



Aligning Your Top Projects with Federal Funding

PNWS AWWA May 2024

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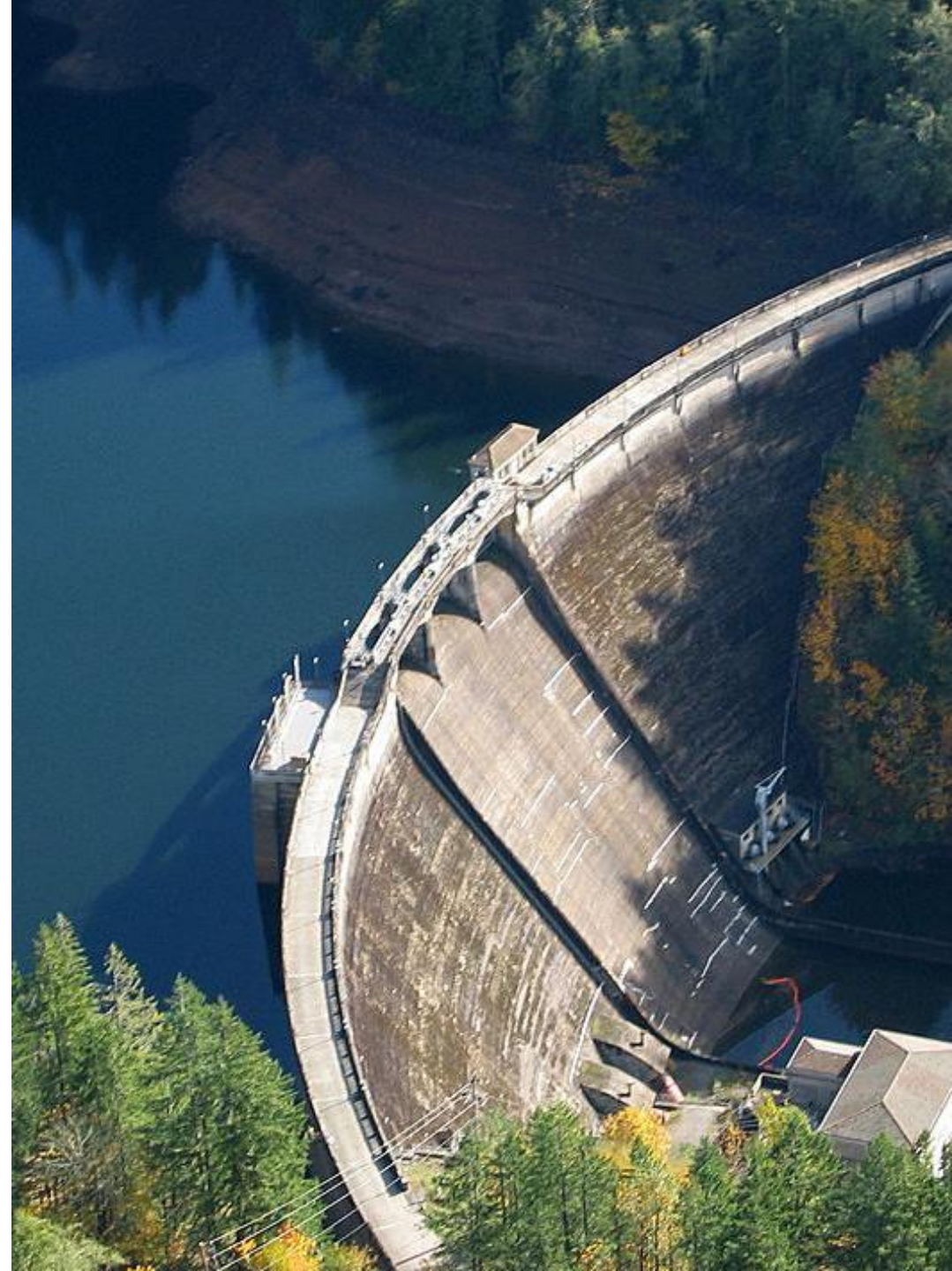
Presented by Sean Thomson
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Today's Agenda

- 1 Background on **federal funding**
- 2 Prioritizing your **Capital Improvement Program** to align with funding availability
- 3 Getting priority projects **READY** for funding





There are many ways to pay for water infrastructure



Water revenues
(rates, fees)



Federal grants and
low-interest loans



Litigation



Tax revenue



Private financing
(for-profit, philanthropic)



Bonds/ Debt
(municipal, revenue,
general obligation)



