

Joliet Alternative Water Source Study

Topic #13: Are grants an option?

Communities like Joliet that are faced with major capital improvement expenditures to address needs in their water supply systems typically work to identify, evaluate, and take advantage of a wide range of potential funding options. Among these options, grants are a highly desirable source of funding since by definition they do not require repayment. Grants are a means of bringing outside resources to the community to offset the burden that a major project can be to local rate payers.

However, grant opportunities tend to be highly focused. In many cases, grant programs are designed to channel funding to disadvantaged communities with acute and urgent infrastructure needs. While Joliet's water supply infrastructure needs are significant and urgent, the City as a whole does not in general qualify as disadvantaged since Joliet's median household income (\$63,359) is higher than the current national average (\$57,652)^[1]. In other situations, grants are targeted to promote the incorporation of specific measures or technologies into a project.

Examples of existing grant programs that could potentially be available to Joliet for some elements of or enhancements to its alternative water supply project include:

- Community Development Block Grants (U.S. Department of Housing and Urban Development) – The City of Joliet is an entitlement community under HUD's Community Development Block Grant (CDBG) Program. Historically, Joliet's Department of Community and Economic Development has administered this program for the City through its Neighborhood Services Division. While the program is not specifically targeted at water infrastructure, it may provide opportunities for collaborative funding of specific elements or aspects of projects elements that can be shown to eliminate conditions detrimental to public health, safety, and public welfare.
- Illinois Green Infrastructure Grants (Illinois EPA) – In the past, Illinois has made grant funding available to communities for the development of specific green infrastructure projects under the Illinois Green Infrastructure Program for Stormwater Management (IGIG). This program is currently being re-evaluated. If restored, the program could provide targeted funding for green infrastructure enhancements associated with specific water main, pumping station, or treatment facility improvements.
- Land and Water Conservation Grants/Open Space Lands Acquisition and Development Program (Illinois Department of Natural Resources) – Programs funded by the National Park Service and the Illinois Department of Natural Resources are available to assist communities in the acquisition of land for public access.
- Illinois Clean Energy Community Foundation First Responders Resilience Pilot Program – The Illinois Clean Energy Community Foundation is an independent foundation committed to promoting energy efficiency, advancing the development and use of renewable resources, and protection of natural areas and wildlife habitat in communities across Illinois. A pilot program launched by the foundation focuses on improving the resilience of critical infrastructure

^[1] U.S. Census Bureau, *Selected Economic Characteristics for Joliet, IL, 2013-2017 American Community Survey 5-Year Estimates*. https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml



(including public water supply systems) through the installation of photovoltaic/energy storage systems.

Grant programs structured to support high cost, large-scale infrastructure programs are generally rare, but opportunities for significant grant funding can occur in certain circumstances. As part of federal efforts to stimulate the economy after the 2008 financial crisis, Illinois' low interest loan program for water supply projects (State Revolving Loan Fund for Drinking Water Systems) was modified to include "principal forgiveness" for up to 25% of the approved loan amounts. Many communities that were able to respond to the program with complete applications recognized significant benefits from this temporary program. Principal forgiveness is not part of the current Illinois program, but this recent experience demonstrates the potential value of preparation and monitoring of potential funding opportunities.

Large federal or state programs such as the Water Resources Development Act (WRDA) and major infrastructure funding programs also present opportunities for financing support for large projects. In the case of WRDA, political and industry organizations have urged Congress to authorize new funding for major water resource projects every two years while a number of groups continue to promote the passage of a federal infrastructure funding bill. However, the availability of these programs are highly variable, criteria for project adoption are often stringent, and competition for funding is extreme.

In answer to the question posed – yes, grants are an option for Joliet as its works to fund the design and implementation of its alternative water supply project; but grant opportunities available to Joliet are likely to be relatively small in comparison to the overall cost of the project. As such, it is recommended that the City initially focus the majority of its effort on the development of an overall funding strategy that emphasizes the use of established low-interest loan programs (e.g., WIFIA, State Revolving Fund Loan Program, etc.) and controls overall financing costs. In parallel, the City should monitor the political environment at the state and federal level for potential infrastructure funding opportunities and examine individual projects for opportunities for targeted grants that may be appropriate for specific aspects or elements of the project.

For example, the City could invest a modest amount of effort very early on in the project to develop and maintain an inventory of potential sources of grant funding. Then as project development, design, and construction proceed, project elements can be screened against the opportunity list to identify areas where targeted grants might be used to fund very specific features or enhancements to an individual project.

Grants are unlikely to be a primary source of funding for implementation of Joliet's alternative water supply project. However, every dollar of funding support that can be leveraged from sources outside of Joliet represents a dollar reduction in the costs that must be borne by the City's ratepayers and/or a dollar that can be used to enhance the overall value and benefit of the project. A focused and proactive approach to the identification and pursuit of grant funding can be a part of Joliet's overall approach to the implementation of its new water supply system.

General information regarding grant and loan funding available through the Illinois Environmental Protection Agency can be found at the links below:

<https://www.epa.gov/ground-water-and-drinking-water/drinking-water-grants>



<https://www.epa.gov/waterfinancecenter/effective-funding-frameworks-water-infrastructure>

¹ U.S. Census Bureau, *Selected Economic Characteristics for Joliet, IL. 2013-2017 American Community Survey 5-Year Estimates.* https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml