MEMORANDUM

TO: Wetland Grant Applicants

FROM: Lynda Saul, DEQ Wetlands Coordinator

DATE: September 26, 1997

RE: EPA Wetland Grants Program

This correspondence is to announce the EPA Region 8 FY 1998 104(b)(3) Wetlands Grants Program request for proposals. Montana Department of Environmental Quality (DEQ) administers the state and local government proposals and grants for this program. EPA administers the tribal government program. Proposals for state and local government grant awards are due in the DEQ office no later than **November 10, 1997**. DEQ will be assembling a team of reviewers who have not submitted a grant proposal. Their job will be to recommend to EPA Region 8 a prioritized list of proposals for funding. Grant applicants will be given an opportunity to present a brief summary of their proposal to the review team on the afternoon of November 18 in Helena. Applications are accepted in three areas: General Program, Local Government Initiative and Special Funding.

The Wetland Program grants are funded via a competitive process, involving six States and 27 Reservations. Funding priorities support the types of activities identified in the draft Conservation Strategy for Montana's Wetlands. The review team will be developing Montana specific priorities. Please contact me if you are interested in applying for a Wetland Grant.

Proposals should be structured according to the attached format. Individual project work plans need to be limited to no more than eight pages (excluding the milestone and budget tables).

Attached, you will find:
* Format guidance for project proposal/work plan.
* Wetlands Program Grant Conditions.
* FY 1998 National Wetland Grants Program Guidance.
* Grant Provisions - This segment emphasizes issues directly affecting the issuance of the award.
* Regional Funding Priorities - This portion lists the activities which Region 8 feels need to be emphasized in order to develop an effective Wetlands Program.
* Local government initiative - This provides guidance for the Regional Local Government Initiative set aside.
* Special Funding - This provides information for a special Headquarters set aside funding source for wetland/watershed restoration efforts.

If you have any questions concerning the wetland grants program or guidance, please contact Lynda Saul, DEQ Wetlands Coordinator, (406) 444-6652.

FY 1998 National EPA Wetland Grants Program Guidance

INTRODUCTION

The purpose of the EPA's Wetlands Grant Program is to assist state, tribal and local government (S/T/LG) agencies in wetlands protection efforts. Grant funds can be used to develop new wetland protection programs or refine existing wetland protection programs. EPA must ensure that the grant funds are directed toward activities that result in demonstrated progress in achieving the objective of improving S/T/LG wetland protection programs.

PROJECTS MUST CLEARLY DEMONSTRATE A DIRECT LINK TO IMPROVING A S/T/LG'S ABILITY TO PROTECT ITS WETLANDS RESOURCES. BECAUSE OF THE CONDITIONS IN SECTION 104(b)(3) OF THE CLEAN WATER ACT, THESE GRANTS CAN ONLY BE USED FOR THE DEVELOPMENT OF, AND NOT FOR OPERATIONAL SUPPORT OF, WETLAND PROTECTION PROGRAMS.

FUNDING ELIGIBILITY

State and tribal agencies, interstate and intertribal entities and associations, and local governmental agencies are eligible to receive grant funds. Typical wetlands or wetland related agencies include, but are not limited to water quality agencies (Section 401 water quality certification), planning offices, wild and scenic rivers agencies, departments of transportation, fish and wildlife or natural resources agencies, agriculture departments, forestry agencies, coastal zone management agencies, park and recreation agencies, nonpoint source or storm water agencies, and other S/T/LG wetland-related agencies.

Federally recognized Indian tribes are eligible for funding under this grant program; "Treatment as a State" status is not a requirement. Interstate and intertribal entities and associations are eligible for direct funding; interstate and intertribal projects must be broad in scope and encompass more than one state or tribe.

All grant funds are awarded on a competitive process. While funds are allocated to EPA Regional Offices based on the number of states within the Region, EPA is not required to provide grant funds to all S/T/LGs. Funding decisions will be based on the quality of the proposals received and adherence to the selection criteria. (Refer to Appendix I for restrictions on funding eligibility).

PERFORMANCE PARTNERSHIP GRANTS

A Performance Partnership Grant (PPG) is a multi-program grant made to a state or tribe from funds allocated and otherwise available for categorical grant programs. PPGs are voluntary and provide states and tribes the option to combine funds from two or more categorical grants into one or more PPG. PPGs can provide administrative and/or programmatic flexibility. State and tribal projects are eligible for inclusion in a PPG; local government projects are not eligible.

The Wetland Grant Program remains a competitive grant program. The state or tribal project must first be selected under the competitive grant process and must identify specific wetlands-related

output measures in the grant proposal. A state or tribe may include these grant output measures in its Environmental Performance Agreement/Tribal Environmental Agreement and use these agreements to compete for these grant funds. If the state or tribe chooses to add wetland grant funds to a PPG, EPA will add these funds to the PPG by a grant amendment and will identify the specific wetlands-related output measures that must be accomplished.

The content of each PPG depends on its purpose and the extent to which a recipient would like to deviate from traditional categorical work plans or enter the National Environmental Performance Partnership System (NEPPS). See the July 1996 Revised Interim Guidance on PPGs for more specific information about PPGs. The interim PPG guidance should be available from Regional grants offices or can be obtained from the Wetlands Information Hotline (1-800-832-7828).

EPA STATE/TRIBAL/LOCAL GOVERNMENT MEETING

EPA encourages S/T/LGs to include reasonable travel costs in the grant application for key wetlands personnel to attend at least one national wetlands meeting each year. The Association of State Wetland Managers will be hosting their Wetlands 1998 Workshop and EPA's HQ Wetlands Division is planning another National Wetlands Meeting in 1999.

MATCH REQUIREMENTS

Recipients must cost share a minimum of 25% of each award's total project costs. They may meet this requirement with cash or in-kind contributions. We encourage states, tribes and local governments to provide additional matching funds whenever possible (i.e., funds in excess of the required 25% of total project costs). Requests for waivers of the required 25% match will not be granted; all grant recipients must provide the 25% match. If the recipient decides to include the project in a PPG, the 25% match requirement must still be provided.

Matching funds can be provided by entities other than the S/T/LG agency. Other federal money cannot be used as the match for this grant program. However, Indian tribes can use funds provided under the Indian Self-Determination and Education Act (i.e., 638 funds) to provide the required matching funds.

