

Welcome!

DRINKING WATER SRF AND CLEAN WATER SRF

Draft SFY 2021-2022 Intended Use Plan (IUP) workshop

April 29, 2021



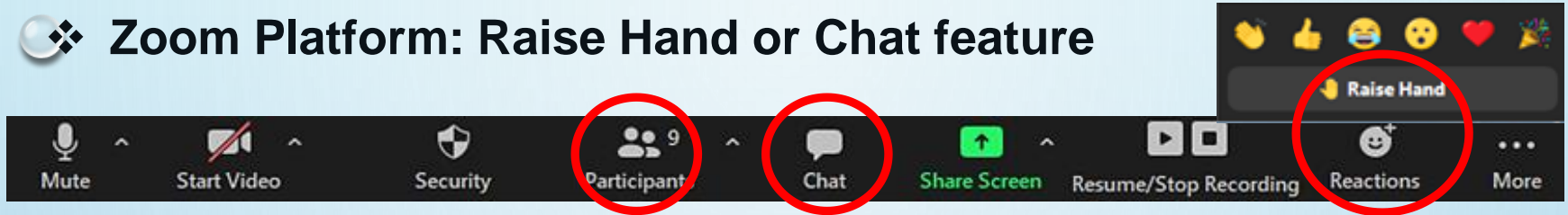


Water Board's Mission Statement

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.

Meeting Logistics

❖ Zoom Platform: Raise Hand or Chat feature



❖ Telephone: Raise your hand by entering *9

OR

❖ Email questions:

- DRINKINGWATERSRF@WATERBOARDS.CA.GOV
- CLEANWATERSRF@WATERBOARDS.CA.GOV
- Subject: "2021-22 IUP Workshop"

❖ Recording: We will be recording this session. By joining this meeting through Zoom you agree to being recorded.

Meeting Guidelines

- ❖ Mute yourself when not speaking
- ❖ Take breaks as needed
- ❖ If you get disconnected from Zoom, rejoin or watch only at video.calepa.ca.gov
- ❖ If you need technical assistance,
email: DRINKINGWATERSRF@WATERBOARDS.CA.GOV

DIVISION OF FINANCIAL ASSISTANCE

DRINKING WATER STATE REVOLVING FUND

**DRAFT SFY 2021-2022
INTENDED USE PLAN (IUP)
WORKSHOP**

April 29, 2021



DWSRF IUP and CWSRF IUP Workshop Agenda

9:15am	Zoom Check-in
9:30am	Introductions & Welcome
9:40am	DWSRF IUP Presentation
10:20am	DWSRF IUP Question & Answer
10:50am	Break
11:00am	CWSRF Introductions
11:10am	CWSRF IUP Presentation
12:00pm	CWSRF IUP Question & Answer
12:30pm	Adjourn

Drinking Water SRF Presenters



Mike Downey
CWSRF/DWSRF
Supervising
Engineer



Uyen Trinh-Le
DWSRF
Senior Engineer



Bridget Chase
OSWS
Supervising
Engineer

DWSRF IUP-PREVIEW

- 1. Background**
- 2. IUP Basics**
- 3. Financial Outlook**
- 4. Comprehensive List And Fundable List**
- 5. What's The Same?**
- 6. What's New?**
- 7. Additional Supplemental Appropriations for
Disaster Relief Act, 2019 (ASADRA) Funds**
- 8. Small Community Funding**
- 9. Schedule**
- 10. Submitting Comments**

1. PROGRAM BACKGROUND

- ❖ **DWSRF Est'd In 1996 By Safe Drinking Water Act (SDWA) Amendment**
 - Low interest loans and limited principal forgiveness to public water systems for drinking water system improvements
- ❖ **State Loans/Grants Complement DWSRF**
 - DWSRF policy and IUP applicable for DWSRF and complementary sources
- ❖ **Safer Drinking Water Program**
 - SAFER fund is one of the tools and will be used in combination with the DWSRF program
- ❖ **Projects Are Prioritized To**
 - Address most serious public health risk problems
 - Ensure compliance with SDWA requirements
 - Assist those most in need on per household affordability basis

