



South Orange County Wastewater Authority

Funding Strategy Overview

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Agenda

Goal of the funding strategy

- Overview of funding objectives for the Coastal Treatment Plan – Resiliency and Water Quality Improvements
- Funding sources evaluated

Funding sources

- Overview of funding sources available as of 1/5/2024
- New sources of funding

Funding recommendation process

- Criteria utilized to make preliminary recommendations
- Recommendations

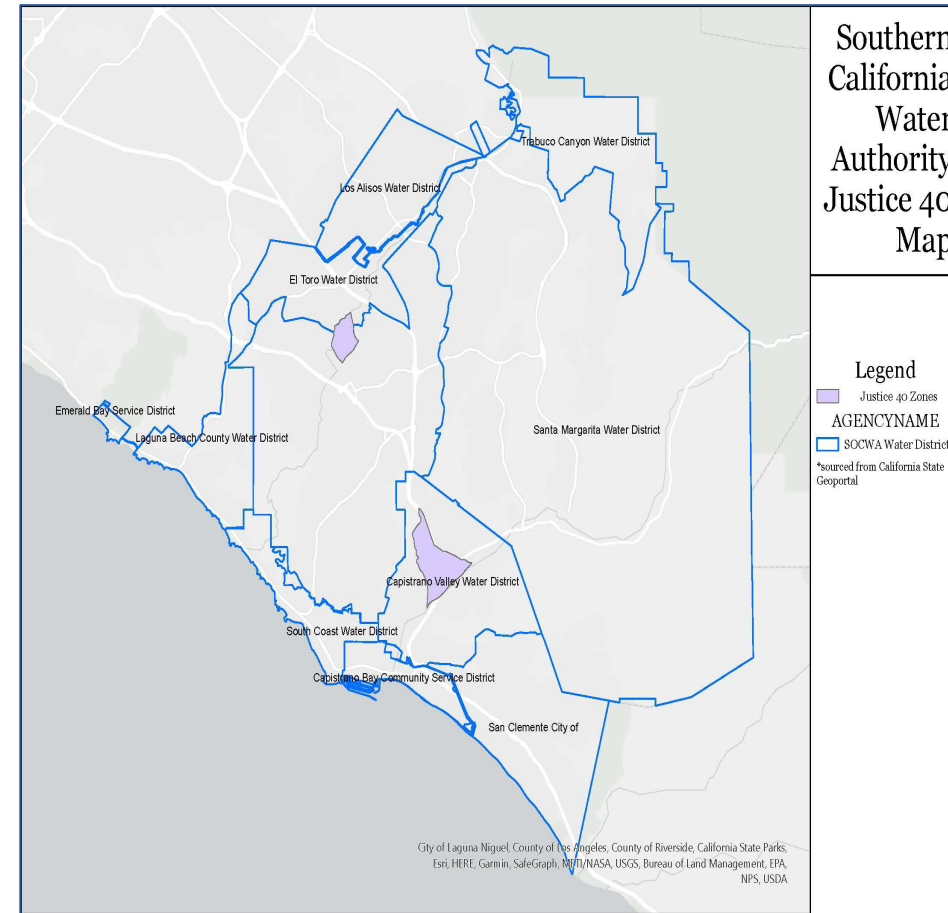
Funding timelines & decision tree

- Strawman workplan for funding application submittal
- Decision tree

Potential next step

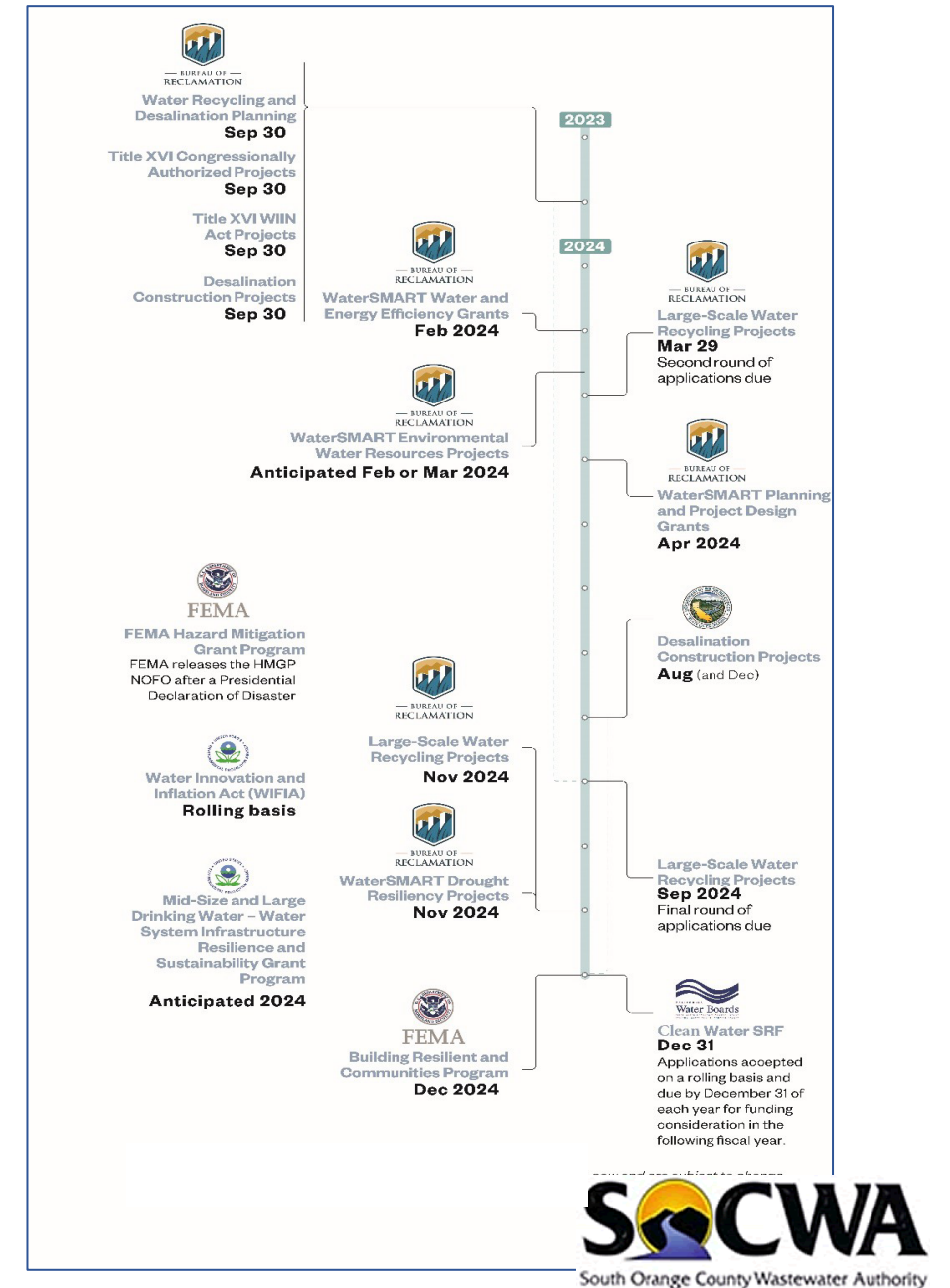
The Coastal Treatment Plant – Resiliency and Water Quality Improvements

Funding Strategy Overview



Funding Sources Evaluated

- US Environmental Protection Agency (EPA)
- Waster Infrastructure Funding Act (WIFIA) - loan
- Mid-size and Large Water Infrastructure Program – grant
- State Water Resources Control Board (SWRCB)
 - State Revolving Fund (SRF) - loan
- US Bureau of Reclamation (Reclamation)
 - Water Smart WIIN Act and Title XVI - grant
 - WaterSmart Drought, Energy & Environment - grant



Identifying and Evaluating Funding Alternatives

1. Identify applicable funding alternatives
2. Evaluate each applicable alternative, as informed by project-specific constraints
3. Compare proportional total cost, cashflow, risks and benefits
4. Provide preliminary recommendations on alternatives that appear most viable/attractive
5. Develop implementation plan



Funding Sources Identified (page 1)

