

**STATE WATER RESOURCES CONTROL BOARD  
RESOLUTION NO. 2022-0040**

ADOPTION OF THE STATE FISCAL YEAR 2022-23 CLEAN WATER STATE  
REVOLVING FUND (CWSRF) INTENDED USE PLAN (IUP) WITH SUPPLEMENTAL  
IUPs AND GUIDELINES FOR COMPLEMENTARY FUNDING FROM THE BUDGET  
ACTS OF 2021 AND 2022 AND PROPOSITIONS 1 AND 68

WHEREAS:

1. The Division of Financial Assistance (DFA) prepared a draft state fiscal year (SFY) 2022-23 Clean Water State Revolving Fund (CWSRF) Intended Use Plan (IUP) in compliance with federal rules and solicited public comment on the document;
2. States must submit a CWSRF IUP to the United States Environmental Protection Agency (USEPA) annually. A current copy of the CWSRF IUP must be included in this year's capitalization grant application for the CWSRF grant;
3. The federal "Bipartisan Infrastructure Law" (BIL), Public Law 117-58, made funds available to state CWSRF programs, including funds for a general supplemental capitalization grant and an emerging contaminants capitalization grant. The State Water Board must provide IUPs to USEPA as part of its applications for these supplemental BIL capitalization grants;
4. The CWSRF IUP describes DFA's plans for the general supplemental and emerging contaminants capitalization grant funds and the Emerging Contaminants (EC) Supplemental IUP, included as an appendix to the CWSRF IUP, further explains the State Water Board's plans for the supplemental EC funds;
5. The SFY 2022-23 CWSRF IUP also serves as guidelines for the Proposition 1 and Proposition 68 wastewater funds, as well as for the infrastructure funding provided by the Budget Acts of 2021 and 2022; and
6. DFA conducted a public workshop and provided stakeholders and interested parties an opportunity to comment on the draft SFY 2023-23 CWSRF IUP along with the supplemental IUPs.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Adopts the SFY 2022-23 CWSRF IUP, which includes the Emerging Contaminants Supplemental IUP, and revised guidelines for Proposition 1, Proposition 68 and Budget Acts of 2021 and 2022 appropriations.

### CERTIFICATION

The undersigned Clerk to the Board does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on October 3, 2022.

AYE: Chair E. Joaquin Esquivel  
Vice Chair Dorene D'Adamo  
Board Member Sean Maguire  
Board Member Laurel Firestone  
Board Member Nichole Morgan

NAY: None

ABSENT: None

ABSTAIN: None

 for  
\_\_\_\_\_  
Jeanine Townsend  
Clerk to the Board

State of California  
CLEAN WATER STATE REVOLVING FUND

## **INTENDED USE PLAN**

**STATE FISCAL YEAR 2022-23  
(FEDERAL FISCAL YEAR 2022 BASE PROGRAM  
CAPITALIZATION GRANT AND GENERAL SUPPLEMENTAL  
CAPITALIZATION GRANT)**

**WITH SUPPLEMENTAL INTENDED  
USE PLAN  
(FEDERAL FISCAL YEAR 2022 EMERGING CONTAMINANTS  
CAPITALIZATION GRANT)**

and

The Water Quality, Supply, and Infrastructure  
Improvement Act of 2014  
(Proposition 1)

and

The California Drought, Water, Parks, Climate, Coastal  
Protection, and Outdoor Access for All Act of 2018  
(Proposition 68)

and

California Budget Act of 2021 and Budget Act of 2022,  
General Fund Appropriations

*Division of Financial Assistance • 1001 I Street • Sacramento, CA 95814  
Approved by: State Water Resources Control Board  
October 3, 2022 – Resolution No. XXXX-XXXX*

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## ES. EXECUTIVE SUMMARY

California's Clean Water State Revolving Fund (CWSRF) program has been financing projects that help protect and improve water quality since 1989. Division of Financial Assistance (DFA) staff prepared this Intended Use Plan (IUP) which describes the State Water Resources Control Board's (State Water Board) plan for implementing the CWSRF and its complementary financing programs for State Fiscal Year (SFY) 2022-23.

This Executive Summary is intended to provide a condensed overview of highlights and notable changes for SFY 2022-23.

### A. Notable Changes

The SFY 2022-23 CWSRF IUP contains significant changes from the previous year.

- The federal Infrastructure Investment and Jobs Act, also referred to as the Bipartisan Infrastructure Law (BIL), amended CWSRF requirements in the federal Clean Water Act (CWA) to allow states to use an additional two percent (2%) of the annual capitalization grant to provide technical assistance to rural, small, and tribal publicly owned treatment works and appropriated an additional \$12.7 billion over five years nationwide to CWSRF programs, with approximately \$850 million expected to be allocated to California. In FY 2022-23, this additional funding is provided to California for two separate programs:
  - \$127,290,000 in CWSRF General Supplemental Funding for SFY 2022-23
  - \$6,687,000 in CWSRF Emerging Contaminants Funding for SFY 2022-23
- New Federal Requirements
  - Build America, Buy America Act expanded domestic sourcing requirements for federal financial assistance programs, including the SRF programs, to add construction materials and manufactured goods sourcing requirements to existing American Iron and Steel (AIS) requirements.
- Revised financial capacity review for 100% nonrepayable planning projects.
  - For 100% nonrepayable planning projects DFA generally will not require the applicant to submit a complete financial security package or undergo financial security review prior to receiving funding, but the planning project will address financial capacity.

### B. State Water Board Guidance

The State Water Board continues to highlight the same priorities as the previous IUP. This includes:

- Small<sup>1</sup> Disadvantaged Communities (DACs)<sup>2</sup> and Small Severely Disadvantaged Communities (SDACs)<sup>2</sup>
- Onsite Wastewater Treatment Systems
- San Francisco Bay/Sacramento-San Joaquin Delta Estuary (Bay-Delta)
- Sustainability and Climate Change

### C. Application Demand

Requests for CWSRF Program, Water Recycling Funding Program (WRFP), and Small Community Wastewater (SCWW) funding remains high. DFA has received applications requesting more than \$4.8 billion as of March 2022.

Application Status	# Applications	Requested (\$ in millions)	Anticipated Funding Amount (\$ in millions)
Rollover Projects	24	\$1,809	\$947
Small DAC Projects ( <i>Fundable</i> )	29	\$240	\$240
New Projects Subject to Scoring ( <i>Requesting Placement on Fundable List</i> )	44	\$1,980	\$222
Small DAC Projects with Incomplete Applications	84	\$781	TBD
<b>Totals</b>	<b>181</b>	<b>\$4,810</b>	<b>\$1,409</b>

Not included in the requested funding are 9 applications totaling \$715 million to be removed from consideration due to inactivity or being withdrawn. Given the ongoing high loan demand on the CWSRF compared to the funds available, the State Water Board will not be able to fund all projects currently requesting loan funding in SFY 2022-23. Applicants whose projects are not on the Fundable List are encouraged to evaluate their prospects for getting on the Fundable List based on the information in

<sup>1</sup> All references to “small communities” in this IUP mean communities with populations less than or equal to 20,000. All references to “large communities” in this IUP mean communities with populations more than 20,000. If a single facility with a large residential population that does not pay wastewater rates and is reasonably isolated and divisible from the larger community, such as a prison, contributes significantly to the population of the community, the Deputy Director of DFA has discretion to determine it is appropriate to exclude that facility’s population in determining small vs. large status for the purposes of funding eligibility.

<sup>2</sup> Notwithstanding the definition of “SDACs” included in the CWSRF Policy, all references to “SDACs” and “DACs” in this IUP refer to severely disadvantaged and disadvantaged communities, which are communities with median household incomes less than 60% or communities with less than 80% of the statewide median household income, respectively.

this IUP and evaluate all viable, alternative financing options for their projects considering any deadlines they must meet.

## D. General Funding Approach

This IUP updates the Fundable List. The Fundable List represents those projects the Deputy Director of DFA may fund, provided the projects meet all eligibility requirements. Although DFA's goal is to fund all projects on the Fundable List by the end of the fiscal year, no guarantee can be given that financing agreements will be executed for all projects on the Fundable List or that agreements can be executed by a specific date.

Projects are added to the Fundable List in two ways:

1. For applications for public health projects, estuary projects, and projects eligible for grant/PF under Appendices D and E, the project will be added to the Fundable List after the Deputy Director, or designee, deems the application complete. Applications for water recycling or stormwater projects not requesting, and agreeing not to take, repayable CWSRF loans funds<sup>3</sup> may be added to the Fundable List after the Deputy Director, or designee, deems the application complete.
2. For all other applications, projects are given a priority score. Projects that receive a priority score at or above the cutoff score are placed on the Fundable List with other projects within a sustainable Target Funding Range.

As project application statuses are expected to change throughout the year, DFA will periodically post an updated Comprehensive List on the CWSRF website which identifies those projects which are on the Fundable List. This updated Fundable List will include wastewater projects eligible for grant/PF per Appendices D and E, public health projects, estuary projects, and water recycling or stormwater projects not requesting CWSRF repayable loan funding once applications are deemed complete by the Deputy Director, or designee, and meet all other eligibility requirements.

## E. Financing Terms

The State Water Board's standard interest rate for CWSRF (repayable) financing is 50 percent (50%) of the rate obtained by the State Treasurer for California's most recent general obligation bond sale.

Applicants for CWSRF construction loan financing will receive a 25 basis point reduction to the standard interest rate in exchange for selecting a 20-year or less financing term rather than a 30-year financing term, so long as the revised interest rate is not below zero percent (0%).

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<sup>3</sup> Projects with no CWSRF component will not be required to comply with federal requirements as further discussed in Section V of this IUP.



The standard term for a planning loan is five or ten years, at the applicant's option.

The standard term for a construction loan is the lesser of 30 years or the useful life of the financed facilities.

Eligible projects may receive grant/PF in accordance with Appendices D, E, F and G. Estuary projects may also be eligible for grants/PF.

## F. Recent Financing Activity

The level of CWSRF and complementary financing was higher than average in SFY 2021-22.

### Number of Executed Agreements and Total Financing (\$ in millions) per SFY

Funding Program	2017-18		2018-19		2019-20		2020-21		2021-22	
CWSRF Loan, includes non-DAC PF	43	\$705	9	\$262	17	\$596	13	\$287	40	\$2,072
SCWW, includes DAC PF	32	\$90	10	\$35	27	\$57	26	\$81	24	\$76
WRFP	19	\$211	4	\$32	12	\$1	13	\$99	18	\$110
<b>Total<sup>4</sup></b>	<b>77</b>	<b>\$1,006</b>	<b>19</b>	<b>\$329</b>	<b>55</b>	<b>\$654</b>	<b>42</b>	<b>\$467</b>	<b>66</b>	<b>\$2,258</b>

The State Water Board issued 66 executed agreements during SFY 2021-22.

## G. Available Funding

Available CWSRF and complementary financing programs for SFY 2022-23 are summarized below. The amounts included in the tables below are estimated amounts, which may fluctuate due to a number of reasons, including project cancellations, undisbursed funds becoming disencumbered, or any appropriation of additional amounts.

### 1. CWSRF

The Funding Target is a long-term sustainable repayable loan capacity for the CWSRF Program, established as \$600 million for SFY 2022-23. The Funding Target Range is defined as 90 percent (90%) to 125 percent (125%) of the Funding Target, therefore the Funding Target Range for SFY 2022-23 is \$540 to \$750 million. The total scored projects on the Fundable List should fall within this range.

#### a. CWSRF Base Program and General Supplemental

Based on the adoption of the federal budget for FFY 2022, the FFY 2022 Base Program Capitalization Grant is estimated to be \$82,753,000.

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<sup>4</sup> The number of unique funding agreements is used for the total. Projects often receive more than one funding source (e.g., CWSRF and Water Recycling Funding Program).

The Infrastructure Investment and Jobs Act, also referred to as the Bipartisan Infrastructure Law (BIL) appropriated \$11.7 billion over five years as CWSRF General Supplemental funding and California expects to receive \$127,290,000 during SFY 2022-23. These funds supplement the annual base program CWSRF capitalization grants and have the same eligibility criteria. Of the General Supplemental Funds, forty-nine percent (49%) will be committed as principal forgiveness.

The Project list for CWSRF General Supplemental funds is the same Fundable List (Appendix B) with a column which estimates which projects might receive funds from the capitalization grants.

The total of Base Program capitalization grant plus General Supplemental capitalization grant for FFY 2022 is \$210,043,000.

The Deputy Director of DFA was authorized at the March 15, 2022, Board meeting to use up to \$85 million of 2021 Budget Act Infrastructure Appropriation grant funds as state match for the Drinking Water State Revolving Fund (DWSRF) and CWSRF programs and determine the appropriate allocation between the two programs. The 2021 state Budget Act was amended during the 2022 budget process to include an additional \$400 million from the state's General Fund to match the federal capitalization grants for the DWSRF and the CWSRF. The additional funds may be used by the State Water Board consistent with existing law and may be expended for project costs incurred by funding recipients in fiscal years prior to enactment of the Budget Act. The funding is available for encumbrance or expenditure until June 30, 2027. Additional information about the distribution of the appropriated funds between the DWSRF and CWSRF can be found in Section III.C.

#### **b. CWSRF Emerging Contaminants**

California is also estimated to receive \$6,687,000 as part of the CWSRF Emerging Contaminants Funding, appropriated by the BIL. The funds are available to CWSRF eligible projects which address emerging contaminants. One hundred percent (100%) will be committed as principal forgiveness.

The State Water Board is requesting that the full CWSRF Emerging Contaminant capitalization grant be transferred to the Drinking Water State Revolving Fund (DWSRF), to be administered in accordance with the Emerging Contaminants Supplemental Intended Use Plan in Appendix J.

#### **c. Principal Forgiveness**

All PF from the FFY 2020, 2021, and 2022 CWSRF base program Capitalization Grants and the FFY 2022 CWSRF General Supplemental Funding Capitalization Grant will be available to the State Water Board to allocate to the following:

- Wastewater projects per the SCWW Program described in Section III.C.3 and small non-DAC wastewater projects, consistent with Appendices D

and E.

- Projects that implement a nationally designated estuary plan may receive PF up to 75 percent (75%) of eligible project costs. Cumulative PF shall not exceed \$1 million per estuary plan area in any state fiscal year per Appendix G.
- Projects that mitigate stormwater runoff and contribute to water supply resiliency or feasibility and planning studies to identify stormwater mitigation projects capable of contributing to water supply resiliency, consistent with Appendix G.

## 2. Small Community Wastewater (SCWW) Program

Small SDACs and small DACs are eligible for grants and CWSRF principal forgiveness (PF) as described in Appendices D and E. Current SCWW funding is provided by CWSRF PF, Small Community Grant (SCG) fee, Prop 1 grant, and 2021 Budget Act Infrastructure Appropriation grant funds. The funding sources are administered jointly but may have different eligibility and compliance requirements. DFA will allocate the most appropriate SCWW funds for eligible projects with a complete application.

### Estimated Available SCWW funds for SFY 2022-23

(\$ in millions)

Funding Type	Total
CWSRF PF (FFY 2022 Base Program and General Supplemental)	\$95
CWSRF PF (previous capitalization grants)	\$82
SCG fee	\$8
Prop 1 grant	\$4
State General Fund Infrastructure Appropriation	\$618
<b>Total</b>	<b>\$807</b>

## 3. Water Recycling Funding Program (WRFP)

The State Water Board has authority to commit and spend all available state-sourced loan and grant funds (i.e., Prop 1, Prop 13, Prop 68, and General Fund appropriations) during SFY 2022-23<sup>5</sup>. The WRFP Guidelines specify project eligibility for state-sourced loans and grants and how to coordinate with CWSRF requirements for projects receiving funding from both sources.

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<sup>5</sup> This does not include Prop 1 loan repayments that may be used for future grants. Prop 1 loan repayments must be re-appropriated by the Legislature.

As of March 1, 2022, the State Water Board has approximately \$279.7 million in state-sourced grant funds and approximately \$22.7 million in state-sourced loan funds available for WRF construction projects. The State Water Board also has authority to commit approximately \$19 million in planning grants.

**Estimated Available WRF funds for SFY 2022-23  
(\$ in millions)**

Funding Type	Prop 13	Prop 1	Prop 68	General Fund	Total
Planning Grant	\$17.7	\$0	\$ 1.3	\$0	\$19.0
Construction Grant	\$0	\$0.7	\$19.0 <sup>6</sup>	\$260.0	\$279.7
Construction Loan	\$1.0	\$21.7	\$0	\$0	\$22.7
<b>Total</b>	<b>\$18.7</b>	<b>\$22.4</b>	<b>\$20.3</b>	<b>\$260.0</b>	<b>\$321.4</b>

**4. Other Funding**

**State Stormwater Grant Program (SWGP)** – Grants were awarded as part of the final solicitation in 2021. No funds remain for new projects.

**Federal Sewer Overflow and Stormwater Reuse Municipal Grants Program** – During SFY 2022-23, DFA expects to receive California's current allocation of approximately \$12 million (from FFYs 2020, 2021, and 2022). The plan for administration of these funds to stormwater projects is outlined in section III.C.5.

**Groundwater Grant Program (GWGP)** – DFA anticipates co-funding eligible SDAC projects on the Fundable List with GWGP funds in SFY 2022-23. Up to \$30 million in GWGP funds remain available for eligible severely DAC projects. DFA does not anticipate any GWGP funding to be available for DAC projects.

**H. Project Scoring & Fundable List**

The State Water Board is establishing 13 as the Cut-Off Score. The Deputy Director may, however, add new scored water recycling and stormwater projects to the Fundable List. There are 24 rollover and nine new repayable loan eligible projects on the Fundable List with estimated loan financing over \$1.3 billion, which is included as Appendix B.

Additionally, all wastewater projects eligible for grant/PF funded under Appendices D and E, public health projects, and estuary projects will be added to the Fundable List once the Deputy Director, or designee, deems the application complete. For readability, these projects are shown on the Comprehensive List, which includes all projects with active applications. The Comprehensive List is included as Appendix C.

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<sup>6</sup> The amount shown in Table 3 includes \$16 million of Prop 68 construction grant allocated for SDAC water recycling projects.

## I. Programmatic Requirements

CWSRF requirements continue to include those described in the SFY 2021-22 CWSRF IUP. Notable new or recent requirements include:

- Federal prohibition on certain telecommunication and video surveillance services or equipment
- Federal Build America, Buy America provision requiring Buy America preference for:
  - All iron and steel, including all manufacturing processes,
  - All manufactured products, and
  - All construction materials, including manufacturing processes.
- State requirement that all projects (not limited to CWSRF) must demonstrate compliance with California Executive Order N-6-22 regarding Russian sanctions.

As new provisions are made applicable by Congress, U.S. EPA, or state law; DFA will apply those requirements to funding decisions and agreements.

Requirements may differ for projects funded by complementary funding (see Table 6).

## J. Other Activities

DFA recently worked with the Environmental Finance Center (EFC) at California State University, Sacramento on a program management review of California's CWSRF program. EFC, in coordination with stakeholders and State Water Board staff, delivered a final report with recommendations in July 2022. The report identified potential efficiencies, improvements, or enhancements that would accelerate review processing, and execution of loan agreements and disbursements. DFA staff will coordinate with stakeholders on establishing and holding periodic advisory group meetings to track implementation of the program review recommendations from the report.

## K. Schedule

Submit FFY 2022 Capitalization Grant applications to U.S. EPA	July 15, 2022
Draft IUP and Draft Supplemental IUP posted for public comment	August 24, 2022
Board Workshop	September 7, 2022
Deadline for Public Comments on Draft IUP and Draft Supplemental IUP	September 23, 2022
State Water Board considers IUP and Supplemental IUP for adoption at regularly scheduled meeting	October 3, 2022
Receive FFY 2022 Capitalization Grant agreements from U.S. EPA	September 7, 2022

# I. INTRODUCTION

Water is one of the most essential natural resources in California. The State Water Resources Control Board (State Water Board) and the nine Regional Water Quality Control Boards (Regional Water Boards), collectively the Water Boards, protect and improve water quality in California through several regulatory and financial assistance programs.

The federal [Clean Water Act](#) (CWA) established the Clean Water State Revolving Fund (CWSRF) program to finance the protection and improvement of water quality. The CWSRF program has protected and promoted the health, safety, and welfare of Californians since 1989. Many of the projects funded by the CWSRF program address wastewater discharge violations or enforcement orders issued by the Regional Water Boards. Every project is directly related to protecting or improving public health, water quality, or both.

The State of California also periodically allocates funding to the State Water Board for financing programs that help protect and improve water quality. Many of these programs can be used in conjunction with the CWSRF program.

This Intended Use Plan (IUP) and the supplemental IUP describe the State Water Board's plan for implementing the CWSRF and its complementary and supplementary financing programs for State Fiscal Year (SFY) 2022-23. The terms and requirements of these IUPs will remain in effect until the State Water Board amends or updates these IUPs or adopts a new Intended Use Plan.

## A. Authority and Past Achievements

In 1987, the United States Congress and the President amended the CWA to replace the long-standing, federal Construction Grants Program (Title II) with the more flexible CWSRF program (Title VI). In 2014, Congress and the President approved the [Water Resources Reform and Development Act of 2014](#) (WRRDA) changing the requirements and eligibilities in Title VI of the CWA. California's CWSRF program is authorized under California [Water Code Sections 13475-13485](#) and operates pursuant to an [Operating Agreement](#) between the State Water Board and the United States Environmental Protection Agency (U.S. EPA) Region 9.

The CWSRF functions as an environmental infrastructure bank capitalized by federal and state funds – providing a sustainable source of funds for water quality protection and improvement. The CWSRF's capital and its earnings are used to provide financial assistance to a wide variety of water quality projects. States can target specific water quality problems, offer a variety of financing options, and customize terms to meet their water quality needs. Financing options include loans, refinancing debt, purchasing or

guaranteeing local debt, and purchasing bond insurance<sup>7</sup>.

Interest rates must be below the market rate. The repayment period is generally the lesser of 30 years or the expected useful life of the financed asset. Since 2009, federal CWSRF appropriations and California law have also authorized grants, negative interest rates, and principal forgiveness (PF) on a limited basis.

All 50 states and Puerto Rico are currently operating successful CWSRF programs. The [total CWSRF financing nationwide](#) exceeds \$153 billion. California's CWSRF has grown since financing its first project in 1989 and has executed more than \$14.258 billion in financial assistance agreements with over 400 unique recipients. The program has funded a broad range of projects. Approximately 96 percent (96%) of funds have been used for publicly owned wastewater infrastructure, and about four percent (4%) of funds have been used for nonpoint source or estuary projects.

The Infrastructure Investment and Jobs Act, also referred to as the BIL, amended CWSRF requirements in the federal Clean Water Act (CWA), amended the CWA to allow states to use an additional two percent (2%) of the annual capitalization grant to provide technical assistance to rural, small, and tribal publicly owned treatment works, and appropriated \$12.7 billion over five years to CWSRF programs nationwide. The BIL introduced additional requirements and provisions that may apply to the entire CWSRF program (not just limited to the supplemental BIL appropriations).

## B. Connections to Other Plans, Goals, and Programs

The CWSRF program supports the following goals from the State Water Board's most recent [Strategic Plan Update](#)

- Goal 1: Implement strategies to fully support the beneficial uses for all 303(d) listed water bodies by 2030.
- Goal 2.: Improve and protect groundwater quality in high-use basins by 2030.
- Goal 3: Increase sustainable local water supplies available for meeting existing and future beneficial uses.
- Goal 4: Comprehensively address water quality protection and restoration, and the relationship between water supply and water quality, and describe the connections between water quality, water quantity, and climate change, throughout California's water planning processes.
- Goal 5: Improve transparency and accountability by ensuring that State Water Board goals and actions are clear and accessible, by demonstrating and explaining results achieved with respect to the goals and resources

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<sup>7</sup> Throughout this document, the word "loan" is used expansively and may include bonds, installment sale agreements, and other types of repayable financing.



available, by enhancing and improving accessibility of data and information, and by encouraging the creation of organizations or cooperative agreements that advance this goal, such as establishment of a statewide water data institute.

Goal 6: Enhance consistency across the Water Boards, on an ongoing basis, to ensure our processes are effective, efficient, and predictable, and to promote fair and equitable application of laws, regulations, policies, and procedures.

Goal 7: Ensure that the Water Boards have access to information and expertise, including employees with appropriate knowledge and skills, needed to effectively and efficiently carry out the Water Boards' mission.

The CWSRF program supports the four goals of the [Water Resilience Portfolio](#) (July 2020): maintain and diversify water supplies; protect and enhance natural ecosystems; build connections and be prepared. The State Water Board is tasked as the responsible agency for 17 actions of which 8 actions require direct involvement from DFA.

The State and Regional Water Boards also have primary responsibility to protect water quality by preventing and reducing water pollution in our rivers, streams, lakes, beaches, bays, and in our groundwater. The purpose of the Non-Point Source (NPS) Program Plan is to improve California's ability to effectively manage NPS pollution and conform to the requirements of the Federal Clean Water Act and the Federal Coastal Zone Act Reauthorization Amendments of 1990. The [2020-2025 Nonpoint Source Implementation Plan](#) ([https://www.waterboards.ca.gov/water\\_issues/programs/nps/docs/plans\\_policies/NPS%202020-25%20Accessible%20MH%203.9.21.pdf](https://www.waterboards.ca.gov/water_issues/programs/nps/docs/plans_policies/NPS%202020-25%20Accessible%20MH%203.9.21.pdf)) is California's approved implementation plan. It identifies a set of targeted performance measures and describes NPS Program activities from July 2020 through June 2025. Projects identified in the NPS Program Plan are eligible for CWSRF funding.

