

DWSRF 2023-24 IUP Public Comments

| Comment Letter | Date of Comment | Commenter | Summary of Comments | SWRCB Staff Response to Comments | Staff Proposed Changes to IUP |
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| 1 | 6/20/2023 | Water Replenishment District | A) Remove PFAS funding from the SRF program, and allow PFAS funding to be distributed through a different vehicle more suitable for smaller projects – OR adjust SRF policy to establish a true streamlined application process, including format, instructions, and templates applicable for grant/principal forgiveness funding | Staff appreciates the comment and will consider this as we administer multiple funding sources for Emerging Contaminants and PFAS. The PFAS and Emerging Contaminant funding in the supplementary IUP is a combination of federal BIL and state General Fund appropriations. The federal BIL funds are appropriated to the DWSRF program, and the State Water Board is required by the BIL and EPA's grant contract to apply the DWSRF program requirements to the BIL funds. The current approach has been to create a single portal/application to ease the burden on applicants having to find and apply to multiple funding programs. | No change proposed to IUP. |
| | | Esther Valle Rojas; erojas@wrd.org | B) Improve access to technical assistance for medium and large size, urban water systems serving DACs and SDACs | Staff appreciates the comment and will consider this with respect to future technical assistance efforts targeted toward emerging contaminants. | No change proposed to IUP. |
| | | | C) Provide targeted, local DFA outreach and in-person training for medium and large size, urban water systems serving DACs and SDACs | Staff appreciates the comment and is happy to coordinate with WRD to coordinate such a meeting to reach potential systems in the WRD area. | No change proposed to IUP. |
| 2 | 6/22/2023 | City of San Diego Jyothi Pantulu; jpantulu@sandiego.gov | Consider classifying the Lakeside Valve Station Replacement project as priority ranking "D - Inadequate Reliability" instead of "F - Other Projects." This project will address inadequate reliability as the existing deteriorated valve station is the single hub for raw water conveyance for nearly half of the City's water customers. | Staff additional review confirmed category F ranking. | No change proposed to IUP. |

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| 3 | 6/22/2023 | Tahoe City Public Utility District | A) TCPUD supports the addition of the phrase ‘Except for consolidation projects’ when determining PF eligibility for Category E-F projects where there are more than 50% “second homes” within a project service area. | Staff appreciates the comment and support. | No change proposed to IUP. |
| | | Sean Barclay or Kim Boyd; k.boyd@tcpud.org | B) Instead of categorically excluding a public water system from DAC eligibility based on an arbitrary percentage of second homes, the IUP should be modified to account for the economic reality that pockets of DAC homes, or even sub-communities, exist within communities where “second homes” exist. | We acknowledge this reality, which also exists in higher income communities without a significant population of second homes. Generally grants provided to water systems equally benefit all the households in the service area so the service area as a whole must be considered. To help ensure the second home issue doesn't create a barrier for higher priority projects, we are only proposing to consider second home status for lower priority Category E and F projects. | No change proposed to IUP. |
| | | | C) IUP needs to be clarified to establish that a Receiving Water System may still qualify for consolidation incentives after the acquisition of a Subsumed Water System, but before the Subsumed Water System is fully consolidated within the Receiving Water System. | Currently consolidation incentive is not offered for entities consolidating systems they already own. Current language in the IUP indicates that a grant for the actual consolidation work could be awarded. | No change proposed to IUP. |
| | | | D) We commend the change that expands eligibility for Principal Forgiveness (PF) and state grants to include Category D (inadequate reliability) projects for small, non-DAC systems in the State Water Board’s prioritization of funding. | Staff appreciates the comment and support. | No change proposed to IUP. |
| | | | E) Under the IUP, it is stated that “Incentive Projects” and “Consolidation Projects” are eligible for DWSRF financing, but it is not clear what constitutes an Incentive ‘Project’ vs a Consolidation ‘Project’. | As described in the consolidation section, Section IV.3.c.4, the incentive project is unique from the consolidation project scope because it can benefit solely the receiving water system. | No change proposed to IUP. |