Agency	Funding Program	Maximum Award	NOFO Release Date	2024 Submittal Due Date	Description	Agency Requirements	Eligible Project Types
United States Environmental Protection Agency	Grant: Midsize and Large Drinking Water Systems Infrastructure Improvement Grant & Sustainability Program	\$5,000,000	Anticipated release in 2024	Not posted	This grant program assists medium and generous size public water systems with protecting drinking water sources from natural hazards	All public water systems that serve a community with a population of 10,000 or more. 50% of the program's appropriation will go to public water systems that serve a population of between 10,000 and 100,000, and 50% of the program's appropriation will go to public water systems that serve a population 100,000 or more.	Planning, design, construction, implementation, operation or maintenance projects that have a goal of enhancing drinking water system resilience
	Loan: Water Infrastructure Finance and Innovation Act (WIFIA)	Total project cost must be >\$20,000,000.	Rolling Basis	Rolling Basis	The Water Infrastructure Finance and Innovation Act of 2014 (WIFIA) established the WIFIA program, a federal credit program administered by EPA for eligible water and wastewater infrastructure projects.	Minimum Project Size for WIFIA is \$20 million	Projects that are eligible for Drinking Water SRF
						Federal Crosscutters apply	Energy efficiency projects at drinking water and wastewater facilities
						51% cost share from non-federal source	Brackish or desalination, aquifer recharge, alternative water supply and water recycling projects
Two part application process	Drought prevention reduction or mitigation						
State Water Resources Control Board	Loan: Clean Water SRF	>\$100,000,000	Rolling Basis	Dec-24	Treatment facilities, nonpoint source projects, and estuary projects. Projects wastewater treatment	Federal Crosscutters apply. Preference given to Disadvantaged Communities. Interest rate is half of the most recent General Obligation Bond Rate.	Regionalization of wastewater service, water quality programs (e.g., emerging contaminants), onsite wastewater system upgrades, recycled water reuse, water conservation and promotion of low impact development
Federal Emergency Management Agency	Grant: Hazard Mitigation Grant Program (HMGP)	\$5,000,000	Following a Presidential Declaration of Disaster	TBD		FEMA approved hazard mitigation plan & 25% non-federal cost share	Development of a Hazard Mitigation Plan
	Grant: Building Resilient Infrastructure and Communities (BRIC)	\$50,000,000	Jun-24	Dec-24	BRIC releases its Notice of Funding Opportunity through DEMA, usually around June of each year.	Reduces risk from hazards and demonstrates the cost of the project is greater than the cost of catastrophic loss of the facility.	Harden or rehabilitate infrastructure to reduce hazard risk to critical facilities, people & property (e.g., drought, flooding, wind, extreme heat)
						FEMA approved hazard mitigation plan, federal cross-cutter compliance & 25% cost share	Phased projects which include design, environmental compliance and construction
						Reduces risk from hazards and demonstrates the cost of the project is greater than the cost of catastrophic loss of the facility.	Harden or rehabilitate infrastructure to reduce hazard risk to critical facilities, people & property (e.g., drought, flooding, wind, extreme heat)
Incorporation of nature-based solutions and partnerships	Phased projects which include design, environmental compliance and construction						
United States Bureau of Reclamation	Grant: WaterSMART Water and Energy Efficiency Grants	\$5,000,000	12-Nov-23	28-Feb-24	On-the-ground water management improvement projects, including projects that conserve water and address water supply reliability.	Applicants must have a Drought Management Plan, a Water Conservation Plan or both. 50% cost share from non-federal source.	Water Conservation (e.g., Turf replacement, irrigation efficiency, and commercial cooling systems),
	Grant: WaterSMART Drought Resiliency Projects	\$5,000,000	7-Aug-23	30-Sep-24	This program will provide funding for projects that will help communities prepare for and respond to drought.	Applicants must have a Drought Management Plan, a Water Conservation Plan or both. 50% cost share from non-federal source.	Develop and update drought plans and implement projects that will build long-term resiliency to drought
	Grant: WaterSMART Environmental Water	\$3,000,000	Mar-24	5/30/2024	Projects focused on environmental benefits and that have been developed as part of a collaborative process to help conduct an established strategy to	Applicants must have a Drought Management Plan, a Water Conservation Plan or both. 50% cost share from non-federal source.	Water supply drought resilience projects with a co-benefit of addressing an environmental issue (i.e., active stream or wetland restoration, instream water dedication, and riparian habitat improvements).

