



Wastewater
Treatment



TRANSFORMING
WASTEWATER
TO RESOURCES



Recycled
Water



Energy
Production



Biosolids
Reuse

Grants and Loans Status Report

IFC Board of Directors Meeting
January 10, 2024

Benefits of Grants and Loans

Grants for planning studies, research and development, construction

- Leverage local funds with state and federal funding
- Partner to advance knowledge and test new technology
- Prepare planning studies to assess project feasibility

Low-interest loans for construction

- Effectively manage cash flow
- Spread costs over project life; reduce potential for sharp rate increases and financials impact on customers
- Benefit from grant equivalency properties of low-interest loans

Grant and Loan Award History



- Since 2008, District has received 29 grants/loans totaling \$68.1M
 - \$15.7M in grant awards
 - \$52.4M in loan awards (mostly low-interest loans)
- Clean Water State Revolving Fund (CWSRF) funding has become difficult to obtain as program is oversubscribed
 - New CWSRF applications may not be accepted in 2024
 - Projects must demonstrate multiple benefits (e.g., improve water quality, produce recycled water, generate renewable energy) to score high enough to qualify for funding award
 - Will seek CWSRF funding for projects that align with these goals
 - Current Interest Rate = 1.7% (half of general obligation bond rate)

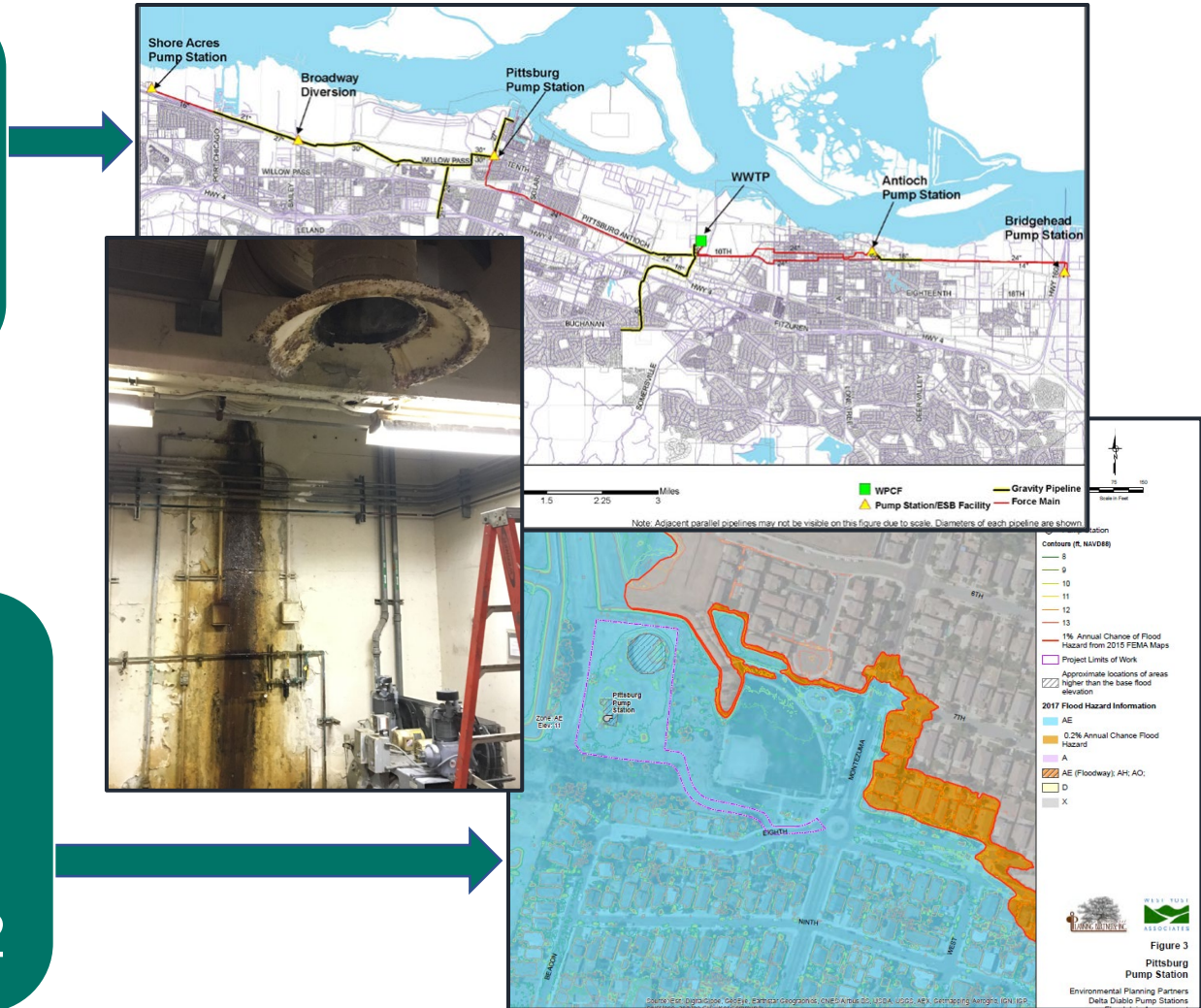
CWSRF Loan & Cal OES/FEMA Grant Pump Station Facilities Repair