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| 3 (cont.) | | | F) DFA is authorized to offer Consolidation Incentives for "a full physical consolidation of an existing PWS(s)." It is unclear what a "full physical consolidation of an existing PWS" is intended to mean. | The subsequent bullet talks about incentives for managerial consolidations or cases where the receiving water system provides water via an interconnection or master meter agreement where separate water system permits still exist. The bullet immediately preceding regarding incentives for full physical consolidation is intended to refer to cases where separate permits no longer exist. | Text clarified. |
| | | | G) The IUP does not address Regionalization, yet, in describing the State Water Board's financial support for using SAFER project funding to promote various "Water Partnerships," Regionalization and Consolidation efforts are embraced. For instance, the State Water Board website states, "If the project can be expanded to include multiple water systems in the area, the State Water Board can support a Regionalization project that benefits a broader customer base". It is unclear whether Regionalization projects in this context can be funded by the DWSRF program, but TCPUD strongly encourages the State Water Board to affirm that they can and will be. | Grant funding for these projects can be considered consistent with the grant criteria in the IUP which do not apply any limitations on the number of systems included in a project or planning effort. | No change proposed to IUP. |
| | | | H) The IUP states that "all projects that may be eligible for grant/PF under Appendices D and E or for consolidation incentive are added to the Fundable List after the Deputy Director deems the application initially complete. It is unclear what is meant by "initially complete" and whether consolidation projects can also be added to the Fundable List. | Consolidation projects would be deemed grant eligible based on the criteria in Appendices D and E, consolidation incentive projects are called out specifically because they are a unique type of grant funded outside the standard grant criteria in Appendices D and E, but we want to ensure they also can be added to the Fundable List as such applications are completed and eligible. | No change proposed to IUP. |

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| 3 (cont.) | | | I) The IUP references that the DWSRF is managed pursuant to Ch 4.5 of Part 12 of Division 104 of the Health and Safety Code, and does in accordance with an Operating Agreement with EPA, Region 9. (Section II.A. at page 2, second paragraph.) The link to the Operating Agreement with EPA is posted on the Board webpage; however, the Appendices are not included in the link to the Operating Agreement. | Staff will follow up on this and complete necessary web updates. | No change proposed to IUP. |
| | | | J) The FY2023/24 Draft IUP added the following eligibility criteria for Consolidation Incentives: “The Receiving Water System must not be an entity consolidating two or more systems it already owns. Such cases may qualify for project funding consistent with Appendices D and E, but the entity is not additionally eligible for consolidation incentive”. (Section IV.A.4. at page 24, first bulleted paragraph.) It is unclear what the purpose of this new paragraph is, and why it is needed. | See above comment regarding consolidation incentive for projects that consolidate systems already owned by the same entity. | No change proposed to IUP. |
| | | | K) The IUP refers to Section V.F. for an exception to the DWSRF Policy regarding reimbursement of eligible construction costs (Section IV.A. at page 14, footnote 4.) This appears to be a typo, as the construction cost reimbursement exception referenced appears in Section VI.F at the last full paragraph of pages 58-59. | Staff appreciates this correction. | Section reference corrected. |
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| 4 | 6/23/2023 | Self Help Enterprises | A) Expedited DAC/SDAC funding: We commend the Board in the adoption of the guidelines for the Expedited Drinking Water Grant (EDWG) program, which has opened a pathway for a large number of DAC and SDAC communities to receive funding in a new expedited process. While this benefits communities whose systems are run by public entities or others who qualify under the EDWG program, communities whose systems are run by mutual water companies remain ineligible for expedited funding. While we understand that there were some complications to including mutual water companies as eligible entities, we urge the Board to consider ways to expedite the funding application process for these systems as well as any others that remain outside the eligible applicants. | Staff appreciates the comment and will take the into consideration if the EDWG Guidelines are amended in the future. | No change proposed to IUP. |
| | | Jessi Snyder; jessis@selfhelpenterprises.org | B) We recommend allowing an Incentive project to occur earlier than the Consolidation if: (1) The Receiving system needs critical infrastructure improvements, and (2) the Consolidation project cannot be completed before the critical infrastructure is needed. | Language in the IUP doesn't limit DFA's ability to approve in this fashion if appropriate, although if this case is approved, it would likely require special conditions to ensure the consolidation is completed or the incentive funds are repaid. | No change proposed to IUP. |
| | | | C) Green energy projects: Promote the use of green energy projects for DAC and SDAC water projects by enabling these project applicants to evaluate within the scope of feasibility studies the use of green energy, energy efficient design and water conservation measures. | Staff appreciates the comment and encourages this to occur as part of planning work. | No change proposed to IUP. |

