Providing Financial Assistance for Projects that Serve the Water Boards’ Mission: Preserve, Enhance, and Restore California’s Water Resources

Joe Karkoski, PE, MPPA
Chief, Bond Section
Division of Financial Assistance (DFA)
PRESENTATION TOPICS

- Clean Water State Revolving Fund
- Drinking Water State Revolving Fund
- Storm Water Grant Program
- Cleanup and Abatement Account
- 319(h) Nonpoint Source Grant Program
- Discretionary Contract Funds
- Proposition 1 Funding Programs through other Agencies

Note – Funding a coordinated/comprehensive HAB program with existing funding resources is not straightforward; requires re-direction from other priority efforts.
CLEAN WATER STATE REVOLVING FUND
(CWSRF) PROGRAM

• Low interest financing for water quality projects
• Fund over $400 million/year
• Applications accepted on a continuous basis
• Funding for:
  – Wastewater and Water Recycling Projects
    • Wastewater treatment
    • Local sewers
    • Sewer interceptors
    • Water reclamation facilities
  – Expanded Use Projects
    • Nonpoint source (NPS) projects identified in CA’s NPS Plan
    • Estuary projects
    • Stormwater reduction and treatment facilities, etc
CWSRF PROGRAM: FINANCING TERMS

• Interest Rate: ½ most recent General Obligation Bond Sale at time of funding commitment (typical range: 2 - 3%)

• Financing Term: Up to 30 years or the useful life of the project

• Repayment: Annual payments begin 1 year after completion of construction

• Principal Forgiveness (PF)* available to municipalities
DRINKING WATER STATE REVOLVING FUND (DWSRF) PROGRAM

- Low interest financing for drinking water projects
- Fund over $400 million/year
- Applications accepted on a continuous basis
- Funding for:
  - Projects that return public water systems to compliance with drinking water standards
  - Consolidation
  - Water meters
  - Treatment projects
  - Replacement of aged water transmission or distribution mains, groundwater wells, or other infrastructure
DWSRF PROGRAM: FINANCING TERMS

- **Interest Rate:** ½ most recent General Obligation Bond Sale at time of funding commitment (typical range: 2 - 3%)

- **Financing Term:** Up to 20 years / 30 years for Disadvantaged Communities

- **Repayment:** Annual payments begin 1 year after completion of construction

- **“Set-aside”** - part of capitalization grant from US EPA that funds various activities (could fund source water assessment);

- Also, Principal Forgiveness loans available
CLEANUP & ABATEMENT ACCOUNT (CAA)

- Grants for the cleanup of waste or abate the effects of a waste
- The CAA is supported by court judgments and administrative civil liabilities assessed by State Water Board the Regional Water Boards
- Many different types of monitoring, planning, and implementation projects have been funded by the CAA
- Only drought emergency drinking water projects and emergency cleanup projects are currently being funded
CLEANUP & ABATEMENT ACCOUNT (CAA) - Interim Emergency Drinking Water Program

- $19 million from CAA for interim emergency drinking water
  - $4 million - contaminated water supply (DACs only)
  - $15 million - drought-related drinking water emergencies or threatened emergencies
CAA- Interim Emergency Drinking Water

• Eligible Entities
  – Public Agencies
  – Not-for-Profit Organizations
  – Tribal Governments
  – Community Water Systems

• Eligible Project Examples
  – Bottled, Hauled Water
  – Well Repair/Rehabilitation, Well Replacement
  – Emergency Interties, Consolidation
  – Vending Machines
  – Treatment Systems

serving a DAC
Proposition 1
STORM WATER GRANT PROGRAM

- $200 million for grants for multi-benefit (water quality/ supply, flood control, open space) storm water management projects

- Eligible Applicants: public agencies, 501(c)(3) non-profit organizations, public utilities, tribes, and mutual water companies

- 50% local match requirement
  - Cannot be state grant funds
  - May waive or reduce for DACs
Proposition 1

STORM WATER GRANT PROGRAM

• ~$25 million available from older bonds in addition to Prop 1

• Areas of Special Biological Significance (ASBS) Funding**
  - Approximately $15 million for projects benefiting ASBS
  - Projects must be eligible types consistent with Prop 1 Guidelines and included in an ASBS Compliance Plan

• Clean Beaches Funding
  - Approximately $10 million for projects benefiting Clean beaches and coastal waters
  - Projects must be eligible types consistent with Prop 1 Guidelines and included in an SWRP

• Submit an application through the Prop 1 Storm water program for ASBS or Clean Beaches funding
Proposition 1
STORM WATER GRANT PROGRAM

• Implementation Grants
  - 2 solicitations: $250,000 - $10 million per project
    • Round 1 ($80 million + $25 million ASBS/Clean Beaches): Closes July 8, 2016, awards Fall 2016
    • Round 2 ($86 million): Tentatively scheduled for 2018
  - Eligible projects must
    • Be included in a SWRP submitted to the IRWM Region
      - SWRP due within 90 days of SWGP implementation grant award
      - If SWRP not required (small DAC), project must be in IRWM Plan
    • Respond to climate change, contribute to regional water security, contain multiple benefits, and be designed to infiltrate, filter, store, evaporate, treat, or retain storm water or dry weather runoff
Clean Water Act section 319(h)
Nonpoint Source funds

- Approximately $8 million / year
- 50% of funds must be used for implementation of watershed-based plans in watersheds with impaired waters** (Watershed Project Funds)
- Remaining 50% may be spent on planning, assessment, management, and statewide NPS programs and projects (NPS Program Funds)
- State generally relies on NPS Program Funds to support NPS staff
Clean Water Act section 319(h) Nonpoint Source funds

• **Watershed project funds** can be used for following types of monitoring to assess:
  – Water quality in National Water Quality Initiative (NWQI) watersheds
  – Effectiveness of on-the-ground activities to improve water quality

• **NPS program funds** must be used for following types of monitoring:
  – To identify nonpoint sources of pollution,
  – To support the development of a Watershed-based Plan or acceptable alternative plan, or a NPS or mixed source Total Maximum Daily Load (TMDL)
  – To evaluate restoration of NPS-impaired waters following implementation of NPS pollution control project(s) funded by § 319 or other sources
Clean Water Act section 319(h) Nonpoint Source funds

• Other funding considerations for implementation and/or monitoring projects:
  – Must be related to initiatives in 2014-2020 NPS Program Implementation Plan
  – Must address a program preference, which are identified by regions prior to each round of proposals
  – Must address a targeted waterbody and targeted pollutant identified in the 2014-2020 NPS Program Implementation Plan
Discretionary Contract Funds

• State Water Board has about $4 million in discretionary funds for contracts
• Annual process by State Water Board and Regional Water Boards to identify priority projects
  – One HAB related project may be funded this year
Proposition 1

Other Funding Agencies

• Department of Water Resources
  • $510 million to projects identified in Integrated Regional Water Management Plans (12 Funding regions) (Chapter 7 of Prop 1)
  • Funds projects associated with risks to water supply and water infrastructure arising from climate change
  • Contributes to regional water security

• Multiple Conservancies
  • $327.5 million for multibenefit water quality, water supply, and watershed protection and restoration projects

• Also see Resources Agency web site:
  http://resources.ca.gov/docs/bonds_and_grants/Agency_Grants_and_Loans_November_2015.pdf
Questions