



California Department of Public Health

Safe Drinking Water State Revolving Fund  
&  
Proposition 84

Funding for Public Water Systems

Division of Drinking Water & Environmental Management

Prepared for the 2008 Funding Fairs by  
Nadine Feletto, P.E.



# Funding the California SDWSRF

Ten capitalization grants awarded by USEPA

- Total Federal funds : \$800,000,000
- Total State funds : \$160,000,000
- Total Funding for loans: \$860,000,000
- Total SWP loan funding made available: \$29,000,000



## *PROJECT RANKING CRITERIA*

- ❖ *15 categories of eligible projects [A through O]*
- ❖ *Categories based on health risk*
- ❖ *Ranking within each category based on:*
  - *median household income*
  - *consolidation of systems*
  - *population served (smaller before larger)*
- ❖ *Actual funding based on “readiness to proceed”*



# SDWSRF Program Overview - Application Process

- ❖ Preapplication single preapplication for all CDPH funding programs
- ❖ Project Priority List (PPL) [ranking of preapplications]
- ❖ Invitation/Statement of Intent to Apply (SOI)
- ❖ Application
- ❖ App review process -- technical, financial, environmental requirements
  - ❖ 150 days from deeming application complete
- ❖ NOAA (Notice of Application Acceptance)
  - ❖ issuance within ~2 months
- ❖ Funding Agreement (FA) (loan contract)
  - ❖ issuance within ~1 year from NOAA execution
- ❖ Project Construction
  - ❖ ~ completion within ~3 years from FA execution
- ❖ Disadvantaged Communities - 0% interest rate, other
- ❖ Planning Loans
- ❖ Source Water Protection Loans



## Health Risk Categories

### High health risk

Category	Description
<i>A</i>	Documented waterborne disease outbreaks
<i>B</i>	Microbial contamination
<i>C</i>	Unfiltered surface water and wells with fecal contamination.
<i>D</i>	Surface Water Treatment violations, including open reservoirs
<i>E</i>	Water outages (includes severe source/transmission deficit for current users)
<i>F</i>	Nitrate contamination; chronic TCR violation
<i>G</i>	Distributed water exceeds chemical or radiological MCL



## Health Risk Categories

Category	Description
<i>H</i>	Low-head transmission mains, other
<i>I</i>	Crypto Action Plan
<i>J</i>	Sewage threats
<i>K</i>	Disinfection
<i>L</i>	Action level; or future MCL; or chronic Fe/Mn w enforcement
<i>M</i>	Other Waterworks Standards; TMF deficiencies
<i>N</i>	Other Secondary Standards including Fe/Mn wo enforcement
<i>O</i>	Other deficiencies



## 2008 Application process

- ❖ Approximately 600 projects invited to apply each year
- ❖ Invitation letter sent by SDWSRF to fundable systems in ~ May 2008
- ❖ System must return statement notice of intent within 60 days
- ❖ System must submit a complete application by January 11, 2009





## SDWSRF Financial Assistance Conventional Long Term Loans

- ❖ Planning, design, construction
  - ❖ 20 year payback
  - ❖ 50% subsidized interest rate
  - ❖ \$20M max / yr / project (staging possible)
  - ❖ \$30M max / yr / entity
  - ❖ application costs reimbursed
  - ❖ One problem : One project



## SDWSRF Financial Assistance Conventional Long Term Loans

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  - ❖ 50% subsidized interest rate
  - ❖ \$20M max / yr / project (staging possible)
  - ❖ \$30M max / yr / entity
  - ❖ application costs reimbursed



## *Types of Financial Assistance Short Term Planning Loan \**

- ❖ *Planning only*
  - ❖ *5 year payback*
  - ❖ *50% subsidized interest rate*
  - ❖ *\$100K max / project*
  - ❖ *No continued funding guarantee*

