



8. FINANCE

8.1. LOCAL FUNDING

Implementation of the Central Orange County IRWMP will be funded by a variety of sources, including agency resources such as water and sewer rates and general fund revenues; capital funding, which may include financing; funding available through regional agencies such as MWD for conservation and local resource project; federal funding; and grant funding. The agencies have planned for the projects through their individual and collaborative planning activities. Financial planning is a component that will ensure project implementation that will yield the highest level of benefit in terms of efficiency, economies of scale, and cost avoidance.

Overall implementation of the IRWMP will be administered by County of Orange; however, individual projects will be implemented by the respective project proponents. The IRWMP may be used as a funding tool and may promote continued pursuit of project funding from local sources, state and federal sources, and partnerships.

The Newport Bay Watershed Executive Committee will serve in the leadership role to oversee policy issues related to the Central Orange County IRWMP. It will receive regular updates on IRWMP implementation, including identification of any issues of concern. Members of the executive committee and those who attend the meetings fund their own participation. Regarding projects and efforts such as the IRWMP, per the latest revision of the cooperative agreement for the executive committee, "all RWMG parties shall use their best efforts to aid the lead agencies designated in project implementation agreements in advocating for funding, including grants, to fund the cost-shared projects." The executive committee members will receive updates from their staff, consider stakeholder input, and make policy decisions for the IRWMP where necessary.

8.2 FEDERAL AND STATE 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 initial planning and design to construction and operation. Potential funding programs identified by state ballot propositions include Proposition 84, Proposition IE, the California Infrastructure and Economic Development Bank, the Local Resources Program, the State Revolving Fund, the Water Recycling Loan Program, water recycling grants, the Reclamation Wastewater and Groundwater Study and Facilities Act, state and federal legislation, and the transportation sales tax.

8.2.1 Proposition 84

Proposition 84, which was approved by California voters in November 2006, will provide funding for IRWM, flood management, water conservation, and storm runoff programs. DWR and the California Water Board will administer Proposition 84 funding programs.

8.2.2 Proposition 1E

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

8.2.3 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.

8.2.4 Local Resources Program

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

8.2.5 State Revolving Fund

The State Revolving Fund 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. This below-market interest rate can result in substantial savings on debt service.

8.2.6 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.

8.2.7 Water Recycling Grants

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

8.2.8 Reclamation Wastewater and Groundwater Study and Facilities Act

The Reclamation Wastewater and Groundwater Study and Facilities Act (Title XVI, Public Law 102-575) authorizes the federal government (via the U.S. Bureau of Reclamation) to fund up to 25 percent of the capital cost of authorized recycling projects.

8.2.9 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.

8.2.10 Transportation Sales Tax

Voters in Orange County recently voted to extend Measure M, a sales tax increment to fund transportation improvements. The ballot measure to extend the tax included a program to dedicate part of the revenue to regional water quality improvements related to transportation infrastructure and transportation-related pollution. Measure M funds are administered by the Orange County Transportation Authority, which has created a stakeholder committee to rank grants for the water quality program. The grant program will include integration with IRWM prioritization as a factor in awarding grants, which can serve to leverage state and federal funds.