

HOLLISTER URBAN AREA WATER AND WASTEWATER MASTER PLAN

Review of Potential Funding Sources

July 11, 2008

Introduction

The *Hollister Urban Area Water and Wastewater Master Plan*, developed for the City of Hollister, San Benito County Water District, Sunnyslope County Water District and San Benito County, outlines several water resource issues that need to be addressed in the Hollister Urban Area. The Hollister Urban Area has a diverse and complex water supply system composed of groundwater, local rivers and creeks, imported surface water, and significant opportunities for recycled water use. Although treated drinking water meets the primary federal and state drinking water regulations, hardness and minerals in the water supply need to be reduced. The high level of minerals also limits the options available for recycling water following wastewater treatment due to the adverse impacts to crops and groundwater. The ability to use recycled water would provide an additional source of water and improve the overall reliability of water supply. Addressing the water supply and water quality issues provides direct benefits to the consumers and allows for implementation of wastewater treatment producing valuable recycled water. To address these issues, several projects have been recommended, including demineralization of groundwater from urban wells, improvements to the Lessalt Water Treatment Plant (WTP), and improvements to the recycled water facilities. Additionally, development of additional urban wells and construction of new water transmission pipelines and storage facilities will be required.

There are several state and federal funding sources available to fund water and recycled water projects. This technical memorandum discusses the potential outside funding sources applicable to the Hollister Urban Area projects. Recommendations will be made as to which funding programs are best suited and a description of the next steps for obtaining funds will be provided.

Capital Funding Sources

There are many federal and state water, wastewater and recycled water infrastructure funding programs. California, a national leader in terms of size and volume of statewide funding programs, derives a great portion of grant funds from voter-approved specific allocation statewide general obligation bond issues. The California Financing Coordinating Committee (CFCC), created in 1998, consists of state and federal agencies and departments that work together to offer coordinated and streamlined access to subsidized infrastructure financing for

California's local communities. The CFCC members provide potential borrowers and grant recipients with an efficient and effective infrastructure funding mechanism. The applicable water, wastewater and recycled water infrastructure funding sources are described below. For a complete listing of CFCC funding programs, refer to Appendix A. These sources rarely provide full funding of a construction project and may need to be supplemented with other sources of revenue to ensure implementation of any upcoming projects.

California Infrastructure and Economic Development Bank (I-Bank)

Infrastructure State Revolving Fund Program

I-Bank is a State of California financing authority offering low-cost, long-term financing of infrastructure and economic development projects to local government entities through the Infrastructure State Revolving Fund (ISRF). ISRF program funding is available in amounts ranging from \$250,000 to \$10 million with loan terms up to 30 years of the useful life of the asset, whichever is less. Interest rates are set on a monthly basis and are fixed for the term of financing. Interest rates are typically set at 67% of a tax-exempt "A" rated bond with a weighted average life. No matching is required. Information on the ISRF can be found the I-Bank website at: <http://www.ibank.ca.gov/>

The ISRF funds construction and/or repair projects of publicly owned water supply and treatment systems including drainage, supply, flood control, treatment and distribution. The construction of the demineralization water treatment facilities and improvements to the Lessalt WTP could be funded by the ISRF.

California Department of Public Health (CDPH)

Safe Drinking Water State Revolving Fund (SDWSRF)

The Federal Safe Drinking Water Act Amendments of 1996 authorized the creation of a drinking water state revolving fund program. The Safe Drinking Water State Revolving Fund provides low interest loans and grants to assist public water systems in achieving or maintaining compliance with the Safe Drinking Water Act. Funding is limited to \$100,000 for a planning study, \$20 million per project and \$30 million per entity per grant cap. Funding sources for the SDWSRF come from Proposition 84, Proposition 50 and Proposition 13. The loan interest rate is ½ of the general obligation rate and is paid back over 20 years. For more information on the SDWSRF, visit the CDPH website at: <http://www.cdph.ca.gov/services/funding/Pages/SRF.aspx>

Eligible projects include construction of water treatment facilities, replace aging infrastructure, planning studies, consolidation of water systems, source water protection, etc. Improvements to the Lessalt water treatment plant and demineralization water treatment facilities could potentially be funded by this program.

California Department of Water Resources (DWR)

Local Water Supply Construction (Proposition 82)

The Water Conservation Bond Law of 1988 (Proposition 82) provides funding for loans to assist local agencies in planning and constructing facilities to develop local water supplies. Funding is available up to \$5 million per eligible project. Information on this program can be found on the DWR website at: <http://www.dwr.water.ca.gov/nav/nav.cfm?loc=t&id=103>

This program provides loan funding for projects such as reservoirs, water storage tanks, groundwater extraction facilities, well field development projects or recycled water distribution facilities. Thus, development of new urban wells and construction of new storage facilities in the Hollister Urban Area could be funded by this program. Moreover, improvements to the distribution portions of the recycled water facilities could potentially also be funded by this program.

State Water Resources Control Board (SWRCB)

Clean Water State Revolving Fund (CWSRF)

The Federal Water Pollution Act (Clean Water Act or CWA), as amended in 1987, provides for establishment of a State Revolving Fund (SRF) loan program. The program is funded by federal grants, state funds, and revenue bonds. The purpose of the SRF is to implement the CWA and various state laws by providing financial assistance for the construction of facilities or implementation of measures necessary to address water quality problems and to prevent pollution of the waters of the state. Loans are available for up to \$25 million per municipality per year with a 20 year term and an interest rate equal to ½ the most recent state general obligation bond rate. For more information on this program, visit the SWRCB website at: http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/

The SRF loan program provides low-interest loan funding for construction of publicly-owned wastewater treatment facilities, local sewers, sewer interceptors, water reclamation facilities, as well as, nonpoint source pollution control projects. The Hollister Urban Area improvements to the recycled water facilities could potentially be funded by this program, as well as future wastewater treatment plant expansions.