*\*Proposed regulation revision -*

- ❖ *maximum planning loan - \$500,000;*
- ❖ *possible grant for planning*



## *Source Water Protection Loans*

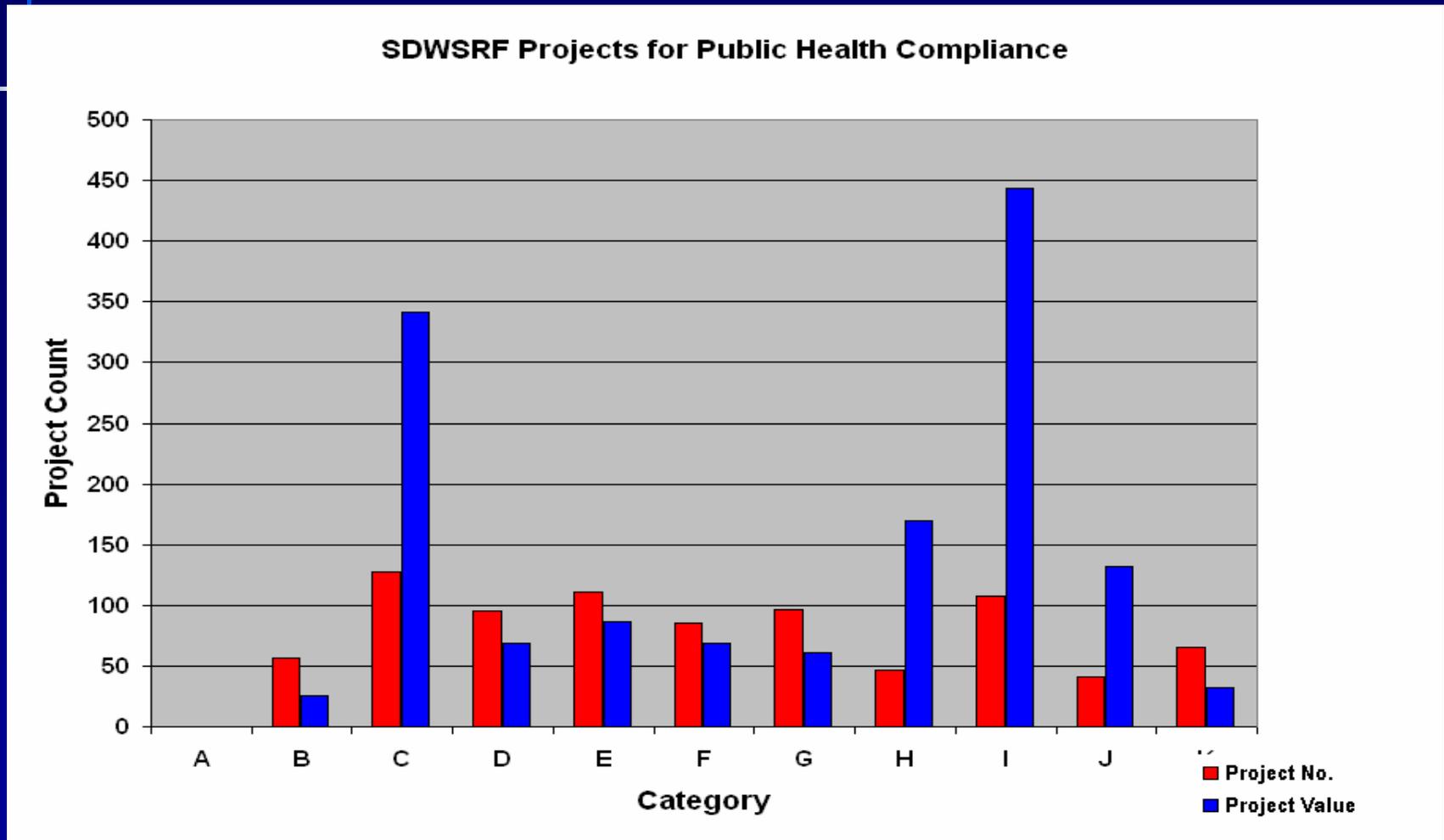


*Projects to PROTECT drinking water sources;  
Over \$28 million has been set aside over 7 grants;  
Unused funds convert to conventional SRF Projects*

*Low interest loans; up to \$2 million to community water systems and nonprofit noncommunity water systems for eligible projects*