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| 4 (cont.) | | | D) Footnote 44: While this is not the first year that maximum grant/PF is based on all funding the community receives in a five-year period, this is the first year that interim solution funding is proposed to be included in the total for funding. We do not believe that interim solution funding should be included in this total. | This was an erroneous change, that has been corrected. | Mention of interim funding was deleted from the footnote. |
| | | | E) We note that Category D projects have moved up in priority with A-C projects and consolidations, and we strongly support this change. | Staff appreciates the comment and support. | No change proposed to IUP. |
| | | | F) Construction Project reimbursement improvement suggestions: (1) Construction project payments be expedited for approved payment requests; and/or (2) The Board work with the State Controller's office to make electronic fund transfers directly into water system's project construction bank accounts; and/or (3) The Board and DFA staff develop and adopt an advance payment policy for small DACs who can show adequate financial controls and/or have a technical assistance provider in place to help coordinate payments. | Staff appreciates the comment and will consider these comments as policy amendments and process improvements are implemented. | No change proposed to IUP. |
| 5 | 6/23/2023 | Natural Resources Defense Council | A) We urge the Board to require that funded projects conduct complete inventories of all lead service lines, lead connectors, and galvanized lines that are, were, or likely were downstream of lead pipes or connectors, including lines and connectors located under private property. | Staff appreciates the comments. See staff responses to more specific comments below. | No change proposed to IUP. |

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| 5 (cont.) | | Ellen Lee; ELEE@NRDC.ORG | The discrepancy in numbers is concerning.... | The draft Supplemental IUP includes additional data from data collected by the Division of Drinking Water on top of the Drinking Water Infrastructure Needs Survey and Assessment data and further updates. The DWINSA reported data was based on a survey of all 150 large water systems in California and 30 medium systems per EPA's DWINSA protocol as pointed out in the comment. The discrepancy in lead service lines (9 versus 10) was caused by a small data transcription error. | No change proposed to IUP. |
| | | | .. The Board should proactively use BIL funds, including set-asides, to ensure that complete inventories are conducted statewide... | Staff appreciates the comment. The State Water Board intends to utilize the local assistance set aside to contract with third parties to help community water systems conduct complete inventories of service lines owned by both water systems and their customers as stated in the IUP. Local assistance funding is also available to community water systems to complete their own inventories, and one of the conditions of these agreements will be that the inventories include both public and privately owned portions of the service lines as indicated in the IUP. | No change proposed to IUP. |
| | | | ...we urge the Board to require all lead service line investigations conducted using SRF funds result in complete inventories... | The State Water Board intends to require funding recipients to conduct complete inventories as required by LCRR. | No change proposed to IUP. |

