



STEERING COMMITTEE

Agenda Report

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Agenda Date: 8/23/2023

Agenda Item No: 10.

FROM: Robert Thompson, General Manager

SUBJECT:

GRANT POLICY UPDATE

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Information item.

BACKGROUND

Through the guidance of the Board of Directors, Orange County Sanitation District (OC San) staff has historically applied for grants whenever possible based on a "Go No Go" approach evaluating whether OC San has a project or program that truly fits each grant opportunity and meets the requirements of the grant. Listed below are the grants that OC San has received:

- \$2.025 million - P1-101 Sludge Dewatering and Odor Control at Plant No.1 through Environmental Protection Agency - September 2009
- \$1 million P1-101 Sludge Dewatering and Odor Control at Plant No. 1 through Prop 84 First Round - May 2011
- \$450,000 OC San SP-173 Effluent Reuse Study GWRS Final Expansion through the United States Bureau of Reclamation - May 2015
- \$1 million 2-72 Newhope-Placentia Trunk Replacement Project Prop 84 Third Round - October 2015
- \$1 million First Round of the Water Infrastructure Improvements for the Nation Act GWRS Final Expansion - August 2018
- \$40,000 Mass Timber Grant Signage for the New Headquarters - Approval Fall 2019
- \$2,000 Community Partnering Program grant through the Metropolitan Water District for Plant Signage - Spring 2019
- \$3.45 Million - Supercritical Water Oxidation Project (in process) Community Project Funding Requests 2023-2024

RELEVANT STANDARDS

- Maintain influential legislative advocacy and a public outreach program
- Build brand, trust, and support with policy makers and community leaders

- Maintain collaborative and cooperative relationships with regulators, stakeholders, and neighboring communities
- Ensure the public's money is wisely spent

PROBLEM

Revisit the current grants policy approach to ensure clear direction and make any necessary changes based on the direction of the Board.

PROPOSED SOLUTION

Work with the members of the Steering Committee, OC San Lobbyist, and grants consultant to verify approach, identify potential funding opportunities, and ensure compliance.

RAMIFICATIONS OF NOT TAKING ACTION

Staff would continue the grants program under the current "Go No Go" model.

ADDITIONAL INFORMATION

OC San and its consultants regularly review grant funding opportunities on the state, federal, and local levels. With the assistance of consultants, OC San staff reviews available grants for their viability and OC San's ability to meet the grant funding requirements. In general, most of the available funds are targeted towards loans of which OC San does not require as a pay-as-you-go agency.

The timing of funding for grant opportunities normally requires that an agency have "shovel-ready" projects that are waiting for funding before they can be executed. OC San does not have "shovel-ready" projects that are contingent on grant funding. OC San projects are constructed based on infrastructure condition and/or regulation requirements through a robust CIP where projects are vetted and subsequently budgeted.

Based on OC San's business model of asset management, capital planning, and pay-as-you-go financing, projects are designed and bid out based on condition assessment rankings or various identified risks (such as seismic, climate impact, regulation change, or energy market), not based on funding opportunities.

Grant funding opportunities typically have embedded solicitation conditions to meet eligibility requirements. Projects that are identified for grant funding prior to solicitation can be structured to include the more expensive specified requirements. A few examples of requirements include:

- The Build America, Buy America Act (BABA) is intended to strengthen Made in America Laws and to increase/encourage the use of manufactured goods, construction materials, and iron/steel that are made in America. The Act creates a domestic content procurement preference for all Federal financial assistance_which includes Federal grants and loans. These requirements especially limit product availability which impacts cost and project schedule.

- Part of the construction process includes complying with all CEQA documents and requirements which includes an environmental impact analysis. For Federal funding, the state approved CEQA documentation is not accepted. In the case of the Community Project Funding for Supercritical Water Oxidation, where we were awarded \$3.45 million dollars, staff and consultants are applying for a NEPA categorical exclusion as we do not apply for NEPA approval during the planning process.
- Federal purchasing requirements - OC San's purchasing policy and the purchasing requirements of the Federal government, such as the EPA, may not be the same.
- Minority business, women's business, and small business enterprise programs that take affirmative steps to ensure use of minority, women's, and small business in projects.
- Labor Compliance - this requirement is tied to both State and Federal funding to monitor and enforce compliance with state prevailing wage laws on public works projects.

These are a few of the common requirements when it comes to State and Federal funding. When implementing these requirements on a project, it is likely to increase the bid cost, add internal and external administration costs, restrict the eligible bidding pool, and take additional time to procure. OC San only applies these requirements when needed. If a project has already completed solicitation through standard OC San processes, it may not qualify for grant funding opportunities.

When funding becomes available, OC San and consultants review the CIP and meet with federal and state offices to determine eligible projects, projects of interest, schedules, and requirements to determine if further analysis is warranted. If so, and timing aligns, bid documents can be updated and incorporate what is needed assuming the business cost analysis makes the most sense. This is done project by project.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- OC San Grant Program