

Drinking Water State Revolving Fund (DWSRF) Draft SFY 2026-27 Intended Use Plan

Division of Financial Assistance (DFA)



Content



FY 2025-26 Recap

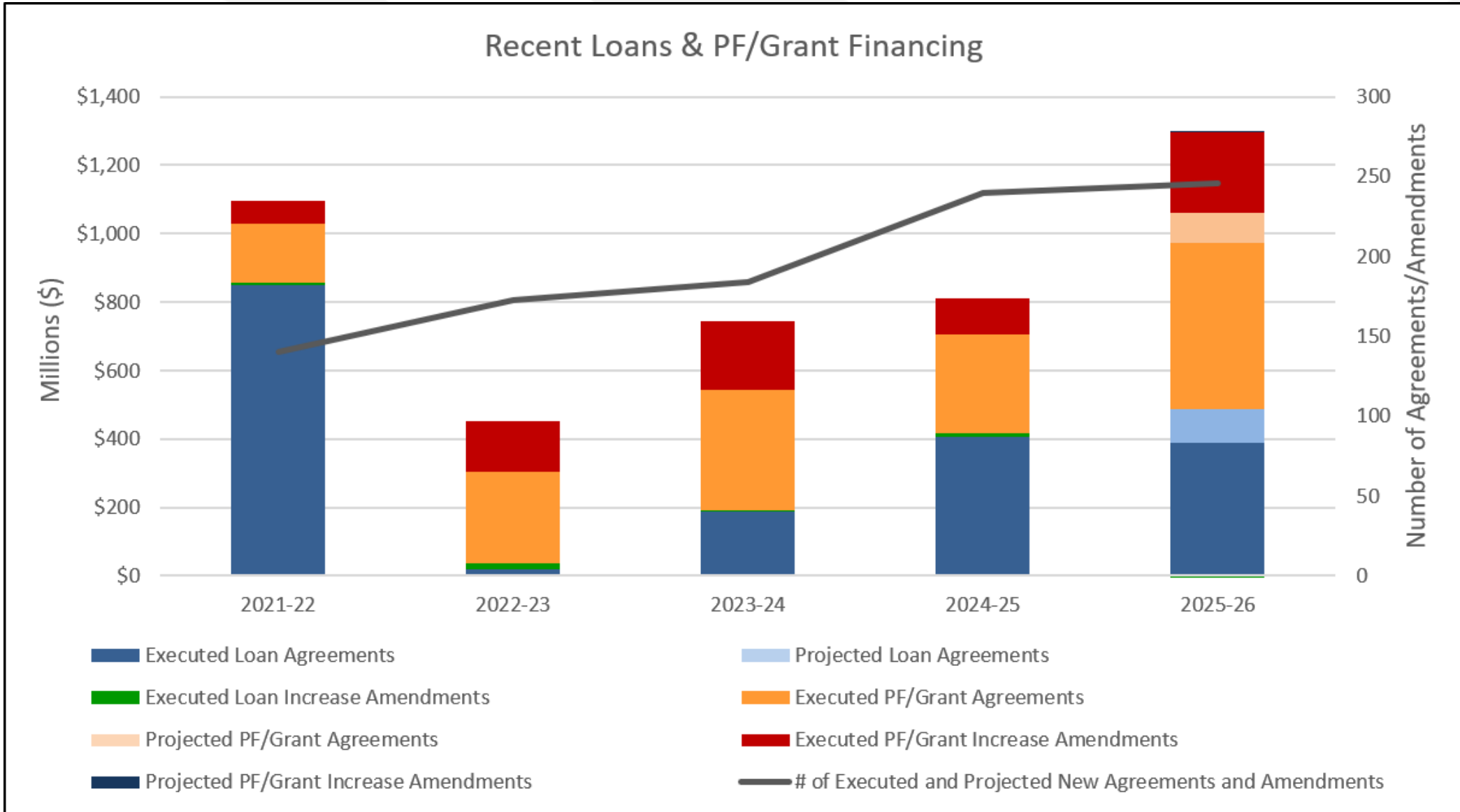
FY 2026-27 Financial Outlook

Funding Available

- Loan
- Emerging Contaminants, Lead Line, ASADRA
- Grant/Principal Forgiveness

Schedule

FY 2025-26 Drinking Water Funding Commitments



FY 2025-26 Ongoing Administration



Technical Assistance:
392 Work Plans
\$164 M Committed



Planning Grants:
72 Projects
\$40 M Committed



Construction Grants:
270 Projects
\$1.2 B Committed



SRF Commitments
\$2.7 Billion
\$1.5 B to Disburse



Interim Water:
118 Systems & 2,923 Households
\$156.7 M Committed



Regional Agreements:
15
\$237.6 M Committed



Administrator & O&M Agreements:
38
\$22.6 M Committed



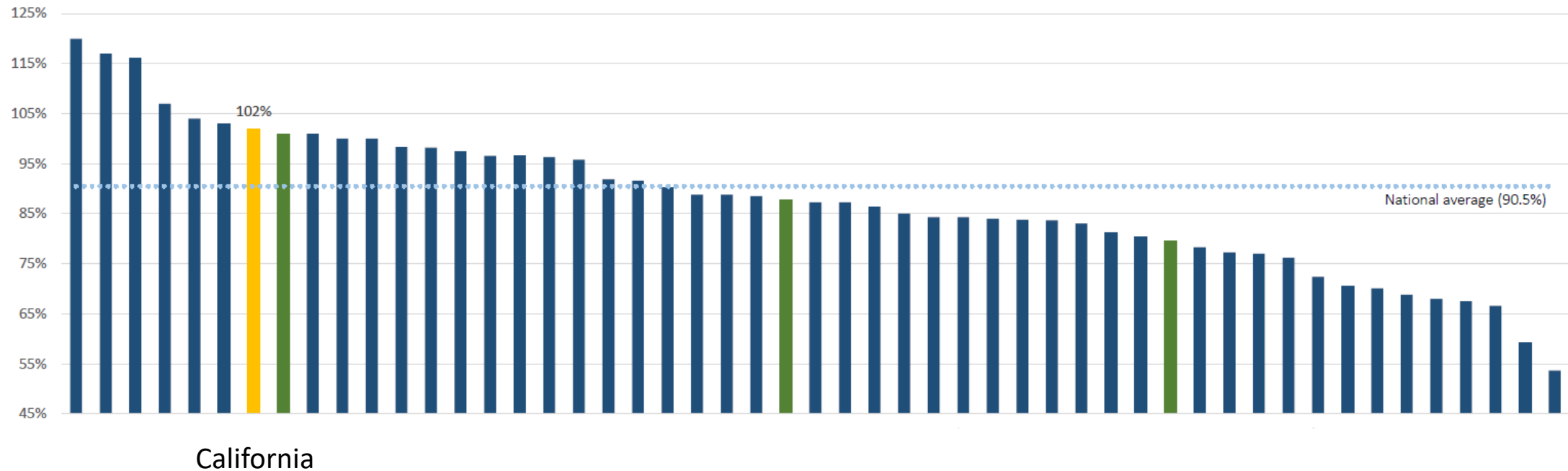
SRF Loan Repayment
205 Projects
30-year Repayment

Fund Utilization (pace) – DWSRF

$$\text{Pace} = \frac{\text{Cumulative Assistance Provided}}{\text{Cumulative Funds Available}}$$

- Pace measures how efficiently a State is converting available funds into loans
 - In NIMS, “DWSRF Assistance as a % of Funds Available – Cumulative” (Line 397)
 - Pace close to or above 100% is a reasonable target for States
- California DW has the 7th highest pace among all States
 - 102% in SFY2025, level with last year, compared to 109% in 2023

Drinking Water 2025 Fund Utilization

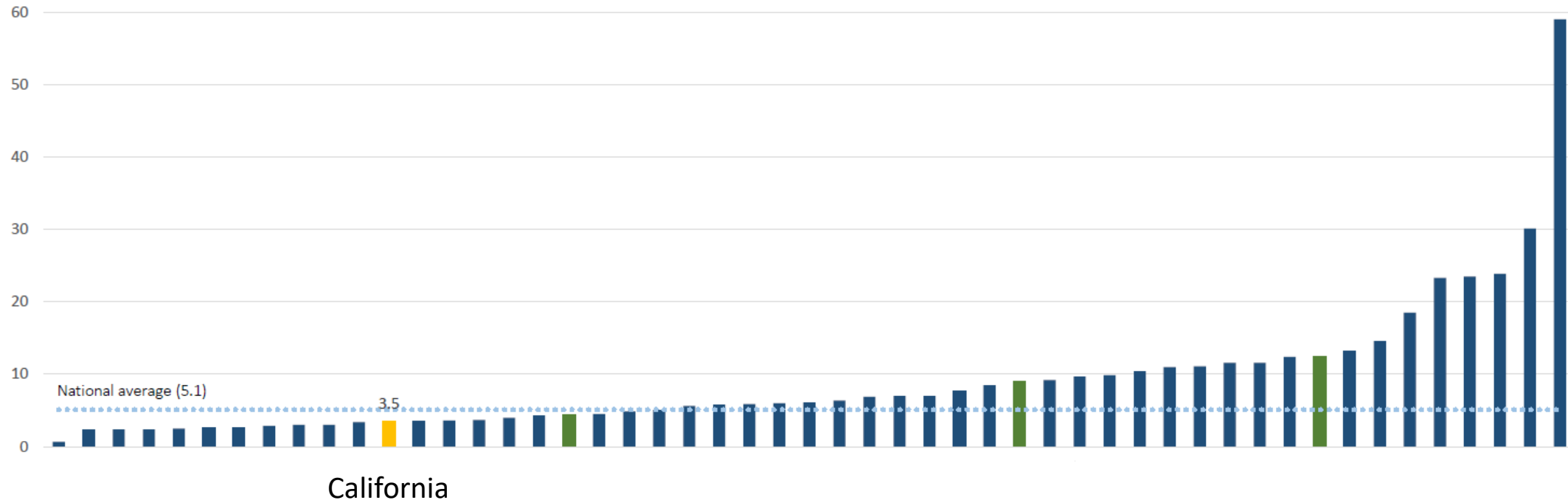


Cash to Disbursement Ratio - DWSRF

$$\text{Disbursement Ratio} = \frac{\text{Cumulative Funds Available} - \text{Cumulative Disbursements}}{\text{3 Year Average of Annual Disbursements}}$$

- Cash to Disbursement Ratio approximates “years of cash on hand”
 - In NIMS, “Undisbursed Funds to Average Disbursements (Years to Disburse) - Cumulative” (Line 420.1)
 - Per the “timely and expeditious” memo, 2 is considered adequate performance
- California DW is below the national average
 - This metric decreased to 3.5 from last year (3.9) due to continued impact of slower-to-commit IIJA EC and LSLR funds

Drinking Water 2025 Cash to Disbursement Ratio

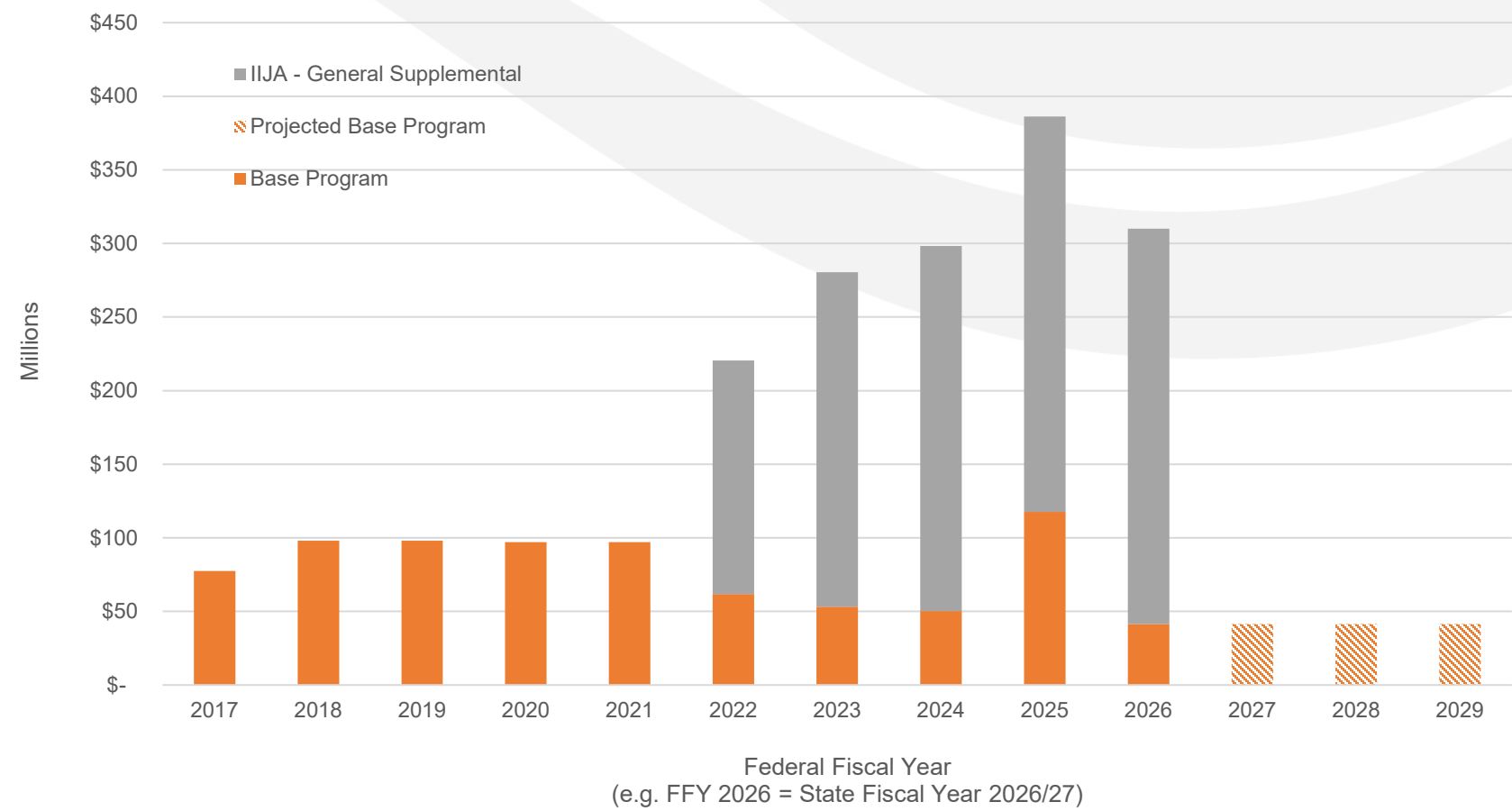


Intended Use Plan Purpose

1. Guide staff implementing DWSRF and related PF/Grant in 2026-27
2. Apply for and receive the 2026 Capitalization Grants from US EPA
 - Last year of Infrastructure Investment and Jobs Act (IIJA)
3. Includes guidance on State funds:
 - Proposition 4 funding
 - Proposition 1 and 68
 - California's 2021 and 2024 Budget Act Appropriations

DWSRF Capitalization Grant

(excluding EC and LSLR)



FFY 2026

Emerging Contaminants Federal Allotments (\$ in millions)

| | Loan | PF/Grant | Set-Asides/ Admin | Estimated Total Cap Grant |
|--|------------|--------------|----------------------|---------------------------------|
| IIJA Emerging Contaminants | \$0 | \$76 | \$22 | \$98 |
| IIJA Emerging Contaminants in Small or Disadvantaged Communities Grant | \$0 | \$74 | \$3 | \$77 |
| Total FFY 2026 | \$0 | \$150 | \$25 | \$175 |



DWSRF Repayable Loan

DWSRF Repayable Loan

- \$50 million low interest loan = ~\$11 million in savings
- First year of applying scoring, per the DWSRF Policy.
 - Although there are 40+ applications, most were incomplete.
- Fundable List includes:
 - 6 Rollover projects from FY 2025-2026 + 9 new applications deemed complete by Dec. 31, 2025 and scored.
 - **FY 2026-27 loan commitments = \$364 million**, consistent with the annual sustainable loan capacity.

