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Director & State Health Officer

State of California—Health and Human Services Agency
California Department of Public Health



EDMUND G. BROWN JR.
Governor

June 24, 2013

Mr. Jared Blumenfeld
Regional Administrator
US EPA Region 9
75 Hawthorne Street
Mail Code: ORA-1
San Francisco, CA 94105

Dear Mr. Blumenfeld,

In response to the notice of non-compliance with the Safe Drinking Water Act sent by the U.S. Environmental Protection Agency (US EPA) to the California Department of Public Health (CDPH) on April 19, 2013, CDPH respectfully submits the attached corrective action plan (CAP) which addresses each of the required elements in the notice.

CDPH acknowledges and concurs with findings of the US EPA and appreciates the opportunity to improve the Safe Drinking Water State Revolving Fund (Revolving Fund) program by increasing the pace of commitments and expediting disbursement of funds. This administration is committed to ensuring safe drinking water for all Californians as evidenced by Governor Brown's signature on AB 685, which establishes a state policy that every Californian has a human right to safe, clean, affordable and accessible drinking water. It is with this strong commitment and direction from the Governor in mind that we address the findings in the notice of non-compliance and continue to develop both short-term and long-term strategies to improve the management of the Revolving Fund and the Drinking Water Program, even beyond the issues identified in the notice.

In its April 19 letter to CDPH, the US EPA noted \$455 million in unliquidated obligations, or unspent federal funds, allocated to the Revolving Fund as of September 2012. The CAP submitted today reflects the distribution of \$84 million by the end of June 2013 to water projects statewide reducing the unspent federal funds to \$371 million. In 2013-14, CDPH will disburse nearly \$200 million in total funds. In the following two fiscal years, CDPH will disburse an additional \$600 million, helping water systems to deliver safe drinking water and putting CDPH on track to meet the targets set by the US EPA.

CDPH is committed to strong leadership to provide the direction and accountability necessary to implement the important changes outlined in the CAP. CDPH will continue to improve the services provided by the Drinking Water Program as a whole, which include the funding programs as well as the regulatory programs that currently ensure 98% of Californians served by community water systems receive safe drinking water every day. Through continued strategic planning, CDPH will expand outreach activities to systems and communities that need assistance to provide safe drinking water and increase accountability and transparency to our stakeholders and partners.

CDPH is committed to the small water system implementation plan initiated in 2012 to assist 183 small community water systems, often in disadvantaged communities to obtain safe drinking water. The purpose of this plan is to focus our efforts on the specific steps needed to bring these targeted small systems into sustainable compliance with primary drinking water standards. The budget just passed by the California legislature will provide resources for additional critical staff to support this plan as well as additional local technical assistance to small water systems. While these activities are not part of the CAP, they do form a crucial part of CDPH's vision and strategy for the Drinking Water Program. The increased focus on building small water system capacity will help those projects to become shovel-ready sooner. In short, CDPH will maximize the use of all available funds for drinking water projects, while still supporting the needs and addressing the unique funding challenges faced by small water systems in disadvantaged communities.

CDPH appreciates the opportunity to work collaboratively with US EPA staff to achieve mutual goals for the Revolving Fund program. CDPH thanks US EPA for the many consultations during the preparation of the corrective action plan and, more importantly, for the regular interactions and training to improve the program and services. As described above, notable progress is already underway in California's Revolving Fund program, and CDPH remains committed to the work that needs to be done to reach those mutual goals and to maximize the use of the Revolving Fund. Given the tremendous need demonstrated by the EPA's most recent national assessment of public water system infrastructure, CDPH recognizes the crucial importance of the Revolving Fund program and looks forward to continued close partnership with US EPA and the improvements to this program.

Please do not hesitate to contact me if you have any questions.

Sincerely,



Ron Chapman, MD, MPH
Director and State Health Officer

Executive Summary

The attached corrective action plan (CAP) includes a table that provides CDPH responses and plans for each of the 29 required elements in the notice of non-compliance with the Safe Drinking Water Act sent by the US EPA to CDPH on April 19, 2013, and includes attachments to meet or elaborate on those requirements. The Department is committed to implementing every item by the schedule specified in the CAP.

The CAP reflects the Department's commitment to improvement in five key areas:

1. Full implementation of the cash flow model developed in collaboration with EPA, allowing maximal and timely use of all available funds for projects. The model utilizes EPA grant amounts, project disbursement schedules, loan amortizations, and other inputs to determine and project fund commitment levels, disbursements and unliquidated obligations (ULOs) – a valuable fiscal planning and monitoring tool. CDPH will also set a goal to transition to the dynamic Loans and Grants Tracking System (LGTS) cash flow module—which will improve accuracy and reporting capability through automated data tracking.
2. Funding agreements with water systems now include disbursement schedules, based on project milestones, in order to better predict and monitor the use of SRF funds over time using the cash flow model. CDPH now requires projects to submit invoices for work completed on a monthly basis in order to spend funds quickly after costs have been incurred.
3. CDPH's planned assessment of the project priority list processes will assure the list is current and readily identifies shovel-ready projects while still addressing the needs and unique funding challenges of small water systems in disadvantaged communities.
4. CDPH has assigned five regional funding coordinators and an additional attorney to enhance funding program operations. The budget just passed by the California legislature will provide seven (7) critical staff and \$2.7 million for expanded use of technical assistance contractors to assist small water systems. Closer integration of drinking water fiscal staff with the CDPH Financial Management Branch, including staff dedicated to executing funding agreements and providing financial oversight, will increase dedicated accounting and financial staff focused on the SRF program.
5. CDPH is committed to strong leadership to provide the direction and accountability necessary to implement the important changes outlined in the CAP. The Department has recently made programmatic changes and continues to evaluate the need for additional adjustments to ensure program oversight.

The actions outlined in the CAP will result in the following outcomes:

1. **Commitments** – CDPH will have executed binding commitments for 95% of all available SRF funds by the end of June, 2013. CDPH anticipates that it will generate an additional \$616 million in binding total commitments during the next two years (between FY 2013-14 and FY 2014-15). In comparison, CDPH committed less than \$120 million in total funds during the three years from FY 2006-07 through FY 2008-09.
2. **Disbursements** – CDPH will meet or exceed US EPA's disbursement goals. During the three years from FY 2013-14 to FY 2015-16, CDPH projects to disburse over \$800 million in total funds. In comparison, CDPH disbursed under \$200 million for the FY 2008-09 to FY 2010-11 three-year period.

3. **ULO**s – By increasing both its rate of commitments and disbursements, CDPH expects to reduce the federal ULO amount to \$160 million, ahead of US EPA's target to reach this goal by the end of FY 2015-16. The federal ULO amount of \$455 million as of October 2012 will have decreased to \$371 million by June 30, 2013, meaning that 75% of the approximately \$1.5 billion awarded to the California SDWSRF will have been spent.

