

San Geronio Pass
Water Agency

Funding Needs Assessment

October 2022

SAN GORGONIO PASS
WATER AGENCY



Project Funding Opportunities for San Geronio Pass Water Agency, CA

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Overview

Project Prioritization Process

San Gorgonio Pass Water Agency (SGPWA) is seeking to strategically pursue competitive federal and state grants in support of its priority water projects. Effectively competing for discretionary grants requires strategically targeting between 3-5 projects to focus on developing and preparing competitive grant applications in a 12–18-month window.

In developing this Funding Needs Assessment TFG met with SGPWA staff to assess and prioritize projects and topic areas. TFG conducted targeted research into existing federal grant programs as well as reviewed new funding opportunities established through the *Infrastructure Investment and Jobs Act* ([P.L. 117-58](#)), referred to as IIJA, which was signed into law by President Biden on November 15, 2021. TFG has identified 11 existing programs across the federal and state grant landscape that could potentially help the Water Agency address funding needs for their priority projects and topic areas.

Priority Projects

Calimesa Recharge Project: The Calimesa Recharge Project focuses on utilizing existing water pipes and infrastructure to take State Water Project water to a recharge facility to improve the amount of drinking water available in SGPWA’s service territory. The project will be ready for construction in Spring 2023 but will not be built until additional internal or outside funding is acquired. Funding for this project can be found within the Environmental Protection Agency (EPA) programs that provide low-interest financing and Department of Interior (DOI) programs that award grants. The state of California also has several programs that may assist this project.

Brookside Recharge Project: The Brookside Recharge Project aims to expand existing ponds to increase the amount of drinking water available in the area. SGPWA completed water recharge ponds in 2018 but have found in recent years that they need additional water. SGPWA will expand the current facility onto adjacent property to increase water supply. Funding for this project can be found within EPA programs that provide low-interest financing and DOI programs that award grants. The state of California also has several programs that may assist this project.

Danny Thomas Ranch: SGPWA is seeking funding to build a park in the service territory. The park will be State Water Project adjacent and will include a recharge feature that will provide additional drinking water in addition to being a recreational facility. Funding for parks and recreational projects are largely funded through the EPA.

San Gorgonio Pass Backbone Pipeline Project: The San Gorgonio Pass Backbone Pipeline Project is designed to move water to the City of Banning and then to the Morongo Band of Mission Indians. There is a large amount of development being considered for the area and by constructing a pipeline SGPWA will be able to better fit the future water needs of the area. A majority of the federal funding that supports this project comes from the Environmental Protection Agency (EPA) through low-interest financing and the Department of Interior (DOI) through grants.

Beaumont Cherry Valley Region: The City of Beaumont and Cherry Valley Water currently have a wastewater treatment plant. The goal of this project is to upgrade the facility to be able to recycle water so the areas has a

larger supply of water in the winter where groundwater recharge yields less water. Recycled water projects are generally funded through the Department of Homeland Security and Department of Interior programs.

Turf Replacement Program: SGPWA is looking to create a turf replacement program that encourages residents to convert water intensive lawns and structures into more drought resilience infrastructure. Funding is available for this project through the DOI.

Infrastructure Investment and Jobs Act

TFG included a section in this needs assessment that covers 5 new programs created through the IIJA spanning the Department of Interior (DOI) and Environmental Protection Agency (EPA) Guidance for most of these programs is still being developed by the designated funding agencies and is not yet available. Where possible, TFG has included requirements and anticipated release dates.

Funding Opportunity Roadmap

Program Summary Information

TFG has provided a summary for each of the 11 programs included in this report. Each summary includes a brief synopsis of the program, eligibility requirements, funding amounts, award ranges, match commitment requirements, and most recent solicitation dates, or periods of time for which the program is open and accepting applications.

Summary program information is based on the most recent solicitation available. Generally, grant programs change little from year-to-year, making previous solicitations reliable and accurate in predicting future solicitations. TFG has noted where any large-scale changes to programs are anticipated. Previous solicitation dates indicate when the program was last run and act as a good indicator of when a program might be re-run as the majority are released on an annual basis. TFG has vetted that all existing programs included in this report are anticipated to be re-run in 2022 or 2023. Programs not anticipated to be re-run were not included in this Funding Strategy.

Considerations and Next Steps

When evaluating if a grant program is the correct fit for a project, SGPWA should consider:

- **Project eligibility** – Ensure project activities are eligible and competitive through the program.
- **Timeline** – Ensure that your timeline for project completion aligns with the program’s timeline for award. Look at project start and end dates to confirm you can complete your project in the timeline given.
- **Award range** – Ensure your need for funding corresponds to the award range of the program. Programs that give too much or too little funding in relation to project costs may not suit SGPWA’s needs, even if the project is eligible through the program.
- **Match commitment** – Review program match commitment requirements and ensure that you can provide the additional funding to the project at the time of application submission. At a minimum, funds must be unencumbered and fully available at the time of the planned execution of a grant agreement and prior to project initiation. In general, applicants cannot use funds that have already been expended (even if part of the overall total project costs) for match commitment. Exceptions may apply for specific grant programs.

- Partners / Stakeholders - Broad support is often key to a competitive grant application. Consider the need for project partners (funded or unfunded) as well as additional stakeholders who might provide letters of support for your project.
- Past awards – When considering applying to a program, secure information on projects the program has funded in the past and approved award amounts. Even if projects are eligible through the program, this does not guarantee success. The funding agency may not currently be prioritizing an eligible use of funds given constraints on funding or agency/administration priorities. Similarly, even if a program allows for a high maximum award, it is important to review past funding levels to gauge traditional grant award amounts. TFG, which has a robust, proprietary database of grant applications and other post award information, can assist SGPWA in assessing past awards and evaluating a grant program’s applicability to a specific priority project.

Additional considerations may include public participation requirements such as public meetings or website announcements or planning documents showing the long-term prioritization for your specific project.

Many of the projects identified by SGPWA require construction in some capacity. Grants involving construction elements often have additional upfront requirements. Generally, “shovel ready” projects are most competitive. When evaluating whether to apply for construction funding, SGPWA should consider:

- Environmental – Ensure preliminary environmental work done, such as a Phase 1 Site Assessment. Every federal grant will require you to submit a National Environmental Policy Act (NEPA) report prior to construction. Many programs will allow applicants to finance and complete the NEPA report as part of pre-construction grant activities.
- Preliminary Engineering/Architecture – Ensure the project has complete preliminary engineering (PE) and/or preliminary architectural reports (PAR). Projects with no PE or PAR will generally be considered less competitive by reviewers and may create complications for required project timelines. If these reports are underway, explain how far along the reports are (i.e. 60% complete) and when completion is expected.
- Land Acquisition – Ensure applicant owns the land on which the project is being constructed or have an easement or right away for the land. Generally, programs favor applicants who own the land the project will take place on and can present a deed with their application. However, some programs will fund land acquisition costs as part of the project. SGPWA should be prepared to submit a deed or at minimum a lease or purchase agreement for the land as part of a grant application involving construction activities or a clear explanation, timeline, and budget for acquisition.
- Construction Timeline and Procurement – If construction for a project is currently planned, ensure that SGPWA’s timeline aligns with the grant program project and obligation periods. Generally, you cannot procure vendors before the grant project period begins. Contractors should follow all federal procurement requirements of the grant program including the [Davis Bacon Act](#).

