

**CALIFORNIA STATE WATER
RESOURCES CONTROL BOARD**
DIVISION OF FINANCIAL ASSISTANCE



**SAFE DRINKING WATER
STATE REVOLVING FUND AND
SOURCE WATER PROTECTION
PROGRAM**



BIENNIAL REPORT TO THE
LEGISLATURE
STATE FISCAL YEARS: 2014-15 & 2015-16



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Preamble

The federal Safe Drinking Water Act (SDWA), as amended in 1996, authorized the creation of the national Safe Drinking Water State Revolving Fund (DWSRF) program to assist public water systems (PWS) in achieving or maintaining compliance with SDWA requirements and protect public health through the funding of drinking water infrastructure projects. Section 1452 of the SDWA grants the United States Environmental Protection Agency (USEPA) the authority to award capitalization grants to state DWSRF programs, which in turn provide low interest and subsidized funding for the projects. More information about the DWSRF program is located on the State Water Board's DWSRF website at <http://www.waterboards.ca.gov/dwsrf>.

The Drinking Water Program, including the DWSRF, was transferred to the State Water Resources Control Board (State Water Board) from the California Department of Public Health (CDPH) on July 1, 2014 and is now administered by the Division of Financial Assistance (DFA). The DWSRF program is governed by applicable federal and state statutes as well as a DWSRF Policy Handbook adopted by the State Water Board. Information on the DWSRF Policy Handbook can be found at the following State Water Board websites:

http://www.waterboards.ca.gov/drinking_water/services/funding/documents/srf/dwsrf_policy/dwsrf_policy_final.pdf

For purposes of meeting the legislative mandate in accordance with Health and Safety (H&S) Code Sections 116760.30(b) and 116762.60(d), the State Water Board is pleased to provide this biennial report which encompasses the activities of the California Safe Drinking Water State Revolving Fund for State fiscal years (SFY) 2014-15 and 2015-16. The report reflects the activities of the State Water Board and its administration of the DWSRF. SFY 2014-15 is represented in Volume I of this report and SFY 2015-16 is represented in Volume II. Both Volume 1 and Volume II of this report also serve as annual DWSRF reports to USEPA.

The SFY 2014-2015 and 2015-16 DWSRF annual reports to USEPA are in response to the associated DWSRF Intended Use Plans. The State Water Board, and CDPH as predecessor, adopted Intended Use Plans for the DWSRF to outline public health objectives as well as certain eligibilities, funding capacities and project priority lists of the DWSRF for the respective SFY. A DWSRF Intended Use Plan was also required for each federal fiscal year (FFY) DWSRF capitalization grant application to USEPA in SFY 2014-15 and 2015-16. The respective DWSRF Intended Use Plans can be found at the following State Water Board websites:

SFY 2014-15 (FFY 2014) DWSRF Intended Use Plan

https://www.waterboards.ca.gov/drinking_water/services/funding/documents/srf/iup%202014/final_sfy2014iup.pdf

Executive Summary

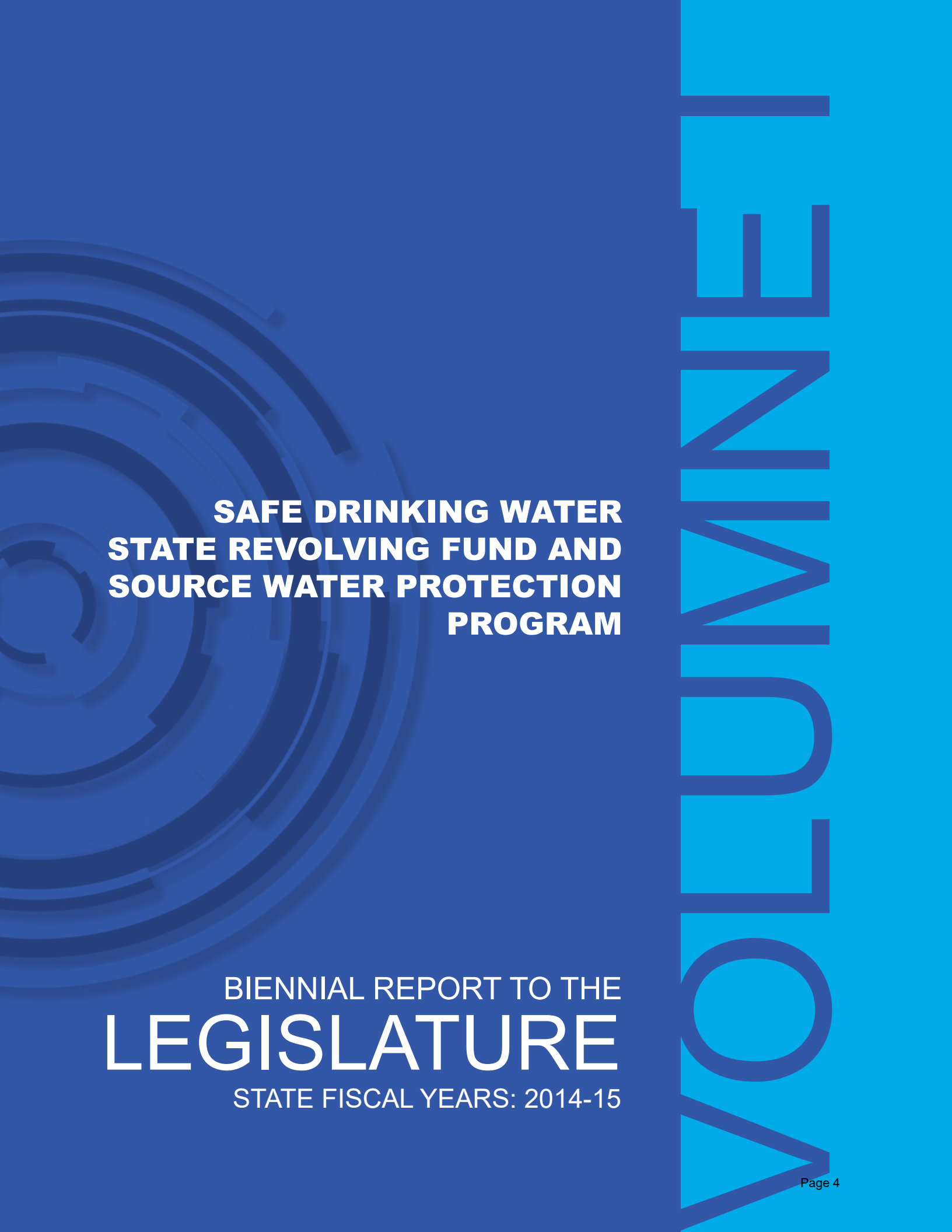
The State Water Board provided approximately \$443.2 million in low-interest DWSRF financing and principal forgiveness to PWS in both SFY 2014-15 and 2015-16 for the planning, design and construction of infrastructure projects to address California's safe drinking water needs. The DWSRF funding was derived from federal capitalization grants from USEPA as well as associated state match, revolving principal and interest repayments, other leveraged funds and investment earnings. Eligible recipients of DWSRF financing included publically and privately owned community and non-profit, non-community water systems. Eligible projects included the planning/design of drinking water facilities as well as the construction of source water supplies, treatment and storage facilities, transmission/distribution lines and the consolidation of PWS. As a result of such funded projects, a variety of public health issues were mitigated, including those public health concerns with acute and chronic primary drinking water standards as well as secondary drinking water standards. Small water systems (population <10,000 persons) serving disadvantaged communities were also generally recipients of DWSRF principal forgiveness to offset any loans as a result of affordability thresholds on average residential water rates.

This biennial funding commitment amount also enabled the State Water Board to satisfy its obligations to USEPA to make timely and expeditious use of DWSRF funding, namely unspent federal funds. As of June 30, 2016, the unliquidated obligation (ULO) balance of DWSRF federal funds was approximately \$84.1 million, which was substantially below USEPA's maximum of approximately \$160 million. The State Water Board also had committed approximately 170% of available funds as of June 30, 2016 through cash flow modeling, thereby demonstrating the full utilization of available funds for the benefit of California's PWS.

Finally, the DWSRF financing provided over the last 2-years was largely in response to the need for drinking water infrastructure repair and replacement throughout California. The magnitude of this need was reflected in the drinking water infrastructure needs survey conducted by the California Department of Public Health in 2011. This survey indicated that California's PWS would require approximately \$44 billion to make the necessary improvements through 2030.

California received two (2) federal DWSRF capitalization grants from USEPA between SFY 2014-15 and 2015-16, totaling approximately \$165.8 million. The 20 percent (20%) state match for these grants was provided through a short-term financing with the California Infrastructure and Economic Development Bank. The federal and State capitalization was in addition to an average of \$78.2 million in principal and interest repayments returning to the DWSRF from outstanding loans. A majority of the federal capitalization funds were provided for eligible planning and construction projects as

described above. However, the State Water Board did allocate approximately \$33.2 million of these federal funds between SFY 2014-15 and 2015-16 for other eligible activities known as the “Set-Asides.” The DWSRF set-asides are characterized as the DWSRF Administration Set-Aside, the Small Water System Technical Assistance Set-Aside, the State Program Management Set-Aside, and the Local Assistance Set-Aside. The DWSRF Set-Asides provided for the State Water Board’s administration of the DWSRF as well as technical assistance to small water systems in helping them establish their eligibility for DWSRF funding. The State Program management Set-Aside subsidized the State Water Board’s Division of Drinking Water and its public water system supervision activities. Finally, the Local Assistance Set-Aside provided for technical assistance to public water systems in support of the State Water Board’s Capacity Development strategy. In general, the Capacity Development Strategy aims to restore or maintain a PWS’s capacity to technically, managerially and financially (TMF) own and operate its system. The Local Assistance Set-Aside funded third-party technical assistance contractors, which provided a suite of services, trainings, and workshops relating to PWS TMF. The Local Assistance set-aside also funded technical assistance in support of Senate Bill (SB) 555 and the resulting water loss collaborative and validation training provided by the Cal-Nevada Chapter of the American Waterworks Association.



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BIENNIAL REPORT TO THE
LEGISLATURE

STATE FISCAL YEARS: 2014-15

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I. INTRODUCTION

The California Drinking Water State Revolving Fund Program (DWSRF) presents its annual report for State Fiscal Year (SFY) 2014-15. The DWSRF program provided approximately \$118 million in low-cost funding for 24 new planning and construction projects to address drinking water issues. This report describes how the State Water Resources Control Board (State Water Board) implemented the objectives set in the SFY 2014-15 [Intended Use Plan \(IUP\)](#).



II. PROGRAM SUMMARY

The federal Safe Drinking Water Act (SDWA), as amended in 1996, authorized the creation of the national DWSRF program to assist public water systems achieve or maintain compliance with SDWA requirements and protect public health through the funding of drinking water infrastructure projects. Section 1452 of the SDWA grants the United States Environmental Protection Agency (USEPA) the authority to award Capitalization Grants to state DWSRF programs, which in turn provides low interest and subsidized funding for the projects. More information about the DWSRF program is located on the State Water Board DWSRF website at http://www.waterboards.ca.gov/drinking_water/services/funding/SRF.shtml.

The DWSRF program has promoted and protected the health and safety of Californians since its first Capitalization Grant awarded in 1998. Since the beginning of the program, public water systems have used DWSRF funding primarily to address drinking water quality and capacity issues, typically in response to compliance orders and enforcement actions by the Division of Drinking Water (DDW). The DWSRF program uses portions of the Capitalization Grant, known as set-asides, to provide services such as Small Water System Technical Assistance (SWSTA), and Technical, Managerial and Financial (TMF) capacity development assistance. Set-asides also subsidized the DDW Public Water System Supervision (PWSS) program and the implementation of a Source Water Protection (SWP) program.

As of June 30, 2015, the total funds available for eligible projects was \$2.08 billion. The DWSRF program has committed about 108 percent of all available funds to projects, most through executed binding commitments (funding agreements) and disbursed over 80 percent of those available funds. In addition, the DWSRF program has expended approximately 88 percent of its set-aside funds. Table 1 (page 9) shows the total DWSRF program activity.

The DWSRF program operates on a cash-flow basis. One part of the cash-flow management process is the continuous acceptance, review, and approval of new project funding applications. The IUP, which the DWSRF program updates yearly, forecasts projects that may receive funded in the fiscal year. The IUP is located on the State Water Board website at http://www.swrcb.ca.gov/drinking_water/services/funding/DWSRFIUP.shtml#Current.

The DWSRF program funds projects for both small water systems (populations less than 10,000) and large water systems (populations over 10,000). Figure 1 (page 9) shows the amount of funding awarded to small and large water systems in SFY 2014-15.

Table 1: Cumulative Program Activity¹

Construction and Planning Funding	
Activity	Life of Program
Number of Binding Commitments	379
Value of All Binding Commitments	\$2.204 billion ²
Disbursements and Expenditures	\$1.683 billion ²
Set-Aside Funding	
Set-Aside Amount	\$193.7 million ³
Set-Aside Expenditures	\$169.7 million ³

(1) Program activity includes matching funds provided by funding recipients

(2) Amount includes ARRA funds and excludes LEFA funds

(3) Amount includes LEFA funds

Figure 2 (page 10) shows the number of funding agreements awarded to those systems and figure 3 (page 10) shows the total dollar amount of the funding agreements by project category.

Figure 1: SFY 2014-15 Large/Small Water System Funding Distribution

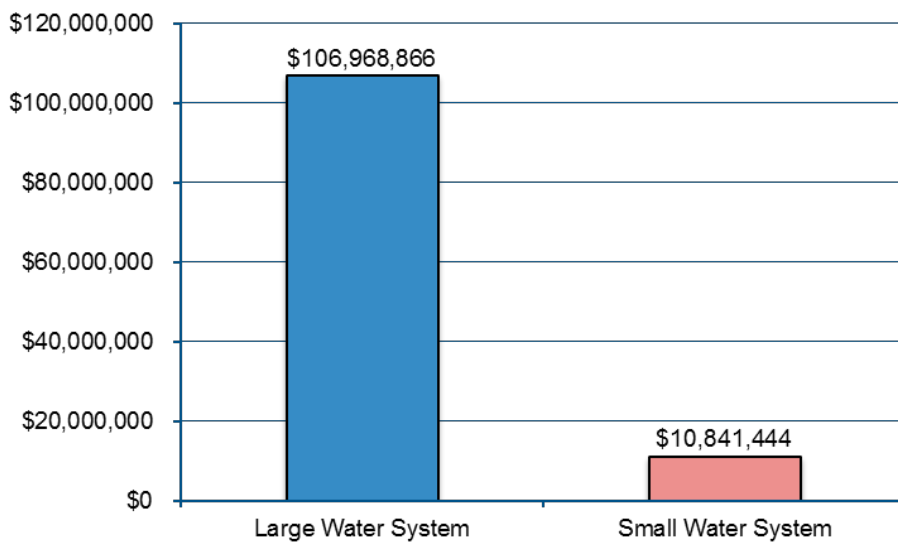


Figure 2: SFY 2014-15 Number of Systems Funded

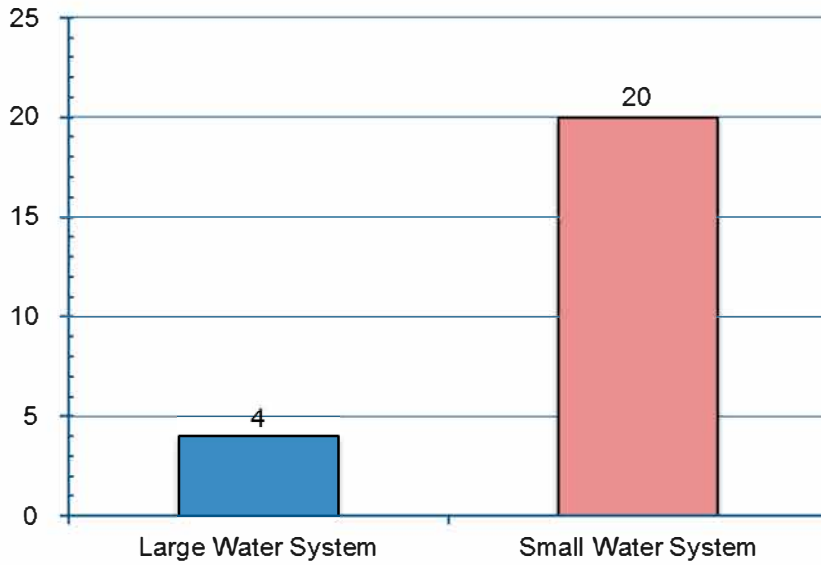
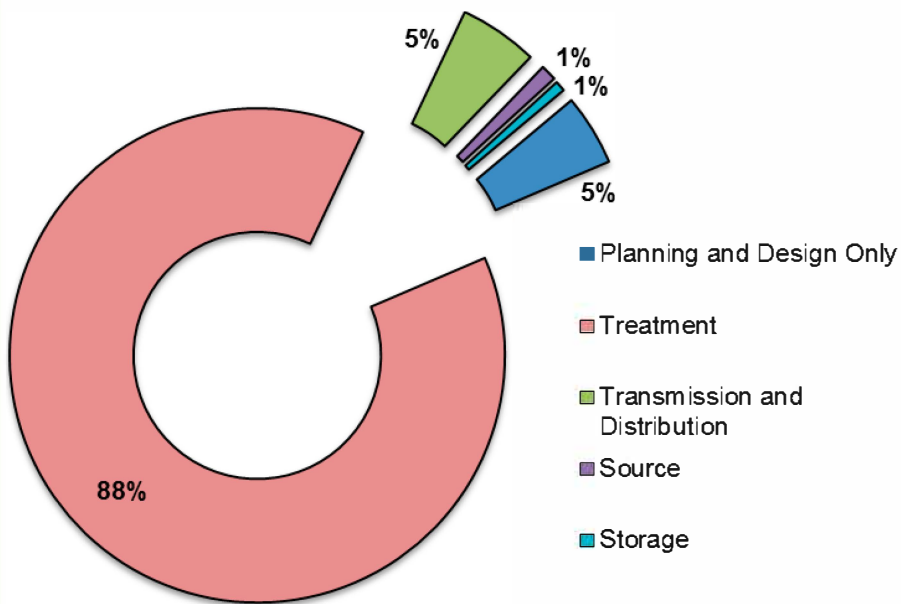


Figure 3: DWSRF SFY 2014-15 Funding By Project Category*



*Percentage based on total funding amounts for each category.

III. PROGRAM GOALS AND FINANCIAL RESULTS

A. SHORT-TERM GOALS

This section describes the DWSRF program's efforts to meet the following short-term goals in SFY 2014-15.

1. Apply for and accept the FFY 2014 Capitalization Grant

The California Department of Public Health (CDPH) submitted the FFY 2014 DWSRF Capitalization Grant application on June 17, 2014. The USEPA awarded the grant on September 19, 2014.

2. Provide 20-30 percent of the 2014 Capitalization Grant as additional subsidy to DWSRF recipients

The State Water Board provided \$13,912,066.00 in principal forgiveness to DWSRF funding recipients, including additional principal forgiveness to prior year funding recipients. It assigned the principal forgiveness to available additional subsidy authority for prior year Capitalization Grants as well as the 2014 Capitalization Grant (Table 2, page 22). As a result, approximately 14 percent of the 2014 Capitalization Grant was committed as additional subsidy to eligible recipients in SFY 2014-15. The State Water Board intends to provide the remaining 16 percent of the 2014 Capitalization Grant as additional subsidy in SFY 2015-16.

3. Provide 15 percent of cumulative available DWSRF funds to small water systems

The State Water Board provided \$10.8 million in new DWSRF funding to small water systems in SFY 2014-15, totaling \$294.3 million over the life of the program (approximately 13.3 percent). Similar to SFY 2013-14, the DWSRF program awarded over 80 percent of all funding agreements to small water systems. Providing assistance to small water systems typically requires more time and resources, generally due to limited TMF capacity.

The State Water Board continues to commit the majority of its DWSRF personnel resources to assisting small water systems. Two new units, under the Office of Sustainable Water Solutions established by the Governor, are focusing on the needs of small water systems with less than 200 connections by providing additional assistance through third-party contracts and aid with DWSRF applications. Small water systems often lack the readiness to begin a construction project, demonstrating a need for feasibility analysis, plans and specifications, environmental

documentation, and certain technical, managerial and financial qualifiers. As a result, the DWSRF program committed planning funds to such small systems to assist in the preparation for a construction project. This has contributed to an increase in small water system funded, in support of the program's goals.

4. Update the DWSRF Operating Agreement with USEPA

The DWSRF program focused its staff resources, in large part, on the development of the Policy for Implementing the Drinking Water State Revolving Fund (DWSRF Policy), as well as the completion of the SFY 2015-16 IUP and Proposition 1 (Prop 1) drinking water guidelines. As a result, the State Water Board delayed updating the DWSRF Operational Agreement in SFY 2014-15. The DWSRF program intends to begin the updating process in SFY 2015-16.

5. Position the DWSRF program to facilitate drought relief

The DWSRF program was successfully positioned to facilitate drought relief efforts with the use of set-aside funds. The DWSRF Local Assistance Set-Aside provided funding for state operational costs to support the Public Water System Drought Emergency Response (PWSDER) program within the Division of Financial Assistance (DFA). The PWSDER program received a \$15 million California State General Fund appropriation to fund drought emergency drinking water

related projects. Set-asides funded DFA staff reviews of PWSDER funding requests. It also funded personnel costs within DFA to coordinate with DDW in managing emergency projects, including the review of claims for reimbursement within the program. DWSRF State Program Management set-asides also funded the state operation costs of DDW's drought relief efforts within the PWSS program by providing technical assistance to public water systems in coordination with other federal, state and local agencies. Exhibit J (page 87) shows drought emergency drinking water projects funded under the PWSDER program.

Finally, the DWSRF program also provided \$1,250,000 in drought emergency funding to Groveland Community Services District for a new water filtration system at a new source due to California's drought.

6. Continue addressing USEPA Notice of Non-Compliance

On April 19, 2013, the USEPA issued a Notice of Non-Compliance to CDPH, the department formerly with primacy over the DWSRF program, in accordance with the USEPA grant regulation 40 CFR §35.3585. USEPA determined that CDPH "had not timely and efficiently committed and expended funds in the DWSRF, nor employed adequate financial resources to operate the DWSRF in a sound financial manner..." Per the Notice of Non-Compliance, on July 12, 2013, CDPH submitted to USEPA a Corrective Action Plan (CAP), which

the USEPA approved on July 23, 2013.

On July 1, 2014, the State Water Board assumed primacy over the DWSRF program and the CAP and satisfied all but one CAP requirement scheduled for completion in SFY 2014-15. In a letter to USEPA Region IX, dated June 1, 2015, the State Water Board explained that it would not fulfill the requirements of CAP Item 22 by its deadline due to a shortfall in project disbursements. The State Water Board further noted that it would satisfy the requirement by no later than January 1, 2016.

In a response letter dated September 14, 2015, USEPA Region IX acknowledged the shortfall in disbursements and accepted the revised target date of January 1, 2016 for CAP Item 22. The DWSRF program was able to meet the requirements of CAP Item 22 in October of 2015, exceeding the target disbursement amount of \$621 million. The DWSRF program notified the USEPA of this accomplishment at the October CAP update meeting.

7. Provide funding for water meter projects

Funding projects as part of the Green Project Reserve (GPR) was optional under the 2014 DWSRF Capitalization Grant; however, the DWSRF program provided \$8,798,082 in GPR funding (Table 3, page 22).

8. Achieve set-aside spending rate of 75 percent per the DWSRF CAP

The State Water Board had a set-aside spending rate of approximately 88 percent, exceeding the goal of 75 percent.

9. Disburse \$621 million in cumulative DWSRF funds

The State Water Board did not disburse \$621 million in cumulative DWSRF funds by its target date of June 30, 2015 due to a shortfall in projected disbursements. The State Water Board met this disbursement goal in October of 2015, ahead of the revised January 2016 target date approved by USEPA Region IX on September 14, 2015.

10. Develop comprehensive guide on DWSRF claims eligibility

In the USEPA Performance Evaluation Report (PER) for SFY 2013-14, USEPA requested the DWSRF program to share its eligibility guidance once developed and provide an update on improvements to its expense allocation procedures.

The DWSRF program integrated and implemented its expense allocation procedures in alignment with existing Clean Water State Revolving Fund (CWSRF) expense allocation procedures. The DWSRF Policy has disbursement request forms and guidance materials within it. In addition, the CWSRF and DWSRF Loans and Grants Tracking System (LGTS) databases were merged,

enabling the DWSRF program to more accurately document reimbursement claims and approvals.

In SFY 2014-15, the State Water Board began comparing and integrating certain DWSRF and CWSRF claims eligibility rules, such as allowable invoice mark-up and allowable overhead expenses. The DWSRF program will not finalize a draft of its claims eligibility guidance until it receives eligibility guidance from USEPA. This anticipated guidance from USEPA ensures the DWSRF program's claims eligibility guidance is consistent with applicable federal recommendations and/or requirements.

11. Collaborate with water systems to identify problems early

The creation of DWSRF Project Managers within DFA, who work in coordination with DDW staff engineers, has increased direct communication with funding applicants. Project Managers are involved in the funding application process from its beginning and focus on developing DWSRF-specific expertise, giving them the ability to identify and address potential problems early in the application process, improving efficiency and customer service.

12. Solicit input from stakeholders to streamline project selection process

The State Water Board worked closely with stakeholders and used its process to solicit and incorporate input from them prior to the adoption of the

DWSRF Policy. The State Water Board also reached out to them for input on the creation of the IUP, funding criteria, project selection and collaborative funding mechanisms for Prop 1. The DWSRF program engaged in three (3) public workshops throughout California to solicit input on proposed Prop 1 and DWSRF project selection and funding guidelines. The workshops and input obtained from the public enabled the State Water Board to tailor the SFY 2015-16 IUP in a way that addressed the needs and concerns raised by both the public and stakeholders.

13. Reduce instances of non-compliance from small water systems

The DWSRF program worked closely with DDW to ensure that all eligible small water systems had the opportunity to apply for DWSRF funding. The DWSRF program made available technical assistance to help small water systems apply for funding. In SFY 2014-15, oversight of small water system compliance was transferred to DDW. They will provide progress reports on small water system compliance with safe drinking water standards to the USEPA Region IX.

14. Increase outreach activities

DWSRF program staff participated in six (6) 2014 California Financing Coordinating Committee (CFCC) funding fairs and three (3) 2015 CFCC funding fairs, with three (3) additional fairs scheduled for the remainder of 2015. These funding

fairs provide members of the public and infrastructure development professionals with current information on funding options available for different types of projects.

DWSRF program staff also participated in several conferences throughout the year to provide updated information on the DWSRF program. These conferences included the following:

1. League of California Cities 2014 Annual Conference
2. 2015 WaterReuse California Annual Conference
3. California Water Environment Association 2015 Annual Conference
4. The Association of California Water Agencies 2014 Fall and 2015 Spring Conferences
5. 2015 California Rural Water Association (CRWA) Expo
6. The 2nd California Water Summit
7. American Water Works Association 2015 Conference & Exposition
8. California Public Finance Conference
9. Rural Community Assistance Corporation (RCAC) California Technical Assistance Provider (CalTAP) fairs

In addition, the Lyrus List Serve was used to reach out to the small water systems. The Office of Sustainable Water Solutions also began publishing bi-monthly newsletters targeting small water systems.

15. Continue improving new Universal Pre-Application

The DWSRF program implemented a new application system already in place for other State Water Board funding programs, replacing the DWSRF Universal Pre-Application and invitation process. The system currently in use is the Financial Assistance Application Submittal Tool (FAAST), which allows applicants to submit DWSRF applications online any time. FAAST contains four packages: 1) General, 2) Technical, 3) Financial and 4) Environmental, which collectively contains the information necessary for the application process. Adoption of the FAAST system has improved the efficiency of application submittal and its approval.