CALIFORNIA CORRECTIVE ACTION PLAN (CAP) FOR SDWSRF

Number	Required Components of the Corrective Action Plan	Deadline	STATE'S RESPONSE AND PROPOSED CORRECTIVE ACTION PLAN	Attachment	EPA Comments
1	<p>The CAP must include the CDPH's certification that it is utilizing a cash flow model that accurately represents their financial position (including but not limited to complete and accurate loans and amortization schedules).</p>	<p>60 days from the receipt of Notice of Non Compliance</p>	<p>In coordination with CDPH's existing accounting tools and databases, CDPH certifies that it has begun utilizing a cash-flow model. As CDPH's binding commitment pace has accelerated in recent years, it was recognized by both USEPA and CDPH at the end of SFY11-12 that a cash flow model would be needed to manage and track the sources and uses of the SDWSRF fund to its maximum capacity. As a result, CDPH began a joint effort with USEPA Region 9 to develop the cash flow model as a tool to assist in the financial management of the SDWSRF loan fund. The cash-flow model is an Excel tool, adapted from a similar tool USEPA developed with the State Water Board, whereby the SDWSRF program's future federal and un-liquidated obligations (ULO's) can be estimated and projected based upon certain assumptions relating to (1) both actual and projected loan and grant commitments and their estimated project disbursements; (2) both actual and projected loan amortizations and the associated loan principal and interest returns; and (3) both actual and estimated federal capitalization grant awards and associated state match. The purpose of the cash-flow model is to plan, implement and track the annual commitment of SDWSRF funds, based upon future financial projections, in order to establish and maintain optimal federal and global ULOs. The cash flow model can also be a tool to assist in budgeting and project tracking within the SDWSRF loan fund for such purposes as tracking repayments and federal disbursements, as well as other financial modeling for use in policy decision making. CDPH has worked with the State Water Board to review their use of a cash flow model and other information systems. In April 2013 CDPH began utilizing the cash-flow model as an additional tool in the financial management of the SDWSRF loan fund. Attachment 1A provides further details on the development, implementation, assumptions and operation of the model. Attachment 1B displays the output of the model, based on current assumptions. CDPH will set a goal to transition from a semi-static, Excel-based cash flow model to the dynamic Loans and Grants Tracking System (LGTS) cash flow module. We see tremendous benefits because LGTS is automated, uses the latest data, improves accuracy, and provides greater reporting capability. It also provides an integrated platform for all accounting, administrative, and programmatic functions so that we are operating with the same data, reducing the possibility of internal inconsistencies and providing greater reporting and management control of the program.</p>	<p>Attachment 1A and 1B for CAP Item #1;</p>	
2	<p>The CAP must contain a strategy and milestones to ensure NIMS data is complete and accurately represents the CA SDWSRF.</p>	<p>60 days from the receipt of Notice of Non Compliance</p>	<p>In the Fall of 2012, CDPH initiated an effort with USEPA's IT contractor Northbridge to reconcile California's SDWSRF project data within USEPA's National Information Management System (NIMS) and is continuing such efforts. California's SDWSRF NIMS data requires correction because of a recent change in the reporting criteria of certain project data. Historically, Notice of Application Acceptances (NOAAs) were recognized by both USEPA and CDPH as a "binding commitment," and such project commitments were reported on an annual basis within NIMS by CDPH. In 2010, the term "binding commitment" was redefined to mean an executed funding agreement. As a result, historical project data within NIMS needs to be updated. In the Attachment to this CAP Item #2, CDPH has proposed a strategy and milestones for reconciling and updating its data within NIMS. The strategy includes CDPH further identifying programming changes within its reporting database and for Northbridge to program the changes by the end of Q1 of SFY13-14. Following the programming changes, CDPH will further reconcile its project data by the middle of Q3 of SFY13-14 to report NIMS information based upon the changes in reporting criteria. Finally, the strategy requires that USEPA review and approve CDPH's modified NIMS data and upload to the NIMS database for official publication by the end of Q4 of SFY 2013-14.</p>	<p>Attachment for CAP Item #2</p>	

				<p>CDPH meets with USEPA on a monthly basis, including discussion to address issues involving the SDWSRF program. In May 2013, CDPH met with USEPA weekly to discuss the corrective action plan strategies to respond to the non-compliance letter. In July 2013 CDPH will meet monthly, or as requested by USEPA, to discuss progress on the CAP components and the goals of the SDWSRF program. CDPH will, prior to each meeting, provide in writing an update on CAP components. The intent of the monthly meetings is to ensure that both CDPH and USEPA are jointly aware of the strategies and progress in achieving the CAP requirements, while also facilitating discussion and joint decision making over issues involving the CAP components. The agenda for the monthly meetings would typically include (1) a review of CDPH's monthly written progress report on the CAP; (2) status updates on federal and global ULOs as well as binding commitments; (3) status updates on other financial metrics, including the cash flow model; and (4) a status update on the project selection assessment. CDPH is open to the addition of other agenda items. A sample standing agenda is attached (Attachment 3)</p>	<p>Attachment #3 for CAP Item</p>
3	<p>The CDPH and the EPA will meet monthly to discuss progress on the CAP components. Prior to each meeting CDPH will provide in writing an update on CAP components.</p>	<p>July 2013 - June 2016</p>		<p>CDPH will submit a list of all funding agreements executed in the SFY 12-13 for USEPA to verify the commitment of \$240 million by June 30, 2013. CDPH will also publish online the list of executed funding agreements for SFY12-13. This list will also be submitted to USEPA by CDPH in its SDWSRF Annual Reports. As detailed in Attachment 4, as of June 11, 2013, CDPH has 24 executed funding agreements totaling approximately \$52.7 million. CDPH projects that an additional 13 funding agreements totaling approximately \$211.5 million will be executed by June 30, 2013, resulting in a projected grand total of \$264.2 million for the year. CDPH estimates that this commitment amount will result in a commitment pace of 95% of all available funds.</p>	<p>Attachment #4 for CAP Item</p>
4	<p>Submit to the EPA a list of all executed funding agreements made in SFY13 (7/1/12-6/30/13) to verify \$240M in commitments (the CDPH target to reach 95% pace). Any shortfall of the \$240M to be added to SFY14 available capacity total.</p>	<p>June 30, 2013</p>		<p>By June 30, 2013, CDPH will submit a fundable list for SFY 13-14 of projects totaling \$356 million and any SFY 2013 shortfall if necessary. In establishing the SDWSRF Project Priority List (PPL), CDPH ranks projects based on the degree of health risk associated with the problem the proposed projects is intended to solve. CDPH derives its applications for funding from the PPL and those applications that are "ready to proceed" to funding, some of which may include planning projects, are included in the Fundable List. As notified by USEPA in an email dated, June 7, 2013, the capitalization grant allocation for FY 2013 is \$78.77 million with a \$15.75 million state match.</p>	
5	<p>Identify \$356M, or more if necessary, worth of viable and shovel ready projects on the 2014 fundable list. (~260M, available capacity +\$80M*, FY13 Cap Grant + \$16M* State Match). o \$260M plus any SFY13 shortfall to be committed by 30 June 2014. o \$96M* in 2013 funds to be committed by 30 Sept 2014 (Date subject to change if grant award held up).</p>	<p>June 30, 2013</p>		<p>CDPH will submit to the EPA a quarterly schedule of estimated federal cash draws for federal fiscal year 2014 by June 30, 2013. The estimated schedule of federal draws will be based upon the estimated project disbursements derived from the assumptions in the cash-flow model. The estimated schedule of federal draws will also include projected set-aside expenditures. The schedule will include the date and amount projected for each quarter's draw.</p>	
6	<p>Submit to the EPA a quarterly schedule of estimated federal cash draws for federal fiscal year 2014.</p>	<p>June 30, 2013</p>			