Additional considerations may include feasibility studies and/or additional planning documents showing need for the project.

To best match a specific project with a program, TFG recommends consultation with funding agency staff before the solicitation period opens. Funding agency staff are generally more willing to speak with prospective applicants

and give tips and advice when the solicitation is not open. TFG can work with SGPWA to set up consultations with appropriate funding agencies, as needed.

Biden Administration Priorities

Since taking office in January 2021, President Biden has set a clear agenda of [immediate priorities](#) for his administration. Many of these priorities are reflected in federal grant opportunities and are outlined below:

Racial Equity and Disadvantaged and Underserved Communities

[Executive Order 13985](#): *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government* instructs federal agencies to pursue a comprehensive approach to advancing equity for all, including people of color and others who have been historically underserved, marginalized, and adversely affected by persistent poverty and inequity. To respond to this priority, federal grantors have been prioritizing projects that create equity and promote inclusion of underserved populations throughout the planning and implementation of projects. Key terms under this initiative include:

- **“Equity”** means the consistent and systematic fair, just, and impartial treatment of all individuals, including individuals who belong to underserved communities that have been denied such treatment, such as Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality.
- **“Underserved communities”** refers to populations sharing a particular characteristic, as well as geographic communities, that have been systematically denied a full opportunity to participate in aspects of economic, social, and civic life, as exemplified by the list in the preceding definition of “equity.”

In preparation to respond to federal grantor requirements surrounding equity for all, SGPWA should be able to clearly: 1) describe its existing service area and identify underserved communities; 2) describe how SGPWA included underserved communities in planning and developing the proposed project; and 3) describe how SGPWA will include underserved communities in the implementation of the proposed project. SGPWA may wish to explore the [Climate and Economic Justice Screening Tool](#) to begin identifying disadvantaged communities served. While the Biden Administration defines underserved communities broadly, some grant programs may have narrower definitions of an underserved community and varying population requirements.

Some grant programs may also require SGPWA to submit standalone Equity Plans, with specific job training requirements and outreach and engagement activities. Generally, standalone Equity Plans are reserved for larger more complex grants and require applicants to discuss: 1) the existing underserved community; 2) how the specific project will address Diversity, Equity and Inclusion (DEI) elements; and 3) the quantifiable impacts the project will make on the underserved community. Each grant program will have different DEI requirements. SGPWA should look to program guidance and funding agency staff when determining what level of DEI is required for a program. TFG can assist in this process at the appropriate time.

Combatting Climate Crisis and Environmental Justice

[Executive Order 14008](#): *“Tackling the Climate Crisis at Home and Abroad”* focuses on increasing resilience to climate change and supporting climate resilient development, especially among disadvantaged and underserved

communities. Federal grantors have begun to include climate considerations into the evaluation criteria, prompting applicants to discuss what their organization or project has done during the planning process to address climate concerns, as well as how the project will help address climate related impacts. For example, projects or applicants may wish to highlight their efforts and plans to reduce greenhouse gas, promote energy efficiency, support fiscally responsible land use, increase use of lower-carbon travel modes, incorporate electrification or zero emission infrastructure, increase climate resilience, support domestic manufacturing, incorporate lower-carbon pavement and construction materials, reduce pollution, and recycle or redevelop brownfield sites.

It is important to note that TFG has observed that climate change and environmental justice considerations are being written into almost every grant program in a variety of ways. To prepare to address these considerations in grant applications, SGPWA should ensure climate considerations are incorporated into project development and be able to articulate the organizations or projects impacts on reducing environmental loads contributing to climate change.

Economic Competitiveness and Opportunity

[Executive Order 14052](#), *Implementation of the Infrastructure Investments and Jobs Act*, is another federal priority to invest efficiently and equitably, promote the competitiveness of the U.S. economy, improve job opportunities by focusing on high labor standards, strengthen infrastructure resilience to all hazards including climate change, and to effectively coordinate with State, local, Tribal, and territorial government partners. To address this initiative, many federal grantors have begun incorporating evaluation criteria that assess a projects ability to support the creation of good-paying jobs with the free and fair choice to join a union and the incorporation of strong labor standards and training and placement programs, especially registered apprenticeships and Local Hire agreements, in project planning stages. SGPWA may wish to review internal policies regarding procurement and contracting, or form partnerships with other entities to develop employment training opportunities.

Considerations

Project Support and Advocacy

Federal grants are highly competitive and broad support for a project application can often make the difference between a winning application and a highly ranked application that does not make the final list of awardees. TFG recommends SGPWA include support letters from strategic partners and the community with every application. Letters of support should clearly articulate why the organization supports the project, any involvement in the planning or implementation of the project, and whether they are financially contributing to the project.

Additionally, TFG recommends SGPWA secure letters of support from its' congressional delegation for each federal grant application submitted. While a congressional letter of support is a good first step in elevating a project for reviewers, some grant programs have become highly political over their existence and even the most compelling and highly ranked projects often require additional advocacy to secure funding. Within this report, TFG has indicated the grant programs that require a federal advocacy effort, beyond simply securing a letter of support.

Potential Funding Opportunities

This Funding Needs Assessment is intended to be a starting point for the SGPWA. The grant and loan programs included are meant to show SGPWA the realm of grant possibilities across different agencies and topic areas. Where possible, TFG has made recommendations as to programs SGPWA may wish to target for select projects; however, it is important to keep in mind that not all projects fit neatly into grant programs. Often, applicants must adjust their projects to fit within the confines of the grant. This approach enables SGPWA to expand its consideration of grants and compete for opportunities that were previously not considered.

TFG will continue to work with SGPWA staff to further refine and vet projects to strategically target grant programs to pursue over the coming year. While the priority projects highlighted in this report remain SGPWA’s focus, new projects or needs may arise throughout the year, and TFG remains available to conduct targeted funding research and assist with positioning the project ahead of a grant solicitation.

Summary Table of Identified Grants

Below is a table of all current grant programs that can be found in this report and their corresponding priority project priorities. Programs are listed alphabetically by funding agency with federal agencies followed by California agencies.

Funding Agency	Grant Name	Relevant Project
DOI	Small Surface Water and Groundwater Storage Projects	Calimesa Recharge Project, Danny Thomas Ranch
DOI	WaterSMART Drought Response Program Drought Resiliency Project Grants	Calimesa Recharge Project, Brookside Recharge Project, Danny Thomas Ranch, San Geronio Pass Backbone Pipeline Project
DOI	WaterSMART Title XVI WIIN Water Reclamation and Reuse Projects	Beaumont Cherry Valley Region
DOI	WaterSMART Small-Scale Water Efficiency Projects	Brookside Recharge Project, Turf Replacement Program
DOI	WaterSMART Water and Energy Efficiency Grants	Turf Replacement Program
EPA	Water Infrastructure Finance and Innovation Act	Brookside Recharge Project, Danny Thomas Ranch, San Geronio Pass Backbone Pipeline Project
CA DWR	Urban Community Drought Relief Funding	Calimesa Recharge Project, Brookside Recharge Project, Turf Replacement Program
CA EPA	Clean Water State Revolving Fund	Beaumont Cherry Valley Region
CA EPA	Water Recycling Funding Program	Beaumont Cherry Valley Region
CA IEDB	Infrastructure State Revolving Fund	Calimesa Recharge Project, Brookside Recharge Project, Danny Thomas Ranch

Potential IIJA Opportunities

The IIJA also authorized several programs that may assist SGWPA projects. These programs include the Environmental Protection Agency's **Clean Water Infrastructure Resiliency and Sustainability Program** and **Advanced Drinking Water Technology Grant Program**, as well as the Department of Interior's (DOI) **Midsized and Large Drinking Water System Infrastructure Resilience and Sustainability Program**. While these programs were created through IIJA, they have yet to receive appropriations to be stood up. As there is no timeline for these programs to receive funding, TFG omitted these programs from this report.

