


**CITY OF CORPUS CHRISTI
CORPUS CHRISTI WATER**

TO: Peter Zanoni, City Manager
FROM: Nicholas Winkelmann, P.E., Chief Operating Officer 
COPY: Mayor & City Council
SUBJECT: U.S. Bureau of Reclamation Grant Opportunity
DATE: June 29, 2026

On May 18, the Bureau of Reclamation (Bureau) notified the City of Corpus Christi (City) that the Feasibility Study Report for the Inner Harbor Seawater Desalination project has been completed, satisfying the Bureau's requirements for the FY2026 WaterSMART Desalination Construction Program (Grant); see the attached memo.

The Bureau removed the longstanding \$30 million per-project cap for the current desalination construction notice of funding opportunity and is making \$120 million available in the current FY2026 funding round.

The Bureau issued the Notice of Funding Opportunity (NOFO) on May 14, 2026, with a submission deadline of August 26, 2026. On page 28 of the attached NOFO, the Official Resolution states:

Prior to award, the recipient must provide an official resolution (Resolution) adopted by the organization's governing body, an official authorized to commit the recipient to the financial and legal obligations of the financial assistance award.

Additionally, the City's grant consultants, The Color Nine Group, delivered an analysis and assessment for review; please see the attached document. Based on their evaluation, City staff does not anticipate that the current funding level of \$120 million will be available in FY2027.

The Bureau's award announcements are expected between winter 2026 and spring 2027.

Attachment: Bureau's Memo_Finding the City's Title XVI Desalination Feasibility Study Report is Complete, May 18, 2026
Attachment: Bureau of Reclamation NOFO Requirements
Attachment: The Color Nine Group Executive Analysis and Assessment, June 26, 2026

Attachment: Bureau's Memo_Finding the City's "Title XVI Desalination Feasibility Study Report is Complete, May 18, 2026



United States Department of the Interior



BUREAU OF RECLAMATION
Oklahoma-Texas Area Office
5316 HWY 290 West, Suite 110
Austin, TX 78735-8931

IN REPLY REFER TO:

TX-LC
4.4.15

VIA ELECTRONIC MAIL ONLY

Mr. Esteban Ramos
Assistant Director of Water Supply Management
City of Corpus Christi
Corpus Christi, TX 78401

Subject: Finding that the City of Corpus Christi's (City) Title XVI Feasibility Report, "Title XVI Desalination Feasibility Study Report" is Complete.

Dear Mr. Ramos,

We are pleased to inform you that the Bureau of Reclamation has found that the City's *Title XVI Desalination Feasibility Study Report* is complete and meets the requirements of Reclamation Manual Directives and Standards. The feasibility study was accepted on May 11, 2026.

Should you have questions, please contact me at (512) 899-4150. Individuals in the United States, who are deaf, deaf, blind, hard of hearing, or have a speech disability may dial 711 (TTY, TDD, or TeleBraille) to access telecommunication relay services.

Sincerely,

**JOHN
BUTTELMAN**

J. Travis Buttelman
Area Manager
Oklahoma-Texas Area Office

Digitally signed by JOHN
BUTTELMAN
Date: 2026.05.18 12:06:23
-05'00'

Attachment: Bureau of Reclamation NOFO Requirements

Bureau of Reclamation

Notice of Funding Opportunity

WaterSMART: Desalination Construction Projects

Funding Opportunity Number

R26AS00034

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BASIC INFORMATION

Announcement Type: Initial

Funding Opportunity Number: R26AS00034

Assistance Listing Number(s): 15.591

Estimated Total Program Funding: \$120,000,000

Expected Number of Awards: 10

Award Ceiling: \$120,000,000

Award Floor: \$1,000

Approximately 10 awards will be awarded under this Notice of Funding Opportunity (NOFO), depending on the amount requested by each applicant and available Federal appropriations.

The Federal funding amount is based on a maximum 25 percent of the total cost of planning, design, and construction activities completed after the date of Reclamation's feasibility study review findings and within three years of the application's submittal period deadline.

Cost Sharing Required?

Yes

Closing Date Explanation

This NOFO will have two application submission periods with a final closing date of August 26, 2027. The due dates for each closing period are:

The first application submission period due date is August 26, 2026, at 4:00 p.m. Mountain Daylight Time (MDT).

The second and final application submission period due date is August 26, 2027, at 4:00 p.m. Mountain Daylight Time (MDT). Applications received after August 26, 2026, at 4:00 p.m. Mountain Daylight Time (MDT) and before August 26, 2027, at 4:00 p.m. Mountain Daylight Time (MDT), will be considered for the second application submission period.

U.S. states and local governments may be required under [Executive Order 12372](#), [Intergovernmental Review of Federal Programs](#) to submit their application to their State Single Point of Contact (SPOC) for review. For more information, see the [Intergovernmental Review SPOC List](#).

Have Questions?

For questions regarding application and submission, contact the NOFO team at bor-sha-fafoa@usbr.gov.

For questions regarding applicant and project eligibility or application content, contact the Program Coordinator, Maribeth Menendez, mmenendez@usbr.gov, 303-445-2094.

Please include the NOFO number R26AS00034 in the subject line of any email correspondence.

Executive Summary

Through WaterSMART, the Bureau of Reclamation (Reclamation) leverages Federal and non-Federal funding to work cooperatively with States, Tribes, and other entities as they plan for and implement actions to increase water supply and hydropower reliability. The WaterSMART Program demonstrably advances Trump administration priorities, such as those identified in Presidential Executive Order 14154 (January 20, 2025): Unleashing American Energy (E.O.14154) and Secretarial Order 3418, and aligns with other priorities and requirements, such

as those identified in Presidential Executive Order 14332 (August 7, 2025): Improving Oversight in Federal Grantmaking (E.O. 14332). The WaterSMART: Desalination Construction Projects NOFO invites eligible applicants to submit proposals for the planning, design, and/or construction of facilities to desalinate seawater or brackish surface water or groundwater. By providing growing communities with new sources of local water supply, desalination projects diversify the water supply portfolio, increase water management flexibility during times of shortage, and make the water supply more reliable.

ELIGIBILITY

Eligible Applicants

Others (see text field entitled "Additional Information on Eligibility" for clarification)

Additional Information on Eligibility

Applicants eligible to receive funding under this NOFO include States, departments of a State, subdivisions of a State, or public agencies organized pursuant to a State law, such as:

- States, Tribes, municipalities, irrigation districts, and water districts, or wastewater districts

All applicants must be located in one of the following States: Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming.

Ineligible Applicants - Those not eligible include, but are not limited to, the following entities:

- Federal Governmental entities
- Foreign entities
- Individuals
- Institutes of higher education

Cost Sharing Requirement

Cost Sharing Required?

Yes

75% of total project costs.

All cost-share contributions must be non-Federal in original source and meet the requirements of 2 CFR 200.306. Total project cost is the sum of all allowable costs, including cost share and third-party contributions. For example, if the total project cost is \$10 million, the minimum amount of non-Federal cost share would be \$7,500,000.

Total Project Costs	\$10,000,000
Minimum required cost share- 75%	x 75%
Applicant share of project costs	\$7,500,000
Federal share	\$2,500,000

GET READY TO APPLY

Required System Registrations

Unique Entity Identifier and SAM.gov Registration

Before applying, all **applicants** except individuals applying as a natural person **must be registered in SAM.gov**. During the SAM.gov registration the entity will obtain their Unique Entity Identifier (UEI).

The SAM.gov registration process can take several months. If your organization is not already registered in SAM.gov, begin the registration process as soon as possible.

To register in SAM.gov, go to the [SAM.gov website](#) and use the available resources to complete registration.

- **Financial assistance registrants** must review and certify compliance with the SAM.gov “Financial Assistance General Representations and Certifications”.
- **Already registered?** You already have a Unique Entity ID. Before applying, check that your “Financial Assistance General Representations and Certifications” on SAM.gov is complete. Remember to renew your registration every year to keep it active while you have an award or application in progress. You can update your registration whenever you need, including during renewal.
- **Need help?** For additional information and contact information on the [SAM.gov Help page](#).

