

begun (e.g., estimated load reductions would be reported annually once project implementation has progressed to the point that practices have been installed or implemented).

The upgraded GRTS system, including text fields, will enable States to satisfy all of their annual reporting requirements through GRTS. However, many States are using their annual reports as a means to not only meet statutory reporting requirements but also to educate State legislatures, other agencies, and the public, of the progress that they are making through implementation of their nonpoint source programs. Therefore, States may find it most beneficial to publish a separate annual report, but to do so in a cost- and time-saving manner that borrows heavily from the project summaries and data reported in GRTS.

VI. Waiver Process

Circumstances may arise which a State believes require it to develop and submit a work plan in a particular year that fails to meet one or more requirements in these guidelines. If such a circumstance arises, and the State believes that the circumstance justifies a waiver from one or more requirements in these guidelines, the State may submit a request for a waiver to EPA's Regional Water Division Director. The request should identify the requirement from which a waiver is requested; the circumstances requiring the waiver; a description of the activities and projects that the State will be implementing in lieu of those required by these guidelines; and a commitment to adhere to the guidelines to the greatest extent possible. The Regional Division Director may approve the waiver for the year requested with the concurrence of the Director of the Assessment and Watershed Protection Division.

Please note that this waiver process applies only to the requirements established in these and previous Section 319 guidelines; it does not apply to any statutory or regulatory requirements reiterated in these guidelines. In addition, this process is not required for any Regional authorization of the use of more than 20% of incremental funds to develop watershed-based plans in appropriate circumstances as discussed earlier in this memorandum.

VII. Conclusion

Significant challenges remain in our efforts to abate NPS pollution, protect threatened waters, and restore impaired aquatic resources. EPA will work with States to make the most effective use of

Federal resources to meet these challenges.

Appendix A—Significant Nonpoint Source Grants Guidance Documents

EPA has published several guidance documents that apply to the Section 319 grants guidance process. These documents are listed and briefly summarized below. Each of them may be reviewed online from the following address at EPA's nonpoint source Web site: <http://www.epa.gov/owow/nps/cwact.html>.

(1) Nonpoint Source Program and Grants Guidance for Fiscal Years 1997 and Future Years (May 1996). This 33-page document is the chief national nonpoint source program document. It describes criteria and processes for States and Territories to upgrade their nonpoint source management programs; summarizes statutory and regulatory provisions that apply to the award of nonpoint source grants; and provides guidance designed to assist States and Territories in implementing effective programs and projects.

(2) Process and Criteria for Funding State and Territorial Nonpoint Source Management Programs in FY 1999 (August 18, 1998). This 6-page document established guidelines for the use of incremental dollars (\$100 million) that were anticipated to be appropriated later that year. The guidance (1) authorized States and Territories to use up to 20 percent of their Section 319 funds to upgrade and refine their nonpoint source programs and assessments; (2) directed that the incremental dollars be focused upon implementation of watershed restoration action strategies in high-priority watersheds identified by the States and Territories as not meeting clean water and other natural resource goals; and (3) established a schedule for the award of the incremental funds.

(3) Funding the Development and Implementation of Watershed Restoration Action Strategies under Section 319 of the Clean Water Act (December 4, 1998). This 4-page document reiterated the priority placed on using the incremental \$100 million to address the States' and Territories' high-priority watersheds that do not meet clean water and other natural resource goals, focused particularly in sub-watersheds where NPS control activities are likely to have the greatest positive impact. It identified 303(d) sub-watersheds as high-priorities for such work.

(4) Supplemental Guidance for the Award of Section 319 Nonpoint Source Grants in FY 2000 (December 21, 1999). This 10-page document (1) asked the Regions to assure that Section 319 grants that include programs or projects that assist animal feeding operations (AFO) include a provision to assure that any AFO which receives financial assistance under the grant has and will implement a comprehensive nutrient management plan; (2) recommended steps intended to achieve a suggestion by the congressional appropriations committees that 10 percent of the Section 319 funds be allocated to clean lakes; and (3) announced and discussed EPA's intention to work with the States to consider changes to the Section 319 reporting/tracking system to support program

needs, including promoting better integration with Section 305(b) data and Section 303(d) lists.