Supplemental IUPs for

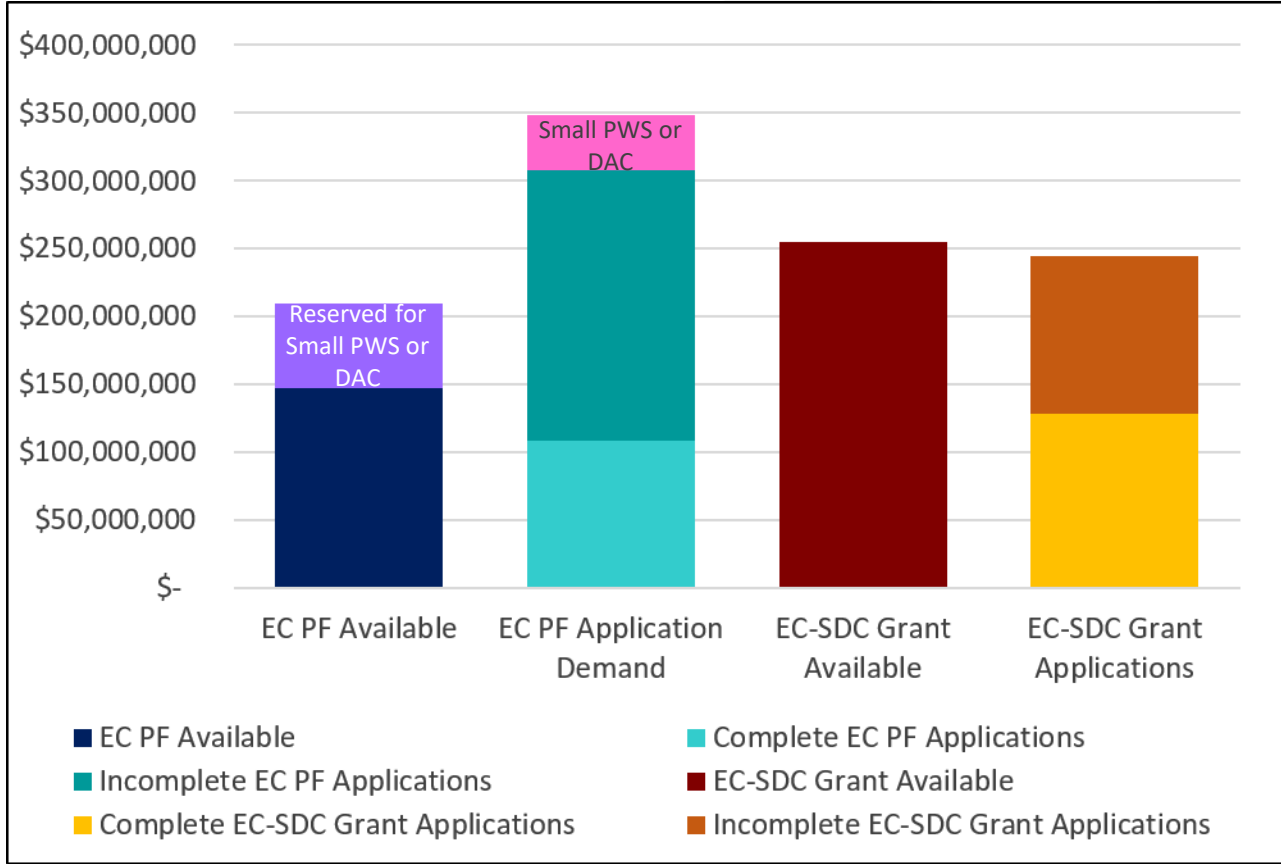
Emerging Contaminants

Lead Service Line

Additional Supplemental Appropriations for Disaster Relief
Act of 2019

Emerging Contaminants

As of April 1, 2026:



- No grant/PF maximum for DAC systems and/or systems serving a population under 25,000
- Planning agreement can be funded for DACs of all sizes (including med & large systems)
- For others, **\$25 million** max PF per water system, up to 50% project cost.
- No cost per connection limit, but costs will be reviewed for reasonableness.
- Continued applications welcome for small / DAC systems

Emerging Contaminants (EC) Eligibility

- **Eligible contaminants: PFAS, 1,2,3-TCP, manganese, 1,4-dioxane, etc.**
 - Address contaminants listed on any of EPA's Contaminant Candidate Lists
 - Not considered as emerging contaminants: hexavalent chromium, nitrate, arsenic, and other contaminants with a national drinking water standard

Lead Service Line Replacement (LSLR)

- \$197 million in uncommitted LSLR funding remains from prior years.
- Division of Drinking Water's lead line inventory has revealed 0 lead lines in CA thus far. Based on years of outreach and inventory data, staff propose to:
 - Voluntarily return \$175 million in uncommitted LSLR grant previously received, so other states can use this funding
 - Leave \$22 million available for existing project applications
 - Only return uncommitted project funds, and retain set-asides to support ongoing database, technical assistance, and programmatic work
 - Evaluate need to apply for final LSLR allotment next year based on demand for funding

Additional Supplemental Appropriations for Disaster Relief Act (ASADRA)

- ASADRA funds are for water systems damaged by 2018 wildfires.
- Two agreements have been executed, committing all \$62 million of ASADRA funds available.

Drinking Water Grant/Principal Forgiveness (PF)

Outline

1. Historical Policy Direction and Grant Funding Activities
2. Projected Grant/PF Funding Availability
3. Projected Grant/PF Demand
4. Projected Funding Availability vs. Demand
5. Board Policy Options for Consideration

Conclusions



SWB has developed a **robust construction project demand pipeline** by mobilizing Technical Assistance and planning funding over the past 5 years for communities that historically struggled to complete planning.



SWB will receive less Federal and State funding over the next 3 fiscal years compared to the last 5 years, while funding needs continue to grow.



There are **153 Failing water systems** in the SWB's planning pipeline for construction funding over the next 3 years. Projected funding availability may not meet their construction needs.



Board direction on funding priorities requested. Scenarios based on current SWB priorities indicate funding is insufficient to meet funding needs over the next 3 years.

Historical Policy Direction and Grant/PF Funding Activities

Legal Framework for Drinking Water Funding Priorities

Driving federal and state policies focusing DWSRF and grant resources where public health needs are greatest.

Federal Mandate Safe Drinking Water Act

Prioritize DWSRF funding for projects that address the most serious human health risks.

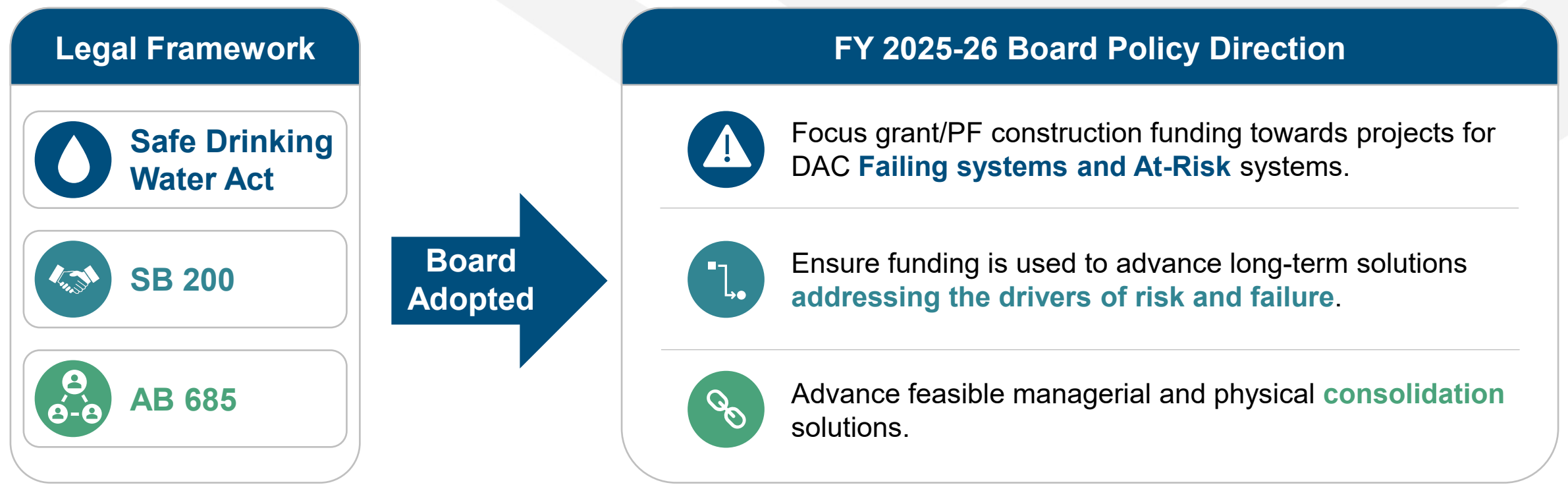
State Funding Priority SB 200

*Prioritize water systems that **consistently fail to meet safe drinking water standards**, especially disadvantaged communities and vulnerable households.*

Human Right to Water AB 685

*Every person has the right to **safe, clean, affordable, and accessible water** for drinking, cooking, and sanitation.*

Board-Adopted DW Grant/PF Policy Direction



Board Adopted FY 2025-26 DW Grant/PF Construction Eligibilities

Available to **Small, Expanded Small, or Medium Disadvantaged Communities (DACs)** or **Small Moderate-Income Communities¹ (MICs)**

| Project Category | System Not Failing or At-Risk of Failing | Project Addresses System Failing ² or At-Risk of Failing Status |
|--|--|--|
| Consolidation | Up to 100% Project Cost (Tiered funding limits apply) | Up to 100% project cost (Tiered funding limits apply) |
| Emerging Contaminants | | |
| Drought Resiliency | Loan Only | |
| Distribution System | | |
| System Enhancements / Repairs / New Infrastructure (CIP improvements) | | |
| Interim Assistance | N/A | |
| O&M Assistance | | |

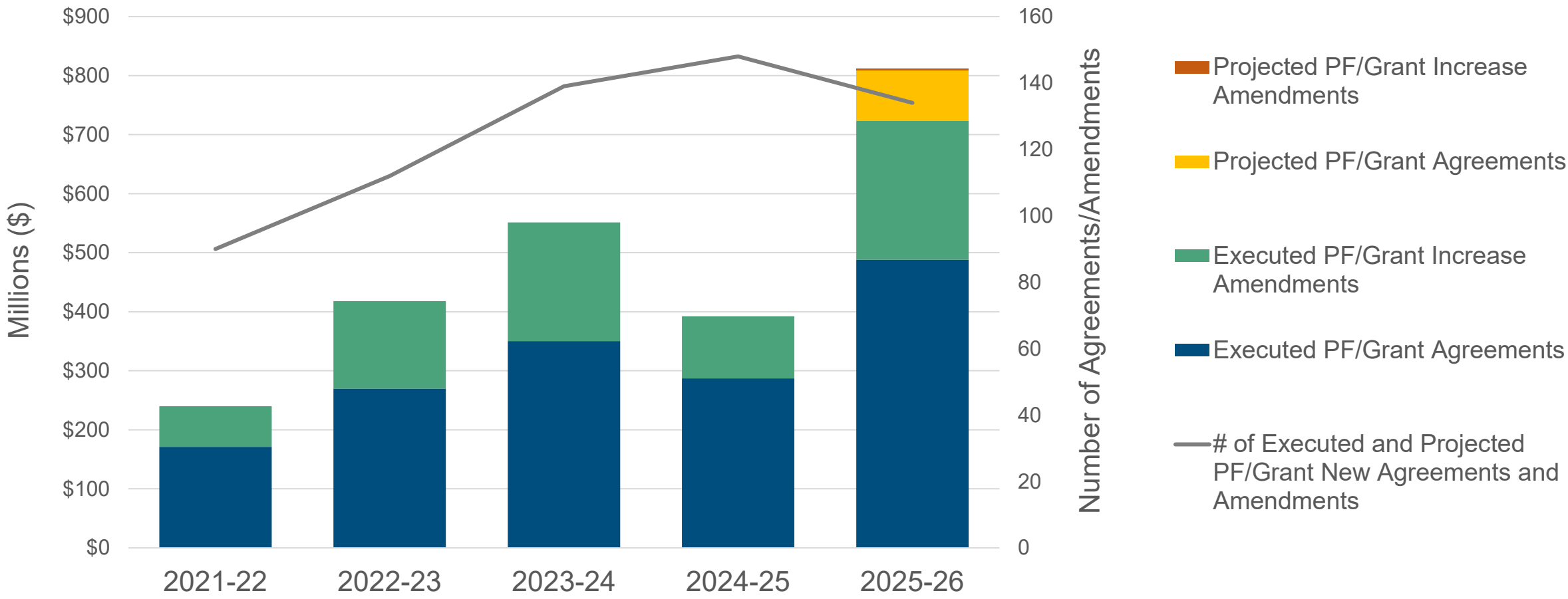
¹ Median Household Income (MHI) is greater than 80% of the statewide MHI, but less than 150% of statewide MHI.

² Systems with hexavalent chromium maximum contaminant level (MCL) are considered eligible for funding similar to Failing systems, even if they are not on the Failing list.

FY 2025-26 Maximum Grant/PF and Cost Per Connection Construction Limits

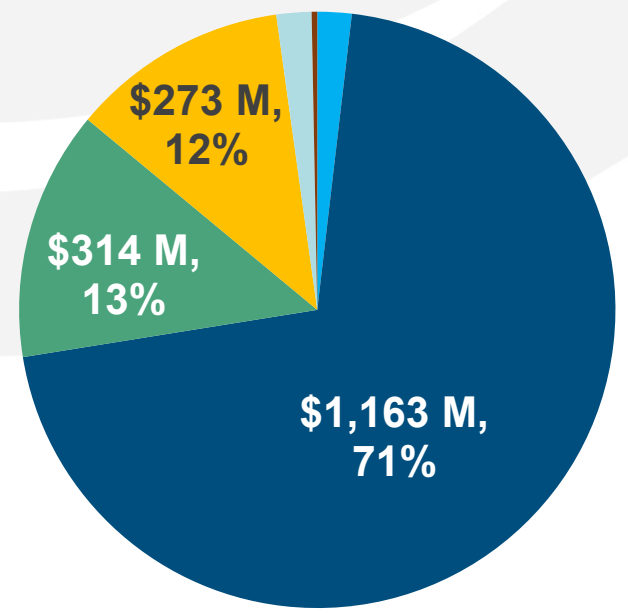
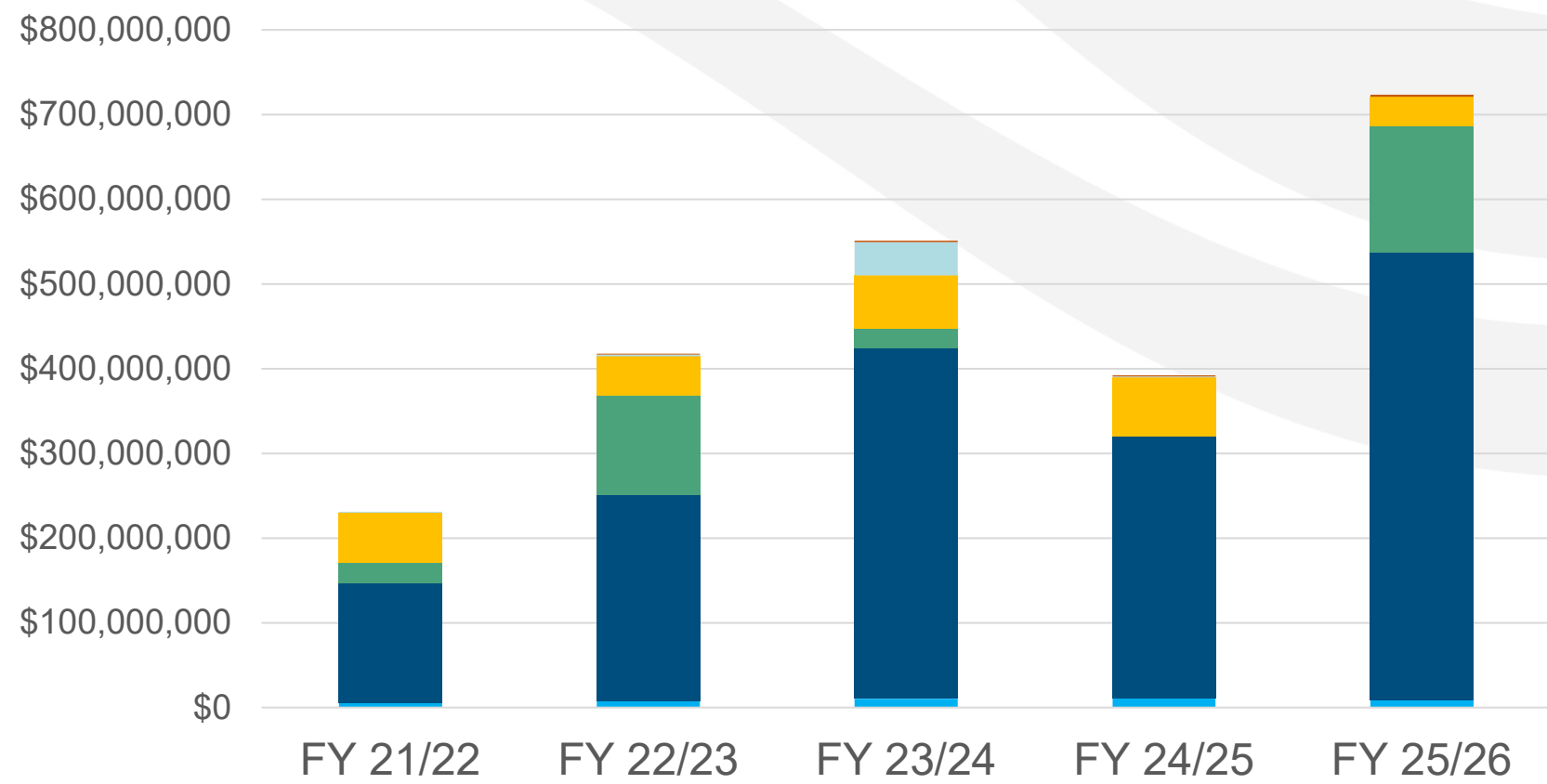
| Connections | Maximum Cost per Connection | Maximum Grant/PF |
|-------------|-----------------------------|------------------|
| 1 - 20 | N/A | \$5,000,000 |
| 21 - 50 | N/A | \$10,000,000 |
| 51 - 100 | N/A | \$12,000,000 |
| 101 - 200 | N/A | \$16,000,000 |
| ≥ 201 | \$80,000 | \$50,000,000 |

Historical Drinking Water Grant/PF Commitments



This figure includes DW funding agreements and amendments for funding increases. Amendment data does not include other amendments, such as time extensions, supplemental funding conditions, etc.

Executed DW Grant/PF by Assistance Type (FY 21/22 – FY 25/26)



■ Planning ■ Construction ■ Technical Assistance ■ Interim Water Solutions ■ Administrator ■ O&M

Accomplishment: Construction Pipeline

Leveraging state and federal investments, the State Water Board has built a robust pipeline of projects that will secure safe drinking water for hundreds of mostly disadvantaged communities once complete.

Current Construction Projects

234 projects

executed grant/PF construction projects currently managed.

84 Projects have not bid yet, cost increases may occur.

Current Planning Pipeline

334 projects

currently in the planning pipeline for construction grant assistance.

256
In Technical Assistance

78
planning grant agreements


Future Planning Pipeline

\$143 Million

added to Technical Assistance program capacity in FY 25/26.

