



Wastewater Treatment



TRANSFORMING
WASTEWATER
TO RESOURCES



Recycled Water



Energy Production



Biosolids Reuse

Grants and Loans Status Report

IFC Board of Directors Meeting
January 15, 2025

Grants and Loans

Key Benefits

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



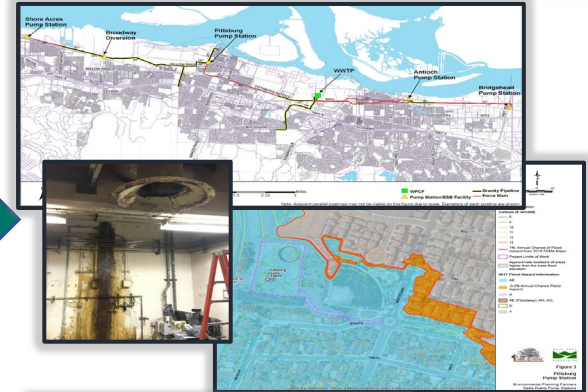
- Since 2008, District has received 29 grants/loans totaling \$68.1M
 - \$15.7M in grant awards
 - \$52.4M in loan awards (mostly low-interest loans)
- Clean Water State Revolving Fund (CWSRF) funding is no longer a primary external funding option
 - Projects must demonstrate multiple benefits (e.g., improve water quality, produce recycled water, generate renewable energy) to score high enough to qualify for funding award
 - Significant administrative requirements and costs
 - Current Interest Rate (October 2024) = 1.8% (half of general obligation bond rate)

CWSRF Loan/Cal OES/FEMA & CalRecycle Grants 2024 Funded Projects



Pump Station Facilities Repair

\$1.6M CAL OES/FEMA Grant (Dec 2022)
\$13.5M CWSRF Loan Agreement (June 2024)



Marine Flare Collection

\$100,000 CalRecycle Grant (Applied in 2024)



December 31, 2022 Storm Event

\$113,525 CAL OES/FEMA Grant (Dec 2023)



2025 Project Funding Strategies



- Cogeneration System Improvements Project (\$20M) addresses aging infrastructure to ensure effective and reliable production of renewable energy via biogas utilization
 - Utilize tax credits under federal 2022 Inflation Reduction Act (IRA) to fund up to 40% of total construction cost (e.g., ~\$6.0M)
 - Complied with deadline to be in construction by December 31, 2024
 - Continue to monitor IRA funding for changes with incoming administration
 - Project is still economically viable without federal tax credits
- Secondary Process Improvements Phase 1 Project (\$110M) will address issues related to aging infrastructure, capacity needs, and nutrient management
 - Evaluated funding options—bonds are preferred over WIFIA loans unless WIFIA offers significant additional advantages
 - Bonds provide lower borrowing rates, require less administrative costs, and better align borrowing amount with actual project costs

Project Funding Approaches and Available Resources



- Balance use of available cash to meet project timing needs, while maintaining financial flexibility
- Ensure appropriate and applicable use of Capital Facilities Capacity Charge (CFCCs) funds for growth-related component of capital projects
- Advocate for priority legislative issues through wastewater industry groups (CASA, CSDA, WRWC)
- Continuously monitor grant and loan funding opportunities