



Funding Your Next Risk Mitigation Project

May 5, 2023





Why look at strategic funding?



Types of funding



Best practices in securing funding



Making the process work for you



Q&A

Speakers Today

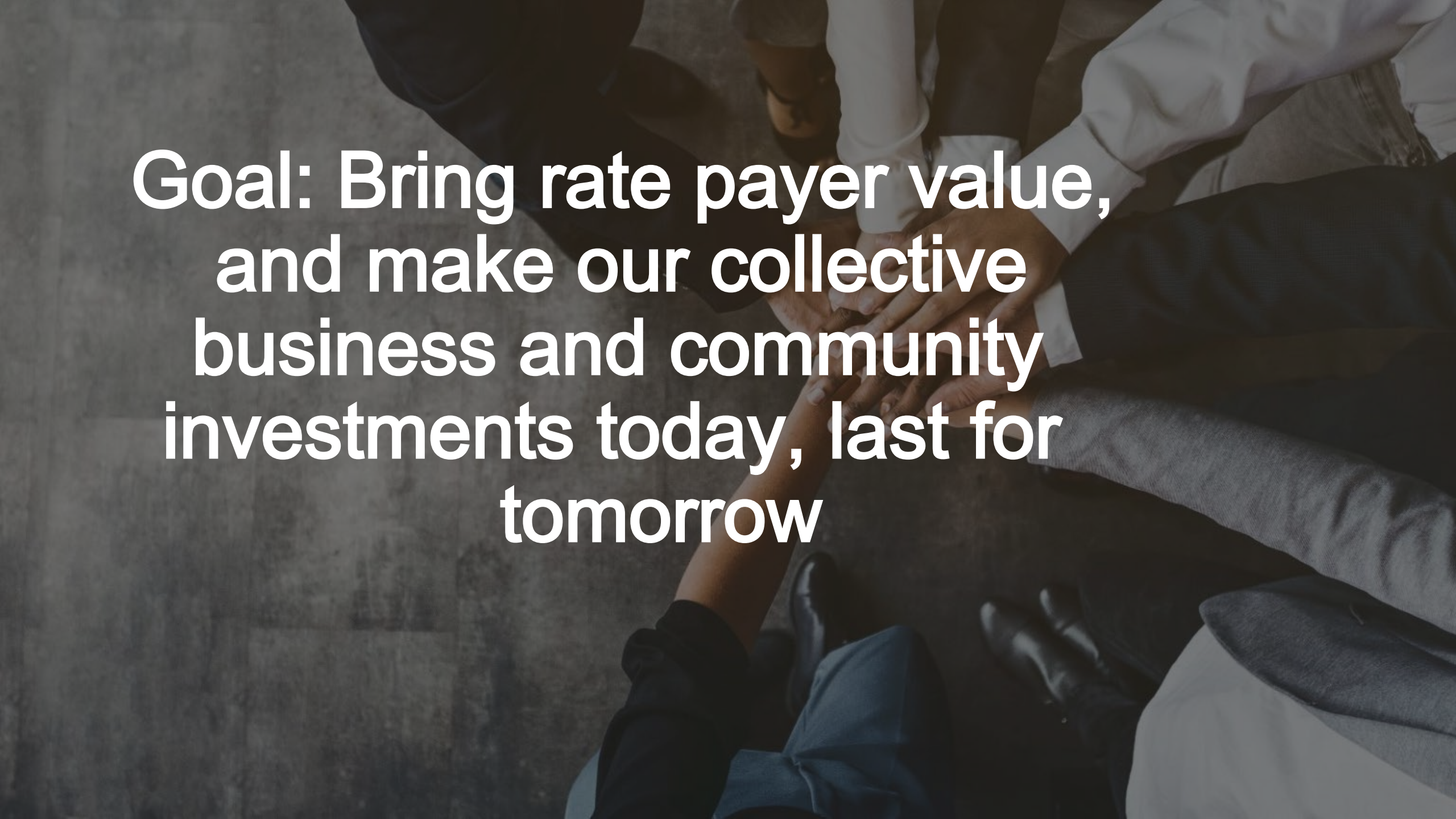


Alex Shannon

Sr. Vice President, Northwest
Water

