

**STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2024-0028**

ADOPTING THE FISCAL YEAR 2024-25 FUND EXPENDITURE PLAN FOR THE
SAFE AND AFFORDABLE DRINKING WATER FUND

WHEREAS:

1. Senate Bill (SB) 200 (Stats. 2019, Ch. 120) established the Safe and Affordable Drinking Water Fund (SADW Fund), in which money is appropriated to the State Water Resources Control Board (Board) to fund projects to help public water systems, state small water systems, and domestic wells provide an adequate supply of safe drinking water;
2. Expenditures from the SADW Fund on and after July 1, 2024, must be consistent with the Fund Expenditure Plan (FEP) (Health & Saf. Code, § 116766, subd. (d));
3. The FEP supports the Human Right to Water, and is consistent with Board [Resolution No. 2016-0010](#), by prioritizing financial assistance to help water systems serving disadvantaged communities provide safe drinking water;
4. The FEP supports Board [Resolution No. 2017-0012](#), which was adopted on March 7, 2017 to establish a comprehensive and robust response to climate change. Projects funded consistent with the FEP will facilitate reductions of greenhouse gas emissions or improve climate change adaptation and resiliency of disadvantaged communities or low-income households or communities;
5. The Board is required to consult with an advisory group to aid in meeting the purposes of the FEP (Health & Saf. Code, § 116768.5, subd (a)(1));
6. Board [Resolution No. 2019-0060](#) established the Safe and Affordable Funding for Equity and Resilience (SAFER) Advisory Group;
7. The draft FEP was discussed with the SAFER Advisory Group and stakeholders at meetings held on May 2, 2024 and July 11, 2024; and
8. The draft FEP was released for public comment on June 24, 2024. Revisions to the draft FEP were made to address comments made by the Advisory Group members and in response to written comments received.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Adopts the Fiscal Year 2024-25 FEP;
2. Authorizes the Deputy Director of the Division of Financial Assistance (DFA) to update and amend the Appendices to the FEP, as necessary for administrative or procedural changes not in conflict with the FEP or the Policy for Developing the FEP for the SADW Fund; and
3. Authorizes the Deputy Director of DFA, or his or her designee, to approve or deny funding from the SADW Fund without limitation on funding amount per project or program, for uses consistent with the FEP; and to execute grant agreements and contracts and amendments thereto to disburse funds for such uses; and to perform all acts and to do all things necessary and convenient to facilitate the implementation of such agreements.

CERTIFICATION

The undersigned Clerk to the Board does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on August 20, 2024.

AYE: Chair E. Joaquin Esquivel
Board Member Sean Maguire
Board Member Laurel Firestone
Board Member Nichole Morgan

NAY: None

ABSENT: Vice Chair Dorene D'Adamo

ABSTAIN: None


Courtney Tyler
Clerk to the Board



State of California

FY 2024-25 Fund Expenditure Plan

Safe and Affordable Drinking Water Fund



Prepared by:

THE DIVISION OF FINANCIAL ASSISTANCE

STATE WATER RESOURCES CONTROL BOARD

STATE OF CALIFORNIA

August 2024

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I. EXECUTIVE SUMMARY

Senate Bill (SB) 200 (Ch. 120, Stats. 2019) established the Safe and Affordable Drinking Water Fund (SADW Fund or Fund) and requires the annual adoption of a Fund Expenditure Plan (FEP)¹. Expenditures from the Fund will complement other funding sources as part of the broader Safe and Affordable Funding for Equity and Resilience (SAFER) Drinking Water Program (Program), which includes General Fund (GF) appropriations, general obligation bond funds, and funding available through annual Drinking Water State Revolving Fund (DWSRF) capitalization grants. The SAFER Program is a set of tools, funding resources, and regulatory authorities coordinated to assist California communities as they work to develop local capacity to ensure reliable access to safe drinking water. The SAFER Program's goal is to provide safe and affordable drinking water in every California community, for every Californian. FY 2024-25 marks the halfway point of the initial ten years of continuously appropriated funding to the SADW Fund as originally envisioned in SB 200.

2024 Needs Assessment Results

The results of the annual Drinking Water Needs Assessment (Needs Assessment) are used by the State Water Board's SAFER Program and the SAFER Advisory Group to inform the prioritization of available state funding and technical assistance (TA) within the SADW Fund's FEP.

The 2024 Statewide Safe and Affordable Drinking Water Needs Assessment² (2024 Needs Assessment, included as Appendix A), released in May 2024, includes four core components: the Failing Water System List (Failing list), a Risk Assessment, Cost Assessment, and Affordability Assessment for public water systems (PWSs), state small water systems (state smalls), and domestic wells. The 2024 Needs Assessment includes a section on SAFER Program 2019-2023 Accomplishments and the Cost Assessment includes a Funding Gap Analysis (previously conducted in 2021).

Of particular interest for the purposes of the FEP, the 2024 Funding Gap Analysis indicates that projected available funding over the next five years is estimated at \$3.5 billion in grants, principal forgiveness, and loans. Modeled 5-year needs (including potentially grant or loan-eligible costs) are as follows:

- \$3.9 billion for Failing PWSs
- \$2.8 billion for At-Risk PWSs
- \$95 million for high-risk SWSs, and
- \$1.5 billion for high-risk domestic wells.

¹ Key terms used within this FEP are defined either in Section IV of the Policy for Developing the Fund Expenditure Plan for the Safe and Affordable Drinking Water Fund (SADW Fund Policy) or Section II.D of this FEP.

² [2024 Needs Assessment](https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/documents/needs/2024needsassessment.pdf)

https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/documents/needs/2024needsassessment.pdf

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Accounting for the amounts that would be considered grant-eligible based on entity type, project type, and the eligibility criteria for each funding source within the SAFER Program, there would be a remaining \$5.5 billion need, or funding gap, for potentially grant-eligible projects. All estimated 5-year potentially loan-eligible needs are met by projected available loan capacity³. This is summarized in Figure ES-1 below, with more details provided in the Funding Gap Analysis Methodology Appendix.

Figure ES-1. Five-Year Funding Gap Analysis Results⁴



SAFER Program Goals

To guide and direct the SAFER Program, the FEP includes Program Goals, which supplement the priorities and performance metrics. These goals are intended to ensure staff and financial resources are focused on addressing the needs of failing systems, while continuing to prioritize consolidations as the most sustainable pathway to safe and affordable drinking water for struggling small systems. The refined goals and measures are presented in Figure ES-2 below. Proposed measures will be tracked with data presented in future FEPs.

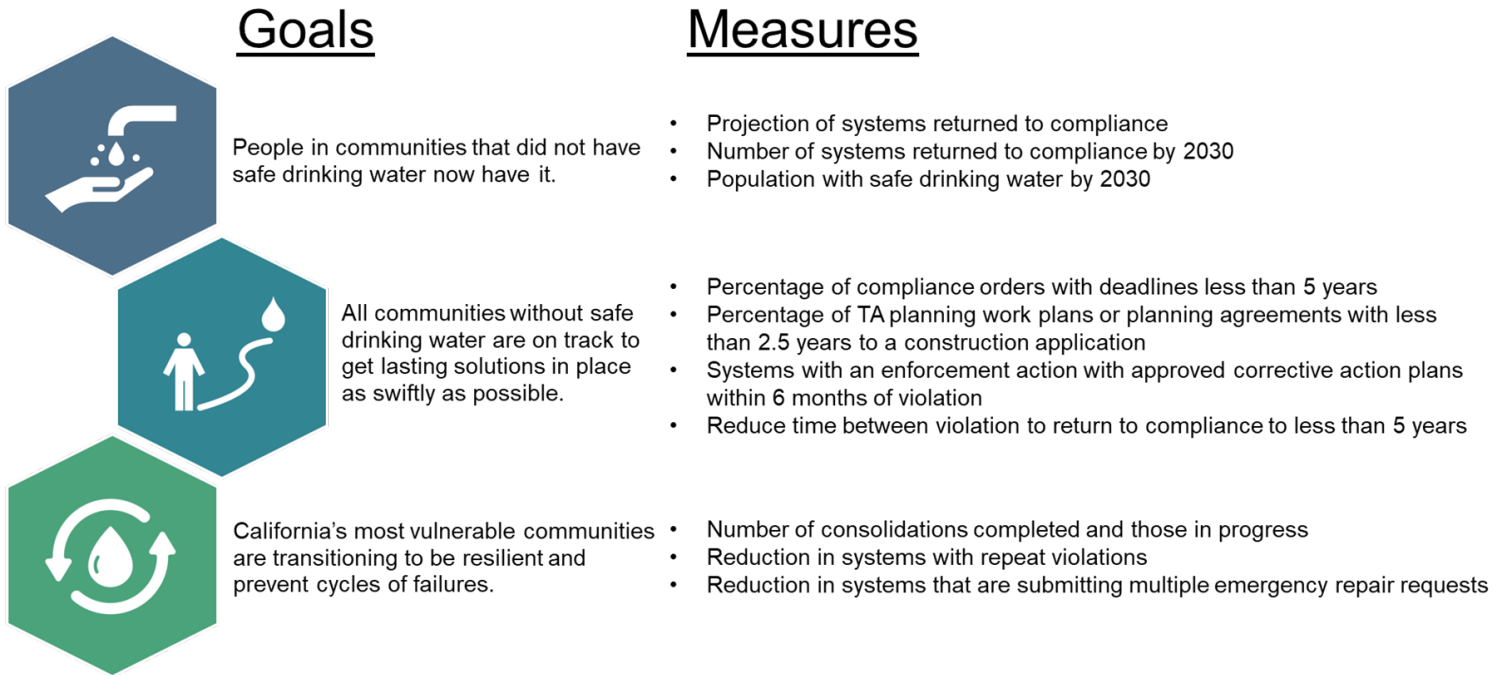
³ The evaluation of loan eligible needs does not factor each individual system's ability to take on a State Water Board administered repayable loan. This is evaluated by State Water Board staff based on several items including revenue to debt service ratio, available reserves, and TMF capacity.

⁴ Figure ES-2 is borrowed from the 2024 Needs Assessment Funding Gap Analysis Methodology Appendix [add link when available].

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Figure ES-2. SAFER Program Key Goals and Measures

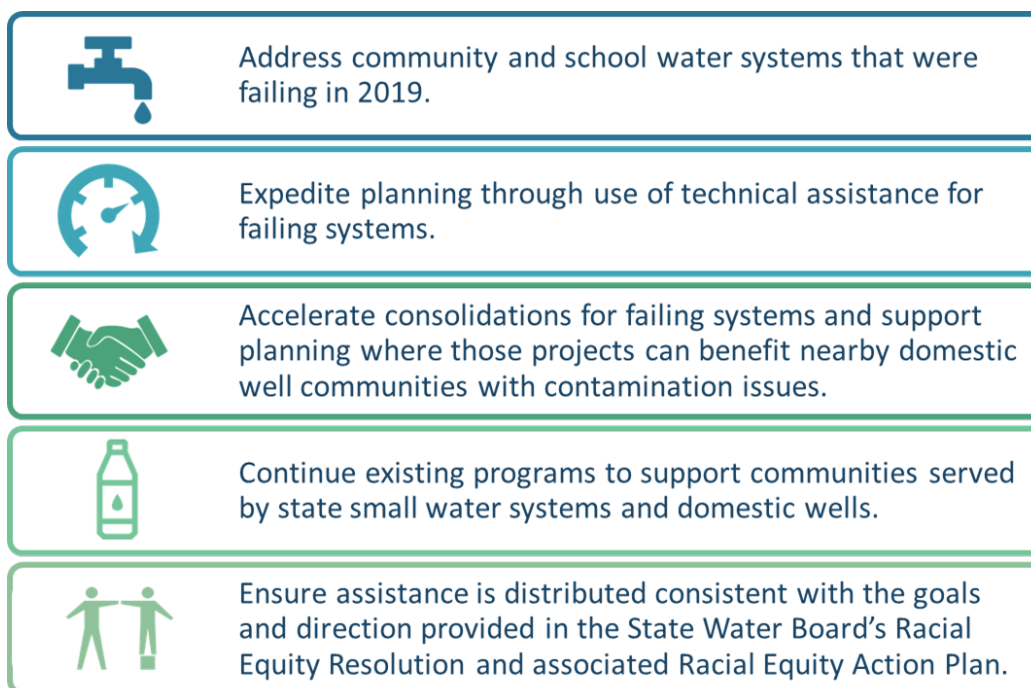


Fiscal Year (FY) 2024-25 Priorities

Consistent with the goals above, the FY 2024-25 priorities have been modified compared to those presented in prior FEPs. The expenditures from the SADW Fund for FY 2024-25 will continue to focus on solutions for small DACs and low-income households, and will prioritize the following, as shown in Figure ES-3. These efforts are not necessarily listed in ranked order, and the needs of failing systems will generally be prioritized above the needs of at-risk systems.

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Figure ES-3. FY 2024-25 SADW Fund Expenditure Priorities



FY 2024-25 Target Allocations for the SADW Fund

Up to \$130 million will be available from the SADW Fund for local assistance and state operations, plus an uncommitted balance of \$59.8 million from prior FYs (see Section VII.A for discussion on FY 2023-24 funding commitments). The target allocations of the Fund for FY 2024-25 (Figure ES-5) are consistent with the priorities and will be used in conjunction with other available complementary funding from the broader SAFER Program. SADW Fund resources will be used to address funding gaps (i.e., where other funding sources cannot be used or are not sufficient) and to expedite priority projects (e.g., where other available funding resources have additional constraints that result in longer timelines for completing a funding agreement or providing reimbursement). Figure ES-4 provides target SADW funding allocations by solution type and water system category.

The FY 2024-25 target allocations are in addition to projects already funded in FY 2023-24 and prior. Key items include:

- Solutions funded by the SADW Fund will continue to be focused on small DACs and low-income households, while allowing for funding of small non-DAC⁵ or medium DAC projects that either address high-priority public health impacts or are part of a consolidation effort.

⁵ Per SADW Fund Policy Section VI.B, projects and services may be funded for non-DACs if the project reduces greenhouse gas emissions.

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- Significant investments are proposed towards construction compared to prior FYs, due to reduced complementary sources that can fund capital projects and the refined focus on addressing Failing systems and promoting consolidations. A portion of this amount may be used to fund construction projects that are eligible for the Expedited Drinking Water Grant (EDWG) Program as well as anticipated funding increases needed for final budget approval (FBA) amendments that may be requested after a construction project goes out to bid.
- With significant investments in past FYs towards new TA and administrator master agreements, lower targets are proposed for both solution types in FY 2024-25. Approximately \$57 million for TA and \$22 million for administrators remain uncommitted in these multi-year agreements. The amount remaining in the administrator master agreements is expected to cover the anticipated number of systems expected to be appointed an administrator this FY.
 - The \$20 million proposed for TA will be utilized to potentially add funding to existing TA agreements, increasing capacity for planning efforts to include consolidations of domestic well communities with potential contamination with nearby PWSs.
- Target expenditures for interim and emergency assistance in FY 2024-25 build on previous investments made from complementary funding sources (e.g., California Emergency Relief Fund [CERF]). The proposed expenditures may be adjusted based on the approved State budget for FY 2024-25.
- Uncommitted funding from prior FYs of \$59.8 million is expected to be directed towards continuing existing regional programs for interim and emergency assistance (\$21.1 million), continuing Group 1 funding efforts for the Direct O&M program that began in FY 2023-24 (\$18.7 million), construction projects for Failing systems and/or consolidations (\$18.5 million), and contracts that would assist with database needs (\$1.5 million).

More details on the breakdown of the allocations are presented in Section IV.B.

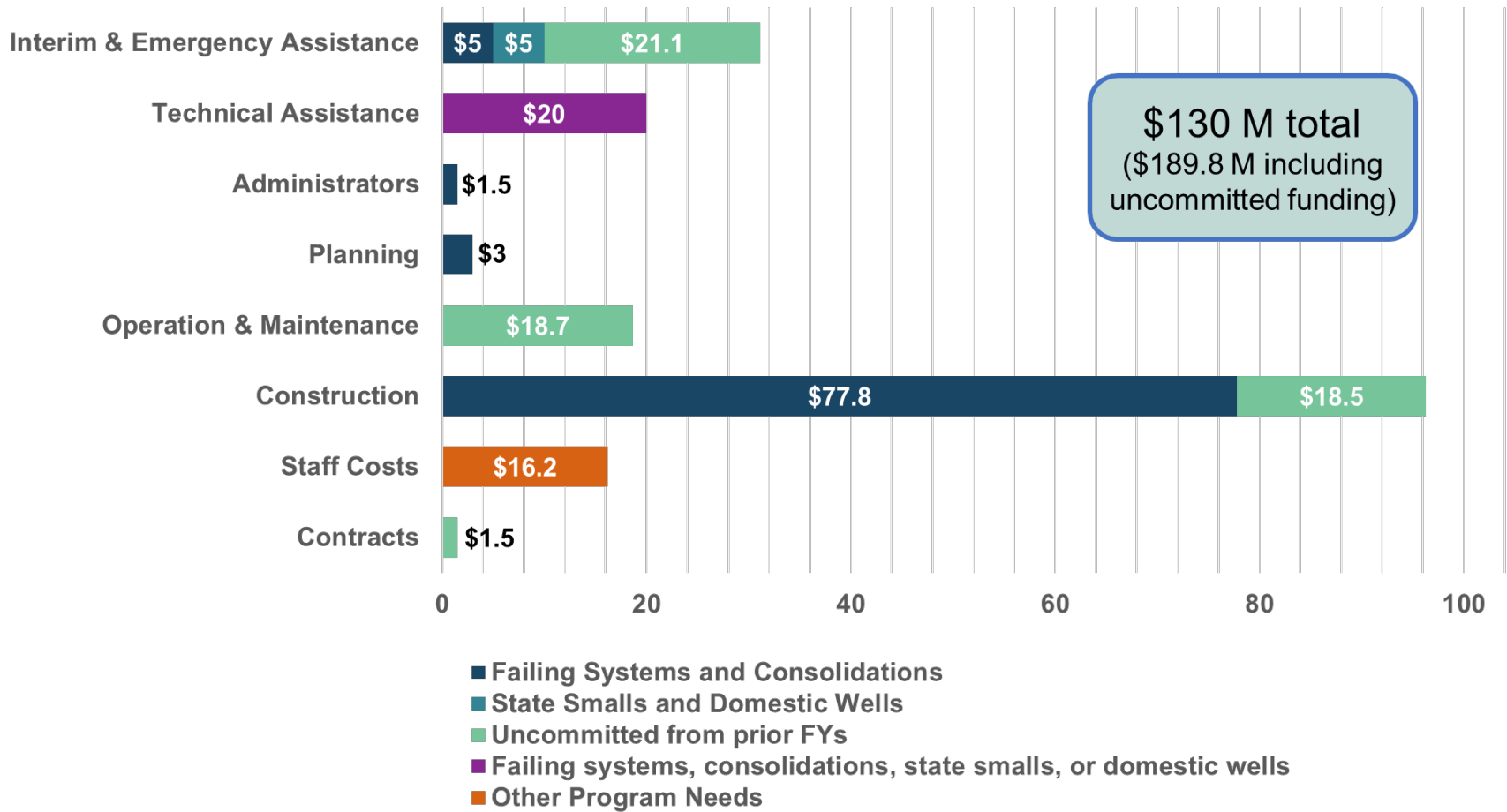
The State Water Board authorizes the Deputy Director of the Division of Financial Assistance (DFA) or designee to adjust the FY 2024-25 SADW Fund targets in response to opportunities or challenges that may require shifting funding from one category to another, up to and including the entire amount of funding designated for that category.

In addition to administering the SADW Fund, resources for staff may also be used for to support activities associated with the implementation of the requirements of SB 200 that implement the Policy for Developing the Fund Expenditure Plan for the Safe and Affordable Drinking Water Fund (SADW Fund Policy)⁶.

⁶ [Policy for Developing the FEP for the SADW Fund](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/docs/2021/final_policy_for_dev_fep_sadwf_1221.pdf)
https://www.waterboards.ca.gov/water_issues/programs/grants_loans/docs/2021/final_policy_for_dev_fep_sadwf_1221.pdf

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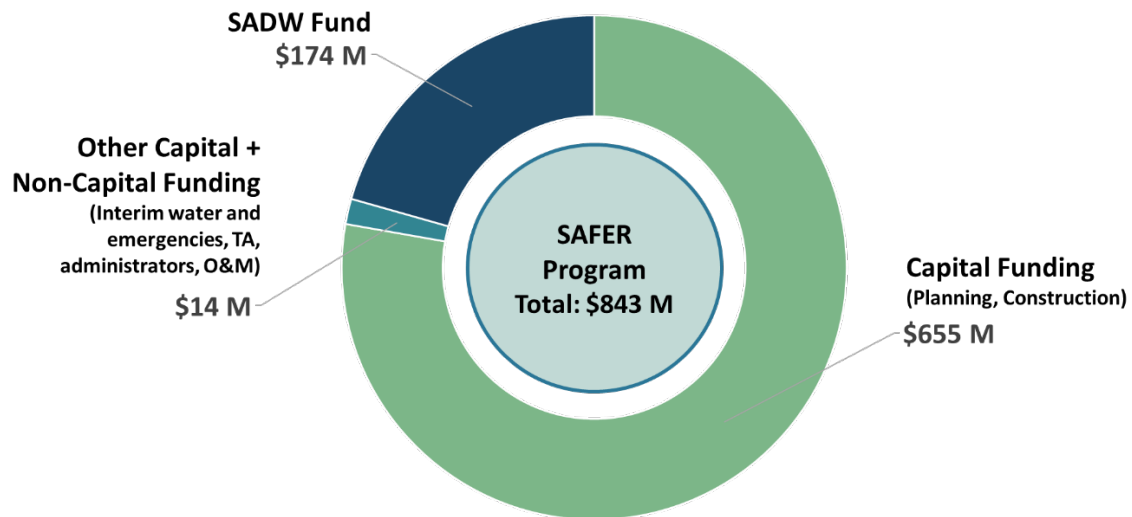
Figure ES-4. FY 2024-25 SADW Fund Target Allocations (in millions)



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In FY 2024-25, \$843 million, all of which may fund capital projects, is anticipated to be available for projects from the SADW Fund and complementary funding sources that make up the broader SAFER Program. For the projected \$655 million solely available for capital projects, it is important to note that approximately \$370 million is for projects that address contaminants of emerging concern only and may have additional eligibility requirements. Figure ES-5 shows a breakdown of the amount of funding expected to be available.

Figure ES-5. FY 2024-25 SAFER Program Anticipated Funding Availability for Projects (SADW Fund plus complementary funding)



SAFER Program Performance

Since the SADW Fund was established, the SAFER Program has benefitted California communities (including areas served by PWSs, state smalls, and domestic well communities) by providing:

- (1) Interim supplies of safe drinking water;
- (2) TA projects;
- (3) Planning projects; and
- (4) Long-term solutions (e.g., construction projects addressing compliance issues).

Figure ES-6 shows progress for the above solution types cumulatively, from a start date of January 1, 2019, to show SAFER Program performance over time. Additional information on SAFER Program accomplishments since 2019 is included in the 2024 Needs Assessment. More detailed discussion of metrics defined in the SADW Fund Policy is included in this FEP's Section VIII.

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Figure ES-6. Cumulative SAFER Program Performance¹
(SADW Fund plus complementary funding) (1/1/2019-6/30/2024)



¹ In the construction category, when considering just the projects benefiting small DACs, the total amount of assistance is approximately \$877.8 million, for 168 water systems, benefiting 458,500 people.

II. INTRODUCTION

This FY 2024-25 FEP for the SADW Fund is part of the State Water Board’s broader SAFER Program. The State Water Board administers the SAFER Program primarily through its Division of Drinking Water (DDW), DFA, and Office of Public Participation (OPP). The SAFER Program’s goal is to provide safe and affordable drinking water in every California community, for every Californian. Given that limited funding is available, the State Water Board has a responsibility to ensure that monies from the SADW Fund are utilized towards this goal.