116
projects supported to finish planning


140
created NEW TA planning project capacity

 **558** **Current Watchpoint** Construction demand for Board supported planning & pre-construction projects.

Projected 3-Yr. Grant/PF Funding Availability

Administering Grant/PF Funding

DWSRF IUP

-  DWSRF-Base Grants (PF)
-  DWSRF-BIL General Grants (PF)
-  Greenhouse Gas Reduction Fund (Grant)
-  Prop 1 (Grant)
-  Prop 68 (Grant)
-  Prop 4 (Grant)



Long-Term Solution Planning



Construction Funding

FEP

-  Safe & Affordable Drinking Water Fund (Grant)
-  Emergency & Interim Assistance
-  Water System Managerial Support

FY 2026-27 DW Grant/PF Availability

| | FY 25/26 Available Grant/PF | FY 25/26 Carry-Over | New Appropriations for FY 26/27 Planning Purposes | TOTAL FY 2026-27 |
|--|-----------------------------|---------------------|---|------------------|
| DWSRF-Base Grants (PF) | \$189.3 M | \$71.3 M | \$20.3 M | \$91.6 M |
| DWSRF-BIL General Grants (PF) | \$272.3 M | \$48.2 M | \$131.6 M | \$179.8 M |
| Safe Affordable Drinking Water Fund (Grant)* | \$326.5 M | \$99.7 M | \$0 | \$99.7 M |
| Budget Act of 2024: Greenhouse Gas Reduction Fund (Grant) | \$113.4 M | \$46.9 M | \$0 | \$46.9 M |
| Prop 1 (Grant) | \$17 M | \$16.7 M | \$5.2 M | \$21.9 M |
| Prop 68 (Grant) | \$15.4 M | \$8.1 M | \$0 | \$8.1 M |
| Prop 4 (Grant) | \$90.3 M | \$58.8 M** | \$78.8 M | \$137.2 M |
| Prop 4 Tribal (Grant) | \$10.7 M | \$10.7 M** | \$14.3 M | \$25 M |
| Subtotal: | \$1,035.5 M | \$360.4 M | \$250.2 M | \$610.2 M |
| DWSRF-BIL Emerging Contaminant Small/DAC (PF) | \$ 48.0 M | \$43.3 M | \$19.1 M | \$62.4 M |
| Small/DAC Emerging Contaminant Grants (Grant) | \$190.1 M | \$110.6 M | \$158.1 M | \$268.7 M |
| TOTAL: | \$1,273.6 M | \$514.3 M | \$427.4 M | \$941.7 M |

* The estimated revenue transfer to SADWF for FY 2026-27 is scheduled to take place in the Spring of 2027 and likely will not be available to commit to projects until the following fiscal year (FY 2027-28). A concerted effort was made to maximize Safe and Affordable Drinking Water Fund (SADWF) carry-over to accommodate this change.

** The State Water Board was not authorized to administer available Prop 4 appropriations in FY 25/26 until late February 2026.

Projected 3-Yr. Grant/PF* Funding Availability

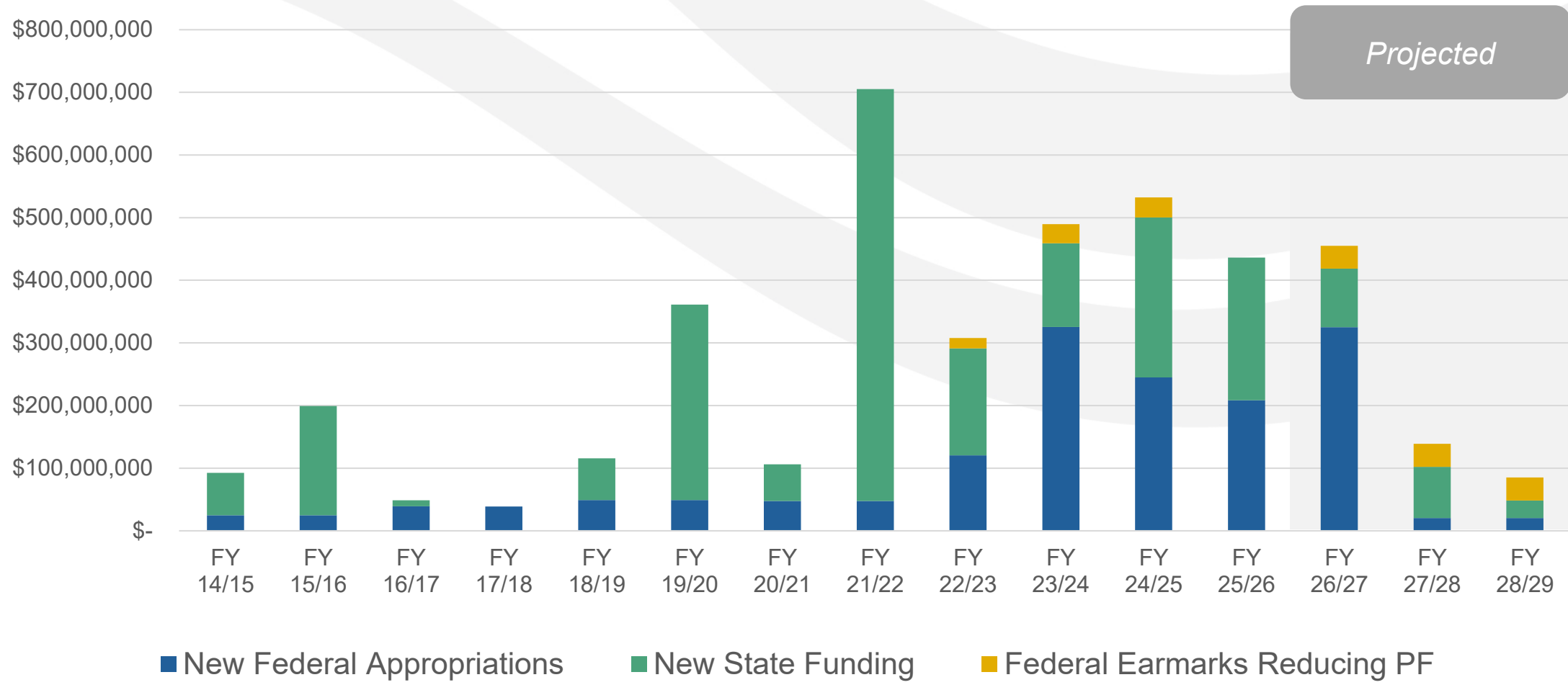
| | FY 2026-27** | FY 2027-28 | FY 2028-29 | 3 FY TOTAL |
|---|------------------|-------------------|----------------------|---------------------------|
| DWSRF-Base Grants (PF) | \$91.6 M | \$21.0 M | \$21.0 M | \$133.6 M |
| DWSRF-BIL General Grants (PF) | \$179.8 M | \$0 | \$0 | \$179.8 M |
| Safe Affordable Drinking Water Fund (Grant)** | \$99.7 M | ~\$7.5 M | TBD*** | ~\$107.2 M - TBD |
| Greenhouse Gas Reduction Fund (Grant) | \$46.9 M | \$0 | \$0 | \$46.9 M |
| Prop 1 (Grant) | \$21.9 M | \$0 | \$0 | \$21.9 M |
| Prop 68 (Grant) | \$8.1 M | \$0 | \$0 | \$8.1 M |
| Prop 4 (Grant) | \$137.2 M | \$74.3 M | \$28.1 M | \$239.6 M |
| Prop 4 Tribal (Grant) | \$25 M | \$0 | \$0 | \$25 M |
| Subtotal: | \$610.2 M | ~\$102.8 M | ~\$49.1 - TBD | ~\$762.1 M - TBD |
| DWSRF-BIL Emerging Contaminant SDAC (PF) | \$62.4 M | \$0 | \$0 | \$62.4 M |
| Small/DAC Emerging Contaminant Grants (Grant) | \$268.7 M | \$0 | \$0 | \$268.7 M |
| TOTAL: | \$941.3 M | ~\$102.8 M | ~\$49.1 - TBD | ~\$1,093.2 M - TBD |

* Figures represent local assistance only. Administrative allowances have been removed.

** Safe and Affordable Drinking Water Fund (SADWF) maximum projections have been provided by the Department of Finance and do not reflect potential changes to GGRF allocations due to the recently adopted CARB regulations.

***GGRF proceed projections for SADW Fund in FY 27/28 that would be available for grants in FY 28/29 are not currently available per Department of Finance.

Historical DW Grant/PF Funding Appropriations* by Fiscal Year



- CAA for Urgent Drinking Water Needs Grants is not included.
- FY 28/29 does not include a projection for SADW Fund due to unavailable GGRF proceed projections from Department of Finance.
- ~79% projected average, annual decline in new DW state grant funding, starting FY 27/28, compared to the prior 6-year annual average of new state funding.
- ~84% projected average annual decline in DW PF federal funding, starting FY 27/28 compared to the prior 6-year annual average of new DW PF federal funding.

Projecting 3-Yr. Grant/PF Funding Demand

Construction and Planning Agreement Demand Only

Projecting DW Grant/PF Needs

Different estimates point to substantial drinking water funding needs in California.

U.S. EPA

\$5.6 B

2021 Needs Assessment
Construction assistance needs for
small systems

 Time horizon: **20 years**

State Water Board DW Needs Assessment

| | |
|------------------|-------------------------------|
| <h2>\$6.6 B</h2> | Failing & At-Risk systems |
| <h2>\$4.9 B</h2> | Domestic Wells & State Smalls |

2024 Cost Model Results


 Time horizon: **5 years**

Current DWSRF Grant/PF Comprehensive List

\$1.4 B

Projects with incomplete construction
& planning funding applications
regardless of funding eligibility

 Application-based estimate

 **Key Challenge**
Determine what funding-eligible demand is most likely to materialize within the next three years.

3-Yr. Projected Construction/Planning Demand Assumptions



Current FY 2025-26 Grant/PF Priorities:

Failing Systems

Consolidations

At-Risk Systems

Projected Demand Utilizes:

- ✓ New construction and planning agreements using current eligibilities and priorities.
- ✓ Amendments for executed SWB funded construction projects.
- ✓ Current eligible construction applications and planning/TA projects.
- ✓ Input from TA Providers and DFA Project Managers; Assumes 30% of projects delayed each FY to the next.
- ✓ Modeled funding needs for 20% of projects in the planning pipeline.

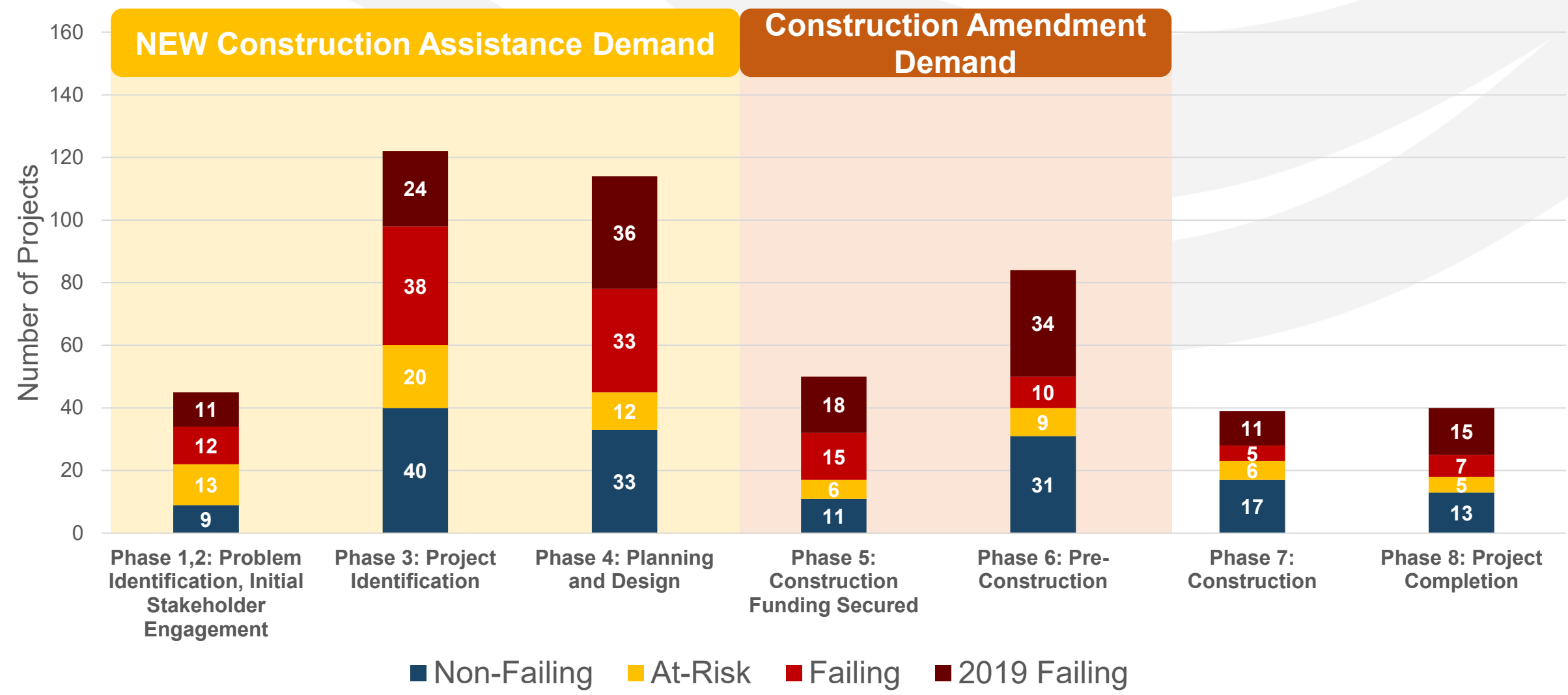
Projected Demand Does NOT Include:

- ⚠ Needs of Failing systems outside of current planning pipeline.
- 📅 Needs of systems that may fail in future years (CR6 enforcement)
- 👷 Construction demand for systems projected to receive new planning assistance.

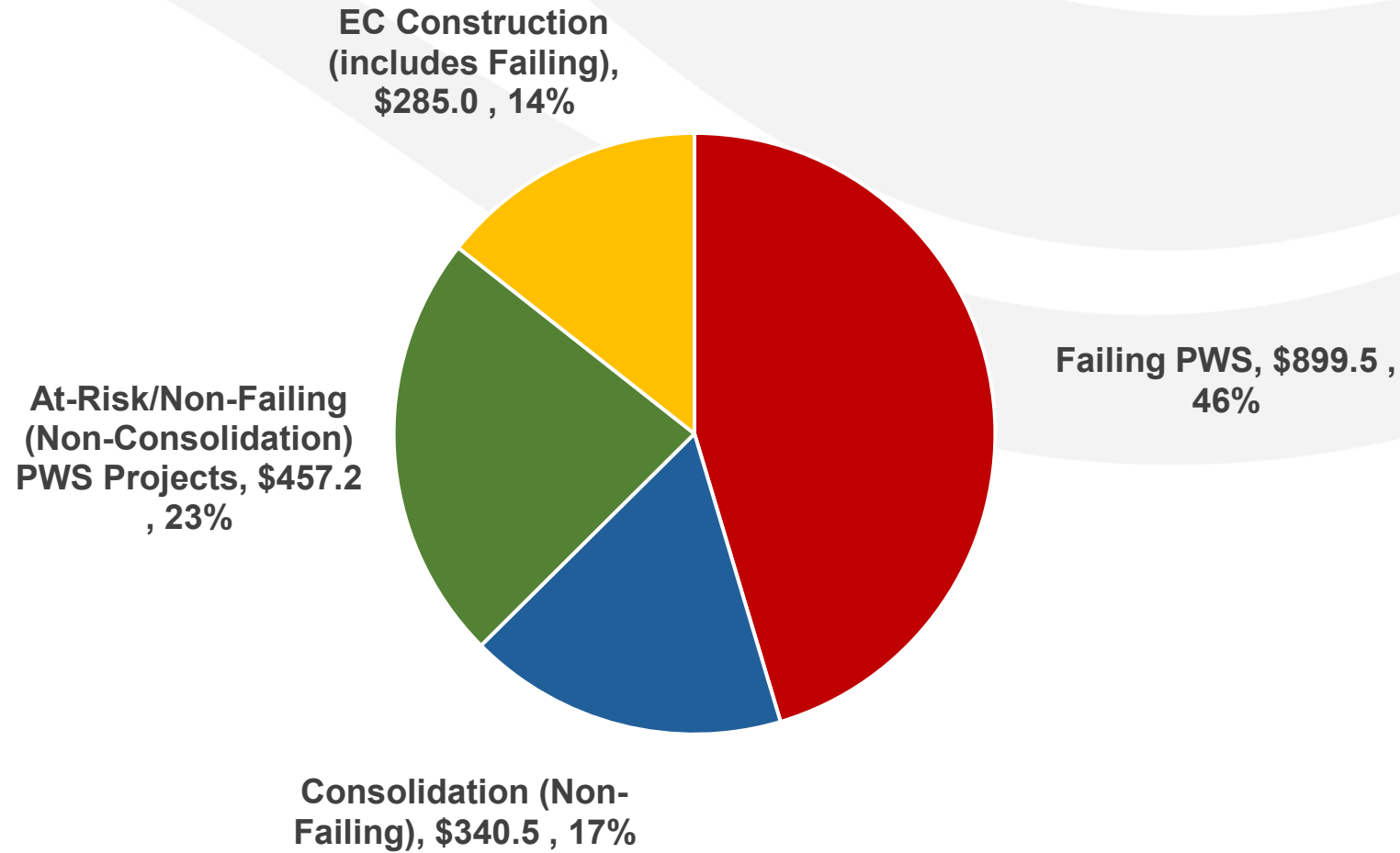


Purpose: Framework for estimating what funding-eligible construction and planning demand may materialize within the next three fiscal years.