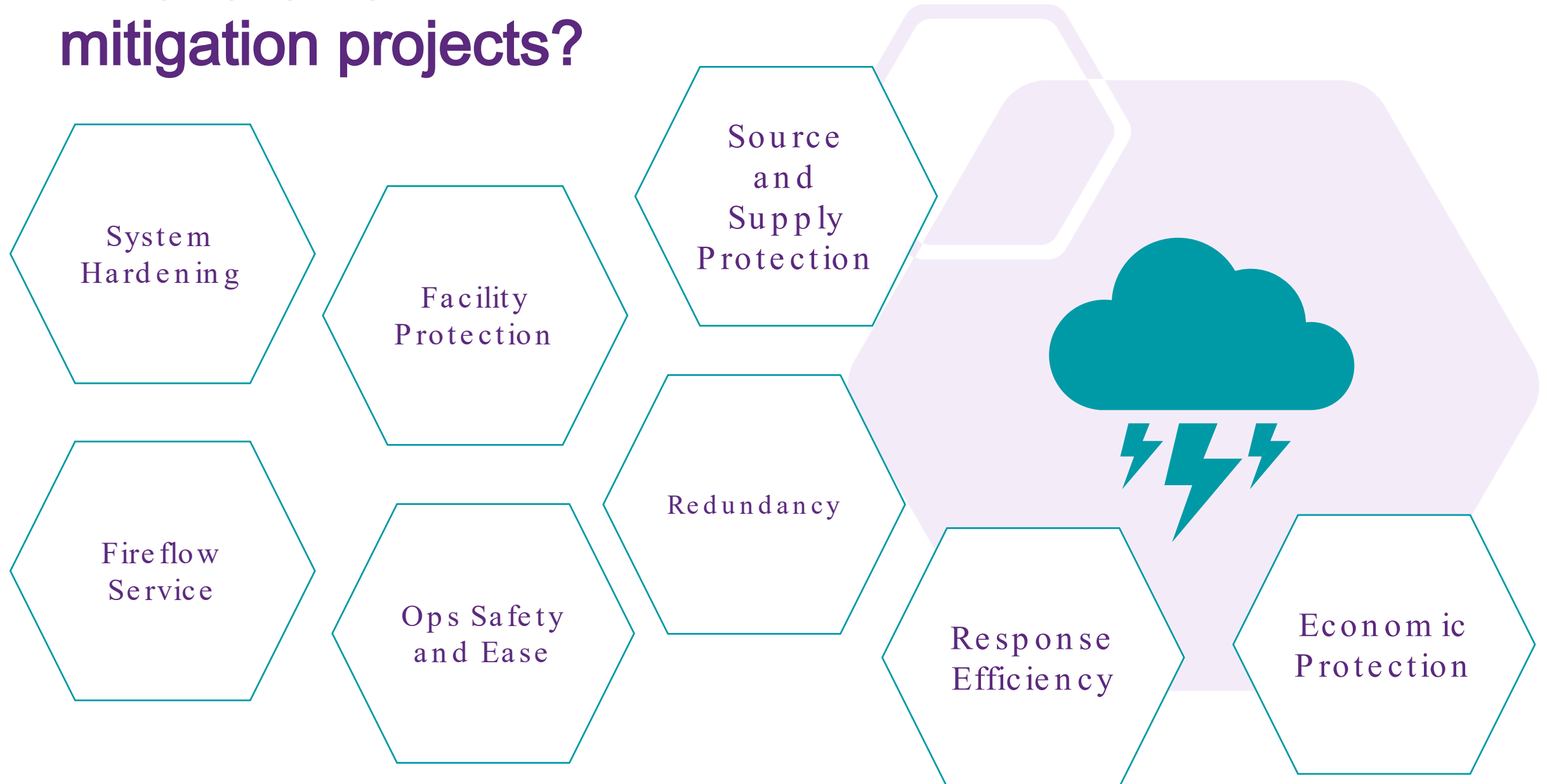
Sarah Lingley, PE

Vice President, Oregon Water



**Goal: Bring rate payer value,
and make our collective
business and community
investments today, last for
tomorrow**

What are risk mitigation projects?



Why Look at Strategic Funding?



Our Lists Just Keep Adding Up!

