

CONSUMPTIVE USE MITIGATION GRANTS

2023 PROGRAM GUIDELINES

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Mission

The Susquehanna River Basin Commission's mission is to enhance public welfare through comprehensive planning, water supply allocation, and management of the water resources in the Susquehanna River Basin.

cover photo: Commission-owned water supply storage at Curwensville Lake, Clearfield County, PA, that is released to mitigate for downstream consumptive use during low flow periods.

Grant Opportunity At A Glance

Grant Funding Provided By:	Susquehanna River Basin Commission Consumptive Use Mitigation Grant Program 4423 North Front Street Harrisburg, PA 17110-1788
General Grant Program and/or Application Inquiries:	(717) 238-0423, ext. 1017 or cugrant@srbc.net
Dates:	Application Due Date: Tuesday, January 31, 2023 4:00 pm Eastern Standard Time
Eligible Applicants: (See Guidelines Sec. IV.A.)	SRBC Project Sponsors (i.e., entities with SRBC approval or docket) Local, State, and Federal Government Entities Tax Exempt Non-Profit Organizations Institutions of Higher Education
Eligible Projects: (See Guidelines Sec. IV.B.)	Projects that provide quantifiable water quantity benefits or water quality improvements in the Basin.
Grant Recipient Cost Share: (See Guidelines Sec. V.A.)	A minimum cash match of 10 percent or 25 percent, depending on the total requested SRBC grant funding, and expended within the grant period of performance.
Period of Performance: (See Guidelines Sec. VI.)	In general, project funds should be expended and projects completed within three (3) years of the grant agreement effective date.
Project Schedules: (See Guidelines Sec. VI.)	Project schedules for which grant funding is requested must start on or after Saturday, July 1, 2023.
SRBC Funding Amount: (See Guidelines Sec. VI.)	Approximately \$4 million to \$6 million total grant funding available with anticipated individual project awards of \$100,000 or more.
Estimated Number of Grants to be Awarded:	Approximately 5-15 projects, contingent on quality and scope of applications received and available SRBC funding.

Application Checklist

In addition to completing the Susquehanna River Basin Commission's (SRBC's/Commission's) online application, applicants must upload the mandatory documents listed below to their online application. Optional application documents are project-specific and therefore applicants should consult the relevant sections within these guidelines. **All documents listed below may be downloaded from the Commission's Consumptive Use Mitigation Grant Program web page (<https://www.srbc.net/our-work/grants/consumptive-use-mitigation-grant.html>).**

What Information to Submit	Relevant Guidelines Section	When to Submit
Mandatory Application Documents:		
<input type="checkbox"/> Matching Funds Commitment Letter	See Sec. V.A.	with application
<input type="checkbox"/> Applicant Experience Template	See Sec. VIII.M.	with application
Optional Application Documents:		
<input type="checkbox"/> Landowner Consent Letter	See Sec. VIII.J.	with application
<input type="checkbox"/> Planning Consistency Letter	See Sec. V.B.	with application
<input type="checkbox"/> Project Location Map	N/A	with application
<input type="checkbox"/> Required Permits or Approvals List	See Sec. V.B.	with application

Recommended Documents to Review Prior to Starting a CU Mitigation Grant Application:

- 2020 Consumptive Use Mitigation Policy
- Grant Agreement Template
- Expended Funds Report w/Budget Line Item Definitions
- Priority Watersheds Map

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I. Background

The Susquehanna River Basin Commission (SRBC/Commission) is a federal-interstate compact commission responsible for coordinated management of the water resources of the 27,510-square-mile Susquehanna River Basin (Basin). The Basin is situated in New York, Pennsylvania, and Maryland and comprises 43 percent of the Chesapeake Bay's drainage area. Under the authority of the Susquehanna River Basin Compact (Compact), the Commission regulates groundwater withdrawal, surface water withdrawal, diversion, and consumptive use (CU) projects in the Basin.

II. Introduction

The Commission's regulations (18 CFR §806.22(b)) regarding review and approval of projects require mitigation for CU of water. CU is broadly defined as the loss of water due to a variety of processes by which the water is not returned to the waters of the Basin undiminished in quantity. The Commission's CU regulation, adopted in 1976, requires project sponsors to provide mitigation for their consumptive use during low flow events. The Commission's mitigation strategy is based on the elimination of man-made impacts caused by CU during low flows and the return to natural flow conditions. Sponsors are expected to comply with the regulation by providing compensatory water or discontinuing CU during low flow events. This has proved impractical and/or unreasonable for most CU projects. Therefore, the Commission enacted a measure in 1993 to allow project sponsors to pay a fee to the Commission in lieu of providing compensatory water. The payment of these fees allows the Commission to undertake projects to provide CU mitigation, including funding projects through a grant program.