Water Recycling Construction Program

The Water Recycling Construction Program provides loans and grants for the design and construction of water recycling facilities including treatment, storage and distribution. The Hollister Urban Area improvements to the recycled water facilities could potentially be funded by this program.

Construction grants are limited to 25% of the eligible construction cost of a proposed project or \$5 million, whichever is less. Funding is provided through Propositions 13 and 50 and the SRF

loan program. For more information on this program, visit the SWRCB website at:
<http://www.waterboards.ca.gov/recycling/construction.html>

Water Recycling State Revolving Fund

The Clean Water SRF loan program, while primarily intended for funding water pollution control facilities, is also available to provide loans for water recycling facilities planned for water supply purposes. The Hollister Urban Area improvements to the recycled water facilities could also potentially be funded by this program.

There is no specified allocation in the SRF for water recycling, and this program is used when other loan funds are unavailable. For more information on the Water Recycling State Revolving Fund, visit the SWRCB website at:
http://www.waterboards.ca.gov/water_issues/programs/grants_loans/water_recycling/fundingsources.shtml

Key Considerations in Funding Selection

The previous sections outlined the funding sources that were the most applicable to the Hollister Urban Area. Key criteria that must be considered when assessing relative opportunities and limitations of potential capital funding sources include the following:

- ◆ Source must be capable of funding the type of project
- ◆ Source must have funds available in concert with project schedule
- ◆ Specific funding program criteria must coincide with terms or project
- ◆ Amount of funding available, or anticipated, may not make application process and required effort worthwhile
- ◆ Timing of funds is important when provided by multiple sources
- ◆ Funding constraints on use from different sources may also increase complexity of implementation
- ◆ Impacts to customers
- ◆ Impacts to current financial policies

Summary and Next Steps

Most, if not all, successful water and recycled water projects in California have been realized as a result of cooperative funding alliances. Typically, these have involved a mix of federal, state, regional and local agency funding sources. The main reason for establishing a funding alliance or framework is recognition that such projects are not financially feasible based solely on local funding. Funding partnerships also provide reduction in individual agency risk where revenue base is limited and alternative bond funding options costly.

Each of the funding programs discussed in the previous sections are applicable to the Hollister Urban Area projects. Table 1 summarizes each of the funding programs and provides information on the pre-application processes.

In order to maximize the potential funding available through the loans and/or grants included in Table 1, a funding implementation strategy should be developed which considers the sequence and schedule for the Hollister Urban Area projects coincident with the availability of funds and their respective timeframes, funding limits and interest rates (for loans). Once a prioritized list of funding mechanisms is prepared, the next steps for obtaining the individual loans and/or grants to fund these projects would be to submit the pre-applications for each program.

Table 1. Summary of Potential Capital Funding Sources

Source	Type	Funding Limits / Terms	Next Steps
Demineralization Projects			
ISRF (I-Bank)	Loan	<ul style="list-style-type: none"> • \$250,000 to \$10 million per project • Interest rate = 67% of Thompson's Municipal Market Index for "A" rated security (7-year historical average rate = 3.13%) • Term = 30 years • No match required 	<ul style="list-style-type: none"> • Pre-applications are accepted continuously and can be found at the following website: http://www.ibank.ca.gov/Programs/infrastructure.html
Safe Drinking Water SRF (CDPH)	Loan/Grant	<ul style="list-style-type: none"> • \$100,000 per planning study • \$20 million per project and \$30 million per entity per cap grant • Loan: interest rate is ½ the general obligation rate, paid back over 20 years 	<ul style="list-style-type: none"> • Submit pre-application which are invited annually. The current pre-application period began July 1, 2008 and ends September 2, 2008. The pre-application can be found at: http://www.cdph.ca.gov/certlic/drinkingwater/Pages/DWPFunding.aspx • Pre-applications are reviewed and ranked. Priority is given to projects that address public health risks, projects that need to comply with the safe drinking water act, and projects that assist public water systems most in need on a per household affordability basis. • If pre-application is accepted, project is placed on the Project Priority List (PPL). • Once on the PPL, applicants will be invited to submit a full proposal.
Improvements to the Lessalt Water Treatment Plant			
ISRF (I-Bank)	Loan	<ul style="list-style-type: none"> • \$250,000 to \$10 million per project • Interest rate = 67% of Thompson's Municipal Market Index for "A" rated security (7-year historical average rate = 3.13%) • Term = 30 years 	<ul style="list-style-type: none"> • Pre-applications are accepted continuously and can be found at the following website: http://www.ibank.ca.gov/Programs/infrastructure.html
Safe Drinking Water SRF (CDPH)	Loan/Grant	<ul style="list-style-type: none"> • \$100,000 per planning study • \$20 million per project and \$30 million per entity per cap grant • Loan: interest rate is ½ the general obligation rate, paid back over 20 years 	<ul style="list-style-type: none"> • Submit pre-application which are invited annually. The current pre-application period began July 1, 2008 and ends September 2, 2008. The pre-application can be found at: http://www.cdph.ca.gov/certlic/drinkingwater/Pages/DWPFunding.aspx • Pre-applications are reviewed and ranked. Priority is given to projects that address public health risks, projects that need to comply with the safe drinking water act, and projects that assist public water systems most in need on a per household affordability basis. • If pre-application is accepted, project is placed on the Project Priority List (PPL). • Once on the PPL, applicants will be invited to submit a full proposal.

