

Drinking Water State Revolving Fund
Frequently Asked Questions

DRINKING WATER STATE REVOLVING FUND 2

 What is the Drinking Water State Revolving Fund (DWSRF)?2

 What is the DWSRF Policy?2

 What changes have been made to the DWSRF program as a result of the Policy?2

 What types of financing are available?3

 What is the Intended Use Plan (IUP)?3

 Does the DWSRF program offer grants?3

ELIGIBLE APPLICANTS AND PROJECTS 3

 Who is eligible to apply?3

 What types of projects are eligible for DWSRF funding?4

 What is the difference between planning/design funding and construction funding?4

 Can I apply solely for planning/design funds?4

 Is the DWSRF able to fund a project which simply provides bottled or hauled water?4

APPLICATION PROCESS 5

 How do I submit an application?5

 What is Technical, Managerial, and Financial (TMF) capacity?5

 Is hands-on assistance available to complete and submit an application?5

 What happens when I submit an application?5

 How do I obtain a status of my application?6

POST-FINANCING AGREEMENT 6

 What happens after I receive an executed financing agreement?6

 How do project costs get paid by the DWSRF program?6

 How do financing payments work?6

MISCELLANEOUS 7

 What is the difference between the DWSRF and Clean Water State Revolving Fund (CWSRF) programs?7

 Can my project be financed using a combination of funding sources?7

Have an unanswered question? We are here to help! Contact the DWSRF program at (916) 327-9978 or DrinkingWaterSRF@waterboards.ca.gov.

DRINKING WATER STATE REVOLVING FUND

What is the Drinking Water State Revolving Fund (DWSRF)?

The DWSRF is a self-perpetuating financial assistance program. The purpose of the DWSRF is to provide financial assistance for the planning/design and construction of drinking water infrastructure projects that are needed to achieve or maintain compliance with federal and state drinking water statutes and regulations. Funding for the DWSRF comes from federal grants, state sources, and loan repayment.

The DWSRF program provides low-interest loans and other financing mechanisms, such as grants, for the planning/design and construction of projects related, but not limited to: water sources, water storage facilities, treatment systems, distribution systems, interconnections, consolidations, and waterline extensions. In California, the DWSRF program is implemented pursuant to the DWSRF Policy and Intended Use Plan.

For more information on the DWSRF program, please visit:

http://www.waterboards.ca.gov/drinking_water/services/funding/SRF.shtml

What is the DWSRF Policy?

The new “Policy for Implementing the Drinking Water State Revolving Fund” (Policy) provides most public water systems access to DWSRF funds, streamlines the application process, and further improves the efficient delivery of financial assistance for water infrastructure projects. The Policy was designed to offer general guidance to applicants on how to apply for DWSRF funds. It became effective on January 1, 2015.

To download a copy of the Policy and its appendices, please visit:

http://www.waterboards.ca.gov/drinking_water/services/funding/DWSRF_Policy.shtml

What changes have been made to the DWSRF program as a result of the Policy?

The Policy makes several changes to the DWSRF program, including:

- Streamlining the application submittal and review process by eliminating the invitation process and eliminating application submission deadlines
- Expanding funding to all eligible projects
- Placing projects that address imminent water supply outages and nitrate MCL violations in the highest priority

What types of financing are available?

Interest rates on DWSRF loans are typically around 2 percent with a 20-year repayment term. To determine the current interest rate, please visit:

http://www.waterboards.ca.gov/drinking_water/services/funding/documents/srf/dwsrf_interest_rate_and_mhi_v2.pdf

Additionally, a public water system that serves a disadvantaged community with financial hardship may be eligible for 0 percent interest financing, and an extended 30-year repayment term. Appendix E of the Policy (http://www.waterboards.ca.gov/drinking_water/services/funding/DWSRF_Policy.shtml) contains financial hardship and loan affordability criteria.

What is the Intended Use Plan (IUP)?

The IUP is prepared each year to identify the intended use of DWSRF funds. It includes a listing of projects that are anticipated to receive financial assistance, specifies principal forgiveness limitations (per project and/or per system), and describes in detail any incentivized financing available for specific types of projects.

For more information, you may download a copy of the current year's IUP here:

http://www.waterboards.ca.gov/drinking_water/services/funding/DWSRFIUP.shtml

Does the DWSRF program offer grants?

Limited principal forgiveness and grants are available for water systems owned by a public agency or a not-for-profit water company which serves a small, disadvantaged community. Availability of principal forgiveness and grants are subject to the availability of funds. Eligibility for such funds is determined after the submission of a DWSRF financing application, during the financial review process.

ELIGIBLE APPLICANTS AND PROJECTS

Who is eligible to apply?

To determine your water system type, use the classification decision tree located here:

http://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/documents/publicwatersystems/DecisionTreeforClassifyingWaterSystems_Detailed_08-2012.pdf

- Publicly-owned community water systems (e.g. counties, cities, towns, municipalities)
- Privately-owned community water systems (e.g. for-profit water utilities, non-profit mutual water companies)
- Non-profit non-community water systems (e.g. public school districts)
- Community water systems created by the project

What types of projects are eligible for DWSRF funding?

Eligible projects include, but are not limited to:

- Construction of new water sources, distribution systems, and treatment facilities
- Construction of infrastructure needed for consolidations and interconnections
- Replacement of aged infrastructure, such as water sources, distribution systems, and treatment facilities
- Installation or replacement of water supply meters
- Construction of facilities needed to create a community water system, or extend service from an existing public water system, to serve residents currently on individual wells or surface water sources

What is the difference between planning/design funding and construction funding?

