Funding in Flux:
Navigating Water Infrastructure Funding in a World of Shrinking Federal Investment



May 7, 2026

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American Water Works Association
Pacific Northwest Section

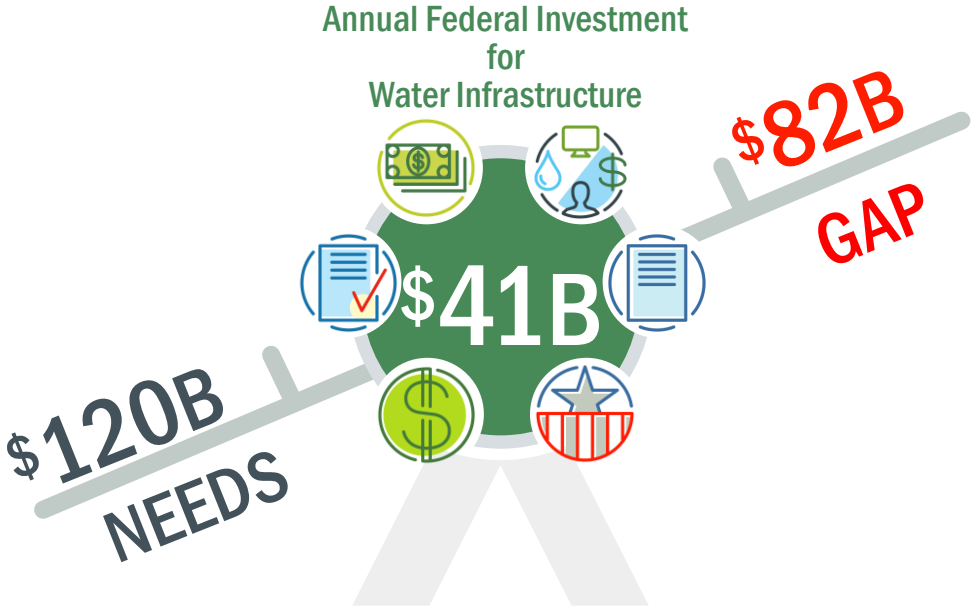
Investment Gaps in Water/Wastewater Infrastructure

5 Major Sector Risks:

Cost Inflation, Regulator Mandates, Federal Funding Cuts, Capital Market volatility, and Affordability

Infrastructure Needs / Drivers:

Aging Infrastructure, Emerging Contaminants, Regulatory and Population Shifts & Operations (energy & chemicals and workforce)

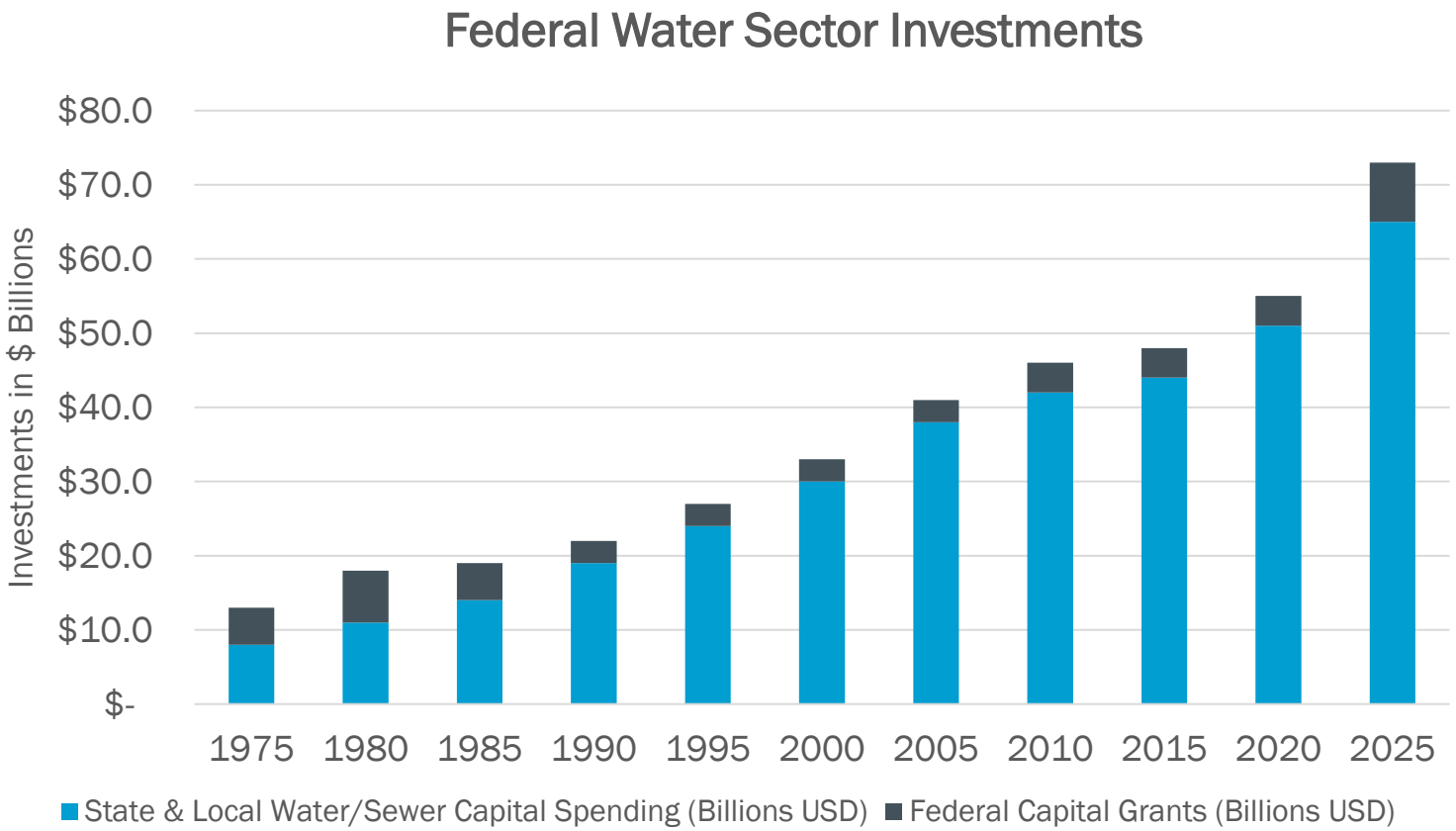


What This Means for Utilities:

- ✓ More competition for federal funding programs
- ✓ Greater emphasis on readiness and deliverability
- ✓ Increased scrutiny of affordability and underserved community benefits
- ✓ More opportunities for multi-benefit and resilience focused projects

The SRF punctuates diminishing federal help

Other budget priorities and ongoing deficits will continue to drag on federal water sector investments



Congressional Budget Office (CBO) 2018 report: Public Spending on Transportation and Water Infrastructure, 1956 to 2017

US Census Bureau: Value of Construction Put in Place & Bipartisan IIJA Allocations (2021-2025 estimates)

GRANT ERA

40%

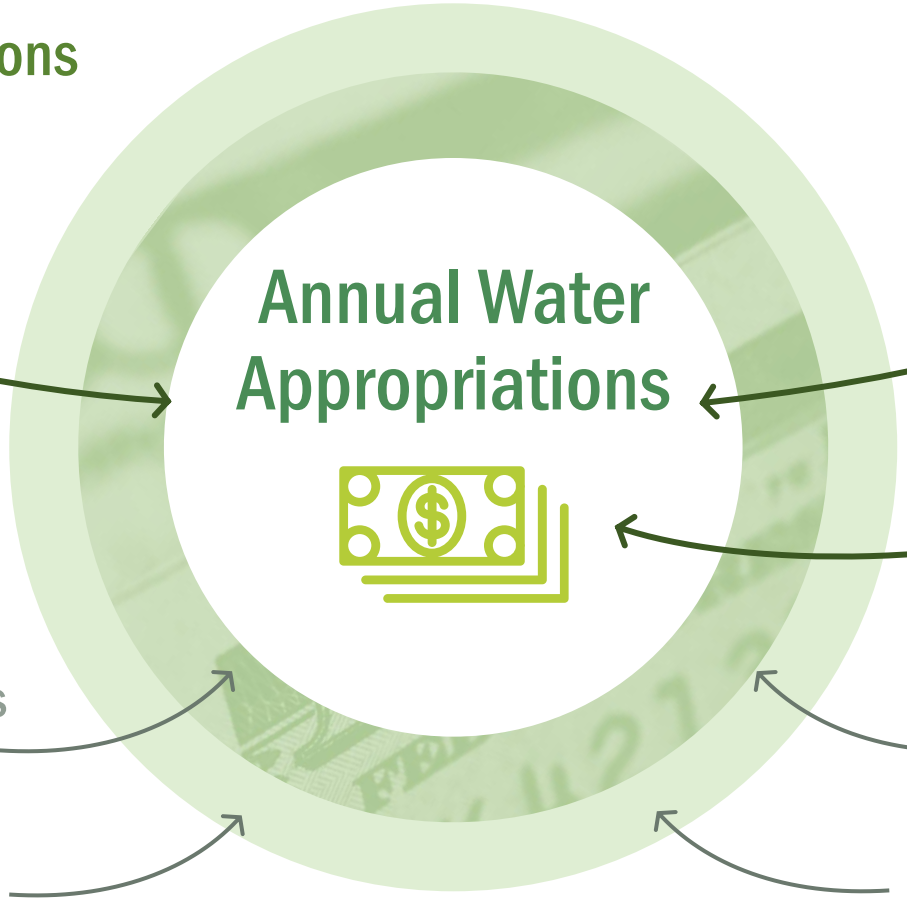
$0.40 of every $1 came from federal sources