PUBLIC PARTICIPATION

EPA regulations (40 CFR Part 25) require public participation in various Clean Water Act programs including grants. Each applicant for EPA financial assistance (40 CFR 25.11) shall include a public participation work plan in the grant application which reflects how public participation will be provided for, encouraged, and assisted.

SELECTION CRITERIA

Regional Offices and Headquarters (HQ) will generally use the following criteria in reviewing/selecting projects for funding:

1. Clarity of Proposal's Work Plan
2. Success of Previous Projects
3. Likelihood of Success

4. Transferability of Results and/or Methods to Other S/T/LG
5. Potential Environmental Results (Real Results vs. Planned Results)
6. Involvement/Commitment of S/T/LG

LOCAL GOVERNMENT INITIATIVE

In FY98, local governmental entities are eligible to receive wetland grant funds. Local governmental entities include, but are not limited to, city, county and regional government agencies; flood control districts; water management districts; and regional planning commissions.

Local government grant recipients much meet the same grant requirements as state and tribal entities -- application procedures, match requirement, reporting requirements, competitive selection process, and other related grant requirements. In FY98, EPA's Regional Offices, not HQ, will evaluate grant applications and make the grant decisions on local government applications. This is a change from FY97, when we centralized local grants decisions because of the lack of planning time to fully incorporate local grants into the program.

Local government entities are eligible to receive grant funds to develop new wetland programs or make their existing wetland programs more effective. EPA’s Regional Offices will be requested to give priority to projects that involve cooperative restoration, voluntary efforts, incentive programs, joint public/private partnerships and consensus-based watershed planning. Funding priority will be given to projects that develop partnerships between federal, state and local governments and other entities involved in wetlands protection, restoration monitoring and/or management.

LOCAL AND TRIBAL FUNDING TARGETS

Each Regional Office shall support the local government initiative and tribal efforts by targeting at least 15% of their Regional allocation to local government and tribal applications.

PROCEDURES

Complete grant applications must be received by the appropriate EPA Regional Office by the due date. This due date is established by each Regional Office and may vary from Region to Region. Each Regional Office will review all applications received and select the ones for funding. Regional Offices may ask the S/T/LGs to submit a pre-application proposal before the established deadline so that Regional staff can work with S/T/LG to develop appropriate, findable projects. Regions may request the applicant to submit revised work plans to adjust funding levels to fit within the Region's funding availability or to revise a project to develop a better project that fits within the grant criteria.

Regional staff is available to work with each S/T/LG to assist in the development of high-quality applications consistent with this grant guidance. We emphasize that the quality of the applications will play a significant role in the Region's selection of grants for funding.

Quality Assurance Control and peer review are usually not applicable to these grants (40 CFR 31.45). However, if any environmental measurements will be done as part of the grant project, Quality Assurance Control may be required. (See 40 CFR 30.S18 for additional information on peer review requirements.)

PRIORITY PROJECTS

EPA has established priority projects that will receive preferential treatment in funding decisions for the FY98 S/T/LG Wetlands Grant Program. EPA's Regional Offices will be asked to give priority to projects listed below:

S/T/LG Wetland Conservation Plans (AC)

A AC should incorporate regulatory and non-regulatory approaches to wetlands protection. While each S/T/LG is unique and starting from a different point, we anticipate that a WCP should generally include the following components to be eligible for funding:

1. Statement of Need, Goals and Objectives.
Briefly define the purpose of the plan; identify the goals and objectives of the WCP; include specific time horizons for achieving the goals.

2. Evaluation of Protection Mechanism.
Identify existing programs (public and private) and mechanisms available to protect and restore wetland resources; identify gaps in programs as well as opportunities to increase efficiency and effectiveness of existing and new programs.

3. Inventory and Assessment of Wetland Resources.
Identify the S/T/LG's wetland resources based on available or easily obtainable information to summarize information on status and trends. Inventory information should reference the "Cowardin System" of classification as a means to allow communication about wetlands and their futures in a national context. The Cowardin Classification System may be obtained from the Internet at the following URL address: http://www.nwi.fws.gov.

4. Identify alternative approaches to protecting and restoring wetlands and evaluate the pros and cons of each, considering likely funding available; organizational capacity within the state/tribe; likely support of the state/tribal legislature, other institutions, and the public; availability of workforce capabilities, including technical skills; potential partnerships; and other relevant factors.

5. Strategy Development and Implementation.
Identify specific actions, target dates, implementation mechanisms; develop the framework for geographic-specific plans; coordinate with applicable federal, state, tribal and local government programs and private sector efforts.

6. Programmatic Monitoring.
Establish how the programs carrying out the recommendations will be monitored and reported.

7. Plan Approval.
Identify a mechanism/entity for getting approval or acceptance of the recommendations included in the plan.

We anticipate that a S/T/LG should complete 1 and 2 above before working on specific elements of a WCP, i.e., inventory and assessment or strategy development. In most cases, a S/T/LG should have its goals, needs and objectives as well as a good sense of existing programs before embarking on more specific

Grant funds can be used to implement the recommendations in a final, "approved" WCP if they are for development of new programs or refinement of existing S/T/LG wetland programs. Grant funds cannot be used to fund implementation if the work is basically continued operation of existing S/T/LG programs.

NOTE: For EPA grant funds to be used to address objectives or recommendations included in the WCP, it should be a final. approved WCP (see number 7 above) at the time of grant application. Additionally, EPA should concur with the concepts included within the WCP.

The development of a WCP should be done in an open process with the involvement of the general public in addition to stakeholders, representatives of the various levels of government, and others who may be interested in the final outcome of the WCP.

State/Tribal Section 404 Assumption Assistance
The Clean Water Act provides for states and tribes to assume the federal permitting responsibility in certain waters of the U.S. Grant funds can be used to develop the legal authority and capability to assume the permit program, conduct outreach to develop public understanding and support for program assumption, and to develop the documentation needed to formally request program assumption. Examples of eligible tasks are:

-- Writing legislation to qualify the state/tribe to assume the program;

--Developing implementing regulations; developing guidance, policies and procedures for the state/tribe's program;

-- Conducting outreach and education efforts to government and private sector entities as well as the public to develop understanding of the need for wetlands protection and support for program assumption;

-- Writing the documents needed to complete a formal, complete assumption request; and

-- Conducting specific projects or initiatives that are needed to improve the state/tribe's program or to fulfill the requirements for an approvable program.,

For an assumption assistance application to be eligible for funding, the project must be endorsed by a state/tribal entity such as the Governor of the State (or Tribal equivalent) or head of the state/tribal environmental agency.

