
State Water Resources Control Board

NOTICE OF OPPORTUNITY FOR PUBLIC COMMENTS, BOARD WORKSHOP, AND BOARD CONSIDERATION OF PROPOSAL TO UTILIZE A \$350 MILLION ALLOCATION FROM THE BUDGET ACT OF 2021 FOR GROUNDWATER CLEANUP AND WATER RECYCLING PROJECTS

NOTICE IS HEREBY GIVEN that the State Water Resources Control Board (State Water Board) will accept public written comments on a proposed plan (described in this Notice below) to utilize the Allocation from the Budget Act of 2021 for Groundwater Cleanup and Water Recycling projects.

Public written comments must be submitted no later than 12:00 noon on Monday, May 9, 2022. Public written comments must be submitted per the procedures in the “Submission of Comments” section of this public notice.

NOTICE IS ADDITIONALLY HEREBY GIVEN that the State Water Board will have a Board Workshop on the proposed plan on Wednesday, April 20, 2022. A quorum of the State Water Board may be present, but the State Water Board will take no action. The Board Workshop will be held on:

BOARD WORKSHOP
Wednesday, April 20, 2022 – 9:30 a.m.
Coastal Hearing Room – Second Floor
Joe Serna Jr. – CalEPA Building
1001 I Street, Sacramento
And via Video and Teleconference
(For public commenters.)

Video and Teleconference Option: This meeting will occur with both a physical meeting location and an option for the public to participate from a remote location.

- For those who only wish to watch the meeting, the webcast remains available at either <https://www.youtube.com/user/BoardWebSupport/> or <https://video.calepa.ca.gov/> (closed captioning available) and should be used **UNLESS** you intend to comment.
- For members of the public who wish to comment on an agenda item or are presenting to the Board, additional information about participating telephonically or via the remote meeting solution is available here: https://www.waterboards.ca.gov/board_info/remote_meeting/

NOTICE IS ADDITIONALLY HEREBY GIVEN that the State Water Board will consider adoption of a resolution approving staff's recommended plan on Tuesday, May 24, 2022 at the State Water Board Meeting. The anticipated date, time, and location of the Board Meeting are provided below:

BOARD MEETING
Tuesday, May 24, 2022 – 9:30 a.m.
Coastal Hearing Room, Second Floor
Joe Serna Jr. – CalEPA Building
1001 I Street, Sacramento
And via Video and Teleconference
(For public commenters.)

Video and Teleconference Option: *This meeting will occur with both a physical meeting location and an option for the public to participate from a remote location.*

- *For those who only wish to watch the meeting, the webcast remains available at either <https://www.youtube.com/user/BoardWebSupport/> or <https://video.calepa.ca.gov/> (closed captioning available) and should be used UNLESS you intend to comment.*
- *For members of the public who wish to comment on an agenda item or are presenting to the Board, additional information about participating telephonically or via the remote meeting solution is available here: https://www.waterboards.ca.gov/board_info/remote_meeting/*

BACKGROUND

The Budget Act of 2021 (Senate Bill 129 and Senate Bill 170) appropriated \$1.55 billion to the State Water Board in Item 3940-106-0001. This appropriation must be encumbered by June 30, 2024 and liquidated by June 30, 2026. Of the total amount, \$200 million is designated for groundwater cleanup and water recycling projects, of which \$50 million is allocated directly to the City of San Diego for the project referenced in section 10609.21 of the Water Code.

An [addendum to the Budget Act of 2021](#) included a “Water and Drought Resilience Package.” In addition to the \$200 million designated for groundwater cleanup and water recycling for Fiscal Year (FY) 2021-2022, the Water and Drought Resilience Package further budgets \$100 million for FY 2022-2023 and \$100 million for FY 2023-2024. Less the \$50 million earmarked for the City of San Diego project and five percent (5%) for administrative costs, there is \$330 million available for groundwater cleanup and recycled water projects.

The State Water Board, Division of Financial Assistance (DFA) held one public workshop for stakeholder representatives on February 2, 2022, and subsequently held two meetings with state and federal regulatory agency representatives on February 17, 2022 and February 28, 2022 to solicit input on options for the groundwater cleanup and water recycling funds appropriated in the Budget Act of 2021.