The National Estuary Program (NEP) is an EPA program to protect and restore the water quality and ecological integrity of estuaries of national significance. Currently, three estuaries in California are designated as nationally significant estuaries – Morro Bay, Santa Monica Bay, and San Francisco Bay. For each area a Comprehensive Conservation and Management Plan (CCMP) has been developed to identify and implement long-term actions to address water quality and resource challenges and priorities in the estuary. Projects and action in the CCMPs are eligible for CWSRF funding.

The State Water Board administers several programs authorized by the [Water Quality, Supply, and Infrastructure Improvement Act of 2014 \(Prop 1\)](#), the [California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 \(Prop 68\)](#), and the [Budget Acts of 2021](#) and 2022 and may have funding available from other bond measures and funding sources. Projects eligible for four Prop 1 programs

administered by the State Water Board, (i) Small Community Wastewater, (ii) Water Recycling, (iii) Stormwater, and (iv) Groundwater Sustainability, are also potentially eligible for CWSRF funds. Projects eligible for other state sources of funds may also be eligible for CWSRF funds. The State Water Board manages its funding programs to maximize its ability to fund projects that support the State Water Boards' water quality goals and by coordinating CWSRF financing with the State Water Board's other funding sources.

In establishing the terms of this CWSRF IUP, the State Water Board considered [Resolution No. 2016-0010, Adopting the Human Right to Water as a Core Value and Directing its Implementation in Water Board Programs and Activities](#) and statewide policy set forth in section 106.3 of the Water Code. Specifically, Subdivision (a) declares it is the established policy of the State that "every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes." Subdivision (b) requires the State Water Board to consider this state policy when "revising, adopting, or establishing policies, regulations, and grant criteria when those policies, regulations, and criteria are pertinent to the uses of water."

Finally, the State Water Board also considered the objectives and requirements of the [Comprehensive Response to Climate Change Resolution](#)<sup>8</sup> during development of this IUP. The Climate Change Resolution describes near-term actions and policy changes to support the state's key climate priorities as identified in the AB 32 Scoping Plan, Safeguarding California Plan, and [Water Resilience Portfolio](#).

### C. IUP and Federal Guidance

These IUPs contain elements required under federal law. The State Water Board will submit these IUPs as part of its applications for the federal fiscal year (FFY) 2022 Capitalization Grants for the base CWSRF program, CWSRF General Supplemental Funding, and CWSRF Emerging Contaminants Funding. The SFY 2022-23 CWSRF IUP also serves as guidelines for the State Water Board's administration of Prop 1 and Prop 68 wastewater funds, the Implementation Plan for the state 2021 and 2022 Budget Act Infrastructure Appropriations, and the additional match funds appropriated in the 2021 and 2022 Budget Acts.

These IUPs also establishes the State Water Board's business plan for California's CWSRF program for State Fiscal Year (SFY) 2022-23. It discusses DFA's approach and ability to successfully carry out that business plan with the available financial and programmatic resources. The IUPs also discuss how DFA will operate the CWSRF program in conjunction with other financing programs, including, but not limited to, Prop 1, Prop 68, General Fund appropriations, or sources of funding outside the State Water Board that may be used to jointly finance projects.

These IUPs forecast the CWSRF cash flows and other funds available to the State Water Board (Appendix A) for the next several years and identify projects (Appendix B –

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<sup>8</sup> State Water Board Resolution No. 2017-0012

the Fundable List) the State Water Board anticipates financing. The IUPs also analyze the effect these projects would have on the CWSRF's cash flows and other sources of funds if financed and includes performance measures to track the effectiveness of the CWSRF program.

The State Water Board will continue to implement the CWSRF and complementary and supplementary financing programs consistent with applicable state and federal statutes, regulations, policies, and guidelines. These include, but are not limited to:

- The [Policy for Implementing the Clean Water State Revolving Fund](#) (CWSRF Policy) and funding guidelines related to any complementary and supplementary financing sources;
- The [Operating Agreement](#) between the State Water Board and U.S. EPA;
- [The Clean Water and Drinking Water State Revolving Funds Debt Management Policy](#) (SRF Debt Management Policy) and agreements related to outstanding revenue bonds;
- [The State Water Board's Clean Water and Drinking Water Capacity Development Strategy](#),
- [U.S. EPA Interpretive Guidance](#) regarding the WRRDA amendments;
- [U.S. EPA guidance](#) regarding Implementation of the CW and DWSRF Provisions of the Bipartisan Infrastructure Law
- Any additional federal requirements in the 2022 budget appropriation, the 2022 Capitalization Grant agreements, and/or guidance from U.S. EPA.

The State Water Board or the Executive Director may amend this IUP and the Supplemental IUP only after the public and interested parties are given an opportunity to comment on the proposed amendments, with the exception of non-substantive corrections, which may be made by the Deputy Director of DFA. The Executive Director, or designee, may update stakeholders during SFY 2022-23 on DFA's progress implementing this IUP and the Supplemental IUP and the current capacity of the CWSRF and its complementary programs to provide financing to applicants.

## II. WATER QUALITY FINANCING NEEDS

### A. Clean Watersheds Needs Survey

California needs significant funding to achieve its clean water goals. The most recent [Clean Watersheds Needs Survey in 2012](#) shows that California needs an estimated \$26.2 billion for wastewater treatment and collection, wastewater recycling, and stormwater pollution prevention over the next 20 years. This includes an estimated \$24.4 billion to update aging infrastructure.

The Clean Watersheds Needs Survey is required by U.S. EPA and is generally conducted every four years. U.S. EPA did not conduct a 2016 or 2020 survey due to federal budgetary constraints. The 2022 Clean Watersheds Needs Survey began on March 1, 2022, with all data collection due to EPA by February 28, 2023. CWSRF program staff are conducting the data collection and analysis for California.

### B. State Water Board Guidance

The CWSRF can fund a wide range of water infrastructure projects and may offer a variety of financial assistance types. The following are CWSRF priorities highlighted by the State Water Board:

#### 1. Small Disadvantaged Communities (DACs)

On July 1, 2008, the State Water Board adopted [Resolution No. 2008-0048](#) to assist small communities and/or DACs with their wastewater needs. Resolution No. 2008-0048 referred to a Small Community Wastewater Strategy, which was subsequently updated and expanded in the Spring of 2016 to incorporate public water systems and was renamed the [Clean Water and Drinking Water Capacity Development Strategy](#) (Capacity Development Strategy). The strategy provides an overview of the challenges facing these communities. Regarding wastewater, these include both failing septic systems and failing outdated and undersized wastewater treatment plants. Small communities and/or DACs generally have higher per capita costs. Disadvantaged (median household income [MHI] of less than 80 percent [80%] of the statewide MHI) and severely disadvantaged (MHI of less than 60 percent [60%] of the statewide MHI) small communities typically face the additional burden of lower household incomes. The result is higher, sometimes prohibitive, sewer and water rates. In 2017, the Drinking Water Capacity Development program, required by the Safe Drinking Water Act, was moved from DFA to the Division of Drinking Water (DDW), but both divisions play a role in supporting the Board's capacity development goals.

The Office of Sustainable Water Solutions (Office) was statutorily established on March 27, 2015 and is part of DFA. The Office was created to promote permanent and sustainable drinking water and wastewater treatment solutions to ensure

effective and efficient provision of safe, clean, affordable, and reliable drinking water and wastewater treatment services, focusing on addressing financial and technical assistance needs, particularly for small DACs. The Office provides low interest loans and grants utilizing state and federal funding sources. Funding for small DACs is coordinated through the SCWW Program described throughout this IUP.

## 2. Onsite Wastewater Treatment Systems (OWTS)

On May 13, 2013, the Water Quality Control Policy for Siting, Design, Operation, and Maintenance of Onsite Wastewater Treatment Systems (OWTS Policy) became effective. The vast majority of the estimated 1.2 million onsite systems in California are properly sited, designed, operated, and maintained, and are functioning in a satisfactory manner. The purpose of the OWTS Policy is to allow the continued use of OWTS, while protecting water quality and public health, and recognizes that responsible local agencies manage OWTS on a routine basis. The OWTS Policy establishes a statewide, risk-based, tiered approach for the regulation and management of OWTS installations and replacements and sets the level of performance and protection expected from OWTS. The OWTS Policy also discusses the procedures for local agencies to apply for CWSRF funds to establish local, low interest loan programs to assist OWTS owners with meeting the requirements of the OWTS Policy.

## 3. San Francisco Bay/Sacramento-San Joaquin Delta Estuary (Bay-Delta)

Staff from the State Water Board and the Central Valley and San Francisco Bay Regional Water Boards coordinate the Water Boards' activities in the San Francisco Bay and Sacramento-San Joaquin River Delta (Bay-Delta). The Bay-Delta Team is charged with developing the Water Boards' short and long-term efforts for addressing impacts to the beneficial uses of water in the Bay-Delta. In December 2018, the State Water Board adopted a Bay-Delta Water Quality Control Plan for the lower San Joaquin River and Southern Delta. The State Water Board is in the process of developing and implementing updates to the Bay-Delta Water Quality Control Plan for the Sacramento River and tributaries, and the Central Valley and San Francisco Bay Regional Water Boards continue with their efforts to protect beneficial uses in the Bay-Delta watershed. The CWSRF program can help with these efforts by funding point source, nonpoint source, and estuary projects such as:

- Measures identified in Total Maximum Daily Loads;
- Stormwater and dry weather runoff reduction from Municipal Separate Storm Sewer Systems;
- Conservation measures to reduce sediment and non-point discharges;
- Ammonia discharge reduction from publicly owned treatment works (POTWs);
- Urban and agricultural water use efficiency to reduce demands on the Delta and reduce runoff of pesticides to the Delta;
- Implementation of non-point source projects under the state's Section 319 program;
- Implementation of watershed projects;

- Implementation of measures under the San Francisco Estuary Blueprint; and
- Measures to promote water conservation, efficiency, or reuse that can decrease demands on the Delta.

#### 4. Sustainability and Climate Change

The State Water Board adopted [Resolution No. 2008-0030](#) on May 6, 2008, emphasizing sustainability as a core value for all the Water Boards' activities and programs. Resolution No. 2008-0030 directed the State Water Board staff to take actions that may affect the CWSRF program such as:

- Promote recycled water use, water conservation, and low-impact development (LID);
- Assign a higher priority to climate-related and LID projects; and
- Coordinate with government agencies, non-profit organizations, and private sector businesses to enhance and encourage sustainable activities.

The State Water Board most recently amended the Water Recycling Funding Program Guidelines on October 16, 2019. The WRFPG Guidelines contain grant and loan eligibility criteria and priorities for water recycling projects.

The State Water Board adopted [Resolution No. 2017-0012](#) on March 7, 2017, outlining a comprehensive response to climate change for all the Water Boards' activities and programs. Resolution No. 2017-0012 directed the State Water Board staff to take actions that affect the CWSRF program IUP. Specifically:

- Include climate change mitigation and adaptation objectives in the IUP.
- Ensure that applications and environmental reviews for potential projects account for impacts related to climate change, including potential effects of climate change on the viability of funded projects.

On May 16, 2017, the State Water Board adopted an emergency regulation to implement provisions of the [Sustainable Groundwater Management Act \(SGMA\)](#). SGMA created a framework for sustainable, local groundwater management for the first time in California history and requires the formation of local groundwater sustainability agencies (GSAs) in California's high- or medium-priority groundwater basins or the submittal of an alternative that demonstrates a basin is already sustainable. The CWSRF can potentially fund projects that would assist GSA's with achieving groundwater sustainability.

### C. Application Demand

As of March 2022, the State Water Board had requests for CWSRF and complementary financing totaling more than \$4.7 billion. The Comprehensive List in Appendix C includes all active funding requests submitted to DFA as of March 2022 and is used to identify potentially eligible projects for a Fundable List. Placement of a project on the Comprehensive List does not constitute a commitment to provide financing. The

applications on the Comprehensive List represent a wide variety of project types from communities of various sizes throughout California.

### III. FUNDING CAPACITY AND DISTRIBUTION OF FUNDS

#### A. General Funding Approach

This IUP includes a Fundable List (Appendix B) for SFY 2022-23. The Fundable List reflects those projects DFA believes will achieve the most favorable water quality results in California during SFY 2022-23 with the financial and programmatic resources available to the CWSRF and its complementary financing programs. DFA's goal is to execute financing agreements for all projects on the Fundable List by June 30, 2023.

All new applications for wastewater projects eligible for grant/PF fundable under Appendices D and E, public health projects, and estuary projects are fundable in accordance with this IUP<sup>9</sup>. All wastewater projects eligible for grant/PF, public health projects, or estuary projects submitted after the development of the Fundable List in this IUP, that meet all other eligibility requirements, will be added to the Fundable List after the Deputy Director, or designee, deems the application complete<sup>10</sup>.

Water recycling projects and stormwater projects that contribute to water supply resiliency may also be added to the Fundable List and be fundable provided they (1) can complete their projects without any repayable CWSRF loan funds and agree to not take any CWSRF repayable loan funding and (2) submit a complete application and meet all eligibility requirements of the source of state funds. Water recycling and stormwater projects not added to the Fundable List as part of this IUP, will be funded consistent with their priority scores on the Comprehensive List.

DFA will periodically post an updated [Comprehensive List](#) on the CWSRF website which identifies those projects which are on the Fundable List. This updated Fundable List will include wastewater projects eligible for grant/PF per Appendices D and E, public health projects, estuary projects, and water recycling or stormwater projects not

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<sup>9</sup> Per Section IV.B.1.c. of the [CWSRF Policy](#), all small SDAC wastewater, small DAC wastewater, and public health projects are considered fundable at any time provided they have submitted a complete application. For simplicity, public health projects and wastewater projects eligible for grant/PF under Appendices D and E, and estuary projects are not shown explicitly on the Fundable List in Appendix B, but are considered to be on the Fundable List by virtue of their categories and application status. Grant/PF eligible wastewater projects are on the Comprehensive List in Appendix C with the funding source of "SCWW."

<sup>10</sup> For septic-to-sewer projects, it can be challenging to get binding commitments to participate from households in the absence of final funding information which informs final costs to the households. For such projects that are expected to be funded with the 2021 Budget Act Infrastructure Appropriation, the Deputy Director of DFA is authorized to provide a preliminary commitment of funds prior to application completion. Such commitments will include necessary conditions, including but not limited to conditions regarding required household participation to receive the funds and deadlines to complete the application.



requesting repayable CWSRF loan which have complete applications and meet all other eligibility requirements.

Projects that are either not eligible for grant/PF or public health projects but are on the Fundable List in this IUP may receive financing. Projects that are not eligible for grant/PF or do not address public health criteria and are not on the Fundable List are ineligible for financing during SFY 2022-23 unless otherwise directed by the State Water Board but may be eligible for financing in a future year.

Funding will be consistent with the [CWSRF Policy<sup>11</sup>](#), the [SRF Debt Management Policy](#), the [Operating Agreement](#), applicable federal and state statutes, regulations, and guidance, and any guidelines or requirements applicable to the complementary funding sources that may be used to fund a project separately or jointly with CWSRF funds. Projects that receive only complementary funding (i.e., funding that is neither CWSRF funding nor state match for CWSRF funding) may be subject to state and/or federal requirements, as described in further detail in Section V, depending on the overall project and program goals.

In addition, CWSRF repayable funding will be consistent with the requirements of the program's Master Trust Indenture and associated bond documents to ensure compliance with Securities and Exchange Commission, Internal Revenue Service, and Municipal Securities Rule Making Board (MSRB) rules and regulations and ensure that all CWSRF revenue bonds are secure and repaid in full and on time.

The funds available to the CWSRF program during SFY 2022-23 generally consist of:

- State general fund allocations, including the state 2021 and 2022 Budget Act Infrastructure Appropriations for wastewater and for groundwater/recycled water and the state 2021 and 2022 Budget Act Appropriations available for match;
- Repayments of CWSRF principal and interest on past loans and investment earnings;
- Capitalization Grants from U.S. EPA, including PF;
- Proceeds from potential future bond sales.

A more detailed financial analysis is described in Section III.B.

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<sup>11</sup> Please refer to Section V.L. of this IUP for an important precaution regarding reimbursement of eligible construction costs.

The State Water Board's disbursement priorities for the CWSRF in order of importance during SFY 2022-23 will be:

- Liquidating any future revenue bond proceeds to meet applicable commitments and tax law requirements;
- Liquidating general fund appropriations within applicable appropriation timeframes;
- Liquidating Capitalization Grants once awarded;
- Liquidating repayments and investment earnings.

The funding priorities in SFY 2022-23 will also be influenced by the complementary sources of funds available to the State Water Board. Specifically, these additional funding sources may include but not be limited to: (i) Prop 1, Prop 68, General Fund appropriations, and the Costa-Machado Water Act of 2000 (Prop 13) funds for SDAC and DAC wastewater, water recycling, stormwater, groundwater, and other authorized projects; and (ii) Small Community Grant (SCG) funds provided through fees in lieu of interest.

The Deputy Director of DFA is authorized to initiate the process to sell revenue bonds to the extent authorized and approved by the State Water Board<sup>12</sup>. The Deputy Director is also authorized to regulate project commitment levels, loan increases, cash disbursement levels, suspend project approvals, or do a combination of these actions to ensure prior commitments are fulfilled. The Deputy Director is directed to evaluate the potential impacts of rising construction costs for existing loan projects and the impacts to the CWSRF's long term loan capacity. The Deputy Director will generally prioritize use of the loan capacity for potential cost increases on previously funded loans rather than funding new projects.

The State Water Board directs DFA to manage the CWSRF so that sufficient funds are available under all circumstances to meet the repayable financing needs of SDACs and DACs for wastewater projects.

Without restricting the approach described in this IUP, the Executive Director (or designee), should update the State Water Board members and the public at State Water Board meetings or by other appropriate communications regarding the finances of the CWSRF and complementary financing programs. They should also recommend appropriate adjustments to this IUP or other changes in policy or procedure necessary to achieve the maximum water quality results in California.

General provisions applicable to financing projects in SFY 2022-23 may include, but are not limited to:

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<sup>12</sup> On October 3, 2017, the State Water Board approved [Resolution No. 2017-0057](#) increasing the maximum leveraging authorization for the CWSRF program from \$1.2 billion to \$2.2 billion bonds (par value). Currently, approximately \$993.6 million of the total (par value) is outstanding.

## 1. Best Use of Available Financing Sources and Terms

DFA will consider the requirements associated with all available sources of funds and pair available funds with projects to achieve the maximum water quality benefit. This includes the use of reduced interest rates, match financing, partial financing, PF, the SCG Fund, other state sources of funds appropriated to the State Water Board, and other state and federal funding sources managed by other agencies, to the extent they are available and compatible with the State Water Board's funding, to maximize the financing of water quality projects.

## 2. Green Project Reserve (GPR)

Based on the FFY 2022 appropriation, a minimum of 10 percent (10%) of the 2022 Base and General Supplemental Capitalization Grants (or an estimated GPR of approximately \$21 million) will be provided to projects that meet the GPR criteria. To ensure that California meets or exceeds the minimum GPR requirement for SFY 2022-23, the State Water Board will prioritize the review and approval of GPR projects until the minimum is met. GPR projects must meet [U.S. EPA's FFY 2012 Guidance](#) or any subsequent guidance issued by U.S. EPA.

As shown in Appendix B the CWSRF has significantly more GPR demand than the minimum GPR requirement anticipated in SFY 2022-23; therefore, the State Water Board does not plan to solicit additional GPR projects during SFY 2022-23.

## 3. Match Financing Option

California is required to contribute at least one dollar of matching funds for every five federal dollars contributed to the CWSRF program. Section V.H. provides a more detailed discussion of California's matching contribution to the CWSRF. Offering local match financing in accordance with Section V of the [CWSRF Policy](#) to CWSRF applicants, where the applicant provides the funds to match the federal grants, is one way California meets the match requirement. Other methods of providing match include state appropriations and match bonds or loans. Local match financing is available to applicants at their request, although it is unlikely that it will be requested due to the already low interest rate for standard CWSRF financing, which in recent years has been at an all-time low due to unprecedented market conditions.

## 4. Interest Rates

### a. Standard Rates

The State Water Board's standard interest rate for CWSRF (repayable) planning financing is generally 50 percent (50%) of the rate obtained by the State Treasurer for California's most recent general obligation bond sale, rounded up

to the next highest multiple of 10 basis points. The standard repayment term for repayable planning financing is five or ten years, at the applicant's option.

The State Water Board's standard interest rate for CWSRF (repayable) construction financing is generally 50 percent (50%) of the rate obtained by the State Treasurer for California's most recent general obligation bond sale, rounded up to the next highest multiple of 10 basis points. The standard repayment term for repayable construction financing is the lesser of 30 years or the useful life of the financed facilities.

b. Short-Term Financing Incentive

Applicants for CWSRF repayable construction financing will receive a 25 basis point reduction to the standard interest rate in exchange for selecting a 20-year or lesser financing term rather than a 30-year financing term, but the resulting interest rate will not be less than zero percent.

c. Adjustment for SDAC, DAC and Public Health Projects

If the total amount of CWSRF financing to be repaid by an SDAC or DAC qualifying for SCWW funds (see Appendices D and E) or a public health project applicant is less than \$10 million, and the community is unable to afford all or a portion of the interest payments, DFA may approve a reduced interest rate (not less than zero percent) in the initial financing agreement. The reduced interest rate will be lowered incrementally until the community is able to afford the loan and meet the debt service requirement. The interest rate will not automatically be lowered to zero.

d. Adjustment for Nonpoint, Stormwater, and Estuary Projects

If the total amount of CWSRF financing to be repaid by a non-point source, stormwater, or estuary management project applicant is less than \$10 million, DFA may approve a reduced interest rate (not less than zero percent) if the applicant is unable to afford all or a portion of the interest payments.

## B. Recent Financing Activity<sup>13</sup>

From July 1, 2021 to June 30, 2022, the State Water Board has provided the following financing from the CWSRF and complementary financing programs.

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<sup>13</sup> Historical CWSRF financing activity can be seen at [http://www.waterboards.ca.gov/water\\_issues/programs/grants\\_loans/srf/docs/cwsrffncng\\_actvty.pdf](http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/cwsrffncng_actvty.pdf). Prop 1 funding activity can be found at [http://www.waterboards.ca.gov/water\\_issues/programs/grants\\_loans/proposition1.shtml](http://www.waterboards.ca.gov/water_issues/programs/grants_loans/proposition1.shtml).

**Table 1: SFY 2021-22 CWSRF and Complementary Financing**

	<b>CWSRF (Repayable Loan)</b>	<b>SCWW (including PF)</b>	<b>WRFPP</b>	<b>Totals</b>
<b>Number of Agreements<sup>14</sup></b>	37	20	18	<b>66</b>
<b>\$ of Agreements (in millions)</b>	\$2,115	\$32	\$110	<b>\$2,257</b>

CWSRF and complementary financing for the four previous years is shown in the table below.

**Table 2: Recent CWSRF and Complementary Financing**

<b>SFY</b>	<b>Number of Agreements</b>	<b>\$ of Agreements (in millions)</b>
2017-18	77	\$1,005
2018-19	19	\$327
2019-20	55	\$652
2020-21	42	\$466

## C. Financial Outlook

### 1. CWSRF Cash Flow<sup>15</sup> and Loan Funding Target

Appendix A shows the forecasted cash flow (sources and uses) of the CWSRF program as of July 2022. Except for capitalization grants, the future cash flow of the CWSRF program can be predicted with reasonable certainty. The estimated cash flow includes:

- The cash balance at the beginning of SFY 2022-23 (July 1, 2022);
- U.S. EPA capitalization grants<sup>16</sup>;
- Principal and interest payments on outstanding receivables;
- Investment earnings;
- Matching funds;
- Disbursements to projects with executed financing agreements;
- Debt service payments;
- Estimated proceeds of potential leveraging in FY 2022-23, and
- Program administrative costs and technical assistance allowance

<sup>14</sup> Fourteen projects received funding from more than one source. Therefore, the number of unique financing agreements was 64.

<sup>15</sup> The overall cash flow includes the available PF funds.

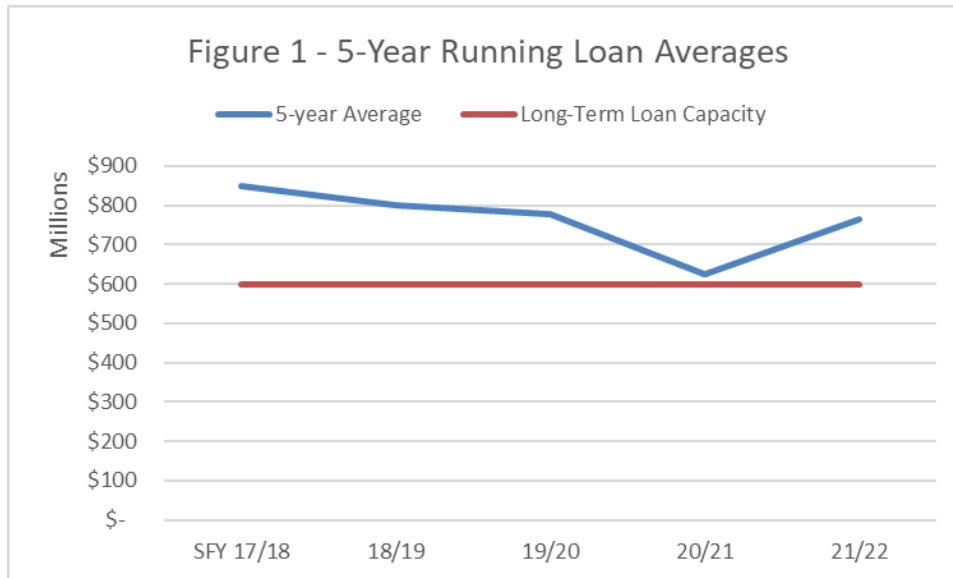
<sup>16</sup> Based on the adoption of the federal budget for FFY 2022, the FFY 2022 Base Program Capitalization Grant is \$82.7 million. Future capitalization grants are conservatively estimated at \$70 million per year.

