



State Water
Resources
Control Board

Annual Report

State Fiscal Year 2023-24

Drinking Water

State Revolving Fund



Prepared by:

THE DIVISION OF FINANCIAL ASSISTANCE
STATE WATER RESOURCES CONTROL BOARD
STATE OF CALIFORNIA



MISSION | VISION Statements

To preserve, enhance, and restore the quality of California's water resources and drinking water for the protection of the environment, public health, and all beneficial uses, and to ensure proper water resource allocation and efficient use, for the benefit of present and future generations.

A sustainable California made possible by clean water and water availability for both human uses and environmental resource protection.



About the State and Regional Water Boards

The State Water Resources Control Board (State Water Board) was created in 1967. Its comprehensive authority over allocation, planning, and enforcement enables the State Water Board to protect California's water quality and drinking water.

The State Water Board consists of five full-time salaried members, each filling a different specialty position. Each Board member is appointed to a four-year term by the Governor and confirmed by the Senate. The State Water Board is also composed of six divisions that support its water quality missions, including the Division of Financial Assistance and the Division of Drinking Water.

There are also nine Regional Water Quality Control Boards (Regional Water Boards). The Regional Water Boards develop and enforce water quality objectives and implement plans that protect the beneficial uses of the state's waters, recognizing local differences in climate, topography, geology, and hydrology.

Each Regional Water Board has seven part-time members, also appointed by the Governor, and confirmed by the Senate. Regional Water Boards develop "basin plans" for their hydrologic areas, issue waste discharge permits, take enforcement action against violators, and monitor water quality.

State Water Resources Control Board Members and Executive Director



E. Joaquin Esquivel, Chair

E. Joaquin Esquivel was appointed to the State Water Resources Control Board by Governor Jerry Brown in March 2017, designated by Governor Gavin Newsom as Chair in February 2019, and reappointed to the board by Governor Newsom in 2021. Previously, he served as Assistant Secretary for federal water policy at the California Natural Resources Agency in the Governor's Washington, D.C. office, where he facilitated the development of policy priorities between the agency, the Governor's Office, the California Congressional delegation, and federal stakeholder agencies.

For more than eight years prior to that, Joaquin worked for U.S. Senator Barbara Boxer of California, most recently as her legislative assistant covering the agriculture, Native American, water, oceans, and nutrition portfolios, in addition to being the director of Information and Technology.

He was born and raised in California's Coachella Valley. He holds a BA from the University of California, Santa Barbara in English.

Dorene D'Adamo, Vice Chair



Dorene D'Adamo was appointed to the State Water Resources Control Board in 2013 and reappointed by Governor Newsom in 2022. She serves as Vice Chair and as a member with experience in the field of water supply and water quality relating to irrigated agriculture. Ms. D'Adamo is on the Board of the California Partnership for the San Joaquin Valley and previously served on the Valley Coalition for UC Merced's Medical School and on the Governor's Drought Task Force. She was a member of the California Air Resources Board from 1999-2013 under the Brown, Schwarzenegger and Davis Administrations, where she was instrumental in the board's air quality and climate change programs and regulations.

Ms. D'Adamo served in various capacities for Members of Congress from the San Joaquin Valley over a 20-year period, working primarily on environmental, water and agricultural legislative policy.

Ms. D'Adamo earned a Bachelor of Arts degree from the University of California at Davis and a Juris Doctor from the University of the Pacific, McGeorge School of Law.

Sean Maguire



Sean Maguire was appointed to the State Water Resources Control Board in December 2018 by Governor Brown and is a registered civil engineer. Mr. Maguire has had a diverse career both in public service and as an engineering consultant, which provides a valuable perspective on the administrative challenges facing a government agency and the needs of a broad array of water interests.

From 2015-2018, Mr. Maguire worked for the State Water Resources Control Board as a manager of the Storm Water Grant Program in the Division of Financial Assistance, and later as a manager in the Division of Water Rights where he oversaw administration of water right change petitions, licensing, and cannabis cultivation permitting. Prior to joining the Board, from 2003-2015, he worked for an engineering consulting firm serving a variety of municipalities and water agencies throughout the state, focused on water resources planning, drinking water, and wastewater infrastructure projects. Much of his work revolved around integrated water management and developing long-term water supply solutions to meet the needs of both water users and the environment.

Mr. Maguire has a Bachelor of Science in Civil Engineering from California State University, Sacramento.

Laurel Firestone



Laurel Firestone was appointed to the State Water Resources Control Board in 2019 and reappointed by Governor Newsom in February 2023. Prior to joining the Board, Laurel co-founded and co-directed, from 2006-2019, the Community Water Center, a statewide non-profit environmental justice organization based in California's Central Valley and Central Coast. Her career has focused on ensuring all Californians have access to safe, clean, and affordable drinking water, and building increased diversity, equity, and inclusivity into water decision-making.

Laurel has received a variety of awards and recognitions for her work, including the James Irvine Foundation's Leadership Award in 2018, and the Gary Bellow Public Service Award by the Harvard Law School in 2013.

Laurel served on the Tulare County Water Commission from 2007-2012, as well as a variety of state policy advisory committees. She has partnered with universities to develop research and clinical programs to further the human right to water, and written articles and publications related to drinking water and the environment.

Laurel graduated with honors from Harvard Law School and holds B.A. magna cum laude in Environmental Studies from Brown University.

Nichole Morgan



Nichole Morgan was appointed as civil engineer to the State Water Resources Control Board by Governor Gavin Newsom in June 2021. Ms. Morgan most recently served as an Assistant Deputy Director in the State Water Resources Control Board's Division of Financial Assistance, where she worked on projects providing funding for drinking water, wastewater, storm water and groundwater infrastructure improvements. During this time Ms. Morgan also managed a variety of additional programs including the Lead in Childcare Centers, Fish Advisories, and Drinking Water and Wastewater Operator Certification programs.

From 1999 to 2009 Ms. Morgan worked for public agencies and engineering consulting firms. Her responsibilities included planning, designing, and overseeing the construction of drinking water, wastewater and recycled water treatment and conveyance facilities throughout California. Ms. Morgan joined the State Water Resources Control Board in 2009 where she worked as staff in the Division of Financial Assistance, Delta Water Master's Office, and the Division of Water Rights. Ms. Morgan worked as a manager at the Central Valley Regional Water Board from 2012 to 2018, where she managed the region's NPDES program. She returned to the State Water Board in 2018 as the head of the Office of Sustainable Water Solutions and was promoted in 2019 to Assistant Deputy Director with the Division of Financial Assistance.

Ms. Morgan has a bachelor's in science in Civil Engineering from California State University, Sacramento.

Eric Oppenheimer, Executive Director



Eric Oppenheimer was appointed as Executive Director of the State Water Board in January 2024, where he is responsible for overall leadership and management of the agency. From 2016 to 2024 he served as a Chief Deputy Director where his responsibilities included water rights, Bay-Delta planning, groundwater management, water conservation, and administration. An environmental scientist by training, Oppenheimer's career began with water quality protection roles in planning and regulatory programs with the Lahontan and Central Valley regional water boards, interspersed with positions at the Department of Water Resources and the California Coastal Commission. He holds a Bachelor of Arts in Economics from Keene State College and a Bachelor of Science in Environmental Science and Ecology from Sierra Nevada College

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I. INTRODUCTION

The California State Water Resources Control Board (State Water Board) and Division of Financial Assistance (DFA) present the Drinking Water State Revolving Fund (DWSRF) Annual Report for State Fiscal Year (SFY) 2023-24. The State Water Board provided approximately \$261.5 million in new DWSRF financing for 30 planning and construction projects to address drinking water needs in California. This report describes how the State Water Board met the objectives for the DWSRF program identified in the [SFY 2023-24 DWSRF Intended Use Plan \(IUP\)](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/2023/2023-24-dwsrf-iup.pdf) (https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/2023/2023-24-dwsrf-iup.pdf)

The federal Safe Drinking Water Act (SDWA), as amended in 1996, created the national DWSRF program to help public water systems (PWSs) achieve or maintain compliance with SDWA requirements and protect public health by funding drinking water infrastructure projects. Section 1452 of the SDWA authorizes the United States Environmental Protection Agency (USEPA) to award capitalization grants to state DWSRF programs. The federal capitalization grants are combined with state matching funds to create a permanent source of funding for drinking water infrastructure projects.

In 2021, the Infrastructure, Investment and Jobs Act (IIJA), previously referred to as the Bipartisan Infrastructure Law or BIL, appropriated \$30.7 billion to DWSRF programs nationally for federal fiscal years 2022-2026. The appropriation included supplemental funding for DWSRF base program, funds for projects to address emerging contaminants, with a focus on perfluoroalkyl and polyfluoroalkyl substances (PFAS), and funds for lead service line inventory and replacement projects. In addition, IIJA made several amendments to SDWA and added the Build America, Buy America (BABA) requirement.

The State Water Board has promoted and protected the health and safety of Californians through the DWSRF since July 1, 2014. Previously, the California Department of Public Health and California's Health and Human Services Agency administered the DWSRF program. Since the beginning of the program, PWSs have received DWSRF funding for drinking water infrastructure improvements via below-market financing and additional subsidy (i.e., principal forgiveness). More information about the DWSRF program is located on the State Water Board's DWSRF website at https://www.waterboards.ca.gov/drinking_water/services/funding/SRF.html.

DFA administers California's DWSRF program in coordination with the Division of Drinking Water (DDW). It provides planning and construction financing through the DWSRF and several complementary fund sources to eligible applicants, which include publicly and privately-owned community and non-profit, non-community water systems. DWSRF financing is generally prioritized for "ready-to-proceed" eligible projects based on their public health benefits. Projects addressing acute and chronic primary drinking water standards are generally prioritized over projects addressing secondary drinking water standards and aging infrastructure.

II. PROGRAMMATIC RESULTS

A. Programmatic Outcome Highlights

The State Water Board actively administered the DWSRF in SFY 2023-2024 to provide subsidized financing for a variety of small and large public water systems, which served both disadvantaged and non-disadvantaged communities, throughout California. This below-market financing enabled a variety of drinking water projects to address a variety of public health priorities in accordance with State and federal DWSRF requirements. Tables 1 and 2 and Figure 1 below show a variety of DWSRF funding outcomes for SFY 2023-2024.

Table 1: SFY 23-24 DWSRF Summary Outcomes

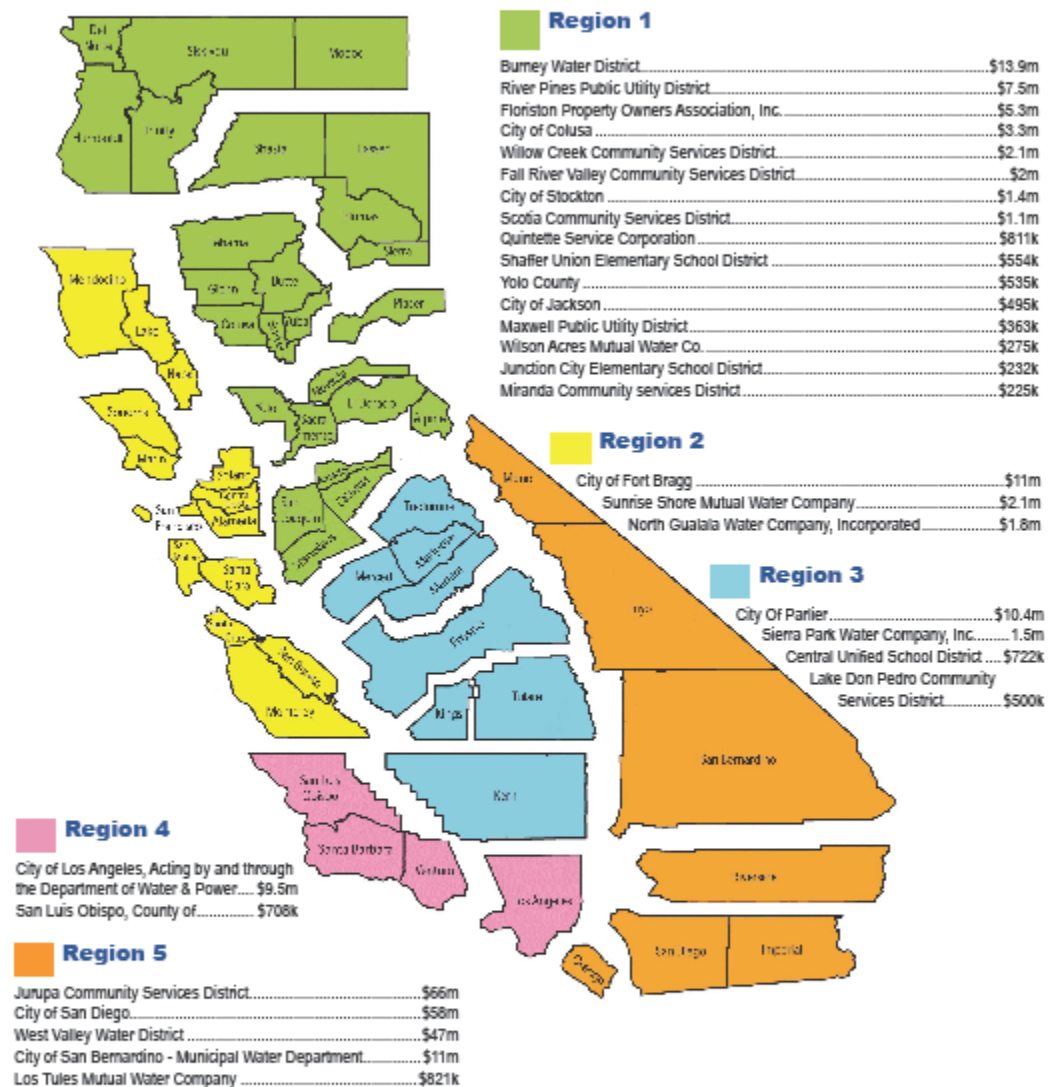
Outcome	Amount
Total Number of Agreements	30
Total Funding	\$261,451,895
Total Loan	\$186,862,409
Total Principal Forgiveness	\$74,589,486
Total Green Project Reserve Projects	0
Total Subsidized Interest Savings from Loan Funding	\$72,759,086

Table 2: SFY 2023-2024 Disadvantaged and Non-Disadvantaged Community Table

Degree of Disadvantaged	No. of Projects	Population	Total Funding
SDAC	13	36,584	\$53,131,858
DAC	10	419,084	\$20,864,985
Non-DAC	7	5,417,430	\$187,455,052
Total	30	5,873,098	\$261,451,895

Figure 1 SFY 2023-2024 DWSRF Funded Projects Through California

Figure 1: Number of Projects Funded by DWSRF in SFY 2023-24



1. Project Highlights for SFY 2023-2024

Below are two case studies highlighting DWSRF projects that completed construction within SFY 2023-2024. Both projects provide a variety of water quality benefits within their respective communities. Both of these projects were completed in this fiscal year.

Applicant Name: San Juan Water District

Project Name: Hinkle Reservoir Rehabilitation Project

Funding Amount: \$23,120,621

Construction Complete: December 2023

Population: 154,781

Community Size: Large

Project Description: Hinkle Reservoir is a 62-million-gallon earthen reservoir that is Hypalon (a flexible membrane material used to protect water from contamination) covered. The reservoir serves as the clearwell for treated water production from the District's Water Treatment Plant (WTP) as well as a facility for system storage. The WTP is operated at a constant flow rate. The cover and liner were installed in 1981 with an estimated 25-year life that was extended 13 years through regular maintenance. In May of 2016, an expert membrane consultant inspected and tested the cover and liner material and reported that both would need to be replaced within 2-5 years. The Hinkle Reservoir Rehabilitation Project rehabilitated the inlet and outlet structures, repaired ancillaries as needed, and replaced the approximately 11 acres of cover, liner, and interior baffle wall material.



Applicant Name: Stanislaus Regional Water Authority
Project Name: Regional Surface Water Supply Project
Funding Amount: \$212,674,000

Construction Complete: April 2024 (99% complete)

Population: 127,200

Community Size: Large

Project Description: The Stanislaus Regional Water Authority Regional Surface Water Supply Project will provide a resilient source of drinking water to the Cities of Ceres and Turlock by reducing groundwater dependence and improving drinking water quality. The project consists of a new surface water treatment plant at an existing diversion point along the Tuolumne River and construction of finished water transmission mains to the Cities of Ceres and Turlock.