2. IUP BASICS

- ❖ **Draft SFY 2021 – 2022 DWSRF IUP**

https://www.waterboards.ca.gov/public_notices/comments/

https://www.waterboards.ca.gov/drinking_water/services/funding/SRF.html

- ❖ **Capitalization Grant Application & Federal Requirements**

- ❖ **Annual Business Plan**

- Finances
- Staffing
- Resources
- Goals/Approach/Requirements

2. IUP BASICS (CONT.)

Eligibility May Depend on the
Applicant Type and the Funding Source

❖ **Eligible Applicants:**

- Publicly Owned Community Water Systems (CWS)
- Privately Owned CWSs
- Nonprofit Non-CWSs

❖ **Eligible Costs:**

- Planning Documents
- Project Design
- Construction
- Construction Management
- Administration
- Environmental Documents

3. FINANCIAL OUTLOOK

FUNDS AVAILABILITY/CAPACITY

- ❖ **Sustainable DWSRF Capacity, Approximately**
 - \$330 million loan per year
- ❖ **DWSRF PF**
 - \$151 million (SFY 2021-22)
- ❖ **Additional Supplemental Appropriations for Disaster Relief Act, 2019 (ASADRA)**
 - \$46 million
- ❖ **Complementary Funds**
 - Prop 1 and Prop 68 grant funds = \$155 million
 - SADW

3. FINANCIAL OUTLOOK

RECENT DWSRF & COMPLEMENTARY FINANCING

- **SFY 2020-21 DWSRF and Complementary Financing as of March 1, 2021**
- **Many in progress may be executed by June 30, 2021**

	DWSRF & SCG DW executed	In progress	Est. Totals
Number of Agreements	24	33	40-57
\$ in millions	\$167	\$173	\$250-\$340

4. COMPREHENSIVE & FUNDABLE LISTS

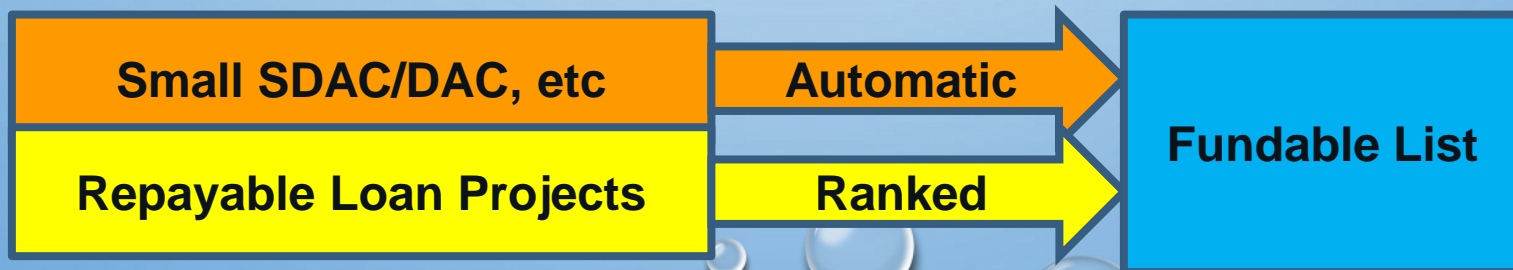
COMPREHENSIVE LIST OF APPLICATIONS

Application Status	Number of Applications	Requested Amount, million
Existing and New Small SDAC & Small DAC Projects (Automatically on the Fundable List)	270	\$637
Projects Subject to Ranking (Requesting Placement on the Fundable List)	54	\$1,458
Rollovers from SFY 2020-21 IUP	21	\$1,300
Total =	345	\$3,395

4. COMPREHENSIVE & FUNDABLE LISTS

THE FUNDABLE LIST

- ❖ **Fundable List Identifies Projects DFA Can Finance**
 - Anticipate financing by June 30, 2022
- ❖ **Added to Fundable List in two ways:**
 - Small DAC/SDAC, expanded small DAC/SDAC, and Category A-C for small non-DACs are automatically added provided they submit complete application
 - All other applications were prioritized by:
 - Projects which address the most serious risk to human health
 - Necessary to ensure compliance with SDWA
 - Readiness to proceed



