Funding Opportunities for Source Water Restoration and Protection

Drinking Water Providers Partnership
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Traditional water infrastructure funding comes from federal, state, and local government.

Source Water Conservation & Restoration Financing Sources

• Local, public funding
• State and federal funding
• Private funding
Source water financing – Questions to consider

What’s the money for?
BMPs vs education campaign vs habitat project vs easement acquisition

Who pays?
Beneficiary (ratepayer) or others?

When do you need the money?
One-time or restricted payment vs continuous or recurring revenue stream?

Who can receive these funds and has the capacity to secure & manage them?
Eligibility criteria? Transaction costs? Ability to repay debt?

How much control do you want/need?
Who sets financing terms? Liability? Ownership?
Sample Funding Sources

**LOCAL**
- Utility rates, surcharges, fees
- Budget appropriation
- Taxes (sales, property, income, etc.)
- Fines
- Special Districts
- Bonds (borrowing)

**STATE & FED**
State Revolving Loan Funds + many other grant and loan options (DoC, USDA, HUD, FEMA, etc.)

**PRIVATE**
- Grants: Foundations, Corporations etc.
- Borrowing: PRI

**OTHER**
Asset management. E.g., diversify revenue streams if town/district owns forestland:
- Carbon credits
- Timber & special-forest products
- Water quality trading market
- Leasing in-stream water rights
- Easements
Sample Financing Mechanisms

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**Who pays?**

Local + Debt financing = Beneficiaries, users, residents

One-time or recurring income?

One-time or limited duration = Grants and Loans
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**STATE REVOLVING LOAN FUNDS** (grant and loan financing)
State Revolving Fund
Grants and Loans

- Drinking Water Source Protection Grants/Loans
  - part of DW SRF – search for OHA Source Protection Fund
  - PWS must be applicant

- Grants: Up to $30,000 per public water system to reduce risk in source area - no match required

- Loans: Up to $100,000, low interest. i.e. land acquisition or incentive based protection measures
DW Source Protection Grant Examples

- Road Assessment and Engineering Design
  (Lincoln City Water District, Glide Water Association)

- Turbidity Monitoring, Erosion Assessment & Riparian Restoration
  (Siletz Watershed, Umpqua Basin, Santiam Watershed)

- Algal Blooms
  (Lowell, Cottage Grove, Salem, Springfield, South Coast lakes)

- Enhanced Assessment, GIS risk analysis
  (Medford/Grants Pass, Clackamas, Bend, Prineville, Creswell, Cottage Grove, Langlois)

- Rural Landowner Assistance for septic systems, animal management, private wells
  (Clackamas, McKenzie, Irrigon, Rivergrove)

- Pesticide Stewardship and Waste Collection
  (Clackamas, Island City, Enterprise and Haines)

- Watershed Management Planning
  (Seaside, Cottage Grove, Coburg)

- Other:
  - Signs, cameras and security fencing
    (Baker City)
  - Wetland Treatment of Stormwater Runoff
    (Eugene/Springfield)
State Revolving Fund Grants and Loans

- Watershed protection projects through Clean Water State Revolving Fund
  - Aligned with DEQ’s “Nonpoint Source Management Program Plan”
  - Sponsorship Option to combine nonpoint source control project with wastewater facility project financing - sponsored project done at no cost or substantially reduced cost due to low interest rate
  - Low interest loans available for land purchase or nonpoint source work
  - Local Community Loan – use funds to establish a local loan fund for citizens

Eugene Springfield Metropolitan Wastewater Management Commission
Riparian shading linked (financially) to treatment system improvements
Partnership with MWMC and The Freshwater Trust
Other State Funding Sources

- **Clean Water Act Nonpoint Source Grants (§ 319)**
  - Generally < $30K
  - Must have 9-key elements watershed plan and address priorities in RFP – contact DEQ Basin Coordinators
  - Match required (40%)

- **Supplemental Environmental Projects**
  - Respondents to DEQ compliance and enforcement orders
  - SEP Option for up to 80% of monetary penalty to improve Oregon’s environment
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**STATE & FED**
- State Revolving Loan Funds *(grant and loan financing)*

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- Grants: Government, Foundations, Corporations etc.
GRANT SOURCES

• **Federal**: USDA, NRCS, Forest Service, NOAA, EPA, Fish & Wildlife Service, Bureau of Reclamation, etc.

• **State**: OWEB, DEQ, ODFW, OWRD, ODA, OLCD, etc.

