



PROPOSITION 1 ECONOMICALLY DISTRESSED AREA INSTRUCTIONS

The Department of Water Resources (DWR) developed the Economically Distressed Area (EDA) Instructions and Mapping Tool in response to the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1). These EDA Instructions are intended for prospective applicants for Proposition 1 grant and loan programs that include a consideration for EDA, such as a waiver or reduction in the mandated local cost share.

Prospective applicants should read these instructions, view the EDA Mapping Tool, and read the grant or loan program guidelines for which they wish to apply to ensure that the submittal will meet both EDA and specific grant or loan program requirements.

For questions about this document, or other technical issues, please contact DWR Project Services Office at (888) 907-4267 or by e-mail at: GRanTSadmin@water.ca.gov. These Instructions and the EDA Mapping Tool can be found at: http://water.ca.gov/irwm/grants/resources_eda.cfm.

Proposition 1 defines the term “economically distressed areas” and references how it should be applied in specific grant and loan funding programs which is defined as follows and serves as the basis for the EDA Instructions and Mapping Tool.

Water Code §79702.(k) *“Economically distressed area” means a municipality with a population of 20,000 persons or less, a rural county, or a reasonably isolated and divisible segment of a larger municipality where the segment of the population is 20,000 persons or less, with an annual median household income that is less than 85 percent of the statewide median household income, and with one or more of the following conditions as determined by the department:*

- (1) Financial hardship.
- (2) Unemployment rate at least 2 percent higher than the statewide average.
- (3) Low population density.

DWR and the State Water Resources Control Board (SWRCB) administer solicitations for various Proposition 1 grant and loan programs. Table 1 lists the Proposition 1 grant and loan programs that include a nexus to the EDA term. The three program nexuses include the following items:

- Waiving or reducing the cost-sharing requirement (50 percent of the total costs of the project) for projects that directly benefit an economically distressed area,
- Ensuring involvement of economically distressed areas, and
- Allocating funds for technical assistance to eligible communities.

Table 1 – Proposition 1 Grant and Loan Programs with Economically Distressed Area Reference

Water Code Section	Agency	Program Name	Program Amount	Program Nexus to EDA		
				Cost Share	Involvement	Technical Assistance
79725(a)	SWRCB	Small Community Wastewater	\$260,000,000	X		X
79725(a)	SWRCB	Drinking Water	\$260,000,000	X		X
79742(c)	DWR	Integrated Regional Water Management Program	\$510,000,000	X	X	
79742(c)	DWR	Water Use Efficiency	\$100,000,000	X		
79742(c)	SWRCB	Stormwater Management	\$200,000,000	X		
79766	SWRCB	Water Recycling	\$625,000,000	X		
79766	DWR	Water Desalination	\$100,000,000	X		
79774(b)	SWRCB	Groundwater Quality	\$800,000,000	X		
79774(b)	DWR	Sustainable Groundwater Planning	\$100,000,000	X		

The Table 2 outlines the key issues related to establishing EDA status. DWR will update the Table 2 MHI, population density, and unemployment rate data and the EDA Mapping Tool on an annual basis, following the release of the relative information by the Census Bureau and the Employment Development Department.

