

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

ITEM 7

SUBJECT

CONSIDERATION OF A PROPOSED RESOLUTION TO ADOPT THE STATE FISCAL YEAR 2023-24 DRINKING WATER STATE REVOLVING FUND (DWSRF) INTENDED USE PLAN (IUP) WITH SUPPLEMENTAL IUPS AND GUIDELINES FOR COMPLEMENTARY FUNDING FROM THE BUDGET ACTS OF 2021, 2022, AND 2023 AND PROPOSITIONS 1 AND 68.

DISCUSSION

The DWSRF program provides low-cost financing to public water systems statewide to address drinking water quality and capacity issues. It also subsidizes a portion of California's public water system supervision program under the Division of Drinking Water. The Small Community Grant Drinking Water (SCG DW) Program complements the DWSRF Program by providing grants through Proposition 1, Proposition 68, General Fund, and other sources, primarily to small, disadvantaged, and severely disadvantaged communities for drinking water projects.

The DWSRF IUP outlines the State Water Board's business plan for administering the DWSRF and related funding for state fiscal year (SFY) 2023-24. The DWSRF IUP describes a few key subjects:

- The funding priorities associated with the DWSRF Program and its complementary funding sources and how the Division of Financial Assistance (DFA) intends to administer the Programs using the available funds and resources, and measurements DFA will use to monitor its performance administering the available funds.
- DFA's general funding approach, including applicable loan, grant and principal forgiveness terms.
- Funding provided by the "Bipartisan Infrastructure Law" (BIL), Public Law 117-58. The BIL Supplemental SRF funding includes: DWSRF General Supplemental Funding, DWSRF Emerging Contaminants (EC) Funding, and DWSRF Lead Service Line Replacement (LSLR) Funding. The supplemental SRF funding is described in the body of the IUP and additional information about the EC and LSLR funding is provided in the Supplemental IUPs included as appendices to the DWSRF IUP. The EC Supplemental IUP also includes information on the administration of PFAS funding provided by the Budget Acts of 2021, 2022, and 2023.
- A Supplemental IUP for the Additional Supplemental Appropriation for Disaster Relief Act (ASADRA) of 2019 funds that were previously received.

- The federal and state requirements associated with the DWSRF Program and its complementary funding sources. The IUPs are required by federal statutes and regulations and will be included in the applications submitted to USEPA for the FFY 2023 DWSRF base program and BIL Supplemental capitalization grants.

DFA provided stakeholders and interested parties an opportunity to comment from May 19, 2023, to June 23, 2023, on the draft SFY 2023-24 DWSRF IUP with Supplemental IUPs and guidelines for complementary funding. Additionally, the State Water Board held a Public Workshop on June 20, 2023, to discuss the proposed IUPs and guidelines.

POLICY ISSUE

Should the State Water Board adopt the SFY 2023-24 DWSRF IUP with Supplemental IUPs and guidelines for complementary funding from the Budget Acts of 2021, 2022, and 2023 and Propositions 1 and 68?

FISCAL IMPACT

The fiscal impacts of the proposed DWSRF IUP and complementary guidelines can be found in Section IV of the DWSRF IUP, "Project Funding Capacity and Distribution of Funds."

REGIONAL BOARD/DIVISION OF DRINKING WATER IMPACT

Yes – this action would impact the Division of Drinking Water (DDW)

Approving the SFY 2023-24 DWSRF IUP will help public water systems finance the planning, design and construction of drinking water projects that will enable them to comply with state and federal safe drinking water standards enforced by the Division of Drinking Water and its Local Primacy Agencies. Approving the SFY 2023-24 DWSRF IUP will also ensure DWSRF set-aside funds are available for the DDW's public water system supervision and technical assistance activities.

STAFF RECOMMENDATION

Staff recommend the State Water Board should adopt the SFY 2023-24 DWSRF IUP with Supplemental IUPs and guidelines for complementary funding from the Budget Acts of 2021, 2022, and 2023 and Propositions 1 and 68.