Funding Sources Identified – page 2

Agency	Funding Program	Maximum Award	NOFO Release	2024 Submittal Due Date	Description	Agency Requirements	Eligible Project Types
United States Bureau of Reclamation (Continued)	Grant: WaterSMART Planning and Project Design Grants	\$400,000	7-Aug-23	Apr-24	Funding for the site-specific final design of medium and large-scale on-the ground water supply construction, water management construction, and restoration projects. This funding can be used to develop a WIIIN Act/Title XVI Feasibility Study.	Applicants must have a Drought Management Plan, a Water Conservation Plan or both. 50% cost share from non-federal source.	Funding for planning and design projects to support water management: (1) Water Strategy Grants to conduct planning activities to improve water supplies (e.g., water supplies to disadvantaged communities, water marketing, water conservation, drought resilience, and ecological resilience); (2) Project Design Grants to conduct project-specific design for projects to improve water management; and (3) Drought Contingency Plans.
	Grant: WaterSMART Water Recycling and Desalination	#####	27-Sep-23	29-Mar-24	Water recycling and desalination are essential tools for stretching limited water supplies in the Western United States. Reclamation provides cost-shared funding on a	Applicant must have a Congressionally Authorized Feasibility Study and Report approved by Reclamation. 50% cost share	Water recycling desalination projects
	Grant: WaterSMART Large-Scale Water Recycling Project	< \$180,000,000	6-Sep-23	1-Nov-24	The program will provide \$450 million over the next five years to projects in Reclamation states that have a total project cost greater than or equal to	Applicant must have a Congressionally Authorized Feasibility approved by Reclamation. 75% cost share	Water recycling and reuse projects that have a total project cost >\$500,000,000
	Grant: WaterSMART Title XVI Congressionally Authorized Projects	< \$20,000,000 unless otherwise specified by Congress.	28-Sep-23	30-Sep-24	Up to \$20 Million unless otherwise specified by Congress.	Applicant must have a Congressionally Authorized Feasibility Study approved by Reclamation. 50% cost share	Project identified in the approved and authorized feasibility study
	Grant: WaterSMART: Water Reclamation and Reuse	< \$30,000,000	28-Sep-23	1-Nov-24	Through the Title XVI Water Reclamation and Reuse Program (Title XVI), authorized by P.L. 102-575 in 1992.	Must have a Congressionally Authorized Feasibility Study approved by Reclamation or one that has been submitted for review 75% cost share	Water reclamation and reuse
Non-Government Organization (NGO)							
Non-governmental organization (NGO)	Private Philanthropic Funding: Walton Family Foundation	TBD	N/A	N/A	The Foundations Environment [Initiative] strategy seeks lasting water solutions in three key geographies: the Colorado River Basin, the Mississippi River Basin, and our Oceans. Our goal is to make sure there is enough	The Walton Family Foundation does not accept unsolicited proposals.	To be discussed & determined through a collaborative process with WFF.



DEPARTMENT OF ENERGY

Connected Communities Funding Program

- **Funding Announcement (FOA) has not been released for federal FY 24/25**
 - Expanding DOE's network of grid-interactive, efficient building communities nationwide. These communities interact with the electrical grid to optimize their energy consumption, which will reduce their carbon emissions and cut energy costs.

WATER: Strategies to Increase Hydropower Flexibility

- **2023/2024 FOA was released in November, with a concept paper due date of 2/9/2024. DOE has stated that they intend to release another FOA in November**
- **Grants for three primary areas:**
 - Demonstrating hydropower hybrid configurations, such as a hydropower facility paired with another type of generation or with an energy storage resource.
 - Advancing technology innovations to improve the flexible capabilities of the U.S. hydropower fleet.
 - Quantifying the flexible capabilities of hydropower and advance operational strategies to better serve an evolving electric grid

WASTE: Waste Analysis and Strategies for End-Uses

- **FOA has not been released for federal FY 24/25. DOE has stated an Intent to issue FOA with no dates given**
 - Planning and strategies for utilizing organic waste as a feedstock for various transportation fuel end products. For many communities, organic waste streams present a variety of economic, environmental, and social sustainability challenges. These waste streams include food waste, municipal wastewater sludges, animal manure, fats, oils, and greases.