Calimesa Recharge Project

SGWPA is currently in the process of designing a water recharge project that will take State Water Project water to a recharge facility utilizing existing piping and infrastructure to recharge the surrounding groundwater basin. While the basin is currently stable, there is minimal groundwater recharge, and this project is critical to the overall health of the groundwater basin.

TFG recommends that SGWPA examine the Department of Interior's (DOI) **Small Surface Water and Groundwater Storage Projects**. This is a new program created through the Infrastructure Investment and Jobs Act and is designed to enhance groundwater management abilities and provide water quality improvements. The program is restricted to projects that have a water storage capacity between 2,000 acre-feet and 30,000 acre-feet making it an ideal opportunity for the Calimesa Recharge Project as it is estimated to recharge around 3,000 acre-feet per year.

Another DOI opportunity SGWPA may wish to explore is the **WaterSMART: Drought Response Program: Drought Resiliency Projects program**. This program supports projects that build long-term resilience to drought and create flexibility in times of low water supply. This program provides awards of up to \$5 million with a cost share requirement of 50 percent. As the estimated cost for this project is between \$5 and \$10 million, SGWPA may be able to maximize the full funding amount of the grant towards the Calimesa Recharge Project.

Two potential California funding opportunities include the **Urban Community Drought Relief Grant Program** and the **Infrastructure State Revolving Fund Program**. The Urban Community Drought Relief Grant program provides funding for drought relief projects that provide water to communities that face the loss or contamination of their water supplies, address immediate impacts on human health and safety, or secure the future of California's water supply. Under the program, priority will be given to projects that contribute to an urban water supplier's resiliency by reducing local climate change vulnerabilities and making a quantified contribution to the measurable goals of California's Water Supply Strategy or address severe water shortages as demonstrated by activation of Water Shortage Contingency Plan to Stage 4 or higher. Due to the anticipated competitiveness of the program SGWPA should ensure the project meets some priority criteria prior to applying.

Lastly, the Infrastructure State Revolving Fund is a low-interest program designed to provide accessible low-cost financing to eligible borrowers for a wide range of infrastructure and economic expansion projects including water supply, water treatment, and distribution. While the program funded several water supply projects in the past (including a water well replacement and water storage reservoir and water distribution project) program staff informed TFG that to determine the competitiveness of this project the funding agency would need to do a preliminary review of the project in detail.

Funding Agency	Grant Name
DOI	Small Surface Water and Groundwater Storage Projects
DOI	WaterSMART Drought Response Program: Drought Resiliency Projects
CA DWR	Urban Community Drought Relief Grant Program
CA IEDB	Infrastructure State Revolving Fund Program

DOI - Small Surface Water and Groundwater Storage Projects

The purpose of this [program](#) is to enhance water storage opportunities for future generations. Award funding will support stakeholder efforts in the western United States to stretch scarce water supplies and avoid conflicts over water. Projects must include planning, design, and construction of small surface water and groundwater storage facilities. Projects are expected to enhance and make more reliable municipal and irrigation water supplies, provide opportunities to enhance groundwater management abilities, and provide water quality improvements and ecosystem benefits. Projects will provide western communities with new sources of water and increase water management flexibility, making water supplies more reliable and increasing resilience to climate change. Eligible projects must have a completed feasibility study that has been submitted to the funding agency for review by October 31, 2022. Projects must have a water storage capacity of no less than 2,000 acre-feet and no more than 30,000 acre-feet.

ELIGIBILITY: Sponsors of projects in the western United States. California is included in this area.

FUNDING: In FY 2023, an estimated \$20 million is available to support one to four grants or cooperative agreements of up to \$20 million through this program.

MOST RECENT SOLICITATION: September 14, 2022 – December 9, 2022

DOI - WaterSMART: Drought Response Program: Drought Resiliency Projects

The purpose of this [program](#) is to support projects that build long-term resilience to drought and reduce the need for drought-related emergency response actions. Proposed projects should improve the ability of water managers to continue to deliver water and power during a drought and decrease vulnerabilities and costs of droughts by allowing for flexibility in times of low water supply. Eligible activities include system modifications or improvements, storing water and/or recharging groundwater supplies, constructing wells to provide back-up water supplies during times of drought, constructing extraction wells at groundwater banks or other recharge areas to improve extraction and return capabilities during dry years, and improving water management through decision support tools, modeling, and measurements.

ELIGIBILITY: States, tribes, irrigation districts, water districts, and organizations with water or power delivery authority.

FUNDING: In FY 2022, an unspecified amount of funding is available to support approximately 15 to 21 grants or cooperative agreements through this program. Awards will be provided through three separate funding categories, as follows:

- **Group I:** awards of up to \$500,000 for projects that will be completed within two years
- **Group II:** awards of up to \$2 million for projects that can be completed within three years, with projects funded on an annual basis and funding for years two and three contingent upon future appropriations
- **Group III:** awards of up to \$5 million for projects that can be completed within three years, with projects funded on an annual basis and funding for years two and three contingent upon future appropriations

In general, no more than \$5 million will be awarded to any one applicant. Applicants must provide at least 50 percent of the total project costs via nonfederal cash and/or in-kind contributions.

MOST RECENT SOLICITATION: March 24, 2022, - June 15, 2022

CA DWR - Urban Community Drought Relief Grant Program

The purpose of this [program](#) is to provide funding to communities that face the loss or contamination of their water supplies, to address immediate impacts on human health and safety, to secure the future of California's water supply, and to protect fish and wildlife resources. Funding is available for planning, design, engineering, acquisition of real property interests, construction and related activities. Eligible activities include but are not limited to drought resilience planning, water conservation activities, turf replacements, groundwater recharge, constructing new wells, and projects that support immediate drought response.

ELIGIBILITY: Public agencies, public utilities, special districts, colleges and universities, mutual water companies, non-profit organizations, regional water management groups, and federally recognized California Native American Tribes.

FUNDING: In FY 2022, approximately \$300 million is available to support awards through this program. Of the total funding an estimated \$175 million will be for drought relief projects, \$38 million will be for turf replacement projects, \$71 million will support Conservation for Urban Suppliers projects, and \$15 million will be used for program administration activities. This program requires a minimum non-state cost share of 25% of the total application costs. The minimum award amount is \$3 million.

MOST RECENT SOLICITATION: October 10, 2022 – January 31, 2023

CA IEDB - Infrastructure State Revolving Fund Program

The purpose of this [program](#) is to provide accessible low-cost financing to eligible borrowers for a wide range of infrastructure and economic expansion projects. Eligible activities generally include designing, acquiring, planning, permitting, entitling, constructing, improving, extending, restoring, financing, and generally developing eligible facilities within the state of California. Projects may feature real and personal property, structures, conveyances, equipment, thoroughfares, buildings, and supporting components thereof, excluding any housing.