Earmarks



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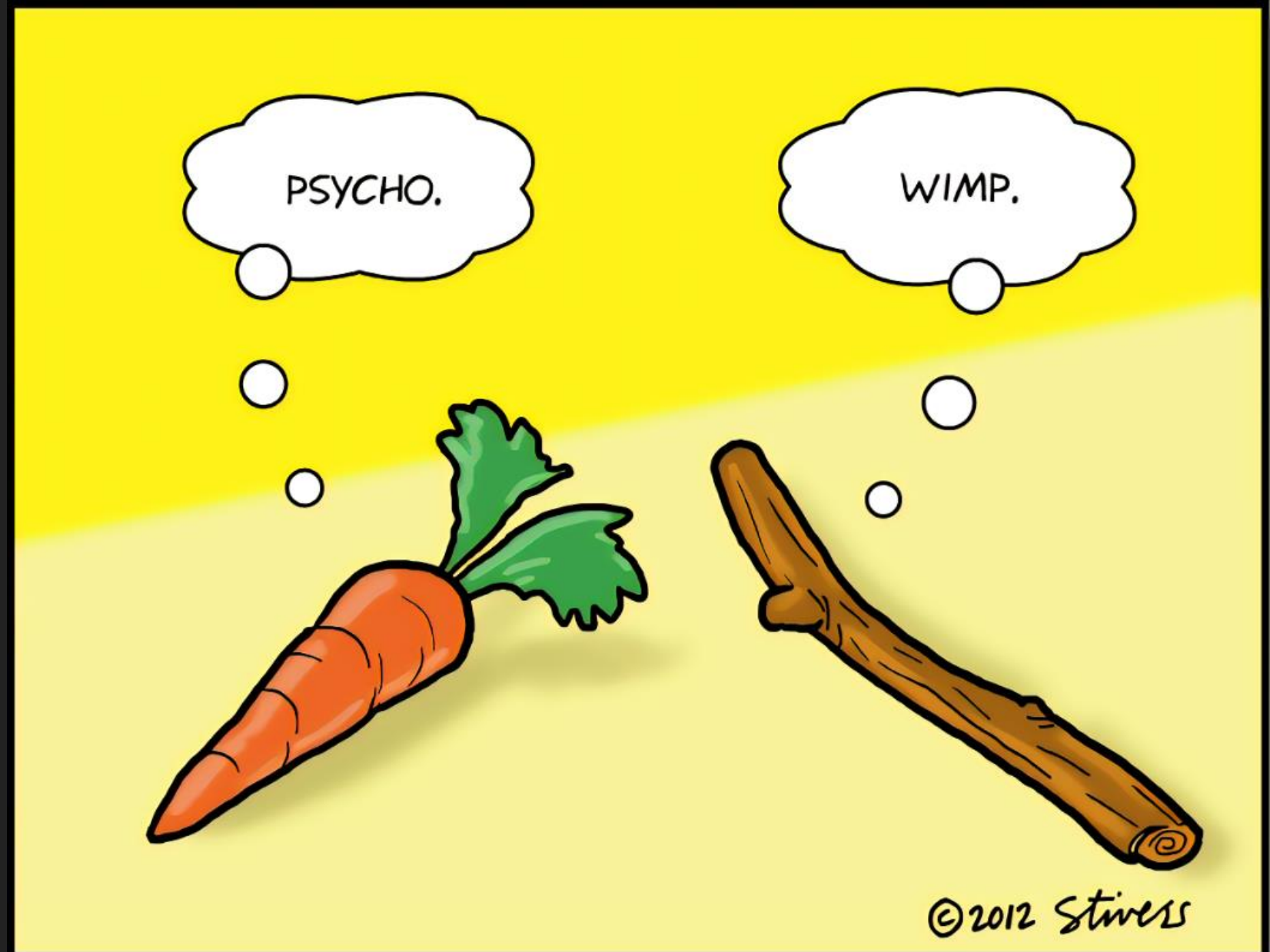


Earmarks



Why does the government offer grants in the first place?

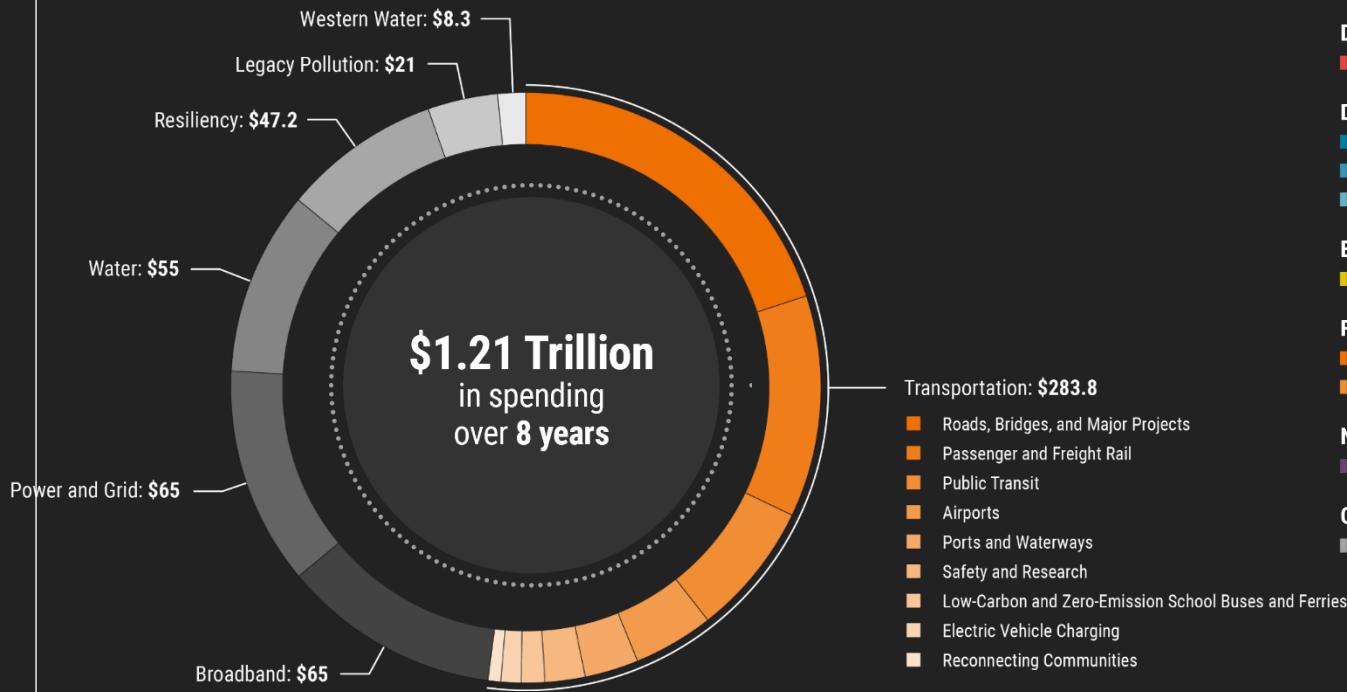
- Incentives and mandates— or carrots and sticks
- Mandates = **unfunded rules**, like the Safe Drinking Water Act
- Incentives = subsidies, direct funding





Federal Funding: 2 Key Acts

Infrastructure Investment and Jobs Act (2021)



Inflation Reduction Act (2022)