7	<p>Submit to the EPA a staffing plan including job descriptions and timeline to address at a minimum the following three deficiencies the EPA has identified: (1) Financial analysis; expertise is needed with respect to financial modeling, forecasting, and cash flow management to support the SRF program to create an understanding of the long term implications of funding decisions and determining funding capacity; (2) SRF program management; expertise is needed for managing the SRF in a manner so as to integrate program, accounting and financial activities; and (3) Management position in Drinking Water Technical Programs Branch.</p>	<p>July 30, 2013</p>	<p>CDPH will submit to EPA a staffing plan by July 30, 2013, including job descriptions and timeline, to address at a minimum the three deficiencies EPA has identified. The plan will likely include the following: CDPH will hire another manager (SSM I) to oversee a new Disbursement Unit that will be separated from the current Fiscal Services Unit within the Infrastructure Financing and Administration Section. Currently, project disbursements, loan repayments, financial reviews, cash flow modeling, certain administrative budgeting functions as well as the forecasting and management of various funding mandates are performed under the supervision of a SSM I in the Fiscal Services Unit. Under a proposed reorganization, the new Disbursement Unit will oversee the processing and approval of project claims, budgeting functions and the reporting of loan repayments. CDPH will also dedicate an Associate Accounting Analyst (AAA) within the Fiscal Services Unit, who will consistently and frequently update and maintain the cash flow model. The AAA will work in cooperation with the Disbursement Unit as well as CDPH's Regional Funding Coordinators who will be tasked with tracking and enforcing the submittal of claims. For SDWSRF program management, and the Management position in the Drinking Water Technical Programs Branch, CDPH will hire a Principal Engineer (SSM III) with fiscal expertise to fill the vacant position rather than the current Principal Engineer classification. This SSM III will bring both financial and SDWSRF program expertise to bear on SDWSRF operations. (CDPH has gone through two cycles of recruitment for this Principal Engineer, but has not found candidates with this combined skillset.) CDPH has begun integrating the SDWSRF fiscal and financial functions with those of the CDPH Financial Management Branch (FMB), utilizing FMB's expertise to help finalize implementation of the cash flow model, and improved claims processing. FMB will form a Unit of accounting staff specifically dedicated to SDWSRF work. CDPH is also in the process of contracting with an outside consulting financial advisor with the expertise needed to assist with the financial analysis, modeling and implementation of the eventual sale and management of revenue bonds. CDPH has met with the State Water Resources Control Board to leverage their experience with SDWSRF fiscal operations, use of information systems, and fiscal modeling.</p>
8	<p>Submit a plan or Statement of Work to assess the project priority system focusing on ways to streamline and expedite project selection, including readiness to proceed and bypass procedures. Assessment to be complete in 18 months.</p>	<p>August 30, 2013</p>	<p>CDPH will submit a plan by August 30, 2013 to assess, at minimum, the project priority system, focusing on ways to streamline and expedite project selection, including readiness to proceed and bypass procedures, with the assessment to be complete in 18 months (see also item 17).</p>
9	<p>Using cash flow model determine appropriate commitment level for SFY15. (Appropriate means commit all available funds Federal capitalization grants, state match, loan principal repayments and all interest earnings).</p>	<p>May 31, 2014</p>	<p>Using the cash flow model, CDPH will determine by May 31, 2014 the appropriate commitment level for SFY 14-15, where appropriate means the commitment of all available funds from federal capitalization grants, state match, loan principal repayments and all interest earnings. See Attachment 1A (for item 1), which describe the use of the cash flow model. Specifically, CDPH will integrate into the cash flow model the projected loan disbursements and amortizations of those projects that actually received executed funding agreements in SFY13-14. It will also adjust any remaining disbursements and amortizations for those projects funded in prior years but still having undrawn balances. CDPH will also reconcile any projects that completed and entered repayment during SFY13-14 and will adjust their disbursement and amortization schedules accordingly. CDPH will input any changes to the anticipated capitalization grant awards/state match and, when considering the projects being targeted for funding in SFY14-15 as well as the projected repayments, CDPH will determine the appropriate commitment level for SFY14-15. Currently, CDPH is projecting an appropriate commitment level of approximately \$300M but will adjust such level as disbursements, commitments and repayments are actualized over SFY13-14.</p>
10	<p>At a minimum commit 100% of the \$260M (more if SFY 13 shortfall) in SFY 14 available capacity.</p>	<p>June 30, 2014</p>	<p>CDPH will at a minimum commit 100% of the \$260 million (more if SFY 12-13 shortfall) in SFY 13-14. By June 30, 2014, CDPH will submit a list to USEPA of the \$260M commitments in executed funding agreements.</p>