ELIGIBILITY: Any subdivision of a local government, including cities, counties, special districts, assessment districts, joint powers authorities and non-profit corporations.

FUNDING: In FY 2022, an unspecified amount of funding is available to support loans ranging from \$50,000 to \$25 million through this program. Subsidies will be based on the unemployment rate and the median household income. Loans have a term of up to 30 years or the useful life of the project, whichever is less.. Matching funds are not required for this program; however, applicants must demonstrate the ability to repay the loan from an eligible source.

MOST RECENT SOLICITATION: Rolling

NOTE: According to the program officer, in order to initiate the application process, applicants must contact the funding agency to discuss project eligibility. The funding agency will then conduct a preliminary review, and if the preliminary review is successfully approved by the funding agency's credit risk committee, the applicant will be formally invited to submit an application. The program officer can be contacted at LoanProgram@IBank.ca.gov.

Other Water Recharge Programs Explored

In addition to the programs mentioned above, TFG explored several other funding opportunities that support water recharge projects but excluded them from the report due to various factors outlined below.

DOI also administers the **WaterSMART Environmental Water Resources Projects** program. This program provides financial assistance to water managers for conservation and water use projects that are focused on environmental benefits and that have been developed as part of a collaborative process to help carry out an established strategy to increase the reliability of water resources. While this program provides funding for some groundwater recharge focused projects, one of the primary focuses of this program is to benefit ecological values that have a nexus to water resources management, including projects that benefit plant and animal species, fish and wildlife habitat. As the Calimesa Recharge Project does not focus on ecological benefits it is not a strong fit for this program.

The Environmental Protection Agency provides funding for various water projects through **the Water Infrastructure Finance and Innovation Act (WIFIA) Program**. The purpose of this program is to accelerate investment in the nation's water, wastewater, and stormwater infrastructure by providing long-term, low-cost, supplemental credit assistance under customized terms to creditworthy water infrastructure projects of national and regional significance. Even though water recharge may be an eligible activity under the program, the minimum award amount for projects is \$20 million making the current Calimesa Recharge Project ineligible for funding.

One California program that provides funding for water supply projects is the **Proposition 1: Integrated Regional Water Management Grant Program**. This program funds water infrastructure systems adapt to climate change and improve regional water self-reliance through various projects including local and regional surface and underground water storage and recharge projects. One important aspect of this program is that only one applicant is allowed per Integrated Regional Water Management Region. San Geronio Integrated Regional Water Management held a [call for applications](#) regarding the program that closed in July 2022. If SGPWA did not submit a project for the program this may be a future possibility if the program is resolicited.

Another state program TFG explored was the California Natural Resource Agency's **Sustainable Groundwater Management (SGM) Program**. The purpose of this program is to support projects that encourage sustainable management of groundwater resources that support the Sustainable Groundwater Management Act and/or invest in groundwater recharge projects with surface water, stormwater, recycled water, and other conjunctive use projects. One major requirement for this program is for projects to be located in medium or high priority basins. In discussions with TFG, SGWPA noted that while the basin the project will be located in is great need of the project, the basin is currently stable. As such, the project would be ineligible for funding from this program. If the project is indeed located in a medium or high priority basin TFG can provide SGPWA with more detailed information regarding the program.

Brookside Recharge Project

SGWPA previously completed a groundwater recharge facility and is looking to expand the facility for more conjunctive use. The project consists of acquiring property, designing, planning, and constructing an additional groundwater recharge facility. At the current time, SGPWA is most interested in funding for the construction of the facility.

Due to the unknown cost for the facility, TFG recommends the Environmental Protection Agency's EPA's **Water Infrastructure Finance and Innovation Act (WIFIA)**. The WIFIA program provides long-term, low-cost, supplemental credit assistance under customized terms to creditworthy water infrastructure projects of national and regional significance. While the program is a low-interest financing program, it is most equipped to handle the size of the pipeline project as it has a minimum award amount of \$20 million.

If the project will not meet the cost requirement, or SGPWA is not interested in low-interest financing, the Department of Interior (DOI) administers the previously mentioned **Small Surface Water and Groundwater Storage Projects** and **WaterSMART: Drought Response Program: Drought Resiliency Projects program**. As mentioned in the Calimesa Recharge Project section of the report, the Small Surface Water and Groundwater Storage Projects program is restricted to projects that have a water storage capacity between 2,000 acre-feet and 30,000 acre-feet. This project may be eligible depending on the overall cost or size.

One potential California State funding opportunity is the **Urban Community Drought Relief Grant Program**. The program provides funding for drought relief projects that provide water to communities that face the loss or contamination of their water supplies, address immediate impacts on human health and safety, or secure the future of California's water supply. Under the program, priority will be given to projects that contribute to an urban water supplier's resiliency by reducing local climate change vulnerabilities and making a quantified contribution to the measurable goals of California's Water Supply Strategy or address severe water shortages as demonstrated by activation of Water Shortage Contingency Plan to Stage 4 or higher. Due to the anticipated competitiveness of the program SGWPA should ensure the project meets some priority criteria prior to applying.

In total, TFG identified five programs that may assist SGWPA with its Brookside Recharge Project. These programs are listed in the table below.

Funding Agency	Grant Name
DOI	Small Surface Water and Groundwater Storage Projects
DOI	WaterSMART Drought Response Program: Drought Resiliency Projects
EPA	Water Infrastructure Finance and Innovation Act (WIFIA) Program
CA DWR	Urban Community Drought Relief Grant Program
CA IEDB	Infrastructure State Revolving Fund Program

DOI - Small Surface Water and Groundwater Storage Projects

The purpose of this [program](#) is to enhance water storage opportunities for future generations. Award funding will support stakeholder efforts in the western United States to stretch scarce water supplies and avoid conflicts over water. Projects must include planning, design, and construction of small surface water and groundwater storage facilities. Projects are expected to enhance and make more reliable municipal and irrigation water supplies, provide opportunities to enhance groundwater management abilities, and provide water quality improvements and ecosystem benefits. Projects will provide western communities with new sources of water and increase water management flexibility, making water supplies more reliable and increasing resilience to climate change. Eligible projects must have a completed feasibility study that has been submitted to the funding agency for review by October 31, 2022. Projects must have a water storage capacity of no less than 2,000 acre-feet and no more than 30,000 acre-feet.

ELIGIBILITY: Sponsors of projects in the western United States. California is included in this area.

FUNDING: In FY 2023, an estimated \$20 million is available to support one to four grants or cooperative agreements of up to \$20 million through this program.

MOST RECENT SOLICITATION: September 14, 2022 – December 9, 2022

DOI - WaterSMART: Drought Response Program: Drought Resiliency Projects

The purpose of this [program](#) is to support projects that build long-term resilience to drought and reduce the need for drought-related emergency response actions. Proposed projects should improve the ability of water managers to continue to deliver water and power during a drought and decrease vulnerabilities and costs of droughts by allowing for flexibility in times of low water supply. Eligible activities include system modifications or improvements, storing water and/or recharging groundwater supplies, constructing wells to provide back-up water supplies during times of drought, constructing extraction wells at groundwater banks or other recharge areas to improve extraction and return capabilities during dry years, and improving water management through decision support tools, modeling, and measurements.