## SDWSRF Projects for Public Health Compliance





# SRF Summary by Category FFY 2007

Category	No. of Projects	\$ (millions)	Category	No. of Projects	\$ (millions)
A	0	\$0	H	47	\$170
B	57	\$25	I	107	\$444
C	128	\$341	J	41	\$132
D	95	\$69	K	65	\$32
E	111	\$87	L	90	\$432
F	85	\$69	M	1568	\$2,883
G	97	\$61	N	110	\$119
			O	1135	\$3,036



## *SDWSRF Loans for 2008*

2008 Interest Rate

is 2.\_\_\_\_%

Statewide MHI for 2008

\$54,\_\_\_\_\_

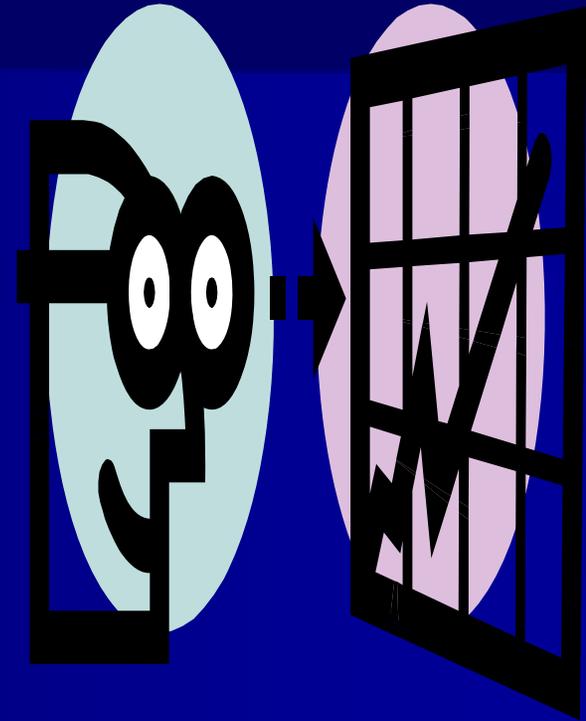
2008 DWSRF Designated  
Disadvantaged Community

Below \$\_\_\_\_\_ (65% mhi)

Proposed reg change

Disadvantaged Community

Below \$\_\_\_\_\_ (80% mhi)





# ***DISADVANTAGED COMMUNITIES***

- ❖ Only Disadvantaged Communities eligible for grants
- ❖ Amount of subsidy based on "affordability"  
TCR = Target Consumer Water Rate  
1 ½ % of MHI
- ❖ Disadvantaged community Interest rate =0%
- ❖ Customary repayment period is 20 years (may be extended to 30 years)
- ❖ Grant funding after evaluation of loan impact on water rate
- ❖ Grants available only to public entities and mutuals
  - \$1 million per project (H&S Code Section 116761.23(a))
  - SDWSRF definition of "disadvantaged community "
- ❖ However, grant is limited to 80% of project cost





Water Rates - Examples  
target consumer rate (TCR)  
disadvantaged 1.5% MHI: non-disadvantaged 2.0% MHI

Annual MHI	TCR (monthly, water only)
\$24,000	\$30
\$30,000	\$38
\$36,000	\$45
\$48,000	\$60
-\$ _____	\$ ____
\$60,000	\$100
\$72,000	\$120



*A complete application  
Key Technical & TMF elements*

- ❖ **Technical / engineering --**
- ❖ **key components of project**
- ❖ **project eligibility/ component eligibility**
- ❖ **evaluate alternatives INCLUDING consolidation**
- ❖ **Include a preliminary engineering report**
- ❖ **Project recommended for construction**
- ❖ **SDWSRF will fund the most cost effective project (long term)**
- ❖ **(not "necessarily" the least expensive to build)**
- ❖ **Must include "mandatory" TMF elements with the application**



## Environmental Review Unit Review

Responsible to :

- ❖ Assure Compliance with California Environmental Quality Act (CEQA)
- ❖ Assure that funded projects comply with any applicable federal cross-cutting environmental regulations