4. COMPREHENSIVE & FUNDABLE LISTS

FUNDABLE LIST SUMMARY (REPAYABLE LOAN PROJECTS)

Summary	Projected Number of Projects	Estimated DWSRF Loan Amount	Estimated Proposition Grant Amount
Small Water System Planning	1	\$108,000	\$0
Large Water System Planning	0	\$0	\$0
Small Water System Construction	4	\$37.9 million	\$3 million
Large Water System Construction	30	\$1,522 million	\$30.75 million
TOTAL	35	\$1,560 million	\$33.75 million

5. WHAT'S THE SAME?

- ❖ **Match Financing Available**
- ❖ **Application Process**
 - Applications Accepted Continuously
 - Will assist & review as applications are submitted
- ❖ **Fundable List Not A Guarantee Of Funding**
 - Must meet all eligibility criteria for funding
- ❖ **Fundable List**
 - All small DAC & small SDAC projects automatically added to the fundable list (once complete application submitted)
- ❖ **Retroactive Planning & Design Eligibility**
 - Past project planning & design costs remain eligible
 - Must still be documented

5. WHAT'S THE SAME (CONT.)

❖ **Extended Planning Financing Terms**

- 5- or 10-year term at applicant's request

❖ **Extended Construction Financing Terms**

- DAC/SDAC – 40 years or project's useful life
- All others – 30 years or project's useful life

❖ **Loan Repayment**

- Annual repayment
- 1st principal & interest repayment due:
 - 12 months for non-DAC/SDAC and
 - 18 months for DAC/SDAC after project completion
- All Pre-payments require DFA deputy director approval

5. WHAT'S THE SAME (CONT.)

❖ **Final Budget Approval**

- Project budgets finalized from the outset in the agreements
 - Eliminate the mandatory amendment step associated with the “Final Budget Approval”
 - Recipients can draw construction funds sooner
- Agreements may still be amended for cost increases or other changes

❖ **Small disadvantaged communities and small severely disadvantaged communities**

- Funding criteria remain relatively the same as last IUP
- Details will be provided in the next presentation.

6. WHAT'S NEW?

❖ **Non-equivalency Environmental Review**

Applications designated as non-equivalency projects will have CEQA-only environmental review applied. This has been extended to include:

- Planning projects
- Expanded small DAC and SDAC construction projects
- Certain non-transient water system projects serving DACs/SDACs
- Small non-DAC construction projects in Categories A-C
- ASADRA projects

❖ **Additional Supplemental Appropriations For Disaster Relief Act, 2019 (ASADRA) Funds**

7. ADDITIONAL SUPPLEMENTAL APPROPRIATIONS FOR DISASTER RELIEF ACT, 2019 (ASADRA)

PROGRAM PURPOSE

- ❖ ASADRA became law on June 6, 2019
 - To provide additional funding for water and wastewater infrastructure affected by specific natural disasters
 - Mainly for California wildfires and earthquakes in 2018 calendar year
- ❖ \$46,339,000 for DWSRF
 - California applies for the additional reallocation portion of \$4,253,000
- ❖ The Revised Supplemental IUP for ASADRA is included as Appendix H

7. ASADRA

- ❖ **Eligible projects:** Refer to the Oct 23, 2019 memo from USEPA (https://www.epa.gov/sites/production/files/2019-05/documents/mou_between_epa_and_dhs.pdf) for additional examples.
- ❖ **Eligible Systems:** public water systems affected by the 2018 calendar year disasters
- ❖ **Requirements:** All existing requirements for DWSRF program
- ❖ ASADRA funding will not affect FEMA eligibility
- ❖ ASADRA terms of funding:
 - 30% principal forgiveness (up to \$3 million), and
 - loan at zero percent (0%) interest
 - Repayment over 30 years (40 years for DAC/SDAC) or useful life of project

7. ASADRA FUNDABLE LIST AND APPROACH

- ❖ ASADRA fundable list currently includes:
 - 7 agency applications (Appendix H)
 - A total cost estimate of \$60 million
- ❖ Prioritized based on **complete application** as of Jan 31, 2021
- ❖ Funding Priority will be based on:
 - Starts construction by December 31, 2021
 - Serves a small DAC or small SDAC
 - Health based rankings per DWSRF policy
- ❖ ASADRA projects designated as non-equivalency per DFA memo dated September 30, 2020.
 - CEQA-only environmental review will be applied to the entire project