The detailed analysis/comparison/write-up of how the state/tribe's program meets the requirements for an approvable program, which must be included in the program description in an state/tribe's assumption request, is eligible for funding.

Wetland/Watershed Protection Approach Demonstration Projects

The objective of the Watershed Protection Approach is to implement EPA, state, tribal and local government programs so as to address natural resource protection in a holistic, integrated manner. This can be accomplished by a geographically targeted approach so that federal, state, tribal and local decision-makers can cooperatively focus resources on highest priorities, tailor efforts to the identified needs, and coordinate and engage all appropriate participants.

Watershed projects should be comprehensive and adequately address wetlands management issues within the watershed. Projects must have a substantial wetlands component; should address other water resource issues; should involve various levels of government and stakeholders (e.g., federal, state, tribal and local governments, interest groups, and landowners); and should consider a multitude of possible environmental protection techniques, programs or approaches to identify and address the problems. These projects need to focus on comprehensive solutions. A watershed protection approach should also have broader goals such as recreation, flood loss reduction, point and nonpoint source pollution control, storm water management, historic preservation, water conservation, economic sustainability, and others, when these are relevant and appropriate. Addressing related issues that are locally important avoids producing a watershed plan that is challengeable as not reflecting, or conflicting with, other objectives.

Watershed protection planning provides an approach to effectively manage wetlands and other water resources in a geographic area; to coordinate and involve all appropriate parties in the effort; to consider environmental protection and economic development needs; to have a strong public outreach component on issues and needs; to address cumulative environmental effects on a watershed basis; to identify appropriate tools or programs for problem solving; and to develop watershed-based solutions.

Public involvement is a key component in watershed projects, because of the input the public can provide in identifying problems and building and implementing solutions.

S/T/LG are encouraged to consider the following elements in developing wetland/watershed projects, and to describe how/when these elements will be addressed in the grant proposals.

1. The demonstration project should show wetland related goals.

2. Identification of wetland and other water quality issues and solutions within a watershed context.

3. The plan objectives should describe what is to be accomplished.

4. Identification of all programs, including public and private programs/mechanisms available to protect/restore wetlands.

5. Institutional roles and responsibilities
Roles/responsibilities of all entities should be identified. One agency should be identified as the lead agency for the project. All stakeholders in project planning/and implementation should be identified and included.

6. Project area
The approximate boundaries of the geographic area of the project should be identified on a watershed map. The project area should be large enough to ensure that measures implemented will have a significant impact on reducing wetlands loss or degradation. Areas that will be restored need to be identified and quantified. However, the area should also be small enough to be manageable considering the scope of the proposal. Watershed units, such as the United States Geological Survey's hydrologic unit codes, often are the environmentally appropriate geographic area for wetlands/watershed planning, although variations may be appropriate for some wetland processes and for administrative purposes.

7. For functional or biological assessments, the project should address the identification of the methodology that will be utilized to assess the relative functional capacity or ecological integrity of wetlands within the watershed.

8. The Plan's strategy development and implementation should identify how specific actions or changes will be determined, target dates for these actions, and the implementation mechanisms to be used.

9. Projects should include a monitoring strategy to evaluate effectiveness and success of the project.

10. Information/education and public participation The proposal should describe how interested and affected public will be involved in the project. Each project should include a plan for communicating lessons learned to other areas of the state/tribe/locality. Copies of materials developed through the demonstration project should be forwarded to the Regional Office and HQ for national accessibility A public participation strategy should be included that will be followed throughout the project.

11. Project should be included in the Conservation Technology Information Center (CTIC) Know Your Watershed database. Project should also be included in the EPA's SURF Your Watershed database (http //www.epa.gov/surf).

12. The final report is expected to document what was learned from the project and the environmental benefits and results obtained.

River Corridor and Wetland Restoration

The national goals to achieve no overall net loss of the nation's remaining wetlands base in the short-term, and to increase the quantity and quality of the nation's wetlands in the longer-term, require more efforts to restore wetlands. The grant program provides the opportunity to increase the number of wetlands and riparian wetland restoration projects, the acres restored, and the number of S/T/LG staff well trained in restoration. A number of recent developments make restoration programs a promising investment for federal, state, tribal and local resources. The science of restoration ecology is moving forward, as are methods to apply it in the field. Landscape ecology is also advancing, which improves our capability for restoration planning and priority setting. Program developments like watershed management and wetlands mitigation banking provide new opportunities to bring restoration to the forefront. In addition, restoration can be more readily accomplished with the increasing reliance on partnerships to achieve wetlands goals among federal, state, tribal and local agencies, landowners, corporate interests, and public interest groups. Examples include FWS Partners in Wildlife; Joint Ventures under the North American Wetlands Conservation Act; the corporate-based Wildlife Habitat Council; Izaak Walton League's Save our Streams program; and the restoration parts of Audubon Society's Wetlands Campaign, the National Association of Service, River Network, American Rivers, and Conservation Corps and the Coalition to Restore Urban Waters. Grant funds could be used for various activities such as:

1. Developing S/T/LG, interstate and/or intertribal wetlands restoration academies to train state, tribal or local partners in the science and practices of river corridor and wetlands restoration;

2. Using landscape scale assessments to identify priority restoration sites.

3. Developing outreach programs to inform owners of potential wetlands restoration sites of government assistance programs (e.g., Wetlands Reserve);

4. Developing volunteer landowner restoration programs;

5. Initiating and maintaining an awards program that recognizes participating landowners for their restoration work;

6. Developing programs to work with local governments to restore river corridors and wetlands within watershed planning efforts;

7. Planning pilot projects to demonstrate the beneficial uses of dredged materials in wetlands restoration;

8. Developing methods to assess and monitor the ecological or functional integrity of restored wetlands. Comparing ecological or functional integrity of restored wetlands to "minimally impacted” wetlands to determine success-of restoration.

9. Developing methods to assess and monitor the ecological or functional integrity of restored wetlands. Comparing ecological or functional integrity of restored wetlands to "minimally impacted" wetlands to determine success of restoration

10. Developing programs to control nuisance exotic species that are degrading wetlands; or

11. Developing workgroups to integrate wetlands and river corridor restoration planning with National Estuary Programs, CWA Section 319 Nonpoint Source strategies and implementation, National Park Service Rivers and Trails Restoration projects, and/or floodplain management planning, among many others.