Source	Type	Funding Limits / Terms	Next Steps
Improvements to the Recycled Water Facilities			
Local Water Supply Construction (DWR – Prop 82)		<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Submit pre-application (Parts A and B). The application can be found at: http://www.grantsloans.water.ca.gov/loans/construction.cfm • DWR will determine preliminary eligibility of project and applicant's ability to repay the loan. • The remainder of the application will be requested by the DWR.
Clean Water SRF / Water Recycling SRF (SWRCB)	Loan	<ul style="list-style-type: none"> • \$25 million per agency per year • Interest rate is ½ of the general obligation bond • Repayment over 20 years • Contact local RWQCB to be placed on SRF Project Priority List 	<ul style="list-style-type: none"> • Submit application on FAAST to add project to the Project Priority List (PPL). To be considered for the FY2008/2009 period, applications must be submitted by July 12, 2008. Applications for FY 2009/2010 will open around January 2009. FAAST application can be found at: https://faast.waterboards.ca.gov/ • Once on the PPL, applicants can submit a full application. • Projects are funded based on readiness to proceed.
Water Recycling Construction Program (SWRCB)	Loan/Grant	<ul style="list-style-type: none"> • Grant limited to 25% of construction costs of \$5 million (whichever is less) • Loan: interest rate is ½ of the general obligation bond, with repayment is over 20 years 	<ul style="list-style-type: none"> • Submit application on FAAST to add project to the Project Priority List (PPL). FAAST application can be found at: https://faast.waterboards.ca.gov/ • Projects placed on the CPL are classified by categories based on the information provided by the applicant. • Inclusion on the CPL allows applicants to be considered for financial assistance. Funding is distributed until the funding source is expended. • Submit a complete Financial Assistance Application package. • Projects are funded based on readiness to proceed.

Appendix A

Listing of Funding Agencies

WATER PROJECTS

Program	Department	Type	Purpose	Eligibility Requirements	CEQA/NEPA	Eligible Uses	Ineligible Uses	Funding Limits	Terms/Dates	Contact
Infrastructure State Revolving Fund (ISRF) Program	California Infrastructure and Economic Development Bank (I-Bank)	Loan	Provide financing for construction and/or repair of publicly owned water supply and treatment systems including these components: drainage, supply, flood control, treatment and distribution	Applicant must be a local municipal entity Project must meet tax-exempt financing criteria	CEQA	To acquire land, construct and/or repair water collection and treatment systems, including equipment	Privately owned infrastructure Refinancing existing debt	\$10 million maximum per project Annual jurisdictional funding caps	Interest rate is 67% of Thompson's Municipal Market Index for 'A' rated security Up to 30 year terms Continuous filing	Diane Cummings (916) 324-4805
Proposition 50 (Chapter 3) Drinking Water Security	California Department of Public Health	Grant	Projects designed to prevent damage to water treatment, distribution, and supply facilities, to prevent disruption of drinking water deliveries, and to protect drinking water supplies from intentional contamination	Must be a public water system System must meet technical, managerial, and financial requirements 25% of funds are reserved for disadvantaged communities	CEQA	Monitoring and early warning systems; fencing; protective structures; contamination treatment facilities; projects to prevent damage to water treatment, distribution and supply facilities	Operation and maintenance; standby generators; routine duties of water system	\$10 million maximum grant per project \$50,000 minimum	1 to 1 local resource match to grant award (except small and disadvantaged communities) Pre-applications are invited annually	Mark Bartson (707) 576-2734/(916) 449-5622
Proposition 50 (Chapter 4a1) Small Community Water System Facilities	California Department of Public Health	Grant	Grants to small community water systems to upgrade monitoring, treatment, or distribution infrastructure	Must be a small community water system; (1,000 or fewer service connections or serving a population up to 3,300) System must meet technical, managerial, and financial requirements 25% of funds are reserved for disadvantaged communities	CEQA	Must be a must be in non-compliance with a safe drinking water standard		\$2 million maximum grant per project Minimum varies	1 to 1 local resource match to grant award (except small and disadvantaged communities) Pre-applications are invited annually	Mark Bartson (707) 576-2734/(916) 449-5622

WATER PROJECTS

Program	Department	Type	Purpose	Eligibility Requirements	CEQA/NEPA	Eligible Uses	Ineligible Uses	Funding Limits	Terms/Dates	Contact
Proposition 50 (Chapter 4a2) Contaminant Treatment and Removal	California Department of Public Health	Grant	Grants to finance development and demonstration of new treatment for water contaminant removal and treatment	<p>Must be a public water system</p> <p>System must meet technical, managerial, and financial requirements</p> <p>25% of funds are reserved for disadvantaged communities</p>	CEQA	Provide assistance in meeting safe drinking water standards		<p>\$2 million maximum grant per project</p> <p>Minimum varies</p>	<p>1 to 1 local resource match to grant award (except small and disadvantaged communities)</p> <p>Pre-applications are invited annually</p>	Mark Bartson (707) 576-2734/(916) 449-5622
Proposition 50 (Chapter 4a3) Community Water System Monitoring Facilities	California Department of Public Health	Grant	<p>Grants for community water system water quality monitoring facilities and equipment</p> <p>The water system must be in non-compliance with a safe drinking water standard</p> <p>Provide assistance in meeting safe drinking water standards</p>	<p>Must be a public water system</p> <p>System must meet technical, managerial, and financial requirements</p> <p>25% of funds are reserved for disadvantaged communities</p>	CEQA	Water quality Monitoring facilities and equipment		<p>\$2 million maximum grant per project</p> <p>Minimum varies</p>	<p>1 to 1 local resource match to grant award (except small and disadvantaged communities)</p> <p>Pre-applications are invited annually</p>	Mark Bartson (707) 576-2734/(916) 449-5622
Proposition 50 (Chapter 4b) Southern California Projects to Reduce Demand on Colorado River	California Department of Public Health	Grant	Provide assistance to Southern California water agencies to reduce Colorado River water use to 4.4 million acre feet per year	<p>Public Water Systems in Southern California counties: San Diego, Imperial, Riverside, Orange, Los Angeles, San Bernardino, Santa Barbara, or Ventura</p> <p>System must meet technical, managerial, and financial requirements</p> <p>25% of funds are reserved for disadvantaged communities</p>	CEQA	Eligible projects must assist grantee in meeting drinking water standards and in meeting the state's commitment to reduce Colorado River water use		<p>\$20 million maximum grant per project</p> <p>\$50,000 minimum</p>	<p>1 to 1 local resource match to grant award (except small and disadvantaged communities)</p> <p>Pre-applications are invited annually</p>	Mark Bartson (707) 576-2734/(916) 449-5622

