

MAY 14, 2024

BI-MONTHLY GRANTS UPDATE



GRANT AWARDS IN FISCAL YEAR 2024

\$5,680,429 in New Grant Funding Secured in Fiscal Year 2024

- **South County Water Reuse Program Feasibility Study Project:** Obtained grant award for \$299,180 from the U.S. Bureau of Reclamation (USBR) Water Recycling and Desalination Planning Fund. The grant funding will fund a feasibility study to support the expansion and distribution of additional recycled water in Gilroy.
- **San José-Santa Clara Purified Water Program Feasibility Study:** Obtained grant award for \$381,249 from the USBR Water Recycling and Desalination Planning Fund. The proposed study will focus on assessing the feasibility of constructing a new Advanced Water Purification Facility in San José for potable reuse through groundwater recharge, raw water augmentation, and/or treated water augmentation.
- **Pond A4 Resilient Habitat Restoration Project:** A grant application was submitted in September 2023 for a \$5 million grant through the State Coastal Conservancy (SCC). The SCC approved Pond A4 for \$5 million in construction funding at their February 15, 2024, board meeting. Valley Water is working on a draft agreement.



Pond A4

UNSUCCESSFUL GRANT APPLICATIONS

- **FY2024 Desalination and Water Purification Research Program:** A grant application for \$800,000 was submitted in November 2023 to USBR's program to partially fund the Pilot- Scale Evaluation of the Effects of Blending on Distribution Systems research study. Valley Water has received notice that it was not awarded funding and will follow up with USBR for lessons learned.

PENDING VALLEY WATER GRANT APPLICATIONS

- **Hazard Mitigation for Sunnyvale East:** A grant application was submitted in August 2023 for a \$23.5 million Hazard Mitigation Grant Program (HMGP) grant with the Federal Emergency Management Agency (FEMA) to fund Sunnyvale East Flood Protection Project costs.

- **Hazard Mitigation Assistance (HMA) Grants for the Coyote Creek Flood Protection Project:** Two of three grant applications (Building Resilient Infrastructure and Communities, or BRIC, and Flood Mitigation Assistance, or FMA), submitted for \$50 million each, are still being considered for funding by FEMA after the California Governor's Office of Emergency Services (CalOES) review. It is likely that Valley Water would only receive one of the grants per CalOES/FEMA guidance; decisions may not be known until Fall 2024.
- **Innovative Water Infrastructure Workforce Development Grant Program:** A grant application was submitted in November 2023 for an Innovative Water Infrastructure Workforce Development Grant issued by the Environmental Protection Agency (EPA). Valley Water is seeking up to \$2 million in grant funding to support its internship and the apprenticeship programs.
- **National Oceanic & Atmospheric Administration (NOAA) Coastal Resilience Grant Program:** Staff partnered with SCC to prepare the CREST Bay Area grant proposal, which includes a \$15 million grant request to fund about half of the total construction cost of the Calabazas-San Tomas Aquino Creek-Marsh Connection Project, along with funding requests for other shoreline projects.
- **Calfire Wildfire Prevention Grant:** A grant application was submitted on January 12, 2024, for a \$250,000 grant through Calfire to fund development of a Valley Water Wildfire Resilience Plan. In addition to planning for the reduction in wildfire risk on Valley Water properties, the plan will also support enhanced efforts for multi-agency fuel load reduction via coordination with the Santa Clara County Community Wildfire Protection Plan and Multi-Jurisdictional Hazard Mitigation Plan.
- **Aquatic Ecosystem Restoration Projects Grant:** A grant application was submitted on January 24, 2024, for a \$2 million USBR grant to fund study and design for the Upper Penitencia Creek Flood Protection Project. This USBR Aquatic Ecosystem Restoration funding opportunity provides support to study, design and construct aquatic ecosystem restoration projects that are collaboratively developed, have widespread regional benefits, and result in the improvement of the health of fisheries, wildlife, and aquatic habitat.



Upper Penitencia Creek at Noble Avenue.