ELIGIBILITY: States, tribes, irrigation districts, water districts, and organizations with water or power delivery authority.

FUNDING: In FY 2022, an unspecified amount of funding is available to support approximately 15 to 21 grants or cooperative agreements through this program. Awards will be provided through three separate funding categories, as follows:

- **Group I:** awards of up to \$500,000 for projects that will be completed within two years
- **Group II:** awards of up to \$2 million for projects that can be completed within three years, with projects funded on an annual basis and funding for years two and three contingent upon future appropriations
- **Group III:** awards of up to \$5 million for projects that can be completed within three years, with projects funded on an annual basis and funding for years two and three contingent upon future appropriations

In general, no more than \$5 million will be awarded to any one applicant. Applicants must provide at least 50 percent of the total project costs via nonfederal cash and/or in-kind contributions.

MOST RECENT SOLICITATION: March 24, 2022, - June 15, 2022

EPA – Water Infrastructure Finance and Innovation Act (WIFIA) Program

The purpose of this [program](#) is to accelerate investment in the nation's water, wastewater, and stormwater infrastructure by providing long-term, low-cost, supplemental credit assistance under customized terms to creditworthy water infrastructure projects of national and regional significance. For FY 2022, this program is implementing the following four key priorities of the funding agency: increasing investment in economically stressed communities, making rapid progress on lead service line replacement, addressing perfluoroalkyl and polyfluoroalkyl substances and emerging contaminants, and supporting one water innovation and resilience.

ELIGIBILITY: Federal, state, or local government entities, agencies, or instrumentalities; tribal governments; corporations; partnerships; joint venture trusts; and state infrastructure financing authorities.

FUNDING: In FY 2022, a total of \$5.5 billion was available to support credit assistance in the form of secured (direct) loans or loan guarantees through this program. In general, applicants must provide at least 51 percent of eligible project costs. Minimum awards amounts are \$20 million for large communities and \$5 million for small communities.

MOST RECENT SOLICITATION: Rolling

CA DWR - Urban Community Drought Relief Grant Program

The purpose of this [program](#) is to provide funding to communities that face the loss or contamination of their water supplies, to address immediate impacts on human health and safety, to secure the future of California's water supply, and to protect fish and wildlife resources. Funding is available for planning, design, engineering, acquisition of real property interests, construction and related activities. Eligible activities include but are not

limited to drought resilience planning, water conservation activities, turf replacements, groundwater recharge, constructing new wells, and projects that support immediate drought response.

ELIGIBILITY: Public agencies, public utilities, special districts, colleges and universities, mutual water companies, non-profit organizations, regional water management groups, and federally recognized California Native American Tribes.

FUNDING: In FY 2022, approximately \$300 million is available to support awards through this program. Of the total funding an estimated \$175 million will be for drought relief projects, \$38 million will be for turf replacement projects, \$71 million will support Conservation for Urban Suppliers projects, and \$15 million will be used for program administration activities. This program requires a minimum non-state cost share of 25% of the total application costs. The minimum award amount is \$3 million.

MOST RECENT SOLICITATION: October 10, 2022 – January 31, 2023

CA DWR - Urban Community Drought Relief Grant Program

The purpose of this [program](#) is to provide funding to communities that face the loss or contamination of their water supplies, to address immediate impacts on human health and safety, to secure the future of California's water supply, and to protect fish and wildlife resources. Funding is available for planning, design, engineering, acquisition of real property interests, construction and related activities. Eligible activities include but are not limited to drought resilience planning, water conservation activities, turf replacements, groundwater recharge, constructing new wells, and projects that support immediate drought response.

ELIGIBILITY: Public agencies, public utilities, special districts, colleges and universities, mutual water companies, non-profit organizations, regional water management groups, and federally recognized California Native American Tribes.

FUNDING: In FY 2022, approximately \$300 million is available to support awards through this program. Of the total funding an estimated \$175 million will be for drought relief projects, \$38 million will be for turf replacement projects, \$71 million will support Conservation for Urban Suppliers projects, and \$15 million will be used for program administration activities. This program requires a minimum non-state cost share of 25% of the total application costs. The minimum award amount is \$3 million.

MOST RECENT SOLICITATION: October 10, 2022 – January 31, 2023

CA IEDB - Infrastructure State Revolving Fund Program

The purpose of this [program](#) is to provide accessible low-cost financing to eligible borrowers for a wide range of infrastructure and economic expansion projects. Eligible activities generally include designing, acquiring, planning, permitting, entitling, constructing, improving, extending, restoring, financing, and generally developing eligible facilities within the state of California. Projects may feature real and personal property, structures, conveyances, equipment, thoroughfares, buildings, and supporting components thereof, excluding any housing.

ELIGIBILITY: Any subdivision of a local government, including cities, counties, special districts, assessment districts, joint powers authorities and non-profit corporations.

FUNDING: In FY 2022, an unspecified amount of funding is available to support loans ranging from \$50,000 to \$25 million through this program. Subsidies will be based on the unemployment rate and the median household income. Up to 15 percent of the financing available for each fiscal year may be expended for educational facilities, environmental mitigation measures, and parks and recreational facilities. Matching funds are not required for this program; however, applicants must demonstrate the ability to repay the loan from an eligible source.

MOST RECENT SOLICITATION: Rolling

NOTE: According to the program officer, in order to initiate the application process, applicants must contact the funding agency to discuss project eligibility. The funding agency will then conduct a preliminary review, and if the

preliminary review is successfully approved by the funding agency's credit risk committee, the applicant will be formally invited to submit an application. The program officer can be contacted at LoanProgram@IBank.ca.gov.

Danny Thomas Ranch

The City of Beaumont is looking into converting Danny Thomas Ranch into a regional park. SGWPA sees an opportunity to construct a water recharge feature in the proposed park to assist in combating potential water issues in the area. The proposed park is adjacent to a State Water Project pipe that would provide the water to the area.

Depending on the eventual timing of the project, TFG recommends SGPWA utilize the **Small Surface Water and Groundwater Storage Projects** program. As this is a longer-term project, it can be difficult to anticipate which grant programs will be available in future years. However, through the Infrastructure Investment and Jobs Act the Small Surface Water and Groundwater Storage Projects program is appropriated funding annually for every fiscal year through FY 2026. Due to this confirmed funding, the Danny Thomas Ranch project should be eligible to compete for funding several years from now in the event the project is in the position to move forward.

In total, TFG identified 4 programs that may assist SGWPA with its Danny Thomas Ranch Recharge Project. These programs are listed in the table below.

Funding Agency	Grant Name
DOI	Small Surface Water and Groundwater Storage Projects
DOI	WaterSMART Drought Response Program: Drought Resiliency Projects
EPA	Water Infrastructure Finance and Innovation Act (WIFIA) Program
CA IEDB	Infrastructure State Revolving Fund Program

DOI - Small Surface Water and Groundwater Storage Projects

The purpose of this [program](#) is to enhance water storage opportunities for future generations. Award funding will support stakeholder efforts in the western United States to stretch scarce water supplies and avoid conflicts over water. Projects must include planning, design, and construction of small surface water and groundwater storage facilities. Projects are expected to enhance and make more reliable municipal and irrigation water supplies, provide opportunities to enhance groundwater management abilities, and provide water quality improvements and ecosystem benefits. Projects will provide western communities with new sources of water and increase water management flexibility, making water supplies more reliable and increasing resilience to climate change.