16. Continue developing a web-enabled LGTS

The DWSRF program continued its efforts to web-enable LGTS. In SFY 2014-15, phase one of web-enabling efforts was completed with the merger of the DWSRF and CWSRF LGTS databases. The reconciliation of DWSRF financial and accounting data in LGTS was also substantially completed, enabling the database to be

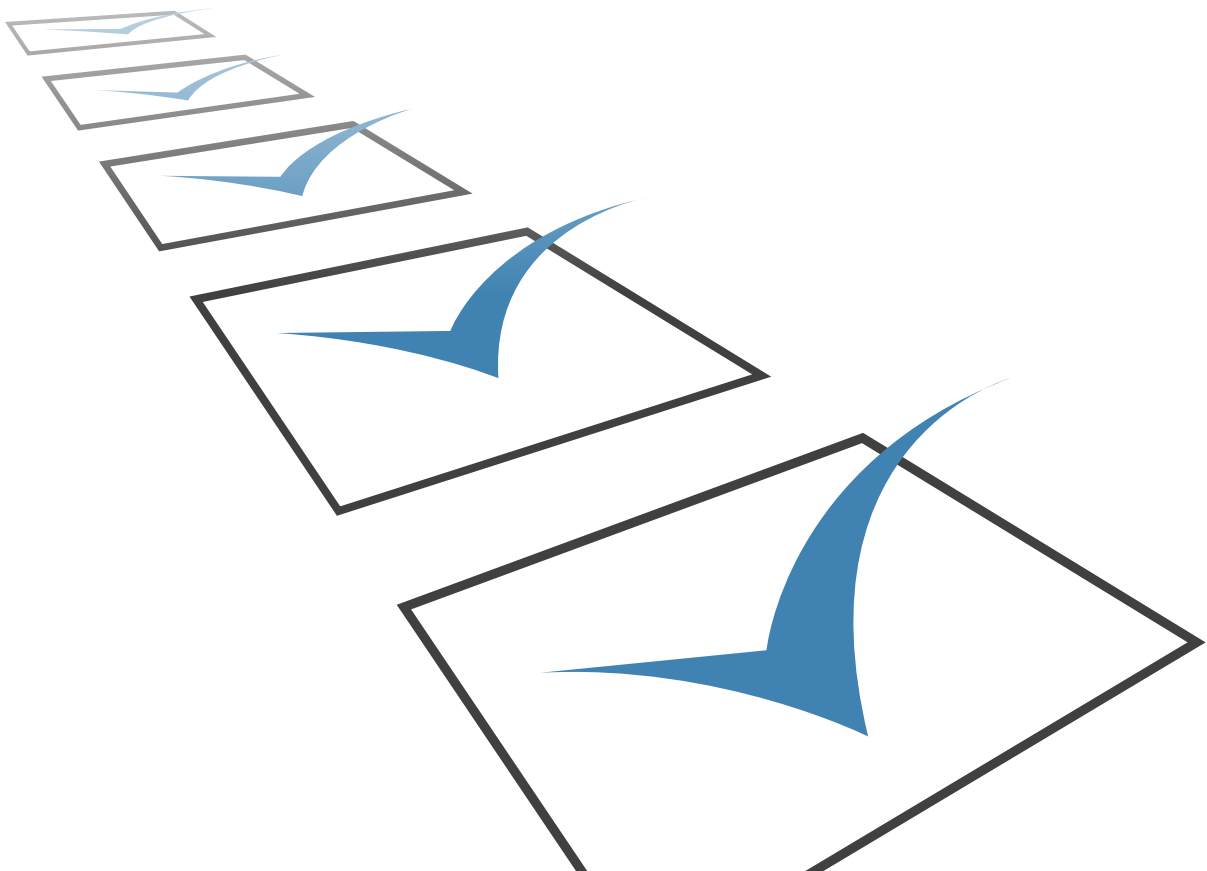
relied upon. Finally, phase two of the LGTS web-enabling effort began late in SFY 2014-15, which included programming efforts for a web-based LGTS platform.

17. Continue requiring TMF and TMF tune-ups from PWS

TMF tune-up was removed because the support contract with University of California, Davis was not renewed. The tune-up is in transition to a new platform and is anticipated to be online soon. As in the past, TMF tune-up will be a prerequisite for water systems to receive technical assistance.

18. Implement Small Water System Plan to reduce MCL violation

The DWSRF program continued to work with DDW to ensure all eligible small water systems had the opportunity to apply for DWSRF funding. Technical assistance was available to help small water systems apply for funding. DDW assumed responsibility for the implementation and management of the Small Water System Plan in SFY 2014-15 and progress reports of its implementation will be reported in the annual Drinking Water Capacity Development Report to USEPA Region IX as well as other supplemental reports.



B. LONG-TERM GOALS

This section discusses the State Water Board's efforts to meet the following long-term goals for the DWSRF program.

1. Address significant risks to public health

California exceeded the national average in percentage of population receiving water that meets the National Primary Drinking Water Standards. Over 98 percent of the population served by public water systems in California have access to safe drinking water. The State Water Board is committed to assisting water systems in addressing public health issues.

The program continues to fund projects that remediate risks caused by exceedances of primary drinking water standards. Health risks caused by current drought conditions in California have also received high priority and receive short-term emergency funding followed by long-term solutions through DWSRF funding.

2. Ensure SDWA compliance

The DWSRF program continues to work with DDW to ensure all eligible public water systems have the opportunity to apply for DWSRF funding. Beginning January 2015, all applicants with an eligible project could apply at any time for funding. Funding continued to be prioritized for projects that addressed primary and secondary standards of the SDWA and were ready to proceed. Technical assistance was made available to help small water

systems apply for funding. DDW also continued its permitting, inspections, monitoring, and enforcement activities for compliance with the SDWA.

3. Reduce cost of drinking water

The DWSRF program continued to provide low-cost loans and principal forgiveness to public water systems, reducing the costs of infrastructure improvements. As a part of the funding process, the State Water Board continued requirements to improve the TMF capacity of water systems receiving DWSRF funding. These requirements ensure that public water systems benefiting from DWSRF funding will operate in an effective and efficient manner, which reduces the cost of drinking water.

DWSRF applicants are encouraged to include energy efficiency and water conservation measures such as water meters in their projects. Water meters encourage users to conserve water and produce cost savings related to water pumping, treatment, storage and distribution as well as help identify non-revenue water loss. The State Water Board also encourages the consolidation or regionalization of small public water systems that lack the capability to be operated and maintained in a cost-effective manner by providing incentives for consolidation projects.

4. Acknowledge and address household affordability constraints

The State Water Board acknowledges the affordability constraints of public water systems and continues to provide principal forgiveness of loans, reduced interest rates, and encourage the consolidation of water systems to improve economies of scale. Specifically, the DWSRF Policy targets principal forgiveness for public water systems serving disadvantaged communities while also reserving zero (0) percent interest rates for small water systems serving disadvantaged communities with higher residential water rates.

C. OPERATING AGREEMENT AND CAPITALIZATION GRANT CONDITIONS

The DWSRF program agreed to meet a number of conditions described in the Operating Agreement and Capitalization Grant agreements. These conditions were met as described below.

1. Assistance activities

A total of \$117,810,310 in new DWSRF funding agreements were given in SFY 2014-15. Funds are provided to enhance drinking water treatment, distribution, storage, meters, ensure water systems improve reliability with interties, and the consolidation of systems. Due to a fourth year of severe drought in California, both water quantity and quality issues were addressed by DWSRF projects in SFY 2014-15 as groundwater and surface water continued to diminish. Water quality issues such as arsenic, nitrate, groundwater under direct influence, and disinfection by-product formation continue to be addressed. Projects funded in SFY 2014-15 are shown in Exhibit B (page 75).

Types of assistance include funding agreements and the purchase of debt for the construction of drinking water projects.

Principal forgiveness was provided to applicants that met conditions specified by the State Water Board in Section IV of the IUP. Small and disadvantaged communities may receive zero percent interest rates.

The standard interest rate for projects are set when a funding agreement is prepared. The interest rate is generally one-half the state's average general obligation bond rate, which is established each calendar year.

The State Water Board offered planning and design funding in SFY 2014-15. Planning and design funding may be amortized over five years and can be rolled into a construction funding agreement. Construction funding agreements are generally amortized up to 20 years for non-

2. Eligible categories of projects and funding terms

The State Water Board offered funding to all eligible categories of projects.

disadvantaged communities or up to 30 years for disadvantaged communities.

3. State match

The State Water Board met its 20 percent general state match requirement for the 2014 DWSRF Capitalization Grant in SFY 2014-15 through the sale of a short-term bond to the California Infrastructure and Economic Development Bank (IBank). The State Water Board sold a \$17.9 million short-term bond to the IBank in early December of 2014, which was secured by, and repaid with interest generated from outstanding DWSRF loans. As mandated in federal regulations, the principal amount of the short-term bond was deposited into the DWSRF prior to the FFY 2014 DWSRF Capitalization Grant payment in early December of 2014.

All available DWSRF state match, including the 2014 short-term loan with the IBank and approximately \$45.7 million in Proposition 84 – Section 75023 state match funds, were fully liquidated in SFY 2014-15. The liquidation of state match funds enabled the State Water Board to begin disbursing federal funds through the 2014 Capitalization Grant. As of June 30, 2015, California has provided approximately \$294.5 million in state match funds to the DWSRF program through a combination of state General Funds, state general obligation bond revenue proceeds, local match, and short-term bonds with the IBank and has also disbursed all available state match funds.

Finally, California provided approximately \$8.3221 million in additional 1:1 matching funds for the \$8.3221 million budgeted to the 2014 State Program Management set-aside. California has provided over \$14 million in state General Fund appropriation to the State Water Board's Safe Drinking Water Account in support of PWSS activities.

4. Binding commitments within one year

The State Water Board must commit funding agreements to projects in an amount equal to 120 percent of each federal quarterly payment within one year of that payment. As of June 30, 2015, executed funding agreements totaled \$2.2 billion, which is 136 percent of the mandated commitment amount.

5. Expedient and timely expenditure

The State Water Board continued to work on advanced cash-flow modeling to demonstrate the timely and expeditious use of DWSRF funds. In SFY 2014-15, the minimum funding agreement amount to ensure optimal use of DWSRF funds without leveraging was \$115 million. The State Water Board committed \$117.8 million by June 30, 2015. The minimum commitment amount depends on projected funding disbursement averages relative to projected future receipts based on claim submittals for reimbursement. Funding recipients begin principal repayment on total disbursements no later than one year

from the project completion date.

The minimum annual commitment amount also depends on the timeline for processing complete disbursement requests from funding recipients. To ensure the timely reimbursement of claims, DWSRF staff review and approve complete disbursement requests, then route the requests to the State Water Board's Division of Administrative Services (DAS). DAS typically processes requests within seven (7) calendar days of receiving the claim then send the requests to the State Controller's Office (SCO), which issues a check (warrant) within 10 calendar days to the funding recipient.

The State Water Board draw federal funds from the United States Treasury via the Automated Standard Application for Payments (ASAP) system as warrants are issued by SCO. ASAP is a request and delivery system of federal funds developed by the Financial Management Service of the United States Treasury and the Federal Reserve Bank. By using ASAP, the State Water Board may draw funds from USEPA for expenditures incurred by the DWSRF program in an expeditious and timely manner. Draw requests are made within one week of an issued warrant. Requested funds are also deposited electronically the next business day to account(s) specified by the State Water Board. For the DWSRF set-aside accounts, federal draws are typically requested through ASAP on a monthly basis for prior month's administration costs.

The State Water Board also integrated the DWSRF program into existing administrative activities to ensure the efficient encumbering and disbursement of funding agreements. The State Water Board encumbered all loan balances to DWSRF federal funds to ensure the liquidation of federal Capitalization Grants. The job duties of existing DWSRF disbursement analysts were reorganized so they could focus on the processing of disbursement requests. In prior years, disbursement analysts were tasked with additional duties, limiting their time available to process disbursement requests. The use of LGTS in the processing of disbursement between DFA and DAS has also contributed to a more efficient and timely reimbursement process.

The timely and expeditious use of federal funds can be measured through the amount of unliquidated federal funds. USEPA's best practices call for a Capitalization Grant to be liquidated within two years of its award. The Notice of Non-Compliance to CDPH, dated April 19, 2013, cited a federal unliquidated obligation (ULO) of approximately \$455 million. As of June 30, 2015, the real-time DWSRF federal ULO was approximately \$174.9 million and cash-flow projections showed that the DWSRF program is on target to achieve a federal ULO less than \$160 million by June 30, 2016, as described in the CAP.

6. Eligibility activities

The DWSRF program requires each applicant to submit a detailed

application to ensure USEPA eligibility requirements are met. All activities funded were eligible under Section 35.3520 of Title 40 of Code of Federal Regulations.

7. Disadvantaged Business Enterprise (DBE) objectives, Davis-Bacon, and American Iron and Steel requirements

The State Water Board negotiated a total fair share DBE objective with the USEPA beginning FFY 2014-15 for the DWSRF program. The objective was two percent for the Minority Owned Business Enterprises (MBE) and one percent for Women Owned Business Enterprises (WBE) participation for a combined three percent goal. Funding recipients reported participation as 0.02 percent for MBE and 0.03 percent for WBE. Exhibit D (page 79) provides a breakdown of DBE participation. The State Water Board will continue to monitor participation to ensure that the “positive effort process” is followed by funding recipients.

All projects funded were required to comply with Davis-Bacon prevailing wage requirements. Each funding agreement included provisions requiring applicants to follow Davis-Bacon requirements. Staff review reports and verify that sub-recipients have complied with Davis-Bacon requirements. Staff also maintain tracking mechanisms to ensure federal quarterly baseline monitoring requirements are met. Records of all documents and site inspection reports are maintained in project files. Staff

review the quarterly site inspection reports annually to determine whether the number of site inspections is satisfactory and if any modifications to the control activities are needed.

Funding recipients were required to use American-made iron and steel products pursuant to USEPA guidelines for projects involving the construction, alteration, maintenance, or repair of a public treatment works funded after January 16, 2014, unless a national or project specific waiver from the USEPA applied. These guidelines applied to projects that received a funding agreement between December 16, 2014 and September 30, 2015. These projects must conform with the American Iron and Steel (AIS) requirements, except where a national or project specific waiver from the USEPA applied or the State Water Board approved plans and specifications prior to December 16, 2014.

8. Additional subsidy and green requirements

A portion of each Capitalization Grant must be used for additional subsidy. Beginning in FFY 2010, the United States Congress began prescribing minimum amounts of a DWSRF Capitalization Grant that must be committed in the form of additional subsidization to DWSRF projects. Table 2 (page 22) shows the amounts necessary for compliance and Exhibit E (page 80) identifies 17 additional subsidy projects funded in SFY 2014-15.

The DWSRF program may grant a portion of a Capitalization Grant to projects with green benefits (GPR). In SFY 2014-15, GPR funding was given to projects that included the installation of water meters and the water conservation and efficiency benefits. Table 3 (page 22) shows the amount of DWSRF funding assigned to current and prior year Capitalization Grants.

Table 2: Additional Subsidization Funding⁴				
Federal Fiscal Year Grant	Minimum Subsidy By FFY Grant Agreement	Maximum Subsidy By FFY Grant Agreement*	Subsidy Disbursed	Amount Committed
2010	\$38,087,400.00	\$38,087,400.00	\$30,829,903.22	\$38,087,400.00
2011	\$26,009,400.00	\$26,009,400.00	\$8,896,222.46	\$26,009,400.00
2012	\$17,071,600.00	\$25,607,400.00	\$4,530,939.94	\$25,607,400.00
2013	\$15,754,000.00	\$23,631,000.00	\$884,060.53	\$23,631,000.00
2014	\$16,704,200.00	\$25,056,300.00	\$0.00	\$11,716,085.75
2015	\$0.00	\$0.00	\$0.00	\$0.00
Totals	\$113,626,600.00	\$138,391,500.00	\$45,141,126.15	\$125,051,285.75

(4) Amounts as of June 30, 2015

*DWSRF federal regulations require no more than 30 percent of a Capitalization Grant to be awarded as additional subsidy

Table 3: Green Project Reserve Funding			
Federal Fiscal Year	Minimum Green Projects Required By Grant Agreement	Green Project Reserve Disbursed	Amount Committed
2010	\$25,391,600.00	\$5,746,874.12	\$59,710,786.00
2011	\$17,339,600.00	\$28,389,852.11	\$51,405,432.00
2012	\$0.00	\$29,119,343.35	\$0.00
2013	\$0.00	\$38,745,588.31	\$498,212.00
2014	\$0.00	\$7,097,608.57	\$4,166,619.00
2015	\$0.00	\$1,761,235.07	\$3,205,991.00
Totals	\$42,731,200.00	\$110,860,501.53	\$118,987,040.00

9. Federal Cross-Cutters

The State Water Board uses the [State Environmental Review Process](#) (SERP) to review the environmental impacts of projects. While the SERP generally follows the requirements of the California Environmental Quality Act (CEQA), each applicant must also complete and submit an [Evaluation Form for Environmental Review and Federal Coordination](#) form (Evaluation Form). Based on the Evaluation Form and review of the application documents, DWSRF staff will distribute environmental analysis documents and consult with the appropriate federal agencies on projects with known or suspected effects under federal environmental regulations, consistent with the Operating Agreement between the State Water Board and USEPA.

The DWSRF program required compliance with DBE and Davis-Bacon wage requirements for all funding, except planning and design funding, and requires Single Audit Act (Office of Management and Budget Circular A-133) compliance and reporting on all agreements that received over \$500,000 in federal funds in any one year. DWSRF also required compliance with American Iron and Steel requirements beginning in 2014, as required by the Consolidated Appropriations Act of 2014 (Public Law 113-76), unless the project qualified for a waiver.

The Federal Funding Accountability and Transparency Act (FFATA) along with associated Office of Management and Budget (OMB) directives, requires non-ARRA recipients of federal dollars to report recipient and sub-recipient information into the FFATA Subaward Reporting System (FSRS) by the end of the month following recipient or sub-recipient award for any amount equaling \$25,000 or greater, starting October 1, 2010.

The DWSRF program began reporting FFATA data in FFY 2011 on an equivalency basis, by choosing loans that equaled the total DWSRF grant amount received from the USEPA. The DWSRF program continues to report FFATA loan data, on an equivalency basis, to the FSRS (Exhibit F, page 81).

D. FINANCIAL ACTIVITY

1. Net Assets

Net assets of the DWSRF program are shown below.

Statement of Net Assets	
June 30, 2015 (dollars in thousands)	
Assets	
Current Assets	\$391,754
Other Assets	\$1,069,141
Total Assets	\$1,460,895
Liabilities	
Current Liabilities	\$5,570
Non-Current Liabilities	\$0
Total Liabilities	\$5,570
Net Assets	
Restricted	\$17,900
Unrestricted	\$1,437,425
Total Net Assets	\$1,455,325

2. Revenues

Revenue for the DWSRF program is described in its Financial Statements. The total revenues for SFY 2014-15 were \$230 million. Revenues for the period of this report were as follows:

Interest Income	\$14.7 million
Net Investment income	\$631
Principal Forgiveness Receipts	\$7.2 million
ARRA Capitalization Grant	\$1.0 million
Capitalization Grant	\$160.8 million
State Match Revenue	\$1.2 million

3. Disbursements and Expenses

Total disbursements are based on Financial Statements and do not include matching funds provided by funding recipients. Total disbursements for SFY 2014-15 were \$252 million. Disbursements for the period of this report were made as follows:

Binding Commitment Disbursements	\$198 million
Grants disbursements	\$851
Principal Forgiveness Disbursed	\$17.3 million
Employees' Salaries and Vendors' Payments	\$17.6 million
Principal Paid for State Match Loan	\$17.9 million
State Match Fees Paid	\$4
Interest Paid on State Match Loan	\$1

4. Extended Term Financing and Reduced Interest Rate

In accordance with federal rules and regulations, the State Water Board continued to provide extended term financing (ETF) in the form of 30-year loan repayment terms to funding applicants that served disadvantaged communities. In SFY 2014-15, four (4) projects received approximately \$4.5 million in ETF as shown in Exhibit K (page 91).

ETF for disadvantaged communities has historically provided more manageable financing for a funding recipient. Based on current analysis, providing ETF for disadvantaged

communities has not jeopardized the financial strength of the DWSRF program, but rather has led to an increased demand for funding. This has provided more manageable and stable funds returning to the program. Such demand has been necessary in recent years to reduce historical ULOs.

California statute was amended January 1, 2015, following the adoption of the DWSRF Policy, directing the State Water Board to provide zero (0) percent interest rate loans if the funding recipient served a disadvantaged community with financial hardship. The DWSRF Policy defined financial hardship to mean the funding applicant is a small water system with high residential water rates. Prior to the adoption of the DWSRF Policy and the change in state statute, California law provided for zero (0) percent interest rate loans from the DWSRF if the funding applicant served a disadvantaged community regardless of the size of the water system size. In SFY 2014-15, to ensure the long-term financial growth of the fund while considering the financial limitations of certain public water system types, the State Water Board limited zero (0) percent interest rate loans from the DWSRF program to small water systems serving disadvantaged communities.

5. DWSRF Credit Risk

Funding recipient must pledge or dedicate one or more sources of revenue toward the payment of its DWSRF loan. For publically owned

entities, dedicated sources of revenue are generally water rate revenues, but may also be any number of revenue sources, special tax pledges, or other pledgeable income. For privately owned entities, the dedicated source of repayment is generally a UCC-1 security interest by the State Water Board on all of the entity's water revenue accounts.

In SFY 2014-15, the DWSRF program did not restructure any commitments due to a recipient's inability to make payment on a DWSRF loan. Also, initial concerns about the current drought impacting revenue streams of existing loan recipients due to water conservation measures has not resulted in any requests for loan restructuring or warnings about potential delays or defaults in payment.

There is no allowance for uncollectible accounts as all repayments are current and all loans are anticipated to be repaid in accordance with the loan terms. There have been no loan defaults in the DWSRF program and State Water Board staff continues to ensure that funding agreements are secure and all payments are made on time and in full. This is done by using a variety of analysis and monitoring measures to reduce the possibility of non-payment and continually evaluating additional steps to ensure full and timely payments.

IV. PUBLIC HEALTH BENEFITS

The contributions of the DWSRF program to water quality are diverse. The program has the strength and versatility to address a wide range of water-quality issues. To the maximum extent possible, priority is given to projects which address the most serious risks to human health, are necessary to ensure compliance with SDWA requirements, and assist water systems in need the most on a per household basis. Projects are ranked by categories below:

Category A	Immediate Health Risk
Category B	Untreated or At-Risk Sources
Category C	Compliance or Shortage Problems
Category D	Inadequate Reliability
Category E	Secondary Risks
Category F	Other Projects

The information below summarizes the public health benefits from DWSRF projects funded. The data supporting this summary was reported to the USEPA through the DWSRF Project Benefits Reporting (PBR) database.

A. PROJECTS IN SFY 2014-15 WILL HELP ACHIEVE AND MAINTAIN SDWA GOALS

1. There were 24 projects were funded by the DWSRF program
2. 8,209,063 people reside within the boundaries of the projects funded
3. \$7,946,418 in principal forgiveness were given to these projects
4. Projects funded by the DWSRF program fall into the categories noted earlier and defined in the DWSRF Policy, Section V.C. The projects funded and the category they were given are as follows.

Category A	4
Category B	8
Category C	10
Category D	2
Category E	0
Category F	0

B. DWSRF PROJECTS ACHIEVE MULTIPLE BENEFITS

DWSRF projects often provide benefits to water system improvement projects in many ways. Figures 4 and 5 (page 27) show the many benefits commonly provided by DWSRF projects.

Figure 4: Water System Improvements (Project Type by Costs)

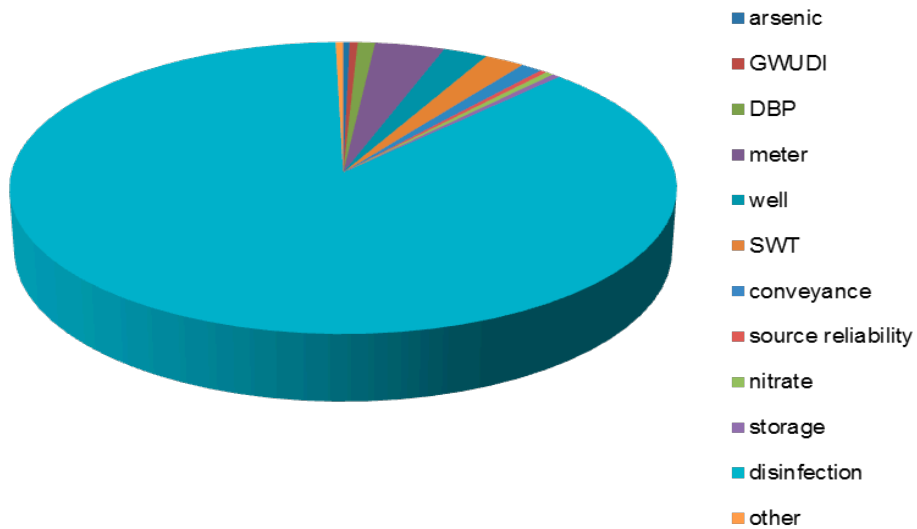
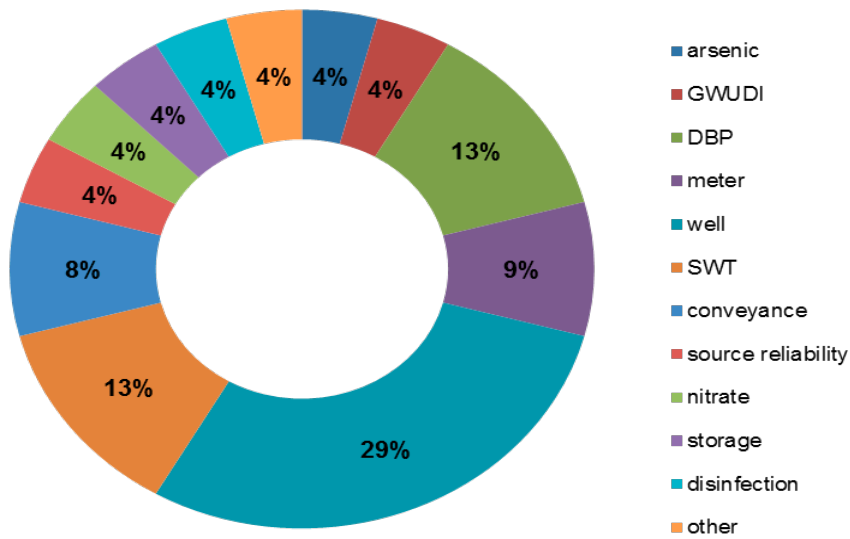


Figure 5. Water System Improvements (by Percent of Projects)



PROJECT HIGHLIGHTS

C. Highlights of Projects Funded by DWSRF in SFY 2014-15



V. ADMINISTRATIVE AND PROGRAMMATIC UPDATES

A. Notice of Non-Compliance / Corrective Action Plan

On April 19, 2013, the USEPA issued a Notice of Non-Compliance to the California Department of Public Health (CDPH), the department formerly with primacy over the DWSRF program. The USEPA determined that CDPH “had not timely and efficiently committed and expended funds in the DWSRF, nor employed adequate financial resources to operate the SDWSRF in a sound financial manner....” CDPH did not dispute the findings and had already implemented strategies addressing these issues as demonstrated by the DWSRF program’s increase in its fund utilization rate.

CDPH was given 60 days from the date of receipt of the notice to either remedy the issues addressed or submit a CAP outlining the methods in which the issues would be addressed and resolved. On June 24, 2103, CDPH submitted the CAP to the USEPA and at the request of USEPA, submitted a revised version of the CAP on July 12, 2013. USEPA accepted and approved the revised CAP on July 23, 2013. The State Water Board assumed primacy over the DWSRF program on July 1, 2014 and will fulfill all remaining commitments.

In SFY 2014-15, the DWSRF program achieved the following CAP goals:

- **CAP Item 03:** The State Water Board continues to meet monthly with USEPA, providing written update of the program’s actions towards meeting upcoming CAP item requirements.
- **CAP Item 15:** The State Water Board submitted a letter to USEPA on September 30, 2014, indicating this CAP item commitment requirement had been met well in advance of the September 30, 2014 deadline.
- **CAP Item 16:** The State Water Board submitted to USEPA on September 30, 2014, a list of all DWSRF SFY 2013-14 funding commitments totaling approximately \$365 million and specifically identified those commitments which applied to this CAP item.
- **CAP Item 17:** The State Water Board submitted to USEPA on January 23, 2015, the finalized DWSRF Management Study completed by Northbridge on December 19, 2014.
- Due to the timing of the DWSRF Program transitioning from CDPH to the State Water Board and the adoption of the “Policy for Implementing the Drinking Water State Revolving Fund,” the Management Study acknowledges the improvements

with regard to USEPA's areas of concern (project priority system, project selection, readiness to proceed and bypass procedures). Although CDPH's initial intent was to evaluate the recommendations disclosed in the report prior to implementation, both CDPH and the State Water Board deemed it necessary to implement process improvements more swiftly than permitted in the initial timeline of the CAP Item.

- The State Water Board continues to collaborate with Northbridge in an effort to evaluate and implement strategies that can potentially improve programmatic efficiencies beyond the requirement of this CAP Item.
- **CAP Item 18:** The State Water Board submitted to USEPA on May 29, 2015, the projected DWSRF minimum commitment amount for SFY 2015-16.
- **CAP Item 19:** The State Water Board submitted to USEPA on June 30, 2015, the deliverable associated with this item (SFY 2015-16 DWSRF Fundable List).
- **CAP Item 20:** The State Water Board submitted to USEPA on June 30, 2015, the deliverable associated with this item (SFY 2014-15 DWSRF Executed Funding Agreement List).
- **CAP Item 21:** The State Water Board submitted to USEPA on June 30, 2015, the deliverable associated with this item (FFY 16 DWSRF Estimated Schedule of Quarterly Federal Cash Draws).

- **CAP Item 22:** The State Water Board submitted to USEPA on June 30, 2015, the deliverable response associated with this item (DWSRF Disbursement List from July 1, 2012 to June 30, 2015). The State Water Board expects has met the disbursement target by the second quarter of SFY 2015-16 as of October 2015.
- **CAP Item 23:** The State Water Board submitted to USEPA on June 30, 2015, the deliverable associated with this item, generating a cumulative set-aside spending rate 85 percent exceeding the requirement of 80 percent by June 30, 2015.

B. Performance Evaluation Report

On April 3, 2015, the USEPA presented the State Water Board its Program Evaluation Report (PER) for the DWSRF program for SFY 2013-14. The PER addressed California's performance and compliance with the requirements of the DWSRF base program activities and the American Recovery and Reinvestment Act (ARRA) requirements. The PER also provided observations made by the USEPA and recommendations for follow up actions related to specific DWSRF required elements listed below:

1. Required Program Elements
 - a. Funding Eligibility
 - b. Set-Aside Activity
 - c. Status of Corrective Action Plan

2. Required Financial Elements

- a. State Match
- b. Rules of Cash Draw (including improper payments)
- c. Timely and Expeditious Use of Funds
- d. Financial Management

The State Water Board has considered each recommendation and is developing best practices to help ensure the program's overall effectiveness and efficiency improvements.