Criteria used for evaluation funding sources

- **Loan or grant is > \$1,000,000**
- **Alignment with CTP Resiliency and Water Improvement program goals**
- **Timing of grant/loan application window**
- **Risk/Opportunities by source**

Applicable Sources of Infrastructure Funding
Federal
American Rescue Plan Act – State and Local Fiscal Recovery Funds
Bipartisan Infrastructure Law (BIL)
Department of Energy (DOE) Grants
Federal Emergency Management Agency (FEMA) Grants
EPA – Water Infrastructure Financing and Innovation Act (WIFIA)
EPA – Water & Climate Resiliency Grants
Inflation Reduction Act (IRA)
US Bureau of Reclamation (Reclamation) -WaterSmart Grants
State
CA State Drinking Water Revolving Fund (DWSRF)
CA Department of Water Resources

Overview of Funding Recommendations

EPA Programmatic WIFIA



- **Why:** Can develop a programmatic agreement that each agency can decide how much/how little to obligate
 - *Provides 49% of total project cost*
 - *Money available*
 - *No disadvantage community REQUIREMENT (thought points are given to Justice 40 area)*

EPA Midsize and Large Water Infrastructure Upgrades (NOFO not released until spring 2024)



- **Why?** Funding goals align with CTP Resilience and Water Quality Improvement Program goals
 - *Large grant maximum for infrastructure projects*
 - *Justice 40 will need to be considered, but not a requirement*

FEMA HMGP or BRIC

FEMA

- **Why?** Funding goals align with CTP Resilience and Water Quality Improvement Program goals
 - *Large grant maximum for infrastructure projects*
 - *Justice 40 will need to be considered, but not a requirement*

