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## State Water Resources Control Board

**TO:** Greenhouse Gas Reduction Fund Program

**FROM:** Joe Karkoski  Digitally signed by Joe Karkoski  
Date: 2024.11.21 06:06:12 -08'00'  
Deputy Director, Division of Financial Assistance  
**STATE WATER RESOURCES CONTROL BOARD**

**DATE:** November 19, 2024

**SUBJECT:** GREENHOUSE GAS REDUCTION FUND:  
STATE WATER RESOURCES CONTROL BOARD

EXPENDITURE RECORD FOR 2024 GREENHOUSE GAS REDUCTION  
FUND INFRASTRUCTURE APPROPRIATION

This Attestation Memorandum documents that the State Water Resources Control Board completed the attached Expenditure Record on November 19, 2024, for the 2024 Greenhouse Gas Reduction Fund Infrastructure Appropriation. The Expenditure Record is consistent with the statutory requirements of Government Code Section 16428.9 to support expenditures from the Greenhouse Gas Reduction Fund.

This Attestation Memorandum and Expenditure Record will be submitted to the California Air Resources Board (CARB) for posting on the CARB website at: <http://www.arb.ca.gov/caclimateinvestments>. Questions on this Attestation Memorandum or Expenditure Record may be directed to Joe Karkoski, Deputy Director of the Division of Financial Assistance, at (916) 341-5618 or [Joe.Karkoski@waterboards.ca.gov](mailto:Joe.Karkoski@waterboards.ca.gov).

Attachment: Expenditure Record

cc: Kristyn Abhold  
Jasmine Oaxaca

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E. JOAQUIN ESQUIVEL, CHAIR | ERIC OPPENHEIMER, EXECUTIVE DIRECTOR

## Greenhouse Gas Reduction Fund: FY 2024-25 Expenditure Record

State Water Resources Control Board  
2024 Greenhouse Gas Reduction Fund Infrastructure Appropriation

**Authorizing legislation:** Item 3940-102-3228 of the Budget Act of 2024 (Senate Bill [SB] 108), appropriates to the State Water Resources Control Board (State Water Board) \$224.9 million, which must be encumbered by June 30, 2027 for drinking water and wastewater infrastructure projects with a priority to disadvantaged communities (DACs) and septic-to-sewer conversions with local investment, respectively. A resolution was adopted by the State Water Board on November 19, 2024 that delegated authority to the Deputy Director of the State Water Board's Division of Financial Assistance to approve up to \$151 million for planning and construction grants for drinking water projects and \$62.7 million for planning and construction grants for wastewater projects. The remaining \$11.245 million (5% of the \$224.9 million appropriation) would be used for administrative costs.

### **Element (1) A description of each expenditure proposed to be made by the administering agency pursuant to the appropriation.**

#### **Agency that will administer funding:**

- State Water Resources Control Board (State Water Board)

#### **Amount of proposed expenditure and appropriation reference:**

- The total appropriated is up to \$224.9 million per Item 3940-102-3228 of the Budget Act of 2024 (SB 108).
  - Up to \$151 million of the \$224.9 million available (67%) for drinking water planning and construction projects, prioritizing DACs. Up to 10% of this amount may be used for technical assistance (TA) and capacity building related to drinking water projects for DACs; and
  - Up to \$62.7 million of the \$224.9 million available (28%) for wastewater planning and construction projects, with priority given to septic-to-sewer conversions with local investment, with an emphasis on DACs. Up to 10% of this amount may be used for TA related to wastewater projects for DACs.
  - Up to \$11.245 million will go towards administrative costs.

#### **Estimated amount of expenditures for administering agency administrative costs**

- Administering agency administrative costs are estimated to be approximately \$11.245 million or 5% percent.

**If applicable, identify laws or regulations that govern how funds will be used**

- The Budget Act of 2024 (SB 108) provides direction on the types of projects that should be funded.
- Policy for Implementing the Drinking Water State Revolving Fund (DWSRF Policy, December 2019).
- FY 2024-25 DWSRF Intended Use Plan (DWSRF IUP, August 2024).
- Policy for Implementing the Clean Water State Revolving Fund (CWSRF Policy, December 2019).
- FY 2024-25 CWSRF IUP (August 2024).
- Policy for Developing the Fund Expenditure Plan for the Safe and Affordable Drinking Water Fund (SADW Fund Policy, May 2020, amended November 2024).
- FY 2024-25 Fund Expenditure Plan for the Safe and Affordable Drinking Water Fund (FEP, August 2024).
- Expedited Drinking Water Grant Funding Program Guidelines (March 2023)
- Assembly Bill 157, stats. 2024, ch. 994, section 105 (amending the Budget Act of 2024) modifies requirements applicable to the funds.

**New Expenditure Record**

- This is a new program that does not have an existing Expenditure Record.
- However, a related program, the State Water Board’s Safe and Affordable Drinking Water (SADW) Fund Program has existing expenditure records since 2019, with the most recent for FY 2024-25 completed on August 20, 2024.