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| 5 (cont.) | | | ...When a water system uses SRF funds to inspect lines for inventory and finds service lines or other connectors needing replacement, the system should be required to use SRF funds to replace the service lines or connectors at that time and provide adequate health protections... | Since the number of replacements will be unknown at the time of a funding agreement for an inventory project, it is impracticable for the State Water Board to commit funding for replacement contingent on the system finding service lines or connectors needing replacement during the inventory phase. This could potentially put systems that really need the funds to replace the known lead service lines or connectors at a disadvantaged because the funds were overcommitted elsewhere. It will also be infeasible for water systems to structure an agreement contingent on replacing service lines on the spot because contractors will not bid on unknown conditions. | No change proposed to IUP. |
| | | | B) The Board should dedicate sufficient funds to properly tally, disclose and replace all galvanized lines that are, were, or likely were downstream of any connectors made of lead or unknown materials. | Staff appreciates the comment. LSLR funding will be prioritized for disadvantaged communities and inventories and replacements consistent with the LCRR as indicated in the IUP. | No change proposed to IUP. |
| | | | ...We appreciate that the draft LSLR IUP highlights the eligibility of galvanized lines downstream of lead connectors, but California must take a step further for the safety of its residents and require the identification and removal of these galvanized lines. | Staff appreciates the comment, yet notes that increasing the requirements on funding beyond the LCRR risks creating a barrier to applicants requesting funding. | No change proposed to IUP. |
| | | | ...We urge the Board to revise the draft LSLR IUP to define full lead service line replacement to include galvanized lines that are, were, or likely were downstream of lead connectors;...require that SRF-funded inventories tally these lines;... | Staff appreciates the comment, recognizes that the State water board follows EPA guidance. | No change proposed to IUP. |

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| 5 (cont.) | | | ...We urge the Board to revise the draft LSLR IUP to... ...require that funded projects perform only full replacements;. .prohibit the use of SRF funds for partial replacements that would leave these lines in the ground; and disclose the existence of these lines to residents. | Staff appreciates the comment; Staff also notes that partial replacements are already prohibited by EPA's BIL guidance document. | No change proposed to IUP. |
| | | | C) The LSLR IUP must require funded projects to fully pay for necessary work under private property, without charging individual property owners. ...In the last sentence of Section III, paragraph two, replace “encouraged” with “required”, to read as follows: “To address household affordability concerns and to minimize adverse public health effects, water systems are required to fund the private portion of service line replacements for disadvantaged communities at no additional cost to the homeowner.” | Staff appreciates the comment. Staff acknowledges and agrees with the importance of providing financial support to disadvantaged communities; therefore, the LSLR IUP already required the water systems to fund the private portion of the service line for disadvantaged communities to the extent that the water systems receive principal forgiveness for the replacement projects. | No change proposed to IUP. |
| | | | D) The Board should set clear requirements for funding recipients to provide basic health protections for households affected by lead service line replacement activities, including notice, filters, and sampling. | Staff appreciates the comment. LSLR funding agreements will include basic health protections consistent with EPA's BIL guidance document. As stated in the LSLR supplemental IUP, "Water systems will be required as a condition of funding to provide public health safeguards to their customers during and for a short time after the replacement of the service lines. Public health safeguards include but are not limited to public outreach materials and temporary pitcher filters or certified point of use devices, and must meet any applicable state and federal requirements." | No change proposed to IUP. |

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| 5 (cont.) | | | ...we recommend revising the first paragraph on page 7 of the “Eligible Projects and Activities” section to set minimum time requirements for the provision of public health safeguards, require the provision of public health safeguards during lead service line investigation and inventory activities, and require follow-up sampling. The paragraph should read as follows: “Water systems will be required as a condition of funding to provide public health safeguards to their customers during lead service line inventory and replacement activities and for a minimum of 6 months after the replacement of the service lines. Public health safeguards shall include, among other protections, public outreach materials informing them of lead replacements and how to avoid exposure, temporary pitcher filters or certified point of use devices, and effective follow-up sampling, and must meet any applicable state and federal requirements. Follow-up sampling includes sampling the first and fifth liter one week, and 3 to 6 months after replacement to ensure drinking water is safe.” | Staff appreciates the comment. LSLR funding agreements will include basic health protections consistent with EPA's BIL guidance document and any applicable state and federal requirements. | No change proposed to IUP. |