11	Identify viable and shovel ready projects on the 2015 fundable list to meet commitment level for the year.	June 30, 2014	By June 30, 2014, CDPH will submit a fundable list for SFY 14-15. In establishing the SDWSRF Project Priority List (PPL), CDPH ranks projects based on the degree of health risk associated with the problem the proposed projects is intended to solve. CDPH derives its applications for funding from the PPL, and those applications that are "ready to proceed" to funding, some of which may include planning projects, are included in the Fundable List.
12	Submit to the EPA a quarterly schedule of estimated federal cash draws for federal fiscal year 2015.	June 30, 2014	CDPH will submit to the EPA a quarterly schedule of estimated federal cash draws for federal fiscal year 2015 by June 30, 2014. The estimated schedule of federal draws will be based upon the estimated project disbursements derived from the assumptions in the cash-flow model. The estimated schedule of federal draws will also include projected set-aside expenditures. The schedule will include the date and amount projected for each quarter's draw.
13	Achieve a cumulative loan disbursement rate of 70% (i.e., percent of cumulative funds disbursed to cumulative assistance agreements as calculated in NIMS).	June 30, 2014	CDPH can meet this disbursement rate target by June 30, 2014. However, to meet this disbursement rate, CDPH would need to reduce its annual commitment amount, which is contrary to the intent of the SDWSRF program. Based upon the cash-flow model as well as CDPH's intent to maximize the commitment and disbursement potential of the SDWSRF fund, CDPH believes that its resulting cumulative loan disbursement rate for SFY 13-14 will be approximately 64%. CDPH has since informed USEPA staff that this metric creates a perverse incentive to reduce the Department's annual amount of commitments. CDPH recognizes that the intent of the cumulative loan disbursement metric is to ensure that disbursements are occurring within a timely manner relative to the commitment of funds and that the funding potential is being maximized. In order to preserve the intent of the metric, CDPH and USEPA agree to another metric to demonstrate its progress to maximize the loan fund's disbursement potential. CDPH and USEPA agree that CDPH will disburse \$878 million in SDWSRF funds during the period beginning with SFY12-13 and ending with SFY15-16; of which \$138 million will be targeted for disbursement for SFY 12-13; \$183 million will be targeted for SFY 13-14; \$300 million will be targeted for SFY 14-15; and \$257 million will be targeted for SFY 15-16. The proposed metric measures whether SDWSRF projects are progressing in their disbursements and in reducing both the federal and global ULO amounts. CDPH also intends to explore various incentives and disincentives to motivate funding recipients to submit claims in a timely manner, which will assist in reducing and maintaining both federal and global ULO's within the national average. Such incentives and disincentives may require statutory changes.
14	Achieve a cumulative set-aside spending rate of 70% (i.e., cumulative set-aside expenses as a% of cumulative net amount awarded for set-asides as calculated in NIMS).	June 30, 2014	CDPH will achieve a cumulative set-aside spending rate of 70% by June 30, 2014 through a combination of: Furloughs ending on June 30th, 2013 which will restore 5% staff time and pay, increased staff (7 positions) after July 2013 to work on the small water system program goal, and over \$2.5 million increase for technical assistance contracts.
15	Commit 100% of FFY13 federal cap grant (\$80M)* and 100% of the required state match (\$16M) * September 30, 2014 Loan Commitments	Sept. 30, 2014	CDPH will commit 100% of FFY13 federal cap grant (estimated to be \$80M) and 100% of required state match (estimated to be \$16M). As notified by USEPA in an email dated, June 7, 2013, the capitalization grant allocation for FY 2013 is \$78.77 million with a \$15.75 million state match.
16	Submit to the EPA a list of all executed funding agreements made against SFY14 available capacity and FFY13 cap grant and state match.	Sept. 30, 2014	CDPH will submit a list of all executed funding agreements made against the SFY13-14 available capacity as well as the 2013 federal capitalization grant and associated state match. This list will also be submitted to USEPA by CDPH in its SDWSRF Annual Reports. The list of funding agreements made against SFY13-14 available capacity, the 2013 federal capitalization grant and state match will include the data elements listed in the attachment for Cap item #4. In summary, the list will include, the water system name, population, service connections, county, disadvantaged status, brief project description, PPL category, and funding types and amounts.
17	Submit to the EPA completed assessment of the CDPH project priority process.	Feb 28, 2015	CDPH will submit to EPA the completed assessment of the CDPH project priority process focusing on ways to streamline and expedite project selection, including readiness to proceed and bypass procedures, by February 28, 2015. The assessment will be based on a work plan submitted with the statement of work described in item #8 above, and subsequently approved by EPA. CDPH will review with EPA all findings/outcome resulted from the assessment before implementing the improvement plan.

18	Using cash flow model determine appropriate commitment level for SFY16. (Appropriate means commit all available funds. Federal capitalization grants, state match, loan principal repayments and all interest earnings).	May 31, 2015	Using the cash flow model, CDPH will determine by May 31, 2015 the appropriate commitment level for SFY 15-16, where appropriate means the commitment of all available funds from federal capitalization grants, state match, loan principal repayments and all interest earnings. See Attachments 1A (for item 1), which describes the use of the cash flow model. Specifically, CDPH will integrate into the cash flow model the projected loan disbursements and amortizations of those projects that actually received executed funding agreements in SFY14-15. It will also adjust any remaining disbursements and amortizations for those projects that in prior years but still having undrawn balances. CDPH will also reconcile any projects that completed and entered repayment during SFY14-15 and will adjust their disbursement and amortization schedules accordingly. CDPH will input any changes to the anticipated capitalization grant awards/state match and, when considering the projects being targeted for funding in SFY15-16 as well as the projected repayments, CDPH will determine the appropriate commitment level for SFY15-16.	Attachment 1A for CAP item #1
19	Identify viable and shovel ready projects on the 2016 fundable list to meet appropriate commitment level for the year.	June 30, 2015	By June 30, 2015, CDPH will submit a fundable list for SFY 15-16. In establishing the SDWSRF Project Priority (PPL), CDPH ranks projects based on the degree of health risk associated with the problem the proposed projects is intended to solve. CDPH derives its applications for funding from the PPL and those applications that are "ready to proceed" to funding, some of which may include planning projects, are included in the Fundable List.	
20	Submit to the EPA a list of all executed funding agreements made in the prior fiscal year (7/1/14-6/30/15) to verify targeted amount of commitments for SFY15 were made.	June 30, 2015	CDPH will submit a list of all executed funding agreements made in SFY 14-15 by June 30, 2015 to verify targeted amount of commitments for SFY 14-15 were made. This list will also be submitted to USEPA by CDPH in its SDWSRF Annual Reports. The list of funding agreements made against SFY 14-15 available capacity will include the data elements listed in the attachment for Cap item #4. In summary, the list will include, the water system name, population, service connections, county, disadvantaged status, brief project description, PPL category, and funding types and amounts.	
21	Submit to the EPA a quarterly schedule of estimated federal cash draws for federal fiscal year 2016.	June 30, 2015	CDPH will submit to the EPA a quarterly schedule of estimated of federal cash draws for federal fiscal year 2016 by June 30, 2015. The estimated schedule of federal draws will be based upon the estimated project disbursements derived from the assumptions in the cash-flow model. The estimated schedule of federal draws will also include projected set-aside expenditures. The schedule will include the date and amount projected for each quarter's draw.	
22	Achieve a cumulative loan disbursement rate of 75% (i.e., percent of cumulative funds disbursed to cumulative assistance agreements as calculated in NIMS).	June 30, 2015	CDPH can meet this disbursement rate target by June 30, 2015. However, to meet this disbursement rate, CDPH would need to reduce its annual commitment amount, which is contrary to the intent of the SDWSRF program. Based upon the cash-flow model as well as CDPH's intent to maximize the commitment and disbursement potential of the SDWSRF fund, CDPH believes that its resulting cumulative loan disbursement rate for SFY 14-15 will be approximately 69%. CDPH has since informed USEPA staff that this metric creates a perverse incentive to reduce the Department's annual amount of commitments. CDPH recognizes that the intent of the cumulative loan disbursement metric is to ensure that disbursements are occurring within a timely manner relative to the commitment of funds and that the funding potential is being maximized. In order to preserve the intent of the metric, CDPH and USEPA agree to another metric to demonstrate its progress to maximize the loan fund's disbursement potential. CDPH and USEPA agree that CDPH will disburse \$878 million in SDWSRF funds during the period beginning with SFY12-13 and ending with SFY15-16; of which \$138 million will be targeted for disbursement for SFY 12-13; \$183 million will be targeted for SFY 13-14; \$300 million will be targeted for SFY 14-15; and \$257 million will be targeted for SFY 15-16. The proposed metric measures whether SDWSRF projects are progressing in their disbursements and in reducing both the federal and global ULO amounts. CDPH also intends to explore various incentives and disincentives to motivate funding recipients to submit claims in a timely manner, which will assist in reducing and maintaining both federal and global ULO's within the national average. Such incentives and disincentives may require statutory changes.	