The Fund was established by SB 200 in July 2019 to address funding gaps and provide solutions to water systems, especially those serving DACs, to address both their short- and long-term drinking water needs. Further details about the Fund, its purpose, as well as the purpose and goals of the broader SAFER Program are included in Section I of the SADW Fund Policy⁷, adopted by the State Water Board on May 5, 2020, and amended on October 19, 2021.

The SADW Fund complements the State Water Board’s suite of drinking water financial assistance programs, which are generally limited to addressing capital infrastructure. The Fund allows for an expansion of entities and types of projects that are eligible for funding (see SADW Fund Policy Sections V, VI, and VII). Other funding sources administered by the State Water Board’s DFA for drinking water projects include: Proposition 1 (Prop 1) and Proposition 68 (Prop 68) Groundwater, Prop 1/68/84 Drinking Water, the State Water Pollution Cleanup and Abatement Account (CAA),

⁷ [Policy for Developing the FEP for the SADW Fund](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/docs/2021/final_policy_for_dev_fep_sadwf_1221.pdf)

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GF appropriations, and the DWSRF, which offers repayable, low-interest financing and loans with partial or complete principal forgiveness (i.e., non-repayable loans). The SADW Fund, and these other complementary funding sources (further discussed in Section III.B), constitute the broader SAFER Program.

Additionally, DFA has a dedicated branch, the Office of Sustainable Water Solutions (OSWS)⁸, which was created to promote permanent and sustainable drinking water and wastewater treatment solutions to ensure effective and efficient provision of safe, clean, affordable, and reliable drinking water and wastewater treatment services. In the context of the broader SAFER Program and this FEP, OSWS focuses primarily on funding and TA benefiting small DACs and low-income households.

Any expenditures from the SADW Fund in FY 2024-25 must be consistent with this FEP. Complementary funding sources administered by the State Water Board will be used to address the needs and priorities identified in this FEP to the extent allowed by law and applicable policies and plans.

Supporting the Water Boards' Mission

Per SADW Fund Policy Section II, projects funded by the broader SAFER Program help further the Water Boards' mission, as well as the statutory human right to water and improving climate change resiliency and adaptation.

In November 2021, the State Water Board adopted Resolution No. 2021-0050 (RE Resolution)⁹, which provides goals and direction to ensure racial equity issues and concerns are integrated into decisions made by the State Water Board, including funding decisions. In January 2023, the State Water Board's 2023-2025 Racial Equity Action Plan (RE Action Plan)¹⁰ was finalized and is a compilation of goals, actions, and metrics intended to advance efforts to create a future where we equitably preserve, enhance, and restore California's water resources and drinking water for all Californians, regardless of race, and where Water Board employees reflect the racial and ethnic diversity of California.

Per the RE Action Plan, under Strategic Direction #1, Goal 1a, DFA will assess race/ethnicity data and other relevant demographic data associated with the communities that benefit from funding administered by DFA and report that data via existing annual funding reports and plans. Appendix G of this FY 2024-25 FEP includes

⁸ The OSWS was initially established in March 2015 by Assembly Bill (AB) 92.

⁹ [Racial Equity Resolution](https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2021/rs2021_0050.pdf)

https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2021/rs2021_0050.pdf

¹⁰ [State Water Board's 2023-2025 Racial Equity Action Plan](https://www.waterboards.ca.gov/racial_equity/docs/racial-equity-action-plan-final-en.pdf)

https://www.waterboards.ca.gov/racial_equity/docs/racial-equity-action-plan-final-en.pdf

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similar demographic information as the 2024 Needs Assessment¹¹ for each project with funding committed in FY 2023-24 across the broader SAFER Program. The Racial Equity and Environmental Justice performance metric category is further discussed in Section VIII.G of this FEP.

In FY 2024-25, State Water Board staff will continue to work with the Advisory Group and other stakeholders to evaluate potential changes to the SADW Fund Policy to ensure that the appropriate racial equity lens is being applied to each annual FEP, in alignment with the RE Action Plan.

II.A. Plan Purpose and Objective

Per Health and Safety Code section 116768, the purposes of the FEP are to:

- (1) Identify PWSs, CWSs, and state smalls that consistently fail or are at risk of failing to provide an adequate supply of safe drinking water, the causes of failure, and appropriate remedies;
- (2) Determine the amounts and sources of funding needed to provide safe drinking water or eliminate the risk of failure to provide safe drinking water; and
- (3) Identify gaps in supplying safe and affordable drinking water and determine the amounts and potential sources of funding to minimize or eliminate those gaps.

This FEP supports the short- and long-term goals for the SAFER Program (see SADW Fund Policy Section I.A) and discusses SAFER Program goals, demand, needs; FY 2024-25 SADW Fund targets and solution lists; funding eligibilities by solution type; funding eligibilities for state smalls and domestic well communities; prior FY 2023-24 fund distribution; the funding process and improvements; financing and programmatic requirements; goals and metrics; and a schedule for public comment and adoption of this FEP.

The results of the annual Drinking Water Needs Assessment are used by the State Water Board's SAFER Program and the SAFER Advisory Group to inform the prioritization of available state funding within the SADW Fund's FEP. Additionally, the State Water Board convened the SAFER Advisory Group in December 2019 to provide input into the development of the annual FEPs, the SADW Fund Policy, and overall implementation of the Fund. More information on the activities of the Advisory Group in FY 2023-24 is presented in Section VII.D.

¹¹ The 2024 Needs Assessment included socioeconomic analyses for the risk and affordability assessments and included demographic information such as household size, linguistic isolation, poverty, median household income, and race/ethnicity, as well as CalEnviroscreen for pollution burden.

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II.B. Updates to the FEP

The FEP will be updated annually as required by statute. The Deputy Director of DFA may make clarifying, non-substantive amendments to this FEP. The Deputy Director of DFA may also substantively update and amend the appendices included in this FEP.

This FEP will remain in effect until the State Water Board adopts a new FEP. Decisions made under this FEP may still be valid under a later FEP at the discretion of the Deputy Director of DFA.

II.C. Report to the Joint Legislative Budget Committee

Per Health and Safety Code section 116768.5, subdivision (c), on or before March 1st of each year, the State Water Board shall provide to the Joint Legislative Budget Committee and the chairpersons of the fiscal committees in each house of the Legislature the most recently adopted FEP, either in the Governor's Budget documents or as a separate report.

The FY 2023-24 FEP was submitted on April 8, 2024. This FY 2024-25 FEP will be submitted on or before March 1, 2025.

II.D. Supplementary Definitions

Unless otherwise defined below, the definitions in the SADW Fund Policy shall apply to funding under this FEP.

"Failing water systems", or "systems on the Failing list", do not meet one or more key Human Right to Water goals for providing safe, accessible, or affordable drinking water and/or maintaining a sustainable water system. See [State Water Board Failing Criteria](https://www.waterboards.ca.gov/water_issues/programs/hr2w/docs/hr2w_expanded_criteria.pdf) https://www.waterboards.ca.gov/water_issues/programs/hr2w/docs/hr2w_expanded_criteria.pdf

"Nonprofit organization" means an organization qualified to do business in California and qualified under Section 501(c)(3) of Title 26 of the United States Code.

"Small disadvantaged community" or "Small DAC" means a community of no more than 10,000 persons in which the MHI is less than 80% of the statewide annual MHI.

"Small water supplier" means a community water system serving 15 to 2,999 service connections, inclusive, and that provides less than 3,000 acre-feet of water annually.

"Sustainable solution" means a long-term solution that helps ensure the ongoing provision of drinking water that is safe, reliable, and affordable.

III.SAFER PROGRAM GOALS, ANTICIPATED FUNDING, AND DEMAND

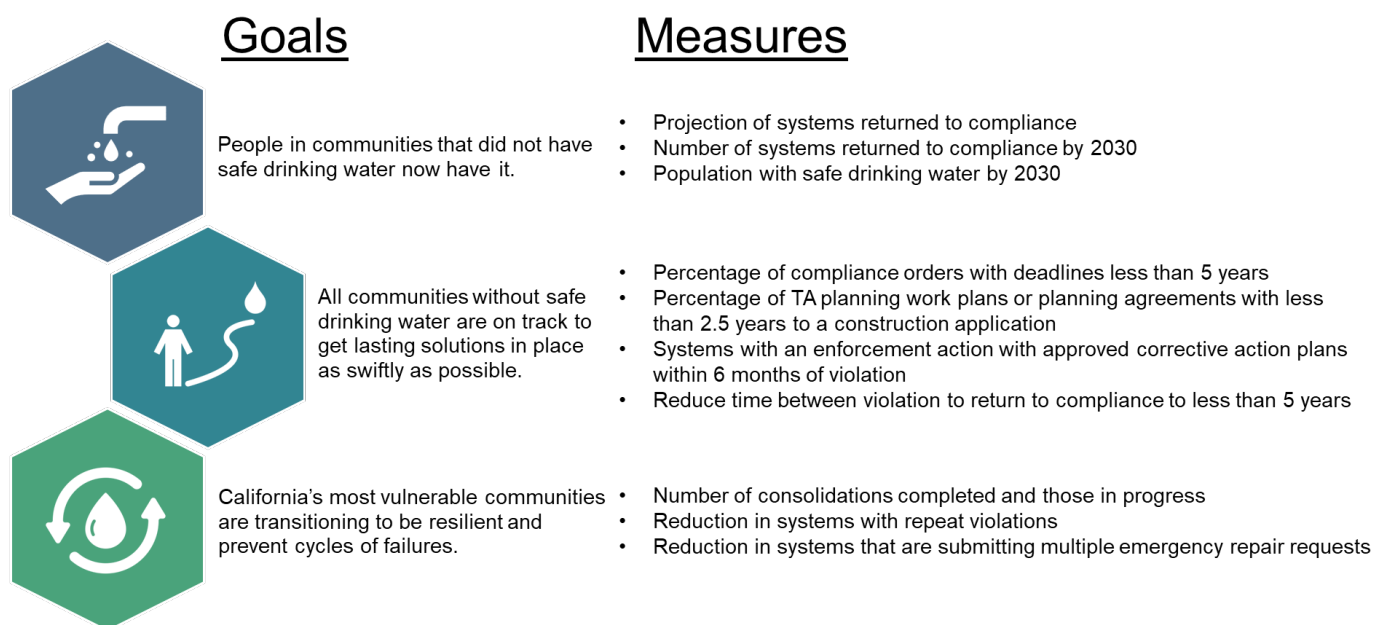
III.A. SAFER Program Goals

To guide and direct the SAFER Program, the FEP includes Program Goals, which supplement the priorities and performance metrics. These goals are intended to ensure

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staff and financial resources are focused on addressing the needs of failing systems, while continuing to prioritize consolidations as the most sustainable pathway to safe and affordable drinking water for struggling small systems. The refined goals and measures are presented in Figure 1 below. Proposed measures will be tracked with data presented in future FEPs.

Figure 1. SAFER Program Key Goals and Measures



Information on SAFER Program metrics and performance across various aspects of the program, as defined in the SADW Fund Policy, is further discussed in Section VIII.

The role of the State Water Board and the SAFER Program in the assistance of communities served by state smalls and domestic wells will be further evaluated and considered this coming fiscal year through multi-party discussions occurring with the Drought Resilience Interagency & Partners (DRIP) Collaborative, as well as with Central Valley Salinity Alternatives for Long Term Sustainability (CV-SALTS) Management Zone groups, Groundwater Sustainability Agencies (GSAs), and other local non-governmental organization (NGO) partners.

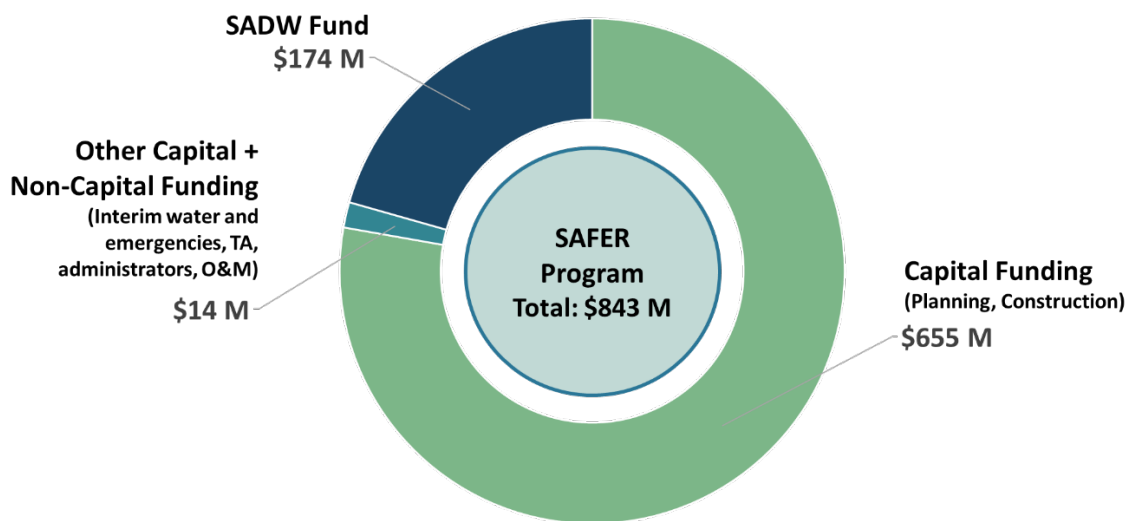
III.B. SAFER Program Complementary Funding

When the SAFER Program began in 2019, the funding sources available for drinking water projects included the SADW Fund plus complementary funding which includes GF appropriations, general obligation bond funds, and funding available through annual DWSRF capitalization grants. As FY 2024-25 begins, the majority of anticipated funding available for the SAFER Program will be from the SADW Fund, and DWSRF principal forgiveness, with significantly reduced funding available from prior GF appropriations and general obligation bond funds, as these have been largely committed to projects (see Figure 2).

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In FY 2024-25, \$843 million, all of which may fund capital projects, is anticipated to be available for projects from the SADW Fund and complementary funding sources that make up the broader SAFER Program. For the projected \$655 million solely available for capital projects, it is important to note that \$368 million is for projects that address contaminants of emerging concern only and may have additional eligibility requirements. Figure 2 shows the amount of funding expected to be available and Table 1 further breaks this down by showing solution types that may be funded by each funding source.¹²

Figure 2. FY 2024-25 SAFER Program Anticipated Funding Availability for Projects (SADW Fund plus complementary funding)



¹² Each funding source has its own set of eligibility criteria and governing policies, guidelines, or plans and eligible approved projects will be funded consistent with the appropriate governing document(s).

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Table 1. FY 2024-25 SAFER Program Anticipated Funding Availability for Projects (SADW Fund plus complementary funding) (as of June 30, 2024)

Funding Category	Funding Source	Interim Water Supplies and Emergencies	Technical Assistance	Administrator	Direct O&M Support	Planning/ Construction	FY 2024-25 Available Funds (in millions, excluding loan funds ⁴)
SADW Fund¹	FY 2024-25 ²	Y	Y	Y	Y	Y	\$113.8
	FY 2023-24	Y	Y	Y	Y	Y	\$59.8
GF¹	Infrastructure ³		Y			Y	\$0
	PFAS ³		Y			Y	\$0
General Obligation Bond Funding	Prop 1 DW		Y			Y	\$13.7
	Prop 1 GW					Y	\$11.2
	Prop 68 DW					Y	\$39.5
	Prop 84	Y				Y	\$0
DWSRF Principal Forgiveness⁴	DWSRF ⁵					Y	\$236.1
Other Federal Funding	Emerging Contaminants		Y			Y	\$114.4
	Emerging Contaminants in Small or DAC Grant		Y			Y	\$254
TOTAL							\$842.5

¹ SADW Fund may be used for projects for state smalls and domestic wells implemented by an eligible recipient. The DWSRF may also be used to consolidate state smalls and domestic wells if funding is provided to an eligible water system.

² The FY 2024-25 allocation of the SADW Fund is \$130 million minus estimated staff and other program need costs.

³ Funding from 2021 Infrastructure and PFAS appropriations committed or to be disencumbered.

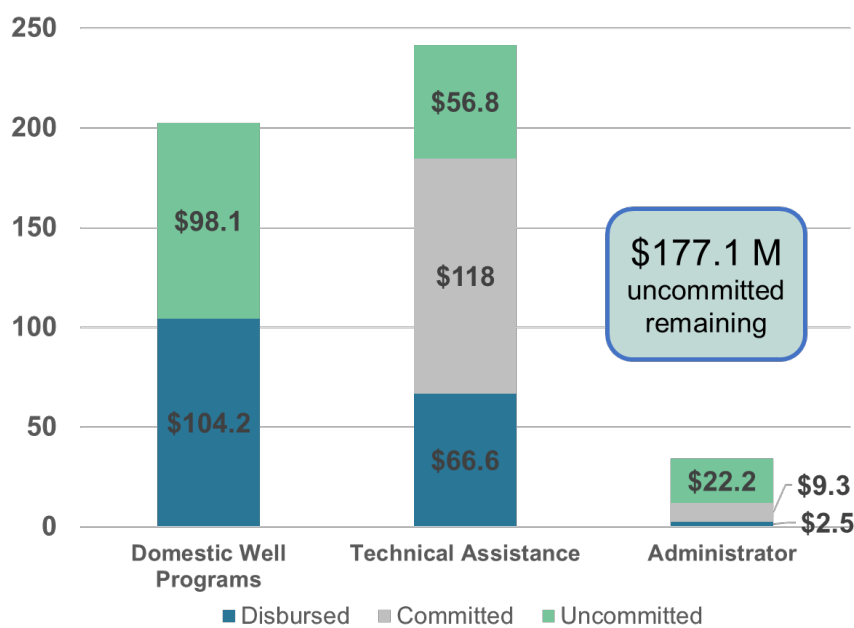
⁴ DWSRF amount includes unencumbered funds from prior FYs. Repayable loan financing through the DWSRF is also available for projects that address compliance issues and/or other risk factors for larger systems that otherwise would not qualify for grant or principal forgiveness funding. The total amount of anticipated repayable loan financing that is expected to be committed in FY 2024-25 can be found in the DWSRF Intended Use Plan (IUP).

⁵ Includes DWSRF Base Program and General Supplemental capitalization grants for Federal FY 2024 and prior years.

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Additionally, 33 multi-year master funding agreements are still active, with funding available to be used for interim solutions, TA, and administrators (see Figure 3). As of June 30, 2024, \$177.1 million remains in these agreements which can be utilized towards PWSs and domestic well programs.

Figure 3. Active Multi-Year Programs (in millions)(as of June 30, 2024)



III.B.1. SAFER Program Funding Approach

DFA will manage the SADW Fund in concert with the other complementary drinking water funding, including the DWSRF program and EDWG program, to provide grants, affordable financing, and other types of assistance to drinking water systems to achieve the long-term goals of the broader SAFER Program. In general, the DWSRF will be used to support priority capital infrastructure projects. The SADW Fund may be used to address funding gaps for capital and non-capital projects that otherwise cannot be funded with other funding sources. Capital projects will generally be funded per criteria established in the current DWSRF IUP. Non-routine or controversial projects will be considered by the State Water Board at a State Water Board meeting.

III.C. SAFER Program Demand

Since 2019, on average, 87 funding applications are submitted to the State Water Board annually for planning and construction projects by small and medium sized water systems.¹³ The requested funding needs on average total \$460 M (60% of total funding demand) annually. Overall, the average demand including large systems is around 100 applications submitted requesting on average \$766 M annually. More information on program demand related to planning and construction projects can be found in the 2024

¹³ Large community water systems with 100,000 or more population served were not considered in this analysis.

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Needs Assessment. Information on the number of applications processed can be found in Section VIII.E.

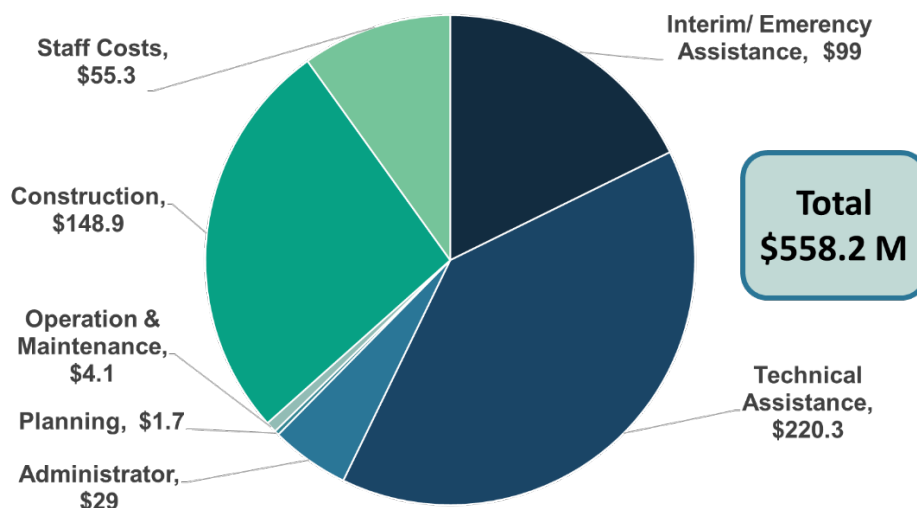
For the TA program, since 2021, on average, 27 assistance requests (ARs) are received each month, with 14 requests being assigned to TA providers. Some requests are not assigned due to ineligibility of the type of entity requesting assistance, request being outside of the scope of available TA, proposed project not meeting funding priorities, and lack of TA program capacity at the time the request was received. After assignments are made, TA providers may begin work immediately for capacity development tasks or develop work plans for planning tasks which are proposed for DFA's review and approval. On average 9 new work plans (WPs) and 14 WP amendments are approved each month.

III.D. SAFER Program Funding Committed

III.D.1. SADW Funding Summary

Figure 4 shows cumulative funding committed from the SADW Fund since July 1, 2019, through June 30, 2024, totaling \$558 million. The breakdown by solution type indicates the most significant investments from the SADW Fund being towards TA (39%), construction (27%) and interim/emergency assistance (18%). While direct funding to systems to complete planning projects is low, with additional TA providers with master agreements now available to take on work, a significant portion of planning requests are being directed towards TA.