# What are “Federal Cross-cutting Environmental Regulations”?

- ❖ Endangered Species Act (ESA)
- ❖ National Historic Preservation Act (NHPA)
- ❖ Wild and Scenic Rivers Act
- ❖ Wetlands Protection, EO 11990
- ❖ Farmland Protection Policy Act
- ❖ Clean Air Act
- ❖ Coastal Zone Management Act
- ❖ Flood Plain Management, EO 11988



## ***Federal Cross-Cutters***

- ❖ *Uniform Relocation and Real Property Acquisition Policies Act (Pub. L. 91-646)*
- ❖ *Debarment and Suspension Exec. Order (E.O.) 12549*
- ❖ *Minority- and Women's- Business Enterprise (MBE/WBE) Requirement (E.O. 11625, 12138, and 12432)*
- ❖ *Equal Employment Opportunity (EEO) E.O. 11246,*
- ❖ *others*
- ❖ *Single Audit Act*
  - ❖ *if an entity receives more than \$500,000 in federal payment in a year*



## FINISHING APPLICATION PROCESS

- ❖ Environmental Clearance Schedule
- ❖ Federal cross cutters (if applicable)
- ❖ Financial Report
- ❖ Technical Report
- ❖ TMF requirements
- ❖ Authorization for Notice Of Application Acceptance (NOAA)
- ❖ Labor Compliance Program Requirements
- ❖ Actual funding is based on "readiness to proceed"





# ***SDWSRF Sacramento***

## SDWSRF Program Manager

- ❖ Stephen :Woody" Woods (916) 449-5624
- ❖ Environmental Review Unit
  - ❖ Veronica Malloy (916) 449-5641
- ❖ Application & Funding Coordination
  - ❖ Lorri Silva (916) 449-5639
- ❖ Preapp/priority list coordinator
  - ❖ Nadine Feletto (916) 449-5621

SDWSRF (MS7418)

1616 Capitol Avenue, Bldg 174

P.O. Box 997413

Sacramento, CA 95899-7413

Phone: (916) 449-5600; Fax (916) 449-5656; TTD: (916)449-5592

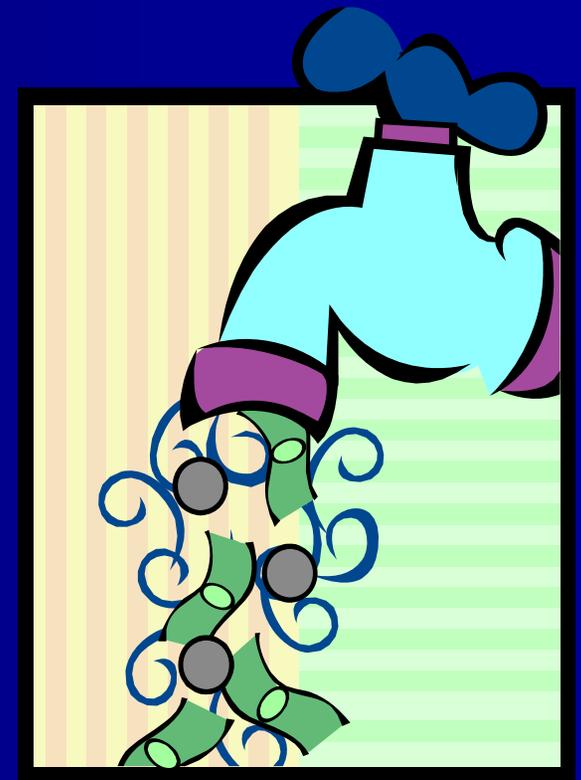
[dwfunds@cdph.ca.gov](mailto:dwfunds@cdph.ca.gov)



**Financial Review – Dept of Water Resources**

**Linda Ng, Chief (LNg@water.ca.gov)  
Safe Drinking Water Office  
Department of Water Resources**

**1416 9<sup>th</sup> Street, Rm 804  
P.O. Box 942836  
Sacramento, CA 94236-0001  
(916) 653-9723; fax (916) 651-6828**





## Labor Compliance Programs (Dept of Industrial Relations)

[www.dir.ca.gov/lcp.asp](http://www.dir.ca.gov/lcp.asp)