8. SMALL DISADVANTAGED COMMUNITIES

- ❖ **Small Community Water System (SCWS)**
 - Serves < 3,300 connections or
 - Population < 10,000 persons
- ❖ **Expanded SCWS**
 - Serves between 3,300 - 6,600 connections or
 - Population between 10,000 - 20,000 persons
- ❖ **Disadvantaged Community (DAC)**
 - Median household income (MHI) < 80% of the Statewide MHI
- ❖ **Severely Disadvantaged Community (SDAC)**
 - MHI < 60% of the Statewide MHI
 - NTNC Serving a Public School

8. SMALL DAC FUNDING

❖ **Automatically on Fundable List**

- Applications not scored or ranked
- Initial eligibility screening by DFA staff
- Eligibility re-checked/confirmed prior to funding by DFA staff

❖ **Small Community Funding**

- Grant and/or principal forgiveness available
- Reduced interest rates
- DFA staff determines funding source(s)
- Prioritizing projects that address the most serious human health risks and consolidations

8. SMALL DAC FUNDING

- ❖ **Technical Assistance (TA) Available**
 - Technical, Managerial and Financial Assessments
 - Funding Application Assistance
 - Rate Studies
 - Income Surveys
 - Legal Assistance
 - Public Outreach
 - Planning Work (Feasibility Studies, Environmental Documents, Design, etc.)
- ❖ **CEQA-Only Review – no federal environmental cross-cutter review**

8. SMALL DAC FUNDING PLANNING GRANT/PF

- ❖ **Small DACs may receive up 100% planning grant/PF**
- ❖ **Max grant/PF based on all funding the community receives in a 5-year period (planning, TA, & construction)**
- ❖ **DFA may require an evaluation of consolidation prior to reimbursement of other planning activities.**
 - If consolidation is considered infeasible, the applicant will be required to discuss the reasons supporting that determination.
 - If consolidation is determined to be the most feasible alternative, grant/PF funding will only be available for a consolidation project

8. SMALL DAC FUNDING CONSTRUCTION GRANT/PF

Maximum PF, Grant or Combination Thereof Per Construction Project			
Type of Community Served by CWS	Residential Water Rates as a Percentage of MHI	Percentage of Total Eligible Project Cost	Maximum Amount Per Connection/ Construction Project
Category A – C Projects			
Small DAC/SDAC or Eligible NTNC That Serves a Small DAC	N/A	up to 100%	\$60,000
Expanded Small DAC/SDAC or Small Non-DAC		up to 75%	

8. SMALL DAC FUNDING CONSTRUCTION GRANT/PF

Maximum PF, Grant or Combination Thereof Per Construction Project			
Type of Community Served by CWS	Residential Water Rates as a Percentage of MHI	Percentage of Total Eligible Project Cost	Maximum Amount Per Connection/ Construction Project
Category D – F Projects			
Small SDAC or Eligible NTNC That Serves a Small DAC	N/A	up to 90%	\$45,000
Small DAC	>=1.5%	up to 75%	
	<1.5%	Not Eligible for PF, Grant or Combination Thereof	
Expanded Small SDAC	>=1.5%	up to 50%	\$45,000
	<1.5%	Not Eligible for PF, Grant or Combination Thereof	
Expanded Small DAC	>=1.5%	up to 25%	\$45,000
	<1.5%	Not Eligible for PF, Grant or Combination Thereof	

8. SMALL DAC FUNDING

❖ **Per Connection Funding Cap**

- Caps apply to total PF/grant for 5 years (planning, TA & construction)
- Higher cap for Projects that address the most serious human health risks (Category A-C) - \$60,000/connection
- Category D-F Projects eligible for partial grant up to \$45,000/connection
- Smaller systems can receive up to \$2 M regardless of per connection cost
- Small non-DACs & expanded small DACs may be eligible for grant

❖ **Groundwater Grant Funding**

- Drinking water (groundwater) treatment projects, with no cleanup or remediation of the aquifer. Projects generally address regional contamination, ongoing discharge, or naturally elevated levels of the contaminant.
- CWS serving SDACs or serving DACs if residential water rates are at least 1.5% of MHI