CURRENT ERA

8%

The level has fallen to < $0.10 for every $1, replaced by local sources for the most part

Water Infrastructure Funding Appropriations



State Legislative Appropriations and Bond Measures

FY Spending Bill and Direct Appropriations (OBBBA)

FY Water Resources Defense Act (WRDA) Appropriations

Infrastructure Investment and Jobs Act (BIL) FY 2022 through 2026

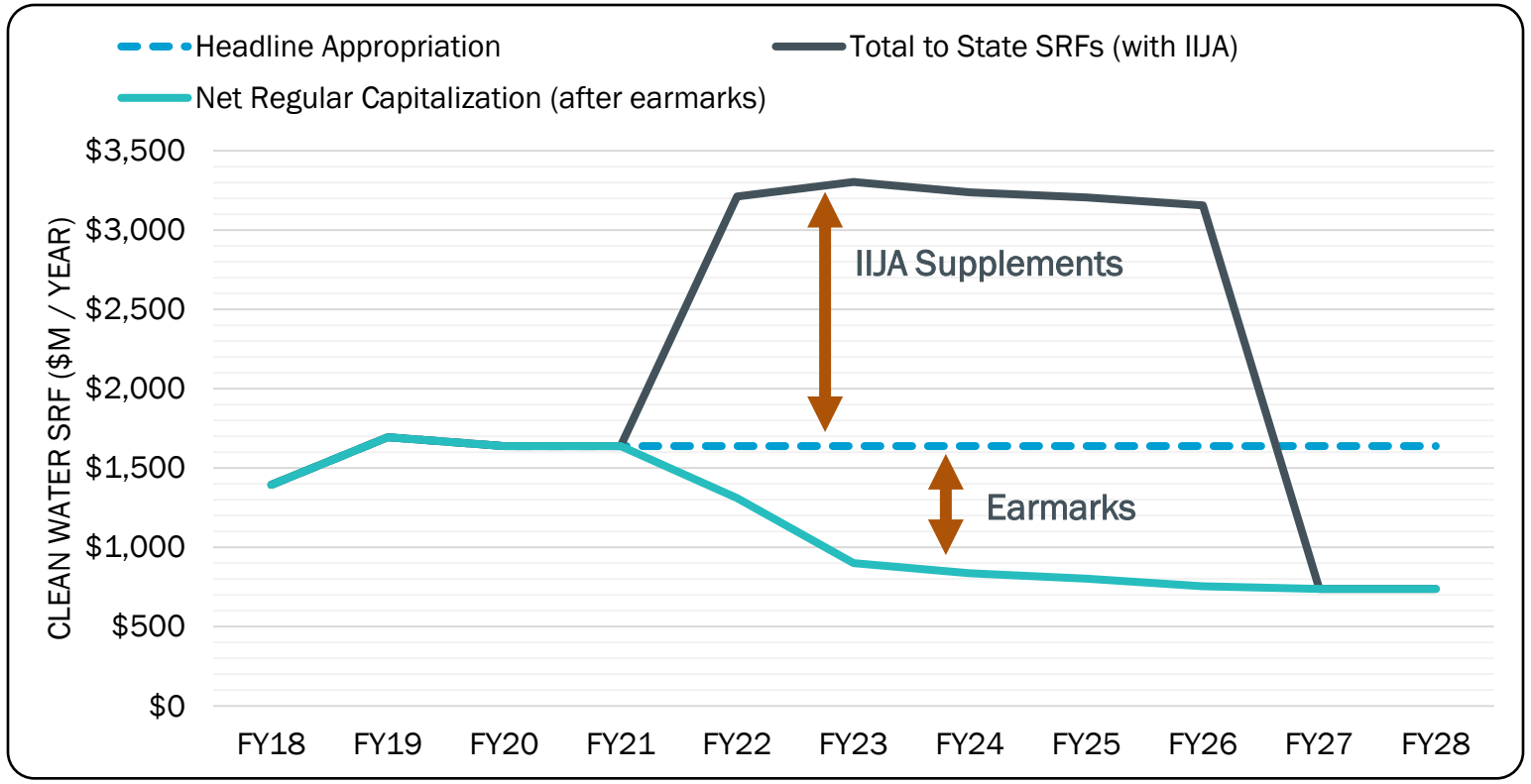
America Rescue Plan Act (ARPA)

CHIPS and Science Act of 2022

Inflation Reduction Act (IRA) of 2022

The SRF punctuates diminishing federal help

The reported 90% cut to funding never happened, but there are still some big challenges ahead



Source: EPA Office of Water budget actuals, FY2018–FY2026; P.L. 119-74 (signed January 2026); IIJA supplemental appropriations through FY26 ($2.4B/yr). FY27–FY28 are projections assuming flat headline appropriations and continued ~55% earmark rate.

THE 2027 DROP

-77%

Appropriations less earmarks & expiring IIJA funds.

But: earmarks now make up 54% of CWSRF and 64% of DWSRF appropriations.

The headline is misleading. Net SRF capitalization after earmarks is a decrease

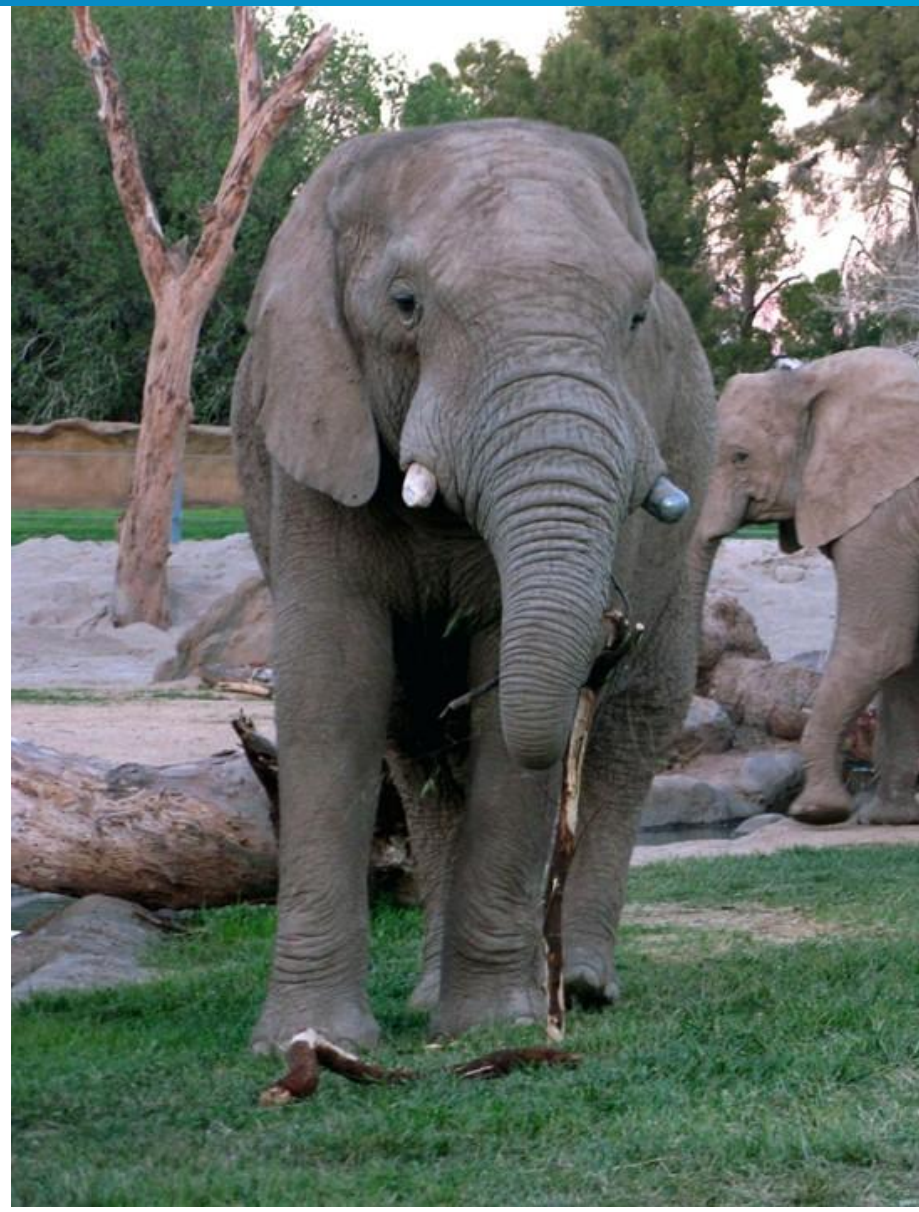
Federal Funding Projections

The Bottom Line: Federal Funding Supplemental NOT Foundational

- ✓ Infrastructure Investment and Jobs Act = Single largest federal investment, but most of its funding authority sunsets in FY 2026
- ✓ Administration and Congress signal that states, regional, and local revenues must carry water investment

FY 2027 and Beyond: The Forward Look

- ✓ No IIJA-Scale Replacement Funding
- ✓ Continued pressure on water infrastructure funding
- ✓ FY 2027 anticipated funding conditions
  - ✓ IIJA supplemented allocations no longer available
  - ✓ Key water-infrastructure authorizations set to expire
  - ✓ White House FY27 Budget proposes significant cuts to SRF / WIFIA



Administrative Priorities for Infrastructure

- Job Creation
- Modernization of Roads/Bridges
- Safety Improvements
- Resiliency Aligned Infrastructure