(5) Supplemental Guidance for the Award of Section 319 Nonpoint Source Grants in FY 2001 (66 FR 70899-70905, Nov. 28, 2000). This document (1) discussed how States and Territories may use funding increases appropriated in FY 2001; (2) broadened the use of the "incremental" (\$100 million) to authorize their use to develop and implement the nonpoint source components of TMDLs in watersheds throughout the State; and (3) directed that each State or Territory with conditional approval under Section 6217 of the Coastal Zone Act Reauthorization Amendments of 1990 ("CZARA") devote at least \$100,000 of its FY 2001 Section 319 grant dollars to specific actions that are designed to meet all outstanding conditions for NOAA and EPA approval.

(6) Supplemental Guidelines for the Award of Section 319 Nonpoint Source Grants to States and Territories in FY 2002 and Subsequent Years (66 FR 47654-47657, Sept. 13, 2001). This document (1) increased the focus of the "incremental" (\$100 million) funding on developing TMDLs and watershed-based plans and implementing the watershed-based plans for 303(d)-listed waters throughout the State; (2) provided for a transition towards the new focus in FY 2002; (3) discussed the need for long-term operation and maintenance of practices funded with Section 319 funds; and (4) discussed pending changes in the GRTS reporting system.

Dated August 19, 2002.

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ENVIRONMENTAL PROTECTION AGENCY

[FRL-7268-1]

FY03 Wetland Program Development Grants Guidelines

AGENCY: Environmental Protection Agency.

ACTION: Notice.

SUMMARY: Wetland Program Development Grants (WPDGs) provide eligible applicants an opportunity to conduct projects that promote the coordination and acceleration of research, investigations, experiments, training, demonstrations, surveys, and studies relating to the causes, effects, extent, prevention, reduction, and elimination of water pollution. While WPDGs can continue to be used by recipients to build and refine any element of a comprehensive wetland program, priority will be given to funding projects that address the three areas identified by EPA for FY03:

Developing a comprehensive monitoring and assessment program; improving the effectiveness of compensatory mitigation; and refining the protection of vulnerable wetlands and aquatic resources. States, Tribes, local governments (S/T/LGs), interstate associations, intertribal consortia, and national non-profit, non-governmental organizations are eligible to apply. This document describes the grant selection and award process for eligible applicants interested in applying for FY03 WPDGs.

FOR FURTHER INFORMATION CONTACT:
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I. Introduction

The goals of the Environmental Protection Agency's (EPA) wetland program include increasing the quantity and quality of wetlands in the U.S. by conserving and regaining wetland acreage and improving wetland health. In pursuing these goals, EPA seeks to build the capacity of all levels of government to develop and implement effective, comprehensive programs for wetland protection and management. The six program areas central to achieving these goals are: regulation, monitoring and assessment, restoration, wetland water quality standards, public-private partnerships, and coordination among agencies with wetland or wetland-related programs.

The Wetland Program Development Grants, initiated in FY90, provide States, Tribes, local governments (S/T/LGs), interstate associations, intertribal consortia, and national non-profit non-governmental organizations (hereafter referred to as award applicants or award recipients) an opportunity to carry out projects to develop and refine comprehensive wetland programs. Interest in the grant program has continued to grow over the years. Since 1995, Congress has appropriated \$15 million annually to support the grant program. The type of projects that award recipients can undertake to develop and refine their comprehensive wetland programs are diverse. In the past, award recipients have pursued a wide range of activities, such as developing management tools for wetland resources, advancing scientific and technical tools for protecting wetland

health, improving availability of data and information about wetlands, and training wetland managers and the public about wetland and watershed values. Appendix B lists other examples of potentially eligible projects.

The statutory authority for WPDGs is section 104(b)(3) of the Clean Water Act (CWA). Section 104(b)(3) of the CWA restricts the use of these grants to developing and refining wetland management programs by conducting or promoting the coordination and acceleration of research, investigations, experiments, training, demonstrations, surveys, and studies relating to the causes, effects, extent, prevention, reduction, and elimination of water pollution. These grants may not be used for the operational support of wetland programs. All projects funded through this program must contribute to the overall development and improvement of S/T/LG wetland programs. Award applicants must demonstrate that their proposed project integrates with S/T/LG wetland programs.

The general award and administration process for WPDGs are governed by regulations at 40 CFR part 30 ("Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations"), 40 CFR part 31 ("Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments") and 40 CFR part 35, subpart A ("Environmental Program Grants for State, Interstate, and Local Government Agencies") and subpart B ("Environmental Program Grants for Tribes"). This grant guideline document outlines the administrative and programmatic procedures specific to the Wetland Program Development Grants.