Streamline State/Tribal Regulatory Programs

As more states/tribes develop wetland protection programs, there is an increased possibility of duplication with state/tribal and federal wetland programs. In some instances, this duplication can delay permit processing and result in inefficient use of limited wetlands program staffing. State/Tribal Program General Permits (S/TPGPs) are a mechanism to reduce unnecessary duplication between state/tribal and federal permit programs, to reduce permit processing time, to ensure effective protection for the resource, and to increase the state/tribe's role. Grant funds can be used to assist states/tribes in working with the Corps of Engineers and EPA to develop effective, environmentally sound S/TPGPs.

The following factors should be considered in developing and implementing programmatic general permits under this grant program to ensure that the proposed S/TPGP provides a sufficient level of environmental protection--environmental review criteria, existing legal authority, enforcement capabilities, scope of activities to be regulated, extent of geographic jurisdiction, public participation, and oversight and monitoring requirements.

The Corps and other federal and state/tribal agencies should have the opportunity to review and comment on specifically identified categories of activities proposed for authorization under a S/TPGP. The S/TPGP should provide for a process to handle comments from the various agencies on specific activities. The S/TPGP should also provide for an appropriate "kick out" provision that would allow federal agencies to remove a permit from the provisions of the S/TPGP and trigger federal individual permit review by the Corps.

States/tribes interested in developing an effective S/TPGP should look at the S/TPGPs developed in Massachusetts, Maine, Connecticut, New Hampshire, and Pennsylvania. In these states, the Corps revoked Nationwide and Regional General Permits and replaced them with a three-tiered comprehensive general Permit.

Assessing and Monitoring the Ecological Integrity of Wetlands

The Administration's August 1993 Wetlands Plan reinforced an interim national goal of no overall net loss of the Nation's remaining wetlands, and a longer-term goal of increasing the quality and quantity of the nation's wetlands resource base. This priority addresses the no net loss and eventual net gain goals and takes into consideration the health or ecological integrity of the wetland

resources. Even though a wetland may not have been drained or filled, it may be degraded from other forms of disturbance including excessive sediment, nutrient, and pesticide loads from nonpoint sources, hydrologic modifications, storm water, or from invasive species.

A baseline monitoring program is critical for S/T/LG to build an accurate picture of the integrity of their wetlands. Grant funds may be used to assist S/T/LG in developing, testing, and refining wetland biomonitoring programs or incorporating wetlands into their existing surface water monitoring programs. Much work has already been conducted in streams and states/tribes/localities can reap benefits by building upon existing streams monitoring and collecting data in the riparian zone. This will also help in developing integrated measures of ecosystem condition.

S/T/LG may wish to develop a biomonitoring program that draws upon and coordinates existing and potential monitoring efforts. Many sources of information are often collected by universities, S/T/LG agencies, and private organizations, but the data often cannot be integrated because of inconsistent methodologies or assumptions and QA/QC requirements.

Another potential opportunity is to establish a state, tribal or local volunteer biomonitoring program. With training in monitoring methods, strict QA/QC guidelines, and advance agreement by the S/T/LG agencies to use the data, volunteers have been invaluable in many monitoring programs. Training programs for volunteers should also address the importance of complying with protections for private property rights.

Recommended components of a biomonitoring proposal could include the following:

1. Identification of the bounds of a study area, either an entire state/reservation/local, set of key watersheds, ecoregions, hydrogeomorphic classes, or other geographically targeted area. Pilot studies in key watersheds would be good links to watershed protection projects.

2. Classification by wetland type to account for the variability in biological communities in different wetland types.

3. Identification of a set of "minimally-impaired" reference wetlands for the study area; two sets of reference wetlands (natural and mitigation) could be identified in the study area. In addition to minimally-impacted sites, a set of degraded wetlands could be identified to determine the range of potential impacts.

4. Establishment of permanent sampling plots.

5. Identification of potential biological indicators or indices of integrity and/or impairment could include fish, wetland plants and macroinvertebrates and metrics such as species diversity and richness. For reference, the states of MT, ND, MN and OH are among the furthest along in development of biological indicators.

6. Development and testing of biological monitoring and assessment protocols. Ultimately, the S/T/LG will conduct biomonitoring in the identified area and begin the compilation of a database to test and refine the sampling protocols and biological indicators. This database will also provide information from which to prioritize restoration, evaluate success of mitigation and restoration projects, protect high quality or outstanding waters, and derive narrative and numeric biological criteria for state water quality standards. In addition, states and tribes will then be able to define and/or determine attainment of designated uses in their wetlands for inclusion in the Clean Water Act Section 305(b)reports.

OTHER POTENTIAL PROJECTS

Funding priority will be given to projects described above. However, many other types of projects are eligible for funding. The listing below of suggested projects is intended as a guide to the types of projects eligible for funding under this grant program. This list is not intended to be an exhaustive list, but to give some ideas of the types of projects that could be funded under this grant program. EPA will give equal consideration to other types of projects, as long as they fit within the parameters of the grant program and merit funding.

Development of Wetland Assessment Models

The Administration's August 1993 Wetlands Plan identified the need to improve analytical tools for making wetland management decisions. Specifically, the Plan calls for expediting development of a methodology for assessing wetland functions. This is the Hydrogeomorphic Approach (HGM), which is being developed by scientists at the Corps of Engineers' Waterways Experiment Station, and supported by EPA.

The HGM establishes procedures for classifying regional wetland types and developing models for assessing the functions of each. Wetlands are classified based on how they function, thus narrowing the focus of attention to the specific type or class of wetland, the functions that wetlands in that class are most likely to perform, and the landscape and ecosystem factors that are most likely to influence how wetlands in the class function. Individual assessment models, developed by multidisciplinary teams of experts, will be used to measure the capacity of a wetland to perform functions in comparison with other wetlands of the same type.

The Corps of Engineers has started several efforts in the development of HGM. To assist in these efforts, S/T/LGs could submit proposals to classify their wetlands according to the HGM classification system and to participate in the development of individual assessment models. This could also be the first step used in the development or improvement of a wetlands monitoring program. Recommended components for a proposal could include the following:

-- Classification of wetland types within a state, reservation or a particular study area (e.g., watershed management area), using a hydrogeomorphic classification system. Such efforts should utilize, or build upon, existing classification schemes where they exist.

