

The following changes are proposed for the [Drinking Water State Revolving Fund \(DWSRF\) Intended Use Plan \(IUP\)](#) for State Fiscal Year (SFY) 2016-17. These changes address comments received during the public comment period for this report and editorial corrections. Text with red underline are additions to the language. Text with ~~red strikethrough~~ indicates the removal of the language from the report. Other changes are as described.

**Change 1:
Section IV.E, page 15**

Additionally, Prop 1 Drinking Water and Prop 1 Ground Water provide for additional subsidy in the form of grants and principal forgiveness for public water systems serving disadvantaged communities. To the maximum extent practicable, the State Water Board intends to maximize available appropriation under Prop 1 Drinking Water for grants and principal forgiveness for SWSs serving disadvantaged communities. To assist disadvantaged communities in addressing drinking water emergencies, the State Water Board may provide Prop 1 grants to state agencies that act on behalf of disadvantaged communities where a PWS has been identified as an otherwise eligible applicant.

**Change 2:
Section IV.H, page 17**

During SFY 2016-17, the State Water Board will continue to provide incentives to encourage the consolidation of PWSs, especially those systems with serious drinking water public health problems. Incentives for consolidation may include, but are not limited to:

- Up to \$5 million in zero percent interest rate financing may be awarded for a construction project that benefits an eligible PWS if such PWS completes a full consolidation with a water system serving a small disadvantaged or small severely disadvantage community.

**Change 3:
Section V.B.2, DWSRF and Prop 1 Drinking Terms for a PWS Serving a DAC/SDAC or a Small Disadvantaged or Severely Disadvantaged Community, page 32-33**

Subsidized Planning Financing Terms

Eligible SCWSs serving a DAC/SDAC, eligible NTNCs serving Small Disadvantaged Community or Severely Disadvantaged Community, and PWSs extending service to Small Disadvantaged Communities and Severely Disadvantaged Communities may receive a maximum \$500,000 grant per project for their proportional share of planning project in accordance with Table 11 below, regardless of water rates/affordability criteria. This incentive promotes timely and efficient financing for drinking water planning projects in preparation for eventual construction financing. Repayable financing may also be available from the DWSRF or Prop 1 Drinking Water programs in accordance with Table 11 below if ~~a maximum \$500,000 grant per project available grant funding~~ is insufficient to fully fund a planning project.

Change 4:

Table 11: Planning Project-Reduced Interest Rates and Grant for an Eligible PWS, page 33

Total Eligible Planning Project Cost	Interest Rate	Loan Term*	Maximum Grant/project*
<u>≤ \$500,000</u>	<u>n/a</u>	<u>n/a</u>	<u>\$500,000</u>
<u>>\$500,000</u>	0%	Up to 5 years	\$500,000**

*Based upon the PWSs proportional share of a planning project.

**On a case-by-case basis, for good cause, the Deputy Director of the Division may approve more than \$500,000 in grant funds for the PWSs proportional share of a planning project.

Change 5:

Table 12: Construction Project-Principal Forgiveness/Grant for an Eligible SCWS that Serves a DAC/SDAC, page 33

Table 12: Construction Project-Principal Forgiveness/Grant for an Eligible SCWS that Serves a DAC/SDAC

Affordability Criteria		Maximum Principal Forgiveness, Grant or Combination Thereof Per Construction Project		
Type of Community Served by <u>SCWS</u>	Residential Water Rates as a Percentage of MHI**	Percentage of Total Eligible Project Cost*	Maximum Amount /Construction Project*	Maximum Amount Per Connection/ Construction Project*
DAC	<1.5%	Not Eligible for Principal Forgiveness, Grant or Combination Thereof		
	>=1.5%	up to 100%	\$5 million	\$30,000
SDAC	NA			

*Based upon PWS's proportional share of a construction project

**For the purposes of a consolidation or intertie project, the residential water rate of the consolidated or intertied system resulting from such consolidation or intertie may be considered.

SCWS with eligible projects may be eligible for both Prop 1 Drinking Water and Prop 1 Groundwater Grant Funds.

CWS with eligible projects may be eligible for Prop 1 Groundwater Grant Funds.

Change 6:

Section V.B.2, DWSRF and Prop 1 Drinking Terms for a PWS Serving a DAC/SDAC or a Small Disadvantaged or Severely Disadvantaged Community, page 35

Projects that Provide Regional Benefit

Notwithstanding the foregoing, projects that Provide Regional Benefit may be eligible for no more than ~~\$50,000~~ \$60,000 in grant and/or principal forgiveness per service connection-per participating SCWS serving a DAC/SDAC, or NTNC serving a Small Disadvantaged Community or Small Severely Disadvantaged Community.

Change 7:
Section V.B.2, DWSRF and Prop 1 Drinking Terms for a PWS Serving a DAC/SDAC or a Small Disadvantaged or Severely Disadvantaged Community, page 35

Consolidation Incentive

Up to \$5 million in 0% interest rate financing may be awarded for a construction project (incentive project) that benefits an eligible PWS, if such a PWS completes a full consolidation with a water system serving a small disadvantaged or small severely disadvantage community. A full consolidation is defined as the restructuring of two or more public water systems into a single public water system, as discussed in the Policy for Implementing the Drinking Water State Revolving Fund. The consolidation project must be fully constructed, in successful operation, and permitted by the Division of Drinking Water, prior to the incentive project being funded by DWSRF. In the case where a single construction project benefits both the remaining entity and the consolidated water system, 0% interest rate may apply to the portion of the project costs that has been deemed ineligible for principal forgiveness or grant funding, up to \$5 million, as determined by the Division of Financial Assistance.

Change 8:
Appendix A, page 45

In Appendix A – DWSRF SFY 2016-17 Final Comprehensive List, add Fresno County (Cantua Creek – El Porvenir) and related data to list of projects