GRANTS.GOV

This program accepts applications through [Grants.gov](#) so once you receive your UEI return to Grants.gov to [register](#) with Grants.gov. Please allow 30 days to register and set up a Workspace in Grants.gov. See [Submission Instructions](#) section below for additional details.

PROGRAM OVERVIEW

Program Goals

- Through WaterSMART, Reclamation leverages Federal and non-Federal funding to work cooperatively with States, Tribes, and local entities as they plan for and implement actions to increase water supply reliability through investments in infrastructure and attention to local water needs.

The objective of the WaterSMART: Desalination Construction Projects NOFO is to invite eligible applicants to leverage their funding and resources by cost sharing with Reclamation on the planning, design, and/or construction of facilities to desalinate seawater or brackish surface water or groundwater. By providing growing communities with new sources of local water supply, desalination projects diversify the water supply portfolio, increase water management flexibility during times of shortage, and make the water supply more reliable. This NOFO will be used to allocate available appropriations and funding under the Infrastructure Investment and Jobs Act, P.L. 117-58 available for Desalination Construction Projects.

Program Description

The WaterSMART Desalination Construction Projects NOFO prioritizes projects that create a more reliable water supply in a cost-effective manner, address environmental and water quality concerns, and leverage state funding or the experience of international partners. Projects will address growing water demands and resource challenges by providing new, drought-resistant, local water supplies that stretch existing supplies and reduce water importation.

Eligible Projects-

Projects eligible for funding under this NOFO include planning, design, and/or construction of facilities to desalinate seawater or brackish surface water or groundwater. In order to be eligible for funding under this NOFO, the project must meet the following requirements:

- The project must be constructed, operated, and maintained by an eligible applicant; or the project must be sponsored by an eligible applicant. To sponsor a project, the eligible applicant must contribute funding for a substantial portion of the capital construction costs of the project within the timeframe of this NOFO.
- To be eligible for funding under this NOFO, the project must have a completed feasibility study submitted to Reclamation for review by June 26, 2026, for applications submitted under the first submission period and by January 15, 2027, for applications submitted under the second submission period. Completed feasibility studies must be found by Reclamation to meet all of the requirements of [WTR 11-01](#) by November 20, 2026, for applications submitted under the first submission period and by July 15, 2027, for applications submitted under the second submission period. If a feasibility study has been reviewed by Reclamation and found to meet the requirements of WTR 11-01, but the review findings have not yet been transmitted to Congress, Reclamation will transmit those findings to Congress either before project selections are made or concurrently with project selections.
- Applicants with desalination projects that have an estimated total project cost greater than or equal to \$500 million (i.e., the minimum total project cost requirement for Large-Scale Water Recycling Projects) must meet additional feasibility study requirements beyond those in [WTR 11-01](#). Additional requirements are established in WTR TRMR-128, Large-Scale Water Recycling Program Feasibility Study Review Process, and these same requirements are being extended to Desalination Construction Projects with a total project cost greater than or equal to \$500 million. Projects with an estimated total project cost less than \$500 million are not subject to the additional feasibility study requirements.
- The project must be included in a state-approved plan. The plan and documentation of state approval must be included with the proposal or submitted to Reclamation prior to the application deadline for this NOFO. In the alternative, if the project is not included in a state-approved plan, Federal participation in the project must have been requested by the Governor of the state in which the eligible desalination project is located. The applicant must submit documentation sufficient for Reclamation to make this determination along with their proposal prior to the application deadline. The state-approved plan or Governor's request will not count toward the page limitation.

Ineligible Projects- Projects that are not eligible for funding under this NOFO include, but are not limited to:

- Projects that reclaim or reuse municipal, industrial, domestic, or agricultural wastewater.
- Desalination projects that include water recycling components, such as municipal, industrial, or agricultural wastewater reuse, or treatment of impaired water supplies where primary targeted contaminants for removal are **not brackish or ocean water**. **Eliminated Evangeline**
- Desalination projects that **do not have a completed feasibility** study that includes the information required by Reclamation Manual Directives and Standards [WTR 11-01](#) (and WTR TRMR-128 for applicants with desalination projects that have an estimated total project cost greater than or equal to \$500 million) that has been submitted to Reclamation by June 26, 2026, for applications submitted under the first submission period and by January 15, 2027, for applications submitted under the second submission period.
- Projects that have a Reclamation reviewed feasibility study that Reclamation determined did not meet the requirements of [WTR 11-01](#).
- Development of feasibility studies to meet the requirements Reclamation’s Directives and Standards [WTR 11-01](#) and/or WTR TRMR-128.
- **Projects that are not constructed, operated, and maintained by an eligible entity and do not include a substantial financial contribution to capital construction costs by an eligible entity during the time period of this NOFO.** **Eliminates Barney Davis Project**
- Lab-scale research, piloting, or demonstration research focused on the development and commercialization of new advanced water treatment technology, such as studies currently proposed or funded under Reclamation’s Desalination and Water Purification Research Program.
- Projects that have a project-specific congressional authorization.
- Projects that have already received funding under the WaterSMART Drought Response Program.
- Operations, Maintenance, and Replacement: Projects that are considered normal operations, maintenance, and replacement (OM&R) are not eligible for funding under this NOFO. **OM&R is described as system improvements that replace or repair existing infrastructure or function without providing increased efficiency or effectiveness of water distribution over the expected life of the improvement.** Examples of ineligible OM&R projects include:
 - o **Replacing malfunctioning components of an existing facility with the same components**
 - o **Improving an existing facility to operate as originally designed**
 - o Performing an activity on a recurring basis, even if that period is extended (e.g., a 10-year interval)

Multiple Applications - Multiple applications for funding may be submitted for consideration under this funding opportunity, provided that the project scopes are not duplicative. In general, if an applicant is seeking funding for multiple project components, and the components are interrelated or closely related (e.g., projects that are physically and geographically linked), the applicant should combine these in one application. However, if the projects are only loosely related, an applicant should submit them as separate applications.

Technical Assistance - Technical assistance should be discussed with Reclamation staff prior to applying. By request, Reclamation can provide technical assistance **after** award of a project. If you plan to receive Reclamation’s assistance, you must account for these costs in your budget.

To discuss available assistance and associated costs, contact the Program Coordinator identified in the Have Questions section above.

For more information regarding WaterSMART: Desalination Construction Projects, including previously funded projects, visit <https://www.usbr.gov/watersmart/title/desalination.html>.

Certified Local Governments are encouraged to prioritize projects in support of the celebration of America's 250th birthday (American250). This may include, but is not limited to, preservation planning, interpretation, public engagement, and rehabilitation projects that recognize and honor the nation's founding, history, and cultural heritage.

Buy America Preferences for Infrastructure Projects

This program has Federal funding for infrastructure projects. Buy America preferences apply to Federal awards for infrastructure projects in the United States. Reference [2 CFR Part 184 - Buy America Preferences for Infrastructure Project](#) for further guidance.

Projects funded under this NOFO are subject to the following Buy America preferences:

- All iron and steel products used in the project must be produced in the U.S., including beams, bars, rods, and tubing.
- All manufactured products must be made in the U.S., requiring substantial transformation and final assembly in the country.
- All construction materials, such as cement and concrete, must be sourced domestically.

Buy America preferences need to be taken into consideration when developing the project budget.

Legislative Authority

Water Desalination Act of 1996, Public Law (P.L.) 104-298, as amended by section 4009(a) of Title III, Subtitle J of the WIIN Act, P.L. 114-322.

Type of Award

Projects will be funded through CA (Cooperative Agreement), G (Grant).

Recipient should expect the Federal agency to have substantial involvement in the project.

Awards will be made through a grant or cooperative agreement, depending on the project. If a cooperative agreement is awarded, the recipient should expect Reclamation to have substantial involvement in the project. This may include collaboration or participation in the management of the project and/or review, input, and approval during implementation of the project.

PREPARE YOUR APPLICATION

Application Content and Format

Pre-Application Requirements

To be eligible for funding under this NOFO, projects must have a completed feasibility study submitted to Reclamation for review by June 26, 2026 for applications submitted under the first submission period and by January 15, 2027. Completed feasibility studies must be found by Reclamation to meet all of the requirements of WTR 11-01 and WTR TRMR-128 for applicants with desalination projects that have an estimated total project cost greater than or equal to \$500 million by November 20, 2026, for applications submitted under the first submission period and by July 15, 2027, for applications submitted under the second submission period.

