



Media Release

STATE WATER BOARD, DRINKING WATER REVOLVING FUND RETURN TO SAFE DRINKING WATER ACT COMPLIANCE

EPA ISSUES NOTICE OF NON-COMPLIANCE IN 2013 FOR NOT UTILIZING FUNDS TIMELY

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SACRAMENTO – Thanks to its effective management of a state program that provides funding to critical drinking water infrastructure projects, the State Water Resources Control Board (State Water Board) has completed a Corrective Action Plan (CAP) imposed by the U.S. Environmental Protection Agency (EPA) in 2013, putting the program back in compliance with the [Safe Drinking Water Act](#).

“Several factors, such as drinking water project prioritization, consolidating the staff assignments to focus them on implementing the Drinking Water State Revolving Fund, and updated methods of cash-flow monitoring has allowed the State Water Board to get more funds out the door to do the good they were intended for – supplying safe and reliable drinking water to the residents of California,” said Darrin Polhemus, deputy director for the State Water Board’s Division of Financial Assistance. “Since putting in place measures to better expedite funding, we are hitting our goals for this fiscal year and the next as we get money to shovel-ready projects.”

On April 19, 2013, the EPA issued a Notice of Non-Compliance to the California Department of Public Health, then home of the drinking water program and the [Drinking Water State Revolving Fund \(DWSRF\)](#), for failing to meet certain requirements of the Safe Drinking Water Act. At the top of the list was \$455 million in unspent federal capitalization grant funds, the “largest unliquidated obligation of any state in the nation.”

In accordance with the non-compliance notice, the Department of Public Health developed the Corrective Action Plan and initiated and accomplished approximately half of the action items laid out in the CAP.

On July 1, 2014, the drinking water program -- now the Division of Drinking Water -- and the DWSRF moved to the State Water Board. Since the fund’s arrival, the Division of Financial Assistance has focused on the task of meeting and completing the action items of the CAP, which it did so earlier this month. Of the many accomplishments, arguably the largest was

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helping reduce the unliquidated obligations balance from \$455 million in October 2012, to less than \$102 million as of May 10, 2016.

Along with reducing the unspent funds, the Division of Financial Assistance has upgraded its financial management practices and is now set up to consistently meet EPA's unliquidated obligation reduction strategy.

In a letter to the State Water Board on May 17, the EPA stated the DWSRF was successfully restored to compliance and that it was closing the Corrective Action Plan, given that the State Water Board has met the full intent of the CAP.

Over the last four years California has more than doubled the amount of money disbursed through the DWSRF, issuing funding in the amount of \$738 million, compared to \$366 million the previous four years. Due to this two-fold increase, the EPA Water Division Director Tomás Torres noted in his CAP closure letter that California "demonstrates that it has adequately addressed the obstacles and inefficiencies in its disbursement process."

"The state of California has made great progress in accelerating projects that deliver safe and reliable drinking water to communities," said Alexis Strauss, the EPA Acting Regional Administrator for the Pacific Southwest. "EPA appreciates the work of the State Water Resources Control Board to streamline the delivery of critical federal and state funding for drinking water infrastructure in California."

To see the letters seeking and granting the closure of the Corrective Action Plan, see the State Water Board's Drinking Water State Revolving Fund [website](#).

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