Environmental Protection Agency

- Greenhouse Gas Reduction Fund **\$27B**
- Greenhouse Gas Air Pollution Plans and Implementation Grants **\$5B**
- Grants to Reduce Air Pollution at Ports **\$3B**
- Environmental and Climate Justice Block Grants **\$2.8B**

Department of Agriculture

- Agricultural Conservation Investments **\$18.05B**

Department of Energy

- Advanced Industrial Facilities Deployment Program **\$5.812B**
- Energy Infrastructure Reinvestment Financing **\$5B**
- Advanced Technology Vehicle Manufacturing **\$3B**

Bureau of Reclamation

- Drought Mitigation in Reclamation States **\$4B**

Federal Highway Administration

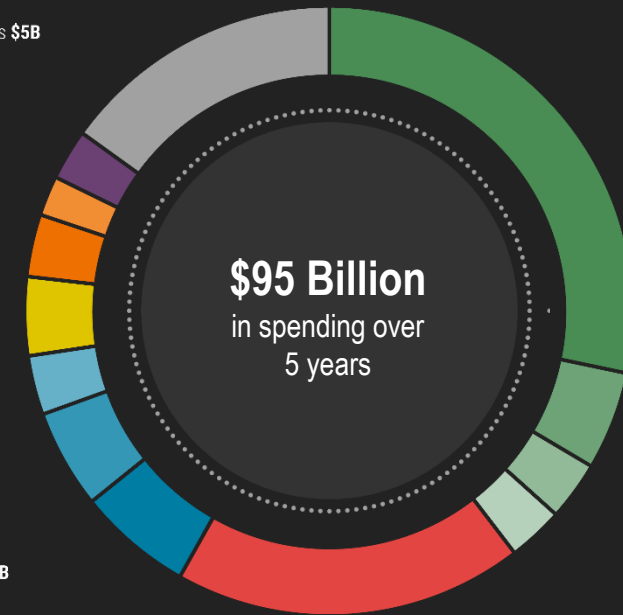
- Neighborhood Access and Equity Grant Program **\$3.155B**
- Low-carbon transportation materials grants **\$2B**

National Oceanic and Atmospheric Administration

- Investing in Coastal Communities and Climate Resilience **\$2.6B**

Other

- Other Projects **\$14.113B**



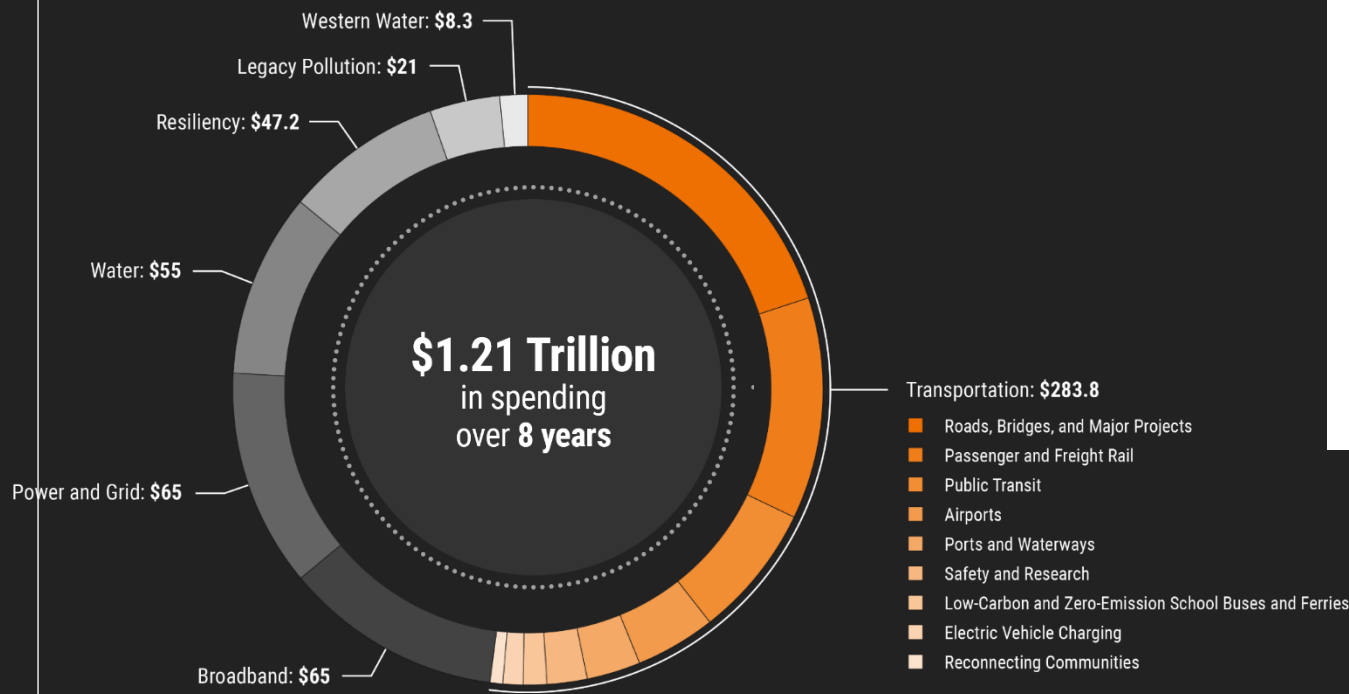
Source: Brookings "America has an infrastructure bill. What happens next?" November 9, 2021

In Billions



Federal Funding: 2 Key Acts

Infrastructure Investment and Jobs Act (2021)



IIJA Trends To-Date:

- **Funds have been moving at a steady pace.**
- For water infrastructure, money has moved faster for larger, more expensive projects.
- It took a few years for agencies to set up technical assistance programs to help small, low resourced communities apply for funding (i.e. EPA Environmental Finance Centers).
- **Formula** funds are moving faster than **discretionary** funds (80% of discretionary funds have yet to be awarded*).

