Small Water System Program Goal
Implementation Plan

Program Goal

Bring 63 small community public water systems (small systems) that currently violate primary drinking water quality standards into compliance. Achieving this goal will bring the compliance rate of small systems in the state from the present 92% to 95%, matching that of the large community systems. In addition, these systems are to be brought up to a level of technical, managerial, and financial competence to enable them to sustain compliance into the future.

Background

Currently, over 98% of the population of California served by community water systems (more than 36 million individuals) receives drinking water that meets all primary (health-based) drinking water standards. While this is admirable, approximately 58,000 individuals (<1 % of the state’s population) are served by small water systems that fail one or more health-based standards. Predominantly, these people are located in disadvantaged communities\(^1\) and/or are served by small water systems\(^2\) in rural areas. These water systems typically cannot charge rates sufficient for maintenance and operation, or to undertake infrastructure repairs and upgrades. At the same time, the standards for public water systems have grown increasingly complex and more stringent.

There are approximately 2,300 small community water systems in California. A significant number of these small systems violate one or more health-based drinking water standards, corresponding to a compliance rate of 92% (the percentage of small community water systems that are in compliance with primary drinking water standards). For the 677 large community water systems, 35 violate a primary drinking water standard for a compliance rate of 95%.

Statistically, compliance is more likely in wealthier metropolitan areas, and thus this can be considered a public health equity issue. The CDPH Drinking Water Program and its funding stakeholders have identified increased compliance and reduction in compliance disparity between large and small community public water systems as a priority focus. These small water systems present the most challenging compliance issues, because of their lack of financial resources and limited opportunity for economies of scale.

Summary of Plan

The purpose of this Implementation Plan (Plan) is to define the specific steps CDPH will take to bring these targeted small systems into sustainable compliance with primary drinking water standards. The Plan defines specific tasks to achieve the goal as well as measureable results of

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\(^1\) Median household income is less than 80% of the statewide median

\(^2\) Community water systems with fewer than 1,000 service connections and population served less than 3,300
progress. It includes the use of CDPH staff and coordination with county drinking water programs, technical assistance providers, and stakeholders to accomplish its goal. This comprehensive approach will address the specific violations and reduce the numbers of primary drinking water standard violations in California.

This Plan is concentrated on the small community water systems that have the most pressing compliance issues caused by recent water quality violations. It focuses on addressing these violations while continuing CDPH’s routine regulatory oversight work to prevent new violations. While the Plan addresses the short term goal of compliance for a subset of the systems in noncompliance, the actions taken by CDPH in the three year period will lead to greater compliance overall and significant progress towards achieving compliance by all community water systems.

To ensure that systems can maintain compliance, it is imperative that the water rates in these communities be set at a rate that provides for adequate operations and maintenance (O&M), as well as repair or replacement of facilities over time. While recent legislative efforts allow CDPH to provide 100% grants for infrastructure projects to small public water systems serving severely disadvantaged communities, there are still those systems that will not be able to afford on-going O&M costs. Therefore, CDPH will allocate some resources as part of this Plan to ensure that the targeted water systems are provided assistance in establishing appropriate water rate structures.

Implementation Plan

CDPH plans to identify and coordinate staff (in the Drinking Water Program headquarters, field offices, and local health departments), resources (funding, technical assistance), and partners (third-party contractors) to target and address the needs of these systems. CDPH will continue to working on multiple fronts to address these issues:

1. Funding

As stated by the Legislature in 1997, with the inception of the California Safe Drinking Water State Revolving Loan Fund: "The risk to public health from contamination in drinking water creates a compelling need to upgrade public water systems." To this end, the Legislature tasked CDPH to provide technical and financial assistance to public water systems to ensure safe and dependable supplies of potable water for domestic purposes. The goal of the Funding Program is to provide financial assistance to community and nonprofit noncommunity public water systems. Because of the finite funds available, CDPH strives to address the highest priority public health needs first.

CDPH administers three separate funding programs available to address infrastructure needs for water systems: the Safe Drinking Water State Revolving Fund (SDWSRF), Proposition 50, and Proposition 84. Each of these programs must be implemented in accordance with applicable state and/or federal laws and regulations. Staff prioritize funding requests, review applications,
determine eligibility, and issue funding agreements to finance infrastructure improvements needed to protect public health. Staff review and approve plans and specifications for construction, conduct environmental review, monitor project progress, conduct field inspections, process invoices to water systems for payment during project construction, and process repayment invoices (when loans are involved.) Staff also work to ensure water systems have the technical, managerial, and financial (TMF) capacity to operate effectively. Each program is briefly summarized below.