- AWIA – Great for risk reduction, but how do you pay when you have:
 - Other big projects?
 - Internal competition for funds?
 - A lot of high priority projects?
- Public Demand
- Correcting historic inequities
- New modeling & forecasts



Funding Programs Create Flexibility



Repayment Terms
Deferral
Ramp Up



Low Cost
Principal Forgiveness
Low Interest
Grants

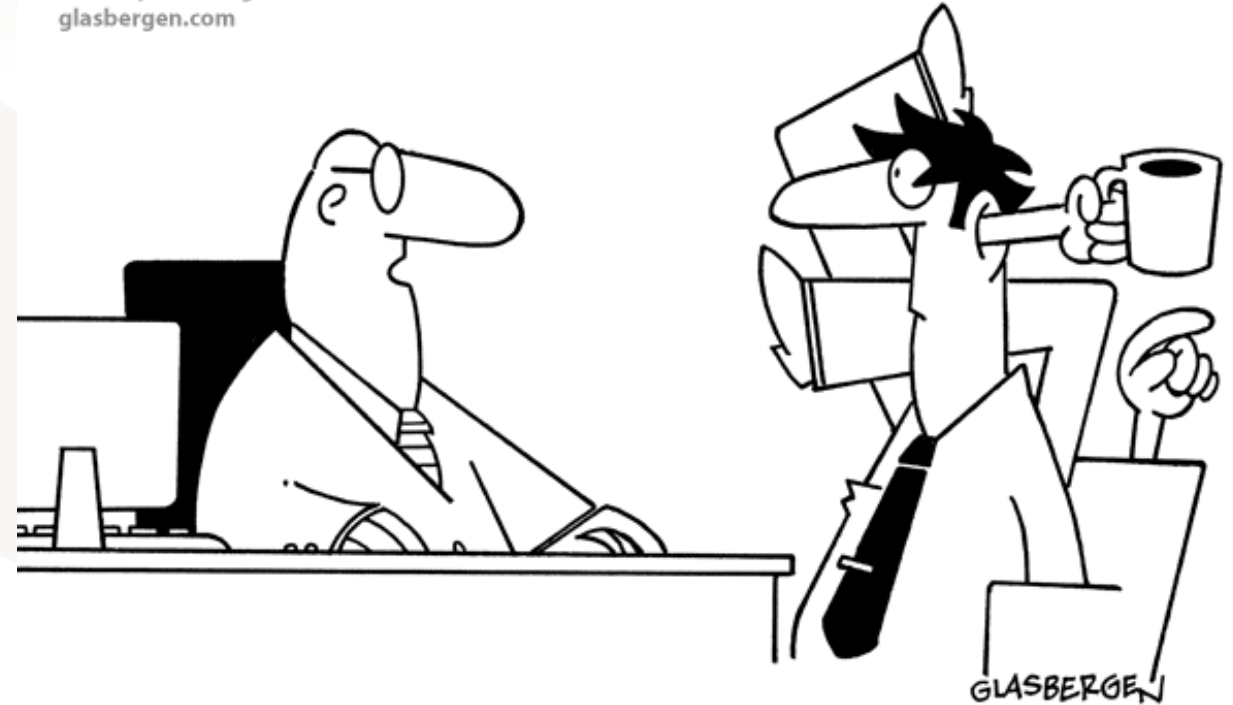


Technical Assistance
Money + Brains
what's not to love!



Free Up Other
Money
Look programmatically

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“I appreciate your effort, but we need you to be more flexible.”

Fully Leveraging Funding Programs

- Combine similar projects
- Maximize state and federal awards – combining programs
- Take full advantage of deferral programs
- Find eligible scope for principal forgiveness
- Utilize short term credit to bridge the gap



Put the “FUN” back in Unfunded Mandate



EPA's WIFIA Program



- **WOAH! It's now a rolling application process!!**
 - 49% of project cost
 - Construction + 5 Years Before Payments Start
 - Borrows of all credit
 - Special programs for smaller communities



What's the recipe for WIFIA?



- Engage early – orient them to your project
- Demonstrate local, regional, elected, and stakeholder support
- Demonstrate constructable, but realistic schedule
- Align with priorities. And make sure you communicate these!
 - Increasing investment in economically stressed communities.
 - Making rapid progress on lead service line replacement.
 - Addressing PFAS and emerging contaminants.
 - Supporting one water innovation and resilience.

State Revolving Funds (The Tried and True)

- Combine with WIFIA!
- Low interest
- Construction + 1 Year Deferral
- Typically states have a Clean Water program and a Drinking Water program
- Check out EPA for general requirements and visit state specific websites

FEMA Building Resilient Infrastructure Communities (BRIC)

- Local governments are subapplicants to their State. Timelines vary by State.
- A FEMA approved Hazard Mitigation Plan is required.
- A detailed benefit cost estimate is required.



