

**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: 2016-17 & 2017-18

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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) 2016-17 and 2017-18. The report reflects the activities of the State Water Board and its administration of the DWSRF. SFY 2016-17 is represented in Volume I of this report and SFY 2017-18 is represented in Volume II. Both Volume 1 and Volume II of this report also serve as annual DWSRF reports to USEPA.

The SFY 2016-2017 and 2017-18 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 2016-17 and 2017-18. The respective DWSRF Intended Use Plans can be found at the following State Water Board websites:

SFY 2016-17 (FFY 2016) DWSRF Intended Use Plan

https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2016/final_dwsrf_iup_report_062116_with_cover.pdf

SFY 2017-18 (FFY 2017) DWSRF Intended Use Plan

https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2017/dwsrf_iup_sfy2017_18_final.pdf

Executive Summary

The State Water Board provided approximately \$527.7 million in low-interest DWSRF financing and principal forgiveness to PWS in both SFY 2016-17 and 2017-18 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 publicly 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, 2018, the unliquidated obligation (ULO) balance of DWSRF federal funds was approximately \$16.7 million, which was substantially below USEPA's maximum of approximately \$155.7 million. The State Water Board also had committed approximately 114% of available funds as of June 30, 2018 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 2015 Drinking Water Infrastructure Needs Survey. This survey indicated that California's PWS would require approximately \$51.03 billion to make the necessary improvements through 2035.

California received two (2) federal DWSRF capitalization grants from USEPA between SFY 2016-17 and 2017-18, totaling approximately \$155.7 million. The 20 percent (20%) state match for these grants was provided through proposition bond funds. The federal and State capitalization was in addition to an average of \$85.1 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 \$38.1 million of these federal funds between SFY 2016-17 and 2017-18

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 (DDW) 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 provided by DDW in support of the Capacity Development Strategy.

The background of the page features a photograph of a water treatment facility. On the left, a large white cylindrical tank is visible with various pipes and valves. In the foreground, the side of a white pickup truck is partially visible. The sky is clear blue, and there are green trees in the background. A large white circular graphic element is overlaid on the right side of the image, containing the text.

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

VOLUME I

BIENNIAL REPORT TO THE
LEGISLATURE

STATE FISCAL YEAR: 2016-17

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I. INTRODUCTION

The California State Water Resources Control Board (State Water Board), Division of Financial Assistance (DFA) presents the Drinking Water State Revolving Fund (DWSRF) annual report for State Fiscal Year (SFY) 2016-17. The State Water Board provided approximately \$227 million in new DWSRF financing for 31 planning and construction projects to address drinking water issues. This report describes how the State Water Board met the objectives for the DWSRF Program identified in the [SFY 2016-17 DWSRF 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 help public water systems to 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 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 www.waterboards.ca.gov/dwsrf.

The State Water Board has promoted and protected the health and safety of Californians through the administration of the DWSRF since July 1, 2014. Previously, the California Department of Public Health and California's Health and Human Services Agency administered the DWSRF program. Since the beginning of the program, public water systems have received DWSRF funding for drinking water infrastructure improvements via below market financing and additional subsidy (i.e. principal forgiveness). DWSRF funding is derived from federal capitalization grants from the USEPA as well as associated state match, revolving principal and interest repayments, and other leveraged funds and investment earnings.

DFA administers the DWSRF program and provides planning and construction financing through the DWSRF to eligible applicants, which include publicly and privately-owned community and non-profit, non-community water systems. DWSRF financing is generally prioritized

for "ready-to-proceed" eligible projects based upon a public health benefits system where projects addressing acute and chronic primary drinking water standards are prioritized over projects addressing secondary drinking water standards and other aging infrastructure.

The State Water Board uses portions of the capitalization grant from USEPA, known as the set-asides, to provide for the administration of the DWSRF as well as provide services such as small water system technical assistance (SWSTA), and technical, managerial and financial



(TMF) capacity development assistance for public water systems. The DWSRF set-asides also subsidize the Division of Drinking Water's Public Water System Supervision (PWSS) and TMF Capacity Development programs, as well as past implementation of a Source Water Protection (SWP) program.

As of June 30, 2017:

- The cumulative DWSRF funds available for planning and construction

financial assistance since inception was approximately \$2.58 billion.

- An additional \$222,036,000 of cumulative DWSRF set-aside funds were available.
- The State Water Board, and preceding departments/agencies, had committed approximately 106 percent (106%) of available funds to planning and construction projects through binding commitments (executed financing agreements).
- The State Water Board, and preceding departments/agencies, had disbursed approximately 81 percent (81%) of available funds for planning and construction projects, as well as disbursed 95 percent (95%) of the available DWSRF set-aside funds.