Current State Water Board Grant/PF Construction Project Portfolio



3 Yr. Construction & Planning Demand by SAFER Status & Project Type (\$ in Millions)



Construction and Planning Agreement Supply/Demand Only

Department of Finance SADWF Projections Utilized in Analysis

DW Grant/PF Construction & Planning Agreement Demand Only *Including All SADWF*

Assumptions:

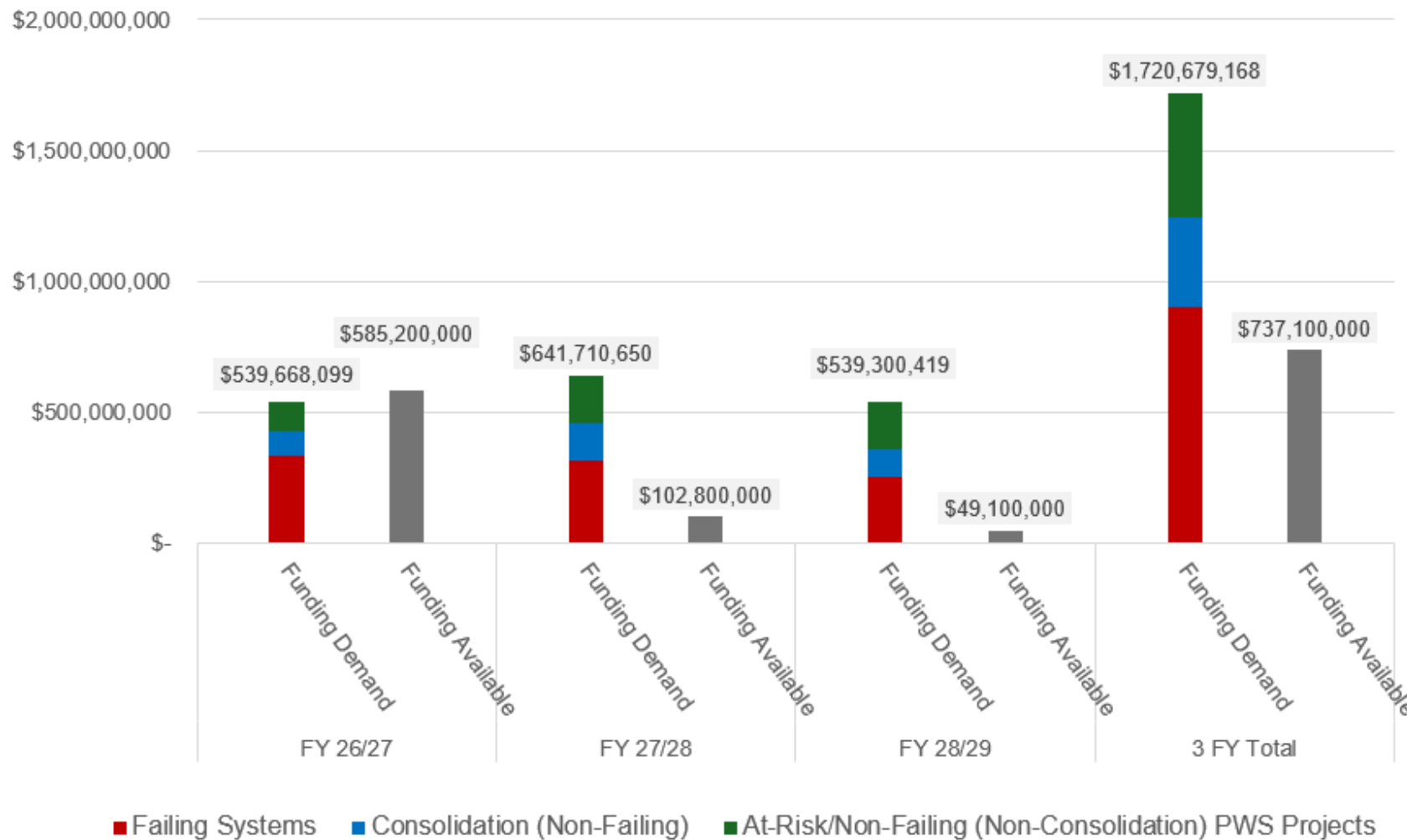
- Includes all projected available funding for SADWF, DWSRF, GGRF, Prop 1, Prop 68, and Prop 4.
- Utilized DOF SADWF projections.
- Tribal Prop 4 and EC funding/demand is **excluded**.
- Includes planning grant agreement demand, non-EC construction demand, and Urgent Drinking Water Needs Construction demand.

3 FY Outcome:

\$984 M Funding Gap for
Construction & Planning
Agreements

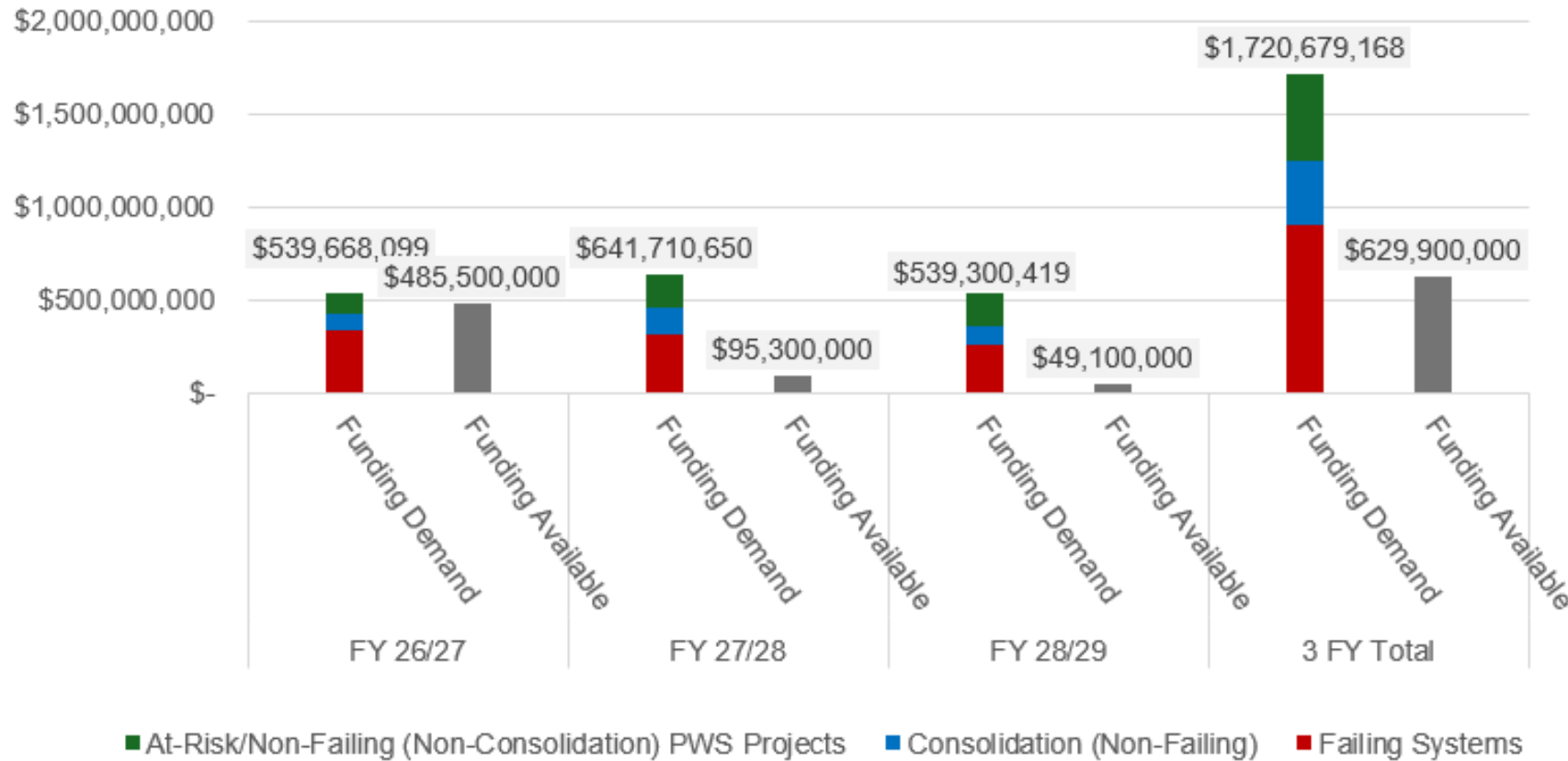
**Funding gap may begin as
soon as FY 26/27**

**Does not account for new
systems/projects entering
planning pipeline.**



Scenario 1: DW Grant/PF Construction & Planning Agreement Demand Only

Excluding All SADWF



Assumptions:

- Includes all projected available funding for DWSRF, GGRF, Prop 1, Prop 68, and Prop 4.
- SADWF, Tribal Prop 4 and EC funding/demand is excluded.
- Includes planning grant agreement demand, non-EC construction demand, and Urgent Drinking Water Needs Construction demand.

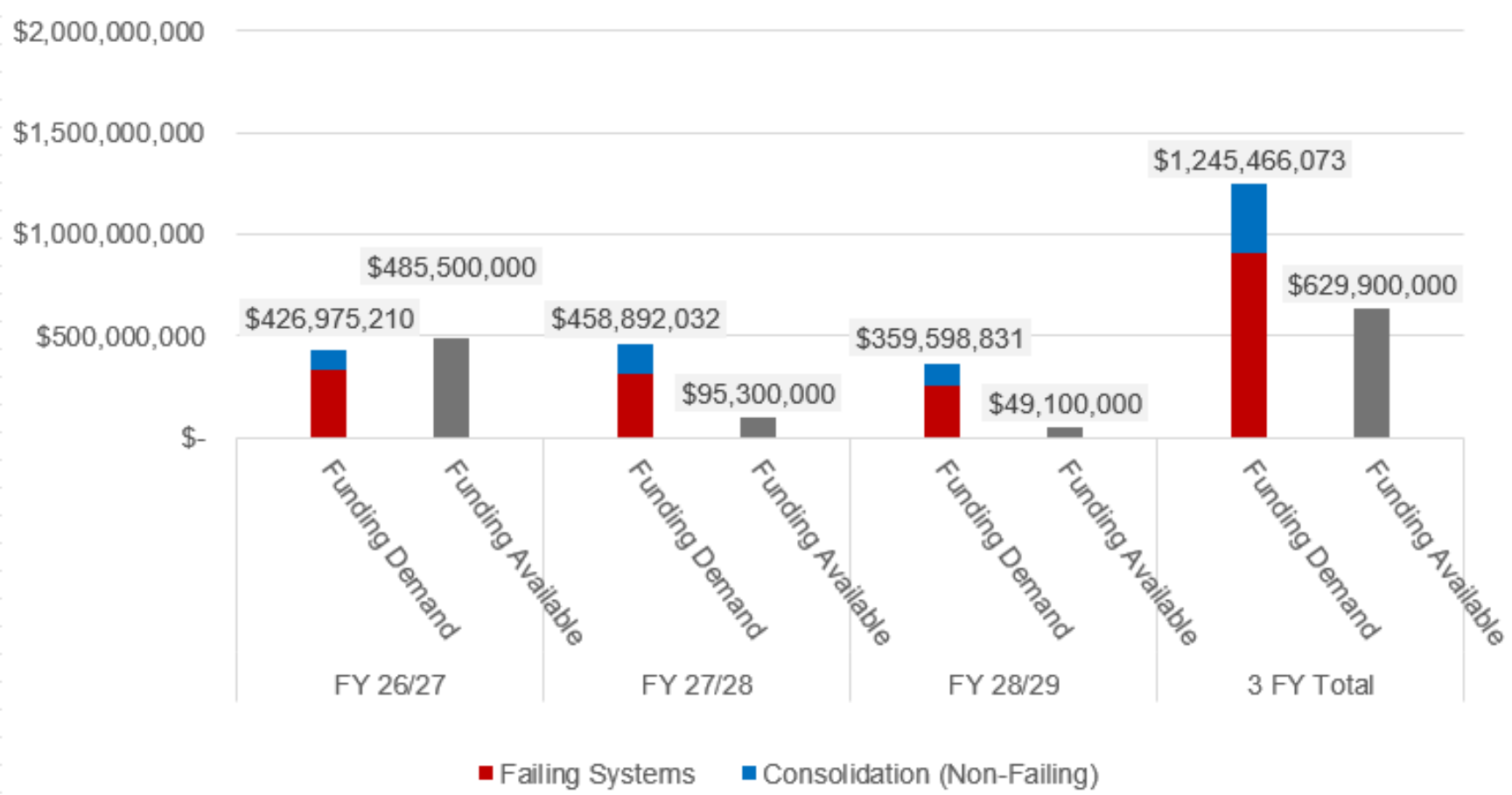
3 FY Outcome:

\$1,091 M Funding Gap for Construction & Planning Agreements

Funding gap begins as soon as FY 26/27

Does not account for new systems/projects entering planning pipeline.

Scenario 2: DW Grant/PF Construction & Planning Agreement
Demand Failing Systems & Consolidations Only
Excluding All SADWF



Assumptions:

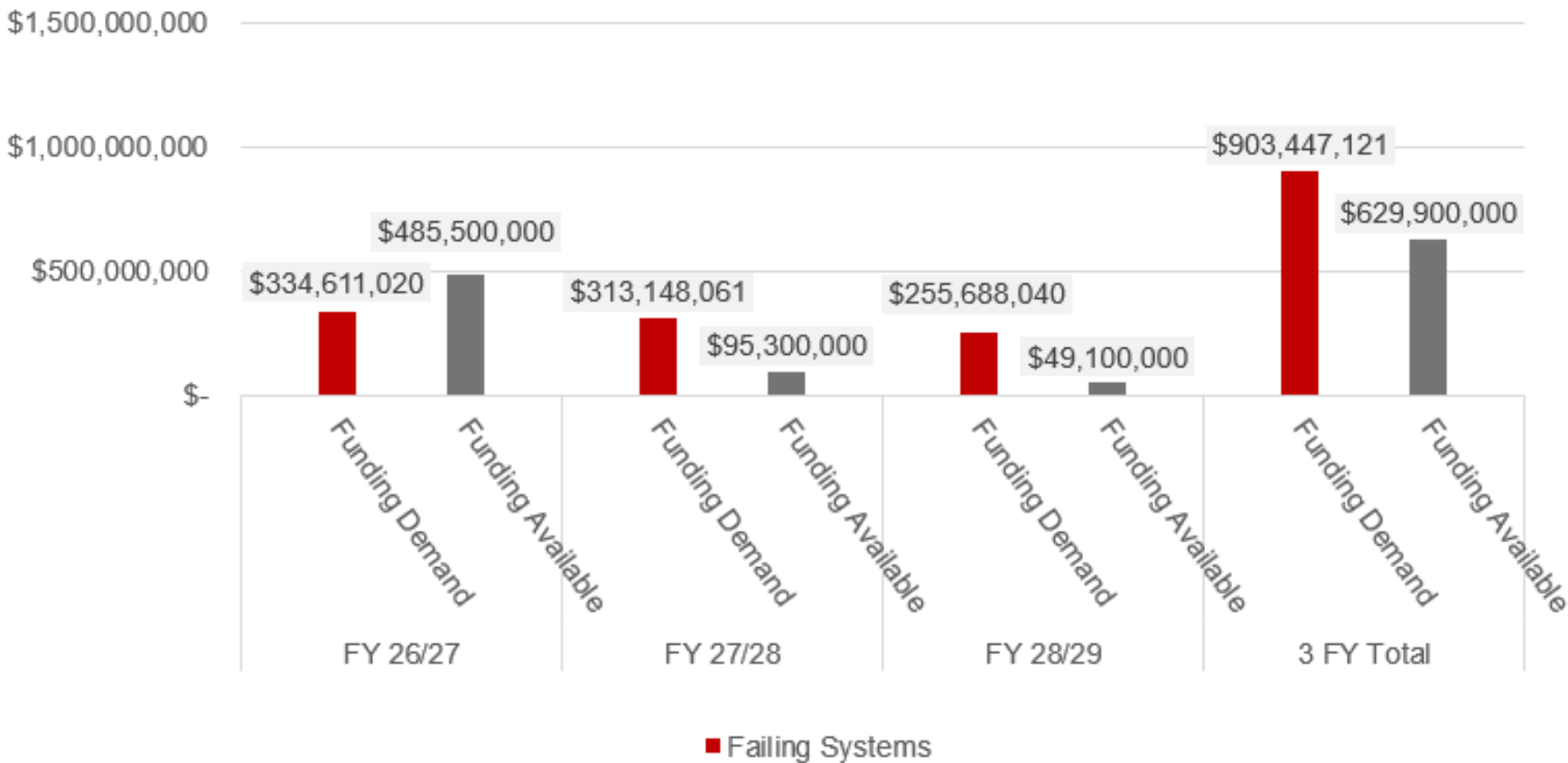
- Includes all projected available funding for DWSRF, GGRF, Prop 1, Prop 68, and Prop 4.
- SADWF, Tribal Prop 4 and EC funding/demand is **excluded**.
- Includes planning grant agreement demand, non-EC construction demand, and Urgent Drinking Water Needs Construction demand for Failing systems and consolidation projects only.

3 FY Outcome:

\$616 M Funding Gap for Construction & Planning Agreements

Does not account for new systems/projects entering planning pipeline.

Scenario 3: DW Grant/PF Construction & Planning Agreement Demand **Failing Systems Only** *Excluding All SADWF*



Assumptions:

- Includes all projected available funding for DWSRF, GGFR, Prop 1, Prop 68, and Prop 4.
- SADWF, Tribal Prop 4 and EC funding/demand is excluded.
- Includes planning grant agreement demand, non-EC construction demand, and Urgent Drinking Water Needs Construction demand for Failing systems only.

3 FY Outcome:

\$275 M Funding Gap for Construction & Planning Agreements

Does not account for new systems/projects entering planning pipeline.

Policy Options for Consideration

Draft FY 2026-27 DWSRF IUP

Prop 4 Tribal Set-Aside

There are currently few tribal drinking infrastructure projects in the State Water Board's construction funding pipeline.

Staff propose expanding grant/PF eligibility for tribal drinking water projects beyond those that would be addressing a Failing or At-Risk equivalent tribal drinking water system.:

Water infrastructure projects that help provide safe, clean, and reliable drinking water to tribal communities, in accordance with the requirements of Prop 4, would be eligible for the Prop 4 Tribal Set-Aside grant funding.