Prior to applying, applicants should review presidential actions found at: <https://www.whitehouse.gov/presidential-actions/> and DOI Secretary’s Orders found at: <https://www.doi.gov/document-library/secretary-order>. By applying in response to this Notice of Funding Opportunity, the applicant certifies awareness and compliance with all currently effective and applicable executive orders and secretary’s orders, including, but not limited to the Executive Order titled Ending Radical and Wasteful Government DEI Programs and Preferencing as well as the Executive Order and Secretary’s order titled Restoring Truth and Sanity to American History. Applicants are responsible for ensuring their proposed activities are consistent with the intent and requirements of these directives.

Application Documents

Applicants must submit the following forms with their application as specified below. Instructions for accessing and submitting application forms are provided in the [Submission Instructions](#) section of this document below. For instructions on completing form fields, see the form instructions on the [Grants.gov Forms Repository](#).

Forms/Assurances/Certifications	Submission Requirement
SF-424, Application for Federal Assistance Note: For applicants requesting more than \$100,000 in Federal funds, the Authorized Representative’s signature (or electronic equivalent) on the Application for Federal Assistance form also represents their certification of the statements in Appendix A to 43 CFR 18-Certification Regarding Lobbying	Required from all applicants
SF-424A, Budget Information – Construction and Non-construction Programs	Required for construction and non-construction projects
SF-LLL, Disclosure of Lobbying Activities	Required if requesting more than \$100,000 in Federal funds <u>and</u> the applicant has used or plans to use funds other than Federal appropriated funds for lobbying related to the proposed project.
Project Abstract Summary (OMB 4040-0019). Must include, in plain language:	Required from all applicants

Forms/Assurances/Certifications	Submission Requirement
<ul style="list-style-type: none"> • Award purpose, • Activities to be performed, • Expected deliverables or outcomes, • Intended beneficiaries, Subrecipient activities (if known or specified at time of award)	

SF-424A Budget Information

Reclamation uses the SF-424A for both construction and non-construction programs. The SF-424A should be fully filled out, including both the costs that will be paid with Federal funds and those that will be paid with the non-Federal funds. In Section D of the SF-424A – Forecasted Cash Needs, applicants do not have to project cash needs by quarter. Instead include all costs in the first quarter of the first year and enter “0” in all other fields of Section E – Budget Estimates of Federal Funds Needed for Balance of the Project.

Project Abstract Summary

Failure to include a Project Abstract Summary will not result in removal of the proposal from consideration by Reclamation.

Project Narrative

The Project Narrative, including responses to the [Merit Review Criteria](#) shall be limited to a maximum of **40** consecutively numbered pages. If this section exceeds **40** pages, only the first **40** pages will be evaluated. **The full application, including all attachments, should not exceed 125 pages. If the application exceeds 125 pages, only the first 125 pages will be considered in the merit review.**

The font should be at least 12 points in size and easily readable. Page size shall be 8½ by 11 inches, including charts, maps, and drawings. Margins should be standard 1-inch margins. Oversized pages will not be accepted.

The Project Narrative should include the components described below. Applicants should only describe the work that is reflected in the budget - do not include activities that are already complete or will be completed in a future phase.

Title Page

Provide a brief, informative, and descriptive title for the proposed work that indicates the nature of the project. Include the name and address of the applicant, and the name and address, e-mail address, and telephone of the Project Manager.

Table of Contents

List all major sections of the proposal in the table of contents.

Executive Summary

The executive summary should include:

- The date, applicant name, city, county, and state.
- A short paragraph project summary that provides the location of the project, a brief description of the work that will be carried out, any partners involved, expected benefits, how those benefits relate to the water management issues you plan to address, and what planning document and objective the project supports. This information will be used to create a summary of your project for Reclamation's website if the project is selected for funding.

Example: The El Paso Water Utilities Public Service Board is expanding the Kay Bailey Hutchison Desalination Plant. The facility will use reverse osmosis to reclaim brackish groundwater from salty sections of the Hueco Bolson aquifer and is expected to increase potable water supply by 16,242 acre-feet per year. The project includes construction of an additional reverse osmosis treatment unit within the desalination plant to increase production capacity. Goals of the expansion are to increase drought resiliency, provide a buffer to protect freshwater portions of the aquifer, and demonstrate national and state leadership in inland desalination.

- State the length of time and estimated completion date for the proposed project (month/year).
- Whether or not the proposed project is located on a Federal facility.

Project Location

Provide detailed information on the proposed project location or project area including a map showing the geographic location. For example, [project name] is located in [state and county] approximately [distance] miles [direction, e.g., northeast] of [nearest town]. The project latitude is [###°###'N] and longitude is [###°###'W].

Technical Project Description

This section provides an opportunity for the applicant to clearly describe the technical scope and construction process of the proposed project and to address any aspect of the project that reviewers may need additional information to understand.

Provide a comprehensive description of the technical aspects of your project, outlining the full scope of the overall project and how the project in its entirety is included within the Reclamation-reviewed feasibility study. The description should include details about the advanced water treatment process involved along with a process flow diagram identifying which components of the facility are existing, which are new, and which will be upgraded. If any existing components are being upgraded as part of the scope of work, please describe what the current equipment and describe the upgrade.

Identify the current stage of the project and provide a detailed work plan for the activities to be completed over the next three years, consistent with the anticipated grant period of performance. Describe the status of required Federal environmental and cultural resource compliance measures for the proposed project. Please provide an updated status on any relevant changes or issues the project sponsor is currently addressing. This may include permitting challenges, pending agency approvals, or any unresolved issues that have emerged since the completion of the feasibility study. Clearly describe the nature of each issue, its status, and any steps being taken to resolve it.

Merit Review Criteria

“The Merit Review Criteria” section provides a detailed description of each criterion and sub-criterion and points associated with each. The merit review criteria portion of the application should thoroughly address each criterion and sub-criterion in the order presented to assist in the complete and accurate merit review of the proposal.

Copying and pasting the merit review criteria and sub-criteria in Project Narrative’s [Merit Review Criteria](#) into your applications is suggested to ensure that all necessary information is adequately addressed.

Letters of Support:

Attach all support letters from interested stakeholders at the end of your application. Letters received after the application deadline will not be evaluated. Letters of support will not be counted towards page limits.

Budget Narrative

Applicants must describe and justify items and costs listed in their budget. The budget narrative must identify the following cost items: total estimated costs, non-Federal cost share, third-party contributions, and any pre-award costs. Total project cost is the sum of all allowable costs, including required and voluntary cost share and third-party contributions.

Budget items must be:

- Reasonable, allowable, allocable, and necessary
- Compliant with [2 CFR §200 Subpart E](#) cost principles

Indirect Costs: Applicants must indicate in their budget narrative how they will charge indirect costs, including the rate to be applied:

- De Minimis Rate: If eligible, state if your organization is opting to use the de minimis rate of up to 15% of total modified direct costs. Entities that do not have a current Federal negotiated indirect cost rate (including provisional rate) may propose to use the de minimis rate. For more information, refer to [2 CFR 200.414\(f\)](#).
- Negotiated Rate: State if you will negotiate with your cognizant agency. If your organization has previously negotiated a rate, attach a copy of the most recently negotiated rate agreement (active or expired).

The budget narrative provides a written description of the costs included in each budget category on the SF-424A and how they were estimated. While the SF-424A gives the total cost for each category of the budget, the budget narrative gives the item by item breakdown for each category and shows the calculations used to derive the costs. The budget description serves two purposes: 1) it explains how the costs were estimated, and 2) it justifies the need for the cost. See Attachment A for Budget Narrative Guidance. Attachment B is a suggested format for capturing budget details to support the Narrative.

The Federal share (i.e., Reclamation's share in addition to any other sources of Federal funding), of any desalination project under Section 4009(a) of the WIIN Act, including any funding provided as a result of this NOFO, shall not exceed 25 percent of the total project cost.