**Safe Drinking Water State Revolving Fund (SDWSRF):** The SDWSRF provides low-interest loans to California’s water systems, which when repaid (principal and interest) will continue to fund projects into perpetuity. The SDWSRF also provides grants to water systems that serve disadvantaged communities if needed for affordability.

To date, the SDWSRF has provided over $1 billion in loans and grants for water system infrastructure improvements in California. Eighty percent (80%) of this funding has come from the federal government, matched by 20% state funding (general funds and bond funds). As of February 2012, the SDWSRF program funded 86 small water system projects serving more than 96,000 people at a cost of more than $120 million (approximate cost of $1,250 per person). For large water systems, 93 projects serving more than 31 million people have been funded at a total cost of $997 million (approximate cost of $32 per person).

**Proposition 50, the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Water Code Section 79500, et seq):** CDPH was allocated $485 million from Proposition 50. Of this, one program was specifically directed to small community water systems (Chapter 4a1), with total funding of $47 million. To date, approximately $35 million has been allocated from this program to 25 projects. Approximately $12 million in funding remains.

**Proposition 84, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006 (Public Resources Code Section 75001, et seq):** CDPH was allocated funds for grants for small community drinking water system infrastructure improvements and related actions to meet safe drinking water standards (Section 75022), with priority given to projects that address chemical and nitrate contaminants and disadvantaged communities. Total funds available for projects in this program are $157 million. To date, approximately $68 million has been allocated from this program to 107 construction projects and feasibility studies. The remaining funds are expected to be allocated to construction costs of projects currently in the feasibility study phase.

**Specific Funding Actions for Program Goal:**

a) CDPH staff will ensure that the information on targeted small water systems is correct; update as necessary.

b) CDPH staff will ensure that all targeted small water systems submit a funding preapplication to be considered for CDPH funding. Some systems may choose to pursue funding from other agencies or may self-fund, but all should have the opportunity for CDPH funding.
c) CDPH staff will evaluate and rank the preapplications and place the projects on the appropriate project priority lists.

d) CDPH staff will invite water systems to submit full applications for funding, and track whether the water system responds to the invitation. CDPH will refer any water system that does not respond to an invitation to a third-party technical assistance provider (see following section).

e) Based on the response to each invitation, CDPH staff will determine whether the project is ready for construction funding or should be directed to planning funds for feasibility evaluation and project design. CDPH staff will send the appropriate application to each water system. CDPH staff will notify third-party contractors that the water system may need assistance.

f) CDPH staff will assist each water system to submit a complete application by the required deadline by tracking completion of required elements (financial information, resolution from authorizing body, technical information, etc.), and sending reminders as necessary. CDPH will ensure that the applicant fully investigates consolidation as an alternative.

g) If a targeted water system does not submit an application, CDPH staff will identify the reason(s) and request a third-party contractor to provide assistance. CDPH will also determine if project bypass is appropriate at this time (for issues that cannot be resolved in a short time, such as ownership), or if enforcement action is needed (see below).

h) When an application is submitted, CDPH staff will review and provide timely feedback of any issues or deficiencies in the application. CDPH staff will give priority in processing to projects for targeted small water systems.

i) When CDPH issues a funding agreement, CDPH staff will follow up with applicant to ensure the agreement is signed and returned within required timeline.

j) CDPH staff will provide training to water systems and consultants on proper procedures for submitting claims and documenting expenses. CDPH staff will give priority in processing claims submitted by targeted small water systems.

k) CDPH staff will review projects during construction. CDPH staff will include water system representatives in review and provide explanation of technical issues involved in construction when possible.

l) CDPH staff will complete timely final review of the project, and will assist the water system in filing final documents.

m) CDPH staff will assist the water system in completing permit application for new facilities, if appropriate.

n) CDPH will ensure that initial water quality monitoring is done, and review results to ensure compliance.

o) CDPH staff will track progress of each water system in Program goal monitoring.

p) CDPH staff, working with LPA counties, will prepare a one-page summary for each system on the list that identifies issues and barriers that keep water systems from moving forward with a permanent solution.

q) CDPH staff, working with CalMuni and other resources, will identify which systems on the list are disadvantaged communities.

2. Technical Assistance

CDPH provides technical assistance for preparation of funding applications and development of technical, managerial, and financial (TMF) capacity. This is accomplished by a small team of
three to four CDPH staff, and third-party contractors (California Rural Water Association, Rural Community Assistance Corporation, and Self Help Enterprises). CDPH provides over $2 million per year to these contractors.

