

STATE OF CALIFORNIA
**Drinking Water State Revolving Fund Program &
Clean Water State Revolving Fund Program
And Complementary Programs**

SUPPLEMENTAL INTENDED USE PLAN

STATE FISCAL YEAR 2025-26

APPENDIX H:

Additional Supplemental Appropriations for
Disaster Relief Act, 2019 (ASADRA)

California State Water Resources Control Board
Division of Financial Assistance

Drinking Water State Revolving Fund (DWSRF) &
Clean Water State Revolving Fund (CWSRF)

**Additional Supplemental Appropriations for
Disaster Relief Act, 2019 (ASADRA)**

**SUPPLEMENTAL INTENDED USE
PLAN**

STATE FISCAL YEAR 2025-26

I. BACKGROUND AND PURPOSE

Over 8,500 wildfires burned in California during calendar year 2018, with devastating effects for the residents and the environment. The fire season started early, and many large and destructive fires occurred between June and November. In addition to drought and climate change, the wildfires negatively impacted drinking water systems across the state.

The “Additional Supplemental Appropriations for Disaster Relief Act, 2019” (ASADRA) became law on June 6, 2019, to provide additional funding for water and wastewater infrastructure to aid in recovery from specific natural disasters. The U. S. Environmental Protection Agency (U.S. EPA) section of the ASADRA includes \$349.4 million in supplemental funding for the State Revolving Fund (SRF) programs. There are \$53.3 million for Clean Water State Revolving Fund (CWSRF) and \$296.1 million for the Drinking Water State Revolving fund (DWSRF).

The ASADRA funds are available only to states or territories in U.S. EPA Regions 4, 9, 10 for wastewater treatment works and drinking water facilities impacted by Hurricanes Florence and Michael, Typhoon Yutu, and calendar year 2018 wildfires and earthquakes. The states of Alabama, Alaska, California, Georgia, Florida, North Carolina, South Carolina, and the Territory of the Northern Mariana Islands are eligible to apply for these supplemental funds. The allocation of the ASADRA funds between the states and the CWSRF and DWSRF programs on a state-by-state basis was determined by U.S. EPA based on its analysis of each state’s needs.

The State Water Resources Control Board (State Water Board) originally received ASADRA funds of \$41,903,000 and \$183,000 that were allocated to the California DWSRF and CWSRF respectively. The State Water Board also received \$4,253,000 from the reallocation of Alaska’s ASADRA funds and a second reallocation of \$5,635,515 in FY 2022-2023. This Supplemental Intended Use Plan (Supplemental IUP) will be used to describe the State Water Board’s plan for administering all of the funds in accordance with the ASADRA specific requirements noted in U.S. EPA’s October 23, 2019, memorandum “[Award of State Revolving Funds Appropriated by the ‘Additional Supplemental Appropriations for Disaster Relief Act, 2019’](#)” and February 23, 2021, memorandum “Reallocation of FY 2019 ASADRA SRF Funds.”

II. TRANSFER OF CLEAN WATER STATE REVOLVING FUNDS

Due to the extensive fire damage to Public Water Systems (PWS) in California from the 2018 wildfires, the State Water Board transferred California's \$183,000 CWSRF allocation from the CWSRF program to the DWSRF program. The DWSRF statutes and regulations allow for the transfer of an amount that is up to thirty-three percent (33%) of the amount of the DWSRF capitalization grants from the CWSRF to the DWSRF or vice versa. The resulting total amount of available supplemental funds for the CWSRF program, therefore, is \$0. All ASADRA funds described in this Supplemental IUP will be available through the DWSRF program.

III. ADDITIONAL APPROPRIATION FROM REALLOTMENT

In July 2020, the State of Alaska declined its \$26,272,000 ASADRA DWSRF allotment. California's portion of the appropriation reallocation is \$4,253,000 and the State Water Board applied for and received the full amount.