Planning/design funding includes, but is not necessarily limited to: evaluating alternatives, conducting treatment pilot studies, drilling test holes, preparing environmental documents and developing final plans and specifications. The intent of such funding is to get the project ready for construction. Applicants seeking such funding should submit a planning/design application, located in Appendix F of the Policy:

http://www.waterboards.ca.gov/drinking_water/services/funding/DWSRF_Policy.shtml

Construction funding is used once a water system infrastructure project is ready for construction. This means a project has bid-ready plans and specifications, all environmental work done, and has obtained all necessary permits and approvals. Applicants seeking such funding should submit a construction application, located in Appendix H of the Policy:

http://www.waterboards.ca.gov/drinking_water/services/funding/DWSRF_Policy.shtml

Can I apply solely for planning/design funds?

Yes, the intent of such funding is to get the project “shovel-ready” without binding the water system to construction financing. If a planning/design financing agreement isn’t rolled into a construction financing agreement, the repayment term is five (5) years.

Is the DWSRF able to fund a project which simply provides bottled or hauled water?

No. The DWSRF program can only fund projects that provide long-term solutions (i.e. 20-30 years).

APPLICATION PROCESS

How do I submit an application?

A complete application consists of the following 4 “packages”: 1) General Information, 2) Technical, 3) Environmental, and 4) Financial Security. Application forms are available on the DWSRF webpage, and can also be downloaded through the Financial Assistance Application Submittal Tool (FAAST) system. For those water systems that do not have access to the internet, a hardcopy of the application can be obtained by calling (916) 327-9978.

Once applications and supporting documentation is complete, they can be submitted through the FAAST system. For more information, visit: <https://faast.waterboards.ca.gov/>

What is Technical, Managerial, and Financial (TMF) capacity?

TMF capacity means the technical, managerial, and financial capability of the water system to ensure the delivery of pure, wholesome, and potable drinking water. TMF requirements ensure that water systems receiving funding have long-term sustainability and are able to maintain compliance with all applicable drinking water laws and regulations, as well as repay any loan portion of funding provided.

A TMF capacity assessment is required to be completed during any funded planning/design project, and must be completed prior to the funding of any construction project. TMF instructions and assessment forms are located in Appendix C of the Policy:

http://www.waterboards.ca.gov/drinking_water/services/funding/DWSRF_Policy.shtml

Is hands-on assistance available to complete and submit an application?

The State Water Board maintains several contracts with nonprofit organizations to provide hands-on assistance free of charge to the applicant. Please call (916) 327-9978 or email DrinkingWaterSRF@waterboards.ca.gov for assistance.

What happens when I submit an application?

- The project will be assigned a Project Manager (PM). The PM will review your application for completeness and contact you if additional information is necessary. The PM may schedule an introductory or “project kickoff” meeting.
- The project is placed on the Comprehensive List when there is sufficient information to assign a project category.
- The Division of Financial Assistance (DFA) will conduct technical, environmental, and financial reviews of project submittals.

- Once all reviews are complete, a funding determination will be made. If terms are agreeable to the applicant, a financing agreement will be prepared.
- Concurrent with the preparation of a financing agreement, applicants will be contacted by DFA's legal counsel for a legal opinion. This legal opinion is a requirement of the DWSRF program. For more details, please review the legal opinion FAQ:
http://www.waterboards.ca.gov/drinking_water/services/funding/documents/srf/dwsrf_policy/dwsrf_legal_faq.pdf

How do I obtain a status of my application?

Applicants should contact the PM for application status. If you are unsure which PM is assigned to your project, please call (916) 327-9978 or email DrinkingWaterSRF@waterboards.ca.gov for assistance.

POST-FINANCING AGREEMENT

What happens after I receive an executed financing agreement?

The financing agreement will contain all applicable Federal and State requirements that apply to the project. You will be expected to proceed with the project expeditiously, and provide the PM with regular updates.

How do project costs get paid by the DWSRF program?

The DWSRF is a reimbursement program, meaning project costs are reimbursed after they've been incurred (but the recipient does not need to have actually paid the cost before requesting reimbursement). Invoices are submitted in the form of "claims" using disbursement request forms.

Instructions, forms, and more details on disbursement requests are located in Appendix M of the Policy:
http://www.waterboards.ca.gov/drinking_water/services/funding/DWSRF_Policy.shtml

How do financing payments work?

Repayment of principal does not occur during the project. However, any accrued interest is billed semi-annually during the project. Interest accrues on all disbursements on the date of each disbursement.

Upon a project's final disbursement of funds, DFA will issue a final payment schedule (principal and interest) which includes an amortization table. Recipients must make their first full semiannual payment no later than one year following the project completion date.

MISCELLANEOUS

What is the difference between the DWSRF and Clean Water State Revolving Fund (CWSRF) programs?

As of July 2014, both programs are administered by the State Water Board. The DWSRF program provides financial assistance specifically for drinking water systems. The CWSRF program provides financial assistance for projects that prevent pollution of State waters.

For more information on the CWSRF program, visit the CWSRF website:

http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/index.shtml.

Can my project be financed using a combination of funding sources?

Yes. The DWSRF program can fund a project in whole or in part, as long as the project is fully-funded and meets all applicable DWSRF requirements.