Table 2 – Economically Distressed Area Basis for Criteria			
Checklist Steps	Criterion	Definition	Data Source
Step 1	Median Household Income (MHI)	An annual MHI that is less than 85% of the statewide median household income (Water Code, §79702 (k)).	Using the 2009-2013 American Community Survey (ACS) data from the United States Census Bureau, the statewide MHI is \$61,094.00. Therefore, 85 percent of the statewide MHI is \$51,930.
Step 2	Option 1 Municipality with Population of 20,000 People or Less	Municipality is an incorporated city or unincorporated areas where an entity provides a public service.	The 2009-2013 ACS Data shows census designated places, census designated tracts, and census block groups. The EDA Mapping Tool provides these levels of geographies to determine your population within your municipality boundary.
	Option 2 Rural County	Rural counties are the non-metropolitan California counties identified in the United States Census Bureau designation of metropolitan statistical areas (United States Office of Management and Budget, effective 2010 and verified 2014).	The United States Office of Management and Budget identifies 21 out of the 58 California counties are designated as non-metropolitan counties. The EDA Mapping Tool provides a map layer showing 14 of the 21 rural counties that meet the EDA MHI criteria.
	Option 3 Reasonably Isolated and Divisible Segment of a Larger Municipality where the Segment of the Population is 20,000 Persons or Less	The basis for claiming that the area in question is reasonably isolated and divisible must be explained.	The 2009-2013 ACS data shows census designated places, census designated tracts, and census block groups.
Step 3	Option 1 Financial Hardship	The basis for claiming financial hardship must be explained.	Information provided by the project proponent.
	Option 2 Unemployment Rate at least 2 Percent Higher than the Statewide Average	The 2014 statewide annual average unemployment rate for California is 7.5%. For the purposes of determining EDA status, the area's unemployment rate a must 9.5% or higher.	California Employment Development Department, 2014 labor statistics. The EDA Mapping Tool provides the 2014 unemployment rates at the County, city, and census designated place geographies.
	Option 3 Low Population Density	For the purposes of determining EDA status, low population density is defined as 100 people or fewer per square mile.	The 2009-2013 ACS data. The EDA Mapping Tool provides areas of low population density by counties, census designated places, census designated tracts, and census block groups.

Applicants need to submit a completed EDA Form to relevant funding agency (DWR or SWRCB) for the particular grant or loan program that funds are being requested. Failure to submit any required component will make the submittal incomplete and may not support a determination by DWR as to whether the area in question is an EDA. Alternative sources of data or studies may be substituted in an application for approval when submitting as an EDA. Examples of alternative data sources or studies include local annual unemployment rate, local income surveys, or any EDA metrics for a subset of a block group. These sources of data or studies do not need to be pre-approved but can be submitted with the EDA submittal. Applicants who use alternative data sources must still meet the definition for the criteria listed in Table 2.

DWR and the SWRCB will coordinate to ensure that the EDA Forms are reviewed and that DWR makes the necessary determination in a timely manner. Such determinations may be subsequently submitted to future funding opportunities, provided that the MHI, population density, and unemployment rate data for the area is still current.

It is important that the applicants follow these instructions to ensure that their submittal will address all of the required elements. The EDA Form consists of the following components:

- Maps showing project benefit/service area and relevant EDA criteria
- Reasonably Isolated Justification (if applicable)
- Financial Hardship Justification (if applicable)

Step 1 – Is the Project Benefit/Service Area an area with an MHI of <85%?

The area in question must meet this criterion as a baseline; if the area's MHI is less than 85 percent, then proceed to determining whether one criterion from Step 2 and one criterion from Step 3 applies to the area.

Step 2 – Is the Project Benefit/Service Area one of the relevant geographies?

The EDA Mapping Tool, which can be accessed at the link at the start of this document, provides an interactive mapping display of geographic layers to meet the specified criteria of an EDA. EDA criteria and project benefit area should be summarized and displayed with a map to meet the Step 2 requirements. More than one map may be necessary to clearly illustrate the EDA. The following steps are the basic steps to be followed when using the EDA Mapping Tool (applicants with GIS capabilities can download EDA data from the EDA webpage to display project benefit/service areas):

- Zoom into the map area representing the project benefit area
- Turn on the appropriate layers needed to support the selected criteria
- Use screen-shot(s) of the project benefit area
- Import the screen shot(s) to a drawing program
- Draw the approximate project benefit area
- Display the data of the selected criteria on your map (one criteria from each Step)
- Attach map to EDA Form submittal package as Component 2

Step 3 – Does the Project Benefit/Service Area include one of the modifying factors?