**Specific Technical Assistance Actions for Program Goal:**

a) CDPH staff will provide the list of targeted small water systems to third-party contractors, so that they may prioritize assistance to these systems.
b) Contractors to assist the targeted small water systems to prepare and submit funding preapplications.
c) Contractors to assist targeted small water systems to respond to funding invitations. Contractors to assist each water system to identify whether it is ready for construction, or should request planning funds.
d) Contractors to follow up on CDPH referrals for water systems not responding to funding invitations.
e) Contractors to assist targeted small water systems to establish water rate structures that are sufficient for debt service (if any) and operations, maintenance, and replacement of facilities over time.
f) Contractors to assist water systems to submit a complete application by the required deadline.
g) Contractors to follow up on CDPH referrals for water systems that do not submit funding applications. Contractors to identify reason, and recommend project bypass if appropriate. Contractors to follow up with water systems that are bypassed to assist them to address issues prior to next funding invitation.
h) Contractors to assist water systems to timely address any issues or deficiencies identified by CDPH in the application as soon as possible.
i) When CDPH issues the funding agreement, contractors to follow up with applicant to ensure the agreement is signed and returned within required timeline.
j) Contractors to assist in the review of projects during construction. Contractors to include water system representatives in reviews and to provide explanation of technical issues involved in construction when possible.
k) Contractors to assist water system in completing permit application for new facilities, if appropriate.
l) Contractors to assist water systems to perform initial water quality monitoring (including use of appropriately certified laboratory), and assist the water systems to understand the results.
m) CDPH staff and county drinking water programs will assist targeted water systems to develop a long term water quality monitoring plan to ensure required monitoring is done as required for compliance.

n) CDPH staff will assist targeted water systems to increase use of Information Technology tools (such as the Electronic Annual Report). This assists CDPH to ensure that drinking water information in California is comprehensive and accurate.
o) CDPH, county drinking water programs and contractors will assist targeted water systems to prepare and distribute annual Consumer Confidence Report to customers.
p) CDPH will expand technical resources by launching a website specifically for small water systems, including compliance tips, treatment technology explained in simple terms, guidance for selecting qualified engineering and environmental consultants, newsletters, and fact sheets.
q) CDPH, county drinking water programs and contractors will provide follow up assistance to ensure sustained compliance by water systems.

3. Enforcement and Compliance

CDPH, and the 32 counties delegated regulatory primacy for small community water systems, uses its enforcement authority to compel water systems to come into compliance. Water systems that make no progress towards correcting deficiencies, such as applying for funds, are subject to citations, fines, or other penalties. This is not the preferred approach to achieve compliance, but is necessary in certain circumstances. US EPA is also compelling CDPH to take more rigorous enforcement actions.

Specific Enforcement and Compliance Actions for Program Goal:

a) CDPH staff and county drinking water programs will evaluate the overall condition of the infrastructure of the targeted water systems, and will identify deficiencies that should be addressed in a funding project.

b) CDPH staff will ensure that an enforcement action (citation or compliance order) has been taken against all of the targeted small water systems. The enforcement action will include a requirement to submit funding applications and relevant documents. Note that enforcement action may be taken without assessment of fines or penalties; but do require public notice to consumers of the water system’s compliance issues.

c) CDPH staff and county drinking water programs will take further enforcement action on a water system that does not respond to a funding invitation.

d) CDPH staff, and county drinking water programs where necessary, will evaluate the appropriateness of seeking appointment of a receiver to take possession of and operate a public water system.

e) CDPH staff and county drinking water programs will assist targeted water systems to identify other water systems that may be considered or contacted for consolidation opportunities.

f) CDPH staff and county drinking water programs will ensure that a water system continues public notification or other enforcement requirements during the funding and construction process.

g) CDPH staff and county drinking water programs will assist water systems in completing permit applications for new facilities, if appropriate.

h) CDPH staff and county drinking water programs will rescind enforcement action after completion of the project, and confirmation that the system has returned to compliance.

4. Other Actions in Support of the Program Goal

a) CDPH will share this Plan with relevant state, federal, and local agencies, as well as other stakeholders. This is expected to foster additional opportunities for funding, coordinate construction projects in communities, and to assist in local and regional planning efforts.
b) CDPH will utilize Geographic Information System (GIS) tools to identify large water systems in close proximity to targeted small water systems, and will conducted targeted outreach to these large water systems to encourage them to consolidate the small systems into their service area.

c) CDPH will work with stakeholders to identify obstacles to consolidation (including financial, legal and local issues) and will develop possible actions to address these obstacles.

d) CDPH will participate in statewide planning efforts to address the water infrastructure needs of small water systems. CDPH will seek input from other states and the federal government on innovative, successful efforts to address the needs of small water systems, and will share its results on implementation of this Program goal.