Figure 4. SADW Funding by Project Type (FY 2019-20 – FY 2023-24) (in millions) (as of June 30, 2024)¹



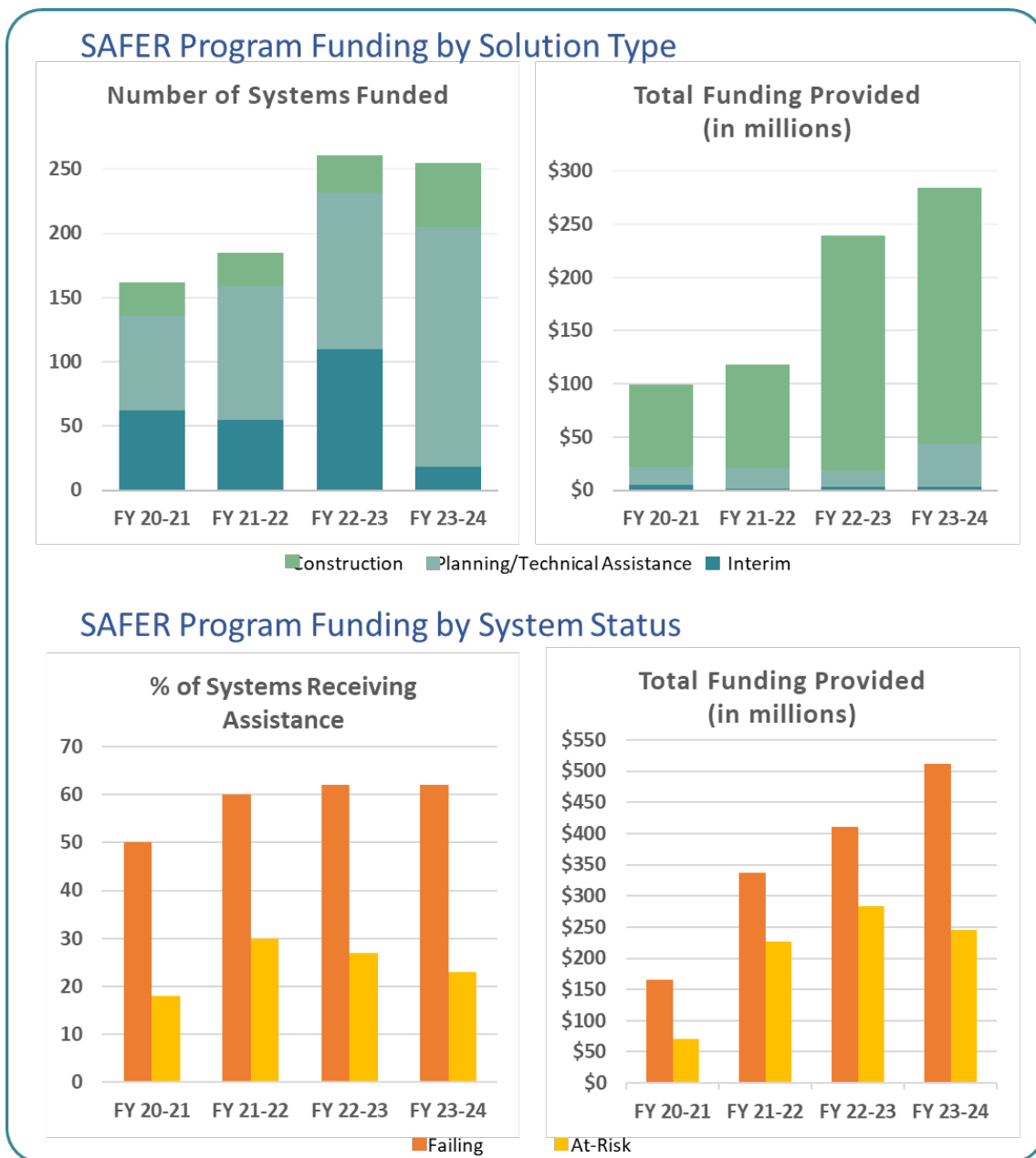
¹ Staff costs include both administrative (28) and implementation (43) positions associated with SB 200.

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III.D.2. Funding Trends by Fiscal Year

In Figure 5, the upper two charts show funding by solution type for the past four FYs. The lower two charts reflect a summation of active funding projects approved and executed at the end of each fiscal year for systems included on each FY's FEP's Funding Solution Lists for both Failing and At-Risk Systems (e.g., Appendices B and C of this FEP).

Figure 5. SAFER Program Trends (FY 2020-21 through FY 2023-24)



These charts show a few program trends over the past four FYs. Each bar graph represents a snapshot in time at the end of each FY, related to either funding approved

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or executed that particular FY for systems that were on the Failing List at the end of each FY. The top two charts show that the number of systems funded and the amount of funding has been generally increasing year to year, with a majority of funding going towards construction projects. A decrease in systems and amount of funding in FY 2023-24 could be attributed to end of fiscal year budget shifts and will be revised. In FY 2023-24 (through June 30, 2024), 205 new projects were funded, totaling \$283.8 million. The bottom two charts reflect committed SAFER funding for any active projects for failing and at-risk systems and show that both the percentage of systems being funded and the amount of funding going towards systems on the Failing and At-risk lists at the end of each FY is increasing.

III.E. Projected Funding Needs for Failing Systems

III.E.1. 2024 Funding Gap Analysis

The 2024 Funding Gap Analysis¹⁴ indicates that projected available funding over the next five years is estimated at \$3.5 billion in grants, principal forgiveness, and loans. Modeled 5-year needs (including potentially grant or loan-eligible costs) are as follows:

- \$3.9 billion for Failing PWSs
- \$2.8 billion for At-Risk PWSs
- \$95 million for high-risk SWSs, and
- \$1.5 billion for high-risk domestic wells.

Accounting for the amounts that would be considered potentially grant-eligible based on entity type, project type, and the eligibility criteria for each funding source within the SAFER Program, there would be a remaining \$5.5 billion need, or funding gap, for potentially grant-eligible projects. All estimated 5-year potentially loan-eligible needs are met by projected available loan capacity¹⁵. This is summarized in Figure 6 below, with more details provided in the Funding Gap Analysis Methodology Appendix.

¹⁴ [2024 Funding Gap Analysis Methodology Appendix](https://waterboards.ca.gov/drinking_water/certlic/drinkingwater/documents/needs/2024/2024funding-gap-analysis-methodolgy.pdf)

https://waterboards.ca.gov/drinking_water/certlic/drinkingwater/documents/needs/2024/2024funding-gap-analysis-methodolgy.pdf

¹⁵ The evaluation of loan eligible needs does not factor each individual system's ability to take on a State Water Board administered repayable loan. This is evaluated by State Water Board staff based on several items including revenue to debt service ratio, available reserves, and TMF capacity.

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Figure 6. Five-Year Funding Gap Analysis Results¹⁶



III.E.2. Progress of 2019 Failing List Systems

As noted in the SAFER Program's key goals (Figure 1), funding and staff resources will be directed towards addressing the needs of Failing systems, with a significant focus on the 366 systems that were on the Failing List on July 1, 2019 (2019 Failing List) when the SAFER Program started. As of June 30, 2024, 138 (38%) of these systems have returned to compliance and are no longer on the Failing List. Key statistics for the remaining 229 systems include:

- 40 systems have existing construction agreements in progress towards a long-term solution, totaling \$202 million
- The remaining 189 systems have either draft or finalized preliminary engineering reports or modeled costs¹⁷ to address the reason why they are Failing, totaling \$922.9 million
 - Of these 189 systems, 66 have planning or TA funding in progress
 - The remaining 102 systems are at various phases of working towards a long-term solution and over 80% are expected to return to compliance by 2030, with the remainder by 2032. Staff are looking at potential ways to accelerate long-term solutions for those systems that are projected to return to compliance after 2030.

III.E.3. Progress of post-2019 Failing List Systems

When comparing the Failing list as of June 30, 2024 to the 2019 Failing List, there are an additional 160 systems. Key statistics include:

- 12 systems have existing construction agreements in progress towards a long-term solution, totaling \$77.9 million

¹⁶ Figure 6 is borrowed from the 2024 Needs Assessment Funding Gap Analysis Methodology Appendix.

¹⁷ Modeled costs are derived from the 2024 Needs Assessment's Cost Model

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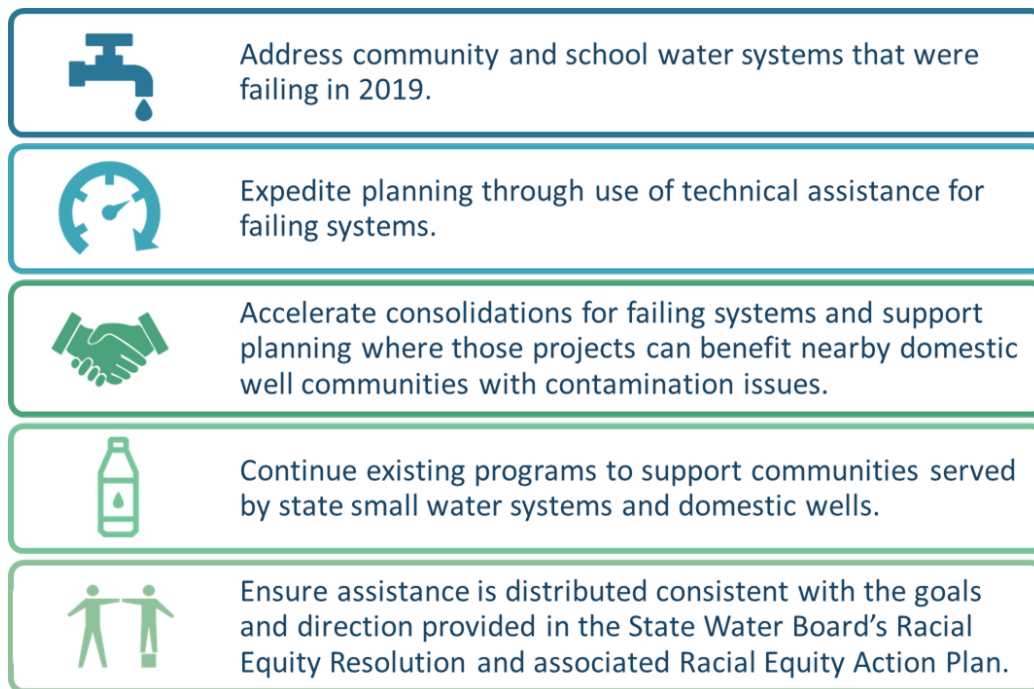
- The remaining 148 systems have either draft or finalized preliminary engineering reports or modeled costs to address the reason why they are Failing, totaling \$548.9 million
 - Of these 148 systems, 55 have planning or TA funding in progress
 - The remaining 93 systems are at various phases of working towards a long-term solution.

IV. FY 2024-25 PRIORITIES, TARGETS, AND SOLUTION LISTS

IV.A. FY 2024-25 SAFER Program Priorities

Consistent with the goals above (Section III.A), the FY 2024-25 priorities have been modified compared to those presented in prior FEPs. The expenditures from the SADW Fund for FY 2024-25 will continue to focus on solutions for small DACs and low-income households, and will prioritize the following, as shown in Figure 7. These efforts are not necessarily listed in ranked order, and the needs of failing systems will generally be prioritized above the needs of at-risk systems.

Figure 7. FY 2024-25 SADW Fund Expenditure Priorities



The SAFER Program will be implemented consistent with the above priorities and the requirements and restrictions of each respective funding program. Within each priority category, for routine and non-controversial projects, DFA may commit SADW funding to a given project after a complete application has been submitted and DFA has completed its review of the application package. TA providers may provide TA support pursuant to a SADW-funded agreement for those water systems that require help to

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complete an application or manage a project. In addition, DFA will work with DDW staff and Local Primacy Agencies (LPAs) where enforcement or compliance actions are required to ensure a water system is making a good faith effort to seek financing and timely complete any funded project. DDW may also appoint an administrator for designated water systems that: are DAC and fail to consistently provide an adequate supply of safe drinking water, have been ordered to consolidate, or are At-Risk. DDW may impose mandatory consolidation for systems that are not making adequate progress towards a voluntary consolidation. DFA will coordinate with DDW on consolidation and administrator orders to provide related funding, where eligible and appropriate.

IV.B. FY 2024-25 SADW Fund Target Allocations

The target allocations from the SADW Fund for FY 2024-25 are provided below in Table 3¹⁸ and are based on a combination of factors including Needs Assessment results, input from the SAFER Advisory Group, and estimated funding from the complementary funding sources that are part of the broader SAFER Program (see Table 1). The projected distribution is described for different water system categories (Failing Systems or consolidations; State Smalls/Domestic Wells) and Other Program Needs (e.g., Contracts, Staff Costs). Within each water system category, the projected distribution among solution types is also provided. The FY 2024-25 target allocations are in addition to projects already funded in FY 2023-24 and prior. These target allocations are discussed below in Section IV.B.2.

The State Water Board authorizes the Deputy Director of the Division of Financial Assistance (DFA) or designee to adjust the FY 2024-25 SADW Fund targets in response to opportunities or challenges that may require shifting funding from one category to another, up to and including the entire amount of funding designated for that category. Actual FY 2024-25 committed expenditures will likely differ from the targets based on factors such as the challenges described in Section VII.A.1.

IV.B.1. Other Complementary Funding and Solution Types

Other SAFER Program complementary funding (shown in Figure 2 and Table 1) may be used to fund some of the solution types included in Table 3, and thus affect targets identified for the SADW Fund. These solution types include:

- **Interim Water Supplies and Emergencies** – prior Budget Act augmentations appropriated \$110 million from CERF to provide hauled water and well repair/replacement, primarily for domestic well owners with dry wells, which have been committed to existing regional programs. Another Budget Act augmentation provided \$14 million to support domestic wells impacted by flooding which were committed to a new program administered by SHE for those purposes. Additionally, the CAA may

¹⁸ Information in Table 3 is also presented as Figure ES-5 in this FEP's Executive Summary.

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be used to fund eligible urgent drinking water needs that would fall into this solution type category.

- **TA** – a portion of the 2021 GF drinking water infrastructure appropriation has been used to expand existing TA agreements. Recent federal grants for emerging contaminants for small DACs may also be used towards TA to develop and design eligible projects that address emerging contaminants.
- **Planning and Construction** – funding from the 2021 GF drinking water infrastructure appropriation was committed or disencumbered in FY 2023-24 and is no longer available. Amounts designated from the DWSRF for principal forgiveness can continue to be utilized to fund planning and construction projects for small DACs. Recent federal grants for emerging contaminants may be used towards planning and construction of eligible projects that address emerging contaminants (e.g., per- and polyfluoroalkyl substances [PFAS], 1,2,3-trichloropropane [1,2,3-TCP], manganese).

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Table 3. FY 2024-25 SADW Fund Target Allocations (in millions)

Water System Category	Interim Water Supplies and Emergencies	Technical Assistance (includes Planning)¹	Administrator¹	Planning^{1,2}	Direct O&M Support¹	Construction²
Failing Systems or Consolidations	\$5	\$20	\$1.5	\$3	\$0	\$77.8
State Smalls/ Domestic Wells	\$5		\$0	\$0	\$0	\$0
Uncommitted from Prior FYs	\$21.1	\$0	\$0	\$0	\$18.7	\$18.5
<i>SUBTOTAL BY SOLUTION TYPE³</i>	\$10 (\$31.1)	\$20	\$1.5	\$3	\$0 (\$18.7)	\$77.8 (\$96.3)
TOTAL					PROJECT TOTAL³	\$112.3 (\$170.6)
Other Program Needs	Contracts (uncommitted from Prior FYs)	Staff Costs				
	\$1.5	\$16.2				
					GRAND TOTAL³	\$130 (\$189.8)

¹ Solution type provides direct and/or indirect O&M support.

² Fewer resources may be available from the broader SAFER Program (i.e., non-SADW funding sources) for planning and construction projects.

³ Totals in parentheses include target allocations for FY 2024-25 and uncommitted amounts from prior FYs.

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IV.B.2. FY 2024-25 SADW Fund Target Allocation Details

The projected target allocations for FY 2024-25, shown above in Table 3, are discussed below. Reserved amounts from the FY 2023-24 SADW Fund appropriation are discussed in Section VII.A.1.

By Solution Type

- **Interim and Emergency Assistance** –The \$5 million for Failing or At-Risk systems will be focused on interim water supplies like bottled water, hauled water or emergency repairs, with priority to systems serving small DACs. The \$5 million for state smalls and domestic wells plus the \$21.1 million in uncommitted SADW funding may be utilized to respond to urgent needs through provision of interim water supplies, including towards supplementing existing county-wide or regional programs (including co-funding agreements with CV-SALTs management zones). Significant investments (\$92.5 million) from the CERF have been made towards the existing Self-Help Enterprises’ (SHE) regional programs, in particular for hauled water (as an interim solution) and well replacements (as a long-term solution). As these were one-time appropriations, SADW funding may be utilized to further extend these important programs for low-income households in the San Joaquin Valley until a more sustainable funding source is identified. Use of the SADW Fund for drought or flooding emergencies will occur only if no other funding source is available.
- **Technical Assistance** – Significant investments in TA have occurred in the past FYs to develop and execute master TA agreements with newly qualified drinking water TA providers and expand scope or extend work completion dates for some existing agreements, which will continue to be implemented over the next two to four years, with approximately \$57 million in uncommitted funding remaining in these master agreements (not tied to existing work plans) as of May 31, 2024 and available for projects. These newer TA agreements have increased capacity statewide and will help support accelerated planning efforts for Failing systems and to support consolidations. The proposed FY 2024-25 TA investments of \$20 million will be utilized to potentially add funding to existing TA agreements, that could increase capacity for planning efforts to include consolidations of domestic well communities with potential contamination with nearby PWSs. Additional upcoming TA needs may include assisting PWSs with implementation of the Direct O&M Program and compliance action planning associated with the pending hexavalent chromium MCL.
- **Administrators** – The appointment of administrators will continue in FY 2024-25 as the program further matures. For FY 2024-25, only \$1.5 million is targeted from the SADW Fund to fund administrator costs for potential system-specific administrator funding agreements or amendments. Existing administrator multi-year master agreements have \$22.2 million uncommitted funding remaining (not tied to existing work plans) as of May 31, 2024 and could cover at least 10 new administrator

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assignments. At this time, it is expected that an additional three water systems will be appointed an administrator in the next FY.

- **Planning and Construction** – Due to a reduction in funding sources anticipated to be available for drinking water capital projects and a renewed focus on addressing Failing systems and consolidations, a higher amount from the SADW Fund will be targeted for construction compared to past FYs. This includes \$96.3 million (\$19.5 million of which is from uncommitted SADW Funds from prior FYs) which can assist with new agreements, including construction projects eligible for the EDWG Program, anticipated FBA amendments for projects addressing Failing systems and consolidations, and funding known potential construction needs for tribal water systems. A small amount is targeted for planning that may not be directed to be completed via TA.
- **Direct O&M Support** – The streamlined approach to funding direct O&M assistance is expected to be continued in FY 2024-25, with Group 1 targeting small DAC water systems with water rates higher than 2.5% of the community's MHI and are considered to have a high affordability burden based on the updated 2024 Affordability Assessment. The balance of FY 2023-24's \$20 million target (\$18.7 million) will continue to be directed towards these efforts and is expected to be sufficient to provide O&M assistance to at least 30 eligible water systems. Some portion of this amount is also expected to cover O&M agreements associated with new water systems designated for administrator appointments. More information on the Direct O&M Program is included in Section V.D.

Other Program Needs

- **Contracts** – \$1.5 million continues to be reserved for contracts that may be executed in FY 2024-25 for items such as data management improvements. This amount is uncommitted from prior FYs.
- **Staff Costs** – In addition to funding projects/local assistance, the SADW Fund is used to support State Water Board staff costs for administration and implementation of SB 200 through 71 staff positions, which were authorized through the budget process. Anticipated SADW Program staff costs for FY 2024-25 are approximately \$16.2 million. Staff cost obligations associated with existing program positions must be met. More information on the SADW Program Resources and workload is included in Section VII.B.
- **Pilot Projects** – No funding is reserved for pilot projects in FY 2024-25. Tasks associated with the POU/POE Pilot were incorporated into an existing TA master agreement and the previously envisioned O&M Pilot is now superseded by the Direct O&M Program. More information on the POU/POE Pilot and Direct O&M Program is included in Sections VII.C and V.D, respectively.

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IV.C. Funding Solution List for Failing Systems

Per Health and Safety Code section 116769, subsection (a)(2), the FEP shall contain a list of systems that consistently fail to provide an adequate supply of safe drinking water. The list shall include, but is not limited to, the following:

- Any PWS that consistently fails to provide an adequate supply of safe drinking water.
- Any CWS that serves a DAC that must charge fees that exceed the affordability threshold established by the board in order to supply, treat, and distribute potable water that complies with federal and state drinking water standards.
- Any state small that consistently fails to provide an adequate supply of safe drinking water.

The list of PWSs that fail to provide an adequate supply of safe drinking water is included in the Failing list and is presented with funding information in Appendix B. A list of CWSs that serve DACs that charge direct or indirect fees that exceed affordability threshold(s) is available from the [Affordability Assessment](#) (see Affordability Assessment results spreadsheet) of the 2024 Needs Assessment. A comprehensive list of state smalls that do not meet primary drinking water standards is not currently available¹⁹. Counties are required to provide water quality data to the State Water Board for state smalls; however, they are not required to in turn require state smalls to collect and analyze water quality samples at the same frequency or for the same list of contaminants that PWSs are required to test for.

Priority for funding projects for Failing systems will be consistent with SADW Fund expenditure priorities discussed in Section IV.A. Funding is also dependent on whether the applicant (or TA provider working on behalf of an eligible entity) has submitted a complete application and is ready to proceed with entering into a funding agreement.

The FY 2024-25 Funding Solution List for Failing Systems identifies existing and potential solutions that are approved for funding, have requested funding, or may request funding from the State Water Board as of June 2024 and includes information on the following:

- Population
- Number of connections
- County
- Analyte that the system is in violation for which the funding is addressing
- Type of solution(s) with existing or potential funding (O&M support [TA, Interim, Planning, Direct O&M Support, Administrator], construction, and consolidation)

¹⁹ A list of At-Risk state smalls is available at:

https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/documents/needs/2023sswsrisk.xlsx

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- Costs (existing funding with approved costs and potential funding with requested costs)

The Funding Solution List for Failing Systems is ordered alphabetically. The order by which water systems are listed on the Funding Solution List for Failing Systems does not reflect priority for funding. Additionally, some PWSs will self-fund projects or receive funding from sources other than the State Water Board to fund their long-term solution.

Table 4 is a summary of the FY 2024-25 Funding Solution List for Failing Systems (Appendix B), which includes a total of 384 Failing systems, serving 736,931 people for a total of approximately \$620 million (approved and requested funding only). Currently 238 distinct Failing systems are receiving assistance.

Table 4. Summary of FY 2024-25 Funding Solution List for Failing Systems (as of June 30, 2024)

Solution Category	Projected Number of Solutions	Existing Funding Being Provided (in millions)	Funding Being Requested (in millions)
Technical Assistance	174	\$46.3	--
Interim Solutions	59	\$11.1	--
Administrator	14	\$8.9	--
Planning	34	\$16.5	\$1
Construction	94	\$429	\$107
TOTAL	375	\$511.8	\$108

IV.D. Funding Solution List for At-Risk Water Systems

Per Health and Safety Code section 116769, subsection (a)(3), the FEP shall contain a list of PWSs, CWSs, and state smalls that may be at risk of failing to provide an adequate supply of safe drinking water.

The Funding Solution List for At-Risk Systems is included as Appendix C and includes 613 PWSs (including CWSs) considered to be At-Risk based on the 2024 Needs Assessment. A list of state smalls that may be at risk of failing to provide an adequate supply of safe drinking water based on the results of the 2024 Needs Assessment is available at:

https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/documents/needs/2023sswsrisk.xlsx.

Priority for funding projects for At-Risk systems will be consistent with SADW Fund expenditure priorities discussed in Section IV.A.

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The FY 2024-25 Funding Solution List for At-Risk Systems includes information on the following:

- Population
- Number of connections
- County
- Project Classification
- Type of solution(s) with existing or potential funding (O&M support [TA, Interim, Planning, Direct O&M Support, Administrator], construction, and consolidation)
- Costs (existing funding with approved costs, potential funding with requested costs)

The Funding Solution List for At-Risk Systems is ordered alphabetically. The order by which water systems are listed on the Funding Solution List for At-Risk Systems does not reflect priority for funding.

Table 5 is a summary of the FY 2024-25 Funding Solution List for At-Risk Systems (Appendix C), which includes a total of 613 At-Risk systems, serving 1,545,844 people for a total of approximately \$296.7 million (approved and requested funding only). Currently 142 distinct systems are receiving assistance.

**Table 5. Summary of FY 2024-25 Funding Solution List for At-Risk Systems
(as of June 30, 2024)**

Solution Category	Projected Number of Solutions	Existing Funding Being Provided (in millions)	Funding Being Requested (in millions)
Technical Assistance	98	\$23.3	--
Interim Solutions	21	\$1.5	--
Planning ¹	32	\$13.1	\$3.2
Construction ¹	63	\$206	\$49.6
TOTAL	214	\$243.9	\$52.8

¹ Consolidation costs are counted within the planning and construction line items. Much of these costs will be covered with complementary funding sources rather than the SADW Fund.