Cumulative DWSRF program activity from inception through the end of SFY 2016-17 is further described in **Table 1** below.

Table 1: Cumulative Program Activity¹

DWSRF Construction and Planning Funding	
Activity	Life of Program
Number of Binding Commitments	429
Value of Binding Commitments	\$2.74 billion ²
Disbursements and Expenditures	\$2.09 billion ²
Balance of Funding Agreements	\$650 million
DWSRF Set-Aside Funding	
DWSRF Set-Aside Amount	\$ 222 million ³
DWSRF Set-Aside Expenditures	\$ 214 million ³
Balance of Set-Asides	\$ 10.7 million

The State Water Board funded a variety of planning and construction projects through the DWSRF in SFY 2016-17 to address a range of public water systems and public health issues. Specifically, the State Water Board funded projects from the DWSRF for the benefit of both small water systems (populations less than 10,000 people) and large water systems (populations over 10,000 people). The projects funded were categorized according to their function.

Figure 1 shows the amount of funding awarded to small and large water systems in SFY 2016-17 while **Figure 2** shows the number of projects funded by size

of water system. In summary, the State Water Board provided approximately 1.6 times (1.6x) more funding for large water systems than small water systems. However, the State Water Board actually funded more small water system projects than large water system projects in SFY 2016-17. This annual commitment trend mirrors the cumulative commitment trend of the DWSRF program, both in California and nationally. A greater amount of small water system projects receive funding because of their public health needs, while a greater amount of funding is provided to large water systems because of the large scope and cost of such large water system projects.

¹Program activity includes matching funds provided by funding recipients.

²Amount includes ARRA funds and excludes set-aside funds (including LEFA and other local assistance funds).

³Amount includes LEFA and other local assistance funds.