At each meeting, DFA staff summarized the status, procedures, and requirements of the existing Proposition 1 Groundwater Grant Program (GWGP), the Water Recycling Funding Program (WRFP), and the Site Cleanup Subaccount Program (SCAP).

OVERVIEW OF THE THREE EXISTING FUNDING PROGRAMS

The GWGP awards grant funds to cleanup and prevent contamination of groundwater that serves (or has served) as a source of drinking water. The Water Quality, Supply, and Infrastructure Improvement Act of 2014 (commonly referred to as Proposition 1) made \$670 million available for grants. The [GWGP Guidelines](#) require a fifty percent (50%) minimum local cost share, which is reduced for projects that benefit disadvantaged communities (DACs)¹ and severely disadvantaged communities (SDACs)². Projects awarded grants during the first and second funding solicitations are currently underway. The third and final funding solicitation is in process. The GWGP also funds Drinking Water Treatment and Wastewater projects that benefit SDACs; proposed projects are accepted continuously.

The SCAP was established by section 25299.50.6 of the Health and Safety Code. The SCAP executes grants and contracts to remediate the harm or threat of harm to human health, safety, and the environment caused by surface water or groundwater contamination. Applications to the program are accepted continuously. SCAP projects are focused on cleanup actions and are chosen based on the following factors: 1) the degree to which human health, safety, and the environment are threatened by contamination at the location; 2) whether the location is located in a small or financially disadvantaged community; 3) the cost and potential environmental benefit of the investigation or cleanup; 4) whether there are other potential sources of funding for the investigation or cleanup; and 5) any other information the State Water Board identifies as necessary for consideration. The SCAP has \$34 million available in local assistance moneys for the 2021/2022 fiscal year. To date, 100 groundwater cleanup projects have been funded, totaling \$109 million in commitments. These projects primarily clean up chlorinated solvent releases that pose a high risk to human health. There are at least 250 projects that are awaiting funding.

The WRFP promotes beneficial use of treated municipal wastewater to offset or augment fresh water supplies in California. The WRFP provides financial assistance through loans and grants for planning and construction activities, consistent with the Clean Water State Revolving Fund Program (CWSRF) [Policy](#) and [WRFP Guidelines](#).

¹ Defined as a community where the median household income (MHI) < 80% statewide MHI

² Defined as a community where the MHI < 60% statewide MHI

Approximately \$600 million in loans per year is available through the CWSRF, and limited loan principal forgiveness is available for projects that serve small DACs. For the next three fiscal years, the WRFP anticipates a total demand of \$1.8 billion for water recycling projects. Using the existing grant calculation method but assuming a \$10 million per project grant limit, the eligible grant amount would be an estimated \$266 million. WRFP applications are accepted continuously.

PROPOSED PLAN TO UTILIZE THE ALLOCATIONS

DFA staff propose:

1) \$165 million be directed to water recycling projects as grant funds in conformance with the eligibility requirements described in the applicable CWSRF Intended Use Plan and the WRFP Guidelines, and any amendments thereto.

2) \$165 million be directed to groundwater cleanup projects as grant funds in conformance with the eligibility requirements and priorities governing SCAP. The Deputy Director of DFA is also authorized to use these funds, for good cause, to support GWGP grant recipients that serve DACs and SDACs.

3) Utilizing the existing guidelines and requirements from these funding programs as the basis for administering the Allocations from the Budget Act of 2021.

Rationale for the Proposed Plan

DFA staff received many suggestions to distribute the funds among these three programs, most notably that fifty percent (50%) of the funds should be directed to the WRFP. Each water recycling project requires a large capital expenditure, and there are many water recycling projects ready for funding. DFA has a long history of funding water recycling projects, and these projects help address long-term water supply resiliency in the face of drought and climate change. DFA staff thus propose to allocate fifty percent (50%) of the funding available each FY to the WRFP.

DFA staff further evaluated the current demands and the availability of funds for the GWGP and SCAP to determine whether the other fifty percent (50%) of the funds should be distributed between these two funding programs. The SCAP has projected a significant demand for funding for the next three fiscal years and has limited funding to address the high demand. The GWGP recently closed its third and final funding solicitation and is in the process of making final awards of the remaining Proposition 1 funds. As a result, DFA staff recommend that the other fifty percent (50%) should be directed to SCAP. However, GWGP projects that benefit DACs and SDACs that have recently executed funding agreements may have costs that increase once projects go out to bid. Therefore, DFA staff also propose that the DFA Deputy Director be authorized, for good cause, to provide funds from the Allocation to GWGP grant recipients for projects that benefit DACs and SDACs.