The Commission adopted its Consumptive Use Mitigation Policy (Policy) in 2020. This Policy outlines the Commission's fundamental objective of CU mitigation, defines contemporary standards for planning and implementing mitigation projects, provides insight into factors considered in determining an acceptable manner of mitigation, and expands the scope of alternatives for Commission-initiated mitigation projects. Per the Policy, and in addition to pursuing traditional water storage and low flow augmentation projects, the Commission may also implement alternative methods of CU mitigation, including water conservation and reuse, groundwater recharge, and water quality improvements.

III. Purpose

The purpose of the Commission's CU Mitigation Grant Program is to *implement projects that reduce water use or increase water availability during critical low flow periods* to help protect public health and safety, avoid water use conflicts, prevent water quality impacts, sustain economic production, and support ecological flow needs throughout the Basin.

IV. Eligibility

A. Eligible Applicants

Any of the following entities may apply for a grant under the CU Mitigation Grant Program:

1. **Project Sponsor** – Any person who owns, operates, or proposes to undertake a water withdrawal, consumptive use, or water supply project and has a docket or other approval to operate issued by the Commission.
2. **Local, State, and Federal Government Entity** – Any federal, state, county, or local government entity, including government-led coalitions, municipal authorities, school districts, and home rule municipalities.
3. **Tax-Exempt Non-Profit Organization** – A tax-exempt, non-profit organization under § 501(c)(3) of the Internal Revenue Code involved in research, restoration, rehabilitation, planning, acquisition, development, education, or other activities, which furthers the protection, enhancement, conservation, preservation, or management of the Basin's water resources.
4. **Institution of Higher Education** – An entity that is an accredited university, college, seminary college, community college, or two-year college.

B. Eligible Projects

The subsequent project types and examples are intended to assist applicants in determining whether their project is eligible and how it may best fit with the objectives of the Commission's Consumptive Use Mitigation Policy. However, the Commission encourages applicants to submit grant applications for *innovative or non-conventional projects that provide appreciable water quantity or water quality benefits* to the Basin for which an example is not included.

Water Supply Alternatives (WSAs)

<p>Description:</p>	<p>Projects that provide water supply storage at federal, state, and/or private-owned water storage assets for use in offsetting CU during low flow periods. This includes projects that increase water capacity via system interconnections to mitigate drought-related water supply emergencies.</p>
<p>Project Types and Examples:</p> <p>(See Consumptive Use Mitigation Policy – Sec. IV.A.)</p>	<p>WSA project types and examples may include the following:</p> <p><i>Surface Water Impoundments</i> that provide water supply storage for withdrawal or release during low flow periods. Examples of eligible projects include:</p> <ul style="list-style-type: none"> ▪ Rehabilitating former water supply reservoirs to provide additional water storage. ▪ Upgrading dam outlet infrastructure to facilitate low flow augmentation releases. <p><i>Flooded Quarries and Mine Pools</i> that provide water supply storage for withdrawal or release during low flow periods. Examples of eligible projects include:</p> <ul style="list-style-type: none"> ▪ Repurposing inactive quarries to provide additional water storage. ▪ Incorporating withdrawal infrastructure to utilize underground mine pools for backup water supply. <p><i>Newly Constructed Impoundments</i> that are located off-stream and refilled by capturing runoff or pumping water from an adjacent perennial stream during high flows. Examples of eligible projects include:</p> <ul style="list-style-type: none"> ▪ Constructing a new off-stream pond for use as a backup water supply for irrigation. <p><i>Water Supply Interconnections</i> that redistribute excess water supply from one system to another, including contracts for buying and selling of excess water for emergency purposes.</p>
<p>Key Application Information:</p>	<p>Applicants should include documented or estimated <i>water quantity benefits</i> (e.g., acre-feet, MGD), including supporting calculations and assumptions.</p>

Project Operation Alternatives (POAs)