Figure 1
SFY 2016-17 DWSRF
Large / Small Water System Funding Distribution

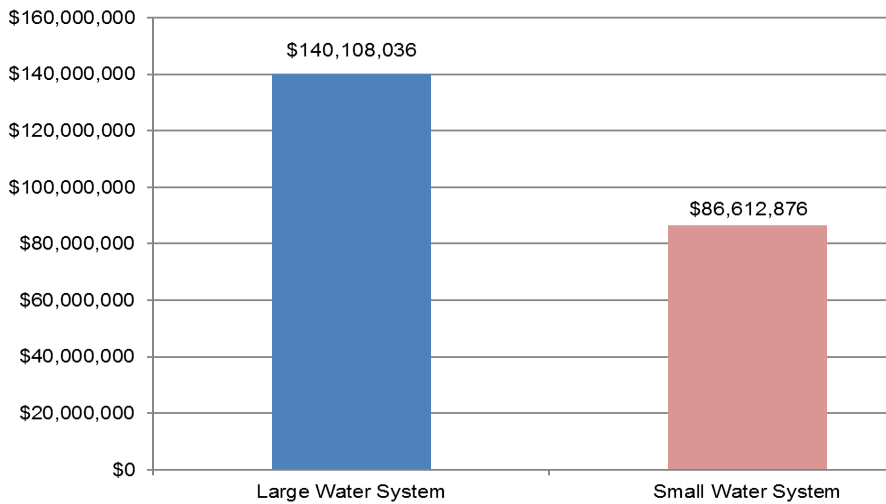


Figure 2
SFY 2016-17 DWSRF
Number of Projects Funded by Public Water System Size

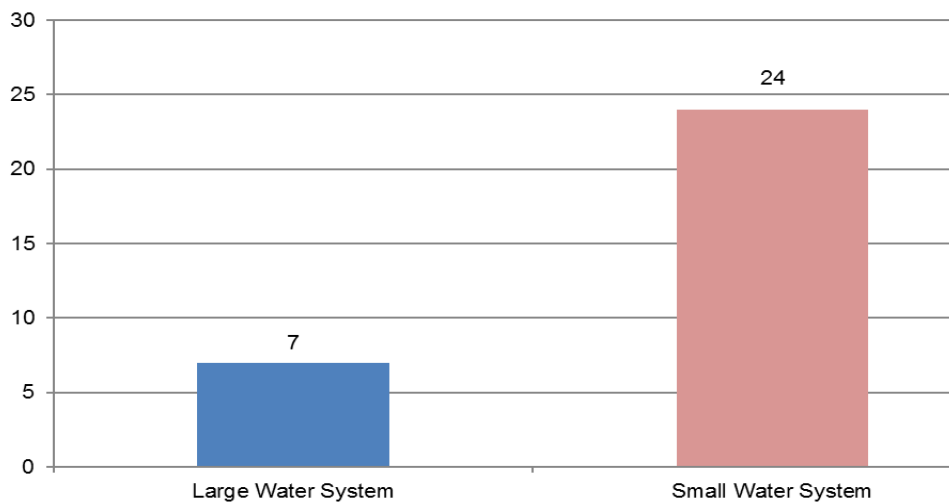
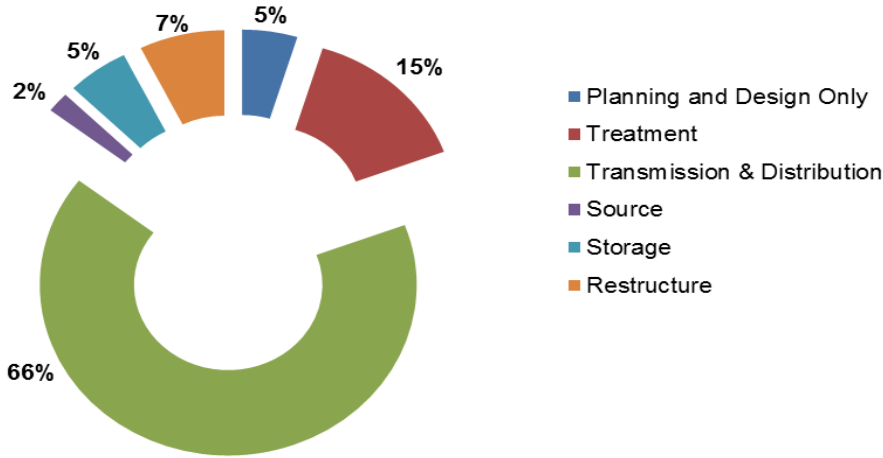


Figure 3 shows the SFY 2016-17 DWSRF percentage of funding by project type and its associated function in the conveyance of drinking water. Project types included planning and design, treatment, transmission and distribution, source water, storage, land acquisition and other functions. In summary, a majority of SFY 2016-17 DWSRF financing was for the improvement of drinking water transmission and distribution systems as they tended to be more expensive. Two transmission projects amounted to more than 50 percent (50%) of total funding. Approximately 15 percent (15%) of the SFY 2016-17 DWSRF funding was awarded to address treatment systems and the mitigation of arsenic as the primary contaminant.

Figure 3
SFY 2016-17 DWSRF Percentage of Funding by Project Type/Function



III. PROGRAM GOALS AND FINANCIAL RESULTS

A. Short-Term Goals

This section describes the State Water Board's efforts to meet the following short term goals set in the SFY 2016-17 IUP. These goals provided the framework that guided State Water Board's decision-making, maximization, and prioritization of both staff and funding sources.

1. Continue public transparency and communication by posting application status reports online.
3. Continue and further develop the collaboration between Division of Drinking Water (DDW) and DFA to identify public health issues and evaluate solutions for Small Water Systems (SWSs), including consolidation where feasible.

DWSRF application status reports were posted quarterly on the State Water Board's DWSRF website throughout SFY 2016-17 to ensure continuous public transparency and communication. The reports 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.

2. Continue to develop and implement a web-enabled Loans and Grant Tracking System (LGTS) platform and database.

The State Water Board implemented a new web-based LGTS platform for the DWSRF in SFY 2016-17. DFA began fully utilizing the new web-based LGTS in SFY 2016-17 while the Division of Administrative Services (DAS) continued to test the new web-based LGTS for full operation scheduled in early SFY 2017-18. The new web-based LGTS platform has resulted in increased functionality and access by State Water Board staff and has created greater operational efficiencies.

DFA and DDW staff continued to collaborate on project solutions for small water systems, including consolidation, in SFY 2016-17. Specifically, DFA management regularly met with DDW management to assess funding priorities for small water systems, including those systems suffering from arsenic contamination.

DFA and DDW also continued to collaborate on funding solutions for a variety of consolidation projects for small water systems. At the project concept stage, DFA staff worked with DDW Consolidation Specialists to identify communities for consolidation using technical assistance resources.

Thereafter, Consolidation Specialists and DDW District Engineers regularly consulted with DFA project managers and supervisors on relevant financing applications and the implementation of consolidation for these small water systems.

4. Continue marketing and outreach efforts to Public Water Systems (PWSs), including Spanish translation services, newsletters, and social media to advertise the new application process and the availability of technical assistance to assist small, disadvantaged communities.
5. Apply for and accept the anticipated Federal Fiscal Year (FFY) 2016 Capitalization Grant (2016 Capitalization Grant) from USEPA. Upon award, commit funds from the 2016 Capitalization Grant, including the associated State Match, by June 30, 2017, such that the federal funds can be utilized in an efficient and timely manner in accordance with 40 CFR §35.3550(c).