For set-aside activities related to capacity development, DFA and DDW collaborate on a regular basis to support programmatic activities and the needs of public water systems and the communities that they serve. The USEPA acknowledged the need for DFA and DDW to collaborate on the following items.

1. Developing standard operating procedures to define each division's role and responsibility with regard to codependent or overlapping activities
2. Technical, Managerial and Financial evaluations
3. Capacity Development Strategy revisions
4. Outreach and internal notifications

Both DFA and DDW acknowledge the need for a collaborative and productive relationship. As both divisions serve under the State Water Board, they

are able to resolve to support each other in accordance with the State Water Board's objectives. As the divisions continue to collaborate, items such as the Capacity Development Strategy revision effort will reinforce the partnership that exists between the two.

The USEPA acknowledge that improper transactions in the areas of funding eligibility, state match, rules of cash draw, and financial management as identified in the PER have been resolved and the current financial management structure and function is both adequate and appropriate for the program to operate in a fiscally sustainable manner.

As for the status of the CAP and timely and expeditious use of funds, the State Water Board continues to address the commitments set forth in the CAP. Since the transfer of primacy to the State Water Board, the program has made significant organizational changes designed to support the CAP and the requirement to use funds in a timely and expeditious manner. The adoption and implementation of the DWSRF Policy, modifications to state statutes, improved project application and priority systems, as well as improved operations between DFA and DAS staff has provided the State Water Board the ability to optimize commitments and disbursements.

C. Comprehensive List

The Comprehensive List identifies projects potentially eligible for funding

assistance from the DWSRF program. As the program receives applications, it assigns each project a category from Section V.C.1 of the DWSRF Policy. The program then recommends to the Executive Director of the State Water Board, in consultation with DDW, to either add the project to the Comprehensive List or update an existing project.

The primary purpose of the Comprehensive List is to identify potentially eligible future projects and prioritize the marketing, assistance, and application review efforts of staff and management. A project must be on the current Comprehensive List to be considered for financing. Eligible projects on the Comprehensive List will be considered for Prop 1 funding. Placement of a project on a Comprehensive List, however, does not constitute a commitment from the DWSRF program to provide funding.

At a minimum, applicants must submit the General DWSRF application package to be added to the Comprehensive List, regardless of how the project is ultimately funded. The general package must describe the nature of the project with enough details for staff to rank and place the project on the Comprehensive List. The DWSRF program will review and rank the project in the appropriate categories as described in Section IV.C. of the SFY 2015-16 IUP. The DWSRF application is available online via FFAST.

The DWSRF program updates the

Comprehensive List quarterly on the State Water Board's website, but the Executive Director may update the Comprehensive List more or less frequently as necessary.

D. Fundable List and Project Bypass

There were 49 projects identified on the fundable list of projects in the IUP, with some projects expected to be amended for cost increases. Of these 49 projects, 19 were planning and 30 were construction projects. The DWSRF program awarded funding to 11 planning projects and amendment one (1) funding agreement. Three (3) of the planning projects were withdrawn and three (3) bypassed but expected to be funded in SFY 2015-2016 pending the receipt of required information. Of the 30 construction projects, six (6) construction projects received funding agreements and six (6) received amendments to existing funding agreements. Two (2) construction projects were withdrawn after financing agreements were offered. The remaining 16 construction projects not funded were bypassed pending additional financial and environmental reviews due to changes to the DWSRF Policy. At the time of this report, four (4) of those 16 construction projects were funded and the remaining 12 are expected to be funded in SFY 2015-2016.

VI. DWSRF SET-ASIDES

The DWSRF program used a percentage of each federal Capitalization Grant set-asides in SFY 2014-15 to fund the administration of the DWSRF program as well as other activities critical to the success of the program. The set-aside accounts included Administration, SWSTA, Local Assistance, and State Program Management. These set-asides aided in providing funding and technical assistance to water systems. The State Water Board budgeted 23 percent of the 2014 Capitalization Grant for all four (4) set-asides.

A. Administrative Set-Aside

The DWSRF program budgeted four (4) percent of the 2014 Capitalization Grant along with prior years Capitalization Grants to the Administration set-aside to fund the management of the DWSRF program. The Administration set-aside funded technical and administrative personnel within DFA who prepared construction and planning approvals and agreements, inspected and evaluated projects, and processed claims for reimbursement. The Administration set aside also funded personnel activities associated with various project tracking and reporting required by USEPA as well as other state and federal agencies.

A portion of the Administration set-aside also funded contracts with other agencies such as SCO. In SFY 2014-15, SCO completed the single-audit for SFY 2013-14 in accordance with OMB Circular A-133 as well as produce audited financial statements for the program.

The Administration set-aside also provided approximately \$426,000 of in-kind funding for a Northbridge man-

agement study of the DWSRF program as well as additional funding for Northbridge to continue its web-enabling efforts of the LGTS database.

The budgeting and expenditures of the DWSRF Administration set-aside, as of June 30, 2015 are shown in Exhibit G (page 82).

B. Small Water System Technical Assistance Set-Aside

The DWSRF program budgeted two (2) percent of the 2014 Capitalization Grant along with prior year Capitalization Grants for SWSTA. SWSTA focuses on small water systems. Its primary goals are to reduce the instances of non-compliance with drinking water standards and requirements, establish and assure safe and dependable water supplies, improve operational capability, and establish or improve the TMF capacity of small water systems.

The SWSTA set-aside funded technical and administrative staff within DFA and their technical assistance to small water systems. Assistance by staff included helping small water systems

identify drinking water problems and potential solutions, assisting in the preparation of funding applications, reviewing TMF assessments, and evaluating potential funding eligibility. Staff also helped resolve ownership issues, right-of-way disputes, as well as interceded and mediated with adjacent water systems regarding potential water interties and consolidation projects. SWSTA set-aside also provided partial funding for technical and administrative staff of the Proposition 84 funding program. They prepared Proposition 84 planning projects for small water systems that led to DWSRF construction funding.

The budgeting and expenditures of the SWSTA set-aside, as of June 30, 2015, are shown in Exhibit G (page 82).

C. Local Assistance Set-Aside

The DWSRF program budgeted six (6) percent of the 2014 Capitalization Grant along with prior year Capitalization Grants, for technical assistance to public water systems to support TMF capacity development strategies. Of the six (6) percent budgeted for the Local Assistance set-aside, four (4) percent was allocated for third-party technical assistance contracts with CRWA, RCAC and Self-Help Enterprises (Self-Help), which provided on-site technical assistance to over 200 small public water systems in SFY 2014-15. Some of the technical assistance included income surveys, water rate studies, and DWSRF application development. CRWA, RCAC and Self-Help also provided

TMF assistance in SFY 2014-15, including mutual water company board training, public water system operation training, and water system ownership research.

In addition, RCAC developed and conducted statewide onsite and online training workshops that focused on building the TMF capacity of public water systems. In SFY 2014-15, RCAC held two CalTAP funding fairs. These fairs displayed and demonstrated the free services and materials available to the water systems and two (2) Arsenic Symposia on arsenic treatment alternatives and case studies. The CalTAP fairs averaged 108 attendees and the Symposia averaged 38. In addition to these fairs, RCAC also held 41 onsite and 74 online workshops. Board members, water system staff and operators from more than 1,111 individual water systems participated in these training events cumulatively. In a survey conducted by RCAC, of the 2,969 responses received to request for feedback on the value and usefulness of the workshops and training, 93 percent reported positively regarding the workshops and the information provided, six (6) percent had neutral responses, and only one (1) percent reported negatively to the workshops. These statistics demonstrate the effectiveness of these programs and workshops and give the DWSRF program a good indication of its effectiveness in communicating with the public and its ability to provide helpful information.

The remaining two (2) percent of the 2014 Local Assistance set-aside supported technical and administrative staff within DFA and their assistance to public water systems for TMF capacity development strategy. Staff oversaw and engaged third-party technical assistance contractors on the activities described above as well as assisted funding applicants in achieving the TMF capacity necessary to be eligible for DWSRF funding, reviewed the TMF assessments necessary for the approval of DWSRF funding, advised and reviewed proposed water system consolidations and interties, assisted and mediated in legal entity formation and water system ownership issues, and reviewed water rate studies.

Local Assistance set-aside also funded staff in support of the drought relief efforts through the PWSDER program. Staff reviewed applications for drought emergency funding from the \$15 million State General Fund appropriation provided through the PWSDER program. Staff also developed PWSDER funding agreements and coordinated drought relief efforts with DDW in review of reimbursement claims and project inspections.

The budgeting and expenditures of the DWSRF Local Assistance set-aside, as of June 30, 2015 are shown in Exhibit G (page 82).

D. State Program Management Set-Aside

The DWSRF program budgeted ten (10) percent of the 2014

Capitalization Grant, along with prior year Capitalization Grants, for the State Program Management set-aside. This set-aside funded DDW's PWSS regulatory program. In SFY 2014-15, the State Program Management set-aside subsidized a pro-rated portion of DDW's permitting, inspection, compliance, monitoring (PICM) activities as well as the general administration activities of DDW with the 2014 PWSS grant and California's safe drinking water cost-recovery account.

In general, DDW staff conducted inspections and surveys of both large and small water systems, evaluated treatment and infrastructure improvement needs, reviewed plans and specifications in relation to and for conformance with treatment requirements, and assisted public water systems with state and federal drinking water compliance issues. The State Program Management set-aside funds were used to enhance emergency preparedness and terrorism/disaster response preparedness of the PWSS program as well as California's public water systems. The DWSRF program also utilized this set-aside to enhance and manage its data reporting mechanisms, including the Safe Drinking Water Information System (SDWIS). The TMF capacity development activities inherent within the PICM activities of DDW were partially funded by the set-aside as well. The budgeting and expenditures of the State Program Management set-aside as of June 30, 2015 are shown in Exhibit G (page 82).

VII. PROGRAM COMMENTS

A. General Comments

On July 1, 2014, California's Drinking Water Program, including the DWSRF and associated state financing programs, were reorganized and transferred from CDPH to the State Water Board through the 2014-15 California Budget Act. Under the State Water Board, a new DDW was created and dedicated to the State's existing PWSS program. The DWSRF program and associated technical and administrative staff were transferred to DFA so both the DWSRF and existing CWSRF programs could be jointly administered.

To provide greater funding flexibility and efficiency for the DWSRF program, the State Water Board adopted a new DWSRF Policy on October 21, 2014, which repealed existing state regulations and amended certain state statutes on January 1, 2015. The new DWSRF Policy, also effective January 1, 2015, established a more concise project prioritization plan, project selection process, as well as enabled certain DWSRF funding rules such as project additional subsidy amounts and certain loan terms, to be established annually within the IUP. The DWSRF Policy also removed prior limitations on project funding amounts and established a new and more efficient application process.

DFA focused on implementing process improvements and procedural changes

in SFY 2014-15, making the DWSRF program more efficient and leading to increased demand. These changes were based on work done by the DFA and the CWSRF program in SFY 2012-13 in cooperation with Northbridge. Such process improvements for the DWSRF program included the establishment of Project Managers, technical staff assigned to manage funding applications from receipt of the first application package through the eligibility reviews for funding, issuance of a contract, the submittal, review and reimbursement of claims, project inspections close-out. Previously, these duties were completed by DDW technical staff.

The accounting and financial records of the DWSRF were transferred into LGTS and substantially reconciled in SFY 2014-15. Due to the reconciling efforts of the administrative and accounting staff, a successful audit of the DWSRF program's fiscal accounts was completed in the early fall of 2015. Existing and new loan amortizations were entered into LGTS and the first LGTS billing of loan recipients was completed in SFY 2014-15. Additional work continued through the end of SFY 2014-15 on reconciling loan amortization schedules and invoicing previously done by CDPH and DWR. These policy, process and administrative changes within the DWSRF program have been well received by stakeholders and State Water Board staff.

Additionally, while the DWSRF program continued to administer ARRA funds in SFY 2014-15, the ARRA effort is essentially complete. As of June 30, 2015, all ARRA funds have been disbursed and all required reporting to www.FederalReporting.gov has been completed.

B. Consolidation Incentive Program

With the DWSRF Policy in effect as of January 1, 2015, all DWSRF eligible projects became eligible to apply for funding via FFAST. The Consolidation Incentive Program, as described in the IUP, became less of an incentive as originally intended. The DWSRF program did not receive requests for this program, but will continue to process the existing projects under the current Policy.

C. LEFA Program

Of the eight (8) percent of DWSRF funding budgeted for the Local Assistance set-aside, two percent was allocated to the Legal Entity Formation Assistance (LEFA) program. The LEFA program was established as a pilot program, which provided grant funding to assist communities not currently served domestic water from an existing community water system, and public water systems not eligible for DWSRF funding due to the lack of an eligible entity. These communities and systems also have domestic water sources with a water quality or quantity public health problem. The purpose of the LEFA program is to provide financial assistance for the formation

of a legal entity for such communities, which would have among other things, the authority to own and/or operate a public water system, assess rates and charges for domestic water supply, or have the authority to consolidate with an existing public water system. Eligible applicants were limited to public agencies, Local Agency Formation Commissions (LAFCO), public colleges and/or universities, Joint Power Authorities, and non-profit organizations that could enter into a funding agreement with the State Water Board and demonstrate their ability to carry out the project. Once an appropriate governing entity is identified and/or formed, that governing entity would be able to apply for planning or construction funding.

D. Source Water Protection Program

California established the DWSRF program with federal Capitalization Grants awarded by the USEPA. A portion of these funds was set aside for source water protection (SWP) loans.

Funding for the SWP program provides loans to public water systems for the purchase of land or conservation easements. A public water system may only purchase land or a conservation easement from a willing party. The purchase must be for the purposes of protecting the system's source water and ensuring compliance with national drinking water regulations. The DWSRF program evaluated all projects using the priority system described within the IUP in effect at the time such SWP loans were awarded.

As of SFY 2014-15, the program had set aside a total of \$24,889,390 from the 2000-2005 Capitalization Grants for this program, but, due to lack of demand from public water systems, subsequent federal grant amendments returned \$22,889,390 from the 2000-2005 Capitalization Grants to the DWSRF infrastructure loan fund. As shown in Table 4 (page 38), \$2,000,000 has been committed and expended for SWP loans.

TABLE 4: Source Water Protection Loan Set-Asides

Project Name	Project Number	Population	Executed FA Date	Contract Number	Loan Amount	Grant Amount	Total Funding
Contra Costa Water District	0710003-017	201,100	9/1/2003	2001SWP101	\$2,000,000	\$0	\$2,000,000



VIII. INDEX

ARRA	American Recovery and Reinvestment Act of 2009
ASAP	Automated Standard Application of Payments
CAP	Corrective Action Plan
CDPH	California Department of Public Health
CRWA	California Rural Water Association
CWSRF	Clean Water Safe Revolving Fund
DAS	Division of Administrative Services
DBE	Disadvantaged Business Enterprise
DDW	Division of Drinking Water
DFA	Division of Financial Assistance
DWR	Department of Water Resources
DWSRF	Drinking Water State Revolving Fund
ETF	Extended Term Financing
FFATA	Federal Funding Accountability and Transparency Act
FFY	Federal Fiscal Year
FSRS	FFATA Subaward Reporting System
IUP	Intended Use Plan
LGTS	Loans and Grants Tracking System
MBE	Minority Owned Business Enterprise
NIMS	National Information Management System
OMB	Office of Management and Budget
PBR	Drinking Water Project Benefits Reporting
PWS	Public Water Systems
RCAC	Rural Community Assistance Corporation
SCO	State Controller's Office
SERP	State Environmental Review Process
SFY	State Fiscal Year
SWP	Source Water Protection
SWRCB	State Water Resources Control Board
USEPA	United States Environmental Protection Agency
WBE	Women Owned Business Enterprise

IX. EXHIBITS

Exhibit A	SFY 2014-15 Audited Financial Statements
Exhibit B	Projects Funded by Needs Category
Exhibit C	Projects Not Funded
Exhibit D	Disadvantaged Business Enterprise Report
Exhibit E	Green and Subsidy Projects Funded
Exhibit F	Projects Reported to FFATA
Exhibit G	Set-Asides
Exhibit H	Small Water System Funding
Exhibit I	LEFA Projects
Exhibit J	Drought Emergency Projects
Exhibit K	Extended Term Financing Projects

EXHIBIT A

SFY 2014-15 Audited Financial Statements

The Audited Financial Statements pages have been deleted. To view, visit the website:
https://www.waterboards.ca.gov/drinking_water/services/funding/documents/annualrpts/dwsrf_annual_report_1415.pdf

EXHIBIT B

Projects Funded by Needs Category

Project Name	Project Description	Category	Population	Initial Loan Date	Total SRF Funding
Sebastopol, City of	Well 06 Arsenic Treatment	C	7,750	08-06-2014	\$411,000
New Auberry Water Association	Groundwater under direct influence of surface water feasibility study	B	80	08-15-2014	\$500,000
Westmorland, City of	Feasibility study to address SWTP and DBP issues	C	2,444	08-15-2014	\$500,000
Terrace Water Company	Terrace Water Company meter installation	D	2,200	08-15-2014	\$1,193,050
Callayomi County Water District	Callayomi well replacement project	B	1,200	08-25-2014	\$460,500
Chowchilla City Water Department	Install water meters	D	10,682	08-25-2014	\$3,205,991
North Kaweah Mutual Water Company	Slow sand filtration, reservoir, and pump plant	B	75	08-26-2014	\$300,000
Lebec County Water District	Lebec - new well	C	830	09-03-2014	\$500,000
Lakeside School District	Well, storage and distribution replacement	B	110	09-10-2014	\$343,000
Groveland Community Services District	Groveland CSD filtration treatment installation	B	3,400	09-17-2014	\$1,250,000
Dunlap Leadership Academy	Dunlap Leadership Academy water project	C	75	10-01-2014	\$470,000
Beacon West	Beacon West M-26 well project	C	45	11-14-2014	\$64,000
Lemoore, City of	Disinfection byproducts reduction study	C	24,500	12-18-2014	\$465,000
Tuolumne Utilities District - Columbia Water System	San Diego ditch constructed conveyance - connect to Columbia Water Treatment Plant	B	3,646	12-18-2014	\$225,955
Emerald Valley Mutual Water Company	Emerald Valley Estates Water Company New Wells Project	A	35	12-29-2014	\$142,000
Fresno County Waterworks District No. 40 - Shaver Springs	Assess alternate water sources for WWD 40	C	172	02-23-2015	\$425,000

Projects Funded by Needs Category

Project Name	Project Description	Category	Population	Initial Loan Date	Total SRF Funding
Westhaven Community Services District	DBP precursor treatment (planning)	C	490	02-23-2015	\$134,500
Springfield Mutual Water Company	Springfield MWC - Nitrate	A	200	03-10-2015	\$500,000
Forest Ranch Mutual Water System	Well replacement and treatment plant expansion	C	92	03-10-2015	\$135,000
Los Angeles Department of Water and Power	Headworks Reservoir Flow Regulation Station and Power Plant	B	4,071,873	03-10-2015	\$500,000
Buckingham Park Water District	2014 Water System Upgrades Project	B	580	04-23-2015	\$990,000
Monterey Park Tract Community Services District	Monterey Park Tract Waterline Connection Project	A	186	06-10-2015	\$1,137,171
Orland, City of	City of Orland - New well construction	A	6,525	06-25-2015	\$1,160,268
Los Angeles Department of Water and Power	Los Angeles reservoir ultraviolet light treatment plant	B	4,071,873	06-30-2015	\$102,797,875
				TOTAL	\$117,810,310

EXHIBIT B continued

EXHIBIT C

Projects Not Funded

Project Name	Project Number	District	Population	Total SRF Funding	Estimated Principal Forgiveness	Comment
Country Hills Estates	4000637-001P	Santa Barbara	60	\$67,270	\$0	Unresponsive to request to execute funding agreement; pursuing other funding options
Lemon Cove Water Company	5400616-001P	Visalia	200	\$412,000	\$120,000	To be funded in FY 2015-16 (technical assistance in progress)
London Community Services District	5410017-003P	Visalia	2,138	\$454,300	\$363,440	Received emergency funding instead of DWSRF
Institute of Mentalphysics	3600768-001P	San Bernardino	70	\$259,000	\$0	Not Eligible, withdrawn
North Gualala Water Company	2310007-016P	Mendocino	3,671	\$488,693	\$0	To be funded in FY 2015-16 (delay due to new requirements)
Paradise Water Irrigation District	0410007-001P	Valley	26,299	\$500,000	\$0	To be funded in FY 2015-16 (delay due to new requirements)
Armona Community Services District	1610001-007C	Visalia	3,239	\$6,032,000	\$3,000,000	To be funded in FY 2015-16 (delay due to new requirements)
Kettleman City Community Services District	1610009-005C	Visalia	1,499	\$3,000,000	\$3,000,000	To be funded in FY 2015-16 (delay due to new requirements)
Amador County Service Area No. 3, Unit 6	0310021-003C	Stockton	2,386	\$1,805,292	\$1,444,234	To be funded in FY 2015-16 (delay due to new requirements)
Amador Water Agency - Buckhorn Plant	0310012-005C	Stockton	8,800	\$2,222,000	\$2,222,000	To be funded in FY 2015-16 (delay due to new requirements)
Amador Water Agency - Buckhorn Plant	0310012-006C	Stockton	8,800	\$348,000	\$278,400	To be funded in FY 2015-16 (delay due to new requirements)
Georgetown Public Utility District	0910013-005C	Sacramento	9,261	\$4,000,000	\$0	To be funded in FY 2015-16 (delay due to new requirements)
Hughson, City of	5010008-011C	Stockton	6,082	\$6,607,210	\$0	To be funded in FY 2015-16 (delay due to new requirements)
Keyes Community Services District(consolidation project)	5010009-004C	Stockton	4,575	\$3,812,500	\$0	To be funded in FY 2015-16 (delay due to new requirements)
Keyes	5010009-003C	Stockton	4,900	\$3,000,000	\$3,000,000	To be funded in FY 2015-16 (delay due to new requirements)

Projects Not Funded

Project Name	Project Number	District	Population	Total SRF Funding	Estimated Principal Forgiveness	Comment
Lanare CSD	1000053	Fresno	660	\$3,000,000	\$3,000,000	To be funded in FY 2015-16 (delay due to new requirements)
Hidden Valley Community Association	3103836-002C	Lassen	499	\$484,212	\$0	Agreement issued 6-30-14, water system withdrawn on 7-18-2014
Del Rey Community Services District	1010035-004C	Fresno	1,100	\$793,980	\$793,980	Offer to fund was rejected, water system withdrawn on 10-2-2014
Heber PUD	1310007-002C	San Diego	3,400	\$5,692,120	\$3,000,000	Has been funded in FY 2015-16
Huron, City of	1010044-001C	Fresno	6,790	\$6,000,000	\$6,000,000	Has been funded in FY 2015-16
Eastern Municipal Water District	3310009-067C	Riverside	512,711	\$3,000,000	\$3,000,000	Has been funded in FY 2015-16
Fresno, City of	1010007-028C	Fresno	484,087	\$31,066,009	\$0	Has been funded in FY 2015-16
Metropolitan Water District of Southern California	1910087-019C	Metropolitan	18,379,000	\$11,000,000	\$0	To be funded in FY 2015-16 (delay due to new requirements)

EXHIBIT C continued

Disadvantaged Business Enterprise Report

	MBE	WBE	TOTAL
Annual Total	October 1, 2013-September 30, 2014 \$3,784,601.08	\$5,492,238.76	\$9,276,839.84
Total Disbursements	October 1, 2013-September 30, 2014		\$181,628,485.81
Percentage to Total Disbursements	October 1, 2013-September 30, 2014 0.02%	0.030%	0.05%

EXHIBIT D

EXHIBIT F

Green and Subsidy Projects Funded

Project Name	Project Number	Principal Forgiveness	Loan	Total SRF Funding	FA Execution Date	Status
Forest Ranch Mutual Water Co	0400004-001P	\$58,000	\$77,000	\$135,000	03-10-2015	Not Disadvantaged
Diablo Water District	0707602-001C	\$64,000	\$0	\$64,000	11-14-2014	Disadvantaged
New Auberry Water Association	1000063-005P	\$500,000	\$0	\$500,000	08-15-2014	Severely Disadvantaged
Kings Canyon Unified School District	1000577-001P	\$470,000	\$0	\$470,000	10-01-2014	Severely Disadvantaged
Westhaven Community Services District	1210024-003P	\$107,600	\$26,900	\$134,500	02-23-2015	Disadvantaged
Westmorland, City of	1310008-003P	\$500,000	\$0	\$500,000	08-15-2014	Severely Disadvantaged
Lebec County Water District	1510051-004P	\$500,000	\$0	\$500,000	09-03-2014	Not Disadvantaged
Buckingham Park Water District	1710011-001C	\$792,000	\$198,000	\$990,000	04-23-2015	Disadvantaged
Callayomi County Water District	1710013-003P	\$368,400	\$92,100	\$460,500	08-25-2014	Disadvantaged
Los Angeles, City of Acting by and through the Department of Water and Power	1910067-050P	\$400,000	\$100,000	\$500,000	03-10-2015	Disadvantaged
Pajaro/Sunny Mesa Community Services District	2700771-001P	\$500,000	\$0	\$500,000	03-10-2015	Severely Disadvantaged
Terrace Water Company	3610048-004C	\$775,483	\$417,567	\$1,193,050	08-15-2014	Disadvantaged
Lakeside Joint Unified School district	4300779-001P	\$343,000	\$0	\$343,000	09-10-2014	Severely Disadvantaged
Monterey Park Tract Community Services District	5000389-002C	\$1,137,171	\$0	\$1,137,171	06-10-2015	Severely Disadvantaged
Groveland Community Services District	5510009-001C	\$1,250,000	\$0	\$1,250,000	09-17-2014	Severely Disadvantaged
Tuolumne Utilities District	5510013-009C	\$180,764	\$45,191	\$225,955	10-18-2014	Disadvantaged
Chowchilla, City of	2010001-011C	\$0	\$3,205,991	\$3,205,991	08-25-2014	Disadvantaged

EXHIBIT F

Projects Reported to FFATA

Financial Assistance Recipient	Project Number	Agreement Date	FFATA Reporting Due	Date Reported	FFATA Reporting Amount*	Total SRF Funding
City of Los Angeles Acting by and through the Department of Water and Power	1910067-049C	06-30-2015	07-31-2015	07-31-2015	\$82,921,000	\$102,797,875

*Based on FFY 2014 Capitalization Grant of \$83,221,000

EXHIBIT G

Set Asides (Funds 0625 and 0628)

Federal Fiscal Year	Final Capitalization Grant Amount (including In-Kind)	0625 - Administration (Max 4 percent)			0628 - SWSTA (Max 2 percent)		
		Budget Amount	Expenditure Amount	Balance	Budget Amount	Expenditure Amount	Balance
1997	\$75,565,707.20	\$3,027,304.00	\$3,027,304.00	\$0.00	\$68,245.00	\$68,245.00	\$0.00
1998	\$77,108,200.00	\$3,084,328.00	\$3,084,328.00	\$0.00	\$1,542,164.00	\$1,542,164.00	\$0.00
1999	\$80,816,700.00	\$3,232,668.00	\$3,232,668.00	\$0.00	\$1,616,334.00	\$1,616,334.00	\$0.00
2000	\$83,993,100.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2001	\$84,340,000.00	\$3,373,600.00	\$3,373,600.00	\$0.00	\$1,686,800.00	\$1,686,800.00	\$0.00
2002	\$82,460,900.00	\$3,229,883.00	\$3,229,883.00	\$0.00	\$1,649,218.00	\$1,649,218.00	\$0.00
2003	\$81,966,200.00	\$3,278,648.00	\$3,278,648.00	\$0.00	\$1,639,324.00	\$1,639,324.00	\$0.00
2004	\$85,027,600.00	\$6,609,752.00	\$6,609,752.00	\$0.00	\$3,339,876.00	\$3,339,876.00	\$0.00
2005	\$84,847,500.00	\$2,781,076.00	\$2,781,076.00	\$0.00	\$1,390,538.00	\$1,390,538.00	\$0.00
2006	\$67,153,678.00	\$2,654,166.00	\$2,654,166.00	\$0.00	\$1,342,083.00	\$1,342,083.00	\$0.00
2007	\$67,105,000.00	\$2,684,200.00	\$2,684,200.00	\$0.00	\$1,342,100.00	\$1,342,100.00	\$0.00
2009 (ARRA)	\$159,008,000.00	\$5,364,471.60	\$5,364,471.60	\$0.00	\$2,787,147.37	\$2,787,147.37	\$0.00
2008	\$66,424,000.00	\$2,656,960.00	\$2,656,960.00	\$0.00	\$1,328,480.00	\$1,328,480.00	\$0.00
2009	\$66,424,000.00	\$2,656,960.00	\$2,656,960.00	\$0.00	\$1,328,480.00	\$1,328,480.00	\$0.00
2010	\$126,958,000.00	\$5,078,320.00	\$5,078,320.00	\$0.00	\$2,539,160.00	\$2,539,160.00	\$0.00
2011	\$86,698,000.00	\$3,467,920.00	\$3,467,920.00	\$0.00	\$1,733,960.00	\$1,733,960.00	\$0.00
2012	\$85,358,000.00	\$3,114,320.00	\$3,114,320.00	\$0.00	\$1,707,160.00	\$1,707,160.00	\$0.00
2013	\$78,770,000.00	\$2,723,933.00	\$2,723,933.00	\$0.00	\$1,575,400.00	\$1,066,968.99	\$508,431.01
2014	\$83,221,000.00	\$3,328,840.00	\$1,954,665.13	\$1,374,174.87	\$1,664,420.00	\$0.00	\$1,664,420.00
TOTAL	\$1,623,245,585.20	\$62,347,349.60	\$60,973,174.73	\$1,374,174.87	\$30,280,889.37	\$28,108,038.36	\$2,172,851.01

