

## AUGUST 8, 2023 2023 GRANT UPDATE



### FIRST VALLEY WATER EPA GRANT AWARDS FINALIZED

#### \$21.2 Million in New Grant Funding Secured in FY 2023

The Santa Clara Valley Water District (Valley Water) has been awarded \$21,233,242 in new grant awards in Fiscal Year 2023. Staff continues the process of drawing down funding on these grants, which include the first ever Environmental Protection Agency grants for Valley Water. Here is a summary status of the Fiscal Year 2023 grant awards.

- **Calabazas/San Tomas Aquino Creek-Marsh Connection Project:** Obtained grant agreement for a new \$3,800,000 grant from the U.S. Environmental Protection Agency's (EPA) San Francisco Bay Water Quality Improvement Fund. This grant is the first EPA grant award in Valley Water history. The grant funding will support the design and permitting of the re-connection of San Tomas Aquino and Calabazas Creeks to the former salt ponds, a first of its kind endeavor for the South San Francisco Bay. The project will restore approximately 1,800 acres of tidal marsh and enhance 50 acres of fresh/brackish marsh.



Site of the Calabazas/San Tomas Aquino Creek-Marsh Connection Project.

- **Water Conservation Programs:** Prepared grant reimbursement for the full grant amount of \$709,000 associated with the Integrated Regional Water Management Round One grant from DWR expanding water conservation programs for residents. The grant was completed two years ahead of schedule.
- **South San Francisco Bay Shoreline Phase 1 Project:** Awarded a \$3,161,921 grant from the State Coastal Conservancy to help fund the costs of construction associated with the Shoreline Phase 1 Project. Grant agreement is expected to be finalized this summer.
- **Coyote Creek Flood Protection Project:** Awarded a grant of \$3,845,229 by the Bay Area Region for the Integrated Regional Water Management Round Two grant program of the California Department of Water Resources (DWR) to help fund the costs of construction. The San Francisco Estuary Partnership thanked Valley Water for assisting with grant coordination on a regional level.
- **Cross Valley Pipeline Extension:** Awarded a \$5,817,092 grant from DWR for the Cross Valley Pipeline Extension Project, which is a component of the Anderson Dam Seismic Retrofit Project. Executed grant agreement and initiated process to be fully reimbursed in Fiscal Year 2024.

- **Integrated Regional Water Management Grant:** Approved for Floodwater for Managed Aquifer Recharge (Flood-MAR) project grant in the amount of \$900,000 in a collaborative project with San Benito County.
- **Nine Creek Cleanup in Santa Clara County:** Awarded a second EPA grant totaling \$3,000,000 for a nine creek cleanup



Valley Water workers cleaning up along creeks in Santa Clara County.

throughout Santa Clara County along with a focus on bank rehabilitation of Coyote Creek in downtown San José. The grant is funded by the EPA's San Francisco Bay Water Quality Improvement Fund. The funding will support cleanups of encampment-generated trash, debris, and hazardous pollutants in nine heavily impacted

Santa Clara County creeks, resulting in 2,000 tons of trash removal and 4,000 square feet of bank rehabilitation.

### ACTIVITIES ON GRANTS AWARDED IN PRIOR YEARS

- **Pope Chaucer Bridge Replacement:** Working in collaboration with the San Francisco Creek Joint Powers Authority, Valley Water has been awarded a \$3,000,000 Hazard Mitigation grant from the Governor's Office of Emergency Services (Cal OES) to replace the Pope Chaucer Bridge in Palo Alto. This Federal Emergency Management Agency grant is administered by Cal OES.
- **WaterSMART Drought Response Program:** Preparing a reimbursement request for a \$200,000 grant from the U.S. Bureau of Reclamation (USBR), focused on drought long-term planning. Project is expected to be completed by December 31, 2024.

### PENDING VALLEY WATER GRANT APPLICATIONS

- **USBR Water Recycling Grants:** Applied for two USBR grants, including one for the San José-Santa Clara Purified Water Program Feasibility Study (\$381,249) and one for the South County Water Reuse Feasibility Study (\$299,180) under the Title XVI Reclamation and Reuse Program. Grant application is under review.
- **Urban Community Drought Relief program:** Applied for two DWR grants, totaling \$36,000,000, to support drought relief at Valley Water, including the ozonation process at the Rinconada Water Treatment Plant and expanded water conservation programs. These projects were not recommended for funding, although as of July 17, 2023 Valley Water has not received official notice that would confirm the recommendation.