Including potential future leveraging, as authorized by the State Water Board, the CWSRF estimated year-end cash balances through June 30, 2027 range from \$95 million to \$977 million as seen in Appendix A.

Consistent with the CWSRF Policy, DFA has re-evaluated the lending capacity of the CWSRF. The CWSRF's Municipal Advisor, in cooperation with DFA staff, ran several different scenarios to gauge the possible effects on the CWSRF's lending capacity of the BIL supplemental appropriations, potential higher future annual appropriations as authorized by the BIL, and different match sources. The potential capacity changes ranged from an increase of about fifteen percent (15%) to as high as about fifty percent (50%) in lending capacity. The high end of the spectrum is contingent on Congress annually appropriating the maximum authorized for the CWSRF and the match being fully satisfied by an appropriation of state funds through FFY 2026. The low end of the spectrum is based on receiving the BIL appropriations plus limited annual base program capitalization grants similar to the CWSRF's 2022 base program capitalization grant and the CWSRF having to provide its own matching funds.

There is no guarantee that Congress will appropriate the maximum authorized for the CWSRF as seen in the FFY 2022 base program capitalization grant level. The FFY 2022 grant was lower than previous grants going back to 2010 due to Congressionally directed funding to specific projects. If this practice continues in the future, it could result in grants that are significantly smaller than what is authorized by the BIL and smaller even than historic base program grant levels. In addition, the source of the funds needed to match future capitalization grants at the high end of the BIL authorizations remains unclear, and it may be necessary for the CWSRF to sell match bonds if the higher grant levels are appropriated. Match bonds tend to reduce the CWSRF's lending capacity since earnings must be used to pay for the match bonds and cannot be used for leverage bonds.

As seen in Figure 1 below, the CWSRF's 5-Year running average lending is above the CWSRF's sustainable lending capacity. Although the BIL has the potential to increase the CWSRF's lending capacity, it is a relatively recent development. DFA believes a conservative approach to adjusting the repayable loan Funding Target is warranted. The Funding Target should be a realistic target that can be sustained on a long-term basis to provide consistency and predictability to the program and its stakeholders. Therefore, the State Water Board finds that the Funding Target is approximately \$600 million per year. The loan capacity is the amount of new lending or loan increases on previously funded loans that can be done per year with the existing loan pool and new loans pledged to potential bonds. The annual capacity is a level amount that could be originated each year for the next 20 years. The Funding Target, for SFY 2022-23, will range from \$540 million to \$750 million in new lending. Future years' targets will be subject to refinement and revision as the conditions under which the CWSRF operates evolve.



a. CWSRF Base Program and General Supplemental

Based on the adoption of the federal budget for FFY 2022, the FFY 2022 Base Program Capitalization Grant is estimated to be \$82,753,000.

The Infrastructure Investment and Jobs Act, also referred to as the BIL appropriated \$11.7 billion over five years to CWSRF programs. California is estimated to receive \$127,290,000 as part of the CWSRF General Supplemental Funding. The funds are available to any CWSRF eligible project and forty-nine percent (49%) must be committed as principal forgiveness, as described in Section III.C.2.

The CWSRF funding capacity above includes capitalization grant estimates for both the Base Program and General Supplemental authorizations. The BIL funds are appropriated and the allocation to individual states is set by the CWA and are therefore unlikely to change over the subsequent four years.

The Deputy Director of DFA was authorized at the March 15, 2022, Board meeting to use up to \$85 million of 2021 Budget Act Infrastructure Appropriation funds for use as state match for the DWSRF and CWSRF programs and determine the appropriate allocation of those funds. The Deputy Director has allocated \$5 million from the 2021 Budget Act Infrastructure Appropriation to meet the CWSRF State Match needs through the FFY 2022 capitalization grants.

AB 180 (Chapter 44, Statutes of 2022) amended the Budget Act of 2021, and authorized an additional \$400 million for the state share of the CWSRF and DWSRF, consistent with existing law. The funds may be expended for project costs incurred by funding recipients in fiscal years prior to enactment of the Budget Act. The funding provided is available for expenditure until June 30, 2027. The Deputy Director of DFA is also authorized by this IUP to determine the appropriate allocation of the additional funds appropriated by AB 180 between the CWSRF and DWSRF.

DFA currently estimates that \$100 million will be used for State Match for the CWSRF program and \$300 million will be used for State Match for the DWSRF program.

b. CWSRF Emerging Contaminants

California is also estimated to receive \$6,737,000 as part of the CWSRF Emerging Contaminants Funding, appropriated by the BIL. The funds are available to CWSRF eligible projects which address emerging contaminants, with a focus on Per- and Polyfluoroalkyl Substances (PFAS). One hundred percent (100%) must be committed as principal forgiveness.

The State Water Board is requesting that the full CWSRF Emerging Contaminant capitalization grant be transferred to the Drinking Water State Revolving Fund (DWSRF). Additional information regarding the availability of and requirements associated with CWSRF Emerging Contaminants funding and the transfer to DWSRF can be found in the Emerging Contaminants Supplemental Intended Use Plan in Appendix J.

2. CWSRF Principal Forgiveness (PF)

Per the CWA, states have the option to select a level of additional subsidization (e.g., PF) that ranges from ten percent (10%) to a maximum of thirty percent (30%) of its annual base program capitalization grant, if the total amount appropriated for capitalization grants to all States for the fiscal year exceeds \$1 billion.

Additionally, the FFY 2022 federal appropriation requires, as the federal appropriations have since FFY 2016, that an additional ten percent of the capitalization grant be provided as additional subsidy (e.g., PF) to eligible recipients. This mandatory amount is in addition to the optional allocation established by the CWA.

The State Water Board will provide the maximum amount of additional subsidy allowed from the FFY 2022 Capitalization Grant as PF. Based on the information DFA has regarding the FFY 2022 appropriation, the maximum amount of PF allowed from the FFY 2022 Base Program Capitalization Grant is approximately \$33 million.

CWSRF General Supplemental Funding will be \$127,290,000 and is already appropriated in the BIL. The BIL mandates that forty-nine percent (49%) of General Supplemental Funding be provided as PF, which equates to approximately \$62 million.

The State Water Board will have approximately \$177 million in PF from the CWSRF base program and CWSRF General Supplemental Funding to commit during SFY 2022-23, based on the existing balance as of June 2022 plus the estimated PF from



the FFY 2022 Capitalization Grants<sup>17</sup>

Per Section 603 of the CWA, additional subsidization (i.e., PF) may be provided (1) to benefit a municipality that meets the affordability criteria of the State or benefit individual residential ratepayers within a municipality who would experience a hardship from the increase in rates necessary to finance the project or (2) to implement a process, material, technique, or technology:

- To address water-efficiency goals;
- To address energy-efficiency goals;
- To mitigate stormwater runoff; or
- To encourage sustainable project planning, design, and construction.

All PF from the FFY 2020, 2021, and 2022 CWSRF base program Capitalization Grants will be available for the following:

- Wastewater projects consistent with the SCWW Program described in Section III.C.3, and small non-DAC wastewater projects, consistent with Appendices D and E. These projects would be eligible for PF consistent with established affordability criteria.

All PF from the FFY 2022 CWSRF base program Capitalization Grant and the FFY 2022 CWSRF General Supplemental Funding Capitalization Grant will be available for the following:

- Projects that implement a nationally designated estuary plan may receive PF up to 75 percent (75%) of eligible project costs. Cumulative PF shall not exceed \$1 million per estuary plan area in any state fiscal year.
- Projects which mitigate stormwater runoff and contribute to water supply resiliency and feasibility and planning studies to identify stormwater mitigation projects capable of contributing to water supply resiliency, consistent with Appendix G.

### 3. Small Community Wastewater (SCWW) Program

This IUP specifies the grant/PF amounts available for SCWW projects, and how the Prop 1, Prop 68, SCG Fee, 2021 state Budget Act Infrastructure Appropriation, and CWSRF requirements will be coordinated for projects receiving these funding sources. Due to limited grant/PF availability, the State Water Board will prioritize grant/PF for SCWW projects. Public health projects, projects that address violations of waste discharge requirements or National Pollutant Discharge Elimination System (NPDES) permits, projects that connect previously unsewered areas or join communities to regionalize wastewater treatment works, and other projects identified as priority by the Regional Water Quality Control Boards are considered priority for

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<sup>17</sup> The PF available during SFY 2022-23 may include PF from previously approved projects that finish under budget.

grant/PF funding (Priority Projects).

All SCWW funds authorized for SFY 2022-23, SCWW funds that become available from prior SFYs (e.g., any funds de-obligated from previously approved projects that finish under budget), and any SCWW funds appropriated in future years, will be used consistent with Appendices D and E of this IUP until otherwise directed by the State Water Board.

For 100% nonrepayable planning projects, DFA generally will not require the applicant to submit a complete financial security package or undergo financial security review prior to receiving funding. DFA will require certain items that have been included in the financial security package, such as an authorizing resolution, to be submitted. An applicant is generally not required to demonstrate financial capacity to operate and maintain its system, or a proposed construction project, prior to receiving 100% nonrepayable planning funding. Planning funding can be provided to an eligible applicant that lacks adequate financial capacity to assist it with establishing its financial capacity to operate and maintain its system, and undertake a construction project, in preparation for an eventual construction funding agreement. Examples of tasks financed with planning funds may include, but are not limited to, wastewater rate studies, budget development, and capital improvement planning.

Even if 100 percent (100%) grant/PF is approved for a construction project, the recipient is required to demonstrate financial capacity to operate and maintain the wastewater system. For projects that address Regional Water Board Orders or public health threats, the Deputy Director may enter into a grant funding agreement with an applicant prior to the applicant's demonstration of the long-term ability to operate and maintain its wastewater system, conditioned on the applicant's satisfactory demonstration of the ability to operate and maintain its wastewater system prior to the disbursement of any grant funds.

For the purposes of calculating rates as a percentage of MHI, service charges plus other costs specifically related to the wastewater system may be considered, including but not limited to, dedicated sales tax revenue, assessments, and fees. If a CWSRF-eligible wastewater project includes improvements to the drinking water system, the drinking water rates and charges may be considered in addition to wastewater rates and charges. For systems serving small SDACs/DACs that do not charge monthly wastewater rates, including, but not limited to, migratory labor camps and mobile home parks, any minimum rate thresholds for grant/PF eligibility are waived.

In evaluating grant/PF eligibility for a project, DFA will consider any wastewater-related judgment or settlement funds received by or due to the applicant. Pending or unrestricted funds must either be allocated to a capital improvement project related to the settlement or placed in a restricted account (e.g., escrow or other restricted account) reserved specifically for operation and maintenance of the portion of the system that removes or treats the contaminant. If neither of these options is

available, a condition of State Water Board funding will be that settlement funds are held in a capital reserve and/or emergency reserve account to help bolster the financial capacity of the system.

Applicable requirements vary according to the funding source, as described in section V.

a. MHI Determinations

In general, the MHI determination will be based on the entire permitted service area of the Wastewater System. For septic-to-sewer projects, the MHI of the community that will be connected will be used. The MHI is determined using the Census geography that best represents the community (i.e., city/Census Designated Place [CDP] or block group). DFA utilizes the American Community Survey (ACS) data set to determine the MHI of a community. ACS data is updated annually using a five-year rolling average. New ACS data is utilized by DFA April 1st of each year. If the MHI cannot be determined due to unavailable ACS data or the available data is not considered representative based on consultation with Regional Board staff, an income survey may be conducted. An impartial third party must conduct an income survey in accordance with the current Multiagency Income Survey Guidelines.

Except for Priority Projects, in making funding eligibility determinations, the State Water Board will consider whether the households benefitting from the project are primary homes. If a community includes secondary homes that are greater than 50 percent (50%) of the total number of dwellings, the community will not be eligible for grant/PF funding. A community with between 25 percent (25%) and 50 percent (50%) secondary homes will be evaluated on a case-by-case basis to determine eligibility for grant/PF funding or partial grant/PF funding. Secondary homes are homes that are classified as vacation or seasonal homes.

Wastewater systems that solely serve a K-12 public school are deemed to serve a SDAC, as the primary users are minor students with incomes below 60 percent (60%) of the statewide MHI. To determine grant eligibility, the total number of staff and students will be divided by 3.3 to determine the equivalent service connections. In the case of oversubscription, grants may be limited to Title I schools.

If a project will benefit a system that has industrial/commercial connections that account for greater than ten percent of the total water consumption, then grant/PF funding may be reduced for costs attributable to industrial/commercial use. In addition, project components that are solely for industrial/commercial use (e.g., commercial water meters, private laterals) are not grant/PF eligible. Individual project components such as water meters or private laterals that benefit individual facilities such as the following are eligible for grants: a public K-12 school, a not-for-profit K-12 private school, a not-for-profit daycare facility, a not-for-profit labor camp, a not-for-profit elder care facility, a not-for-profit health care facility, or a not-for-profit facility serving a tribe.

#### b. 2021 Budget Act Infrastructure Appropriation for Wastewater Projects

The state Budget Act of 2021 (Senate Bill 129 and Senate Bill 170) appropriated \$1.55 billion to the State Water Board in item 3940-106-0001 (the 2021 Budget Act Infrastructure Appropriation). Provision 1 of the item specifies that \$650 million is for wastewater projects, with priority given to septic-to-sewer conversions with local investment. After five percent of the funds are used for State Water Board administrative costs, \$617.5 million was available for wastewater grants, approximately \$100 million of which was committed to projects in SFY 2021-22. In addition, up to ten percent of the funds may be utilized for technical assistance and capacity building in DACs. The Deputy Director of DFA has authority to direct grant funds to qualified technical assistance providers to support DACs, and in doing so has the authority to apply relevant programmatic requirements from the SADW FEP as appropriate, such as those regarding eligibility of indirect costs.

Planning and construction funds will be given out to small DACs consistent with the SCWW Program as described in Appendices D and E. Construction funds will also be given out to small non-DACs and large DACs as described in Appendix D. Applications will be accepted on a continuous basis with grants awarded as applications are complete.

#### c. Set-Aside for Septic-to-Sewer Projects

In addition, \$350 million of the \$617.5 million available is reserved for septic-to-sewer projects. Consistent with the appropriation language, eligible septic-to-sewer planning or construction projects with local investment will be prioritized for funding (including but not limited to loan funds, local and private funding, and donated or in-kind services provided by the applicant or another local project partner). Eligible septic-to-sewer planning or construction projects with local investment that serve small DACs may be awarded funding as applications are complete. Construction projects serving large DACs or small non-DAC may also be eligible to receive some of these set-aside funds, but eligible projects with local investment that serve small DACs will be prioritized.

To compete for remaining septic-to-sewer set-aside funds, septic-to-sewer applications that serve large DACs or small non-DACs must at a minimum submit a CWSRF general application form via FFAST prior to November 1, 2022. DFA staff will review the general applications submitted and invite eligible projects to complete their full application by March 1, 2023. Projects must be ready to start construction by spring of 2024 and complete construction by the end of 2025. Priority for projects serving large DACs or small non-DACs will be based on the following factors: (1) local investment, (2) higher costs per connection, and (3) mitigating impacts to public health or water quality. If demands exceed available funds, the Deputy Director will have discretion to partially fund projects. To the extent feasible based on appropriation deadlines, the Deputy Director of DFA has the authority to extend the deadlines outlined above as needed to facilitate administration of the set-aside funds.

The procedures for providing grants from the 2021 Budget Act Infrastructure Appropriation are largely the same procedures used for standard CWSRF financing, specified in the CWSRF Policy. Projects that receive only complementary funding (i.e., funding that is neither CWSRF funding, including CWSRF PF disbursed as part of the SCWW Program, nor state match for CWSRF funding) may be subject to state and/or federal requirements, as described in further detail in Section V, depending on the overall project and program goals.

d. SCG Fund

Section 13477.6 of the Water Code authorizes the SCG Fund. The SCG Fund allows the State Water Board to help finance communities with the most need in California, helping those that cannot otherwise afford a loan or similar financing to move forward with water quality improvements. The SCG Fund receives revenue generated by a fee on CWSRF financing agreements deposited into the SCG Fund separate from the CWSRF<sup>18</sup>. Other sources may also be appropriated to the SCG Fund, including general obligation bond funds available from Props 1 and 68 and residual general obligation bond funds (including those specifically identified in State Water Board [Resolution No. 2013-004](#) that become available.)

All money deposited into the SCG Fund is provided in the form of grants to small SDACs and small DACs for CWSRF-eligible wastewater projects. State law requires the State Water Board to give grant priority to projects that serve small SDACs, defined as communities with an MHI of less than 60 percent (60%) of the statewide MHI.

The procedures for providing grants from the SCG Fund to small SDACs and small DACs are largely the same procedures used for standard CWSRF financing, specified in the CWSRF Policy.

The State Water Board will apply an SCG fee-in-lieu of interest charge to additional eligible repayable financings in SFY 2022-23 at a rate that does not exceed the standard CWSRF interest rate. The SCG fee will be applied to generate sufficient revenue to meet the anticipated demand once Prop 1 grant funds and General Fund infrastructure appropriation funds are fully encumbered. The SCG fee will be collected in an amount that does not jeopardize the long-term growth of the CWSRF, the State Water Board's ability to leverage the CWSRF, or the State Water Board's ability to collect sufficient fee revenue to administer the CWSRF. The projected revenue and SCG Fund balances through June 30, 2023, are shown in Table 3

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<sup>18</sup> Like the administrative service charge (see Section III.G.3.), the SCG charge is also a fee "other than program income not included as principal in CWSRF financing" for federal purposes. The SCG charge is collected, as is the administrative service charge, in lieu of an equal amount of interest that would otherwise be due on the outstanding balance of the financing agreement so that the annual payment stays the same.

below. The ending balance does not account for existing commitments. \$8 million in SCG funds will be available for wastewater projects during SFY 2022-2023.

**Table 3: SCG Fund Balance**

	<b>Projected 7/1/21 – 6/30/22</b>	<b>Projected 7/1/22 – 6/30/23</b>
<b>Beginning Balance</b>	\$22,071,967	\$10,658,944
<b>Collected</b>	\$8,584,621	\$10,377,748
<b>Spent</b>	\$4,246,822	\$7,000,000
<b>Encumbrance Balance</b>	<b>\$15,750,822</b>	<b>\$14,036,692</b>
<b>End Balance</b>	<b>\$10,658,944</b>	<b>\$0</b>

e. Proposition 1 and Proposition 68

Chapter 5 of Prop 1 allocated \$260 million to the State Water Board to deposit in the SCG Fund for wastewater projects<sup>19</sup>. The California Legislature has appropriated \$241.8 million to the State Water Board for grants to eligible projects. As of June 1, 2022, the State Water Board has executed approximately \$238 million in Prop 1 funding for wastewater projects. At least 10 percent (10%) of the total SCWW funds available from Prop 1 will have been provided to SDACs. All Prop 1 SCWW funds are committed to small SDAC and DAC projects.

Chapter 11 of Prop 68 allocated \$220 million to the State Water Board for drinking water and clean water grants and loans. To date, all appropriated Prop 68 funds have been allocated for Drinking Water SDAC and DAC projects. If additional funds are appropriated to the State Water Board through this fund in the future, DFA may choose to administer those funds to eligible projects.

In addition to capital projects, DFA is authorized to direct up to 15 percent (15%) of the funds available from Prop 1 to a multi-disciplinary technical assistance (TA) program. TA efforts are focused on helping small DACs develop, fund, and implement capital improvement projects.

f. CWSRF Principal Forgiveness (PF)

The Deputy Director of DFA will make all PF from the FFY 2020, 2021, and 2022 Capitalization Grants available to SDAC and DAC wastewater projects consistent

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<sup>19</sup> Wat. Code, § 79723

with the conditions and limitations in Appendices D and E during SFY 2022-23 to provide non-repayable financing to DAC and SDAC projects.

#### 4. Water Recycling Funding Program (WRFP)

The State Water Board has authority to commit and spend all available WRFP loan and grant funds from Prop 1, Prop 13, Prop 68, and General Fund appropriations from the Budget Acts of 2021 and 2022 during SFY 2022-23<sup>20</sup>. The WRFP Guidelines specify project eligibility for loans and grants and how to coordinate with CWSRF requirements for projects receiving funding from both CWSRF and other sources.

The state Budget Act of 2021 (Senate Bill 129 and Senate Bill 170) appropriated \$200 million to the State Water Board for groundwater cleanup and water recycling projects. The Legislature allocated \$50 million of these funds to a City of San Diego project. On May 24, 2022, the State Water Board approved a resolution directing that 50 percent (50%) of the funds, less administrative costs, be administered through this IUP, consistent with the WRFP Guidelines. The amended Budget Act of 2021 appropriated \$100 million in funding for water recycling projects only. Assembly Bill 211 (AB-211) subsequently appropriated another \$100 million for water recycling projects. With adoption of this IUP, the State Water Board is directing that the \$100 million in funds from the amended Budget Act of 2021 and \$100 million from AB-211 (less five percent (5%) for administrative costs) be administered through this IUP and the WRFP. Thus, \$279.7 million is expected to be available for water recycling construction grants in SFY 2022-23.

Therefore in 2022-23, the State Water Board has approximately \$279.7 million in grant funds and approximately \$22.7 million in loan funds available for WRFP construction projects. The State Water Board also has authority to commit approximately \$19 million in planning grants.

**Table 4: Anticipated WRFP Funds Available to Fundable List Projects (in millions)**

Funding Type	Prop 13	Prop 1	Prop 68	General Fund <sup>21</sup>	Total
<b>Planning Grant</b>	\$17.7	\$0	\$1.3	\$0	\$19.0
<b>Construction Grant</b>	\$0	\$0.7	\$19.0 <sup>22</sup>	\$260.0	\$279.7
<b>Construction Loan</b>	\$1.0	\$21.7	\$0	\$0	\$22.7
<b>Total</b>	<b>\$18.7</b>	<b>\$22.4</b>	<b>\$20.3</b>	<b>\$260.0</b>	<b>\$321.4</b>

<sup>20</sup> This does not include Prop 1 loan repayments that may be used for future grants. Prop 1 loan repayments must be appropriated by the Legislature.

<sup>21</sup> \$70 million from Budget Act of 2021, \$95 million from Budget Act of 2022, and \$95 million from Assembly Bill 211.

<sup>22</sup> The amount shown in Table 4 includes \$16 million of Prop 68 construction grant allocated for SDAC water recycling projects.

Appendix F of this IUP specifies the grant limitations for WRFP projects. Although the Fundable List identifies projects that appear to be eligible for the available WRFP grant funds, additional projects on the Fundable List may also be eligible for a grant. WRFP grant funds will be awarded to projects as they are ready to proceed to a financing agreement until all WRFP grant funds are committed.

Any water recycling project also eligible for SCWW grant/PF funding may receive a combination of grant or PF funding. The cumulative grant and PF may not exceed the per project maximums listed in Appendices D and E in the case of small SDACs and small DACs, and Appendix F for all others.

All WRFP funds available, including funds authorized for SFY 2022-23, funds that become available from prior SFYs (e.g., any funds de-obligated from previously approved projects that finish under budget), and any funds appropriated in future years, will be used consistent with Appendix F of this IUP until otherwise directed by the State Water Board.

Consistent with the CWSRF Policy, applications identified to receive complementary financing sources only (no CWSRF loan, including CWSRF PF) may be added to the Fundable List if the Deputy Director determines that there will be complementary funds available after financing applications meeting the cutoff score. The Deputy Director of DFA may, at an applicant's request, commit the construction loan funds identified in Table 4 to any water recycling project consistent with existing statutory requirements, the requirements of this IUP, and the terms of the WRFP Guidelines.

#### 5. Proposition 1 Stormwater Grant Program (SWGP)/Federal Sewer Overflow and Stormwater Reuse Municipal Grants Program

Chapter 7 of Prop 1 allocated \$200 million for multi-benefit stormwater management projects. Eligible projects may include, but are not limited to, green infrastructure, rainwater and stormwater capture, and stormwater treatment facilities. As part of the first solicitation in 2016, grants were awarded to 27 planning projects and 29 implementation projects. As part of the final solicitation in 2021, grants were awarded to 24 implementation projects.

America's Water Infrastructure Act (AWIA) of 2018 amended section 221 of the CWA, which authorized the Sewer Overflow and Stormwater Reuse Municipal Grants Program. Grants will be awarded to states, and states will provide sub-awards to eligible entities for projects that address infrastructure needs for Combined Sewer Overflows (CSO), Sanitary Sewer Overflows (SSO), and stormwater management. Eligible entities include municipalities and municipal entities, as defined in section 502 of the CWA. States can prioritize funding based on one or more of the following criteria: applicants that are financially distressed communities, applicants that have begun implementing a long-term municipal CSO or SSO control plan and have implemented or are complying with an implementation schedule for the minimum controls specified in the CSO control policy referred to in Section 402(q)(1) of the CWA or projects that have requested a grant in the CWSRF



IUP. Projects under this program will have many of the same program requirements as the CWSRF and, to the extent there are sufficient eligible project applications, at least twenty percent (20%) must be used for green infrastructure, water and energy efficiency improvements, and other environmentally innovative activities.