FY 26 Funding Emphasis

- Department Of Energy (DOE): Focus On Advancing AI Through Innovation and Critical Mineral Development and Resource Recovery
- Grid Resilience & Cybersecurity: Cybersecurity, Emergency Response, and Grid Modernization To Protect Against Attacks and Disruptions
- Department Of Transportation: Highways, Bridges, Freight and Supply Chain

FY26 Funding Impacts

- EPA: Clean Water and Drinking SRF Programs (reduced due to CDS)
- Army Corps Of Engineers: Reduced Funding Flood Control, Navigation, and Water Infrastructure
- DOE: Clean Energy Programs and Climate Initiatives by $1.6b
- Bureau Of Reclamation: Lower Investment In Western Water Infrastructure and Drought Resilience
- **USDA Rural Development**

External Funding Mechanisms

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Traditional and External Funding Mechanisms

State Loans and Grants

Protect Our Health from Source to Tap • Drinking Water State Revolving Fund

Clean Water State Revolving Fund

Other Stated Based Programs (Varied)

Federal and State

Federal

FEMA

U.S. DEPARTMENT OF ENERGY
Energy Efficiency & Renewable Energy

NRWA

RCAC

USDA

Other Mechanisms

Agency Rates, Reserves, Connection Fees, Pay-as-you-go, Upfront collection from new/existing users

Debt Financing Municipal Bonds, G.O. Bonds, Environmental Impact Bonds, Green Bonds, General Reserves, Special Assessment

Market Based Tax credits, Green Benefit Districts, Resiliency Bonds for Risk Reduction

Private / Water Stewardship

Multi-Agency Cost Sharing

Public Private Partnership (P3)

Statewide Assistance Programs to support utilities

State Agencies With Funding For Water and Wastewater Projects

Oregon

DEQ

Oregon Health Authority

OREGON.GOV

business oregon

Washington

DEPARTMENT OF ECOLOGY State of Washington

Washington State Department of HEALTH

Washington State Department of Commerce

Montana

DEQ MONTANA

The Montana Department of Natural Resources & Conservation

Idaho

IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY

IDAHO COMMERCE

North Dakota

NORTH Dakota Be Legendary. | Environmental Quality

BND Bank of North Dakota

South Dakota

SOUTH DAKOTA GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

Arkansas

ARKANSAS DEPARTMENT OF AGRICULTURE

ARKANSAS INC

Current Funding Opportunities

1. WIFIA
2. SRF
3. Federal Earmarks
4. FEMA
5. Reclamation
6. USDA

1 

Water Infrastructure Finance and Innovation Act (WIFIA)

2 

Clean and Drinking Water State Revolving Fund

3 

Federal Authorizations and Earmarks*

4 

Building Resilient Infrastructure and Communities (FY 24 and 25)

5 

Water and Waste Disposal Direct Loan Program

6 

Water Recycling / Desalination Grants*

Water Infrastructure Finance and Innovation Act (WIFIA) Program

WIFIA PROGRAM

CONSIDERATIONS	PROGRAM SPECIFICS
Loan Types	• Large Infrastructure Projects (CW/DW SRF eligible) • Planning/Design or Planning/Design and Construction
Project Cost(s)	• Min ≥$20M (>25,000 people) or >$5M (<25,000)
Restrictions	• Cover ≤49% of project costs (no max loan); Max. 80% federal funding for "Project"
Loan Term	• 35 years from completion of project (loan term of up to 40 years) • Ability to sculpt loan to create best financing scheme • Defer first repayment 5 years
Interest Rate	• Fixed interest rate based on US Treas. rate of similar maturity • Ability to reset interest rate one time • Loan sculpting with other sources can increase total $ savings
Prepayment	• No prepayment penalty • Pay interest only after starting to drawdown and on amount drawdown
Project Packaging (Single or Program of Projects)	• Projects completed on a similar schedule (approx. 5 years per loan with master agreement can reach up to 10 years) • Projects serve a common purpose (water supply, reliability, etc.) • Loan repayment from the same revenue stream

WIFIA Loan Considerations and Benefits

Interest Rate	• Early FY 26 interest rate is ~4.5-5% •Rate is not a function of the credit rating
Interest Rate Reset	•One-time option to reset interest rate
Draw Schedule Loan	•Interest only accrues on the actual amounts drawn
Deferred Start of Repayments	•Not required to make WIFIA payments during Project construction •Can defer payments up to 5 years after completion •Accrued interest over period is added to the loan principal; amortized over loan term
Long Term	•Up to 40-years available: must be paid off within 35 years of project completion
Flexible Structuring	•Loan can be structured in a variety of ways, including back-loading as necessary to wrap around scheduled payments on other debt
Re-Amortization	•Have the option to re-structure the WIFIA loan after closing should changes in the financing plan occur
Early Prepayment	•City can prepay the WIFIA loan at any time after project completion, with no penalty

City of Hayward WWRF Phase II Improvements Project: "Low Cost" Financing is Critical

- ✓ Project reduces nutrient loadings to the SF Bay (by 30%) with WRF Improvements (including MBR) by 2032
- ✓ Total Project Cost: $520M
- ✓ WIFIA: City anticipates savings of $9M-$25M; bigger benefit is the ability to modulate ratepayer impacts

Funding Sources		Amount
Federal	WIFIA	$255 million
State	Clean Water SRF	$50M
Debt Financing	Municipal Bond(s) (assume 2 bond draws)	$235 million
Cash	Wastewater Enterprise Fund	$29 million (5%)
Other	Water Resources Development Act Project Funding	$15M



Congressionally Directed Spending aka “Federal Earmarks”

- **Federal Earmarks:** FY Consolidated Appropriations Act, Congress renewed funding specifically named community infrastructure needs
  - Congressionally Directed Spending Requests (Senate)
  - Community Project Funding (CPF) (House of Representatives)
  - Funding awards ranged between $1M-$5M, usually 2 years to award
    - Future congressional funding priorities vary year to year.

- **Federal Authorization under WIIN** (Reclamation) or WRRDA (Army Corps of Engineers)
  - Advocate through State Senator and Representatives’ Offices

United States Bureau of Reclamation Opportunities

WaterSMART Programs

- ✓ Water & Energy Efficiency, Small Scale Efficiency, Drought Response, Cooperative Watershed Management, Applied Science Grants, Basin Studies & Aquatic Ecosystem Restoration

Title XVI Water Reclamation & Reuse Program

- ✓ Title XVI Authorized
- ✓ Title XVI WIIN Act
- ✓ Large-Scale Recycled Water Projects

Desalination Construction & Research

- ✓ & Water PurifiDesalination Construction Program Desalination cation Research (DWPR)

Water Storage & Conveyance Programs

- ✓ Water Storage & Conveyance (WIIN Act)*, Aging Infrastructure Account*, Extraordinary Maintenance, Central Valley Project, Colorado River Basin Programs

Other Programs

- ✓ Ecosystem Restoration Programs
- ✓ Science & Technology (S&T)
- ✓ Rural Water Supply
- ✓ Dam Safety
- ✓ Salinity Control
- ✓ Native American Affairs Programs

Building Resilient Infrastructure and Communities (BRIC) Program

Funding Type	Grant Funding
Funding	• Up to $20M for Implementation Projects • Up to $2M for Building Code Activities and Project Scoping
Project Priority	• Capacity building, mitigation projects & management costs • Infrastructure focused hazard mitigation to reduce risks from natural hazards • Focus is pre-disaster resilience
Project Priorities	• Prioritize Infrastructure resilience for shovel ready projects and incentivize the adoption of the latest hazard resistant building codes • Shift responsibility and authority to states and tribes
Match Requirement	• 75% federal / 25% non-federal match (for DACs 90% Federal / 10% Non-Federal)
Pre-Requisite / Requirement	• FEMA approved Local or Multi-Jurisdictional Hazard Mitigation • Current Building Codes • Benefit Cost Analysis > 1.0 (Not a requirement for Economically Disadvantaged)
Changes from Previous Rounds	• No Hazard Mitigation Planning funding and Non-financial direct technical assistance • Capability and Capacity Building is only allowed if directly tied to infrastructure resiliency (Building codes, project scoping) • Phased Projects are eliminated = CONSTRUCTION READY (90% or higher)

Private Investment: Google Water Replenishment Program



RFI Opened March 16th; RFI due April 30th

- ✓ $6M in direct funding for Water Replenishment Projects that will be operational by 2030
  - ✓ Volumetric benefit > 100 MGY
  - ✓ Capital, O&M and annual reporting
- ✓ Seeking projects providing increased water efficiency and reduce water loss (Infrastructure, Nature based and Agricultural)
  - ✓ Leak detection/Repair, WW/DW, water reuse, ASR, nature based solutions, well construction/ rehabilitation, stormwater detention/retention ponds, and engineered SW capture

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Federal and State Funding Considerations

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Federal Compliance & Administration Requirements: *The Strings*

Primary compliance regulations

NEPA & environmental cross-cutters // A/E procurement requirements // **Davis Bacon Wages (and prevailing wages)** // **American Iron & Steel** // **Build America, Buy America** // Sole source considerations // Civil rights, nondiscrimination, EEO, and civil rights // **DBE compliance** // **Debarment and suspension** // Restrictions in lobbying // Uniform Land Act // Telecommunications prohibition // Others

Administrative requirements

Financial reporting requirements // Quarterly and close out reports // **Quarterly disbursement requests** // **Compliance** reporting/site visits // **Davis Bacon compliance certifications** // Project monitoring accounting (generally accepted accounting principles [GAAP]) and audits // Record maintenance and retention (5 years beyond loan agreement term) // Program specific requirements



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Recent Changes due to E.O.'s

Disadvantaged Business Enterprise

- ✓ Six Good Faith Efforts during Bidding
- ✓ Maintain active contractors list for project duration
- ✓ Notification of sub-contractor replacement
- ✓ **Reporting requirement: Not required**

Davis Bacon Wage Rates

- ✓ Required for all programs (but ARPA)
- ✓ Higher of Davis Bacon or Prevailing Wage Rates
- ✓ Bidding
  - ✓ Include physical rates in bid documents
  - ✓ Reissue via addendum 10 days prior to bid submittal

NEPA / Permitting

- ✓ Projects MUST comply with the National Environmental Policy Act (NEPA)
- ✓ Complete prior to start of any ground disturbing activities
- ✓ Recent changes:
  - ✓ No longer required to consider upstream and downstream environmental effects outside of immediate project
  - ✓ Reduced emphasis on climate related cumulative impacts
- ✓ Compliance with MMRP throughout construction

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Build America, Buy America Act

The Build America, Buy America Act (BABA), enacted in 2021 as part of the Infrastructure Investment and Jobs Act, strengthened requirements for using domestically produced materials in federally funded infrastructure projects. It mandates that iron, steel, manufactured products, and construction materials used in such projects be made in the U.S., subject to limited exceptions for non-availability or excessive costs.

