

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
OCTOBER 3, 2023**

ITEM 4

SUBJECT

CONSIDERATION OF A PROPOSED RESOLUTION ADOPTING THE FISCAL YEAR 2023-24 FUND EXPENDITURE PLAN FOR THE SAFE AND AFFORDABLE DRINKING WATER FUND.

DISCUSSION

The Safe and Affordable Drinking Water Fund (SADW Fund) was established through Senate Bill 200 in July 2019. The SADW Fund provides up to \$130 million per year to develop and implement solutions for water systems and domestic wells that are not sustainable or have violations of drinking water standards. Funding is generally prioritized for small, disadvantaged communities or low-income households.

The State Water Board adopted the Policy for Developing the Fund Expenditure Plan (SAFER Policy) for the SADW Fund. The SAFER Policy establishes and documents the State Water Board's direction on how the annual Fund Expenditure Plan (FEP) is to be developed. The SAFER Policy identifies and defines key terms and metrics; describes how proposed remedies will be identified, evaluated, prioritized, and included in the FEP; establishes a petition process for consideration of consolidation orders for disadvantaged communities, and includes a public hearing requirement.

The State Water Board is updating the FEP, which is an annual document required by statute. The Draft Fiscal Year (FY) 2023-24 FEP is informed by an annual statewide drinking water needs assessment, which was released in May 2023, and developed in consultation with stakeholders. The FEP discusses FY 2023-24 funding targets, funding prioritization by solution type, distribution of prior FY 2022-23 funds, metrics and performance, funding process, financing and programmatic requirements, and schedule. Expenditures from the FY 2023-24 SADW Fund allocation must be consistent with the FY 2023-24 FEP.

The Draft Plan for FY 2023-2024 was released on July 31, 2023 and discussed with the SAFER Advisory Group and stakeholders at meetings held on May 24, 2023 and August 11, 2023. At the State Water Board Workshop on August 16, 2023, staff discussed the Draft Plan and received preliminary comments. Public comments were due on August 30, 2023.

POLICY ISSUE

Should the State Water Board adopt the FY 2023-24 Fund Expenditure Plan?

Should the State Water Board authorize the Deputy Director of the Division of Financial Assistance (DFA) to update and amend the Appendices to the FEP, as necessary for administrative or procedural changes not in conflict with the FEP or the SADW Fund Policy?

Should the State Water Board authorize the Deputy Director of DFA, or his or her designee, to approve or deny funding without limitation on funding amount per project or program, for projects or programs consistent with the FEP; and to execute grant agreements and contracts and amendments thereto to disburse funds for such projects or programs; and to perform all acts and to do all things necessary and convenient to facilitate the implementation of such agreements?

FISCAL IMPACT

The adoption of the FY 2023-24 FEP will allow DFA to use monies from the SADW Fund in accordance with the proposed funding distribution for FY 2023-24.

REGIONAL BOARD IMPACT

Eligible projects statewide may be funded by the SADW Fund and will require collaboration and engagement between DFA and the Division of Drinking Water and, in some cases, with the Regional Water Quality Control Boards.

STAFF RECOMMENDATION

DFA staff recommends adoption of the FY 2023-24 FEP. The adoption of this FEP will allow the State Water Board to responsibly fund projects using the SADW Fund.