WATER PROJECTS

Program	Department	Type	Purpose	Eligibility Requirements	CEQA/NEPA	Eligible Uses	Ineligible Uses	Funding Limits	Terms/Dates	Contact
Proposition 50 (Chapter 6b) Pilot/demo projects for contaminant removal technology	California Department of Public Health	Grant	Pilot/demo projects to treat/remove petroleum products, perchlorate, radionuclides, pesticide/herbicide, heavy metals	<p>Must be a public water system or a public agency</p> <p>System must meet technical, managerial, and financial requirements</p> <p>The project must address an existing problem in California</p>	CEQA	<p>Grants for contaminant treatment or removal technology pilot and demonstration studies in these categories:</p> <p>a. Petroleum products, such as MTBE and BTEX b. NDMA c. Perchlorate d. Radionuclides e. Pesticides and herbicides f. Heavy metals g. Pharmaceuticals and endocrine disrupter</p>		<p>\$5 million maximum grant</p> <p>Minimum grant \$50,000</p>	<p>1 to 1 local resource match to grant award (except small and disadvantaged communities)</p> <p>Pre-applications are invited annually</p>	<p>Mark Bartson (707) 576-2734/(916) 449-5622</p>
Proposition 50 (Chapter 6c) UV and Ozone disinfection	California Department of Public Health	Grant	UV/ ozone drinking water disinfection facilities	<p>Must be a public water system</p> <p>System must meet technical, managerial, and financial requirements</p>	CEQA	<p>Must address an MCL compliance violation, surface water treatment microbial requirements, or other mandatory disinfection that can only be met by UV/ or ozone</p> <p>The water system must demonstrate that it can operate and maintain the treatment facilities</p> <p>Ozone treatment projects shall be designed and operated to minimize residual disinfection byproduct formation from the ozone treatment</p>		<p>\$5 million maximum grant</p> <p>Minimum grant \$50,000</p>	<p>1 to 1 local resource match to grant award (except small and disadvantaged communities)</p> <p>Pre-applications are invited annually</p>	<p>Mark Bartson (707) 576-2734/(916) 449-5622</p>

WATER PROJECTS

Program	Department	Type	Purpose	Eligibility Requirements	CEQA/NEPA	Eligible Uses	Ineligible Uses	Funding Limits	Terms/Dates	Contact
Proposition 84 Chapter 2 Public Resources Code Section 75022	California Department of Public Health	Grants	Grants for small community drinking water system infrastructure improvements and related actions to meet chemical and nitrate drinking water standards.	Must be a small community water system (less than 10,000 pop) or a public school; priority given to disadvantaged communities; priority given to chemical and nitrate contaminants	CEQA	Please call or check DCPH website for more Information www.cdhp.ca.gov/certlic/drinkingwater/pages/dwppfunding.aspx		\$5 million per project \$500,000 for Feasibility study	Pre-application Invited annually	Jose Alarcon (916) 449-5685
Proposition 84 Chapter 2 Public Resources Code Section 75025	California Department Of Public Health	Grants	Grants for projects to Prevent or reduce Contamination of Groundwater that Serves as a source of Drinking water.	Refer to web site	CEQA	Please call or check DCPH website for more Information www.cdhp.ca.gov/certlic/drinkingwater/pages/dwppfunding.aspx		Refer to website	Grants	Jose Alarcon (916) 449-5685
Safe Drinking Water State Revolving Fund (SDWSRF)	California Department of Public Health	Loan/ Grant	Provide low interest loans/grants to assist public water systems in achieving or maintaining compliance with the Safe Drinking Water Act (SDWA)	Must be a public water system Project must be needed to comply with the SDWA Project must be on program's project priority list System must meet technical, managerial, and financial requirements All applications are for loans Financial review determines if grant funds apply	CEQA Some projects CEQA/ NEPA	Water treatment facilities, replace aging infrastructure, planning studies, consolidation of water systems, source water protection, etc	Dams or rehab of dams, O&M costs, projects mainly for fire protection or future growth, lab fees for monitoring, etc	\$100,000 per planning study \$20 million per project and \$30 million per entity per cap grant Call program for grant limitations	Pre-application Invited annually Loan: Interest rate is ½ the general obligation rate; 2007 program rate is 2.28%, paid back over 20 years Disadvantaged system can obtain a zero interest loan Disadvantaged public and mutual systems may receive partial grant funding	Steve Woods (916) 449-5624