23	Achieve a cumulative set-aside spending rate of 80% (i.e., cumulative set-aside expenses as a % of cumulative net amount awarded for set-asides as calculated in NIMS).	June 30, 2015	CDPH will achieve a cumulative set-aside spending rate of 80% by June 30, 2015 through continuation of the changes noted in item #14 above and by amending any CAP grants with high set aside ULO balances to transfer some of those balances into the loan fund. CDPH will also use the cash flow model to determine a more accurate budget for future CAP grants. Also, Proposition 50 along with the funding activities will be ending by July 2014, so Prop 50 staff will be redirected to do the funding activities that DWR will no longer be assisting with for the SDWSRF program. This will better streamline the SDWSRF funding process.	
24	Using cash flow model, determine appropriate commitment level for SFY17. (Appropriate means commit all available funds Federal capitalization grants, state match, loan principal repayments and all interest earnings).	May 30, 2016	Using the cash flow model, CDPH will determine by May 30, 2016 the appropriate commitment level for SFY 16-17, where appropriate means the commitment of all available funds from federal capitalization grants, state match, loan principal repayments and all interest earnings. See Attachments 1A (for item 1), which describes the use of the cash flow model. Specifically, CDPH will integrate into the cash flow model the projected loan disbursements and amortizations of those projects that actually received executed funding agreements in SFY15-16. It will also adjust any remaining disbursements and amortizations for those projects funded in prior years but still having undrawn balances. CDPH will also reconcile any projects that completed and entered repayment during SFY15-16 and will adjust their disbursement and amortization schedules accordingly. CDPH will input any changes to the anticipated capitalization grant awards/state match and, when considering the projects being targeted for funding in SFY16-17 as well as the projected repayments, CDPH will determine the appropriate commitment level for SFY16-17.	Attachment 1A for CAP Item #1
25	Identify viable and shovel ready projects on the 2017 fundable list to meet appropriate commitment level for the year.	June 30, 2016	By June 30, 2016, CDPH will submit a fundable list for SFY 16-17. In establishing the Project Priority List (PPL), CDPH ranks projects based on the degree of health risk associated with the problem the proposed projects is intended to solve. CDPH derives its applications for funding from the PPL and those applications that are "ready to proceed" to funding, some of which may include planning projects, are included in the Fundable List.	
26	Submit to the EPA a list of all executed funding agreements made in the prior fiscal year (7/1/15-6/30/16) to verify targeted amount of commitments for SFY16 were made.	June 30, 2016	CDPH will submit a list of all executed funding agreements made in SFY 15-16 by June 30, 2015 to verify targeted amount of commitments for SFY 15-16 were made. This list will also be submitted to USEPA by CDPH in its SDWSRF Annual Reports. The list of funding agreements made against SFY 15-16 available capacity will include the data elements listed in the attachment for Cap Item #4. In summary, the list will include, the water system name, population, service connections, county, disadvantaged status, brief project description, PPL category, and funding types and amounts.	
27	Achieve a cumulative loan disbursement rate of 80% or within 5% of the national average, whichever is greater (i.e., percent of cumulative funds disbursed to cumulative assistance agreements as calculated in NIMS).	June 30, 2016	CDPH can meet this disbursement rate target by June 30, 2016. However, to meet this disbursement rate, CDPH would need to reduce its annual commitment amount, which is contrary to the intent of the SDWSRF program. Based upon the cash-flow model as well as CDPH's intent to maximize the commitment and disbursement potential of the SDWSRF fund, CDPH believes that its resulting cumulative loan disbursement rate for SFY 15-16 will be approximately 77%. CDPH has since informed USEPA staff that this metric creates a perverse incentive to reduce the Department's annual amount of commitments. CDPH recognizes that the intent of the cumulative loan disbursement metric is to ensure that disbursements are occurring within a timely manner relative to the commitment of funds and that the funding potential is being maximized. In order to preserve the intent of the metric, CDPH and USEPA agree to another metric to demonstrate its progress to maximize the loan fund's disbursement potential. CDPH and USEPA agree that CDPH will disburse \$878 million in SDWSRF funds during the period beginning with SFY12-13 and ending with SFY15-16; of which \$138 million will be targeted for disbursement for SFY 12-13; \$183 million will be targeted for SFY 13-14; \$300 million will be targeted for SFY 14-15; and \$257 million will be targeted for SFY 15-16. The proposed metric measures whether SDWSRF projects are progressing in their disbursements and in reducing both the federal and global ULO amounts. CDPH also intends to explore various incentives and disincentives to motivate funding recipients to submit claims in a timely manner, which will assist in reducing and maintaining both federal and global ULO's within the national average. Such incentives and disincentives may require statutory changes.	