• **Private**: foundations and corporations

See also: Catalog of Federal Funding Source Watershed Protection
https://ofmpub.epa.gov/apex/watershedfunding/t?p=fedfund_1
Drinking Water Providers Partnership

• Goal 1:
  • Restore and protect the health of watersheds which communities depend upon for drinking water while also benefiting aquatic and riparian ecosystems, including the native fish that inhabit them.
Drinking Water Providers Partnership

• Goal 2:
  • Support local partnerships between drinking water providers, landowners, and restoration practitioners.
  » Provide annual grants

“Watershed restoration is an important and effective way to provide clean, inexpensive drinking water to communities and protect native fish populations, particularly when downstream and upstream users work together.”

https://www.workingwatersgeos.org/drinking-water-providers-partnership
Drinking Water Providers Partnership

Funding:

- Public and private organizations pooling funds to improve health of drinking water watersheds and benefit aquatic life
- Locations: a drinking water source area with a federal (USFS/BLM) nexus
- Funding: up to $650,000/year total available;
  - grant awards of $10k-$50k
- Types of projects: environmental conservation and restoration
- Applicants: NGO’s, tribes, municipalities,…federal $ can go to most any org
- Request for Proposals just released with applications due Jan. 29, 2019
- Review: Projects submitted from Oregon and Washington are reviewed and ranked by nonprofit and agency representatives
Examples of eligible DWPP projects

- Culvert removal and traditional culvert replacement with streambed simulation type culverts or bridges
- Addition of road drainage culverts to route road runoff
- Removal of dams or other large obstructions (not for permitting); breaching or removal of levees and tide gates
- Road decommissioning, road modification, storm-proofing
- Reestablishing river flow patterns, meanders, and channels that have been previously altered
- Restoring stream complexity and roughness, increasing streamflow travel times
- Reducing pesticide application rates and loadings in source area
- Installation of fencing

- Reforestation or replanting
- Development of educational flyers/brochures for purposes of public education
- Implementation of educational outreach projects emphasizing watershed resource conservation
- Planning and preparation for the purchase of lands within the drinking water source area
- Planning and preparation for the purchase of water for instream flow purposes
- Installation of signs at boundaries of zones or protection areas
- Development of an Ecosystem Services project in watershed to fund preservation areas

Photo courtesy of Umpqua NF
Example: GLIDE, OR

- **Problem:** High risk of sediment delivery to the North Umpqua River (drinking water source for Glide) due to deteriorating culverts on Forest Service roads.

- **Solution:** Identify highest risk locations and restore roads to reduce hydrologic risk.

- DWPP funds were used to remove 8 crossdrain pipes; remove 4 old culverts at stream crossings and 8,000 cubic yards of fill; pull back steep road fill; prevent erosion with native straw, seed and slash.
Things to consider about private foundation grants

- Typically one-time awards
  - Multi-year awards less common
- Match usually required
  - Grants customarily used to leverage other funding
- Usually for assessment/planning processes, outreach/education, or project implementation (habitat work)
  - Not typically for capital expenses
- Administrative burden highly variable by source
- Municipalities/utilities may not be eligible recipients
  - Nonprofit and grassroots partner groups are good partners for securing/managing funding, leading on-the-ground work, etc.
Questions?
City of Dallas – The Challenge

1987 Rockhouse Creek fire lead to increased sediment in creek, Mercer Reservoir and severe erosion.

Drinking Water Source Area & NRCS Erosion Hazard (Off-Road, Off-Trail)

**Erosion Hazard (Off-Road, Off-Trail)**

The ratings in this interpretation indicate the hazard of soil loss from off-road and off-trail areas after disturbance activities that expose the soil surface. The ratings are based on slope and soil erosion factor K. The soil loss is caused by sheet or rill erosion in off-road or off-trail areas where 50 to 75 percent of the surface has been exposed by logging, grazing, mining, or other kinds of disturbance.
Mutual goals and objectives met in drinking water watershed

- Air-lifted 522 logs for 34 new instream structures placed in 2016
- Improves fish passage and increases woody debris to slow flows in key salmon habitat watershed
- Significantly contributes toward cleaner and more sustainable drinking water supply downstream
Dallas/Rickreall

• Partners:
  ✓ Polk SWCD
  ✓ BLM
  ✓ City of Dallas
  ✓ Rickreall Watershed Council
  ✓ Hancock Forest Management
  ✓ ...and more

• BLM, DWPP + multiple funding sources

• Strong partnerships led to successful DEQ CWSRF loan for City of Dallas land acquisition in drinking water source area