-- Identification of a set of "reference" wetlands for the state, reservation or study area which reflect a range of conditions for the identified wetland subclasses, including identification of permanent sampling sites.

-- Collection of reference data for wetland subclasses.

-- Measures to ensure effective coordination among scare, tribal, local and federal efforts to characterize regional wetland types (e.g., for monitoring programs, development of wetland water quality standards, regionalization of wetland delineation procedures.) Such measures would ensure consistency and efficiency, and avoid duplication among efforts to classify wetlands, identify sets of reference wetlands, and collect reference data.

-- Development and testing of HGM functional assessment models, including participation in federal efforts to do the same.

As acknowledged in the Administration's Wetlands Plan, improved analytical tools for assessing wetland functions are an important component of wetland management programs. Through the development of HGM models, S/T/LGs will improve the effectiveness and efficiency of watershed management and regulatory programs and increase their ability to protect wetlands through comprehensive planning programs.

Within a regulatory context, the HGM assessment models can be applied to improve the review of permit applications in several ways. For example, regulators can use this procedure to make more timely and accurate assessments of the degree of environmental impacts associated with proposed projects and, subsequently, to determine the most appropriate regulatory response. As such, the methodology may be helpful in providing greater certainty, reduced permit review times and better decision making It may also be useful to identify the least damaging practicable alternative, avoid and minimize impacts, identify mitigation requirements, and/or monitor compensatory mitigation and mitigation bank projects to determine success.

Wetland assessment models may also be useful within S/T/LG watershed planning programs. A critical component of comprehensive watershed planning efforts is the accurate characterization of the location, extent and condition of wetlands within the watershed, and determination of the contribution wetlands play in maintaining the chemical, physical and biological integrity of the aquatic ecosystem. As such, development of HGM models can facilitate effective and appropriate incorporation of wetlands within watershed management plans.

Finally, data collected on reference conditions may provide S/T/LGs with the basis for establishing a monitoring program for wetlands. As described in the previous section on monitoring, determination of the appropriate scale of study and identification of a set of reference wetlands are the initial steps in the development of a wetlands monitoring program. Ideally, states and tribes could develop proposals which combine both HGM assessment models and monitoring into one cohesive effort

American Wetlands Month Activities
To enable more active S/T/LG participation in American Wetlands Month activities, small outreach projects by S/T/LGs are encouraged as components of larger grant proposals. To be eligible funding, the S/T/LG must participate in the funded American Wetlands Month activity in a manner that provides an opportunity to communicate to the interested public about the larger project. Typical American Wetlands Month projects in May of each year include activities in schools, wetland tours, wetland cleanups, art/photography contests, Runs/Walks for Wetlands, wetland protection recognition programs, and' pronouncements by elected officials. S/T/LGs should seek financial partners and make provisions to address health/safety issues. The Terrene Institute (703-548-5473) can provide additional information about how others have participated in previous American Wetlands Month.

· Training to Build S/T/LG Capability

The quality of wetlands-programs is enhanced by staff that are current on the science and practices of wetlands protection and restoration, and training is an important means to ensure this. Training could include wetlands identification and delineation, functional assessment methodologies, regulatory and non-regulatory provisions, planning opportunities, and others.

Funding priority will be given to projects that go beyond simply training staff. Priority will be given to programs that include developing model training programs that can easily be adapted by other S/T/LGs or to programs that provide actual training to staff from other S/T/LGs.

HEADQUARTERS SET ASIDE FUNDING

EPA HQ will set aside $1,000,000 of the funds appropriated for this grant program to support a limited number of particularly meritorious projects in two categories -- (1) wetland/watershed protection projects and/or (2) river corridor and wetlands restoration. EPA Regional Offices will select grant applications to be forwarded for HQ consideration.

The HQ set aside is distributed on a competitive basis and is not intended to be allocated equally to all Regions. Regional Offices will nominate projects for HQ set aside funding. HQ will set up a team to review all proposals submitted by the Regions against the criteria to decide which projects will be cost-shared with the Regions using the HQ set aside (Refer to Appendix II for criteria for HQ set aside funding).

REPORTING

EPA HQ needs information on progress and/or completion of wetland grants and/or cooperative efforts between EPA and S/T/LGs to respond to questions about the usefulness of the grant program from within EPA, Congress, or the Office of Management and Budget. Such information helps EPA improve our partnerships with S/T/LGs and to set priorities for improving wetlands protection.

S/T/LG Wetlands Protection Development Grants are covered under EPA's general grant regulations, 40 CFR Part 31. [NOTE: Wetlands specific grant regulations should be published in the near future.] These regulations specify basic grant reporting requirements. These unified grant regulations, 40 CFR Part 31.40, outline a range of reporting requirements, including performance and financial reports. In negotiating these grants, the Regions should work closely with their S/T/LGs to incorporate appropriate reporting requirements into each grant agreement, either through specific grant conditions or within the actual work program document. The general grant regulations provide sufficient flexibility to allow the Agency, in consultation with the S/T/LGs, to determine the appropriate reporting requirements, within certain boundaries, and to specify their content and frequency.

Although flexibility and reasonableness are encouraged, the Agency's fiduciary responsibilities are clearly mandated. Therefore, reporting requirements should be sufficiently detailed to determine whether outputs and milestones are being achieved on schedule, to identify any problems in carrying out tasks in the grant work program, to identify corrective actions to address such problems expeditiously, and to accurately account for all federal funds expended.

Regional Offices will set the time frames and required content of all periodic status reports. However, at a minimum, the status reports should include:

Project description--short narrative of the original project (this would remain the same for each report submitted),

Information on status of funding (total federal funds awarded, federal funds expended, federal funds remaining),

Accomplishments in the last reporting period/progress to date (short narrative assessment of accomplishments and program highlights for that reporting period),

Deficiencies and/or corrective actions (short narrative of any program deficiencies or corrective actions during that reporting period and proposed corrective actions or project modifications), and

Planned activities for the next reporting period (short narrative describing upcoming activities.)

APPENDIX I
GRANT RESTRICTIONS

Based on experience gained from previous years and policy and regulation, we offer the following comments/restrictions on funding eligibility.