EXHIBIT G continued

Set-Asides (Fund 7500)

Federal Fiscal Year	Final Capitalization Grant Amount (including In-Kind)	7500 - State Program Management (Max 10 percent)					
		Capacity Development			PWSS Administration		
		Budget Amount	Expenditure Amount	Balance	Budget Amount	Expenditure Amount	Balance
1997	\$75,565,707.20	\$4,157.00	\$4,157.00	\$0.00	\$0.00	\$0.00	\$0.00
1998	\$77,108,200.00	\$308,433.00	\$308,433.00	\$0.00	\$0.00	\$0.00	\$0.00
1999	\$80,816,700.00	\$323,267.00	\$323,267.00	\$0.00	\$0.00	\$0.00	\$0.00
2000	\$83,993,100.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2001	\$84,340,000.00	\$2,000,000.00	\$2,000,000.00	\$0.00	\$0.00	\$0.00	\$0.00
2002	\$82,460,900.00	\$2,000,000.00	\$2,000,000.00	\$0.00	\$0.00	\$0.00	\$0.00
2003	\$81,966,200.00	\$2,000,000.00	\$2,000,000.00	\$0.00	\$0.00	\$0.00	\$0.00
2004	\$85,027,600.00	\$2,400,000.00	\$2,400,000.00	\$0.00	\$0.00	\$0.00	\$0.00
2005	\$84,847,500.00	\$2,400,000.00	\$2,400,000.00	\$0.00	\$1,677,000.00	\$1,677,000.00	\$0.00
2006	\$67,153,678.00	\$2,400,000.00	\$2,400,000.00	\$0.00	\$2,304,000.00	\$2,304,000.00	\$0.00
2007	\$67,105,000.00	\$2,400,000.00	\$2,400,000.00	\$0.00	\$2,534,400.00	\$2,534,400.00	\$0.00
ARRA 2009	\$159,008,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2008	\$66,424,000.00	\$2,400,000.00	\$2,400,000.00	\$0.00	\$2,482,164.00	\$2,482,164.00	\$0.00
2009	\$66,424,000.00	\$2,400,000.00	\$2,400,000.00	\$0.00	\$2,482,164.00	\$2,482,164.00	\$0.00
2010	\$126,958,000.00	\$1,778,376.64	\$1,778,376.64	\$0.00	\$7,540,340.36	\$7,540,340.36	\$0.00
2011	\$86,698,000.00	\$85,539.28	\$85,539.28	\$0.00	\$8,584,260.72	\$8,584,260.72	\$0.00
2012	\$85,358,000.00	\$0.00	\$0.00	\$0.00	\$8,535,800.00	\$8,535,800.00	\$0.00
2013	\$78,770,000.00	\$0.00	\$0.00	\$0.00	\$7,089,300.00	\$7,089,300.00	\$0.00
2014	\$83,221,000.00	\$0.00	\$0.00	\$0.00	\$8,022,100.00	\$2,817,546.16	\$5,204,553.84
Total	\$1,623,245,585.20	\$22,899,772.92	\$22,899,772.92	\$0.00	\$51,251,529.08	\$46,046,975.24	\$5,204,553.84

Set-Asides (Fund 0626)

0626 - Local Assistance (Max 15 percent)

Federal Fiscal Year	Final Capitalization Grant Amount (including In-Kind)	SWP Loans			Source Water Area Delineation			Capacity Development (LEFA, Technical Assistance Contracts, DFA Technical Assistance)		
		Budget Amount	Expenditure Amount	Balance	Budget Amount	Expenditure Amount	Balance	Budget Amount	Expenditure Amount	Balance
1997	\$75,565,707.20	\$0.00	\$0.00	\$0.00	\$6,831,577.20	\$6,831,577.20	\$0.00	\$0.00	\$0.00	\$0.00
1998	\$77,108,200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1999	\$80,816,700.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2000	\$83,993,100.00	\$2,000,000.00	\$2,000,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2001	\$84,340,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2002	\$82,460,900.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2003	\$81,966,200.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2004	\$85,027,600.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2005	\$84,847,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2006	\$67,153,678.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2007	\$67,105,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ARRA 2009	\$159,008,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2008	\$66,424,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2009	\$66,424,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2010	\$126,958,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2011	\$86,698,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,600,940.00	\$2,600,940.00	\$0.00
2012	\$85,358,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,267,900.00	\$2,837,550.58	\$1,430,349.42
2013	\$78,770,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6,301,600.00	\$0.00	\$6,301,600.00
2014	\$83,221,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,993,260.00	\$0.00	\$4,993,260.00
Total	\$1,623,245,585.20	\$2,000,000.00	\$2,000,000.00	\$0.00	\$6,831,577.20	\$6,831,577.20	\$0.00	\$18,163,700.00	\$5,438,490.58	\$12,725,209.42

EXHIBIT G continued

Small Water System Funding

Project Name	Project Number	Principal Forgiveness	Loan	Total SRF Funding	FA Execution Date	Financial Status
Forest Ranch Mutual Water Company	0400004-001P	\$58,000.00	\$77,000.00	\$135,000.00	03-10-2015	Not Disadvantaged
Diablo Water District	0707602-001C	\$64,000.00	\$0.00	\$64,000.00	11-14-2014	Disadvantaged
New Auberry Water Association	1000063-005P	\$500,000.00	\$0.00	\$500,000.00	08-15-2014	Severely Disadvantaged
Kings Canyon Unified School District	1000577-001P	\$470,000.00	\$0.00	\$470,000.00	10-01-2014	Severely Disadvantaged
Westhaven Community Services District	1210024-003P	\$107,600.00	\$26,900.00	\$134,500.00	02-23-2015	Disadvantaged
Westmorland, City of	1310008-003P	\$500,000.00	\$0.00	\$500,000.00	08-15-2014	Severely Disadvantaged
Lebec County Water District	1510051-004P	\$500,000.00	\$0.00	\$500,000.00	09-03-2014	Not Disadvantaged
Buckingham Park Water District	1710011-001C	\$792,000.00	\$198,000.00	\$990,000.00	03-23-2015	Disadvantaged
Callayomi County Water District	1710013-003P	\$368,400.00	\$92,100.00	\$460,500.00	08-25-2014	Disadvantaged
Pajaro/Sunny Mesa Community Services District	2700771-001P	\$500,000.00	\$0.00	\$500,000.00	03-10-2015	Severely Disadvantaged
Terrace Water Co	3610048-004C	\$775,483.00	\$417,567.00	\$1,193,050.00	08-15-2014	Disadvantaged
Lakeside Joint Unified School district	4300779-001P	\$343,000.00	\$0.00	\$343,000.00	09-10-2014	Severely Disadvantaged
Monterey Park Tract Community Services District	5000389-002C	\$1,137,171.00	\$0.00	\$1,137,171.00	06-10-2015	Severely Disadvantaged
Groveland Community Services District	5510009-001C	\$1,250,000.00	\$0.00	\$1,250,000.00	09-17-2014	Severely Disadvantaged
Tuolumne Utilities District	5510013-009C	\$180,764.00	\$45,191.00	\$225,955.00	12-18-2014	Disadvantaged
Sebastopol, City of	4910011-005P	\$411,000	\$0.00	\$411,000	08-06-2014	Not Disadvantaged
North Kaweah Mutual Water Company	5400506-004C	\$300,000	\$0.00	\$300,000	08-26-2014	Not Disadvantaged
Emerald Valley Estates Mutual Water Company	4301004-001P	\$142,000	\$0.00	\$142,000	12-29-2014	Not Disadvantaged
Orland, City of	1110001-003C	\$1,160,268	\$0.00	\$1,160,268	06-25-2015	Disadvantaged

EXHIBIT H

EXHIBIT I

LEFA Projects

Project Name	Project Number	Total SRF Funding (Grant)	FA Execution Date	Status
Easton Community Services District	0010003-001L	\$220,449.00	04-30-2015	Active
Rural Community Assistance Corporation – Garlen Court Mutual Water Company Formation	0027002-001L	\$52,745.00	06-17-2014	Completed
Rural Community Assistance Corporation – Courtland Community Services District	0034001-001L	\$84,747.00	06-24-2014	Completed (no entity formed per community decision)
Rural Community Assistance Corporation – Wendell Lane Mutual Water Company Formation	0049001-001L	\$46,494.00	06-27-2014	Completed
Self Help Enterprises – Weldon Regional Water Supply Entity	0015001-001L	\$186,723.00	09-29-2014	Active
Self Help Enterprises – Orange Center School Residential Area Water System Entity Formation	0010002-001L	\$214,247.00	09-29-2014	Active
California Rural Water Association – Ali Mutual Water Company Formation	0054004-001L	\$76,584.00	06-30-2014	Active
Self Help Enterprises – Highland Acres “Okieville” Water System Entity Formation	0054005-001L	129,007.00	11-24-2014	Active
Self Help Enterprises – Perry Colony Residential Area Water System Entity Formation	0010001-001L	\$191,457.00	09-29-2014	Active
California Rural Water Association – Barstow Perchlorate Area Entity Formation)	0036002-001L	\$204,605.00	11-14-2014	Active
Frazier Park Public Utility District – Lake of the Woods Regional	0015002-001L	\$202,265.00	11-07-2014	Active
Tulare County – North Tulare County Area Regional Surface Water Treatment Plant Governance formation	0054002-001L	\$250,000.00	05-07-2015	Active
Pajaro/Sunny Mesa Community Services District – Springfield Terrace	0027001-001L	\$71,280.00	03-10-2015	Active
Tulare County –Monson Water System Entity Formation	0054003-001L	132,027.00	Issued 09-04-2015	Active
Jurupa Community Services District – Chandler Community Water Entity Formation	0033001-001L	\$28,000.00	02-23-2015	Active

EXHIBIT J

Drought Emergency Projects

Project Name	Project Number	Total SRF Funding (Grant)	FA Execution Date	Project Description
Tyler Vincent LLC (dba Mt Taylor Mobile Home Park)	4900822-001	\$191,977.00	07-10-2014	Consolidation with neighboring public water system
City of Willits	2310004-001	\$500,000.00	07-10-2014	Bring two wells online and install package filtration plant
Madera County MD 85 - Valeta	2000511-001	\$674.00	07-15-2014	Water hauling and lower pump
Guatay Mutual Benefit Corporation (1)	3700897-001	\$5,683.00	07-15-2014	Water hauling
Redwood Valley County Water District	2310008-001	\$379,400.00	07-28-2014	Intertie with neighboring public water system and upgrade existing intertie
Le Grand Community Services District	2410011-001	\$274,959.00	08-01-2014	Water hauling and rehab existing wells
County of Tulare (on behalf of Seville Water Company)	5400550-001	\$275,000.00	08-01-2014	Install a new 15,000 gallon steel storage tank and two booster pumps
Elk Creek CSD	1100616-001	\$8,974.00	08-05-2014	Iron and manganese treatment
Los Madrones Mutual Water Company	3500578-001	\$281,039.00	08-25-2014	Construct new well and repair storage tank
Tuolumne Utilities District (5510013-001)	5510013-001	\$115,444.00	08-26-2014	Replace pump drives and air conditioning systems for the pump building
Tuolumne Utilities District (5510013-002)	5510013-002	\$359,797.00	08-26-2014	Expansion of reservoir storage capacity
County of Colusa (1)	0600012-001	\$17,500.00	09-10-2014	Water hauling
County of Madera	2010004-001	\$240,000.00	09-10-2014	Emergency intertie with neighboring public water system and rehab existing well
City of Farmersville	5410004-001	\$500,000.00	09-10-2014	Permanently connect private well owners
Eagle's Nest Resort	5400602-001	\$1,879.00	09-16-2014	Temporary bottled water deliveries.

EXHIBIT J continued

Drought Emergency Projects

Project Name	Project Number	Total SRF Funding (Grant)	FA Execution Date	Project Description
Woodside RV Park LLC	2300644-001	\$158,300.00	9/17/2014	Construct new well and surface water treatment plant
Summit Mutual Water Company	4400559-001	\$269,600.00	09-17-2014	Water hauling and repair storage tank
Ali Mutual Water Company, Inc. (1)	5403144-001	\$10,000.00	09-18-2014	Bottled water and install storage tank and booster pump
City of Hanford	1610003-001	\$10,000.00	09-23-2014	Bottled water and temporary emergency connection to neighboring public water system
Los Angeles Residential Community Foundation	1900062-001	\$500,000.00	09-25-2014	Water hauling
Paskenta Community Services District (1)	5200534-001	\$200,568.00	10-01-2014	Water hauling
Tuolumne Utilities District (5510001-001)	5510001-001	\$236,707.00	10-07-2014	Reactivate existing well and treatment
Valley Teen Ranch (2)	2000785-002	\$10,000.00	10-14-2014	Water hauling and rehab existing well
County of Lake (on behalf of Lake County Service Area No. 22 - Mt. Hannah)	1700563-001	\$57,370.00	10-14-2014	Water hauling and construct a new well
Aldercroft Heights County Water District	4300516-001	\$236,750.00	10-14-2014	Drill new well
Clearwater Mutual Water Company	1700546-001	\$9,485.00	10-23-2014	Extend existing intake
Lake Canyon Mutual Water Company	4300522-001	\$51,000.00	10-31-2014	Water hauling
Goleta Water District	4210004-001	\$350,000.00	10-31-2014	Extend raw water intake
Crescent Bay Improvement Company	1700519-001	\$18,035.00	11-03-2014	Emergency intertie with neighboring public water system and extend intake
Arroyo Center Water Company, Inc.	2701658-001	\$43,920.00	11-07-2014	Water hauling

EXHIBIT J continued

Drought Emergency Projects

Project Name	Project Number	Total SRF Funding (Grant)	FA Execution Date	Project Description
Lake Berryessa Resort Improvement District	2800526-001	\$236,000.00	11-14-2014	Construct a new well
City of Porterville	5410010-001	\$85,478.00	11-19-2014	Consolidation with neighboring public water system
Volta Community Services District	2400201-001	\$38,135.00	12-18-2014	Rehab existing well
Carpinteria Valley Water District	4210001-001	\$350,000.00	12-18-2014	Extend raw water intake
Chemeketa Park Mutual Water Company	4300517-001	\$393,170.00	12-18-2014	Construct a new well, intertie to neighboring public water system and hauled water
Santa Barbara Water Department	4210010-001	\$350,000.00	12-19-2014	Extend raw water intake
Montecito Water District	4210007-001	\$350,000.00	12-30-2014	Extend raw water intake
Lake of the Woods Mutual Water Company	1510023-001	\$500,000.00	01-09-2015	Construct a new well
Tuolumne Utilities District (5510013-003)	5510013-003	\$55,363.00	01-13-2015	Permanently connect private well owners
Plainsburg Elementary School	2400065-001	\$200,000.00	01-13-2015	Construct a new well
Springville Public Utility District	5410011-001	\$60,379.00	01-16-2015	Purchased portable diesel powered pump
Alii Mutual Water Company, Inc. (2)	5403144-002	\$282,500.00	01-21-2015	Construct new well and provide storage tank and booster pump for hauled water
California Water Service Company (Lucerne)	1710005-001	\$136,172.00	02-11-2015	Extend existing intake and install a floating intake
Skyway Partners LLC (Big Bend Mobile Home Park)	0400028-001	\$143,631.00	02-19-2015	Water hauling and construct a new well
Lake Don Pedro Community Services District (1)	5510008-001	\$60,900.00	03-04-2015	Extend emergency floating intake

EXHIBIT J continued

Drought Emergency Projects

Project Name	Project Number	Total SRF Funding (Grant)	FA Execution Date	Project Description
County of Madera (County Maintenance District No. 33, Fairmead)	2000554-001	\$178,863	03-10-2015	Temporarily equip test well and rehab existing well
Cambria Community Services District	4010014-001	\$307,876.00	03-10-2015	Rehabilitation of existing well and filter plant
Tuolumne Utilities District (5510001-002)	2000598-001	\$207,290.00	04-01-2015	Permanently connect private well owners
Alview-Dairyland Union School District	5510001-002	\$220,000.00	04-01-2015	Construct new well and rehab existing well
County of Madera (County Service Area No. 14, Chuk Chanse)	2000724-001	\$118,731.00	04-08-2015	Hauled water and rehab existing well
Hillview Water Company - Raymond (1)	2010012-001	\$58,500.00	04-21-2015	Purchased of new well
Lake Don Pedro Community Services District (2)	5510008-002	\$439,100.00	04-30-2015	Construct two new wells
County of Fresno (County Service Area No. 32 Cantua Creek)	1000359-001	\$181,500.00	05-01-2015	Offset increased water costs
Madera Unified School District (Dixieland Elementary School)	2000760-001	\$22,837.00	05-04-2015	Bottled water and rehab existing well
County of Madera (County Maintenance District No. 60 - Dillon Estates) (2)	2000849-002	\$55,000.00	05-04-2015	Temporary connection and rehab existing well
Lewiston Park Mutual Water Company	5301003-001	\$10,000.00	05-08-2015	Rehab existing well
London Community Services District	5410017-001	\$147,708.00	06-26-2015	Construct new well
County of Fresno (FCWWD #40 - Shaver Springs)	1000042-001	\$167,000.00	06-26-2015	Hauled water and rehab existing well

*These projects were funded through a \$15 million dollar California State General Fund appropriation to mitigate drought-related drinking water emergencies. The DWSRF Local Assistance set-aside funded state personnel costs to administer this \$15 million dollar California State General Fund appropriation.

EXHIBIT K

Extended Term Financing Projects

Project Name	Project Number	Total SRF Funding	FA Execution Date
London Community Services District	5410017-001C	\$2,172,413.00	07-15-2014
Tuolumne Utilities District	5510013-009C	\$225,955.00	12-18-2014
Orland, City of	1110001-003C	\$1,160,268.00	06-25-2015
Buckingham Park Water District	1710011-001C	\$990,000.00	04-12-2015



**SAFE DRINKING WATER
STATE REVOLVING FUND AND
SOURCE WATER PROTECTION
PROGRAM**

BIENNIAL REPORT TO THE
LEGISLATURE

STATE FISCAL YEARS: 2015-16

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I. Introduction

The California State Water Resources Control Board (State Water Board), Division of Financial Assistance (DFA) presents its California Drinking Water State Revolving Fund Program (DWSRF) annual report for State Fiscal Year (SFY) 2015-16. The DWSRF program provided approximately \$325,348,303 million in low-cost funding for 23 new planning and construction projects to address drinking water issues in SFY 2015-16. This report describes how the State Water Board implemented the objectives set in the [SFY 2015-16 Intended Use Plan \(IUP\)](#).



II. Program Summary

The federal Safe Drinking Water Act (SDWA), as amended in 1996, authorized the creation of the national DWSRF program to assist public water systems achieve or maintain compliance with SDWA requirements and protect public health through the funding of drinking water infrastructure projects. Section 1452 of the SDWA grants the United States Environmental Protection Agency (USEPA) the authority to award capitalization grants to state DWSRF programs, which in turn provides low interest and subsidized funding for the projects. More information about the DWSRF program is located on the State Water Board DWSRF website at http://www.waterboards.ca.gov/drinking_water/services/funding/SRF.shtml.

The State of California has promoted and protected the health and safety of Californians through the DWSRF program since the first DWSRF capitalization grant was awarded in 1998. Since the beginning of the program, public water systems have used DWSRF funding primarily to address drinking water quality and capacity issues, typically in response to compliance orders and enforcement actions by the Division of Drinking Water (DDW). The State Water Board also uses portions of a DWSRF capitalization grant, known as set-asides, to provide additional services such as small water system technical Assistance (SWSTA) and public water system (PWS) technical, managerial and financial (TMF) capacity development assistance. DWSRF set-asides also subsidize the DDW's Public Water System Supervision (PWSS) program and have funded, in the past, the implementation of a Source Water Protection (SWP) program.

As of June 30, 2016, the State Water Board has entered binding commitments for approximately 107% percent of all available DWSRF funds to eligible entities for drinking water planning and construction projects. As of June 30, 2016, approximately 70.8 percent of available DWSRF funds have been disbursed for such eligible projects. In addition, the State Water Board has expended approximately 96.3 percent of its total set-aside funds. Table 1 below shows the total DWSRF program activity.

Table 1: Cumulative Program Activity ¹	
CONSTRUCTION AND PLANNING FUNDING	
Activity	Life of Program
Number of Binding Commitments	395
Value of All Binding Commitments	\$2.54 billion ²
Disbursements and Expenditures	\$1.8 billion ²
Balance of Funding Agreements	\$742 million
SET-ASIDE FUNDING	
Set-Aside Amount	\$208.2 million ³
Set-Aside Expenditures	\$190.4 million ³
Balance of Set-Asides	\$17.7 million ³

1 Program activity includes matching funds provided by funding recipients.

2 Amount includes ARRA funds and excludes LEFA funds.

3 Amount includes LEFA funds.

The DWSRF program operates on a cash-flow basis. One part of the cash-flow management process is the continuous acceptance, review, and approval of new project funding applications. The Intended Use Plan (IUP), which the State Water Board updates annually, forecasts projects that may receive funding in a fiscal year. The current SFY 2016-17 IUP is located on the State Water Board's website at: http://www.swrcb.ca.gov/drinking_water/services/funding/DWSRFIUP.shtml#Current.

This SFY 2015-16 DWSRF and Source Water Protection Program Annual Report responds to the SFY 2015-16 DWSRF IUP, which is also located on the State Water Board's website at http://www.swrcb.ca.gov/drinking_water/services/funding/DWSRFIUP.shtml#Current.

The State Water Board funds projects from the DWSRF for both small water systems (populations less than 10,000 persons) and large water systems (populations equal to or greater than 10,000 persons). Figure 1 below shows the amount of funding awarded to small and large water systems in SFY 2015-16.

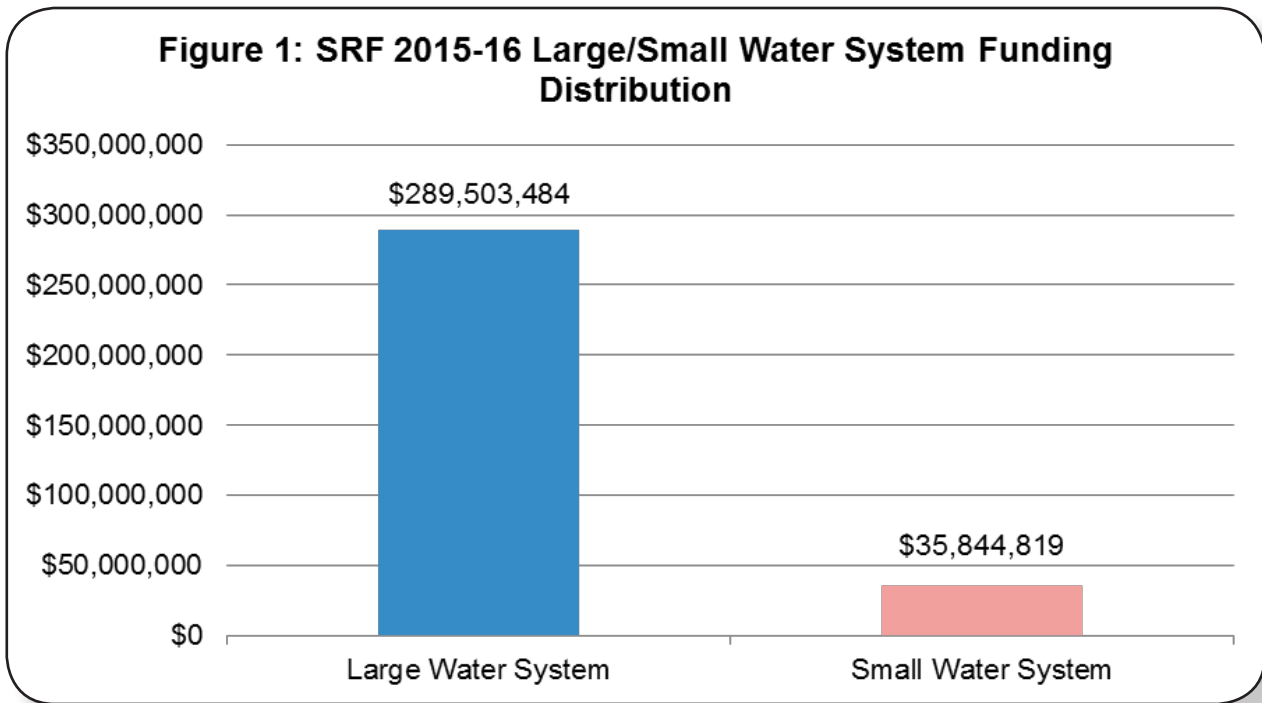
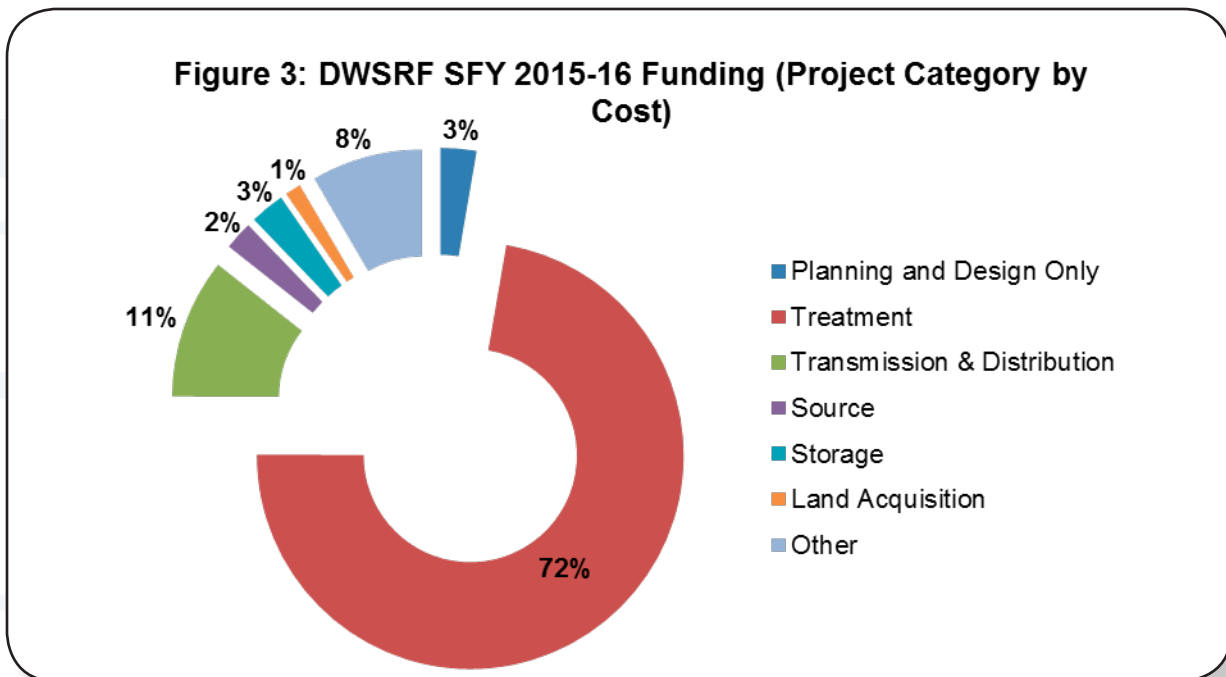
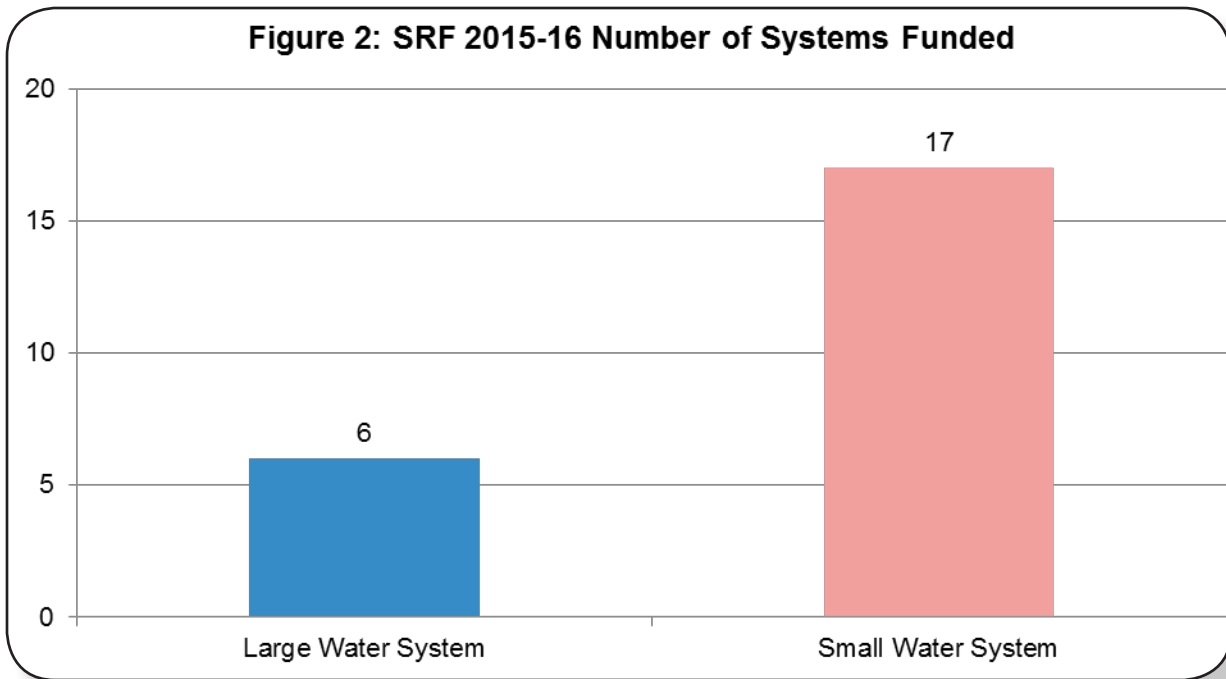


Figure 2 below shows the number of funding agreements entered into with those systems and Figure 3 below shows the total dollar amount of the funding agreements by project category.



