Frequently Asked Questions on the Safe and Affordable Drinking Water Program

Overview

What is the Safe & Affordable Drinking Water Program?
The Safe & Affordable Drinking Water Program (SADW) is a set of tools, funding sources, and regulatory authorities designed to ensure that one million Californians who currently lack safe drinking water receive safe & affordable drinking water as quickly as possible. The SADW program also aims to reach sustainable operations for all of the state’s drinking water systems and is a critical element for achieving the goals of safe, accessible, and affordable water for all Californians.

Why is the Safe & Affordable Drinking Water Program necessary?
Although state funding is generally available for safe drinking water infrastructure, communities must first demonstrate that they have adequate technical, managerial, and financial capacity to operate and maintain the treatment systems in order to be eligible for funding. In addition, state and federal funds are not routinely available for operations and maintenance costs.

Typical operations and maintenance costs include, but are not limited to: personnel (management, administrative, and operations, etc.); financial services (bookkeeping, billing, accounting, audit and financial reporting), professional services (certified operator, engineer, attorney); water quality monitoring, permit fees, insurance, annual equipment and infrastructure repair and replacement, energy costs, chemical or other water quality treatment materials and any residual disposal cost, and wholesale water purchases.

Small water systems lack the economies of scale of larger water systems. Thus, many small disadvantaged communities are unable to deliver safe drinking water at affordable rates due to the cost of operations and maintenance. The lack of operations and maintenance funding prevents the State from providing funds for installation of the needed treatment, meaning that the communities continue to receive unsafe drinking water. The establishment of this Safe and Affordable Drinking Water Fund provides the critical mixing piece of this puzzle.
What kind of communities need help?
Small marginalized communities around the state have struggled to access safe drinking water for years. The SADW program addresses three hard truths about access to safe and affordable drinking water and the size and locations of the hardest hit water systems who struggle to deliver safe drinking water reliably:

1. **More than a half-million California residents lack access to water that is reliably safe for drinking** because of possible contaminants such as arsenic, nitrates and/or 123-TCP. Over time, exposure to any of these contaminants increases health risks to children and adults.

2. **More than 500 rural and small water systems with less than 100 connections** face the greatest risk of unsafe water. They are least likely to afford the necessary upgrades and or cost of regional consolidations. **In contrast**, more than 400 of the state’s largest water systems (those with 3,000 or more customers) that serve more than 90 percent of the state’s 39.5 million residents have been able to deliver safe drinking water to their customers for decades.

3. California’s water utility network is fragmented and inefficient compared to other utilities. Today, there are more than 7,400 individual water systems, as compared to 75 energy utilities and 900 centralized wastewater treatment systems. **Consolidation increases efficiency and can reduce the cost of delivering safe drinking water to rural or isolated communities.** The Safe and Affordable Drinking Water Fund provides a steady stream of funding for studying and planning the necessary steps for consolidations if it makes the most financial sense to do so.

What types of solutions are available?
Near-term solutions include temporary connections to safe drinking water sources, point-of-use treatment systems, drilling wells into uncontaminated aquifers, and trucking water directly to communities.

The long-term goal is to ensure that all drinking water systems can sustainably and affordably provide safe drinking water to everyone they serve. **Long-term solutions that will lead to safe and self-sufficient systems include funding system upgrades, consolidation and regionalization (i.e. linking smaller systems into larger ones), and technical and managerial capacity building.**
How did the Governor assist this program?
Within the first week of taking office, Governor Gavin Newsom proposed the creation of a Safe and Affordable Drinking Water Fund -- to ensure all Californians have access to a fundamental necessity. On July 24, the Governor signed legislation (SB 200) which establishes the Safe and Affordable Drinking Water Fund to help local water systems provide safe drinking water.

Have any timelines or goals been identified?
Yes. The Safe and Affordable Drinking Water plan has the following goals:

- Identify high-risk systems and areas on private wells or served by small water systems in order to proactively support prevention and resiliency;
- Strongly promote consolidation and regional solutions that increase resiliency and economies of scale;
- Accelerate project development and implementation timelines;
- Develop and support comprehensive solution assistance services and local technical and managerial capacity building, to ensure long-term solutions and maximize community benefits;
- Ensure access to immediate, interim solutions where needed.