Reasonably Isolated Justification (If Applicable)

If claiming that an area is reasonably isolated, provide a detailed justification for why the area is a segment of a larger municipality is reasonably isolated and how there is a direct project benefit to the isolated area. Examples of reasonably isolated may include, but are not limited to, examples of physical isolation or community barriers, such as:

- Communities divided by waterbodies,
- Communities divided by highways,
- Language barriers,
- Jurisdictional boundaries, and
- Communities isolated from water or wastewater services.

Financial Hardship Justification (If Applicable)

If claiming that an area has a financial hardship, provide a detailed justification for why the area has a financial hardship. Examples of financial hardship may include, but are not limited to, examples of affordability of water, such as:

- Average annual residential water rate exceeds 1.5 percent of the area’s MHI
- Average annual residential wastewater rate exceeds 1.5 percent of the area’s MHI
- Average annual water and wastewater services rate exceeds 5 percent of the area’s MHI

Table 3 - Economically Distressed Area Submittal Package Instructions

Please submit the Economically Distressed Area fillable pdf form with your grant or loan application.

Step	Criterion	Required Information
1	MHI	Attach map from EDA tool that shows the project benefit/service area and the <85% MHI layer.
2	Option 1: Municipality with Population of 20,000 People or Less	Attach map from EDA tool that shows the project benefit/service area and the municipality area population layer.
	Option 2: Rural County	Attach map from EDA tool that shows the project benefit/service area and the rural county layer.
	Option 3: Reasonably Isolated and Divisible Segment of a Larger Municipality where the Segment of the Population is 20,000 Persons or Less	Attach map from EDA tool that shows the project benefit/service area and the municipality area population layer. Explain, in 3,000 characters or less, the basis for claiming that the project benefit/service area is reasonably isolated and divisible.
3	Option 1: Financial Hardship	Explain, in 3,000 characters or less, the basis for claiming that the project benefit/service has a financial hardship.
	Option 2: Unemployment Rate at least 2 Percent Higher than the Statewide Average	Attach map from EDA tool that shows the project benefit/service area and the unemployment layer.
	Option 3: Low Population Density	Attach map from EDA tool that show the project benefit/service area and the low population density layer.

ECONOMICALLY DISTRESSED AREA CHECKLIST

Instructions: To meet the definition of an economically distressed area, applicants must meet the criterion in Step 1, then proceed to selecting one criterion from Step 2, followed by selecting one criterion from Step 3. Please provide this checklist selecting the appropriate criteria for your project's benefit area.

Applicant Name: _____

Project Name: _____

Program Name (reference Table 1): _____

Step 1

An annual median household income < 85% of statewide median household income:

Step 2

• A municipality with a population of 20,000 people or less:

• A rural county: _____

• A reasonably isolated and divisible segment of a larger municipality where the segment of the population is 20,000 persons or less:

Step 3*

• Financial hardship: _____

• Unemployment rate at least 2 percent higher than the statewide average: _____

• Low population density: _____

*As determined by the Department.

MAP OF ECONOMICALLY DISTRESSED AREA & PROJECT BENEFIT AREA

Instructions: To meet the definition of an economically distressed area, applicants must display their selected economically distressed area criteria via map(s) and show the project benefit area. Please utilize the Economically Distressed Area Mapping Tool to show the appropriate criteria for your project benefit area.

Insert map here.

REASONABLY ISOLATED JUSTIFICATION

Instructions: To meet the definition of an economically distressed area, applicants must display one criteria from each step of the Economically Distressed Area Checklist (Attachment 1). Please utilize the space below to describe the appropriate 'reasonably isolated' criteria for your project benefit area, if applicable. Please limit justification narrative to 1 page with no smaller font than 10 point.

Insert text here.

FINANCIAL HARDSHIP JUSTIFICATION

Instructions: To meet the definition of an economically distressed area, applicants must display one criteria from each step of the Economically Distressed Area Checklist (Attachment 1). Please utilize the space below to describe the appropriate 'financial hardship' criteria for your project benefit area, if applicable. Please limit justification narrative to 1 page with no smaller font than 10 point

Insert text here.