ELIGIBILITY: Sponsors of projects in the western United States. California is included in this area.

FUNDING: In FY 2023, an estimated \$20 million is available to support one to four grants or cooperative agreements of up to \$20 million through this program.

MOST RECENT SOLICITATION: September 14, 2022 – December 9, 2022

DOI - WaterSMART: Drought Response Program: Drought Resiliency Projects

The purpose of this [program](#) is to support projects that build long-term resilience to drought and reduce the need for drought-related emergency response actions. Proposed projects should improve the ability of water managers to continue to deliver water and power during a drought and decrease vulnerabilities and costs of droughts by

allowing for flexibility in times of low water supply. Eligible activities include system modifications or improvements, storing water and/or recharging groundwater supplies, constructing wells to provide back-up water supplies during times of drought, constructing extraction wells at groundwater banks or other recharge areas to improve extraction and return capabilities during dry years, and improving water management through decision support tools, modeling, and measurements.

ELIGIBILITY: States, tribes, irrigation districts, water districts, and organizations with water or power delivery authority.

FUNDING: In FY 2022, an unspecified amount of funding is available to support approximately 15 to 21 grants or cooperative agreements through this program. Awards will be provided through three separate funding categories, as follows:

- **Group I:** awards of up to \$500,000 for projects that will be completed within two years
- **Group II:** awards of up to \$2 million for projects that can be completed within three years, with projects funded on an annual basis and funding for years two and three contingent upon future appropriations
- **Group III:** awards of up to \$5 million for projects that can be completed within three years, with projects funded on an annual basis and funding for years two and three contingent upon future appropriations

In general, no more than \$5 million will be awarded to any one applicant. Applicants must provide at least 50 percent of the total project costs via nonfederal cash and/or in-kind contributions.

MOST RECENT SOLICITATION: March 24, 2022, - June 15, 2022

EPA – Water Infrastructure Finance and Innovation Act (WIFIA) Program

The purpose of this [program](#) is to accelerate investment in the nation's water, wastewater, and stormwater infrastructure by providing long-term, low-cost, supplemental credit assistance under customized terms to creditworthy water infrastructure projects of national and regional significance. For FY 2022, this program is implementing the following four key priorities of the funding agency: increasing investment in economically stressed communities, making rapid progress on lead service line replacement, addressing perfluoroalkyl and polyfluoroalkyl substances and emerging contaminants, and supporting one water innovation and resilience.

ELIGIBILITY: Federal, state, or local government entities, agencies, or instrumentalities; tribal governments; corporations; partnerships; joint venture trusts; and state infrastructure financing authorities.

FUNDING: In FY 2022, a total of \$5.5 billion was available to support credit assistance in the form of secured (direct) loans or loan guarantees through this program. In general, applicants must provide at least 51 percent of eligible project costs. Minimum awards amounts are \$20 million for large communities and \$5 million for small communities.

MOST RECENT SOLICITATION: Rolling

CA IEDB - Infrastructure State Revolving Fund Program

The purpose of this [program](#) is to provide accessible low-cost financing to eligible borrowers for a wide range of infrastructure and economic expansion projects. Eligible activities generally include designing, acquiring, planning, permitting, entitling, constructing, improving, extending, restoring, financing, and generally developing eligible facilities within the state of California. Projects may feature real and personal property, structures, conveyances, equipment, thoroughfares, buildings, and supporting components thereof, excluding any housing.

ELIGIBILITY: Any subdivision of a local government, including cities, counties, special districts, assessment districts, joint powers authorities and non-profit corporations.

FUNDING: In FY 2022, an unspecified amount of funding is available to support loans ranging from \$50,000 to \$25 million through this program. Subsidies will be based on the unemployment rate and the median household income. Up to 15 percent of the financing available for each fiscal year may be expended for educational facilities,

environmental mitigation measures, and parks and recreational facilities. Matching funds are not required for this program; however, applicants must demonstrate the ability to repay the loan from an eligible source.

MOST RECENT SOLICITATION: Rolling

NOTE: According to the program officer, in order to initiate the application process, applicants must contact the funding agency to discuss project eligibility. The funding agency will then conduct a preliminary review, and if the preliminary review is successfully approved by the funding agency's credit risk committee, the applicant will be formally invited to submit an application. The program officer can be contacted at LoanProgram@IBank.ca.gov.

San Gorgonio Pass Backbone Pipeline Project

SGWPA is in the process of designing a pipeline project that will move water to the City of Banning and then to Morongo Band of Mission Indians. There is a large amount of development in the area and by building this pipeline the area will have more reliable waters services.

TFG recommends that SGWPA explore the Department of Interiors (DOI's) **Drought Response Program Drought Resiliency Project Grants**. This program supports projects that build long-term resilience to drought and reduce the need for drought-related emergency response actions including largescale pipeline projects. It is important to note that the maximum grant award through these programs is \$5 million so SGWPA will need to be strategic in phasing the project.

Additionally, the Environmental Protection Agency (EPA) provides low interest loans through the **Water Infrastructure Finance and Innovation Act (WIFIA)**. The program provides long-term, low-cost, supplemental credit assistance under customized terms to creditworthy water infrastructure projects of national and regional significance. While the program is a low-interest financing program, it is likely best equipped to handle the size of the pipeline project as it has a minimum award amount of \$20 million.

In total, TFG identified two programs that may assist SGWPA with its San Gorgonio Pass Backbone Pipeline Project. These programs are listed in the table below.

Funding Agency	Grant Name
DOI	WaterSMART Drought Response Program Drought Resiliency Project Grants
EPA	Water Infrastructure Finance and Innovation Act (WIFIA)

DOI - WaterSMART: Drought Response Program: Drought Resiliency Projects

The purpose of this [program](#) is to support projects that build long-term resilience to drought and reduce the need for drought-related emergency response actions. Proposed projects should improve the ability of water managers to continue to deliver water and power during a drought and decrease vulnerabilities and costs of droughts by allowing for flexibility in times of low water supply. Eligible activities include system modifications or improvements, storing water and/or recharging groundwater supplies, constructing wells to provide back-up water supplies during times of drought, constructing extraction wells at groundwater banks or other recharge areas to improve extraction and return capabilities during dry years, and improving water management through decision support tools, modeling, and measurements.

ELIGIBILITY: States, tribes, irrigation districts, water districts, and organizations with water or power delivery authority.

FUNDING: In FY 2022, an unspecified amount of funding is available to support approximately 15 to 21 grants or cooperative agreements through this program. Awards will be provided through three separate funding categories, as follows:

- **Group I:** awards of up to \$500,000 for projects that will be completed within two years
- **Group II:** awards of up to \$2 million for projects that can be completed within three years, with projects funded on an annual basis and funding for years two and three contingent upon future appropriations
- **Group III:** awards of up to \$5 million for projects that can be completed within three years, with projects funded on an annual basis and funding for years two and three contingent upon future appropriations

In general, no more than \$5 million will be awarded to any one applicant. Applicants must provide at least 50 percent of the total project costs via nonfederal cash and/or in-kind contributions.