<p>Description:</p>	<p>Projects that provide low flow augmentation and/or conservation releases through a change of operations to help offset CU during low flow periods. This includes projects that modify operations at public or private reservoirs, implement aquifer storage and recovery, employ conjunctive use management, develop drought response actions, and related activities.</p>
<p>Project Types and Examples:</p> <p>(See Consumptive Use Mitigation Policy – Sec. IV.B.)</p>	<p>POA project types and examples may include the following:</p> <p><i>Aquifer Storage and Recovery</i> that provides subsurface storage by holding water in aquifers during high to normal flow periods and withdrawing or releasing water during low flow periods. Examples of eligible projects include:</p> <ul style="list-style-type: none"> ▪ Constructing flood managed aquifer recharge systems to increase groundwater supply wells. ▪ Constructing injection wells to add water into an aquifer for storage and use during low flow conditions. <p><i>Conjunctive Use Management</i> that entails planned coordination and efficient management of surface and groundwater sources to maximize long-term water availability. Examples of eligible projects include:</p> <ul style="list-style-type: none"> ▪ Developing groundwater sources for use during low flow periods instead of, or in combination with, surface water withdrawals. <p><i>Drought Operation Plans</i> that outline specific actions a water user will take in response to drought or water shortage conditions, including operational changes, water conservation measures, and utilization of emergency supplies.</p> <p><i>Reservoir Conservation Releases</i> that are continuously maintained downstream of an impoundment to protect other water users and aquatic resources during low flow periods. This includes modifying existing reservoir operations to facilitate continuous conservation releases.</p>
<p>Key Application Information:</p>	<p>Applicants should include documented or estimated <i>water quantity benefits</i> (e.g., acre-feet, MGD), including supporting calculations and assumptions.</p>

Demand Modification Alternatives (DMAs)

<p>Description:</p>	<p>Projects that decrease the amount of water withdrawn or consumptively used during low flow periods. This includes projects that implement water conservation technologies, water reuse or recycle systems, and improve groundwater recharge.</p>
<p>Project Types and Examples:</p> <p>(See Consumptive Use Mitigation Policy – Sec. IV.C.)</p>	<p>DMA project types and examples may include the following:</p> <p>Water Conservation that reduces water consumption, reduces water loss or waste, and/or improves water use efficiency in the Basin. Examples of eligible projects include:</p> <ul style="list-style-type: none"> ▪ Implementing leak detection systems and/or deploying leak detection technology. ▪ Eliminating single-pass cooling systems. <p>Water Reuse or Recycling that reuses treated effluent or other water sources (e.g., agriculture runoff, cooling water, produced water) prior to reintroduction into the water cycle in the Basin. Examples of eligible projects include:</p> <ul style="list-style-type: none"> ▪ Installing cooling tower plume capture and reuse systems. ▪ Installing condensate reuse systems. ▪ Installing irrigation tailwater recovery and reuse systems. <p>Groundwater Recharge is achieved through deployment of engineered recharge systems. Examples of eligible projects include:</p> <ul style="list-style-type: none"> ▪ Sub-surface drip, rapid or spray irrigation systems paired with reuse systems.
<p>Key Application Information:</p>	<p>Applicants should include documented or estimated <i>water quantity benefits</i> (e.g., MGD), including supporting calculations and assumptions.</p>

Environmental and Water Quality Alternatives (EWQAs)

<p>Description:</p>	<p>Projects that improve environmental and water quality conditions to increase watershed resilience during low flow periods. This includes projects that increase groundwater recharge, restore streams and wetlands, treat abandoned mine drainage, retrofit stormwater best management practices (BMPs), and restore and preserve floodplains.</p>
<p>Project Types and Examples:</p> <p>(See Consumptive Use Mitigation Policy – Sec. IV.D.)</p>	<p>EWQA project types and examples may include the following:</p> <p><i>Wetland and Stream Restoration</i> that rehabilitates degraded stream reaches and/or wetland areas in the Basin. Examples of eligible projects include:</p> <ul style="list-style-type: none"> ▪ Installing habitat structures to recover native vegetation and improve incised streams, and restore adjacent wetland habitats. <p><i>Abandoned Mine Drainage (AMD) Treatment</i> that remediates AMD discharges and associated impaired waters in the Basin. Examples of eligible projects include:</p> <ul style="list-style-type: none"> ▪ Installing AMD treatment and/or conveyance systems. ▪ Reclamation of Abandoned Mine Lands. <p><i>Retrofitting Stormwater Best Management Practices</i> that significantly improve water quality and/or increase groundwater recharge. Examples of eligible projects include:</p> <ul style="list-style-type: none"> ▪ Retrofitting an existing stormwater infiltration basin to enhance groundwater recharge. ▪ Replacing existing stormwater conveyance systems with regenerative stormwater conveyance to improve water quality and increase groundwater recharge. <p><i>Floodplain Preservation and Restoration</i> that preserves and/or reconnects floodplains and establish and expand riparian buffers along surface waters.</p>
<p>Key Application Information:</p>	<p>Applicants should include documented or estimated <i>water quality benefits</i> (e.g., lbs/year) and <i>water quantity benefits</i> (e.g., in/yr), including supporting calculations and assumptions.</p>