8. CONSOLIDATION INCENTIVES

- ❖ **Incentive Project:** Project that solely benefits a Receiving Water System
 - Infrastructure improvements to mitigate drinking water risks and support the human right to water;
 - O&M support; or
 - Refinancing existing loans, and/or loan forgiveness to the extent allowed by applicable statutes
- ❖ Financing may be combined with other DWSRF or SADW financing options to fully fund.
- ❖ Subsidized financing for the Incentive Project is in addition to any subsidized financing for the associated Consolidation Project
- ❖ Receiving Water System should:
 - Submit partial application for Incentive Project prior to execution of consolidation project
 - Complete application within 1 year after funding for consolidation project

8. CONSOLIDATION INCENTIVE

❖ **Full Consolidation**

- ❖ Up to \$10 M 0% financing; and
- ❖ Grant/PF funding of up to \$5k/connection when consolidating a small DAC or up to \$10k/connection when consolidating a small SDAC. \$5 M max

❖ **Managerial Consolidation or Interconnection**

- ❖ Up to \$2 M 0% financing; and
- ❖ Grant/PF funding up to \$2.5k/connection for small DAC or up to \$5k/connection for a small SDAC. \$1 M max

❖ **Administrator to SCWS**

- ❖ Up to \$5 M 0% financing; or
- ❖ Grant/PF funding of up to \$2.5k/connection for a small DAC or up to \$5k/connection for a small SDAC. \$1 M max

9. SCHEDULE

Item	Date
Draft IUP with Revised Supplemental IUP Posted for 30-Day Public Comment	April 29, 2021
Public Workshop/Webinar #1	April 29, 2021
Public Workshop/Webinar #2	May 14, 2021
Deadline to Submit Written Comments	Due noon, June 1, 2021
Board Meeting – Consider Adoption of IUP	June 15, 2021
Execute Agreements for All Projects on Fundable List	June 30, 2022

10. SUBMITTING COMMENTS

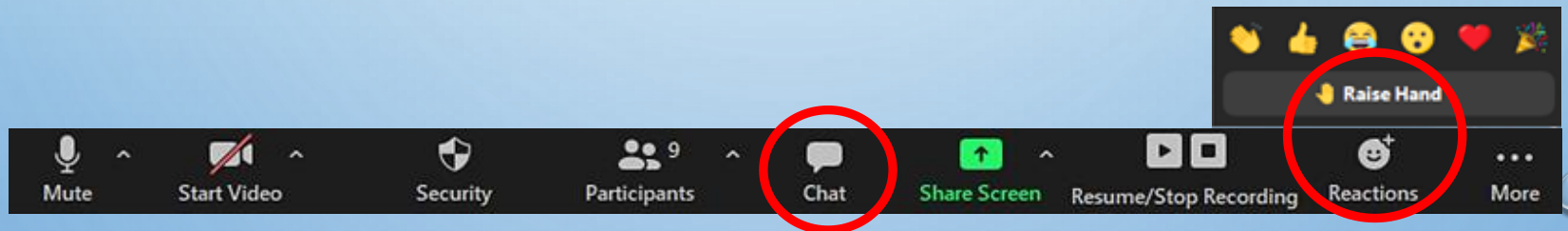
- ❖ **Details On “Notice Of Opportunity To Comment”**
- ❖ **Written Comments (Email Preferred)**
 - Due Noon, June 1, 2021
 - Use Subject Line “Comment Letter – June 15, 2021 Board Meeting – DWSRF IUP”
 - **< 15 Megabytes, Email**
COMMENTLETTERS@WATERBOARDS.CA.GOV
 - Jeanine Townsend, Clerk To The Board
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814
 - Couriers Check In With CalEPA Building Security
- ❖ **Oral Comments**
 - At June 15, 2021 Board Meeting

QUESTIONS

Please email your questions or comments to DRINKINGWATERSRF@WATERBOARDS.CA.GOV if you are watching the webcast

OR

Click on the bottom of your screen in Zoom
and then click on "raise hand" or "chat"



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BREAK