IV. SECOND REALLOTMENT AMOUNT FOR SFY 2022-23

For the state fiscal year 2022-2023, U.S. EPA reallocated another \$5,635,515 to California for ASADRA. This second reallocation will need to comply with Build America Buy America requirements. The resulting total amount of ASADRA funds awarded to California to date is \$51,974,515.

V. STATE MATCH

California will contribute twenty percent (20%) state match for all capitalization grants (original and reallocations). The total required state match is calculated to be \$10,394,903. The total funding amount for ASADRA is up to \$62 million, including the original DWSRF allotment, the CWSRF transfer, the reallocation from Alaska, the second DWSRF reallocation from SFY 2022-23, and the twenty percent (20%) state match. See **Table 1** below for a summary of the various sources and funding amounts for ASADRA.

Table 1. Summary of ASADRA Funding Sources and Amounts

Funding Sources	Funding Amounts
Drinking Water ASADRA Supplemental IUP FY20-21	\$ 41,903,000
Clean Water ASADRA Supplemental IUP FY20-21	\$ 183,000
Drinking Water Reallocated Funds from Alaska for CA	\$ 4,253,000
Second Allotment Amount for FY 2022-23	\$ 5,635,515
20% State Match of Federal ASADRA Funds	\$ 10,394,903
Total	\$ 62,369,418

VI. PROGRAM GOALS

California's ASADRA funds will be "used for eligible projects whose purpose is to reduce flood or fire damage risk and vulnerability or to enhance resiliency to rapid hydrologic change or natural disaster at ...any eligible facilities under section 1452 of the Safe Drinking Water Act, and for other eligible tasks at such ... facilities necessary to further such purposes ..."

The State Water Board's Division of Financial Assistance (DFA) will offer ASADRA funds to eligible PWS in California that were affected by the calendar year 2018 wildfires and earthquakes for the repair, replacement, rehabilitation, and otherwise DWSRF-eligible projects that involve infrastructure improvements and emergency preparations to increase system resiliency.

The ASADRA program goals are in concert with the long-term and short-term goals listed in the 2025-2026 DWSRF IUP (Outcomes, Goals, Activities, and Measures), including public health benefits, ensuring program perpetuity, and expeditious use of funds.

VII. PROGRAM REQUIREMENTS

All existing requirements for implementation of the DWSRF program and execution of a DWSRF funding agreement generally apply to projects receiving ASADRA funds and remain in effect unless such requirements are inconsistent with the statutory requirements of the ASADRA or the relevant federal capitalization grant. Applicants' ASADRA funded projects must generally meet the requirements of the DWSRF program and be otherwise eligible DWSRF projects. In addition, projects receiving ASADRA funds must meet the specific requirements noted in U.S. EPA's October 23, 2019, memorandum "Award of State Revolving Funds Appropriated by the 'Additional Supplemental Appropriations for Disaster Relief Act, 2019.'".

VIII. ELIGIBLE ENTITIES AND PROJECTS

PWS that experienced negative impacts as a result of the calendar year 2018 wildfires and earthquakes are eligible to apply for ASADRA funding.

An ASADRA eligible entity is any otherwise DWSRF eligible entity that was damaged, demonstrates impact, or had a loss or disruption of a mission-essential function, including loss of function where there was potential impact to public health, caused by the listed natural disasters.

ASADRA is made available for 1) preparations for, adaptation to, or recovery from rapid hydrologic change or any other type of natural disaster for a drinking water system or related facility; 2) reduction of the likelihood of physical damage to a drinking water

system; 3) reduction to a drinking water system's susceptibility to physical damage or ancillary impacts caused by floods, earthquakes, and fires.

PWS can apply for ASADRA funding without affecting their FEMA funding eligibility. Refer to details in the "[Memorandum of Understanding between U.S. EPA and FEMA Regarding Coordination between U.S. EPA and FEMA Pertaining to State Revolving Fund Programs](#)" from May 2019. If a PWS is awarded FEMA grant after an ASADRA funding agreement has been executed, the ASADRA funding amount may be adjusted based on the FEMA grant received for the same project. There is no penalty for early repayment of an ASADRA funding agreement.