U.S. EPA's AQUARIUS Recognition Program recognized this project as one of the 2025 Exception Project winners, receiving the Excellence in System Partnerships award.



B. Drinking Water Public Health Benefits and Outcomes

The contributions of the DWSRF program to public health and drinking water quality are diverse. The program has the strength and versatility to address a wide range of drinking water issues. To the maximum extent possible, in SFY 2023-24, priority was given to projects that addressed the most serious risks to human health, were necessary to ensure compliance with SDWA requirements, and assisted water systems most in need on a per household basis. Projects were ranked by the categories below as defined in the DWSRF Policy, Section IV.B.2: Figures 2-5 summarize the drinking water benefits derived from the DWSRF projects funded during SFY 2023-24. The data supporting this summary has been reported to the USEPA through the DWSRF Project Benefits Reporting (PBR) database.

Figure 2: SFY 2023-2024 DWSRF Funding by Public Health Objective

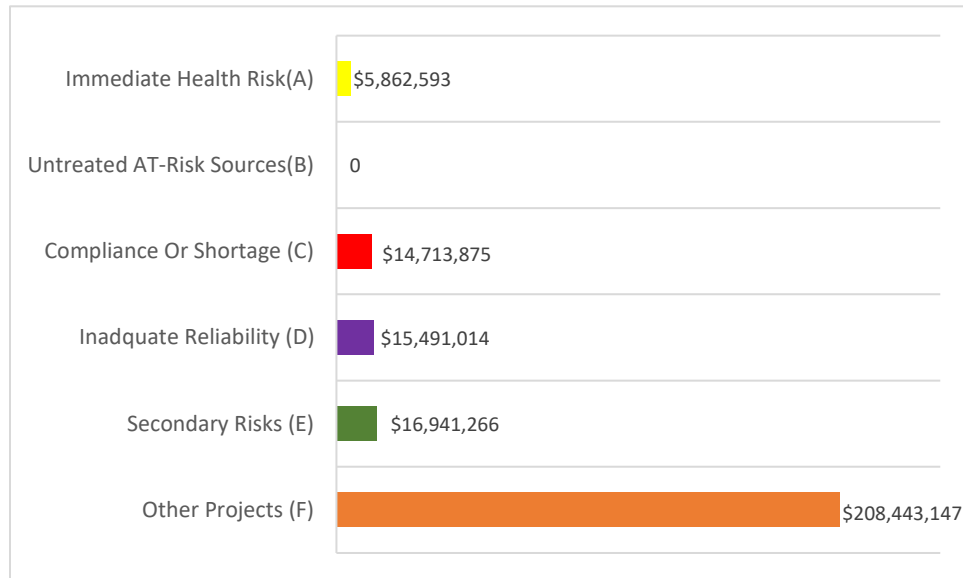


Figure 3: SFY 2023-2024 DWSRF Projects by Public Health Objective

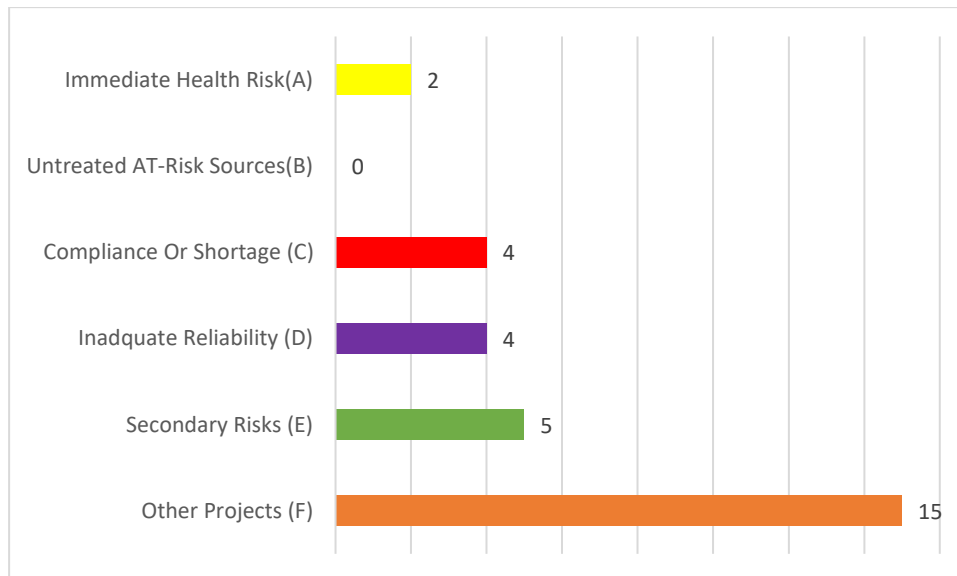


Figure 4: SFY 2023-2024 DWSRF Funding for Small and Large Water Systems

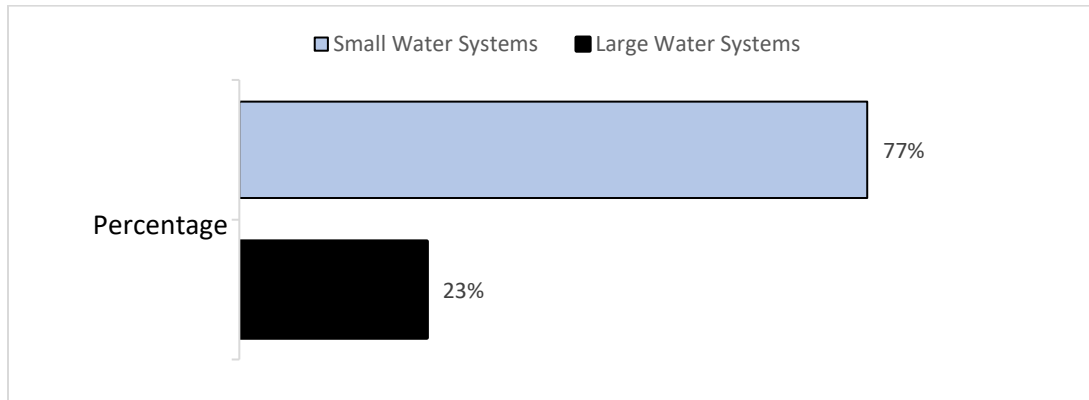
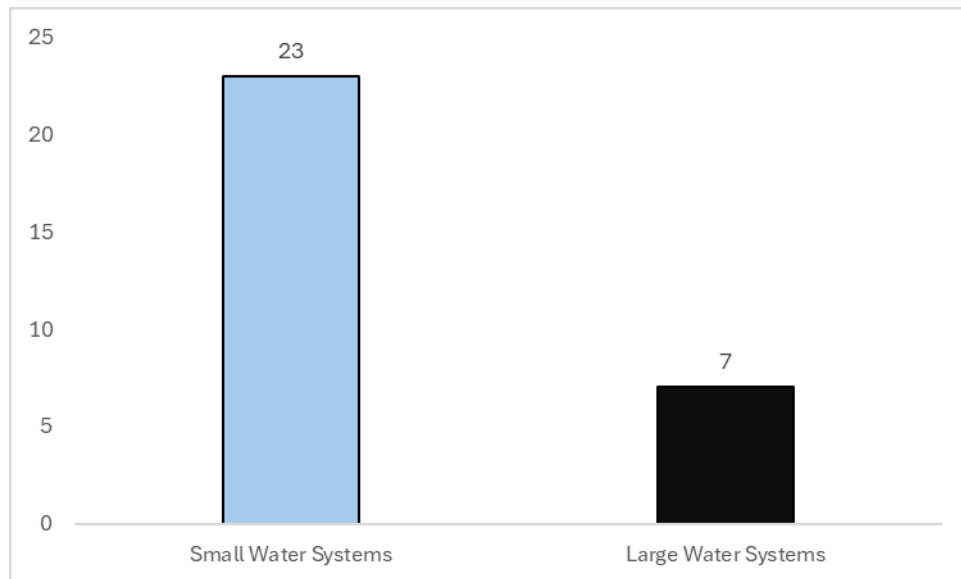


Figure 5: SFY 2023-2024 DWSRF Projects for Small and Large Water Systems



C. Drinking Water Project Need Outcomes

DWSRF funded projects are multi-faceted and generally address drinking water infrastructure needs via planning and construction financing. Table 3 below shows a breakdown of the many project benefit types funded through the DWSRF in SFY 2023-24. In particular, \$134 million or 51 percent (51%) was provided to fund transmission and distribution, \$77.6 million or 30 percent (30%) was for treatment, and the remaining was for source, storage, planning, and restructuring of system and land acquisition benefit.

Table 3: SFY 2023-2024 DWSRF Infrastructure Funding by Need

Need	Cost	Number of Projects/ Benefit/Need ¹
Planning and Design Only	\$7,481,841	11
Treatment	\$77,576,319	7
Transmission & Distribution	\$133,937,910	10
Source	\$22,604,571	3
Storage	\$14,886,599	5
Restructuring	\$2,317,455	3
Land Acquisition	\$2,647,200	1
Total	\$261,451,895	40

The State Water Board funded a variety of planning and construction projects through the DWSRF in SFY 2023-24 to address a range of public health issues for public water systems. Specifically, the State Water Board funded projects from the DWSRF for the benefit of both small water systems (SWSs) (populations less than 10,000 people) and large water systems (populations over 10,000 people).² Table 4 below displays the number of small and large water systems as well as the amount of funding for planning and construction financing in each category. See also Exhibit A for a list of projects that received funding in SFY 2023-24.

Table 4: SFY 2023-2024 DWSRF Construction & Planning Financing Summary

System/ Community Type	Project Type	No. of Projects	Total Funding	Total Population
Small	Planning	11	\$7,481,841.00	36,453
	Construction	12	\$50,760,370.00	
Large	Planning	0	\$0	5,836,645
	Construction	7	\$203,209,684.00	
Total		30	\$261,451,895.00	5,873,098

¹The total number of projects for all benefits is greater than the total number of projects funded because individual projects may benefit in multiple ways.

² "Data for Expanded Small (ESCWS) and Medium sized systems are included under "Large" in the tables and figures

III. FINANCIAL RESULTS

A. Cumulative Financial Activity

To satisfy federal requirements and ensure the accuracy of the State Water Board's financial management of the DWSRF, audited financial statements for the year ending June 30, 2024, were completed December 20, 2024, and are included as Appendix F in this report. This section provides important financial highlights about the DWSRF as of June 30, 2024.

DWSRF Base Program, including the BIL General Supplemental Grant, as of June 30, 2024:

- The cumulative DWSRF federal funds available for planning and construction financial assistance since inception was approximately \$2.6 billion.
- The State Water Board's, and preceding departments/agencies, cumulative binding commitments (executed agreement) were approximately ~184% of available cumulative DWSRF federal.
- The State Water Board, and preceding departments/agencies, had disbursed approximately ~79% of available DWSRF federal for planning and construction projects as of June 30, 2024.
- The State Water Board had committed ~104% of the DWSRF fund balance. The DWSRF fund balance may include any undisbursed federal (base grant + BIL General Supplemental grant) and State match funds, principal and interest repayments, investment earnings and any revenue bond proceeds available for disbursement to DWSRF financings.
- Cumulative DWSRF base program activity from inception through the end of SFY 2023-24 is further described in Table 7.

Table 7: Cumulative DWSRF Base Program Activity, including BIL – General Supplemental Grant³

DWSRF Construction and Planning Funding (Base Program)	
Activity	Life of Program
Number of Binding Commitments	618
Value of Binding Commitments	\$4.8 billion
Disbursements and Expenditures	\$3.8 billion ⁴
Balance of Funding Agreements	\$1 billion
DWSRF Set-Aside Funding	
DWSRF Set-Aside Amount	\$470 million
DWSRF Set-Aside Expenditures	\$375 million ⁵
Balance of Set-Asides	\$95 million

DWSRF BIL Emerging Contaminant and Lead Service Line Replacement programs

- The State Water Board awarded funding for two (2) projects in the amount of \$6,500,000 from the FFY 2023 emerging contaminant capitalization grant in SFY 2023-24. The State Water Board did not award any binding commitments from the FFY 2022 or FFY 2023 lead service line replacement grants in SFY 2023-2024.

The State Water Board also administers the DWSRF Small Community Emergency Grant (SCEG) fund. The DWSRF SCEG Fund is separate from the DWSRF and can derive revenues from a “fee-in-lieu-of-interest” on DWSRF financings. However, the State Water Board has not established such fees yet for DWSRF SCEG Fund due to the available of other State and federal funding sources for small communities. However, the State Water Board anticipates charging fees for the DWSRF SCEG Fund in the near future.

B. Credit Risk of the DWSRF

Each loan recipient must pledge or dedicate one or more sources of revenue toward the payment of its DWSRF repayable financing. For publicly owned entities, dedicated sources of revenue are generally net water rate revenues, but may also be any number

³ Program activity includes all available DWSRF base program activity, excluding BIL – emerging contaminant and lead service line replacement program activity.

⁴ Amount includes American Recovery and Reinvestment Act of 2009 (ARRA) funds and excludes set-aside funds (including Legal Entity Formation Assistance (LEFA) and a DWSRF set-aside grant to the American Water Association).

⁵ Amount includes LEFA and a recent DWSRF set-aside grant to the American Water Association.

of revenue sources, special tax pledges, or other pledgeable income. Privately owned entities must demonstrate that there is adequate security for repayment of the loan, which may include a first priority lien on deposit accounts for a restricted reserve fund equal to one year's DWSRF debt service, Uniform Commercial Code (UCC)-1 liens on the recipient's accounts (as defined in Division 9 of the California Commercial Code) arising from the services of the recipient's water system, including a surcharge dedicated for repayment of the loan, and all the fixtures and equipment financed by the loan, or other collateral and credit enhancement.

In SFY 2023-24, the State Water Board staff continued to monitor and work collaboratively with recipients for potential impacts from the COVID-19 pandemic, drought, and wildfires on their financial and operating conditions. The DWSRF program did not restructure any agreements.

In SFY 2023-24, there was no allowance for uncollectible accounts as all repayments remained current, and all repayable financings were anticipated to be repaid in accordance with the financing terms. State Water Board staff continued to work diligently to ensure funding agreements were secure and that all payments were made on time and in full. Staff efforts included using a variety of analysis and monitoring measures to reduce the possibility of non-payment and continually evaluating additional steps to ensure full and timely payments.

D. Extended Term Financing and Reduced Interest Rate

In accordance with federal rules, the State Water Board may provide 40-year loan repayment terms to eligible funding applicants that serve Disadvantaged Communities (DACs). (42 U.S.C. § 300j-12(f)(1)(C)(i); Health & Saf. Code, § 116760.40(a)(3).). The State Water Board may provide Extended Term Financing (ETF) to publicly owned PWSs for construction projects in accordance with USEPA's policy on ETF. In SFY 2023-24, the State Water Board did not provide ETF to any recipients.

Prior to 2015, state law permitted zero percent (0%) interest rate loans from the DWSRF if the funding applicant served a Disadvantaged Community (DAC), regardless of the water system size. In 2015, the California Legislature directed the State Water Board to provide zero percent (0%) interest rate financing if the funding recipient served a DAC with financial hardship. The State Water Board's DWSRF Policy and IUPs determined financial hardship based upon the size of the water system and the system's residential water rates. In 2023, the state law was amended to allow the State Water Board to provide reduced or 0% interest financing without limitation on the type of water system. The 2023-24 DWSRF IUP limited 0% interest rate financing to eligible SWSs and Expanded Small Community Water Systems (ESCWSs) serving DACs or Severely Disadvantaged Communities (SDACs) or eligible non-transient, non-community water systems serving small DACs or SDACs.