Infrastructure project



Mitigates risk to one or more lifelines



Incorporates nature-based solutions



Applicant has mandatory tribal-, territory-, or state-wide building code adoption requirement
(recent versions of International Building Code and International Residential Code)



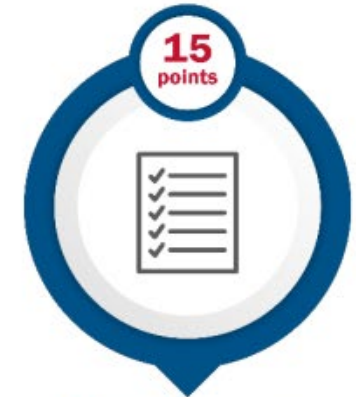
Subapplicant has Building Code Effectiveness Grading Schedule Rating of 1 to 5



Application generated from a previous qualifying award or the subapplicant is a past recipient of BRIC non-financial Direct Technical Assistance



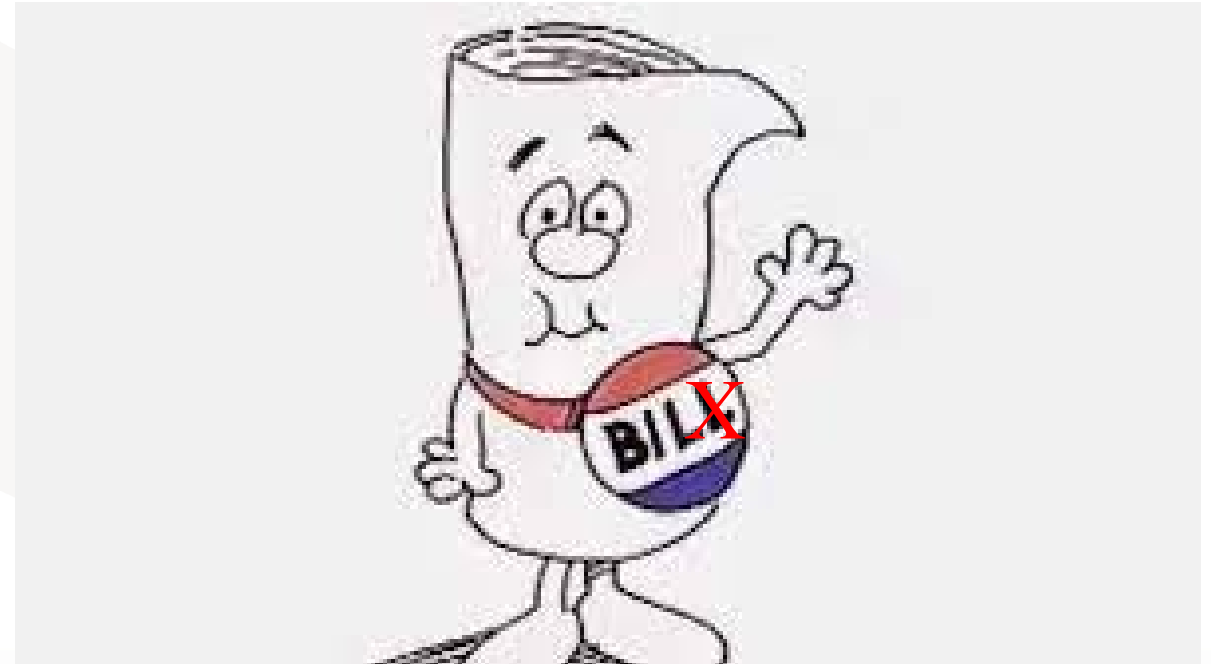
A non-federal cost share of at least 30%
(or, for Economically Disadvantaged Rural Communities, a non-federal cost share of at least 12%)



Designation as an Economically Disadvantaged Rural Community

What's in the Bipartisan Infrastructure Law (BIL)?