## **Project Type(s)**

The 2024 GGRF Infrastructure Appropriation will prioritize DACs for drinking water projects and septic-to-sewer conversions with local investment for wastewater projects. Types of projects that will be funded include:

- Planning and construction for drinking water systems
- Physical or managerial consolidation of multiple drinking water systems
- Septic-to-sewer conversions with local investment
- Other eligible planning and construction projects for wastewater systems
- Technical assistance

## **Describe the projects and/or measures that will be eligible for funding**

Project types noted above that are consistent with the eligibilities, conditions, and processes for grants set forth in the DWSRF IUP/ SADW Fund FEP/Expedited Drinking Water Grant Funding Program Guidelines or CWSRF IUP applicable to the fiscal year in which each agreement is executed, for drinking water and wastewater, respectively.

## **Intended recipients**

For drinking water projects:

- Community water systems and not-for-profit noncommunity water systems, which may include but are not limited to public agencies, public utilities, mutual water companies, federally recognized California Native American tribes, and non-federally recognized Native American tribes on the contact list maintained by the Native American Heritage Commission.
- Qualified TA providers

For wastewater projects:

- Public agencies having jurisdiction over disposal of sewage, industrial wastes, or other wastes
- Indian tribe or an authorized Indian tribal organization
- A designated and approved management agency under Section 1288 of title 33 of the United States Code
- Qualified TA providers
- 501(c)(3) nonprofit organizations; mutual benefit corporations, homeowners associations or cooperatives exempt from taxes under Section 501(c)(12) of the United States Internal Revenue Code; and non-federally recognized state tribes on the Native American Heritage Commission consult list

**Program structure and process for selecting projects for funding**

For drinking water projects:

- The existing, non-competitive, continuous solicitation processes will be used to award grants in accordance with the terms outlined in the FY 2024-25 DWSRF IUP or the Expedited Drinking Water Grant Funding Program Guidelines.
- In general, priority will be given to projects serving small disadvantaged and/or low-income communities and households that also benefit public health.

For wastewater projects:

- The existing, non-competitive, continuous solicitation processes will be used to award grants in accordance with the terms outlined in the FY 2024-25 CWSRF IUP.
- Priority will be given to septic-to-sewer conversions with local investment.

**Element (2) A description of how a proposed expenditure will further the regulatory purposes of Division 25.5 (commencing with Section 38500) of the Health and Safety Code, including, but not limited to, the limit established under Part 3 (commencing with Section 38550) and other applicable requirements of law.**

**How the expenditure is consistent with the Investment Plan and the Scoping Plan**

- Expenditures through the program are consistent with the Investment Plan and the Scoping Plan by addressing the critical need for developing community drought resilience and reducing health and social inequities by providing safe and affordable drinking water for all. Capital projects for drinking water generally include GHG reduction and climate adaptation components with water saving measures (e.g., new water distribution systems that have fewer leaks than older systems; new pumps that are more energy efficient; new treatment systems that eliminate the need for bottled water).
- Additionally, trailer bill Assembly Bill (AB) 157 (approved by the Governor on September 30, 2024) expanded eligibility beyond projects with greenhouse gas emission reductions to make eligible projects that “improve climate change adaptation and resiliency, or environmental quality and public health” with an emphasis on DACs and low-income households or communities, and thus allows more projects to be eligible for funding from the SB 108 appropriation, such as the septic-to-sewer conversions that are mandated to be prioritized, that would improve environmental quality and public health.

**Element (3) A description of how a proposed expenditure will contribute to achieving and maintaining greenhouse gas emission reductions pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.**

**Describe how expenditures will facilitate the achievement of GHG emission reductions in the State**

- Per AB 157, specific to this appropriation, eligibility was expanded beyond projects with greenhouse gas emission reductions to make eligible projects that “improve climate change adaptation and resiliency, or environmental quality and public health” with an emphasis on DACs and low-income households or communities.
- Expenditures on drinking water projects will help achieve adaptation and resiliency to climate change by funding projects and or/measures to enhance the long-term sustainability of drinking water systems, prioritizing solutions for small DACs and low-income communities confronted with reduced surface water flows, accelerating declining groundwater levels, and increasing concentrations of environmental contamination that has been exacerbated by climate change.
- Capital drinking water projects generally include GHG reduction and climate adaptation components with water saving measures (e.g., new water distribution systems that have fewer leaks than older systems; new pumps that are more energy efficient; new treatment systems that eliminate the need for bottled water).
- Septic-to-sewer conversions and other wastewater projects will improve environmental quality and public health.

**Explain when GHG emission reductions and/or co benefits are expected to occur and how they will be maintained**

- Long-term sustainable improvements to drinking water systems will begin increasing resiliency to climate change as construction projects are completed for an average period of 20 to 50 years based on the expected life of the improvement(s).