E. DWSRF Set-Asides and Administration Fund

The State Water Board used a percentage of the FFY 2023 federal capitalization grants, including the BIL federal grants, in SFY 2023-24 to fund the administration of the DWSRF program and other activities critical to the success of California's drinking water program. The set-asides that were used included DWSRF Administration, SWSTA, State Program Management, and Local Assistance Special Programs. These set-asides helped with administering the DWSRF program and California's Public Water Supervision Program as well as provide technical assistance to PWSs. The State Water Board budgeted 26 percent (26%) of the FFY 2023 Capitalization Grants, including the BIL grants for all four (4) set-asides, totaling \$102,026,860. The budgeting and expenditures of the DWSRF set-asides, as of June 30, 2024, are shown in Exhibit J

The State Water Board did not budget and expend from the DWSRF Administration Fund in SFY 2023-2024. The DWSRF fund may be funded from a 1% "fee-in-lieu-of-interest" on DWSRF financings. California has established the DWSRF Administration fund, but the State Water Board has not yet charged any fees to capitalize the DWSRF Administration fund since such revenues have been prioritized for project funding instead and because the DWSRF Administration set-asides has provided funding for the administration of the DWSRF program. However, the State Water Board anticipates charging an administrative "fee-in-lieu-of-interest" on DWSRF financings beginning SFY 2025-2026.

F. Administration Set-Aside

The State Water Board budgeted four percent (4%) of the FFY 2023 federal grants, totaling \$15,696,440, along with prior years' DWSRF Administration set-aside funds in SFY 2023-24 for the management of the DWSRF program, including administration of the DWSRF emerging contaminant and lead service line replacement programs. In general, the DWSRF Administration set-aside funded technical and administrative personnel within DFA who prepared construction and planning approvals and agreements, inspected, and evaluated projects, and processed claims for reimbursement, and funded personnel activities associated with project tracking and reporting required by USEPA as well as other state and federal agencies. The Administration set-aside also funded legal activities within the State Water Board's Office of Chief Counsel related to reviewing agreements and advising on a variety of programmatic issues including the IUP, anticipated revenue bond requirements, and implementation of various State and federal requirements. Finally, the DWSRF Administration set-aside funded a variety of support activities conducted by Division of Administrative Services (DAS) and DIT, including accounting, human resources, and budget office support as well as Information Technology support and communications.

A portion of the Administration set-aside also funded state procurement contracts with other entities, such as the accounting firm CliftonLarsonAllen. CliftonLarsonAllen completed the federal single-audit of the DWSRF program for SFY 2022-23 and

produced audited financials for the DWSRF program, which were included in the SFY 2022-2023 DWSRF Annual Report. The Administration set-aside also funded a contract with Northbridge Environmental for maintenance of the State Water Board's Loans and Grant Tracking System (LGTS).

The budgeting and expenditures of the DWSRF Administration set-aside, as of June 30, 2024, are shown in Exhibit J.

G. Small Water System Technical Assistance Set-Aside

The State Water Board budgeted two percent (2%) of the FFY 2023 federal grants, totaling \$7,848,220 along with prior years' set-aside funds for SWSTA in SFY 2023-24, including SWSTA under the DWSRF emerging contaminant and lead service line replacement programs. The SWSTA set-aside funded DFA staff to provide technical assistance to SWSs. The primary goal of DFA's SWSTA is to assist SWSs to become eligible for DWSRF financing to reduce the instances of non-compliance with drinking water standards and requirements; establish and assure safe and dependable water supplies; improve operational capability and establish or improve their TMF capacities.

Assistance included helping SWSs identify drinking water problems and potential solutions, assisting in the preparation of funding applications, reviewing TMF assessments, and evaluating potential funding eligibility. Staff also helped resolve ownership issues, right-of-way disputes, as well as interceded and mediated with adjacent water systems regarding potential water interties and consolidation projects. The SWSTA also enabled DFA technical and administrative staff to assist third-party technical assistance providers for small water systems.

The budgeting and expenditures of the SWSTA Set-Aside as of June 30, 2024, are shown in Exhibit J.

H. Local Assistance Set-Aside

The State Water Board budgeted ten percent (10%) of the FFY 2023 federal grants totaling \$39,241,100, along with prior years' capitalization grants in SFY 2023-24, for local assistance to PWSs to support the State Water Board's TMF Capacity Development Strategy. This includes the Local Assistance Set-aside funds budgeted under the DWSRF emerging contaminant and lead service line replacement programs. In general, the expenditures of Local Assistance set-aside in SFY 2023-24 were for DFA and DDW technical and administrative staff costs to provide technical assistance to PWSs in support of the State Water Board's TMF Capacity Development Strategy. DFA staff oversaw and engaged with third-party technical assistance contractors on a variety of small DAC technical assistance, as well as assisted funding applicants with achieving the TMF capacity necessary to be eligible for DWSRF funding; advised and reviewed proposed water system consolidations and interties; assisted and mediated in legal entity formation and water system ownership issues; and reviewed water rate studies. The Local Assistance set-aside also supported DDW's implementation of the Capacity

Development Strategy by funding staff costs and contracts in the development of the new PWS lead and copper reporting database as well as technical assistance in addressing emerging contaminant issues, namely PFAS contaminants.

Additional details about technical assistance provided to public water systems in support of the Capacity Development Strategy are discussed in Section IV (F) below.

The budgeting and expenditures of the DWSRF Local Assistance set-aside, as of June 30, 2024, are shown in Exhibit J.

I. State Program Management Set-Aside

The State Water Board budgeted ten percent (10%) of the FFY 2023 federal grants totaling \$39,241,100 along with prior years' Capitalization Grants, for the State Program Management set-aside in SFY 2023-24. This set-aside funded a portion of DDW's Public Water System Supervision (PWSS) regulatory program. In SFY 2023-24, the State Program Management set-aside subsidized a pro-rated portion of DDW's permitting, inspection, compliance, and monitoring (PICM) activities as well as the general administration activities of DDW with the PWSS grant and California's safe drinking water cost-recovery account.

In general, DDW staff conducted inspections and surveys of both large and SWSs; evaluated treatment and infrastructure improvement needs; reviewed plans and specifications in relation to, and for conformance with, treatment requirements; and assisted PWSs with state and federal drinking water compliance issues. The State Program Management set-aside funds were used to enhance emergency preparedness and terrorism/disaster response preparedness of the PWSS program as well as California's PWSs. The DWSRF program also utilized this set-aside to enhance and manage its data reporting mechanisms, including the Safe Drinking Water Information System. The TMF capacity development activities inherent within the PICM activities of DDW were partially funded by the set-aside as well.

This set-aside also funded 3 positions that helped implement the State Water Board's Drinking Water Operator Certification program.

The budgeting and expenditures of the State Program Management set-aside as of June 30, 2023, are shown in Exhibit H.

IV. PROGRAM HIGHLIGHTS AND UPDATES

In SFY 2023-24, the State Water Board continued to fund drinking water projects to provide safe and affordable drinking water for all Californians and continued to pair DWSRF financing with other funds appropriated to the State Water Board to achieve its drinking water objectives.

In SFY 2023-24, the State Water Board strived to finance DWSRF projects quickly and efficiently to reach the program's full potential as a water quality tool and continued to pair DWSRF financing with other appropriated financing sources to achieve the overall objectives of the State Water Board. This section highlights significant achievements of the program and noteworthy factors that affected the DWSRF program in SFY 2023-24.

A. Fundable List and Sustainable Funding Target Update

The SFY 2023-24 Intended Use Plan Fundable List included 13 ranked DWSRF loan projects requesting \$590 million. Six (6) loan agreements were executed for \$186.9 million for the 2023-24 fiscal year. Projects that did not receive funding agreements were generally rolled over to the 2024-25 Fundable List.

Additionally, projects eligible for principal forgiveness or grant, and consolidation incentive projects, were added to the Fundable List as applications were completed. These projects received \$57.6 million in principal forgiveness. These agreements did not exhaust the available principal forgiveness and small DAC projects that did not receive funding agreements were generally rolled over to the 2024-25 IUP. DFA funded only the highest priority projects listed on the Fundable List that were ready to proceed to an agreement.

B. BIL Updates

The 2023-24 Intended Use Plan was California's second IUP to reference the federal Infrastructure Investment and Jobs Act, also referred to as the Bipartisan Infrastructure Law (BIL). The BIL established additional funding for three objectives:

- \$227,150,000 in DWSRF General Supplemental funding for SFY 2023-24
- \$82,428,000 in DWSRF Emerging Contaminants (EC) funding for SFY 2023-24
- \$28,650,000 in DWSRF Lead Service Line Replacement (LSLR) funding for SFY 2023-24

The DWSRF General Supplemental funding contributed to the \$300 million sustainable loan capacity established in the IUP, and also contributed \$111.3 million in principal forgiveness for projects serving small DACs. The DWSRF General Supplemental funding is intended to supplement the DWSRF base program and therefore uses the

same criteria and Fundable List as the base program. In SFY 2023-24, the SWRCB committed \$17 million of the General Supplemental principal forgiveness and \$56.2 million in loan funds. However, there is a large pipeline of projects and DFA continues to balance multiple complementary sources to fund projects as applications become complete.

The CWSRF Emerging Contaminants funding was transferred to the DWSRF program for SFY 2023-24 and combined with the new DWSRF Emerging Contaminants funding, in compliance with 40 C.F.R. §§ 35.3530(c) and 35.3555(c)(8). Emerging Contaminants represents a relatively new objective within the DWSRF program and State Water Board staff spent the year garnering interest and building an application pipeline of eligible projects. The program executed two DWSRF EC agreements in SFY 2023-24. The DWSRF emerging contaminants set-asides also funded DDW's various regulatory efforts and technical assistance in support of addressing emerging contaminants within PWSs, namely PFAS contaminants.

Lead Service Line Replacement funding also represents a relatively new objective within the DWSRF program and similarly, State Water Board staff spent the year reaching out to communities to solicit interest in the LSLR funds. Applications for LSLR funding has been slower than anticipated with many water systems still working to complete water line inventories by the October 2024 deadline established in the Revised Lead and Copper Rule established by US EPA. Program staff anticipate that eligible LSLR projects may not materialize until inventories are complete. The LSLR set-asides also funded DDW's efforts in assessing lead service line issues, including the development of a new lead and copper reporting database for PWSs. In addition, during SFY 2023-24 State Water Board Staff worked with US EPA to contract with a third party to assist public water systems in completing their inventories of service lines owned by both water systems and their customers. Assistance is made available to eligible public water systems. Priority is given to eligible public water systems with 500 service connections or less serving disadvantaged communities (DAC). The assistance application form can be found online at https://www.waterboards.ca.gov/drinking_water/services/funding/documents/2023/lsl-request-form.pdf. During SFY 2024-23, 54 systems applied for technical assistance.

C. Additional Supplemental Appropriations for Disaster Relief Act Funding

The State Water Board adopted the Additional Supplemental Appropriations for Disaster Relief Act (ASADRA) Supplemental IUP in July 2023. In SFY 2023-24, the State Water Board did not receive additional applications for the ASADRA program. The total amount of ASADRA funds awarded to California as of FY 2023-24 was \$51,974,515. During SFY 2023-2024, staff continued to work with four applicants to complete their ASADRA applications, and to better define the scope and costs of the projects.

D. Leveraging Update

The State Water Board did not issue any DWSRF revenue bonds in SFY 2023-2024 because the pace of DWSRF disbursements to existing commitments remained within recent historical averages despite a record commitment of \$910 million in new funding agreements in SFY 2021-2022. The State Water Board was also awarded a net increase in DWSRF federal funding under BIL, which helped offset any need for DWSRF revenue bonds in SFY 2023-2024. The State Water Board continued to monitor its DWSRF cash flows in SFY 2023-2024 and may need to sell DWSRF revenue bonds in the future to fund, in part, existing DWSRF commitments. See the DWSRF Audited Financial Statements in Appendix F for more details on the outstanding par amount in DWSRF bonds.

E. Small Disadvantaged Community Update

1. Safe and Affordable Funding for Equity and Resilience Program

Senate Bill (SB) 200 (Ch. 120, Stats. 2019) established the Safe and Affordable Drinking Water Fund (SADW Fund) 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. Expenditures from the SADW 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 Proposition 1 (Prop 1) and Proposition 68 (Prop 68) Groundwater, Prop 68 Drinking Water, the State Water Pollution Cleanup and Abatement Account (CAA), General Fund appropriations, and the DWSRF, which offers repayable, low-interest financing and loans with partial or complete principal forgiveness. Additionally, the Budget Act of 2021 appropriated \$650 million towards drinking water projects. The SADW Fund, and these other complementary funding sources, constitute the larger SAFER Program.

The SAFER Program also encompasses regulatory efforts to protect drinking water, community engagement to identify needs and solutions, data collection and assessment to promote sound decision-making, and information management to provide transparency and accountability. 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.

2. Small DAC SFY 2023-24 Committed Expenditures

In SFY 2023-24, 258 small DAC projects were funded, 13 planning and 52 construction, 18 interim water, 163 technical assistance, and 6 administrators, for a total of \$388 million in grant or principal forgiveness, funded via DWSRF principal forgiveness, Prop 1, Prop 68, General Fund, and SADW Fund projects.

F. Technical Assistance

The State Water Board's Office of Sustainable Water Systems continued to administer a comprehensive, statewide technical assistance program under both the DWSRF and complementary State funding programs. The DWSRF helped fund staff that coordinated and implemented this drinking water technical assistance program in coordination with a variety of technical assistance providers. Specifically, California Rural Water Association (CRWA), Rural Community Assistance Corporation (RCAC) and Self-Help Enterprises (SHE), in coordination with the State Water Board staff provided technical assistance to 65 PWSs, including income surveys, water rate studies, and DWSRF application development. They also provided or participated in a variety of online workshops, symposiums, and fairs, which benefited over 1,283 PWSs in SFY 2023-24. All onsite workshops, symposiums, and fairs were conducted virtually during the pandemic to maintain proper social distancing.

CRWA, RCAC, and SHE in coordination with the State Water Board staff also provided TMF assistance in SFY 2023-24, including mutual water company board training, PWS operation training, and water system ownership research. In addition, RCAC developed and conducted statewide online training workshops that focused on building the TMF capacity of PWSs. In SFY 2023-24, RCAC held two California Technical Assistance Provider (CalTAP) funding fairs. The fairs provided information on free services and materials available to the water systems and included two water symposia that focused on ground water contamination and drought planning for small systems. The CalTAP fairs averaged 62 attendees, and the symposia averaged 20 attendees. In addition to the funding fairs, RCAC held 102 workshops. Board members, water system staff, and operators from more than 1,283 individual water systems participated in the training events. RCAC utilized feedback from training and workshop attendees to improve its organizations' effectiveness in communicating with the public and ability to provide helpful information.

G. Marketing Updates

State Water Board staff continued to participate in the California Financing Coordinating Committee (CFCC) funding fairs during SFY 2023-24. The funding fairs provide members of the public and infrastructure development professionals with current information on funding options available for different project types.

State Water Board staff also presented and exhibited at the Floodplain Management Association (FMA). FMA is the premier organization for floodplain management professionals interested in reducing flood risk and creating sustainable floodplains. The association serves as an unbiased forum for legislature, government, industry, and science to advance best practices, technologies, policies, regulations, and legal strategies, with a focus on California, Nevada, and Hawaii. FMA's mission is to improve flood safety and maximize floodplain resources through effective dialogue, collaboration, education, legislation, and policy.

Finally State Water Board communications and marketing team worked closely with USEPA Region 9 to coordinate various media events, including ribbon cuttings and press releases.

H. DWSRF Source Water Protection Program

California established the DWSRF program with federal capitalization grants awarded by the USEPA). A portion of these funds was set-aside for source water protection (SWP) loans.

Funding for the SWP program provided loans to PWSs for the purchase of land or conservation easements. PWSs could only purchase land or a conservation easement from willing parties. The purchase was required to be for the purposes of protecting the system's source water and ensuring compliance with national drinking water regulations. The DWSRF program evaluated all projects using the priority system described in the IUP in effect at the time the SWP loans were awarded.

As of SFY 2023-24, the program had set aside a total of \$24,889,390 from the FFY 2000-2005 Capitalization Grants for this program, but, due to lack of demand from PWSs, subsequent federal grant amendments returned \$22,890,390 from the FFY 2000-2005 Capitalization Grants to the DWSRF infrastructure loan fund. As shown in Table 8 below, \$2,000,000 has been committed and expended for SWP loans. The State Water Board does not anticipate setting aside funds for SWP loans in the near future.

