

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

ITEM 5

SUBJECT

CONSIDERATION OF A PROPOSED RESOLUTION AND GUIDELINES FOR THE CALIFORNIA EXTENDED WATER AND WASTEWATER ARREARAGE PAYMENT PROGRAM (EXTENDED ARREARAGE PROGRAM) AND DELEGATING AUTHORITY TO THE DEPUTY DIRECTOR OF THE DIVISION OF DRINKING WATER, THE DEPUTY DIRECTOR OF THE DIVISION OF WATER QUALITY, AND THE DEPUTY DIRECTOR OF THE DIVISION OF FINANCIAL ASSISTANCE TO ADMINISTER THE EXTENDED ARREARAGE PROGRAM.

DISCUSSION

On July 10, 2023, Governor Newsom signed a budget trailer bill that expanded the California Water and Wastewater Arrearages Payment Program by extending the COVID-19 pandemic bill relief period. The State Water Resources Control Board (State Water Board) previously provided payments to community water systems to forgive residential and commercial customer arrearages that accrued during the COVID-19 pandemic bill relief period of March 4, 2020 through June 15, 2021 (Water Arrearages Program). Since sufficient funds remained after implementation of the Water Arrearages Program, the State Water Board provided payments to wastewater treatment providers, including local government entities that are designated as the billing entity for a wastewater treatment provider, to forgive residential and commercial customer arrearages that accrued during the COVID-19 pandemic bill relief period of March 4, 2020 through June 15, 2021 (Wastewater Arrearages Program).

This new Extended Arrearage Program would provide payments to both water and wastewater customer arrearages for the extended COVID-19 pandemic bill relief period of March 4, 2020 through December 31, 2022. This resolution adopts the Extended Arrearage Program Guidelines (Guidelines). The original Water and Wastewater Arrearage Program resolutions and guidelines remain in effect until all entities who received funding complete all financial obligations and reporting. The Extended Arrearage Program will be jointly administered by the State Water Board's Division of Drinking Water (DDW), Division of Water Quality (DWQ), and Division of Financial Assistance (DFA).

The American Rescue Plan Act of 2021 provided funding to the State to address revenue losses as a result of the pandemic. The State Water Board has approximately \$600 million appropriated by the Budget Act of 2021 (Senate Bill 129) and the Budget Act of 2023 (Assembly Bill 102) from the Coronavirus State Fiscal Recovery Fund to the State Water Board for the California Water and Wastewater Arrearage

Program. These funds are to be distributed to all eligible applicants, or proportionally distributed if application amounts exceed the funded amount. The Budget Act of 2023 included enterprise revenue losses as an eligible cost under the Extended Arrearage Program, however, after consultation with the Department of Finance it has been determined that this is not allowable under the American Rescue Plan Act. Therefore, the Guidelines exclude enterprise revenue losses.

The Guidelines were released for public comment of August 25, 2023. State Water Board staff will provide an application package to all eligible community systems, establish an online portal for submittal of applications, and provide 60 days to receive the applications. Community water systems, wastewater treatment providers, and wastewater billing entities that participated in the Water Arrearges Program or Wastewater Arrearage Program are eligible for the Extended Arrearges Program but with the modified COVID relief period that excludes the original COVID relief period (March 4, 2020 through June 15, 2021). No modifications or adjustments to the original Programs are allowed. Applications for the Extended Arrearges Program will be stand-alone applications considering only the modified COVID relief period. Community water systems, wastewater treatment providers, and wastewater billing entities who did not participate in the original arrearges Programs are eligible for the Extended Arrearges Program for the full, unmodified COVID relief period.

If adopted, in addition to adopting the Guidelines, the proposed resolution will authorize the Deputy Director of the DDW, or designee, the Deputy Director of the DWQ, or designee, and the Deputy Director of the DFA, or designee, to administer the Extended Arrearges Program consistent with the Guidelines, including, but not limited to, making eligibility determinations, enforcing requirements in accordance with the Arrearges Statute, and approving and issuing payments of Extended Arrearges Program funds. The resolution further authorizes the Deputy Director of the DFA, with the concurrence of the Chief Counsel, to initiate processes to recover Program funds in appropriate cases, including, but not limited to, referring cost recovery requests to the Attorney General.

POLICY ISSUE

Should the State Water Board:

1. Adopt the California Extended Water and Wastewater Arrearage Program Guidelines?
2. Authorize the Deputy Director of the DDW, or designee, the Deputy Director of the DWQ, or designee, and the Deputy Director of DFA, or designee, to administer the Extended Arrearage Program consistent with the Guidelines, including, but not limited to, making eligibility determinations, and enforcing Extended Arrearage Program requirements in accordance with the Arrearges Statute, and approving and issuing payments of Extended Arrearage Program funds?

3. Authorize the Deputy Director of the DFA, with the concurrence of the Chief Counsel, to initiate processes to recover Extended Arrearage Program funds in appropriate cases, including, but not limited to, referring cost recovery requests to the Attorney General?

FISCAL IMPACT

Funds were appropriated in the FY 2023-24 Budget for the payments to water systems and wastewater treatment providers. Funds were also authorized for staff costs to administer the Extended Arrearage Program.

REGIONAL BOARD IMPACT

None.

HUMAN RIGHT TO WATER ANALYSIS

State Water Board action on this item will assist the State Water Board in achieving the policy set forth in section 106.3 of the Water Code. Specifically, subdivision (a) of that section declares it is the established policy of the State that “every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.”

STAFF RECOMMENDATION

Staff recommends that the State Water Board adopt the Resolution.