Conditions Under Which a Waiver May Be Granted

- ✓ **NON-AVAILABILITY**
- ✓ **UNREASONABLE COST**
- ✓ **PUBLIC INTEREST**
- ✓ **DE MINIMIS WAIVER (be aware, varies by program)**

Project Implications

- ✓ Increase in project costs (% varies by project)
  - ✓ Influenced by Tariffs and Supply Chain
- ✓ Project schedule may be impacted due to lead times
- ✓ Increased Contractor administrative requirements (certificates/tracking) and oversight
  - ✓ Pending program may increase disbursement timelines
- ✓ Product specific waivers take 4-6 months to secure
  - ✓ Procurement

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Collaborative Project Delivery: **Uniform Grant Procurement Standards**

2 CFR: 200.317-200.237

200.317-200.327
- Does not specifically address use of CMAR (State law does not waive federal procurement requirements)

200.318 (c)
- Organizational Conflicts of Interest (Employee participation in selection, award or administration of funding)
- (All awards and subawards)

200.318 (h)
- Award to responsible contractors with ability to perform;
- Construction Managers under CMAR and Operating as General Contractor must ensure contract awards to responsible subcontractors

200.319
- Full and Open Competition

200.320 (b) (2)
- Price as a Selection Factor for Competitive Proposals
- (CM and qualified contractor selection is done with consideration of cost competition)

200.321
- DBE/WBE requirements including 6 Good Faith Efforts

200.322
- Domestic Preferences for Procurement (AIS and BABA)

200.324
- Must make independent estimates before receiving bids or proposals for procurements >$250,000
- Cost or Price Analysis for all Project costs
- Cost Plus Percentage of cost and percentage of construction cost methods of contracting are prohibited

200.327
- Required Contract/ Subcontract Provisions



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External Funding Considerations on Projects: Eyes Wide Open

- ✓ External funding takes time to secure = Potential Project Impacts as Utilities typically won't start a project until funding secured
- ✓ NEPA / CEQA+ Environmental review before any groundbreaking activity
- ✓ Federal compliance and administrative impacts (BABA, Administration, other)
- ✓ Some funding programs do not allow for Collaborative Delivery or P3



Strategies to Align Projects for Success in Securing External Funding

Florida Water Resources Conference
FWRC
FWEA • FWPCOA • FSAWWA
Connect · Exchange · Innovate

Brown AND Caldwell

Shifting from Project Focused to CIP Focused Funding Approach



- Evaluate CIP and Prioritize projects (Scope/Cost / Schedule)
- Understand funding needs, and cash flow

- Identify potential funding opportunities
- Identify program requirements
- Stakeholder / Partner Engagement activities
- "Pre-Market" project with federal/ state agencies

PLANNING/ PRELIMINARY DESIGN

- Vet and hone on funding opportunities
- Develop "Living" Funding Strategy
- Explore SRF/ USDA and WIFIA
- Follow-up Agency discussions
- "Project Readiness" criteria and Prerequisites

DESIGN

- Pursue Loan and Grant Funding
- Technical and Environmental Documentation
- Delivery Method Considerations

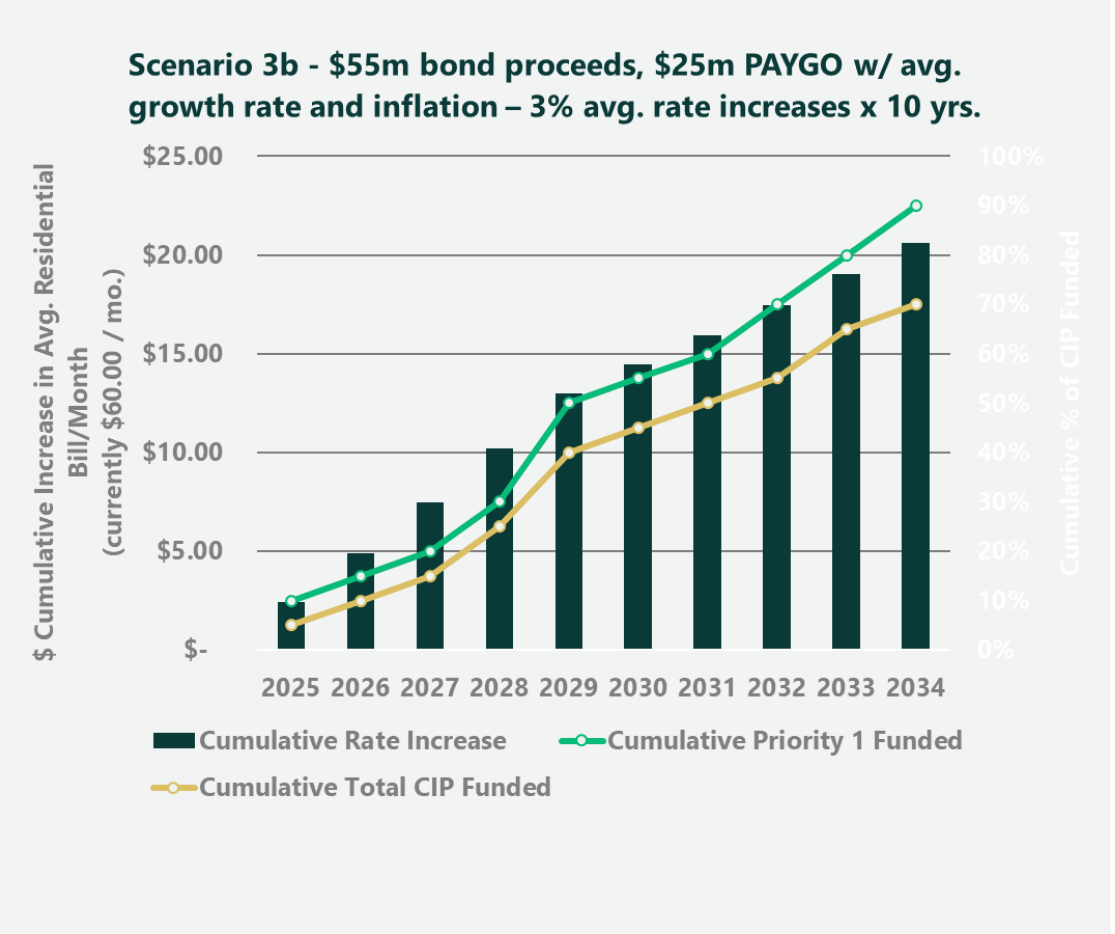
BID / CONSTRUCTION

- Secure Funding Prior to Construction NTP
- Secure Environmental Clearance Prior to Construction Start
- On-going Grant Administration and Compliance
- Record Keeping

Early planning = projects best positioned for securing outside funding

Approach to funding: Project Financing is Critical

- ✓ Making room for mandatory and large CIP prompts financial trade-offs
- ✓ Building a companion financial forecast model allows for the evaluation and optimization of trade-offs
  - ✓ Consideration of Bonds, WIFIA, SRF and Cash
  - ✓ Understand the potential impacts on financing & funding mix, CIP schedule, and ratepayers, all in one place.
- ✓ Extremely valuable in CIP planning; can demonstrate affordability outcomes with implementation timelines.