28	Achieve a cumulative set-aside spending rate within 5% of the national average (i.e., cumulative set-aside expenses as a % of cumulative net amount awarded for set-asides as calculated in NIMS).	June 30, 2016	<p>CDPH will achieve a cumulative set-aside spending rate within 5% of the national average (currently 81.7%) by June 30, 2016 through continuation of the changes noted in item #14 above and by amending any CAP grants with high set aside ULO balances to transfer some of those balances into the loan fund. CDPH will also use the cash flow model to determine a more accurate budget for future CAP grants. As noted in CAP item #23 above, Proposition 50 staff will have been redirected to SDWSRF activities. Similarly, Prop 84 funding activities will be ending in 2015 so Prop 84 staff will be redirected to assist with the SDWSRF program. Based on these changes, CDPH expects to sustain this rate at the level achieved in the previous year.</p>		
29	Balance of available federal funds not to exceed \$160M (includes both loans and set asides).	June 30, 2016	<p>CDPH will maintain a balance of available federal funds not to exceed \$160M by June 30, 2016. Specifically, CDPH will integrate into the cash flow model the projected loan disbursements and amortizations of those projects that actually received executed funding agreements in SFY15-16. It will also adjust any remaining disbursements and amortizations for those projects funded in prior years but still having undrawn balances. CDPH will also reconcile any projects that completed and entered repayment during SFY15-16 and will adjust their disbursement and amortization schedules accordingly. CDPH will input any changes to the anticipated capitalization grant awards/state match and, when considering its monthly meeting, the projects being targeted for funding in SFY15-16 as well as the projected repayments. CDPH will provide federal and global ULO updates, as generated by the cash-flow model, at its monthly meetings with USEPA Region 9 representatives. See also Attachment 1A which describes the use of the cash flow model and Attachment 1B shows how the ULO target will be reached.</p>	Attachment 1A and 1B for CAP item #1	

ATTACHMENT 1A FOR CAP ITEM #1

Cash Flow Model Summary:

Development, Implementation, Assumptions and Operation

Description:

The cash-flow model is an Excel tool that accounts for the sources and uses of the fund and allows the SDWRF program's future un-liquidated obligations (ULOs) to be estimated and projected based upon certain assumptions relating to (1) both actual and projected loan and grant commitments and their estimated project disbursements; (2) both actual and projected loan amortizations and the associated loan principal and interest returns; and (3) both actual and estimated federal capitalization grants and state match.

The cash-flow model is also a planning and tracking tool where estimated future fund outflows are projected against estimated future fund inflows with the intent to understand and direct ULO trends, relative to realized inflows, outflows and ULOs, over time. The cash flow model is also a tool to assist in budgeting and project tracking within the SDWSRF loan fund for disbursements, repayments, as well as other financial modeling for use in policy decision making.

Development:

As CDPH's binding commitment pace has accelerated in recent years, it was recognized by both USEPA and CDPH at the end of SFY11-12 that a cash flow model would be needed to track and manage the sources and uses of the SDWRF fund to its maximum capacity. It was also recognized that a cash flow model would be helpful in budgeting and tracking future cash inflows and outflows to further assist in the long term financial management of the SDWSRF fund. As a result, CDPH began a joint effort with USEPA Region 9 in the summer of 2012 to develop the cash flow model, adapted from a similar tool USEPA developed with the State Water Board, as a tool to assist in the financial management of the SDWSRF loan fund. Representatives of USEPA Region 9 worked with USEPA IT contractor Northbridge to develop the base cash-flow model, after which, in cooperation with representatives of CDPH, the cash flow model was further modified to operate in conjunction with CDPH's financial operations.

Implementation:

In September 2012, the cash flow model was populated with certain project and financial data developed by CDPH, as well as certain financial data provided by USEPA. Operation of the model with these data was validated in October. Since that time, CDPH and EPA have been reconciling and updating all data in the model, adding new funding agreements, and modifying it based on the assumptions that follow. CDPH also met with the State Water Board to review their use of a cash flow

model and other information systems. As of April 2013, the model is operational and in use by CDPH. Applicable CDPH financial and accounting staff have also been trained on the operation and maintenance of the cash flow model.

Assumptions:

The cash flow model is built upon assumptions of estimated and projected project disbursements; estimated and actualized loan amortizations (principal and interest returns); existing and projected federal capitalization grants and associated State match; and ancillary actual and projected fees and other interest earned within the SDWRF fund. It also has the capacity to track and project repayments on the security for future state match.

Operation (effective July 1, 2013):

1. On a quarterly basis CDPH will reconcile realized disbursements for projects that have completed and ensure that repayment billing amounts and repayment start dates match between what was projected in the cash-flow model and what is realized.
2. On a quarterly basis CDPH will input into the cash-flow model any newly executed funding agreements as well as their projected disbursements and loan amortizations.
3. On a quarterly basis CDPH will maintain a running trend-line between actual disbursements and repayments and projected disbursements and repayments to ensure there is no substantial long term deviation between projections and actuals. If the comparable projections and actuals begin to substantially deviate then certain data elements relating to either projected disbursements or amortizations will have to be altered to realign the trend-line between projections and actuals.
4. CDPH will employ the cash-flow model as tool to develop and adjust future commitment scenarios for policy and decision making relating to both short-term and long term financial planning. Such financial planning will include the projection and establishment of optimal federal and global ULOs as well as projected disbursements and modeling for both existing and future state match needs. Financial planning will also include budget forecasting and project tracking for projecting quarterly federal draws as well as policy discussions and decisions relating to other financial management objectives.

ATTACHMENT 1B FOR CAP ITEM #1

Cash Flow Model Projection, as of 6.17.13, for the Maximized Draw Down of both Federal and State Funds

TOTAL	FY08-09	FY09-10	FY10-11	FY11-12	FY12-13 (Projected)	FY13-14 (Projected)	FY14-15 (Projected)	FY15-16 (Projected)
Unliquidated Obligation (ULO) balance from prior year	435,163,200	454,785,250	607,209,014	724,054,791	678,502,349	676,468,937	620,432,834	458,027,980
+ Annual appropriation or repayment amount	112,473,685	187,088,757	188,504,229	145,956,152	145,433,272	142,306,610	152,339,013	162,997,358
- Disbursements*	92,851,635	34,664,994	71,658,452	191,508,594	147,466,685	198,342,713	314,743,867	288,241,738
Remaining Unliquidated Obligation	454,785,250	607,209,014	724,054,791	678,502,349	676,468,937	620,432,834	458,027,980	332,783,600
CAP (projects and set-asides)	279,870,810	281,186,594	387,790,945	463,981,404	398,023,430	366,775,120	317,104,096	240,424,124
Receipt	67,105,000	132,848,000	126,938,000	86,698,000	85,058,000	78,770,000	78,770,000	78,770,000
Disburse*	65,789,216	26,243,649	50,767,541	132,655,974	116,306,310	128,441,025	155,449,971	165,438,225
ULO	281,186,594	387,790,945	463,981,404	398,023,430	366,775,120	317,104,096	240,424,124	153,755,899
State Match	71,170,997	73,204,594	91,370,950	96,698,276	93,537,349	87,110,884	77,963,196	64,423,300
Receipt	13,421,000	26,569,600	25,391,600	17,339,600	17,071,600	15,754,000	15,754,000	15,754,000
Disburse*	12,387,302	8,403,345	20,064,274	20,500,527	23,498,064	24,901,688	29,293,896	32,803,513
ULO	73,204,694	91,370,950	96,698,276	93,537,349	87,110,884	77,963,196	64,423,300	47,373,787
Repayment	83,121,393	100,393,962	128,047,120	163,375,112	186,941,571	222,582,932	225,365,543	153,180,556
Receipt	31,947,685	27,671,157	36,154,629	41,918,552	43,303,672	47,782,610	57,815,013	68,473,358
Disburse*	14,675,116	18,000	826,637	18,352,094	7,662,310	45,000,000	130,000,000	90,000,000
ULO	100,393,962	128,047,120	163,375,112	186,941,571	222,582,932	225,365,543	153,180,556	131,653,914