DFA continued to participate in various PWS marketing and outreach efforts in SFY 2016-17. Specifically, DFA marketed the DWSRF program at six California Financing and Coordinating Committee events, two California Technical Assistance Provider (CalTAP) fairs, two distribution symposia (intensive hands-on events for water system operators and new board members) as well as 128 other online and onsite workshops and outreach events.

DFA also produced and distributed five Office of Sustainable Water Solutions (OSWS) newsletters in English and Spanish in SFY 2016-17. In general, the OSWS newsletters informed small drinking water and wastewater systems, as well as associated stakeholders, about funding opportunities, project activities and related topics such as TMF capacity development. The August 2016 newsletter featured updates on Proposition 1 projects funded to date and the October 2016 issue presented information on managerial capacity for systems. The January 2017 issue highlighted achieving drinking water compliance through consolidation between the City of Santa Rosa and various mobile home parks. The April 2017 issue highlighted the City of Hanford's efforts in assisting a variety of small water systems in achieving compliance through consolidation with the city. These newsletters are available online, in both English and Spanish, at www.waterboards.ca.gov/water_issues/programs/grants_loans/sustainable_water_solutions/

The State Water Board finalized its FFY 2016 Capitalization Grant application to the USEPA in the late summer of 2016. The USEPA awarded the FFY 2016 Capitalization Grant to the State Water Board on September 12, 2016 for a total of \$78,215,000. Upon award, the State Water Board had already allocated sufficient Proposition 1 Drinking Water appropriation to satisfy state match.

Additionally, with a total commitment of \$226,720,912 for SFY 2016-17 to various planning and construction projects, DFA exceeded the amount necessary to ensure the obligation of the 2016 Capitalization Grant by June 30, 2017. This commitment amount, combined with prior year commitments encumbered against federal funds, enabled the timely liquidation of project funds budgeted under the 2016 Capitalization Grant within SFY 2016-17.

6. Ensure that at least 20 percent (20%), but not more than 30 percent (30%), of the 2016 Capitalization Grant is provided to eligible recipients in the form of additional subsidy (i.e. principal forgiveness).

While the State Water Board had anticipated that the maximum amount of additional subsidy would be 30 percent (30%) of the 2016 Capitalization Grant, as it had in prior years, the actual Capitalization Grant authorized the State Water Board to provide up to 50 percent

(50%) of the 2016 Capitalization Grant as principal forgiveness, with the additional 20% to be awarded as initial financing beginning October 1, 2015⁴. As of June 30, 2017, the State Water Board had provided 38 percent (38%) of the 2016 Capitalization Grant as additional subsidy, in the form of principal forgiveness, to new binding commitments as well as amendments to prior years binding commitments. Based upon the SFY 2016-17 IUP, it was the intent of the State Water Board to provide the maximum amount of principal forgiveness allowed by USEPA to small disadvantaged communities. The remaining balance of uncommitted principal forgiveness from the 2016 Capitalization Grant, approximately 12 percent (12%), is expected to be awarded to eligible recipients in the near future.

7. [Prioritize all available DWSRF funding for PWSs serving fewer than 10,000 people to the maximum extent practicable and in consideration of other federal and state authorities governing the prioritization of DWSRF funding.](#)

The State Water Board continued to prioritize DWSRF funding for PWSs serving less than 10,000 people in SFY 2016-17, especially as such small water systems often suffer from significant public health risks and TMF deficiencies. As a result of small water system funding prioritization, the DWSRF provided \$86,612,876 in DWSRF funding to small water systems in SFY 2016-17 (Exhibit A, [page 42](#)). The total amount of DWSRF funding to small water systems over the life of the program now totals over \$391,695,687, constituting 16 percent (16%) of total DWSRF funding provided. Conversely, the number of small water

system projects funded in SFY 2016-17 totaled 24 and the cumulative total of small water system projects funded over the life of the program now totals over 294, constituting 69 percent (69%) of the total number of DWSRF funded projects.

8. [Continue updating the State Water Board's Operating Agreement with USEPA to represent current program operations. The update to the State Water Board's DWSRF Operating Agreement will include, at minimum, any changes to the State's DWSRF policies and procedures, including changes to statutes and regulations, since the State Water Board's DWSRF Operating Agreement was last executed.](#)

DFA substantially completed a draft of a revised DWSRF Operating Agreement in SFY 2016-17. It is anticipated that the revised DWSRF Operating Agreement will be finalized in the near future. DFA intends to include the executed agreement as an appendix to the DWSRF Policy.