IV.E. Consideration of Greenhouse Gas Reduction Fund Requirements

The expenditures from the SADW Fund originating from monies transferred from the Greenhouse Gas Reduction Fund (GGRF) will be used for the purpose of facilitating the achievement of reductions of greenhouse gas emissions or help achieve adaptation and resiliency to climate change by enhancing the long-term sustainability of drinking water systems in GGRF Priority Populations (i.e., GGRF Disadvantaged Communities, GGRF Low-Income Communities, and GGRF Low-Income Households). Additionally, projects funded may assist communities confronted with impacts to source waters that have

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been exacerbated by climate change, such as reduced surface water flows, accelerating declining groundwater levels, and increasing concentrations of contaminants. Per SADW Fund Policy Section VI.B, projects and services may be funded for non-DACs if there is a reduction in greenhouse gas (GHG) emissions. Such determinations will be made by the Deputy Director of DFA or designee.

GGRF expenditures from the SADW Fund will be administered in compliance with the Funding Guidelines for Agencies that Administer California Climate Investments (CCI).²⁰ Key items from the August 2018 CCI Funding Guidelines for Program Administration (Section IV.A. of the CCI Funding Guidelines) are included as Appendix D.

IV.F. Tribal Considerations

According to the data managed by United States Environmental Protection Agency (U.S. EPA) of federally recognized tribes²¹ in California in 2024, there are approximately 148 tribal water systems, comprised of 112 tribal CWSs, 23 non-transient non-community water systems (NTNCs), and 13 transient water systems that are regulated by U.S. EPA. State Water Board staff worked with U.S. EPA tribal drinking water staff to apply the expanded Human Right to Water criteria to the 148 tribal water systems that U.S. EPA regulates. U.S. EPA assessed those 148 tribal water systems for the same indicators that were applied to state regulated public water systems. Per this assessment, 23 tribal CWSs met the criteria for a failing system, representing a population of approximately 6,500 people. Two of the 23 tribal CWSs had primary MCL enforcement actions for arsenic contamination. Two of the 23 tribal CWSs have projects in progress and an additional two are receiving TA.

Federally regulated tribal water systems are not required to sample contaminants regulated by California. Therefore, it is expected that there will be a comparatively lower percentage of public health violations and available chemical data compared with State regulated systems. Planning and construction funding for tribal water systems can be obtained from the U.S. EPA (either directly or via Indian Health Service [IHS]), in addition to being available from the State²². SAFER Program funding may be able to assist tribal communities to address funding gaps for items such as funding shortfall for construction projects, funding projects that serve communities with both tribal and non-tribal households, funding urgent needs (e.g., interim water supplies and emergency repairs), eligible O&M costs, and providing TA.

²⁰ [2018 CCI Funding Guidelines](https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/2018-funding-guidelines.pdf)

<https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/2018-funding-guidelines.pdf>

²¹ [U.S. EPA's Envirofacts Safe Drinking Water Search for Tribes](https://enviro.epa.gov/enviro/sdw_form_v3.create_page?state_abbr=09)

https://enviro.epa.gov/enviro/sdw_form_v3.create_page?state_abbr=09

²² In association with projects implemented by tribes or others, reasonable project costs associated with the implementation of necessary environmental monitoring or mitigation (i.e., biological, cultural etc.), as required by DFA and state and/or federal agencies, can typically be included in the project budget and reimbursed with State Water Board funds.

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In FY 2023-24, funding was committed to one tribe, the Yurok Tribe, to cover a funding shortfall for a project funded by IHS that is constructing a new water storage tank. Organizations that focus on serving tribal communities may also be eligible to serve as TA providers. As noted in Section III.B, the existing TA program through Rural Community Assistance Corporation (RCAC) may be utilized to provide focused services to tribal water systems.

The tribal needs assessment was updated and included in the 2024 Needs Assessment. More information on outreach to tribes is included in Section VII.D of this FEP.

IV.F.1.Assembly Bill 2877

AB 2877 (Chapter 481, Statutes of 2022; codified at Health and Safety Code, section 116766) requires that the State Water Board collaborate with California Native American tribes to:

- Ensure that any waiver of tribal sovereignty necessary for tribes to obtain funding is narrowly drafted to serve the unique needs of each tribe and make the funding agreement enforceable.
- Publish, and update annually, the number of funding inquiries received from tribes, the number of funding applications received from tribes, and the total amount of funding granted to tribes each year.

The law also requires the State Water Board's tribal liaison, or a designee of the liaison, to participate in all discussions with tribes regarding SADW Fund disbursement, including negotiations concerning waivers of tribal sovereignty.

Additionally, if the State Water Board is not able to consistently approve funding applications from eligible tribes in a timely manner, the State Water Board shall identify barriers to the tribes receiving funding and propose possible solutions in the annual FEPs. Tribal coordination on drinking water projects is included in this FEP's metric discussion in Section VIII.H.

V. FUNDING ELIGIBILITIES BY SOLUTION TYPE

While funding priorities for FY 2024-25 are stated in Section IV.A, the following sections describe funding eligibilities for the SADW Fund across the different solution types.

V.A. Interim and Emergency Assistance

Although the goal of the SAFER Program is to ensure long-term, sustainable supplies of safe drinking water, it may be necessary to fund interim solutions in certain communities as they progress towards a long-term solution. Interim solutions will help provide community members with access to safe drinking water while long-term solutions are being planned and constructed. Emergency improvements or repairs to existing water systems may also be necessary to ensure safe drinking water.

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V.A.1. Interim Water Supplies

Interim solutions will be prioritized for CWSs, state smalls, or domestic wells, serving small DACs or low-income households, with contaminants above primary MCLs or response levels. Funding may be prioritized for failing systems that are out of compliance for contaminants with acute toxicity, such as nitrate, except where other parties are providing interim solutions (e.g., CV-SALTS Management Zone groups or GSAs).

Interim solutions will be focused on those households that can least afford to purchase their own bottled water, so DFA will generally require income verification for a household to receive bottled water or other type of interim solution. DFA may also accept analyses from providers of interim solutions demonstrating that all households in the community are, or are likely to be, below the applicable household income thresholds. After interim solutions are in progress, longer-term TA or planning needs will also be evaluated and addressed.

As shown in both the 2021 and 2024 Needs Assessment Funding Gap Analyses, the cost of providing interim solutions for all impacted households exceeds the available funding. Therefore, the provision of an interim solution will be evaluated based on the following criteria:

- a) whether the contaminant has an acute or chronic health impact; whether there are multiple contaminants; and the levels of contaminants;
- b) whether another entity has responsibility;
- c) cost-effectiveness;
- d) technical feasibility; and
- e) size of community (smaller communities will be given preference over larger communities), with a focus on communities with a population of under 1,000.

Interim solutions may include POU/POE systems, hauled water, bottled water, vending machines/filling stations, temporary connections to safe water sources, or purchasing water at a higher cost (e.g., outside of a wholesale agreement or using other's water rights). Cost-effective and feasible solutions will vary by community size and types of contaminants. DFA will support the implementation of alternatives to bottled water wherever feasible and cost-effective. Some communities may require a combination of these solutions. In some cases, interim solutions may take a phased approach, e.g., immediate short-term provision of bottled water while POU/POE treatment is piloted and implemented. In other cases, an interim solution may be the only feasible long-term solution for a community.

Whenever appropriate, State Water Board staff will seek to work with systems and entities to promote regional-scale solutions that address multiple DACs, as opposed to a series of individual projects or services to increase efficiency and decrease administrative burden. Some examples currently being funded include: a statewide program for interim water supplies at small, disadvantaged schools serving drinking

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water that is not meeting standards; county-wide or regional programs for bottled water, tanks, and hauled water.

V.A.2. Emergency Funding

Emergency funding will be prioritized for systems that serve small DACs or low-income communities where there is the greatest threat to public health and safety. DFA staff will also consider the applicant's access to or ability to qualify for alternative funding sources. The State Water Board will make every effort to access, and require applicants to access, other funds available to address emergency needs, including other State, federal, or local funds.

Emergency funding generally refers to system-level emergency improvements or repairs (e.g., well replacement or emergency interties, that fall outside of the provision of bottled or hauled water) to address unforeseen needs experienced by individual water systems (see SADW Fund Policy Section VIII.E). Emergency funding requests are accepted on a continuous basis to address needs as they arise. An eligible applicant may apply for emergency funding directly with DFA. If the affected water system is located in the Central Valley or Coachella Valley, emergency funding may be available through Self-Help Enterprises' (SHE) or Pueblo Unido's emergency programs, respectively.

In some cases, assistance with interim water supplies (i.e., bottled water) may also be provided to ensure safe water is available while emergency improvements or repairs are implemented. Longer-term TA or planning needs can be subsequently evaluated and addressed, as needed. Since the long-term goal is for all systems to become sustainable, emergency funding may be conditioned on the system working to improve asset management and financial planning or taking other actions as directed by the State Water Board to improve the system's TMF capacity. In addition, systems that do not have an adequate emergency response plan or reserves to address "routine" emergencies (e.g., well pump failure or ruptured distribution lines) may be evaluated as candidates for appointment of an administrator or potential consolidation.

Emergency funding is not intended to serve as an expedited path to funding for non-emergency projects. Emergency requests submitted to circumvent the regular funding process for long-term solutions will not be approved.

V.A.3. Urgent Response Strategy

Urgent Requests

All emergencies (e.g., drought, flooding, fire) begin at the local level and the Local Government is best positioned to provide immediate emergency relief such as bottled and hauled water, equipment, etc. Under the State's Standardized Emergency Management System (SEMS), the Local Government should request assistance and resources from progressive levels of the state's emergency management organization as they exhaust their resources. The California Governor's Office of Emergency Services (CalOES) 2016 Administrative Order with the Water Boards instructs the

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Water Boards to follow the SEMS process during emergency and disaster operations. This allows the Regional and State organizational levels to respond and provide the required support. PWSs can and should still go directly to their regulatory authority for any water quality concerns.

When a PWS sends a request for assistance, whether monetary or otherwise, to their Local Government's Office of Emergency Services, the PWS should simultaneously notify the Water Board's DDW of this request. This allows the request for funding assistance to follow the SEMS organizational levels for effective and timely management of the request while providing the Water Boards with situational awareness to assist where necessary.

Funding through the State Water Board may be available for eligible urgent projects for impacted state smalls and/or communities served by domestic wells in the intermediate time frame (i.e., on the order of months). Solutions will often include interim bottled or hauled water but may also be emergency infrastructure repairs or updates (e.g., emergency interties, well repairs, lowering of intakes). Funding requests will be coordinated with the Department of Water Resources to promote consistency, avoid duplicative efforts, and leverage funding eligibility differences so that the community's needs are most effectively addressed.

Additionally, funding for urgent response will generally come from the broader SAFER Program or via funding from DWR, as appropriate, before utilizing monies from the SADW Fund. The broader SAFER Program also supports projects that promote long-term resiliency such as new or rehabilitated wells, treatment, consolidation, recycled water, groundwater recharge, and improvements such as pipelines, pump stations, storage, and meters.

Another avenue for receiving emergency assistance in SHE's or Pueblo Unido's service areas is through agreements with those providers. These requests are coordinated directly with SHE or Pueblo Unido and then provided to DFA staff for DFA Deputy Director (or delegee) review and approval. If approved, this emergency work is administered through SHE or Pueblo Unido.

Inter-agency Coordination

State Water Board staff continue to participate in recurring calls with inter-agency partners such as DWR and the CalOES at various levels to coordinate on funding and the roles of the various agencies in drought response.

Additionally, a new tool has been developed in coordination with CalOES and DWR to field drought funding requests and determine which agency is the best fit to take on funding a solution(s). The tool will also facilitate identifying any unmet needs.

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V.A.4. Other Considerations

Funding Sources

Funding for Interim Water Supplies and Emergency projects may come from various funding sources including, but not limited to, the SADW Fund and the CAA, and eligibility and funding agreement requirements may vary by funding source. DFA may direct an applicant, or project type to either SADW or CAA funding, but will ensure that the State Water Board does not run afoul of the statutory bases for CAA funding by eligible entities and project types, or the existing CAA Funding Program Guidelines²³ which implement those requirements.

Private, For-Profit Water Systems

For requests for funding for interim water supplies or emergency repairs, private, for-profit system owners may be evaluated on their reserves and ability to qualify for alternative sources of funding to pay for or contribute to costs of the requested project. Financial documents (which may include, but are not limited to, profit and loss statements, tax returns, etc.) will be solicited and evaluated on a case-by-case basis at the discretion of the Division. This information will be provided in the funding recommendation to DFA's Deputy Director for review.

For private, for-profit water systems or other private entities that will be funded via the CAA, per the Guidelines, eligible entities may be required to provide financial statements to demonstrate that there are inadequate financial reserves available to address the urgent drinking water need. In addition, eligible privately-owned entities such as individuals, sole proprietors, partnerships, corporations and limited liability companies, are required to provide the following information:

- Owners' household information, including income information of each household member, and household living expenses;
- Assets and liabilities; and
- Trust agreements.

Based on the review of financial documents, additional documentation may be required and the approved grant amount may be reduced.

V.B. Technical Assistance

The State Water Board provides grant funding to TA providers to provide a variety of services geared toward accelerating the implementation of drinking water solutions. Some examples include, but are not limited to, preliminary planning, engineering and environmental studies, funding application assistance, TMF assessments, rate studies, income surveys, financial audits and accounting services, negotiating consolidation agreements, and resolving entity formation or ownership issues. Funding is also

²³ [CAA Funding Program Guidelines](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/caa/docs/121118_6_final_caa_guidelines_clean_version.pdf)

https://www.waterboards.ca.gov/water_issues/programs/grants_loans/caa/docs/121118_6_final_caa_guidelines_clean_version.pdf

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provided to community outreach organizations to engage with the community for input into the assessment and determination of solutions. The State Water Board prioritizes TA to small DACs and water systems serving small DACs through funded TA providers and may continue to expand those efforts under the SAFER Program using the SADW Fund. Systems serving small non-DACs may also receive TA, with a focus on consolidations and addressing Failing and At-Risk systems. TA provided to small non-DACs will be for long-term solutions that when implemented will reduce GHG emissions directly or indirectly through water system improvements that reduce water and energy demand and increase sustainability to mitigate potential for emergency response needs.

In September 2021, the list of eligible funding recipients for monies from the SADW Fund was expanded to include “technical assistance providers”, defined as a person whom the State Water Board has determined is competent to assist a water system by providing administrative, technical, operational, legal, or managerial services. In December 2021, the Drinking Water TA Provider Request for Qualifications (RFQ) Guidelines were added to the SADW Fund Policy as Appendix C²⁴. TA providers must submit a Statement of Qualifications (SOQ) to be evaluated and added to the qualified TA provider pool to receive funding from the State Water Board to provide TA.

V.B.1. Expanded Technical Assistance Services

With greater resources and more eligible services available under the SAFER Program, a more comprehensive and proactive approach towards long-term solutions is planned, especially for Failing systems. State Water Board staff or TA providers will outreach directly to water systems that may be on the Failing list but without existing State Water Board funding for a long-term solution. In general, TA will be prioritized for systems that appear to be facing challenges in making timely progress toward the implementation of long-term solutions. TA funded by the State Water Board may also be used to assist water systems in applying for funding from other state or federal funding programs.

In order to accelerate the implementation of long-term solutions, the State Water Board will provide funding to TA providers to accelerate the planning efforts for small systems prioritizing those serving small DACs or low-income households by providing planning through TA to support the submittal of a complete application for construction funding. Consistent with the priorities established in the DWSRF IUP, planning through TA may be provided for Failing systems and consolidation projects. TA may also be utilized to accelerate planning for At-Risk systems identified in the Needs Assessment, especially if part of a consolidation. In general, planning tasks will include development of items that would position a project to be ready or close to ready for construction. These

²⁴ [Drinking Water TA Provider RFQ Guidelines](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/docs/2022/rfq-guidelines.pdf)

https://www.waterboards.ca.gov/water_issues/programs/grants_loans/docs/2022/rfq-guidelines.pdf

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include an engineering report, a cost estimate, plans and specifications, and necessary environmental documentation for the most feasible solution.

In addition, for greater efficiency under the SAFER Program, the State Water Board may use a regional approach where appropriate and provide pooled services to multiple systems within an area to reduce costs.

V.C. Administrators

In September 2019, the State Water Board adopted an Administrator Policy Handbook to provide direction regarding the appointment of administrators by DDW of designated water systems, as authorized by Health and Safety Code section 116686. A revised version of the Administrator Policy Handbook was adopted in September 2023²⁵.

Administrators may be individual persons, businesses, nonprofit organizations, local agencies including counties or nearby larger utilities, and other entities. Administrators may be assigned broad duties such as acting as general manager for the designated water system, or specific duties, such as managing an infrastructure improvement project on behalf of a designated water system. Non-administrator funding can be awarded to an administrator on behalf of a designated water system (e.g., O&M or bottled water).

The appointment of an administrator is an authority that the State Water Board may consider when necessary to ensure an adequate supply of affordable, safe drinking water to certain water systems. Water systems in need of an administrator are identified based on the Needs Assessment, the prioritization process outlined in Section IV, and the direct local knowledge and expertise of DDW District Office staff. The State Water Board recognizes the significance and potentially disruptive effect of ordering a designated water system to accept an administrator and therefore intends to use its authority carefully and will incorporate significant community engagement as outlined in the Administrator Policy Handbook.

Appointed administrators must be an eligible entity qualified to be an administrator through DDW's Administrator Request for Qualifications process²⁶. Administrators appointed to provide services to designated water systems can be funded via the SADW Fund either through a singular system-specific funding agreement or through a master agreement that will assist multiple designated water systems. For administrators funded through a master agreement, system-specific administrator work plans are

²⁵ [Administrator Policy Handbook](https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/docs/2023/administrator-policy-handbook-2023-revision.pdf)

https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/docs/2023/administrator-policy-handbook-2023-revision.pdf

²⁶ [Administrator Request For Qualifications Guidelines](https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/docs/rfq_admin-(002).pdf)

[https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/docs/rfq_admin-\(002\).pdf](https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/docs/rfq_admin-(002).pdf)

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executed to outline the scope, budget, and schedule for administrator work in a given community (similar to the TA work plan process).

Administrator funding provided by the State Water Board is intended for the administrator's salary to conduct or oversee managerial, administrative, technical, operational, and legal services, as appropriate for the system, i.e., to take on the role of a general manager. The funding provided under the administrator agreement is not used for direct O&M activities or to fund capital projects. A water system managed by an administrator may still receive separate funding from the State Water Board for direct O&M support or capital projects, typically in the form of the administrator applying for funding on behalf of the system. The State Water Board may also provide separate funding for O&M support or capital projects, to an administrator, including an administrator's subsidiary company or designee as approved by the State Water Board, consistent with the Administrator Policy Handbook. Limited funding may also be provided to an administrator, consistent with the Administrator Policy Handbook, to address emergency repairs or maintenance activities for those systems that have inadequate reserves.

V.D. Operation and Maintenance

V.D.1. Direct O&M Support

The goal of the Direct O&M Program is to provide assistance in cases where there is a direct correlation to supporting the affordability of water (as part of the human right to water) while also improving system sustainability. O&M funding has also continued to be utilized to facilitate voluntary consolidations and provide interim O&M funding for water systems that will be or have been appointed an administrator.

One key aspect of ensuring feasibility of broader program implementation is developing a standardized administrative approach to distribute funds efficiently. In the FY 2023-24 FEP, \$20 million was targeted towards Direct O&M assistance and a streamlined approach to committing O&M assistance based on a tiered system was adopted, with additional information available in the Direct O&M Program Guidelines (Appendix L of the FY 2023-24 FEP).

For FY 2024-25, DFA staff will re-evaluate the Statewide prioritization approach based on the results from the efforts in FY 2023-24. The approach will continue to target specific Group 1 water systems using the info from the 2024 Needs Assessment and also consider a continuous open application process for both Groups 1 and 2 water systems.

Group 1 – Statewide Prioritization: Small, DAC water systems that have water rates that are above 2.5% of the community's MHI²⁷ meeting criteria established in the Direct

²⁷ The community's MHI is the annual system-wide average residential water bill per month relative to the annual MHI within a water system's service area.

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O&M Program Guidelines will be considered for a streamlined solicitation and approval process with template funding agreements.

To maximize resources available, a prioritization scheme will be utilized to ensure O&M funding is distributed to communities most in need, which may consider a system's affordability burden and risk assessment according to recent Needs Assessment results. The purpose of the funding provided to qualifying Group 1 systems will be to lower the water rates down to 2.5% of the community's MHI and to assist the system in establishing an operating reserve account. Specific system requirements to receive funding (e.g., lowering water rates, TMF assessment, conducting a feasibility study on how to improve system sustainability, etc.) are included in the Direct O&M Program Guidelines and as special conditions in each funding agreement²⁸. TA may be considered to assist systems in meeting these requirements.

Group 2 – Case-by-Case: Projects may also be considered for O&M funding on a case-by-case basis for circumstances including, but not limited to:

- Small DAC water systems with existing debt burdens.
- NTNCs owned by a K-12 public school district.
- Small DAC water systems owned by California Native American Tribes that can demonstrate an O&M assistance need.
- Small DAC water systems on the Failing List or otherwise not part of the initial Group 1 prioritization.

The Deputy Director of DFA has discretion to approve projects that do not fall into the scenarios outlined above on a case-by-case basis.

The Direct O&M Program Guidelines is included in this FEP as Appendix K, with the next round of Group 1 agreements expected to be executed during FY 2024-25. Per Section IV.B, in FY 2024-25, the uncommitted \$18.7 million from the previous FEP is targeted to go towards direct O&M projects in either Group 1 or 2.

As the Direct O&M Program continues to develop, it remains focused on water system level affordability data, but funding awards may also incorporate requirements for water systems to set up household level assistance programs when O&M funding is awarded.

Notwithstanding the eligibility criteria described above, direct O&M funding that facilitates voluntary consolidations or provides interim O&M funding for water systems that will be or have been appointed an administrator will continue to be eligible.

²⁸ O&M funding for California Public Utilities Commission (CPUC)-regulated utilities is subject to all applicable CPUC regulations and is contingent on the ability of the utility to meet funding conditions in compliance with applicable CPUC rules.

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V.D.2. Indirect O&M Support

Continued efforts to provide indirect O&M support have included TA, planning funding, and appointing administrators. Such efforts indirectly lower O&M costs as the State Water Board is funding activities that would normally be funded by the water system.

For example, TA can directly reduce O&M costs when services are provided free of charge for activities that would otherwise require the system to expend funds (e.g., training of water system operators, development of asset management plans and capital improvement plans). TA can also provide indirect reductions in O&M costs through the performance of TMF assessments and assisting the water system in implementing TMF improvement recommendations.

One of the longer-term goals is to reduce a system's long-term O&M costs through the implementation of certain capital improvement projects that could increase system resiliency. This may be achieved through a variety of efforts, such as: physical or managerial consolidation, and improvements to reduce overall water and energy demand, such as installation of water meters, replacement of leaking or aging distribution lines, installation of solar energy systems, or replacement of inefficient pumps.

V.E. Construction

As outlined in the DWSRF Policy and IUP, multiple funding sources may be used to fund construction projects, including SADW funds. Other more unique approaches to funding construction projects with SADW funds are outlined below.

V.E.1. Expedited Drinking Water Grant Funding Program

Certain types of eligible construction projects may be funded with SADW funds, and other state grants, via the EDWG Funding Program²⁹, which is a more streamlined application compared with the DWSRF application.

- Eligible applicants include:
 - CWSs owned by public agencies.
 - CWSs owned by public utilities incorporated in California and in good standing with the Secretary of State that are subject to regulation by the California Public Utilities Commission (CPUC).
 - NTNC water systems owned by public school districts.
- Eligible projects include:
 - Must be eligible project types under the DWSRF Policy and the DWSRF IUP;
 - Must benefit a small SDAC, a small DAC, a small non-DAC, or an expanded small DAC/SDAC, as defined in the DWSRF Policy and DWSRF IUP;

²⁹ [Expedited Drinking Water Grant Funding Program Guidelines](https://www.waterboards.ca.gov/board_info/agendas/2023/mar/030823_7_guidelines.pdf)

https://www.waterboards.ca.gov/board_info/agendas/2023/mar/030823_7_guidelines.pdf

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- Must consist of the construction of capital assets, as defined in Government Code §16727(a);
- Must not be comprised solely of the planning activities associated with an eventual construction project;
- Must be a Category A-C project and/or be a consolidation project, as defined in the DWSRF Policy and DWSRF IUP;
- Projects proposed by a public utility shall have a clear and definite public purpose and shall benefit the customers of the water system and not the investors.