US Reclamation

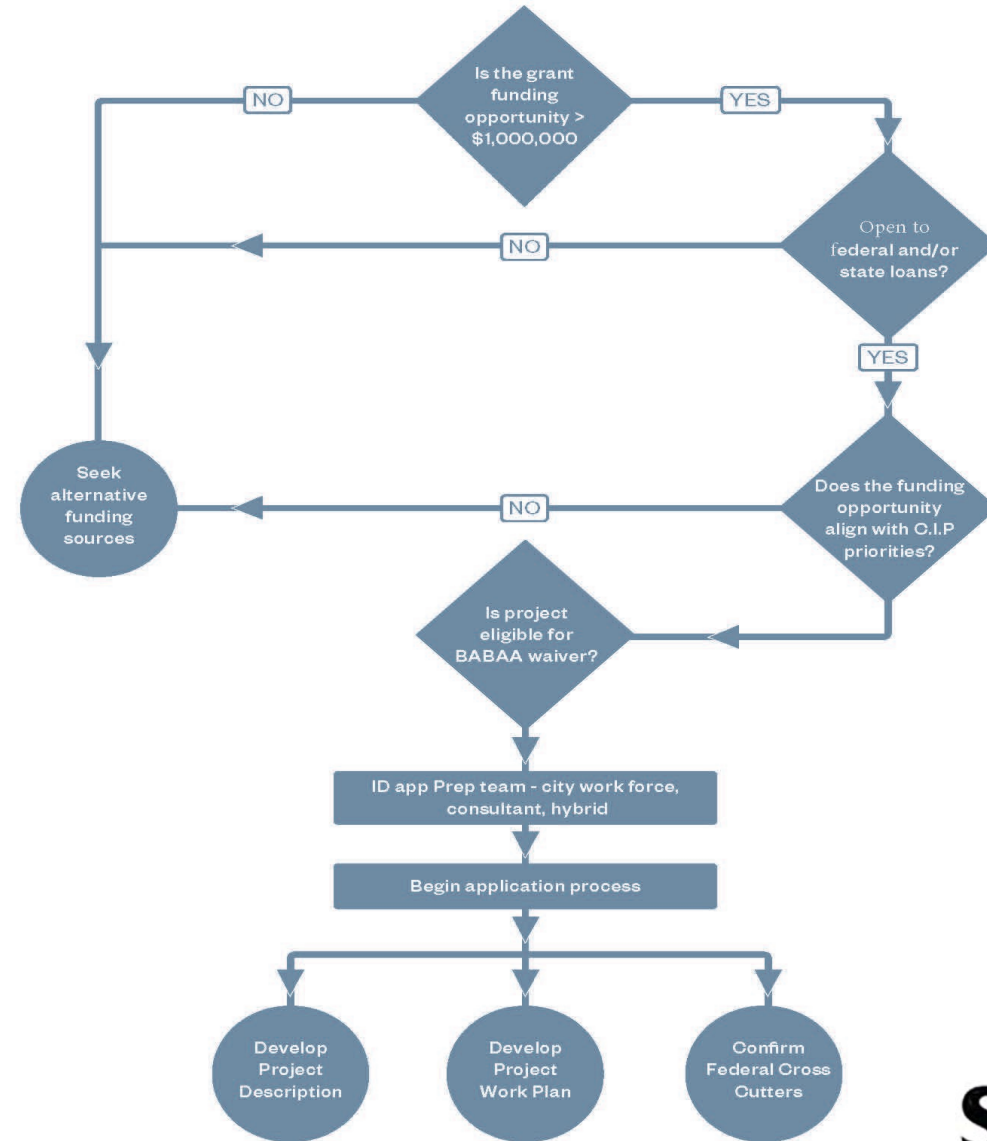


- **Why?** Most agencies have a Drought Management Plan
 - *For Reuse, Recycle or Desalination should consider applying for a planning grant for congressional authorization or for design that is included in Drought Management Plans*
 - *Project start not until late 2024 or early 2025*



Decision Tree

Funding Decision Tree



- 1st Decision Point (Yes/No)
- 2nd Decision Point - Identify Project
- Grant Proposal Task #1 & Board/City Council Decision
- Grant Proposal Task #2 - Formal Project Description & Data Needs Finalized
- Grant Proposal Task #3 - Write and Submit Grant
- Agency Review and/or Request for Information
- Potential Agency Notice of Award - Subject to Change

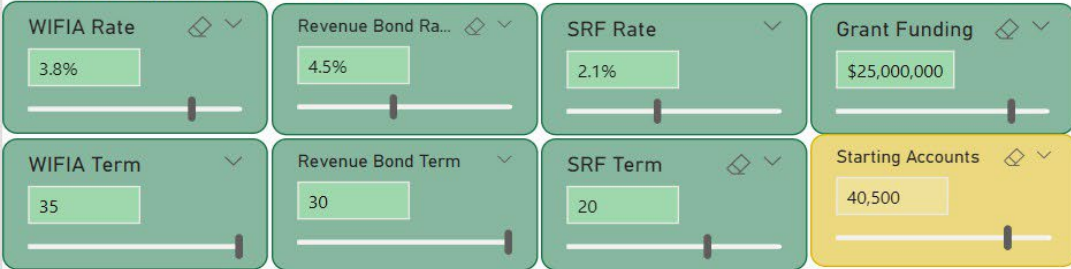
2024 Look Ahead Schedule

Agency	Opportunity Title	Award Ceiling	NOFO Release Date	Submission Deadline*	January					February				March				April					May				June				July					August				September					October				November				December							
					1	2	3	4	5	1	2	3	4	1	2	3	4	1	2	3	4	5	1	2	3	4	1	2	3	4	1	2	3	4	5	1	2	3	4	5	1	2	3	4	1	2	3	4	1	2	3	4	5							
USEPA	Grant: Midsize and Large Drinking Water Systems Infrastructure Improvement Grant & Sustainability Program	\$5,000,000	FY 2024	TBD																																																								
USEPA	Loan: Water Infrastructure Finance and Innovation Act (WIFIA)	49% of Total Project Cost	Accepted throughout the calendar year	Dec-24																																																								
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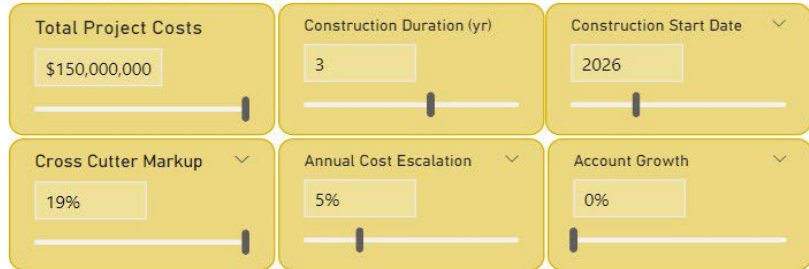