While the Project Narrative and responses to the majority of the Merit Review Criteria should include the scope of the project as a whole, budgets submitted under this NOFO may only include costs incurred after the date of Reclamation's feasibility determination, and within three years from the application deadline for each submission period under this NOFO. Applicants may include work:

- Planned within three years of the application's submission deadline. For example, if an application is submitted on August 26, 2026, work planned through August 26, 2029, may be included; and
- Eligible costs submitted for consideration must be for work conducted after the date of Reclamation's feasibility study review findings for the project.

Pre-award costs

Pre-award costs (defined at 2 CFR 200.458) are allowed, subject to Grant Officer approval. To be eligible, pre-award costs must be incurred after the date of Reclamation's feasibility study review findings. Pre-award costs are at the applicant's risk. Successful applicants may submit requests for approval of pre-award costs to the awarding Grant Officer.

Program Cost Restrictions

Proposal costs: The costs for preparing and submitting an application in response to this funding opportunity, including developing data necessary to support the proposal, are not eligible project costs and must not be included in the project budget.

Feasibility Study costs: The costs for preparing and submitting water recycling feasibility studies to meet the requirements of Reclamation's Directives and Standards [WTR 11-01](#), Title XVI Water Reclamation and Reuse Program and Desalination Construction Program Feasibility Study Review Process, or the additional requirements established in WTR TRMR-128, Large-Scale Water Recycling Program Feasibility Study Review Process are not eligible project costs and must not be included in the project budget.

Environmental and Regulatory Compliance Costs

Include costs in the budget for completing compliance activities for Federal environmental and cultural resources laws and regulations. Applicants should contact their local Reclamation office to discuss the compliance requirements and potential costs. If the project is selected for award,

these costs will be reviewed for accuracy and adjusted as needed. See “Administration and National Policy Requirements” for additional detail.

Some of the projects funded under this NOFO typically incur high compliance costs (e.g., between \$30,000 and \$200,000 per project). In some cases, Reclamation may be able to complete a portion of its compliance activities without additional cost to the recipient. The actual amount of costs to the recipient associated with compliance will be identified while developing a final project budget for inclusion in the financial assistance agreement. If it is determined that the recipient will need to contribute funds for compliance costs, funds will be withheld from the grant agreement to cover such costs or will be incorporated into the budget as a cost-shared line item. If the recipient is responsible for covering a portion of the compliance costs, under no circumstances will the funds awarded exceed the amount allowable under this NOFO and cannot exceed what was requested in the application. If a portion of the amount budgeted in your application for compliance is not needed for compliance activities, that amount may be reallocated to other project costs during the process of developing a financial assistance agreement, so long as the non-Federal cost share contribution is maintained.

Design and Cost Estimating Review:

For projects with an estimated total project cost greater than or equal to \$500 million that include final design or construction during the project performance period, Reclamation may conduct a programmatic check-in to review additional design and cost estimating information. Documents requested for this review will vary depending on the stage of development of the project. The following is a description of the types of documents that may be requested for review:

- A design report that includes preliminary outline drawings of major features with the purpose of depicting layouts, process diagrams, and supporting cost estimates with unit prices, pay items, quantities, allowances, and assumptions.
- A “Basis of Design” document for final design stages that identifies technical design criteria, design codes, and site-specific design drawings that include plan, elevation, and section drawings.

Conflict of Interest and Unresolved Matters Disclosures:

If any actual or potential conflict of interest exists related to this project at the time of application, the applicant must provide sufficient information to support a program determination of significance per [2 CFR 1402.112](#). Refer to [2 CFR 200.112](#) Conflict of Interest and [2 CFR 200.113](#).

Overlap or Duplication of Effort Statement:

Applicants must state in their application if the activities, costs, or time commitment of key personnel proposed in this application overlap with those in any other Federal proposal or award or not. If no overlap exists, include a statement to that effect. If any overlap exists, provide:

- Activities: Description any overlapping activities.
- Costs: Description of any overlapping costs.
- Time: Description of any overlapping key personnel time.

- A copy of any overlapping or duplicative proposal submitted to any other potential funding entity.
- Details on when any overlapping proposal was submitted, to whom, and the expected date of the funding decision.

Other Required Information

Letters of Commitment

Applicants should include letters of commitment from third-party cost share sources. Letters of commitment should identify the amount of funding committed, the date the funds are available, time constraints on the availability of funds, and any other funding contingencies.

SUBMISSION REQUIREMENTS AND DEADLINES

Address to Request Application Package

Grants.gov contains a complete application kit to submit a full application in response to this NOFO. Instructions for the Grants.gov application process are [available here](#). Contact Alisha James at bor-sha-fafoa@usbr.gov if you are unable to access the application materials electronically.

Proposals received after the application deadline will not be considered unless it can be determined that the delay was caused by Reclamation or there were technical issues with [Grants.gov](#). To document a delay due to a technical issue in Grants.gov, you must furnish a Grants.gov helpdesk ticket number to the NOFO team that validates the delay. Difficulties related to an applicant's Grants.gov profile (e.g., incorrect organizational representative), uploading documents to Grants.gov, or an applicant's SAM.gov registration are not considered technical issues with the Grants.gov system.

Submission Dates and Times

Closing Date for Applications: 08/26/2027

Closing Date Explanation

This NOFO will have two application submission periods with a final closing date of August 26, 2027. The due dates for each closing period are:

The first application submission period due date is August 26, 2026, at 4:00 p.m. Mountain Daylight Time (MDT).

The second and final application submission period due date is August 26, 2027, at 4:00 p.m. Mountain Daylight Time (MDT). Applications received after August 26, 2026, at 4:00 p.m. Mountain Daylight Time (MDT) and before August 26, 2027, at 4:00 p.m. Mountain Daylight Time (MDT), will be considered for the second application submission period.

Submission Instructions

Apply Through Grants.gov

To apply through [Grants.gov](#), please follow the instructions in the [Quick Start Guide for Applicants](#). Before applying, ensure that at least one person at your organization is registered and has the Authorized Organization Representative (AOR). Only the AOR can submit the

application. If you need more users, they must create their own Grants.gov account. Follow these steps below to apply:

- *Create a Workspace:* Creating a workspace allows you to complete it online and route it through your organization for review before submitting.
- *Complete a Workspace:* Invite participants to the workspace so you can collaborate on the application. Required applications forms are included in the Grants.gov Funding Opportunity Package and can be completed in the Workspace, unless noted otherwise in the Required Forms table above. Check for errors before submission.
- *Submit a Workspace:* An application may be submitted through workspace by clicking the Sign and Submit button on the Manage Workspace page, under the Forms tab
- *Track a Workspace Submission:* After successfully submitting a workspace application, a Grants.gov Tracking Number (GRANTXXXXXXXX) is automatically assigned to the application.

The system generates a date and time stamp and sends it to the applicant's AOR via email as proof of submission. Make sure your application passes the Grants.gov validation checks. Do not encrypt, zip, or password-protect any files. Only registered individuals in SAM as both a user and an AOR can submit applications. Please allow 30 days to register in Grants.gov.

Application System Technical Support: For Grants.gov technical registration and submission, downloading forms, and application packages, contact Grants.gov Customer Support at 1-800-518-4726 or by email at Support@grants.gov.

Applicants can submit a hard copy application by U.S. Mail or express delivery to the addresses below.

By mail or United States Postal Service overnight services:

Bureau of Reclamation
Financial Assistance Operations Section
Attn: NOFO Team
P.O. Box 25007, MS 84-27133
Denver, CO 80225

By all other express delivery and courier services:

Bureau of Reclamation mail services
Attn: NOFO Team
Denver Federal Center
Bldg. 67, Rm. 152
6th Avenue and Kipling Street
Denver, CO 80225

Please notify the Reclamation Financial Assistance Contact listed in the "Basic Information" section by 2:00 PM MT on the submission date to confirm the hard copy submission.

APPLICATION REVIEW INFORMATION

Eligibility Review

During the eligibility review, the application is checked for timely submission, completed packages (see [Application Documents](#) above) and alignment with the requirements of this announcement. The Federal agency may remove an application if it does not pass the eligibility review.