\$13.5M CWSRF Loan Agreement Reimbursements in Progress

Pump Station Flood Mitigation Project

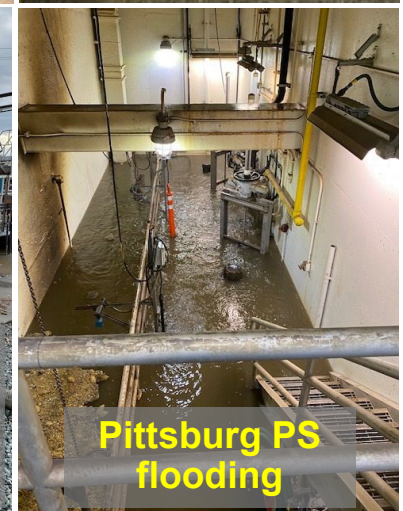
Flood Mitigation Cal OES/FEMA \$1.6M Grant Reimbursements Completed in 2022



FEMA Grant Funding December 31, 2022 Storm Event



- High intensity, long duration rainfall event caused localized flooding and regional infrastructure damage
 - District experienced a total of five largely unavoidable SSOs
- Federal emergency declaration issued to providing FEMA funding assistance in support of storm response and recovery efforts
 - Applied for grant funding for \$113,525 in eligible expenses
 - Could increase to ~\$200,000 if certain expenses are not reimbursed by insurance



CalRecycle Grant Marine Flare Collection

- \$100,000 grant for Delta Household Hazardous Waste Collection Facility partners
 - Provide outreach and education and host marine flare collection events
- Applied for Marine Flare Program grant funding in 2023
 - Not awarded because number of qualified projects exceeded available funding, and selection criteria prioritized agencies that had not received prior grant funding through this program



2024 Project Funding Strategies

- Cogeneration System Improvements Project addresses aging infrastructure to ensure effective and reliable production of renewable energy via biogas utilization
 - Utilize federal tax credits under 2022 Inflation Reduction Act (IRA) to fund up to 40% of total construction cost (e.g., \$6.0M)
- Secondary Process Improvements Project will address issues related to aging infrastructure, capacity needs, and nutrient management
 - Seek Water Infrastructure Finance and Innovation Act (WIFIA) funding for up to 49% of project cost with up to 35-year repayment period, 5-year repayment deferral after substantial completion
 - Consider pursuing secondary funding sources, if necessary



Project Funding Alternatives and Available Resources



- California Infrastructure Bank (IBank) provides loans at below market interest rates, capped at \$25M per agency
 - Engage with IBank to explore potential use as secondary funding source for capital projects
- District recently hired consultants to support future bond issuance if unable to obtain WIFIA and/or IBank funding
 - Bond debt allows capital projects to be bundled, which provides increased flexibility related to project timing and ability to fund larger projects (may not provide lowest cost of capital)
- Advocate for priority legislative issues through wastewater industry groups (CASA, CSDA, WRWC)
- Continuously monitor grant and loan funding opportunities