WATER PROJECTS

Program	Department	Type	Purpose	Eligibility Requirements	CEQA/NEPA	Eligible Uses	Ineligible Uses	Funding Limits	Terms/Dates	Contact
Community Development Block Grant (CDBG) Program	State Department of Housing and Community Development	Grants to City and County Jurisdictions	<p>Project must principally benefit low income persons/households.</p> <p>For example: do water system upgrades for residents of communities with over half of its residents being low income or extend water service to a site for a business that creates jobs for low income persons</p>	<p>Cities or counties that are not under HUD's CDBG entitlement program</p> <p>Jurisdictions can pay for improvements to their own system or give the funds to private or public water providers</p>	NEPA/CEQA	<p>Pay for project feasibility study, final plans and specs, site acquisition and construction, and grant administration costs</p> <p>Pay for one time assessment fees for low income families</p> <p>Pay for installation of private laterals and hook up fees for low income families</p>	<p>Maintenance costs</p> <p>Refinancing of existing debt</p>	<p>Each CDBG Allocation sets funding award limits In their annual NOFA (Typically \$500,000)</p> <p>Six Allocations: 1-General,2-Native American, 3-Colonia, 4-Economic Development Enterprise Fund, 5-Economic Development Over The Counter, and 6-Planning and Technical Assistance</p>	<p>Notices of Funding Availability (NOFAs) released each year</p> <p>Jurisdiction sets type of financing and terms (grants vs. loans)</p>	Patrick Talbott (916) 552-9361
Water and Waste Disposal program	USDA Rural Development	Loan/Grant	Provide loans and grants to develop and rehabilitate community water systems	Public bodies, Tribes, Nonprofits ,Cities, Towns and census designated places with populations less than 10,000	NEPA/CEQA	<p>Funds may be used for costs associated with planning,design,and construction of new or existing systems</p> <p>Eligible projects include storage, distribution, source development</p>	<p>Facilities not modest in size, design, and cost</p> <p>For profit systems</p>	None, but average project size is \$3-5 million	<p>Loans: 4% - 5% fixed, 40 years</p> <p>Grant funding available to reduce user costs</p> <p>Continuous filing</p>	Dave Hartwell USDA State Office (530) 792-5817
Water and Waste Disposal Colonias Grant	USDA Rural Development	Grant	Help especially needy communities within 150 miles of the Mexico Border. Pay for all or part of the costs to provide safe drinking water facilities for the residents	Designated "Colonias" within 150 miles of US- Mexico Border	NEPA/CEQA	Residents to be served must face significant health risks due to the fact that a significant proportion of the community's residents do not have access to, or are not served by, adequate, affordable, water disposal systems	<p>Facilities not modest in size, design, and cost</p> <p>For profit systems</p>	Average project cost \$1 million	<p>100% grant, subject to availability</p> <p>Continuous filing</p>	Dave Hartwell USDA State Office (530) 792-5817

WATER PROJECTS

Program	Department	Type	Purpose	Eligibility Requirements	CEQA/NEPA	Eligible Uses	Ineligible Uses	Funding Limits	Terms/Dates	Contact
Water and Waste Disposal	USDA Rural Development	USDA guarantees loans made by banks	Provide additional security for commercial lenders that finance community water, systems	Banks and other commercial lenders are eligible applicants Cities, Towns, Public bodies ,census designated place, with populations less than 10,000	NEPA/CEQA	Funds may be for costs associated with Planning, design, and construction of new or existing systems Eligible projects include water, storage, distribution, and source development	Facilities not modest in size, design, and cost Privately owned infrastructure	None	Negotiated between business and lender Fixed and variable rates allowed Continuous filing	Dave Hartwell USDA State Office (530) 792-5817
Proposition 13 Agricultural Water Conservation	Department of Water Resources	Loan	Voluntary, cost effective projects or programs to improve agricultural water use efficiency, and feasibility studies for such projects	Local public agencies and incorporated mutual water companies	CEQA	Canal or ditch piping or lining projects, tailwater recovery projects, and replacement of leaking distribution system components	Research and development projects, educational programs, projects that do not include capital outlay components	\$5 million per eligible project	Interest rate is ½ the State's rate on the most recent sale of general obligation bonds Repayment up to 20 years Continuous filing	Baryohay Davidoff (916) 651-9666
Proposition 50 (Chapter 7g) Water Use Efficiency Program	CALFED/ Department of Water Resources	Grant	Projects to improve urban and agricultural water use efficiency	Local Agencies, Non Profits and tribes, State educational institutions, cities, counties, and subdivision entities of the State	CEQA	Agricultural and urban water use efficiency implementation projects or studies that carry out the California Bay Delta Program's Water Use Efficiency Program	Wellhead rehabilitation, new storage tanks providing expanded capacity, water supply development, water treatment, wastewater treatment, flood control, conjunctive use, recycled water, or groundwater banking projects	Up to \$3 million per implementation project Implementation projects - non-State cost share required; disadvantaged communities may qualify for a cost share reduction or waiver	Third grant cycle is anticipated to start in Jan. 2008. Due dates for Concept and full proposals TBD. Check website for updated status.	Baryohay Davidoff (916) 651-9666
Proposition 82 New Local Water Supply	Department of Water Resources	Loan	Water Supply Development Projects and Feasibility Studies	Local Public Agencies	CEQA	Construction of dams or reservoirs, water storage tanks, well field development projects, recycled water distribution facilities	Power generation facilities, or recreational facilities	\$5 million per eligible project \$500,000 per eligible feasibility study	Interest rate is the State's rate on General Obligation Bonds sold for the program Currently 4.549% Repayment up to 20 years Continuous filing	David Rolph (916) 651-9635