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In Billions

*Brookings analysis, 11/2023



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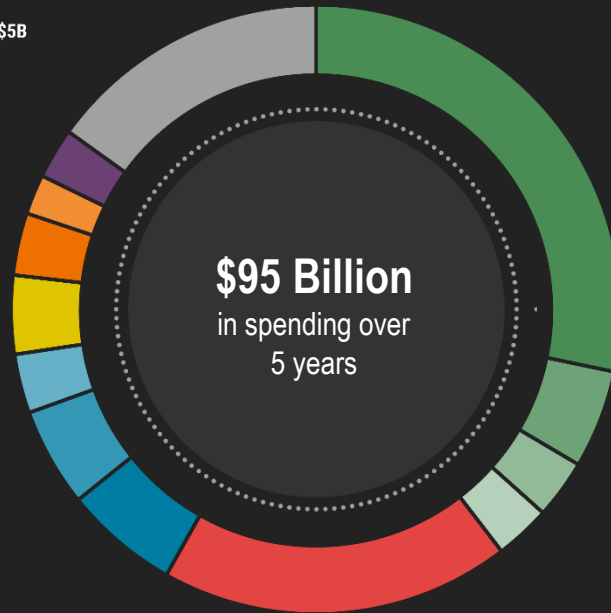
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IRA Trends To-Date:

- **New grant programs have only just started to open, little money has moved to date.**
- Tax credit guidance was finalized in early 2023, with new eligibility for tax-exempt agencies like local governments to still qualify for direct payments for carbon-reducing measures.



Formula v. Discretionary Grants

Formula: allocated among recipients according to factors specified within enabling legislation or administrative regulations (e.g., population, median household income, per capita income, poverty, and number of miles driven).

Examples:

- EPA Drinking Water SRF Capitalization Grants
- EPA Emerging Contaminant Grants (includes PFAS)
- EPA Lead Service Line Replacement Grants
- FEMA Hazard Mitigation Grant Program state allocations

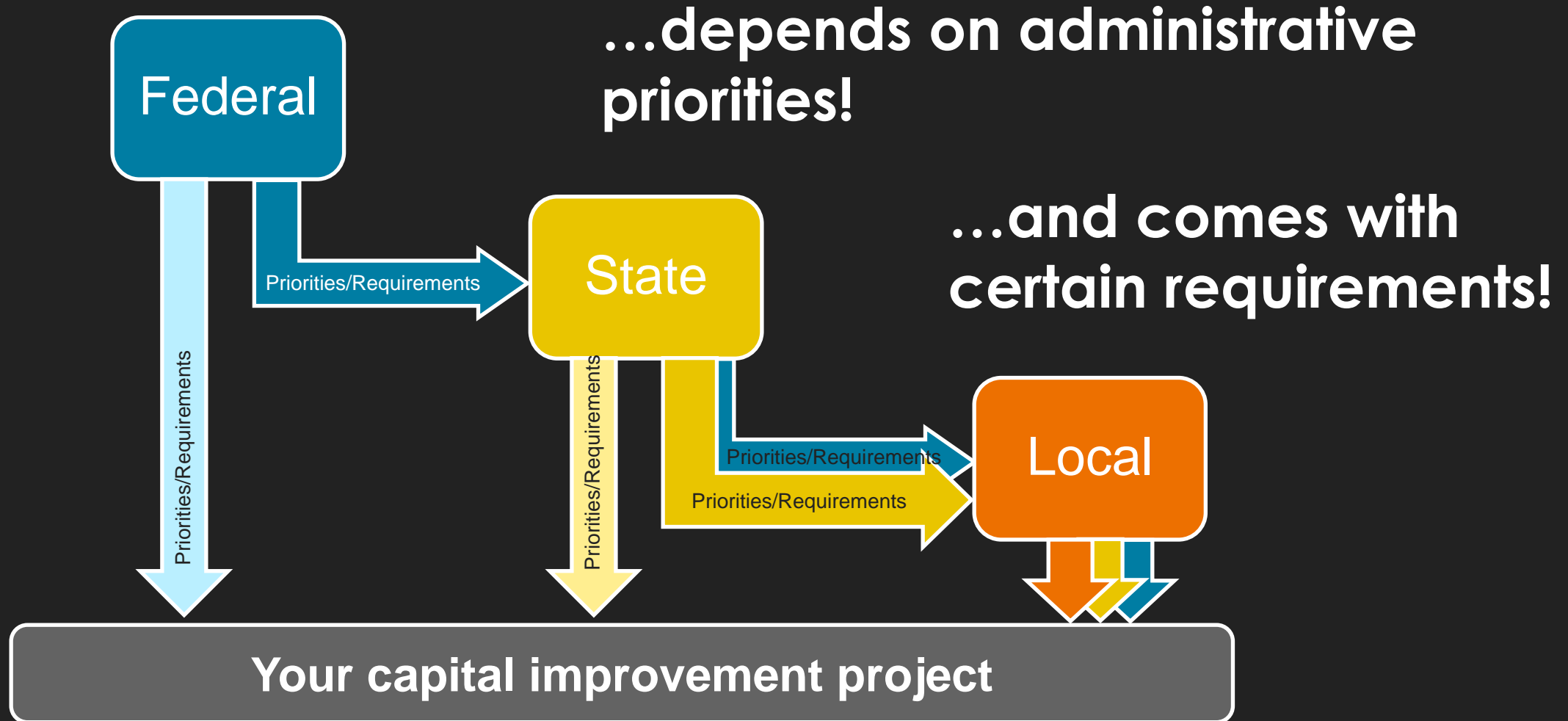
Discretionary: awarded on a competitive basis based on the programmatic, technical, or scientific content of an application in a process specified by federal agency making the grant, who can decide the amount of funding to be awarded.