II. Program Priorities

EPA has initiated an assessment of the wetland program elements that will move S/T/LGs toward developing comprehensive wetland programs. For FY03, the wetland program has identified three areas as program priorities for improving S/T/LG's ability to protect and restore their wetlands: (1) Developing a comprehensive wetland monitoring and assessment program; (2) improving the effectiveness of compensatory mitigation; and (3) refining the protection of vulnerable wetlands and aquatic resources. Applicants are encouraged to develop WPDG applications that address these priorities.

A. Developing a Comprehensive Monitoring and Assessment Program

This solicitation seeks proposals that support the development of a

comprehensive S/T/LG wetland monitoring and assessment program. State and Tribal adoption of an ambient wetland monitoring and assessment program is the primary goal of this solicitation (i.e., projects that build S/T/LG capacity to determine the causes, effects, and extent of pollution to wetland resources and develop pollution prevention, reduction, and elimination strategies). More information related to wetland monitoring and assessment can be found on the Internet at: <http://www.epa.gov/owow/wetlands/factsheets/monitor.pdf> and <http://www.epa.gov/owow/wetlands/factsheets/devgrants.pdf>.

Project proposals may address development, testing, and demonstration of methods and programs to monitor and assess wetlands. Projects may evaluate:

1. The use of biological assessment methods to improve the evaluation and ranking of potential wetland sites for restoration or acquisition;
2. The ecological consequences of a given regulatory action or group of actions;
3. The specifications and implementation of compensatory wetland mitigation;
4. The ecological performance of wetland restoration; and/or
5. The cumulative effect of wetland loss and restoration in terms of change in the ambient ecological condition of the overall aquatic resource.

Proposals should address how work to accomplish the particular objective(s) assists S/T/LGs to implement comprehensive wetland monitoring and assessment programs.

Proposals also should describe how methods under development will improve decision-making across various surface water management programs. Provisional reporting of ambient wetland condition, in Clean Water Act Section 305(b) reports, is a logical first step toward meeting that particular objective. When preparing proposals, care should be given to ensure that any data collected under the grant is of such quality that it can be relied on for other purposes (as appropriate). Accordingly, applicants may host technical training workshops, establish regional or State interagency wetland monitoring and assessment workgroups, develop volunteer monitoring programs, and improve wetland inventories (e.g., use of hydrogeomorphic (HGM) wetland classification system). Examples of case studies illustrating wetland monitoring and assessment methods can be found on the Internet at: <http://www.epa.gov/>

<http://www.epa.gov/region1/eco/wetland/index.html> and <http://www.epa.gov/region1/eco/wetland/index.html>. Many of the case studies listed on those Web sites were funded by WPDGs.

Monitoring data collected from wetland monitoring projects must be incorporated into 305(b) reports. Additionally, recipients must download data collected through monitoring projects into STORET (short for STORage and RETrieval). STORET provides an accessible, nationwide central repository of water information of known quality. See www.epa.gov/storet for further information about uploading data into STORET.

B. Improving the Effectiveness of Compensatory Mitigation

Priority will also be given to projects that improve S/T/LG capacity to ensure ecologically effective compensatory mitigation for unavoidable impacts. For example, WPDGs can be used to develop and verify assessment methods and/or tracking (reporting) systems that document:

1. The technical adequacy of compensatory mitigation project plans (e.g., plan review standards);
2. the ecological suitability of proposed compensatory mitigation project sites (e.g., develop site review standards in context with restoration opportunity mapped at the watershed scale);
3. the compliance of mitigation projects at various stages of implementation; and
4. the assessment of mitigation opportunities to address cumulative impacts to wetlands.

WPDG can also be used to develop mitigation performance standards. Grant funds can only be used for research, investigations, experiments, training, demonstrations, surveys, and studies to support (or to improve or develop) mitigation programs; they cannot be used for specific mitigation activities (e.g., implementation of individual mitigation projects, mitigation banks, or in-lieu-fee mitigation programs). Background information describing concepts and methods for improving the effectiveness of compensatory mitigation can be found in a recent National Academy of Science publication, entitled "Compensating for Wetland Losses Under the Clean Water Act." The document can be found on the Internet at: <http://www.nap.edu/books/0309074320/html/>.