III. DWSRF Goals

A. SHORT-TERM GOALS

This section describes the State Water Board's efforts to meet the following short term goals described earlier in the SFY 2015-16 DWSRF IUP.

1. **Develop and measure the performance of the streamlined DWSRF online application process, which initiated January 1, 2015, and present progress to stakeholders and the State Water Board.**

On January 1, 2015, DFA released a streamlined, continuous, online application process for the DWSRF programs. Throughout SFY 2015-16, DFA continued to assess performance metrics for the new application process, and retooled the State Water Board's Loans and Grants Tracking System (LGTS) to produce performance reports. Because of such streamlining efforts, DFA established a performance target for 95 percent of projects to receive an executed agreement within nine months of submitting a complete application.

The metrics for SFY 2015-16 showed that out of 23 DWSRF projects executed, nine percent received an executed agreement within nine months of a complete application. Many of these applications were submitted using the old application forms. To measure the effectiveness of the new process (which has been in place since January 1, 2015), DFA analyzed the processing time for projects that submitted their application after January 1, 2015. That analysis showed 25 percent of projects received funding within nine months of submitting a complete application.

To improve performance metrics next fiscal year, DFA will implement additional streamlining processes, which include modifications to the application forms and increased training for technical assistance providers and DFA staff.

2. **Conduct DWSRF project staging meetings to better coordinate financial, environmental, technical and legal review of projects to reduce project-processing time.**

The State Water Board conducted monthly staging meetings in SFY 2015-16 to plan project financing over a rolling six-month basis. The staging meetings greatly improved coordination amongst reviewing units, helped prioritize projects, and facilitated workload adjustments to minimize application-processing time.

3. **Increase public transparency and communication by posting application status reports online.**

A DWSRF application status report was posted quarterly on the State Water Board's DWSRF website throughout SFY 2015-16. The report included the applicant's name, project manager's name, project number, project name, the dates each application package was received, and whether a funding decision was in progress.

4. **Explore the feasibility of a Regional Operations and Maintenance Cooperative Fund to help small, disadvantaged communities pay for operation and maintenance of water distribution and treatment systems.**

DFA did not continue exploring the feasibility of a Regional Operations and Maintenance Cooperative Fund in SFY 2015-16 because DFA workload demanded staff focus on distributing and managing DWSRF funding as a result of increasing small water system funding demands. From July 1, 2015 to June 30, 2016, DFA received 183 new DWSRF applications, a 140 percent increase from SFY 2014-15.

5. Fully integrate Drinking Water and Clean Water State Revolving Fund data into one Loans and Grants Tracking System (LGTS) platform, and further develop and implement a new web-enabled LGTS database.

The DWSRF and Clean Water State Revolving Fund (CWSRF) LGTS databases were successfully merged into a single LGTS database in SFY 2015-16. With the merging of the two databases, progress continued on developing and beta testing a new web-enabled LGTS platform. It is anticipated that a full production model of a web-enabled LGTS for both the DWSRF and CWSRF programs will be operational in SFY 2016-17.

6. Develop a mobile application to expedite applicant access to program staff, funding and technical assistance services and information.

DFA staff and State Water Board-Division of Administrative Services (DAS) information technology (IT) staff met in SFY 2015-16 to initiate a mobile funding optimization project. The goal of the project is to improve funding and technical assistance data access for the public including remote, disadvantaged communities who lack desktop internet access and rely solely on mobile devices to access the internet.

The team will develop a mobile optimized website, which will work on a personal computer, as well as a phone or tablet, to access general DFA funding information and technical assistance, including such information for the DWSRF program. DAS IT capacities suggest that a mobile optimized website will be easier to update and more versatile than mobile applications for iPhone and Android users. The mobile optimized website will utilize existing LGTS information, such as DWSRF application status reports, and allow for other real-time updates from other applications and websites. Key features will include the ability for applicants to find where their application is at in the review process, the individual assigned as project manager, and direct links to technical assistance resources. The team anticipates launching the mobile optimized website in 2017.

7. Continue marketing and outreach to PWSs via the California Financing Coordinating Committee, California Technical Assistance Providers (CaTAP) Fairs, and workshops.

DFA continued to participate in various PWS marketing and outreach efforts in SFY 2015-16. Specifically, DFA marketed the DWSRF program at six California Financing and Coordinating Committee events, two CaTAP fairs, two distribution symposia (intensive hands-on events for water system operators and new board members) as well as 122 other online and onsite workshops and outreach events.

8. Utilize Spanish translation services, newsletters, and social media to advertise the new application process and the availability of technical assistance to assist small, disadvantaged communities.

DFA produced and distributed five newsletters in English and Spanish in SFY 2015-16. The July/August newsletter featured updates on drought funding and instructions for using the State Water Board's online Financial Assistance Application Submittal Tool (FAAST). The September/October issue presented information on consolidation and a map of funded drinking water projects. The November/December issue highlighted before and after photos of the Lewiston Community Services District's Drinking Water Improvement Project and how to access technical assistance. The January / February issue highlighted projects funded for schools and how the DWSRF can be used to fund photovoltaic (solar) systems. The March/April issue included the funding fair schedule and an update on the progress of the Highland Acres Project. These newsletters can be found online, in both English and Spanish, at http://www.waterboards.ca.gov/water_issues/programs/grants_loans/sustainable_water_solutions/.

9. Immediately seek the award of the Federal Fiscal Year (FFY) 2015 Capitalization Grant (2015 Capitalization Grant). Upon award, commit funds from the 2015 Capitalization Grant by June 30, 2016, such that the federal funds can be utilized in an efficient and timely manner in accordance with 40 Code of Federal Regulations (CFR) §35.3550(c).

The 2015 Capitalization Grant was awarded on September 25, 2015, for a total of \$82,674,000. With a total commitment amount of \$325,348,303 for SFY 2015-16 to various planning and construction projects, DFA exceeded the amount necessary to ensure the obligation of the 2015 Capitalization Grant by June 30, 2016.

10. Ensure that at least 20 percent, but not more than 30 percent of the 2015 Capitalization Grant is provided to eligible recipients in the form of additional subsidy.

The State Water Board provided \$29,803,360 in principal forgiveness to DWSRF funding recipients, including additional principal forgiveness to prior year funding recipients. As shown in Table 2 ([page 18](#)), the State Water Board assigned the principal forgiveness to available additional subsidy authority for prior year Capitalization Grants as well as the 2015 Capitalization Grant. As a result, approximately 2.18 percent of the 2015 Capitalization Grant was committed as additional subsidy to eligible recipients in SFY 2015-16. The State Water Board intends to provide the remaining 27.82 percent of the 2015 Capitalization Grant as additional subsidy in SFY 2015-16.

11. Provide at least 15 percent of all DWSRF funds to PWSs serving fewer than 10,000 people to the extent such projects are ready to proceed to financing agreement.

The State Water Board provided \$32,438,745.00 million in new DWSRF funding to small water systems in SFY 2015-16, totaling \$160,797,138.48 million over the life of the program (approximately 12.54 percent).

12. Begin updating the State's DWSRF operating agreement with USEPA to represent current California DWSRF program operations. The update to the State's DWSRF operating agreement will include, at minimum, any changes to the State's DWSRF policies and procedures, including changes in DWSRF State statutes and regulations, since the State's DWSRF operating agreement was last executed.

DFA began updating the DWSRF operating agreement in late SFY 2015-16. DFA anticipates finalizing the new DWSRF operating agreement in SFY 2016-17. The new DWSRF operating agreement will be substantially similar in form to the California CWSRF operating agreement since the two programs are operating under similar policies and procedures. The new DWSRF operating agreement will also incorporate relevant State statute and policy changes since the DWSRF operating agreement was last adopted.

13. Position the DWSRF program to facilitate drought relief through expedited funding efforts to help ensure eligible PWSs, experiencing drought related drinking water emergencies or imminent threat of drought related drinking water emergencies, achieve permanent solutions.

The State Water Board continued to facilitate drought relief efforts with the use of DWSRF set-aside funds in SFY 2015-16. The DWSRF Local Assistance Set-Aside provided funding for state operational costs to support the Public Water System Drought Emergency Response (PWSDER) program within DFA. The PWSDER program received a \$15 million California State General Fund appropriation to fund drought emergency drinking water related projects and the encumbering authority of the General Fund appropriation expired June 30, 2016. Set-asides funded DFA staff reviews of PWSDER funding requests. It also funded personnel costs within DFA to coordinate with DDW in managing emergency projects, including the review of claims for reimbursement

within the program. DWSRF State Program Management set-asides also funded the state operation costs of DDW's drought relief efforts within the PWSS program by providing technical assistance to public water systems in coordination with other federal, state and local agencies. Exhibit J ([page 80](#)) shows drought emergency drinking water projects funded under the PWSDER program in SFY 2015-16.

14. Continue to ensure compliance with USEPA's Notice of Non-Compliance dated April 19, 2013.

The DWSRF Corrective Action Plan (CAP) was successfully concluded in SFY 2015-16 with USEPA acknowledging the program's return to compliance with 40 CFR§35.3550(1), 40 CFR §35.3550(c), and 40 CFR §35.3560(d) based upon the actions taken by the California Department of Public Health (CDPH) and the State Water Board. Additional information relating to the closure of the DWSRF CAP is included in Section V.A of this Annual Report ([page 26](#)).

15. Continue to provide DWSRF funding to PWSs when possible for the installation of new water meters in order to promote the DWSRF Green Project Reserve and conservation.

Funding projects as part of the Green Project Reserve (GPR) was optional under the 2015 DWSRF Capitalization Grant. However, the State Water Board provided \$379,596 in GPR funding in SFY 2015-16 (Exhibit E, [page 72](#)).

16. Incorporate USEPA's claims eligibility guidance into the State Water Board's claims guidance when such guidance is published by USEPA.

As of June 30, 2016, USEPA had not yet provided its national DWSRF claims guidance.

17. Using a dedicated unit of drinking water technical staff, work closely with SWSs to identify problems and evaluate alternatives in facilitating SWSs eligibility for DWSRF funding.

Project managers within the State Water Board's Office of Sustainable Water Solutions (OSWS), in coordination with technical assistance providers worked directly with SWSs to help such systems prepare applications for funding, successfully execute agreements, and evaluate technical feasibility of project alternatives.

18. Reduce instances of noncompliance with drinking water standards and requirements by providing technical assistance to SWSs that have significant SDWA violations.

Project managers within OSWS held monthly meetings with the State Water Board's DDW to coordinate technical assistance efforts and funding for SWSs, including those with significant SDWA violations. Technical assistance ranged from helping systems submit applications for funding to assisting systems prepare and submit claims for reimbursement of project expenses.

19. Continue to require PWSs receiving assistance to complete TMF assessment.

DWSRF applicants continued to provide a TMF assessment of their public water system and its operations for DWSRF applications submitted in SFY 2015-16. DFA project managers also continued to complete evaluations of such assessments as part of an application review for DWSRF funding eligibility. DWSRF applicants that lacked TMF capacity were also offered technical assistance by the State Water Board in SFY 2014-15 to help such applicants resolve their TMF deficiencies. Finally, new features were added to the State Water Board's LGTS database for improved tracking of technical assistance providers and tasks assigned to specific projects.

20. Perform the 2015 National Drinking Water Infrastructure Needs survey.

DFA staff successfully surveyed 173 medium and large public water systems, as selected and required by the USEPA, for the 2016 Drinking Water Infrastructure Needs Survey and Assessment (DWISNA). Specifically, the DWISNA captured the 20-year (January 1, 2015 through December 31, 2034) infrastructure needs of public water systems eligible for DWSRF financing. The results will be reported to Congress by USEPA and will be used to allocate the DWSRF federal capitalization grant for FFYs 2018 through 2021. The EPA plans to release results of the DWISNA in the spring of 2017.

B. LONG-TERM GOALS

This section discusses the State Water Board's efforts to meet the following long-term goals for the DWSRF program.

1. Address Significant Risks to Public Health

The State Water Board remained committed to helping PWSs address significant risks to public health in SFY 2015-16 by providing both funding and technical assistance. DFA staff in the OSWS continued to hold monthly coordination meetings with regulatory staff in DDW's small water systems unit. The meetings primarily focused on how to help PWSs regulated by county local primacy agencies (LPA) obtain funding and technical assistance from the State Water Board. In addition, OSWS staff interacted with the LPAs directly at conferences and other meetings.

Small water systems in California continued to experience unprecedented, extended drought conditions in SFY 2015-16, which further exacerbated water quality and water supply reliability problems. In response, DFA and DDW staff continued to coordinate emergency and long-term funding solutions for such drought stricken communities.

2. Ensure SDWA Compliance

DFA continued to work with DDW to ensure all PWS had the opportunity to apply for DWSRF funding in SFY 2015-16. DFA staff continued to make technical assistance available to help small water systems apply for planning and construction funding. DDW also continued its permitting, inspection, monitoring and enforcement activities for compliance with the SDWA.

3. Develop New User Interface

The creation of a funding communications portal was delayed in SFY 2015-16 pending the additional work required to web-enable the State Water Board's LGTS platform. However, DFA began working with the DIT to develop a concept project outline for a mobile optimization of specific information on the State Water Board's website. The mobile optimization project would allow users to view and search application status, assigned project managers and funding program information more easily on mobile devices.

4. Improve Management of Drinking Water Spatial Data

Because of the transition of the drinking water program to the State Water Board from CDPH, the GIS mapping responsibilities for PWS locations throughout California reside with the new DDW. Progress on this long-term goal by DFA was suspended in SFY 2015-16 pending DDW's continued efforts in mapping locations of PWSs throughout California.

5. Provide Affordable Financing Alternatives

The State Water Board continued to provide below market DWSRF financing and principal forgiveness in SFY 2015-16 to facilitate affordable financing alternatives for communities throughout California. In addition, with the ongoing drought, the State Water Board continued to finance the repair

or new installation of water meters with below market and additionally subsidized financing to encourage conservation as well as identify and address water loss problems within a PWS. These water meter projects, in coordination with State subsidized technical assistance were particularly critical for small water systems serving disadvantaged communities, whose limited financial capacity benefited from subsidized financing and a shoring up of their own revenues and expenses.

6. Acknowledge and Address Household Affordability Constraints

The State Water Board continued to acknowledge the affordability constraints of public water systems in SFY 2015-16 and continued to provide principal forgiveness, below market interest rate financing and encourage consolidation of water systems to improve economies of scale. DFA staff also re-evaluated in SFY 2015-16 a simplified principal forgiveness affordability criteria as well as expanded eligibility criteria for 30-year term financing. As a result, the State Water Board agreed and adopted the SFY 2016-17 IUP in June of 2016, which included simplified principal forgiveness criteria that further addresses affordability constraints of small, disadvantaged communities. The SFY 2016-17 IUP also expanded 30-year financing terms for all water systems owned by a public agency, subject to USEPA review and approval.

7. Ensure Program Outcomes

The State Water Board continued to monitor and manage the DWSRF in a financially sound manner to ensure a self-sustaining source of funding for PWSs to achieve and maintain SDWA compliance. Specifically, DFA further refined its cash flow modeling tools. DFA also further developed the LGTS platform to effectively track and coordinate project funding amongst various reviewing units within the State Water Board, as well as the applicants. As a result, the commitment of DWSRF funds within SFY 2015-16 exceeded the minimum funding targets resulting in PWSs receiving the necessary funding to address SDWA compliance issues. The use of the DWSRF Set-Asides was also expanded in SFY 2015-16 to provide technical assistance funding to urban water supplier's in support of California's efforts to begin developing water loss standards within the State's drinking water infrastructure.

8. Ensure TMF Capacity of PWSs

Continue to provide financial and technical assistance to PWSs through DFA and DDW under California's drinking water capacity development strategy.

C. OPERATING AGREEMENT AND CAPITALIZATION GRANT CONDITIONS

The DWSRF program agreed to meet a number of conditions described in the Operating Agreement and Capitalization Grant agreements. These conditions were met as described below.

1. Assistance Activities

A total of \$325,348,303 in new DWSRF funding agreements was awarded in SFY 2015-16. DWSRF funds were provided to enhance drinking water treatment, distribution, and storage as well as provide for water meters, improved water system reliability with PWS interties, and the consolidation of PWSs. Due to a fourth year of severe drought in California, both water quantity and water quality issues were addressed by DWSRF projects in SFY 2015-16 as groundwater and surface water suppliers continued to diminish. Water quality issues such as arsenic and nitrate contamination as well as

groundwater under direct influence, and disinfection by-product formation continued to be addressed by DWSRF funding in SFY 2015-16. Projects funded under the DWSRF by the State Water Board in SFY 2015-16 are detailed in Exhibit B ([page 63](#)).

2. Eligible Categories of Projects and Funding Terms

The State Water Board offered funding to all eligible categories of projects in SFY 2015-16. The eligible categories for SFY 2015-16 included categories A-F, with DWSRF funding generally prioritized for

higher ranked public health categories and those projects benefiting small disadvantaged communities. Types of assistance from the DWSRF included loans and installment sales agreements for the planning, design, and construction of drinking water infrastructure projects.

Principal forgiveness was provided for the benefit of SWSs systems that served disadvantaged and severely disadvantaged communities. Generally, SWSs serving disadvantaged communities received zero percent interest rates on any associated DWSRF repayable financing while the standard interest rate for all other repayable financing averaged 1.6 percent. In SFY 2015-16, the standard interest rate continued to be one-half the state's average general obligation rate, as established each calendar year. Standard repayable financing for a planning project was amortized over five years while standard repayable financing for a construction project was amortized over a 20-year period. Generally, repayable financing was amortized over 30 years for PWSs serving small disadvantaged communities.

3. State Match

The State Water Board demonstrated the source of its 20 percent general state match requirement for the 2015 DWSRF Capitalization Grant in SFY 2015-16 through the appropriation of funds from Chapter 5, Section 79724 of Proposition 1 (Prop 1 Drinking Water). Specifically, \$100 million of two appropriations of Prop 1 Drinking Water totaling \$241,800,000 was allocated as state match for the 2015 DWSRF Capitalization Grant, as well as future DWSRF capitalization grants (Prop 1 Drinking Water State Match). As of June 30, 2016, California had provided approximately \$393.3 million in cumulative state match funds to the DWSRF program through a combination of state General Funds, state general obligation bond revenue proceeds, local match, and short-term obligations with the California Infrastructure and Economic Development Bank (IBank). As of June 30, 2016 all available state match funds, with the exception of Prop 1 Drinking Water State Match funds, had been disbursed. Approximately \$1,552,339.63 of Prop 1 Drinking Water State Match funds were

disbursed to eligible DWSRF projects in SFY 2015-16.

Finally, California provided approximately \$8.3221 million in additional 1:1 matching funds for the \$8.3221 million budgeted for the 2015 State Program Management set-aside. Specifically, the \$8.3221 million in 1:1 matching funds was provided through a \$14 million General Fund appropriation to the State Water Board's Safe Drinking Water Account in support of PWSS activities.

4. Binding Commitments Within One Year

The State Water Board must commit funding agreements to projects in an amount equal to 120 percent of each federal quarterly payment within one year of that payment. As of June 30, 2016, executed funding agreements totaled \$2.54 billion, which is approximately 170 percent of the total federal payments received for DWSRF loans.

5. Expedient and Timely Expenditure

The State Water Board continued to work on advanced cash-flow modeling to demonstrate the timely and expeditious use of DWSRF funds. In SFY 2015-16, the minimum commitment amount to ensure optimal use of DWSRF funds without leveraging was \$279 million. The State Water Board exceeded the minimum amount by committing \$43 million under new agreements by June 30, 2016. The minimum commitment target for SFY 2015-16 depended upon projected funding disbursement averages relative to projected future receipts based on claim submittals for reimbursement.

The minimum annual commitment target also depended upon the timeline for processing complete disbursement requests from funding recipients. To ensure the timely reimbursement of claims, DFA staff review and approve complete disbursement requests, then route the requests to DAS for processing and payment. DAS typically processes disbursement requests within seven calendar days of receiving the claim

then routes the approved requests to the State Controller's Office (SCO), which issues a check (warrant) to the funding recipient generally within 10 calendar days.

The State Water Board continued to draw federal funds from the United States Treasury in SFY 2015-16 via the Automated Standard Application for Payments (ASAP) system as warrants were issued by SCO. ASAP is a request and delivery system of federal funds developed by the Financial Management Service of the United States Treasury and the Federal Reserve Bank. By using ASAP, the State Water Board draws USEPA federal capitalization grant funds for expenditures incurred by the DWSRF program in an expeditious and timely manner. Draw requests were generally made within one week of an issued warrant. Requested funds were also deposited electronically the next business day to account(s) specified by the State Water Board. For the DWSRF set-aside accounts, federal draws were typically requested through ASAP on a monthly basis for prior month's administration costs.

The State Water Board also integrated the DWSRF program into existing administrative activities to ensure the efficient encumbering and disbursement of funding agreements. The State Water Board encumbered all loan balances to DWSRF federal funds to prioritize the liquidation of federal DWSRF capitalization grants. As a result, the timely and expeditious use of federal funds can be measured through the amount of unliquidated federal funds. USEPA's best practices call for a capitalization grant to be liquidated within two years of its award. The Notice of Non-Compliance to CDPH, dated April 19, 2013, cited a federal unliquidated obligation (ULO) of approximately \$455 million. As of June 30, 2016 and upon conclusion of the DWSRF CAP with USEPA, the DWSRF federal ULO was approximately \$ 84.1 million. Both CDPH and the State Water Board achieved the ultimate output of the CAP by reducing the DWSRF federal ULO from \$455 million to 75.9 million less than the USEPA mandated target of \$160 million.

6. Eligibility Activities

The DWSRF program requires each applicant to submit a detailed application to ensure USEPA eligibility requirements are satisfied. All activities

funded in SFY 2015-16 were eligible under Section 35.3520 of Title 40 CFR.

7. Disadvantaged Business Enterprise (DBE) Objectives, Davis-Bacon, American Iron and Steel and FFATA Requirements

All DWSRF funded projects, with the exception of planning projects, were required to comply with DBE requirements in SFY 2015-16. The State Water Board also negotiated a total fair share DBE objective with the USEPA beginning FFY 2014-15 for the DWSRF program. The objective was two percent for the Minority Owned Business Enterprises (MBE) and one percent for Women Owned Business Enterprises (WBE) participation for a combined three-percent goal. Funding recipients reported participation as 0.02 percent for MBE and 0.03 percent for WBE. Exhibit D ([page 71](#)) provides a breakdown of DBE participation. The State Water Board will continue to monitor participation to ensure that the "positive effort process" is followed by funding recipients.

All DWSRF funded projects, with the exception of planning projects, were required to comply with Davis-Bacon prevailing wage requirements in SFY 2015-16. DFA staff also continued to review reports and verify that sub-recipients had complied with Davis-Bacon requirements in SFY 2015-16. DFA staff also continued its tracking mechanisms to ensure federal quarterly baseline monitoring requirements were satisfied. Records of all documents and site inspection reports were saved in project files DFA staff also continued their quarterly site inspection reports on a rolling annual basis in SFY 2015-16 to determine whether the number of site inspections was satisfactory and whether any modifications to the control activities were needed.

Finally, all DWSRF funded projects, with the exception of planning projects, were required to comply with American-made iron and steel requirements in SFY 2015-16. Specifically, funding recipients were required to use American-made iron and steel products pursuant to USEPA guidelines for projects involving the

construction, alteration, maintenance, or repair of a public treatment works funded after January 16, 2014, unless a national or project specific waiver from the USEPA applied.

The Federal Funding Accountability and Transparency Act (FFATA) along with associated Office of Management and Budget (OMB) directives, requires non-ARRA recipients of federal dollars to report recipient and sub-recipient information into the FFATA Subaward Reporting System (FSRS) by the end of the month following recipient or sub-recipient award for any amount equaling \$25,000 or greater, starting October 1, 2010.

The DWSRF program began reporting FFATA data in FFY 2011 on an equivalency basis, by choosing loans that equaled the total DWSRF grant amount received from the USEPA. The

DWSRF program continued to report FFATA loan data, on an equivalency basis, to the FSRS in SFY 2015-16 (Exhibit F, [page 73](#)).

8. Additional Subsidy and Green Requirements

In accordance with USEPA requirements, a portion of each DWSRF capitalization grant must be used for additional subsidy. Beginning in FFY 2010, Congress began prescribing minimum and maximum amounts of a DWSRF capitalization grant that must be committed in the form of additional subsidization to DWSRF projects. Table 2 below shows the amounts necessary for compliance and Exhibit E ([page 72](#)) identifies 17 additional subsidy projects funded by through the DWSRF in SFY 2015-16.

Table 2: Additional Subsidization Funding Table

FFY Grant	SFY	Grant Award Amount	Minimum Subsidy Amount by FFY Grant ⁴	Maximum Subsidy Amount by FFY Grant ³	Committed Subsidy Amount by FFY Grant Assignment ⁵	Uncommitted Subsidy Amount by FFY Grant Assignment ⁶	Disbursed Subsidy Amount by SFY ⁷	Undisbursed Subsidy Amount by SFY ⁸
2010	10-11	\$126,958,000	\$38,087,400	\$38,087,400	\$38,087,400	\$0	\$475,501.49	\$0
2011	11-12	\$86,698,000	\$26,009,400	\$26,009,400	\$26,009,400	\$0	\$6,383,939.66	\$0
2012	12-13	\$85,358,000	\$17,071,600	\$25,607,400	\$25,607,400	\$0	\$9,295,930.38	\$0
2013	13-14	\$78,770,000	\$15,754,000	\$23,631,000	\$23,631,000	\$0	\$12,441,320.03	\$0
2014	14-15	\$83,521,000	\$16,704,200	\$25,056,300	\$25,056,300	\$0	\$15,940,787.48	\$0
2015	15-16	\$83,069,000	\$16,613,800	\$24,920,700	\$1,809,694.61	\$23,111,005.39	\$29,523,638.88	\$89,251,082.08
Totals:		\$544,374,000	\$130,240,400	\$163,312,200	\$140,201,194.61	\$23,111,005.39	\$74,061,117.92	\$89,251,082.08
Grand Total:					\$163,312,200		\$163,312,200	

4 USEPA generally requires that the State Water Board commit and expend a minimum amount of a DWSRF capitalization grant to projects that qualify under the rules and requirements of USEPA's "Green Project Reserve."

5 In accordance with USEPA procedures, these amounts represent the additional subsidy committed to eligible DWSRF projects and assigned under the additional subsidy authority of the respective DWSRF capitalization grant as of 6/30/2016.

6 In accordance with USEPA procedures, these amounts represent the additional subsidy balances under the maximum authority of the respective DWSRF capitalization grant that have not yet been committed to eligible DWSRF projects as of 6/30/2016.

7 These amounts represent the additional subsidy disbursements of the assigned projects per State fiscal year. In accordance with USEPA Policy, additional subsidy is encumbered and expended from any available funding sources within the DWSRF (i.e. federal capitalization grants, state match, repayments funds).

8 This amount represents the total encumbering balance as well as the additional subsidy authority not yet encumbered as of 6/30/2016.

Also in accordance with USEPA requirements, a portion of a DWSRF capitalization grant may be allocated for a GPR whereby DWSRF funds are reserved for projects that provide environmental benefits per USEPA's GPR criteria. Unlike some prior year DWSRF capitalization grants, the 2015 Capitalization Grant did not include a minimum amount for the GPR. Nonetheless, the State Water Board furthered its efforts of promoting the GPR by financing the installation or replacement of water meters through the DWSRF. Water meter installation was an eligible GPR project because of its water conservation and efficiency benefits. Table 3 below shows the amount of DWSRF GPR funded projects assigned to the 2015 Capitalization Grant and prior year capitalization grants.