An application will be removed if it does not include:

- Completed SF-424 and SF-424A forms
- SAM registration, with a valid UEI (unless an exemption at 2 CFR 25.110 applies, see below)
- A project narrative
- A budget narrative

If an applicant selected for funding hasn't finished their SAM.gov registration (see [2 CFR 25.200](#) and [2 CFR 25.110](#)) when the federal agency is ready to make an award, we may decide that the applicant is ineligible for the award and choose to grant it to someone else. Please refer [2 CFR 25.205](#) for more information.

Prior to making an award, the DOI checks the anticipated recipient and their key project personnel against the current list of prohibited or restricted persons or entities in the System for Award Management (SAM.gov) Exclusions database. We are prohibited from making an award if a recipient or any key personnel are found ineligible, prohibited, restricted, or otherwise excluded from receiving or participating in an award, as their ineligibility condition applies to this program.

If removed from consideration for ineligibility, the Federal agency will notify the applicant in writing.

Merit Review

The merit review criteria should be addressed in the Project Narrative. Applications should thoroughly address each criterion and any sub-criterion in the order presented below. Applications will be evaluated against the merit review criteria listed below.

With the exceptions of criteria F and G, evaluation criteria should be applied to the project as a whole, not just the project activities that will be completed over the next 3 years. Responses to Criteria F and G should be limited to the project scope that is consistent with the anticipated period of performance for this grant application. An Application Review Committee (ARC), made up of experts in relevant disciplines, will review the technical merit of the application, based on the following evaluation criteria:

Merit Review Criteria Scoring Summary	Points:
A. Increased Water Supply Available	25
B. Water Management Concerns and Project Benefits	15

C. Economic Analysis	20
D. Presidential and Department of the Interior Priorities	20
E. Leveraging Regional Planning, State Funding, and International Experience	5
F. Construction Priority	10
G. Cost Share Priority	5
Total	100

Note: Projects may be prioritized to ensure balance among the program task areas and to ensure that the projects address this NOFO's goals and objectives.

Merit Review Criterion A: Increased Water Supply Available (25 points)

Up to **25 points** may be awarded based on the expected increase to water supply available as a result of the project. This criterion prioritizes projects that yield higher volumes of reclaimed water and offset other sources of water supply.

Sub-Criterion A.1 Amount of Desalinated Water Supply Made Available

Points will be awarded based on the expected amount of desalinated water made available. This criterion evaluates the amount of desalinated water produced and how much of the annual demand for the service area is offset by the desalinated water. Proposals containing a well-supported description and quantification of project benefits will receive more points under this criterion.

- What is the estimated quantity of additional supply the project will provide upon completion and how was this estimate calculated? Provide this quantity in acre-feet per year as the average annual benefit over fifteen years, starting with the year that the project will begin delivering water (e.g., if the project captures flood flows in wet years, provide the average benefit over fifteen years including dry years). Provide information on how desalinated water produced will vary over the year based on any source water supply changes.
- What percentage of the current annual demand for the service area does the additional desalinated water supply represent? How was this estimate calculated?

Sub-Criterion A.2 Offset to Water Supplies

Points will be awarded based on the extent to which the project will reduce demands on existing water supply sources or the need to develop new non-reclaimed water supply sources.

- Describe the existing water supplies used in the project sponsor's service area. Identify which of these supplies and associated facilities will benefit from the implementation of this project and explain how the project will reduce pressure on those resources. Include quantitative estimates to support your response.

- If the project is expected to reduce, delay, or eliminate the need for new or expanded non-recycled water supplies, describe how these benefits will be quantified and measured. Include the methods, metrics, and data sources that will be used to assess the project's actual impact over time once completed.

Merit Review Criterion B: Water Management Concerns and Project Benefits (15 points)

Up to **15 points** may be awarded based on the water management concerns and how the project will address the described concerns. This criterion evaluates water management concerns the project area is facing, their severity, and the expected role of the project in addressing those concerns. Applicants that clearly demonstrate a water management challenge and a compelling need for the project will receive the most points under this criterion.

Describe the water management challenge(s) occurring within your project area and the severity of the challenge to be addressed. Describe the consequences if the water management challenge(s) is not addressed. For example, will your project address water supply shortfalls or uncertainties, the need to meet competing demands for water and the lack of reliable water supplies for municipal, agricultural, tribal, environmental or recreational water uses, groundwater depletion, water quality issues, complications arising from drought, conflicts over water, or other water management issues?

Explain how the benefits of your project will address the water management concern identified in your response to the preceding paragraph and provide support for your response. For example, will your project improve water management by supporting:

Water Quality Improvements

- How will the project improve the quality of surface water, groundwater, or effluent discharges?
- Will steps be taken to minimize the environmental impacts of desalination source water acquisition (intakes or groundwater pumping) and concentrate management as part of the project? If so, explain the expected steps and their significance.

Habitat Restoration and Species Support

- Will the project restore or enhance habitat for non-listed species? If so, describe the species and the nature of the habitat improvements.
- Will the project provide water, habitat, or reduce reliance on imported water supplies to provide benefit for federally listed threatened or endangered species? If yes, identify the species and explain how the project will support their conservation.

Drought Resiliency

- Describe how the project area has been impacted by drought and explain how the proposed project is expected to improve drought resiliency in the region. Consider:
 - Will the project create additional flexibility to respond to drought conditions? If so, how?
 - Will the water made available through this project remain accessible during drought periods? How does its reliability compare to other available water supply options?

- Has the project area been identified by the United States Drought Monitor as experiencing severe, extreme, or exceptional drought, or been designated as a drought disaster area by the State, at any time in the last 4 years? If so, provide details.

Merit Review Criterion C: Economic Analysis (20 points)

Up to **20 points** may be awarded based on the economic analysis conducted to demonstrate the cost effectiveness of the project and the project’s benefits relative to the project’s costs.

Subcriterion No. C.1.—Cost Effectiveness Analysis

Points will be awarded based on the cost per acre-foot of water expected to be delivered upon completion of the project and how the cost of the project compares to a non-desalination alternative. Use costs related to the entire project, not just the cost of work over the next 3 years or the phase currently under development. Costs should be provided for the entire project described in the Reclamation-approved feasibility study.

Reclamation will calculate the cost per acre-foot of water produced by the project using information provided by applicants. For a description of how this calculation is done, see the Title XVI Frequently Asked Questions webpage at www.usbr.gov/watersmart/title/faq.html.

Provide the following information for this calculation:

- The total estimated construction costs, by year, for the project (include all previous and planned work) as shown in Table 1.

Table 1.—Estimated Construction Costs by Calendar Year

	Year	Construction Cost		Year	Construction Cost
1.			6.		
2.			7.		
3.			8.		
4.			9.		
5.			10.		

- The total estimated or actual costs to plan and design the project.
Note: This should not include the cost to complete a feasibility study that meets the requirements of Reclamation’s Directives and Standards [WTR 11-01](#).
- The estimated expected average annual operation and maintenance costs for the life of the project.
Do not include periodic replacement costs in the operation and maintenance costs.

Periodic replacement costs should be provided separately in response to Table 2 below.
 Note: this is an annual cost—not total cost.

- The year the project has or is expected to begin to deliver desalinated water.
- The projected life (in years) that the project is expected to last.
 Note: this should be measured from the time the project starts delivering water

Table 2.—Replacement Costs by Year

	Description of Replacement Requirement	Year	Cost
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			

- All estimated replacement costs by year as shown in Table 2.
 If there are multiple replacement costs in one (1) year, or at the same interval, total them and put them on one line with the year or interval.
- The maximum volume of water (in acre-feet) expected to be produced annually upon completion of the project. This volume of water must correspond to the costs provided above. If costs are only provided for a portion or phase of the project, then only the water produced by that same portion or phase of the project will be considered under this criterion.

Reclamation will calculate the cost per acre-foot for the project using the information requested above and compare it to the non-reclaimed water alternative, and any other water supply options that the applicant identifies to evaluate the cost effectiveness of the project. Provide the following information for this comparison:

- A description of the economic conditions that exist in the area and projections of the future with, and without, the project.