Align Project Purpose with Federal Priorities

Ensures Proper Alignment With Administrative Priorities To Maintain Eligibility and Increase Scoring Potential For External Funding Mechanisms

Administrative Priorities and E.O.S. Influence Funding Priorities As Well As "Key Words"

- ✓ Extreme Weather Events
- ✓ Environmental Risk
- ✓ Science-based Permits
- ✓ Hazard Mitigation
- ✓ Energy Efficiency
- ✓ Others

Terminology Requires A Nuanced Approach For Projects Seeking External Funding

- ✓ Refer To Agency Guidance Or Executive Orders and NOFOs To Identify Preferred Terminology

Wording Preferences

Climate Adaptation	• Infrastructure Hardening • Future Proofing • Risk Reduction
Climate Mitigation	• Emission Reduction • Energy Efficiency
Climate Resilience	• Disaster Preparedness • System Reliability • Continuity Planning
Climate Justice	• Community Protection • Support of Vulnerable Populations

"Plan...Position...React" Roadmap

State of New York Funding Source Matrix	For Internal Use and Not for External Distribution				Author or Custodian: Gracie Giannettino and Seema Chavan					
Program	Program Area	Source of Funds	ative Agency	Type of Funding	Overview	Eligible Applicants	Project Types	Timing	2026 Application Timing	How to Apply
State Opportunities										
Drinking Water State Revolving Fund	water	Federal	New York State EFC and DOH	Loan/limited grant	DWSRF is administered jointly by EFC with the State Department of Health. It provides financial assistance for drinking water projects including treatment plants, distribution mains and storage facilities.	•Public or Private community water systems serving at least 15 service connections used by year-round residents, or regularly serves at least 25 year-round residents. •Nonprofit non-community water systems including schools, publicly owned campgrounds, parks, or churches.	•Treatment •Transmission & Distribution •Storage •Source •Consolidation •Creation of New Systems •Planning and Design	**DWSRF operates on the Federal Fiscal Year (FFY): October 1 to September 30** •Applicants must submit project to IUP list to compete for funding by 5/29/2026. **Application cycle for FFY 2027 open.** •Funding is awarded on a prioritized list after submission to the IUP	**Application OPEN** IUP Deadline: 5/29/2026 Operates on FFY: 10/W26-9/30/27	Step 1: Get your project listed on the Intended Use Plan on NYS DOH website by 5/29/2026 Step 2: Complete Required Paperwork: •Municipal bond resolutions •Environmental review documents and findings •District formation/increase authorization, and •Agreement for engineering planning services •Form a special district (generally only counties or towns) •Contact to SHPO for a determination on potential project impacts •Pass a bond resolution •Hire a consulting engineer if you do not have a design engineer on staff Step 3: Apply for financing through NYS EFC online portal
Drinking Water State Revolving Fund: Bipartisan Infrastructure Law– Emerging Contaminants (FY 22-26)	water and PFAS	Federal	Through DWSRF	Grant	The primary purpose must be to address emerging contaminants in drinking water, with a focus on perfluoroalkyl and polyfluoroalkyl substances (PFAS).	Municipalities or public water systems	**Priority 1 (PFAS Projects):** First priority will be given to projects that address PFAS.PFAS projects will be awarded in project score order before any non-PFAS projects are considered for award. **Priority 2 (Non-PFAS Projects)**. Second priority will be given to projects that do not address PFAS. Any funds remaining after PFAS projects have been awarded will be awarded to non-PFAS projects in project score order until available funds are exhausted. Non-PFAS projects for DACs or public water systems serving fewer than 25,000 people may be prioritized over PFAS projects, if needed to meet the 25% capitalization grant requirement regarding these systems. Non-PFAS projects for DACs or systems <25,000 would be awarded in project priority score order until the 25% requirement is met.	**DWSRF operates on the Federal Fiscal Year (FFY): October 1 to September 30** •Applicants must submit project to IUP list to compete for funding by 5/29/2026. **Application cycle for FFY 2027 open.** •Funding is awarded on a prioritized list after submission to the IUP	**Application OPEN** IUP Deadline: 5/29/2026 Operates on FFY: 10/W26-9/30/27	Step 1: Get your project listed on the Intended Use Plan on NYS DOH website by 5/29/2026 Step 2: Complete Required Paperwork: •Municipal bond resolutions •Environmental review documents and findings •District formation/increase authorization, and •Agreement for engineering planning services •Form a special district (generally only counties or towns) •Contact to SHPO for a determination on potential project impacts •Pass a bond resolution •Hire a consulting engineer if you do not have a design engineer on staff Step 3: Apply for financing through NYS EFC online portal
Drinking Water State Revolving Fund: Bipartisan Infrastructure Law–General Supplemental (Available FY22-26)	water and PFAS	Federal	Through DWSRF	Grant/Loan	The Bipartisan Infrastructure Law, or BIL, provides the US Environmental Protection Agency with funds that can be awarded to states to support clean water infrastructure. BIL will infuse EFC's State Revolving Fund financing programs with additional funding annually for five years, starting in 2022. This will allow the Clean Water and Drinking Water State Revolving Fund programs to support more water quality and infrastructure improvement projects throughout NYS.`	•Public or Private community water systems •Nonprofit non-community water systems including schools, publicly owned campgrounds, parks, or churches.	•construction, rehabilitation, and upgrading of water treatment plants •trainsmission and distribution mains •storage facilities; pump stations •rehabilitation or development of new drinking water sources •consolidation of water supply services •capital investments to improve security of drinking water services.	**DWSRF operates on the Federal Fiscal Year (FFY): October 1 to September 30** •Applicants must submit project to IUP list to compete for funding by 5/29/2026. **Application cycle for FFY 2027 open.** •Funding is awarded on a prioritized list after submission to the IUP	**Application OPEN** IUP Deadline: 5/29/2026 Operates on FFY: 10/W26-9/30/27	Step 1: Get your project listed on the Intended Use Plan on NYS DOH website by 5/29/2026 Step 2: Complete Required Paperwork: •Municipal bond resolutions •Environmental review documents and findings •District formation/increase authorization, and •Agreement for engineering planning services •Form a special district (generally only counties or towns) •Contact to SHPO for a determination on potential project impacts •Pass a bond resolution •Hire a consulting engineer if you do not have a design engineer on staff Step 3: Apply for financing through NYS EFC online portal
Drinking Water State Revolving Fund Bipartisan Infrastructure Law -Lead Service Line Replacement (LSLR) (Available FY22-26)	LSLR	Federal	Through DWSRF	Grant/Loan	The Bipartisan Infrastructure Law, or BIL, provides the US Environmental Protection Agency with funds that can be awarded to states to support clean water infrastructure. BIL will infuse EFC's State Revolving Fund financing programs with additional funding annually for five years, starting in 2022. This will allow the Clean Water and Drinking Water State Revolving Fund programs to support more water quality and infrastructure improvement projects throughout NYS.`	•Public or Private community water systems •Nonprofit non-community water systems including schools, publicly owned campgrounds, parks, or churches.	DWSRF eligible projects that replace or are associated with an LSLR project or associated activity directly connected to the identification, planning, design, and replacement of lead service lines. Any project funded under this category involving the replacement of lead service lines must replace the entire lead service line (public and privately owned portion) not just a portion.	**DWSRF operates on the Federal Fiscal Year (FFY): October 1 to September 30** •Applicants must submit project to IUP list to compete for funding by 5/29/2026. **Application cycle for FFY 2027 open.** •Funding is awarded on a prioritized list after submission to the IUP	**Application OPEN** IUP Deadline: 5/29/2026 Operates on FFY: 10/W26-9/30/27	Step 1: Get your project listed on the Intended Use Plan on NYS DOH website by 5/29/2026 Step 2: Complete Required Paperwork: •Municipal bond resolutions •Environmental review documents and findings •District formation/increase authorization, and •Agreement for engineering planning services •Form a special district (generally only counties or towns) •Contact to SHPO for a determination on potential project impacts •Pass a bond resolution •Hire a consulting engineer if you do not have a design engineer on staff Step 3: Apply for financing through NYS EFC online portal

PRIORITIZE OPPORTUNITIES

- ✓ Align current and upcoming opportunities with CIP projects
- ✓ Applicability assessment
- ✓ Tailored to agency needs

GRANT MONITORING

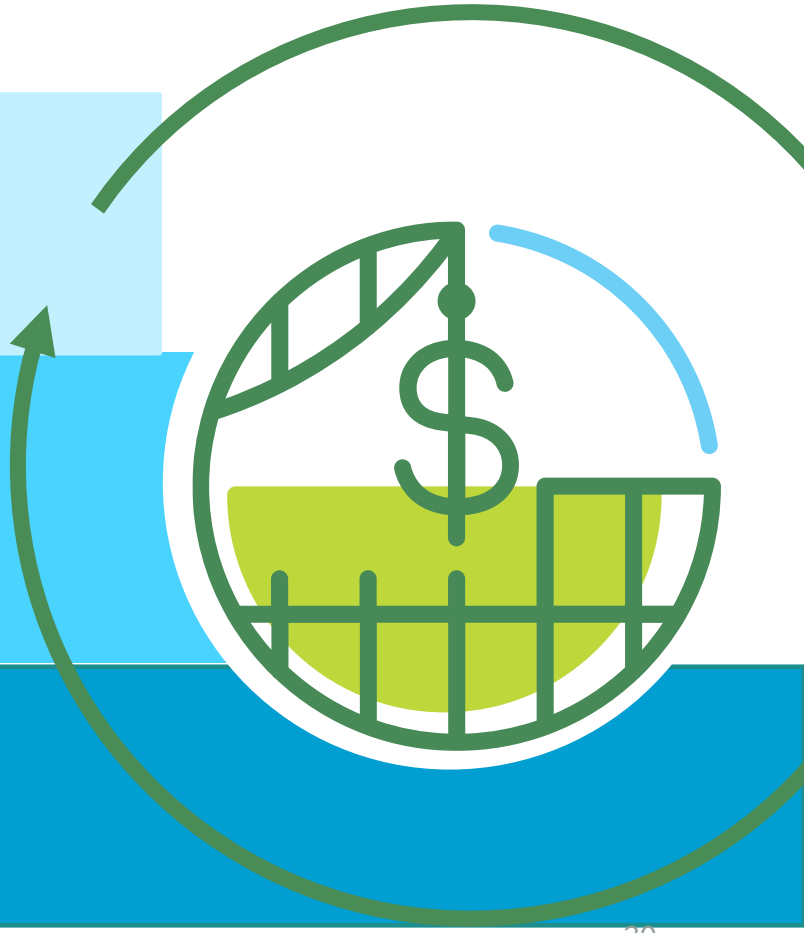
- ✓ Federal and State agency notifications
- ✓ Coordination with agency representatives

Stacking Funding Programs

Other/Local
- Smaller funding opportunities
- Require time to develop required partnerships agreements