Universities, schools, non-governmental agencies and nonprofit organizations are not eligible for direct funding under this grant program. However, they can be prime or subcontractor on grants awarded to S/T/LG agencies as long as that recipient actively participates and has a significant role in the project. The state, tribe or local agency should not simply pass through funding to an organization that is not eligible to receive funding directly. -

Universities that are legally chartered as part of their state's government are eligible to receive grant funds. The university must provide documentation that supports the premise that they function as a state agency and EPA must agree with the premise before grant funds are awarded. Land grant schools do not automatically qualify for direct funding because of their status as a land grant school.

This grant program cannot fund land acquisition or purchase of easements. However, this program can support planning efforts to identify areas for acquisition.

This grant program cannot fund payment of taxes for landowners who have' wetlands on their property.

While contractual efforts can be a part of these grants, each grant must have a significant involvement by the state/tribal agency receiving the grant. As a "rule of thumb," no more than 50% of the grant funds should go into contractual efforts. However, if the S/T/LG feels that it needs to exceed this limit, it should prepare a rationale for greater contractual efforts. EPA's Regional Office will evaluate the need for greater contractual efforts and may approve the request if they agree that there is adequate justification to exceed the 50%, limit. Work done by other S/T/LG agencies is not considered contractual efforts. The grant application should clearly indicate if the 'contractual" work is being done by another S/T/LG agency.

INVENTORY OR MAPPING FOR THE SOLE PURPOSE OF LOCATING WETLANDS IN A S/T/LG IS NOT ELIGIBLE FOR FUNDING UNDER THIS GRANT PROGRAM. A description of how mapping or inventory projects will directly develop or improve a S/T/LG's wetland protection programs must be included in the grant application for these types of projects to be considered for funding under this grant program.

Each grant must be completed with the initial award of funds. S/T/LGs should not anticipate additional funding beyond the initial award of funds for a specific project. S/T/LGs should request the entire amount of money needed to complete the project in the original application. Each grant should produce a final, discrete product. A new grant can build upon a previous project, but cannot

fund “continuation" of the previous grant. Budget and project periods can be for more than one year so long-term projects can continue over more than one year.

[Note: S/T/LGs should be realistic in estimating the time required to finish a grant. In many cases, grantees are not allowing sufficient start up time in their estimate of project period. As indicated above, grants can, and should be, written for more than one year.]

Grant funds cannot be used to fund an honorarium.

Any field work or research-type activities are limited to activities that have a direct, demonstrated link to program development or refinement included in the application.

Purchase/lease of vehicles (including boats, motor homes) and office furniture is not eligible for funding, since the purchase/lease of these items does not generally lead to program development.

Grant funds cannot be used to pay federal agency staff travel. However, grant funds can be used to pay state, tribal or local government travel costs related to the grant project.

APPENDIX II
Criteria for Headquarters Set Aside Funding

1. Adherence to Project Requirements as Described in the Grant Guidance.
* Does the proposed project meet the description and requirements for the type of project as described in the grant guidance?

2. Project Design/Implementation
* A realistic implementation schedule is identified.
* The project is developed in a logical manner with clearly defined milestones.
* The deliverables are clearly identified.
* The proposed budget is reasonable? The project can realistically be accomplished with the funding requested?

3. Likelihood of Success
* The agency has sufficient resources committed to the project.
* The project has a high level of S/T/LG and/or multiagency support.
* The Regional Office is putting enough resources (money and manpower) into the project to assure a high likelihood of success
* Previous grants with the grantee were successful.

4. Potential Programmatic/Environmental Results
* The project will result in direct protection of wetland resources.
* The project will lead to direct development of new or enhancement of existing-wetland programs.

FORMAT FOR WETLAND PROJECT PROPOSALS

1.0 PROJECT PROPOSAL SUMMARY SHEET

A Project Proposal Summary page will precede each proposal. The format to be followed has been provided (attached).

2.0 STATEMENT OF NEED

Provide the priority of the project if included with more than one project from the State/Tribe. Present descriptive information which will aid in judging the value of the project.

3.0 PROJECT DESCRIPTION

Describe the goal(s) for the project. Goals are broad statements linked to the project need and are achievable through measurable objectives. Goals may describe, for example, changes in public attitudes or awareness of wetland problems and solutions.

List and provide a narrative description of each objective and task. Objectives specify in more detail what is to be accomplished to help meet the goal. Each objective should have at least one associated task to be performed to accomplish the objective. **Tasks are specific activities that include outputs, responsible parties, and costs.**

Provide a milestone table that lists outputs, quantities and timing of each output, agency(ies) responsible for each **task** and estimated project milestones listed sequentially for each objective. Interim milestones need to be sufficiently frequent so that problems can be identified and corrected expeditiously. Please provide a milestone table.

4.0 COORDINATION PLAN

Identify each cooperating organization including the lead project sponsor. Briefly explain why the lead project sponsor is the appropriate entity to coordinate and/or implement the projects. Discuss the responsibilities, roles and commitments assumed by the cooperators and/or contractors in the project planning and implementation. EPA is concerned that use of wetland grant funds be well <u>coordinated</u> with other pertinent programs.

Describe how the project will coordinate with other pertinent programs, watershed projects, demonstration sites, information and education efforts and training programs being conducted by other organizations. Other programs and agencies which may have comparable responsibilities and linkages are projects conducted by water conservancy districts, water quality agencies, cost share programs assisted by the NRCS, resource restoration projects assisted by the Forest Service, Bureau

of Land Management, Fish and Wildlife Service, Bureau of Reclamation, and educational activities conducted by the Cooperative Extension Service.

EPA needs to be assured that if similar activities are being undertaken, that they complement each other and do not unnecessarily duplicate activities. EPA is concerned that Wetland Grant funding not be used to duplicate efforts or assume other agencies' responsibilities. Examples of other agencies and programs which may be conducting similar activities or producing similar materials are: Information and Education efforts funded by the EPA Pollution Prevention and Environmental Education Programs; Cooperative Extension Service; school districts; state water research centers; The Nature Conservancy; universities; and state natural resources or wildlife agencies.

5.0 EVALUATION AND MONITORING PLAN

Describe monitoring strategy (if appropriate), including goals, objectives, and tasks proposed to evaluate whether the project goals and objectives have been met.

Describe sampling and analysis design and specify parameters to be measured. Reference an EPA-approved Quality Assurance Project Plan (QAPP) or the need to develop a QAPP. All appropriate standard operating procedures (SOPs) must be contained in the SOP manual accompanying the QAPP or a plan/schedule to develop the appropriate procedures must be identified in the proposal.