9. [Facilitate drought relief through expedited funding efforts to help ensure that eligible PWSs experiencing drought-related drinking water emergencies or facing imminent threats of drought related drinking water emergencies will achieve permanent solutions.](#)

The DWSRF did not fund any projects in SFY 2016-17 as a direct result of the California drought. Drought relief funding was provided from other emergency state funding sources in SFY 2016-17. Additionally, the Governor declared an end to the drought emergency on April 7, 2017, via Executive Order No. B-40-17.

⁴USEPA requirements also allow for the 2016 Capitalization Grant principal forgiveness allotment to be awarded for the purchase, refinance, or restructuring of debt obligations where such debt was incurred after December 18, 2015.

10. Continue to maintain the State Water Board's DWSRF federal unliquidated obligation (ULO) balance in accordance with USEPA Memorandum from Peter Grevatt, Director, Office of Ground Water and Drinking Water, dated April 14, 2014, Drinking Water State Revolving Fund (DWSRF) Unliquidated Obligations (ULO) Reduction Strategy.

The State Water Board continued to maintain an acceptable DWSRF federal ULO balance in SFY 2016-17 of less than two capitalization grants per USEPA's DWSRF ULO Reductions Strategy. Specifically, the DWSRF federal ULO was \$17.3 million as of June 30, 2017, which was \$143.6 million less than the maximum \$160.9 million allowed per USEPA's ULO reduction strategy. California's acceptable DWSRF ULO balance was maintained in SFY 2016-17 through the commitment of funds in prior fiscal years and their associated disbursements. The prior year's commitments ensured an acceptable DWSRF ULO balance in SFY 2016-17 substantially because of cash flow modeling and the prioritization of eligible construction projects that were ready to proceed with construction activities.

11. 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.

The State Water Board continued to promote the DWSRF Green Project Reserve in SFY 2016-17 by providing \$2,032,745 in DWSRF funding for one project involving the installation of water meters (Exhibit B, page 43). This water meter project enabled the State Water Board to satisfy USEPA's optional Green Project Reserve while also promoting the State Water Board's goal of encouraging

water conservation and effective water management.

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

As of June 30, 2017, USEPA had not provided its national DWSRF claims guidance. Therefore, the State Water Board was unable to achieve this short-term goal in SFY 2016-17.

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

The State Water Board continued to provide a suite of technical assistance in SFY 2016-17 to small water systems, especially those with significant SDWA violations. Specifically, the DWSRF set-asides funded third-party contractors that provided a variety of assistance to small water systems relating to TMF capacity development. See Section VI (page 35) below for more information on DWSRF technical assistance. DFA also continued to fund technical assistance for a variety of projects under Proposition 1. Additionally, DFA and DDW provided direct technical assistance to small water systems with significant SDWA violations. Examples of such direct technical assistance included:

- Meeting with DDW consolidation specialists and applicants to discuss project concepts before applications were submitted.
- Reviewing applications with minimal material submitted and guiding them to complete additional application packages.
- Helping funding recipients properly prepare and submit reimbursement claims.

14. Continue to require PWSs receiving assistance to undergo a TMF assessment.

DWSRF applicants continued to provide a TMF assessment of their public water system and its operations for DWSRF applications submitted in SFY 2016-17. DFA project managers also continued to complete evaluations of such assessments as part of an application review for DWSRF funding eligibility. As further described in Section V(E) (page 32) of this annual report, DWSRF applicants that lacked TMF capacity were also offered technical assistance by the State Water Board in 2016-17 to help such applicants resolve their TMF deficiencies.

15. Initiate efforts to update and provide recommended changes to the DWSRF Policy to further make the DWSRF program more efficient.

DFA made substantial progress on a proposed draft amendment to the DWSRF Policy in SFY 2016-17 to achieve further efficiencies in the DWSRF program and to further align the DWSRF and Clean Water State Revolving Fund (CWSRF) programs. It is anticipated that the State Water Board will consider the first amendment to the DWSRF Policy in late SFY 2017-18 or early SFY 2018-19.



B. Long-Term Goals

This section discusses the State Water Board's efforts to meet the following long-term goals for the DWSRF program. These goals represent the State Water Board's efforts to carry out the objectives of the SDWA as well as other drinking water goals of the State Water Board.

1. Address Significant Risks to Public Health

The State Water Board remained committed to helping PWSs address significant risks to public health in SFY 2016-17 by providing both construction and planning funding as well as technical assistance to public water systems. More than 60 percent (60%) of the projects funded under the DWSRF in SFY 2016-17 addressed primary drinking water standards (page 25). This effort in SFY 2016-17 was achieved through the coordination of funding prioritization between DFA and DDW. Specifically, DFA staff in OSWS met regularly with DDW District staff and management to assess the prioritization of projects for small disadvantaged communities as well as technical assistance in helping such PWSs obtain DWSRF funding.