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| 5 (cont.) | | | ...Natural Resources Defense Council, along with many other public health, environmental, and environmental justice organizations proposed several basic principles for replacing lead service lines, based on experience with efforts to replace these lead pipes in communities across the country... ...These principles include several points addressing the provision of point-of-use water filters and timely filter replacements certified for lead removal for homes served by known or possible lead service lines, the placement of water buffaloes for the community, the provision of accessible notices that are language and literacy rate appropriate to both renters and owners of the potential existence of lead plumbing, and more. We urge the Board to incorporate these principles into the LSLR IUP | Staff appreciates the comment, and will bear these principles in mind as funding agreements are developed.' | No change proposed to IUP. |
| | | | E) The Board should use set-aside funds to develop and implement a robust technical assistance program to help increase demand from prospective applicants for LSLR funds and prioritize and meet the needs of the disadvantaged communities in need of LSLR. .. set-asides are used effectively to help identify, recruit, and provide technical assistance to water systems to develop LSLR projects and complete inventories – particularly in underserved communities that lack the capacity to develop shovel-ready projects and funding proposals... | Staff appreciates the comment. Board staff are currently working with EPA to implement a LSL inventory technical assistance program using the set-aside funds. The Board will prioritize smaller and disadvantaged water systems for participation in this program. A final date for rolling out this program will be determined later this year. | No change proposed to IUP. |
| | | | ...The Board should develop a TA program that assists communities and water systems at every phase of the SRF process, from gathering community input to planning and designing to receiving and managing awards... | Staff appreciates the suggestion. | No change proposed to IUP. |

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| 5 (cont.) | | | ...To help expedite the identification and outreach process, the Board could explore options to contract with grassroots and community groups and consultants to support the proactive identification and submission of projects... | Staff appreciates the comment. | No change proposed to IUP. |
| | | | ...We also encourage the Board to consider additional recommendations regarding the use of BIL funds for TA that were presented in a Feb. 23, 2022 letter to EPA, which was joined by dozens of organizations nationwide. | Staff appreciate the respondent providing these additional recommendations for consideration. | No change proposed to IUP. |
| | | | | | |
| 6 | 6/21/2023 | Las Virgenes Municipal Water District | The District is <u>not</u> supportive of allowing agencies with multiple projects on the fundable list to leverage those funds into one project. This strategy would defeat the goal of having a cap to provide funding for more projects throughout the State and would be subject to “gaming” the process to maximize funding for a single project. | Comment is directed at projects on CWSRF IUP and will be addressed on CWSRF IUP response to comments separately. | No change proposed to IUP. |
| | | Donald Patterson Director of Finance & Administration | Increased Accountability and Transparency: The District supports the development of Key Performance Indicators (KPIs) for the programs and recommends including a summary of the KPI performance in each year’s IUP to increase transparency and allow agencies to easily ascertain the successes of the programs and opportunities to improve. | Staff appreciates the comment and will evaluate your recommendation as part of our continuous effort to improve transparency in the Program. | No change proposed to IUP. |

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| 6 (cont.) | | | <p>Increased Leveraging - The SRF Programs should pursue additional strategies to increase funding capacity including:</p> <ul style="list-style-type: none"> - Developing a Rolling 3-5 Year Fundable List - Multi-year Funding - Partial Funding - Higher Interest Rates for Higher Credit Quality Borrowers - Shorter Term Loans | <p>Staff are meeting regularly with a SRF Stakeholder Advisory Group to explore longer term strategies for managing both DWSRF and CWSRF Program capacities. Staff have postponed the CWSRF IUP to further explore the current year capacity challenges.</p> | <p>No change proposed to IUP.</p> |