State Funding Programs
- Moderate funding opportunities
- Fewer compliance requirements
- Provides match funds for federal programs

Federal Funding Programs
- Highest grant & loan opportunities
- More compliance requirements



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DWSRF + BIL Emerging Contaminants: Aligning Projects with Funding Availability





SACWSD Kleinfeld PFAS Project, Colorado

Community of 62,500 people considered Disadvantaged & EJ

2018	PFAS detected in drinking water supply
2021	Initiate Design New Ion Exchange WTF
2022	Initiate Funding Activities
2023	Competitive Selection of Contractor
2024:	Construction Start
2026:	Construction Completion

Estimated Construction Cost: $80+M

Other: Congressionally Directed Spending ($900K)

DWSRF Low Interest Loan: up to $30M

Grant Funding Programs: $61M (DWSRF Emerging Contaminants + Emerging Contaminants in Small or Disadvantaged Communities)

Opportunities by Project, Project Component, Project Phase and Partner

Project Partner(s)

Project Component

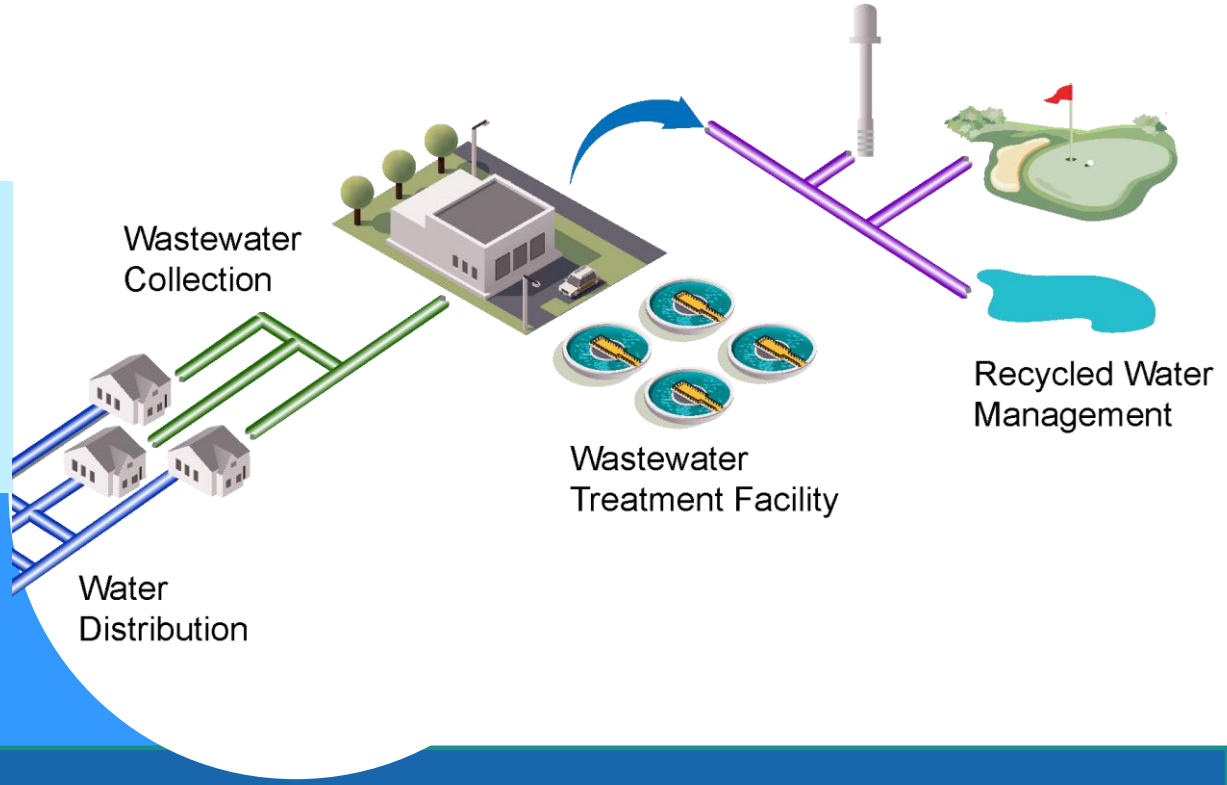
- Treatment (water, wastewater, recycled water)
- Groundwater Recharge / ASR / Storage
- Collection / Distribution

Project Phases

- Deliveries (full capacity vs incremental)
- Improved Water Quality (IPR vs DPR)
- Aspect of project (Research, Design, Construction)

Whole Project

- Highest grant & loan opportunities



Metropolitan Water District: Pure Water Southern California

- ✓ Partnership between Metropolitan Water District and Los Angeles County Sanitation Districts
- ✓ 26 member agencies
- ✓ Up to 150 mgd water recycling program producing a new, sustainable source of high-quality water for up to 19 million people.
- ✓ To be delivered in Stages / Phases *Phasing/Staging currently being evaluated by the District*
- ✓ Reduce reliance on State Water Project and Colorado River Aqueduct while building local supply resiliency during drought



- ✓ Partnership with LACSD (wastewater supply, land and funding)
- ✓ State / Partner Funding: Planning and design efforts to advance critical activities
- ✓ Strategic development of LSRWP Feasibility Study
  - ✓ Feasibility Study (Phase I: 115 mgd)
  - ✓ Enables Partners to pursue Title XVI, Drought and other Programs
- ✓ On-going tracking and evaluation of funding for PWSC
  - ✓ State Proposition 4 Water Recycling Grant
- ✓ Opportunities for Alternative Revenue Generation (solar, EV Charging, Water Sales, other)

PWSC: Early planning efforts to maximize funding opportunities

State of California

- Direct Grant (FY22-23, Secured, $80M) (AB 179)
- State of California Pilot Study Grant

Federal and State Grant Funding (Secured, $125 M)

- USBR Planning and Design Grant
- WaterSMART: Large-Scale Water Recycling Program Grant,
- WaterSMART: Water Reclamation and Reuse Research Grant

Partner Contributions (Secured, $16.6 M)

- Los Angeles County Sanitation Districts
- Southern Nevada Water Authority
- Arizona Department of Water Resources



Collaboration & Public Engagement are Key in Funding

Partnerships are key to success (project and funding)

Internal and External Buy-In

Focus on both the near term, with an eye to the future

1. Internal Collaboration
2. Project Proponents and Beneficiaries
3. Public (NGOs, Environmental, Legislative, other)
4. Funding Agencies

Diversify **Funding Sources: Portfolio and Not a Pipeline**

MONETIZE THE VALUE OF WATER, ENERGY AND CARBON

LEVERAGE PRIVATE CAPITAL WITHOUT PRIVATIZING

TAP NON-TRADITIONAL PUBLIC FUNDING SOURCES

INNOVATION DRIVEN FUNDING

CREATE NEW LOCAL REVENUE TOOLS

REGIONALIZATION AND SHARED SERVICES MODEL

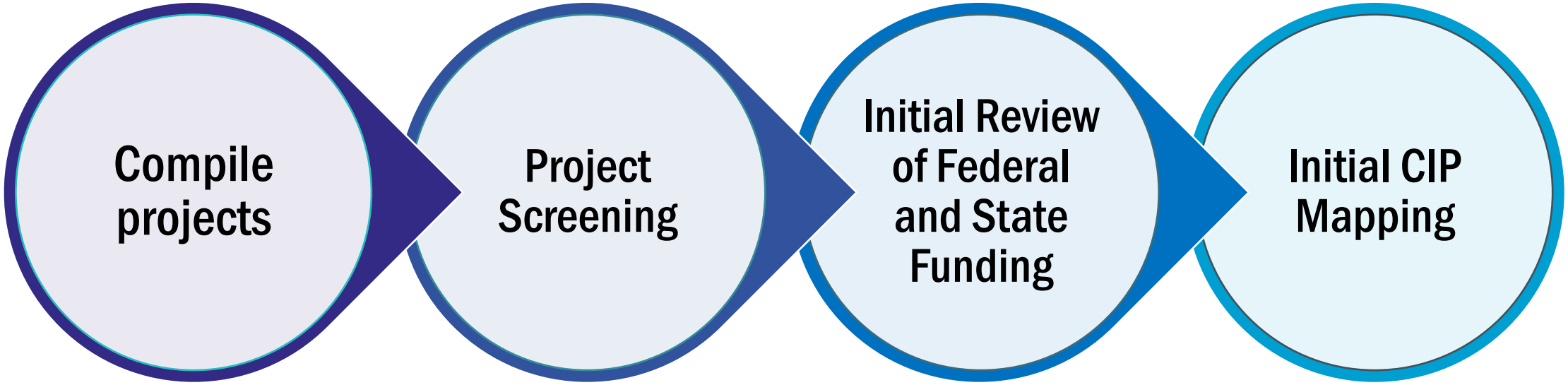
BRING IN PRIVATE BENEFICIARIES AS CO-FUNDERS

PHILANTHROPIC DRIVEN CAPITAL

City of Vancouver: Identification of External Funding into CIP Planning

Brown AND Caldwell

Evaluation Approach



- ✓Source: 2024-2029 CIP
- ✓Single database of CIP projects and updated project information

- ✓Discussions with City staff
- ✓Screening criteria:
  - ✓Water and wastewater only
  - ✓Removed projects starting 2025 or earlier
  - ✓No O&M projects
  - ✓Projects > $1 million

- ✓Identification of Federal and State programs
- ✓Targeted conversations with funding agencies
- ✓Outcome: Federal and State funding summaries

- ✓Project packaging options
- ✓Outcome: Funding matrix and CIP mapping

City of Vancouver (Washington) Funding Needs

$1.62B Funding needed

227 Projects across WTR, SS, SCIP, and SW

$903M Funding needed

37 Projects across WTR and SS

- ✓ Focus on Near Term CIP
- ✓ Project timing (>1 year)
- ✓ Priority/Program
- ✓ Removed O&M
- ✓ Removed Flexible Annual and General Allowance Projects

All projects aligned for external (loan/ grant) funding.

