

# **Section K**

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## **Financing Strategies**

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### K.1 Introduction

2016 IRWM Program guidelines require financing to be considered for projects identified in an IRWM Plan. Under these guidelines, an IRWMP must include the following items related to financing:

- List known, as well as, possible funding sources, programs, and grant opportunities for the development and ongoing funding of the IRWM Plan.
- List the funding mechanisms, including water enterprise funds, rate structures, and private financing options, for projects that implement the IRWM Plan.
- An explanation of the certainty and longevity of known or potential funding for the IRWM Plan and projects that implement the Plan.
- An explanation of how operation and maintenance (O&M) costs for projects that implement the IRWM Plan would be covered and the certainty of operation and maintenance funding.

This section will identify potential funding sources, assess the certainty and longevity of those funding sources, and provide and cost estimate for each of the IRWMP identified projects.

### K.2 Program-Level Funding Sources

Implementation of the IRWM Plan relies upon RWMG members and stakeholders to provide in-kind support, financial support, and to obtain other revenue sources for the anticipated costs of plan implementation and ongoing activities of the RWMG. To date, the majority of funding activities directly related to the IRWMP have been born by the DCTRA. Organizational efforts and costs related to same associated with the Stakeholders Advisory Group have been at the call of KDWCD, with meetings being held at the office of said entity. All costs related to the preparation costs of this IRWMP have been funded by DCTRA with the use of the KDWCD IRWMP as the base document. The cost structure related to the IRWMP will be modified once the new Memorandum of Understanding (MOU) is adopted, in accordance with terms and conditions of the MOU.

There is often uncertainty when relying primarily on grant funding; therefore, it is crucial to look for other forms of long term funding to sustain IRWM planning efforts. The following sections describe local funding mechanisms/sources in the IRWM Planning area to support long-term IRWMP Implementation and meet maintenance and operations requirements.

#### K.2.1 In-Kind Support

Stakeholders that are not able to contribute financial resources may be able to contribute services or items that further regional IRWM planning. In-kind support can include stakeholder provided services, such as map-making, grant writing, preparing newsletters, and updating the IRWM website, or material

contributions such as a venue for meetings or activities, use of a company vehicle, use of office supplies and/or equipment, and other appropriate forms of contribution. While managing in-kind support requires a high level of regional communication and the availability of in-kind support in the future is not certain, it furthers IRWMP implementation and provides a meaningful opportunity for small and/or disadvantaged entities to support IRWMP implementation.

### **K.2.2 Connect Stakeholder Grant Funding Opportunities to Tule River Basin IRWMP**

This funding mechanism involves the inclusion of costs related RWMG administration into a project's budget. When a project proponent pursues grant funding, the RWMG will encourage the proponent to include a budget line item that reflects the cost of RWMG administration and integration of the project outcomes into the Plan. Inclusion of administrative activities into the budgets for individual projects increases the certainty of RWMG funding and ultimately the longevity of IRWMP implementation.

### **K.2.3 Fee-For-Service**

The RWMG could establish a fee structure for professional services related to project implementation, compliance with the California Environmental Quality Act (CEQA), grant writing and other administrative activities. This method could increase the certainty of RWMG funding by providing a consistent source of revenue from entities seeking technical or administrative assistance.

### **K.2.4 State and Federal Grants**

The RWMG may apply for IRWM planning grants to fund updates to the plan. These updates may be needed as a result of new IRWM Grant program guidelines, changes in political and regulatory setting, or new technical information that is relevant to the region.

At present, solicitations are closed for both Proposition 84 and Proposition 1 IRWM Planning Grants. Although the future of these programs is uncertain, another round of funding may become available in the future.

## **K.3 Project-Level Funding Sources**

Successful implementation of an IRWM Plan requires reliable funding for projects intended to meet IRWMP objectives. The RWMG has established a process for selecting projects for IRWM grant funding (see Section G – Project Solicitation and Prioritization). When an IRWM grant solicitation is announced by DWR, the RWMG will decide which projects to include in the grant application package on behalf of the Region since only a limited number of projects can be submitted in any one round. Project proponents will be responsible for developing individual applications in response to solicitations.