On November 15, 2021, the Infrastructure Investment Jobs Act (IIJA) of 2021 was signed into law and further amended section 221 of the federal CWA and authorized an additional \$280 million to be appropriated annually for federal fiscal years 2022-2026 to the OSG program.

As a condition of the grant awards, states are required to provide a minimum non-federal cost share (state match) of twenty percent (20%) of the total grant award. Sources of state match can be public and/or private funds, in-kind services, and may include loans (including loan forgiveness) from the CWSRF program.

To the extent there are sufficient eligible project applications, states shall use not less than twenty five percent (25%) of the OSG grants to carry out projects in rural (a city, town, or unincorporated area that has a population of not more than 10,000 inhabitants) communities or financially distressed communities, as defined by the state, and to the extent there are sufficient eligible project applications, states shall use not less than sixty percent (60%) of the twenty five percent (25%) to carry out projects in rural communities. Section 221 of the CWA prevents states from requiring these communities to fulfill the state match requirement

The U.S. EPA received a \$28 million appropriation in federal fiscal year 2020, a \$40 million appropriation in federal fiscal year 2021, and a \$43 million appropriation in federal fiscal year 2022.

California's allotment from the OSG program is ten and six tenths percent (10.6%) of the nationwide federal appropriations. Based on the federal appropriations for 2020, 2021, and 2022, California will be eligible to apply for and receive grant funds of approximately \$12 million. DFA plans to utilize the limited funds available from FFYs 2020, 2021, and 2022 to assist applicants that applied for but were not funded as part of the final SWGP solicitation, in accordance with the State Water Board resolution adopted on April 19, 2022.

DFA will develop a schedule and begin work on amending the SWGP Guidelines to generalize them and fund stormwater projects regardless of funding source. IIJA authorized \$280 million to be appropriated annually for federal fiscal years 2022-2026 to the OSG program; this could result in approximately \$29.6 million in OSG funds annually. In addition, stormwater projects are eligible for CWSRF funding, and the federal CWA allows states to use principal (loan) forgiveness to address stormwater and meet the OSG matching requirement.

## 6. Groundwater Grant Program (GWGP)

Chapter 10 of Prop 1 provided \$670 million to the State Water Board for grants for

projects to prevent or clean up the contamination of groundwater that serves or has served as a source of drinking water. Applicants are advised to review the [Prop 1 GWGP Guidelines](#), which were updated in February 2021. Round 1 awards were completed in early 2018, for a total of \$125 million awarded to approximately 25 projects. Round 2 awards were completed in late 2019, with \$367 million awarded to 13 projects. The third and final solicitation is in progress, and grant awards are planned for 2022. Wastewater projects that prevent or reduce groundwater contamination, including septic-to-sewer projects, are potentially eligible for GWGP grants. GWGP funds for these projects will be administered consistent with Appendices D and E, except that: (1) GWGP funds may be available for projects benefiting SDACs regardless of wastewater rates, and DACs with wastewater rates at least one and five tenths percent (1.5%) of MHI, regardless of community size, and (2) GWGP grant limits will be as provided in Appendices D and E, but are in addition to the maximum grant or principal forgiveness awarded through the CWSRF/SCWW. No local match is required. Subject to these criteria, entities eligible for Prop 1 GWGP grants are public agencies, non-profit organizations, public utilities, federally recognized Indian tribes, non-federally recognized state tribes on the Native American Heritage Commission consult list, and mutual water companies. Furthermore, projects proposed by a public utility that is regulated by the Public Utilities Commission or a mutual water company must have a clear and definite public purpose and shall benefit the customers of the water system and not the investors (Water Code section 79712(a-b)). DFA staff will coordinate with applicants to determine if projects meet the applicable requirements for GWGP funds.

## 7. Other Programs

Other sources of funds may become available to the State Water Board that are similar in nature to the CWSRF and its complementary funding sources. If additional funding becomes available during SFY 2022-23, the State Water Board will commit the funds consistent with any guidelines or requirements associated with their authorization and consistent with this IUP if appropriate. Alternatively, additional funding may require an amendment to this IUP or additional guidance from the State Water Board.

### D. Project Scoring and Evaluation of Potential Cut-Off Scores

In evaluating the appropriate Cut-Off Score for this year's Fundable List, several factors must be taken into consideration.

The State Water Board is removing seven projects from the Fundable List which have significant challenges to executing a funding agreement by June 30, 2023. These projects can be scored for placement on a future year's Fundable List, if the Policy requirements for placement have been satisfied. The seven projects are noted in Appendix B along with the reasons that DFA is removing them from the Fundable List.

As noted earlier, the State Water Board made a significant level of CWSRF commitments in the past year. This significantly reduced the backlog of rollover projects, but also created additional short-term cash flow risk. Although the State Water Board is removing seven projects with significant hurdles from the Fundable List, there are still 24 rollover projects requesting over \$1 billion on the Fundable List as of May 31, 2022. Although the BIL will provide additional funds that can be used for existing commitments, current cash flow analyses indicate that the funds may not be awarded in time to meet 2022 and early 2023 cash flow needs. It is possible the State Water Board will need to sell revenue bonds in the second half of 2022 or early 2023 to meet short-term cash needs.

Another factor affecting the Cut-off Score is the appropriation in the 2021 and 2022 Budgets of General Fund revenues for water recycling projects. The State Water Board approved the use of the 2021 funds at its May 24, 2022, meeting and is authorizing the use of the 2022 funds with the adoption of this IUP so they can be administered through the WRFPP in conjunction with existing Prop 1, Prop 68 and Prop 13 funds. Historically, the WRFPP has provided applicants CWSRF loan funds along with available grant or PF funds to fully fund water recycling projects.

Although the BIL authorized and appropriated significant sums to the CWSRF, and DWSRF, the BIL also established new objectives and requirements for the SRF programs. These new objectives and requirements will require significant start-up effort by existing staff and management in the short-term.

Given these factors, the State Water Board, therefore, is establishing 13 as the Cut-Off Score. The Deputy Director of DFA, however, will have two options for administering the Fundable List. The Deputy Director may:

(1) add new scored water recycling and stormwater mitigation projects that may be in non-disadvantaged communities to the Fundable List. Water recycling projects may be funded with state bond funds or general funds and stormwater projects may be funded with CWSRF PF or any other available source of funds. Water recycling and stormwater projects that are not on the Fundable List prior to the adoption of the IUP may not be funded with CWSRF repayable funds.

(2) bypass rollover projects that are not ready for a funding agreement.

#### 1. Summary of Scored and Fundable Projects

Forty-four (44) new project applications subject to scoring were submitted by December 31, 2021 and were scored in accordance with Section IV.B of the [CWSRF Policy](#) for potential addition to the Fundable List. The Priority Scores for all new scored projects are shown in Appendix C. The 44 scored projects are requesting approximately \$2.0 billion in funding.

Public health projects, estuary projects, and wastewater projects eligible for grant/PF per Appendices D and E were not scored since they are added to the Fundable List once the Deputy Director deems that the applicant has submitted a complete

application and meets all other eligibility requirements. The requested total financing from these public health projects, estuary projects, and projects eligible for grant/PF was not included in this year’s Cut-Off score scenarios when compared to the Funding Target Range.

## 2. Cut-Off Score Scenarios

DFA compiled the Priority Scores and evaluated four Cut-Off Scoring scenarios, based on Section IV.B. of the [CWSRF Policy](#), to help evaluate potential Cut-Off Scores and identify impacts to the Fundable List for SFY 2022-23. The estimated CWSRF repayable financing that would be added to the Fundable List, associated with each scenario is summarized in Table 5. The scenarios are described and evaluated in further detail below the table.

**Table 5: Cut-Off Scoring Scenarios – New Fundable Projects (\$ in millions)**

Scenario	Cutoff Score	# of New Fundable Projects	Estimated CWSRF Repayable Financing, M <sup>23</sup>	Five Year Average / Excess of Funding Target
A	16	0	\$1,066	\$844 million / +\$244 million
B	15	3	\$1,127	\$856 million / +\$256 million
C	14	5	\$1,330	\$896 million / +\$296 million
D	13	15	\$1,928	\$1,015 million / +\$416 million

### a. Scenario A – Cut-Off Score = 16

No projects received the maximum Priority Score of 16. However, the rollover projects remaining on the Fundable List are requesting over \$1 billion in financing.

### b. Scenario B – Cut-Off Score = 15

Three projects received a Priority Score of 15. These three projects are requesting approximately \$61 million in financing. Selecting a Cut-Off Score of 15 would result in a Fundable List with 27 projects and an estimated total financing amount of \$1.1 billion.

### c. Scenario C – Cut-Off Score = 14

There are two projects with a Priority Score of 14. Therefore, if 14 is selected as the Cut-Off Score, five projects will be added to the Fundable List. These five

<sup>23</sup> For this analysis DFA has evaluated the CWSRF repayable loans required to fully fund the new projects that would be added to the Fundable List this year at each Cut-Off Score.

new projects are requesting approximately \$264 million in financing. Selecting a Cut-Off Score of 14 would result in a Fundable List with 29 projects and an estimated total financing amount of \$1.3 billion.

d. Scenario D – Cut-Off Score = 13

An additional 10 projects received a Priority Score of 13. Therefore, if 13 is selected as the Cut-Off Score, 15 projects will be added to the Fundable List. These 15 new projects are requesting approximately \$862 million in financing. Selecting a Cut-Off Score of 13 would result in a Fundable List with 39 projects and an estimated total financing amount of \$1.9 billion. Adding 15 additional scored projects to the Fundable List is similar to the number of projects added to the SFY 2021-22 Fundable List.

3. Fundable List and Options

DFA will use 13 as the Cut-Off Score (Scenario D), but limit adding new projects to the Fundable List to those projects which address water quality enforcement or time schedule orders by the Regional Water Boards, water supply reliability, or climate resiliency. Projects added to the Fundable List (not rollover projects) will be limited to a maximum CWSRF loan of \$50 million. The Deputy Director of DFA is also authorized to (a) fund new scored water recycling and stormwater capture projects and (b) bypass rollover projects that are not ready for a funding agreement.

a. The Deputy Director may add to the Fundable List and fund water recycling projects and stormwater projects that contribute to water supply resiliency. The projects may be in non-disadvantaged communities. Water recycling projects may be funded with state bond funds or general funds. Stormwater projects may be funded with CWSRF PF or any other available source of funds. Water recycling and stormwater projects that did not appear on the Fundable List prior to the adoption of this IUP, may not be funded with CWSRF repayable funds. Water recycling and stormwater projects not added to the Fundable List as part of this IUP will be funded consistent with their priority scores on the Comprehensive List. DFA will periodically post an updated [Comprehensive List](#) on the CWSRF website which identifies those projects which are on the Fundable List, as described in Section III.A.

b. The Deputy Director may choose to bypass and not fund any rollover project on the Fundable List if:

- The rollover applicant has not consented to the CWSRF's loan provisions through legal consultation by October 31, 2022.
- The applicant has not provided by October 31, 2022, all documents or information requested by the Division of Financial Assistance to execute a CWSRF loan.
- Litigation, outstanding water rights change petition, or other circumstances appear to make it infeasible for a rollover project to have an executed

agreement before June 30, 2023.

Although significant progress has been made in clearing the backlog of scored projects on the Fundable List, there remains a significant carry over of projects from SFY 2021-22 (24 projects requesting approximately \$1.0 billion in CWSRF loan funds). Although funding only 33 loan projects in a year is less than the long-term average, the State Water Board finds that taking a measured approach to establishing a Cut-Off Score and adding new projects for SFY 2022-23 is appropriate. Together, these 33 loan projects are requesting approximately \$1.3 billion in CWSRF loan funds, which represents over two years of CWSRF loan capacity and will impact future years' lending. The Deputy Director is directed to evaluate

- The impacts of rising construction costs on existing loans and the CWSRF's ability to finance those higher loan amounts for existing loan projects before approving loan increases and approving new loans on the Fundable List.
- The effects of past and current year lending on the long-term loan capacity.
- The effects of past and current year lending on short-term cash flows, the need for and ability to issue revenue bonds.
- The need for modifications to this IUP based on the advice of the program's Financial Advisor.

In addition to scored rollover projects, there are approximately 113 small SDAC/DAC projects subject to automatic placement on the Fundable List<sup>24</sup>. Additional effort will also be required during SFY 2022-23 to incorporate the requirements of the BIL. DFA remains committed to clearing the backlog of scored rollover projects and meeting its overall goal to execute agreements for all projects on the Fundable List by June 30, 2023.

Appendix B shows the scored segment of the Fundable List for SFY 2022-23 . It includes the associated, estimated costs requested by the applicants broken down by anticipated funding source<sup>25</sup>. The applications on the Fundable List are organized by Regional Water Quality Control Board Region and then alphabetically by Applicant.

Consistent with Section III.A. above, projects eligible for grant/PF per Appendices D and E are added to the Fundable List once the Deputy Director determines that they submitted a complete application, meet all other eligibility requirements, and sufficient funds are available to make the project affordable. All scored projects on the Fundable List in the SFY 2021-22 IUP that have not received an executed

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<sup>24</sup> Projects eligible for grant/PF per Appendices D and E are added to the Fundable List once the Deputy Director determines that a complete funding application has been submitted.

<sup>25</sup> Identifying a project with an anticipated funding sources is not a guarantee of funding.

financing agreement as of May 2022 have been rolled over and remain on the Fundable List, unless identified for removal.

All projects on the Fundable List are fundable at any time during SFY 2022-23 provided they meet all eligibility requirements<sup>26</sup>. Projects may receive a financing agreement as soon as it is determined the application meets all eligibility requirements and a funding agreement is executable. DFA will review the applications on the Fundable List with the objective of executing agreements quickly and efficiently, giving priority to SDACs, DACs, and public health projects, so that all applications on the Fundable List have executed agreements by June 30, 2023.

**Note: Placement on the Fundable List does not constitute a financing agreement, a guarantee of financing, a guarantee of the order of financing, a guarantee that sufficient funds from the anticipated sources of funds will be available for the project, or a determination of eligibility. Neither do position on the Fundable List, estimated agreement date, nor anticipated funding sources guarantee funding, order of funding, funding timing, funding amount, or eligibility.**

**The Fundable List only includes applications that may be funded during the term of this IUP, and a financing agreement will be executed only if the application meets all applicable eligibility requirements.**

**Some projects are eligible for placement on the Fundable List or conditional placement on the Fundable List by the Deputy Director if certain conditions are met as discussed previously in this IUP. Therefore, Appendix B is not a limitation on financing these projects, which may receive funding during the term of this IUP, provided they submit complete applications and meet all applicable eligibility requirements, and provided that sufficient funds are available.**

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<sup>26</sup> The amounts on the Fundable List for projects or interrelated programs that are selected for partial repayable funding are maximum CWSRF repayable amounts. The total for each project or interrelated program may be allocated or reallocated to multiple financing agreements at the request of the applicant if the total CWSRF funding does not exceed the total on the Fundable List for the project or interrelated program. The Deputy Director of DFA is authorized to coordinate or limit the cash draws for projects or interrelated programs identified for partial funding to limit the collective impact of these financing agreements on the CWSRF. The Deputy Director of DFA is also authorized to coordinate or limit the cash draws for projects or interrelated programs identified for funding with a combination of the CWSRF and DWSRF to control the impact of these financing agreements on those programs. Each applicant selected for partial funding appears capable of obtaining the remaining financing necessary to successfully complete the projects or interrelated programs.

The State Water Board expects DFA to expeditiously finance the projects on the Fundable List. The Deputy Director of DFA is authorized to remove scored projects from the Fundable List if: (a) the applicant is given a reasonable opportunity to respond but does not respond timely to DFA's request(s) for information or (b) the applicant is given a reasonable opportunity to agree with DFA on the terms of a loan<sup>27</sup> but is unwilling to execute an agreement timely. Applicants removed from the Fundable List by the Deputy Director of DFA may be placed on a future year's Fundable List, if Policy and IUP requirements for placement have been satisfied.

## E. Financing Forecast

SDAC and DAC projects are requesting approximately \$1,021 million in funding. However, SDAC and DAC projects with complete applications, capable of being added to the Fundable List, are requesting approximately \$240 million. As discussed in Section III.C.2. above, there are approximately \$751 million in grant and PF funds available to reduce the financing costs for SDACs and DACs. The available grant and PF funds are insufficient to fulfill all SDAC and DAC requests but are sufficient for the SDAC and DAC complete applications expected to be added to the Fundable List. If requested, there are sufficient CWSRF repayable loan funds for all SDAC and DAC projects, and no additional leveraging would be needed to provide all SDAC and DAC projects with necessary loan funds.

The scored projects on the Fundable List represent a potential commitment of repayable CWSRF financing totaling approximately \$1.3 billion for 33 projects. Some of the scored applications on the Fundable List appear to be eligible for WRFPP grant funds. In addition, there are 22 projects on the Comprehensive List requesting \$220 million in WRFPP grant funding that can potentially be added to the Fundable List if the applicants are willing to fund the remainder of the project without CWSRF loan funds. As noted earlier there are approximately \$321.4 million in WRFPP state grant and loan funds for water recycling projects. Therefore, DFA anticipates that all available WRFPP grant and loan funds could be committed by June 30, 2023 with a combination of current and future water recycling projects on the Fundable List.

The actual level of new financing discussed in this IUP may be higher or lower than the amount predicted by the Fundable List, and some projects on the Fundable List may remain unfinanced by the end of SFY 2022-23. Some projects may be financed in a future year or not at all for various reasons.

## F. Future Financing Trends

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<sup>27</sup> Applicants for loan/repayable financing should review the "Sample CWSRF Financing Agreement" and "Legal Opinion" templates posted at [https://www.waterboards.ca.gov/water\\_issues/programs/grants\\_loans/srf/srf\\_forms.html](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/srf_forms.html) in advance with their attorneys to expedite legal consultations. DFA updates the templates periodically to incorporate changes in law that affect the standard template language.



Demand for CWSRF loan financing remains high as indicated by the Comprehensive List, and DFA expects the loan demand to remain high in the future given the CWSRF's attractive terms and the large water related infrastructure needs in California as noted in Section II.A. DFA focused during SFY 2021-22 on executing agreements for all scored rollover projects to clear the backlog and normalize the pace of loan financing. CWSRF financing in SFY 2021-22 has been higher than past years with significant progress made on scored rollover projects specifically.

Given the recent high level of new commitments, disbursement levels are expected to increase in the short term. The Board's current leveraging authorization of \$2.2 billion, though, appears sufficient to meet the CWSRF's loan commitments for the immediate future, and DFA does not expect to request an increase in the CWSRF authorization during SFY 2022-23. Although the current leveraging authority appears sufficient, additional leveraging authority may be needed in the future to finance loan projects on the Fundable List. The exact amount and timing of any additional leveraging, over and above the current authorization of \$2.2 billion, will continue to be evaluated and will continue to depend on the total costs of the projects financed, the timing of the approvals, and the expected timing of the disbursement requests.

In addition, the costs identified in Appendix B are estimated project costs that may be higher, unless capped by this IUP, or lower than estimated. Additional CWSRF debt may be necessary for projects in the future depending on DFA's success executing loan applications on the Fundable List by June 30, 2023. Future cash flow forecasts - considering actual lending and disbursements, future capitalization grants, and earning levels - will determine the need for additional leveraging and may affect future lending levels. Potential increases in future leveraging authority will be consistent with the [SRF Debt Management Policy](#).

Consistent with this IUP, the CWSRF Policy, and available staff resources, DFA will continue to accept and review documents related to applications that are not on the Fundable List, as well as continue to accept and review new documents, time permitting, to develop loan applications that can be scored and funded in future years.

## G. CWSRF Resources and Workload

## 1. Organization, Program Resources, and Skills

Approximately 37.6 Personnel Years (PYs) are budgeted for the CWSRF program<sup>28</sup> in SFY 2022-23 and the number of positions is not expected to change substantially. These positions are distributed between DFA and the Office of Chief Counsel (OCC), and the Office of Communications as follows:

- 4.8 PYs for Environmental Scientists to ensure compliance with state and federal environmental and cultural resources requirements (DFA);
- 19.7 PYs for Water Resources Control Engineers and Sanitary Engineers to manage project applications (DFA), with one unit of approximately five staff dedicated to processing wastewater applications from SDACs and DACs<sup>29</sup>
- 2.1 PYs for administrative support (DFA);
- 7.4 PYs for Program management and staff oversight (DFA);
- 0.3 PYs for development and implementation of public-facing communication strategies;
- 3.0 PYs for legal support (OCC); and
- 0.3 PYs for other environmental and engineering support of project eligibility reviews

Additional indirect cost support is provided by accounting, information technology, personnel, budget, and contract support staff in the Division of Administrative Services.

The CWSRF program relies on some contracted services that (i) cannot be provided economically by Water Boards staff, (ii) require skills not available in the State Water Boards, or (iii) require independence from the CWSRF program. Approximately \$655,000 is currently budgeted for the following contract services:

- Independent accounting firm for an annual audit of the financial statements;
- Outside legal counsel for specialized tax and bond advice;
- Vendor to provide maintenance for the Loans and Grants Tracking System (LGTS);
- Independent Municipal Advisory; and

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<sup>28</sup> In addition to positions funded directly by the CWSRF, the State Water Board has other state-funded positions associated with complementary programs closely aligned with the CWSRF as noted earlier. Many projects, such as SDAC and DAC wastewater, water recycling, and storm water projects may be financed by a combination of CWSRF and state sources of funds. Staff is trained to help applicants receive financing for their projects regardless of the funding sources; therefore, state-funded positions indirectly provide benefit to the CWSRF program and vice versa.

<sup>29</sup> These CWSRF staff members are part of the Office of Sustainable Water Solutions within DFA, which includes three supervising engineers, ten senior engineers, and 50 technical staff dedicated to processing applications from SDACs and DACs.

- Sonoma State California Historical Resource Information System (CHRIS) Services

The Deputy Director of DFA is authorized to increase the budget for existing services or for additional contract services as needed to effectively administer the CWSRF program.

## 2. Loan Servicing and Program Administration

Servicing existing agreements and fulfilling ongoing program requirements represents a significant workload for the CWSRF staff. There are approximately 352 CWSRF agreements in repayment. Payments on these agreements are collected throughout the year, and DFA conducts regular surveillance on many of these recipients. At present, the CWSRF is servicing approximately 135 agreements in disbursement. Typically, staff process over 450 CWSRF disbursement requests per year. Staff also oversee and perform periodic construction inspections of financed projects to ensure that work is performed consistent with previous approvals, and to ensure that work is being performed in conformance with program requirements, including but not limited to, Davis-Bacon wage rates, American Iron and Steel procurement requirements, disadvantaged business solicitation rules, and environmental special conditions.

The CWSRF program's outstanding revenue bonds require separate accounting of payments from pledged obligations, semi-annual bond payments, and create specific monitoring, reporting, and continuing disclosure actions. The CWSRF program prepares annual financial statements that are audited independently. The CWSRF program is subject to yearly review by U.S. EPA and is periodically subject to audit or oversight by other federal or state agencies.

## 3. Administrative Funding

Administrative funding for the CWSRF comes from two sources, the capitalization grants awarded yearly by U.S. EPA and the State Water Pollution Control Revolving Fund Administrative Fund (Administrative Fund). Administrative spending for the CWSRF is limited to fees collected by the State Water Board for administering the CWSRF, plus the greatest of: (a) four percent of cumulative Capitalization Grants, (b) \$400,000 per year, or (c) 0.20 percent per year of the current valuation of the CWSRF program. Section 13477.5(c)(1) of the California Water Code allows the State Water Board to apply an annual service charge<sup>30</sup> on a financing agreement. The revenue generated by this service charge goes into the Administrative Fund and

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<sup>30</sup> For federal purposes, the Administrative Fund service charge is a fee "other than program income not included as principal in CWSRF financing." The service charge is collected in lieu of an equal amount of interest that would otherwise be due on the outstanding balance of the financing agreement. The service charge is offset by the reduction in the interest rate so that financing recipients' payments remain the same whether or not they pay the service charge.

may be used for administration. The Administrative Fund and the capitalization grants provide reliable administrative funding to the CWSRF program.

Under state law, the service charge rate cannot exceed one percent (1%) of the outstanding balance of a financing agreement. Once the service charge is applied to an agreement, the rate remains unchanged for the duration of the agreement. Since the service charge is a percentage of the outstanding principal on each agreement, it produces a declining amount of revenue each year. Each year, the State Water Board must evaluate the need for the service charge revenue and establish an appropriate rate. The service charge will then be applied to additional agreements to maintain the Administrative Fund revenue consistent with the administrative budget established by the Governor and the Legislature for the CWSRF.

The State Water Board will use the Administrative Fund as its primary source of administrative funding for the CWSRF. The Administrative Fund can only be used for CWSRF program administration, while the administrative allowance from the capitalization grants may be used for administration, local assistance, or a combination of the two. The federal administrative allowance serves as a backup source of administrative funding. See Section IV for more information on the administrative allowance from capitalization grants.

For SFY 2022-23, the State Water Board continues the Administrative Service charge rate of one percent; this shall be the effective rate until the State Water Board establishes a different rate.

Based on the budgeted positions for the program for SFY 2022-23 and the projected Administrative Fund balances through June 30, 2023, (Appendix H), the State Water Board anticipates applying this charge to additional agreements during SFY 2022-23 because of declining Prop 1 SCWW and Prop 1 Water Recycling administration funds and the need to continue supporting the administration of projects jointly funded by Prop 1 and CWSRF.

## H. Risks

The following are financial or programmatic risks to the CWSRF program. DFA management will focus on identifying potential problems and acting early to maintain the integrity and success of the CWSRF program.