Table 8: Source Water Protection Loan Set-Asides

Funding Recipient	Project No.	Category	Population	Executed FA Date	Contract No.	Loan Amount	Grant Amount	Total Funding Assistance
Contra Costa Water District	0710003-017	SWP	201,100	9/1/2003	2001SWP101	\$2,000,000	\$0	\$2,000,000

I. Environmental Review Updates

A historical context report, *Drinking Water and Wastewater Treatment Facilities in California: Historic Context and Research Design for National Register Evaluation* was completed and posted to the State Water Board's public website on March 11, 2024. This study is the first of its kind prepared by any SRF program. The purpose of the study is to assist SRF Program applicants and their environmental consultants with evaluating the eligibility of drinking water and wastewater facilities for the National Register of Historic Places for compliance with Section 106 of the National Historic Preservation Act and California Environmental Quality Act (CEQA) documents.

During the 2023/24 SFY, the State Water Board Cultural Resources Staff conducted consultations with the Native American tribes pursuant to Section 106 of the National Historic Preservation Act for 12 SRF projects. The State Water Board Cultural Resources Staff also conducted consultations with the Native American tribes for three projects pursuant to CEQA for the State Water Board preparation of environmental documents as the Lead Agency.

The State Water Board Environmental Staff in coordination with the USEPA, Region IX Staff initiated consultations with the Advisory Council on Historic Preservation, the State Historic Preservation Officer, Native American tribes and other interested parties to prepare two programmatic agreements (PAs) for the SRF Programs for implementation of Section 106 of the National Historic Preservation Act. The State Water Board Environmental Staff continued to work on the PAs with the parties. The first public drafts of the PAs are expected to be released for public comment in the summer of 2025.

J. Lead Service Line Supplemental Funding

DWSRF funding for lead service line inventories and replacement provides 100% principal forgiveness to eligible PWSs serving DACs and zero percent interest repayable loans for eligible PWSs serving non-DACs. During SFY 2023-24, two applications requested lead service line replacement funding in an approximate amount of \$50 million and 8 applications requested lead service line inventory funding in an approximate amount of \$23 million.

In addition to the funding applications, the LSLR funds are used to provide technical assistance to small DACs in conducting lead service line inventories. During SFY 2023-24, 54 systems requested technical assistance.

K. Emerging Contaminants Supplemental Funding

Emerging contaminants funds provide funds in the form of forgivable loans with priority of projects addressing PFAS. Up to 100% of the project cost is available to systems serving less than 25,000 people or DACs and up to 50% of the project cost is available for non-DAC systems serving over 25,000 population. The funding amount was limited to a maximum of \$5 million per water system, and then increased to a maximum of \$10 million per water system. During the SFY 2023-24, the State Water Board executed 2 funding agreements in the amount of \$6,500,000.

V. ACRONYMS

AIS	American Iron and Steel
ARRA	American Recovery and Reinvestment Act of 2009
ASADRA	Additional Supplemental Appropriations for Disaster Relief Act
ASAP	Automated Standard Application of Payments
BABA	Build America Buy America
BIL	Bipartisan Infrastructure Law
CalTap	California Technical Assistance Provider
CFCC	California Financing Coordinating Committee
CRWA	California Rural Water Association
CWSRF	Clean Water State Revolving Fund
DAC	Disadvantaged Community
DACs	Disadvantaged Communities
DAS	Division of Administrative Services
DBE	Disadvantaged Business Enterprise
DDW	Division of Drinking Water
DFA	Division of Financial Assistance
DIT	Division of Information Technology
DWSRF	Drinking Water State Revolving Fund
ETF	Extended Term Financing
EDWG	Expedited Drinking Water Grant Funding Program
ESCWSs	Expanded Small Community Water Systems
FFATA	Federal Funding Accountability and Transparency Act
FFY	Federal Fiscal Year
FI\$Cal	Financial Information System for California
FSSRS	Federal Funding Accountability and Transparency Act Subaward Reporting System
IUP	Intended Use Plan
LEFA	Legal Entity Formation Assistance
MCL	Maximum Contaminant Levels
MBE	Minority Owned Business Enterprise
MHI	Median Household Income
OMB	Office of Management and Budget
OPP	Office of Public Participation
OSWS	Office of Sustainable Water Solutions
PICM	Permitting, Inspection, Compliance, Monitoring

PF	Principal Forgiveness
PWS	Public Water System
PWSs	Public Water Systems
PWSS	Public Water System Supervision
RCAC	Rural Community Assistance Corporation
SADW Fund	Safe and Affordable Drinking Water Fund
SAFER	Safe and Affordable Funding for Equity and Resilience
SCG-DW	Small Community Grant Drinking Water
SCO	State Controller's Office
SDAC	Severely Disadvantaged Community
SDACs	Severely Disadvantaged Communities
SDWA	Safe Drinking Water Act
SERP	State Environmental Review Process
SFY	State Fiscal Year
SHE	Self-Help Enterprises
SWP	Source Water Protection
SWS	Small Water System
SWSs	Small Water Systems
SWSTA	Small Water System Technical Assistance
TMF	Technical, Managerial, Financial
ULO	Unliquidated Obligation
USEPA	United States Environmental Protection Agency
WBE	Women Owned Business Enterprise

VI. EXHIBITS

Exhibit A	SFY 2023-24 DWSRF Projects Funded List
Exhibit B	SFY 2023-24 DWSRF Federal Funding Accountability and Transparency Act (FFATA)/Equivalency Projects
Exhibit C	SFY 2023-24 DWSRF Small Community Emergency Grant Fund Projects
Exhibit D	SFY 2023-24 DWSRF Co-Funded Projects
Exhibit E	SFY 2023-24 DWSRF Intended Use Plan (IUP) Non-Funded Projects
Exhibit F	SFY 2023-24 DWSRF Revenue Bond Funded Projects Update
Exhibit G	SFY 2023-24 DWSRF Green Project Reserve Funding Summary
Exhibit H	SFY 2023-24 DWSRF Additional Subsidy Funding Summary
Exhibit I	SFY 2023-24 DWSRF Disadvantaged Business Enterprise Report Results
Exhibit J	SFY 2023-24 DWSRF Set-Aside Expenditures/Banked Authority
Exhibit K	SFY 2023-24 DWSRF Financings with Servicing Fees

Exhibit A: SFY 2023-24 DWSRF Projects Funded List

Funding Recipient	Project Name and Description	Category	Region	Project Number	Population	Connections	System Type	Project Type	Agreement Date	Base Grant Principal Forgiveness	BL General Supplemental Grant Principal Forgiveness	DWSRF Loan Amount	Total Financed	Status/Degree of Disadvantage	Green Project Reserve Amount	DWSRF Base Program Equivalency	BL General Supplemental Equivalency	BL Emerging Contaminants	BL Lead Service Line Replacement
Burney Water District	Burney Water District Water System Improvement Project	E	I	4510003-003C	3,257	1,406	Small	Construction	11/9/2023	\$13,981,000	\$-	\$-	\$13,981,000	SDAC	\$-	No	No	No	No
Central Unified School District	Houghton-Kearney K-8 School Well Project	C	III	1000206-002P	310	94	Small	Planning	7/13/2023	\$722,000	\$-	\$-	\$722,000	SDAC	\$-	No	No	No	No
Colusa, City of	Water Consolidation - Walnut Ranch Community Facilities Improvement	D	I	0610002-002C	6,111	1,925	Small	Construction	10/9/2023	\$3,346,048	\$-	\$-	\$3,346,048	SDAC	\$-	No	No	No	No
Fall River Valley Community Services District	Fall River Valley CSD Water System Improvements	D	I	4510008-002P	1,584	474	Small	Planning	3/11/2024	\$2,016,000	\$-	\$-	\$2,016,000	SDAC	\$-	No	No	No	No
Floriston Property Owners Association, Inc.	Floriston Spring Filtration Project	A	I	2900502-002C	100	43	Small	Construction	10/26/2023	\$5,326,993	\$-	\$-	\$5,326,993	Non-DAC	\$-	No	No	No	No
Fort Bragg, City of	Water Treatment Plant Overhaul and Water Tank Rehabilitation	F	II	2310001-003C	7,291	2,846	Small	Construction	7/31/2023	\$11,099,340	\$-	\$-	\$11,099,340	SDAC	\$-	No	No	No	No
Jackson, City of	Martell Reservoir Replacement	F	I	0310001-001P	5,019	2,208	Small	Planning	10/2/2023	\$495,574	\$-	\$-	\$495,574	DAC	\$-	No	No	No	No
Junction City Elementary School District	Water Filtration and Treatment System Upgrade Project	F	I	5304209-001P	80	2	Small	Planning	7/20/2023	\$232,000	\$-	\$-	\$232,000	SDAC	\$-	No	No	No	No
Jurupa Community Services District	Etiwanda Intervalley Water Quality & Water Resiliency Project-Pipeline Phase 1A (EC)	F	V	3310021-020C	134,049	33,574	Large	Construction	6/18/2024	\$-	\$5,000,000	\$61,180,000	\$66,180,000	Non-DAC	\$-	Yes	Yes	Yes	No
Lake Don Pedro Community Services District	Surface Water Reliability and Water Treatment Plant Modernization	F	III	5510008-014P	3,240	1,534	Small	Planning	10/17/2023	\$500,000	\$-	\$-	\$500,000	DAC	\$-	No	No	No	No
Los Angeles, City of Acting by and through the Department of Water & Power	Manhattan Wellfield On-site Hypochlorite Generation Station	D	IV	1910067-057C	3,806,272	708,607	Large	Construction	8/9/2023	\$-	\$-	\$9,574,000	\$9,574,000	Non-DAC	\$-	No	No	No	No
Los Tules Mutual Water Company	Los Tules Mutual Water Company Infrastructure and Fire Safety Project	E	V	3700958-001C	238	116	Small	Construction	12/27/2023	\$821,966	\$-	\$-	\$821,966	SDAC	\$-	No	No	No	No
Maxwell Public Utility District	Water System Treatment Improvement Project	E	I	0610003-001P	1,175	393	Small	Planning	7/24/2023	\$363,300	\$-	\$-	\$363,300	DAC	\$-	No	No	No	No
Miranda Community Services District	MCSD Tank Replacement	F	I	1200707-001P	492	149	Small	Planning	11/13/2023	\$225,000	\$-	\$-	\$225,000	SDAC	\$-	No	No	No	No
North Gualala Water Company, Incorporated	Parr Tank and Pipeline Improvement Project	F	II	2310007-018C	2,593	1,060	Small	Construction	2/6/2024	\$1,798,457	\$-	\$-	\$1,798,457	DAC	\$-	No	No	No	No
Parlier, City of	1,2,3-TCP Removal Treatment Systems	C	III	1010025-001C	14,576	2,688	Large	Construction	11/9/2023	\$-	\$10,461,287	\$-	\$10,461,287	SDAC	\$-	No	No	Yes*	No
Quintette Service Corporation	Quintette Service Corporation Infrastructure Enhancement Project	F	I	0900308-001P	80	51	Small	Planning	2/28/2024	\$811,096	\$-	\$-	\$811,096	SDAC	\$-	No	No	No	No
River Pines Public Utility District	Water Storage and Distribution Rehabilitation Project	F	I	0310006-002C	574	230	Small	Construction	11/22/2023	\$7,574,250	\$-	\$-	\$7,574,250	SDAC	\$-	No	No	No	No
San Bernardino, City of - Municipal Water Department	Systemwide 2 Pipeline Replacement Project	F	V	3610039-053C	214,665	45,305	Large	Construction	11/28/2023	\$-	\$-	\$11,234,350	\$11,234,350	DAC	\$-		No	No	No
San Diego, City of	Morena Pipeline	F	V	3710020-077C	1,368,395	282,245	Large	Construction	11/21/2023	\$-	\$-	\$57,673,459	\$57,673,459	Non-DAC	\$-	No	No	No	No
San Luis Obispo, County of	Shandon (CSA 16) - Water System Improvement Project	F	IV	4010028-001P	1,085	362	Small	Planning	3/27/2024	\$708,871	\$-	\$-	\$708,871	SDAC	\$-	No	No	No	No
Scotia Community Services District	Scotia Water Treatment Facility Replacement	F	I	1210010-001P	906	304	Small	Planning	8/23/2023	\$1,133,000	\$-	\$-	\$1,133,000	SDAC	\$-	No	No	No	No
Shaffer Union Elementary School District	Shaffer Elementary School Source Capacity Project	D	I	1800575-001C	248	7	Small	Construction	9/17/2023	\$554,966	\$-	\$-	\$554,966	DAC	\$-	No	No	No	No
Sierra Park Water Company, Inc.	Sierra Park Water Company Water System Improvements	E	III	5510016-001C	300	346	Small	Construction	2/27/2024	\$-	\$1,500,000	\$-	\$1,500,000	Non-DAC	\$-	No	Yes	Yes	No
Sunrise Shore Mutual Water Company	Compliance and Sustainability Project	C	II	1700536-004C	83	42	Small	Construction	12/8/2023	\$2,109,000	\$-	\$-	\$2,109,000	DAC	\$-	No	No	No	No
West Valley Water District	Oliver P. Roemer Water Filtration Facility Expansion Project (RWFF Project)	F	V	3610004-002C	108,000	23,593	Large	Construction	8/8/2023	\$-	\$-	\$46,665,000	\$46,665,000	Non-DAC	\$-	No	No	No	No

Funding Recipient	Project Name and Description	Category	Region	Project Number	Population	Connections	System Type	Project Type	Agreement Date	Base Grant Principal Forgiveness	BIL General Supplemental Grant Principal Forgiveness	DWSRF Loan Amount	Total Financed	Status/Degree of Disadvantage	Green Project Reserve Amount	DWSRF Base Program Equivalency	BIL General Supplemental Equivalency	BIL Emerging Contaminants	BIL Lead Service Line Replacement
Willow Creek Community Services District	Brannan Mountain Water Storage Tank	F	I	1210015-002C	1,298	931	Small	Construction	6/7/2024	\$2,112,750	\$-	\$-	\$2,112,750	DAC	\$-	No	No	No	No
Wilson Acres Mutual Water Co.	Wilson Acres MWC Infrastructure Rehabilitation Project	E	I	5200014-001P	75	28	Small	Planning	12/19/2023	\$275,000	\$-	\$-	\$275,000	DAC	\$-	No	No	No	No
Yolo, County of	North Davis Meadows Water Consolidation Project	A	I	5700788-003C	314	96	Small	Construction	1/10/2024	\$-	\$-	\$535,600	\$535,600	Non-DAC	\$-	No	No	No	No
Total					5,824,607					\$57,628,199	\$16,961,287	\$186,862,409	\$261,451,895		\$0				

* Emerging Contaminants funding amended to funding agreement during SFY 2024-25.