The grant limits shall be the same as set forth in the DWSRF IUP, except that the maximum amount per project is \$15 million, unless the Deputy Director of DFA or designee approves a grant limit above \$15 million for a project for good cause, on a case-by-case basis.

V.E.2. Final Budget Approval Amendments

Construction projects that require an increase in funding during the final budget approval (FBA) amendment may be funded with SADW funds. In an evaluation of recently executed FBA amendments with cost increases since January 1, 2023, there has been an increasing trend of requests that are on average 60 percent over the original agreement amount. For FY 2024-25, it is projected that approximately \$100 million in grant/principal forgiveness will be needed for FBA amendments. Some portion of SADW funds targeted for construction projects may be used to assist with funding FBA amendments, as noted in Section IV.B.

V.E.3. Urgent Drinking Water Needs

Certain types of eligible construction projects may be funded with SADW funds via the Urgent Drinking Water Needs (UDWN) application process rather than the traditional DWSRF application and approval process, for projects that meet all of the following criteria, and are aligned with the SAFER Programs priorities:

- Project cost is less than \$500,000.
- Project will serve a small DAC, primarily low-income households, or a school.
- Water system is Failing or At-Risk and project is urgent in nature (i.e., DWSRF Category A-C³⁰, a system [or household(s)] is experiencing or is expected to experience a water shortage or supports consolidation goals).
- The project does not include an extensive planning component or legal complexities and is ready-to-proceed.
- Environmental work (California Environmental Quality Act [CEQA]) has been completed or the project has been deemed CEQA-exempt.

³⁰ Per the DWSRF Policy, Category A-C projects include those addressing an immediate health risk, untreated or At-risk water sources, or chronic compliance or water shortage problems.

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Projects to support backup generators³¹ for systems serving small DACs may also be funded via the UDWN application process, subject to funding availability.

The Deputy Director of DFA has discretion to approve projects that do not meet the criteria outlined above on a case-by-case basis to streamline the funding application and approval process where funding source rules do not preclude such an approach.

V.F. Consolidations³²

V.F.1. Low-Cost Consolidations

In some cases, considerable State Water Board staff time and resources are spent on low-cost consolidations. For grant eligible low-cost consolidations, the Deputy Director of DFA may elect to streamline the funding application and approval process where funding source rules do not preclude such an approach (e.g., via the UDWN application process as noted above in Section IV.E.2).

V.F.2. Regional-Scale Planning of Consolidations

Planning of consolidations on a regional scale will require TA and planning efforts be done with a larger scope, including not just CWSs that are non-failing or At-Risk, but including all small PWSs, state smalls, and domestic well communities that may be in the same vicinity. Construction funding for these projects may be done in a phased approach to expedite implementation of certain project pieces while simultaneously continuing additional planning work that may be necessary for later phases.

The planning of consolidations on a regional scale may allow funding consideration of costs per connection to be done based on the entire project scope rather than individual water system projects depending on the funding source. Consolidation opportunities for non-CWSs may be included, where eligible, in the planning phases to ensure a holistic approach when developing factors such as source capacity, pipeline alignment and pipeline sizing. Construction funding for entities such as private non-CWSs from eligible sources may include the nominal costs associated with installation of stub-outs and portions of laterals in public right-of-way to allow for connection of private properties. The purpose of this work would be to decrease barriers to consolidation in the future for these non-CWSs, recognizing that during construction this work is relatively simple but becomes much more complex and expensive if roadways must be disturbed in the future. However, non-CWSs typically must still pay service connection fees and the costs for laterals on their private properties. On a case-by-case basis for good cause, CWSs located along pipelines that are constructed within the service area of another

³¹ In general, systems working on a broader construction funding application are encouraged to incorporate generator needs into the scope of the larger construction project. Therefore, UDWN funding for generators will be targeted toward systems with high priority needs that are not already pursuing funding for a larger capital project or receiving assistance under other generator programs.

³² References to consolidations in this FEP refers to project types defined in the current DWSRF IUP.

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larger water system may have connection fees paid at the time of the larger water system project, even if consolidation for that individual water system is not completed at that time, with a binding agreement to consolidate the system within a specified period.

V.F.3. Consolidation Incentives

As authorized in the DWSRF IUP, and to encourage the consolidation of PWSs, the State Water Board will continue to offer incentives to Receiving Water Systems in exchange for completing a voluntary consolidation (i.e., a Consolidation Incentive). These Receiving Water Systems may be eligible for an Incentive Project via a modest grant or 0% financing up to various amounts depending on the type of project type of community being consolidated (i.e., DAC or SDAC), and number of connections.

The Consolidation Incentive may be applied to one or more eligible projects chosen by a Receiving Water System and approved by DFA. Incentive Project financing may be combined with other financing options, including the SADW Fund, to fully fund an Incentive Project. Consolidation Incentives may include, but are not limited to, infrastructure improvements to mitigate drinking water risks and address issues that have place the system on the Failing list, O&M support, refinancing existing loans, and/or loan forgiveness to the extent allowed by applicable statutes. The subsidized financing for the Incentive Project is in addition to any subsidized financing for the associated Consolidation Project. More details are available in the current DWSRF IUP.

V.F.4. Funding for Work on Private Property

Eligible costs for consolidation projects, including work on private property, are outlined in the DWSRF IUP. There may be additional diligence steps for private entity applicants, which are also included in the DWSRF IUP.

V.G. PFAS and other Emerging Contaminants

Recent Budget Acts included approximately \$125 million for technical and financial assistance to drinking water systems to address PFAS. After funding reductions, there was \$24 million remaining which has been fully committed. Federal funding, such as the [Emerging Contaminants in Small or Disadvantaged Communities Grant Program](#), is also available to address emerging contaminants, including PFAS and 1,2,3-TCP.

A portion of funds may be utilized consistent with this FEP to meet the needs of small DACs, to the extent consistent with the funding source requirements, and aligned with SAFER Program priorities. These may include:

- Support of statewide testing for small or DAC CWSs for PFAS. This work is anticipated to be implemented via an agreement with an eligible third-party TA provider.
- Discussions with consultants, non-governmental organizations and subject matter experts to identify potentially interested parties to conduct treatment pilots and/or demonstration projects for small DACs. The scope could include development of design templates for small and medium systems.

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- Support of development and planning for projects benefiting small DACs where regional-scale consolidation approaches may be the most cost-effective approach to addressing PFAS contamination.
- Support of planning for projects benefiting small DACs to treat PFAS and other emerging contaminants.

The Deputy Director has authority to approve funding of eligible needs consistent with this FEP. A majority of funding is expected to be utilized for eligible PFAS construction projects, which will be implemented and funded consistent with the process outlined in the DWSRF application process and IUP, including the Supplemental IUP for Emerging Contaminants.

Information on PFAS and other contaminants of emerging concern as they relate to state smalls and domestic wells is discussed in Section VI.B.4 of this FEP.

DFA staff will continue to work in close coordination with staff from the State Water Board's PFAS Team, which consists of staff from DDW, DWQ, and the Regional Water Quality Control Boards (Regional Water Boards).

V.G.1. Hexavalent Chromium

The State Water Board adopted the proposed hexavalent chromium MCL on April 17, 2024, which is undergoing an Office of Administrative Law process and may be effective in October 2024³³. Since compliance enforcement of the MCL will be rolled out over the course of two to four years based on system size, systems with sampling results exceeding the proposed MCL will not be placed on the Failing List unless both 1) the average of four quarterly sampling results is above the proposed MCL, and 2) the appropriate compliance date passes.

Prior to a system being officially placed on the Failing List, if at least one sample result is over the proposed MCL, the system may be considered for funding for TA associated with development of a compliance plan to address the issue and/or planning (either via TA or a system-specific grant agreement), subject to funding availability. If there are other known primary MCL exceedances, and funding towards a long-term solution is already in progress, the proposed project will be re-evaluated to include a mechanism to address the potential hexavalent chromium issues in addition to the other contaminants. There are an estimated 100 small PWSs that may have proposed hexavalent chromium exceedances.

V.H. Drought Infrastructure (SB 552)

In September 2021, SB 552 was chaptered which included requirements around drought planning which are expected to improve the ability of Californians to manage future droughts and help prevent catastrophic impacts on drinking water for

³³ More information on the hexavalent chromium rulemaking process can be found here: https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/SWRCBDDW-21-003_hexavalent_chromium.html

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communities vulnerable to impacts of climate change. The 2022 Needs Assessment includes a targeted drought infrastructure cost assessment and estimates the total cost for all applicable small water suppliers to implement the five requirements with the earliest compliance deadlines to be \$2.4 billion.

The existing Backup Generator Funding Program³⁴ administered by RCAC and any existing TA work plans that included tasks related to SB 552 compliance will continue through completion. However, in the near-term, scope items related to SB 552 compliance will be considered a lower priority for SADW funding.

For counties, SB 552 requirements include establishing a standing drought task force and developing a drought and water shortage plan for state small water systems and domestic wells within a county's jurisdiction. DWR funding is available to help counties meet these planning requirements in the form of a grant or direct TA to help develop their plans and provide logistical support for their local drought task force. As of May 2024, all but one county with domestic wells in California have applied for this program either through a grant or the direct TA. Longer-term implementation may be funded through a combination of funding programs, including the county-wide and regional programs.

VI. FUNDING ELIGIBILITIES FOR STATE SMALL WATER SYSTEMS AND DOMESTIC WELLS

VI.A. Identification of State Smalls and Domestic Wells that are At Risk

Per Health and Safety Code section 116772, subdivision (a), the State Water Board was required to develop and make available by January 1, 2021, a map of aquifers that are at high risk of containing contaminants that exceed safe drinking water standards that are used or likely to be used as a source of drinking water for a state small or a domestic well. This was accomplished through the development of the Aquifer Risk Map³⁵, which is updated annually through the Needs Assessment efforts.

Additionally, per Health and Safety Code section 116769, subdivision (a)(4), the FEP shall include an estimate of the number of households that are served by domestic wells or state smalls in high-risk areas identified pursuant to Article 6 (commencing with section 116772). Based on the results of the 2024 Needs Assessment, almost 144,000 of the domestic wells and almost 730 of the state smalls with available data were assessed as high risk. The counties with the highest number of domestic wells in At-Risk areas are Fresno, Nevada, San Diego, and Mariposa counties. The counties with

³⁴ To the extent possible, the existing Backup Generator Funding Program will evaluate the potential to use the lowest emission power sources when feasible.

³⁵ The At-Risk Aquifer Map and associated methodologies can be found at: <https://gispublic.waterboards.ca.gov/portal/apps/experiencebuilder/experience/?id=18c7d253f0a44fd2a5c7bcfb42cc158d>

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the highest number of state small water systems in At-Risk areas are Monterey, Tulare, Kern, and Merced counties.

Since the water supply accessed by domestic wells is not regulated by the state, accurate locations and groundwater quality data are generally not available. The values presented in the Aquifer Risk Map represent estimates of domestic well location density and groundwater quality. Further sampling and investigation will be needed to assess the actual water quality concerns for these state smalls and domestic wells.

DWQ and DDW will continue to coordinate with local health officers and county planning agencies, including collecting additional data through increased electronic reporting requirements, to identify state smalls and domestic wells in high-risk aquifers within their jurisdictions.

Two types of additional data will improve the accuracy of the Aquifer Risk Map for the identification of state smalls and domestic wells that are at risk.

- (1) **Location Data** – Even if some areas of the state report more specific/updated domestic well locations, this does not become useful until it reaches a critical mass. To assess the risk to domestic wells statewide there must be a standardized statewide location dataset. Local specific data is beneficial, but it is not easily integrated with the existing location dataset.
- (2) **Water Quality Data** – Using SAFER funds to support testing for additional contaminants in existing domestic well sampling programs such as through the Irrigated Lands Regulatory Program (ILRP) and CV-SALTS helps increase data coverage. Increased reporting requirements under SB 200 may yield additional water quality data for some counties. Once there is critical mass of domestic well water quality data, this data can be integrated into the Aquifer Risk Map and replace (not supplement) the existing water quality estimates. In 2022, water quality data from cleanup monitoring sites (GeoTracker data) was incorporated into the Aquifer Risk Map.

With the development and continuation of these programs, the sampling data could replace the existing proxy data in the Aquifer Risk Map, which would remove the need for inferring risk based on adjacent areas. Improving the accuracy of the Aquifer Risk Map improves the ability to identify and prioritize potential funding programs and projects. DFA continues to facilitate the process of uploading water quality data with our funding recipients into the appropriate statewide databases. This process has already begun with the SHE Regional Programs and CV-SALTS Management Zone Co-Funding Programs being implemented.

VI.B. Solutions for Households Supplied by State Smalls and Domestic Wells

Funding for state smalls and domestic wells may be prioritized for provision of interim water supplies on a regional basis and evaluating the most sustainable and cost

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effective long-term solutions. Individual well testing may be required, and community outreach will be an important component of any project or regional program.

As programs are developed, DFA will consider the needs of the area, addressing water quality and/or water quantity issues. State Water Board staff will conduct community outreach and assist in identifying potential local partners, e.g., County Environmental Health Departments, GSAs, CV-SALTS Management Zones, or other local NGO partners.

VI.B.1. Existing Funding Programs

The State Water Board has several programs in place that serve state smalls and/or households served by domestic wells. These programs are a mix of interim solutions (e.g., bottled water, tanks and hauled water, POU/POE treatment systems) and long-term solutions (e.g., well repairs and replacements, connections to existing systems, and POU/POE in some cases). These programs are generally also contingent on either a water quality issue (determined through well testing results) or water shortage (e.g., dry or failed well), as well as income qualification.

Additionally, per Health and Safety Code section 116769, subdivisions (a)(6) and (7), Appendices E and F include:

- A list of programs to be funded that assist or will assist households supplied by a domestic well that consistently fails to provide an adequate supply of safe drinking water.
- A list of programs to be funded that assist or will assist households and schools whose tap water contains contaminants, such as lead or secondary contaminants, at levels that exceed recommended standards.

Central Valley Programs

- **SHE** – administers several programs focused in the San Joaquin Valley (currently serving Kern, Kings, Tulare, Fresno, Madera, Merced, Mariposa, San Joaquin, and Stanislaus counties), which include well testing, bottled water provision, and implementation of POU/POE treatment systems for income-qualifying households or communities served by small systems not meeting drinking water standards. A Tanks and Hauled Water Program is also available for households whose domestic wells have gone dry. Another program is available for long-term solutions including well repairs or replacements and connections to existing water systems. In 2022, the scope of the Bottled Water Program was updated to include pre-purchasing and storage of bottled water so that same-day deliveries can occur for small water systems that are experiencing a sudden loss of water service. In 2024, SHE will begin implementing a program that will assist households that are experiencing failed or damaged water wells due to flooding³⁶.

³⁶ Public water systems experiencing a flood related drinking water outage should seek long-term solutions from other state and federal programs for emergency response.

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- **CV-SALTS Management Zones** – the State Water Board is currently working with various management zones³⁷ to co-fund sampling and potential solutions for contaminants in addition to nitrate (which management zones are responsible for addressing without SADW funds).
 - **Valley Water Collaborative** (which covers the Modesto and Turlock groundwater basins) has an executed co-funding agreement for the implementation of the Expanded Constituent Well Sampling and Replacement Water Program. The Program will conduct outreach to prospective households served by private wells and will conduct well testing to identify potential applicants who, when qualified, would receive interim drinking water solutions including bottled water delivery and POU/POE filtration devices.
 - **Tule Basin Water Foundation**, which covers the Tule groundwater basin, has an approved co-funding application for the development and implementation of the Expanded Constituent Well Sampling and Replacement Water Program. The Program will conduct outreach to prospective households served by private wells and will conduct well testing to identify potential applicants who, when qualified, would receive interim drinking water solutions including bottled water delivery and POU/POE filtration devices.
 - **Greater Kaweah Groundwater Sustainability Agency** has an approved co-funding application, similar to the other management zone co-funding agreements.
 - **Kings Water Alliance** is finalizing their co-funding application which is expected to be considered for funding in Summer 2024.

Other Priority 2 Management Zones are expected to follow.

Central Coast Programs

- **Community Water Center** – administers a program which serves the Central Coast Region, with implementation in Santa Cruz, San Benito, and Monterey counties for outreach, well testing, piloting of POE treatment to address 1,2,3-TCP contamination, and provisions of bottled water to income-qualifying households. Well testing is also conducted through the Central Coast Regional Water Board's domestic well testing program. In 2024, CWC began enrolling eligible households in the Salinas Valley for bottled water service. These households were previously receiving bottled water from the Salinas Basin Agricultural Stewardship Group who discontinued their program.
- **County of Santa Cruz** – will provide immediate short-term solutions to state smalls and domestic well users with well evaluation, well assessments, POU installations, and hauled water to income-qualified applicants.

Northern California Programs

³⁷ A list of management zones can be found here: <https://www.cvsalinity.org/nitrate-program/management-zones/>

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- **County of Shasta** – administers a program to provide hauled water, bottled water, tank repairs and replacement, well assessments, and well repairs and replacement to income-qualified applicants in the County who are facing drinking water challenges.
- **County of Butte** – administers a program to provide hauled water, bottled water, well assessments, and well repairs and replacement to income-qualified applicants in the County who are facing drinking water challenges.

Southern California Programs

- **Coachella Valley** – administered by Pueblo Unido Community Development, this program provides emergency repairs and replacement of drinking water infrastructure for DACs and POU/POE treatment devices for households located within Polanco Parks in unincorporated communities of the Eastern Coachella Valley.
- **Imperial County** – will administer a program to install fifty (50) POE devices to households, provide monthly monitoring services, and three years of filters changeouts for all installed units. The County will also provide training on the long-term operation and maintenance of these units.

Statewide Programs

- **RCAC** – administers a well replacement program administered to assist individual households and small water systems to replace failed drinking water wells for low-income households.

VI.B.2. County-wide and Regional Program Development

DFA has approved funding for Imperial, Santa Cruz, Butte, and Shasta Counties to implement county-wide programs specific to the needs of each county. Assistance may be available for other counties interested in applying to develop their own county-wide program to address both water shortage and water quality issues (e.g., bottled water, hauled water, tanks), with a focus on small DACs and low-income households.

As programs with counties are developed and implemented, State Water Board staff will work with counties to ensure that assistance is being provided to residents with priority toward in small DACs and/or low-income households.

In addition, in the longer term, State Water Board staff will build on existing relationships with counties, or conduct outreach in additional counties, to discuss and improve implementation of long-term solutions, including resiliency planning to promote sustainability. Counties with a large number of domestic wells and/ or state smalls with high potential for regional-scale consolidation will be prioritized.

VI.B.3. Multi-Party Coordination

Coordination will be ongoing with the Regional Water Boards, across agencies with the DRIP Collaborative, and with parties such as CV-SALTS Management Zones, GSAs, as well as NGO partners, around roles and responsibilities to fund interim and long-term

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solutions for communities served by state smalls and domestic wells facing contamination and/or drought issues.

VI.B.4. Income-related Funding Parameters

Existing bottled water programs and household well assistance programs include programmatic eligibility requirements to ensure assistance is being deployed as intended and consistent with the appropriate authorizing legislation. The funding agreements include provisions to waive certain programmatic eligibility requirements under large-scale emergency conditions (e.g., earthquake, flood, drought, fire, or pandemic, per Section VIII.E.1 of the SADW Fund Policy). The programmatic eligibility requirements generally include self-certification of income, proof of residency, and proof of dry well or contaminated water supply.

Due to drought and affordability issues, the State Water Board may continue to allow for higher income households impacted by dry wells to be eligible for interim water supplies such as bottled and hauled water on a short-term basis, as provided through County-wide and Regional Programs, consistent with funding source limits. Any long-term improvements related to household wells (e.g., repair or replacement) currently requires income verification for eligibility. Recent and pending amendments to both the RCAC and SHE well repair/replacement programs will allow partial grants for higher income households (in the range of 80% to 150% of the statewide MHI) and are intended to provide some relief for households that do not meet low-income eligibility requirements to still pursue long-term solutions.

For new programs being developed to assist households or communities served by state smalls and domestic wells, the State Water Board will:

- (1) Support domestic well testing without requiring income certification or other income analysis but focus on areas of highest risk for water shortage or water quality issues, in areas where the State Water Board has potential local or regional partners.
- (2) Require individual household income verification or evaluation of community income levels for interim or long-term solution provision funded by the SADW Fund, to ensure that solutions go to small DACs or low-income households.

Programs will continue to re-evaluate enrolled household eligibility on an annual basis to ensure that assistance is being prioritized to low-income households.

VI.B.5. Contaminants of Emerging Concern

The State Water Board will support well testing for some contaminants of emerging concern or contaminants without an established MCL (e.g., PFAS, 4-dioxane, N-nitrodimethylamine [NDMA]) via existing or new programs for domestic well testing or as an added task to projects where wells are being repaired, replaced, or abandoned.

Where these contaminants are identified, planning and TA work may include analysis of project alternatives designed to address both existing and anticipated future compliance needs.

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Interim water supplies and pilot studies for treatment of these types of contaminants may also be considered for funding. Full-scale treatment and long-term solutions may also be considered. Additional information related to funding for PFAS is included in Section V.G.

VII. DISTRIBUTION OF FY 2023-24 FUNDS

VII.A. Report of FY 2023-24 Committed Expenditures

Per Section XI.H of the SADW Fund Policy, the FEP will include a summary of recipients; the status, type and location of each project funded in the prior year; and the amount and type of funds from each source spent on each project in the prior year.

The total amount appropriated to the SADW Fund for FY 2023-24 was \$130 million. The table below summarizes the amount of funding committed for FY 2023-24.

The FY 2023-24 target allocations were focused on the priorities adopted in the FY 2023-24 FEP. Table 6 is a summary of FY 2023-24 committed expenditures for the SADW Fund (as of June 30, 2023) broken out by water system category and solution type. Target allocations from the prior FEP (Table 6 of the FY 2023-24 FEP) are shown in parentheses. Differences between the former target allocations and the actual committed expenditures for FY 2023-24 are discussed below in Section VII.A.1. Table 7 is a summary of FY 2023-24 committed expenditures for the broader SAFER Program (as of June 30, 2024), which includes the SADW Fund plus complementary funding, broken out by funding category and solution type. A full list of FY 2023-24 Committed Expenditures for the broader SAFER Program by project is included as Appendix G.

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Table 6. FY 2023-24 SADW Fund Estimated Committed Expenditures (in millions)¹ (as of June 30, 2024)

Water System Category	Interim and Emergency Assistance	Technical Assistance (includes Planning)	Administrator	Planning	Direct O&M Support	Construction
Failing or At-Risk ² Systems or Consolidations	\$4.5 (\$5)	\$14.3 (\$15)	\$9 (\$30)	\$0 (\$3)	\$1.7 (\$20)	\$6.1 (\$20)
Other Systems	\$1.4		\$0	\$0	\$0	\$6.9
State Smalls/ Domestic Wells	\$11 (\$10.9)		\$0	\$0	\$0	\$0 (\$10)
Reserved for Needs Prior to FY 2024-25 FEP	\$59.8	\$0	\$0	\$0	\$0	\$0
<i>SUBTOTAL BY SOLUTION TYPE</i>	\$16.9 (\$15.9)	\$14.3 (\$15)	\$9 (\$30)	\$0 (\$3)	\$1.7 (\$20)	\$13 (\$30)
					PROJECT TOTAL	\$114.7 (\$113.9)
Other Program Needs		Contracts	Staff Costs³			
		\$0 (\$1.5)	\$15.3 (\$14.6)			
					GRAND TOTAL	\$130⁴

¹ Target allocations from the prior FY 2023-24 FEP are shown in parentheses and gray text.

² Failing or At-Risk Systems include systems identified in the 2023 Needs Assessment.

