



## **Section 8 Finance**

### **8.1 Proposed Cooperative Funding**

North Orange County municipalities, special districts' and non-governmental organizations have been working together collaboratively to protect and manage water resources in the NOC WMA region since 2007.

At this time a funding mechanism is not in place for the NOC WMA region. A proposed funding mechanism that has been used successfully in other WMAs is a Cooperative Agreement. This type of agreement helps to establish a cooperative framework for planning and implementing water management strategies in the NOC WMA. These cooperative efforts include but are not limited to: addressing water quality impairments; establishing priorities for water resource needs; integrating water resource solutions across traditional disciplinary bounds; and jointly advocating for policies and funding that assist these goals.

A component of a Cooperative Agreement involves the establishment of an Executive Committee. This Executive Committee may have the following duties and powers:

Identify and prioritize water resource issues, problems and improvement projects.

- a. Establish policy direction for the NOC WMA and its committees.
- b. Approve an annual work plan for the NOC WMA region.
- c. Approve an annual cost-shared budget for the administration and activities of the NOC WMA, its committees, projects, or actions, including any administrative support for the NOC WMA region.
- d. Approve significant amendments of the NOC WMA Plan and its prioritized lists of projects and activities.
- e. Approve grant applications for funding NOC WMA projects or programs.
- f. Allocate any new non-grant revenue sources available for NOC WMA projects based on capital improvement plan priorities.
- g. Encourage and facilitate voluntary agreements between the Parties to fund and implement NOC WMA projects and programs.
- h. Review and report to the Parties as to whether adequate and reasonable progress is being made on water quality and water resource issues in the NOC WMA region.
- i. Elect a Chair and Vice-Chair.



- j. Meet upon the request of the Chair, but at least every six months unless the PARTIES agree to meet less frequently.
- k. Convene committees and workshops as deemed appropriate.
- l. Establish procedures and rules of conduct for the group, as needed.

Through these established duties and powers, ongoing political and financial support for the NOC WMA Plan can be ensured. As part of the agreement, the Executive Committee shall approve an annual cost-shared budget for the administration and activities of the NOC WMA, its committees, projects, or actions, including any administrative support for the NOC WMA. The Annual Cost-Shared Budget requires approval by 80 percent of the members of the Executive Committee. The responsibility for payment of the Annual Cost Share Budget shall be distributed equally among the NOC WMA members. Each member shall include their respective share of the Annual Cost-Shared Budget in their agencies annual budget.

The County of Orange will provide staff support for the NOC WMA and its committees and will perform services including planning activities, facilitating regional planning and coordination activities related to water resources, and general administration for the implementation of the NOC WMA's plans and work programs, as directed by the Executive Committee.

### 8.2 State and Local Funding

Several financial assistance programs are available to support local contributions by implementing governmental agencies within the Region. The programs offer funding assistance for all project phases, from the initial planning to design, construction and operation phases. Potential funding programs identified by State of California ballot propositions include:

**Proposition 84** - Proposition 84 was approved by California voters in November 2006, and provides funding for integrated regional water management (IRWM), flood management, water conservation, and storm runoff programs. DWR and the State Board will administer Proposition 84 funding programs.

**Proposition 1E** - Proposition 1E was approved by California voters in November 2006, and provides funding for stormwater flood management projects that are consistent with the IRWM plans. Proposition 1E will also provide funding for the protection, creation, and enhancement of flood protection corridors. DWR will administer Proposition 1E funding programs.



**California Infrastructure and Economic Development Bank - The Infrastructure State Revolving Fund (ISRF)** Program through the California Infrastructure and Economic Development Bank program provides low-cost financing to public agencies for qualifying infrastructure projects. ISRF Program funding is available in amounts ranging from \$250,000 to \$10,000,000 with loan terms of up to 30 years. Interest rates are set on a monthly basis. Eligible project categories include drainage, water supply and flood control, environmental mitigation measures, parks, and recreational facilities, sewage collection and treatment, and water treatment and distribution.

**Local Resources Program (LRP)** - The LRP program features financial incentives from the Metropolitan Water District of Southern California for recycled water and groundwater development projects that offset demands for imported water. The LRP is designed to ensure the financial feasibility of local projects during the initial years of operation. The LRP provides incentives of up to \$250 per acre-foot for up to 25 years for qualifying recycled water and groundwater development projects.

**State Revolving Fund** - The State Revolving Fund provide agencies with low interest construction loans for water recycling and groundwater development projects. These loans carry an interest rate equal to half of the State's general obligation bond interest rate. This below market interest rate can result in substantial savings on debt service.

**Water Recycling Loan Program** - The Water Recycling Loan Program provides agencies with low interest construction loans for water recycling and groundwater development projects. These loans carry an interest rate equal to half of the State's general obligation bond interest rate.

**Water Recycling Grants** - Water Recycling Grants, subject to availability, provide up to 25 percent of eligible construction costs with a maximum \$5 million cap per agency. Planning grants of up to a maximum amount of \$75,000 are also provided for eligible facilities planning and feasibility study costs.

**Reclamation Wastewater and Groundwater Study and Facilities Act - Title XVI.** The Reclamation Wastewater and Groundwater Study and Facilities Act (Title XVI, Public Law 102-575) authorizes the federal government (via USBR) to fund up to 25 percent of the capital cost of authorized recycling projects, such as the San Diego Area Water Reclamation Program (a series of water recycling projects serving the MetroSystem service area).

**State and Federal Legislation** - Special legislative funding for IRWM projects can be authorized through direct federal appropriation of funds (line-item "earmarks") or by special state or federal legislation.