Key Contact: Tess Gormley  
[tgormley@dir.ca.gov](mailto:tgormley@dir.ca.gov)(415-703-5063)

- ❖ Applicant is responsible for complying with this requirement; DHS will verify
- ❖ Consultants are available and will prepare and implement these plans at a fee ~1% of construction contract
- ❖ Costs for preparing and enforcing the LCP are reimbursable

Key elements before construction --

- ❖ LCP adopted or contract for LCP in place
- ❖ Include labor compliance in bid solicitation
- ❖ Pre-bid meeting with all potential bidders to discuss LCP
  - ❖ Prevailing Wage
  - ❖ Certification of payroll
  - ❖ Other
- ❖ LCP manager monitors payroll records periodically
- ❖ Other monitoring & oversight by LCP



## Proposition 84 : Chapter 2 Safe Drinking Water and Water Quality Projects Implementation by CDPH

- ❖ Public Resources Code Section 75021
- ❖ \$10 million to fund emergency and urgent actions to ensure safe drinking water supplies
  
- ❖ Public Resources Code Section 75022
- ❖ \$180 million in grants for small community drinking water system infrastructure improvements and related actions to meet safe drinking water standards. Priority shall be given to projects that address chemical and nitrate contaminants.



## Proposition 84 : Chapter 2 Safe Drinking Water and Water Quality Projects Implementation by CDPH

- ❖ Public Resources Code Section 75023
- ❖ \$ 50 million for the Safe Drinking Water State Revolving Fund - State match
  
- ❖ Public Resources Code Section 75025
- ❖ \$ 60 million for loans and grants for projects to prevent or reduce contamination of groundwater that serves as a source of drinking water.



Prop 84  
PRC Section 75021 - \$10 million  
Emergency Grant Fund

- Request from public water system, County Health Officer or County Director of Environmental Health
- Applications for emergency funding must be submitted to District office
- District Engineer makes recommendation to DDWEM Chief
- Guidelines for review/evaluation of funding need/alternate funding sources, public health risk, urgency, etc
- \$250,000 limit per "project"
- Oral contract limited to \$5,000



Inyo County - Independence Tank - wood roof collapse



## CDPH funding -- Prop 84 projects Public Resources Code Section 75022 & 75025

- ❖ Pre-application submitted by system
- ❖ Pre-application reviewed and project ranked by CDPH
- ❖ Project Priority List established
- ❖ Projects invited to submit a full project application
- ❖ Complete project application submitted by system
- ❖ Application evaluated by CDPH
- ❖ Commitment letter issued by CDPH
- ❖ Conditions of letter of commitment are met by Applicant
- ❖ Funding agreement issued by CDPH



## Prop 84 Chapter 2 Implementation

- ❖ Sections 75022, and 75025
- ❖ Purpose: funding for projects to ensure public water systems can provide safe water to the community served
- ❖ Who: public water system apply for funding
  - ❖ (or directly benefit from funding provided)
- ❖ What costs are eligible: application, feasibility, project design, and construction costs



**CDPH**  
**Prop 84**  
**General Guidelines**  
**PRC Sections 75022 & 75025**

- ❖ Applicants may be reimbursed for expenses incurred for preliminary and construction costs determined by CDPH to be eligible.
- ❖ Eligible preliminary costs may include planning, engineering, design, environmental documentation, labor compliance and interim financing.
- ❖ Construction expenses, in order to be eligible, must have been incurred after the applicant receives a letter of commitment from CDPH



## Prop 84 Section 75022

### Small Community Grants for Infrastructure

- ❖ Eligible applicants
  - ❖ small community public water systems\*
    - ❖ < 10,000 population OR < 3,300 service connections
    - ❖ \*(including privately owned and mutuals)
  - ❖ public schools
- ❖ \$5 million per project maximum
- ❖ Priority for projects to correct nitrate and chemical contaminants
- ❖ Funding for construction projects to enable system to meet safe drinking water standards
- ❖ Examples:
  - ❖ treatment of contaminated water
  - ❖ construction of new source
  - ❖ interconnection or consolidation with adjacent water system



## Public Resources Code Section 75022 Small Community Grants for Infrastructure Development

- Allows for feasibility and construction grants
- Allows advanced funding (up to 25% of project cost)
- \$5 million per project maximum
- \$15 million maximum per regional project
- Applicant must meet Technical, Managerial, Financial requirements
  - document ownership and water rights
  - consolidation must be considered as a project alternative
  - budget projection
- Applicant must hold or have applied for a water system permit from CDPH or the county.



