WELCOME

DRINKING WATER SRF AND CLEAN WATER SRF

DRAFT SFY 2020-2021
INTENDED USE PLAN (IUP)
WORKSHOP

MAY 20, 2020
DRINKING WATER SRF PRESENTERS

CHRISTOPHER STEVENS
LOAN & GRANT ASSISTANT
DEPUTY DIRECTOR

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DWSRF SENIOR ENGINEER

BRIDGET CHASE
OSWS SUPERVISING ENGINEER
DIVISION OF FINANCIAL ASSISTANCE

DRINKING WATER STATE REVOLVING FUND

DRAFT SFY 2020-2021
INTENDED USE PLAN (IUP)
WORKSHOP

MAY 20, 2020
PREVIEW

1. Background
2. IUP Basics
3. Financial Outlook
4. Comprehensive List And Fundable List
5. What’s The Same
6. What’s New
7. Small Community Funding
8. Additional Supplemental Appropriations for Disaster Relief Act, 2019 (ASADRA) Funds
9. Schedule
10. Submitting Comments
1. PROGRAM BACKGROUND

- **DWSRF Est’d In 1996 By Safe Drinking Water Act (SDWA) Amendment**
  - Low interest loans and limited principal forgiveness to public water systems for drinking water system improvements

- **State Loans/Grants Complement DWSRF**
  - DWSRF policy and IUP applicable for DWSRF and complementary sources

- **Safer Drinking Water Program**
  - SAFER fund is one of the tools and will be used in combination with the DWSRF program

- **Projects Are Prioritized To**
  - Address most serious public health risk problems
  - Assist those most in need on per household affordability basis
  - Ensure compliance with SDWA requirements
2. IUP BASICS

- Draft SFY 2020 – 2021 DWSRF IUP
  https://www.waterboards.ca.gov/public_notices/comments/
  https://www.waterboards.ca.gov/drinking_water/services/funding/SRF.html

- Capitalization Grant Application & Federal Requirements

- Annual Business Plan
  - Finances
  - Staffing
  - Resources
  - Goals/Approach/Requirements
Eligibility May Depend on the Applicant Type and the Funding Source

- **Eligible Applicants:**
  - Publicly Owned Community Water Systems (CWS)
  - Privately Owned CWSs
  - Nonprofit Non-CWSs

- **Eligible Costs:**
  - Planning Documents
  - Project Design
  - Construction
  - Construction Management
  - Administration
  - Environmental Documents
3. FINANCIAL OUTLOOK
FUNDS AVAILABILITY/CAPACITY

- Sustainable DWSRF Capacity, Approximately
  - $308 million loan per year
  - $47.5 million Principal Forgiveness (FFY2020)

- Complementary Funds
  - Prop 1 and Prop 68 grant funds = $202.3 million
  - Groundwater: $160 million remains
    - $110 million reserved for DACs/SDACs
    - Only DAC/SDAC drinking water treatment projects are eligible
  - Final solicitation (Round 3) planned to open late 2020
### 3. FINANCIAL OUTLOOK

RECENT DWSRF & COMPLEMENTARY FINANCING

<table>
<thead>
<tr>
<th>SFY</th>
<th>Number of Agreements</th>
<th>$ of Agreements (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016-17</td>
<td>93</td>
<td>$307</td>
</tr>
<tr>
<td>2017-18</td>
<td>72</td>
<td>$336</td>
</tr>
<tr>
<td>2018-19</td>
<td>24</td>
<td>$250</td>
</tr>
</tbody>
</table>

**SFY 2019-20 DWSRF Financing to March 1, 2020**

<table>
<thead>
<tr>
<th>Number of Agreements</th>
<th>DWSRF Loan</th>
<th>SCG</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>23</td>
<td>10</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>$130</td>
<td>$14</td>
<td>$144</td>
<td></td>
</tr>
</tbody>
</table>
## 4. COMPREHENSIVE & FUNDABLE LISTS