Examples of eligible projects related to wildfire or earthquakes are listed in the October 23, 2019, U.S. EPA memo.

IX. PROGRAM SCHEDULE AND FUNDING APPROACH

The schedule for public comment, application to the U.S. EPA, State Water Board adoption of this ASADRA Supplemental IUP is the same as the schedule for the SFY 2025-2026 DWSRF IUP.

The existing DWSRF application process and forms were used for ASADRA applications. Applicants can refer to the State Water Board's website https://www.waterboards.ca.gov/drinking_water/services/funding/SRF.html and the FAAST portal <https://faast.waterboards.ca.gov/> where details of the application and supporting documentation are described in order to complete the DWSRF application. Since the initial ASADRA applications were submitted, several applicants were able to be funded by complementary State funding programs, receiving one hundred percent (100%) grant funding due to their disadvantaged community status. These project applications have been removed from the ASADRA Fundable Project List.

One ASADRA project received an executed funding agreement in SFY 2024-2025. The other two ASADRA projects on last year's ASADRA Fundable List have been rolled over to this year's list and are actively working through the environmental review process with multiple federal agencies and are anticipated to have funding agreements in SFY 2025-2026. These resiliency projects are large and complex and therefore construction may continue beyond the fund expiration date of June 30, 2027. The State Water Board is coordinating closely with applicants to expedite construction schedules to maximize use of ASADRA funds to complete these projects. The State Water Board is anticipating that an extension request will be submitted to EPA to allow time for funding recipients to complete all components of the ASADRA projects.

The Deputy Director of DFA is authorized to bypass any project with a complete application if the applicant is non-responsive to DFA's request for information or consultation after notifying the applicant and giving the applicant a reasonable

opportunity to respond, and instead to fund any other ASADRA eligible project that is ready to proceed to an agreement. To commit and draw down ASADRA funds before its expiration date where possible, the Deputy Director of DFA may also bypass a project and commit remaining ASADRA funds to other eligible projects, if a project cannot reasonably execute in SFY 2025-2026.

X. FUNDING AVAILABILITY AND TERMS

The State Water Board will provide thirty percent (30%) of the available ASADRA funds as principal forgiveness to eligible PWS regardless of their size or median household income levels. ASADRA funds will be provided to eligible PWS for ASADRA eligible activities under the following terms: seventy percent (70%) repayable financing at zero percent (0%) interest and thirty percent (30%) principal forgiveness.

As with a standard DWSRF financing, ASADRA financing may have a repayment period of up to 30 years for non-disadvantaged PWS, or up to 40 years after completion of construction for disadvantaged PWS, so long as the repayment period is no longer than the useful life of the financed project. In contrast to standard DWSRF and CWSRF financing conditions that require the consent of the Deputy Director of DFA for prepayment, ASADRA loans may be prepaid at any time without penalty.¹ Additionally, notwithstanding the requirements in the DWSRF Policy and its Appendix E (Credit/Financial Guidelines) ASADRA loans may take a subordinate lien position.

The first principal and interest payment will be due 18 months after project completion for the disadvantaged PWS, and 12 months for non-disadvantaged PWS. Thereafter, repayments are due annually.

The provisions of the base program DWSRF IUP apply to ASADRA projects unless inconsistent with the provisions herein or with the requirements of federal law, including the requirement to designate ASADRA equivalency projects in an amount up to the ASADRA capitalization grants.

Base program DWSRF low-interest loan funds may be used in conjunction with ASADRA funds to fully fund the remaining portions of the ASADRA projects.

Section XV provides a summary table of ASADRA applications – the ASADRA Fundable Project List. Currently, the ASADRA project list includes projects from two entities for a total cost of \$29.5 million, of which \$27.5 million is ASADRA funding. The Deputy Director of DFA is authorized to add to the Fundable List any additional projects that request ASADRA funds and are eligible if any existing Fundable List projects withdraw their application or do not require all of the funds.

