

**STATE WATER RESOURCES CONTROL BOARD  
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE  
JULY 18, 2023**

**ITEM 6**

**SUBJECT**

CONSIDERATION OF A PROPOSED RESOLUTION TO APPROVE ADJUSTMENTS TO FUNDING ALLOCATIONS AS A RESULT OF REDUCTIONS TO THE BUDGET ACT OF 2021 DRINKING WATER AND WASTEWATER GENERAL FUND APPROPRIATIONS.

**DISCUSSION**

The Budget Act of 2021 (Senate Bill 129), Provision 1 of Item 3940-106-0001, appropriated \$1.3 billion from the General Fund, consisting of \$650 million for drinking water projects and \$650 million for wastewater projects, to the State Water Resources Control Board (State Water Board), with an encumbrance deadline of June 30, 2024.

The State Water Board adopted [Resolution No. 2021-0030](#), on August 18, 2021, which provided initial authorities regarding the administration of these funds, and [Resolution No. 2022-0009](#), on March 15, 2022, which provided additional direction on the implementation plan for administering these funds. Authorities regarding the ongoing administration of these drinking water and wastewater funds are addressed annually as part of the process to adopt the [Drinking Water State Revolving Fund \(DWSRF\)](#) and [Clean Water State Revolving Fund \(CWSRF\)](#) Intended Use Plans (IUPs), which act as guidelines for complementary drinking water and wastewater funding from the General Fund. A portion of the drinking water funds may also be administered consistent with the [Expedited Drinking Water Grant Program](#) Guidelines adopted by the Board per [Resolution No. 2023-0006](#) on March 8, 2023.

The Budget Act of 2023 (Assembly Bill 102) added Item 3940-495-0001, which reverted to the General Fund \$200 million of the amount appropriated for drinking water projects and wastewater projects in Provision 1 of Item 3940-106-001 of the Budget Act of 2021. The Budget Act of 2023 does not specify the allocation of the \$200 million reduction across the drinking water and wastewater programs. There are significant demands for both drinking water and wastewater projects statewide, and reductions to these programs are expected to have an impact on the number of projects that can be funded State Fiscal Year (SFY) 2023/24. To help ensure that safe drinking water needs can continue to be met timely, staff are recommending a relatively smaller reduction of \$50 million for drinking water, and a reduction of \$150 million for wastewater.

## **POLICY ISSUE**

Should the State Water Board:

1. Approve adjustments to the Budget Act of 2021 Drinking Water and Wastewater General Fund allocations as follows consistent with the \$200 million reduction outlined in Item 3940-495-0001 of the Budget Act of 2023: (a) \$50 million reduction for Drinking Water, and (b) \$150 million reduction for wastewater?
2. Authorize the Deputy Director of the Division of Financial Assistance to continue administering the balances remaining after applying the above reductions, including the following: approve funding requests, execute agreements and amendments, and to perform all acts and to do all things necessary and convenient to implement such agreements pursuant to relevant Board direction and statutory requirements?

## **FISCAL IMPACT**

Reduced funding for drinking water and wastewater projects will result in less projects funded during SFY 2023/24.

## **REGIONAL BOARD IMPACT**

None.

## **STAFF RECOMMENDATION**

Staff recommends that the State Water Board adopt the proposed Resolution.