Building upon the progress the State Water Board has already made, additional Californians will receive safe drinking water and technical assistance in the first year as described below:

- **Goal: Temporary supplies of safe drinking water for up to 75 communities and schools**
  - Prioritization
    i. Based on immediate health concerns
    ii. Augment Existing Funding Programs
    iii. Interim Assistance Providers

- **Goal: Preliminary Planning Assistance for 100 communities; Accelerate or provide permanent solutions for 75 communities.**
  - Prioritization
    i. System Violations
    ii. Long Term Sustainability
    iii. Consolidation/Regionalization
    iv. Remote or Isolated homes or state smalls
Why is the State Water Board the best agency to lead this program?
The State Water Board, through its Division of Drinking Water, has the primary authority to 
enforce federal and state drinking water statutes, and is responsible for the regulatory 
oversight of about 7,400 public water systems throughout the state. The State Water Board 
also has a Division of Financial Assistance (DFA) that awards state and federal grants and 
loans for drinking water infrastructure. The SADW program includes an additional $130 million 
per year through 2030 to support safe drinking water needs.

What is the Division of Drinking Water?
The State Water Resources Control Board’s Division of Drinking Water (DDW) regulates the 
state’s 7,400 public water systems and oversees water recycling projects, permits water 
treatment devices, supports and promotes water system security, and works closely with the 
Division of Financial Assistance (DFA) on funding for water systems. DDW staff work from 24 
field offices across the state. Locations and contact information for DDW field offices is located 
here.

DDW staff review drinking water quality data and perform triennial reviews of public water 
systems as part of the Division’s regulatory oversight responsibilities. For the many small 
systems struggling to deliver reliable safe drinking water, DDW staff direct them towards 
technical and financial assistance program. The Safe and Affordable Drinking Water Fund will 
now provide struggling systems with operations & maintenance assistance and pathways 
towards sustainability. The Safe and Affordable Drinking Water Program will provide 
comprehensive and sustainable support to ensure provision of safe drinking water in 
communities that don’t have it.

What is the role of the Division of Financial Assistance?
The Division of Financial Assistance (DFA) administers the implementation of the State Water 
Board’s financial assistance programs, including loan and grant funding for construction of 
municipal sewage and water recycling facilities, drinking water projects and upgrades, 
remediation for underground storage tank releases, watershed protection projects, nonpoint 
source pollution control projects, etc.

Toward this end, the Division of Financial Assistance has a variety of funding resources that it 
will use to advance these safe and affordable drinking water goals.
**Funding**

**Where does the money come from?**
There are a number of funding sources that the State Water Boards can draw from, and sometimes they can get project-specific, when choosing the right program. In other words, some funding can only be used for specific purposes. In general terms, to get this program moving quickly, the State Water Board plans to focus on the available resources acted on by the Board on Aug. 20, which gave the Board’s Division of Financial Assistance access to both bonds funds and revenue from the state’s Greenhouse Gas Reduction Fund, and can quickly begin providing resources that can pay for immediate safe drinking water delivery, planning for communities eligible for either upgraded or first-time-ever, drinking water treatment, as well as necessary consolidations of nearby smaller systems by existing larger water systems with existing drinking water treatment systems.

**One-time General Fund Appropriation (AB72)**
Assembly Bill 72 (AB 72) amended the Budget act of 2018 to appropriate $20 million from the General Fund for safe drinking water programs. $10 million is allocated to “provide grants or contracts to address urgent drinking water needs in disadvantaged communities, local educational agencies in or serving disadvantaged communities, or nonprofits.” Another $10 million is designated “for grants or contracts for administrators to provide administrative, technical, operational, or managerial services to a designated water system to support compliance with current drinking water standards.”

Eligible projects under the portion of the funds or urgent needs include, but are not limited to, interim alternate drinking water supplies, emergency improvements, service extension, consolidations, treatment and critical operation and maintenance activities that are cost prohibitive considering the population and median household income of the community served by the water system.

**Drinking Water State Revolving Fund**
The purpose of the Drinking Water State Revolving Fund (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. A public water system that serves a disadvantaged community with financial hardship may be eligible for principal forgiveness or zero percent interest financing, and an extended 30-year repayment term. Funds are meant for projects that provide long term solutions. More details are available online for the DWSRF and its associated project list.

**Bond Funding (Prop 68)**

Proposition 68, was passed by voters in June 2018. The State Water Board will administer $220 million for Safe Drinking Water and $74 million from Chapter 11.1 for grants for treatment and remediation activities that prevent or reduce the contamination of groundwater that serves as a source of drinking water. $16 of the $74 million is set aside for projects serving severely disadvantaged communities. Funding preference will be given to projects that advance the State’s policy on the Human Right to Water. Funds may be used for non-capital expenditures including ongoing operations and maintenance. Workshops on proposed program guidelines were June 2019. Funding awards are expected by Spring 2020. More information is available at the Prop 68 program website.

**Safe and Affordable Drinking Water Fund**

The Safe and Affordable Drinking Water (SADW) Fund was established through Senate Bill 200 (SB200) in 2019. The Fund will provide $130 million per year that will be used to develop and implement sustainable solutions for small systems with violations of drinking water standards. The money may be spent on operations and maintenance costs, cost of consolidating with larger system, provision of replacement water, and funding for administrators to run the small systems.