A specific effort was also undertaken to monitor and report on the progress of drinking water systems with pending applications for funding to address arsenic violations. DFA staff provided monthly updates to DDW on the status of arsenic projects, including which application materials still needed to be submitted by the applicant; whether the applicant was receiving technical assistance; whether the project had received funding; and an anticipated return to compliance date.

2. Ensure SDWA Compliance

DFA continued to prioritize DWSRF funding for projects that restored or prevented a PWS's non-compliance with the SDWA. DFA coordinated such prioritizations for funding with DDW. 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 SDWA.

3. Improve Information Exchange

DFA staff worked with State Water Board's Division of Information Technology (DIT) staff to launch an application that allows the public to access the status of funding requests using mobile devices, now available at public.waterboards.ca.gov/srfmobilestatus/.

DFA previously provided the funding status report to the public via a large spreadsheet, which was difficult to read on mobile devices – often the only accessible method of accessing online data for small, disadvantaged communities in remote areas. This mobile application has proven critical to communicate with applicants, environmental justice groups, and technical assistance providers to help them navigate the funding process. The mobile application works on a variety of mobile devices, including tablets and cell phones.

4. Improve Management of Drinking Water Spatial Data

Due to the transition of the drinking water program from the California Department of Public Health (CDPH) to the State Water Board, the Geographic Information System (GIS) mapping responsibilities for PWS locations throughout California now resides with DDW. In SFY 2016-17, DDW continued to work with the Office of Environmental Health Hazard Assessment (OEHHA) to add/update boundary maps for all community water

systems. It is anticipated that DDW will continue to update such GIS mapping data throughout SFY 2017-18.

5. Provide Affordable Financing Alternatives

The State Water Board continued to provide below market financing and principal forgiveness in SFY 2016-17 to facilitate affordable funding alternatives for communities throughout California. The average interest rate for SFY 2016-17 was 1.7 percent (1.7%), half of California's general obligation bond rate, and well below market rates. DWSRF principal forgiveness was combined with certain funds provided under Proposition 1 to further facilitate affordable financing for California's small disadvantaged communities. Approximately \$114.6 million in DWSRF principal forgiveness and Proposition 1 grant funds were awarded for the benefit of small disadvantaged communities in SFY 2016-17.

6. Acknowledge and Address Household Affordability Constraints

The State Water Board continued to acknowledge the affordability constraints of public water systems in SFY 2016-17, continued to provide principal forgiveness and below market interest rate financing, and continued to encourage consolidation of water systems to improve economies of scale. Specifically, DFA continued to implement a simplified affordability criteria for awarding principal forgiveness, which was first included in the SFY 2016-17 IUP. The SFY 2016-17 IUP also expanded 30-year financing terms for all PWSs owned by a public agency, subject to USEPA review and approval. USEPA Region 9 acknowledged California's DWSRF 30-year financing program in its Performance Evaluation Report, dated June 28, 2017, and in related discussion, as further discussed below.

Furthermore, the State Water Board continues to work with the Board of Equalization and relevant stakeholders in the development and subsequent implementation of the Low-Income Water Rate Assistance Program, per the passage of Assembly Bill 401 (Dodd). Through AB 401, a collaborative plan is being developed that includes a series of recommendations for cost-effective methods of offering assistance to low-income water customers as well as provides recommendations for possible legislative action needed to fulfill this assistance. In SFY 2016-17, State Water Board staff held several public meetings and a stakeholder workshop to inform stakeholders about the development of the AB 401 report.

Finally, the State Water Board continued with its consolidation incentive program by offering \$5 million in zero percent (0%) construction financing where a PWS agreed to fully consolidate a PWS serving a small disadvantaged community (Consolidation Incentive Project). As of June 30, 2017, DFA had not yet funded a Consolidation Incentive Project because of a lack of eligible demand. The SFY 2017-18 IUP has since increased the maximum financing amount for a Consolidation Incentive Project from \$5 million to \$10 million with the expectation of further incentivizing consolidations of public water systems.

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. As a result, the commitment of DWSRF funds within SFY 2016-17 exceeded the minimum funding targets resulting in PWSs receiving the necessary funding to address SDWA compliance issues. The projects funded by the DWSRF in SFY 2016-17 mitigated a variety of public

health issues, including surface water treatment compliance, source capacity and reliability, groundwater treatment, and delivery capability. DWSRF funds were also prioritized to such projects because the recipients were “ready to proceed” to both a funding agreement and their construction activities.