Project Cost and Rate Dashboard

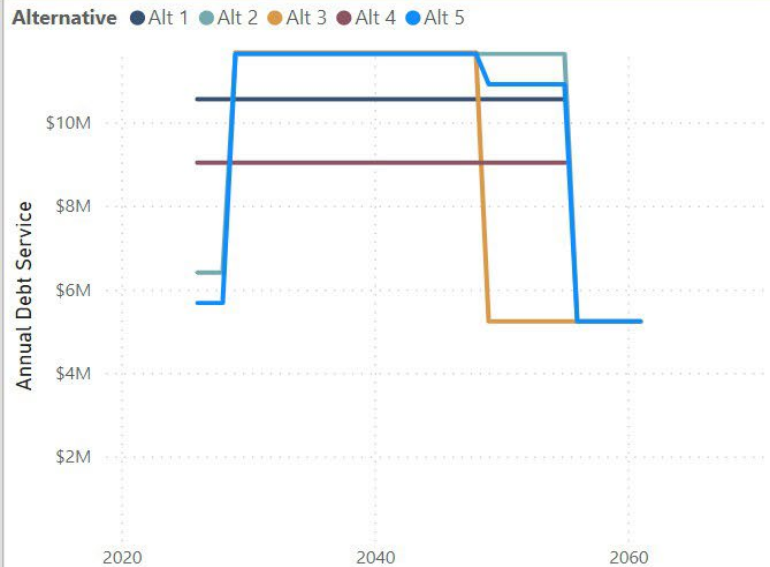
Financing Assumptions



Project Assumptions



Annual Cash Flow Requirements

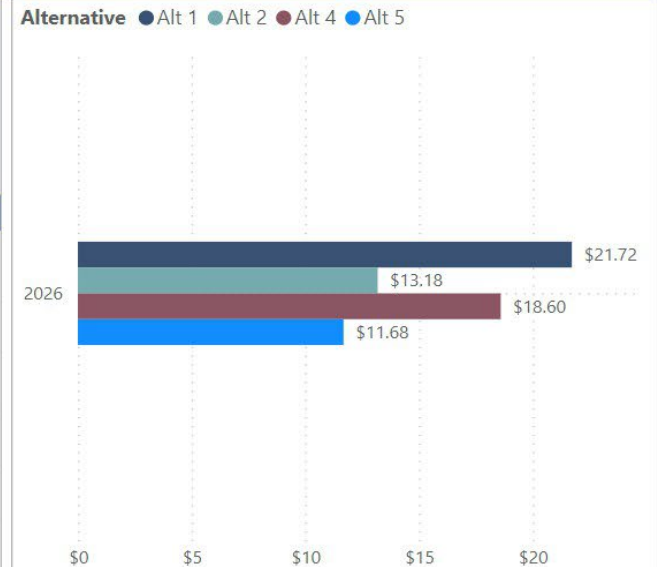


Funding Alternative Description

Alternative	Description
Alt 1	Revenue Bond
Alt 2	WIFIA/Revenue Bond
Alt 3	WIFIA/SRF
Alt 4	Revenue Bond with Partial Grant
Alt 5	WIFIA/SRF/Revenue Bond