WATER PROJECTS

Program	Department	Type	Purpose	Eligibility Requirements	CEQA/NEPA	Eligible Uses	Ineligible Uses	Funding Limits	Terms/Dates	Contact
Proposition 204 Drainage Reuse	Department of Water Resources	Grant	Drainage Reuse Studies	Public Agencies	CEQA, where applicable	Research and technical study projects to develop methods to reuse subsurface agricultural drainage water		\$200,000 per project	Submit proposals by June 30, 2008 Maximum project duration – 2 years Cost-shared proposals highly desirable	Jose Faria (559) 230-3339
Local Groundwater Assistance	Department of Water Resources	Grant	Assistance for local public agencies to conduct groundwater studies or carry out groundwater monitoring or management activities	Local public agencies	CEQA	Uses include collection and evaluation of data related to groundwater management, implementation of groundwater monitoring programs, development of groundwater basin management objectives	Surface water projects without a clear nexus to groundwater management, projects which solely benefit private landowners or water users	\$250,000 per eligible project or study.	Awards for this grant cycle are expected to be made in June 2008. FY 2008-09 grant cycle is pending an available funding source.	Harley Davis (916) 651-9229
Proposition 84 Delta Water Quality Improvements	Department of Water Resources	Grant	Water quality improvement projects	Local, state, and federal agencies, entities and interests	CEQA	Projects which result in improvements to water quality in the Delta and San Joaquin and Sacramento River Basins that protect drinking water supplies.	Projects that do not show direct protection of drinking water supplies.	\$5 million to \$30 million, depending on geographic location and project type	Multiple funding cycles; first financing cycle scheduled to begin in FY 2008/9. Check website for updated status.	Bob Pedlar (916) 653-5085
Proposition 84 Local Levee Urgent Repair (Local Levee Grant Program)	Department of Water Resources	Grant	Repair and improve critically damaged local levees.	Local Public Agency	CEQA	Repair and improvement of critically damaged local levees. (Local levees are levees throughout the State that are not part of the State Plan of Flood Control for the Central Valley and are not located within the Sacramento-San Joaquin Delta.)	Repair or improvement of levees that are part of the State Plan of Flood Control for the Central Valley or are located within the Sacramento-San Joaquin Delta.	\$5 million per applicant	Solicitation for project proposals to be announced upon release of final program guidelines. Check website (www.water.ca.gov/floodSAFE) for updates.	Chris McCreedy (916) 657-5400

WATER PROJECTS

Program	Department	Type	Purpose	Eligibility Requirements	CEQA/NEPA	Eligible Uses	Ineligible Uses	Funding Limits	Terms/Dates	Contact
Proposition 84 Local Levee Evaluations (Local Levee Grant Program)	Department of Water Resources	Grant	Evaluate stability, seepage, and underseepage of local levees.	Local Public Agency	CEQA/NEPA	Evaluation of levee stability, seepage, or underseepage for local levees. (Local levees are levees throughout the State that are not part of the State Plan of Flood Control for the Central Valley and are not located within the Sacramento-San Joaquin Delta.)	Evaluation of levees that are part of the State Plan of Flood Control for the Central Valley or are located within the Sacramento-San Joaquin Delta.	\$1 million per applicant	Solicitation for project proposals to be announced upon release of final program guidelines. Check website (www.water.ca.gov/floodSAFE) for updates.	Chris McCready (916) 657-5400
Proposition 84 Feasibility Studies	Department of Water Resources	Grant	Feasibility studies of flood risk reduction projects.	Local Public Agency	CEQA/NEPA	Feasibility-level investigations of proposed flood risk reduction projects.	Construction or design of flood risk reduction projects; feasibility-level investigation of projects without flood risk reduction benefits.	To be determined under program guidelines.	Guidelines to be developed in Spring 2008; next funding cycle expected in FY 2008-09. Check website (www.water.ca.gov/floodSAFE) for updates.	Chris McCready (916) 657-5400
Proposition 84 Flood Protection Corridor Program	Department of Water Resources	Grant	Flood risk reduction through primarily non-structural projects that include wildlife habitat enhancement and/or agricultural land preservation.	Local Public Agency or Nonprofit Organization	CEQA	Funding acquisition of property rights from willing sellers and related activities for flood protection corridor projects.	Flood protection projects that do not include wildlife habitat enhancement or agricultural land preservation benefits.	\$5 million per eligible project	Next funding cycle expected in FY 2008-09. Check website (www.water.ca.gov/floodSAFE) for updates.	Chris McCready (916) 657-5400
Proposition 84 Delta Levee Subventions (Delta Levees Program)	Department of Water Resources	Grant (Claims Reimb.)	Maintenance of the California Delta Levee System.	Local Levee Maintaining Agencies and Reclamation Districts	CEQA (California law and regulation)	Delta Levee System maintenance projects that meet goals of CALFED Record of Decision (August 2000).	Projects that do not meet requirements for environmental mitigation (AB 360).	Up to 75% State reimbursement for eligible costs, pursuant to executed funding agreement.	Claim submittals accepted on annual basis, pursuant to executed funding agreement. Claims paid based on available state funding.	Chris McCready (916) 657-5400