**Element (4) A description of how the administering agency considered the applicability and feasibility of other non-greenhouse gas reduction objectives of Division 25.5 (commencing with Section 38500) of the Health and Safety Code.**

**Expected co-benefits, particularly environmental, economic, public health and safety, and climate resiliency**

- Drinking water projects are prioritized for drinking water systems serving small DACs and low-income communities to implement long-term sustainable projects to provide safe and affordable drinking water. The implementation of long-term projects will aid in assisting DACs and low income communities in becoming more resilient to climate change by reducing their susceptibility to drought-induced water shortages. Additionally, the more long-term projects that are constructed, means less reliance on interim water supplies, which often include bottled water and water hauling.
- Wastewater projects, in particular the prioritization of septic-to-sewer conversions will yield economic, environmental, and public health co-benefits. The reduction in the number of septic systems across the state will reduce the potential for leaks and contamination of underlying groundwater and watersheds.

**How the project will support other objectives of AB 32 and related statutes**

- Directs public investment toward the most disadvantaged communities in California.
- Improves climate adaptation and resiliency of DACs and low-income communities by providing more reliable sources of drinking water that are less susceptible to drought-induced water shortages.

**Percentage of total funding that will be expended for projects that are located in and benefit priority populations<sup>1</sup> per CARB guidance**

- The State Water Board anticipates that \$213.7 million of the 2024 GGRF Infrastructure Appropriation of \$224.9 million will go towards drinking water and wastewater projects that focus on solutions for small DACs (approximately 95 percent).

**Describe the benefits to priority populations per CARB guidance**

- Projects will directly assist disadvantaged and low-income communities with the co-benefits of adapting to climate change.

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<sup>1</sup> Priority populations include residents of: (1) census tracts identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low-income per AB 1550; or (3) a low-income household per AB 1550. See Section VII.B Funding Guidelines for more information on the definitions of priority populations.



**Explain strategies the administering agency will use to maximize benefits to disadvantaged communities**

- Expenditures from the 2024 GGRF Infrastructure Appropriation will focus on solutions for small DACs.
- State Water Board staff will continue to engage with stakeholders from drinking water and wastewater associations as well as non-profit organization advocacy groups on how the funding is being committed.

**Explain how the administering agency will avoid potential substantial burdens to disadvantaged communities and low-income communities or, if unknown, explain the process for identifying and avoiding potential substantial burdens**

- The State Water Board will consult directly with communities through various means including technical assistance, workshops, and public comments on existing program guidelines to identify potential burdens. The State Water Board will make programmatic adjustments to eligibility criteria, and ultimately funding decisions, as necessary to avoid potential substantial burdens to disadvantaged and low-income communities.

**Element (5) A description of how the administering agency will document the result achieved from the expenditure to comply with Division 25.5 (commencing with Section 38500) of the Health and Safety Code.**

**How the administering agency will track / report progress to make sure projects are implemented per requirements in statute and CARB guidance**

- The State Water Board will require funding recipients to maintain records and submit quarterly status reports. In addition, the State Water Board will conduct periodic reviews of selected projects. If a funding recipient does not perform in accordance with program requirements, the recipient will be subject to the remedies for non-performance, as identified in the State Water Board's guidelines or the grant agreement.
- The State Water Board has also identified several metrics for the SAFER Drinking Water Program in the annual Fund Expenditure Plans. Drinking water projects funded through the 2024 GGRF Infrastructure Appropriation will be tracked against these metrics and reported on in future annual Fund Expenditure Plans.
- Both drinking water and wastewater projects funded through the 2024 GGRF Infrastructure Appropriation will be reported on in DWSRF and CWSRF Annual Reports.

**Describe the approach that will be used to document GHG emission reductions and/or other benefits before and after project completion**

- The State Water Board will provide a summary of projects through the required semi-annual reporting to CARB, including the climate change resiliency measures taken.
- The State Water Board will calculate benefits achieved from projects using CARB-developed quantification methodologies for drinking water projects and work towards developing a methodology applicable to wastewater projects.

**Type of information that will be collected to document results, consistent with CARB guidance**

- The State Water Board will collect data on project location, baseline water quality and resiliency to climate change, type of upgrade that was installed, expected quantification period, and other data, as applicable and as specified in CARB guidance.
- To determine the job benefits, the State Water Board will compile data from funding recipients on the quality and quantity of jobs provided, consistent with CARB guidance.

**How the administering agency will report on program status**

- The State Water Board will report to CARB consistent with CARB guidance. The State Water Board will provide regular updates on the program, including expenditure amounts, the number and type of agreements executed and other benefits, as applicable (e.g., number of construction projects completed, and jobs supported). Reports will also include information on project outcomes for a subset of projects.

State Water Board Expenditure Record for the 2024 Greenhouse Gas Reduction Fund Infrastructure Appropriation

- State Water Board staff also report to its Executive Director, Board Members, and stakeholders through the Executive Director's Reports and annual updates to the Board at State Water Board meetings.