¹ The State Water Board does not intend to pledge any ASADRA loans for the repayment of its SRF revenue bond program.

An ASADRA project for Montecito Water District was executed in last fiscal year. Montecito Water District has started the bidding process for construction. This project will request an extension from EPA until FY 2030-2031 in order to complete seismic upgrades for all of the eight reservoirs. Casitas Municipal Water District and Ventura County Waterworks District No. 17 are both anticipated to execute their funding agreements in FY 2025-26. The construction period for Casitas is estimated to be approximately 12 months. Casitas Municipal Water District has requested \$2 million in low interest loans from the DWSRF base program to help fully fund the project. Ventura County Waterworks District No. 17 has decided to pursue planning only with their ASADRA funds.

Additional grants and loans from other funding sources can be sought and offered to PWS if ASADRA funds available are less than the total project costs requested. The Deputy Director of DFA is authorized to offer DWSRF loan at zero percent (0%) interest to fully fund projects on the ASADRA Fundable List.

XI. ADMINISTRATION AND SET-ASIDE FUNDS

The State Water Board does not plan to take any set-asides from the ASADRA capitalization grant.

XII. ASADRA CAP GRANT PAYMENTS AND DRAWS

Federal ASADRA Capitalization Grant Payments

The State Water Board has already been awarded the ASADRA Capitalization Grant and related grant payments. Based upon the State Water Board's cash flow for SFY 2024-2025, the State Water Board is anticipating the following updated ASADRA federal draw schedule.

Table 2: ASADRA Capitalization Grant Estimated Draw Schedule

Federal Grant	Q1 SFY 25-26	Q2 SFY 25-26	Q3 SFY 25-26	Q4 SFY 25-26	SFY 26-27 to SFY 30-31
ASADRA	\$1,500,000	\$1,500,000	\$1,500,000	\$3,500,000	\$43,974,250

* Q4 SFY 24-25 Montecito Water District requested disbursement of \$1 million for planning costs.

XIII. STATE MATCH SOURCE AND PROPORTIONALITY DRAW

The State Water Board must provide one dollar of match for each five dollars received through U.S. EPA ASADRA capitalization grants. The Deputy Director of DFA was authorized at the March 15, 2022, Board meeting to use up to \$85 million of 2021 Budget Act Infrastructure Appropriation funds for use as state match for the DWSRF and CWSRF programs and determine the appropriate allocation of those funds. The

State Match for the ASADRA Capitalization Grants received to date has been allocated from the 2021 Budget Act Infrastructure Appropriation and will be expended prior to expending the ASADRA grant.

XIV. REPORTING

The State Water Board's DFA will report on ASADRA projects to the U.S. EPA through the Office of Water State Revolving Fund (OWSRF) system and U.S. General Services Administration's SAM.gov reporting system. ASADRA project characteristics and milestone information will be reported to OWSRF, and the PWS receiving federal dollars will be reported in the SAM.gov reporting system.

XV. ASADRA FUNDABLE LIST

Project Number	Applicant	Project Name	Total Amount Requested	Total ASADRA	ASADRA PF	ASADRA Loan (0%)	DWSRF Base Loan	Population	Small WS	DAC / SDAC	DDW District Number
5610024-001C	Casitas Municipal Water District	Ventura-Santa Barbara Counties Intertie	\$27,597,000	\$25,573,448	\$7,672,034	\$17,901,414	\$2,023,552	70,000	No	Non-DAC	6
5610003-001C	Ventura County Waterworks District No. 17	Bell Canyon Reservoir #3	\$1,900,000	\$1,900,000	\$570,000	\$1,330,000	\$0	2,391	Yes	Non-DAC	6
Total ASADRA Fundable List			Total =	\$27,472,300	\$8,241,690	\$19,230,610	\$2,023,552				