### COMPREHENSIVE LIST OF APPLICATIONS

<table>
<thead>
<tr>
<th>Application Status</th>
<th>Number of Applications</th>
<th>Requested Amount, million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing and New Small SDAC &amp; Small DAC Projects (Automatically on the Fundable List)</td>
<td>235</td>
<td>$460</td>
</tr>
<tr>
<td>Projects Subject to Ranking (Requesting Placement on the Fundable List)</td>
<td>52</td>
<td>$1,350</td>
</tr>
<tr>
<td>Rollovers from SFY 2019-20 IUP</td>
<td>27</td>
<td>$1,150</td>
</tr>
<tr>
<td></td>
<td><strong>314</strong></td>
<td><strong>$2,960</strong></td>
</tr>
</tbody>
</table>
4. COMPREHENSIVE & FUNDABLE LISTS

THE FUNDABLE LIST

- Fundable List Identifies Projects DFA Can Finance
  - Anticipate financing by June 30, 2021
- Increase Loan Demand
  - Deputy director may:
    - Add loan ready projects
    - Bypass projects not making sufficient progress toward an agreement
  - Priority given to Small DACs/SDACs that need DWSRF loan and are ready for an agreement
### 4. COMPREHENSIVE & FUNDABLE LISTS

**FUNDABLE LIST SUMMARY (NON-SMALL DAC/SDAC)**

<table>
<thead>
<tr>
<th>Summary</th>
<th>Projected Number of Projects</th>
<th>Estimated DWSRF Loan Amount</th>
<th>Estimated Proposition Grant Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Water System Planning</td>
<td>1</td>
<td>$493,200</td>
<td>$0</td>
</tr>
<tr>
<td>Large Water System Planning</td>
<td>0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Small Water System Construction</td>
<td>7</td>
<td>$37 million</td>
<td>$0</td>
</tr>
<tr>
<td>Large Water System Construction</td>
<td>31</td>
<td>2.2 billion</td>
<td>$65 million</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>39</strong></td>
<td><strong>2.2 billion</strong></td>
<td><strong>$65 million</strong></td>
</tr>
</tbody>
</table>
5. WHAT’S THE SAME

- Match Financing Available
- Application Process
- Applications Accepted Continuously
  - Will assist & review as applications are submitted
- Fundable List Not A Guarantee Of Funding
  - Must meet all eligibility criteria for funding
- Fundable List
  - All small DAC & small SDAC projects automatically added to the fundable list
  - Other fundable list projects not making progress to a financing agreement may be bypassed
- Retroactive Planning & Design Eligibility
  - Past project planning & design costs remain eligible
  - Must still be documented
5. WHAT’S THE SAME (CONT.)

- **Extended Planning Financing Terms**
  - 5- or 10-year term at applicant’s request

- **Extended Construction Financing Terms**
  - DAC/SDAC – 40 years or project’s useful life
  - All others – 30 years or project’s useful life

- **Loan Repayment**
  - Annual repayment
  - 1st principal & interest repayment after project completion:
    - 12 months for non-DAC/SDAC
    - 18 months for DAC/SDAC
  - Pre-payments require DFA deputy director approval
6. WHAT’S NEW?

- **DWSRF Policy Amendment**
  - Policy last amended on December 3, 2019
  - Project budgets finalized from the outset in the agreements
    - Eliminate the mandatory amendment step associated with the “Final Budget Approval”
    - Recipients can draw construction funds sooner
    - Minimize volume of agreement amendments
    - Focus more on executing new funding agreements
  - Agreements may still be amended for cost increases or other changes

- Small disadvantaged communities and small severely disadvantaged communities

- **Additional Supplemental Appropriations For Disaster Relief Act, 2019 (ASADRA) Funds**
7. SMALL DISADVANTAGED COMMUNITIES

- **Small Community Water System (SCWS)**
  - Serves ≤ 3,300 connections or
  - Population ≤ 10,000 persons

- **Expanded SCWS**
  - Serves between 3,300 - 6,600 connections or
  - Population between 10,000 - 20,000 persons

- **Disadvantaged Community (DAC)**
  - Median household income (MHI) < 80% of the Statewide MHI

- **Severely Disadvantaged Community (SDAC)**
  - MHI < 60% of the Statewide MHI
7. SMALL DISADVANTAGED COMMUNITIES