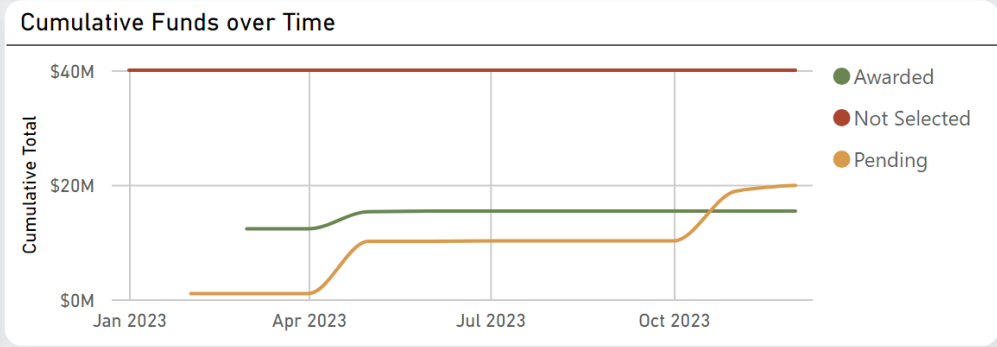
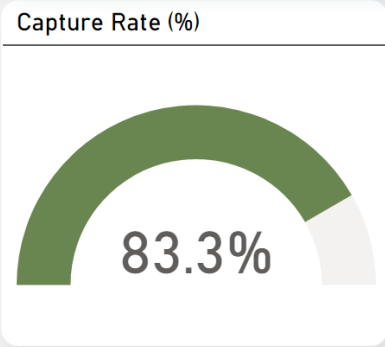
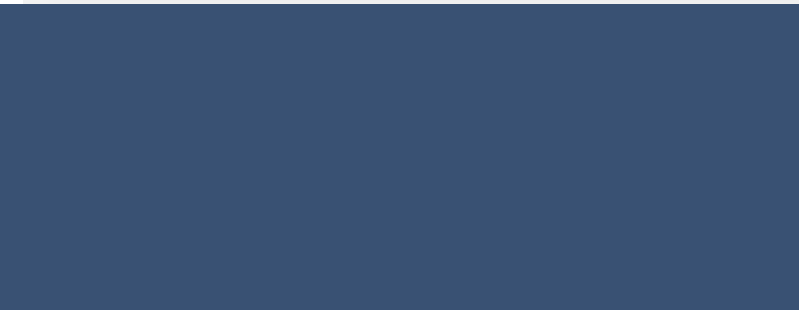
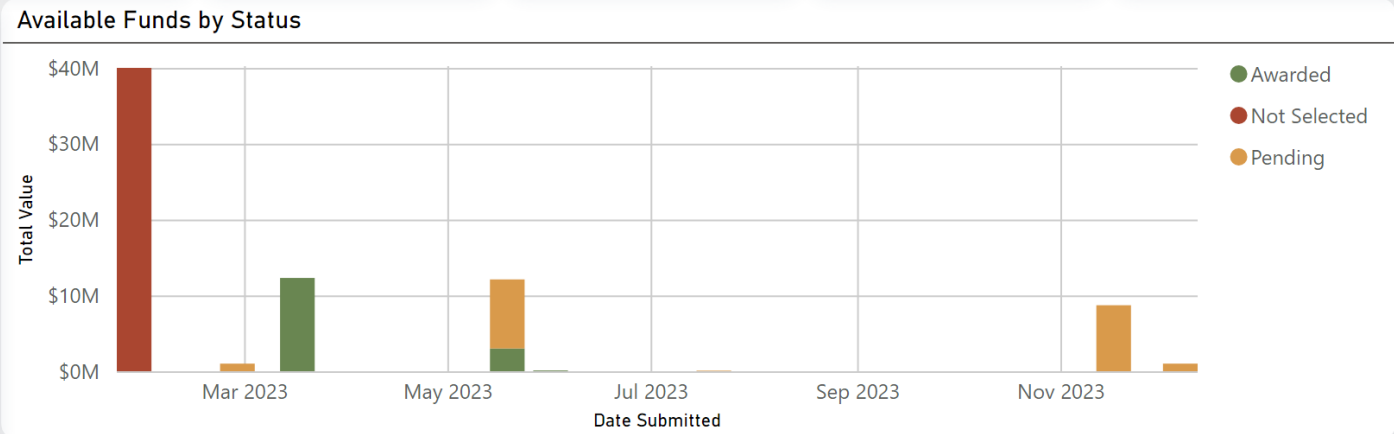
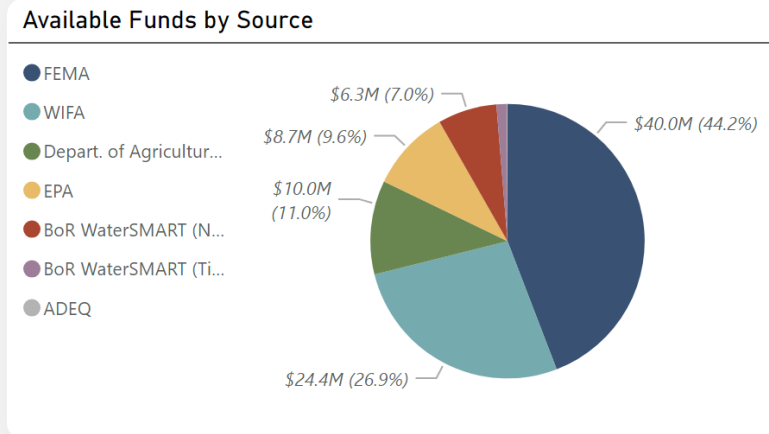


Monthly Debt Service Cost Per Account



Funding Progress Dashboard

	OPPORTUNITIES	SUBMITTED	AWARDED	PENDING	NOT SELECTED	NOT SUBMITTED
Grant Source	Grant Opportunities	Applications Submitted	Grants Awarded	Pending	Not Selected	Not Submitted
All	17	14	5	8	1	3
Year	Total Available	Total Requested	Total Awarded	Total Pending	Total Not Selected	Total Not Submitted
All	\$90.6M	\$75.3M	\$15.4M	\$19.9M	\$40.0M	\$15.3M



Next Steps