Due to the prioritization of funding to “ready-to-proceed” projects that addressed public health priorities, the State Water Board also successfully managed DWSRF finances to ensure the compliance with the USEPA’s ULO reduction strategy. The DWSRF set-asides were also employed in SFY 2016-17 to provide for the administration of the DWSRF and the State Water Board’s PWSS program under DDW, as well as TMF and small water technical assistance. In accordance with USEPA’s ULO reduction strategy for DWSRF set-asides, USEPA granted the State Water Board a 1-year extension on the liquidation of the 2014 Local Assistance set-aside, which was satisfied by the State Water Board in the late spring of 2017, almost 4 months in advance of the liquidation deadline.

8. Ensure TMF Capacity of PWSs

The State Water Board continued to ensure the TMF capacity of PWSs and further defined roles and responsibilities in SFY 2016-17 for the implementation of the State Water Board’s Capacity Development Strategy. In summary, DFA transferred the Technical, Managerial and Financial Capacity Coordinator to DDW. However, DFA continued to work

with DDW to improve PWSs’ TMF. DDW and DFA began meeting to re-evaluate the Capacity Development program and to better align and incorporate TMF elements into the DDW sanitary surveys of PWSs. DDW and DFA also began assessing methodologies for tracking the elements of TMF and how best to provide updated TMF training to internal staff, including Local Primacy Agencies (LPA) staff. It is anticipated that the re-development of the State Water Board’s Capacity Development Strategy and the processes for its implementation will continue into SFY 2017-18. It is also anticipated that DDW and DFA will continue to meet with TMF technical assistance providers including California Rural Water Association (CRWA), Rural Community Assistance Corporation (RCAC), and Self-Help Enterprises (SHE) to further improve technical assistance services in support of TMF.

9. Further Enhance the State Water Boards’ LGTS

The State Water Board continued to enhance its LGTS database in combination with web-enabling the platform. A variety of upgrades and modifications to LGTS were performed in SFY 2016-17 under a general maintenance contract with the database developer. Some of the enhancements included additional Proposition 1 and other program reporting functions, integration of other DFA funding programs, and additional functionality for monitoring technical assistance contracts.

C. Operating Agreement and Capitalization Grant Conditions

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

1. Assistance Activities

The State Water Board continued to provide DWSRF funding to eligible public water systems in SFY 2016-17 for projects needed to achieve or maintain compliance with safe drinking water standards. All activities funded were eligible under Section 35.3520 of Title 40 of Code of Federal Regulations. A total of \$226,720,912 in new DWSRF funding was awarded to 31 projects in SFY 2016-17. DWSRF funds were provided to eligible recipients to enhance drinking water treatment, distribution, storage, installation of meters, as well as ensure water system reliability through the installation of interties and the consolidation of public water systems. 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 in SFY 2016-17. Eligible recipients included privately and publicly owned community and non-profit non-community public water systems. The projects and public water systems funded in SFY 2016-17 are further detailed in Exhibit C (page 44).

In contrast, 17 of 70 projects listed in the SFY 2016-17 DWSRF Fundable List were not funded by the DWSRF. Exhibit D (page 46) lists these projects and the reasons they did not receive DWSRF funding in SFY 2016-17. The high demand for drinking water improvement funding in California required the State Water Board to prioritize projects based upon their public health benefits as well as the recipient's readiness to proceed to funding agreement.

2. Eligible Categories of Projects and Financing Terms

The State Water Board continued to provide below-market financing and additional subsidy in SFY 2016-17 for projects ranked in Categories A-F (page 25) of the DWSRF public health prioritization scheme. The State Water Board also generally prioritized higher ranked public health categories and projects benefiting small disadvantaged communities in SFY 2016-17. Types of assistance included loans and installment sale agreements for the planning, design, and construction of drinking water infrastructure projects.

Principal forgiveness was provided to SWs that served disadvantaged and severely disadvantaged communities. SWs serving disadvantaged communities generally received zero percent (0%) interest rates on DWSRF repayable financing. The standard interest rate for all other repayable financing averaged one and seven-tenths of one percent (1.7%), which was one-half the state's average general obligation rate, as established each calendar year. Standard repayable financing for construction projects was amortized over a 20-year period. Repayable financing was amortized over 30 years for PWSs serving small disadvantaged communities.

3. Provide a State Match

The State Water Board demonstrated the source of its twenty percent (20%) general state match requirements for the 2016 DWSRF Capitalization Grant in SFY 2016-17 through a short-term financing with the California Infrastructure and

Economic Development Bank (IBank). Specifically, in the fall of 2016, the State Water Board leveraged DWSRF interest earnings to secure \$35 million in additional DWSRF State Match (2016 IBank State Match). On October 5, 2016, the State Water Board adopted [Resolution 2016-055](#), which authorized this short-term financing with the IBank. The 2016 IBank State Match was subsequently liquidated in SFY 2016-17 thereby allowing the State Water Board to disburse project funds budgeted under the 2015 and 2016 DWSRF Capitalization Grant in accordance with USEPA's ULO reduction strategy.