$585M In potential grant funding opportunities*

19 Projects across WTR and SS

*Federal and state grants will only cover a portion of project costs due to program/match requirements

Funding Summary Matrix

Evaluation of GRANT FUNDING from Identified Programs

City of Vancouver Funding Matrix

File Created by: Ellen Yuska, April 2024; Reviewed by Seema Chavan May 2024

Brown AND Caldwell

Program	Program Area	Administrative Agency	Type of Funding	Overview	Eligible Projects	Timing	Available Funding & Financial Terms	Comments
Federal Opportunities								
Water Infrastructure Finance and Innovation Act (WIFIA)	**Water, Wastewater, Stormwater, Non-Point Source**	US Environmental Protection Agency (EPA)	Loan	Federal credit assistance program intended to accelerate investment in critical water infrastructure.	1) **Broad eligibility**: generally if project is eligible for SRF, it will be eligible for WIFIA 2) **$20M minimum project size for large communities;** $5M minimum project size for smaller communities (<25,000) 3) **Funds up to 49% of eligible project costs**. 4) Eligible project costs can include: pla… design (preconstruction services), cons… costs; program and construction manag… fees; land acquisition costs;	**Rolling NOFA process – timing varies**. Most recent NOFA opened 9/23 and is still open. Step 1 - Letter of Interest; rolling deadline based on NOFA Step 2 - loan application due	• Funding available for preconstruction activities Max funding is 49% of eligible project costs • **Low interest rate** (Current interest rate is approximately 4.5 to 4.72%) • Interest rate set at time of loan closing; ability to reset interest rate one time during life of loan if no disbursements have been drawn	Potential mechanism for overall CIP (Feasibility to Package Projects together (Water/Wastewater))
Clean Water System Infrastructure Resiliency and Sustainability Program	**Wastewater, Stormwater**	EPA	Grant	BIL established the Clean Water Infrastructure Resiliency and Sustainability Program to help increase the adaptability of drinking water and wastewater systems to changing conditions including drought, flooding, and sea level rise, as well as cybersecurity vulnerabilities.	Funds may be used for planning, design… construction, implementation, operation… maintenance of projects or programs th… • conservation of water • enhancement of water use efficiency • enhancement of wastewater and storm… management by increasing watershed preservation and protection, including t… the use of natural and engineered green… infrastructure and wastewater and storm… reuse and reclamation • modification or relocation of an existing… Owned Treatment Works (POTW) that is being significantly impaired or damaged… natural hazard • development and implementation of pr…			
Wastewater Efficiency Grant Pilot Program	**Wastewater**	EPA	Grant	EPA will assist 15 publicly owned treatment works to create or improve waste-to energy systems.	Eligible projects: • Sludge collection • Installation of anaerobic digesters • Methane capture • Methane transfer • Facility upgrades and retrofits necessa… create or improve waste-to-energy syst… • Other new and emerging, but proven, …			

City of Vancouver Funding Matrix

File Created by: Ellen Yuska, April 2024; Reviewed by Seema Chavan May 2024

Brown AND Caldwell

Program	Program Area	Administrative Agency	Type of Funding	Overview	Eligible Projects	Timing	Available Funding & Financial Terms	Comments
State Opportunities								
Drinking Water State Revolving Fund - Construction Loan	**Drinking Water**	Washington State Department of Health	Loan	DWSRF is a federal/state partnership program whose purpose is to 1) provide loans to public water systems for capital improvements aimed at increasing public health protection and 2) provide funding source for other Safe Drinking Water Act activities. Construction loans/grants and preconstruction loans/grants are available.	• Eligible entities: Group A community water systems (publicly owned, privately owned, and for-profit); Group A non-profit non-community water systems. Group B systems taken over by Group A system. • Construction of infrastructure projects • Address a public health risk, resiliency, or upgrade deteriorating facilities • Required by EPA • Upgrade deteriorated facilities • Can reimburse for eligible preconstruction activities (design, land acquisition, cultural report, permits) • Ineligible: Reservoir or O&M projects; address future growth or fire flow; contain no construction component • All eligible construction projects identified in the Bipartisan Infrastructure Law are accepted in this loan cycle.	**Application period has closed for this round.** • Next application cycle: October 1 - November 30, 2024. • Applications Reviewed: Dec - Feb 2025 • Applicants notified of Funding Stats: February 2025 • Contracts Executed, Funds Available: July - Oct 2025 Currently about a 1 - 1.5 year process realistically from application to agreement.	• **Approx. $120M in loans** including BIL funding. Expected to increase or stay consistent until FY 27/28 then could drop to ~$11M total. • **Max loan award: $12M** per jurisdiction per year. Potential to increase to $15M by FY 27/28 until BIL funding runs out. • 1.0% loan origination fee • **2.25% standard interest rate** for 20-yr loan term • 1.75% interest rate for disadvantaged communities • Can incur retroactive costs up to 12 months prior to contract.	
Drinking Water State Revolving Fund - Planning and Engineering Loan	**Drinking Water**	Washington State Department of Health	Loan	DWSRF is a federal/state partnership program whose purpose is to 1) provide loans to public water systems for capital improvements aimed at increasing public health protection and 2) provide funding source for other Safe Drinking Water Act activities. Construction loans/grants and preconstruction loans/grants are available.	Feasibility, consolidation, and restructuring studies; water system planning; cultural and environmental reviews; design, engineering, and construction reports; asset management; value planning; limited water rights exploration. Ineligible Projects: Infrastructure/land/ material purchases, debt refinancing, ongoing monitoring, construction costs/groundbreaking activities, projects where primary focus is O&M or future growth.	Loan **applications accepted year-round** starting 12/29/2023, until funding is exhausted	• **Approx. $3M available every year** • **$500,000 maximum** per project per year • **0% annual interest rate** • 2% loan origination fee • 2-year time of performance • 10-year repayment period • Projects funded first-come-first-served basis until funding exhausted • Loan repayments over 10 years.	
Source Water Protection Grant Program	**Drinking Water Source Protection**	Washington State Department of Health	Grant	Grants available for projects that protect public DW sources (Group A). Projects can benefit either DW quality or quantity or both. Eligible activities that can lead to reducing risk of	**Source water protection studies** (watershed, hydrogeologic, feasibility studies) Eligible Projects: reduce the risk of contamination of a system's drinking water sources(s), or they can evaluate or build resiliency for a public water	Grant proposals accepted year round until funding is tapped **Projects must be initiated within 60 days of contract**	Water quantity projects may be restricted to 50% of total annual funding, based on annual funding available. • Approx. $200,000 available annually • Up to $30,000 funded per project	

CIP Mapping: Road Map of Funding Opps

Legend:
Check mark: Eligible
P1: WIFIA package #1, **P2:** WIFIA package #2,
R: Retroactive, **C:** Conditional
F: Project eligible under today's guidelines, but scheduled too far into future
RED: Already funded

#	CIP Project	Cost ($)	Project Start	Project End	Drinking Water System Infrastructure Resiliency and Sustainability Program	BRIC Grants	Hazard Mitigation Grant Program	WaterSMART Drought Resiliency	DWSRF - Planning and Engineering Loan	DWSRF - Construction Loan	DWSRF Emerging Contaminants	EC-SDC Grant	PWB - Pre-Construction Loan	PWB - Construction Loan	Community Economic Revitalization Board (CERB) Planning Program	Connecting Housing to Infrastructure Program (CHIP)	Toxic Cleanup Program (Safe Drinking Water Action Grants)	Capital Budget Biennium Legislative Funding	Congressionally Directed Spending Requests
					EPA	FEMA/EMD	FEMA/EMD	USBR	WA DOH	WA DOH	WA DOH	WA DOH	WA DOC	WA DOC	WA DOC	WA DOC	Ecology	WA Legislature	US Congress
					Up to $6.7M	Up to $50M	Up to $10M	Up to $5M	Up to $500k	Up to $12M	TBD	TBD	Up to $1M	Up to $10M	$3M/planning, $10M/construction	Up to $2M	Variable	$1M on average	$3-5M on average
	PFAS Studies	$2,800,000	2021																
	Interim Measures		N/A	N/A					✓				✓						
	Source Investigation		N/A	N/A					✓	R	R	R	✓	R					
	Legal Support		N/A	N/A															
	PFAS Treatment	$254,400,000																	
	WS 14 PFAS Treatment	$11,500,000	2025	2026								N/A							
	WS 4 PFAS Treatment	$35,700,000	2025	2027	C			✓		✓	✓	C		✓				✓	✓
	WS 9 PFAS Treatment	$35,400,000	2026	2028	C			✓		✓	✓	C		✓				✓	✓
	WS 3 PFAS Treatment	$42,200,000	2026	2029	C			✓		✓	✓	C		✓				✓	✓
	WS 1 PFAS Treatment	$38,700,000	2026	2029	C			✓		✓	✓	C		✓				✓	✓
	WS 15 Well Development	$29,000,000	2024	2026	C			✓		✓	✓	C		✓				✓	✓
	WS 15 New Supply or PFAS* Treatment		2027	2029	C			✓		✓	✓	C		✓			✓	✓	✓
	WS 8 Well Development		2028	2029	C			✓		✓	✓	C		✓			✓	✓	✓
	WS 8 New Supply Treatment or PFAS* Treatment	$28,300,000	2029	2031	C			✓		✓	✓	C		✓			✓	✓	✓
	WS 7 PFAS Treatment	$13,600,000	2029	2031	C			✓		✓	✓	C		✓			✓	✓	✓
	WS 6 Well Development	$24,000,000	2030	2033	C			✓		✓	✓	C		✓			✓	✓	✓
	WS 6 New Supply Treatment or PFAS* Treatment		2030	2033	C			✓		✓	✓	C		✓			✓		
	Ellsworth Well 1 Replacement	$5,400,000	2025	2025	C					✓				✓					
	System MCC Electrical Upgrades	$18,600,000	2032	2037						F				F				F	F
	New Development Distribution Pipelines	$12,990,000																	
	Transmission Main - Burton Rd (T-34)	$3,900,000	2025	2026						C				✓	C	C			
	BNSF 4th Plain (T-3)	$2,730,000	2024	2025						C				✓	C	C			
	99th St - 140th Ct to 152nd Ave and 152nd Ave Padden to Ward (T-33)	$2,450,000	2025	2025						C				✓	C	C			
	18th St Trans Main-136th to 162nd (T-40 Ph	$2,410,000	2031	2031						C				✓	C	C			
	WS 5 to Evergreen Trans Main Blandford (T-51)	$1,500,000	2027	2027						C				✓	C	C			
	Operations Center	$79,560,000																	
	Operations Center Redevelopment	$4,560,000	2023			C	C			Eligible, but low probability of selection				✓				Eligible, but low probability of selection	Eligible, but low probability of selection
	Operations Center Construction	$75,000,000	2026	2029										✓					