- **Coyote Percolation Dam Replacement Project:** Applied for a \$14,900,000 DWR grant under Round Two of the Sustainable Ground Water Management Act Implementation Grant program. The project will replenish groundwater and maintain a reliable water supply while improving fish passage as part of the Anderson Dam Seismic Retrofit Project. As of July 2023, Valley Water has not received official notice of grant status; however, this project was not listed in the draft funding list released by the Department of Water Resources on April 20, 2023.
- **Enhanced Water Conservation Program Grant:** Applied for a \$2,000,000 USBR WaterSMART Water and Energy Efficiency grant to support water conservation programs. Due to the number of requests exceeding available funding, this grant application was not recommended for funding. Staff is organizing a debriefing session to understand how to revise the application and make it even more competitive for the next funding opportunity.
- **Treated Water Augmentation Pilot Study:** Applied for an \$800,000 USBR grant for a pilot study of treated water augmentation gauging the potential impacts on infrastructure and water quality when blending purified water with conventional drinking water on a pilot-scale distribution system. The project will be conducted in collaboration with the University of California at Berkeley and Stanford University. USBR informed Valley Water that this grant application was not recommended for funding.
- **Adaptation Planning:** On March 30, 2023, Valley Water applied for a \$350,000 grant to create a cost-benefit analysis of maintenance activities on the San Tomas Aquino Creek. Valley Water is working in partnership with the City of Santa Clara and has received positive feedback from the Governor's Office of Planning and Research about this application for an adaptation planning grant. This grant application was not awarded due to high program demand.

## FUTURE GRANT OPPORTUNITIES

- **Hazard Mitigation Sunnyvale East and West:** Submitted letter of intent on June 22. Invited to prepare full proposal for \$20,000,000 to support implementation of the Sunnyvale East and West Channel Project to Cal OES. Grant application is due August 4, 2023.
- **Hazard Mitigation Coyote Creek Flood Protection Measures:** Submitted letter of intent on June 22. Invited to prepare full proposal for \$50,000,000 to support implementation of the Coyote Creek Flood Protection Measures Project to Cal OES. The grant application is due August 4, 2023.
- **U.S. Department of Energy Section 247:** Maintaining and Enhancing Hydroelectricity Incentives. Preparing application due on October 4, 2023, for \$5,000,000 to support the Anderson Dam Seismic Retrofit Project. Funding is sought for dam safety initiatives.

## FEDERAL

- **Bipartisan Infrastructure Law:** Actively monitoring federal grant opportunities relevant to Valley Water, including those for water recycling, habitat restoration, climate resilience, storage, and transportation upgrades. Researching and developing grant opportunity calendar for Valley Water projects.
- **Large-Scale Water Recycling Program:** Awaiting application opportunity for construction funds under this new program

created under the Bipartisan Infrastructure Law. A total of \$450,000,000 is available for eligible projects (those with a total project cost of \$500,000,000+), which include Valley Water's Purified Water Project.

- **Inflation Reduction Act Clean Energy Tax Credit:** Staff is actively evaluating this program and seeking reimbursements for eligible expenditures.
- **Groundwater Banking Planning Grant:** Valley Water is exploring two major categories for groundwater banking opportunities, including participation in a large-scale project and the development of a suitable Valley Water owned groundwater banking facility with local agency partners. Valley Water grant staff continue to monitor new WaterSMART grant opportunities to fund this planning effort.

## STATE

### FY 2023-24 State Budget Enacted with Significant Grant Opportunities

- **New Dam Safety Program:** Valley Water has been advocating for the establishment of a new Dam Safety Local Assistance Program at the Department of Water Resources for the last three years. This year, State Budget signed by the Governor on July 10, includes \$100,000,000 for a new program with statutory criteria that was crafted by Valley Water to ensure Anderson and other Valley Water dam safety projects receive funding with this appropriation and in the years ahead through a climate resilience bond now moving through the Legislature for the March or November statewide ballot in 2024. All dam safety funding will be awarded through competitive grants.
- **Sea Level Rise Protection:** Despite initial efforts by the Governor to cut funding for sea level rise protection, Valley Water's advocacy with key legislators and coalition partners resulted in a hefty increase from \$250,000,000 to \$548,000,000 to the State Coastal Conservancy (SCC) to address sea level rise through natural solutions and "other measures." Staff expects the inclusion of "other measures" will provide the SCC flexibility to fund not just wetlands but levees and other infrastructure. The South San Francisco Bay Shoreline Project is a likely beneficiary of these competitive grant funds.
- **State Flood Control Subventions:** The budget also includes a \$75,000,000 General Fund appropriation for the State Flood Control Subventions Program which may benefit both the Pajaro River levee improvements and the Shoreline Project.
- **Recycled Water Funding Cut:** Unfortunately, the \$30,000,000,000 state budget deficit had to be addressed and recycled water funding was cut from \$310,000,000 to \$32,000,000. This State Water Board Program is already over-subscribed and burdened with cumbersome requirements. Staff is working with Water Reuse and others to reform the program rules and to secure significant funding in the climate resilience bond for 2024.

## DISTRICT-WIDE COLLABORATION

- **Grants Action Team:** (GAT) offers strategic direction regarding grants and includes the Treasury, Debt, and Grants Management Unit, the Office of Government Relations, the Business Planning and Analysis Unit, Office of District Counsel, and other key stakeholders needed to identify and pursue state and federal grant opportunities. The GAT has been actively considering numerous grant opportunities at the federal and state levels.