No Additional Proposed Changes

Staff have not proposed or included any additional changes to drinking water grant/PF eligibilities and/or funding thresholds in the draft IUP.

FY 2026-27 DWSRF IUP Grant/PF Policy Options



Board Decision Focus

Determine how to align FY 2026-27 construction and planning grant/PF eligibilities and funding commitments with projected demand and available resources.

1. No Change

- Maintain current eligibility criteria.
- Maintain current funding limits.
- Continue funding across all eligible project categories as applications become complete.

2. Modify Eligibilities

- Change eligible priorities and/or project types.
- Change grant/PF funding maximum limits.
- Narrow project/applicant eligibility; and/or
- Expand eligibility, focus on shovel-ready projects.

3. Hold Now, Revisit Later

- No immediate eligibility changes.
- Revisit policy direction in 6 months.
- Do not commit beyond a specified % of available funding administered by the DWSRF IUP.

Option 2: Modifying Grant/PF Eligibilities

Historically, the State Water Board has used the following community and project characteristics to define drinking water grant/PF eligibility in the DWSRF IUP.

- Economic Status**
 - Moderate Income Communities (MIC); MHI < \$148,683
 - Disadvantaged Communities (DAC); MHI < \$79,298
 - Severely Disadvantaged Communities (SDAC); MHI < \$59,473
- System Size**
 - Small; ≤ 3,300 con.
 - Expanded Small; Between 3,300 and 6,600 con.
 - Medium; Between 6,600 and 30,000 con.
- Grant/PF Funding Thresholds**
 - Project Cost
 - Cost per Connection
 - Co-Funding (grant and loan)

- SAFER Status**
 - Failing
 - At-Risk
 - Non-Failing/At-Risk
 - Duration of SAFER Status
- Project Types**
 - Addressing Compliance Orders (Failing)
 - Addressing Drivers of Risk (At-Risk)
 - Consolidation
 - Drought Resiliency
- Project Readiness**
 - % Planning Complete
 - Environmental Review Completeness
 - Financial Readiness

DWSRF IUP Schedule

| Item | Date |
|--|-----------------|
| Draft IUP posted for 30-Day Public Comment | June 23, 2026 |
| Board Workshop | July 8, 2026 |
| Deadline to Submit Comments | July 23, 2026 |
| Board Meeting | August 18, 2026 |

Supplemental Information

Detailed Projected Demand Breakdown

Projected SAFER Grant/PF Demand* by Fiscal Year: **PWS** and **DW/SSWS**

| | FY 2024-25 | Anticipated FY 2025-26 | FY 2026-27 | FY 2027-28 | FY 2028-29 | TOTAL Projected Funding (3FYs) | TOTAL Projected Projects |
|---|----------------------|------------------------|----------------------|----------------------|----------------------|--------------------------------|--------------------------|
| PWS | | | | | | | |
| Interim | \$3,877,394 | \$3,722,438 | \$9,261,858 | \$3,600,000 | \$4,600,000 | \$17,461,858 | 133 |
| Administrator/O&M | \$5,272,289 | \$2,618,416 | \$2,824,824 | \$5,000,000 | \$5,000,000 | \$12,824,824 | 30 |
| Planning | \$19,043,107 | \$9,547,430 | \$20,001,834 | \$6,823,295 | \$2,924,269 | \$29,749,398 | 19 |
| Technical Assistance** | \$7,490,715 | \$179,865,252 | \$0 | \$7,000,000 | \$179,000,000 | \$186,000,000 | 265 |
| Construction | \$208,510,060 | \$606,867,702 | \$517,250,265 | \$633,887,355 | \$534,376,149 | \$1,685,513,769 | 229 |
| EC Construction | \$70,800,190 | \$92,711,251 | \$178,842,709 | \$67,343,278 | \$38,861,405 | \$285,047,391 | 29 |
| UDWN Construction | \$2,126,873 | \$2,448,515 | \$2,416,000 | \$1,000,000 | \$2,000,000 | \$5,416,000 | 11 |
| Pilots | \$2,245,220 | \$284,257 | \$2,500,000 | \$2,500,000 | \$2,500,000 | \$7,500,000 | - |
| DW/SSWS - Regional | | | | | | | Households*** |
| Interim | \$21,245,223 | \$22,109,322 | \$42,207,812 | \$25,400,000 | \$25,400,000 | \$93,007,812 | 5,450 |
| Long-Term Solutions (Wells, POU/POE, Tanks) | \$0 | \$0 | \$17,000,000 | \$17,000,000 | \$17,000,000 | \$51,000,000 | 860 |
| Pilots | \$0 | \$0 | \$2,500,000 | \$2,500,000 | \$2,500,000 | \$7,500,000 | 300 |
| TOTAL: | \$340,611,071 | \$920,174,583 | \$794,805,302 | \$772,053,928 | \$814,161,823 | \$2,381,021,052 | |

* Projected funding demand that can be met with existing funding agreement capacity is excluded from this analysis. Only projected funding demand that cannot be met with current funding agreements is included.

** Technical assistance includes funding to support planning for communities served by DW/SSWSs.

*** Projected households served by individual regional agreements for different service types, not a unique household count.

Projected PWS-Only SAFER Grant/PF Demand by Fiscal Year

| | FY 2026-27 | FY 2027-28 | FY 2028-29 | TOTAL | TOTAL Projects |
|----------------------------------|----------------------|----------------------|----------------------|------------------------|----------------|
| Amendments | \$70,193,865 | \$32,945,719 | \$14,119,594 | \$117,259,178 | 62 |
| Interim | \$6,161,858 | \$0 | \$0 | \$6,161,858 | 8 |
| Planning Agreements | - | - | - | \$0 | - |
| Non-EC Construction Agreements* | \$54,791,183 | \$30,845,719 | \$13,219,594 | \$98,856,496 | 40 |
| EC Construction Agreements | \$7,000,000 | \$2,100,000 | \$900,000 | \$10,000,000 | 1 |
| UDWN Construction | \$1,416,000 | - | - | \$1,416,000 | 5 |
| Administrator | \$350,000 | - | - | \$350,000 | 2 |
| O&M Assistance | \$474,824 | - | - | \$474,824 | 4 |
| New Assistance/Agreements | \$662,903,625 | \$694,208,209 | \$755,142,230 | \$2,112,254,064 | 670 |
| Interim | \$3,100,000 | \$3,600,000 | \$4,600,000 | \$11,300,000 | 125 |
| Planning Agreements | \$20,001,834 | \$6,823,295 | \$2,924,269 | \$29,749,398 | 19 |
| TA Master Agreements | \$0 | \$7,000,000 | \$179,000,000 | \$186,000,000 | 265 |
| Non-EC Construction Agreements | \$462,459,082 | \$603,041,636 | \$521,156,556 | \$1,586,657,274 | 188 |
| EC Construction Agreements | \$171,842,709 | \$65,243,278 | \$37,961,405 | \$275,047,392 | 25 |
| UDWN Construction | \$1,000,000 | \$1,000,000 | \$2,000,000 | \$4,000,000 | 6 |
| Administrator | - | \$1,000,000 | \$3,000,000 | \$4,000,000 | 12 |
| O&M Assistance | \$2,000,000 | \$4,000,000 | \$2,000,000 | \$8,000,000 | 12 |
| Pilots | \$2,500,000 | \$2,500,000 | \$2,500,000 | \$7,500,000 | - |
| TOTAL: | \$733,097,490 | \$727,153,928 | \$769,261,824 | \$2,229,513,242 | |

* 6% of amendment construction projections are based on a percentage FBA multiplier of 38% of the existing executed project amount.

* 13% of the construction projections are based on the Needs Analysis cost model amounts

Projected DW/SSWS SAFER Grant/PF Demand by Fiscal Year Regional Program Agreements

| | FY 2026-27 | FY 2027-28 | FY 2028-29 | TOTAL | TOTAL Households |
|------------------------------|---------------------|---------------------|---------------------|----------------------|------------------|
| Interim Assistance*** | \$42,207,812 | \$25,400,000 | \$25,400,000 | \$93,007,812 | 5,450 |
| Bottled Water | \$22,607,812 | \$5,800,000 | \$5,800,000 | \$34,207,812 | 3,600 |
| POU/POE/Well Testing | \$1,600,000 | \$1,600,000 | \$1,600,000 | \$4,800,000 | 850 |
| Hauled Water | \$18,000,000 | \$18,000,000 | \$18,000,000 | \$54,000,000 | 1,000 |
| Long-Term Solutions | \$17,000,000 | \$17,000,000 | \$17,000,000 | \$51,000,000 | 860 |
| New/Repaired Well** | \$12,000,000 | \$12,000,000 | \$12,000,000 | \$36,000,000 | 360 |
| POU/POE (long-term) | \$5,000,000 | \$5,000,000 | \$5,000,000 | \$15,000,000 | 500 |
| Pilots | | | | | |
| POU/POE & Regional Pilots | \$2,500,000 | \$2,500,000 | \$2,500,000 | \$7,500,000 | 300 |
| TOTAL: | \$61,707,812 | \$44,900,000 | \$44,900,000 | \$151,507,812 | |

**Assumes households will still be in the queue for new wells. Assumes 240 new household wells drilled per year.

***Assumes hauled and bottled water regional programs will still need to be assisted. Estimated number of households based on enrollment and unenrollment rates.

Projected SAFER Grant/PF Demand* by Fiscal Year: **Failing PWS Only**

The projected SAFER funding demand for the next 3 FYs includes known **construction/planning assistance demand for 153 Failing water systems (36% of current list; 76 2019 Cohort*)**. It also includes projected assistance for 326 Failing systems for TA, Interim, and Administrator/O&M assistance.

| | FY 2026-27 | FY 2027-28 | FY 2028-29 | TOTAL Projected Funding (3FYs) | TOTAL Projected Projects |
|----------------------|----------------------|----------------------|----------------------|--------------------------------|------------------------------|
| Interim | \$9,261,858 | \$3,600,000 | \$4,600,000 | \$17,461,858 | 133 |
| Administrator/O&M | \$2,824,824 | \$5,000,000 | \$5,000,000 | \$12,824,824 | 30 |
| Planning | \$418,425 | \$125,528 | \$53,798 | \$597,750 | 2 |
| Construction | \$332,276,595 | \$312,522,533 | \$254,134,242 | \$898,933,371 | 142 |
| EC Construction | \$69,326,011 | \$34,231,976 | \$14,670,847 | \$118,228,834 | 13 |
| UDWN Construction | \$1,916,000 | \$500,000 | \$1,500,000 | \$3,916,000 | 8 |
| Technical Assistance | \$0 | \$5,600,000 | \$143,200,000 | \$148,800,000 | Projected 212 New Work Plans |
| TOTAL: | \$416,023,713 | \$361,580,037 | \$423,158,887 | \$1,200,762,637 | |

* There are 183 2019 Cohort Failing systems on the Failing List. The SAFER program demand projections include known project demand for 76 (42%) of the 2019 Failing system list.

Projected SAFER Grant/PF Demand by Fiscal Year: Consolidation Non-Failing

The projected SAFER funding demand for the next 3 FYs includes **46 projects** that are for consolidation of non-Failing systems representing **16%** of the total projected SAFER Program PWS demand.

| | FY 2026-27 | FY 2027-28 | FY 2028-29 | TOTAL Projected Funding (3FYs) | TOTAL Projected Projects |
|-----------------------------|---------------------|----------------------|----------------------|--------------------------------|--------------------------|
| Planning | \$3,303,682 | \$991,104 | \$424,759 | \$4,719,545 | 3 |
| Construction | \$88,560,508 | \$144,252,867 | \$102,986,032 | \$335,799,408 | 39 |
| EC Construction | \$3,248,000 | \$974,400 | \$417,600 | \$4,640,000 | 1 |
| UDWN Construction | \$500,000 | \$500,000 | \$500,000 | \$1,500,000 | 3 |
| Technical Assistance | \$0 | \$1,400,000 | \$35,800,000 | \$37,200,000 | 53 Work Plans |
| PWS Pilots | \$2,500,000 | \$2,500,000 | \$2,500,000 | \$7,500,000 | |
| TOTAL: | \$98,112,190 | \$150,618,372 | \$142,628,391 | \$391,358,953 | |

Projected SAFER Grant/PF Demand by Fiscal Year: **At-Risk/Non-Failing (Non-Consolidation)**

The projected SAFER funding demand for the next 3 FYs includes **77 projects** that are benefitting At-Risk/Non-Failing (Non-Consolidation) systems representing **35%** of the total projected SAFER Program PWS demand.

| | FY 2026-27 | FY 2027-28 | FY 2028-29 | TOTAL Projected Funding (3FYs) | TOTAL Projected Projects |
|-----------------------------|----------------------|----------------------|----------------------|--------------------------------|--------------------------|
| Planning | \$16,279,727 | \$5,706,663 | \$2,445,713 | \$24,432,103 | 14* |
| Construction | \$96,413,162 | \$177,111,955 | \$177,255,875 | \$450,780,991 | 48 |
| EC Construction | \$106,268,698 | \$32,136,902 | \$23,772,958 | \$162,178,557 | 15 |
| UDWN Construction | \$0 | \$0 | \$0 | \$0 | 0 |
| Technical Assistance | \$0 | \$0 | \$0 | \$0 | 0 Work Plans |
| TOTAL: | \$218,961,587 | \$214,955,520 | \$203,474,546 | \$637,391,653 | |

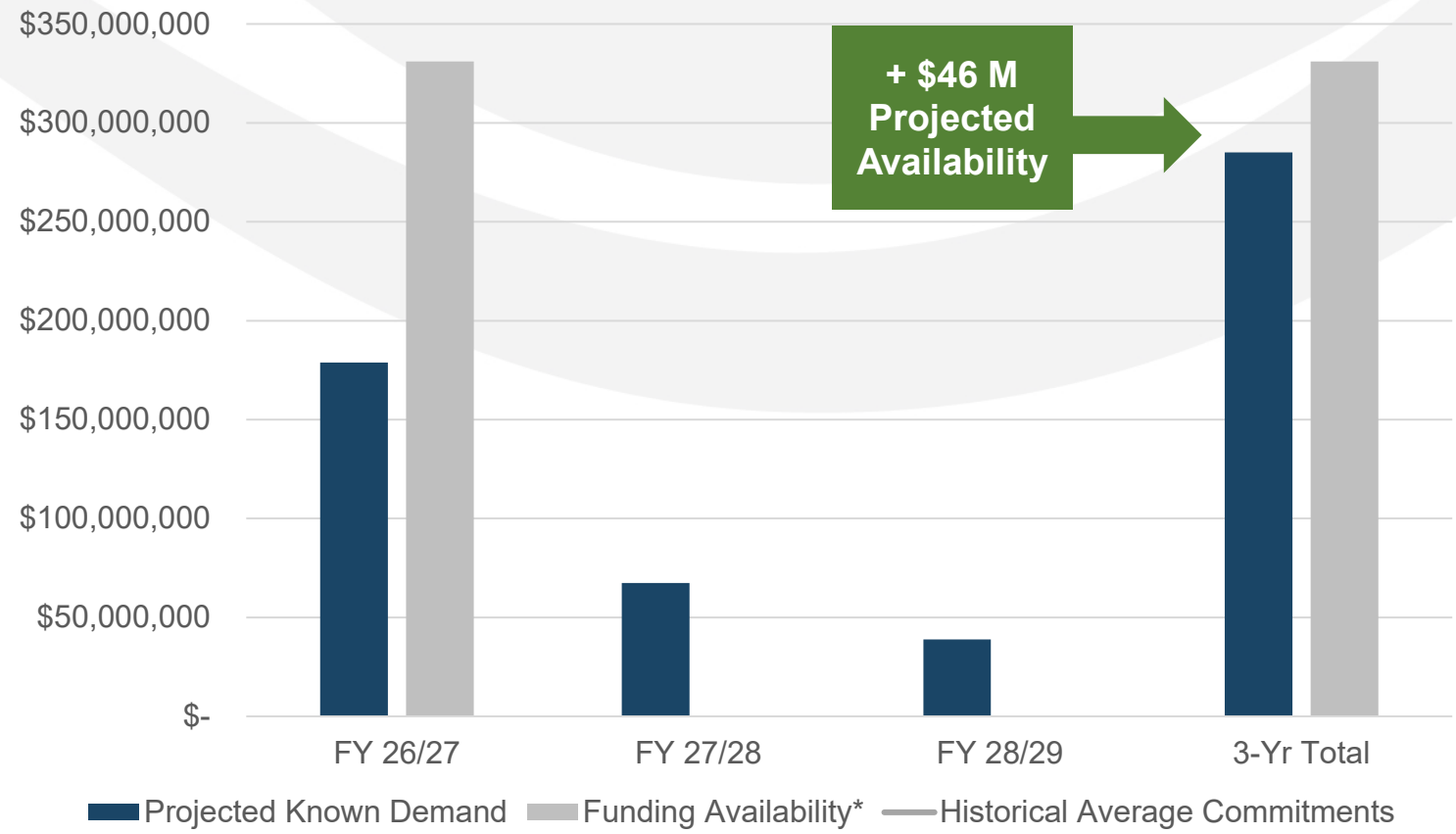
* For FY 2026-27, there are 44 non-Failing public water systems benefiting from 1 lead service line planning project.

Small DAC Emerging Contaminants (EC) Construction Assistance

Small DAC Emerging Contaminant (EC) Construction Demand Outlook:

The State Water Board is projected to have enough EC funding to meet all demand for the next 3 FYs.

Small DAC EC Funding Supply and Demand is excluded from the analysis in the following slides.



Safe and Affordable Drinking Water Fund (SADWF)

Projected funding demand that can only be met by this funding source.

