

Budget Act of 2021 Allocation for Drinking Water Infrastructure Projects

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Budget Act of 2021 – State Water Board Allocations

Allocation (Millions)	Project Type
\$650	Wastewater projects <i>*priority to septic-to-sewer conversions</i>
\$650	Drinking water projects <i>*priority to disadvantaged communities (DACs)</i>
\$30-100	Per-and polyfluoroalkyl substances (PFAS) support for water systems
\$150-350	Groundwater cleanup and water recycling projects
\$20	Mexico border rivers
\$	Other project-specific/directed allocations

Drinking Water Allocation Outline

- Budget Act of 2021 – Drinking Water Allocation
- Definitions/Acronyms
- Existing Grant Criteria in Drinking Water State Revolving Fund (DWSRF) Intended Use Plan (IUP)
 - Category A-C and/or Consolidation Projects
 - Category D- F Projects
- Potential Changes
- Stay Informed

Budget Act of 2021 – Drinking Water Allocation

- Up to 5% for Administrative Costs
 - Leaves \$617.5 M for grants
- Up to 10% for Technical Assistance (TA) and Capacity Building in DACs
- Must be Encumbered (committed) by June 30, 2024
- Must be Liquidated (disbursed) by June 30, 2026
- Resolution No. 2021-0030, August 18, 2021
 - Authorized staff to encumber up to \$100 M of allocation
- Remainder to be addressed in separate resolution early 2022

Relevant Definitions/Acronyms

- Disadvantaged Community (DAC): median household income (MHI) < 80% statewide MHI.
- Severely Disadvantaged Community (SDAC): MHI < 60% statewide MHI.
- Small Community: $\leq 3,300$ connections or $\leq 10,000$ people.
- Expanded Small Community: 3,300 – 6,600 connections or 10,000 – 20,000 people.
- Eligible Non-Transient Non-Community (NTNC) serves solely the following:
 - Public K-12 school;
 - Not-for-profit K-12 private school, daycare facility, labor camp, elder care facility, health care facility
- Consolidation: joining 2 or more public water systems, state small water systems, or affected residences not served by a public water system, into a single public water system.

Planning Grants

- No proposed changes to existing criteria.
- Small DACs may receive up to 100% planning grant.
- No cap on planning grant.
- Planning funds are counted toward total per project grant caps.*

* Current project caps:

- Per connection basis
- Apply to total grants for 5-year period (planning, TA & construction).

7 Existing Grant Criteria in DWSRF IUP Category A-C and/or Consolidation Projects

Maximum Principal Forgiveness, Grant or Combination Thereof Per Construction Project			
Type of Community Served by CWS	Residential Water Rates as a Percentage of MHI	Percentage of Total Eligible Project Cost	Maximum Amount Per Connection
Category A – C and/or Consolidation Projects			
Small DAC, Small SDAC or Eligible NTNC That Serves a Small DAC	N/A	up to 100%	\$60,000
Expanded Small DAC/SDAC or Small Non-DAC		up to 75%	

- Category A-C Projects: Address public health issues (Immediate Health Risk, Untreated or At-Risk Sources, or Compliance or Shortage)

Broaden Existing Grant Criteria in IUP? Category A-C and/or Consolidation Projects

Potential changes to consider:

- 1) Make Expanded Small DACs & Small Non-DACs eligible for ~~75~~-100%?
- 2) Add new eligible category of "Medium DAC"?
 - 6,600 - 33,000 connections or 20,000 – 100,000 people?
 - Also 100% grant, regardless of rates?
 - Set maximum grant per project of \$20M?

Existing Grant Criteria in DWSRF IUP Category D-F Projects

Maximum Principal Forgiveness, Grant or Combination Thereof Per Construction Project			
Type of Community Served by CWS	Residential Water Rates as a Percentage of MHI	Percentage of Total Eligible Project Cost	Maximum Amount Per Connection
Category D – F Projects			
Small SDAC or Eligible NTNC That Serves a Small DAC	N/A	up to 90%	\$45,000
Small DAC	>=1.5%	up to 75%	
	<1.5%	Not Eligible for PF, Grant or Combination Thereof	
Expanded Small SDAC	>=1.5%	up to 50%	\$45,000
	<1.5%	Not Eligible for PF, Grant or Combination Thereof	
Expanded Small DAC	>=1.5%	up to 25%	\$45,000
	<1.5%	Not Eligible for PF, Grant or Combination Thereof	

Broaden Existing Grant Criteria in IUP?

Category D-F Projects

Potential changes to consider:

- 1) Small SDACs and eligible NTNCs:
 - Increase to ~~90%~~ 100% grant?
- 2) Small DACs:
 - Eligible ~~with rates >1.5% of MHI~~ regardless of water rates?
 - Increase to ~~75%~~ 100% grant?
- 3) Expanded Small DAC/SDACs with rates >1.5% MHI:
 - Increase to ~~25% or 50%~~ 100% grant?

Broaden Existing Grant Criteria in IUP?

Consolidation Incentives

Potential changes to consider:

- A PWS fully consolidates 1 or more communities (at least 15 connections or 25 people)
 - Up to \$10 million in 0% financing **per consolidated community/water system** for an Incentive Project; and
 - Up to \$5k/connection when consolidating a small DAC or up to \$10k/connection when consolidating a small SDAC water system for an Incentive Project. Max of \$5 million grant per **consolidated community**/water system.

Incentive Project = a drinking water construction project that solely benefits a Receiving Water System

Tentative Next Steps

December 2021: Public Workshop

February 2022: Board Adoption of Proposed Criteria

Stay Informed

- Subscribe for email updates at:
www.waterboards.ca.gov/resources/email_subscriptions/swrcb_subscribe.html
 - Click on “Financial Assistance”
 - Check box titled “Drinking Water State Revolving Fund”
- Updated information on the Drinking Water Infrastructure Appropriation will be in the “What’s New” section on the DWSRF Program webpage:
https://www.waterboards.ca.gov/drinking_water/services/funding/SRF.html