**How can communities apply for the new funding?**

The Division of Financial Assistance is creating a simple pre-application for disadvantage community water and wastewater projects. Depending on the type of projects, the applicant will be directed to the appropriate funding program. Technical assistance will be available to help communities apply for funding.

**When will money be made available?**

The State Water Board adopted a resolution on August 20, 2019 to authorize staff to issue grants and contracts using the SADW funding appropriated in the Fiscal Year 19-20 Budget. The Division of Financial Assistance will begin issuing funds for near-term solutions as soon as possible. Funding for system administrators will begin after the Board adopts the Administrator Policy Handbook.
**Prioritizing Need**

**How will the Division of Drinking Water priorities communities or projects?**
Prioritization for permanent solutions will generally be based on the following criteria

**Public Water Systems**
Priority will be given to consolidation or regionalization projects that can show long-term resiliency and sustainability for communities or schools unable to meet safe drinking water act standards. The guidance and prioritization policy adopted as a part of the Drinking Water State Revolving Fund will be utilized as a basis for these projects. Construction projects will be required to develop plans to achieve long-term resiliency and sustainability within five years.

**Communities on domestic wells or state smalls**
In areas with high population density but without centralized infrastructure, priority will be given to consolidation or regionalization projects that consolidate disadvantaged neighborhoods without public water systems into larger public water systems, especially in areas with high risk of contamination or water shortage, are a top priority.

**Remote or isolated homes or state smalls**
Well rehabilitation or Point-of-Use and Point-of-Entry treatment options will likely be the best long-term solutions for households in remote or isolated areas (where consolidation is not feasible) with known or high risk of contamination or water shortage.

**What happens if a community needs replacement water immediately?**
The State Water Board has existing agreements with interim assistance providers and funding available for to provide temporary supplies of safe drinking water.

**How will the Division of Drinking Water determine which smaller systems should be consolidated with nearby larger systems?**
This first criterion for consolidation will be the needs of the smaller system, based on violation of drinking water standards and its managerial and fiscal condition. The next criterion is the distance to a larger system. The size and technical, managerial and fiscal capabilities of the larger system will also play into this analysis.

**What tools does the Division of Drinking Water have to assist with consolidation efforts?**
The Division of Drinking water in conjunction with the Division of Financial Assistance has a number of tools to assist with consolidation efforts. Administrators can be appointed and funded to run small failing systems and shepherd them on the path the sustainability. There is
direct technical assistance available as well as funding for technical assistance providers. In the case of small systems with drinking water violations, the Water Board can order consolidations, although voluntary cooperative approaches are preferred.

**Does the Division of Drinking Water plan to “stress test” existing communities to see if they can afford their own drinking water treatment systems instead of consolidation?**
The focus of the SADW Program is ensuring the long-term viability and sustainability of drinking water systems. One of the important aspects of this is assessing the long term financial, managerial and technical capabilities of each system. As such the Division of Drinking Water will look at all options that will lead to long term sustainability.

**For More Information**

**Is there a place on the internet I can see what communities currently don’t have safe drinking water?**
The State Water Board maintains a list and map of these communities on its [Human Right to Water portal](#).

**I understand the Division of Drinking Water has been working on this for some time. What are some of the accomplishments?**
Since the Legislature transferred the Safe Drinking Water Program to the State Water Resources Control Board in 2014, the Board, working with the Legislature and stakeholders has made significant progress toward ensuring that all Californians have access to safe drinking water and achieving the goals of the [Human Right to Water Act (AB 685, 2012)](#).

Since 2014, the Board has:

- Brought 250 systems that were failing to deliver safe drinking water back into compliance.
- Taken actions that led to the consolidation of 100 failing - or likely to fail - water systems since 2017.
- Helped more than 200 small disadvantaged communities secure funding for project planning and construction through our Office of Sustainable Water Solutions.
- Provided more than $1.4 billion in low-interest loans and grants, benefitting approximately 7.2 million people in communities large and small, rich and poor, urban and rural.

Despite these efforts, 1 million Californians in 300 or more communities are still without safe and affordable drinking water.
How much has been spent to date to assist disadvantage communities without access to safe drinking water?
Since 2010, the state has distributed over $3 billion in bonds and federal funds for the repair, replacement, and improvement of aging infrastructure and installation of new treatment systems for over 600 projects to comply with the federal Safe Drinking Water Act. For more information please visit the State Water Board’s Division of Drinking Programs home page.

Where can I find more information on this, and stay updated?
For more information, or to track progress on this effort, please visit the State Water Boards’ Human Right Water website.

(This Fact sheet was last updated on Aug. 20, 2019)