- **Automatically on Fundable List**
  - Applications **not** scored or ranked
  - Initial eligibility screening by DFA staff
  - Eligibility re-checked/confirmed prior to funding by DFA staff

- **Small Community Funding**
  - Grant and/or principal forgiveness available
  - Reduced interest rates
  - Current demand exceeds available funding
  - DFA staff determines funding source(s)
  - Prioritizing projects that address the most serious human health risks and consolidations
7. SMALL DISADVANTAGED COMMUNITIES

- Technical Assistance (TA) Available
  - Technical, Managerial and Financial Assessments
  - Funding Application Assistance
  - Rate Studies
  - Income Surveys
  - Legal Assistance
  - Public Outreach
  - Planning Work (Feasibility Studies, Environmental Documents, Design, etc.)
### 7. SMALL DISADVANTAGED COMMUNITIES

**PLANNING GRANT ELIGIBILITY CRITERIA**

<table>
<thead>
<tr>
<th>Total Eligible Planning Project Cost</th>
<th>Interest Rate</th>
<th>Loan Term</th>
<th>Maximum Grant/Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ $500,000</td>
<td>n/a</td>
<td>n/a</td>
<td>$500,000</td>
</tr>
<tr>
<td>&gt; $500,000</td>
<td>0%</td>
<td>Up to 5 or 10 years</td>
<td>$500,000</td>
</tr>
</tbody>
</table>
### 7. SMALL DISADVANTAGED COMMUNITIES

CONSTRUCTION GRANT ELIGIBILITY CRITERIA

<table>
<thead>
<tr>
<th>Type of Community Served by CWS</th>
<th>Residential Water Rates as a Percentage of MHI</th>
<th>Percentage of Total Eligible Project Cost</th>
<th>Maximum Amount Per Connection/Construction Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category A – C Projects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small DAC, Small SDAC or Eligible NTNC That Serves a Small DAC</td>
<td>N/A</td>
<td>up to 100%</td>
<td>$60,000</td>
</tr>
<tr>
<td>Expanded Small SDAC</td>
<td></td>
<td>up to 75%</td>
<td></td>
</tr>
<tr>
<td>Small Non-DAC or Expanded Small DAC</td>
<td></td>
<td>up to 50%</td>
<td></td>
</tr>
</tbody>
</table>
## 7. SMALL DISADVANTAGED COMMUNITIES

CONSTRUCTION GRANT ELIGIBILITY CRITERIA (CONT.)

<table>
<thead>
<tr>
<th>Type of Community Served by CWS</th>
<th>Residential Water Rates as a Percentage of MHI</th>
<th>Percentage of Total Eligible Project Cost</th>
<th>Maximum Amount Per Connection/Construction Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category D – F Projects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small SDAC or Eligible NTNC That Serves a Small DAC</td>
<td>N/A</td>
<td>up to 90%</td>
<td>$45,000</td>
</tr>
<tr>
<td>Small DAC</td>
<td>&gt;=1.5%</td>
<td>up to 75%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&lt;1.5%</td>
<td>Not Eligible for PF, Grant or Combination Thereof</td>
<td></td>
</tr>
<tr>
<td>Expanded Small SDAC</td>
<td>&gt;=1.5%</td>
<td>up to 50%</td>
<td>$45,000</td>
</tr>
<tr>
<td></td>
<td>&lt;1.5%</td>
<td>Not Eligible for PF, Grant or Combination Thereof</td>
<td></td>
</tr>
<tr>
<td>Expanded Small DAC</td>
<td>&gt;=1.5%</td>
<td>up to 25%</td>
<td>$45,000</td>
</tr>
<tr>
<td></td>
<td>&lt;1.5%</td>
<td>Not Eligible for PF, Grant or Combination Thereof</td>
<td></td>
</tr>
</tbody>
</table>
7. WHAT’S NEW FOR SMALL COMMUNITIES?