### 1. Application Demand vs. Resources

Demand for financing exceeds the administrative resources needed to review, approve, and finance all complete applications. Staff resources are the most inflexible aspect of the CWSRF program. Additional staff cannot be quickly added to address high demand because they must be approved through the State's budget process. In addition, hiring may be frozen or work hours reduced due to State budget or other concerns. DFA will prioritize applications consistent with this IUP and the CWSRF Policy. DFA may also adjust its review procedures and work with

U.S. EPA or other agencies to resolve delays, schedule financing with applicants, or seek additional resources. DFA can also work with stakeholders to evaluate changes to the CWSRF Policy or further adjustments to its application and the application review process. DFA worked with the Environmental Finance Center (EFC) at California State University, Sacramento on a program management review of California's CWSRF program. EFC developed a Final Report detailing the activities, findings, and recommendations of the study in July 2022, in coordination with stakeholders and State Water Board staff.

## 2. Applicants' Schedule Changes or Delays in Executing Agreements

Beneficial and eligible projects may not be financed if the applicants' schedules change or are delayed. To minimize and avoid delays, CWSRF program staff will coordinate regularly with applicants identified in this IUP, and with others that submit applications during the year, to maintain a consistent demand on the program. As project schedules shift, lower priority projects may be funded if they are ready for financing, bearing in mind the PF and GPR requirements established in this IUP. This funding flexibility maximizes the use of the CWSRF and increases the number of projects funded.

Beneficial and eligible projects may not be financed if DFA encounters delays completing its reviews of the applications. To minimize and avoid delays, CWSRF program staff will coordinate its internal review efforts regularly during the year to expeditiously complete its reviews and maintain consistent progress toward the goal of executing agreements for all projects on the Fundable List by June 30, 2023.

As delays are encountered, other projects on the Fundable List should continue to move forward, bearing in mind the PF and GPR requirements established in this IUP, and the amount of leveraging authority approved by the State Water Board. This funding flexibility maximizes the use of the CWSRF and increases the number of projects funded.

After financing is approved, the recipient must start and complete construction promptly. Applicants are required by their financing agreements to report delays to DFA staff so that appropriate action can be taken to address those delays.

### 3. Cash Balance

The amount of disbursements requested may exceed the CWSRF's cash balance. DFA staff will maintain accurate account balances and prepare forecasts regularly to identify potential cash shortages in advance. If additional cash is needed, the CWSRF has several options. The CWSRF program has considerable assets it can leverage through revenue bond sales in the municipal bond market to obtain additional cash. The State Water Board can prioritize or limit new commitments or potentially negotiate disbursement schedules with applicants. The CWSRF program can also investigate alternative financing (e.g., providing bond insurance) to reduce cash outlays.

Excess cash may accumulate if applications, and the associated disbursements, are too low. Holding excess cash provides no water quality benefit for California and tends to reduce the CWSRF's earnings. DFA will use its marketing, customer assistance, and project development resources to maintain a pipeline of projects ready for financing. It will closely monitor undrawn balances on outstanding financing agreements to ensure that financing recipients request funds expeditiously.

### 4. Defaults and Late Payments

Pursuant to the CWSRF Policy and the Operating Agreement, DFA will implement prudent lending standards and borrower surveillance practices that safeguard the CWSRF program's equity. The State Water Board also typically contracts with a professional Municipal Advisor to provide additional financial expertise.

The CWSRF program has many tools to reduce the risk of default, including loan monitoring and surveillance, as well as enforcement remedies. For example, DFA collects and reviews audited financial statements of all borrowers for the first five years of repayment and may request audited financials for some borrowers for longer periods of time. DFA has an agreement with independent accounting firm CliftonLarsonAllen to audit select borrowers identified as having a higher risk of experiencing financial difficulties. These audits can be conducted to evaluate the financial and management capacities of an entity and provide recommended solutions. The State Water Board will also continue to provide SCWW funds in SFY 2022-23 to reduce debt service and default risk for SDACs and DACs or projects that regionalize wastewater infrastructure.

Additional subsidies for SDACs and DACs will reduce borrowing costs and the risk of loan defaults. Additionally, the State Water Board can offer wastewater-related TA to SDACs and DACs in areas such as evaluating project alternatives, financial management, rate setting, and operation and maintenance.

## 5. Accountability and Oversight

The CWSRF is capitalized with public funds, and the State Water Board is responsible for using them lawfully and effectively.

The State Water Board regularly reports to U.S. EPA through the National Information Management System (NIMS) and the CWSRF Benefits Reporting (CBR) system on use of the funds. In addition, U.S. EPA reviews the management and performance of the CWSRF annually. The State Water Board will enter project benefits information into the SRF Data System by the end of the quarter and will enter NIMS data by U.S. EPA's annual deadline. The State Water Board will also report Federal Funding Accountability and Transparency Act (FFATA) data on all CWSRF program equivalency projects through the FFATA Subaward Reporting System. The results are summarized in its annual [Program Evaluation Reports](#). The CWSRF program produces an [annual report and audited financial statements](#).

Additional actions are required of the State Water Board staff to comply with provisions of the Internal Revenue Code applicable to the CWSRF outstanding bond debt. The CWSRF program's [Post-Issuance Tax Compliance Policy for Tax-Exempt Bond Issues](#) provides further detail about actions required of the program's staff to help ensure that its bonds remain exempt from federal income taxes. Additional reporting is required by the program's Continuing Disclosure Agreement; information on the program's bonds can be found on the Electronic Municipal Market Access system maintained by the Municipal Securities Rulemaking Board.

DFA staff will continue to oversee projects to ensure that they meet the terms of the financing agreements by conducting periodic site visits during construction or implementation. All projects are subject to a "Final Project Inspection," and a final summary report is submitted on each project to confirm that it was completed. DFA maintains copies of inspection and final summary reports in the project files.

## IV. FUND ALLOWANCES FOR ADMINISTRATION AND TECHNICAL ASSISTANCE

In addition to the project funding discussed in Section III, the BIL allows each state to use an additional 2 percent of the funds annually awarded to provide technical assistance to rural, small, and tribal publicly owned treatment works. For the purposes of these funds, rural and small wastewater treatment systems are systems that treat up to 1 million gallons per day (MGD) of wastewater or serve a population of less than 10,000 persons and may also serve operations including, but not limited to, hospitals, schools, and restaurants. This provision applies to the CWSRF Base Program, CWSRF General Supplemental funding, and CWSRF Emerging Contaminants funding. States may also reserve up to 4 percent of annually awarded funds from CWSRF Base Program, General Supplemental, and Emerging Contaminants to cover the reasonable costs of administering the fund.

For SFY 2022-23, the State Water Board will reserve 6 percent (6%) of the 2022 Base Program Capitalization Grant and 6 percent (6%) of the 2022 General Supplemental Capitalization Grant for administration and technical assistance fund allowances activities as further described below. Fund allowances for the CWSRF EC capitalization grant is described in Appendix J. The Deputy Director of DFA may adjust the 2022 Base Program and General Supplemental Capitalization Grant budgets between these activities for good cause.

### A. Administration Fund Allowance

The CWSRF Administration Fund Allowance will fund administration of the CWSRF program in SFY 2022-23. This will include the review and processing of funding applications, project management and general oversight of CWSRF construction and planning projects. The CWSRF Administration Fund Allowance will also cover the costs for accounting, legal, budgetary, and general management and oversight of the CWSRF, and may be used for the contracts listed below. The Deputy Director of DFA is authorized to enter into these and other contracts to accomplish work covered by the set-aside budget.

The CWSRF Administration Fund	4%	
Budgeted from FFY 2022 Base Program Grant:	4%	\$3,310,120 (estimate)
Budgeted from FFY 2022 General Supplemental Grant:	4%	\$5,091,600 (estimate)



Contracts:	CWSRF Annual Audit of Financial Statements including Single Audit	\$200,000 (estimate)
	U.S. EPA/Northbridge Environmental Management Consultants Maintenance Contract for the State Water Board's Loans and Grants Tracking System (LGTS)	\$200,000 (estimate)

## B. Technical Assistance Fund Allowance

The Technical Assistance Fund Allowance will fund DFA technical assistance to certain small DAC applicants<sup>31</sup>. Technical Assistance will help small DAC applicants establish eligibility for CWSRF or complementary funding and provide other technical assistance necessary for project development.

Max Allowed (from each Capitalization Grant):	2%	
Budgeted from FFY 2022 Base Program	2%	\$1,655,060 (estimate)
Budgeted from FFY 2022 General Supplemental Grant:	2%	\$2,545,800 (estimate)

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<sup>31</sup> For the purposes of these funds, rural and small wastewater treatment systems are systems that treat up to 1 MGD of wastewater or serve a population of less than 10,000 persons and may also serve operations including, but not limited to, hospitals, schools, and restaurants.

## V. FINANCING AND PROGRAMMATIC REQUIREMENTS

Applicants are expected to comply with all applicable federal and state requirements. Projects partially or fully funded by the CWSRF must comply with certain federal laws known as “cross-cutters.” The State Water Board will ensure that CWSRF financing recipients comply with applicable federal cross-cutter requirements through a variety of program procedures.

CWSRF financing agreements will generally include a list of applicable federal requirements identified in the most recent capitalization grant. CWSRF financing recipients agree to comply with these federal requirements by signing the financing agreement. Described below are those federal cross-cutters that often require a greater compliance effort by CWSRF funding recipients. Some federal requirements are defined as being equivalency requirements and must be applied to projects in an amount equal to the annual capitalization grant from U.S. EPA. All projects receiving CWSRF BIL funding must be reported as meeting equivalency requirements and therefore must meet all federal equivalency requirements to maintain eligibility. All projects requesting CWSRF loan are expected to comply with federal cross-cutting requirements, including equivalency requirements.

Compliance with the requirements in Table 6, and any other requirements that apply to the funding source, is required to maintain eligibility. Projects that are not complying with federal requirements will be ineligible to receive funding from CWSRF or CWSRF match sources.

**Table 6: List of Requirements Based on Funding Source**

Financing and Programmatic Requirements	CWSRF Repayable Loan (including match loan)	CWSRF PF (including state money used as match)	WRFP Prop 13, 1, 68, General Fund	SCWW SCG Fee, Prop 1, and Prop 68; and Wastewater General Fund
State Cross-Cutters	X	X	X	X
Davis-Bacon Prevailing Wage	X	X		
Disadvantaged Business Enterprise (equivalency requirement)	X	X		
Generally Accepted Accounting Principles	X	X	X	X
Cost and Effectiveness Analysis	X	X	X	
Procurement for Architectural and Engineering Contracts (equivalency requirement)	X	X		
Fiscal Sustainability Plan	X	X		
American Iron and Steel	X	X		
Build America Buy America <sup>32</sup> (equivalency requirement)	X	X		
Single Audit Act (equivalency requirement)	X	X		
Telecomm Equipment & Services (equivalency requirement)	X	X		
Federal Environmental Cross-Cutters	X	X		

### A. State Cross-Cutters

A list of State Cross-Cutters is included in the CWSRF Policy as [Appendix O](#).

Russian Sanctions - All projects must demonstrate compliance with [California Executive Order N-6-22](#) regarding economic sanctions imposed in response to Russia's actions in Ukraine while that Executive Order remains in effect.

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<sup>32</sup> The applicability of Build America, Buy America requirements is subject to change based on pending USEPA guidance.

## B. Federal Cross-Cutters

### 1. Davis-Bacon Requirements

Federal Davis-Bacon prevailing wage rules apply to the construction of treatment works “carried out in whole or in part with assistance made available by a State water pollution control revolving fund.” The State Water Board, therefore, will continue to require that applicants for treatment works projects comply with Davis-Bacon rules. Recipients of CWSRF financing must agree to provide information necessary to show compliance with Davis-Bacon requirements.

### 2. Disadvantaged Business Enterprise

The State Water Board requires compliance with Disadvantaged Business Enterprise (DBE) requirements for equivalency projects. DBE compliance is not required for planning and design financing as DFA does not intend to report planning and design financing as equivalency projects. DFA will ensure DBE compliance for all other construction and implementation projects totaling an amount at least equivalent to the capitalization grant from U.S. EPA.

### 3. Generally Accepted Accounting Principles (GAAP)

The CWA requires that recipients of CWSRF financing maintain project accounts in accordance with generally accepted government accounting standards, including standards relating to the reporting of infrastructure assets. Recipients must agree to comply with GAAP. For governmental entities, the Government Accounting Standards Board establishes these standards. The State Water Board, therefore, will require as a condition of financing that governmental applicants maintain project accounts in accordance with generally accepted government accounting standards.

### 4. Cost and Effectiveness Analysis

Effective October 1, 2015, the CWA requires CWSRF recipients that are municipal, inter-municipal, interstate, or State agencies to certify they have conducted a cost and effectiveness analysis. This analysis includes an evaluation of the costs and effectiveness of the proposed project, and selection of a project that, to the maximum extent practicable, maximizes the potential for energy conservation, and efficient water use, reuse, recapture, and conservation, considering construction, operation and maintenance, and replacement costs. This certification must be provided before CWSRF assistance is provided for final design or construction.

### 5. Procurement for Architectural and Engineering (A/E) Contracts

Beginning with the FFY 2015 Capitalization Grant, the CWA requires that A/E contracts for equivalency projects (i.e., CWSRF-financed projects specifically identified by DFA that total an amount at least equal to the capitalization grant from U.S. EPA) comply with the qualifications-based procurement process described in 40 U.S.C. § 1101, et seq., or an equivalent state requirement. For all equivalency projects, these

procurement requirements apply to any CWSRF-funded A/E contracts<sup>33</sup>, including any new solicitation, significant contract amendments, and contract renewals for A/E services initiated on or after October 1, 2014.

Potential equivalency projects for the FFY 2022 Capitalization Grant are identified in Appendix B. Equivalency projects will be required to certify that A/E contracts were procured in accordance with federal guidelines or the equivalent state process.

#### **6. Fiscal Sustainability Plan (FSP)**

The CWA requires CWSRF recipients for publicly-owned treatment works (POTW) projects to develop and implement an FSP, which includes an inventory and evaluation of critical assets, evaluation and implementation of water and energy conservation efforts, a plan for maintaining, repairing, and replacing the treatment works, and a plan for funding such activities. Applicants can self-certify that the FSP, or its equivalent, has been developed and implemented, or for applicants without an FSP, or its equivalent, the CWSRF financing agreement will include a condition setting a deadline for FSP certification, which must be prior to the final CWSRF disbursement for the project. FSPs will typically be reviewed during the final inspection.

#### **7. American Iron and Steel (AIS)**

The CWA requires CWSRF assistance recipients, absent an exclusion or waiver, to use iron and steel products that are produced in the United States for treatment works projects. U.S. EPA implementation of these provisions is described on its [State Revolving Fund American Iron and Steel \(AIS\) Requirement](#) website.

#### **8. Build America Buy America (BABA)**

Congress passed the Build America Buy America Act in 2021 as part of the BIL. It requires that by May 14, 2022 federal agencies must ensure that “none of the funds made available for a Federal financial assistance program for infrastructure, including each deficient program, may be obligated for a project unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States”. The following Buy America preference is required:

- (1) All iron and steel used in the project are produced in the United States. This means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.
  
- (2) All manufactured products used in the project are produced in the United States. This means the manufactured product was manufactured in the United States, and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent (55%) of the total cost of all components of the manufactured product, unless another standard for determining the minimum amount of domestic

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<sup>33</sup> A/E contracts include but are not necessarily limited to those for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying or mapping.

content of the manufactured product has been established under applicable law or regulation.

(3) All construction materials are manufactured in the United States. This means that all manufacturing processes for the construction material occurred in the United States.

Implementation guidance on Buy America preference to federal agencies is provided in the Memorandum titled “Initial Implementation Guidance on Application of Buy America Preference in Federal Financial Assistance Programs for Infrastructure” issued by the Office of Management and Budget (OMB). U.S. EPA is expected to develop and issue additional guidance with respect to criteria, processes, and procedures for applying a Buy America preference and issuing waivers for infrastructure projects funded through State Revolving Funds, including CWSRF.

### **9. Single Audit Act**

Federal rules require CWSRF recipients to comply with applicable provisions of the federal Single Audit Act of 1984, OMB Circular No. A-133 and 2 CFR Part 200, subpart F, and updates or revisions, thereto. The State Water Board will include applicable Single Audit Act provisions in all CWSRF funding agreements and require Single Audit Act reporting by recipients if they receive more than \$750,000 in combined federal funds for a given fiscal year.

### **10. Telecomm Equipment and Services**

Effective August 13, 2020, EPA General Terms and Conditions have placed SRF funding prohibitions on certain telecommunications and video surveillance services or equipment. As required by 2 C.F.R. § 200.216, borrowers under EPA funded revolving loan fund programs are prohibited from obligating or expending loan or grant funds to procure or obtain equipment, services, or systems from Huawei Technologies Company, ZTE Corporation, or certain other companies, subsidiaries, and affiliates.

### **11. Environmental Federal Cross-Cutters**

The State Water Board will use its [State Environmental Review Process](#) (SERP) for CWSRF projects to ensure compliance with CWSRF environmental requirements during SFY 2022-23. While the SERP generally follows the requirements of the California Environmental Quality Act, each recipient must also complete and submit an [Environmental Package](#) and associated supporting documents. The State Water Board Environmental Scientist Staff will review environmental documents received from recipients to ensure completeness/adequacy and determine if consultation with relevant federal agencies is necessary, consistent with the [Operating Agreement](#) between the State Water Board and the U.S. EPA, as well as the SERP. Projects funded by state grants not used as CWSRF match generally will not be subject to federal environmental cross-cutters unless there is a potential need for future CWSRF funds for such projects. All projects will at a minimum include environmental review consistent with CEQA requirements.

## C. Capitalization Grant Conditions and Other Federal Requirements

The State Water Board will comply with all conditions included in the 2022 Capitalization Grant agreement. Provisions specific to the FFY 2022 appropriation will take effect only if the State Water Board receives the FFY 2022 Capitalization Grant and will apply only as directed by Congress or U.S. EPA. The State Water Board will require that CWSRF financing recipients also comply with applicable federal pass-through requirements. Recipients of CWSRF financing must agree to provide information necessary to show compliance with all applicable federal requirements, including federal audit requirements (Uniform Grant Guidance, 2 CFR, § 200.501).

The State Water Board will use the Federal Funding Accountability and Transparency Act (FFATA) reporting system to report on all equivalency projects, i.e., projects that meet all the federal cross-cutters requirements that have a combined assistance amount equal to or greater than the capitalization grant amount.

## D. Payment and Draw Schedules

Appendix I shows the State Water Board's requested payment schedule for the 2022 Capitalization Grant funds from the U.S. Treasury and the estimated draws of the 2022 funds and the CWSRF remaining federal funds ("unliquidated obligations").

## E. State Match and Cash Draw Ratio

In general, the State Water Board must provide one dollar of match for each five dollars received through U.S. EPA capitalization grants. Cumulatively, the State Water Board's CWSRF Program has been awarded approximately \$3.32 billion in capitalization grants as of December 31, 2021, that must be matched. The total matching requirement, therefore, through the FFY 2022 Capitalization Grant is approximately \$664.6 million. The CWSRF program has already provided a total of \$638.5 million in matching funds as of June 30, 2021. The Board approved up to \$84 million from the 2021 General Fund appropriation as CWSRF and DWSRF match. The Governor's 2022 Budget also approved an additional \$400 million in General Fund as state match for the SRFs. Collectively, this state match funding, combined with prior years overmatch acquired through a short-term financing with the California Infrastructure and Economic Development Bank provides state match funds for the FFY 2022 Capitalization Grants. This additional General Fund match also provides state match for future years capitalization grants. The appropriated General Fund state match will be transferred into the CWSRF as its disbursed to CWSRF project financings over the next fiscal year.

Based on a FFY 2022 Base Program Capitalization Grant of \$82,753,000 and a disbursement proportionality of 83.34% / 16.66% (Federal/State), the 2022 Base Program state match requirement is anticipated to be \$16,550,600. Based on FFY 2022 General Supplemental Capitalization Grant of \$127,290,000 and a disbursement

proportionality of 90.91% / 9.09% (Federal/State), the 2022 General Supplemental state match requirement is anticipated to be \$12,729,000. However, the State Water Board anticipates disbursing the entire state match for the FFY 2021 Capitalization Grant prior to drawing funds from the grant. Therefore, the State Water Board will be able to draw 100% of the FFY 2021 and use the remaining state match for the FFY 2022 Capitalization Grant.

## F. Types of CWSRF Assistance and Financing Terms

The State Water Board will provide funding for all eligible categories of projects using loans, installment sale agreements/purchase of debt. The State Water Board will also provide separate planning, design, or planning and design financing during SFY 2022-23 to small SDACs and DACs and those projects specifically identified for planning, design, or planning and design financing on the Fundable List provided the applicants can legally accept such financing.

Principal forgiveness, if available, will be provided to those applicants that meet the conditions specified in Section III.C.2 above.

The terms associated with CWSRF financial assistance vary by applicant and financing approval date. Planning and design financing is amortized over five or ten years, at the discretion of the applicant, unless it is restructured at the time a CWSRF construction or implementation financing agreement is executed. Construction or implementation financing agreements are generally amortized for periods up to 30 years or the useful life of the financed assets, whichever is shorter. The interest rate applied to a financing agreement is established at the time the financing agreement is prepared for approval or financing is approved by the State Water Board. The interest rate will generally be one-half of the State's most recent general obligation bond rate rounded up to the nearest one-tenth of a percent, except as described in Section III.A.7 above. Construction costs incurred prior to approval of financing may be reimbursable. However, no construction costs may be reimbursed until all eligibility requirements are met and a final budget has been approved in accordance with an executed financing agreement and the CWSRF Policy.

## G. Other State Requirements

California laws not specific to the CWSRF may also apply. These may include but are not limited to laws affecting urban water suppliers, charter cities, agricultural water users, projects located in the Sacramento-San Joaquin Delta, labor regulations, prevailing wages, and debt reporting.

Although the CWSRF Policy authorizes reimbursement of eligible construction costs for projects on the Fundable List going back to the notice to proceed date for the project, applicants should note that **CONSTRUCTION COSTS INCURRED BEFORE EXECUTION OF A FINANCIAL ASSISTANCE AGREEMENT ARE AT THE**



**APPLICANT'S RISK.** Various factors may restrict reimbursement of costs incurred prior to execution of a funding agreement, including, but not limited to failure of the applicant to adopt a satisfactory reimbursement resolution, appropriations limits of funding sources, and other factors. **Further, starting construction before the State Water Board has completed its environmental review may render the project ineligible for funding.** Additionally, changes to laws or requirements that occur prior to execution of a financial assistance agreement may affect some or all funding eligibility.

Notwithstanding Section XII.B.2.a. of the CWSRF Policy, which limits contingency for projects with exclusively non-repayable financing to ten percent (10%) of the total project cost, projects funded per this CWSRF IUP with non-repayable financing may include contingency of up to twenty percent (20%) of the total project cost. In some cases, unforeseen issues encountered in the field can lead to higher than typical change order costs. On a case-by-case basis for good cause, the Deputy Director of DFA may approve a higher percentage, up to thirty-five percent (35%) of the total project cost.

For all loans, the applicant will be expected to submit a resolution authorizing the transaction prior to execution of the agreement by DFA.

For projects that connect previously unsewered areas or join communities to regionalize wastewater treatment works, requirements depend on the funding source, but a financial review to demonstrate financial capacity of the subsumed/regionalized system to operate and maintain its system may not be required if the funded project does not include facilities that need to be operated and maintained by the subsumed system. If such facilities exist but are deemed to be minor with minimal O&M requirements, then the Assistant Deputy Director may waive the financial review of the subsumed system. For other cases where a review of the subsumed system will be required, a reduced financial review may be acceptable, with the following documents required as a minimum: prior year's tax returns and/or financial statements.

Financial review requirements for the receiving system for non-repayable funding for a construction project that consists solely of consolidating a separate wastewater system, are as follows. The receiving system may submit a five-year budget projection for the system, including the project, in lieu of a complete financial security package. However, DFA will generally require a complete financial security package and financial security review of the receiving system if any of the following criteria are met : i) the number of connections will increase by more than 5% with the project or the allowable permitted number of connections or volumes will be exceeded with the project; ii) other information readily available, including information submitted by the receiving system to DFA for other projects, or information from recent system inspections, indicates further review is warranted; and iii) the size of the receiving system indicates further review is warranted (generally, for small systems a full financial review will be conducted). DFA will require certain items that have been included in the financial security package, such as the authorizing resolution, to be submitted.

Despite the foregoing, DFA has the discretion to require a complete financial security package or other information, and financial review, for any nonrepayable planning project or for a subsumed or receiving system associated with a regionalization project.

## H. Timely and Expeditious Expenditure

The State Water Board will ensure timely and expeditious expenditure of all funds during SFY 2022-23. This IUP establishes as a goal during SFY 2022-23 to overcommit cash and undrawn federal grant funds to continually disburse 100 percent (100%) of those funds less a minimum cash balance of \$25 million plus any assets restricted for other uses, (i.e., bond payments and administration). The State Water Board will continue to use and refine its existing procedures. These procedures are designed to quickly identify and approve projects, execute financing agreements, and disburse funds to recipients. As of April 7, 2022, the State Water Board has disbursed 98.6 percent (98.6%) of all federal grants awarded. These results are consistent with recent trends and indicate that the State Water Board can quickly and productively use federal funds once awarded.