Assumptions:

1. The cash-flow model is based upon the California state fiscal year (SFY) and will be updated quarterly based upon the evolution of estimated projections for both disbursements and receipt of funds.
2. The projected disbursement ratios from the CAP, state match, and repayment funds may change pending actual disbursement amounts. The target is a federal ULO of \$160M by SFY 15-16.
3. The cash flow model utilizes the June 30, 2012 federal ULO (loans + set-asides) of \$398M.
4. CDPH reconciled \$455 million to Federal Automated Standard Application for Payments (ASAP) system which includes loans and set asides. (\$455M on Sept. 30, 2012 = \$398M on June 30, 2012 plus \$85M cap grant minus \$28M disbursements during Jul-Sept. 2012.)
5. The scenario assumes an award of \$78.77M federal capitalization grant.
6. The projected disbursements are based upon a combination of SWRCB project disbursement averages and estimated disbursement schedules received from certain large water systems.
7. The scenario reduces projected annual disbursements for SFY14-15 and SFY15-16 by 10% (Factor of Safety).

ATTACHMENT FOR CAP ITEM #2

CDPH-SRF NIMS Reconciliation Milestones and Projected Deadlines

SUMMARY: The existing project data within USEPA's National Information Management System (NIMS) is based upon CDPH-SRF's annual issuance of Notice of Application Acceptances (NOAA). Historically, NOAAs were jointly recognized by both USEPA and CDPH as a "binding commitment" and such project commitments were reported on an annual basis within NIMS. However, in 2010, the term "binding commitment" was redefined to mean an executed funding agreement. As a result, project data within NIMS needs to be updated to reflect projects under funding agreement rather than NOAA.

Task	Responsible Party	Projected Deadline
CDPH initiate contact with Northbridge to begin the reprogramming of LGTS necessary for the reconciliation of reporting to NIMS.	CDPH	Fall 2012 (Accomplished)
CDPH provide preliminary direction on the reprogramming of LGTS necessary for the reconciliation of reporting to NIMS	CDPH	Fall 2012 (Accomplished)
Reviews and reconciliation of historic NIMS data in LGTS	CDPH	Winter 2012 (Accomplished)
Northbridge conducting reprogramming	Northbridge (Through its support contract with CDPH)	June 14, 2013
CDPH further identify programming errors within LGTS relating to NIMS reconciliation and convey such errors to Northbridge.	CDPH	July 15, 2013
Northbridge to address and fix LGTS programming errors.	Northbridge (Through its support contract with CDPH)	August 30, 2013
CDPH to back-check Northbridge LGTS programming patches and finalize beta-test of programming changes with Northbridge	CDPH, Northbridge (Through its support contract with CDPH)	September 30, 2013
CDPH to reconcile historical NIMS data within LGTS for funding agreements executed prior to July 1, 2013	CDPH	1997-2004 2005-2009 2010-2013
CDPH to submit draft LGTS/NIMS reports to USEPA for review and approval	CDPH	October 31, 2013 December 15, 2013 January 31, 2014
USEPA to review and approve the CDPH LGTS/NIMS reports and submit written notification of such approval to CDPH	USEPA	February 7, 2014
USEPA to review and approve the CDPH LGTS/NIMS reports and submit written notification of such approval to CDPH	USEPA	February 24, 2014
Upon written approval from USEPA of the CDPH LGTS/NIMS reports, CDPH will forward the approved LGTS/NIMS reports to Northbridge	CDPH, USEPA	February 24, 2014
Northbridge upload CDPH LGTS/NIMS data to the NIMS database.	EPA (Utilizing its mission support contract through Northbridge)	March 14, 2014
CDPH to reconcile and ensure Northbridge accurately uploaded the data from the USEPA approved CDPH LGTS/NIMS reports	CDPH	April 25, 2014
CDPH to reconcile and ensure Northbridge accurately uploaded the data from the USEPA approved CDPH LGTS/NIMS reports	CDPH	May 31, 2014

NOTE: This *draft* timeline is pending review by USEPA and Northbridge.

ATTACHMENT FOR CAP ITEM #3

California Department of Public Health

and

U.S. Environmental Protection Agency Region IX

PROPOSED STANDING AGENDA

Monthly DWSRF “Corrective Action Plan” Progress Report Meeting

[Date]

[Time]

[Location, Phone Number]

[Attendees]

- I. Discuss written updates on the CAP provided by CDPH to USEPA prior to meeting.

- II. Review/track status of pending items in the CAP

- III. Status updates of CDPH-SRF un-liquidated obligations (ULOs), binding commitments, and quarterly disbursements.

- IV. Status update of other financial metrics, as necessary, including the cash flow model.

- V. Status of the project priority system assessment (CAP item #8)

- VI. Q&A.

ATTACHMENT FOR CAP ITEM #4
 California Department of Public Health
 California State Fiscal Year 2012-2013
 Current List of Funding Agreements