After reviewing public comments, an updated proposed plan to utilize the Allocations will be posted for public comment prior to the State Water Board Meeting. This will occur as part of the regular State Water Board Meeting Agenda process, and can be viewed online at: http://www.waterboards.ca.gov/board_info/calendar.

SUBMISSION OF COMMENTS

The State Water Board will accept both written and oral comments on the proposed plan to utilize the Allocation. To submit written comments, please use the subject line: **“Comment Letter – Proposed Plan to Utilize the Allocation from the Budget Act of 2021 for the Groundwater Cleanup and Water Recycling Projects.”** Written comments must be received by **12:00 noon on Monday, May 9, 2022** and should be submitted to the attention of:

Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

Comment letters may be submitted to the Clerk to the Board via email (if less than 15 megabytes) at commentletters@waterboards.ca.gov. If the electronic comment letter is greater than 15 megabytes, it may be submitted by fax at (916) 341-5620. Couriers delivering hard copies of comment letters must check in with lobby security personnel, who can contact Ms. Townsend at (916) 341-5600.

PROCEDURAL MATTERS

At the April 20, 2022, State Water Board Workshop, a quorum of the State Water Board may be present; however, no Board action will be taken at the Workshop. At the May 24, 2022, State Water Board Meeting, the Board will consider adoption of the proposed plan to utilize the Allocation from the Budget Act of 2021 for the Groundwater Cleanup and Water Recycling projects. Participants will be given the opportunity to speak to the Board directly during the Board Workshop and to summarize and supplement their written materials with oral presentations during the Board Meeting. There will be no sworn testimony or cross-examination of participants. However, the State Water Board and its staff may ask clarifying questions. To ensure a productive and efficient Board Meeting, the Board may limit the time for oral comments.

For recommendations regarding presentations to the Board, please go to: https://www.waterboards.ca.gov/board_info/meetings/board_presentations.html.

ACCESSIBILITY

Telecommunications device for the hearing impaired (TDD) users may contact the California Relay Service at (800) 735-2929 or voice line at (800) 735-2922. A broadcast of the meeting will be available via internet and can be accessed at <https://video.calepa.ca.gov>.

FUTURE NOTICES

Any change in the workshop date, the public comment period, or to the intended date for State Water Board consideration of adoption will be provided via the State Water Board's email distribution list. Any person desiring to receive future notice of any changes must be subscribed to the State Water Board's email list.

The subscription form is located at:

http://www.waterboards.ca.gov/resources/email_subscriptions/swrcb_subscribe.html.

To subscribe, select the "General Interests" category, then check the box for "Board Meetings," and provide the required information.

Additionally, any person desiring to receive future notices concerning groundwater cleanup and recycled water funding, including the Allocation from the Budget Act of 2021, may subscribe to the following email lists:

Groundwater Cleanup: To subscribe, use the above link and select the "Financial Assistance (Grants and Loans)" category, then check the box for "Groundwater Quality Funding Assistance," and provide the required information.

Water Recycling: To subscribe, use the above link and select the "Financial Assistance (Grants and Loans)" category, then check the box for "Water Recycling Funding Program," and provide the required information.

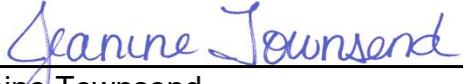
ADDITIONAL INFORMATION

More information about these funding programs can be found here:

- Proposition 1 Groundwater Grant Program:
https://www.waterboards.ca.gov/water_issues/programs/grants_loans/proposition_1/groundwater_sustainability.html
- Site Cleanup Subaccount Program:
https://www.waterboards.ca.gov/water_issues/programs/grants_loans/scap/
- Water Recycling Funding Program:
https://www.waterboards.ca.gov/water_issues/programs/grants_loans/water_recycling/

Please direct all questions regarding this notice to Ms. Kim Dinh at (916) 341-5729 or Kim.Dinh@waterboards.ca.gov.

April 8, 2022
Date



Jeanine Townsend
Clerk to the Board