## Prop 84 - PRC Section 75022- Small Community Grants for Infrastructure Development \$180 million

### Projects ranking evaluates

- Characteristics of the contamination
  - acute health effect / chronic health effect
  - drinking water standard exceeded -- MCL vs NL
  - number of contaminants present
- Characteristic of community impacted --
  - lowest median household income communities receive higher ranking points
- Characteristic of the project --
  - consolidation
  - regionalization



Projects to Prevent or Reduce Contamination of Groundwater  
Used as a Drinking Water Source

Who is eligible to apply:

- Community Water Systems (no size limit)
- Other Public Entities
- Non-profit entities



## Prop 84 (Public Resources Code 75025) Groundwater contamination reduction (\$60 million)

- Examples of Potentially Eligible Projects
- Local and Regional groundwater remediation/treatment projects
- Properly constructed replacement wells to avoid contaminated strata.
- Treatment or construction of blending facilities to deal with contaminated well.
- An Aquifer Storage and Recovery (ASR) project that stores surface water in the ground and extracts and blends with contaminated wells during high demand periods.
- Use of treated surface water and blend with contaminated well water.
- Project to remediate contaminate plume to prevent migration of contaminants to drinking water sources



# General Guidelines Project Design Capacity

- ❖ Project Design Capacity
  - If an applicant is required to prepare an Urban Water Management Plan pursuant to California Water Code Section 10610 et seq [systems serving 3,000 or more service connections], a copy of the plan shall be submitted to CDPH. The proposed project must be consistent with the most recent urban water management plan of the system.
  - Eligible project costs are limited to facilities sized to serve no more than the 20-year demand projected in an Urban Water Management Plan or comparable public water system planning document.
  - In the absence of an Urban Water Management Plan or comparable document, the eligible project costs are limited to facilities sized to serve no more than 10% above existing water demand at peak flow



# Prop 84 Coordination

Jose Alarcon, P.E. ([jalarcon1@cdph.ca.gov](mailto:jalarcon1@cdph.ca.gov))

Senior Sanitary Engineer

Prop 84

(916) 449-5623

David Silva ([david.silva@cdph.ca.gov](mailto:david.silva@cdph.ca.gov))

Project Coordinator

Prop 84

(916) 449-5600



# DWP Field Offices

## California Drinking Water Program field offices

Redding, Sacramento, Stockton, Fresno, Bakersfield, Santa Rosa, Richmond, Monterey, Carpinteria, Los Angeles, Santa Ana, San Diego, and San Bernardino





# CDPH - DWP Provides FREE HELP small systems complete the application process

## *Technical Assistance - CDPH Staff and CRWA Assistance Referral List\*\**

- ❖ Contact your DWP field office for information. or contact  
Duncan Wilson, Chief  
Small Water System Support Group  
dwilson3@cdph.ca.gov  
(916) 449-5652
- ❖ *Training; TMF Assessment; model documents*
- ❖ *Template/model Operations Plan*
- ❖ *Model emergency/disaster Response Plan*

*\*\*Cal Rural Water Assn CRWA (916) 553-4900*

*Jeff Ottmeier and Wayne Spencer*



## CDPH Technical Assistance

### California Rural Water Association

- ❖ Technical Assistance for small water systems (<10,000 population)
  - ❖ Funding Applications
  - ❖ TMF Assessments and others

### Rural Community Assistance Corp--

- ❖ training for water operators, board members, rate setting, etc

### TMF (Technical -Managerial-Financial) Tune-up

### CaITAP: Support for Expense Reimbursement Grant

Free training for Operator Certification for systems serving less than 3,330 population

