



## **AGENDA MEMORANDUM**

First Reading for the City Council Meeting of January 23, 2024  
Second Reading for the City Council Meeting of January 30, 2024

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**DATE:** January 30, 2024

**TO:** Peter Zaroni, City Manager

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**Ordinance authorizing the execution of all documents necessary to apply  
and accept the U.S Bureau of Reclamation's Grants**

### **CAPTION:**

Ordinance authorizing the execution of all documents necessary to apply for and accept the U.S. Bureau of Reclamation Grants for the construction of the Inner Harbor Seawater Desalination Treatment Plant; and appropriating funds.

### **SUMMARY:**

Ordinance will authorize the execution of all documents necessary to apply to the U.S. Bureau of Reclamation (Reclamation) Grant Programs and to submit the application. The application process consists of submitting a Feasibility Study Report no later than 60 days from an application's submittal period deadline. Reclamation's grant programs range from \$30 Million to \$180 Million for eligible projects. Ordinance also authorizes acceptance of the grant, if awarded, and appropriating the funds.

Before funding may be awarded, Reclamation must review the Feasibility Study Report and determine that it meets the requirements in Reclamation's Directives and Standards.

### **BACKGROUND AND FINDINGS:**

In 1992, The Federal Water Infrastructure Improvements for the Nation (WIIN) Act authorized Reclamation to provide grant financial assistance for desalination construction projects. Eligibility for this grant program requires the completion of a feasibility study

report. Ultimate approval of a feasibility study and its compliance is given by Reclamation.

Through the grant programs, Reclamation can provide up to 25% of an eligible project for planning and construction and can range from \$30 Million to \$180 Million for eligible projects. Reclamations' objectives are to provide funding for water projects because they play an important role in helping communities develop local, drought-resistant sources of water supply by turning currently unusable water sources into a new source of water supply that is less vulnerable to drought and climate change.

In October 2023, the City Council approved an ordinance authorizing a professional service contract with Freese and Nichols for the preparation of a Feasibility Study Report which is required to apply for Bureau of Reclamation grant programs. As part of the professional services contract with Freese and Nichols, they will be completing and submitting applications for all potential grant opportunities. The available Bureau of Reclamation grant programs range from \$30 million to \$180 million for eligible projects. There are currently two grant programs the City is seeking.

The first grant program is the WaterSMART: Desalination Construction Projects Under the WIIN Act which offers up to \$30 million in grant funding for desalination. The second grant program was published in September 2023 for large scale recycling projects over \$500 million. This new grant program is called WaterSMART Large-Scale Water Recycling Projects and has a funding opportunity of up to \$180 million. This new large scale grant program currently does not include solely ocean desalination. The City and Freese and Nichols have been working closely with the Bureau of Reclamation to continue to advocate for the City's successful award of these funds since the notice for application was released. The City and Freese and Nichols are working with the Bureau of Reclamation to use its existing authority to modify the eligibility requirements for the Large-Scale Program and/or to remove the grant funding cap on the WIIN Program.

### **ALTERNATIVES:**

The alternative to not submitting an application is that the City will need to pay 100% of the total project cost or find alternative funding sources.

### **FISCAL IMPACT:**

Fiscal impact could range from \$30 million to \$180 million of grant funding for the City.

### **RECOMMENDATION:**

Staff recommends approval of the resolution.

### **LIST OF SUPPORTING DOCUMENTS:**

Ordinance  
Bureau of Reclamation Support E-mail