### **K.3.1 Funding of Project Applications**

Specific water management project funding is dealt with in a separate fashion from the IRWMP funding. Applicants for specific funding programs are required to fund their pro-rata share of the cost of development of project specifics and project funding applications. Each of the participants in these efforts, over recent history, have benefitted by cost sharing a number of common elements of applications which have been shared on an equal division basis. Specific agreements for obligation to cover such costs have been developed on a funding effort-by-funding effort basis with this arrangement anticipated to continue into the future. Requiring the project proponent to secure funding for project applications ensures the certainty and longevity of this funding source. The draft Tule Basin MOU includes a provision for establishing the special project agreement to address these separate cost share agreements.

### **K.3.2 Projects Funding**

On a parallel with project application funding, funding of the local matching share of individual projects has been a responsibility of the project advocate. In several cases, projects for which application has been made have more than one beneficiary and, in such cases, a division of local share of costs occurs. The basis for this division of cost is founded in negotiations between the project advocates. DCTRA, as the initially designated fiscal agent, acts on behalf of the other Memorandum of Understanding participants and will require financial assurance procedures prior to submittal of a funding application. In this fashion, both DCTRA, as the applicant agency and the body to which participation application is being made, can have reasonable assurance that the project applicant has the financial capability to satisfy the local share of funding requirements, including those for project operations and maintenance activities. The dynamic between project proponents and incidental beneficiaries serves to increase the certainty and longevity of this funding source by encouraging cost sharing agreements. The specifics of these funding procedures will be revisited on an application-by-application basis into the future.

### **F.3.3 Grants and Loans (State and Federal)**

Due to the high number of DAC's in the IRWM Planning area, the region has a limited ability to raise local revenue for projects and programs related to regional water management. Although there is a significant degree of uncertainty in terms of the availability of state and federal funding opportunities, financing for these projects and programs is often reliant on State or Federal grant programs and loans.

The number and type of grant and loan programs available to public agencies and utilities in any given year can vary significantly based on whether the Legislature targets appropriations to the programs. Many of the grant programs below are on-going with rounds of grant monies provided upon availability of funding. The grant and loan programs listed below are not exhaustive and should be updated regularly as part of the Region's IRWM Plan Implementation.

**Table K-1. State of California Funding Opportunities**

Funding Source	Funding Program
<b>Proposition 1 IRWM</b>	2018 Implementation Grant
	Disadvantaged Community Involvement Program
	CalConserve Water Use Efficiency Revolving Fund Loan Program
	Agricultural Water Use Efficiency Grants Program
	Sustainable Groundwater Planning Grant Program
	Technical Assistance Funding Program
	Water Recycling Funding Program
<b>Proposition 84</b>	Flood Corridor Program
	FloodSAFE California
	Local Levee Assistance Program
	Flood Emergency Response Projects Grants Program
	Urban Streams Restoration Program
<b>Proposition 50</b>	Storm Water Grant Program
	Safe Drinking Water/Contaminant Removal
<b>Other State Funding</b>	Water-Energy Grant Program
	California Safe Drinking Water Bond Law of 1988
	Agricultural Drainage Loan Program
	Clean Water State Revolving Fund
	Drinking Water State Revolving Fund
	Drinking Water for Schools Grant Program
	Nonpoint Source Pollution Control Program

**Table K-2. Federal Funding Opportunities**

Funding Source	Funding Program
<b>EPA</b>	Source Reduction Assistance EPA
	Wetlands Program Development Grants
	Five Star Restoration Program
<b>United States Department of Agriculture (USDA)</b>	Rural Development, Water and Waste Disposal Program
	Resource Advisory Committees (RAC) Safe Rural Schools Funding
<b>US Bureau of Reclamation</b>	WaterSMART Grant Program
<b>US Fish and Wildlife Service</b>	North American Wetlands Conservation Act Grant
<b>National Rural Water Association</b>	NRWA Revolving Loan Fund
<b>Other Federal Funding</b>	Water Resources Development Act Other Federal Funding