³ Staff costs are projected as year-end financials for FY 2023-24 and have not been finalized.

⁴ Total available includes uncommitted funds from prior FYs.

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Table 7. FY 2023-24 SAFER Program Committed Expenditures (SADW Fund plus complementary funding) (in millions, as of June 30, 2024)

Funding Category	Interim Water Supplies and Emergencies	Technical Assistance ²	Administrator/O&M	Planning/Construction	TOTAL
SADW Fund	\$10.5	\$12.5	\$9	\$11.5	\$43.5
General Obligation Bond Funding	-	-	-	\$57.9	\$57.9
GF	-	-	-	\$.1	\$.1
DW Infrastructure		\$36.8		\$193.7	\$230.5
DWSRF		-	-	\$132	\$132
TOTAL	\$10.5	\$49.3	\$9	\$395.2	\$464 (115)¹

¹ Parentheses shows number of agreements.

² Technical Assistance committed amounts reflective of the master agreements with the providers.

VII.A.1. Differences in FY 2023-24 Target Allocations versus Committed Expenditures

Differences between the former target allocations for the SADW Fund for FY 2023-24 and the actual committed expenditures (i.e., the funding amounts allocated towards projects) shown in Table 6, are discussed below.

By Solution Type

- Interim and Emergency Assistance** – Similar to prior FYs, significant investments were made towards interim water supplies and emergencies (\$16.9million from the SADW Fund). The largest investments included a new county-wide program for Butte County, and amendments to existing regional bottled water and tanks and hauled water programs in the Central Valley, as well as the statewide bottled water for schools program. \$124 million from other complementary SAFER funding sources like the California Emergency Relief Fund was also committed to Central Valley regional programs for tanks and hauled water and well repairs or replacements. A balance of \$59.8 million from the SADW Fund is uncommitted from prior FYs and may be used towards interim water supplies and emergencies (in cases where no other funding sources are available), prior to adoption of this FY 2024-25 FEP, including extension of critical regional or statewide programs for state smalls and/or domestic well communities.

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- **TA** – Large investments from the SADW Fund have been made towards TA in the past FYs. In FY 2023-24, two amendments were made to existing TA master agreements to continue services. DFA staff continue to work closely with newer TA providers as they ramp up to take on more TA workload across the state, in particular to conduct planning via TA.
- **Administrator** – \$9 million in SADW funding was added to the Stantec Consulting Services, Inc. (Stantec) master agreement in FY 2023-24 to assist an estimated additional 5 systems. No system-specific administrator agreements were approved.
- **Planning** – With the large amount of funding available through the Budget Act of 2021 for drinking water infrastructure, no SADW funding was committed in FY 2023-24 towards planning projects. However, 33 new TA work plans were executed in FY 2023-24 to conduct planning, which is about double compared to FY 2022-23. Per the proposed SAFER Program priorities, it is expected that more planning projects will continue to be directed to go through TA, especially since the execution of new TA provider master agreements (particularly those with engineering consulting firms).
- **Direct O&M Support** – One direct O&M project was committed from SADW funding to support the daily operation costs of a designated system with an appointed administrator. Two other direct O&M projects had funding committed to assist the Rio Bravo-Greeley Union School District and El Porvenir water systems. Two funding commitments for direct O&M support of Group 1 systems were also approved by the end of FY 2023-24.
- **Construction** – Seven construction projects, at a total of \$6.1 million, were funded through the SADW Fund for Failing or At-Risk systems, consolidations, and other CWSs³⁸. No additions were made in FY 2023-24 to existing domestic well repair/replacement programs using SADW Funding; however, additional funding was committed to both the SHE and RCAC well repair/replacement programs from complementary funding sources.

By System Type

- **Failing or At-Risk Systems and Consolidations** – A majority of funding in FY 2023-24 via the SADW Fund benefiting Failing systems were through construction projects (\$6.1 million). Failing systems also benefitted from interim water supplies and emergencies (\$4.5 million) and direct O&M support (\$786,000). Additional TA investments (\$14.3 million) may benefit all types of systems.
- **State Smalls/Domestic Wells** – Significant investments were made towards interim solutions for communities served by state smalls and domestic wells (\$11 million from the SADW Fund). The largest investments included a new county-wide program for Butte County, and amendments to existing regional bottled water and tanks and hauled water programs in the Central Valley, as well as the statewide

³⁸ Six construction projects (including 1 tribe) were funded for not at-risk systems because of DWSRF eligibility issues.

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bottled water for schools program. As noted above, additional funding from other complementary SAFER funding sources like the California Emergency Relief Fund was also committed to Central Valley regional programs for tanks and hauled water and well repairs or replacements. Additional TA investments (\$14.3 million) may benefit all types of systems.

- **Other Systems** –Six construction projects (\$6.9 million), one emergency project (\$0.4 million), and one interim water project (\$1 million) were funded for other CWSs identified as not At-Risk. Two of these projects benefited tribes.
- **Reserved** – \$59.8 million is uncommitted from previous FYs and available to respond to urgent situations (in cases where no other funding sources are available) including interim or emergency assistance and regional programs for state smalls and/or domestic well communities.

Other Program Needs

- **Pilot Projects** – Work on the POU/POE Pilot was incorporated into the scope of a new TA master agreement with Stantec Consulting Services, Inc. (Stantec). More information on the POU/POE Pilot is included in Section VII.C.
- **Contracts** - \$1.5 million is still reserved for items such as data management improvements and/or a program performance audit to more closely evaluate the funding process and identify areas to improve administrative efficiency.
- **Staff Costs** – In addition to funding projects/local assistance, the SADW Fund is used to support State Water Board staff costs for administration and implementation of SB 200 through 71 staff positions. The estimated staff costs for FY 2023-24 are \$15.3 million, \$5.7 million towards administrative positions (approximately 4.3% of the \$130 million) and \$9.6 million towards implementation positions. More information on the SADW Program Resources and workload is included in Section VII.B.

VII.B. Safe and Affordable Drinking Water Program Resources and Workload

No new positions were added in FY 2023-24 or were proposed for FY 2024-25 to supplement the existing 71 positions for administering the SADW Fund.³⁹

Twenty-eight (28) positions are associated with administrative tasks and 43 positions are associated with implementation tasks related to the SADW Fund. The total projected annual staff costs for FY 2024-25 is approximately \$16.2 million, \$6 million for the administrative positions (approximately 4.6% of the \$130 million anticipated in the SADW Fund) and \$10.2 million for the implementation positions.

VII.C. Pilot Projects

Section IX.C of the FY 2020-21 FEP identified two pilot projects to be funded by the SADW Fund – the Innovative POU/POE Technology Pilot (POU/POE Pilot, led by

³⁹ Refer to Section III.H of the FY 2020-21 FEP for details of the 71 positions.

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DDW) and the Direct O&M Support Pilot (no longer being pursued)⁴⁰. Updates to the POU/POE Pilot are provided below.

VII.C.1. Innovative POU/POE Technology Pilot

The purpose of the POU/POE Pilot is to prepare an authoritative report on the current state of POU/POE technologies, and to provide suggestions for future research and development. Some of the limitations to be considered include needs related to regulation of POU/POE in PWSs, POU/POE as a drinking water solution for private domestic wells, performance certification and testing, installation challenges, and ensuring reliable O&M of the devices once installed.

The State Water Board has developed the 2023 Drinking Water Point-of-Use Point-of-Entry Report (POU/POE Report)⁴¹ in coordination with stakeholders (community groups, industry groups, and other stakeholders identified in the FY 2020-21 FEP). The POU/POE Report includes numerous recommendations to improve implementation of POU/POE as a drinking water solution. The POU/POE Report includes six recommended research projects, comprising a POU/POE Pilot, to fill specific knowledge gaps for funding consideration. Three of the six projects have been funded initially via a TA master agreement with Stantec, and include:

- (1) Educational Strategy and Materials
- (2) Performance Certification
- (3) POU/POE Operator Education Cohort and Workforce Development

The three initial projects will be completed in March 2026. Scopes of work for the remaining three projects will be developed by the end of 2024, with work anticipated to begin in early 2025. The remaining three projects include:

- (4) Solutions for Bacteriological Contamination in Domestic Wells
- (5) Integration of Smart Technology in POU/POE Solutions
- (6) Key considerations in determining POU/POE Solutions

Lastly, the State Water Board will collaborate to write a white paper that reports the findings of the overall POU/POE Pilot. The white paper and other supporting communication materials will be added to the State Water Board's website to facilitate knowledge sharing across various stakeholder groups.

VII.D. Community Engagement

Proactive engagement with water systems and communities is a core aspect of the SAFER Program. State Water Board staff will increase engagement with water systems, tribal governments, community residents, domestic well owners, schools, local

⁴⁰ More information on the Direct O&M Program is included in Section V.D.

⁴¹ 2023 Drinking Water Point-of-Use Point-of-Entry Report

<https://www.waterboards.ca.gov/safer/docs/2023/2023-POU-POE-report.pdf>

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community-based organizations, or other funding recipients at all stages of the SAFER Program.

SAFER Advisory Group

Purpose: The SAFER Advisory Group is a consultative body that advises the State Water Board on the FEP, SADW Policy, implementation of the Fund, and other related analyses and components of the SAFER Program.

Structure: The Advisory Group is composed of 20 appointed members that represent public water systems, technical assistance providers, local agencies, non-governmental organizations, the public, California Native American Tribes, and residents served by Community water systems in DACs, state smalls, and domestic wells. The Advisory Group meets up to four times a year to discuss and provide feedback on the Safe and Affordable Drinking Water Fund Expenditure Plan and other related policies and analyses. The meetings provide a chance for public participation and public comments. Feedback and recommendations from both Advisory Group members and the public are with State Water Board members through meeting notes. Advisory Group meeting materials are available on the State Water Board website in English and Spanish, and the meetings are held with live interpretation services.

Application for membership: The Advisory Group application period typically opens every year in the summer. The State Water Board's Executive Director or designee reviews applications and appoints members in the fall/winter. Advisory Group members are provided with an orientation to the SAFER Program which includes an overview of their role as an Advisory Group member, background on the SAFER Program, and an overview of upcoming discussion topics. Newly appointed members started their two-year terms in January 2024. Details for applying to join the SAFER Advisory Group for the 2025-2027 term will be posted on the SAFER website in July 2024 and applications will be reviewed in fall 2024.

Public Education and Outreach

Building public awareness and education of the SAFER Program is a priority for the State Water Board. State Water Board staff will continue implementing and revising a communication and outreach plan that outlines key actions and deliverables for educating, informing, and engaging various audiences on the SAFER Program. The following goals and potential strategies are included in the communication and outreach plan:

- (1) Increase awareness of the SAFER Program and SB 200 regulatory tools, funding, and approaches.
- (2) Build broad support for regulatory and enforcement efforts (e.g., consolidations, administrators, etc.) and garner acceptance of State and Regional Water Boards regulatory approach among affected communities through education about drinking water quality issues.

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- (3) Increase opportunities for transparency, awareness, and engagement with the public throughout SAFER Program development and implementation.
- (4) Employ a proactive approach to obtaining applications and requests for funding by engaging directly with communities, water systems, and tribes.
- (5) Promote success stories through various media forums.

Partnering to Expand Outreach and Engagement

In 2022, the SAFER Program launched an outreach and engagement strategy intended to increase early community engagement with SAFER; keep local drinking water projects on track; identify potential risks, issues, or delays; build local capacity; and create a path towards equitable and resilient water governance. Partnering with and funding community experts to conduct local outreach and engagement activities may catalyze collaborative solutions in hard-to-reach communities. The strategy involves several types of Outreach and Engagement Partners:

- **Funding Partner** enters into a funding agreement with the State Water Board and funds Community Partners for outreach and engagement activities. The Funding Partner is a liaison between the State Water Board and Community Partners and helps address barriers to accessing funding for outreach. The State Water Board has identified Stantec as the first Funding Partner and they have a recently executed work plan to provide assistance to hard-to-reach communities. State Water Board staff are working with Stantec to identify specific communities for this focused engagement effort and will begin the process of identifying Community Partners in summer 2024.
 - **Community Partners** receive funding from Funding Partners for outreach and engagement activities in selected communities with drinking water challenges. Community Partners foster inclusive cultures and are experts in grassroots organizing, community education, outreach and engagement, and community capacity building.
- **Technical Assistance Providers** have separate funding agreements with the State Water Board to provide administrative, technical, operational, legal, managerial, and/or community engagement support to failing water systems. Technical Assistance Providers oversee the subcontracting and management of various types of assistance for communities and assist water systems that may not have the technical capacity to address drinking water challenges on their own.

Tribal Outreach

The State Water Board understands that California tribes face unique challenges to providing safe and affordable drinking water to their communities. Although federally regulated tribal water systems are regulated by U.S. EPA and not by the State Water Board, there are federal funding gaps that the SAFER Program could support. The SAFER Program engages with California tribal nations to collaboratively develop tribal-led drinking water solutions.

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The State Water board, in coordination with the U.S. EPA, DWR, IHS, and other partners, have established regular and ongoing coordination meetings to share data, identify tribal water system funding gaps, and prioritize outreach efforts for tribal water systems. State Water Board staff in the OPP proactively reach out to tribal water systems and track progress on tribal drinking water solutions.

VII.E. Community Workforce Development and Capacity Building

The SAFER Program's workforce development efforts are focused on job and workforce creation to support the long-term sustainability, which includes O&M and TMF capacity, of small DAC drinking water systems. The State Water Board is exploring opportunities to leverage existing efforts within the State Water Board, CalEPA, and other CCI programs to incorporate water sector workforce needs. Involvement of community leaders and residents is supported through the State Water Board's new and established TA programs.

In FY 2019-20, State Water Board staff began working with the California Workforce Development Board (CWDB) and University Enterprises, Inc. to develop a workforce development program, but these efforts were delayed due to the COVID-19 emergency. In 2022, State Water Board staff reinitiated discussions with the CWDB and began looking for synergies and intersections between workforce development programs being offered by the CWDB and those offered by the drinking water sector, with particular focus on drinking water operator training and retention.

In 2023, State Water Board staff began interviewing representatives from stakeholder groups involved in workforce development within the San Joaquin Valley to better understand what is needed at the local level to advance workforce development, what is already being done, and where challenges and opportunities may exist to leverage efforts and build partnerships. In a future phase, a small stakeholder working group will be convened to further identify and advance local workforce development initiatives through partnerships and collaboration. This effort will serve as a pilot project that can be replicated elsewhere in the state.

As this program evolves, State Water Board staff will continue to consider opportunities to implement racial equity measures, consistent with the State Water Board's Racial Equity Resolution and associated Racial Equity Action Plan.

VII.E.1. Existing Efforts

The State Water Board currently funds third-party capacity building, through the SADW Fund, to develop and conduct training workshops covering all aspects of operating and maintaining a PWS, including the legal responsibilities of PWS board members. The State Water Board will continue to expand these programs, working with members of impacted communities to provide support for local training and apprenticeship programs.

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DFA staff also manages the State Water Board’s Drinking Water Operator Certification Program (DWOCP). The DWOCP is responsible for the testing and certification of water treatment and water distribution operators throughout the state of California.

In February 2021, DWOCP transitioned to computer-based testing to allow greater testing accessibility and opportunities at more than 30 vendor hosted sites throughout California. DFA staff expanded their program improvement efforts, in collaboration with stakeholders, to address the issues and concerns related to operator certification and workforce challenges. In July 2022, DFA staff, in coordination with the State Water Board’s Division of Information Technology, initiated an online application submittal portal project. Under a phased approach, the online application submittal portal became operational in September 2023 with the launch of phase I. Phase I allows for all operators to access their profile through the portal and view their certifications, certification expiration dates, application statuses, and submit lower level examination applications electronically. Phase II is expected to be launched late summer 2024 and the full project is anticipated to be completed in 2025.

VII.E.2. Job Co-Benefits

CARB’s Job Co-benefit Modeling Tool has been applied to SADW-funded projects executed in FYs 2019-20 through 2023-24, and projects anticipated to be executed in FY 2024-25. Table 8 shows the total estimated full-time equivalent jobs (direct, indirect, and induced⁴²) by solution type for executed projects supported by the SADW Fund. SADW-funded projects with executed agreements are reported semi-annually to CARB.

Table 8. Estimated Job Co-Benefits from Executed Agreements

Item	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25 (planned)
Executed Planning Investment	-	\$1.8 M	\$6.1 M	\$0	\$0.45 M	\$0.6 M
Planning Full-Time Equivalent Jobs	-	14 jobs	83 jobs	0	3 jobs	7 -10 jobs
Executed Construction Investment	\$23.9 M	\$25.9 M	\$32.9 M	\$13.1 M	\$5.7 M	\$2 M

⁴² Induced jobs are linked to the spending of income from directly and indirectly supported jobs. The personal consumption expenditures of workers in jobs directly and indirectly supported by CCI projects (i.e., increased household spending) stimulate demand for goods and services in the wider California economy.

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Item	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25 (planned)
Construction Full-Time Equivalent Jobs	321 jobs	335 jobs	383 jobs	163 jobs	32 jobs	25 -34 jobs
Executed Interim Solution Investment	-	\$1.0 M	\$9.3 M	\$8.7 M	\$2.9 M	\$5.4 M
Interim Solution Full-Time Equivalent Jobs	-	10 jobs	124 jobs	102 jobs	9 jobs	44 – 61 jobs
Executed TA Investment	-	\$9.8 M	\$28 M	\$138 M	\$23.6 M	\$3.8 M
TA Full-Time Equivalent Jobs	-	130 jobs	365 jobs	1,839 jobs	134 jobs	45 – 62 jobs

The State Water Board is also required to track actual jobs supported for projects that are funded with SADW funds and corresponding information. In the 2023 calendar year, the average construction worker wage was \$63 per hour and the average professional/scientific/technical service worker wage was \$108 per hour for SADW funded projects that exceeded \$1 million in total grant funding.

More information on the Job Co-benefit Modeling Tool is available at the [CCI Co-benefit Assessment Methodologies webpage](#).

VIII. METRICS AND PERFORMANCE

The SADW Fund Policy establishes the types of metrics that will be tracked and for which specific numeric goals will be set (see Section XI.I of the SADW Fund Policy). The general categories of metrics are described below with details provided in the SADW Fund Policy.

Categories include, the number of communities⁴³, including areas served by PWSs, state smalls and domestic well communities, and schools, and associated population:

- (1) Provided with interim supplies of safe drinking water;
- (2) Provided with executed and completed planning assistance projects;
- (3) Provided with long-term solutions; and

⁴³ The term “communities” includes the area defined by a water system boundary, as well as areas served by state smalls and domestic wells.

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(4) Failing Systems and Systems that have come off the Failing List⁴⁴.

Additional performance metric categories include:

- (5) Climate change adaptation and resiliency;
- (6) Cost-effectiveness of the Program;
- (7) Administrative efficiency of the Program;
- (8) Community engagement effectiveness of the Program (including capacity building);
- (9) Racial Equity and Environmental Justice (added in the FY 2021-22 FEP); and
- (10) Tribal Coordination on Drinking Water Projects (added in the FY 2023-24 FEP).

The subsections below describe metric category performance for either FY 2023-24 or cumulatively, generally from a start date of July 1, 2020, to show SAFER Program performance over time since the adoption of the first FEP. Tables in Section VIII will be updated through June 30, 2024. More details on the metrics tracking methodology are included in Appendix H.

VIII.A. Metric Highlights and Trends

Figures 8 and 9 present key SAFER Program highlights since SB 200 was passed in 2019 and trends the past four fiscal years, respectively. For Figure 9, the chart of total funding by solution type (top right) reflects funding executed during FY 2023-24. The chart of total funding by system status reflects a summation of active funding projects approved and executed at the end of each fiscal year for systems included on each FY's FEP's Funding Solution Lists for both Failing and At-Risk Systems (e.g., Appendices B and C of this FEP).

⁴⁴ Metric Category 4 was renamed in the FY 2023-24 FEP to align with terminology used in the Needs Assessment.

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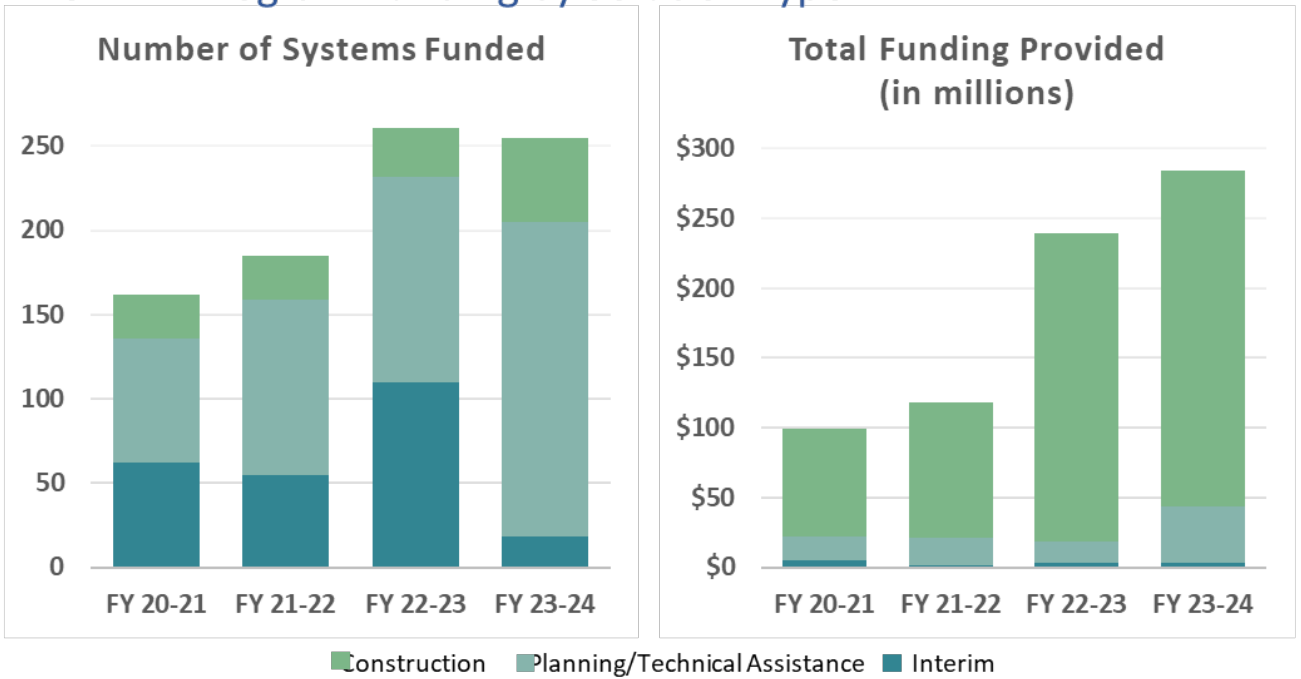
Figure 8. SAFER Program Highlights (7/1/2019 – 6/30/2024)



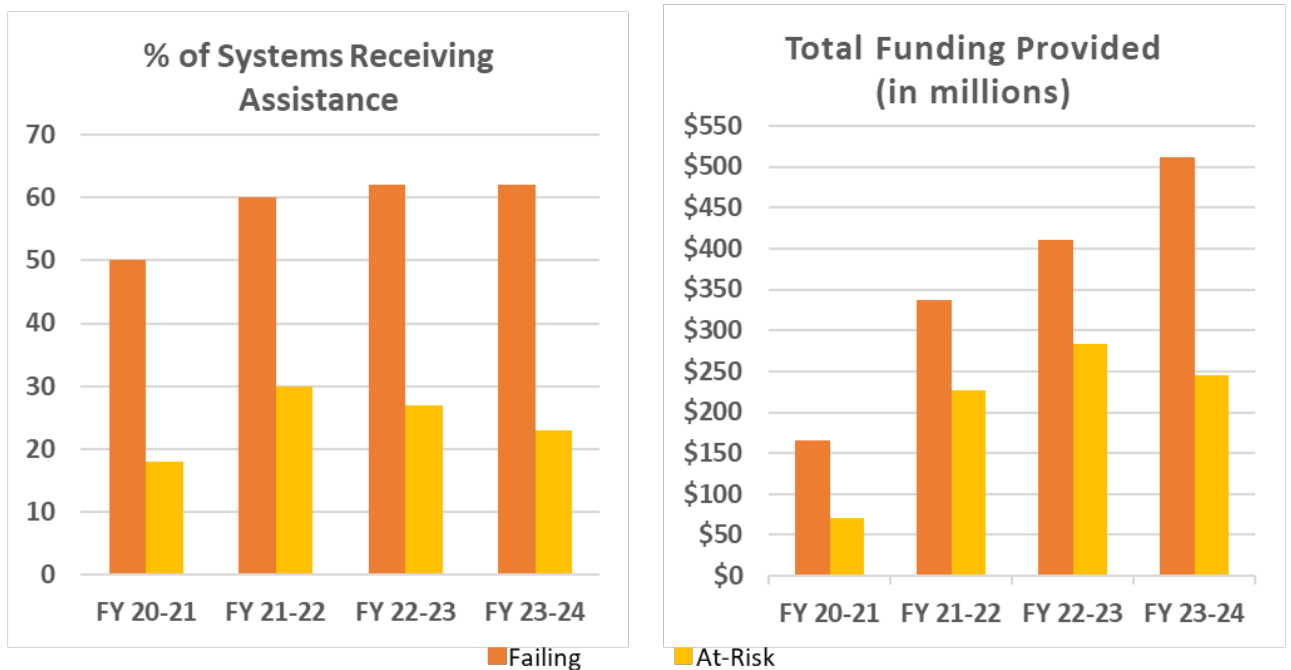
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Figure 9. SAFER Program Trends (FY 2020-21 through FY 2023-24)

SAFER Program Funding by Solution Type



SAFER Program Funding by System Status



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VIII.B. Interim Solutions, Planning Assistance, and Long-Term Solutions

Tables 9 and 10 show progress for Metric Categories 1, 2, and 3 for the SAFER Program (SADW Fund and complementary funding sources), shown for both FY 2023-24 as well as cumulatively from a start date of January 1, 2019. Table 9 also establishes numeric goals for FY 2024-25. TA is pulled out into its own category separate from traditional planning for tracking purposes; however, the TA category includes planning projects completed via TA (i.e., full planning).