WATER PROJECTS

Program	Department	Type	Purpose	Eligibility Requirements	CEQA/NEPA	Eligible Uses	Ineligible Uses	Funding Limits	Terms/Dates	Contact
Proposition 84 Special Flood Control Projects (Delta Levees Program)	Department of Water Resources	Grant (Claims Reimb.)	Improvement and enhancement of California Delta Levee System and habitat restoration in the Delta.	Local Levee Maintaining Agencies and Reclamation Districts	CEQA (California law and regulation)	Flood protection improvement projects and habitat restoration in the Delta.	Projects that do not meet requirements for environmental mitigation (AB 360).	Up to 100% State reimbursement for eligible costs, pursuant to executed funding agreement.	Claim submittals accepted on multi-year basis, pursuant to executed funding agreement. Claims paid based on available state funding.	Chris McCready (916) 657-5400
Proposition 84 Flood Control Subventions Program	Department of Water Resources	Grant (Claims Reimb.)	Implementation of federally-authorized flood control projects (minor or major), and Watershed Protection Flood Prevention Projects.	Local Public Agency	CEQA/NEPA	Major Flood Control Projects – authorized by Congress; Small Flood Control Projects – authorized by PL 80-858 and U.S. Army Chief of Engineers; Watershed Protection Projects – Natural Resources Conservation Service (NRCS) watershed protection projects authorized by the Administrator of the NRCS.	Flood control projects without federal authorization.	Variable state cost-share percentage based on multi-purpose objectives for projects, ranging from a minimum of 50% to a maximum of 70%.	Claim submittals accepted on continuous basis. Claims paid based on available state funding.	Chris McCready (916) 657-5400
Proposition 84 (Chapter 2, §75026) Integrated Regional Water Management	Department of Water Resources	Grant	For projects that assist local public agencies to meet long term water needs of the state including the delivery of safe drinking water and protection of water quality and the environment. Grant funds for development and revisions to IRWM Plans and implementation projects of IRWM Plans.	A local public agency representing an IRWM effort must be the applicant/grantee. Other IRWM partners may access funds through their own agreements with the applicant/grantee.	CEQA	Development or revision of IRWM plans. Projects that implement IRWM Plans	Operation and Maintenance activities	TBD. Prop 84 allots grant funding to 11 funding areas. In addition there are funds for inter-regional efforts. Bond funding allocation for entire program is \$1billion. Guidelines will contain information on how potential funding of multiple IRWM efforts within a funding area will occur.	Multiple funding cycles. No funds appropriated in FY 2007/2008. Working on Guidelines. Possible funding in FY2008/2009 25% minimum cost share. Check website (www.grantsloans.water.ca.gov/grants/irwm/integregio.cfm) for updated status.	Joe Yun (916) 653-9222

WATER PROJECTS

Program	Department	Type	Purpose	Eligibility Requirements	CEQA/NEPA	Eligible Uses	Ineligible Uses	Funding Limits	Terms/Dates	Contact
Proposition 84 Urban Streams Restoration Program	Department of Water Resources	Grant	Reduce damages from stream bank and watershed instability and floods while restoring the environmental and aesthetic values of streams; Encourage stewardship and maintenance of streams by communities	Local Public Agency, Non-Profit/Citizens' Groups	CEQA (California law and regulation)	Examples include creek cleanups, eradication of exotic or invasive plants; channel reconfiguration to improve stream geomorphology and aquatic habitat functions; acquisition of parcels critical for flood management; coordination of community involvement in projects		To be determined under program guidelines.	Next funding cycle expected in FY 2009-10. Check website (www.water.ca.gov/floodSAFE) for updates.	Chris McCready (916) 657-5400
Proposition 1E Floodway Corridor Program	Department of Water Resources	Grant	Flood risk reduction through primarily non-structural projects; focus will likely be on protecting urban areas.	Local Public Agency or Nonprofit Organization	CEQA	Funding acquisition of property rights from willing sellers and related activities for floodway corridor projects, particularly those that will reduce flood risk for urban areas.	Flood protection projects that do not include wildlife habitat enhancement or agricultural land preservation benefits.	To be determined under program guidelines.	Next funding cycle expected in FY 2008-09. Check website (www.water.ca.gov/floodSAFE) for updates.	Chris McCready (916) 657-5400
Proposition 1E/ Proposition 84 Early Implementation Projects (State-federal Flood Control System Modification Program)	Department of Water Resources	Grant	Rehabilitate, reconstruct, or replace levees, weirs, bypasses, and facilities of the State Plan of Flood Control; improve or add to facilities of the State Plan of Flood Control to increase flood protection levels for urban areas.	Local Public Entity (with legal authority and jurisdiction to implement flood control programs or projects that rehabilitate, reconstruct, replace, improve, or add to the facilities of the State Plan of Flood Control for the Central Valley)	CEQA/NEPA	Rehabilitation, reconstruction, or replacement of levees, weirs, bypasses, and facilities of the State Plan of Flood Control; improvement or addition of facilities to the State Plan of Flood Control to increase flood protection levels for urban areas.	Flood control projects involving facilities outside the State Plan of Flood Control.	To be determined under program guidelines.	Next funding cycle expected in FY 2008-09. Check website (www.water.ca.gov/floodSAFE) for updates.	Chris McCready (916) 657-5400

WATER PROJECTS

Program	Department	Type	Purpose	Eligibility Requirements	CEQA/NEPA	Eligible Uses	Ineligible Uses	Funding Limits	Terms/Dates	Contact
Proposition 1E (Article 4, §5096.827) Stormwater Flood Management Program	Department of Water Resources	Grant	Stormwater management projects that reduce flood damage.	Stormwater management project that reduces flood damage. Project must occur outside the State Plan of Flood Control. Project must be part of an existing IRWM Plan and be consistent with applicable Water Quality Basin Plan.	CEQA	Projects designed to manage stormwater runoff to reduce flood damage.		\$300M total funding. \$30 M max grant.	Multiple funding cycles. No funds appropriated in FY 2007/2008. Working on Guidelines. Possible funding in FY2008/2009 50% cost share (no ability to waive or reduce)	Joe Yun (916) 653-9222

