



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX

**75 Hawthorne Street
San Francisco, CA 94105-3901**

JUL 23 2013

**OFFICE OF THE
REGIONAL ADMINISTRATOR**

Dr. Ron Chapman, Director
California Department of Public Health
1615 Capitol Avenue
MS 0500
Sacramento, CA 95809

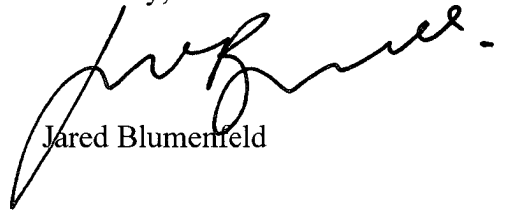
Dear Dr. Chapman:

In accordance with the U.S. Environmental Protection Agency grant regulation 40 C.F.R. §35.3585, the EPA issued a notice of non-compliance dated April 19, 2013 to the California Department of Public Health (CDPH) for failing to timely and efficiently commit and expend Safe Drinking Water State Revolving funds and employ adequate resources to operate the Safe Drinking Water State Revolving Fund in a sound financial manner. The CDPH responded to the notice of non-compliance by submitting a corrective action plan (CAP) on June 24, 2013. After initial review, the EPA requested that the CDPH clarify certain items in the CAP. Consequently, the CDPH submitted a revised CAP on July 12, 2013. I am pleased to inform you that the changes made to the CAP fully address the EPA's concerns, and I hereby approve the CDPH's revised CAP (enclosed).

The EPA will closely monitor the CDPH's implementation of the approved CAP to achieve sustained compliance. We acknowledge CDPH's timely submission of the deliverables for items 4, 5, and 6 of the CAP on June 30, 2013. We will review these and future deliverables as quickly as possible and respond in writing. Failure by CDPH to implement a component of the corrective action plan may result in the EPA suspending grant payments until acceptable actions are taken in accordance with 40 C.F.R. §35.3585(c). In addition, the EPA may take other actions based on this CAP or other EPA reviews which reveal non-compliance with the Safe Drinking Water Act Revolving Fund requirements, including withholding further grant awards, wholly or partly suspending current awards, or wholly or partly terminating current awards in accordance with 40 C.F.R. §31.43. The EPA appreciates the CDPH's responsiveness to the EPA notice of non-compliance and the changes in program management and financial oversight reflected in the approved corrective action plan. Implementation of the CAP will advance our mutual goal of optimizing use of the Safe Drinking Water State Revolving Fund program to provide safe drinking water and improve public health throughout California. For example, the CAP requires the CDPH to disburse at least \$878 million by June 30, 2016, whereas during the previous four years, the CDPH disbursed roughly \$397 million. Thus, the CDPH will more than double their rate of disbursements.

If you have questions regarding compliance with the program requirements, please call Jane Diamond, Water Division Director, at 415-947-8707, or other program contacts in the Water Division.

Sincerely,

A handwritten signature in black ink, appearing to read "Jared Blumenfeld", written in a cursive style.

Jared Blumenfeld

Enclosure

cc: Diana Dooley
Secretary, California Health and Human Services Agency