- Provide the cost per acre-foot of other water supply alternatives that could be implemented by the non-Federal project sponsor in lieu of the project. This must include, but is not limited to, one non-reclaimed water alternative that would satisfy the same demand as the project. Other water supply alternatives beyond one non-reclaimed water alternative are not required but may be provided where available to demonstrate the cost effectiveness of the project.
- If available, provide the cost per acre-foot of one water supply project with similar characteristics to the project. This information does not have to be provided if it is not available. It is intended to provide another possible comparison to demonstrate the cost effectiveness of the project.
- Discussion of the degree to which the project is cost-effective. Where applicable, include a discussion of why the project may be cost effective even if the overall project cost appears to be high.

Subcriterion No. C.2 —Benefit/Cost Analysis

Points will be awarded based on the analysis of the project's benefits relative to the project's costs. Use costs related to the entire project—not just the expected cost of work over the next 3 years.

Summarize the economic analysis performed for the project including information on the project's estimated benefits and costs. Describe the methodologies used for the analysis that has been conducted. Points will be awarded based on a comparison of the benefits and costs of the project. Please note that information must be included in the proposal to be considered; scores will not be based on information provided in the project's feasibility study.

The information provided should include:

- Quantified and monetized project costs, including expected capital costs and operations and maintenance costs.
- Quantified and monetized project benefits. This includes benefits that can be quantified and expressed as a monetized benefit per acre-foot. These may include, but are not limited to, benefits related to water supply quantity and reliability, recreational benefits, ecosystem benefits, water quality, and energy efficiency. Benefits may also include the avoided costs of no action (i.e., the costs that would be incurred if the project were not implemented), and the willingness of water users to pay for a benefit or to avoid a negative outcome (e.g., the willingness of households to pay for a water supply system that would reduce groundwater overdraft). If quantified and/or monetized information for these benefits is not available, they may be addressed in response to question two below.
- A comparison of the project's quantified and monetized benefits and costs.

Describe any economic benefits of the project that are difficult to quantify and/or monetize, and the economic impact of these benefits. Points will be awarded based on the potential economic impact of the project-related benefits. Examples of benefits may include, but are not limited to, acres of land or stream miles that may be benefitted or not harmed, benefits to habitat or species, flood risk mitigation, local impacts on residents and/or businesses, job creation, and regional impacts. This may also include benefits identified previously in the application, if they have not been monetized (e.g., water reliability, water quality, and recreation).

Merit Review Criterion D: Presidential and Department of the Interior Priorities (20 points)

Up to **20 points** may be awarded based on the extent that the project demonstrably:

- advances the Trump Administration's priorities, including E.O. 14154: Unleashing American Energy, justifies alignment with priorities and requirements in E.O. 14332: Improving Oversight in Federal Grantmaking;
- includes primary project elements that develop, demonstrate, and or implement artificial intelligence (AI) technologies that advance the Trump Administration and Department of Interior's priorities for AI, including OMB M-25-21 Accelerating the Use of AI through Innovation, Governance, and Public Trust; S.O. 3444: Leading Interior's Path to Artificial Intelligence Transformation;
- aligns with Secretary Burgum's strategic objectives, including those identified in S.O.s 3417: Addressing the National Energy Emergency, 3418 Unleashing American Energy, 3419 Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis;
- aligns with goals and objectives in the U.S. Department of the Interior FY 2026-2030 Strategic Plan; and
- supports water management and enhanced operational flexibility in Reclamation States, with priority given to the Colorado River Basin, which is experiencing long-term drought conditions.

Please address only those priorities that are applicable to your project. **All priorities will be given equal consideration.** A project will not necessarily receive more points simply because multiple priorities are addressed. Points will be allocated based on the degree to which the project supports, advances, or otherwise demonstrates an enhancement of one or more of the priorities identified, and whether the connection to the stated priority (or priorities) is (are) well supported.

Merit Review Criterion E: Leveraging Regional Planning, State Funding, and International Experience (5 points)

Up to **5 points** may be awarded based upon the extent to which the proposed project will support collaborative regional planning efforts, and leverage State funding or the experience of international partners with expertise in desalination.

Subcriterion No. E.1 — Collaborative Regional Planning

Points will be awarded based on the extent to which the project implements a regional planning effort and meets the needs of different areas and stakeholders within the region. Describe how the project meets the needs of geographically dispersed localities across a region or a watershed that will take advantage of economies of scale and foster opportunities for partnerships. Consider the interconnectedness of water and land resources and the full spectrum of technical disciplines in activities and decision making across interested groups.

- Does the project implement or align with a regional or state water plan, or an integrated resource management plan? If so, describe.
- Will the project help meet the water supply needs of a large geographic area, region, or watershed? Explain how.
- Does the project promote collaboration among multiple stakeholders with diverse interests? Identify the partners and describe the nature of the collaboration.
- Does the project include public outreach or educational components to inform and engage the community? If so, describe the outreach efforts and intended audiences.

Subcriterion No. E.2 Leveraging State Funding and Experience of International Partners

Points will be awarded based on the extent to which the project leverages State funding for research and development of desalination technologies and projects and/or the experience of international partners with expertise in desalination.

- Does the project leverage State funding for research and development of desalination technologies, and/or development and construction of the project? If so, how?
- Does the project leverage the experience of international partners with expertise in desalination, for example, the State of Israel, Middle East Desalination Research Center, European Desalination Society, Centro de Investigaciones Energeticas, Medioambientales y Tecnologicas (CIEMAT) in Spain, or academic and public global institutions? If so, how? Note: Leveraging the experience of international partners does not include hiring an architecture and engineering firm or contractor with international employees or who happen to have done work in other countries.

Merit Review Criterion F: Construction Priority (10 points)

Up to **10 points** may be awarded based on the extent that the proposed project is a construction project that can be completed within the allowable project duration. Projects that focus on construction of hard infrastructure to deliver durable, long-term improvements in water reliability and resilience will be prioritized. Hard infrastructure is tangible or built infrastructure. Please identify the hard infrastructure construction components of the project, if applicable.

Merit Review Criterion G: Cost Share Priority (5 points)

Up to **5 points** may be awarded to proposals that include non-Federal cost share contributions exceeding the statutory minimum by at least 5 percent. Projects with a higher non-Federal cost share may be awarded more points. State the percentage of non-Federal funding provided using the following calculation:

$$\text{Non-Federal Funding} / \text{Total Project Cost} = \%$$

See [Cost Sharing Requirement](#) and [Budget Narrative](#) for more information on cost-share requirements and eligible costs.

Note: projects selected for award will have reported cost-share amounts verified. If reported cost share is found to be ineligible, there may be impacts to award. Accordingly, please ensure reported cost share amounts are accurate and eligible.

Review and Selection Process

This program reviews proposed budgets to ensure:

- figures are correct
- estimated costs are necessary and reasonable and clearly linked to project narratives
- avoid obviously unallowable costs
- identify costs requiring prior approval
- ensure indirect cost rates are applied correctly
- confirm cost sharing requirements are reflected in the budget.

This program reviews applications for potential overlap or duplication between the proposed project and any other funded or proposed project. Depending on the circumstances, DOI may choose to not make an award.

Initial Review Prior to conducting the comprehensive merit review, an initial review will be performed to determine whether: (1) the applicant is eligible for an award; (2) the information required by the NOFO has been submitted; (3) all mandatory requirements of the NOFO are satisfied; (4) the proposed project is responsive to the program objectives of the NOFO (program determination); and (5) the proposed project is in compliance with all applicable executive and secretary orders, including the President's executive order on Ending Radical and Wasteful Government DEI Programs and Preferencing as well as the executive order and Secretary order on Restoring Truth and Sanity to American History. If an applicant fails to meet the requirements or objectives of the NOFO, or does not provide sufficient information for review, the applicant will be considered nonresponsive and eliminated from further review.

An Application Review Committee (ARC), made up of experts in relevant disciplines, will review the technical merit of the application, based on the merit review criteria. The ARC will also review the application to ensure that the project is eligible and meets the objective of this NOFO. During ARC review, Reclamation may contact applicants to request clarifications to the information provided, if necessary.