**Table 9. FY 2023-24 Performance in Metric Categories 1, 2, and 3
(7/1/2023-6/30/2024)**

Category	FY 2023-24 Goal	FY 2023-24 Progress	No. of Connections Benefiting	No. of People Benefiting	Total Assistance Provided	FY 2024-25 Goal
Interim and Emergency Assistance	50 communities	18 communities/schools (2,210 households)	1,240	4,405	\$3.3 M	50 communities
Technical Assistance Projects²	100	188 (35 planning via TA)	59,487	279,453	\$48.9 M	100
Planning Projects²	25	13	7,445	13,9000	\$9.5 M	25
Construction Projects^{1,2}	45	60 (53)	1.2M (137,549)	2.7M (60,507)	\$526.3 M (\$326.3 M)	45

¹ Numbers in parentheses for construction projects reflect projects in OSWS benefiting primarily small DACs or low-income households. The work in other categories is solely through OSWS and benefiting primarily small DACs or low-income households.

² Progress numbers in these categories include project agreement amendments that increased funding amounts starting in FY 22/23.

**Table 10. Cumulative Performance in Metric Categories 1, 2, and 3
(1/1/2019-6/30/2024)**

Category	Cumulative Progress	No. of Connections Benefiting	No. of People Benefiting	Total Assistance Provided
Interim and Emergency Assistance	294 communities / schools (4,591 households)	22,023	117,243	\$37.3 M

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Category	Cumulative Progress	No. of Connections Benefiting	No. of People Benefiting	Total Assistance Provided
Technical Assistance Projects²	557 (98 planning via TA)	153,633	879,438	\$105.9 M
Planning Projects²	63	151,120	417,632	\$37.8 M
Construction Projects^{1,2}	208 (168)	2.84 M (313,317)	12.4 M (458,576)	\$1.9 B (\$877.8 M)

¹ Numbers in parentheses for construction projects reflect projects in OSWS benefiting primarily small DACs. The work in other categories is solely through OSWS and benefiting primarily small DACs or low-income households.

² Progress numbers in these categories include project agreement amendments that increased funding amounts starting in FY 22/23.

VIII.C. Failing Systems, Systems that have Returned to Compliance, and Other Regulatory Measures

Table 11 shows cumulative progress since July 1, 2019 for Metric Category 4 on failing systems and those that have come off the Failing list (i.e., returned to compliance), in particular, the systems that were on the Failing List on July 1, 2019 (2019 Failing List). Prior FEPs have shown progress in this metric category since July 1, 2020.

Table 11. Performance in Metric Category 4 (7/1/2019 – 6/30/2024)

Item	Number of Systems	Population
Number of systems on the 2019 Failing List (as of 7/1/2019)	366	1,037,721
Systems that have returned to compliance from the 2019 Failing List (7/1/2019 – 6/30/2024)	145	525,174
Number of systems on the Failing List (as of 6/30/2024)	384	704,022
Number of other systems that have returned to compliance that were added to the Failing List after July 1, 2019 (as of 6/30/2024)	227	2,470,662

For the 145 systems that are off the July 1, 2019 Failing List, the average time it took for a system to come off the Failing List from the date that the system was placed on the Failing List was under two years.

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Additional regulatory metric performance for consolidations and administrators are presented in Tables 12 and 13, respectively.

Table 12. Consolidation Metrics (7/1/2020 – 6/30/2024)

Item	Cumulative Progress	FY 2023-24 Progress
Consolidation Outreach Letters	5,244	2,590
Consolidation/Partnership Events	27	1
Active Consolidation Projects as of 3/31/2024	N/A	262
Mandatory Consolidation Projects Initiated	14	0
Mandatory Orders Issued	1	0
Executed Consolidation Funding Agreements	29	11
Number of Systems Impacted by Assistance ¹	65	24
Consolidations Completed	128 All ² 117 Physical	12 All 12 Physical

¹ Systems impacted by assistance means those systems involved in consolidation projects funded by the State Water Board.

² Twenty-eight consolidations were completed with State Water Board funding.

Table 13. Administrator Metrics (7/1/2020 –6/30/2024)

Item	Cumulative Progress	FY 2023-24 Progress
New Water Systems Designated	16	1
Public Meetings Completed	20	1
Executed Funding Agreements/Work Plans	12	6
Executed O&M Funding Agreements for Systems with Administrators	9	5
Orders Executed	11	5
Administrators Completed	1	1

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VIII.D. Climate Change Adaptation and Resiliency

Section XI.I of the SADW Fund Policy lists the following metrics for climate change adaptation:

- (1) Pounds of carbon dioxide saved per project, and
- (2) Number of communities, including state small system and domestic well communities, and schools and associated population with a long-term solution being implemented.

As part of the CCI Program, the State Water Board has been semi-annually reporting to CARB since 2020, required climate adaptation related information for all funding agreements executed within the calendar year or those that require continuous incremental reporting (e.g., technical assistance, administrator, or regional programs).

Table 14 summarizes key information around climate change adaptation and resiliency already being captured through CCI required reporting for projects executed since July 1, 2019. Additional items were added to Metric Category 5 in the FY 2023-24 FEP which include the number of households benefiting from solutions addressing drought-induced contamination or dry wells and the number of communities transitioned from interim water deliveries to long-term solutions. DFA staff are also tracking any SADW-funded projects where gallons of water conserved and renewable energy production can be quantified. At this time, there is no project data to report on these metrics.

Table 14. Performance in Metric Category 5 (7/1/2019 – 05/31/2024)

Item	Cumulative Progress	FY 2023-24 Progress¹
Total Number of Executed SADW Projects (i.e., projects reported to CARB)	104	31
Number of SADW Projects with Additional Storage Adaptation (i.e., larger storage tanks)	11	1
Number of SADW Projects with New Source Adaptation (i.e., new well drilled or consolidation)	23	4
Number of SADW Projects with Water Quality Improvement Adaptation (i.e., added treatment or upgrades to address contamination)	20	7
Number of Households benefiting from Solutions addressing drought-induced contamination and dry wells	343	207
Number of Communities Transitioned from Interim Water Deliveries to Long-term Solutions	6	1
Estimated Greenhouse Gas Emission Reductions associated with SADW-funded Projects ²	-4,530	-836

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¹ FY 2023-24 progress reported through the last CARB reporting period in June 2024.

² Metric tons of carbon dioxide equivalent. For SADW-funded projects executed since 7/1/2019, 21 out of 104 have been able to have GHG emissions quantified, mostly for hauled and bottled water projects. For FY 2023-24, 7 projects with ongoing implementation had quantifiable GHG reductions, with a total of 239 MTCO₂E. DFA staff continue to work with CARB towards effective ways to quantify climate resiliency benefits from construction projects.

CARB is responsible for providing guidance on estimating the GHG emission reductions and co-benefits from projects receiving monies from the SADW Fund. This guidance includes quantification methodologies, co-benefit assessment methodologies, and benefits calculator tools. DFA staff have been coordinating with CARB on appropriate methodology updates to better capture the benefits from SADW-funded projects. Currently, the SADW Fund Quantification Methodology⁴⁵ uses calculations to estimate avoided GHG emissions from pump motor replacement, variable frequency pump drive, solar photovoltaic electricity generation, energy efficiency retrofits, and GHG emission reductions associated with the implementation of SADW-funded projects. Based on the SADW Fund Quantification Methodology and the types of SADW funded projects reported (since July 1, 2019) the total amount of increased GHG emissions from SADW-funded projects, where quantifiable, is 4,530 metric tons of carbon dioxide equivalent. The recently updated SADW Fund Quantification Methodology now includes GHG reduction from avoided miles traveled related to centralized bottled water delivery projects. Overall, this resulted in a reduction in GHG emissions for bottled water deliveries from June 1, 2023 through May 30, 2024. DFA staff continue to work with CARB on potential ways to quantify reduced GHG emissions from energy savings associated with projects that include direct water savings and/or conservation measures.

VIII.D.1. Drought Resilience Projects

State Water Board staff are also tracking projects funded by the broader SAFER Program (since July 1, 2021) that increase drought resiliency for the water systems and communities they serve. Drought resilience projects are projects that allow communities to cope with and respond to drought conditions, both in the near and long term. These projects would typically provide reliable water supply sources, improve water system storage, improve water conservation (meters), replace aging water system infrastructure for reliability or to reduce water loss, increase reuse or groundwater recharge, etc. Some examples of drought resilience projects may include, but not limited to:

- Drilling and equipping of new wells
- Rehabilitation and equipping of existing wells

⁴⁵ [SADW Fund Quantification Methodology](https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/swrcb_sadwfund_qm_060122.pdf)
https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/swrcb_sadwfund_qm_060122.pdf

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- Installation of well head treatment or source water treatment
- Consolidations or connections to adjacent water systems
- Recycled water projects that benefit potable water supplies
- Installation of new water system infrastructure (i.e., pipelines, pump stations, water intakes, storage tanks, meters)
- Groundwater recharge projects

Table 15 summarizes key information related to drought resilience projects funded since July 1, 2021.

Table 15. Drought Resilience Project Metrics (7/1/2021 – 6/30/2024)

Item	Cumulative Progress	FY 2023-24 Progress
Number of drought resilience projects funded	174	85
Total amount funded	\$1,143 M	\$528.5 M
Total number of communities assisted	202	90
Total population assisted	6.9 million	3.6 million
Number of drought resilience projects benefiting DACs	128	67
Amount funded towards DACs	\$795.7 M	\$297.6 M
Number of DACs assisted	165	81
DAC population assisted	1.6 million	560,826

VIII.E. Program Cost-Effectiveness and Administrative Efficiency

VIII.E.1. Program Cost-Effectiveness

Section XI.I of the SADW Fund Policy states the cost of solution per connection or per person served as a consideration for program cost-effectiveness. Table 16 summarizes average costs per connection or person across different project solution categories since July 1, 2020. Project costs listed in Appendix B for Failing systems were used for this analysis.

Table 16. Performance in Metric Category 6 (7/1/2020 – 6/30/2024)

Solution Category	Schools		Water Systems	
	Number of Existing and Potential Projects	Average Cost per person	Number of Existing and Pending Projects	Average Cost per connection
Interim Assistance	23	\$40	35	\$4,700
Technical Assistance	30	\$3,600	143	\$6,500
Planning	7	\$1,800	27	\$7,800

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	Schools		Water Systems	
Construction	14	\$13,969	79	\$53,200

VIII.E.2. Administrative Efficiency

Performance metrics around administrative efficiency related to application processing and review time for both planning/construction and TA assistance requests (ARs) and work plans (WPs) are being tracked as summarized in Tables 17 and 18. At this time, limited data is available, but will continue to be expanded upon in future FEPs.

Table 17. Performance in Metric Category 7 – Planning/Construction Projects¹

Item	Key Performance Indicator	Average (days)	Total Number of Projects	Number of Projects that Met the KPI
Time to Assign Application (days)	21	38	86 ²	40
Time to complete application review (days)	221	292	52	36
Time to develop and execute agreement (days)	120	213	48	3

¹ Projects considered for this table include those from the FY 2023-24 DWSRF IUP Fundable List only.

² A total of 91 of planning and construction projects were on the 2023/24 DWSRF IUP Fundable List adopted on July 18, 2023. Five projects were removed as inactive or withdrawn.

Table 18. Performance in Metric Category 7 – Technical Assistance Work Plans (7/1/2022 – 6/30/2024)

Item	Progress
Percentage of WPs submitted within 8 to 10 weeks of AR acceptance	50% ¹
Average total cost per TA planning WP	\$73,586 ²
Average time to execute WP ³	34 weeks ¹
Percentage of WPs needing amendments for budget	71% ^{1,4}
Percentage of WPs needing amendments for time	91% ^{1,4}
Average number of times WP amended	2 times

¹ Data is for the period from 4/1/2023 to 6/30/2024.

² Four TA work plans were identified to have a construction application completed during the tracking period. These are either for smaller scope projects or where TA is supporting previous planning work. Due to the limited data available, the numbers may not be representative of projects where TA completes the planning from the start.

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³ Time to execute a WP is measured from the time the AR is assigned to a TA provider and the WP is executed.

⁴ These items do not add up to 100% because many amendments include both budget and time increases.

VIII.F. Community Engagement

Section XI.I of the SADW Fund Policy lists the following metrics for community engagement effectiveness:

- (1) Number of Advisory Group meetings
- (2) Number of community meetings
- (3) Estimated number of meeting attendees
- (4) Website and social media analytics
- (5) Diversity of communication strategies, platforms, and materials

Table 19 summarizes key information around community engagement effectiveness since January 1, 2020.

Table 19. Performance in Metric Category 8 (1/1/2020 – 6/30/2024)

Item	Cumulative Progress	FY 2023-24 Progress
Public meetings or presentations led by State Water Board staff or TA Provider	123	6
SAFER Advisory Group Meetings	26	5
Emails sent via listservs	102	23
Number of program listserv subscribers	2,903	15
Total social media posts	95	85
Press releases or media advisories	32	9

VIII.G. Racial Equity and Environmental Justice

In support of the State Water Board’s work towards racial equity, a performance metric category for Racial Equity and Environmental Justice was added in the FY 2021-22 FEP to track demographic information of communities receiving various forms of assistance through the SAFER Program. The addition of a geographic distribution of SAFER funding and regional case studies are new to this FEP.

VIII.G.1. Failing Systems Compared to Systems Evaluated in the Needs Assessment

Aligned with the RE Action Plan’s Strategic Direction #1, Goal 1a, this FEP reports on predominant identity characteristics (i.e., race/ethnicity) and other relevant demographic data, associated with the communities that benefit from funding administered by DFA via the SAFER Program. CalEnviroScreen score for these communities is also evaluated as an indicator of pollution burden. Appendix G of this FY 2024-25 FEP

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includes similar demographic information as the 2024 Needs Assessment for each project with funding committed in prior FY 2023-24 across the broader SAFER Program. Tables 20 through 22⁴⁶ summarize analyses done on the systems listed in Appendices C, D, and the systems from the 2024 Needs Assessment that have either approved or executed funding across the broader SAFER Program.

Table 20. Performance in Metric Category 9 – Predominant Identity Characteristics

	White	Hispanic	African American	Asian American	Native American	Not Categorized
Failing Systems (Appendix B)						
No. of Systems	207	136	3	--	1	37
Total Amount (Percentage of Total)	\$130 M (25%)	\$317.8 M (62%)	\$7.5 M (2%)	--	\$0 M (0%)	\$56.4 M (11%)
Needs Assessment Systems						
No. of Systems	2,089	764	10	50	1	141
Total Amount (Percentage of Total)	\$831 M (55%)	\$609.5 M (40%)	\$6 M (0%)	\$2 M (0%)	--	\$66.2 M (5%)

Table 21. Performance in Metric Category 9 – Average Percent of Households Below 2x Federal Poverty Level

	0-25	25-50	50-75	>75	Not Available
Failing Systems (Appendix B)					
No. of Systems	139	119	75	15	36
Total Amount	\$95.2 M (19%)	\$174.6 M (34%)	\$139.2 M (27%)	\$46.6 M (9%)	\$56.4 M (11%)

⁴⁶ Demographic data for Tables 20 through 23 and Appendix G is based on the census tract that the benefitting community resides in and consistent with data used in the DDW Needs Assessment.

CalEnviroscreen data source: OEHHA.ca.gov; Census data source: data.census.gov

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(Percentage of Total)					
Needs Assessment Systems					
No. of Systems	1,335	1,163	378	41	138
Total Amount (Percentage of Total)	\$389.2 M (26%)	\$684.8 M (45%)	\$325.5M (22%)	\$48.7 M (3%)	\$66.2 M (4%)

Table 22. Performance in Metric Category 9 – CalEnviroscreen Score (Percentile)

	0-25	25-50	50-75	>75	Not Available
Failing Systems (Appendix B)					
No. of Systems	78	87	85	97	37
Total Amount (Percentage of Total)	\$28.4 M (6%)	\$36.5 M (7%)	\$139.2 M (27%)	\$251.5 M (49%)	\$56.4 M (11%)
Needs Assessment Systems					
No. of Systems	885	895	660	457	158
Total Amount (Percentage of Total)	\$405.2 M (27%)	\$282.6 M (19%)	\$303.6 M (20%)	\$456.5 M (30%)	\$66.8 M (4%)

Based on the information in the tables above, while there are more predominantly white Failing systems, much of the existing funding (62%) is benefiting Hispanic -majority communities. In addition, the majority of the Failing systems have a CalEnviroscreen Score (percentile) greater than 75%.

VIII.G.2. Geographic Distribution of Committed Funding

Figure 10 presents a geographic distribution of SAFER Program projects with committed funding by the SAFER Program between July 1, 2019 and June 30, 2023. This map is broken out by geographic sections used in DDW⁴⁷ and summarizes

⁴⁷ DDW District offices and Sections are shown at: https://waterboards.ca.gov/drinking_water/programs/documents/ddwem/DDWdistrictofficesmap.pdf

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information regarding total systems, Failing systems and funding commitments by DDW Section.

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**Figure 10. Geographic Distribution of Committed SAFER Projects
(7/1/2019 – 6/30/2023)**

**Safe and Affordable Drinking Water Project Distribution
July 1, 2019 - June 30, 2023**



DDW Section	Number of Water Systems	Number of Failing Water Systems <i>(As of July 30, 2024)</i>	Number of Water Systems with Funding Commitments	Failing Water Systems with Funding Commitments
1	382	27	48	7
2	219	37	11	4
3	448	100	125	78
4	506	146	35	25
5	77	11	7	2
6	241	62	40	12

Project types
TA - Technical Assistance
Admin - Administrator
UDWN - Urgent Drinking Water Needs
O&M - Operations and Maintenance
P - Planning
C - Construction
RP - Regional Programs

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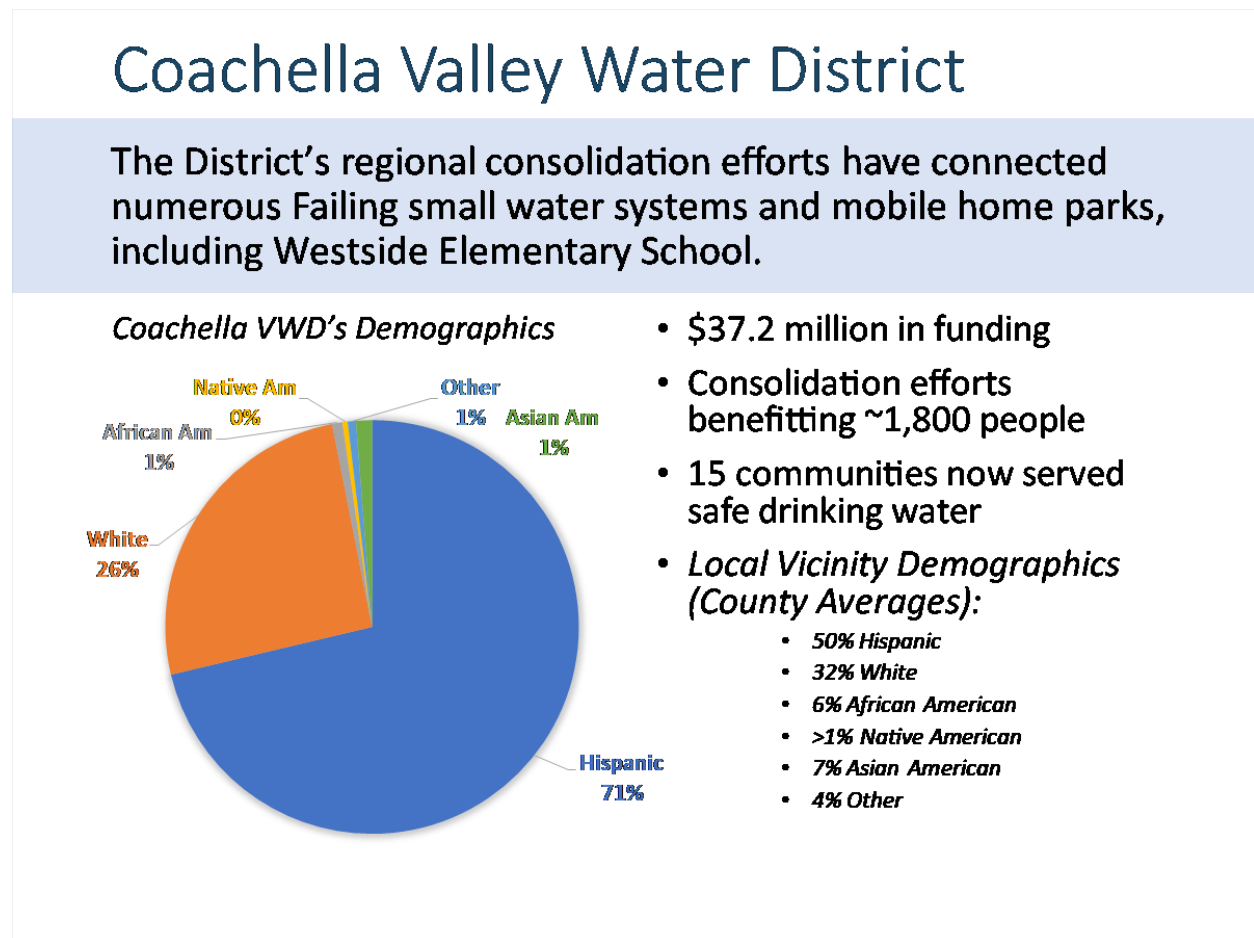
VIII.G.3. Regional Case Studies

In consideration of a few areas in the state where a significant amount of SAFER funding has been deployed for regional projects, some case studies are presented below for projects funded for the Coachella Valley Water District and the programs administered by SHE in the San Joaquin Valley.