Total Projected 3-Yr SADWF-Eligible Only Demand

12% of projected 3 FY SAFER Program demand is only eligible for funding from the SADWF. This represents **6%** of the total projected PWS funding needs and **100%** of the total projected DW/SSWS Regional Program funding needs.

| SAWDF-Eligible Only Demand | FY 2026-27* | FY 2027-28 | FY 2028-29 | TOTAL |
|--|---------------------|---------------------|----------------------|----------------------|
| Public Water Systems | \$31,497,840 | \$12,100,000 | \$84,100,000 | \$127,697,840 |
| Interim Assistance* | \$9,261,858 | \$3,600,000 | \$4,600,000 | \$17,461,858 |
| Administrator | \$350,000 | \$1,000,000 | \$3,000,000 | \$4,350,000 |
| O&M | \$2,474,824 | \$4,000,000 | \$2,000,000 | \$8,474,824 |
| Pilots | \$2,500,000 | \$2,500,000 | \$2,500,000 | \$7,500,000 |
| TA Master Agreements (For-Profit Only) | \$0 | \$0 | \$70,000,000 | \$70,000,000 |
| Construction* | \$16,911,158 | \$1,000,000 | \$2,000,000 | \$19,911,158 |
| DW/SSWS Regional Programs* | \$61,707,812 | \$44,900,000 | \$44,900,000 | \$151,507,812 |
| Interim Assistance | \$42,207,812 | \$25,400,000 | \$25,400,000 | \$93,007,812 |
| Long-Term Solutions | \$17,000,000 | \$17,000,000 | \$17,000,000 | \$51,000,000 |
| Pilots | \$2,500,000 | \$2,500,000 | \$2,500,000 | \$7,500,000 |
| TOTAL: | \$93,205,652 | \$57,000,000 | \$129,000,000 | \$279,205,652 |

* Approx. \$55 M in SADWF commitments of FY 26/27 SADWF carry-over have been made but not executed yet. See next two slides for details.

Projected 3-Yr SADWF-Eligible Only Demand: Public Water Systems

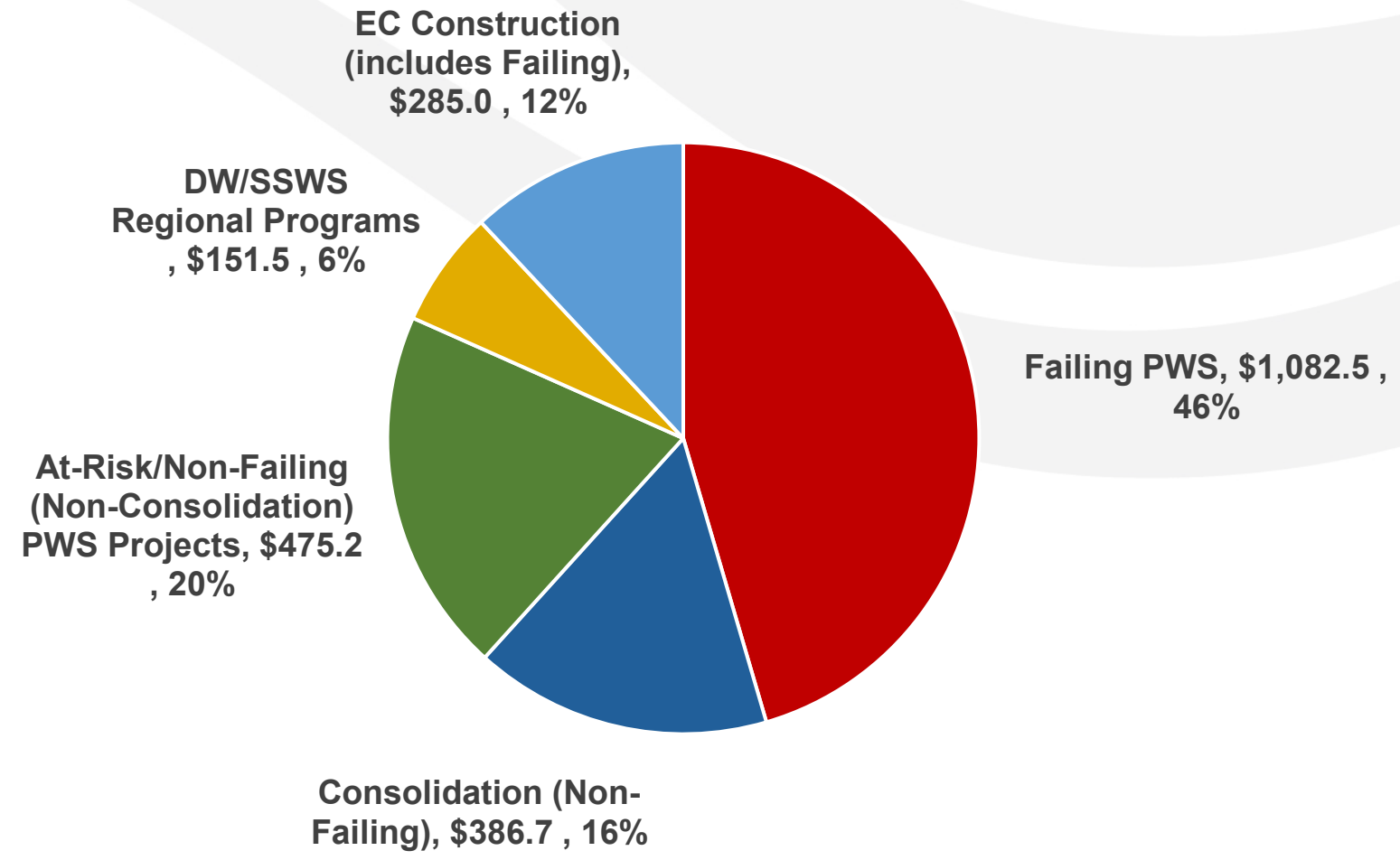
Commitments
Made, Not
Executed Yet

| | FY 2026-27 | FY 2027-28 | FY 2028-29 | TOTAL |
|-----------------------------|---------------------|---------------------|---------------------|----------------------|
| Interim | \$9,261,858 | \$3,600,000 | \$4,600,000 | \$17,461,858 |
| <i>Amendments</i> | | | | |
| RCAC | \$4,547,038 | \$0 | \$0 | \$4,547,038 |
| Individual PWS Agreements | \$1,614,820 | \$0 | \$0 | \$1,614,820 |
| <i>New</i> | | | | |
| SHE | \$2,600,000 | \$2,600,000 | \$2,600,000 | \$7,800,000 |
| New Projected | \$500,000 | \$1,000,000 | \$2,000,000 | \$3,500,000 |
| Administrator | \$350,000 | \$1,000,000 | \$3,000,000 | \$4,350,000 |
| Amendments | \$350,000 | \$0 | \$0 | \$350,000 |
| New Projected | \$0 | \$1,000,000 | \$3,000,000 | \$4,000,000 |
| O&M | \$2,474,824 | \$4,000,000 | \$2,000,000 | \$8,474,824 |
| Amendments | \$474,824 | \$0 | \$0 | \$474,824 |
| New Projected | \$2,000,000 | \$4,000,000 | \$2,000,000 | \$8,000,000 |
| PWS Pilots | \$2,500,000 | \$2,500,000 | \$2,500,000 | \$7,500,000 |
| TA Master Agreements | \$0 | \$0 | \$70,000,000 | \$70,000,000 |
| For-Profit | \$0 | \$0 | \$70,000,000 | \$70,000,000 |
| NGO | \$0 | \$0 | \$0 | \$0 |
| Construction | \$16,911,158 | \$1,000,000 | \$2,000,000 | \$19,911,158 |
| UDWN Amendments | \$1,416,000 | \$0 | \$0 | \$1,416,000 |
| UDWN Projected New | \$1,000,000 | \$1,000,000 | \$2,000,000 | \$4,000,000 |
| DWR Agreement | \$14,495,158 | \$0 | \$0 | \$14,495,158 |
| TOTAL: | \$31,497,840 | \$12,100,000 | \$84,100,000 | \$127,697,840 |

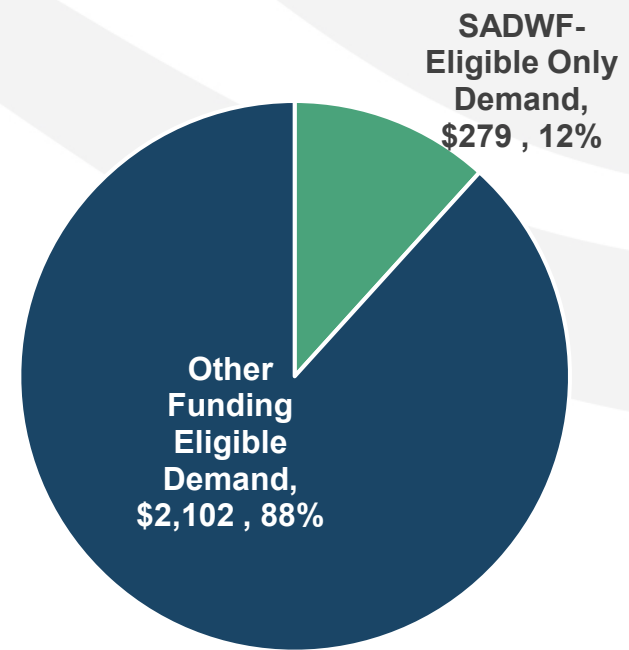
Projected 3-Yr SADWF-Eligible Only Demand: DW/SSWS Regional Programs

| Commitments Made, Not Executed Yet | | FY 2026-27 | FY 2027-28 | FY 2028-29 | TOTAL |
|------------------------------------|---------------------------------------|---------------------------|---------------------|---------------------|----------------------|
| | | Interim Assistance | \$42,207,812 | \$25,400,000 | \$25,400,000 |
| | Bottled Water | \$22,607,812 | \$5,800,000 | \$5,800,000 | \$34,207,812 |
| | NGO Agreements | | | | |
| | SHE | \$800,000 | \$800,000 | \$800,000 | \$2,400,000 |
| | CWC | \$0 | \$0 | \$0 | \$0 |
| | Regional Agreements Amendments | | | | |
| | Valley Water | \$560,000 | \$0 | \$0 | \$560,000 |
| | Santa Cruz | \$601,000 | \$0 | \$0 | \$601,000 |
| | New Regional Agreements | | | | |
| | Kaweah | \$5,146,812 | \$0 | \$0 | \$5,146,812 |
| | Kings Water Alliance | \$5,500,000 | \$0 | \$0 | \$5,500,000 |
| | New Projected Regional Agreements | \$10,000,000 | \$5,000,000 | \$5,000,000 | \$20,000,000 |
| | Hauled Water - SHE | \$18,000,000 | \$18,000,000 | \$18,000,000 | \$54,000,000 |
| | POE/POU/Well Testing | \$1,600,000 | \$1,600,000 | \$1,600,000 | \$4,800,000 |
| | CWC | \$0 | \$0 | \$0 | \$0 |
| | SHE | \$1,600,000 | \$1,600,000 | \$1,600,000 | \$4,800,000 |
| | Long-Term Solutions | \$17,000,000 | \$17,000,000 | \$17,000,000 | \$51,000,000 |
| | SHE New Well/Repair | \$12,000,000 | \$12,000,000 | \$12,000,000 | \$36,000,000 |
| | New DW/SSWS Construction | \$5,000,000 | \$5,000,000 | \$5,000,000 | \$15,000,000 |
| | Pilots | \$2,500,000 | \$2,500,000 | \$2,500,000 | \$7,500,000 |
| | TOTAL: | \$61,707,812 | \$44,900,000 | \$44,900,000 | \$151,507,812 |

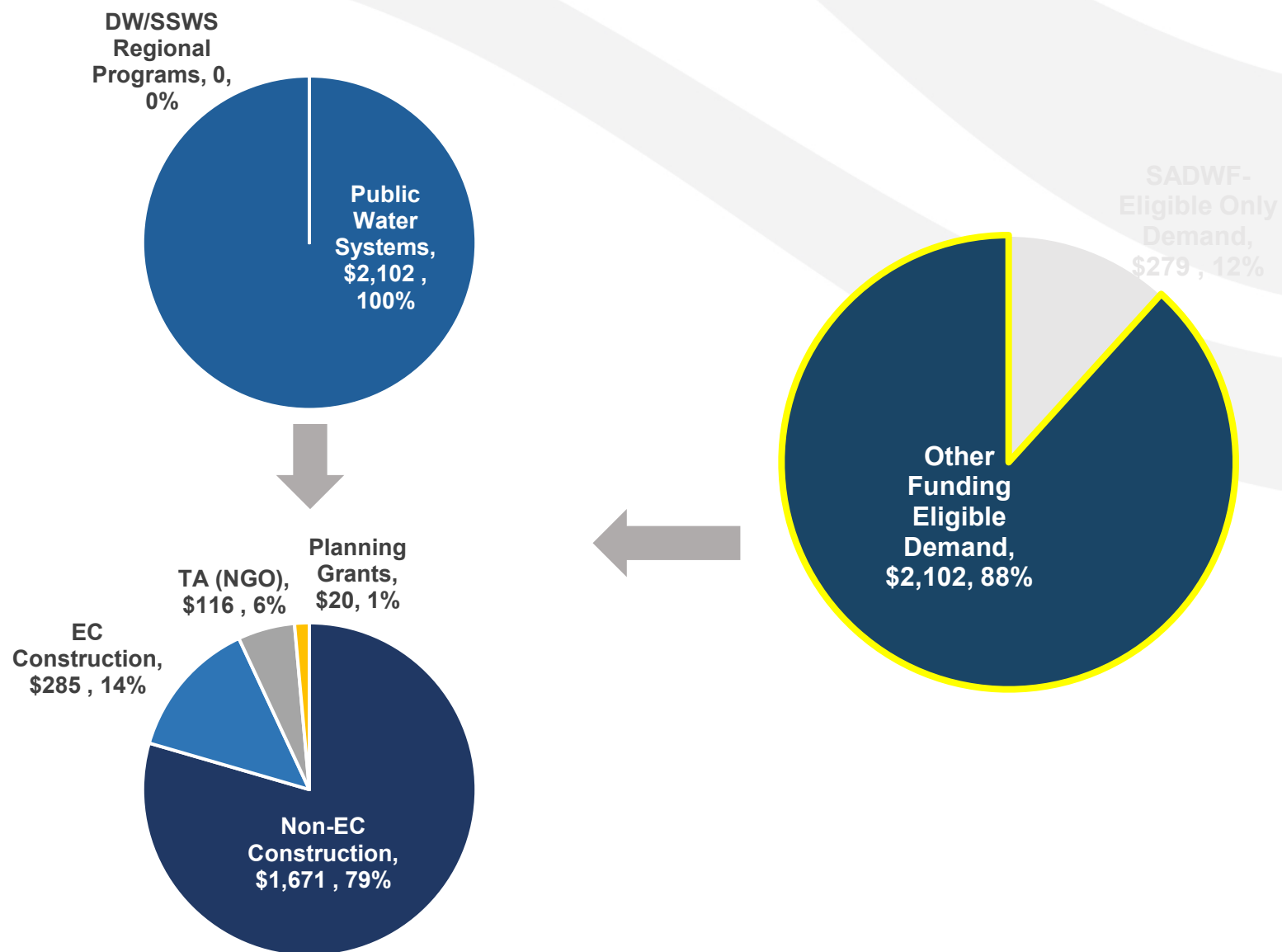
3 Yr. SAFER Program Demand by SAFER Status & Project Type (\$ in Millions)



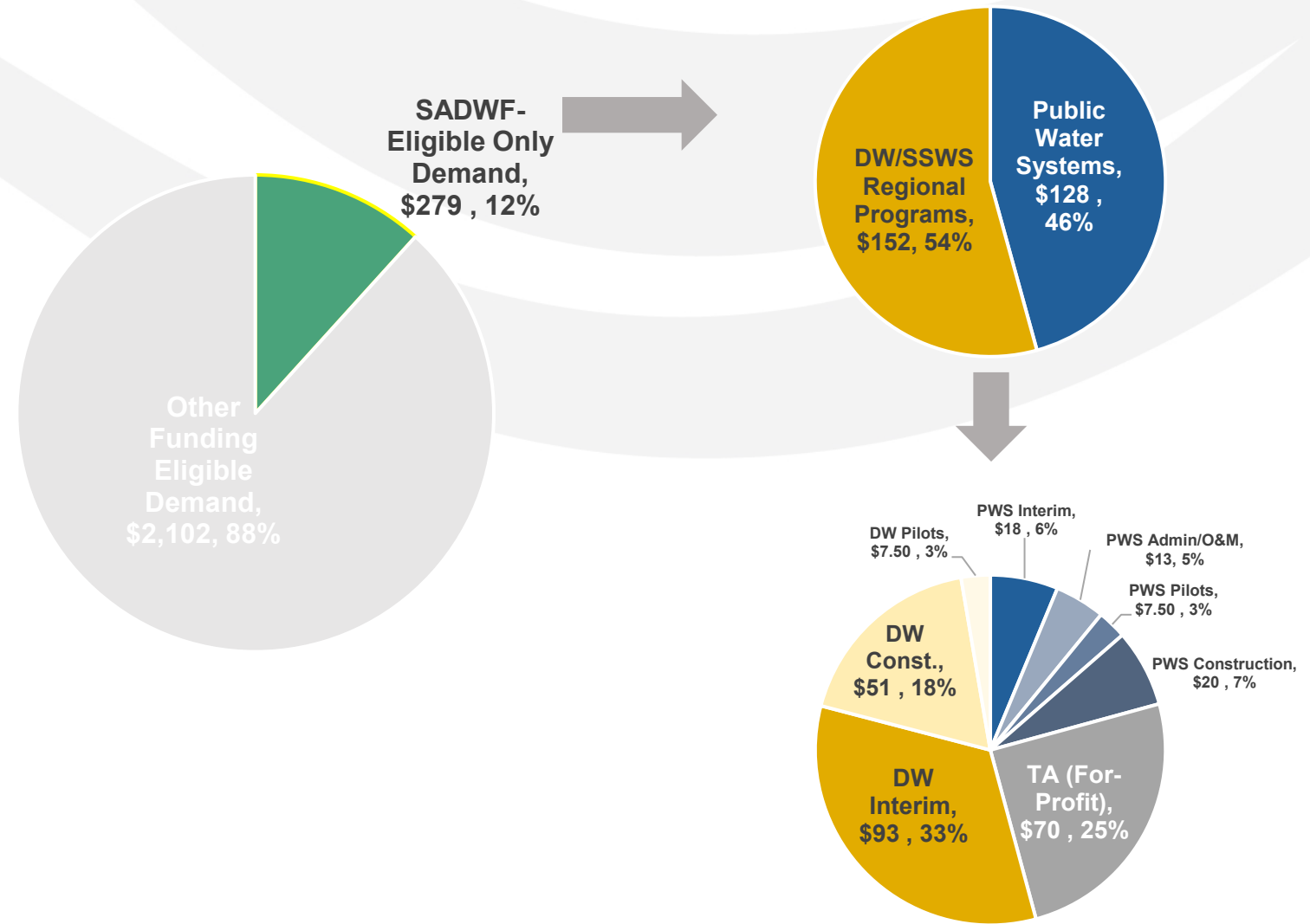
3-Yr. SADWF-Eligible Only and Other Funding Eligible Demand (\$ in Millions)