## I. Cross-Collateralization

The State Water Board will continue to implement cross-collateralization between the CWSRF and the DWSRF loan programs as necessary to support the goals and objectives of the State Water Board as documented in the [Operating Agreement between the California State Water Resources Control Board and the United States Environmental Protection Agency Region IX for Activities and Functions in Managing the State Water Pollution Control Revolving Fund Program](#), as amended March 2019.

## VI. OUTCOMES, GOALS, ACTIVITIES, AND MEASURES

### A. Sound Finances

The State Water Board, the CWSRF program's stakeholders, and the owners of CWSRF bonds expect the CWSRF to be financially sound.

#### Long-Term Goals:

1. **Continue to maximize non-restricted and restricted cash flows:** For maximum benefit, CWSRF disbursements of non-pledged assets should equal non-restricted receipts, less a minimum balance necessary to meet six month's forecasted disbursements. Disbursement of pledged receipts should ensure timely and full payment of all bond payments and reserve requirements. Excess pledged receipts should be periodically evaluated to determine if they should be used to originate a new pledged loan or released from the lien of the Master Indenture.
2. **Continue to use revenue and capital effectively:** California faces significant water quality needs. The CWSRF repayment stream is sizeable, and the CWSRF program continues to receive new capital from U.S. EPA. The CWSRF program's net position may make additional debt to finance water quality projects feasible and desirable. Additional debt, though, should be consistent with the *SRF Debt Management Policy* and the federal requirement to maintain the CWSRF in perpetuity.
3. **Continue to maintain financial integrity:** Financial integrity is a core value of the CWSRF program. Effective internal controls ensure that the program's finances are dependable and trustworthy. Prudent lending practices and reasonable interest rates ensure the stability and continued growth of the CWSRF program.

#### Key Short-Term Activities:

1. **Prepare and review cash management reports regularly:** Ensuring that sufficient cash is available to fulfill project disbursement requests, make bond payments, fulfill reserve requirement, if necessary, and pay for other program expenses requires careful and regular oversight of the cash flows. (*Completed quarterly*)
2. **Continue regular staff level finance/audit coordination meetings:**
  - a. Review cash flow forecasts of existing and potential commitments and upcoming expenses to assess the CWSRF program's ability to meet its commitments and to evaluate the need for leveraging or other actions to regulate cash outflows. (*Completed quarterly*)
  - b. Compare actual performance with target performance measures. (*Completed quarterly*)

- c. Review audit issues, program control issues, and plan for upcoming audits.  
(*Completed quarterly*)
3. **Apply for and accept FFY 2022 Capitalization Grants:** Three 2022 Capitalization Grant applications (Base Program, General Supplemental, and Emerging Contaminants) have been formally submitted to U.S. EPA. This IUP is part of the applications and will be submitted after approval of this IUP by the State Water Board. For 2022, capitalization grant applications will be submitted for \$216.7 million in federal assistance (\$82.7 million Base Program, \$127.3 million General Supplemental, and \$6.7 million Emerging Contaminants). (Initially Submitted July 2022, *Complete Submittal September 2022*)
4. **Maintain compliance with the *SRF Debt Management Policy*.** (*Ongoing Annually*)
5. **Prepare Annual Report and Audited Financial Statements for 2021-22.**  
(*Complete October 30, 2022*)
6. **Maintain bond compliance:** Comply with all reporting requirements and compliance obligations associated with outstanding revenue bonds, as set forth in the related continuing disclosure agreements, the Post-Issuance Tax Compliance Policy for Tax-Exempt Bond Issues, the Amended and Restated Master Payment and Pledge Agreement, and the Amended and Restated Master Trust Indenture.  
(*Ongoing Through the Year*)

Performance Targets and Measurements:

1. Total executed financing agreements > 120 percent (120%) of federal grants.
2. Disbursement rate = 100 percent (100%) of available funds less minimum six-month's disbursement balance and restricted funds.
3. Federal funds disbursement rate = 100 percent (100%) of federal payments.
4. Default ratio = 0.

## B. Fund the Most Beneficial Projects

The CWSRF program has finite funds and resources. These limitations require the State Water Board to prioritize so that the most pressing water quality problems are addressed first.

### Long-Term Goals:

1. **Continue to finance infrastructure that maintains compliance with federal and state water quality requirements:** Support the [Water Resilience Portfolio](#), and [U.S. EPA's Strategic Plan](#), Goal 1 (Core Mission), Objective 1.2 (Provide for Clean and Safe Water).
2. **Continue to invest in small SDACs and small DACs disproportionately affected by pollution and water contamination consistent with the [Capacity Development Strategy](#).**
3. **Achieve compliance statewide with water quality objectives.**
4. **Achieve sustainable water resource management consistent with the [Human Right to Water](#).**
5. **Fund projects identified in the State Water Board's [Plan for California's Nonpoint Source Pollution Control Program](#) and California's Estuary Comprehensive Conservation and Management Plans.**
6. **Support the State's greenhouse gas reduction and climate adaptation goals to the maximum extent practicable consistent with State Water Board [Resolution No. 2017-0012](#).**

### Key Short-Term Activities:

1. **Provide funds for high-priority projects:** Appendix B, the Fundable List, identifies projects that the CWSRF program anticipates funding in SFY 2022-23 that support the Water Boards' and U.S. EPA's priorities along with their expected executed agreement dates.
2. **Adopt the SFY 2022-23 IUP:** The SFY 2022-23 IUP will guide marketing and assistance efforts targeting the Water Board and U.S. EPA's highest priorities in SFY 2022-23. (*Complete September 2022*)
3. **Report activities supporting the [Water Resilience Portfolio](#), [State Water Board's Strategic Plan](#), and [U.S. EPA's Strategic Plan](#) in the CWSRF Annual Report, CBR, NIMS, and the FFATA Reporting System.** (*Completed annually*)

### Performance Targets and Measurements:

1. Fund utilization rate (U.S. EPA Program Reporting Measure WQ-17 Fund Utilization) > 105 percent (105%) of available funds.
2. Execute financing agreements for 90 percent (90%) of projects with complete applications listed on the Fundable List, Appendix B of this IUP, by June 30, 2023.

3. At least 50 percent (50%) of the number of projects executed during SFY 2022-23 should assist SDACs or DACs.
4. FFY 2022 funds ultimately committed as PF = maximum allowed by 2022 appropriation.
5. Percentage of FFY 2022 funds committed to GPR projects > minimum GPR percentage established by FFY 2022 appropriation.

### C. Efficient Service, Up-to-Date Policies and Procedures, and Recognizable Products

Applicants have several choices for their financing needs. The CWSRF program should attract high-value projects that support the policies and goals of the State Water Board.

#### Long-Term Goals:

1. **Consistently provide good customer service with a special emphasis on assisting SDACs and DACs.**
2. **Ensure that application forms and review procedures are updated on a regular basis so that they are clear, flexible, and efficient.**
3. **Consistently and clearly communicate to applicants their statuses and expectations for funding.**
4. **Ensure staff remains well trained and ready to help applicants resolve technical, legal, environmental, and financial issues needed to receive financing.**

#### Key Short-Term Activities:

1. **Coordinate internally for efficient program implementation:** Continue regular internal coordination meetings to identify and resolve delays affecting applications on the Fundable List, coordinate and prioritize application reviews, and ensure all projects with complete applications on the Fundable List receive an executed agreement by June 30, 2023. *(Completed monthly)*
2. **External CWSRF Program review to improve program management efficiency:** Coordinate with stakeholders on establishing and holding periodic advisory group meetings to track implementation of the program review recommendations from the Environmental Finance Center's July 2022 report on the CWSRF Program. Establish a plan and schedule for evaluating and implementing the EFC's recommendations. *(Fall 2022)*
3. **Develop an electronic disbursement request submittal system:** Plan, design and implement an electronic disbursement request submittal module integrated into the

Loans and Grants Tracking System to improve efficiency, support remote access workflow, reduce paper processing, and standardize recipient submittals. (*Summer 2023*)

Performance Targets and Measurements:

1. Fulfill 75 percent (75%) of complete disbursement requests in 60 days or less <sup>34</sup>.

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<sup>34</sup> Disbursement fulfillment time is the receipt of a complete disbursement request to warrant date. The metric only includes disbursement requests that are complete and acceptable for processing and filled within the same fiscal year. Disbursement requests that are incomplete or not acceptable for processing and/or not filled by fiscal yearend are not included in the performance metric.

## VII. SCHEDULE

The estimated schedule for public comment and State Water Board adoption of the SFY 2022-23 IUP, and the applications, awards, and acceptance of the 2022 Capitalization Grant is as follows:

Submit FFY 2022 Capitalization Grant applications to U.S. EPA	July 15, 2022
Draft IUP and Draft Supplemental IUPs posted for public comment	August 24, 2022
Board Workshop	September 7, 2022
Deadline for Public Comments on Draft IUP and Draft Supplemental IUPs	September 23, 2022
State Water Board considers IUP and Supplemental IUPs at regularly scheduled meeting	October 3, 2022
Receive FFY 2022 Capitalization Grant agreements from U.S. EPA	September 7, 2022



## VIII. ACRONYMS

A/E	Architectural and Engineering
AIS	American Iron and Steel
BABA	Build America Buy America
BIL	Bipartisan Infrastructure Law
CalEPA	California Environmental Protection Agency
CBR	Clean Water State Revolving Fund Benefits Reporting
CFR	Code of Federal Regulations
CWA	Clean Water Act
CWSRF	Clean Water State Revolving Fund
DAC	Disadvantaged Community
DBE	Disadvantaged Business Enterprise
DFA	Division of Financial Assistance
EFC	Environmental Finance Center
FFATA	Federal Funding Accountability and Transparency Act
FFY	Federal Fiscal Year
FI\$CAL	Financial Information System for California
FSP	Fiscal Sustainability Plan
GAAP	Generally Accepted Accounting Principles
GPR	Green Project Reserve
GWGP	Groundwater Grant Program
IUP	Intended Use Plan
LGTS	Loans and Grants Tracking System
LID	Low Impact Development
MHI	Median Household Income
NIMS	National Information Management System
OCC	Office of Chief Counsel
PF	Principal Forgiveness
POTW	Publicly Owned Treatment Works
PY	Personnel Years
SCG	Small Community Grant
SCWW	Small Community Wastewater
SERP	State Environmental Review Process
SFY	State Fiscal Year
SWGP	Stormwater Grant Program
SWIFIA	State Infrastructure Financing Authority WIFIA Program
TA	Technical Assistance
U.S. EPA	United States Environmental Protection Agency
WIFIA	Water Infrastructure Finance and Innovation Act
WRFP	Water Recycling Funding Program
WRRDA	Water Resources Reform and Development Act of 2014

## IX. APPENDICES

### APPENDIX A: Current Sources and Uses of the CWSRF<sup>35</sup>

	Projected SFY 2022-23	Projected SFY 2023-24	Projected SFY 2024-25	Projected SFY 2025-26	Projected SFY 2026-27
Beginning Balance	\$822,429,951	\$977,577,874	\$436,564,131	\$126,472,723	\$95,083,056
Estimated Principal Payments + Interest Earnings	\$242,198,753	\$260,862,260	\$278,629,308	\$399,800,265	\$387,630,205
Estimated SMIF <sup>36</sup> Interest Earnings	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Federal Capitalization Grants Received <sup>37</sup>	\$210,043,000	\$227,313,800	\$240,819,000	\$254,203,000	\$254,203,000
General Fund State Match <sup>38</sup>	\$105,000,000				
Estimated Bond Proceeds Received	\$600,000,000				
Existing CWSRF Revenue Bond Debt Service	(\$139,991,250)	(\$136,794,275)	(\$126,762,150)	(\$111,294,225)	(\$105,193,375)
New Debt Service	\$0	(\$29,256,700)	(\$38,828,427)	(\$59,346,527)	(\$60,136,680)
Administration and Technical Assistance Allowances <sup>39</sup>	(\$12,602,580)	(\$13,638,828)	(\$14,449,140)	(\$15,252,180)	(\$15,252,180)

<sup>35</sup> Forecast dated July 2022. These amounts are preliminary and subject to change.

<sup>36</sup> SMIF means Surplus Money Investment Fund.

<sup>37</sup> These numbers include estimates for the FFY 2022 through FFY 2026 Base and Supplemental Capitalization Grants. . The forecasted capitalization grants are listed in the aggregate amounts. Principal forgiveness, if available, is included in the aggregate grant amount in the forecast.

<sup>38</sup> The Deputy Director of DFA was authorized at the March 15, 2022, Board meeting to use up to \$85 million of 2021 Budget Act Infrastructure Appropriation grant funds as state match for the CWSRF and DWSRF programs and determine the appropriate allocation. AB 180 authorized an additional \$400 million for the state share of the CWSRF and DWSRF, consistent with existing law, and the Deputy Director of DFA is authorized to determine the appropriate allocation of the additional funds appropriated by AB 180 between the CWSRF and DWSRF. The estimated \$105 million General Fund State Match includes \$5 million of the 2021 Budget Act appropriation and an additional \$100 million of AB 180 funding.

<sup>39</sup> These numbers reflect the percentage of the capitalization grants that may be used for program administration (4%) and technical assistance (2%). The primary source of administrative funds for the CWSRF is the Administrative Fund. See Section III.G.3. (Administrative Funding) for further discussion. Funds from the Administration Allowance that are not used for program administration may be used to finance projects.

Estimated Disbursements <sup>40</sup>	<b>(\$850,000,000)</b>	<b>(\$850,000,000)</b>	<b>(\$650,000,000)</b>	<b>(\$500,000,000)</b>	<b>(\$300,000,000)</b>
<i>Estimated Year-End Balances</i> <sup>41</sup>	<b>\$977,577,874</b>	<b>\$436,564,131</b>	<b>\$126,472,723</b>	<b>\$95,083,056</b>	<b>\$256,834,027</b>
	<b>SFY 2022-23</b>	<b>SFY 2023-24</b>	<b>SFY 2024-25</b>	<b>SFY 2025-26</b>	<b>SFY 2026-27</b>
Estimated Yearly Cash Flows <sup>42</sup>	<b>\$155,147,923</b>	<b>(\$541,013,743)</b>	<b>(\$310,091,408)</b>	<b>(\$31,389,667)</b>	<b>\$161,750,971</b>

<sup>40</sup> Estimated disbursements are a forecast of the cash disbursements for projects with executed financing agreements. The estimated cash disbursements include the local match credits on past projects that used match financing. Local match credits are contributions made by financing recipients in exchange for using match financing; match credits are used to meet the federal capitalization grants matching requirement.

<sup>41</sup> Estimated Year End Balances represent a running total based on the previous year's ending balance.

<sup>42</sup> Estimated Yearly Cash Flows represent the projected difference between revenues and capitalization grants (inflows) and disbursements and expenses (outflows) for each year, and do not include the previous year's ending balance. Positive numbers indicate that inflows are projected to be greater than outflows for that year. Negative numbers indicate that outflows are projected to be greater than inflows for that year.

APPENDIX B: CWSRF Project Financing Forecast for SFY 2022-23 – Fundable List for Scored Projects

Sort Order: Regional Board, Agency, Priority Score, Project Number

Regional Board	Project Number <sup>2</sup>	Agency	Project Name	Total Priority Score	Proposed Funding Source Program	Total Project Financing Need	Estimated FFY 2022 Capitalization Grant Projects <sup>3</sup>	Estimated CWSRF Loan Funds SFY 2022/23	Estimated Principal Forgiveness <sup>3</sup>	Estimated Water Recycling Funding Program (WRFPP) Grant	Estimated WRFPP Loan	Estimated Total DFA Financing	NPDES/WDR Permit No.	Proposed Equivalency & FFATA Projects <sup>4</sup>	Green Project Reserve (GPR) FFY 2022	Green Project Type <sup>5</sup>	Determination Categorical (C) or Business Case
2	8502-110	Daly City, City of	Vista Grande Drainage Basin Improvement Project	N/A	CWSRF	\$62,889,860	\$62,889,860	\$0	\$0	\$0	\$0	\$62,889,860	CAS612008		\$0		
2	8377-110	Palo Alto, City of	Regional Water Quality Control Plant Discharge Infrastructure Improvements	N/A	CWSRF	\$11,760,000	\$11,760,000	\$0	\$0	\$0	\$0	\$11,760,000	CA0037834		\$0		
2	8417-110	Palo Alto, City of	Advanced Water Purification System (AWPS) 1 MGD Project	N/A	CWSRF	\$22,353,000	\$22,353,000	\$0	\$0	\$0	\$0	\$22,353,000	CA0037834		\$0		
2	8483-110	Sunnyvale, City of	Secondary Treatment and Dewatering Facilities	N/A	CWSRF	\$302,100,000	\$4,964,260	\$297,135,740	\$0	\$0	\$0	\$302,100,000	CA0037621	Yes	\$0		
2	8657-110	San Francisco Public Utilities Commission	Wawona Area Stormwater Improvement Project	15	CWSRF	\$45,000,000	\$0	\$40,000,000	\$5,000,000	\$0	\$0	\$45,000,000	CA0037681		\$0	N/A	N/A
2	8651-110	San Francisco Public Utilities Commission	New Treasure Island Wastewater Treatment Plant	14	CWSRF / WRFPP	\$202,208,000	\$0	\$50,000,000	\$0	\$15,000,000	\$0	\$65,000,000	CA0110116	Yes	\$50,000,000	W	C
2	8662-110	West Bay Sanitary District	Avy Altschul Pump Station Project	14	CWSRF / WRFPP	\$500,000	\$0	\$200,000	\$0	\$300,000	\$0	\$500,000	R2-1996-011		\$200,000	W	C
2	8619-110	West Bay Sanitary District	Bayfront Recycled Water Facility	13	CWSRF / WRFPP	\$52,000,000	\$0	\$37,000,000	\$0	\$15,000,000	\$0	\$52,000,000	R2-1996-011		\$37,000,000	W	C
3	8366-110	Carpinteria Valley Water District	Carpinteria Advanced Purification Project	N/A	CWSRF / WRFPP	\$39,856,250	\$0	\$29,051,050	\$0	\$10,805,200	\$0	\$39,856,250	CA0047364		\$29,051,050	W	C
3	8440-110	El Paso de Robles, City of	Paso Robles Recycled Water Distribution System	N/A	CWSRF / WRFPP	\$35,360,000	\$0	\$25,140,000	\$0	\$10,220,000	\$0	\$35,360,000	CA0047953		\$25,140,000	W	C
3	8508-110	Santa Barbara, City of	El Estero Wastewater Treatment Plant Electrical Distribution Renewal Project	N/A	CWSRF	\$30,188,647	\$0	\$30,188,647	\$0	\$0	\$0	\$30,188,647	CA0048143		\$0		
3	8602-110	Santa Barbara, City of	Braemar Lift Station Rehabilitation Project	N/A	CWSRF	\$7,430,411	\$0	\$7,430,411	\$0	\$0	\$0	\$7,430,411	CA0048143		\$0		
3	8432-110	Monterey One Water	Pure Water Monterey Groundwater Project Expansion	13	CWSRF / WRFPP	\$50,000,000	\$0	\$35,000,000	\$0	\$15,000,000	\$0	\$50,000,000	CA0048551		\$35,000,000	W	C
3	8661-110	San Juan Bautista, City of	Sewer main from San Juan Bautista to Hollister WWTP	13	CWSRF	\$18,166,220	\$0	\$18,166,220	\$0	\$0	\$0	\$18,166,220	R3-2009-019		\$0	N/A	N/A

Regional Board	Project Number <sup>2</sup>	Agency	Project Name	Total Priority Score	Proposed Funding Source Program	Total Project Financing Need	Estimated FFY 2022 Capitalization Grant Projects <sup>3</sup>	Estimated CWSRF Loan Funds SFY 2022/23	Estimated Principal Forgiveness <sup>3</sup>	Estimated Water Recycling Funding Program (WRFP) Grant	Estimated WRFP Loan	Estimated Total DFA Financing	NPDES/WDR Permit No.	Proposed Equivalency & FFATA Projects <sup>4</sup>	Green Project Reserve (GPR) FFY 2022	Green Project Type <sup>5</sup>	Determination Categorical (C) or Business Case
4	8154-110 <sup>6</sup>	County Sanitation District No. 2 of Los Angeles County	Carson JWPCP - Effluent Outfall Tunnel Project	N/A	CWSRF	\$800,000,000	\$0	\$127,230,000	\$0	\$0	\$0	\$127,230,000	CA0053813		\$0		
4	8501-110	County Sanitation District No. 2 of Los Angeles County	216th Street Replacement Trunk Sewer Phase 2	N/A	CWSRF	\$14,416,974	\$0	\$14,416,974	\$0	\$0	\$0	\$14,416,974	CA0053813		\$0		
4	8063-110	Los Angeles, City of	DCTWRP Advanced Water Purification Facility	N/A	CWSRF / WRFP	\$266,000,000	\$0	\$251,000,000		\$15,000,000	\$0	\$266,000,000	CA0056227		\$251,000,000	W	C
4	8018-210	Malibu, City of	Malibu Civic Center Water Treatment Facility Phase 2	N/A	CWSRF / WRFP	\$63,000,000	\$0	\$48,704,013		\$14,295,987	\$0	\$63,000,000	R4-2015-0051		\$48,704,013	W	C
4	8577-110	Santa Paula Utility Authority	City of Santa Paula Advanced Water Treatment Facility	N/A	CWSRF	\$20,340,000	\$0	\$20,340,000	\$0	\$0	\$0	\$20,340,000	R4-2018-0022		\$0		
4	8645-110	Central Basin Municipal Water District	Recycled Water Expansion Project in Cities of South Gate, Lynwood, and Bell Gardens	13	CWSRF / WRFP	\$19,876,193	\$0	\$14,876,193	\$0	\$5,000,000	\$0	\$19,876,193	TBD		\$14,876,193	W	C
4	8626-110	San Buenaventura, City of	Ventura Water Pure	13	CWSRF / WRFP	\$49,790,000	\$0	\$34,790,000	\$0	\$15,000,000	\$0	\$49,790,000	CA0053651		\$34,790,000	W	C
5	8584-110	Amador County	Buena Vista Landfill WMU-1 Final Cover Reconstruction and Class II Surface Impoundment Expansion and Liner Replacement	N/A	CWSRF	\$3,666,288	\$0	\$3,666,288	\$0	\$0	\$0	\$3,666,288	R5-2018-0020		\$0		
5	8507-110	Del Puerto Water District	Del Puerto Water District Irrigation System Improvement Project II	N/A	CWSRF	\$5,000,000	\$0	\$5,000,000	\$0	\$0	\$0	\$5,000,000	R5-2014-0002		\$0		
8	8523-210	Cucamonga Valley Water District	West End Community (Village of Heritage) Recycled Water Pipeline - Phase 1	N/A	WRFP	\$317,544	\$0	\$0	\$0	\$317,544	\$0	\$317,544	Pending		\$0		
8	8514-110	Elsinore Valley Municipal Water District	Diamond Regional Sewer Lift Station and Dual Force Mains	N/A	CWSRF	\$36,540,937	\$0	\$36,540,937	\$0	\$0	\$0	\$36,540,937	CA800027		\$0		
8	8526-110	Inland Empire Utilities Agency	RP-1 Disinfection Improvements Project	N/A	CWSRF	\$13,015,884	\$0	\$13,015,884	\$0	\$0	\$0	\$13,015,884	CA8000409		\$0		

Regional Board	Project Number <sup>2</sup>	Agency	Project Name	Total Priority Score	Proposed Funding Source Program	Total Project Financing Need	Estimated FFY 2022 Capitalization Grant Projects <sup>3</sup>	Estimated CWSRF Loan Funds SFY 2022/23	Estimated Principal Forgiveness <sup>3</sup>	Estimated Water Recycling Funding Program (WRFP) Grant	Estimated WRFP Loan	Estimated Total DFA Financing	NPDES/WDR Permit No.	Proposed Equivalency & FFATA Projects <sup>4</sup>	Green Project Reserve (GPR) FFY 2022	Green Project Type <sup>5</sup>	Determination Categorical (C) or Business Case
8	8535-110	Inland Empire Utilities Agency	Philadelphia Force Main Improvements Project	N/A	CWSRF	\$20,001,412	\$0	\$20,001,412	\$0	\$0	\$0	\$20,001,412	CA8000409		\$0		
8	8478-110	Santa Ana, City of	Septic to Sewer Island	N/A	CWSRF	\$1,529,220	\$0	\$1,529,220	\$0	\$0	\$0	\$1,529,220	CA0110604		\$0		
9	8608-110	La Mesa, City of	Inflow and Infiltration Mitigation Project Phase 6	15	CWSRF	\$7,000,000	\$0	\$7,000,000	\$0	\$0	\$0	\$7,000,000	2006-0003-DWQ		\$0	N/A	N/A
9	8605-110	Carlsbad, City of	SCADA Implementation Project	N/A	CWSRF	\$4,601,000	\$0	\$4,601,000	\$0	\$0	\$0	\$4,601,000	CAS0109266		\$0		
9	8504-110	San Diego, City of	Los Peñasquitos Lagoon Restoration Phase I	N/A	CWSRF	\$27,444,700	\$0	\$22,444,700	\$5,000,000	\$0	\$0	\$27,444,700	CAS0109266		\$0		
9	8553-110	San Diego, City of	South Mission Beach Storm Drain Improvements and Green Infrastructure	N/A	CWSRF	\$16,678,086	\$0	\$11,678,086	\$5,000,000	\$0	\$0	\$16,678,086	CA0107409		\$0		
9	8308-210	South Coast Water District	Monarch Beach Drive/ Stonehill Recycled Water Distribution	N/A	CWSRF / WRFP	\$4,332,000	\$0	\$3,498,300	\$0	\$833,700	\$0	\$4,332,000	CA0107611		\$3,498,300	W	C
<b>Projects =</b>			<b>33</b>	<b>Subtotal =</b>		<b>\$2,253,362,626</b>	<b>\$101,967,120</b>	<b>\$1,209,645,075</b>	<b>\$15,000,000</b>	<b>\$116,772,431</b>	<b>\$0</b>	<b>\$1,443,384,626</b>			<b>\$529,259,556</b>		

**Projects Removed from Fundable List**

																	Reason for Removal
2	8499-110	Milpitas, City of	City of Milpitas Recycled Water Pipeline Extension	N/A	CWSRF	\$61,217,000	\$0	\$0	\$0	\$0	\$0	\$0			\$0		Removed per applicant's request.
2	8588-110	Oro Loma Sanitary District	Sewer Collection System Pipeline Rehabilitation and Replacement 2 Project	N/A	CWSRF	\$25,000,000	\$0	\$0	\$0	\$0	\$0	\$0			\$0		Removed per applicant's request.
2	8293-110	West County Wastewater District	WPCP and Collection System Improvements - Phase I	N/A	CWSRF	\$18,050,000	\$0	\$0	\$0	\$0	\$0	\$0			\$0		Removed per applicant's request.
5	8446-110	Biggs-West Gridley Water District	Infrastructure Modernization and Canal Operations Decision Support	N/A	CWSRF	\$734,364	\$0	\$0	\$0	\$0	\$0	\$0			\$0		Removed for lack of progress.
5	8486-110	Hidden Valley Lake Community Services District	I&I Remediation	N/A	CWSRF	\$850,000	\$0	\$0	\$0	\$0	\$0	\$0			\$0		Removed for lack of progress.