Table 3: Green Project Reserve Funding Table

FFY Grant	SFY	Grant Award Amount	Minimum Green Project Reserve Amount By FFY Grant ⁹	Committed Green Project Reserve Amount Per FFY Grant Assignment ¹⁰	Disbursed Green Project Reserve Amount By State Fiscal Year ¹¹	Undisbursed Green Project Reserve Amount By State Fiscal Year ¹²
2010	10-11	\$126,958,000.00	\$25,391,600	\$25,391,600	\$0	\$0
2011	11-12	\$86,698,000.00	\$17,339,600	\$26,013,832	\$12,457,278	\$0
2012	12-13	\$85,358,000.00	\$0	\$8,663,771.74	\$31,910,689.91	\$0
2013	13-14	\$78,770,000.00	\$0	\$0	\$7,037,464	\$0
2014	14-15	\$83,521,000.00	\$0	\$0	\$2,242,734	\$0
2015	15-16	\$83,069,000.00	\$0	\$521,670.00	\$2,715,139.40	\$4,227,568.63
Totals		\$647,881,800	\$42,731,200	\$60,590,873.74	\$56,363,305.11	\$4,227,568.63
Grand Total:				\$60,590,873.74	\$60,590,873.74	

9. Federal Environmental Cross-Cutters

In SFY 2015-16, the State Water Board used the [State Environmental Review Process \(SERP\)](#) to review the environmental impacts of projects. While the SERP generally follows the requirements of the California Environmental Quality Act (CEQA), each applicant must also complete and submit an [Evaluation Form for Environmental Review and Federal Coordination Form](#) (Evaluation Form). Based on the Evaluation Form and review of the application documents, DFA staff distributed environmental analysis documents and consulted with the appropriate federal agencies on projects with known (or suspected) effects under federal environmental regulations, which is consistent with the Operating Agreement between the State Water Board and USEPA.

⁹ USEPA generally requires that the State Water Board commit and expend a minimum amount of a DWSRF capitalization grant to projects that qualify under the rules and requirements of USEPA's "Green Project Reserve."

¹⁰ In accordance with USEPA procedures, these amounts represent the DWSRF project amounts committed and assigned under the Green Project Reserve authority of the respective DWSRF capitalization grant as of 6/30/2016.

¹¹ These amounts represent the Green Project Reserve disbursements for each respective state fiscal year. Per USEPA policy, Green Project Reserve funding is not necessarily encumbered and liquidated from DWSRF capitalization grants.

¹² This amount represents the total encumbering balance of Green Project Reserve funding as well as the minimum Green Project Reserve authority not yet encumbered as of 6/30/2016.

D. FINANCIAL ACTIVITY

1. Net Assets

Net assets of the DWSRF program are shown below.

Statement of Net Assets		
June 30, 2016 and 2015 (\$ in thousands)		
Assets	2016	2015
Current Assets	\$433,846	\$391,754
Other Assets	\$1,162,689	\$1,069,141
Total Assets	\$1,596,535	\$1,460,895
Liabilities		
Current Liabilities	\$5,933	\$5,570
Non-Current Liabilities	\$0	\$0
Total Liabilities	\$5,933	\$5,570
Net Assets		
Restricted	\$0	\$17,900
Unrestricted	\$1,590,602	\$1,437,425
Total Net Assets	\$1,590,602	\$1,455,325

2. Revenues

Revenue for the DWSRF program is described in the State Water Board's DWSRF Financial Statements. The total revenues for SFY 2015-16 were \$187 million. Revenues for the period of this report were as follows:

Loan Interest income:	\$16.3 million
Net investment income:	\$1.2 million
Capitalization Grants - Principal Forgiveness Receipts:	\$22.3 million
State Match Revenue	\$0
ARRA Capitalization Grant:	\$0
Capitalization Grant:	\$146.2 million
State match revenue – Principal Forgiveness:	\$1.5 million

3. Disbursements and Expenses

Total disbursements are based on Financial Statements and do not include matching funds provided by funding recipients. Total disbursements for SFY 2015-16 were \$222 million. Disbursements for the period of this report were made as follows:

Loan disbursements:	\$170 million
Grants disbursements:	\$466 thousand
Principal Forgiveness disbursements:	\$29.5 million
Employees' salaries and vendors' payments:	\$22.0 million
Principal paid for state match loan:	\$0
State match fees paid:	\$0
Interest paid on state match loan:	\$0

4. Extended Term Financing and Reduced Interest Rate

In accordance with federal rules and regulations, the State Water Board continued to provide extended term financing (ETF) in the form of 30-year loan repayment terms to funding applicants that served disadvantaged communities. In SFY 2015-16, four projects received approximately \$240 million in ETF as shown in Exhibit K ([page 81](#)).

ETF for disadvantaged communities has historically provided more manageable financing for funding recipients. Based on current analysis, providing ETF for disadvantaged communities has not jeopardized the financial strength of the DWSRF program, but rather has led to an increased demand for funding. This has provided more manageable and stable funds returning to the program. Such demand has been necessary in recent years to reduce historical ULOs.

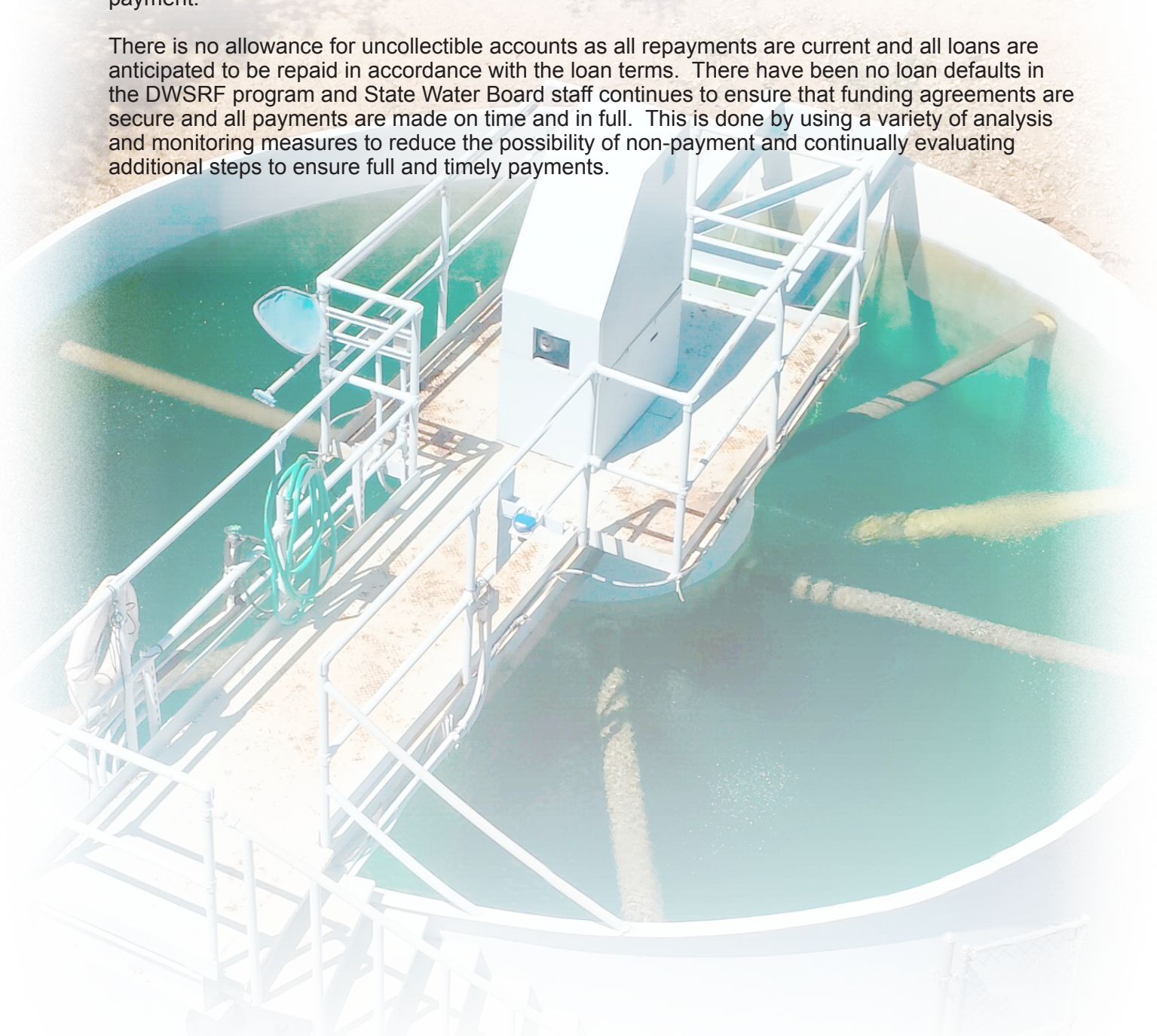
State law requires the State Water Board to provide zero percent interest rate loans if the funding recipient serves a disadvantaged community with financial hardship. The DWSRF Policy defines financial hardship to mean the funding applicant is a small water system with high residential water rates. Previously, CDPH's regulations had provided for zero percent interest rate loans from the DWSRF if the funding applicant served a disadvantaged community regardless of the size of the water system size. In SFY 2015-16, to ensure the long-term financial growth of the fund while considering the financial limitations of certain public water system types, the State Water Board limited zero percent interest rate loans from the DWSRF program to small water systems serving disadvantaged communities.

5. DWSRF Credit Risk

Each funding recipient must pledge or dedicate one or more sources of revenue toward the payment of its DWSRF obligation. For publicly owned entities, dedicated sources of revenue are generally water rate revenues, but may also be any number of revenue sources, special tax pledges, or other pledgeable income. For privately owned entities, the dedicated source of repayment is generally a UCC-1 (Uniform Commercial Code) security interest by the State Water Board on all of the entity's water revenue accounts.

In SFY 2015-16, the DWSRF program did not restructure any commitments due to a recipient's inability to make payment on a DWSRF loan. Also, initial concerns about the current drought impacting revenue streams of existing loan recipients due to water conservation measures has not resulted in any requests for loan restructuring or warnings about potential delays or defaults in payment.

There is no allowance for uncollectible accounts as all repayments are current and all loans are anticipated to be repaid in accordance with the loan terms. There have been no loan defaults in the DWSRF program and State Water Board staff continues to ensure that funding agreements are secure and all payments are made on time and in full. This is done by using a variety of analysis and monitoring measures to reduce the possibility of non-payment and continually evaluating additional steps to ensure full and timely payments.



IV. Public Health Benefits

The contributions of the DWSRF program to water quality are diverse. The program has the strength and versatility to address a wide range of drinking water-quality issues. To the maximum extent possible, priority was given to projects in SFY 2015-16 which address the most serious risks to human health, are necessary to ensure compliance with SDWA requirements, and assist water systems in need the most on a per household basis. Projects were ranked by the categories below:

Category A:	Immediate Health Risk
Category B:	Untreated or At-Risk Sources
Category C:	Compliance or Shortage Problems
Category D:	Inadequate Reliability
Category E:	Secondary Risks
Category F:	Other Projects

The information below summarizes the public health benefits from DWSRF funded projects in SFY 2015-16. The data supporting this summary was reported to the USEPA through the DWSRF Project Benefits Reporting database.

A. PROJECTS IN SFY 2015-16 HELPED ACHIEVE AND MAINTAIN SDWA GOALS

1. The State Water Board through the DWSRF funded 23 new projects totaling \$325,348,303.
2. 1,593,280 people reside within the boundaries of the PWSs that were awarded DWSRF funding for their planning and construction projects.
3. \$29.8 million in DWSRF principal forgiveness was awarded under new agreements and amendments to prior year agreements for PWSs serving disadvantaged and severely disadvantaged communities.
4. Projects funded by the DWSRF program fall into the categories noted earlier and as defined in the DWSRF Policy, Section V.C. The number of projects funded and the category they were given are as follows:

Category A:	3
Category B:	3
Category C:	14
Category D:	2
Category E:	0
Category F:	1

B. DWSRF PROJECTS ACHIEVE MULTIPLE BENEFITS

DWSRF projects provide water system improvement benefits in many different ways. Figure 4 and Figure 5 ([page 23](#)) demonstrate the many infrastructure benefits provided by DWSRF funding in SFY 2015-16.

Figure 4: Water System Improvements (Project Type by Cost)
Total Financed: \$325,348,303

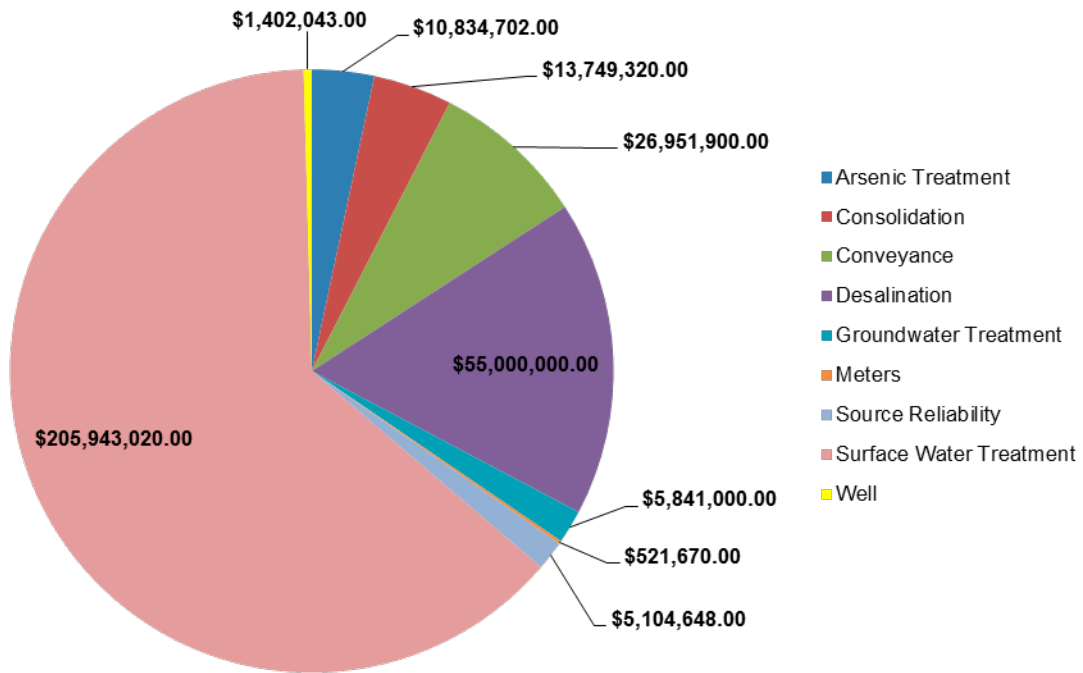
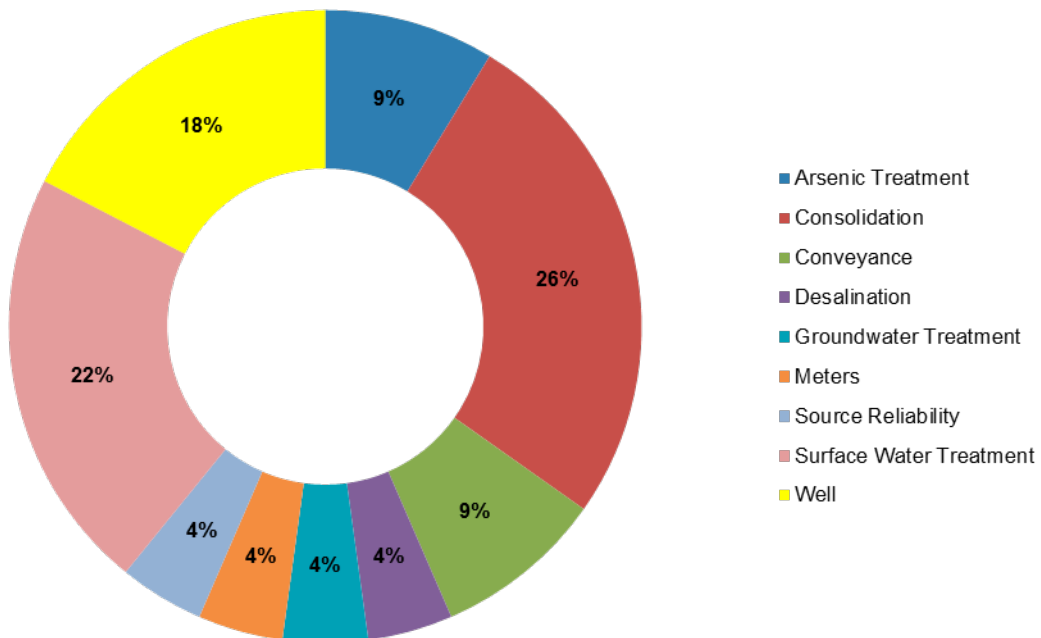


Figure 5: Water System Improvements (by Percent of Projects)
Total Financed: 23 Projects



C. HIGHLIGHTS OF PROJECTS FUNDED BY DWSRF IN SFY 2015-16



Total Assistance \$1,879,620

Total Assistance \$476,443

Total Assistance \$242,685,322

Total Assistance \$60,104,648

Total Assistance \$20,202,270

23 PROJECTS: \$325,348,303

Colusa, City of
Tahoe City Public Utility District
Winship Elementary School
Gratton School District
Donner Summit Public Utility District

05 projects

Napa County Schools: Pope Valley
North Gualala Water Company, Inc.

02

City of Santa Barbara Water Department
City of Los Angeles Department of
Water and Power

02 projects

San Joaquin, City of
Pershing High School
Del Oro Water Company
Las Deltas Mutual Water System
Fresno, City of
Orange Center Schools
Armona Community Services District
Livingston, City of
Fresno, City of
Washington Union High School

10 projects

Heber Public Utility District
Gordon Acres Water Company
Elsinore Valley Municipal Water District
Elsinore Valley Municipal Water District

4 projects

V. Administrative and Programmatic Update

A. Notice of Non-Compliance / Corrective Action Plan

On April 19, 2013, the USEPA issued a Notice of Non-Compliance to CDPH, the department formerly with primacy over the DWSRF program. The USEPA determined that CDPH “had not timely and efficiently committed and expended funds in the DWSRF, nor employed adequate financial resources to operate the SDWSRF in a sound financial manner....” CDPH did not dispute the findings and had already implemented strategies addressing these issues as demonstrated by the DWSRF program’s increase in its fund utilization rate.

CDPH was given 60 days from the date of receipt of the notice to either remedy the issues addressed or submit a CAP outlining the methods in which the issues would be addressed and resolved. On June 24, 2103, CDPH submitted the CAP to the USEPA and at the request of USEPA, submitted a revised version of the CAP on July 12, 2013. USEPA accepted and approved the revised CAP on July 23, 2013. The State Water Board assumed primacy over the DWSRF program on July 1, 2014 and continued to fulfill remaining CAP commitments.

In a letter to USEPA Region 9, dated March 30, 2016, DFA formerly requested the closure of the DWSRF CAP. In a subsequent letter dated May 17, 2016, USEPA Region 9 approved DFA’s request to close the CAP. Specifically, USEPA Region 9 acknowledged that the California DWSRF program had been successfully restored to compliance with 40 CFR§35.3550(1), 40 CFR §35.3550(c), and 40 CFR §35.3560(d) based upon the actions taken by the CDPH and the State Water Board.

The DWSRF CAP included final targets and deliverables scheduled for June 30, 2016. DFA demonstrated completion with all of those targets, except for the target pertaining to disbursements over the period beginning with June 30, 2012 and ending June 30, 2016. However, USEPA Region 9 acknowledged that the California DWSRF program had met the intent of the disbursement target by disbursing more than twice as much DWSRF funds in the

last four years (approximately \$738 million) than it did in the four years prior (approximately \$336 million).

The State Water Board will no longer be reporting on the DWSRF CAP given its successful completion and the DWSRF program’s return to compliance with governing federal requirements.

B. Performance Evaluation Report

On August 18, 2016, the USEPA presented the State Water Board its Program Evaluation Report (PER) for the DWSRF program for SFY 2014-15. The PER addresses California’s performance and compliance with the requirements of DWSRF base program activities and ARRA requirements. The PER also provided observations made by the USEPA and recommendations for follow up actions related to specific DWSRF required elements listed below:

1. Required Program Elements

- a. Annual/Biennial Report
- b. Funding Eligibility
- c. Compliance with DBE Requirements
- d. Compliance with Federal Cross-Cutting Authorities
- e. Compliance with Environmental Review Requirements
- f. Operating Agreement
- g. Staff Capacity
- h. Set-aside Activity
- i. Status of Corrective Action Plan

2. Required Financial Elements

- a. State Match
- b. Binding Commitment Requirements
- c. Rules of Cash Draw (including improper payments)
- d. Timely and Expeditious Use of Funds
- e. Compliance with Audit Requirements
- f. Assistance Terms
- g. Use of Fees
- h. Assessment of Financial Capability and Loan Security
- i. Financial Management

The State Water Board has considered each recommendation and is developing best practices to help ensure the program's overall effectiveness and efficiency improvements.

The USEPA stated two findings concerning improper transactions in the PER. The State Water Board issued a PER response to the USEPA, dated September 20, 2016, stating that the transactions in questions had been analyzed again and found no evidence to support the improper transaction findings totaling \$78.68.

As for the status of the CAP, on May 17, 2016, the USEPA sent a letter to the State Water Board finding that the State was in full compliance with financial requirements of the DWSRF program and officially closed the CAP.

C. Comprehensive List

The DWSRF Comprehensive List identified projects potentially eligible for funding assistance from the DWSRF program in SFY 2015-16. The Comprehensive List was also a tool for the DFA to identify potentially prioritize the marketing, technical assistance, and application review efforts of DFA staff and management. As the program received applications, it assigned each project a category as described in Section V.C.1 of the [DWSRF Policy](#). The program then recommended to the Executive Director of the

State Water Board, in consultation with DDW, to either add the project to the Comprehensive List or update an existing project. On three separate occasions throughout SFY 2015-16, the Executive Director of the State Water Board updated the DWSRF Comprehensive List with new eligible projects or additional project information in accordance with the DWSRF Policy.

D. Fundable List and Project Bypass

There were 70 projects identified on the fundable list in the SFY 2015-16 IUP. Of these, 36 were planning projects and 34 were construction projects. The DWSRF program awarded funding to 10 planning projects and 13 construction projects in SFY 2015-16. In addition, the Prop 1 Drinking Water funds were awarded to six planning projects. At the time of this report, three more construction projects and a planning project were funded, and the remaining projects' status is noted in Exhibit C ([page 65](#)). Several of the projects not funded in SFY 2015-16 are anticipated to be funded in SFY 2016-17.

VI. Set-Aside Activities

The DWSRF program used a percentage of each federal capitalization grant, known as “Set-Asides” to fund the administration of the DWSRF program as well as other activities critical to the success of the program in SFY 2015-16. The Set-Aside accounts included the DWSRF Administration Set-Aside, the Small Water System Technical Assistance Set-Aside (SWSTA), the Local Assistance Set-Aside, and State Program Management Set-Aside. These Set-Asides aided in providing funding and technical assistance to public water systems. The State Water Board budgeted 18 percent of the 2015 Capitalization Grant for all four set-asides.

A. Administration Set-Aside

The DWSRF program budgeted four percent of the 2015 Capitalization Grant along with prior years’ capitalization grants to the Administration Set Aside to fund the management of the DWSRF program. The Administration set-aside funded technical and administrative personnel within DFA as well as legal staff in the State Water Board’s Office of Chief Counsel who prepared construction and planning approvals and agreements, inspected and evaluated projects, and processed claims for reimbursement. The Administration set aside also funded personnel activities associated with various project tracking and reporting required by USEPA as well as other state and federal agencies.

A portion of the Administration set-aside also funded state procurement contracts with other entities, such as CliftonLarsonAllen. In SFY 2015-16, CliftonLarsonAllen completed the federal single-audit of the DWSRF program for SFY 2014-15 as well as produce audited financial statements for the program.

The budgeting and expenditures of the DWSRF Administration set-aside, as of June 30, 2016 are shown in Exhibit G ([page 74](#)).

B. Small Water System Technical Assistance Set-Aside

The DWSRF program budgeted two percent of the 2015 Capitalization Grant along with prior year Capitalization Grants for SWSTA. SWSTA focuses on small water systems. Its primary goals are to reduce the instances of non-compliance with drinking water standards and requirements, establish and assure safe and dependable water supplies, improve operational capability, and establish or improve the TMF capacity of small water systems.

The SWSTA set-aside funded technical and administrative staff within DFA and their technical assistance to small water systems. Assistance by DFA staff included helping small water systems identify drinking water problems and potential solutions, assisting in the preparation of funding applications, reviewing TMF assessments, and evaluating potential funding eligibility. Staff also helped resolve ownership issues, right-of-way disputes, as well as interceded and mediated with adjacent water systems regarding potential water interties and consolidation projects. SWSTA set-aside also provided partial funding for technical and administrative staff of the Proposition 84 funding program. They prepared Proposition 84 planning projects for small water systems that led to DWSRF construction funding.

The budgeting and expenditures of the SWSTA set-aside as of June 30, 2016 are shown in Exhibit G ([page 74](#)).

C. Local Assistance Set-Aside

The DWSRF program budgeted two percent of the 2015 Capitalization Grant, along with unspent funds from prior year capitalization grants, for technical assistance to public water systems to support TMF capacity development strategies. The set-aside amount budgeted from the 2015 Capitalization Grant supported technical and administrative staff within DFA and their assistance to public water systems for TMF capacity development. DFA staff oversaw and engaged third-party technical assistance contractors on the activities described below as well as assisted funding applicants in achieving the TMF capacity necessary to be eligible for DWSRF funding, reviewed the TMF assessments necessary for the approval of DWSRF funding, advised and reviewed proposed water system consolidations and

interties, assisted and mediated in legal entity formation and water system ownership issues, and reviewed water rate studies.

Local Assistance set-aside also funded staff in support of the drought relief efforts through the PWSDER program. Staff reviewed applications for drought emergency funding from the \$15 million State General Fund appropriation provided through the PWSDER program. Staff also developed PWSDER funding agreements and coordinated drought relief efforts with DDW in review of reimbursement claims and project inspections.

Unspent Local Assistance set-aside funds from prior year capitalization grants was allocated for third-party technical assistance contracts with CRWA, RCAC and Self-Help Enterprises, which provided on-site technical assistance to over 200 small public water systems in SFY 2015-16. Some of the technical assistance included income surveys, water rate studies, and DWSRF application development. CRWA, RCAC and Self-Help Enterprises also provided TMF assistance in SFY 2015-16, including mutual water company board training, public water system operation training, and water system ownership research.

In addition, RCAC developed and conducted statewide onsite and online training workshops that focused on building the TMF capacity of public water systems. In SFY 2015-16, RCAC held two CalTAP funding fairs. These fairs displayed and demonstrated the free services and materials available to the water systems and two Arsenic Symposia on arsenic treatment alternatives and case studies. The CalTAP fairs averaged 70 attendees and the Symposia averaged 28. In addition to these fairs, RCAC also held 48 onsite and 74 online workshops. Board members, water system staff and operators from more than 938 individual water systems participated in these training events cumulatively. In a survey conducted by RCAC, of the 3,467 responses received to request for feedback on the value and usefulness of the workshops and training, 94 percent reported positively regarding the workshops and the information provided, five percent had neutral responses, and only one percent reported negatively to the workshops. These statistics demonstrate the effectiveness of these programs and workshops and give the DWSRF program a good indication of its effectiveness in communicating with the public and its ability to provide helpful information.

Finally, a local assistance grant agreement was awarded to the American Water Works Association-California/Nevada Section (AWWA) in SFY 2015-16 and funded from the 2015 Capitalization Grant Local Assistance Set-Aside. In support of California's Capacity Development Strategy, the purpose of the grant agreement was for AWWA to provide third-party technical assistance to urban water suppliers in support of water-loss audit validations and other reporting requirements under California Senate Bill 555. Approximately \$700,000 of the 2015 Capitalization Grant Local Assistance Set-aside was allocated for this technical assistance contract with an additional \$2,515,756 expected from the FFY 2016 capitalization grant.

The budgeting and expenditures of the DWSRF Local Assistance set-aside, as of June 30, 2016, are shown in Exhibit G ([page 74](#)).

D. State Program Management Set-Aside

The DWSRF program budgeted 10 percent of the 2015 Capitalization Grant, along with prior year Capitalization Grants, for the State Program Management set-aside. This set-aside funded DDW's PWSS regulatory program. In SFY 2015-16, the State Program Management

set-aside subsidized a pro-rated portion of DDW's permitting, inspection, compliance, monitoring (PICM) activities as well as the general administration activities of DDW with the 2015 PWSS grant and California's safe drinking water cost-recovery account.

In general, DDW staff conducted inspections and surveys of both large and small water systems, evaluated treatment and infrastructure improvement needs, reviewed plans and specifications in relation to and for conformance with treatment requirements, and assisted public water systems with state and federal drinking water compliance issues. The State Program Management set-aside funds were used to enhance emergency preparedness and terrorism/disaster response preparedness of the PWSS program as well as California's public water systems. The DWSRF program also utilized this set-aside to enhance and manage its data reporting mechanisms, including the Safe Drinking Water Information System. The TMF capacity development activities inherent within the PICM activities of DDW were partially funded by the set-aside as well. The budgeting and expenditures of the State Program Management set-aside as of June 30, 2016 are shown in Exhibit G ([page 74](#)).



VII. Program Comments

A. General Comments

In SFY 2015-16, the State Water Board continued to implement the DWSRF Policy and DFA procedural changes associated with the transfer of the DWSRF program from CDPH to the State Water Board. The State Water Board and DFA also continued to implement and award funding to planning and construction projects in coordination between the DWSRF and Prop 1 Drinking Water funds. As stated in the SFY 2015-16 DWSRF IUP, the State Water Board acknowledged the benefits of co-managing the DWSRF and Prop 1 Drinking Water funds in coordination within DFA to ultimately provide the best financing terms possible for public water system applicants. Because of such coordination, \$325,348,303 of DWSRF funding was awarded to 23 planning and construction projects, of which \$ 18,587,787.50 were actually Prop 1 Drinking Water funds serving as state match for the DWSRF program. In addition, \$2,169,550.00 of Prop 1 Drinking Water funds were awarded to six planning projects separately from the DWSRF, for a combined total of \$20,757,337.50 Prop 1 Drinking Water funds awarded to PWS serving small, disadvantaged communities. The State Water Board's co-management of DWSRF and Prop 1 Drinking Water funds further enabled California to capitalize and maximize state match for the DWSRF while simultaneously providing financial benefits to California's PWSs, especially those PWSs serving small, disadvantaged communities. The tremendous amount of funding provided through the DWSRF in SFY 2015-16 has also enabled the State Water Board to maintain a low and acceptable federal ULO balance for the near future.