FEDERAL GRANT UPDATES

- USBR Environmental Water Resource Project Grants:**
 These grants provide funding for ecologically focused water conservation and efficiency projects, water management and infrastructure improvements, and river and watershed restoration projects and nature-based solutions. Projects must provide significant ecological benefits, have been developed as part of a collaborative process, and help carry out an established strategy to increase the reliability of water resources. Grant awards will be issued for up to \$3 million for projects with a total cost of no more than \$6 million.
- EPA Community Change Grants:** These grants will fund community-driven projects that address climate challenges and reduce pollution while strengthening communities. Grants require a partnership to apply, such as a local government and community-based organization. EPA will allow applications to be submitted on a rolling basis over a 12-month period, through November 21, 2024, and will allow applicants to resubmit an unsuccessful application after a debriefing with the agency. Valley Water is evaluating the criteria and discussing opportunities with staff.



Valley Water, Army Corps and Tribal Leader Coordination at Palo Alto Flood Basin Tide Gate Project.

- WaterSMART Large-Scale Water Recycling Program:**
 On September 7, 2023, USBR released its Notice of Funding Opportunity for construction funds under this new program created under the Bipartisan Infrastructure Law. A total of \$180 million is available for eligible projects (those with a total project cost of \$500 million or more). Valley Water is evaluating grant criteria before applying for this funding opportunity.
- WaterSMART - Title XVI Congressionally Authorized Water Reclamation and Reuse Projects for Fiscal Years 2023 and 2024:** USBR aims to provide financial and technical assistance to local water agencies for the planning, design, and construction of water reclamation and reuse projects to improve efficiency, provide flexibility during water shortages, and diversify the water supply. Funded projects will provide growing communities with new sources of clean water which increases water management flexibility and makes water supplies more reliable. The current grant program has \$20 million available.
- WaterSMART - Small-Scale Water Efficiency Projects:** USBR aims to provide financial and technical assistance to local water agencies for the planning, design, and construction of water reclamation and reuse projects to improve efficiency, provide flexibility during water shortages, and diversify the water supply. Funded projects will provide growing communities with new sources of clean water, which increases water management flexibility and makes water supplies more reliable. The current grant program has \$20 million available.

STATE GRANT UPDATES

- DWR Urban Streams Restoration Grant:** The Urban Streams Restoration Program (USRP) at the Department of Water Resources (DWR) funds projects and provides technical assistance to restore streams impacted by urban development to a more natural state. The USRP goals include: (1) protecting, enhancing, and restoring the natural, ecological value of streams; (2) preventing future property damage caused by flooding and bank erosion; and (3) promoting community involvement, education, and riverine stewardship. Grant awards will be issued up to \$1,000,000.
- CDFW Drought Emergency - Protecting Salmon Grants:** This California Department of Fish and Wildlife (CDFW) grant funds planning and implementation projects that enhance resiliency to drought and climate change through restoration, protection, or enhancement of riparian and aquatic habitat and river channels, reconnection of historical flood plains, or improvements to ecological functions. This grant program is ongoing through 2026 with \$100 million available.
- 2024 Climate Resilience Bond:** The Governor and legislative leaders are looking to bonds to fill funding gaps created by the state budget deficit. The Legislative Analyst's Office (LAO) has determined that a financially sound limit for additional bond financing is \$22 billion. There are many state priorities to consider, including education, housing, and climate change adaptation. There also is concern about what level of bond financing voters will accept. Staff continues to advocate to secure the largest amounts possible for Valley Water priorities, including dam safety, sea level rise protection, recycled water, flood subventions, and homelessness assistance programs.
- State Budget Claw Backs:** The State is still working to address the potential \$73 billion deficit projected by the LAO. At this time, Valley Water funding priorities have not been included in the early action cuts, such as sea level rise, dam safety, and recycled/purified water. However, the May revise is still to come, which will include additional proposed cuts.
- CalOES State & Local Grant Program (SLCGP):** CalOES has been awarded \$23.9 million through the Bipartisan Infrastructure Law to establish the SLCGP with a local pass-through of 80 percent. CalOES is expected to announce the SLCGP sub-recipient application process this spring. In preparation for the application, staff is now reviewing Valley Water's internal cybersecurity efforts to see where they align with SLCGP goals.

Summary of Applications Submitted, FY 2021-FY2024