Exhibit B: SFY 2023-24 DWSRF Federal Funding Accountability and Transparency Act
(FFATA)/Equivalency Projects

Base Program

FFY	DWSRF Grant	Grant Amount (less set-asides)	FFATA/Equivalency Agreement	Project Number	FFATA/Equivalency Recipient	Actual Date Reported	FFATA/Equivalency Agreement Amount	
2022	Base	\$45,873,030	D22-02003	3010038-003C	Santa Ana, City of	2/10/2023	\$5,290,000	\$5,290,000
			D22-02010	3410021-004C	San Juan Water District	7/6/2023	\$3,995,000	\$3,995,000
			D22-02073	3710020-077C	San Diego, City of	1/29/2024	\$57,673,459	\$57,673,459
	Unassigned Balance	\$0				Total Assigned	\$66,958,459	
2023	Base	\$39,421,280	D23-02005	3310021-020C	Jurupa Community Services District	9/23/2024	\$61,180,000	\$61,180,000
	Unassigned Balance	\$0				Total Assigned	\$61,180,000	

BIL General Supplemental

FFY	DWSRF Grant	Grant Amount (less set-asides)	FFATA/Equivalency Agreement	Project Number	FFATA/Equivalency Recipient	Actual Date Reported	FFATA/Equivalency Agreement Amount	Total Initial Funding Agreement Amount
2022	BIL - General	\$117,462,420	D22-02013	3610004-002C	West Valley Water District	10/6/2023	\$46,665,000	\$46,665,000
					Los Angeles, City of Acting by and through the Department of Water & Power			\$9,574,000
			D22-02008	1910067-057C		10/6/2023	\$9,574,000	
			D24-02007	4410010-004C	Santa Cruz, City of	10/24/2024	\$41,352,000	\$41,352,000
					Los Angeles, City of Acting by and through the Department of Water & Power			\$139,000,000
			D24-02008	1910067-059C		10/22/2024	\$39,000,000	
	Unassigned Balance	\$0				Total Assigned	\$136,591,000	
2023	BIL - General	\$168,091,000	D24-02008	1910067-059C	Los Angeles, City of Acting by and through the Department of Water & Power	10/22/2024	\$100,000,000	\$139,000,000
			D23-02008	3710020-079C	San Diego, City of	10/31/2024	\$127,150,000	\$145,691,810
	Unassigned Balance	\$0				Total Assigned	\$227,150,000	

*All prior DWSRF federal grants have been fully assigned FFATA/Equivalency projects and reporting

BIL – Emerging Contaminants

FFY	DWSRF Grant	Grant Amount* (less set-asides)	FFATA/Equivalence Agreement	Project Number	FFATA/Equivalency Recipient	Actual Date Reported	FFATA/ Equivalency Agreement Amount	Total Initial Funding Agreement Amount
2022	BIL - Emerging Contaminants	\$56,007,260.00	D23-02005	3310021-020C	Jurupa Community Services District	3/5/2025	\$5,000,000	\$5,000,000
	Unassigned Balance	\$51,007,260.00				Total Assigned	\$5,000,000	
2023	BIL - Emerging Contaminants	\$76,204,720.00	D23-020009	5510016-001C	Sierra Park Water Company, Inc.	3/5/2025	\$1,500,000	\$1,500,000
	Unassigned Balance	\$74,704,720.00				Total Assigned	\$1,500,000	

BIL – Lead Service Line

No Lead Service Line Funding Agreements were executed during SFY 2023-24.

Exhibit C SFY 2023-24 DWSRF Small Community Emergency Grant Fund Projects

No agreements for eligible projects were executed under the DWSRF Small Community Emergency Grant Fund because the State Budget has not yet provided appropriation authority and DWSRF loan fees have not yet been established as a revenue source for the fund.

Exhibit D: SFY 2023-24 DWSRF Co-funded Projects

Agreement Execution Date	Project Number	Contract Number	Party	Project Name	Region	County	Congressional District(s)	State Assembly District(s)	State Senate District(s)	DWSRF Funding Amount	Other Funding Amount	Total Funding
1/10/2024	5700788-003C	D2202047	Yolo, County of	North Davis Meadows Water Consolidation Project	I	Yolo	3	4	3	\$535,600	\$7,600,000	\$8,135,600

Exhibit E: SFY 2023-24 DWSRF Intended Use Plan (IUP) Non-Funded Projects

- 1. DWSRF Reviews are not Complete. (Complete Application)
- 2. Application requires additional studies, more documents, and/or more hearings (Incomplete Application)
- 3. N/A - DWSRF financing agreement pending or executed in 2024-25
- 4. Project dropped from consideration due to inactive status
- 5. N/A- application withdrawn
- 6. N/A- funded with other complementary grant financing
- 7. Lower Priority Project (Category D-F non-consolidation) so not currently grant eligible and put on hold

Applicant	Category	Project Number	Funding Type	Estimated Project Costs	Description	Population	Service Connection	Comment / Reason not Funded in SFY 23-24	Degree of Disadvantaged
San Diego, City of	F	3710020-079C	Construction	\$86,800,000	Alvarado 2nd Pipeline Extension	1,266,731	271,962	3	Non-DAC
Los Angeles, City of Acting by and through the Department of Water & Power	F	1910067-059C	Construction	\$139,000,000	City Trunk Line North Unit 1	4071873	680,607	3	Non-DAC
Anaheim, City of	F	3010001-003C	Construction	\$18,182,483	Groundwater Treatment Plants (PFAS) - Phase A	346823	62,476	5	Non-DAC
Anaheim, City of	F	3010001-004C	Construction	\$19,302,493	Groundwater Treatment Plant (PFAS) - Phase B	346823	62,476	6	Non-DAC
Santa Cruz, City of	F	4410010-004C	Construction	\$41,352,000	Newell Creek Pipeline (Felton/Graham Hill) Replacement Project	90000	24,228	3	Non-DAC
South Tahoe Public Utility District	F	0910002-030C	Construction	\$6,934,000	Waterline Upgrades and Improvement Project	60000	13,635	3	Non-DAC
Small DAC Projects									
Angels, City of	F	0510003-003C	Construction	\$7,000,000	City of Angels Water Treatment Plant Upgrade	3,441	1,773	7	SDAC
Apple Valley Heights County Water District	F	3600009-001C	Construction	\$4,400,000	Storage Tanks and Transmission Pipeline Improvements Project	977	286	5	SDAC
South Feather Water & Power Agency`	A	0410006-001C	Construction	\$11,715,000	Palermo Drinking Water Consolidation Project	22,348	6,772	3	SDAC
Caruthers Community Services District	D	1010039-004C	Construction	\$716,600	Water Line Loop - Tahoe, Mt. View & West Ave	2,103	672	7	DAC
Coachella, City of	C	3310007-003C	Construction	\$1,799,050	Shady Lane Mobile Home Park Water Consolidation Project	38,406	7,460	3	SDAC
Cobb Area County Water District	F	1710012-004C	Construction	\$3,878,000	Alpine Meadows and Starview Improvement Project	2,500	708	3	Non-DAC

Applicant	Category	Project Number	Funding Type	Estimated Project Costs	Description	Population	Service Connection	Comment / Reason not Funded in SFY 23-24	Degree of Disadvantaged
Davenport County Sanitation District	D	4400571-005C	Construction	\$434,711	Davenport Drinking Water Improvement Project - Phase III	350	130	7	SDAC
Del Rey Community Services District	C	1010035-006C	Construction	\$400,000	TCP Wellhead Treatment Project at Wells 4, 5, and 7	1,100	362	3	SDAC
Fresno, County of (Service Area 49)	C	1000546-006C	Construction	\$4,067,714	CSA 49 Water System Improvements	450	31	2	SDAC
JHC River Ranch Inc	C	3600155-001C	Construction	\$81,000	River Ranch Mobile Home Park Water System Consolidation Project	300	136	3	SDAC
Lake, County of (CSA 20)	F	1710022-009C	Construction	\$5,000,000	Soda Bay Water Treatment Plant Improvements	1,438	662	7	SDAC
Liberty Utilities (Apple Valley Ranchos Water) Co.	C	3610003-001C	Construction	\$5,910,431	Rehabilitation of the Yermo Water System	52,879	18,744	7	SDAC
Livingston, City of	C	2410004-004C	Construction	\$12,000,000	Livingston 1,2,3-TCP Removal Treatment System Project	13,795	2,948	2	DAC
Palo Verde Union Elementary School District	D	5400519-001C	Construction	\$645,000	Palo Verde Union Elementary School Well	500	26	7	SDAC
Plainview Mutual Water Company	C	5410039-003C	Construction	\$5,070,567	Plainview Nitrate Relief Project	800	187	3	SDAC
San Bernardino, County of	F	3600220-001C	Construction	\$200,000	CSA 42 Reservoir Replacement	700	140	2	SDAC
Sierra County (Calpine) Waterworks District No. 1	C	4600019-001C	Construction	\$3,245,520	New Well and Treatment Facilities	225	142	3	Non-DAC
Sierra Linda Mutual Water Company, Inc.	C	2000506-001C	Construction	\$7,724,400	Consolidation, Metering, and Water Treatment	180	89	2, property issues	SDAC
St. Marie Mobile Home Park, LLC	A	4200842-001C	Construction	\$934,450	City of Santa Maria Water Service Connection	250	78	2	SDAC
Tipton Community Services District	C	5410014-002C	Construction	\$4,150,000	North Burnett Road Water System Project	1,992	592	5	SDAC
Tract 349 Mutual Water Company	E	1910160-010C	Construction	\$7,387,000	Tract 349 Water Quality Improvement Project	8,500	905	2	SDAC

Applicant	Category	Project Number	Funding Type	Estimated Project Costs	Description	Population	Service Connection	Comment / Reason not Funded in SFY 23-24	Degree of Disadvantaged
Tract 92 Community Services District	C	EDWG-5400903-001C	Construction	\$7,440,000	Tract 92 CSD – CWS Visalia Water System Consolidation Project	500	93	2, eligibility concerns	SDAC
Tuolumne Utilities District	F	5510012-001C	Construction	\$42,000	Sierra Pines Regional Water Treatment Facility Project	3,446	1,460	3	Pending
Tuolumne Utilities District	D	5510013-010C	Construction	\$852,482	Cuesta Heights Water Storage	3,646	1,545	3	DAC
Wasco, City of	C	1510021-004C	Construction	\$15,975,965	Water System Improvement & Treatment Project	19,448	3,936	6	SDAC
Waterford, City of	D	5010026-001C	Construction	\$5,033,821	Hickman Water System Improvements Construction Project	565	181	7	DAC
Woodville Public Utility District	A	5410025-001C	Construction	\$3,488,578	Replacement Well Project	1,678	478	5	SDAC
Big Sandy Rancheria of Western Mono Indians of California	C	0600121-001P	Planning	\$255,370	Big Sandy Rancheria Water System Capital Improvement	235	55	3	DAC
Blue Bell Valley Mutual Water Company	A	5500040-001P	Planning	\$49,000	The Blue Bell Valley Nitrate Removal & Water System Improvements	230	90	6	Pending
Chester Public Utility District	D	3210009-001P	Planning	\$1,812,000	Water System Improvement Project	2,088	1,209	7	DAC
Clear Creek Community Services District	F	4510016-004P	Planning	\$231,608	Distribution Pipe Replacement	8,000	2,645	7	SDAC
Diablo Water District	F	0710007-002P	Planning	\$450,000	Willow Mobile Home Park Consolidation	33,250	9,907	6	Pending
Dunsmuir, City of	F	4710002-004P	Planning	\$1,419,000	Water System Improvement Project	1,923	1,285	7	SDAC
Havasu Water Company	C	3610017-001P	Planning	\$442,200	Havasu Water Company Improvements Plan	350	211	2	SDAC
Leavitt Lake Community Services District	D	1810004-001P	Planning	\$748,000	Leavitt Lake CSD DWSRF New Well	950	258	7	DAC

Applicant	Category	Project Number	Funding Type	Estimated Project Costs	Description	Population	Service Connection	Comment / Reason not Funded in SFY 23-24	Degree of Disadvantaged
Legacy Development, LLC	A	2000589-001P	Planning	\$500,000	MPMH Well Replacement	60	32	5	SDAC
Madera, County of (MD10A - Madera Ranchos)	C	2010008-005P	Planning	\$3,080,433	MD10A New Wells Improvement Planning Project	2,255	922	7	Non-DAC
Mescal Creek Water, Inc.	B	1900147-001P	Planning	\$1,200,000	Water System Improvements	37	23	2, eligibility concerns	DAC
Oceano Community Services District	F	4010005-001P	Planning	\$488,893	CIP Upgrade Projects	7,601	2,217	7	DAC
OLA Rambling Hills, LLC	F	5500243-001P	Planning	\$500,000	Water Source Planning	45	17	3	SDAC
Phoenix Lake Estates Country Club Mutual Water Company	C	5510026-001P	Planning	\$500,000	Phoenix Lake Estates Country Club Mutual Water Company Water Supply	870	351	6	SDAC
Salyer Heights Water Supply, Inc.	A	5304502-001P	Planning	\$424,750	Salyer Heights New Water Treatment Plant & Water Tanks Project	82	42	3	SDAC
Warner Springs Estates Homeowners Association	D	3702354-001P	Planning	\$567,500	Warner Springs Tank, Wells, and Meters Improvement Project	340	287	7	SDAC

Exhibit F: SFY 2023-24 Revenue Bond Funded Projects Update

The State Water Board has fully expended the Series 2019 DWSRF revenue bonds and has not sold any additional revenue bonds. Therefore, there are no DWSRF revenue bond funded project updates for SFY 2023-2024.

Exhibit G: SFY 2023-24 DWSRF Green Project Reserve Funding Summary

FFY Grant	SFY	Grant Award Amount	Minimum Green Project Reserve Amount by FFY Grant ⁶	Committed Green Project Reserve Amount Per FFY Grant Assignment ⁷	Disbursed Green Project Reserve Amount by SFY ⁸	Undisbursed Green Project Reserve Amount by SFY ⁹
2010 Base	10-11	\$126,958,000	\$25,391,600	\$25,391,600	\$0	\$0
2011 Base	11-12	\$86,698,000	\$17,339,600	\$26,013,832	\$12,457,278	\$0
2012 Base	12-13	\$85,358,000	\$0	\$7,231,611	\$31,910,690	\$0
2013 Base	13-14	\$78,770,000	\$0	\$1,193,050	\$7,037,464	\$0
2014 Base	14-15	\$83,221,000	\$0	\$0	\$2,242,734	\$0
2015 Base	15-16	\$83,674,000	\$0	\$476,717	\$2,715,139	\$0
2016 Base	16-17	\$78,215,000	\$0	\$1,098,593	\$2,203,628	\$0
2017 Base	17-18	\$77,545,000	\$0	\$31,042,366	\$5,940,768	\$0
2018 Base	18-19	\$97,991,000	\$0	\$0	\$14,729,081	\$0
2019 Base	19-20	\$97,072,000	\$0	\$1,830,133	\$12,715,988	\$0
2020 Base	20-21	\$97,134,000	\$0	\$0	\$1,489,022	\$0
2021 Base	21-22	\$97,047,000	\$0	\$9,704,700	\$0	\$0
2022 Base	22-23	\$74,248,157	\$0	\$10,117,365	\$42,148,907	\$0
2022 BIL General	22-23	\$158,733,000	\$0	\$0	\$0	\$0
2023 Base	23-24	\$54,183,000	\$0	\$0	\$0	\$0
2023 BIL General	23-24	\$227,150,00	\$0	\$0	\$0	\$0
Totals		\$1,603,997,157	\$42,731,200	\$103,982,602	\$93,441,792	\$10,540,810
Grand Total:						\$103,982,602

⁶ USEPA required the State Water Board to commit and expend a minimum amount of DWSRF capitalization grant to projects that qualify under the rules and requirements of USEPA's "Green Project Reserve." This minimum amount became discretionary beginning in FFY 2012.

⁷ In accordance with USEPA procedures, these amounts represent the DWSRF project amounts assigned under the Green Project Reserve authority of the respective DWSRF capitalization grant as of 6/30/2024.

⁸ These amounts represent the Green Project Reserve disbursements for each respective SFY. Per USEPA policy, the Green Project Reserve funding is not necessarily encumbered and liquidated from DWSRF capitalization grants.

⁹ This amount represents the total encumbering balance of Green Project Reserve funding as well as the minimum Green Project Reserve Authority not yet encumbered as of 6/30/2024.