C. Refining the Protection of Vulnerable Wetlands and Aquatic Resources

While all wetlands provide important ecological functions on a watershed

scale, some are better protected than others. For example, isolated wetlands and waters may be particularly at risk as may wetlands subject to damage from activities other than the discharge of dredged or fill material. S/T/LG wishing to develop comprehensive wetland protection programs to protect such vulnerable waters from a variety of potential impacts are encouraged to do so. Efforts can include, but are not limited to, information dissemination, data exchange, studying S/T/LG regulatory improvement opportunities, and surveying opportunities for land acquisition, conservation easements, and tax incentive provisions. This grant program, however, cannot fund activities to implement a wetlands program, or fund the purchase of land or conservation easements (see Appendix A for Grant Restrictions).

D. Other Program Areas

While WPDGs may be used by award recipients to develop and refine all elements of a comprehensive wetland program (see examples in Appendix B), in this and upcoming years, funding priority will be given to projects that address the three priority areas discussed above.

III. Funding Eligibility

States, Tribes, local government agencies, interstate agencies, and intertribal consortia, and national, nonprofit, non-governmental organizations are eligible. Typical wetland or wetland related agencies include, but are not limited to wetland regulatory agencies, 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, non-point source or storm water agencies, city or county and other S/T/LG governmental agencies that conduct wetland-related activities.

In order to be eligible for WPDG funds, Tribes must be Federally recognized, although "Treatment as a State" status is not a requirement. Intertribal consortia that meet the requirements of 40 CFR part 35.504 are eligible for direct funding.

Interstate agency and intertribal consortia projects must be broad in scope and encompass more than one State, Tribe, or local government.

In order to provide greater assistance to S/T/LGs, non-profit, non-governmental organizations which undertake activities that advance wetland programs on a national basis

are eligible. Activities must help S/T/LGs develop and refine wetland programs. For example, projects and tasks can involve advancing science or collecting and making available through publications and other appropriate means, such as training on how information about how various wetland programs across the nation protect, manage and restore their wetland resources and about initiatives to improve S/T/LG wetland programs. Local/regional chapters/affiliations of a nonprofit organization are not eligible for WPDGs and applications will only be accepted from the national headquarters level of a nonprofit, non-governmental organization.

Grant funds are awarded through a competitive process. The majority of WPDG funds are allocated to EPA Regional Offices, based on the number of States and Territories within the Region, to fund S/T/LG, interstate agencies, and intertribal consortia. Headquarters reserves a portion of the funds for national non-profit, non-governmental organizations, interstate agencies, and intertribal consortia. (see Section V for Application Procedures). Funding decisions are made by EPA Regional and Headquarters Offices and are based on the quality of the proposals received and adherence to the selection criteria (see Section IV). EPA typically receives requests for funding far in excess of available funds, therefore EPA cannot provide grant funds to all applicants.

IV. Selection Criteria

For FY03, priority in the selection process will be given to projects which support the development of a S/T/LG's monitoring and assessment program, improvement of the effectiveness of compensatory mitigation, or protection of vulnerable wetlands and aquatic resources. In addition, all proposals, regardless of topic area, will be evaluated using the following general categories of criteria:

- Clarity of Work Plan—clearly written and detailed proposals;
- Potential Environmental Results—a high probability for positive environmental results in the short- and long-term;
- Transferability of Results and/or Methods to other S/T/LG;
- Success of Previous Projects—for applicants who have received prior EPA funding;
- Involvement/Commitment of the applicant—significant financial and personnel contribution and involvement of partners;
- Incorporation of project into broad agency goals (Core Elements of a

Comprehensive Wetland Program is available on EPA's web page at <http://www.epa.gov/owow/wetlands/initiative/#financial> or by mail upon request by calling the Wetlands Helpline at (800) 832-7828).

V. Application Procedures

WPDG applications from States, Tribes, and local governments are handled through EPA Regional Offices, while applications from national non-profit, non-governmental organizations are handled through EPA Headquarters (Appendix C). Applications from interstate agencies and intertribal consortia can be submitted to either a Regional Office or Headquarters, however, the same proposals cannot be submitted to more than one office. Headquarters and Regional Office staff will review the applications received in their respective offices and select the most competitive projects for funding. Both the quality and quantity of the applications will play a significant role in the selection of grants for funding.