### UC Davis Engineering Support Contract



## SDWSRF-support for Capacity Development

# RCAC Drinking Water Workshop Schedule 2008

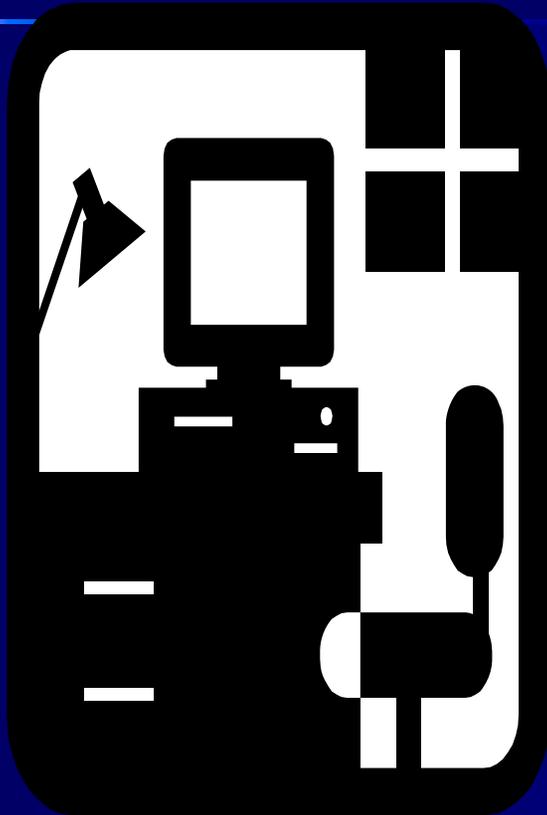
[www.rcac.org](http://www.rcac.org)

Basic Operation & Maintenance [Cross Connections, Flushing & Operation Plans]	January 15, 2008 : El Cajon	Emergency Response Planning	March 17, 2008 : Willits
Surface Water Treatment Compliance	January 16, 2008 : Chula Vista	CalTAP Small Water System Fair	April 1, 2008 : Red Bluff
Water Treatment Plant Tour	January 17, 2008 : Chula Vista	Water Quality & Preparing a Consumer Confidence Report	April 15, 2008 : Visalia
Distribution Certification Exam Preparation Workshop	February 11-13, 2008 : West Sacramento	Basic Operation & Maintenance [Storage Tanks, Pipe Repair & System Security]	April 16, 2008 : Madera
Fundamentals of Pumps & Motors	February 27, 2008 : Santa Cruz	Capital Improvement Plans & Asset Management	May 22, 2008 : Quincy
Plotting an Arsenic Mitigation Strategy	February 28, 2008 : Monterey	Pathogen & Nuisance Organisms in Drinking Water	May 21, 2008 : Truckee
Board Member & Owner Responsibilities	March 18, 2008 : Little River	Budgets & Rate Setting	June 4, 2008 : West Sacramento



## OPERATOR CERTIFICATION EXPENSES REIMBURSEMENT

Funds for Small Water System operators  
(systems  $\leq$  3,300 population)



Expenses to attend training

- ❖ to qualify for certification exams
- ❖ to complete continuing education requirements for certificate renewal



# Water Operator Expense Reimbursement Grant

[www.cps.ca.gov/tlc/sws/index.asp](http://www.cps.ca.gov/tlc/sws/index.asp)

The screenshot shows a Microsoft Internet Explorer browser window displaying the website for CPS Human Resource Services. The address bar shows the URL <http://www.cps.ca.gov/tlc/sws/index.asp>. The website header includes the CPS logo and navigation links: HOME, MY ACCOUNT, SITE MAP, ABOUT US, and a search box. A secondary navigation bar lists: Take a Test, Job Opportunities, Training Center, Consulting, Examination Services, Executive Search, and Merit System Services. A large banner reads "Money Available" with a background image of a forest path. Below the banner, a sidebar on the left contains a menu with links: Home, Eligibility / Reimbursement, Scholarship Program, Operator Certification, Course / Training Providers, Resources, Application / Forms, FAQ, Privacy Policy, Sign In, and Contact Information. The main content area features a "Sign In" link and a bold heading: "EDUCATION GRANTS FROM U.S. ENVIRONMENTAL PROTECTION AGENCY ARE AVAILABLE FOR SMALL WATER SYSTEM OPERATORS". A blue-bordered box contains the text: "Expense reimbursement for eligible California systems that serve a community or non-transient population of 3,300 or less." Below this, a question asks: "Are you interested in continuing your education as a Small Water System Operator? Do you need to take your Operator exam or renew your Certification?". A bold statement follows: "WE WANT TO PROVIDE YOU THE OPPORTUNITY TO REACH YOUR GOALS." The final paragraph states: "The California Department of Health Services, in partnership with CPS Human Resource Services, is offering an Expense Reimbursement Grant Program, conducted under a grant from the U.S. Environmental Protection Agency. This program gives money to Small Water System Operators to