Exhibit H: SFY 2023-24 Additional Subsidy Funding Summary

FFY Year	SFY	Grant Award Amount	Minimum Subsidy Amount by FFY Grant	Maximum Subsidy Amount by FFY Grant Assignment	Committed Subsidy Amount by FFY Grant Assignment	Uncommitted Subsidy Amount by FFY Grant Assignment	Disbursed Subsidy Amount by SFY	Undisbursed Subsidy funding Summary
2010 Base	10-11	\$126,958,000	\$38,087,400	\$38,087,400	\$38,087,400	\$0	\$38,087,400	\$0
2011 Base	11-12	\$86,698,000	\$26,009,400	\$26,009,400	\$26,009,400	\$0	\$26,009,400	\$0
2012 Base	12-13	\$85,358,000	\$17,071,600	\$25,607,400	\$25,607,400	\$0	\$25,589,940	\$17,460
2013 Base	13-14	\$78,770,000	\$15,754,000	\$23,631,000	\$23,631,000	\$0	\$22,571,642	\$1,059,358
2014 Base	14-15	\$83,221,000	\$16,704,200	\$24,966,300	\$24,966,300	\$0	\$24,687,910	\$278,390
2015 Base	15-16	\$82,674,000	\$16,534,800	\$24,802,200	\$24,802,200	\$0	\$21,143,731	\$3,658,469
2016 Base	16-17	\$78,215,000	\$15,643,000	\$39,107,500	\$39,107,500	\$0	\$33,280,729	\$5,826,771

FFY Year	SFY	Grant Award Amount	Minimum Subsidy Amount by FFY Grant	Maximum Subsidy Amount by FFY Grant Assignment	Committed Subsidy Amount by FFY Grant Assignment	Uncommitted Subsidy Amount by FFY Grant Assignment	Disbursed Subsidy Amount by SFY	Undisbursed Subsidy funding Summary
2017 Base	17-18	\$77,545,000	\$15,509,000	\$38,772,500	\$38,772,500	\$0	\$33,469,558	\$5,302,942
2018 Base	18-19	\$97,991,000	\$19,598,200	\$48,995,500	\$48,995,500	\$0	\$30,752,752	\$18,242,748
2019 Base	19-20	\$97,984,000	\$19,414,400	\$48,536,000	\$48,536,000	\$0	\$20,933,322	\$27,602,678
2020 Base	20-21	\$97,072,000	\$19,414,400	\$48,536,000	\$47,595,660	\$0	\$7,279,237	\$40,316,423
2021 Base	21-22	\$97,047,000	\$13,586,580	\$47,553,030	\$42,869,958	\$4,683,072	\$5,343,974	\$42,209,056
2022 Base	22-23	\$61,819,000	\$8,654,660	\$30,291,310	\$29,188,200	\$1,103,110	\$0	\$30,291,310
2022 BIL General	22-23	\$158,733,000	\$77,779,170	\$77,779,170	\$70,736,243	\$7,042,927	\$1,152,643	\$76,626,527

FFY Year	SFY	Grant Award Amount	Minimum Subsidy Amount by FFY Grant	Maximum Subsidy Amount by FFY Grant Assignment	Committed Subsidy Amount by FFY Grant Assignment	Uncommitted Subsidy Amount by FFY Grant Assignment	Disbursed Subsidy Amount by SFY	Undisbursed Subsidy funding Summary
2023 Base	23-24	\$54,183,000	\$5,418,300	\$26,549,670	\$0	\$21,673,200	\$336,817	\$26,212,853
2023 BIL General	23-24	\$227,150,000	\$111,303,500	\$111,303,500	\$55,984,868	\$55,318,632	\$0	\$111,303,500
Totals		\$1,591,480,000	\$436,482,610	\$679,587,540	\$584,890,129	\$89,820,941	\$290,639,056	\$388,948,484

Exhibit H: SFY 2023-24 Additional Subsidy Funding Summary (Continued)

FFY Grant	SFY	Grant Award Amount	Maximum Subsidy Amount by FFY Grant	Committed Subsidy Amount by FFY Assignment	Uncommitted Subsidy Amount by FFY Grant Assignment	Disbursed Subsidy Amount by SFY	Undisbursed Subsidy Amount by SFY
2022 BIL EC	22-23	\$73,336,000	\$73,336,000	\$73,336,000	\$0	\$723,014	\$72,612,986
2022 BIL LSLR	22-23	\$250,107,000	\$122,552,430	\$1,018,155	\$121,534,275	\$0	\$122,552,430
2023 BIL EC	23-24	\$76,204,720	\$76,204,720	\$22,726,848	\$53,477,872	\$0	\$76,204,720
2023 BIL LSLR	23-24	\$28,650,000	\$14,038,500	\$0	\$14,038,500	\$0	\$14,038,500
Totals		\$428,297,720	\$286,131,650	\$97,081,003	\$189,050,647	\$0	\$286,131,650
Grand Total:					\$286,131,650		\$286,131,650

Exhibit I: SFY 2023-24 Disadvantaged Business Enterprise Report Results

	MBE	WBE	TOTAL
Annual Disbursements by Category	\$8,011,106	\$6,325,115	\$14,336,221
	Total Disbursements		\$252,290,277
Percentage to Total Disbursements	3.18%	2.51%	5.68%

Note: Percentage of DBE participation is determined by taking the funds disbursed to MBE and WBE compared to the total disbursements for the period October 1, 2023, through September 30, 2024. DBE reports are collected annually based on the FFY.

Exhibit J: SFY 2023-24 DWSRF Set-Aside Expenditures/Banked Authority

DWSRF Administrative Set-Aside

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance	Banked Amount
1997 Base	\$75,565,707	\$3,027,304	\$0	\$3,027,304	\$0	\$0
1998 Base	\$77,108,200	\$3,084,328	\$0	\$3,084,328	\$0	\$0
1999 Base	\$80,816,700	\$3,232,668	\$0	\$3,232,668	\$0	\$0
2000 Base	\$83,993,100	\$3,359,724	\$0	\$0	\$0	\$0
2001 Base	\$84,340,000	\$3,373,600	\$0	\$3,373,600	\$0	\$0
2002 Base	\$82,460,900	\$3,298,436	\$68,553	\$3,229,883	\$0	\$0
2003 Base	\$81,966,200	\$3,278,648	\$0	\$3,278,648	\$0	\$0
2004 Base	\$85,027,600	\$3,401,104	\$70,000	\$6,609,752	\$0	\$0
2005 Base	\$84,847,500	\$3,393,880	\$0	\$2,781,076	\$0	\$693,880
2006 Base	\$67,153,678	\$2,684,166	\$30,000	\$2,654,166	\$0	\$0
2007 Base	\$67,105,000	\$2,684,200	\$0	\$2,684,200	\$0	\$0
2008 Base	\$66,424,000	\$2,656,960	\$0	\$2,656,960	\$0	\$0
2009 Base	\$66,424,000	\$2,656,960	\$0	\$2,656,960	\$0	\$0
ARRA	\$159,008,000	\$6,017,000	\$0	\$5,364,472	\$0	\$0
2010 Base	\$126,958,000	\$5,078,320	\$0	\$5,078,320	\$0	\$0
2011 Base	\$86,698,000	\$3,467,920	\$0	\$3,467,920	\$0	\$0
2012 Base	\$85,358,000	\$3,414,320	\$300,000	\$3,114,320	\$0	\$0
2013 Base	\$78,770,000	\$3,150,800	\$426,867	\$2,723,933	\$0	\$0
2014 Base	\$83,221,000	\$3,328,840	\$0	\$3,328,840	\$0	\$0
2015 Base	\$82,674,000	\$3,306,960	\$395,000	\$3,328,840	\$0	\$0
2016 Base	\$78,215,000	\$3,128,600	\$75,000	\$2,911,960	\$0	\$0
2017 Base	\$77,545,000	\$3,101,800	\$0	\$3,053,600	\$0	\$0

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance	Banked Amount
2018 Base	\$97,991,000	\$3,919,640	\$0	\$3,101,800	\$0	\$0
2019 Base	\$97,984,000	\$3,882,880	\$0	\$3,919,640	\$0	\$0
2020 Base	\$97,134,000	\$3,885,360	\$0	\$3,882,360	\$0	\$0
2021 Base	\$97,047,000	\$3,881,880	\$0	\$3,885,880	\$0	\$0
2022 Base	\$61,819,000	\$2,472,760	\$0	\$3,881,880	\$0	\$0
2022 BIL General	\$158,733,000	\$6,349,320	\$0	\$6,349,320	\$0	\$0
2022 BIL Lead	\$250,107,000	\$2,841,780	\$0	\$0	\$2,841,780	\$0
2022 BIL Emerging Cont.	\$73,336,000	\$2,665,960	\$0	\$0	\$2,665,960	\$0
2023 Base	\$54,183,000	\$2,167,320	\$352,500	\$1,168,400	\$646,420	\$0
2023 BIL General	\$227,150,000	\$9,068,000	\$0	\$167,145	\$8,918,855	\$0
2023 BIL Lead	\$28,650,000	\$8,308,500	\$8,308,500	\$0	\$0	\$0
2023 BIL Emerging Cont.	\$97,636,000	\$3,297,120	\$0	\$0	\$3,297,120	\$0
Total	\$2,795,830,585	\$126,885,058	\$10,026,420	\$97,142,095	\$18,370,135	\$693,880

DWSRF Small Water Technical Assistance Set-Aside

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance	Banked Amount
1997 Base	\$75,565,707	\$1,513,652	\$0	\$68,245	\$0	\$1,445,407
1998 Base	\$77,108,200	\$1,542,164	\$0	\$1,542,164	\$0	\$0
1999 Base	\$80,816,700	\$1,616,334	\$0	\$1,616,334	\$0	\$0
2000 Base	\$83,993,100	\$1,679,862	\$0	\$0	\$0	\$0
2001 Base	\$84,340,000	\$1,686,800	\$0	\$1,686,800	\$0	\$0
2002 Base	\$82,460,900	\$1,649,218	\$0	\$1,649,218	\$0	\$0

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance	Banked Amount
2003 Base	\$81,966,200	\$1,639,324	\$0	\$1,639,324	\$0	\$0
2004 Base	\$85,027,600	\$1,700,552	\$0	\$3,339,876	\$0	\$0
2005 Base	\$84,847,500	\$1,696,950	\$0	\$1,390,538	\$0	\$346,950
2006 Base	\$67,153,678	\$1,342,083	\$0	\$1,342,083	\$0	\$0
2007 Base	\$67,105,000	\$1,342,100	\$0	\$1,342,100	\$0	\$0
2008 Base	\$66,424,000	\$1,328,480	\$0	\$1,328,480	\$0	\$0
2009 Base	\$66,424,000	\$1,328,480	\$0	\$1,328,480	\$0	\$0
ARRA	\$159,008,000	\$3,180,000	\$0	\$2,787,147	\$0	\$0
2010 Base	\$126,958,000	\$2,539,160	\$0	\$2,539,160	\$0	\$0
2011 Base	\$86,698,000	\$1,733,960	\$0	\$1,733,960	\$0	\$0
2012 Base	\$85,358,000	\$1,707,160	\$0	\$1,707,160	\$0	\$0
2013 Base	\$78,770,000	\$1,575,400	\$0	\$1,575,400	\$0	\$0
2014 Base	\$83,221,000	\$1,664,420	\$0	\$1,664,420	\$0	\$0
2015 Base	\$82,674,000	\$1,653,480	\$0	\$1,653,480	\$0	\$0
2016 Base	\$78,215,000	\$1,564,300	\$0	\$1,564,300	\$0	\$0
2017 Base	\$77,545,000	\$1,550,900	\$0	\$1,550,900	\$0	\$0
2018 Base	\$97,991,000	\$1,959,820	\$0	\$1,959,820	\$0	\$0
2019 Base	\$97,984,000	\$1,941,440	\$0	\$331,751	\$1,609,689	\$0
2020 Base	\$97,134,000	\$1,942,680	\$0	\$0	\$0	\$1,942,680
2021 Base	\$97,047,000	\$1,940,940	\$0	\$1,889,472	\$51,468	\$0
2022 Base	\$61,819,000	\$1,236,380	\$0	\$0	\$1,236,380	\$0
2022 BIL General	\$158,733,000	\$3,174,660	\$0	\$0	\$3,174,660	\$0
2022 BIL Emerging Cont.	\$73,336,000	\$1,332,980	\$0	\$0	\$1,332,980	\$0
2022 BIL LSLR	\$250,107,000	\$5,002,140	\$0	\$0	\$5,002,140	\$0

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance	Banked Amount
2023 BIL Emerging Cont.	\$73,336,000	\$1,332,980	\$0	\$0	\$1,332,680	\$0
2023 Base	\$54,183,000	\$1,083,660	\$0	\$0	\$1,083,660	\$0
2023 BIL General	\$227,150,000	\$4,543,000	\$0	\$0	\$4,543,000	\$0
2023 BIL Lead	\$28,650,000	\$573,000	\$0	\$0	\$573,000	\$0
2023 BIL Emerging Cont.	\$97,636,000	\$1,648,560	\$0	\$0	\$1,648,560	\$0
Total	\$3,203,449,585	\$63,614,039	\$0	\$39,230,613	\$20,255,536	\$3,735,037

DWSRF State Program Management Set-Aside

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance	Banked Amount
1997 Base	\$75,565,707	\$302,730	\$0	\$4,157	\$0	\$298,573
1998 Base	\$77,108,200	\$308,433	\$0	\$308,433	\$0	\$0
1999 Base	\$80,816,700	\$323,267	\$0	\$323,267	\$0	\$0
2000 Base	\$83,993,100	\$335,972	\$0	\$0	\$0	\$335,972
2001 Base	\$84,340,000	\$2,000,000	\$0	\$2,000,000	\$0	\$0
2002 Base	\$82,460,900	\$2,000,000	\$0	\$2,000,000	\$0	\$0
2003 Base	\$81,966,200	\$2,000,000	\$0	\$2,000,000	\$0	\$0
2004 Base	\$85,027,600	\$2,400,000	\$0	\$2,400,000	\$0	\$0
2005 Base	\$84,847,500	\$4,077,000	\$0	\$4,077,000	\$0	\$0
2006 Base	\$67,153,678	\$4,704,000	\$0	\$4,704,000	\$0	\$0
2007 Base	\$67,105,000	\$4,934,400	\$0	\$4,934,400	\$0	\$0
2008 Base	\$66,424,000	\$4,882,164	\$0	\$4,882,164	\$0	\$0
2009 Base	\$66,424,000	\$4,882,164	\$0	\$4,882,164	\$0	\$0

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance	Banked Amount
2010 Base	\$126,958,000	\$9,318,717	\$0	\$9,318,717	\$0	\$0
2011 Base	\$86,698,000	\$8,669,800	\$0	\$8,669,800	\$0	\$0
2012 Base	\$85,358,000	\$8,535,800	\$0	\$8,535,800	\$0	\$0
2013 Base	\$78,770,000	\$7,089,300	\$0	\$7,089,300	\$0	\$0
2014 Base	\$83,221,000	\$8,322,100	\$300,000	\$8,022,100	\$0	\$0
2015 Base	\$82,674,000	\$8,267,400	\$0	\$8,267,400	\$0	\$0
2016 Base	\$78,215,000	\$7,821,500	\$0	\$7,821,500	\$0	\$0
2017 Base	\$77,545,000	\$7,754,500	\$0	\$7,754,500	\$0	\$0
2018 Base	\$97,991,000	\$9,799,100	\$0	\$9,799,100	\$0	\$0
2019 Base	\$97,984,000	\$9,707,200	\$0	\$9,707,200	\$0	\$0
2020 Base	\$97,134,000	\$9,713,400	\$0	\$9,713,400	\$0	\$0
2021 Base	\$97,047,000	\$9,704,700	\$0	\$9,704,700	\$0	\$0
2022 Base	\$61,819,000	\$6,181,900	\$0	\$3,518,151	\$2,663,749	\$0
2022 BIL General	\$158,733,000	\$15,873,300	\$0	\$5,023,859	\$10,849,441	\$0
2022 BIL Emerging Cont.	\$73,336,000	\$6,664,900	\$0	\$0	\$6,664,900	\$0
2022 BIL Lead	\$250,107,000	\$25,010,700	\$0	\$49,465	\$24,961,235	\$0
2023 Base	\$54,183,000	\$5,418,300	\$0	\$0	\$5,418,300	\$0
2023 BIL General	\$227,150,000	\$22,715,000	\$0	\$0	\$22,715,000	\$0
2023 BIL Lead	\$28,650,000	\$2,865,000	\$0	\$0	\$2,865,000	\$0
2023 BIL Emerging Cont.	\$97,636,000	\$8,242,000	\$0	\$0	8,242,800	\$0
Total	\$3,044,441,585	\$230,825,547	\$300,000	\$145,150,577	\$84,380,425	\$634,545