Examples:

- Bureau of Reclamation WaterSMART Grants
- FEMA Building Resilient Infrastructure and Communities Grants



How the money moves

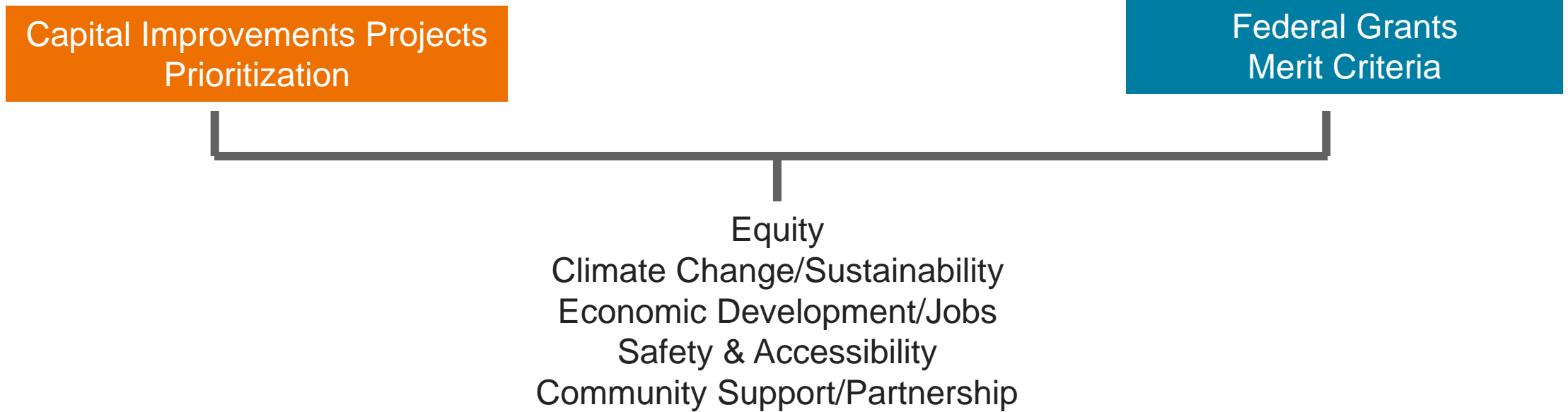




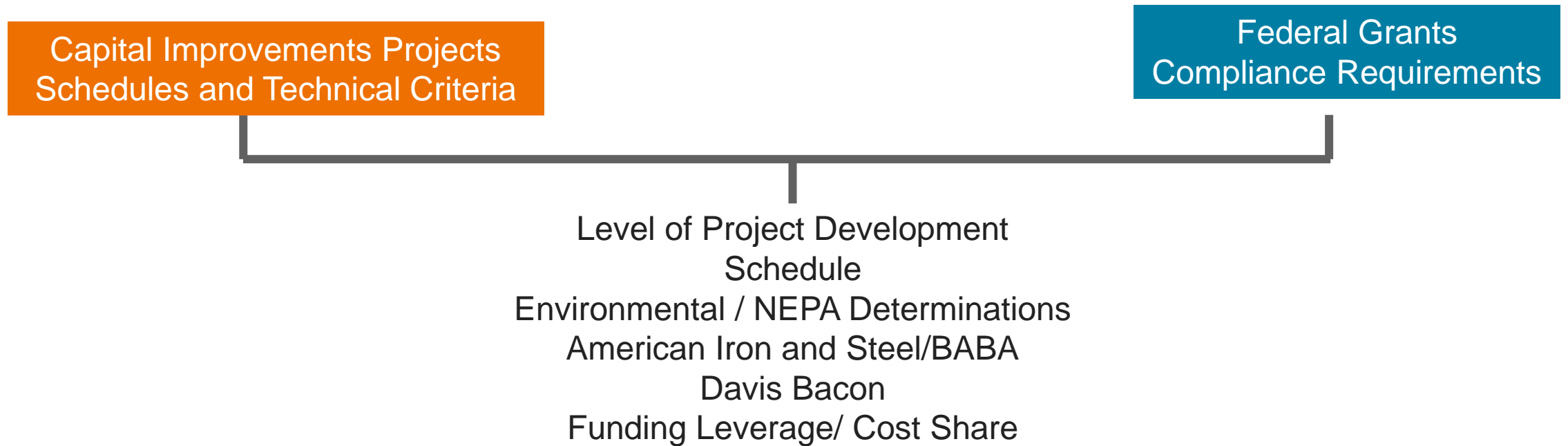
**Prioritizing
your CIP to
align with
funding
availability**



Capital Improvement Programs should be dynamic and align with federal funding priorities