Project Name	Project Number	County	No. of Service Connections	Population	Disadvantaged	Description Brief	Category	Loan	Grant	Total Assistance	FA Status
Pitman Valley School	5200505-001P	Tehama	1	30	X	Planning Study - Well Contamination	B	\$0	\$13,000	\$13,000	Executed
Kettleman City	1610009-009P2	Kings	343	1,905	X	Planning Study - Well Contamination	G	\$0	\$274,324	\$274,324	Executed
Anza MWC	3301180-001P	Riverside	240	80	X	Planning Study - Capacity	E	\$0	\$267,600	\$267,600	Executed
Lake County-Spring Valley	1710018-004C	Lake	365	1,200	X	Construction - Surface Water Treatment Plant Improvements	E	\$0	\$1,808,760	\$1,808,760	Executed
Jackson Valley Irrigation District	0300037-002P	Arnold	409	590	X	Planning Study - Capacity	C	\$0	\$500,000	\$500,000	Executed
Lewiston Valley WC	5310022-001P	Trinity	44	200	X	Planning Study - Replacement Treatment System	D	\$0	\$360,000	\$360,000	Executed
Monterey WSD	4110010-022C	San Mateo	1,981	5,500		Construction - Capacity	E	\$2,920,000	\$0	\$2,920,000	Executed
Rainbow MWD	3710016-004C	San Diego	7,772	19,495		Construction - Reservoir Cover	D	\$7,924,076	\$0	\$7,924,076	Executed
Rainbow MWD	3710016-008C	San Diego	7,772	19,495		Construction - Reservoir Rehabilitation	D	\$10,303,804	\$0	\$10,303,804	Executed
Baseline Gardens	3610007-007C	San Bernardino	424	689	X	Construction - Comminution, Distribution, Meters	F	\$0	\$3,000,000	\$3,000,000	Executed
City of Fresno A-1	1010007-026C	Fresno	85,000	512,000		Construction - Meters	H	\$11,405,432	\$0	\$11,405,432	Executed
Midway Height A-1	3110041-002C	Placer	411	1,151		Construction - Capacity Storage Tank	E	\$333,400	\$0	\$333,400	Executed
North of the River	1510041-007C	Kern	2,068	5,500	X	Construction - Meters	H	\$69,842	\$398,570	\$468,212	Executed
City of Montague	4710007-002C	Siskiyou	582	1,484	X	Construction - Ozonation Facilities	G	\$851,572	\$3,000,000	\$3,851,572	Executed
Roanmond CSD	1510018-007P	Kern	5,000	14,000	X	Planning Study - Consolidation Well Contamination	G	\$0	\$500,000	\$500,000	Executed
Madera #1	2000544-001P	Madera	49	175	X	Planning Study - Surface Water Treatment	D	\$26,000	\$104,000	\$130,000	Executed
City of Firebaugh (Las Deltas MWC)	1000054-002P	Fresno	107	375	X	Planning Study - Capacity Distribution System	E	\$0	\$438,000	\$438,000	Executed
Allensworth	5400544-001P	Tulare	145	600	X	Planning Study - Well Contamination	G	\$0	\$390,000	\$390,000	Executed
Garberville SD	1210008-006C	Humboldt	419	1,500	X	Construction - Surface Water Treatment Plant Improvements	D	\$1,060,476	\$3,000,000	\$4,060,476	Executed
Madera #33	2000854-002P	Madera	187	600	X	Planning Study - Capacity, New Well	E	\$0	\$322,000	\$322,000	Executed
Rancho Estafas MWC	3700936-001P	San Diego	85	200	X	Planning Study - Water Treatment, Distribution	D	\$0	\$500,000	\$500,000	Execution Prep
Camp Nelson	5410022-001P	Tulare	300	56	X	Planning Study - Surface Water Treatment	D	\$138,000	\$0	\$138,000	Execution Prep
Kil Carson	1600014-001C2	Kings	9	450	X	Construction - Well Treatment	G	\$0	\$1,993,000	\$1,993,000	Execution Prep
FCSA #30 and #32	100018-002P/100039-003P	Fresno	56 / 77	252 / 694	X	Planning Study - Surface Water Treatment & Storage	D	\$0	\$725,000	\$725,000	Executed
Sub Total										\$52,658,658	

<i>Funding Agreements anticipated to be executed by 6/30/2013 below</i>											
Donner PUD	2910016-002P	Nevada	275	350	X	Planning Study - Surface Water Treatment	D	\$34,561	\$138,322	\$172,903	Issued
Pineche	1000345-002P	Fresno	47	150	X	Planning Study - Surface Water Treatment	D	\$0	\$385,000	\$385,000	Issued
Sequoia Union USD	5400709-001C	Tulare	1	400	X	Construction - New Well	F	\$0	\$277,457	\$277,457	Issued
Springville PUD	5410011-004C	Tulare	395	1,500	X	Construction - Water Treatment Plant Upgrade	D	\$341,320	\$1,365,280	\$1,706,600	Issued
Heritage Ranch CSD	4010012-003C	San Luis Obispo	1,737	3,100		Construction - Water Treatment Plant Upgrade	G	\$714,000	\$0	\$714,000	Issued
Tipton	5410014-003P	Tulare	587	1,992	X	Planning Study - Interconnection	E	\$0	\$29,000	\$29,000	Issued
Tooleville	5400567-001P	Tulare	78	275	X	Planning Study - Well Contamination & Capacity	F	\$0	\$454,380	\$454,380	Issued
City of Delano A-2	1510005-001C	Kern	8,500	43,181	X	Construction - New Well, Well Improvements & Treatment Upgrades	G	\$0	\$3,000,000	\$3,000,000	Issued
LADWP	1910067-031C	Los Angeles	697,501	3,855,879	X	Construction - Capacity Distribution	D	\$102,281,674	\$0	\$102,281,674	Issued
LADWP	1910067-022C	Los Angeles	697,501	3,855,879	X	Construction - Capacity Distribution	D	\$100,972,990	\$0	\$100,972,990	Issued
LADWP (Planning)	1910067-010P	Los Angeles	716,531	272,200	X	Planning Study - Reservoir Cover	D	\$500,000	\$0	\$500,000	Issued
LADWP (Planning)	1910067-011P	Los Angeles	69,574	296,200	X	Planning Study - Reservoir Cover	D	\$500,000	\$0	\$500,000	Issued
LADWP (Planning)	1910067-009P	Los Angeles	69,574	296,200	X	Planning Study - Treatment Plant Upgrade	D	\$500,000	\$0	\$500,000	Issued
Sub Total										\$211,494,004	
Grand Total										\$264,152,662	

ATTACHMENT FOR CAP ITEM #8

Description of Statement of Work

CDPH will submit by August 30, 2013, a work plan with timelines for the analysis of CDPH's funding processes to identify areas which can be streamlined with the goal to reduce the current average time needed to fund projects. Assessment will be completed in 18 months, by February 28, 2015, which is deliverable item #17 in the CAP.

Tasks to be completed to Streamline Project Selection and Funding Process:

CDPH will conduct a comprehensive assessment involving internal and external review with the goal to improve the loan process, funds disbursement, and overall program efficiency. CDPH will review policies, procedures and regulatory requirements, and State statutes and regulations and initiate any possible changes to increase program's flexibility in reducing the SRF Project Priority List (PPL) and to better manage the PPL. The streamlining will focus on pre-application ranking and selection, invitation and bypass procedures, application review process, and funding agreement issuance.

CDPH will enlist assistance from contractor (Northbridge) to perform external assessment to identify any management enhancements or initiatives necessary and changes to funding mechanism. CDPH will implement changes as results of external and internal review findings to develop and/or make modifications to existing funding policies and procedures to further streamline its process. CDPH will also solicit input from stakeholders on streamlining and expediting the project selection process.

Plan for developing assessment due February 28, 2015

The statement of work that will be submitted in August 30, 2013 will include the steps that program will implement to complete the assessment, including work plan steps and timelines needed, which is due Feb. 28, 2015.