DWSRF Local Assistance Set-Aside

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance	Banked Amount
1997 Federal	\$75,565,707	\$2,831,577	\$0	\$6,831,577	\$0	\$0
1999 Federal	\$80,816,700	\$0	\$0	\$0	\$0	\$0
2000 Federal	\$83,993,100	\$2,000,000	\$0	\$2,000,000	\$0	\$0
2001 Federal	\$84,340,000	\$0	\$0	\$0	\$0	\$0
2002 Federal	\$82,460,900	\$0	\$0	\$0	\$0	\$0
2003 Federal	\$81,966,200	\$0	\$0	\$0	\$0	\$0
2004 Federal	\$85,027,600	\$0	\$0	\$0	\$0	\$0
2005 Federal	\$84,847,500	\$0	\$0	\$0	\$0	\$0
2010 Federal	\$126,958,000	\$0	\$0	\$0	\$0	\$0
2011 Federal	\$86,698,000	\$2,600,940	\$0	\$2,600,940	\$0	\$0
2012 Federal	\$85,358,000	\$4,267,900	\$0	\$4,267,900	\$0	\$0
2013 Federal	\$78,770,000	\$2,507,007	\$0	\$2,507,007	\$0	\$0
2014 Federal	\$83,221,000	\$4,993,260	\$0	\$4,993,260	\$0	\$0
2015 Federal	\$82,674,000	\$8,267,400	\$0	\$8,267,400	\$0	\$0
2016 Federal	\$78,215,000	\$7,821,500	\$0	\$7,821,500	\$0	\$0
2016 Federal	\$77,545,000	\$5,428,150	\$0	\$5,428,150	\$0	\$0
2018 Federal	\$97,991,000	\$9,799,100	\$0	\$9,799,100	\$0	\$0
2019 Federal	\$97,991,000	\$9,707,200	\$0	\$9,707,200	\$0	\$0
2020 Federal	\$97,984,000	\$9,713,400	\$0	\$9,713,400	\$0	\$0
2021 Federal	\$97,047,000	\$9,704,700	\$0	\$9,476,711	\$227,989	\$0
2022 Federal	61,819,000	\$6,181,900	\$0	\$0	\$6,181,900	\$0
2022 BIL- General	\$158,733,000	\$15,873,300	\$0	\$0	\$15,873,300	\$0
2022 BIL-Emerging Cont.	\$73,336,000	\$6,664,900	\$0	\$0	\$6,664,900	\$0

2022 BIL- Lead	\$250,107,000	\$25,010,700	\$0	\$0	\$25,010,700	\$0
2022 BIL Emerging Cont..	\$73,336,000	\$6,664,900	\$0	\$0	\$6,664,900	\$0
2023 Federal	\$54,183,000	\$5,418,300	\$0	\$0	\$5,318,300	\$0
2023 BIL Any Eligible	\$227,150,000	\$22,715,000	\$0	\$0	\$22,715,000	\$0
2023 BIL Lead	\$28,650,000	\$2,685,000	\$0	\$0	\$2,865,000	\$0
BIL Emerging Cont. 2023	\$97,636,000	\$8,242,800	\$0	\$0	\$8,242,800	\$0
Total	\$2,700,226,707	\$204,280,942	\$0	\$83,414,145	\$93,199,889	\$0

Exhibit K: SFY 2023-24 DWSRF Financings with Servicing Fees

No “fees-in-lieu-of-interest” (e.g. service fees) are currently being charged on DWSRF financings. It is anticipated that such service fees will be charged in the future to capitalize the DWSRF Administration Fund and the DWSRF Small Community Emergency Grant Fund.

VII. APPENDICES

Appendix A	SFY 2023-2024 DWSRF IUP Short-Term Goals
Appendix B	SFY 2023-2024 DWSRF IUP Long-Term Goals
Appendix C	Key Performance Indicators
Appendix D	Operating Agreement and Capitalization Grant Conditions
Appendix E	DWSRF Performance Evaluation Report
Appendix F	SFY 2023-2024 DWSRF Audited Financial Statements

Appendix A: SFY 2023-2024 DWSRF IUP Short-Term Goals

This section describes the State Water Board's efforts to meet the following short-term goals established in the SFY 2023-24 DWSRF IUP. These goals provided the framework for the State Water Board's decision-making, maximization, and prioritization of staff and funding sources.

	Short-Term Goal	Comments
1	Identify public health issues and evaluate solutions for SWSs, including technical assistance and consolidation where feasible.	<ul style="list-style-type: none">• DFA coordinated with DDW and Local Primacy Agencies to ensure that available drinking water funding sources are targeted to expeditiously address the most significant public health and compliance issues. The State Water Board maintains a list of systems in violation of their water permits and staff regularly meet to determine if there are additional steps that can be taken to assist these systems with returning to compliance. DFA prioritizes financing for TA, planning and construction that address public health issues.
2	Reduce instances of noncompliance with drinking water standards by providing technical and consolidation assistance to SWSs with significant SDWA violations, including those PWSs that are violating the arsenic maximum contaminant level (MCL).	<ul style="list-style-type: none">• The State Water Board continued to provide a suite of technical assistance in SFY 2023-24 to SWSs, especially those with significant SDWA violations, but in SFY 2020-21, DFA began using the SADW Fund instead of the DWSRF set-asides for the purpose of funding third-party contractors for TMF capacity development assistance to SWSs. See Section IV.G for more information on DWSRF technical assistance.• DFA also continued to fund technical assistance for a variety of projects using Prop 1.• DFA and DDW provided direct technical assistance to SWSs with significant SDWA violations. Examples of direct technical assistance included: (a) meeting with DDW Consolidation Specialists and applicants to discuss project concepts before applications were submitted; (b) reviewing applications with minimal material submitted and guiding applicants to complete additional application packages; and (c) helping funding recipients properly prepare and submit reimbursement claims.

	Short-Term Goal	Comments
3	Continue marketing and outreach efforts to PWSs, including application status reports, Spanish translation services, newsletters, and social media to advertise the availability of technical assistance to assist small, and disadvantaged communities as well as large PWSs.	<ul style="list-style-type: none"> DFA continued to participate in various PWS marketing and outreach efforts in SFY 2023-24. Specifically, DFA marketed the DWSRF program at four (4) California Financing Coordinating Committee events, two CalTAP fairs, two symposia (treatment certification and distribution) that focused on treatment certification and distribution.
4	Continue regular staff level finance/audit coordination meetings to ensure the immediate and long-term financial health of the DWSRF.	<ul style="list-style-type: none"> DFA and DAS staff conducted regular finance/audit coordination meetings on July 28, 2023, October 27, 2023, January 26, 2024, and April 26, 2024, to ensure oversight of the DWSRF's finances. Standing topics at finance/audit coordination meetings included (a) reviewing cash flow of projects under contract, short and long-term cash flow projections, and cash flow needs for upcoming projects; (b) comparing actual performance with target performance measures; and (c) reviewing audit issues, program control issues, tax compliance issues, and planning for upcoming audits.
5	Continue to maximize all available DWSRF state match sources, including DWSRF Local Match financing options.	<ul style="list-style-type: none"> DFA continued to employ the remaining Prop 1 Drinking Water funds as State Match for DWSRF. The State Water Board also allocated additional General Fund as match for the SRFs through the FFY 2023 capitalization grants. The California Budget Act also appropriated \$400 million of additional General Fund State Match for future capitalization grants, of which \$230 million was allocated to the DWSRF while the remaining \$170 million was allocated to the CWSRF.
6	Coordinate with Environmental	<ul style="list-style-type: none"> DFA coordinated with the Environmental Finance Center (EFC) at California State University,

	Short-Term Goal	Comments
	Finance Center and stakeholders on completing a program management review of the CWSRF and DWSRF Programs to identify potential efficiencies, improvements, or enhancements that would facilitate review processing, and execution of loan agreements and disbursements.	<p>Sacramento on a program management review of California's CWSRF program. The final EFC report was published in July 2022 and identified recommendations for potential efficiencies, improvements, or enhancements that would facilitate application reviews and execution of loan agreements and disbursements. DFA continued to meet with the SRF Stakeholder Advisory Group and EFC to further explore these recommendations.</p> <ul style="list-style-type: none"> On June 30, 2021, the Joint Legislative Audit Committee initiated an audit of the State Water Board that focused primarily on funding programs for safe drinking water. The audit report was released on July 26, 2022 and can be found here: Report 2021-118 (ca.gov) with our response under section 6.
7	Apply for and accept the FFY 2023 Capitalization Grant; commit the FFY 2023 Capitalization Grant, including the associated state match, by June 30, 2023, so that federal funds are used efficiently and timely in accordance with 40 CFR §35.3550(c).	<ul style="list-style-type: none"> The State Water Board finalized its FFY 2023 Capitalization Grant application June 1, 2023. USEPA awarded the FFY 2023 Grant on September 24, 2023, in the amount of \$54,183,000. State Match was provided from State General Fund appropriations. See Section A above for a discussion of the commitment of DWSRF federal and state match funds.
8	Continue to liquidate DWSRF capitalization grants within two to three years of their award by prioritizing disbursements for	<ul style="list-style-type: none"> The State Water Board largely maintained this goal with the exception of some small water system technical assistance set asides in the FFY 2019 and FFY 2020 capitalization grants as well as the full balances of the ASADRA federal grant. The State Water Board anticipates transferring the SWS TA set-aside balances to the loan fund for immediate liquidation. The State Water Board also anticipates awarding a funding agreement for the ASADRA funds

	Short-Term Goal	Comments
	federal funds to the maximum extent possible.	after several years of soliciting possible eligible projects and challenges related to the narrow eligible use of these special funds.
9	Review cash forecasts of existing and potential commitments to ensure that DWSRF can satisfy its obligations timely and to also evaluate the need for leveraging or other actions to regulate cash outflows.	<ul style="list-style-type: none"> • State Water Board staff regularly reviewed the DWSRF's cash balances to ensure that sufficient cash would be available to meet all disbursement requests. • Staff evaluated the cash flow impact of each new project during the financing approval process.
10	Amend the DWSRF Policy	<ul style="list-style-type: none"> • The DWSRF Policy was amended May 6, 2025. The objective of a DWSRF Policy amendment was to implement process improvements and clarifications to improve funding agreement processing times and to revise prioritization criteria to better align project applications with State Water Board priorities. Throughout SFY 2023-24, State Water Board staff had regular discussions with internal and external stakeholders regarding policy concepts.

Appendix B: SFY 2023-2024 DWSRF Long-Term Goals

	Long-Term Goal	Comments
1	Address Significant Risks to Public Health	<ul style="list-style-type: none"> The State Water Board helped PWSs address significant public health risks in SFY 2023-24 by funding construction and planning as well as technical assistance. More than 50 percent (50%) of the projects funded by the DWSRF and its complementary funding sources addressed primary drinking water standards. This result was attributable to close coordination between DFA and DDW. OSWS staff met regularly with DDW District staff and management to prioritize funding for small DACs and the technical assistance needed by PWSs to obtain DWSRF and complementary funding. DFA also updated DDW staff monthly on the status of applications for projects to address arsenic violations, including outstanding application items; the progress of technical assistance; recently executed funding agreements; and anticipated compliance dates.
2	Promote SDWA Compliance	<ul style="list-style-type: none"> DFA continued to coordinate with DDW to prioritize DWSRF and complementary funding for projects that reestablish compliance or prevent non-compliance. DFA staff continued to make technical assistance available to help SWSs apply for planning and construction funding. DDW also continued its permitting, inspection, monitoring and enforcement activities for compliance with the SDWA.
3	Improve Affordability and Sustainability	<ul style="list-style-type: none"> The State Water Board continued to provide below market financing and principal forgiveness in SFY 2023-24 to make funding affordable for communities throughout California. The average interest rate for SFY 2023-24 was two and two tenths of one percent (2.2%), below market rates. DWSRF principal forgiveness was combined with other drinking water grant funding in certain cases to further reduce costs for California's small DACs. Approximately \$75 million in DWSRF principal forgiveness and grant funds were awarded to small DACs in SFY 2023-24.
4	Use revenue and capital effectively	<ul style="list-style-type: none"> DFA continued to monitor cash and financing forecasts to determine whether additional capital would be needed. DFA determined that additional capital was not needed during SFY 2023-24 for the

	Long-Term Goal	Comments
		DWSRF program, and the State Water Board did not issue revenue bonds or other debt in SFY 2023-24. Additionally, the State Water Board prioritized the disbursement of General Fund state match and federal capitalization grants to the maximum extent possible.
5	Maintain financial integrity	<ul style="list-style-type: none"> • State Water Board staff analyzed the creditworthiness of all loan applicants to ensure DWSRF loans are repaid on time and in full and imposed special conditions where appropriate on applicants to lower the credit risk. • Approvals and transactions associated with individual DWSRF projects were documented in each project's file. In general, either a hard-copy file or an electronic file was established and maintained for each project, and duplicate electronic records were also maintained for each project in the "Loans and Grants Tracking System," the DWSRF's data management system. • Each approval and transaction in SFY 2023-24 required multiple reviews and signoffs from staff and management to ensure accuracy and validity. Written internal procedures for the DWSRF program were also maintained. • State Water Board staff also surveilled financing recipients with outstanding obligations. Recipients are generally required to provide ongoing financial information after loan closing or to complete public outreach if there was significant public disapproval during their rate setting process. • DFA staff maintained its "watch list" of financing recipients and potential applicants that show signs of financial weakness. Financial weakness was assessed using the financing recipients' annual financial statements, a variety of news outlets, and periodic interactions with applicants, the DDW District Offices, and the public. • DFA staff monitored payments of all outstanding agreements in SFY 2023-24 to identify late payments and generally prevent delinquent payments, that is

	Long-Term Goal	Comments
		<p>payments greater than 10 days past the payment due date, especially payments on agreements that have been pledged to repay DWSRF revenue bonds.</p> <ul style="list-style-type: none"> State Water Board staff prepared financial statements for the DWSRF, and the financial statements were audited by an independent auditor in accordance with Government Auditing Standards. A copy of the audited financial statements is included in this report (Appendix F) and is posted on the State Water Board's DWSRF website. Designated State Water Board supervisors and managers were required to file an annual "Statement of Economic Interest" with the California Fair Political Practices Commission. In addition, State Water Board supervisors and managers completed conflict of interest training and are required to complete ethics training biennially.
6	Provide good customer service with a special emphasis on assisting SDACs and DACs.	<ul style="list-style-type: none"> The OSWS continued to focus its efforts on small SDACs and small DACs, and to provide principal forgiveness (PF) and grant funds to those communities in SFY 2023-24 for safe and affordable drinking water projects.
7	Ensure the timely commitment and disbursement of DWSRF funds.	<ul style="list-style-type: none"> The State Water Board prioritized staff and financial resources to the maximum extent possible to ensure that it can quickly and fully disburse DWSRF funds to existing obligations. The State Water Board also managed its staff to ensure that new obligations will be made to eligible projects so that future commitments and disbursements are timely.
8	Maximize cash flow and the disbursement of funds	<ul style="list-style-type: none"> The State Water Board continued to commit DWSRF funds based on its cash-flow model. Commitments were made based on future disbursements being made with future repayments, Capitalization Grants, or other sources, including bonds or loans secured with future revenues.

	Long-Term Goal	Comments
		<ul style="list-style-type: none"> • DFA also generally focused on recipients that were “ready to proceed” to both a funding agreement and construction. Because the State Water Board focused on “ready-to-proceed” projects that addressed public health priorities, the State Water Board successfully managed the DWSRF’s finances to ensure compliance with USEPA’s ULO reduction strategy. • The DWSRF set asides were also employed in SFY 2023-2024 for the administration of the DWSRF and the State Water Board’s PWSS program managed by DDW, as well as providing for TMF and SWS technical assistance.

Appendix C: Key Performance Indicators

This section discusses the State Water Board's efforts to track performance metrics for the DWSRF program established in the SFY 2023-24 IUP. These are targets for the State Water Board to enable timely and efficient processing of applications and disbursements.