B. Consolidation Incentive Program

With the DWSRF Policy in effect as of January 1, 2015, all DWSRF eligible projects became eligible to apply for funding via FFAST. The Consolidation Incentive Program, as described in the IUP, became less of an incentive as originally intended. The DWSRF program did not receive requests for this program, but will continue to process the existing projects under the current Policy.

C. LEFA Program

Of the eight percent of DWSRF funding budgeted for the Local Assistance set-aside, two percent was allocated to the Legal Entity Formation Assistance (LEFA) program. The LEFA program was established as a pilot program, which provided grant funding to assist communities not currently served domestic water from an existing community water system, and public water systems not eligible for DWSRF funding due to the lack of an eligible entity. These communities and systems also have domestic water sources with a water quality or quantity public health problem. The purpose of the LEFA program is to provide financial assistance for the formation of a legal entity for such communities, which would have among other things, the authority to own and/or operate a public water system, assess rates and charges for domestic water supply, or have the authority to consolidate with an existing public water system. Eligible applicants were limited to public agencies, Local Agency Formation Commissions (LAFCO), public colleges and/or universities, Joint Power Authorities, and non-profit organizations that could enter into a funding agreement with the State Water Board and demonstrate their ability to carry out the project. Once an appropriate governing entity is identified and/or formed, that governing entity would be able to apply for planning or construction funding.

D. Source Water Protection Program

California established the DWSRF program with federal capitalization grants awarded by the USEPA. A portion of these funds was set aside for source water protection (SWP) loans.

Funding for the SWP program provides loans to public water systems for the purchase of land or conservation easements. A public water system may only purchase land or a conservation easement from a willing party. The purchase must be for the purposes of protecting the system's source water and ensuring compliance with national drinking water regulations. The DWSRF program

evaluated all projects using the priority system described within the IUP in effect at the time such SWP loans were awarded.

As of SFY 2015-16, the program had set aside a total of \$24,889,390 from the 2000-2005 Capitalization Grants for this program, but, due to lack of demand from public water systems, subsequent federal grant amendments returned \$22,889,390 from the 2000-2005 Capitalization Grants to the DWSRF infrastructure loan fund. As shown in Table 4 below, \$2,000,000 has been committed and expended for SWP loans.

TABLE 4: SOURCE WATER PROTECTION LOAN SET-ASIDES

Water System Name	Project No.	Category	Population	Executed FA Date	Contract No.	Loan Amount	Grant Amount	Total Funding Assistance
Contra Costa Water District	0710003-017	SWP	201,100	9/1/2003	2001SWP101	\$2,000,000	\$0	\$2,000,000



VIII. Acronyms

ARRA	American Recovery and Reinvestment Act of 2009
ASAP	Automated Standard Application of Payments
CAP	Corrective Action Plan
CDPH	California Department of Public Health
CRWA	California Rural Water Association
CWSRF	Clean Water Safe Revolving Fund
DAS	Division of Administrative Services
DBE	Disadvantaged Business Enterprise
DDW	Division of Drinking Water
DFA	Division of Financial Assistance
DWR	Department of Water Resources
DWISNA	Drinking Water Infrastructure Needs Survey and Assessment
DWSRF	Drinking Water State Revolving Fund
ETF	Extended Term Financing
FFATA	Federal Funding Accountability and Transparency Act
FFY	Federal Fiscal Year
FSRS	FFATA Subaward Reporting System
IUP	Intended Use Plan
LGTS	Loans and Grants Tracking System
MBE	Minority Owned Business Enterprise
NIMS	National Information Management System
OMB	Office of Management and Budget
PWS	Public Water Systems
RCAC	Rural Community Assistance Corporation
SCO	State Controller's Office
SERP	State Environmental Review Process
SFY	State Fiscal Year
SWP	Source Water Protection
SWRCB	State Water Resources Control Board
UCC	Uniform Commercial Code
USEPA	United States Environmental Protection Agency
WBE	Women Owned Business Enterprise

IX. Exhibits

Exhibit A:	SFY 2015-16 Audited Financial Statements	page 35
Exhibit B:	Projects Funded by Needs Category	page 63
Exhibit C:	Projects Not Funded	page 65
Exhibit D:	Disadvantaged Business Enterprise Report	page 71
Exhibit E:	Green and Additional Subsidy Projects Funded	page 72
Exhibit F:	Projects Reported to FFATA	page 73
Exhibit G:	Set-Aside Funds	page 74
Exhibit H:	Small Water Systems Funding	page 78
Exhibit I:	LEFA Projects	page 79
Exhibit J:	PWSDER Projects	page 80
Exhibit K:	Extended Term Financing Projects	page 81
Exhibit L:	DWSRF Fundable List	page 82



Exhibit A: SFY 2015-16 Audited Financial Statements

The Audited Financial Statements pages have been deleted.
To view the entire statement visit our website at https://www.waterboards.ca.gov/drinking_water/services/funding/documents/annualrpts/dwsrf_annual_report_1516.pdf



EXHIBIT B

Projects Funded by Needs Category

Entity Name	Project Name	Category	Population	Connections	Initial Funding Date	Principal Forgiveness Amount	Loan Amount	Total Amount Financed	Status
Central Unified School District (Pershing High School)	Consolidation between Pershing HS (Western Arts Center) and Central HS	A	1,625	11	11/13/2015	\$3,000,000	\$0	\$3,000,000	Severely Disadvantaged
Elsinore Valley Municipal Water District	County Water Company, Consolidation with Elsinore Valley MWD	A	462	140	1/4/2016	\$4,393,270	\$0	\$4,393,270	Severely Disadvantaged
Gordon Acres Water Company (Stewart Water Company)	Insufficient Delivery, Water Outages and TCR Contamination	A	195	48	9/24/2015	\$468,000	\$0	\$468,000	Severely Disadvantaged
Livingston, City of	Well #13 Arsenic Removal Treatment System	B	13,793	3,907	6/1/2016	\$0	\$1,548,836	\$1,548,836	Not Disadvantaged
Donner Summit Public Utility District (Big Bend Water Users Association)	Big Bend Water Supply Study	B	98	29	4/28/2016	\$308,376	\$77,094	\$385,470	Disadvantaged
Tahoe City Public Utility District (McKinney/Quail)	West Lake Tahoe Regional Water Treatment Plant	B	8,184	557	9/2/2015	\$500,000	\$0	\$500,000	Disadvantaged
Colusa, City of (Del Oro Water Corporation Walnut Ranch)	City of Colusa - Walnut Ranch Consolidation	C	182	2,140	11/13/2015	\$500,000	\$0	\$500,000	Severely Disadvantaged
Colusa, City of	Water Well Consolidation Project	C	5,625	2,140	8/4/2015	\$453,500	\$0	\$453,500	Severely Disadvantaged
Firebaugh, City of (Las Deltas Mutual Water Company)	Las Deltas Distribution System Project	C	375	200	12/1/2015	\$431,900	\$0	\$431,900	Severely Disadvantaged
Washington Union High School	Washington Union High School	C	1,000	23	6/9/2016	\$2,455,450	\$0	\$2,455,450	Severely Disadvantaged
Fresno, City of (Orange Center School District)	City of Fresno and Orange Center Water System Consolidation	C	410	1	3/3/2016	\$2,932,600	\$0	\$2,932,600	Severely Disadvantaged
Fresno, City of	City of Fresno Southeast Surface Water Treatment Facility	C	514,090	130,530	12/7/2015	\$3,000,000	\$192,489,000	\$195,489,000	Disadvantaged
Heber Public Utility District	Water Treatment Plant Expansion Project	C	7,447	1,608	7/7/2015	\$3,000,000	\$3,236,000	\$6,236,000	Disadvantaged
Armona Community Services District	Arsenic Treatment	C	3,419	1,255	4/21/2016	\$5,000,000	\$4,285,866	\$9,285,866	Severely Disadvantaged
North Gualala Water Company	Water Source & Storage Construction	C	3,671	1,049	12/17/2015	\$0	\$407,893	\$407,893	Disadvantaged
Napa County Schools: Pope Valley	Pope Valley School Surface Water Project	C	100	1	11/3/2015	\$68,550	\$0	\$68,550	Severely Disadvantaged

EXHIBIT B

Projects Funded by Needs Category

Entity Name	Project Name	Category	Population	Connections	Initial Funding Date	Principal Forgiveness Amount	Loan Amount	Total Amount Financed	Status
Elsinore Valley Municipal Water District	Back Basin Reverse Osmosis Treatment Plant Phase I	C	133,000	41,000	12/17/2015	\$0	\$5,841,000	\$5,841,000	Not Disadvantaged
Santa Barbara, City of	Desalination Plant Reactivation Project	C	92,371	26,709	9/11/2015	\$0	\$55,000,000	\$55,000,000	Not Disadvantaged
Gratton School District	Well Replacement Project	C	110	2	12/31/2015	\$290,400	\$0	\$290,400	Severely Disadvantaged
Winship Elementary School	Arsenic Exceedance-Remediation Planning Project	C	50	1	9/14/2015	\$250,250	\$0	\$250,250	Severely Disadvantaged
San Joaquin, City of	Water Meter Installation	D	4,000	702	9/2/2015	\$379,596	\$0	\$379,596	Severely Disadvantaged
Los Angeles Department of Water and Power	Eagle Rock Reservoir Floating Cover Replacement	D	289,393	679,000	1/4/2016	\$0	\$5,104,648	\$5,104,648	Not Disadvantaged
Fresno, City of	Friant-Kern Canal Pipeline	F	514,090	111,041	6/8/2016	\$0	\$26,520,000	\$26,520,000	Disadvantaged

EXHIBIT C

Projects Not Funded

Applicant	Category	Population	Connections	General Package Received	Description	Project Number	Funding Type	Estimated SRF Financing	Status	Comment/ Explanation why it was not funded in SFY 15-16
WOODVILLE PUBLIC UTILITY DIST	A	1,678	478	3/25/2014	Replacement Well Project	5410025-002P	Planning	\$416,465	Severely Disadvantaged	Applicant delayed signing FA. To be funded in SFY 16-17
EASTERN MUNICIPAL WD (Consolidation)	A	414,710	141,243	7/5/2013	County Water Company, Consolidation with Eastern MWD	3310009-067C	Construction	\$3,000,000	Severely Disadvantaged	Funded in SFY 16-17
Boe Del Heights Mutual Water	A	250	125	3/26/2014	BOEDEL HEIGHTS MUTUAL WATER ASSOCIATION CONNECTION TO INDIO WATER AUTHORITY	3301046-001P	Planning	\$1,200,000	Severely Disadvantaged	Planning application changed to CONSTRUCTION application (submitted August 2016)
EASTERN MUNICIPAL WD	A	414,710	141,243	4/22/2014	Perris II Desalter	3310009-062P	Planning	\$500,000	Disadvantaged	Planning complete by applicant
AMADOR COUNTY SERVICE AREA #3/ UNIT 6	A	2,386	723	2/27/2009	Camanche Water Quality Compliance - Disinfection Bi-Products Requirement Improvements	0310021-003C	Construction	\$1,805,292	Disadvantaged	Unable to afford a loan component. To be funded with all PF in SFY 16-17
CENTRAL WATER CO	A	170	42	11/15/2013	Well Replacement and Nitrate Treatment	5400682-002P	Planning	\$500,000	Severely Disadvantaged	Incomplete older application - working with technical assistance provider to complete application; to be funded in SFY 16-17
HUGHSON, CITY OF	A	6,082	1,779	8/29/2013	Well #7 Replacement Project	5010008-011C	Construction	\$6,607,210	Disadvantaged	Incomplete application; to be funded in SFY 16-17
LOS ANGELES-CITY, DEPT. OF WATER & POWER	B	4,071,873	680,607	6/24/2014	Headworks West Reservoir	1910067-048C	Construction	\$112,166,326	Not Disadvantaged	Application not complete, may be pursuing funding in SFY 16-17
GEORGETOWN DIVIDE PUD	B	9,021	3,589	2/27/2014	Auburn Lake Trails Water Treatment Plant Upgrade	0910013-005C	Construction	\$4,000,000	Not Disadvantaged	Delays in completing environmental and financial documents. To be funded in SFY 16-17

EXHIBIT C

Projects Not Funded

Applicant	Category	Population	Connections	General Package Received	Description	Project Number	Funding Type	Estimated SRF Financing	Status	Comment/ Explanation why it was not funded in SFY 15-16
Lake Amador Recreation Area	B	2,000	190	1/13/2015	Jackson Valley ID Treated WaterSystem	0300037-002C	Construction	\$6,042,729	Severely Disadvantaged	Delays in completing environmental documents. To be funded in SFY 16-17
ALLEGHANY COUNTY W.D.	B	80	55	4/6/2015	Planning and Engineering Analysis for Renovations of the ACWD Storage Tank and Water Sources	4600012-006P	Planning	\$97,000	Severely Disadvantaged	Funded with Proposition 1
LEWISTON PARK MWC	B	450	162	9/19/2013	SWTR Compliance	5301003-001P	Planning	\$343,800	Disadvantaged	Funded with Proposition 1
TRINITY CO. W.W. DIST #1	B	1,500	540	4/22/2015	Water Treatment Plant Modification	5310002-002P	Planning	\$270,000	Severely Disadvantaged	Incomplete application; to be funded in SFY 16-17
JED SMITH HOMEOWNERS ASSN.	B	58	24	9/30/2014	Jed Smith Homeowners Well 1 & 2 Ecoli Treatment Project	0800825-001P	Planning	\$192,800	Disadvantaged	Incomplete application; not interested in pursuing funding; Inactive.
PHILLIPSVILLE C.S.D.	B	300	65	9/30/2014	Treatment Deficiency Remediation	1200541-003P	Planning	\$267,720	Severely Disadvantaged	Incomplete application – Assigned technical assistance provider to help complete application, but the applicant is nonresponsive; Might be funded in SFY 16-17
ORLEANS C.S.D.	B	430	139	10/1/2014	Filter plant upgrade	1200729-003P	Planning	\$87,000	Disadvantaged	Technical assistance was provided to complete application; to be funded in SFY 16-17
PASKENTA COMM. SERVICES DIST.	B	120	67	9/3/2014	Long Term Source Reliability Study	5200534-003P	Planning	\$500,000	Severely Disadvantaged	Funding agreement executed 7/6/2016
NAPA, CITY OF	C	79,959	24,990	10/1/2014	Compliance for Hennessey Treatment Plant Washwater Discharge	2810003-014P	Planning	\$220,000	Not Disadvantaged	Affordability issues

EXHIBIT C

Projects Not Funded

Applicant	Category	Population	Connections	General Package Received	Description	Project Number	Funding Type	Estimated SRF Financing	Status	Comment/ Explanation why it was not funded in SFY 15-16
LOS ANGELES-CITY, DEPT. OF WATER & POWER	C	4,071,873	680,607	6/24/2014	99th Street Wells Ammoniation Station	1910067-035C	Construction	\$18,731,841	Not Disadvantaged	Application not complete, may be pursuing funding in SFY 16-17
LINDSAY, CITY OF	C	12,400	2,542	5/13/2013	Lindsay - 14 Dibromochloropropane (DBCP) Mitigation Project	5410006-007P	Planning	\$120,000	Severely Disadvantaged	Changed planning scope; to be funded in SFY 16-17
KETTLEMAN CITY CSD	C	1,499	358	11/4/2011	New SWTP [Construction Phase]	1610009-005C	Construction	\$3,926,000	Severely Disadvantaged	Delays in completing environmental documents. To be funded in SFY 16-17
FCSA #49/ FIVE POINTS	C	450	31	8/21/2014	FCSA # 49 Consolidation	1000546-001P	Planning	\$400,000	Severely Disadvantaged	Funded with Proposition 1
BELLEVUE UNION SCH DIST-KAWANA SCHOOL	C	481	1	10/1/2014	Kawana Elementary School Diminishing Water Source	4901111-001P	Planning	\$242,350	Severely Disadvantaged	Funded with Proposition 1
CLEARLAKE OAKS COUNTY WATER DISTRICT	C	2,458	1,667	3/26/2015	Storage Tanks Replacement Project	1710001-002C	Construction	\$603,000	Severely Disadvantaged	Inactive; pursue other funding sources
HURON, CITY OF	C	7,306	862	2/27/2014	Construction Water Treatment Plant	1010044-001C	Construction	\$7,992,250	Severely Disadvantaged	Plans and Specs not complete; affordability issues; will take it to Board for consideration in SFY 16-17
AWA BUCKHORN PLANT	C	8,508	2,558	9/26/2012	CAWP - Buckhorn WTP Disinfection By-Products Compliance	0310012-006C	Construction	\$986,000	Not Disadvantaged	Scope changed; Unable to afford a loan component. To be funded with all PF in SFY 16-17
KEYES COMMUNITY SERVICES DIST.	C	4,575	1,450	8/24/2012	Arsenic Mitigation Project	5010009-003C	Construction	\$15,000,000	Disadvantaged	To be funded in SFY 16-17

EXHIBIT C

Projects Not Funded

Applicant	Category	Population	Connections	General Package Received	Description	Project Number	Funding Type	Estimated SRF Financing	Status	Comment/ Explanation why it was not funded in SFY 15-16
MADERA CMD NO 19 PARKWOOD	C	1,240	634	12/31/2014	Madera CMD #19AB Parkwood- New well & tank	2010004-002P	Planning	\$500,000	Disadvantaged	Will be consolidating to City of Madera; to be funded in SFY 16-17
METROPOLITAN WATER DIST. OF SO. CAL.	C	18,379,000	378	9/9/2014	Enhanced Bromate Control Program (Mills WTP)	1910087-018C	Construction	\$3,000,000	Not Disadvantaged	Withdrew application
METROPOLITAN WATER DIST. OF SO. CAL.	C	18,379,000	378	12/5/2013	Enhanced Chlorine Control Program (Weymouth WTP)	1910087-019C	Construction	\$11,000,000	Not Disadvantaged	Withdrew application
COLUSA CO. W.D. #1 - GRIMES	C	500	104	1/5/2015	CCWD #1 Arsenic Removal System	0600008-001P	Planning	\$500,000	Severely Disadvantaged	Currently receiving technical assistance to complete application; To be funded in SFY 16-17
KRISTA MUTUAL WATER COMPANY	C	428	171	8/22/2012	Krista Water Well Project	1500475-002P	Planning	\$496,565	Severely Disadvantaged	Filed for 501(c)3 in Fall 2015; Application needed to be updated; to be funded in SFY 16-17
L.A. Residential Community Foundation	C	175	12	10/1/2014	L.A Residential Children Ranch Water Agency	1900062-001P	Planning	\$200,000	Severely Disadvantaged	Assigned technical assistance to complete application; Planning application changed to CONSTRUCTION APPLICATION SUBMITTED Aug2016 (Planning withdrawn)
VIEIRA S RESORT, INC	C	150	107	1/27/2011	Arsenic Treatment System	3400164-002P	Planning	\$183,040	Disadvantaged	Incomplete older application; The planning application is being bypassed; System is considering applying for construction, but the applicant is nonresponsive; Withdrawn

EXHIBIT C

Projects Not Funded

Applicant	Category	Population	Connections	General Package Received	Description	Project Number	Funding Type	Estimated SRF Financing	Status	Comment/ Explanation why it was not funded in SFY 15-16
SKY VIEW CWD (AKA PONDEROSA SKY RANCH)	C	120	98	9/30/2014	Sky View CWD (Source Improvements)(aka Ponderosa Sky Ranch)	5200562-001P	Planning	\$315,412	Severely Disadvantaged	Receiving technical assistance to complete application; System was previously in receivership - during the 15-16 fiscal year the CWD formation was properly/officially completed; to be funded in SFY 16-17
LONDON COMMUNITY SERV DIST	C	1,638	432	8/21/2012	London Community Services District Water System Rehabilitation	5410017-003P	Planning	\$500,000	Severely Disadvantaged	Received technical assistance to complete construction application; Planning application withdrawn
RIVER HIGHLANDS COM.SERV.DIST	C	100	24	4/10/2014	River Highlands CSD Public Water System	5800820-002P	Planning	\$500,000	Not Disadvantaged	Incomplete application and inactive applicant
MARKLEEVILLE WATER CO.	C	25	167	4/13/2015	Water Line Replacement	0202504-002C	Construction	\$5,678,237	Disadvantaged	Completed income survey to show they qualified for a grant in 7/2016; Requested technical assistance to complete planning application; Construction application on hold
LANARE COMMUNITY SERVICES DIST	C	400	154	10/30/2014	Well Replacement and Distribution Replacement	1000053-004C	Construction	\$6,420,000	Severely Disadvantaged	To be funded in SFY 16-17
LAKE DON PEDRO C S D	C	3,600	1,442	2/11/2015	Wells #3 and #4	5510008-013C	Construction	\$1,076,900	Not Disadvantaged	Obtained other funding source. Inactive.
LOS ANGELES CO WW DISTRICT 29 & 80-MALIB	C	27,807	7,733	3/5/2013	Owen water tank	1910204-003C	Construction	\$1,740,510	Not Disadvantaged	Incomplete application; to be funded in SFY 16-17

EXHIBIT C

Projects Not Funded

Applicant	Category	Population	Connections	General Package Received	Description	Project Number	Funding Type	Estimated SRF Financing	Status	Comment/ Explanation why it was not funded in SFY 15-16
PARADISE IRRIGATION DISTRICT	D	26,299	10,063	10/22/2013	Reservoir B replacement	0410007-001P	Planning	\$500,000	Disadvantaged	Applicant financials improved; to be funded in SFY 16-17
MADERA CMD NO 19 PARKWOOD	D	1,240	634	6/25/2014	Madera CMD #19 Parkwood Water Meter Installation	2010004-001C	Construction	\$458,210	Disadvantaged	Applicant put project on hold; waiting for planning project.
MADERA CO SA NO 19-ROLLING HILLS	D	727	333	6/2/2014	Water Meter Installation	2010009-002C	Construction	\$722,000	Not Disadvantaged	incomplete application; Affordability issues
MADERA COUNTY M.D. #10A - MADERA RANCHOS	D	2,255	922	6/3/2014	Maders CMD #10A Madera Ranchos - Water Main Replacement	2010008-002C	Construction	\$15,508,940	Not Disadvantaged	Not affordable
SOUTH TAHOE PUD - MAIN	D	60,000	13,635	9/9/2014	Water Meter Installation - Phase 2-5	0910002-010C	Construction	\$18,921,500	Disadvantaged	Revised Scope; funded in SFY 16-17
SUTTER CO. WWD#1 (ROBBINS)	D	336	94	5/22/2014	Water Meter Installation Project	5100107-008P	Planning	\$199,000	Severely Disadvantaged	Application incomplete and outdated. A technical assistance provider has been assigned to help them complete their application
FRESNO, CITY OF	F	457,511	130,176	3/12/2015	Kings River Pipeline	1010007-031C	Construction	\$75,165,000	Disadvantaged	Funded in SFY 16-17
RESORT IMPRVMT. DIST. #1	F	1,500	513	1/8/2015	Water Tank Replacement	1210022-001P	Planning	\$462,000	Disadvantaged	Funded with Proposition 1
CLEARLAKE OAKS COUNTY WATER DISTRICT	F	2,458	1,667	4/2/2015	Water System Mapping, Modeling, Leak Detection, and Deficiency Evaluation	1710001-001P	Planning	\$450,000	Severely Disadvantaged	Inactive; pursue other funding sources
FRESNO, CITY OF	F	457,511	130,176	3/12/2015	Regional Transmission Mains	1010007-030C	Construction	\$63,100,000	Disadvantaged	To be funded in SFY 16-17

EXHIBIT D

Disadvantaged Business Enterprise Report

		MBE	WBE	Total Financed
Annual Total	October 1, 2013 - September 30, 2014	\$3,784,601.08	\$5,492,238.76	\$9,276,839.84
Total Disbursements	October 1, 2013 - September 30, 2014			\$181,628,485.81
Percentage to Total Disbursements	October 1, 2013 - September 30, 2014	0.02 percent	0.030 percent	0.05 percent

EXHIBIT E

Green and Additional Subsidy Projects Funded

Project Name	Project Number	Principal Forgiveness	Loan	Total SRF Financing	FA Execution Date	Status
Washington Union High School	1000221-001C	\$2,455,450	\$0	\$2,455,450	6/9/2016	Severely Disadvantaged
Donner Summit Public Utility District (Big Bend Water Users Association)	3100034-003P	\$308,376	\$77,094	\$385,470	4/28/2016	Disadvantaged
Colusa, City of (Del Oro Water Company Walnut Ranch)	0600011-002P	\$500,000	\$0	\$500,000	11/13/2015	Severely Disadvantaged
Elsinore Valley Municipal Water District	3310012-016C	\$4,393,270	\$0	\$4,393,270	1/4/2016	Severely Disadvantaged
Heber Public Utility District	1310007-002C	\$3,000,000	\$3,236,000	\$6,236,000	7/7/2015	Disadvantaged
Colusa, City of	0610002-001CIP	\$453,500	\$0	\$453,500	8/4/2015	Severely Disadvantaged
Central Unified School District (Pershing High School)	1000207-001C	\$3,000,000	\$0	\$3,000,000	11/13/2015	Severely Disadvantaged
Gordon Acres Water Company (Stewart Water Company)	3600297-005P	\$468,000	\$0	\$468,000	9/24/2015	Severely Disadvantaged
Winship Elementary School	5100145-001P	\$250,250	\$0	\$250,250	9/14/2015	Severely Disadvantaged
Armona Community Services District	1610001-007C	\$5,000,000	\$4,285,866	\$9,285,866	4/21/2016	Severely Disadvantaged
Tahoe City Public Utility District (McKinney/Quail)	3110011-004P	\$500,000	\$0	\$500,000	9/2/2015	Disadvantaged
Fresno, City of	1010007-028C	\$3,000,000	\$192,489,000	\$195,489,000	12/7/2015	Disadvantaged
Fresno, City of (Orange Center School District)	1000276-001C	\$2,932,600	\$0	\$2,932,600	3/3/2016	Severely Disadvantaged
*San Joaquin, City of	1010034-001C	\$379,596	\$0	\$379,596	9/2/2015	Severely Disadvantaged
Gratton School District	5000273-001C	\$290,400	\$0	\$290,400	12/31/2015	Severely Disadvantaged
Napa County Schools: Pope Valley	2800840-003P	\$68,550	\$0	\$68,550	11/3/2015	Severely Disadvantaged
Firebaugh, City of (Las Deltas Mutual Water Company)	1000054-002P2	\$431,900	\$0	\$431,900	12/1/2015	Severely Disadvantaged

*Green Projects (water meter projects)

EXHIBIT E

Projects Reported to FFATA

Financial Assistance Recipient	Project Number	Agreement Date	FFATA Reporting Due	Date Reported	FFATA Reporting Amount*	Total SRF Financing
Fresno, City of	1010007-028C	12-07-2015	01-31-2016	07-07-2016	\$82,279,000	\$195,489,000
Total:	\$195,489,000					

*Based on the FFY 2015 Capitalization Grant of \$82,279,000

EXHIBIT G

Set-Aside Fund 0625 (DD) - Administration (Maximum Four Percent)

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	Expenditure Amount	Balance
1997	\$75,565,707.20	\$3,027,304.00	\$3,027,304.00	\$0.00
1998	\$77,108,200.00	\$3,084,328.00	\$3,084,328.00	\$0.00
1999	\$80,816,700.00	\$3,232,668.00	\$3,232,668.00	\$0.00
2000	\$83,993,100.00	\$0.00	\$0.00	\$0.00
2001	\$84,340,000.00	\$3,373,600.00	\$3,373,600.00	\$0.00
2002	\$82,460,900.00	\$3,229,883.00	\$3,229,883.00	\$0.00
2003	\$81,966,200.00	\$3,278,648.00	\$3,278,648.00	\$0.00
2004	\$85,027,600.00	\$6,609,752.00	\$6,609,752.00	\$0.00
2005	\$84,847,500.00	\$2,781,076.00	\$2,781,076.00	\$0.00
2006	\$67,153,678.00	\$2,654,166.00	\$2,654,166.00	\$0.00
2007	\$67,105,000.00	\$2,684,200.00	\$2,684,200.00	\$0.00
ARRA 2009	\$159,008,000.00	\$5,364,471.60	\$5,364,471.60	\$0.00
2008	\$66,424,000.00	\$2,656,960.00	\$2,656,960.00	\$0.00
2009	\$66,424,000.00	\$2,656,960.00	\$2,656,960.00	\$0.00
2010	\$126,958,000.00	\$5,078,320.00	\$5,078,320.00	\$0.00
2011	\$86,698,000.00	\$3,467,920.00	\$3,467,920.00	\$0.00
2012	\$85,358,000.00	\$3,114,320.00	\$3,114,320.00	\$0.00
2013	\$78,770,000.00	\$2,723,933.00	\$2,723,933.00	\$0.00
2014	\$83,221,000.00	\$3,328,840.00	\$3,328,840.00	\$0.00
2015	\$82,674,000.00	\$3,306,960.17	\$2,520,685.17	\$786,275.00
Total	\$1,705,919,585.20	\$65,654,309.77	\$64,868,034.77	\$786,275.00