C. Eligible Use of Funds

CU Mitigation Grant funds may be used by the applicant to pay for any of the following project costs:

1. Acquisition, construction, improvement, expansion, repair, maintenance, or rehabilitation of new or existing CU mitigation projects. Construction contingency is limited to 10% of actual construction costs.
2. Acquisition of land, rights-of-way, and easements required to develop the project.
3. Planning, site characterization, design, and permitting work needed to complete the project.
4. Purchase of equipment and technology required to implement the project.
5. Technical assistance necessary to carry out the project. For construction projects, this includes costs for engineering and construction oversight, inspections, and performance monitoring.
6. Project monitoring to assess CU mitigation project effectiveness.
7. Operation and maintenance costs are limited to a period of no more than 20 years, and any funds requested for this purpose will be part of the evaluation of the proposed project.
8. Administrative costs of the applicant necessary to administer the grant, which could include advertising, legal, audits, and documented staff expenses.
 - a. If the organization has an approved fringe benefit and/or indirect cost rate, then applicants must include a fringe benefits letter.
 - b. If the organization does not have an approved fringe benefit cost rate, then fringe benefits are limited to 10% of labor costs included.
9. Public relations, education, and outreach specifically related to the proposed project.

Ineligible costs include, but are not limited to, routine facility maintenance, unrelated infrastructure replacement, routine regulatory obligations, contingency costs not associated with actual expenses, lobbying, litigation, fees for securing other financing or associated with bad debts, interest on borrowed funds, business/marketing events and/or related entertainment expenses, alcoholic beverages, illegal activities or substances, costs associated with personal expenses of board members and/or officers/staff, application preparation fees, and other costs incurred prior to the award of grant funds.

V. Program Requirements

A. Cost Share Requirements

Applicants must submit a complete Matching Funds Commitment Letter agreeing to provide the required cash match as defined below. The Commission may consider cash match in excess of the required minimum, as well as in-kind match as part of its evaluation of an application.

1. Cash Match. Includes applicant and project partner cash contributions and other grant funds as defined below.

- a. Applicants requesting grant funds up to \$500,000 must provide a minimum cash match equal to 10% of the total requested funds.
- b. Applicants requesting grant funds in excess of \$500,000 must provide a minimum cash match equal to 25% of the total requested funds.
- c. Cannot include other SRBC funding resources.
- d. Secured by and available to the applicant at the time of submission of this application.
- e. Expended during the CU Mitigation Grant period of performance as established by the grant agreement and scope of work, and verifiable by the requisite documentation (e.g., payroll, invoices, financial statements).
- f. Eligible cash match must be integral and necessary to the project and directly paid by the applicant or by project partners identified in the application and scope of work. Project partners pledging cash match must complete their own Matching Funds Commitment Letter and submit with the grant application.
- g. Eligible sources of cash match are listed below.
 - i. Construction Costs – Include those for planning, site characterization, design, permit fees, construction inspection and oversight, rental charges for construction equipment, mobilization/demobilization of equipment and materials, and materials that are expended, consumed, or internal to construction (i.e., those that remain onsite).
 - ii. Contractual Services – Include those for consultants such as engineers, geologists, architects, etc.
 - iii. Direct Labor – Labor itemized by position for those contributing to the direct work of the project. Do not include administrative functions.
 - iv. Federal, State, and/or Other Grant Awarded Funds.

v. Real Property Acquisition Costs:

- 1) Real Property means land, including land, improvements, structures, and appurtenances thereto, but excludes moveable machinery and equipment.
- 2) Acquisition costs may include the total costs for purchase of Real Property, including attorney fees, document preparation fees, and deed recording fees.
- 3) The value of Real Property must be based on a recent appraisal for fair market value and included with the grant application. Recent appraisals must meet the following minimum requirements:
 - Be dated less than one year from the date of submission of the CU Mitigation Grant Application.
 - Appraisals must be prepared by a member jurisdiction (i.e., Maryland, New York, Pennsylvania) qualified or certified appraiser.
 - Appraisal reports must conform to the Uniform Standards of Professional Appraisal Practice.
 - Appraisal reports must show separate land and structure values, if structures are present.
 - Appraisal reports must contain a minimum of three (3) comparable properties.
- 4) Real Property included as cash match to the grant application can only constitute 50% of the minimum required cash match. Applicants may apply the remaining Real Property value to In-Kind Match.

h. To be eligible, cash match sources included in the SRBC grant application cannot be included as a cost or used to meet cost sharing or matching requirements of any other grant awarded funds.