Coachella Valley Water District

As shown in Figure 11, \$32.7 million in SAFER funding has been directed to the Coachella Valley Water District for regional consolidation efforts which have benefitted over 1,800 people across 15 communities, 71% of which are Hispanic. In consideration of local vicinity demographics, the broader county averages show that 50% are Hispanic.

Figure 11. Case Study on the Coachella Valley Water District



Self-Help Enterprises

As shown in Figure 12, \$184.6 million in SAFER funding has been directed to communities and households in the San Joaquin Valley via TA and several regional programs providing interim solutions and well replacements. SHE's work has benefitted over 4,600 households across 9 counties in SHE's service area, 55% of which are

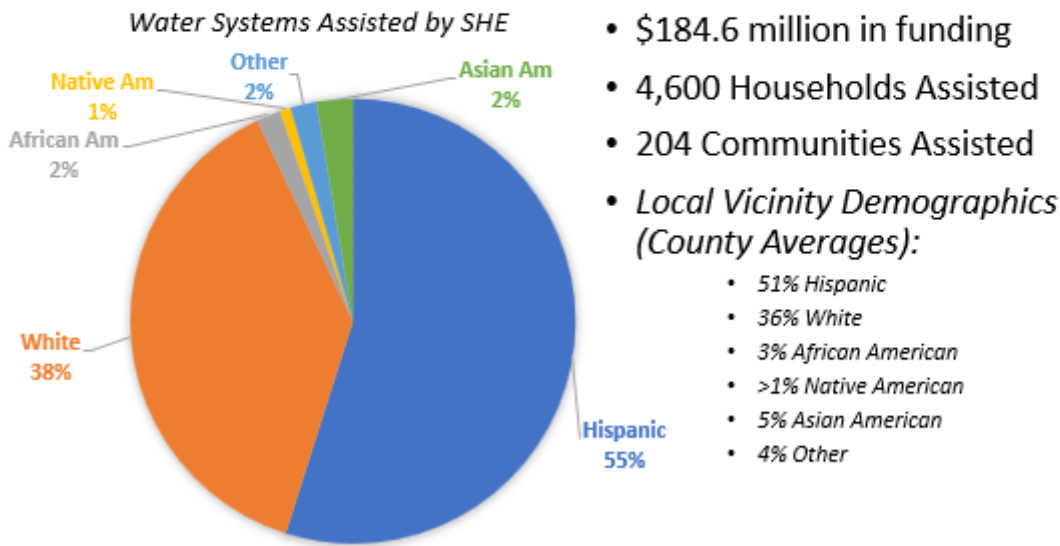
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Hispanic. In consideration of local vicinity demographics, the broader county averages show that 51% are Hispanic.

Figure 12. Case Study on Self-Help Enterprises

Self-Help Enterprises

Administering technical assistance and four regional programs providing interim water solutions and well replacements for eligible San Joaquin Valley communities served by Failing water systems and low-income households with contaminated or dry wells.



VIII.H. Tribal Coordination on Drinking Water Projects

In support of ensuring equitable access to funding available through the SAFER Program, improved tracking is being implemented with respect to tribal coordination on drinking water projects and potential pathways for funding, summarized below in Table 23. More information on AB 2877 is included in Section IV.F.

Table 23. Performance in Metric Category 10 (7/1/2020 – 6/30/2024)

Item	Cumulative Progress	FY 2023-24 Progress ²
Meetings with tribal representatives ¹	105	70
Number of inquiries for funding received from tribes ¹	17	14
Number of drinking water funding requests received from tribes	10	3
Total amount of funding granted to tribes	\$780,244	\$0

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Item	Cumulative Progress	FY 2023-24 Progress ²
Number of tribal water systems receiving State Water Board funding or technical assistance	9	0

¹ Data for these items reported for 1/1/2023 to 6/30/2024

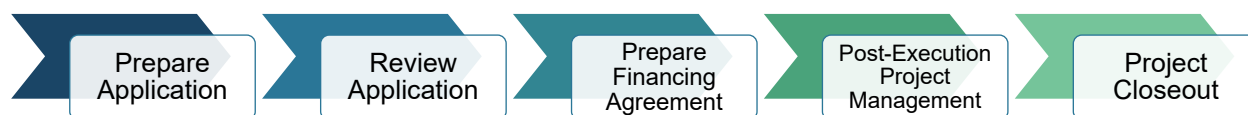
² Data for these items reported for 7/1/2023 to 6/30/2024

IX. FUNDING PROCESS AND IMPROVEMENTS

IX.A. FY 2024-25 Priority Funding Process Improvements

DFA recognizes that an ongoing effort is necessary to further improve its service, particularly in increasing the efficiency of the funding process. A funding process overview is included in Appendix I which provides information on the five phases of a project, from the submittal of a complete application to project closeout, shown in Figure 13 below.

Figure 13. Funding Process Overview



Starting in June 2021, DFA diverted some staff resources towards a strategic, dedicated effort to evaluate several items to improve administrative efficiencies of the funding process. A summary of process improvements since 2019 is included in Appendix J relative to the funding process phases in Figure 13 above and will have an overall impact on the time it takes to execute funding agreements and amendments and enables DFA staff to shorten the process time in other process phases. This effort will continue in FY 2024-25 focusing on the select improvements identified in Table 24 below which are expected to provide the greatest benefit to applicants. See Appendix I for a full list of improvements in process and their status.

Table 24. FY 2024-25 Priority Funding Process Improvements

Funding Process Phase	Improvement	Description
Post-Execution Project Management	Advance Payment Guidelines	Develop comprehensive advance payment guidelines and procedures that can be generally applied to eligible programs.
Post-Execution Project Management	Modify Travel Expense Submittal Requirements & Review Process	Propose SRF Policy amendment language to require recipients, when submitting reimbursement for travel related expenses, to submit costs within the parameters of the Agreement

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Funding Process Phase	Improvement	Description
		and Policy, no longer submitting backup documentation unless requested, and retaining such backup documentation within their own records for audit purposes.
Post-Execution Project Management	Streamline the FBA Process	Develop FBA procedures to streamline review of cost increases requests because bids exceed initial cost estimate.
General Program Policy and Procedures	Comprehensive SRF Policy Review for Streamlining Opportunities	Holistic review of the DWSRF and CWSRF Policies to identify opportunities to streamline both funding programs.
General Program Policy and Procedures	Establish a Comprehensive DFA Procedural Manual	Establish and implement a SharePoint uniform procedural manual and ensure that it is in a centralized/accessible place and kept up to date with current policies and procedures.
General Program Policy and Procedures	Establish SharePoint as Digital Workspace	Develop vision and framework for SharePoint digital workspace amongst sections. Establish project file rules.
General Program Policy and Procedures	Guidelines for Consolidation Projects Update	Update the Guidelines for Consolidation Projects (Appendix A of the DWSRF Policy).

IX.B. Applying for SAFER Program Funding

Funding is available under the SAFER Program for various types of solutions (described in more detail in Section V). Information regarding the application process is described by solution type below. Information on project application status is available publicly on the State Water Board's website through the [Application Status Search Tool](#).

Drinking Water Infrastructure and Consolidation Projects

Funding for drinking water Infrastructure and consolidation projects is available through the SADW Fund as well as other complementary funding sources within the broader SAFER Program. Interested parties may apply for funding for drinking water infrastructure and consolidation projects funding through the [FAAST pre-application](#), which includes a set of general questions regarding the facility/system, project description, and type of funding assistance being requested. The pre-application process allows DFA staff to engage with interested parties early to better assist with the

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application, connect interested parties with TA providers if needed, and determine which funding source within the broader SAFER Program is most appropriate. Prospective applicants can apply directly for construction and consolidation funding by going to the [DWSRF Program webpage](#).

EDWG Funding Program Projects

For the initial round(s) of funding, DFA staff identified projects for which partial or complete DWSRF Program applications have already been received, or those that are receiving TA, that qualify under the EDWG Funding Program Guidelines, and select preliminary funding award recipients from these existing applicants. For future rounds of funding, applicants will be directed to submit project proposals and other application materials via FFAST.

Deadlines to submit project proposals for consideration will be announced as long as funding is available and doing so is consistent with the purposes of the DWSRF and EDWG funding programs. DFA staff may continue to direct applicants with partial or complete DWSRF Program applications into the EDWG Funding Program. DFA staff will conduct workshops to address questions and provide general assistance to applicants. Project proposals will be evaluated based on the eligibility requirements and criteria discussed in the EDWG Funding Program Guidelines. Applicants and/or projects that are not selected for funding under the EDWG Funding Program Guidelines may be directed to other funding programs, as appropriate.

Interim Water Supplies, Emergencies, and O&M

Funding for interim water supplies (e.g., bottled water, hauled water), emergencies (e.g., emergency system repairs), and direct O&M funding (Group 2 Case-by-Case) is available through the SADW Fund, CAA, and various GF appropriations. Interested parties may apply for funding for interim water supplies and emergency repairs through the UDWN application which can be found in the 'How to Apply' section of the [CAA Urgent Drinking Water Needs webpage](#).

At the direction of DFA staff, the UDWN application in conjunction with eligible construction funding sources may also be utilized to streamline funding for specific low-cost construction projects, as outlined in Section V.E.3.

Technical Assistance

TA is available to help small systems serving small DACs develop, fund, and implement eligible drinking water needs. To request TA, a water system may submit a TA request directly, or seek the assistance of a local nonprofit organization, DDW District Office, or County Department of Environmental Health to submit the request on its behalf. The completed [TA Request Form](#) is submitted by emailing it to DFA-TArequest@waterboards.ca.gov or by filling out the [online form](#). More information is available at the [TA Funding Program webpage](#).

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The State Water Board previously accepted SOQs from prospective drinking water TA providers following the Drinking Water TA Provider RFQ Guidelines⁴⁸. TA providers must submit a SOQ to be evaluated and added to the qualified TA provider pool to receive funding from the State Water Board to provide TA. Once a potential TA Provider has submitted a SOQ, State Water Board staff reviewed the application materials and evaluated the prospective TA provider on their ability to provide TA in one or more of six service categories (administrative, technical, operational, legal, managerial, or community engagement). State Water Board staff provided the applicant with notification of Acceptance or Denial and if the SOQ was satisfactory the applicant was placed into the pool of eligible TA Providers.

As of September 2023, the State Water Board has added 21 drinking water TA providers to the pool of eligible TA providers. The State Water Board is currently not accepting new SOQs but may continue to assess the needs for additional TA providers in FY 2024-25.

X. FINANCING AND PROGRAMMATIC REQUIREMENTS

Per Section IX of the SADW Fund Policy, general program requirements and conditions that must be met to obtain funding are outlined as [General Terms and Conditions](#).

X.A. Policy Requirements

Programmatic requirements identified in the SADW Fund Policy include:

System-Level Emergencies: Per Section VIII.E.2 of the SADW Fund Policy, any system requesting funding as a result of an emergency specific to that water system will be required to submit financial records to determine whether the system has adequate emergency reserves.

X.B. GGRF Requirements

Additional terms and conditions specific to GGRF expenditures are outlined in the [CCI Funding Guidelines](#). Key requirements for funding recipients are summarized below.

Priority Populations: Projects funded by the GGRF through the SAFER Program are required to provide opportunity to yield significant benefit for GGRF Disadvantaged Communities, Low-Income Communities, and Low-Income Households collectively referred to as “GGRF Priority Populations” (definitions of these terms are included in Section IV of the SADW Fund Policy). For FY 2023-24, the investment targets for the SADW Fund per the [CCI: Investment Targets for Agencies Administering FY 2023-24 Funds](#), were 15% to GGRF Disadvantaged Communities and 70% to GGRF

⁴⁸ [Drinking Water TA RFQ Guidelines](#) (also included as Appendix C of the SADW Fund Policy)
https://www.waterboards.ca.gov/water_issues/programs/grants_loans/docs/2022/rfq-guidelines.pdf

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Low-Income Communities and Households. These same investment targets will be proposed for the SADW Fund for FY 2024-25.

Since July 1, 2019, \$281.9 million in SADW funding has been executed in grant agreements. Of that total funding, \$161.1 million has been implemented (i.e., actual project locations and priority populations have been identified). The remaining funding will go towards projects or programs with unknown locations at this time (e.g., regional programs, TA agreements, administrator master agreements). Cumulatively, for the \$161.1 million in implemented projects, 34% went towards GGRF Disadvantaged Communities and 65% went towards GGRF Low-Income Communities and Households.

The GGRF Priority Populations represent economically disadvantaged individuals and communities as well as communities disproportionately burdened by the impacts of climate change, exposed to multiple sources of pollution, and especially vulnerable to environmental pollutants. Specific details are included in the CCI Funding Guidelines Section V.A. Investment for Priority Population and V.B. Implementing Programs to Benefit Priority Populations.

Accountability Tools: The CCI Funding Guidelines require that a funding agreement be in place, legally binding the funding agency and funding recipient. The funding agreement must include provisions related to monitoring and reporting, recordkeeping, auditing language, and remedies for non-performance. Funding agreements with the State Water Board contain these provisions. General terms and conditions for all State Water Board grants can be found on the State Water Board's website at [Exhibit C – General Terms and Conditions 2019-Nov \(ca.gov\)](#). Additional details on accountability requirements are in the CCI Funding Guidelines, Section IV.B.7 Accountability Tools for Legal Agreements.

Reporting Requirements: All funding recipients of GGRF monies are required to track project status and report the estimated benefits, including greenhouse gas emission reductions, co-benefits, and benefits to priority populations. CARB has established the SADW Fund Quantification Methodology⁴⁹ and SADW Fund Benefits Calculator Tool to estimate the GHG emission reductions, available at www.arb.ca.gov/cci-resources. CARB has also established the Jobs Co-benefit Modeling Tool and other applicable co-benefit Assessment Methodologies (e.g., Community Engagement Questionnaire). DFA staff continue efforts with CARB to further develop quantification methodology that better captures the climate change and resiliency benefits associated with the implementation of SADW-funded projects.

Each funding agreement with the State Water Board will define the reporting requirements and frequency which would fulfill the CCI Funding Guidelines Section VI

⁴⁹ [SADW Fund Quantification Methodology](https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/swrcb_sadwfund_qm_060122.pdf)
https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/swrcb_sadwfund_qm_060122.pdf

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Reporting Requirements. This reporting is compiled by the State Water Board and reported to CARB semi-annually each June (for funding agreements executed within the preceding Dec 1 – May 31) and in December (for funding agreements executed within the preceding Jun 1 – Nov 30). A subset of agreements requires continuous incremental reporting each June and December.

X.C. Other Applicable Program Requirements

Additional general program requirements that apply to the Fund are described below.

Confidentiality: When submitting a funding application to the State Water Board, the applicant will be required to waive the privacy and confidentiality of its application package. Most other records produced or received by the State Water Board will be public records subject to potential disclosure to the public. The locations of all funded projects, including the locations of management measures or practices implemented, must be reported to the State Water Board and Regional Water Boards and may be made available to the public. The State and Regional Water Boards may report project locations to the public through internet-accessible databases. The State Water Board uses Global Positioning System (GPS) coordinates for project and sampling locations.

For domestic wells, well construction, location information, and sampling results conducted under funding programs with the State Water Board are not considered confidential and will be made publicly available. Personal information will be kept confidential.

Indirect Costs and Other Budget/Cost Allowances: Agreements may include provisions to reimburse for indirect costs, if permitted by these indirect cost rules and requirements applicable to the funding source. Indirect costs are costs incurred for common or joint objectives that cannot be readily identified with a particular project.

An indirect cost rate of up to 25% may be approved. When indirect is approved, no costs invoiced as part of indirect costs should be included elsewhere as a direct cost, fringe benefits should be included only in personnel services, and the recipient's claimed personnel expenses shall include only salary and fringe benefits. Indirect may be applied on recipient's expenses identified in the following budget categories: personnel services (salaries and fringe benefits), operating expenses (services, materials, and supplies), travel, and up to the first \$25,000 of each subaward or subcontract, and other direct cost categories approved by the Deputy Director of DFA or designee. Indirect may not be applied to equipment, capital expenditures, tuition remission, scholarships and fellowships, participant support costs, food (except meal per diems included in travel expenses), engagement merchandise, and the portion of each subaward or subcontract in excess of \$25,000.

For good cause, the Deputy Director of DFA or designee may waive the aforementioned indirect cost limitations and accept another negotiated indirect cost methodology within statutory limitations or waive indirect cost limitations from prior FEPs and accept

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another negotiated indirect cost methodology within statutory limitations which may be applied retroactively to agreements executed in prior fiscal years.

The rate of reimbursement of indirect costs must be commensurate with the rate of reimbursement of direct costs. The State Water Board does not approve an individual recipient's indirect methodology. It is the recipient's responsibility to ensure consistency in its indirect cost methodology, to verify that ineligible costs are not claimed, and to maintain backup documentation and source documents to support indirect cost accounting. All such documentation must be available in the case of an audit. Recipients should request reimbursement only for actual costs not to exceed budgeted amounts, not for budgeted costs.

The Division may allow for-profit entities to claim reasonable standard hourly rates for personnel services that may include costs such as salary, fringe benefits, overhead and profit markup consistent with the approved budget for the project and in lieu of an indirect cost rate. If grant reimbursement for personnel services is requested at standard hourly rates, an additional indirect cost rate will not be approved. Approval of profit markup over and above what may be included in the standard hourly rates, such as a markup added to charges from each subaward or subcontract may be approved by the Deputy Director of DFA or designee, at not to exceed the standard markup rate used by the business. Finally, consistent with the approved budget, reasonable individually itemized costs directly applicable to the project such as operating expenses or travel, that are not otherwise accounted for in the budget, may be allowed.

The State Water Board does not approve an individual recipient's methodology for calculating its standard hourly rates. It is the recipient's responsibility to ensure consistency in its methodology and to maintain backup documentation and source documents to support accurate application of the standard cost accounting. All such documentation must be available in the case of an audit. No costs related to personnel services and invoiced using standard hourly rates should be included elsewhere as a direct cost. Recipients should request reimbursement only for actual costs not to exceed budgeted amounts, not for budgeted costs.

Advance Pay: As noted in the SADW Fund Policy, effective September 23, 2021, the State Water Board is authorized to provide necessary advance payment (AP) for projects funded by the SADW Fund. DFA has added AP provisions to at least four existing grant agreements on a pilot basis. DFA staff are utilizing experience and knowledge gained from this pilot in developing a more comprehensive AP process which will be incorporated into an appendix to the SADW Fund Policy. The appendix is intended to outline eligibility criteria and the process for requesting AP that will apply not just to advances from the SADW Fund, but also other drinking water funding sources with provided authority for AP, with an initial focus on construction and implementation projects, where cash flow problems are most common.

Data Management: When applicable, projects must include appropriate data management activities so that recipients can provide data, including data from domestic

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well sampling, in the format necessary to upload into the applicable statewide data systems. Typical requirements may include:

- Water quality sampling results from domestic wells, state smalls, and PWSs must be submitted to the State Water Board through appropriate, publicly facing, statewide databases.
- Groundwater monitoring data may be integrated into the Groundwater Ambient Monitoring and Assessment (GAMA) database. Please see the [GAMA website](#) for additional information.
- Drinking water quality data from public water supply sources may also be submitted electronically to the Division of Drinking Water. Data are submitted via the [Electronic Data Transfer Portal. For more information regarding the requirements](#) for data submittal, go to: https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/EDTlibrary.html
- Financial capacity and rate information must be integrated into the statewide Needs Assessment Financial Capacity Dashboard, once developed.

State Cross-Cutters: Miscellaneous state laws apply to funding provided by state agencies. The recipient must comply with, or not be prohibited from receiving funding under, these laws. A list is provided in Appendix J.

XI. SCHEDULE

The estimated schedule for public comment and State Water Board adoption of the FY 2024-25 FEP for the SADW Fund is shown below in Table 25.

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Table 25. Schedule for FY 2024-25 Fund Expenditure Plan

Date	Milestone
April to June 2024	Draft FEP Preparation and Internal Review
May 2, 2024	Advisory Group Meeting: 2024 Needs Assessment Results and FEP Discussion
June 24, 2024	Release Draft FEP for Public Comment
July 11, 2024	Advisory Group Meeting: Review Draft FEP
July 17, 2024	Board Workshop on Draft FEP
July 24, 2024	End of 30-Day Public Comment Period for Draft FEP
August 20, 2024	Board Meeting to Consider Adoption of FY 2024-25 FEP

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XII. ACRONYMS AND ABBREVIATIONS

%	percent
1,2,3-TCP	1,2,3-trichloropropane
AB	Assembly Bill
Advisory Group	SAFER Advisory Group
AP	Advance pay
AR	TA assistance requests
CAA	State Water Pollution Cleanup and Abatement Account
CalOES	California Office of Emergency Services
CARB	California Air Resources Board
CCI	California Climate Investments
CCI Funding Guidelines	Funding Guidelines for Agencies that Administer California Climate Investments
CEQA	California Environmental Quality Act
CERF	California Emergency Relief Fund
CPUC	California Public Utilities Commission
CV-SALTS	Central Valley Salinity Alternatives for Long-Term Sustainability
CWDB	California Workforce Development Board
CWS	Community Water System
CWSRF	Clean Water State Revolving Fund
DAC	Disadvantaged Community
DAS	Division of Administrative Services
DDW	Division of Drinking Water
DFA	Division of Financial Assistance
Direct O&M Program	Direct Operation & Maintenance Funding Program
DWOCP	Drinking Water Operator Certification Program
DWR	Department of Water Resources
DWSRF	Drinking Water State Revolving Fund
EDWG	Expedited Drinking Water Grant (Funding Program)
FAAST	Financial Assistance Application Submittal Tool
Failing List	Failing Water System List
FBA	Final Budget Approval
FEP	Fund Expenditure Plan
Fund	Safe and Affordable Drinking Water Fund
FY	Fiscal Year
GAMA	Groundwater Ambient Monitoring and Assessment
GF	General Fund
GGRF	Greenhouse Gas Reduction Fund
GHG	Greenhouse Gas
GPS	Global Positioning System
GSA	Groundwater Sustainability Agency
IHS	Indian Health Service
ILRP	Irrigated Lands Regulatory Program
IUP	Intended Use Plan (for the Drinking Water State Revolving Fund)

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LPA	Local Primacy Agency
MCL	Maximum Contaminant Level
MHI	Median Household Income
NDMA	N-nitrodimethylamine
Needs Assessment	Statewide Safe and Affordable Drinking Water Needs Assessment
NGO	Non-Governmental Organization
NTNC	Non-Transient Non-Community Water System
O&M	Operation and Maintenance
OPP	Office of Public Participation
OSWS	Office of Sustainable Water Solutions
PFAS	Per- and Polyfluoroalkyl Substances
POU/POE	Point of Use/Point of Entry
POU/POE Report Program	2023 Drinking Water Point-of-Use Point-of-Entry Report Safe and Affordable Funding for Equity and Resilience Drinking Water Program
Prop 1	Proposition 1
Prop 68	Proposition 68
PWS	Public Water System
RCAC	Rural Community Assistance Corporation
RE Action Plan	State Water Board's 2023-2025 Racial Equity Action Plan
RE Resolution	State Water Board Resolution No. 2021-0050 (Racial Equity Resolution)
Regional Water Board	Regional Water Quality Control Board
RFQ	Request for Qualifications
SADW Fund	Safe and Affordable Drinking Water Fund
SADW Fund Policy	Policy for Developing the Fund Expenditure Plan for the Safe and Affordable Drinking Water Fund
SAFER	Safe and Affordable Funding for Equity and Resilience
SAFER Program	Safe and Affordable Funding for Equity and Resilience Drinking Water Program
SB	Senate Bill
SDAC	Severely Disadvantaged Community
SEMS	Standardized Emergency Management System
SHE	Self-Help Enterprises
SOQ	Statement of Qualifications
Stantec	Stantec Consulting Services, Inc.
State Smalls	State Small Water Systems
State Water Board	State Water Resources Control Board
TA	Technical Assistance
TMF	Technical, Managerial, and Financial (Capacity)
UDWN	Urgent Drinking Water Needs
U.S. EPA	United States Environmental Protection Agency
WP	Work Plans