution amount) = \$X

If \$X is greater than or equal to the Contract Amount, CSD = \$[Max grant award amount]

If \$X is less than the Contract Amount, CSD = \$X

The final payment amount, which shall include the ten percent (10%) retainage, will be calculated as follows:

CSD – Total of all prior disbursements = Final Payment Amount

If the final payment amount is a negative figure, both the Grantee and Co-Grantee will be invoiced for the overpayment.

**** An example reimbursement summary table is provided as Attachment 1 near the end of this document.**

Reimbursement requests shall include:

- 1) A Cover Memo/Letter signed and dated on the Grantee’s official letterhead that lists:
 - a) DEQ Contract Number
 - b) the amount of the reimbursement request
 - c) actual cost (expenses) by approved budget categories
 - d) total amount spent on the project to date
- 2) Copies of invoices or other documentation for materials, services and other project costs.
- 3) A completed *Reimbursement Tracking Summary* spreadsheet.

The reimbursement request and supporting documentation should be submitted electronically to Amin.Davis@ncdenr.gov.

Requests For Additional Funding

Grant recipients may submit a request for additional funding consideration to DWR for a maximum of 25% of the maximum grant award, not to exceed \$100,000. This request shall be submitted by the Grantee or Grantee's primary contact on a cover letter with official letterhead via email. The following information shall be submitted by the Grantee or Co-Grantees to DWR for additional funding consideration:

- a narrative describing the circumstances/need for an increased funding award, summary of current project status and anticipated project implementation schedule.
- copies of all subcontractor invoices for design, permitting, surveying, construction, construction oversight and project administration.
- copies of the most recent version of all NRCS-CPA-1156 forms (*Revision of Plan/Schedule of Operations or Modification of a Contract*) associated with the specific project in which additional funding is being requested.

DWR will review this information and respond to the Grantee and Co-Grantee with a decision regarding increased funding within 30 calendar days. Funding increases are subject to the availability of funds and to DWR's actual cost reimbursement policy. **DWR may not be able to grant requests for additional funding caused by inaccurate or incomplete information in the application or project budget provided by the Applicant or Co-Applicant.**

Project Close-Out

Either the Grantee or Co-Grantee shall provide the DWR Grant Administrator with the completed NRCS NRCS-CPA-1245 forms (*Practice Approval and Payment Application*) and a scaled version of the most recent set of permit, as-built/record, or construction drawings electronically in an Adobe PDF format prior to the close-out inspection. Upon notification of project completion to DWR, either the Grantee or Co-Grantee will arrange an inspection of the completed project with the DWR Grant Administrator or their designated representative. DWR may substitute its personnel with that of other state or federal agencies that are located closer to the project to minimize the State's costs.

This inspection will verify that the project was implemented in accordance with the information provided in the grant application, DEQ contract (including amendments, if applicable) and approved plans/specifications. The grant recipients shall address any remedial or compliance actions identified during this close out inspection prior to DWR final project approval. After the project has been inspected and approved, DWR will review the project's accounting statements and request DWR pay the final 10% of DWR's share of the non-federal cost, if a balance remains after applying DWR's actual cost reimbursement formula.

Applicable Policies

As per SL 2017-57 and G.S.143-215.70-.73, upon the execution of a contract, the policies contained within these guidelines shall control for the duration of a project, only subject to change for compliance with a requirement of State or federal law or regulation, or upon agreement by the Co-Grantees. The applicable version of these guidelines shall be included in every grant contract. These guidelines are subject to review or revision prior to issuance of any grant contract or award.

Attachment 1 - Grant Reimbursement Example

Project Cost: \$100,000

Federal NRCS-EQIP Cost Share: \$50,000

Non-Federal Cost Share: \$50,000

DEQ Grant Award: \$50,000

| Invoice #1 | Administration | Design | Permitting | Construction Oversight | Construction |
|------------|----------------|------------|------------|------------------------|--------------|
| Amount | \$1,000.00 | \$7,000.00 | \$1,000.00 | | |

| | |
|-------------------|------------|
| Total Expenditure | \$9,000.00 |
| | |
| 10% Retainage | \$5,000.00 |
| | |
| Payment Amount | \$4,000.00 |

| Invoice #2 | Administration | Design | Permitting | Construction Oversight | Construction |
|------------|----------------|--------|------------|------------------------|--------------|
| Amount | \$1,000.00 | | | \$2,000.00 | \$15,000.00 |

| | |
|-------------------|-------------|
| Total Expenditure | \$18,000.00 |
| | |
| Payment Amount | \$18,000.00 |

| Invoice #3 | Administration | Design | Permitting | Construction Oversight | Construction |
|------------|----------------|--------|------------|------------------------|--------------|
| Amount | \$3,000.00 | | | \$2,000.00 | \$18,000.00 |

| | |
|----------------------------|-------------|
| Total Expenditure | \$23,000.00 |
| | |
| Remaining DWR Grant Amount | \$28,000.00 |
| | |
| Payment Amount | \$23,000.00 |

| Payments | Amount |
|--------------------------|--------------------|
| #1 | \$4,000.00 |
| #2 | \$18,000.00 |
| #3 | \$23,000.00 |
| #4 (Post close-out) | \$5,000.00 |
| | |
| Total DWR Payment | \$50,000.00 |

Attachment 2 – DWR/DEQ Required Forms Checklist

| Form | Form Name | Relevance | Applicability | Signatory |
|--------------------------------------|---|--|---|---|
| NRCS-CPA-1155 | Conservation Plan or Schedule of Operations | Contract support document outlining practice amounts and costs. | Grant Application | NRCS, Landowner |
| | EQIP Eligible Practices Spreadsheet | Needed if non-eligible stream restoration practices are included in the 1155 form. | Grant Application | N/A |
| NRCS-CPA-1156 | Revision of Plan/Schedule of Operations or Modification of a Contract | Contract support document for modifications to original project scope. | Submit TO DWR if completed by NRCS. | NRCS, Landowner |
| | Official Resolution | Adopted by the governing board stating the amount of state aid requested and accepting the applicant's responsibilities. | Grant Application | Primary Applicant (SWCD) |
| | Resolution Affirmation | Affirms terms/ conditions of adopted Official Resolution for contractual purposes. | Grant Application | Co-Applicant |
| | No Conflict of Interest Certification | Members of project team have no conflict of interest with respect to the project. | Grant Application | Applicant, Co-Applicant; sign separate documents. |
| | Co-Applicant's No Conflict of Interest Policy | Co-Applicant's written policies regarding conflicts of interest. | Grant Application | Co-Applicant |
| W-9 Form | IRS Request for Taxpayer Identification Number and Certification | For registration in NC E-Procurement & State Accounting System | Electronic Reimbursement Payments | Primary Applicant (SWCD) |
| MS&NCD Form 0008 | State Grant Certification – No Overdue Tax Debts | Grantee does not have any overdue tax debts. | DEQ Contracting | Co-Grantee |
| NRCS-CPA 1245 | Payment Application | Used to calculate actual DEQ total reimbursement amount. | Grantee submit to DWR prior to Project Close-Out. | NRCS, Landowner |