	Key Performance Indicator	Outcome
1	Provide TA assistance (TA provider or DDW) by end of Fiscal Year to ninety percent (90%) of currently incomplete applications for Category A-C projects that are eligible for grant/PF under 2023-24 DWSRF IUP, Appendices D and E (Table 2), who require TA to complete their application.	<ul style="list-style-type: none">The State Waterboard provided Technical Assistance to 70% of incomplete applications for Category A-C projects.
2	Conduct initial application completeness reviews and notify applicant within 35 days.	<ul style="list-style-type: none">Approximately 83% of initial application completeness reviews were conducted within 35 days. Following the establishment of new key performance indicators, staff began creating milestones in the LGTS system to track these key timelines this year and anticipate more comprehensive reporting in future annual reports.
3	Complete Tier I environmental reviews within 6 months and Tier II environmental reviews within 4 months of receiving a complete environmental package.	<ul style="list-style-type: none">100% of Tier 1 environmental reviews met the 6-month KPI and 85% of Tier 2 environmental reviews met the 4-month KPI. Based on further establishment of tracking indicators, staff anticipate additional reporting information in future annual reports.
4	Complete financial reviews within 30 days of receiving complete financial information and legal concurrence with agreement conditions.	<ul style="list-style-type: none">DFA management began embarking on an effort to establish reliable KPIs and tracking efforts related to processing financial reviews. During the first year of tracking, it was estimated that DWSRF financial reviews took an average of 41 days to work through

	Key Performance Indicator	Outcome
		from start to finish. Staff anticipate improved reporting in future annual reports.
5	Execute agreements within 5 months of completing package reviews (environmental, financial, technical) and receiving legal concurrence from applicant.	<ul style="list-style-type: none"> Approximately 63% of executed agreements met the 5 month KPI which also includes the recipients' time to sign and return the funding agreements. Based on further establishment of tracking indicators, staff anticipate additional reporting information in future annual reports.
6	For projects funded via the Expedited Drinking Water Grant Funding Program (EDWG) process: DFA award letters within 6 weeks after proposal deadline, and agreement execution within 4 months from date of award letter.	<ul style="list-style-type: none"> N/A, EDWG Rounds 1-3 were closed solicitations whose approval process did not align with these performance metrics.
7	Ninety percent (90%) of DWSRF Ranked, Fundable List Applications Executed by End of Fiscal Year.	<ul style="list-style-type: none"> The State Water Board executed 46% of ranked applications on the Fundable List. Reasons for not reaching an executed agreement during the fiscal year are listed in Exhibit E.
8	Issue funding agreements (or approve planning workplans) for ninety percent (90%) of projects with complete applications that are eligible for grant/PF under Appendices D and E.	<ul style="list-style-type: none"> The State Water Board issued agreements to 49 of the applicants on the Fundable List and approved planning workplans for an additional 3 (58% of the projects).
9	Fulfill seventy-five percent (75%) of complete disbursement requests in 60 days or less.	<ul style="list-style-type: none"> The State Water Board processed 52% of DWSRF disbursement requests in 60 Days or less during SFY 23-24, which did not meet the SFY target.
10	DWSRF Fund utilization rate > one hundred and five percent (105%) of available funds.	<ul style="list-style-type: none"> ~104% - The rate was slightly below target because of the slower commitment pace of the BIL Lead

	Key Performance Indicator	Outcome
		Service Line Replacement and the Emerging Contaminant Grants.

Appendix D: Operating Agreement and Capitalization Grant Conditions

The State Water Board agreed to meet a number of conditions described in the DWSRF Operating Agreement and Federal capitalization grant agreements. These conditions were met as described below.

1. Assistance Activities

The State Water Board continued to provide DWSRF funding to eligible PWSs in SFY 2023-24 for projects needed to achieve or maintain compliance with safe drinking water standards. All activities funded were eligible under Section 35.3520 of Title 40 of Code of Federal Regulations. A total of \$261.4 million in new DWSRF funding was awarded to thirty (30) projects in SFY 2023-24. DWSRF funds were provided to eligible recipients to enhance drinking water transmission and distribution, treatment, sources, storage, as well as ensure water system reliability through the installation of interties and the consolidation of PWSs. Water quality issues such as arsenic and nitrate contamination, as well as groundwater under direct influence, and disinfection by-product formation continued to be addressed in SFY 2023-24. Eligible recipients included privately and publicly owned community and non-profit non-community PWSs. The projects and PWSs funded in SFY 2023-24 are further detailed in Exhibit A.

The SFY 2023-24 DWSRF IUP Comprehensive List included projects that might be funded by the DWSRF or from other complementary funding sources. The SFY 2023-24 DWSRF IUP Fundable List included projects eligible for loan funding, as well as projects eligible for grant/PF with complete applications. However, many projects listed in the SFY 2023-24 DWSRF Fundable List were not funded by the DWSRF during the SFY 2023-24 for various reasons as noted in Exhibit C, including options for other funding. The high demand for drinking water improvement funding in California required the State Water Board to prioritize projects based upon their public health benefits as well as the recipient's readiness to proceed to a funding agreement.

2. Eligible Categories of Projects and Financing Terms

The State Water Board continued to provide below-market financing and additional subsidy in SFY 2023-24 for projects ranked in Categories A-F of the DWSRF public health prioritization scheme. The State Water Board also generally prioritized higher ranked public health categories and projects benefiting small DACs in SFY 2023-24. Types of assistance included loans and installment sale agreements for the planning, design, and construction of drinking water infrastructure projects.

Principal forgiveness was available for projects for SWSs and ESCWSs serving DACs and SDACs; not-for-profit non-transient, non-CWS serving small DACs and SDACs; certain medium CWS serving DACs and SDACs; and small non-DACs with an MHI less than 150% of the statewide MHI. SWSs serving SDACs and not-for-profit non-transient, non-CWS serving small DACs and SDACs requesting DWSRF repayable financing generally were eligible for zero percent (0%) interest rates. SWS serving DACs and ESCWSs serving small DACs or SDACs requesting DWSRF repayable financing were eligible for 0% interest rates if their residential water rates were at least 1.5% of MHI. The standard interest rate for all other repayable financing averaged two and two tenths of one percent (2.2%), which was one-half the state's average general obligation rate in the previous year. Standard repayable financing for construction projects for publicly and privately owned PWSs and PWSs was generally amortized over a 30-year period, although certain DACs were eligible for a 40-year repayment period.

3. Provide a State Match

The State Water Board demonstrated the source of its twenty percent (20%) state match requirement (\$10.84 million) for the FFY 2023 base capitalization grant (\$54.2 million) in SFY 2023-24 through appropriations provided under Chapter 5, Section 79724 of Prop 1 Drinking Water and a \$230 million allocation of General Fund State Match provided under an enactment year 2021 appropriation. These same state match funding sources were also employed for the ten percent (10%) state match requirement (\$22.7 million) of the DWSRF BIL – General Supplemental grant (\$227.27 million). See the DWSRF Audited Financial Statements in Appendix F for more information on DWSRF state match expenditures.

State match was deposited into the DWSRF Fund in accordance with the requirements of 40 C.F.R. § 35.3550(g).

4. Binding Commitments Within One Year

The State Water Board continued to commit DWSRF base program funding, including the FFY DWSRF BIL – General Supplemental grant, to projects in an amount equal to or greater than one hundred and twenty percent (120%) of each federal payment within one year of receipt of that payment. As of June 30, 2024, executed funding agreements for the base DWSRF program totaled approximately \$4.8 billion, or 148 percent (148%) of the approximately \$3.2 billion in federal payments, including BIL federal payments and related set-asides.

However, as of June 30, 2024, \$16,961,287 had been committed against the FFY 2022 DWSRF Emerging Contaminant Grant and \$0 against the FFY 2022 DWSRF Lead Service Line Replacement Grant.

5. Expeditious and Timely Expenditure

The State Water Board continued to make timely and expeditious use of DWSRF funds by generally maintaining a ULO equal to or less than 2-years of DWSRF federal grants, namely DWSRF base and BIL General Supplemental grant funds. As of June 30, 2024, almost all the ULO balances existed within FFY 2022-2023 DWSRF base and BIL grants, with a minor \$1.6M in unspent funds from the FFY 2019 base grant that was pending a USEPA transfer from a set-aside account to the loan fund for a pending project disbursement. This timely and expeditious use of federal capitalization grant funds was substantially achieved through cash-flow modeling and the over-commitment of DWSRF funds in SFY 2023-24 and prior fiscal years.

The timely and expeditious use of DWSRF funds was also satisfied through the prompt and efficient processing of DWSRF reimbursement claims. To ensure timely reimbursement, DWSRF claims were generally reviewed and paid within 60 days from receipt of a complete claim. The implementation of FI\$Cal has added additional processing time to the disbursement of funds within DFA, DAS and the SCO over the last several years. DFA continues to identify and streamline processes to improve the reimbursement rate.

The State Water Board continued to draw federal funds in SFY 2023-24 from the United States Treasury via the Automated Standard Application for Payments (ASAP) system as warrants are issued by SCO. ASAP is a request and delivery system of federal funds developed by the Financial Management Service of the United States Treasury and the Federal Reserve Bank. By using ASAP, the State Water Board draws funds from USEPA for expenditures incurred by the DWSRF program in an expeditious and timely manner. Draw requests are generally made within one week of an issued warrant. Requested funds are also deposited electronically the next business day to account(s) specified by the State Water Board. For the DWSRF set-aside accounts, federal draws are typically requested through ASAP monthly for the prior month's costs.

To further enable the timely and expeditious use of DWSRF funds, the State Water Board prioritized the disbursement of State Match and federal funds.

6. Disadvantaged Business Enterprise (DBE) Participation, Davis-Bacon, American Iron and Steel (AIS), and Other Federal Cross-Cutting Requirements

Effective October 1, 2023, USEPA reinstated the fair share objectives requirement, which had previously been temporarily suspended for the DWSRF program. Additional information regarding the reinstatement and subsequent suspension of these requirements can be found at [RAIN-2025-G02 | US EPA](#). Exhibit I provides a detailed analysis of DBE participation for FY 2023-2024.

All DWSRF funded projects were required to comply with Davis-Bacon prevailing wage requirements in SFY 2023-24. Each funding agreement included provisions requiring applicants to follow Davis-Bacon requirements. DFA conducted a variety of surveillance activities throughout SFY 2023-24 to ensure each recipient's compliance with Davis-Bacon requirements. Such surveillance activities included (1) reviewing recipient and sub-recipient reports and compliance certifications; (2) tracking compliance with federal annual monitoring requirements; and (3) annually reviewing quarterly site inspection reports to verify the adequacy of site inspections and other control activities.

DWSRF funding recipients were also required to use American-made iron and steel products in SFY 2023-24 pursuant to [USEPA guidelines for projects involving the construction, alteration, maintenance, or repair of a PWS or public treatment works](#). DWSRF funding recipients were only exempt from this AIS requirement if the project qualified under a national or project-specific AIS waiver from USEPA. To ensure compliance with AIS requirements, the AIS provisions were included in DWSRF financing agreements and DFA examined recipient records for AIS certifications and/or any AIS waivers.

New Build America, Buy America (BABA) provisions requiring domestically sourced construction materials and manufactured products (in addition to iron and steel products) were introduced with BIL and are a requirement for all FFATA reported projects pursuant to [USEPA guidelines for BABA](#). For SFY 2023-24, the applicable FFATA projects complied with BABA through use of the Adjustment Period Waiver issued by US EPA on September 2, 2022. Finally, DWSRF funding recipients were required to comply with a list of other cross-cutting federal authorities, including but not limited to non-discrimination requirements, USEPA general terms and conditions, the requirement to use generally accepted accounting principles, the requirement for disclosure of conflicts of interest, the prohibition on the use of disqualified contractors, and a number of other requirements specified by USEPA.

7. [Additional Subsidy and Green Requirements](#)

The State Water Board continued to provide the maximum amount of available additional subsidy in the form of principal forgiveness in SFY 2023-24 for the benefit of SWSs and ESCWSs serving DACs and SDACs. Since the inception of the DWSRF program, federal regulations have allowed for up to thirty percent (30%), and now recently thirty five percent (35%), of a capitalization grant to be provided as additional subsidy (i.e., principal forgiveness) to DACs, regardless of the size of the PWS. In 2020, Congress began adding a fourteen percent (14%) additional subsidy allotment to the annual DWSRF appropriations, separate from the thirty percent (35%) additional subsidy allocation for DACs. The 14% subsidy was available for any eligible DWSRF recipient. Effective January 1, 2023, state law was amended to allow principal forgiveness to be provided to non-DACs, by removing the provision limiting principal forgiveness and grants to DACs. The 2023-24 IUP made small non-DACs with an MHI of less than 150% of the statewide MHI potentially eligible for principal forgiveness.

The State Water Board's SFY 2023-24 IUP directed that the maximum amount of additional subsidy allowed under federal rules and regulations be awarded to SWSs and ESCWSs serving DACs and SDACs in the form of principal forgiveness. Exhibit A identifies additional subsidy projects

funded in SFY 2023-24.

Besides additional subsidy, the State Water Board may also allocate a portion of a capitalization grant to projects with “green” benefits (Green Project Reserve). While funding of GPR projects has been discretionary since FFY 2012, funds made available by capitalization grants may be used for GPR eligible projects. Exhibits A and G show the amount of DWSRF funding for GPR assigned under the current and prior year capitalization grants.

8. Federal Funding Accountability and Transparency Act

The State Water Board reported four (4) projects totaling \$175 million into the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS) in SFY 2023-24. Of the amount, \$57,673,459 and \$61,180,000 were to satisfy the FFATA reporting requirements for the FFY 2022 and 2023 base capitalization grants, respectively. The remaining \$56,239,000 was to the FFY 2022 BIL-any capitalization grant. The FFATA, along with associated Office of Management and Budget (OMB) directives, and interpretive guidance from USEPA, requires the State Water Board to report sub-recipient information on the use of capitalization grants awarded after October 1, 2010. The DWSRF program began reporting FFATA data in FFY 2011 on an equivalency basis, by choosing loans that equaled the total DWSRF grant amount received from the USEPA. In accordance with USEPA guidance, for FFY 2022 forward, the State Water Board will report loans that at least equal the DWSRF capitalization grants minus the set-asides. The DWSRF program continues to report FFATA loan data on an equivalency basis to the FSRS (Exhibit B).

9. Federal Environmental Cross-Cutters

The State Water Board Environmental Review Staff (ERS) reviewed the DWSRF projects consistent with the DWSRF State Environmental Review Process (SERP) approved by USEPA in May 2023. The SERP follows the requirements of the California Environmental Quality Act and federal DWSRF regulations. Applicants were required to complete and submit an environmental application package and provide supporting materials. Applicants subject to “Tier I” environmental review were required to submit relevant supporting documents for the federal environmental cross-cutting authorities. In accordance with the SERP and the 2023-24 IUP, applicants subject to “Tier II” environmental review were not subject to the federal environmental cross-cutting authorities. The ERS reviewed the completed application package and the supporting federal environmental cross-cutting documents if applicable to assure compliance with the SERP, and coordinated with the USEPA, Region IX to initiate consultations with

relevant federal agencies on projects with known (or suspected) effects under federal environmental laws and regulations.

10. Single Audit Act

The State Water Board continued to require recipients receiving an executed agreement in SFY 2023-24 to comply with applicable provisions of the federal Single Audit Act of 1984 and 2 CFR Part 200, subpart F, and updates or revisions, thereto. The State Water Board included the applicable Single Audit Act requirements in all DWSRF financial assistance agreements executed in SFY 2023-24 and required reporting by funding recipients if the recipient received more than \$750,000 in combined federal funds for a given fiscal year. Reporting requirements for the Single Audit Act requirement were clarified by USEPA. In SFY 2023-2024 only “equivalency projects” were subject to Single Audit Act reporting, as it was clarified that all funds disbursed for those projects are considered federal funds. In prior years, all DWSRF projects receiving DWSRF capitalization grant disbursements were subject to the Single Audit Act.

Appendix E: DWSRF Performance Evaluation Report

USEPA Region 9 conducted its annual review of California's DWSRF program for SFY 2022-23 accordance with EPA's SRF annual review guidance. Based upon the transaction tests, file and program reviews and interviews, EPA concluded that the State Water Board has administered the program in compliance with the capitalization grant agreements. All financing executed by the SWRCB assisted water systems to maintain or bring them into compliance with federal and state drinking water requirements.

The SRF programs in California demonstrated strong performance in SFY 2022-23, USEPA Region 9 acknowledged that the State Water Board executed \$74.2 million in DWSRF assistance. Any additional program observations by USEPA Region 9 will be addressed in separate correspondence.

Appendix F: SFY 2023-24 DWSRF Audited Financial Statements