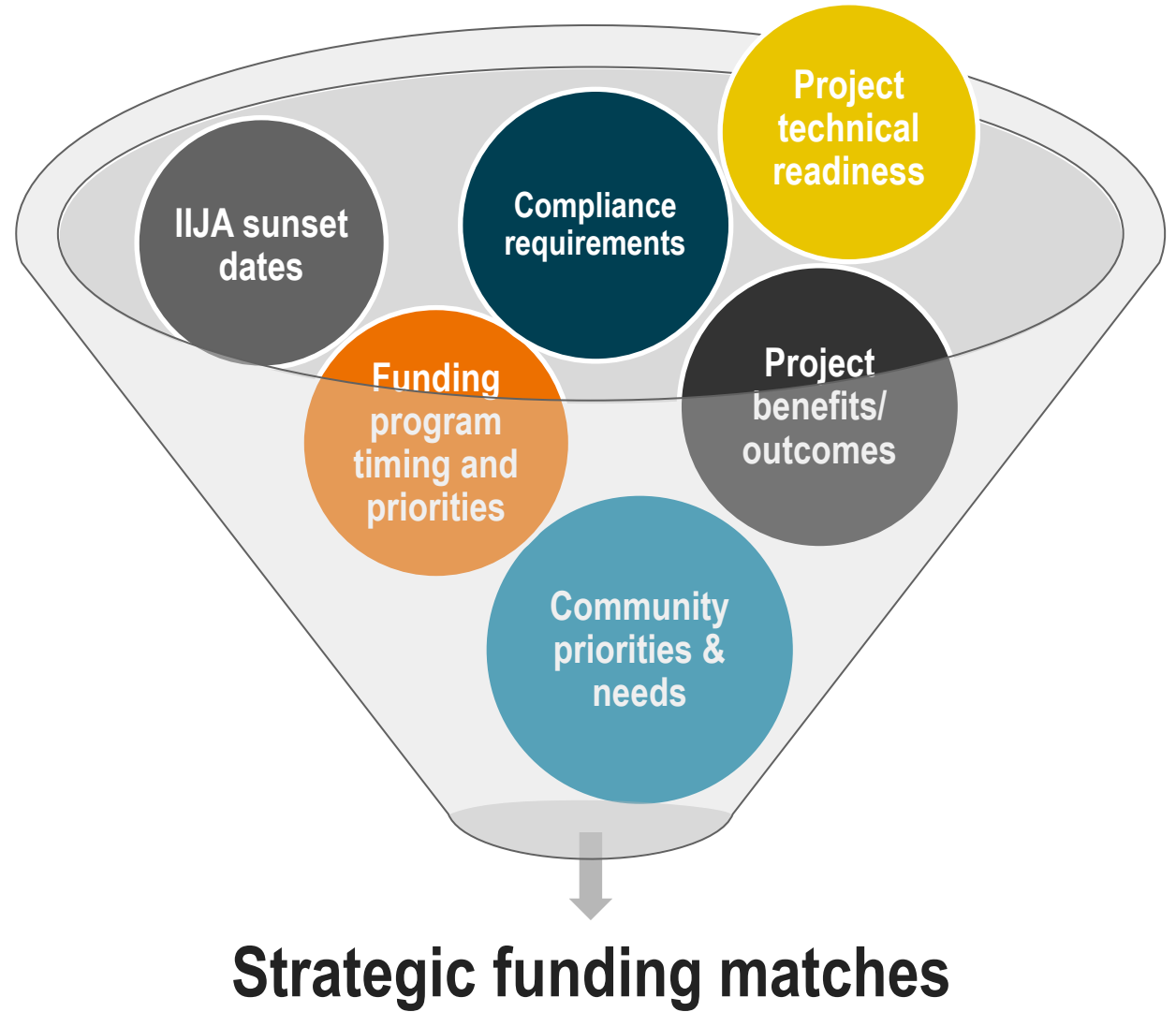


Capital Improvement Programs should be dynamic and align with federal funding requirements





No standard formula or equation



Building out your CIP to align with federal funding priorities & requirements

CIP Project	Project Information				Merit Criteria & Priorities			Compliance Requirements		
	Design Cost	Construction Cost	Design Year	Construction Year	Disadvantaged Communities?	Climate Change?	Public support?	NEPA?	AIS?	Cost share?
Project A	\$\$	\$\$	FY23	FY25	X	X	X	X	X	X
Project B	\$\$	\$\$	FY23	FY26		X		X		
Project C	\$\$	\$\$	FY24	FY28	X	X			X	X
Project D	\$\$	\$\$	FY24	FY28	X		X			
Project E	\$\$	\$\$	FY25	FY29		X				
Project F	\$\$	\$\$	FY25	FY29	X	X	X			



Disadvantaged communities are being prioritized

Tract information
 Number: 53063003500
 County: Spokane County
 State: Washington
 Population: 2,479

Tract demographics
 Race / Ethnicity ([Show](#) ▾)
 Age ([Show](#) ▾)

Identified as disadvantaged?
YES

This tract is considered disadvantaged because it meets more than 1 burden threshold **AND** the associated socioeconomic threshold.

[Send feedback](#)

Justice40 Initiative = 40% of investments must flow to disadvantaged communities
 (Executive Order 14008, 1/2021)

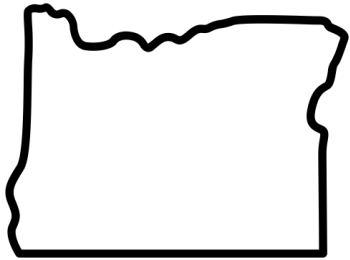
White House's **Climate and Environmental Justice Screening Tool (CEJST)** tool identifies communities that are marginalized, underserved, and overburdened by pollution. These communities are located in census tracts that are at or above the thresholds in one or more of eight categories of criteria.

1. Climate Change
2. Clean Energy and Energy Efficiency
3. Clean Transit
4. Sustainable Housing
5. Legacy Pollution
6. Clean Water and Wastewater Infrastructure
7. Health Burdens
8. Workforce Development



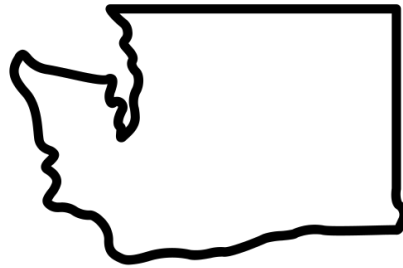
Disadvantaged communities are being prioritized

Justice40 Executive Order requires that 40% of funds from many federal grant programs go to disadvantaged communities, sometimes defined by states & sometimes defined by federal agencies.



Oregon

“ A public water system that has a service area with a median household income below the state average.



Washington

* New definition proposed for 2024 – combination of

- Affordability Index
- Social Vulnerability Index
- Environmental Health Disparities Rank



Idaho

“ A water system where the annual cost of drinking water service exceeds 2.0% of the median household income.