MOST RECENT SOLICITATION: March 24, 2022, - June 15, 2022

EPA – Water Infrastructure Finance and Innovation Act (WIFIA) Program

The purpose of this [program](#) is to accelerate investment in the nation's water, wastewater, and stormwater infrastructure by providing long-term, low-cost, supplemental credit assistance under customized terms to creditworthy water infrastructure projects of national and regional significance. For FY 2022, this program is implementing the following four key priorities of the funding agency: increasing investment in economically stressed communities, making rapid progress on lead service line replacement, addressing perfluoroalkyl and polyfluoroalkyl substances and emerging contaminants, and supporting one water innovation and resilience.

ELIGIBILITY: Federal, state, or local government entities, agencies, or instrumentalities; tribal governments; corporations; partnerships; joint venture trusts; and state infrastructure financing authorities.

FUNDING: In FY 2022, a total of \$5.5 billion was available to support credit assistance in the form of secured (direct) loans or loan guarantees through this program. In general, applicants must provide at least 51 percent of eligible project costs. Minimum awards amounts are \$20 million for large communities and \$5 million for small communities.

MOST RECENT SOLICITATION: Rolling

Beaumont Cherry Valley Region

SGWPA is interested in possible water recycling programs that can assist in producing recycled water from a wastewater treatment plant. Currently, water is discharging into a creek and SGWPA is exploring planning and construction funding that will allow for the water to be recycled and used in the winter when they cannot recharge.

One Department of Interior (DOI) program that may assist this project is the **WaterSMART Title XVI WIIN Act Water Reclamation and Reuse Projects**. This program provides funding and technical assistance to local water agencies for the planning, design, and construction of water reclamation and reuse projects.

Additionally, California's Environmental Protection Agency administers the **Water Recycling Funding Program** which provides funding for projects that promote the beneficial use of treated municipal wastewater in order to augment fresh water supplies in California. The program supports both the planning and construction of water recycling projects that offset or augment state or local freshwater supplies.

Funding Agency	Grant Name
DOI	WaterSMART Title XVI WIIN Act Water Reclamation and Reuse Projects
CA EPA	Water Recycling Funding Program
CA SWRCB	Clean Water State Revolving Fund (CWSRF)

DOI – WaterSMART Title XVI WIIN Act Water Reclamation and Reuse Projects

The purpose of this [program](#) is to provide funding and technical assistance to local water agencies for the planning, design, and construction of water reclamation and reuse projects. Award recipients will develop and supplement urban and irrigation water supplies through water reuse, thereby improving efficiency, providing flexibility during water shortages, and diversifying the water supply. Supported projects will provide growing communities with new sources of clean water, which increase water management flexibility and make the water supply more reliable. Supported projects will also help increase resilience to climate change. Projects must be eligible under [section 4009\(c\) of the WIIN Act, Public Law 114-322](#).

ELIGIBILITY: Sponsors of projects in the western United States. California is included in this area. Applicants must submit a Title XVI feasibility study that has been reviewed by the funding agency prior to the application period opening. TFG recommends discussing project specifics with Amanda Erath prior to applying at aerath@usbr.gov.

FUNDING: In FY 2022, an unspecified amount of funding is expected to be available to support approximately 10 to 30 grants or cooperative agreements of up to \$30 million each through this program. Applicants must provide at least 75 percent of project costs via cash and/or in-kind contributions from the applicants or third-party sources. Third-party contributions should be secured and available prior to award.

MOST RECENT SOLICITATION: January 14, 2022 – March 15, 2022

CA EPA – Water Recycling Funding Program

The purpose of this [program](#) is to promote the beneficial use of treated municipal wastewater (water recycling) in order to augment fresh water supplies in California. This program will support the planning and construction of water recycling projects that offset or augment state or local freshwater supplies and water recycling research. In general, eligible uses of funds include:

- Construction of recycled water treatment facilities, storage facilities, pumping facilities, and groundwater recharge facilities
- Construction of recycled water distribution systems, including on-site improvements
- Planning, design, construction management, value engineering, and administration directly related to project implementation
- Development, construction, and monitoring of a pilot-scale or demonstration-scale plant as part of the construction of a full-scale treatment facility project
- Reasonable costs to provide an emergency backup water supply for the recycled water system

ELIGIBILITY: Local public agencies including public bodies or regional political subdivisions of the state created by or pursuant to state law and involved with water or wastewater management, 501(c)(3) nonprofit, federally and non-federally recognized Native American tribes on the Native American Heritage Commission's list, mutual water companies, and private, nonprofit public water systems that are actively regulated by the California Public Utilities Commission

FUNDING: In FY 2022, an estimated total of \$5 million is available to support awards ranging from approximately \$250,000 to \$5 million through this program. In addition, water recycling construction projects may receive any combination of award and loan financing available to the funding agency. The maximum grant amount is

calculated as 35 percent of the reasonable, estimated construction cost for the project or the final construction cost for the project.

MOST RECENT SOLICITATION: Rolling

CA WB - Clean Water State Revolving Fund (CWSRF)

The purpose of this [program](#) is to help communities prevent pollution of precious water resources and maintain their beneficial uses by providing low-cost financing for a variety of water quality projects. Funding will be provided for the construction of wastewater treatment and water recycling facilities, for implementation of nonpoint source and storm drainage pollution control solutions, and for the development and implementation of estuary plans to protect and promote the health, safety, and welfare of all Californians. Ultimately, projects should align with the funding agency's mission to preserve, enhance, and restore the quality of California's water resources, and ensure their proper allocation and efficient use for the benefit of present and future generations.

ELIGIBILITY: Cities, towns, districts, or other public bodies created under state law, including state agencies; Native American tribal governments; nonprofits; and designated or approved management agencies under section 208 of the Clean Water Act.

FUNDING: In FY 2022, an unspecified amount of funding is available to support low-cost financing through this program. This program is capable of financing projects ranging from less than \$1 million to more than \$100 million; there is no maximum funding limit. For water or energy audit projects, principal forgiveness may be awarded for the entirety of the audit costs, up to a maximum of \$35,000. There are no stated matching requirements for this program. The financing term may be for up to 30 years or for the useful life of the project. Repayment will begin one year after the completion of construction. Interest rates will not exceed 50 percent of the most recent general obligation bond rate as of the time of funding approval.

MOST RECENT SOLICITATION: Rolling

NOTE: Program Staff anticipates developing the FY 2023 - FY 2024 Fundable List beginning December 31, 2022.

Other Recycled Water Programs Explored

In addition to the programs mentioned above, TFG explored several other funding opportunities that support water recharge projects but excluded them from the report due to various factors outlined below.

TFG explored if California EPA's **Small Community Drinking Water (SCDW) Funding Program** would be a possible funding avenue for the project. However, in researching the program TFG learned that the eligible projects must serve communities with less than 10,000 residents who have a median household income of less than 80 percent of the statewide average making the project's location in Beaumont ineligible to receive assistance.

The U.S Department of Agriculture also administers the **Revolving Funds for Financing Water and Wastewater Projects**. This program provides funding to set up a revolving loan fund to provide loans to finance predevelopment costs of water or wastewater projects, or short-term small capital projects not part of the regular operation and maintenance of current water and wastewater systems. Unfortunately, this program is only open to nonprofit entities making SGPWA ineligible for funding.

Turf Replacement Program

SGPWA is looking at establishing a turf replacement program for its service territory. SGPWA is seeking to partner with local homeowner associations who will administer the program at a local level. In general, there are limited funding opportunities for turf replacement programs.