After the merit review, Reclamation conducts a "red-flag" review of top-ranking applications. During this review, Reclamation identifies any reasons a project would not be feasible or

advisable, including environmental or cultural compliance, permitting, legal, financial, performance or other concerns. After the red-flag review, Reclamation conducts a “managerial review” of top-ranking applications. The managerial review prioritizes applications for selection based on the objectives of the NOFO. The review of applications will follow the requirements of E.O. 14332, such as ensuring review by senior appointees, and that selections demonstrably advance the President’s policy priorities consistent with applicable law. Geographic dispersion, project types, applicant types, previous award history, and applicant success in implementing Gold Standard Science (E.O. 14303) may be considered during the review. Selections are finalized once all reviews are complete, and all applicants are notified.

Risk Review

Prior to making an award, the applicant will be assessed for their level of risk per [2 CFR 200.206](#). This assessment includes the applicant's financial management capabilities, project delivery experience, staffing resources, past award performance, administration and reporting compliance records, and overall project complexity and potential for challenges. If an award will be made, special conditions may be applied to the award corresponding to the assessed risk. For awards over the simplified acquisition threshold (currently \$350,000), a review of the applicant's eligibility and financial integrity information in the applicant's SAM.gov records will also be performed per [2 CFR 200.206](#).

A Grants Officer conducts a detailed budget analysis and a business evaluation and responsibility determination. During this evaluation, the Grants Officer will consider several factors, such as:

- Allowability, allocability, and reasonableness of proposed costs
- Financial strength and stability of the applicant
- Past performance, including satisfactory compliance with all terms and conditions of previous awards, such as environmental compliance, reporting requirements, and audit compliance
- Adequacy of personnel practices, procurement procedures, and accounting policies and procedures.

AWARD NOTICES

Notices of Federal Award are sent electronically via GrantSolutions or e-mail. These notices outline the terms, conditions, and payment instructions per [2 CFR 200.211](#). The Notice of Federal Award signed by an authorized Grants Officer is the legal instrument obligating financial assistance to a recipient. Any other prior notice is not an authorization to begin work. If the program allows pre-award costs per [2 CFR 200.458](#), beginning performance before receiving a Notice of Federal Award is at the applicant’s own risk.

Anticipated Project Start Date: 09/30/2027

Anticipated Project End Date: 09/30/2029

Reclamation anticipates contacting potential award recipients and unsuccessful applicants in approximately six months after the submission period due dates in this NOFO, subject to the timing and amount of final appropriations. Reclamation will contact award recipients individually to discuss the time frame for the completion of their agreement.

Reclamation may post successful applications on a Reclamation website, after necessary redactions, in consultation with the successful applicant.

POST AWARD REQUIREMENTS AND ADMINISTRATION

Administration and National Policy Requirements

For award administration and national policy requirements, see the [DOI General Terms and Conditions](#). Infrastructure projects require the use of American iron, steel, manufacture products, and construction materials per [2 CFR 184](#).

Automated Standard Application for Payments Registration

All recipients must be registered with and willing to process all payments through the Department of Treasury Automated Standard Application for Payments (ASAP) system. All recipients with active financial assistance agreements with Reclamation must be enrolled in ASAP under the appropriate Agency Location Code(s) and UEI Number prior to the award of funds. If a recipient has multiple UEI numbers, they must separately enroll within ASAP for each unique UEI Number and/or Agency. If your entity is currently enrolled in the ASAP system with an agency other than Reclamation, you must enroll specifically with Reclamation in order to process payments. All of the information on the enrollment process for recipients, will be sent to you by ASAP staff if selected for award.

Approvals and Permits

Recipients shall adhere to Federal, State, Territorial, Tribal, and local laws, regulations, and codes, as applicable, and shall obtain all required approvals and permits. Recipients shall also coordinate and obtain approvals from site owners and operators.

Environmental and Cultural Resources Compliance

The recipient must comply with all applicable Federal, State, and local environmental, cultural, and paleontological resource laws and regulations. Data collections supporting compliance efforts must follow separate compliance procedures. All projects will require compliance with the National Environmental Policy Act, Endangered Species Act, and National Historic Preservation Act before any ground-disturbing activity may begin.

Recipients are prohibited from any ground-disturbing activities (e.g., biological or water quality surveys, grading, clearing, excavation, and other preliminary or construction activities) on a project before environmental and cultural resources compliance is complete. A recipient that proceeds before environmental and cultural resources compliance is complete risks forfeiting funding. The Grant Officer will issue a Notice to Proceed that explicitly authorizes work to proceed once environmental and cultural resource compliance is complete.

Official Resolution

Prior to award, the recipient must provide an official resolution adopted by the organization's governing body, or, for state government entities, an official authorized to commit the recipient to the financial and legal obligations of the financial assistance award. The official resolution verifies:

- The identity of the official with legal authority to enter into an agreement
- The board of directors, governing body, or appropriate official who has reviewed and supports the application submitted
- That the organization will work with Reclamation to meet established deadlines

Geospatial Data

If you receive financial assistance from the Department of the Interior (DOI), recipient must follow these rules for geospatial data:

Follow Federal Standards: All geospatial data you collect or create must meet the standards set by the Federal Geospatial Data Committee (FGDC) or the Department of the Interior. This is required by the Geospatial Data Act of 2018, which is part of Public Law 115-254, specifically in Subtitle F (Geospatial Data), sections 751-759C (codified at [43 U.S.C. §§ 2801-2811](#)).

Include Metadata: Your Geographic Information Systems (GIS) files must include complete metadata. Metadata is information that describes the data, such as where it came from, how accurate it is, and how it should be used. This is to ensure that anyone using the data understands its context and quality.

Check for Existing Data: Before you start collecting new geospatial data, you need to check GeoPlatform.gov. This is to see if there is already existing geospatial data from federal, state, local, or private sources that can meet your needs and is available for free. If such data is available, you should use it instead of gathering new data.

These rules help ensure that geospatial data is reliable, high-quality, and that resources are used efficiently.

Intangible Property

Title to intangible property acquired under this agreement vests upon acquisition with the Recipient, however Reclamation reserves the right to obtain, publish, reproduce, or otherwise use and authorize others to use for Federal purposes in accordance with [2 CFR Part 200.315](#).

Real Property

Real property, equipment, and intangible property that is acquired or improved with a Federal award must be held in trust by the recipient as trustee for the beneficiaries of the project or program under which the property was acquired or improved, per [2 CFR §200.316](#). Title to real property acquired or improved under a Federal award will vest upon acquisition in the recipient. Except as otherwise provided by Federal statutes or by the Federal awarding agency, real

property will be used for the originally authorized purpose as long as needed for that purpose, during which time the recipient must not dispose of or encumber its title or other interests. When real property is no longer needed for the originally authorized purpose, the recipient must obtain disposition instructions from the Federal awarding agency or pass-through entity.

Wage Rate Requirements (Davis-Bacon Act)

Section 41101 of the Infrastructure Investment and Jobs Act, otherwise known as the Bipartisan Infrastructure Law (BIL) requires that all laborers and mechanics employed by contractors or subcontractor in the performance of construction, alteration, or repair work on a project assisted in whole or in part by funding made available under the BIL shall be paid wages at rates not less than those prevailing on similar projects in the locality, as determined by the Secretary of Labor in accordance with Subchapter IV of Chapter 31 of Title 40, United States Code (commonly referred to as the Davis-Bacon Act).

Freedom of Information Act (FOIA)

Please note that any application submitted for funding under this NOFO may be subjected to a Freedom of Information Act (FOIA) request (5 U.S.C. §552, as amended by P.L. No. 110-175), and as a result, may be made publicly available.

In response to a FOIA request for research data relating to published research findings produced under a Federal award that were used by the Federal Government in developing an agency action that has the force and effect of law, the Federal awarding agency must request, and the recipient must provide, within a reasonable time, the research data so that they can be made available to the public through the procedures established under the FOIA.

Improvements to Federal Facilities

Note that improvements to Federal facilities that are implemented through any project awarded funding must comply with additional requirements. Reclamation may also require additional reviews and approvals prior to award to ensure that any necessary easements, land use authorizations, or special permits can be approved and that the development will not impact or impair project operations or efficiency, consistent with the requirements of 43 CFR Section 429.