# For More Information about CDPH funding opportunities

[www.cdph.ca.gov/certlic/drinkingwater/Pages/DWPFunding.aspx](http://www.cdph.ca.gov/certlic/drinkingwater/Pages/DWPFunding.aspx)

The screenshot shows a Microsoft Internet Explorer browser window displaying the CDPH website. The address bar shows the URL: <http://www.cdph.ca.gov/certlic/drinkingwater/Pages/DWPFunding.aspx>. The page header includes the CDPH logo and navigation tabs for Home, Programs, Services, Health Information, Certificates & Licenses, Publications & Forms, and Data. The main content area is titled "Funding Opportunities for Public Water Systems" and includes a breadcrumb trail: Home > Certificates & Licenses > Drinking Water Systems > Funding Opportunities for Public Water Systems. The page is dated "Last Update: August 8, 2007". The content is organized into sections: "Safe Drinking Water State Revolving Fund", "Proposition 50", "Proposition 84", "Other funding sources", and "For more information". A "Quick Links" sidebar is visible on the left. The Windows taskbar at the bottom shows the Start button, Desktop, and several open applications including Microsoft PowerPoint, Microsoft Outlook, and the current web page.

**Quick Links**

- About Us
- Birth, Death, & Marriage
- Certificates
- Department of Health
- Care Services
- Diseases & Conditions
- News Room
- Public Availability of
- Documents

Home > Certificates & Licenses > Drinking Water Systems > **Funding Opportunities for Public Water Systems**

## Funding Opportunities for Public Water Systems

Last Update: August 8, 2007

CDPH implements a number of programs that provide funding opportunities to [public water systems](#). Click on a link below to find out more about a specific program.

### Safe Drinking Water State Revolving Fund

The [Safe Drinking Water State Revolving Fund \(SDWSRF\)](#) provides funding to correct public water system deficiencies based upon a prioritized funding approach that addresses the systems' problems that pose public health risks, systems with needs for funding to comply with requirements of the Safe Drinking Water Act, and systems most in need on a per household affordability basis.

### Proposition 50

[Proposition 50](#), The Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Water Code Section 79500, et seq.) was passed by California voters in the November 2002 general election. CDPH is responsible for portions of the Act that deal with water security, safe drinking water and treatment technology.

### Proposition 84

[Proposition 84](#), The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006 (Public Resources Code Section 75001, et seq.), was passed by California voters in the November 2006 general election. CDPH is responsible for portions of the Act that deal with safe drinking water supplies, including emergency and urgent funding, infrastructure improvements, and groundwater quality.

### Other funding sources

CDPH also provides funding opportunities through its [Drinking Water Treatment and Research Fund \(DWTRF\)](#), which addresses drinking water contamination by methyl tertiary butyl ether (MTBE) and other oxygenates.

The [California Financing Coordinating Committee's Funding Fairs](#) provide opportunities to obtain information about currently available infrastructure grant, loan and bond financing programs and options.

### For more information

To find out more about CDPH's drinking water-related funding opportunities, click on one of the links above or contact us by email at [dwpfunds@cdph.ca.gov](mailto:dwpfunds@cdph.ca.gov) or by telephone at (916) 449-5600.

Mailed correspondence should be addressed to:

California Department of Public Health  
Division of Drinking Water and Environmental Management  
P.O. Box 997377, MS 7408  
Sacramento, CA 95899-7377



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