														Reason for Removal
8	8194-110	San Bernardino, City	Clean Water Factory	N/A	CWSRF	\$9,912,586	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Removed per applicant's request.
9	8277-110	San Diego, City of	Advanced Metering Infrastructure (AMI) Project	N/A	CWSRF	\$79,392,934	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Removed for lack of progress.
<b>Projects Removed =</b>				<b>7</b>	<b>Subtotal =</b>	<b>\$195,156,884</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

Notes:

The CWSRF Fundable list and Comprehensive list is prepared to meet the requirements pursuant to section 603(g) of the CWA.

1. Projects eligible for grant/PF are considered on the Fundable List once the Deputy Director deems that a complete application has been submitted and all eligibility requirements are met. For the sake of clarity, the Fundable List for Scored Projects in Appendix B is limited to scored projects. Fundable grant/PF eligible projects can be found in the Comprehensive List in Appendix C. DFA intends to post an updated Comprehensive List to its website periodically throughout the year. This updated Comprehensive List will include fundable grant/PF eligible projects for which a complete application was submitted after the development of this IUP.
2. Project numbers and project names are for administrative purposes only. DFA may assign or reassign project numbers and project names as necessary to administer projects.
3. Estimated 2022 CWSRF Base Program & 2022 General Supplemental Capitalization Grants total \$210,043,000. PF is \$95,473,300, and administration and technical assistance is \$12,602,580. Therefore, the estimate available for loans is \$101,967,120. Projects on Comprehensive List listed with SCWW as proposed funding source are also potentially eligible for CWSRF Principal Forgiveness.
4. Proposed FFATA and Equivalency Projects will be selected up to an equivalent amount equal to the 2022 Capitalization Grant Awards.
5. Green Project Types: W= Water Efficiency; E = Energy Efficiency; I = Innovative.
6. Project No. 8154-110 is set to receive partial financing, limited to \$127,230,000.

APPENDIX C: CWSRF Project Financing Forecast for SFY 2022-23 – Comprehensive List

**Fundable List Rollovers** (Sort Order = Rollover Year, Agency Name, Project Number)

Fundable List Rollover Year	Regional Board	Project Number	Agency	Project Name	Primary Score	Secondary Score	Readiness Score	Total Priority Score <sup>1</sup>	Proposed Funding Source Program <sup>2</sup>	Total Project Financing Need
2021/2022	4	8018-210	Malibu, City of	Malibu Civic Center Water Treatment Facility Phase 2	N/A	N/A	N/A	A	CWSRF / WRFPP	\$63,000,000
2019/2020	2	8377-110	Palo Alto, City of	Regional Water Quality Control Plant Discharge Infrastructure Improvements	N/A	N/A	N/A	N/A	CWSRF	\$11,760,000
2020/2021	8	8526-110	Inland Empire Utilities Agency	RP-1 Disinfection Improvements Project	N/A	N/A	N/A	N/A	CWSRF	\$13,015,884
2020/2021	2	8417-110	Palo Alto, City of	Advanced Water Purification System (AWPS) 1 MGD Project	N/A	N/A	N/A	N/A	CWSRF	\$22,353,000
2021/2022	8	8535-110	Inland Empire Utilities Agency	Philadelphia Force Main Improvements Project	N/A	N/A	N/A	N/A	CWSRF	\$20,001,412
2021/2022	2	8483-110	Sunnyvale, City of	Secondary Treatment and Dewatering Facilities	N/A	N/A	N/A	N/A	CWSRF	\$302,100,000
2018/2019	4	8154-110	County Sanitation District No. 2 of Los Angeles County <sup>3</sup>	Carson JWPCP - Effluent Outfall Tunnel Project	N/A	N/A	N/A	N/A	CWSRF	\$800,000,000
2020/2021	8	8514-110	Elsinore Valley Municipal Water District	Diamond Regional Sewer Lift Station and Dual Force Mains	N/A	N/A	N/A	N/A	CWSRF	\$36,540,937
2020/2021	4	8501-110	County Sanitation District No. 2 of Los Angeles County	216th Street Replacement Trunk Sewer Phase 2	N/A	N/A	N/A	N/A	CWSRF	\$14,416,974
2020/2021	8	8478-110	Santa Ana, City of	Septic to Sewer Island	N/A	N/A	N/A	N/A	CWSRF	\$1,529,220
2021/2022	9	8605-110	Carlsbad, City of	SCADA Implementation Project	N/A	N/A	N/A	N/A	CWSRF	\$4,601,000
2021/2022	3	8508-110	Santa Barbara, City of	El Estero Wastewater Treatment Plant Electrical Distribution Renewal Project	N/A	N/A	N/A	N/A	CWSRF	\$30,188,647
2021/2022	3	8602-110	Santa Barbara, City of	Braemar Lift Station Rehabilitation Project	N/A	N/A	N/A	N/A	CWSRF	\$7,430,411
2020/2021	9	8553-110	San Diego, City of	South Mission Beach Storm Drain Improvements and Green Infrastructure	N/A	N/A	N/A	N/A	CWSRF	\$16,678,086
2021/2022	9	8504-110	San Diego, City of	Los Peñasquitos Lagoon Restoration Phase I	N/A	N/A	N/A	N/A	CWSRF	\$27,444,700
2021/2022	4	8577-110	Santa Paula Utility Authority	City of Santa Paula Advanced Water Treatment Facility	N/A	N/A	N/A	N/A	CWSRF	\$20,340,000
2020/2021	3	8366-110	Carpinteria Valley Water District	Carpinteria Advanced Purification Project	N/A	N/A	N/A	N/A	CWSRF / WRFPP	\$39,856,250
2020/2021	2	8502-110	Daly City, City of	Vista Grande Drainage Basin Improvement Project	N/A	N/A	N/A	N/A	CWSRF	\$62,889,860
2020/2021	4	8063-110	Los Angeles, City of	DCTWRP Advanced Water Purification Facility	N/A	N/A	N/A	N/A	CWSRF / WRFPP	\$266,000,000
2021/2022	5	8507-110	Del Puerto Water District	Del Puerto Water District Irrigation System Improvement Project II	N/A	N/A	N/A	N/A	CWSRF / ADMLP	\$5,000,000
2019/2020	3	8440-110	El Paso de Robles, City of	Paso Robles Recycled Water Distribution System	N/A	N/A	N/A	N/A	CWSRF / WRFPP	\$35,360,000



Fundable List Rollover Year	Regional Board	Project Number	Agency	Project Name	Primary Score	Secondary Score	Readiness Score	Total Priority Score <sup>1</sup>	Proposed Funding Source Program <sup>2</sup>	Total Project Financing Need
2021/2022	5	8584-110	Amador County	Buena Vista Landfill WMU-1 Final Cover Reconstruction and Class II Surface Impoundment Expansion and Liner Replacement	N/A	N/A	N/A	N/A	CWSRF	\$3,666,288
2020/2021	8	8523-210	Cucamonga Valley Water District	West End Community (Village of Heritage) Recycled Water Pipeline - Phase 1	N/A	N/A	N/A	N/A	WRFPP	\$317,544
2021/2022	9	8308-210	South Coast Water District	Monarch Beach Drive/ Stonehill Recycled Water Distribution	N/A	N/A	N/A	N/A	CWSRF	\$4,332,000
<b>Rollover Projects =</b>								<b>24</b>	<b>Subtotal =</b>	<b>\$1,808,822,213</b>

**Projects with Priority Scores** (Sort Order = Priority Score, Agency Name, Project Number)

Fundable List Rollover Year	Regional Board	Project Number	Agency	Project Name	Primary Score	Secondary Score	Readiness Score	Total Priority Score <sup>1</sup>	Proposed Funding Source Program	Total Project Financing Need
N/A	9	8608-110	La Mesa, City of	Inflow and Infiltration Mitigation Project Phase 6	8	3	4	15	CWSRF	\$7,000,000
N/A	9	8654-110	San Diego, City of	Chollas Green Infrastructure and Storm Drain Improvements	8	3	4	15	CWSRF	\$9,000,000
N/A	2	8657-110	San Francisco Public Utilities Commission	Wawona Area Stormwater Improvement Project	8	3	4	15	CWSRF	\$45,000,000
N/A	2	8651-110	San Francisco Public Utilities Commission	New Treasure Island Wastewater Treatment Plant	7	3	4	14	CWSRF / WRFPP	\$202,208,000
N/A	2	8662-110	West Bay Sanitary District	Avy Altschul Pump Station Project	7	3	4	14	CWSRF / WRFPP	\$500,000
N/A	4	8645-110	Central Basin Municipal Water District	Recycled Water Expansion Project in Cities of South Gate, Lynwood, and Bell Gardens	7	2	4	13	CWSRF / WRFPP	\$19,876,193
N/A	8	8639-110	Inland Empire Utilities Agency	Carbon Canyon Asset Management Improvements Project	6	3	4	13	CWSRF	\$31,000,000
N/A	3	8432-110	Monterey One Water	Pure Water Monterey Groundwater Project Expansion	7	3	3	13	CWSRF / WRFPP	\$50,000,000
N/A	5	8594-110	Sacramento, City of	Sump 85 Reconstruction Project	6	3	4	13	CWSRF	\$9,402,000
N/A	4	8626-110	San Buenaventura, City of	Ventura Water Pure	8	3	2	13	CWSRF / WRFPP	\$49,790,000
N/A	9	8658-110	San Diego, City of	Alvarado Trunk Sewer Phase IV	6	3	4	13	CWSRF	\$67,000,000
N/A	3	8661-110	San Juan Bautista, City of	Sewer main from San Juan Bautista to Hollister WWTP	8	3	2	13	CWSRF	\$18,166,220
N/A	2	8598-110	Union Sanitary District	Enhanced Treatment and Site Upgrade Phase 1A Project	6	3	4	13	CWSRF	\$145,000,000
N/A	2	8598-210	Union Sanitary District	Enhanced Treatment and Site Upgrade Phase 1B Project	6	3	4	13	CWSRF	\$156,000,000

Fundable List Rollover Year	Regional Board	Project Number	Agency	Project Name	Primary Score	Secondary Score	Readiness Score	Total Priority Score <sup>1</sup>	Proposed Funding Source Program	Total Project Financing Need
N/A	2	8619-110	West Bay Sanitary District	Bayfront Recycled Water Facility	7	3	3	13	CWSRF / WRFPP	\$52,000,000
N/A	8	8643-110	Redlands, City of	City of Redlands Wastewater Treatment Plant Upgrades	6	3	3	12	CWSRF	\$45,000,000
N/A	7	8595-110	Valley Sanitary District	Reclaimed Water Project - Phase I	7	3	2	12	CWSRF / WRFPP	\$35,730,000
N/A	5	8649-110	Yolo, County of	Waste Management Unit H4 Construction Project	7	3	2	12	CWSRF	\$6,400,000
N/A	3	8655-110	Central Coast Blue Joint Powers Authority	Central Coast Blue - Phase 1	7	3	1	11	CWSRF / WRFPP	\$43,400,000
N/A	5	8422-110	City of Redding	Wood Acres North Wastewater Collection and Disposal System	8	3	0	11	CWSRF	\$1,820,000
N/A	4	8442-110	Downey, City of	Fruman Park/Rio Honda Elementary School Recycled Water Extension and Irrigation	7	2	2	11	CWSRF	\$1,200,000
N/A	4	8642-110	La Canada Flintridge, City of	La Canada Flintridge - Completion of Sewer System	8	3	0	11	CWSRF	\$164,000,000
N/A	2	8650-110	Napa Sanitation District	Collection System Rehabilitation and Stormwater Reuse Project	8	3	0	11	CWSRF / WRFPP	\$8,400,000
N/A	2	8494-110	Oro Loma Sanitary District	Wet Weather Basin Expansion Project	6	3	2	11	CWSRF	\$26,000,000
N/A	3	8255-110	Pismo Beach, City of	Regional Groundwater Sustainability Project	7	3	1	11	CWSRF / WRFPP	\$25,848,800
N/A	5	8621-110	Redding, City of	Ricardo Ave Septic to Sewer	8	3	0	11	CWSRF	\$2,678,000
N/A	2	8606-110	Sunnyvale, City of	Site Preparation and Existing Plant Rehabilitation Project	6	3	2	11	CWSRF	\$121,982,458
N/A	2	8598-310	Union Sanitary District	Enhanced Treatment and Site Upgrade Phase 1C Project	6	3	2	11	CWSRF	\$34,000,000
N/A	8	8079-110	Yucaipa, City of	Wilson III Detention Basin Project	4	3	4	11	CWSRF	\$4,000,000
N/A	2	8158-110	Benicia, City of	Benicia Water Reuse Project	7	3	0	10	CWSRF	\$27,230,018
N/A	5	8641-110	Rio Vista, City of	Rio Vista Wastewater Plant Consolidation Project	7	3	0	10	CWSRF	\$20,000,000
N/A	5	8633-110	Wheatland, City of	Wheatland Regional Sewer Pipeline Project	6	3	1	10	CWSRF	\$48,513,000
N/A	5	8644-110	Riverbank, City of	Riverbank Regional Recycled Water Project - Phase I	7	2	0	9	CWSRF / WRFPP	\$65,000,000
N/A	5	8659-110	Sacramento Regional County Sanitation District	Harvest Water	7	2	0	9	CWSRF	\$152,000,000
N/A	8	8652-110	San Bernardino Valley Municipal Water District	Recycled Water System Phase 1	7	0	2	9	CWSRF / WRFPP	\$24,900,750
N/A	8	8653-110	San Bernardino Valley Municipal Water District	Enhanced Recharge Phase 1B	7	0	2	9	CWSRF / WRFPP	\$30,770,365
N/A	2	8482-110	Sunnyvale, City of	Administration and Laboratory Building	2	3	4	9	CWSRF	\$49,500,000

Fundable List Rollover Year	Regional Board	Project Number	Agency	Project Name	Primary Score	Secondary Score	Readiness Score	Total Priority Score <sup>1</sup>	Proposed Funding Source Program	Total Project Financing Need
N/A	3	8660-110	Arroyo Grande, City of	Central Coast Blue - Arroyo Grande	7	0	1	8	CWSRF / WRFPP	\$10,851,894
N/A	3	8656-110	Grover Beach, City of	Central Coast Blue - Phase 1	7	0	1	8	CWSRF / WRFPP	\$15,626,728
N/A	6	8228-110	Ridgecrest, City of	New Wastewater Treatment Plant Project	6	2	0	8	CWSRF	\$40,000,000
N/A	8	8343-110	City of Colton	Colton Wastewater Systems Upgrade Planning Project	2	3	2	7	CWSRF	\$6,900,000
N/A	8	8629-110	Irvine Ranch Water District	Syphon Reservoir Improvement Project	7	0	0	7	CWSRF / WRFPP	\$5,000,000
N/A	4	8100-110	Upper San Gabriel Valley Municipal Water District	Indirect Reuse Replenishment Project	7	0	0	7	CWSRF / WRFPP	\$71,000,000
N/A	5	8647-110	Olivehurst PUD	South County Infrastructure Project	6	0	0	6	CWSRF	\$30,000,000
					<b>Projects with Priority Scores =</b>			<b>44</b>	<b>Subtotal =</b>	<b>\$1,979,694,426</b>

**Small SDAC, Small DAC and Wastewater Grant Eligible Construction Projects<sup>4</sup>** (Sort Order = Agency Name, Project Number)

Fundable List Rollover Year	Regional Board	Project Number	Agency	Project Name	Degree of Disadvantaged	Total Priority Score <sup>1</sup>	Proposed Funding Source Program	Requested Total Financing
N/A	5	8037-210	Amador Water Agency	AWA Wastewater Treatment Plant Upgrade for Lake Camanche Village Unit 6	Small DAC	N/A	SCWW	\$5,665,000
N/A	5	8232-210	American Valley Community Services District	American Valley CSD Wastewater Collection System Improvement Project	Small DAC	N/A	SCWW	\$2,763,000
N/A	5	8444-110	Anderson, City of	Wastewater and Solar Energy Efficiency Project	Small SDAC	N/A	SCWW	\$2,900,000
N/A	1	8272-210 <sup>5</sup>	Arcata, City of	Arcata Wastewater Treatment Facilities Improvements	Small SDAC	N/A	SCWW	\$50,631,968
N/A	5	8344-210	Avenal, City of	Sanitary Sewer Collection System and Wastewater Treatment Plant Improvements	Small SDAC	N/A	SCWW	\$6,302,400
N/A	5	8589-110	Big Valley Band of Pomo Indians	Big Valley Phase 1 Wastewater Treatment Plant Improvements	Small DAC	N/A	SCWW	\$2,102,000
N/A	6	8592-110	Bishop Paiute-Shoshone Tribe	Bishop Paiute Tribe Wastewater Collection System Improvements	Small SDAC	N/A	SCWW	\$1,500,000
N/A	5	8597-110	Butte, County of	CSA82 Stirling City Sewer System Rehabilitation	Small SDAC	N/A	SCWW	\$1,439,200
N/A	5	8515-110	Buttonwillow County Water District	Buttonwillow WWTP Improvements Project	Small DAC	N/A	SCWW	\$4,182,000
N/A	5	8531-110	Clearlake Oaks County Water District	Clearlake Oaks County Water District Water Recycling Project	Small SDAC	N/A	SCWW / WRFPP	\$4,957,100
N/A	7	8564-110 <sup>5</sup>	Coachella, City of	Shady Lane Mobile Home Park Septic-to-Sewer Project	Small SDAC	N/A	SCWW	\$1,483,375

Fundable List Rollover Year	Regional Board	Project Number	Agency	Project Name	Degree of Disadvantaged	Total Priority Score <sup>1</sup>	Proposed Funding Source Program	Requested Total Financing
N/A	7	8463-110 <sup>5</sup>	Coachella Valley Water District	Sunbird/Martinez Septic to Sewer Conversion Project	Small SDAC	N/A	SCWW	\$9,345,274
N/A	7	8579-110 <sup>5</sup>	Coachella Valley Water District	Oasis Gardens Mobile Home Park Septic-to-Sewer Project	Small SDAC	N/A	SCWW	\$2,806,686
N/A	5	8421-110 <sup>5</sup>	Colusa, City of	Walnut Ranch Construction Project	Small SDAC	N/A	SCWW	\$2,868,501
N/A	1	8565-110 <sup>5</sup>	Covelo Community Services District	Covelo CSD Wastewater Treatment Plant Improvements Project	Small DAC	N/A	SCWW	\$1,260,633
N/A	5	8245-210	Dunsmuir, City of	City of Dunsmuir Collection System Improvement Project	Small DAC	N/A	SCWW	\$5,500,000
N/A	5	8171-210	Fall River Valley Community Services District	Wastewater System Expansion	Small SDAC	N/A	SCWW	\$34,320,000
N/A	5	8304-210 <sup>5</sup>	Franklin County Water District	Franklin County Water District Wastewater Collection and Treatment System Improvements	TBD	N/A	SCWW	\$15,415,000
N/A	5	8325-110	Franklin County Water District	Solar Photovoltaic Generation at Franklin CWD WWTP	TBD	N/A	SCWW	\$712,500
N/A	3	8423-110 <sup>5</sup>	Freedom County Sanitation District	Freedom Sewer Rehabilitation Project	Small SDAC	N/A	SCWW	\$6,000,000
N/A	5	8310-210	Grayson Community Services District	Grayson Wastewater Treatment Plant Screening Project	Small DAC	N/A	SCWW	\$6,000,000
N/A	5	8480-110	Gridley, City of	Little Avenue Force Main and Lift Station Improvement Project	Small SDAC	N/A	SCWW	\$1,316,617
N/A	1	8534-110 <sup>5</sup>	Happy Camp Sanitary District	Happy Camp Wastewater Bridge Pipeline Crossing Project	Small DAC	N/A	SCWW	\$499,358
N/A	7	8431-210	Hi-Desert Water District	Phase 2 and 3 Septic to Sewer Project	TBD	N/A	SCWW	\$153,061,979
N/A	5	7659-210	Kern, County of	South Shafter Sewer Project - Private Laterals and Septic Abandonment	Small SDAC	N/A	SCWW	\$3,397,320
N/A	5	8593-110	Kern, County of	Rexland Acres Sewer Connection Project	Small SDAC	N/A	SCWW	\$10,340,508
N/A	1	8138-210 <sup>5</sup>	Klamath Community Services District	Klamath CSD Wastewater System Renovation	Small DAC	N/A	SCWW	\$5,500,000
N/A	5	8477-110 <sup>5</sup>	Lake Berryessa Resort Improvement District	Groundwater Inflow Mitigation	Small SDAC	N/A	SCWW	\$2,000,000
N/A	5	8198-210 <sup>5</sup>	Lake County Sanitation District	Middletown Wastewater Treatment Plant Improvements	Small SDAC	N/A	SCWW	\$4,751,250
N/A	1	8518-110	Lake Shastina Community Services District	Lake Shastina Community Services District Wastewater Improvement Project	Small DAC	N/A	SCWW	\$5,006,966
N/A	5	8559-110	Lemon Cove Sanitary District	Lemon Cove Wastewater Treatment Improvement Project	Small SDAC	N/A	SCWW	\$680,000
N/A	1	8404-210 <sup>5</sup>	Manila Community Services District	Manila CSD Wastewater Infrastructure Improvement Project	Small SDAC	N/A	SCWW	\$3,472,000
N/A	5	8276-110 <sup>5</sup>	McFarland, City of	City of McFarland Wastewater Treatment Plant Expansion	Small SDAC	N/A	SCWW	\$14,545,000
N/A	7	8218-110 <sup>5</sup>	Mission Springs Water District	West Valley Water Reclamation Program	Small SDAC	N/A	SCWW	\$68,627,837
N/A	5	8145-210	Newman, City of	Newman Wastewater Facility Land Application Expansion for McPike 1 Project	Small SDAC	N/A	SCWW	\$4,050,000

Fundable List Rollover Year	Regional Board	Project Number	Agency	Project Name	Degree of Disadvantaged	Total Priority Score <sup>1</sup>	Proposed Funding Source Program	Requested Total Financing
N/A	5	8591-110	Newman, City of	WWTRF Influent Trunk Sewer Replacement Project	Small SDAC	N/A	SCWW	\$6,200,000
N/A	5	5039-110	Orange Cove, City of	Orange Cove WWTP Tertiary Treatment & Recycled Water Project	Small SDAC	N/A	SCWW	\$7,300,000
N/A	5	8469-110	Orland, City of	Road MM Sanitary Sewer Improvement Project	Small DAC	N/A	SCWW	\$985,563
N/A	1	8509-110	Peninsula Community Services District	Samoa Peninsula Wastewater Project	Small SDAC	N/A	SCWW	\$13,000,000
N/A	5	8374-110 <sup>5</sup>	Placerville, City of	Solar Photovoltaic (PV) for the WWTP	Small DAC	N/A	SCWW	\$3,970,420
N/A	5	8161-210	Planada Community Services District	Wastewater Collection System Upgrade	Small SDAC	N/A	SCWW	\$7,407,110
N/A	7	8006-110	Pueblo Unido Community Development Corporation	St. Anthony On-Site Sewer Project	Small SDAC	N/A	SCWW	\$1,028,738
N/A	5	8292-210	Alturas, City of	City of Alturas Wastewater Treatment Plant	Small SDAC	N/A	SCWW	\$6,000,000
N/A	7	8596-110	Pueblo Unido Community Development Corporation	Avenue 62 Community Sewer Consolidation Project	Small SDAC	N/A	SCWW	\$736,505
N/A	5	8454-110	Sacramento Area Sewer District	Hood Community Septic Conversion Project	Small SDAC	N/A	SCWW	\$7,790,425
N/A	5	8455-110 <sup>5</sup>	Sacramento Area Sewer District	Linda Manor Community Septic Conversion	Small SDAC	N/A	SCWW	\$4,273,600
N/A	5	8456-110	Sacramento Area Sewer District	Orange Park Cove Septic to Sewer Project	TBD	N/A	SCWW	\$2,877,257
N/A	5	8457-110 <sup>5</sup>	Sacramento Area Sewer District	Old Florintown Septic to Sewer Project	TBD	N/A	SCWW	\$5,611,700
N/A	5	8458-110	Sacramento Area Sewer District	Franklin Community Septic Conversion Project	TBD	N/A	SCWW	\$8,000,000
N/A	7	8607-110	Salton Community Services District	Desert Shores & Salton City - Sewer Force mains Rehabilitation/Replacement	Small DAC	N/A	SCWW	\$2,780,000
N/A	5	8533-110	Stanislaus, County of	West Modesto Sewer Infrastructure Project - Spencer/Marshall Neighborhood	Small DAC	N/A	SCWW	\$3,909,100
N/A	5	8140-210	Tehama County Sanitation District 1	Wastewater Collection and Treatment Improvement Project	Small DAC	N/A	SCWW	\$1,025,000
N/A	5	8240-210	Tuolumne Utilities District	Sonora Regional Wastewater Treatment Facility Improvements	Small DAC	N/A	SCWW	\$5,500,000
N/A	1	8487-110	Ukiah, City of	Water Recycling Project – Phase 4 Refinements	Small SDAC	N/A	SCWW / WRFPP	\$53,770,000
N/A	5	8401-110	Waterford, City of	City of Waterford Wastewater Treatment Plant Improvement Project	Small DAC	N/A	SCWW	\$140,000
N/A	5	8613-110	Colusa, City of	City of Colusa Recycled Water System Upgrade	Small DAC	N/A	SCWW	\$16,000,000
N/A	1	8178-210 <sup>5</sup>	Fortuna, City of	WWTP Treatment and Disposal System Upgrade Construction	Small DAC	N/A	SCWW	\$19,212,357
N/A	5	8646-110	Lost Hills Utility District	CalTrans Sewer Relocation Project	Small SDAC	N/A	SCWW	\$500,000
N/A	1	8666-110	Gualala CSD	GCSD Wastewater Facilities Improvement Project	Small DAC	N/A	SCWW	\$7,283,459