2. In-Kind Match. Includes donated goods and services as detailed below. Applicants may provide in-kind match towards the project. The Commission does not count in-kind match towards the applicant's required minimum cash match. However, the Commission may consider in-kind match in its evaluation of an application. In-kind match must comply with the requirements below.

- a. In-kind match must be donated to the applicant and/or project partners within the grant period of performance and verifiable by the requisite documentation (e.g., receipts for donated equipment, volunteer timesheets).
- b. In-kind match is limited to the fair market value of donated equipment, goods, labor, services, and/or Real Property.
- c. Applicants may provide the remaining value of Real Property not applicable to the minimum cash match requirement as provided in the previous section.

B. Permit Requirements

Applicants must certify that they will secure all necessary permits and/or approvals prior to commencement of any project-related work and that all work will comply with any applicable permits and approvals. Applicants must document in the application that the project generally is in compliance with any applicable county or local comprehensive plans as evidenced by a letter from the appropriate local planning agency, if applicable.

C. Other Requirements

For a full understanding of the Commission's grant requirements, including terms and conditions, please download and review the SRBC's Grant Agreement Template.

VI. Grants

- A. The total grant funding available may range from approximately \$4 million to \$6 million.
- B. Individual grant projects are anticipated to be in the range of \$100,000 or more, with funding requests evaluated by project type and proposed activities.
- C. To be eligible for grant funds, project costs must be incurred within the grant period of performance as established by the grant agreement. Grant agreement start dates are determined by the Commission and will generally align with the Commission's required project schedule start date.
- D. Projects are anticipated to span up to three years.
- E. Project schedules for which grant funding is requested must start on or after Saturday, July 1, 2023. Project costs incurred prior to this date will not be covered by SRBC grant funds.

VII. Application Procedures

To apply for funding, the applicant must submit the online application located at <https://mdw.srbc.net/grants/Home/ConsumptiveUseMitigation>.

All applications and required supplemental information must be submitted through the online application system by 4:00 pm on Tuesday, January 31, 2023.

VIII. Application Evaluation

All applications submitted will be reviewed by the Commission to determine eligibility of the proposed project as well as the competitiveness of the proposal. Applications are evaluated on a competitive basis using the following criteria:

- A. The proposed project provides appreciable quantified or estimated *water quantity* (e.g., acre-feet, MGD) and/or *water quality* (e.g., lbs/year) benefits and any quantified or estimated values are well supported and/or documented.
 1. The proposed project demonstrates an innovative approach to achieving water quantity and/or water quality benefits.
 2. Water storage projects with a flow augmentation component should be capable of providing 45 or more days of storage without impacting surface water flows or existing water users.
 3. Generally quantified water benefits should enhance water resource resiliency during critical low flow periods and droughts in the Basin, typically from July to November.
- B. The proposed project is consistent with the objectives outlined in the Commission's Consumptive Use Mitigation Policy, and aligns well with the project types described in Section VI.A-D in the policy.
- C. The proposed project is located in or adjacent to the Susquehanna River Basin such that CU mitigation can benefit watersheds and streams within the Basin.
- D. The proposed project is located in a watershed identified by the Commission as a priority for implementing CU mitigation (see Priority Watersheds Map).
- E. The proposed project has local stakeholder support and addresses local water resources management needs.
- F. The majority of requested CU mitigation grant funding is dedicated to project implementation (e.g., construction, materials). However, the Commission will consider projects that include planning, site characterization, data collection, and design activities.
- G. The proposed project can be implemented in a reasonable timeframe, typically within three years of grant funding allocation.
- H. The proposed project meaningfully considers climate change impacts and will demonstrably improve climate resiliency of the water resources in the Basin.
- I. The proposed project will demonstrably improve an environmental justice area.
- J. The applicant is able to obtain within the project timeframe the necessary rights-of-way, land ownership, and/or easements to maintain the project site in perpetuity.
- K. The proposed project leverages resources from other partners or other funding sources.
- L. The proposed budget for the project appears to be reasonable given the proposed tasks and outcomes.
- M. The applicant has the capacity and experience to successfully complete the proposed project.

IX. Accessing Funds

Upon approval of a grant agreement by the Commission, a commitment letter and grant agreement will be issued to the applicant detailing the terms and conditions of the grant. The grant agreement must be signed by an authorized individual and returned to the Commission within 30 days of the date of the commitment letter or the offer may be withdrawn by the Commission.

Grant funds will be disbursed at select intervals in advance of expenses, or through reimbursement of expenses. Applicants must select their preferred funding method in the online grant application. For more information on grant funding methods and their requirements, please review the Commission's Grant Agreement Template.