

FOR IMMEDIATE RELEASE

February 27, 2024

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PV Water Secures \$74 million Loan with US EPA to Fund Sustainable Water Projects

Loans will save at least \$24 Million compared to traditional debt

Watsonville, CA - February 20, 2024: PV Water is announcing that it has secured the funding necessary to complete the construction of the College Lake Water Supply Project and it has secured about half of the funding necessary to construct the Watsonville Slough System – Managed Aquifer Recharge & Recovery Project. PV Water closed on two Water Infrastructure Finance and Innovation Act (WIFIA) loans through the U.S. Environmental Protection Agency (EPA).

PV Water Board Chair, Amy Newell, stated “The closing of these two WIFIA loans provides PV Water with the funding necessary to complete the College Lake Project and partially fund the Watsonville Slough System Project, two important water supply projects that will help PV Water achieve sustainable groundwater resources.”



College Lake Water Supply Project Weir and Pump Station Construction: Fall 2023

The two loans provide PV Water with \$74 million at an average rate of 4.465% over 35 years. The loans save PV Water \$24 million dollars over the life of the loans compared to going to the public bond market. When completed, the Projects will provide over 4,000 acre-feet per year of new water supply to reduce groundwater pumping and help to slow seawater intrusion into the aquifers that provide the valley's water supply. The two Water Supply Projects cost approximately \$161 million and will create approximately 500 jobs.

PV Water has secured the following funds to help pay for the College Lake Project:

- 2022 – CA Department of Water Resources Sustainable Groundwater Management Act Round 1, \$7.6 Million
- 2023 – CA Department of Conservation Multibenefit Land Repurposing Grant, \$8.9 Million, \$2.3 Million allocated to College Lake Project
- 2024 – Prop. 1, Round 2, Integrated Regional Water Management Implementation Grant, \$4.8 Million, \$1.8 Million allocated to the College Lake Project

PV Water General Manager, Brian Lockwood shared “PV Water’s success in acquiring grant funding has saved the Pajaro Valley millions of dollars. PV Water has acquired over \$80 million in grant funding that does not need to be repaid. The grant funding, complemented by loans with favorable terms, has helped to keep rates as low as possible while constructing critical water supply facilities”.

Both Projects create new sources of water for the Pajaro Valley that decrease groundwater dependence and help achieve groundwater sustainability. The EPA did a few “firsts” through this funding process. For example, these loans are secured predominantly by agricultural ratepayers as opposed to their more common loan, which is secured predominantly by municipal water utilities. PV Water was the first to use a reserve surety to satisfy the reserve requirement, meaning PV Water didn’t need to put \$6.2 million in cash into a reserve to hold through the 2060s. The value of the low-cost long-term funding for both Water Supply Projects helps to keep future management costs down compared to public market debt financing options, which are at higher rates and for shorter payback periods.

Groundwater currently accounts for more than 90% of water use in the Pajaro Valley. Throughout the Pajaro Valley Groundwater Basin, groundwater levels are overdrafted, meaning they are below sea level because of long-term unsustainable pumping of the groundwater aquifer. Overdraft conditions result in seawater intrusion, groundwater quality degradation and groundwater storage depletion.

ABOUT PV WATER

The Pajaro Valley Water Management Agency (PV Water) is a state-chartered water management district, and a Groundwater Sustainability Agency, formed to efficiently and economically manage existing and supplemental water supplies in order to prevent further increase in, and to accomplish continuing reduction of, long-term overdraft. PV Water works to provide and ensure sufficient water supplies for present and future anticipated needs within its boundaries, generally the greater coastal Pajaro Valley. For more information, visit www.pvwater.org or www.facebook.com/PajaroValleyWater.