Describe how and when data will be managed and reported. Results from the data analysis should be used to evaluate progress, determine if changes in project/monitoring design need to be considered and assess the overall final project success. Identify organization(s) responsible for project evaluation and specify how the resulting information from the data analysis will be shared and utilized for future projects.

6.0 BUDGET

Present the project budget. The table needs to indicate the amount and source of all federal and non-federal funds that will be used during each year of the project. The budget table is to include personnel support, and other expenses that are expected to be paid with Wetland 104(b)(3) grant award.

WETLAND PROJECT SUMMARY SHEET

PROJECT TITLE _____

NAME AND ADDRESS OF LEAD PROJECT SPONSOR /SUBGRANTEE

_____
_____
_____
_____

STATE/TRIBAL CONTACT PERSON _____

TITLE _____

PHONE _____ FAX_____

STATE/TRIBE _____

SUMMARIZATION OF MAJOR GOALS_____
_____
_____
_____
_____

PROJECT DESCRIPTION:

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

FY_____ 104(b)(3) funds requested $_____ Match $_____

Other Federal Funds $_____ Total project cost $ _____

REGIONAL FUNDING PRIORITIES

The Region will support a wide variety of wetland program activities as delineated throughout the guidance. Highest priority will be given to the following activities. **Please refer to the guidance for detailed information on each targeted activity.**

State/Tribal Wetland Conservation Plans
The development of State/Tribal Wetland Conservation Plans as a means to improve the effectiveness and efficiency of government and private sector wetlands programs is greatly encouraged. The national goals to achieve no overall net loss of the nation's remaining wetlands base in the short-term, and to increase the quantity and quality of the nation's wetlands in the longer-term, require more efforts to restore and protect wetlands.

EPA recognizes the publication titled "Statewide Wetland Strategies" distributed by the World Wildlife fund as the agency guidance for preparation of Conservation Plans. Statewide Plans must be consistent with the guidance. Future EPA Wetland Program priorities will emphasize funding support for activities outlined in EPA approved plans.

Wetland/Watershed Protection Approach Demonstration Projects
Watershed project planning, as it relates to wetland protection and restoration, is strongly encouraged. Projects need to contribute to a comprehensive plan and adequately address wetlands management issues within the watershed.

River Corridor and Wetland Restoration
Riparian wetland projects are an important component of the wetlands program. Watershed scale assessments to identify priority river corridor restoration sites and the development of restoration plans are considered high priority project elements.

Projects within this priority should be consistent with statewide planning, assessment or prioritization documents such as the Nonpoint Source Management Plan, Endangered Species Recovery Plans, 305(b) Report, etc.

Assessing and Monitoring the Ecological Integrity of Wetlands
The Region encourages use of grant funds to assist states/tribes in developing, testing, and refining wetland monitoring programs. All monitoring elements, presented in the guidance, will be considered as appropriate activities for support.

Development of Wetland Assessment Models
The development and implementation of the Hydrogeomorphic Approach (HGM) as a methodology for assessing wetland functions is a priority program element.

LOCAL GOVERNMENT INITIATIVE

With one exception, you will discover that the FY 1998 guidance is very similar to the FY 1997 program guidance. The change involves the mechanism in which the Local Project Initiative will be administered in FY 1998.

During FY 1997 Headquarters retained a special set aside ($500,000) to be directed toward "local efforts." In FY98, local governmental entities are again eligible to receive wetland grant funds. However, during FY 1998 the Regions are being directed to provide support for local projects from the Regional allocation.

EPA Regional Offices, not HQ, will evaluate grant applications and make the grant decisions on local government applications. Region 8 will provide a set aside of $150,000 for this initiative.

Eligible Organizations

In FY98, **local governmental entities** are eligible to receive wetland grant funds. Local governmental entities include, but are not limited to, city, county and regional government agencies; flood control districts; water management districts; and regional planning commissions. Local government grant recipients much meet the same grant requirements as state and tribal entities -- application procedures, match requirement, reporting requirements, competitive selection process, and other related grant requirements.

The Region expects that appropriate local entities will be made aware of this funding opportunity by the lead State agency.

Eligible Activities

Local government entities are eligible to receive grant funds to develop new wetland programs or make their existing wetland programs more effective. Priority will be given to projects that involve cooperative restoration, voluntary efforts, incentive programs, joint public/private partnerships and consensus-based watershed planning. Funding priority will be given to projects that develop partnerships among federal, state and local governments and other entities involved in wetlands protection, restoration, monitoring and/or management.

Procedures

Project proposals must use the same format prescribed for States/Tribes.

Complete project proposals must be received in the EPA Region 8 Office by December 3, 1997.

The State lead agency is requested to submit no more than three proposals not exceeding $70,000 total.

Since the submission deadline to EPA is the same as the State proposals, sufficient time should be provided by the State agency for internal review and selection.

The Regional office will review and approve projects for funding on a competitive basis. We emphasize that the quality of the proposed work plans will play a major role in the selection of projects for funding. The Region will select top projects based upon the following selection criteria:

1. Potential Environmental Results
2. Likelihood of Success
3. Work Plan Clarity
4. Transferability of Results and/or Methods

SPECIAL FUNDING

Headquarters Set Aside Funding

EPA Headquarters will set aside $1,000,000 of the funds appropriated for this grant program **to support a limited number of particularly meritorious projects in two categories -- (1) wetland/watershed protection projects and/or (2) river corridor and wetlands restoration.** EPA Regional offices will select grant applications to be forwarded for Headquarters consideration. See page 2 of the cover memo from John Meagher, page 19 of the guidance for detailed information and Appendix II for specific criteria and eligibility.

Please refer to the guidance for detailed information on this special program element.

Information pertinent to this specialized funding is being provided to all Nonpoint Source (NPS) Programs within the Region. Coordination with the NPS program could significantly enhance the probability of receiving funds under this set aside.

WETLANDS PROGRAM GRANT CONDITIONS
FY 1998 SECTION 104(b)(3)

ADMINISTRATIVE TERMS AND CONDITIONS

1. The individual detailed Project Work Plans constitute the work plan for this award and performance will be evaluated consistent with the Policy on Performance Based Assistance dated May 31, 1985.

2. Pursuant to EPA Order 1000.25, dated January 24, 1990, the recipient agrees to use recycled paper for all reports which are prepared as a part of this agreement and delivered to the Agency. This requirement does not apply to Standard Forms. These forms are printed on recycled paper as available through the General Services Administration.

3. The recipient must ensure to the fullest extent possible that at least 8% of Federal funds (projected goal of 6% MBE and 2% WBE) for prime contracts or subcontracts for supplies, construction, equipment and/or services are made available to organization owned or controlled by socially and economically disadvantaged individuals, women, and historically black colleges and universities.

The recipient agrees to include in its bid documents an 8% "Fair Share" (projected goal of 6% MBE and 2% WBE) and require all of its prime contractors to include in their bid documents for subcontracts an 8` "Fair Share" (projected goal of 6% MBE and 2% WBE) percentage.

To evaluate compliance with the "Fair Share" policy, the recipient also agrees to comply with the six affirmative steps stated in 40 CFR 33.240, 31.36(e) or 35.6580(a) as appropriate.

4. The recipient agrees to submit by October 30th of each year the SF-334 "MBE/WBE Utilization Under Federal Grants, Cooperative Agreement, and other Federal Financial Assistance", to the Grants, Audit and Contracts Branch. Negative reports are required.

5.In accordance with 40 CFR 31.41(b)(4) the recipient agrees to submit a Financial Status Report within 90 days after the end of the federal fiscal year.

SECTION 104(b)(3) WETLANDS PROGRAM
GRANT CONDITIONS FY 1998

PROGRAM TERMS AND CONDITIONS

1. REPORTING
The recipient (State/Tribal Wetlands office) agrees to comply with all reporting requirements required by EPA regulation and guidance. All reporting information will be submitted according to the schedule(s) required in the 40 CFR Parts 31 and 35 regulations, national guidance, and/or as specified by the EPA Regional Office. The three basic reporting categories include: Grantee Performance Reports [40CFR Part

31.40(b)(1)]; Wetland Program (Project) Progress Reports and Financial Status Reports [40 CFR Part 31.41(b)].

Recipients of funds awarded under Section 104(b)(3) of the CWA are required to provide information to EPA under the following reporting categories: (1) project summaries; (2) midyear progress reports; (3) wetland program annual progress reports; (4) financial status reports; and (5) final project reports.

For reporting purposes, activities to manage and administer the wetland program are considered as project activities. Thus, project summaries and final project reports are required for this category.

PROJECT SUMMARY:
A summary narrative of each funded project is due within 30 days of the grant award. This summary may be supplied to EPA in written format or electronically as the project narrative description.

MIDYEAR PROGRESS REPORTS:
The grantee agrees to provide EPA with a written midyear Progress Report due on May 1 each year. Progress reports shall describe the performance/progress of all currently funded activities (including staffing activities), relative to the schedule in each work plan/project implementation plan. Regional guidance provides the format and content required for these reports.

ANNUAL REPORTS:
The grantee agrees to provide EPA with a written Annual Report due on November 1 each year, unless otherwise negotiated. The annual report is intended to update progress related to individual projects and to present information specific to the State/Tribal Wetlands Program. The progress report shall describe the performance/progress of each project and staffing position/ activities relative to the schedule in each work plan.

FINAL PROJECT REPORT:
A final report is due no later than 90 days after the expiration/termination of grant support or completion of each projects pursuant to 40 CFR Part 31. The report should describe project activities, and identify and discuss the extent to which project goals and purposes have been achieved, emphasizing successes, failures, and lessons learned.

2. PROJECT BUDGET

The approved allowable budget period cost of $ (total) includes:

a. Non-Federal funds of $_____

b. Federal funds of $_____

This grant award provides funds for the following projects:

Project Name - _____

EPA funds provided by this award may be released on a **project-by-project or task-by-task** basis, dependent upon EPA project officer approval of each work plan. incorporated into this agreement by reference to the above list of products.

3. MATCH REQUIREMENTS

Recipients must cost share a minimum of 25% of the total award.

4. QUALITY ASSURANCE PROGRAM PLAN

In accordance with 40 CFR 31.45, the recipient shall continue to implement and adhere to its EPA approved Quality Assurance Program Plan (QAPP) and shall review/update this plan annually. **This QAPP requirement applies to all contracts, environmental measurements or data generation.** The EPA Wetlands Grant project officer will assist the grantee in determining which specific projects will require a QAPP.

Wetland Program Grant Provisions

Please note the following grant provisions. Pay special attention to the "Grant Restrictions" delineated in Appendix I of the FY 1998 National guidance. These restrictions determine overall funding eligibility.

Grant Restrictions
Each grant project must be completed with the initial award of funds. States/tribes should not anticipate additional funding beyond the initial award of funds for a specific project. States/tribes should request the entire amount of money needed to complete the project in the original application. **Each grant should produce a final, discrete product.** A new grant can build upon a previous project, but cannot fund "continuation" of the previous grant. Budget and project periods can be for more than one year, so long-term projects can continue over more than one year.

[Note: S/T/LGs should be realistic in estimating the time required to finish a grant. In many cases, grantees are not allowing sufficient start up time in their estimate of project period. As indicated above, grants can, and should be, written for more than one year.]

While contractual efforts can be a part of these grants, each grant must have a **significant involvement by the state/tribal agency receiving the grant.** As a "rule of thumb," no more than 50% of the grant funds should go into contractual efforts. However, if the state/tribe feels that it needs to exceed this limit, it should prepare a rationale for greater contractual efforts. EPA's Regional Office will evaluate the need for greater contractual efforts and may approve the request if they agree that there is adequate justification to exceed the 50% limit. Work done by other state/tribal agencies is not considered contractual effort. The grant application should clearly indicate if the "contractual" work is being done by another state/tribal/local government agency.

Performance Partnership Grants
EPA's State/Tribal Wetlands Grants are eligible for inclusion in PPGs; however, the State/Tribal Wetland Grant Program remains a competitive grant program. See page 2 of the guidance for detailed information.

Match Requirements
Recipients must cost share a minimum of 25% of each award's total project costs. They may meet this requirement with cash or in-kind contributions. See page 3 of the guidance for additional information.

Quality Assurance Control
Quality Assurance Control and peer review are usually not applicable to these grants (40 CFR 31.45), unless environmental data collection activities are part of the work plan. However, if any environmental measurements (physical, chemical and biological) will be done as part of the grant project, Quality Assurance Control may be required. (See 40 CFR 30.518 for additional information on peer review requirements.) If there is a question concerning the need for a quality assurance document or assistance is required please contact your EPA project officer.