WASTEWATER PROJECTS

Program	Department	Type	Purpose	Eligibility Requirements	CEQA/NEPA	Eligible Uses	Ineligible Uses	Funding Limits	Terms/Dates	Contact
Infrastructure State Revolving Fund (ISRF)	California Infrastructure and Economic Development Bank (I-Bank)	Loan	Provide financing for construction and/or repair of publicly owned wastewater collection and treatment systems for sewage	Applicant must be a local municipal entity Project must meet tax-exempt financing criteria	CEQA	To acquire land, construct and/or repair collection system and treatment facilities, including equipment	Privately owned infrastructure Refinancing existing debt	\$10 million maximum per project Annual jurisdictional funding caps	Interest rate is 67% of Thompson's Municipal Market Index for 'A' rated security Up to 30 year terms Continuous filing	Diane Cummings (916) 324-4805
Community Development Block Grant (CDBG) Program	State Department of Housing and Community Development	Grants to City and County Jurisdictions	Project must "principally" benefit low income persons/households For example: Make up grades to a sewage collection and treatment system for residents of a community with over half of its residents being low income	Cities or counties that are not under HUD's CDBG entitlement program Jurisdictions can pay for their own system or give the funds to private or public systems	NEPA/CEQA	Pay for project feasibility study, final plans and specs, site acquisition and construction, and grant administration costs Pay for one time assessment fees for low income families Pay for installation of private laterals and hook up fees for low income families	Maintenance costs Refinancing existing debt	Each CDBG Allocation sets Funding award limits In their annual NOFA (Typically \$500,000) Six Allocations: 1-General, 2-Native American, 3-Colonia, 4-Economic Development Enterprise Fund, 5-Economic Development Over The Counter, and 6-Planning and Technical Assistance	Notices of Funding Availability (NOFAs) released each year Jurisdiction sets type of financing and terms (grants vs. loans)	Patrick Talbott (916) 552-9361
Water and Waste Disposal	USDA Rural Development	Loan/Grant	Provide financing for , wastewater, solid waste and storm drainage systems both new and existing projects	Public bodies, tribes, nonprofits, Cities and Towns and census designated places with populations less than 10,000	NEPA/CEQA	Funds may be used for costs associated with planning, design, and construction of new or existing systems Eligible projects include treatment, collection, storm drainage	Facilities not modest in size, design, and cost For profit systems	None, but average project size \$3-5 million	Loans: 4% - 5% fixed 40 years Grant funding available to reduce user costs Continuous filing	Dave Hartwell USDA State Office (530) 792-5817
Water and Waste Disposal Colonias Grant	USDA Rural Development	Grant	Provide funding to help especially needy communities near the US-Mexico Border pay for all or part of the costs to provide waste disposal and storm drain facilities	Eligible applicants are designated "Colonias" within 150 miles of US- Mexico Border Cities, Towns, Public bodies, census designated place ,with populations less than 10,000	NEPA/CEQA	Residents to be served must face significant health risks due to the fact that a significant proportion of the community's residents do not have access to, or are not served by, adequate, waste disposal	Facilities not modest in size, design, and cost For profit systems	Average project cost \$1 million	100% grant, subject to availability Continuous filing	Dave Hartwell USDA State Office (530) 792-5817

WASTEWATER PROJECTS

Program	Department	Type	Purpose	Eligibility Requirements	CEQA/NEPA	Eligible Uses	Ineligible Uses	Funding Limits	Terms/Dates	Contact
Water and Waste Disposal	USDA Rural Development	USDA guarantees loans made by banks	Provide additional security for commercial lenders that finance wastewater, storm drainage, and solid waste systems	Banks and other commercial lenders are eligible applicants Cities, Towns, Public bodies, census designated place, with populations less than 10,000	NEPA/CEQA	Funds may be for costs associated with planning, design, and construction of new or existing systems Eligible projects include treatment, collection, and storm drainage	Facilities not modest in size, design, and cost For profit systems	None	Negotiated between business and lender Fixed and variable rates allowed Continuous filing	Dave Hartwell USDA State Office (530) 792-5817
Small Community Wastewater Grant	State Water Resources Control Board	Grant	Provide funding to needy communities for wastewater treatment projects	Hardship criteria required by SWRCB Small communities: populations < 20,000 and MHI < \$37,995	CEQA	Treatment facilities, systems, mitigation measures, special and integral equipment, land and change orders	O&M, decorative items, construction or improvements on private property	Project cap \$2 million per project	Must be on Competitive Project List (CPL)	Dave Kirm (916) 341-5720
State Revolving Fund	State Water Resources Control Board	Loan	Provide low interest loans for wastewater treatment facilities	Municipality	CEQA+	Treatment facilities, systems, mitigation measures, special and integral equipment	Land, O&M, change orders, decorative items, construction or improvements on private property	\$25 million per municipality per year	Interest is ½ of the latest general obligation bond Repayment term of 20 years	Sudhakar Talanki (916) 341-5434
Water Recycling Facilities Planning Grant Program	State Water Resources Control Board	Grant	Provide grant funding for a facilities planning and/or feasibility study	Municipality	None	Study must be for the use of treated municipal wastewater to offset freshwater supply	Pollution control studies	50% of eligible costs up to \$75,000	Continuous until funding is gone	Claudia Villacorta (916) 341-5735
Water Recycling Construction Program	State Water Resources Control Board	Loan/Grant	Provide funding for water recycling projects	Municipal wastewater recycling and reclamation of groundwater unusable due to human activities Private and Public Agencies may apply for grants	CEQA	Water recycling treatment, storage, and distribution Emergency backup water supplies	Planning costs, land, easements, O&M	Grant: 25% of eligible construction costs; \$5 million cap Loan: Determined by funding source	Grant: N/A Loan: Interest rate is ½ of the general obligation bond Repayment term of 20 years	Claudia Villacorta (916) 341-5735
Water Recycling State Revolving Fund	State Water Resources Control Board	Loan	Provide funding for water recycling projects	Municipal wastewater reclamation only	CEQA+	Water recycling treatment, storage, and distribution; emergency backup water supplies	Land, O&M, change orders, decorative items	\$25 million per agency per year	Interest rate is ½ of the general obligation bond Repayment term of 20 years	Claudia Villacorta (916) 341-5735