Getting priority projects ready for funding

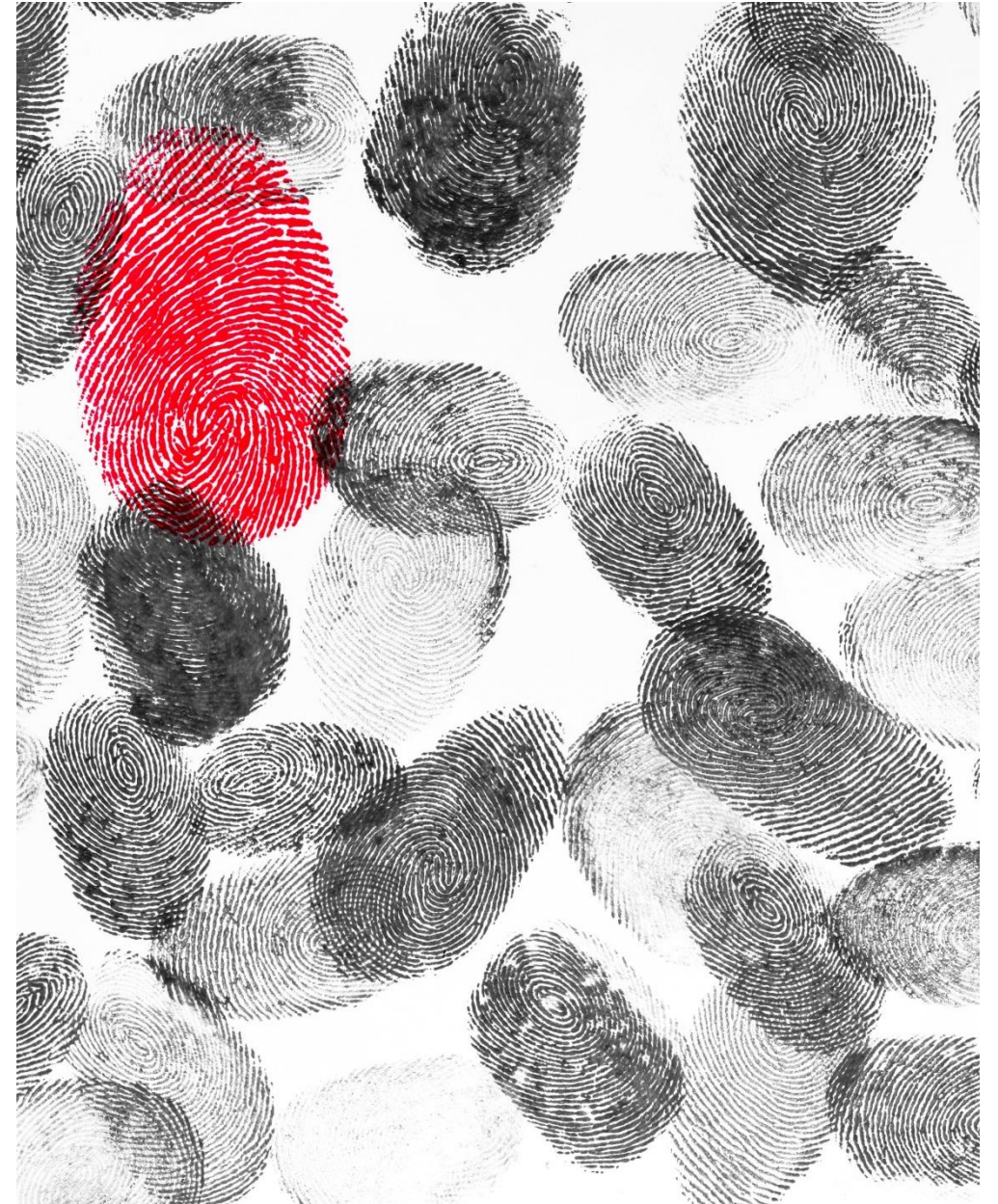
- Develop evidence of need
- Conduct robust public engagement
- Technical readiness
- Develop an internal evaluation process





Evidence of Need

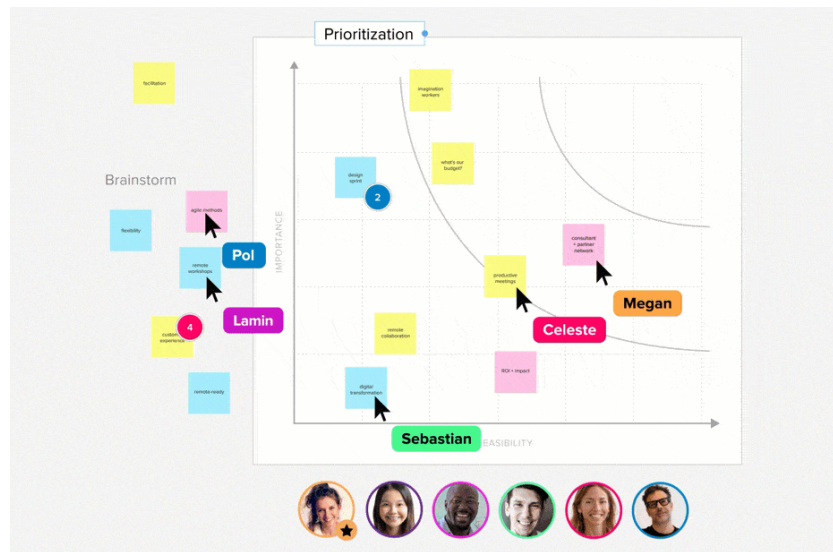
- Its not enough to describe the problem, you must **provide evidence**
- Conduct analysis to generate **data** to support claims
- Show a direct links between your solution and the cause
- Reference verified federal data sets whenever possible
- Add project into local and regional plans





Robust Public Input

- Intentionally seek public consent and inputs
- Document all meetings and efforts made to engage and inform the public
- Get creative
- Bring in partners to reach target audiences