Reporting

The recipient's Notice of Award will detail all reporting requirements, including frequency, due dates, and instructions for requesting extensions. In general, but not limited to, recipients must:

- Submit Federal Financial reports and Program Performance reports.
- Use the [Federal Financial Report \(SF-425\) form](#) for financial reporting,
- Monitor award activities and report on program performance per [2 CFR 200.329](#),
- Promptly notify the awarding program in writing of any issues, delays, or conditions impairing award objectives per [2 CFR 200.329\(e\)](#),

- Disclose any conflicts of interest related to their award that arise during the award period per [2 CFR 1402.112](#),
- Report on the status of real property acquired under the award in which the Federal government retains an interest per [2 CFR 200.330](#), and
- Report all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award per [2 CFR 200.113](#).
- Report any matters related to recipient integrity and performance to SAM.gov per [Appendix XII to 2 CFR 200](#).
- If the Federal share of the award is more than \$100,000 and the recipient makes or agrees to make any payment using non-appropriated funds for lobbying in connection to the award, disclose those activities using the Disclosure of Lobbying (SF-LLL) form per [43 CFR 18.100](#).
- Federal Funding Accountability and Transparency Act of 2006 (FFATA) and 2 CFR 170 requires certain recipients to report information on executive compensation, and information on all sub-awards, subcontracts and consortiums equal to or over \$30,000 to SAM.gov.
- Report any required mitigation to lessen environmental impacts of the project.
- Recipients of Reclamation awards must include the following information in performance reports:
 - a comparison of actual accomplishments to the milestones established by the financial assistance agreement for the period,
 - the reasons why the project did not meet established milestones, if applicable,
 - the status of milestones not met from the previous reporting period, if applicable,
 - whether the project is on schedule and within the original cost estimate,
 - any additional pertinent information or issues related to the status of the project, and
 - photographs documenting the project (appreciated, although not required). Note: Reclamation may print photos with appropriate credit to the recipient.
 - Final reports are public documents and may be made available on Reclamation's website.

Other Information

Reclamation will host a webinar to provide general information regarding this NOFO and answer questions. For more information regarding this NOFO, the general information webinar, and WaterSMART: Desalination Construction Projects, including previously funded projects, visit <https://www.usbr.gov/watersmart/title/desalination.html>.

Attachment: The Color Nine Group Executive Analysis and Assessment, June 26, 2026



Briefing Memorandum

To: Mahogany Garza, Grants Program Manager, Finance & Procurement Department,
City of Corpus Christi, Texas

From: The Color Nine Group, LLC

Date: June 26, 2026

Re: WaterSMART Desalination Construction Grant, FY26 versus FY27 Strategic Filing
Decision

Executive Analysis and Assessment

The FY26 WaterSMART Desalination Construction Program offers the City of Corpus Christi a materially stronger opportunity for funding than in FY27 due to several modifications to the program that will not exist in FY27. The Bureau of Reclamation removed the longstanding \$30 million per-project cap for the current desalination construction notice of funding opportunity and is making \$120 million available in the current FY26 funding round. In addition, FY26 is the final year of supplemental funding from the Bipartisan Infrastructure Bill (BIL). That combination is materially different from prior funding cycles and materially stronger than any currently identifiable FY27 path.

The present funding level of \$120 million is not explained by annual appropriations alone. It reflects the combined effect of regular appropriations plus supplemental Bipartisan Infrastructure Law support. DOI stated in 2022 that the Bipartisan Infrastructure Law included \$250 million over five years for desalination projects. That supplemental support elevated the desalination construction opportunity from the relatively modest level typically supported by annual appropriations to \$64 million in the FY23 and FY24 notice and \$120 million in the current FY26 notice. Once BIL authority expires on September 30, 2026, the program is expected to revert to annual appropriations only. Based on the publicly identified annual appropriations figure of \$10.5 million for FY22, the historical annual appropriations baseline has been roughly in the low tens of millions, not at the \$120 million level available in the current NOFO.

The current opening also appears closely connected to advocacy undertaken specifically for Corpus Christi. Public reporting states that the Trump Administration removed the \$30 million cap after advocacy by Congressman Michael Cloud, and Congressman Cloud publicly described the change as a breakthrough for Corpus Christi's desalination project. If the City does not pursue the opportunity after that effort was expended, it is reasonable to assume that future efforts to secure similarly tailored administrative relief may be harder to obtain.

WaterSMART Funding Comparison: FY26 versus FY27

Funding Element	FY26	FY27
President's Request	\$0 for WaterSMART overall.	\$0 for WaterSMART overall.
Congressional Appropriation	Congress enacted \$41 million total for all WaterSMART programs not just the desalination program.	House has proposed \$83 million total for all WaterSMART programs. The Senate has not released a bill and no final appropriation exists.
BIL / Supplemental Funding	FY26 desalination construction opportunity benefits from remaining BIL-supported funding, and DOI previously identified \$250 million over five years for desalination projects. FY26 is the final year of additional funding for all WaterSMART funding.	No BIL support expected after September 30, 2026.
Total Desalination Construction Funding in Active Opportunity	\$120 million in NOFO R26AS00034.	Unknown. However, the House is only proposing a total of \$83 million for all WaterSMART programs, so desalination funding will likely be in the \$10.5 million range.

Per-Project Cap	Removed for FY26, allowing a request up to the full \$120 million available in the NOFO.	Prior funding opportunities carried a \$30 million cap when Congressional Appropriations and BIL funding were available. There is no public indication that the cap removal is permanent and without the BIL funding the cap will likely be closer to \$10.5 million.
Practical Maximum City Request	Up to \$120 million.	Likely around \$10.5 million if prior cap practice returns with the expiration of BIL, and potentially less if the annual appropriations for the entire program is limited to \$10.5 million.

How BIL Changes the Funding Picture

An important analytical point for decision-makers is that the current \$120 million opportunity is not the result of a permanent increase in the annual federal base program. The President requested \$0 for WaterSMART in both FY26 and FY27. Congress still enacted \$41 million total for WaterSMART in FY26, and the House has proposed \$83 million total for FY27, but those totals are for the broader WaterSMART portfolio and do not by themselves explain a \$120 million desalination construction notice.

The additional capacity comes from BIL-supported funding. DOI publicly identified \$250 million over five years for desalination projects. That supplemental support raised the available desalination construction pool to \$64 million in the FY23 and FY24 cycle and to \$120 million in the current FY26 cycle. Without BIL, the program is expected to fall back toward its regular annual appropriations profile, which, based on the publicly identified FY22 appropriations figure, has operated at roughly \$10.5 million per year rather than at the current \$120 million level.

Why the Cap Increase Matters Specifically to Corpus Christi

The cap increase does not appear to be an ordinary across-the-board policy revision. The removal of the \$30 million cap can be directly tied to the advocacy surrounding the Corpus Christi desalination effort, and Congressman Cloud publicly framed the change as a breakthrough for the City's project. The earlier cap made large-scale federal participation in a project of this size structurally difficult.

The FY26 NOFO now allows the City to pursue a federal request large enough to materially affect project financing strategy. If the City does not act in the window created by that advocacy, there is a meaningful risk that federal decision-makers and allied elected officials will be less willing to expend similar political capital again. That is not a legal consequence, but it is a real strategic consequence and should be evaluated as such.

Recommendation

The Color Nine Group recommends that the City proceed with an FY26 application and treat the August 26, 2026, deadline as the operative target.

That recommendation is based on four practical conclusions:

- FY26 offers a \$120 million active funding opportunity that is materially larger than the \$64 million desalination construction opportunity offered in FY23 and FY24 and materially more favorable than any presently identifiable FY27 path.
- FY26 benefits from remaining BIL-supported supplemental funding, while FY27 is expected to operate without that enhancement.
- FY26 is the only currently documented cycle in which the per-project cap has been removed, allowing the City to pursue a request up to the full NOFO ceiling.
- The current opening appears to reflect project-specific political effort that may not be replicated if the City declines to pursue the opportunity now.

On the present record, FY26 is the strongest available filing year from both a funding and advocacy perspective.

Sincerely,

Michael Willis, CEO

The Color Nine Group, LLC