As federal water infrastructure funding decreases, water utilities must shift from pursuing external funding to preparing strategically – align capital projects with federal priorities, advance shovel ready projects, strengthen data, and enhance regional impact.

Near Term (2026-2027)

- **Plan Ahead / Prepare / Pull Funding Forward**: Seek to obligate SRF/WIFIA funds earlier while IIJA-enhanced levels are still available.
- **Diversify Federal / State Channels:** USDA, FEMA, HUD, DOE and State programs (drought, resilience, energy efficiency, disadvantaged communities).
- **Phase/Prioritize Projects:** Prioritize regulatory-driven and risk-critical projects for remaining high-value federal dollars; defer lower-cost or priority work or fund locally.

Longer Term (2027 and Beyond)

- **Strengthen Local Financing Capacity**: Prepare for greater reliance on bonds, rate adjustments, and public-private structures, with clear affordability strategies.
- **Design for Flexibility:** Build alternative technical pathways and procurement options into designs and manage BABA-related cost and schedule risk.
- **Policy and Advocacy Engagement:** Coordinate with trade associations, regional coalitions, and city leadership to advocate for SRF/WIFIA reauthorization and against extreme cuts.

Questions and Discussion

For additional information contact:

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Senior Director of Strategic Funding

Brown AND Caldwell

Resource Recovery Revenue: **City of Hayward Solar**

- ✓ *Business model:* renewable energy to operate its WRRF
- ✓ 1.6-megawatt solar facility *(12 acres)*
  - ✓ Energy production ranged from 90,000kWh to 490,000kWh
  - ✓ Initially provided 20% of WRRF's energy; currently exports to PG&E (with credits allocated to other City facilities)
  - ✓ Financial incentives helped defray costs
- ✓ Cogeneration Facility added in 2014
  - ✓ Digester gas energy used for WRRF
- ✓ Future expansion by 1.4 kWH to help City achieve “Net Zero Energy”



Regional Collaboration / Fit to Purpose: Orange Memorial Park Water Capture



A regional stormwater capture facility draining more than 6,500 acres from 6 different municipalities

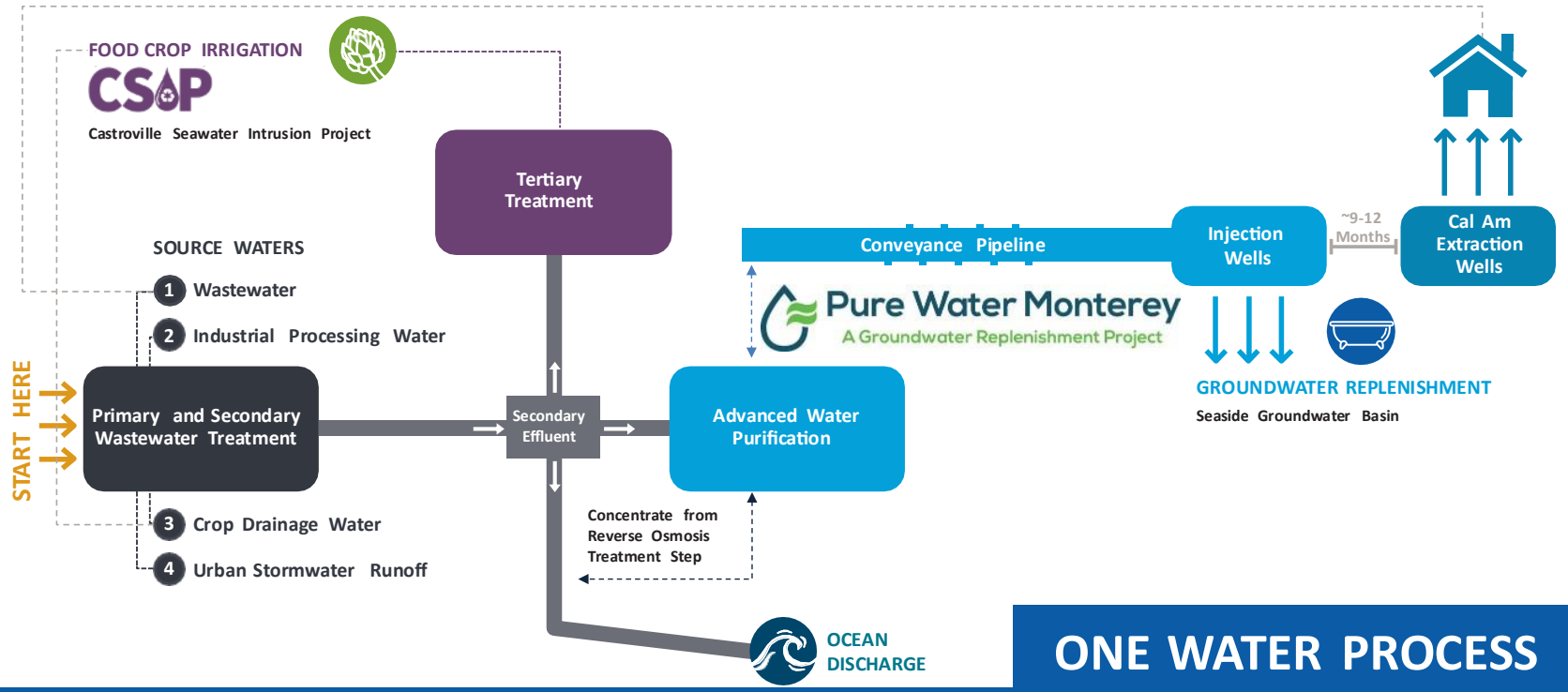
- ✓ Multi-benefit project - water quality, water supply, alleviates flooding
- ✓ Extensive public and multi-agency engagement
- ✓ Funded by $15.5 million Caltrans Cooperative Agreement grant
- ✓ Strong partnerships continue to advance other regional stormwater projects



45

Multi-Benefit Projects: **One Water Planning**

Pure Water Monterey Groundwater Replenishment Project



Collaboration to increase funding opportunities and scoring potential

Monterey One Water
Providing Cooperative Water Solutions

BORROWER: Monterey One Water

LOCATION: Monterey County, CA

LOAN AMOUNT: $210M

FUNDING SOURCES: WIFIA ($76M), USBR ($30M), SRF ($96M), WRFP ($4M) and Stormwater Grant $10M

Other: Regional Partners, Water Purveyor, and Partners

Increasing Available Funding Opportunities:

- ✓ Whole project
- ✓ Project components
- ✓ Benefit area
- ✓ Early Start = Planning, Design and Construction

Increasing Scoring Potential:

- ✓ Regional project
- ✓ Multi-benefit
- ✓ Stakeholder engagement in planning increase points
- ✓ DAC and Underserved community focus

Public Private Partnerships: Carlsbad Desalination Project

- ✓ Carlsbad (San Diego, CA): 100 mgd Reverse Osmosis WTP
- ✓ Drought-proof water supply source that came online in 2016
- ✓ DBOMFO
  - ✓ Water Purchase Agreement signed that assigned risks to the private sector while keeping rates as low as possible with pre-defined prices
- ✓ 30-year agreement term with Poseidon
  - ✓ Water Authority may purchase the plant for $1.

San Diego County Water Authority



Private Investment

Companies making Environmental Sustainability Goal Commitments

- ✓ Carbon, Water, Circular Economy
- ✓ Net Neutral or Positive Commitments

Communities are making sustainability and resilience a priority

- ✓ Community Vision
- ✓ LOS Expectations
- ✓ Projects:: WW/DW, water reuse, ASR, nature based solutions, well construction/ rehabilitation, stormwater detention/retention ponds, operational efficiency and engineered SW capture, other

WRD

WIN 4 ALL

THE 2040 PLAN FOR REGIONAL WATER INDEPENDENCE

Committed to Water Independence by 2040



Replenish more than 100% of water used at high water risk sites by 2030

- ✓ PepsiCo provided $1.5M Grant for Aquifer Storage and Recovery at Advanced WTF.
- ✓ Replenished 2 MGD to local aquifer.