❖ Per Connection Funding Cap
  ▪ Caps apply to total PF/grant for 5 years (planning, TA & construction)
  ▪ Higher cap for Projects that address the most serious human health risks (Category A-C) - $60,000/connection
  ▪ Smaller systems can receive up to $2 M regardless of per connection cost
  ▪ Category D-F Projects eligible for partial grant up to $45,000/connection
  ▪ Small non-DACs & expanded small DACs may be eligible for grant

❖ Consolidation Incentives
  ▪ Grant added to 0% loan incentive
  ▪ Up to $5,000 grant/connection for small DAC
  ▪ Up to $10,000 grant/connection for small SDAC
8. ADDITIONAL SUPPLEMENTAL APPROPRIATIONS FOR DISASTER RELIEF ACT, 2019 (ASADRA)

PROGRAM PURPOSE

- ASADRA became law on June 6, 2019
  - To provide additional funding for water and wastewater infrastructure affected by specific natural disasters
  - For California wildfires in 2018 calendar year
- $41,903,000 for DWSRF and $183,000 for CWSRF
- Recommending transferring CWSRF funds to DWSRF
- The Supplemental IUP for ASADRA is on Appendix G
8. ASADRA

- **Eligible projects:** Refer to the Oct 23, 2019 memo from USEPA (https://www.epa.gov/sites/production/files/2019-05/documents/mou_between_epa_and_dhs.pdf) for additional examples.

- **Eligible Systems:** public water systems affected by the 2018 calendar year wildfires

- **Requirements:** All existing requirements for DWSRF program

- ASADRA funding will not affect FEMA eligibility

- **Applications** may be submitted at any time through FAAST https://FAAST.waterboards.ca.gov/
  - May apply for ASADRA funds separately or
  - In combination with any other funds offered by DFA
  - A new application or an existing DWSRF application
8. ASADRA
FUNDABLE LIST AND APPROACH

- ASADRA preliminary fundable list currently includes:
  - 17 entities with 44 potential projects (Appendix G)
  - A total cost estimate of $194 million

- Prioritized based on complete application as of Sept 30, 2020

- If the requested funding > available funds, priority will be based on:
  - Starts construction by December 31, 2021
  - Serves a small DAC or small SDAC
  - Health based rankings per DWSRF policy

- If the requested funding < available funds, DFA will
  - Expeditiously execute agreements for all complete applications
  - Continue to assist others to complete applications
  - Accept additional applications
  - Funding on readiness until all funds are committed
8. ASADRA FUNDING TERMS

- ASADRA terms of funding:
  - 30% principal forgiveness, and
  - 70% loan at zero percent (0%) interest
  - Repayment will be over 30 years (40 years for DAC/SDAC) or useful life of project

- Funding will be capped at $10 million per water system
- Partial project funding may be offered when total requested funding exceeds available ASADRA funds
- DWSRF loan funds may be used in conjunction with ASADRA funds
## 9. SCHEDULE

<table>
<thead>
<tr>
<th>Item</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Draft IUP Posted for 30-Day Public Comment</td>
<td>May 11, 2020</td>
</tr>
<tr>
<td>Deadline to Submit Written Comments</td>
<td>Noon, June 10, 2020</td>
</tr>
<tr>
<td>Board Meeting – Consider Adoption of IUP</td>
<td>June 16, 2020</td>
</tr>
<tr>
<td>Execute Agreements for All Projects on Fundable List</td>
<td>June 30, 2021</td>
</tr>
</tbody>
</table>
10. SUBMITTING COMMENTS

- Details On “Notice Of Opportunity To Comment”
- Written Comments (Email Preferred)
  - Due Noon, June 10, 2020
  - Use Subject Line “Comment Letter – June 16, 2020 Board Meeting – DWSRF IUP”
    - Jeanine Townsend, Clerk To The Board
      State Water Resources Control Board
      1001 I Street, 24th Floor
      Sacramento, CA 95814
    - < 15 Megabytes, Email
      COMMENTLETTERS@WATERBOARDS.CA.GOV
    - > 15 Megabytes, Fax To (916) 341-5620
    - Couriers Check In With CalEPA Building Security

- Oral Comments
  - At June 16, 2020 Board Meeting
QUESTIONS

Please email your questions or comments to 
**DRINKINGWATERSRF@WATERBOARDS.CA.GOV**
If you are calling in by phone or watching the webcast

**OR**

Click on the bottom of your screen in Zoom
and then click on "raise hand" to speak

1. 

2. 

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