Fundable List Rollover Year	Regional Board	Project Number	Agency	Project Name	Degree of Disadvantaged	Total Priority Score <sup>1</sup>	Proposed Funding Source Program	Requested Total Financing
N/A	5	8473-210	Mokelumne Hill Sanitary District	Wastewater Improvement Project	Small SDAC	N/A	SCWW	\$7,300,000
N/A	3	8676-110	Monterey, County of	Chualar Wastewater Consolidation	Small SDAC	N/A	SCWW	\$25,000,000
N/A	7	8326-110	Coachella, City of	Mesquite Septic-to-Sewer Project	Small SDAC	N/A	SCWW	\$1,840,888
N/A	5	8665-110	Fresno, City of	Daleville Residential Septic to Sewer Construction Project	Small DAC	N/A	SCWW	\$2,847,324
N/A	5	8568-210	Paradise, Town of	Paradise Sewer Project	TBD	N/A	SCWW	\$233,312,722
N/A	8	7872-110	Beaumont, City of	6th Street/Maple Avenue Septic Conversion Project	Small DAC	N/A	SCWW	\$2,911,538
N/A	5	8270-210	Chowchilla, City of	Fairmead - Chowchilla Wastewater Treatment Facility Connection Project	Small SDAC	N/A	SCWW	\$15,707,611
N/A	1	8389-210 <sup>5</sup>	Dorris, City of	Dorris Sewer Project	Small SDAC	N/A	SCWW	\$5,690,000
N/A	1	8618-110	Ferndale, City of	Ferndale I&I Reduction	Small DAC	N/A	SCWW	\$8,950,000
N/A	1	8622-110	Tolowa Dee-ni Nation	Howonquet Wastewater Improvement Construction Project	Small DAC	N/A	SCWW	\$15,600,000
N/A	1	8677-110	Arcata, City of	Infiltration and Inflow Reduction 2022	Small SDAC	N/A	SCWW	\$15,000,000
N/A	7	8627-110 <sup>5</sup>	Coachella Valley Water District	Airport Boulevard Sewer Consolidation Project	Small SDAC	N/A	SCWW	\$14,229,000
N/A	5	7890-110	Sutter, County of (Waterworks District 1)	Robbins Collection System and Wastewater Treatment Plant Improvement Project	Small SDAC	N/A	SCWW	\$469,340
N/A	6	8426-210	Markleeville Public Utility District	Sewer Pump Station Relocation Project	TBD	N/A	SCWW	\$1,975,232
N/A	5	8633-110	Wheatland, City of	Wheatland Regional Sewer Pipeline Project	Small DAC	N/A	SCWW	\$13,800,000
N/A	1	8429-210	Mendocino Unified School District	MUSD Recycled Water System Project	Small DAC	N/A	SCWW	\$5,500,000
N/A	3	8519-110	Monterey One Water	Farmworker Housing Camp Connection to Monterey One Water Regional Sewer System	TBD	N/A	SCWW	\$2,573,000
<b>Small SDAC/DAC Construction Projects =</b>						<b>76</b>	<b>Subtotal =</b>	<b>\$1,003,411,661</b>

**Planning Projects<sup>4</sup>** (Sort Order = Agency Name, Project Number)

Fundable List Rollover Year	Regional Board	Project Number	Agency	Project Name	Degree of Disadvantaged	Total Priority Score <sup>1</sup>	Proposed Funding Source Program	Requested Total Financing
N/A	5	8590-110	Adin Community Services District	Adin CSD Wastewater Improvements Project	Small SDAC	N/A	SCWW	\$490,000
N/A	1	8563-110	Blue Lake, City of	Blue Lake Sanitary Sewer Evaluation Study	Small DAC	N/A	SCWW	\$500,000
N/A	5	8587-110	Chester Public Utility District	NPDES Permit Compliance Project - Wastewater Treatment Plant	Small DAC	N/A	SCWW	\$554,089

Fundable List Rollover Year	Regional Board	Project Number	Agency	Project Name	Degree of Disadvantaged	Total Priority Score <sup>1</sup>	Proposed Funding Source Program	Requested Total Financing
N/A	5	8571-110	Del Rey Community Services District	Del Rey CSD WWTP and Sewer Collection System Improvements	Small SDAC	N/A	SCWW	\$500,000
N/A	5	8461-110	Dos Palos City of	Dos Palos Clean Water Planning Funding Assistance Project	Small SDAC	N/A	SCWW	\$355,900
N/A	8	8491-110	Elsinore Valley Municipal Water District	Sedco Septic to Sewer Planning Project	Small DAC	N/A	SCWW	\$500,000
N/A	1	8566-110 <sup>5</sup>	Fieldbrook Glendale Community Services District	Glendale Sanitary Sewer Evaluation Study	Small DAC	N/A	SCWW	\$632,840
N/A	1	8512-110	Forestville Water District	Ammonia & Nitrate Study	Small DAC	N/A	SCWW	\$405,000
N/A	1	8576-110	Happy Camp Sanitary District	Wastewater Treatment Plant Headworks Upgrade	Small SDAC	N/A	SCWW	\$209,905
N/A	5	8359-110	Kettleman City Community Services District	Kettleman City Waste Water Improvement Project	Small SDAC	N/A	SCWW	\$500,000
N/A	5	8582-110	Knights Landing Community Services District	Wastewater Wet/Dry Well Lift Station Replacement	Small SDAC	N/A	SCWW	\$162,500
N/A	5	8360-110 <sup>5</sup>	Lost Hills Utility District	Wastewater Treatment Plant Expansion	Small SDAC	N/A	SCWW	\$500,000
N/A	5	8369-110	Madera, County of	Madera CSA No. 3 - Parksdale Sewer Project	Small SDAC	N/A	SCWW	\$500,000
N/A	4	8320-110	Malibu, City of	Malibu Water and Energy Audit	Large non-DAC	N/A	CWSRF	\$35,000
N/A	5	8453-110	Midway Community Services District	Midway Community Services District Sewer Collection System Rehabilitation	Small SDAC	N/A	SCWW	\$222,250
N/A	1	8233-110 <sup>5</sup>	Montague, City of	Wastewater Facility Upgrade	Small SDAC	N/A	SCWW	\$500,000
N/A	5	8528-110	Newman, City of	Stormwater and Agricultural Wastewater Treatment Plan	Small SDAC	N/A	SCWW	\$400,000
N/A	1	5924-110	Orick Community Services District	Orick Wastewater System Project	Small SDAC	N/A	SCWW	\$157,210
N/A	5	8427-110	South Dos Palos County Water District	South Dos Palos Wastewater Planning Project	Small SDAC	N/A	SCWW	\$147,470
N/A	5	8532-110	Springville Public Utility District	Springville Waste Water Planning Assistance	Small SDAC	N/A	SCWW	\$696,655
N/A	1	8562-110 <sup>5</sup>	Tulelake, City of	City of Tulelake Wastewater Improvements	Small SDAC	N/A	SCWW	\$360,000
N/A	5	8448-110	Weaverville Sanitary District	Weaverville Sanitary System Upgrade	Small SDAC	N/A	SCWW	\$590,070
N/A	5	8545-110	Woodville Public Utility District	Woodville PUD Wastewater Plant Improvement Project	Small SDAC	N/A	SCWW	\$380,400
N/A	1	8373-110	Laytonville County Water District	Laytonville Wastewater Project	Small SDAC	N/A	SCWW	\$500,000
N/A	5	8637-110	Murphys Sanitary District	WWTP Upgrade Project Part II	Small SDAC	N/A	SCWW	\$390,000
N/A	1	8467-110 <sup>5</sup>	Scotia Community Services District	Scotia WWTF Replacement Project	Small SDAC	N/A	SCWW	\$537,000
N/A	5	8640-110	Stallion Springs Community Services District	Wastewater Treatment Plant Upgrade	Small DAC	N/A	SCWW	\$500,000
N/A	5	8663-110 <sup>5</sup>	Princeton Water Works District	Princeton Water Works District WWTF Upgrades	Small SDAC	N/A	SCWW	\$600,000
N/A	5	8631-110	Exeter, City of	Sludge Dewatering Improvement Project	Small SDAC	N/A	SCWW	\$184,400

Fundable List Rollover Year	Regional Board	Project Number	Agency	Project Name	Degree of Disadvantaged	Total Priority Score <sup>1</sup>	Proposed Funding Source Program	Requested Total Financing
N/A	5	8612-110	Maxwell Public Utility District	Maxwell PUD wastewater system infrastructure improvement plan	Small DAC	N/A	SCWW	\$499,000
N/A	5	8667-110	Pixley Public Utilities District	Wastewater Collection and Treatment Improvement Project	Small SDAC	N/A	SCWW	\$500,000
N/A	3	8615-110	San Miguel Community Services District	Sanitary Sewer Lining and Manhole Rehabilitation	Small DAC	N/A	SCWW	\$366,530
N/A	6	8616-110	Susanville Sanitary District	Wastewater Treatment & Disposal System Improvements	Small SDAC	N/A	SCWW	\$750,000
N/A	5	8672-110	Thermalito Water and Sewer District	Golden Feather Mobile Home Park Wastewater Consolidation	Small SDAC	N/A	SCWW	\$500,000
N/A	5	8638-110	Lake Oroville Public Utility District	Palermo Wastewater Consolidation Project	Small SDAC	N/A	SCWW	\$2,453,500
N/A	5	8625-110	Crows Landing Community Services District	Crows Landing CSD Wastewater Consolidation Project	Small SDAC	N/A	SCWW	\$495,847
N/A	5	8623-110 <sup>5</sup>	Tranquillity Public Utility District	WWTF and Sewer Collection Improvements	Small SDAC	N/A	SCWW	\$940,000
<b>Planning Projects =</b>						<b>37</b>	<b>Subtotal =</b>	<b>\$18,515,566</b>
<b>Total Comprehensive List Projects =</b>						<b>181</b>	<b>Total =</b>	<b>\$4,810,443,566</b>

**Projects Removed from Comprehensive List<sup>6</sup>** (Sort Order = Rollover Year, Agency Name, Project Number)

Fundable List Rollover Year	Regional Board	Project Number	Agency	Project Name	Primary Score	Secondary Score	Readiness Score	Total Priority Score <sup>1</sup>	Proposed Funding Source Program	Total Project Financing Need	Reason for Removal
2021/2022	2	8588-110	Oro Loma Sanitary District	Sewer Collection System Pipeline Rehabilitation and Replacement 2 Project	N/A	N/A	N/A	N/A	CWSRF	\$25,000,000	Removed at applicant's request.
N/A	5	8420-110	Browns Valley Irrigation District	Tennessee Ditch Canal Modernization and Hydroelectric Project	4	3	2	9	CWSRF	\$4,319,000	Application inactive since December 2019
2021/2022	5	8446-110	Biggs-West Gridley Water District	Infrastructure Modernization and Canal Operations Decision Support	N/A	N/A	N/A	N/A	CWSRF	\$734,364	Remove for lack of progress
2021/2022	5	8486-110	Hidden Valley Lake Community Services District	I&I Remediation	N/A	N/A	N/A	N/A	CWSRF	\$850,000	Non-Responsive applicant
N/A	9	8610-110	San Diego, City of	City of San Diego Stormwater Capital Improvement Program (City of San Diego Stormwater CIP)	7	2	0	9	CWSRF	\$516,000,000	Not eligible as submitted, Project is not defined.
2020/2021	8	8194-110	San Bernardino, City	Clean Water Factory	N/A	N/A	N/A	N/A	CWSRF	\$9,912,586	Removed at applicant's request
2021/2022	2	8499-110	Milpitas, City of	City of Milpitas Recycled Water Pipeline Extension	N/A	N/A	N/A	N/A	CWSRF	\$61,217,000	Removed at applicant's request
2018/2019	9	8277-110	San Diego, City of	Advanced Metering Infrastructure (AMI) Project	N/A	N/A	N/A	N/A	CWSRF	\$79,392,934	Removed for lack of progress since 2018/2019
2020/2021	2	8293-110	West County Wastewater District	WPCP and Collection System Improvements - Phase I	N/A	N/A	N/A	N/A	CWSRF	\$18,050,000	Removed at applicant's request
<b>Removed Projects =</b>								<b>9</b>	<b>Sub Total =</b>	<b>\$715,475,884</b>	



The CWSRF Fundable list and Comprehensive list is prepared to meet the requirements pursuant to section 603(g) of the CWA.

Notes:

Projects are shown with status as of May 2022.

1. Projects rolling over from the 2021/2022 IUP fundable list that did not receive an executed financing agreement are not subject to scoring and are indicated as N/A.

Public health projects that are not subject to scoring are indicated as A.

2. Projects listed with SCWW as proposed funding source are potentially eligible for CWSRF Principal Forgiveness. The demand for SCWW funds well exceed the \$95 million in principal forgiveness available from the FFY 2022 CWSRF Base Program and General Supplemental capitalization grants.

3. Project No. 8154-110 is set to receive partial financing, limited to \$127,230,000.

4. Projects eligible for grant/PF through Appendices D and E are considered Fundable once the Deputy Director deems a complete application has been submitted and the project has met all eligibility requirements.

5. Projects have a complete funding application and are therefore added to the Fundable List (per footnote 4).

6. Suspended project applications will be set with an "Inactive" application status. "Withdrawn" applications will be removed from the Comprehensive and Fundable Lists.

## APPENDIX D: Wastewater Construction Grant/PF Eligibility Criteria<sup>43</sup>

Eligible Applicants: Public agencies having jurisdiction over disposal of sewage, industrial wastes, or other wastes, or an Indian tribe or an authorized Indian tribal organization, or a designated and approved management agency under Section 1288 of title 33 of the United States Code <sup>44,45</sup>				
Affordability Criteria			Grant/PF Amount <sup>46,47</sup>	
Type of Community	Wastewater Rates as a Percentage of MHI	Percentage of Total Eligible Project Cost	Maximum Grant/PF Amount Per Project	Maximum Grant/PF Per Residential Connection <sup>48, 49</sup>
Small Community with MHI between 80%-150% Statewide MHI	≥4%	50% <sup>50</sup>	N/A	\$45,000 <sup>51</sup>
Small DAC	N/A	100%	N/A	or \$125,000 <sup>52</sup>

<sup>43</sup> The Deputy Director of DFA has the discretion as to which IUP (2021-22 or 2022-23) rules apply to projects with complete applications submitted to DFA before June 30, 2022, to the extent that the rules associated with a prior IUP remain consistent with governing laws and requirements.

<sup>44</sup> 501(c)(3) nonprofit organizations; mutual benefit corporations, homeowners' associations or cooperatives exempt from taxes under Section 501(c)(12) of the United States Internal Revenue Code; and non-federally recognized state tribes on the Native American Heritage Commission consult list are not eligible for PF construction funding but may be eligible for certain grant funding.

<sup>45</sup> On a case-by-case basis, DFA may also award grant, or PF as eligible, to projects for the construction, repair, or replacement of decentralized wastewater treatment systems that treat municipal wastewater or domestic sewage and serve an eligible community; Native American Tribe; public K-12 school; or a not-for profit K-12 private school, daycare facility, labor camp, elder care facility, or health care facility.

<sup>46</sup> The maximum grant/PF for a community is based on all funding the community receives in a five-year period (not including GWGP funding). This includes planning, TA, and construction funding for all CWSRF projects for the community. DFA may amend an existing agreement to incorporate final bid costs as part of the FBA process, or to add a new project or subsequent phase of work. In such cases, PF/grant may be awarded based on current IUP criteria rather than those in place at the time of original agreement execution.

<sup>47</sup> The Deputy Director of DFA may approve grant/PF for construction projects with a total eligible project cost up to \$6,000,000 regardless of the amount per residential connection. For Prop 1 GWGP funding (for SDACs and DACs only), the maximum grant limits for Small DACs and Large DACs (septic to sewer only) set forth herein apply, but SDACs are eligible for GWGP funding without regard to water rates, and DACs must have water rates ≥1.5% of MHI (see section III.C.6.). Local match is not required for GWGP.

<sup>48</sup> To determine the equivalent service connections for a school, the total number of staff and students is divided by 3.3. For mobile home parks and/or similar communities that have a master connection, the number of households that will be served will be used for equivalent service connections.

<sup>49</sup> If a project is eligible for grant/PF through multiple definitions the grant maximums do not stack, but DFA will utilize the most favorable calculation for the applicant.

<sup>50</sup> For small communities qualifying based on wastewater rates at least 4 percent (4%) of community MHI, DFA has discretion to increase the grant percentage to as high as 100 percent (100%), if the community's unemployment rate is at least two percent (2%) higher than the statewide average, or if declining population trends or low population densities impact the community's ability to afford financing.

<sup>51</sup> A maximum of \$45,000 per residential connection is available for treatment system and/or collection system improvements. The Deputy Director of DFA may approve up to \$60,000 per residential connection for good cause.

<sup>52</sup> A maximum of \$125,000 per residential connection is available for septic-to-sewer or regional projects. The Deputy Director of DFA may approve up to \$175,000 per residential connection for good cause.

Large DAC or Small Non-DAC (septic-to-sewer set-aside only)	$\geq 1.5\%$	50%	\$25 million	\$75,000
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## APPENDIX E: Wastewater Planning Grant/PF Eligibility Criteria

<u>Eligible Applicants</u> : Public agencies having jurisdiction over disposal of sewage, industrial wastes, or other wastes, or an Indian tribe or an authorized Indian tribal organization, or a designated and approved management agency under Section 1288 of title 33 of the United States Code. <sup>53</sup>		
	Grant Amount <sup>54</sup>	
Community Type/Affordability Criteria	Percent of Total Project Cost	Maximum Grant/PF Per Project
Small DAC	100%	N/A

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<sup>53</sup> 501(c)(3) nonprofit organizations; mutual benefit corporations, homeowners' associations or cooperatives exempt from taxes under Section 501(c)(12) of the United States Internal Revenue Code; and non-federally recognized state tribes on the Native American Heritage Commission consult list are not eligible for PF planning funding but may be eligible for certain grant funding.

<sup>54</sup> The maximum grant/PF for a community is based on all funding the community receives in a five-year period. This includes planning, TA, and construction funding for all CWSRF program projects for the community. If a community receives a planning grant/PF for their project, the amount disbursed to the community under planning will be subtracted from the maximum eligible construction grant/PF. Prop 1 GWGP planning grant funding may be awarded to eligible DACs/SDACs of any size, but DACs must have water rates ≥ 1.5% MHI.



## APPENDIX F: WRFP Grant and Loan Calculations<sup>55</sup>

Eligible Applicants:	See WRFP Guidelines				
Funding Type	Eligible Project Costs <sup>56</sup>	Percentage of Total Eligible Project Cost			Maximum Grant Amount Per Project <sup>57</sup>
		DAC	SDAC	Non-DAC	
<b>Planning Grant</b>	Planning	100%	100%	50%	\$500,000
<b>Construction Grant</b>	Construction, not including construction allowances <sup>58</sup>	35%	35% <sup>59</sup>	35%	\$15,000,000 <sup>60</sup>
<b>Construction Loan</b>	Planning, Design, and Construction	100%	100%	50% <sup>61</sup>	N/A

Note: Where the eligibility criteria and grant and loan calculations for the WRFP described in this IUP and appendices conflict with the WRFP Guidelines, the IUP and appendices will supersede.

<sup>55</sup> Effective May 24, 2022. Projects with executed agreements on or after May 24, 2022, may receive the grant identified in Appendix F.

<sup>56</sup> Eligible project costs are defined in the WRFP Guidelines.

<sup>57</sup> Except for SDAC and DAC projects, no project receiving grant will receive more than 50 percent (50%) grant funding, regardless of the funding source.

<sup>58</sup> Construction change orders, construction management, and engineering during construction are not eligible for WRFP construction grant funding.

<sup>59</sup> On a case-by-case basis, the Deputy Director of DFA may approve up to 100% of eligible project costs for water recycling projects serving SDACs.

<sup>60</sup> On a case-by-case basis, the Deputy Director of DFA may approve construction grant funds above the maximum grant amount for water recycling projects serving SDACs.

<sup>61</sup> At least 50 percent local cost share must be provided by the applicant, whether through repayable CWSRF financing, if allowed by this IUP, the applicant's own revenues, or other repayable financing. Local cost share may be reduced for communities that meet the DAC criteria established in the CWSRF Policy and IUP.

## APPENDIX G: Principal Forgiveness Eligibility for Stormwater and Estuary projects

Eligible Applicants:	Any municipality or intermunicipal, interstate, or state agency (regardless of population, MHI, or wastewater rates). <sup>62</sup>
Project Types:	Any CWSRF eligible project that implements a nationally designated estuary plan or implements a process, material, technique, or technology to mitigate stormwater runoff.
PF Amount <sup>63</sup> :	
1.	Projects that implement a nationally designated estuary plan may receive PF up to 75 percent (75%) of eligible project costs. Cumulative PF shall not exceed \$1 million per estuary plan area in any state fiscal year.
2.	For projects that mitigate stormwater runoff that also contribute to water supply resiliency, 50 percent (50%) of total eligible costs up to \$5.0 million in PF. For feasibility and planning studies to identify stormwater mitigation projects capable of contributing to water supply resiliency 75 percent (75%) of total eligible costs up to a maximum of \$500,000. A maximum of \$20 million is available for these projects and studies.

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<sup>62</sup> Municipality includes a federally recognized Indian tribe or an authorized Indian tribal organization. 33 U.S.C. § 1362(4). Intermunicipal includes non-profit organizations implementing a project as part of a nationally designated estuary plan.

<sup>63</sup> If a project is eligible for PF through multiple definitions (e.g., community is a small DAC and project is for water recycling) the grant maximums do not stack, but DFA will utilize the most favorable calculation for the applicant.

APPENDIX H: Administration Fund Balance

	<b>Projected 7/1/21 – 6/30/22</b>	<b>Projected 7/1/22 – 6/30/23</b>
<b>Beginning</b>	\$15,915,000	\$16,294,810
<b>Collected</b>	\$9,379,810	\$14,581,230
<b>Spent</b>	\$9,000,000	\$9,000,000
<b>End Balance</b>	<b>\$16,294,810</b>	<b>\$21,876,040</b>



## APPENDIX I: CWSRF Capitalization Grant Payments and Draw Payments

<b>CWSRF Base Capitalization Grant</b>				
<b>Payments</b>				
	SFY 22-23 Q1	SFY 22-23 Q2	SFY 22-23 Q3	SFY 22-23 Q4
FFY 2022 Base Grant		<b>\$82,753,000<sup>64</sup></b> (Date of Award)		
<b>Draws</b>				
FFY 2020 Grant			<b>\$65,245,121</b>	
FFY 2021 Grant			<b>\$84,754,879</b>	<b>\$25,094,236</b>
FFY 2022 Grant				<b>\$82,753,000</b>
<b>Cumulative Draws</b>	<b>\$0</b>	<b>\$0</b>	<b>\$150,000,000</b>	<b>\$107,847,236</b>

<b>CWSRF General Supplemental Capitalization Grant</b>				
<b>Payments</b>				
	SFY 23-24 Q1	SFY 23-24 Q2	SFY 23-24 Q3	SFY 23-24 Q4
FFY 2022 General Supplemental Grant		<b>\$127,290,000<sup>65</sup></b> (Date of Award)		
<b>Draws</b>				
FFY 2022 Grant				<b>\$127,290,000</b>
<b>Cumulative Draws</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$127,290,000</b>

<sup>64</sup> FFY 2022 estimated Base Capitalization Grant

<sup>65</sup> FFY 2022 estimated General Supplemental Capitalization Grant

## APPENDIX J: Supplemental IUP for Emerging Contaminants and PFAS Funding