Technical Readiness

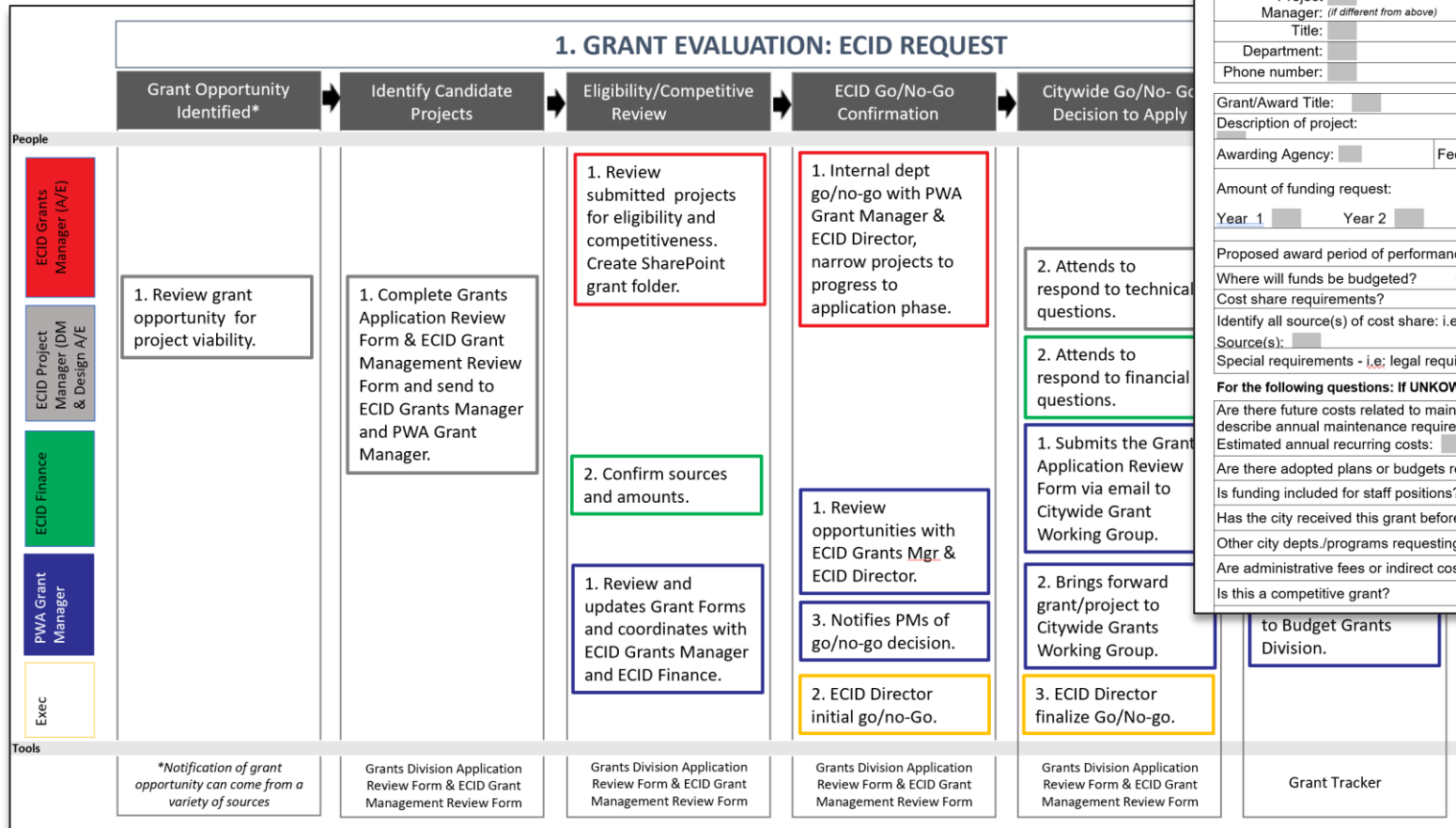
- Varies greatly by grant program
- Environmental reviews and determinations
- If seeking **construction** funding, get project up through conceptual design (or beyond)
- Communicate & set expectations with technical/ engineering teams and consultants





Develop a decision process for grant evaluation

Outline decision-making process and developing standard workflows for evaluating grant opportunities as they arise.



Grant & External Funding Application Review Form

Grants Group Meeting Date: XX/XX/XX
**Grants Working Group regularly meets the 2nd Monday of each month, Online or 11 am, Room 200, City Hall

Proposal Due Date: _____

Contact for Application: _____
Title: _____
Department: _____
Phone number: _____
Owning Organization No.: _____

Project Manager: (if different from above) _____
Award Manager: (if different from above) _____
Title: _____
Department: _____
Phone number: _____

Grant/Award Title: _____
Description of project: _____
Awarding Agency: _____ Federal pass-through? Y N If YES, identify federal source: _____

Amount of funding request:
Year 1 _____ Year 2 _____ Year 3 _____

Proposed award period of performance: (m/d/yy) _____ TO _____

Where will funds be budgeted? Capital Operating
Cost share requirements? YES NO If yes, give amount or percentage: _____

Identify all source(s) of cost share: i.e. fund, donations, in-kind services
Source(s): _____
Special requirements - i.e. legal requirements, prohibitions, etc.(default is None) NONE

For the following questions: If UNKNOWN enter UNK in NO box

	Y	N
Are there future costs related to maintenance, on-going contractual costs, or replacement costs? If yes, describe annual maintenance requirements: _____	<input type="checkbox"/>	<input type="checkbox"/>
Estimated annual recurring costs: _____	<input type="checkbox"/>	<input type="checkbox"/>
Are there adopted plans or budgets related to this project?	<input type="checkbox"/>	<input type="checkbox"/>
Is funding included for staff positions?	<input type="checkbox"/>	<input type="checkbox"/>
Has the city received this grant before?	<input type="checkbox"/>	<input type="checkbox"/>
Other city depts./programs requesting this funding?	<input type="checkbox"/>	<input type="checkbox"/>
Are administrative fees or indirect costs allowed?	<input type="checkbox"/>	<input type="checkbox"/>
Is this a competitive grant?	<input type="checkbox"/>	<input type="checkbox"/>



Summary

- Federal funding for capital projects is flowing, sometimes through states, and carries with it certain selection criteria and compliance requirements.
- **Federal criteria and requirements can shift depending on administration priorities**
- Helpful to maintain a dynamic, prioritized list of projects with associated characteristics to best position for grant opportunities.
- Projects can get ready NOW to get set up for grants in the future – generate evidence, gather public input, develop technical readiness, and develop grant evaluation processes.



Questions?

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