A. Application Package

Interested applicants must submit an application, which includes a work plan and completed EPA grant forms. As provided in 40 CFR 35.107 and 35.507, for States, Tribes, local governments, interstate agencies, and non-profit organizations, an approvable plan must specify (1) the work plan components to be funded under the grant; (2) the estimated work years and the estimated funding amounts for each work plan component; (3) the work plan commitments for each work plan component and a time frame for their accomplishment; (4) a performance and reporting schedule in accordance with 40 CFR 35.115 or 35.515; and (5) the roles and responsibilities of the recipient and EPA in carrying out the work plan commitments. For national nonprofit organizations, work plans must include: (1) A summary of key objectives and final products, preferably in 50 words or less; (2) a detailed description of project tasks and an explanation of how the project will contribute to developing or improving a S/T/LG's wetland program; (3) a timeline; (4) a budget and estimated funding amounts for each work plan component; (5) deliverables; (6) a performance evaluation process and reporting schedule; (7) roles and responsibilities of the recipient and EPA in carrying out the work plan commitments; and (8) contact information for the Program Manager, Grant Project Lead Manager, and Account Manager. Headquarters and some Regional Offices may ask S/T/LGs to submit pre-application

proposals of grant projects for competitive review (see Section V Part B for deadlines). For specific regional guidance, contact your Regional or Headquarters EPA Grant Coordinator (Appendix C). Grant application forms are available at <http://www.epa.gov/ogd/hqgrant/> and by mail upon request by calling the Grants Administration Division at (202) 564-5305.

B. Deadlines

Full application proposals must be submitted to the appropriate EPA office and postmarked by the appropriate Regional and Headquarters deadlines:

Region 1

States: January 31, 2003

Tribes: June 30, 2003

Region 2

January 31, 2003

Region 3

Pre-proposal: October 9, 2002

Final proposal: January 15, 2003

Region 4

December 2, 2002

Region 5

December 20, 2002

Region 6

November 1, 2002

Region 7

December 2, 2002

Region 8

December 3, 2002

Region 9

Pre-proposal: October 11, 2002

Final proposal: February 14, 2003

Region 10

Pre-proposal: November 4, 2002

Final proposal: February 21, 2003

Headquarters

Pre-proposal: December 9, 2002

Final proposal: March 22, 2003

Please contact the appropriate Grants Coordinator (Appendix C) for further information and/or to confirm deadlines.

Applicants may request limited assistance in revising work plans, proposed funding levels to better reflect the funding available, and preliminary proposals to develop a project that better reflects program priorities.

C. Match Requirements

S/T/LG, interstate agencies, and intertribal consortia must provide a minimum of 25% of each award's total project costs in accordance with 40 CFR 31.24, 35.385, and 35.615. We encourage States, Tribes and local governments to provide a larger share of the project's cost whenever possible (*i.e.*, in excess of the required 25% of total project costs). Non-profit, non-governmental organizations must also provide a minimum of 25% of each award's total project costs.

The match requirement can be met with contributions from entities other than the award recipient. Other Federal money cannot be used as the match for this grant program unless authorized by the statute governing the award of the other Federal funds. However, Indian tribes can use funds provided under the Indian Self-Determination and Education Act (25 U.S.C. 450 *et seq.*) to provide the required matching funds to the extent authorized by that Act and implementing regulations.

Matching funds are considered grant funds. They may be used for the reasonable and necessary expenses of carrying out the work plan. Any restrictions on the use of grant funds (*i.e.*, prohibition of land acquisition with grant funds) also apply to the use of matching funds.

D. Quality Assurance/Quality Control (QA/QC)

QA/QC and peer review are sometimes applicable to these grants (see 40 CFR 30.54 and 40 CFR 31.45). QA/QC requirements apply to the collection of environmental data. Environmental data are any measurements or information that describe environmental processes, location, or conditions; ecological or health effects and consequences; or the performance of environmental technology. Environmental data include information collected directly from measurements, produced from models, and compiled from other sources such as data bases or literature. Applicants should allow sufficient time and resources for this process. EPA can assist applicants determine whether QA/QC is required for the proposed project. If QA/QC is required for the project, the applicant is encouraged to work with the appropriate EPA quality staff to determine the appropriate QA/QC practices for the project. If the applicant has an EPA-approved quality assurance project plan and it covers the project in the application, then they need only reference the plan in their application. Contact the appropriate Regional or Headquarters Grant Coordinator (Appendix C) for referral to an EPA quality staff.

VI. Additional Program Information

A. Performance Partnership Grants

A Performance Partnership Grant (PPG) is a multi-program grant made to a State, Tribe, interstate agency, or intertribal consortium from funds appropriated for many of EPA's environmental program grants. Local governments are not eligible for PPGs. PPGs are voluntary and provide