In researching possible federal funding opportunities for this project TFG found the Department of Interior’s [WaterSmart Small Scale Program](#) and [WaterSMART Water and Energy Efficiency Grants](#). The purpose of these programs is to support projects that conserve and use water more efficiently, mitigate conflict risk in areas at a high risk of future water conflict, and accomplish other benefits that contribute to water supply reliability. Depending on the project’s overall cost, SGWPA should explore one of these two programs. The WaterSMART Small Scall Program will support projects with a total cost of \$225,000 or less while the WaterSMART Water and Energy Efficiency Grants program provides awards of up to \$5 million.

At the state level TFG recommends the California Department of Water Resources’ **Urban Community Drought Relief Funding** program. Under this program funding is set aside for turf replacement projects that replace drought tolerant landscaping (traditional grass lawns) with native and drought tolerant plants and/or climate appropriate turf species for functional turf. Functional turf is defined as turf that is not ornamental and regularly used for human recreational purposes. Functional turf includes school fields, sports fields, and areas regularly used for civic or community events. This program recently opened and is expected to close January 31, 2023.

These programs are listed in the table and explored in greater detail below.

Funding Agency	Grant Name
DOI	WaterSmart Small Scale Program
DOI	WaterSMART Water and Energy Efficiency Grants
CA DWR	Urban Community Drought Relief Funding

DOI – WaterSMART Grants: Small-Scale Water Efficiency Projects

The purpose of this [program](#) is to support small-scale on-the-ground projects that seek to conserve, better manage, or otherwise make more efficient use of water supplies. These projects conserve and use water more efficiently, mitigate conflict risk in areas at a high risk of future water conflict, and accomplish other benefits that contribute to water supply reliability in the Western United States. Reclamation will provide funding for small-scale on-the-ground water efficiency projects which seek to implement work identified in an applicant’s water planning efforts.

ELIGIBILITY: States, tribes, irrigation districts, water districts, local authorities, and other organizations with water or power delivery authority. Nonprofit conservation organizations that are acting in partnership with and with agreement of an entity listed may also be eligible to apply.

FUNDING: In FY 2022, approximately \$5 million is available to support an estimated 50 to 70 awards of up to \$100,000. To be considered a small-scale project, total project costs should generally be \$225,000 or less.

MOST RECENT SOLICITATION: February 24, 2022 – April 28, 2022

DOI - WaterSMART Water and Energy Efficiency Grants

The purpose of this [program](#) is to support projects that conserve and use water more efficiently; increase the production of hydropower; mitigate conflict risk in areas at a high risk of future water conflict; enable farmers to make additional on-farm improvements; and accomplish other benefits that contribute to water supply reliability in the western United States. This program prioritizes projects that address a specific water and/or energy sustainability concern(s), including enhancing drought resilience, addressing the current and future impacts of climate change, and resolving water related conflicts in the region.

ELIGIBILITY: States, tribes, irrigation districts, water districts, and other organizations with water or power delivery authority located in the western U.S., which includes the states and territories of Alaska, Arizona, California,

Colorado, Hawaii, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming, American Samoa, Guam, the Northern Mariana Islands, the Virgin Islands, and Puerto Rico.

FUNDING: In FY 2023, an unspecified amount of funding is available to support approximately 25 to 35 grants or cooperative agreements through this program. Award amounts will vary according to funding group, as follows:

- Funding Group I: awards of up to \$500,000
- Funding Group II: awards of up to \$2 million
- Funding Group III: awards of up to \$5 million

No more than \$5 million will be awarded in any fiscal year to any one applicant.

MOST RECENT DUE DATE: July 28, 2022

CA DWR - Urban Community Drought Relief Funding

The purpose of this [program](#) is to provide funding to communities that face the loss or contamination of their water supplies, to address immediate impacts on human health and safety, to secure the future of California's water supply, and to protect fish and wildlife resources. Funding is available for planning, design, engineering, acquisition of real property interests, construction and related activities. Eligible activities include but are not limited to drought resilience planning, water conservation activities, turf replacements, groundwater recharge, constructing new wells, and projects that support immediate drought response.

ELIGIBILITY: Public agencies, public utilities, special districts, colleges and universities, mutual water companies, non-profit organizations, regional water management groups, and federally recognized California Native American Tribes.

FUNDING: In FY 2022, approximately \$300 million is available to support awards through this program. Of the total funding an estimated \$175 million will be for drought relief projects, \$38 million will be for turf replacement projects, \$71 million will support Conservation for Urban Suppliers projects, and \$15 million will be used for program administration activities. This program requires a minimum non-state cost share of 25% of the total application costs. The minimum award amount is \$3 million.

MOST RECENT SOLICITATION: October 10, 2022 – January 31, 2023

Congressional Directed Spending (aka Earmarks)

SGPWA may also wish to explore pursuing Congressionally Directed Spending requests in the Senate and House appropriations process, more commonly known as earmarks, to complement its grant efforts as it seeks to support a wide variety of funding needs. Congressional earmarks are project-specific requests that Members of Congress can submit for consideration in annual federal appropriations legislation. Like many federal grant programs, the earmark process is highly competitive. The front-end effort to submit an earmark request to a Member of Congress is relatively minimal compared to a typical competitive program. However, for most earmark requests to be successful, the applicant must directly engage with their Member of Congress about the request/project to gain their Member's support, and in some cases, also engage with the House and Senate Appropriations Committees. These advocacy efforts require time and the direct involvement of the applicant.

While Congress had not included earmarks in the annual spending bills for a number of years, the process was brought back in to use during the FY 2022 and FY 2023 appropriations cycles. The final FY 2022 appropriations bills included earmarks for projects similar to some of SGPWA's priorities under programs from the Corps of Engineers, the Bureau of Reclamation, and the Economic Development Administration. For more information on both the FY 2022 and FY 2023 appropriations processes, please reference [TFG Memo: Project Funding Accounts for FY 2023 Appropriations and Sample Earmarks for FY 2022](#).

The FY 2023 appropriations process is in the tail-end of its annual cycle. While the start of the new fiscal year technically began on October 1, 2022, Congress passed a short-term Continuing Resolution (CR) through December 16, 2022 to allow Congress additional time to finalize the annual spending bills. The CR extended current funding levels at FY 2022 levels until the FY 2023 bills are approved by Congress. TFG anticipates the finalization of the FY 2023 appropriations process will be a top priority for Congress during a lameduck session of Congress after the November elections. As in FY 2022, the pending bills include funding for projects similar to some of SGPWA's top priorities.

TFG recommends SGPWA consider pursuing funding through the FY 2024 appropriations process for key projects and priorities. While no determination has been made if Congress will earmark project funding in FY 2024, TFG anticipates that there will be additional accounts and larger funding amounts available in next year's appropriations process with continued transparency and accountability from the Members of Congress who participate. We anticipate a decision will be made in late 2022 and the process will begin or early 2023 when Members of Congress will begin accepting earmark requests from their constituents. It is important to note that not all Members of Congress accept earmark requests. However, during the FY 2022 and FY 2023 appropriations processes, members of SGPWA's immediate congressional delegation helped to secure funding for priority projects. TFG is actively monitoring accounts that will be available for earmarks in 2024 and will notify SGPWA of opportunities that align with your projects as information becomes available.