EXHIBIT C

Set-Aside Fund 0628 (DE) - Small Water System Technical Assistance (Maximum Two Percent)

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	Expenditure Amount	Balance
1997	\$75,565,707	\$68,245	\$68,245	\$0
1998	\$77,108,200	\$1,542,164	\$1,542,164	\$0
1999	\$80,816,700	\$1,616,334	\$1,616,334	\$0
2000	\$83,993,100	\$0	\$0	\$0
2001	\$84,340,000	\$1,686,800	\$1,686,800	\$0
2002	\$82,460,900	\$1,649,218	\$1,649,218	\$0
2003	\$81,966,200	\$1,639,324	\$1,639,324	\$0
2004	\$85,027,600	\$3,339,876	\$3,339,876	\$0
2005	\$84,847,500	\$1,390,538	\$1,390,538	\$0
2006	\$67,153,678	\$1,342,083	\$1,342,083	\$0
2007	\$67,105,000	\$1,342,100	\$1,342,100	\$0
ARRA 2009	\$159,008,000	\$2,787,147	\$2,787,147	\$0
2008	\$66,424,000	\$1,328,480	\$1,328,480	\$0
2009	\$66,424,000	\$1,328,480	\$1,328,480	\$0
2010	\$126,958,000	\$2,539,160	\$2,539,160	\$0
2011	\$86,698,000	\$1,733,960	\$1,733,960	\$0
2012	\$85,358,000	\$1,707,160	\$1,707,160	\$0
2013	\$78,770,000	\$1,575,400	\$1,575,400	\$0
2014	\$83,221,000	\$1,664,420	\$1,073,501	\$590,919
2015	\$82,674,000	\$1,653,480	\$1,653,480	\$1,653,480
Total	\$1,705,919,585	\$31,934,369	\$31,343,450	\$2,244,399

EXHIBIT G

Set-Aside Fund 7500 (DF) - State Program Management (Maximum 10 Percent)

FFY	Final Cap Grant Amount (in-kind included)	Budget Amount	Expenditure Amount	Balance
1997	\$75,565,707	\$4,157	\$4,157	\$0
1998	\$77,108,200	\$308,433	\$308,433	\$0
1999	\$80,816,700	\$323,267	\$323,267	\$0
2000	\$83,993,100	\$0	\$0	\$0
2001	\$84,340,000	\$2,000,000	\$2,000,000	\$0
2002	\$82,460,900	\$2,000,000	\$2,000,000	\$0
2003	\$81,966,200	\$2,000,000	\$2,000,000	\$0
2004	\$85,027,600	\$2,400,000	\$2,400,000	\$0
2005	\$84,847,500	\$4,077,000	\$4,077,000	\$0
2006	\$67,153,678	\$4,704,000	\$4,704,000	\$0
2007	\$67,105,000	\$4,934,400	\$4,934,400	\$0
ARRA 2009	\$159,008,000	\$0	\$0	\$0
2008	\$66,424,000	\$4,882,164	\$4,882,164	\$0
2009	\$66,424,000	\$4,882,164	\$4,882,164	\$0
2010	\$126,958,000	\$9,318,717	\$9,318,717	\$0
2011	\$86,698,000	\$8,669,800	\$8,669,800	\$0
2012	\$85,358,000	\$8,535,800	\$8,535,800	\$0
2013	\$78,770,000	\$7,089,300	\$7,089,300	\$0
2014	\$83,221,000	\$8,022,100	\$8,022,100	\$0
2015	\$82,674,000	\$8,267,400	\$7,897,756	\$369,644
Total	\$1,705,919,585	\$82,418,702	\$82,049,058	\$369,644

EXHIBIT C

Set-Aside Fund 0626 (DG) - Local Assistance (Maximum 15 Percent)

FFY	Final Cap Grant Amount (in-kind included)	Budget Amount	Expenditure Amount	Balance
1997	\$75,565,707	\$6,831,577	\$6,831,577	\$0
1998	\$77,108,200	\$0	\$0	\$0
1999	\$80,816,700	\$0	\$0	\$0
2000	\$83,993,100	\$2,000,000	\$2,000,000	\$0
2001	\$84,340,000	\$0	\$0	\$0
2002	\$82,460,900	\$0	\$0	\$0
2003	\$81,966,200	\$0	\$0	\$0
2004	\$85,027,600	\$0	\$0	\$0
2005	\$84,847,500	\$0	\$0	\$0
2006	\$67,153,678	\$0	\$0	\$0
2007	\$67,105,000	\$0	\$0	\$0
ARRA 2009	\$159,008,000	\$0	\$0	\$0
2008	\$66,424,000	\$0	\$0	\$0
2009	\$66,424,000	\$0	\$0	\$0
2010	\$126,958,000	\$0	\$0	\$0
2011	\$86,698,000	\$2,600,940	\$2,600,940	\$0
2012	\$85,358,000	\$4,267,900	\$4,267,900	\$0
2013	\$78,770,000	\$6,301,600	\$6,261,226	\$40,374
2014	\$83,221,000	\$4,993,260	\$738,815	\$4,254,445
2015	\$82,674,000	\$1,653,480	\$85,725	\$1,567,755
Total	\$1,705,919,585	\$28,648,757	\$22,786,183	\$5,862,574

EXHIBIT H

Small Water Systems Funding

Entity Name	Project Name	Category	Population	Connections	Initial Funding Date	Grant Amount	Loan Amount	Total Amount Financed	Status
ORANGE CENTER SCHOOL	City of Fresno and Orange Center Water System Consolidation	C	-	1	3/3/2016	\$2,932,600	\$0	\$2,932,600	Severely Disadvantaged
WINSHIP ELEMENTARY SCHOOL	Arsenic Exceedance-Remediation Planning Project	C	50	1	9/14/2015	\$250,250	\$0	\$250,250	Severely Disadvantaged
BIG BEND WATER USERS ASSOCIATION	Big Bend Water Supply Study	B	98	29	4/28/2016	\$308,376	\$77,094	\$385,470	Disadvantaged
NAPA COUNTY SCHOOLS: POPE VALLEY	Pope Valley School Surface Water Project	C	100	1	11/3/2015	\$68,550	\$0	\$68,550	Severely Disadvantaged
GRATTON SCHOOL	Well Replacement Project	C	110	2	12/31/2015	\$290,400	\$0	\$290,400	Severely Disadvantaged
DEL ORO WATER CO.-WALNUT RANCH	City of Colusa - Walnut Ranch Consolidation	C	182	2,140	11/13/2015	\$500,000	\$0	\$500,000	Severely Disadvantaged
Gordon Acres (Stewart WC)	Insufficient Delivery, Water Outages and TCR Contamination	A	195	48	9/24/2015	\$468,000	\$0	\$468,000	Severely Disadvantaged
LAS DELTAS MUTUAL WATER SYSTEM	Las Deltas Distribution System Project	C	375	200	12/1/2015	\$431,900	\$6,100	\$438,000	Severely Disadvantaged
ELSINORE VALLEY MWD	County Water Company, Consolidation with Elsinore Valley MWD	A	462	140	1/4/2016	\$4,393,270	\$0	\$4,393,270	Severely Disadvantaged
WASHINGTON UNION HIGH SCHOOL	Washington Union High School	C	1,000	23	6/9/2016	\$2,455,450	\$0	\$2,455,450	Severely Disadvantaged
PERSHING HIGH SCHOOL	Consolidation between Pershing HS (Western Arts Center) and Central HS	A	1,625	11	11/13/2015	\$3,000,000	\$0	\$3,000,000	Severely Disadvantaged
ARMONA COMMUNITY SERVICES DIST	Arsenic Treatment	C	3,419	1,255	4/21/2016	\$5,000,000	\$4,285,866	\$9,285,866	Severely Disadvantaged
NORTH GUALALA WATER COMPANY	Water Source & Storage Construction	C	3,671	1,049	12/17/2015	\$0	\$407,893	\$407,893	Disadvantaged
SAN JOAQUIN, CITY OF	Water Meter Installation	D	4,000	702	9/2/2015	\$521,670	\$0	\$521,670	Severely Disadvantaged
COLUSA, CITY OF	Water Well Consolidation Project	C	5,625	2,140	8/4/2015	\$453,500	\$0	\$453,500	Severely Disadvantaged
HEBER PUBLIC UTILITY DISTRICT	Water Treatment Plant Expansion Project	C	7,447	1,608	7/7/2015	\$5,000,000	\$4,500,000	\$9,500,000	Disadvantaged
TAHOE CITY PUD - MCKINNEY/QUAIL	West Lake Tahoe Regional Water Treatment Plant	B	8,184	557	9/2/2015	\$500,000	\$0	\$500,000	Disadvantaged
Totals:						\$26,573,966	\$9,276,953	\$35,844,819	

EXHIBIT I

LEFA Projects

Entity Name	Project Number	FA Execution Date	Status	Total Amount Financed
Easton Community Services District	0010003-001L	04-30-2015	Active	\$220,449.00
Rural Community Assistance Corporation – Garlen Court Mutual Water Company Formation	0027002-001L	06-17-2014	Completed	\$52,745.00
Rural Community Assistance Corporation – Courtland Community Services District	0034001-001L	06-24-2014	Completed (no entity formed per community decision)	\$84,747.00
Rural Community Assistance Corporation – Wendell Lane Mutual Water Company Formation	0049001-001L	06-27-2014	Completed	\$46,494.00
Self Help Enterprises – Weldon Regional Water Supply Entity	0015001-001L	09-29-2014	Active	\$186,723.00
Self Help Enterprises – Orange Center School Residential Area Water System Entity Formation	0010002-001L	09-29-2014	Active	\$214,247.00
California Rural Water Association – Ali Mutual Water Company Formation	0054004-001L	06-30-2014	Active	\$76,584.00
Self Help Enterprises – Highland Acres “Okieville” Water System Entity Formation	00540005-001L	11-24-2014	Active	129,007.00
Self Help Enterprises – Perry Colony Residential Area Water System Entity Formation	0010001-001L	09-29-2014	Active	\$191,457.00
California Rural Water Association – Barstow Perchlorate Area Entity Formation)	0036002-001L	11-14-2014	Active	\$204,605.00
Frazier Park Public Utility District – Lake of the Woods Regional	0015002-001L	11-07-2014	Active	\$202,265.00
Tulare County – North Tulare County Area Regional Surface Water Treatment Plant Governance formation	0054002-001L	05-07-2015	Active	\$250,000.00
Pajaro/Sunny Mesa Community Services District – Springfield Terrace	0027001-001L	03-10-2015	Active	\$71,280.00
Tulare County –Monson Water System Entity Formation	0054003-001L	Issued 09-04-2015	Active	132,027.00
Jurupa Community Services District – Chandler Community Water Entity Formation	0033001-001L	02-23-2015	Active	\$28,000.00
			Total:	\$2,090,630.00

EXHIBIT I

PWSDER Projects*

Entity Name	Project Description	Project Number	FA Execution Date	Total Amount Financed
*Brooktrails Township Community Services District	Perform seismoelectric survey to identify potential well sites	2310009-001	07-10-2015	\$60,000
*State of California Department of Forestry and Fire Protection	Water hauling and rehabilitate existing well	2910013-001	07-30-2015	\$247,000
*Paskenta Community Services District	Water hauling and purchase variable speed pump	5200524-002	08-06-2015	\$181,150
*Bass Lake Water Company	Water hauling and install temporary storage tanks to facilitate filter backwash	2010003-001	08-07-2015	\$52,920
*Hillview Water Company, Inc.	Permanently connect private well owners	2010007-001	09-08-2015	\$80,637
*Hillview Water Company, Inc.	Permanently connect private well owners	2010012-002	09-14-2015	\$64,530
*McClure Boat Club, Incorporated	Relocate raw water intake and install water storage tanks	2210905-001	09-24-2015	\$51,200
*County of Colusa	Water hauling	0600012-002	09-28-2015	\$95,000
*County of Tulare (California Water Service Company)	Permanently connect private well owners	5410016-001	11-13-2015	\$170,101
*Skylonda Mutual Water Company	Emergency intertie with California Water Service and wheel water from San Francisco Public Utilities Commission	4100533-001	12-22-2015	\$74,400
*Hardwick Water Company	Construct a new well and install a new hydro-pneumatic tank	1600507-001	06-15-2016	\$424,878
*Plainsburg Union Elementary School District	Construct a new well	2400065-002	06-16-2016	\$173,774
*County of Fresno (County Service Area No. 30 El Porvenir)	Offset increased raw water cost	1000019-001	06-28-2016	\$28,014
Total:				\$1,703,604.00

*Projects were funded through a \$15 million dollar California State General Fund appropriation to mitigate drought-related drinking water emergencies. The DWSRF Local Assistance Set-Aside funded state personnel costs, in support of capacity development, administering this \$15 million dollar California State General Fund appropriation.

EXHIBIT K

Extended Term Financing Projects

Entity Name	Project Number	FA Execution Date	Total Amount Financed
Armona Community Services District	1610001-007	04-21-2016	\$9,285,866.00
Fresno, City of	1010007-028	12-07-2015	\$195,489,000.00
Fresno, City of	1010007-029	06-08-2016	\$26,520,000.00
Heber Public Utility District	1310007-002	07-07-2015	\$9,500,000.00
Total:			\$240,794,866.00

EXHIBIT I

DWSRF Fundable List* - Small Water Systems: Population <= 10,000 (Planning)

Applicant	Category	Population	Connections	General Package Received	Description	Project Number	Funding Type	Total Amount Financed	Status	District
COLUSA CO. W.D. #1 - GRIMES	C	500	104	1/5/2015	CCWD #1 Arsenic Removal System	0600008-001P	Planning	\$500,000	Severely Disadvantaged	Valley
DEL ORO WATER CO.- WALNUT RANCH	C	182	78	6/19/2013	City of Colusa - Walnut Ranch Consolidation	0600011-002P	Planning	\$500,000	Severely Disadvantaged	Valley
CITY OF COLUSA	C	5625	2126	4/18/2014	Water Well Consolidation Project	0610002-001CIP	Planning	\$453,500	Severely Disadvantaged	Valley
JED SMITH HOMEOWNERS ASSN.	B	58	24	9/30/2014	Jed Smith Homeowners Well 1 & 2 Ecoli Treatment Project	0800825-001P	Planning	\$192,800	Disadvantaged	Klamath
LAS DELTAS MUTUAL WATER SYSTEM	C	375	107	2/13/2012	Las Deltas Distribution System Project	1000054-002P2	Planning	\$438,000	Severely Disadvantaged	Fresno
FCSA #49/ FIVE POINTS	C	450	31	8/21/2014	FCSA # 49 Consolidation	1000546-001P	Planning	\$400,000	Severely Disadvantaged	Fresno
PHILLIPSVILLE C.S.D.	B	300	65	9/30/2014	Treatment Deficiency Remediation	1200541-003P	Planning	\$267,720	Severely Disadvantaged	Klamath
ORLEANS C.S.D.	B	430	139	10/1/2014	Filter plant upgrade	1200729-003P	Planning	\$87,000	Disadvantaged	Klamath
RESORT IMPRVMT. DIST. #1	F	1500	513	1/8/2015	Water Tank Replacement	1210022-001P	Planning	\$462,000	Disadvantaged	Klamath
KRISTA MUTUAL WATER COMPANY	C	428	171	8/22/2012	Krista Water Well Project	1500475-002P	Planning	\$496,565	Severely Disadvantaged	Tehachapi
CLEARLAKE OAKS COUNTY WATER DISTRICT	F	2458	1667	4/2/2015	Water System Mapping, Modeling, Leak Detection, and Deficiency Evaluation	1710001-001P	Planning	\$450,000	Severely Disadvantaged	Mendocino
L.A. Residential Community Foundation	C	175	12	10/1/2014	L.A Residential Children Ranch Water Agency	1900062-001P	Planning	\$200,000	Severely Disadvantaged	Central
MADERA CMD NO 19 PARKWOOD	C	1240	634	12/31/2014	Madera CMD #19AB Parkwood- New well & tank	2010004-002P	Planning	\$500,000	Disadvantaged	Merced
NORTH GUALALA WATER COMPANY	C	2595	1038	5/20/2013	Water Source & Storage Construction	2310007-016P	Planning	\$407,893	Disadvantaged	Mendocino
NAPA COUNTY SCHOOLS: POPE VALLEY	C	100	1	9/20/2013	Pope Valley School Surface Water Project	2800840-003P	Planning	\$68,550	Severely Disadvantaged	Mendocino
BIG BEND WATER USERS ASSOCIATION	B	25	20	1/3/2013	Big Bend Water Supply Study	3100034-003P	Planning	\$385,470	Disadvantaged	Lassen
TAHOE CITY PUD - MCKINNEY/QUAIL	B	750	453	7/7/2014	West Lake Tahoe Regional Water Treatment Plant	3110011-004P	Planning	\$500,000	Disadvantaged	Lassen

EXHIBIT I

DWSRF Fundable List* - Small Water Systems: Population <= 10,000 (Planning)

Applicant	Category	Population	Connections	General Package Received	Description	Project Number	Funding Type	Total Amount Financed	Status	District
Boe Del Heights Mutual Water	A	250	125	3/26/2014	BOEDEL HEIGHTS MUTUAL WATER ASSOCIATION CONNECTION TO INDIO WATER AUTHORITY	3301046-001P	Planning	\$1,200,000	Pending	Riverside
VIEIRA S RESORT, INC	C	150	107	1/27/2011	Arsenic Treatment System	3400164-002P	Planning	\$183,040	Disadvantaged	Sacramento
Gordon Acres (Stewart WC)	A	195	39	4/18/2014	Insufficient Delivery, Water Outages and TCR Contamination	3600297-005P	Planning	\$468,000	Severely Disadvantaged	San Bernardino
ALLEGHANY COUNTY W.D.	B	80	55	4/6/2015	Planning and Engineering Analysis for Renovations of the ACWD Storage Tank and Water Sources	4600012-006P	Planning	\$97,000	Severely Disadvantaged	Lassen
BELLEVUE UNION SCH DIST-KAWANA SCHOOL	C	481	1	10/1/2014	Kawana Elementary School Diminishing Water Source	4901111-001P	Planning	\$242,350	Severely Disadvantaged	Sonoma
SUTTER CO. WWD#1 (ROBBINS)	D	336	94	5/22/2014	Water Meter Installation Project	5100107-008P	Planning	\$199,000	Severely Disadvantaged	Valley
WINSHIP ELEMENTARY SCHOOL	C	50	1	5/6/2014	Arsenic Exceedance-Remediation Planning Project	5100145-001P	Planning	\$250,250	Severely Disadvantaged	Valley
PASKENTA COMM. SERVICES DIST.	B	120	67	9/3/2014	Long Term Source Reliability Study	5200534-003P	Planning	\$500,000	Severely Disadvantaged	Valley
SKY VIEW CWD (AKA PONDEROSA SKY RANCH)	C	120	98	9/30/2014	Sky View CWD (Source Improvements) (aka Ponderosa Sky Ranch)	5200562-001P	Planning	\$315,412	Severely Disadvantaged	Valley
LEWISTON PARK MWC	B	450	162	9/19/2013	SWTR Compliance	5301003-001P	Planning	\$343,800	Disadvantaged	Klamath
TRINITY CO. W.W. DIST #1	B	1500	540	4/22/2015	Water Treatment Plant Modification	5310002-002P	Planning	\$270,000	Severely Disadvantaged	Klamath
CENTRAL WATER CO	A	170	42	11/15/2013	Well Replacement and Nitrate Treatment	5400682-002P	Planning	\$500,000	Severely Disadvantaged	Visalia
LONDON COMMUNITY SERV DIST	C	1638	432	8/21/2012	London Community Services District Water System Rehabilitation	5410017-003P	Planning	\$500,000	Severely Disadvantaged	Visalia
WOODVILLE PUBLIC UTILITY DIST	A	1678	478	3/25/2014	Replacement Well Project	5410025-002P	Planning	\$416,465	Severely Disadvantaged	Visalia
RIVER HIGHLANDS COM. SERV.DIST	C	100	24	4/10/2014	River Highlands CSD Public Water System	5800820-002P	Planning	\$500,000	Not Disadvantaged	Valley
Subtotal:								\$12,294,815	Projects:	32

*The fundable list includes all projects (planning and construction) that currently are projected to be ready to proceed to a SRF Funding Agreement (FA) by June 30, 2016

EXHIBIT I

DWSRF Fundable List* - Large Water Systems: Population > 10,000 Population (Planning)

Applicant	Category	Population	Connections	General Package Received	Description	Project Number	Funding Type	Total Amount Financed	Status	District
PARADISE IRRIGATION DISTRICT	D	26299	10063	10/22/2013	Reservoir B replacement	0410007-001P	Planning	\$500,000	Disadvantaged	Valley
NAPA, CITY OF	C	79959	24990	10/1/2014	Compliance for Hennessey Treatment Plant Washwater Discharge	2810003-014P	Planning	\$220,000	Not Disadvantaged	Mendocino
EASTERN MUNICIPAL WD	A	414710	141243	4/22/2014	Perris II Desalter	3310009-062CIP	Planning	\$500,000	Disadvantaged	Riverside
LINDSAY, CITY OF	C	12400	2542	5/13/2013	Lindsay - 14 Dibromochloropropane (DBCP) Mitigation Project	5410006-007P	Planning	\$120,000	Severely Disadvantaged	Tulare
Subtotal:								\$1,340,000	Projects:	4

*The fundable list includes all projects (planning and construction) that currently are projected to be ready to proceed to a SRF Funding Agreement (FA) by June 30, 2016

DWSRF Fundable List* - Small Water Systems: Population <= 10,000 Population (Construction)

Applicant	Category	Population	Connections	General Package Received	Description	Project Number	Funding Type	Total Amount Financed	Status	District
MARKLEEVILLE WATER CO.	C	25	167	4/13/2015	Water Line Replacement	0202504-002C	Construction	\$5,678,237	Pending	Sacramento
Lake Amador Recreation Area	B	2000	190	1/13/2015	Jackson Valley ID Treated WaterSystem	0300037-002C	Construction	\$6,042,729	Severely Disadvantaged	Stockton
AWA BUCKHORN PLANT	C	8508	2558	9/26/2012	CAWP - Buckhorn WTP Disinfection By-Products Compliance	0310012-006C	Construction	\$986,000	Not Disadvantaged	Stockton
AMADOR COUNTY SERVICE AREA #3/UNIT 6	A	2386	723	2/27/2009	Camanche Water Quality Compliance - Disinfection Bi-Products Requirement Improvements	0310021-003C	Construction	\$1,805,292	Pending	Stockton
GEORGETOWN DIVIDE PUD	B	9021	3589	2/27/2014	Auburn Lake Trails Water Treatment Plant Upgrade	0910013-005C	Construction	\$4,000,000	Not Disadvantaged	Sacramento
LANARE COMMUNITY SERVICES DIST	C	400	154	10/30/2014	Well Replacement and Distribution Replacement	1000053-004C	Construction	\$6,420,000	Severely Disadvantaged	Fresno
PERSHING HIGH SCHOOL	A	56	1	4/18/2014	Consolidation between Pershing HS (Western Arts Center) and Central HS	1000207-001C	Construction	\$3,000,000	Severely Disadvantaged	Fresno

EXHIBIT I

DWSRF Fundable List* - Small Water Systems: Population <= 10,000 Population (Construction)

Applicant	Category	Population	Connections	General Package Received	Description	Project Number	Funding Type	Total Amount Financed	Status	District
SAN JOAQUIN, CITY OF	D	3870	944	8/21/2014	Water Meter Installation	1010034-001C	Construction	\$379,596	Severely Disadvantaged	Fresno
HURON, CITY OF	C	7306	862	2/27/2014	Construction Water Treatment Plant	1010044-001C	Construction	\$7,992,250	Severely Disadvantaged	Fresno
ARMONA COMMUNITY SERVICES DIST	C	3239	1301	5/16/2014	Arsenic Treatment	1610001-007C	Construction	\$6,032,000	Severely Disadvantaged	Visalia
KETTLEMAN CITY CSD	C	1499	358	11/4/2011	New SWTP [Construction Phase]	1610009-005C	Construction	\$3,926,000	Severely Disadvantaged	Visalia
CLEARLAKE OAKS COUNTY WATER DISTRICT	C	2458	1667	3/26/2015	Storage Tanks Replacement Project	1710001-002C	Construction	\$603,000	Severely Disadvantaged	Mendocino
MADERA CMD NO 19 PARKWOOD	D	1240	634	6/25/2014	Madera CMD #19 Parkwood Water Meter Installation	2010004-001C	Construction	\$458,210	Disadvantaged	Merced
MADERA COUNTY M.D. #10A - MADERA RANCHOS	D	2255	922	6/3/2014	Madera CMD #10A Madera Ranchos - Water Main Replacement	2010008-002C	Construction	\$15,508,940	Not Disadvantaged	Merced
MADERA CO SA NO 19-ROLLING HILLS	D	727	333	6/2/2014	Water Meter Installation	2010009-002C	Construction	\$722,000	Not Disadvantaged	Merced
GRATTON SCHOOL	C	110	2	12/15/2014	Well Replacement Project	5000273-001C	Construction	\$290,400	Severely Disadvantaged	Stockton
HUGHSON, CITY OF	A	6082	1779	8/29/2013	Well #7 Replacement Project	5010008-011C	Construction	\$6,607,210	Disadvantaged	Stockton
KEYES COMMUNITY SERVICES DIST.	C	4575	1450	8/24/2012	Arsenic Mitigation Project	5010009-003C	Construction	\$15,000,000	Disadvantaged	Stockton
LAKE DON PEDRO C S D	C	3600	1442	2/11/2015	Wells #3 and #4	5510008-013C	Construction	\$1,076,900	Not Disadvantaged	Merced
Subtotal:								\$86,528,764	Projects:	19

*The fundable list includes all projects (planning and construction) that currently are projected to be ready to proceed to a SRF Funding Agreement (FA) by June 30, 2016

EXHIBIT I

DWSRF Fundable List* - Large Water Systems: Population > 10,000 Population (Construction)

Applicant	Category	Population	Connections	General Package Received	Description	Project Number	Funding Type	Total Amount Financed	Status	District
SOUTH TAHOE PUD - MAIN	D	60000	13635	9/9/2014	Water Meter Installation - Phase 2-5	0910002-010C	Construction	\$18,921,500	Disadvantaged	Sacramento
FRESNO, CITY OF	C	457511	130176	9/2/2014	City of Fresno Southeast Surface Water Treatment Facility	1010007-028C	Construction	\$195,489,000	Disadvantaged	Fresno
FRESNO, CITY OF	F	457511	130176	3/12/2015	Friant-Kern Canal Pipeline	1010007-029C	Construction	\$26,520,000	Disadvantaged	Fresno
FRESNO, CITY OF	F	457511	130176	3/12/2015	Regional Transmission Mains	1010007-030C	Construction	\$63,100,000	Disadvantaged	Fresno
FRESNO, CITY OF	F	457511	130176	3/12/2015	Kings River Pipeline	1010007-031C	Construction	\$75,165,000	Disadvantaged	Fresno
LOS ANGELES-CITY, DEPT. OF WATER & POWER	C	4071873	680607	6/24/2014	99th Street Wells Ammoniation Station	1910067-035C	Construction	\$18,731,841	Not Disadvantaged	Metropolitan
LOS ANGELES-CITY, DEPT. OF WATER & POWER	B	4071873	680607	6/24/2014	Headworks West Reservoir	1910067-048C	Construction	\$112,166,326	Not Disadvantaged	Metropolitan
LOS ANGELES-CITY, DEPT. OF WATER & POWER	D	4071873	680607	8/21/2014	Eagle Rock Reservoir Floating Cover Replacement	1910067-053C	Construction	\$5,104,648	Not Disadvantaged	Metropolitan
METROPOLITAN WATER DIST. OF SO. CAL.	C	18379000	378	9/9/2014	Enhanced Bromate Control Program (Mills WTP)	1910087-018C	Construction	\$3,000,000	Not Disadvantaged	Central
METROPOLITAN WATER DIST. OF SO. CAL.	C	18379000	378	12/5/2013	Enhanced Chlorine Control Program (Weymouth WTP)	1910087-019C	Construction	\$11,000,000	Not Disadvantaged	Central
LOS ANGELES CO WW DISTRICT 29 & 80-MALIB	C	27807	7733	3/5/2013	Owen water tank	1910204-003C	Construction	\$1,740,510	Not Disadvantaged	Central
LIVINGSTON-CITY	B	13795	2948	2/4/2015	Well #13 Arsenic Removal Treatment System	2410004-002C	Construction	\$1,513,836	Not Disadvantaged	Merced
EASTERN MUNICIPAL WD (Consolidation)	A	414710	141243	7/5/2013	County Water Company, Consolidation with Eastern MWD	3310009-067C	Construction	\$3,000,000	Severely Disadvantaged	Riverside
ELSINORE VALLEY MWD (Consolidation)	A	121420	36817	8/8/2013	County Water Company, Consolidation with Elsinore Valley MWD	3310012-016C	Construction	\$2,984,680	Severely Disadvantaged	Riverside
CITY OF SANTA BARBARA WATER DEPARTMENT	C	94370	25580	12/23/2014	Desalination Plant Reactivation Project	4210010-005C	Construction	\$55,000,000	Not Disadvantaged	Santa Barbara
Subtotal:								\$593,437,341	Projects:	15

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