

APPENDIX H: Additional Supplemental Appropriations for Disaster Relief Act, 2019 (ASADRA) Revised Supplemental Intended Use Plan

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)**

**REVISED SUPPLEMENTAL
INTENDED USE PLAN**

STATE FISCAL YEAR 2022-23

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. This Revised Supplemental Intended Use Plan (Revised Supplemental IUP) will be used to apply for a second reallocation of \$5,635,515 in ASADRA funds and describes 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 Revised 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. The resulting total amount of ASADRA funds awarded to California to date is \$46,339,000.

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.

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 22-23, 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 Reallotted 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 section VII of in the 2022-2023 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 apply to projects receiving ASADRA funds and remain in effect unless such requirements are inconsistent with the statutory requirements of the ASADRA. Applicants’ ASADRA funded projects must 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" (https://www.epa.gov/sites/production/files/2019-05/documents/mou_between_epa_and_dhs.pdf). 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 Revised Supplemental IUP, and award of the ASADRA funds is the same as the schedule for the SFY 2022-2023 DWSRF IUP as presented in Section VII of the SFY 2022-2023 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. Based on the initial ASADRA Supplemental IUP, applications were submitted to State Water Board by September 30, 2020, with additional submittals and documentation provided by January 31, 2021. ASADRA applications were received from seven water agencies affected by natural disasters in the calendar year 2018 for drinking water projects. Based on this level of interest, the Fundable List in Section XIII was developed to determine how best to allocate the ASADRA funds. 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 as indicated below. The remaining applicants are continuing to submit application materials to complete the application package or are going through the application review process.

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

Any ASADRA funds that are uncommitted as of June 30, 2023, may be committed to any eligible projects that need additional funding.

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.¹ 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%) 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.

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 XIII provides a summary table of ASADRA applications – the ASADRA Fundable Project List. Currently, the ASADRA project list includes projects from three entities for a total cost of \$53,191,359. The requested funding amount is more than the federal cap grant amount of \$51,974,515 and less than the total ASADRA funding amount of \$62,369,418 including state match.

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. The Deputy Director of DFA is

¹ PF may be provided to projects serving DACs in accordance with the requirements of Health and Safety Code, section 116761.20(b)(1). The extent of PF eligibility will depend on whether there is a limitation in the state DWSRF law.

authorized to add to the Fundable List any additional projects that request ASADRA funds and appear to be eligible.

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

1. Federal ASADRA Capitalization Payments

Based upon the State Water Board's cash flow for SFY 2022-23, the State Water Board has requested the following federal payment schedule from U.S. EPA for the 2022 ASADRA Capitalization Grant, as detailed in Table 2.

Table 2: 2022 ASADRA Capitalization Grant Payment Schedule

FFY	Payment Date	Percentage of Cap Grant	Estimated Amount	Description	Site Code*
2022	Award Date	100%	\$5,635,515	Loan Fund	DA

*Site Codes reference the federal accounts in which the various loan and set-aside funds of a capitalization grant are deposited and made available for liquidation by the State Water Board.

2. ASADRA Federal Draw Schedule and Estimated ASADRA Project Disbursements

Section XVI represents the State Water Board's anticipated federal draw schedule for SFY 2022-23 as well as the anticipated liquidation of the 2022 ASADRA Capitalization Grant in SFY 2022-23.

XIII. 2022 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 2022 ASADRA Capitalization Grant is allocated from the 2021 Budget Act Infrastructure Appropriation.

Based on a projected 2022 ASADRA Capitalization Grant of \$5.635 million, and the 2022 state match of \$1.127 million, the disbursement proportionality for the 2022 ASADRA Capitalization Grant is 83.33% / 16.67% (Federal/State).

XIV. REPORTING

The State Water Board's DFA will report on ASADRA projects to the Drinking Water Project and Benefits Reporting System (PBR) and the Federal Funding Accountability and Transparency Act of 2010 (FFATA) Subaward Reporting System. ASADRA project characteristics and milestone information will be reported to PBR, and the PWS receiving federal dollars will be reported in the FFATA Subaward Reporting System.

XV. ASADRA FUNDABLE LIST

Project Number	Applicant	Project Name	Amount Requested	PF	Loan at 0%	Population	Small WS	DAC / SDAC	DDW District Number
5610024-001C	Casitas Municipal Water District	Ventura-Santa Barbara Counties Intertie	\$17,072,300	\$5,121,690	\$11,950,610	70,000	No	Non-DAC	District 06 - Santa Barbara
4210007-001C	Montecito Water District	Montecito Water Resilience Project	\$25,719,059	\$7,715,718	\$18,003,341	11,428	No	Non-DAC	District 06 - Santa Barbara
5610003-001C	Ventura County Waterworks District No. 17	Bell Canyon Reservoir #3	\$10,400,000	\$3,120,000	\$7,280,000	2,391	Yes	Non-DAC	District 06 - Santa Barbara
Total =			\$53,191,359	\$15,957,408	\$37,233,951				
Removed From ASADRA Fundable List									
4510016-003C	Clear Creek Community Services District	Clear Creek Community Services District Backwash Ponds Repair Project	\$1,762,347	\$528,704	\$1,233,643	6,250	Yes	DAC	District 02 - Lassen
1710021-001C	Lake County CSA 21 - North Lakeport	North Lakeport Water Treatment Plant Upgrades	\$7,128,000	\$2,138,400	\$4,989,600	4,360	Yes	SDAC	District 03 - Mendocino
0410007-003C	Paradise Irrigation District	Paradise Irrigation District Water System Recovery and Reservoir B Replacement Project	\$7,039,562	\$2,111,869	\$4,927,693	2,034	Yes	Small DAC after Camp Fire	District 21 - Valley
4510013-005C	Shasta CSD	Shasta CSD Office Building Project	\$2,570,000	\$771,000	\$1,799,000	2,234	Yes	DAC	District 02 - Lassen
Total Removed =			\$18,499,909	\$5,549,973	\$12,949,936				