- Expansion of existing programs
- New Grant Programs Like:
 - Lead Reduction Grant Program
 - **Water Infrastructure Resiliency Grant Program - \$50M/ Yr**
 - Sewer Overflow Grant Program
 - Public Treatment Connection Grant Program
 - New Tech Grant Program
 - **Wastewater Resiliency Grant Program (\$25M/ Yr)**
- Western Water source and supply



Other State Programs

- Economic development grants (these can often fund water projects!)
 - Ex. WA State CERB
- Public works boards
 - Ex. WA State PWB
- State budget appropriations

The Funding Matrix - Reloaded



DRAFT											
Funding Information											
Mitigation Measure	Cost Action 2	Total ROM Cost	Likely Rank of	Funding Source	Agency	Applicability	Eligibility	Amount Availabl	Terms	Funding Cycle	Website
Power Resiliency Upgrades	\$ 1,800,000	\$ 1,870,000	1	Building Resilient Infrastructure and	FEMA (through State)	Replaces former "Pre-Hazard Mitigation Grant Program", specifically geared towards resilient infrastructure funding	Local agencies are eligible, but as a "subapplicant" through the State.	\$450M total, \$50M per application	25% Cost Share Required	Check WA deadlines. FEMA accepts applications through January 29 (2020), but WA State applications are typically due by Oct	https://www.fema.gov/grants/mitigation/fy2020-nofr
			2	PwB- Pre Construction Loan	WA State Public Works Board	Plannign Projects Only	Local agencies	Maximum loan amount \$1 million per jurisdiction per biennium.	5-year, interest rates vary	WA State Biennium Budget Dependent	https://www.commerce.wa.gov/building-infrastructure/pwb-financing/
			2	PwB - Construction Loan	WA State Public Works Board	There is approximately \$68 million set aside for construction applications. Award is based on a competitive process. Applications every six month starting in June 2019, until the appropriated funds are exhausted. There is a maximum \$10 million dollar award per jurisdiction per biennium limit, with a loan term of 20 years, including 5 years for completion. Applications may be submitted for emergencies at	Local agencies	\$68M total, up to \$10M per jurisdiction	Determined prior to funding cycle	June-July, Dec-Jan	https://www.commerce.wa.gov/building-infrastructure/pwb-financing/
			3	Hazard Mitigation Grant	FEMA	Requires emergency declaration (Covid or recent fires may count)	Local agencies	Based on aggregate cost of	Grant	Post disaster declaration	https://www.fema.gov/grants/mitigation
Earthquake Resilience Upgrades	\$ 2,800,000	\$ 2,945,000	1	Building Resilient Infrastructure and	FEMA (through State)	Replaces former "Pre-Hazard Mitigation Grant Program", specifically geared towards resilient infrastructure funding	Local agencies are eligible, but as a "subapplicant" through the State.	\$450M total, \$50M per application	25% Cost Share Required	Check WA deadlines. FEMA accepts applications through January 29 (2020), but WA State applications are typically due by Oct	https://www.fema.gov/grants/mitigation/fy2020-nofr
			1	Drinking Water State Revolving Fund (DwSRF)	WA DOH	DwSRF funds all types of drinking water projects. SRF typically provides low-interest loans, but offers some grants and principal forgiveness for low-income communities and green infrastructure projects.	Local Agencies. Must have an approved Water System Plan. Must have construction component. Cannot address growth or	\$5M/jurisdiction. Potential subsidy for low-income areas based on affordability index.	1.75% interest rate, plus origination costs. 20 year term.	Oct 1- Nov 30	https://www.doh.wa.gov/CommunityandEnvironment/DrinkingWater/WaterSystemAssistance/DrinkingWaterStateRevolvingFund/DwSRF
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Best Practices to Secure Funding

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Make your projects work for you

With the goal of delivering projects and keeping rates low:

- Overlay a funding matrix on your CIP – look programmatically
- Look temporally - both at expected funding and project schedules
- Identify project scope items that are attractive for funding
- Strategically package projects/scope items



Making the most competitive application

- Tell the project story
 - Benefits (FHWA has some great examples of the types of benefits a project can bring)
 - Economic, risk/safety, environmental
- Show how these projects are priority – supported by plans
- Tie to key funding program goals
- Use visuals to support concepts
- Look at projects that can be grouped/combined
- Highlight the risk reduction elements
- Highlight what ties to administration priorities

Making the Process Work for You



Is the hassle worth it?



In short – YES!



What tips the scale?



Setting your organization up for success early

- Documentation, documentation, documentation
- Contractor bid requirements
 - Documentation
 - Reqs for Alt Delivery
 - Davis Bacon, Buy America
- Site visits – help funding agencies see and celebrate progress



Taking the wizardry out of financial reporting

- Ask these agencies for templates or help
- Set up project controls systems for easy reporting



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