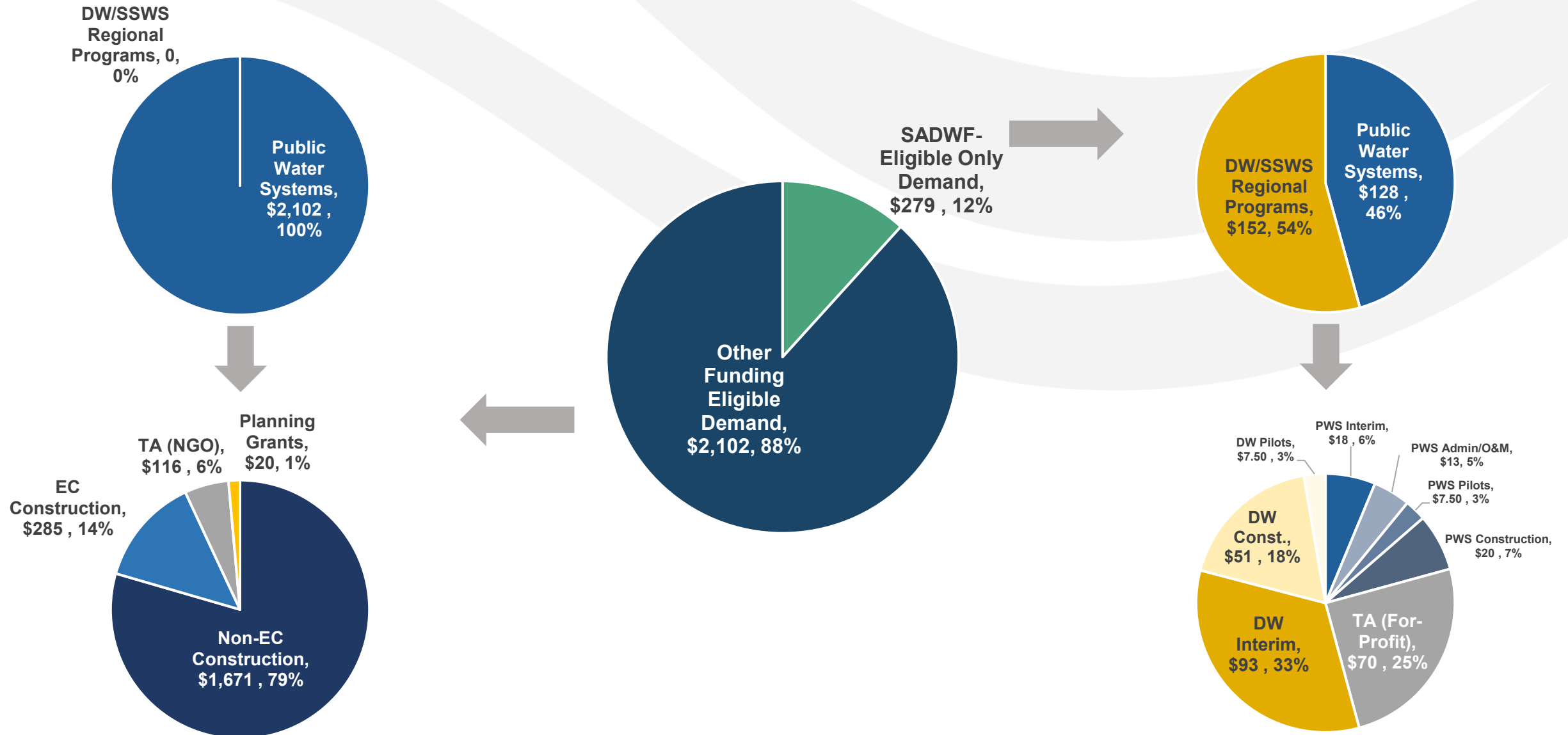
3-Yr. SADWF-Eligible Only and Other Funding Eligible Demand (\$ in Millions)



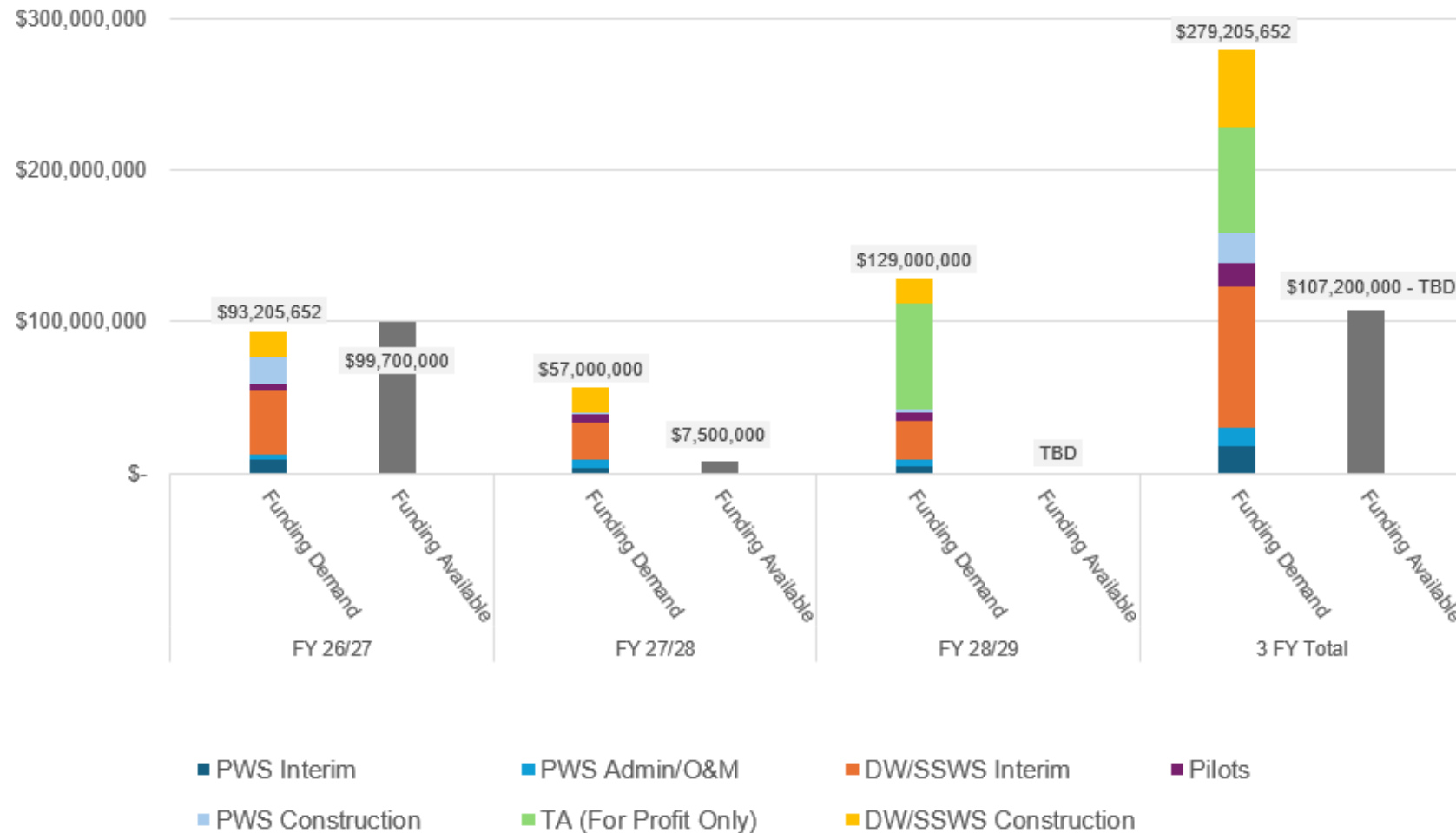
3-Yr. SADWF-Eligible Only and Other Funding Eligible Demand (\$ in Millions)



3-Yr. SADWF-Eligible Only and Other Funding Eligible Demand (\$ in Millions)



Projected 3-Yr. SADWF-Eligible Only Demand vs. SADWF Supply (\$ in Millions)



Assumptions:

- Includes all projected SADWF, eligible demand.
- Includes:
 - Confirmed FY 25/26 roll-over SADWF.
 - DOF projections for FY 27/28 planning = FY 26/27 proceeds.
 - No available SADWF FY 27/28 proceed projections for FY 28/29 planning from DOF.

3 FY Outcome:

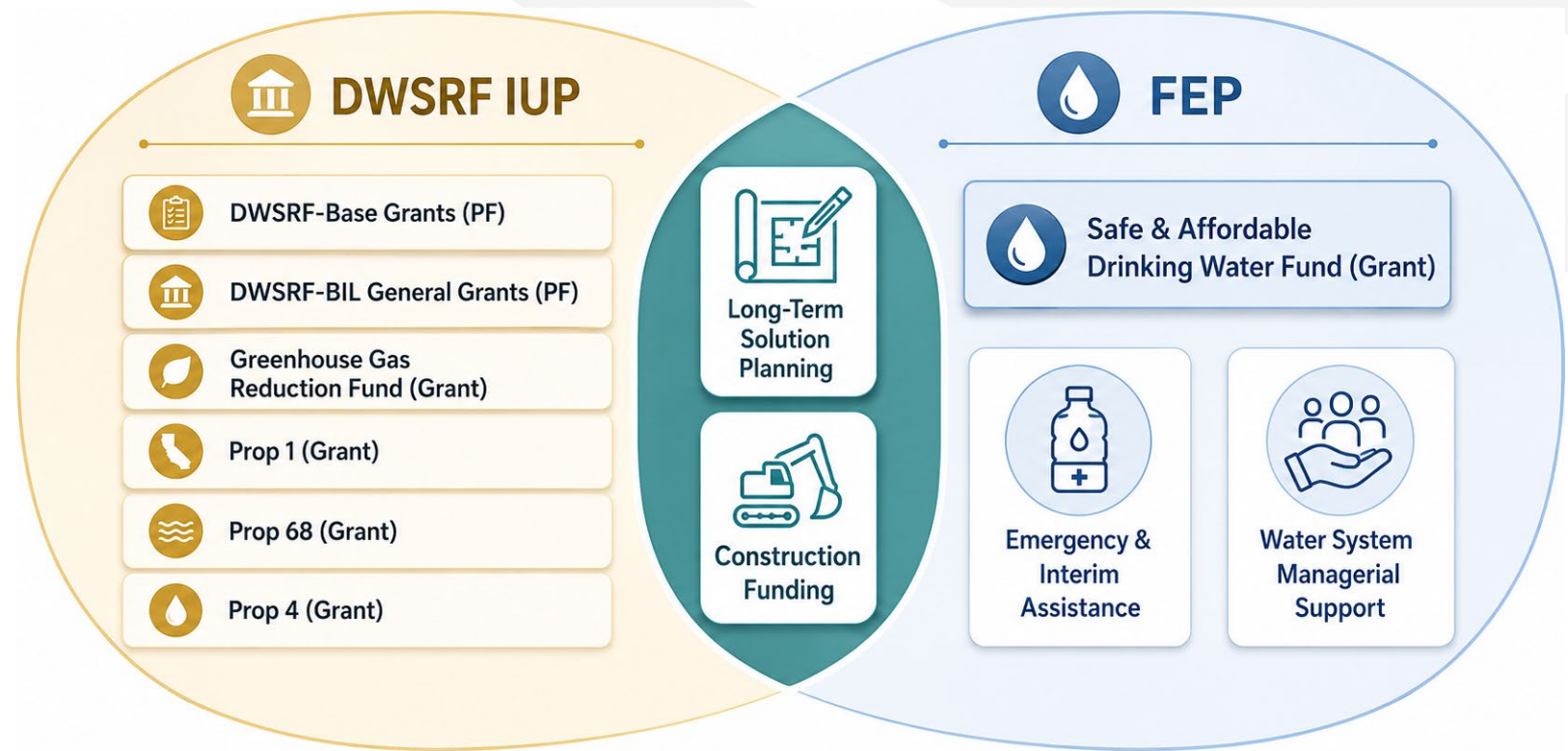
\$172 M Funding Gap for SADWF Eligible Demand

SAFER Program Supply/Demand Analysis

Utilizing FY 2025-26 Grant/PF funding eligibilities and funding priorities across the DWSRF IUP and FEP.

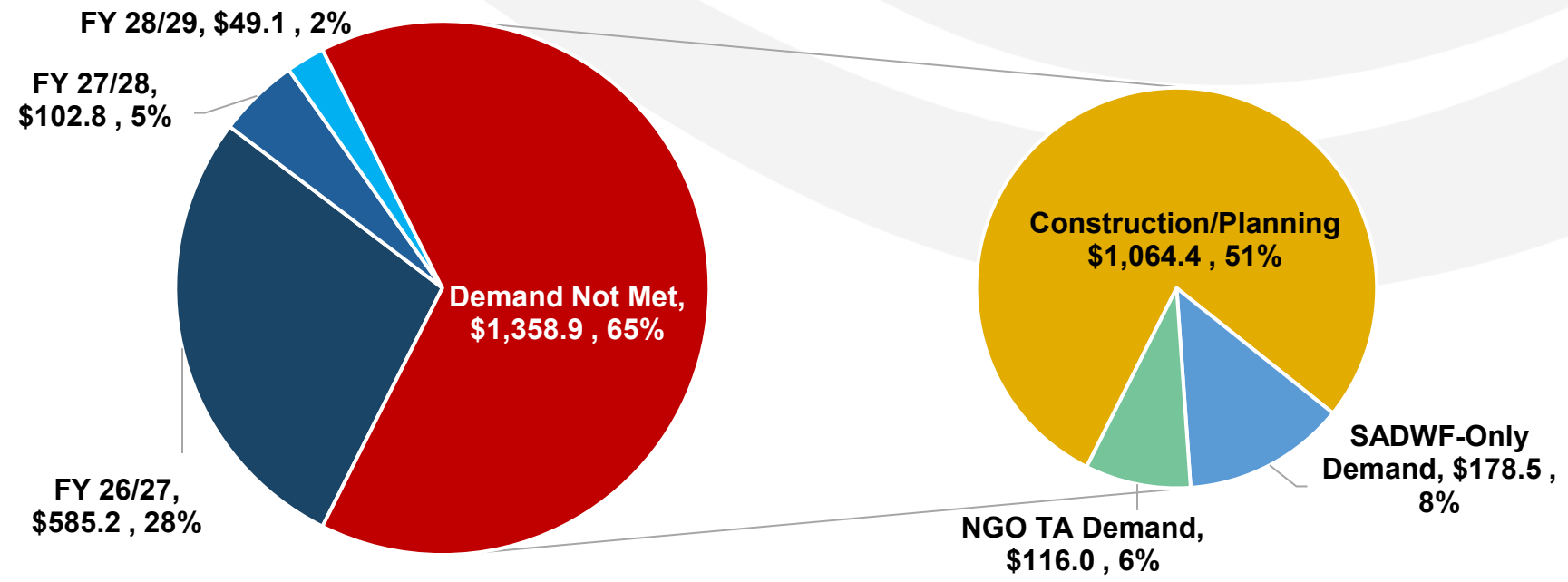
SAFER Program Funding

The SAFER Program uses drinking water grant/PF funding across the DWSRF IUP and FEP to advance the Human Right to Water. Funding needs are evaluated by comparing combined resources to projected eligible program demand.



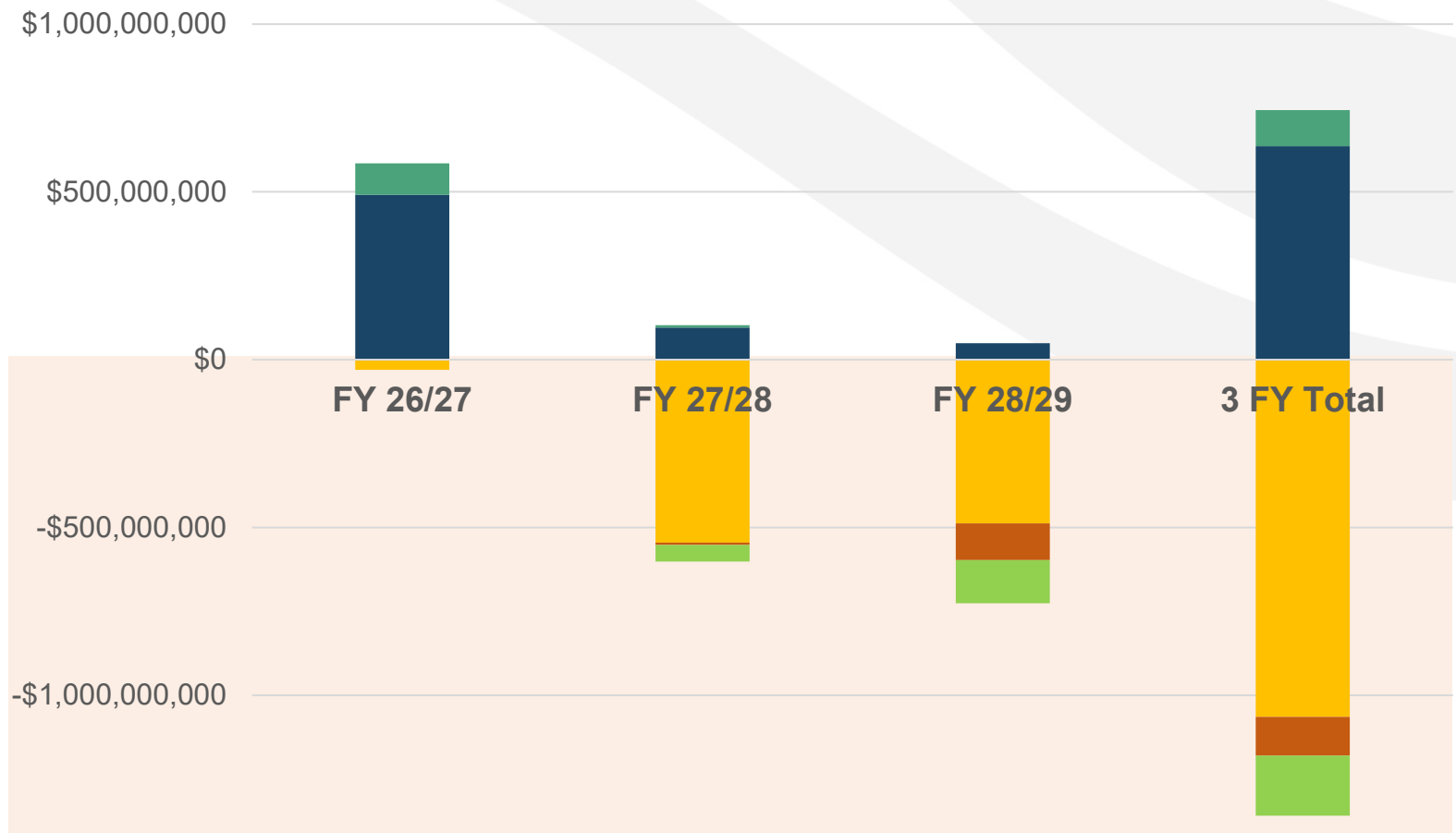
SAFER Program – Projected Funding Gap

3 Yr. Projected Demand (\$ in Millions)



Assumes construction/planning grants prioritized over Technical Assistance (TA); Includes all projected available funding for SADWF, DWSRF, GGFR, Prop 1, Prop 68, and Prop 4; Tribal Prop 4 and EC funding/demand is excluded.

SAFER Program – Projected Funding Gap by FY



Assumptions:

- Construction/planning grants prioritized over TA.
- **Includes** all projected available funding for SADWF, DWSRF, GGFR, Prop 1, Prop 68, and Prop 4.
- Tribal Prop 4 and EC funding/demand is **excluded**.

3 FY Outcome:

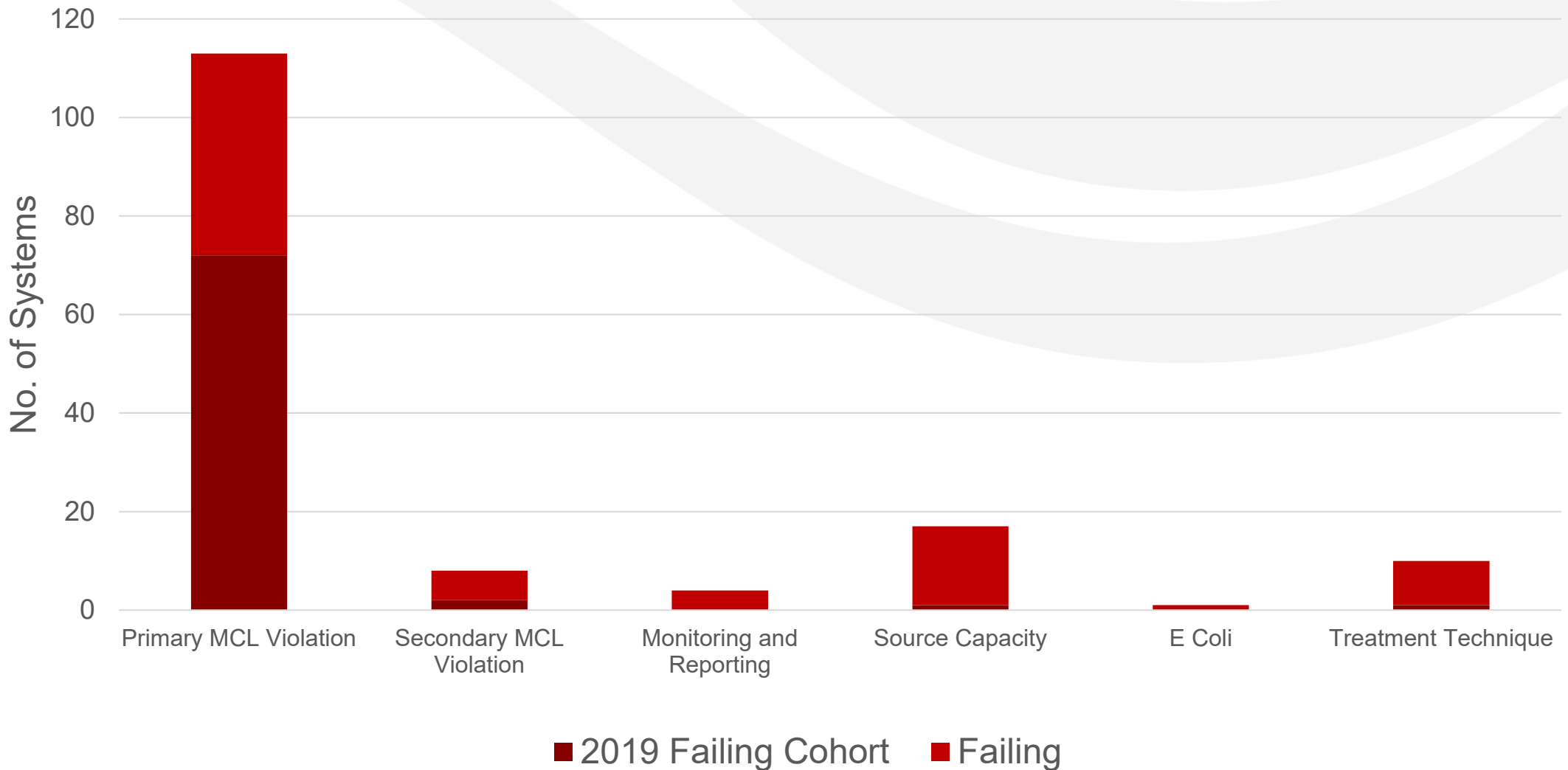
TOTAL: \$1,359 M 3-Yr. SAFER Funding Gap

- SADWF-Only Demand Not Met
- SADWF-Only Demand Met
- Construction/Planning Agreement Demand Not Met
- Construction/Planning Agreement Demand Met
- NGO TA-Demand Not Met

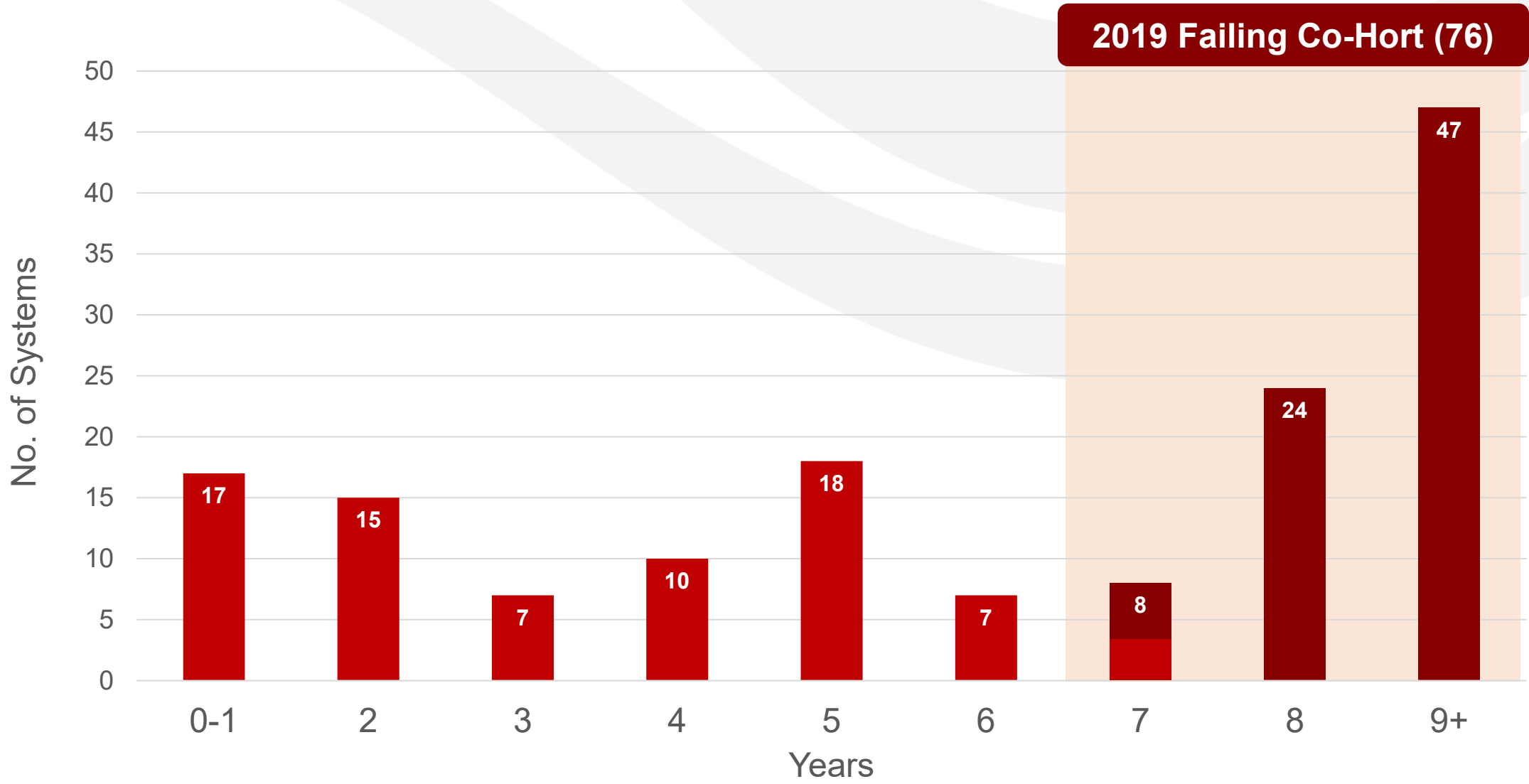
Construction & Planning Agreement Projections

Additional Analysis of 3-Yr. Drinking Water Grant/PF Construction Projections

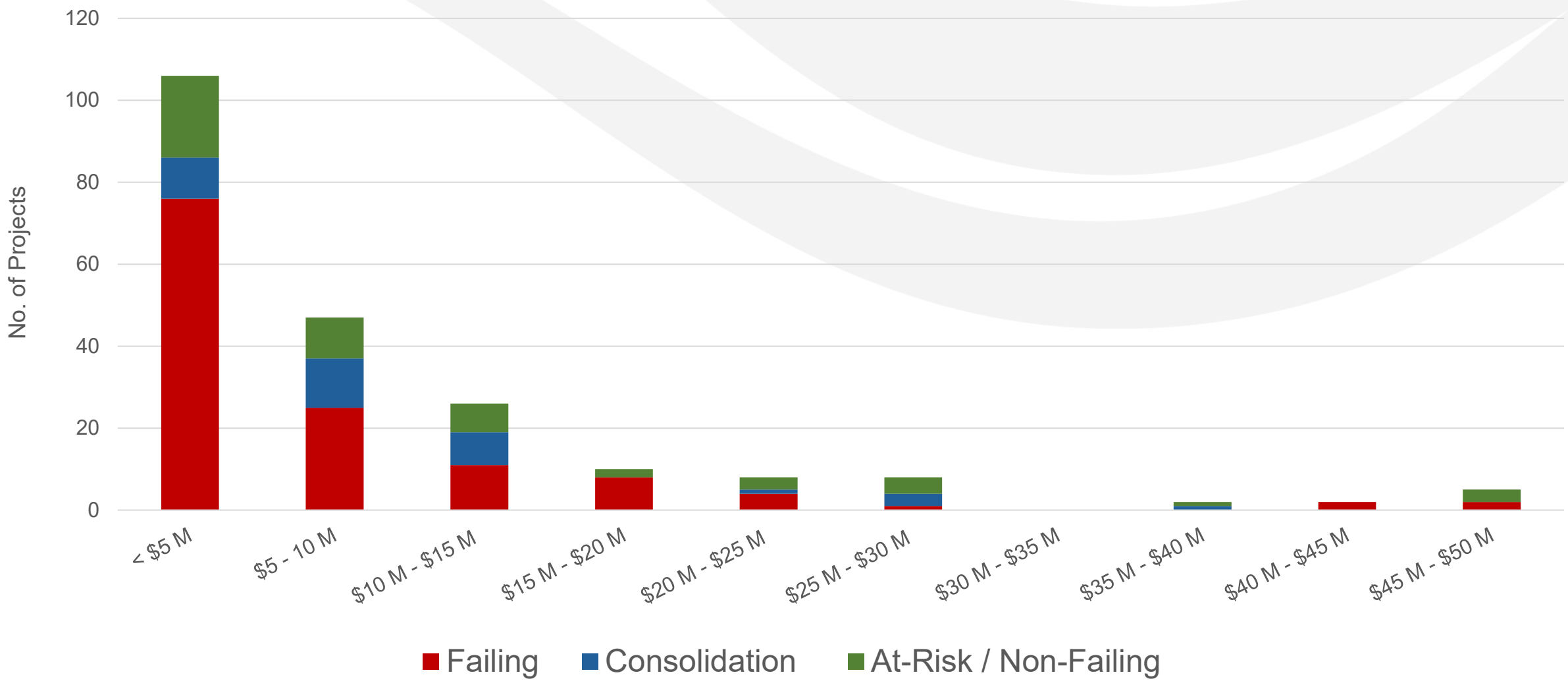
Failing Systems Included in Funding Projections (153 systems) Failing Criteria Met



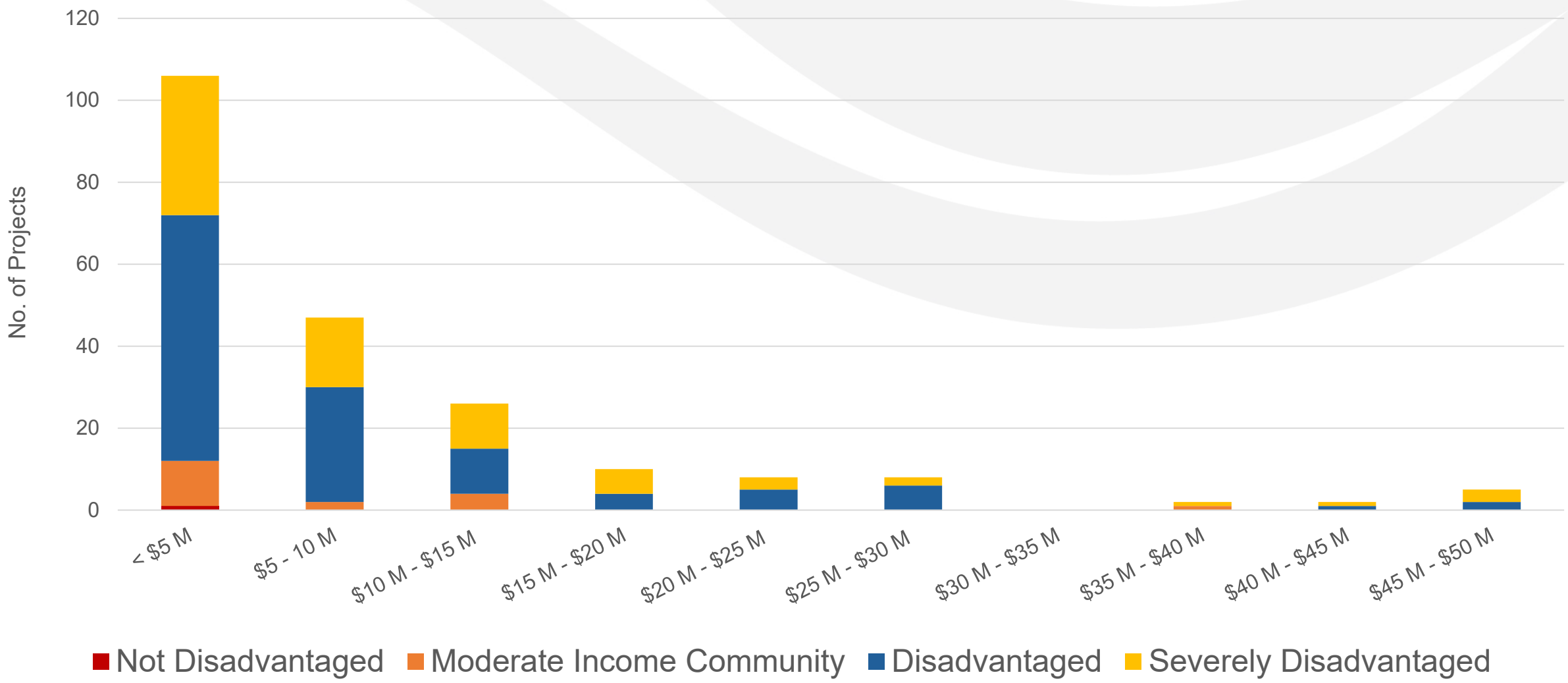
Failing Systems Included in Funding Projections (153 systems) Years Out of Compliance



Distribution of New Construction Agreement Demand Projections by Project Eligibility Category



Distribution of New Construction Agreement Demand Projections by Degree of Disadvantaged



Distribution of New Construction Agreement Cost-per-Connection Demand Projections by Project Eligibility Category