The State Water Board also continued to encumber DWSRF state match provided under Chapter 5, Section 79724 of Proposition 1 (Prop 1 Drinking Water). Approximately, \$45.1 million of Prop 1 Drinking Water was encumbered as state match under the DWSRF in SFY 2016-17, constituting over-match for future DWSRF capitalization grants. In summary, as of June 30, 2017, California had provided approximately \$89.1 million in cumulative state match funds to the DWSRF program through a combination of state general obligation bond revenue proceeds, local match, and short-term financings with the IBank.

California also provided approximately \$7.82 million in additional 1:1 matching funds for the \$7.82 million budgeted for the 2016 State Program Management set-aside. Specifically, the \$7.82 million in 1:1 matching funds were provided, in part, through a \$24.54 million General Fund appropriation to the State Water Board's Safe Drinking Water Account in support of PWSS activities. During SFY 2016-17, the State Water Board expended the entire 1:1 match amount.

4. Binding Commitments Within One Year

The State Water Board continued to commit DWSRF funding to projects in

an amount equal to or greater than 120 percent (120%) of each federal payment within one year of receipt of that payment. As of June 30, 2017, executed funding agreements totaled approximately \$2.74 billion, or 168 percent (168%) of the approximately \$1.63 billion in federal payments received for DWSRF loans as of June 30, 2017.

5. Expeditious and Timely Expenditure

The State Water Board continued to make timely and expeditious use of DWSRF funds, especially federal capitalization grant funds in accordance with USEPA's ULO reduction strategy. USEPA's ULO reduction strategy generally requires that no more than two DWSRF federal capitalization grants remain undisbursed at any one time. As of June 30, 2017, the State Water Board had only \$17.3 million in undisbursed 2015 and 2016 DWSRF Capitalization Grant funds, of which approximately 62 percent (62%) were predominantly set-aside funds already allocated for eligible use.

This timely and expeditious use of DWSRF federal capitalization grant funds was substantially achieved through cash-flow modeling and the over-commitment of DWSRF funds in SFY 2016-17 and prior fiscal years. In SFY 2016-17, there was no minimum funding agreement amount to ensure optimal use of DWSRF funds without leveraging. Therefore, the State Water Board exceeded the minimum commitment amount by awarding approximately \$227 million in DWSRF funds by June 30, 2017. As described in the SFY 2016-17 IUP, the minimum commitment amount depended upon projected funding disbursements relative to existing fund balances and projected future revenues such that the DWSRF fund balance did not substantially decrease below \$100 million.

The timely and expeditious use of DWSRF funds was also satisfied through the prompt and efficient processing of

DWSRF reimbursement claims. To ensure timely reimbursement, DWSRF claims were generally reviewed and paid within 30 days from recipient of a complete claim. DFA staff reviewed and approved complete disbursement claims generally within 10 days, then routed the claims to DAS for processing. DAS generally processed claims within seven calendar days of receiving the claim, and the State Controller's Office (SCO) generally issued a check (warrant) within 3-5 calendar days to the funding recipient.

The State Water Board continued to draw federal funds in SFY 2016-17 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 draws 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 the prior month's administration costs.

To further enable the timely and expeditious use of DWSRF funds, the State Water Board encumbered most loan balances to DWSRF federal funds to ensure the prompt liquidation of federal capitalization grants as claims for reimbursement were processed. As of June 30, 2017, approximately \$647.6 million of DWSRF financings had been encumbered, but not yet liquidated, to available DWSRF federal funds (\$17.3 million), constituting a 37:1 ratio.

6. Disadvantaged Business Enterprise (DBE) Objectives and 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 (2%) for the Minority Owned Business Enterprises (MBE) and one percent (1%) for Women Owned Business Enterprises (WBE) participation for a combined three percent (3%) goal. Funding recipients reported participation as 0.02 percent (0.02%) for MBE and 0.02 percent (0.02%) for WBE. Exhibit E (page 49) 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 were required to comply with Davis-Bacon prevailing wage requirements in SFY 2016-17. Each funding agreement included provisions requiring applicants to follow Davis-Bacon requirements. DFA conducted a variety of surveillance activities throughout SFY 2016-17 to ensure each recipient's compliance with Davis-Bacon requirements. Such surveillance activities included (1) reviewing recipient and sub-recipient reports and compliance certifications; (2) tracking compliance with federal annual monitoring requirements; and (3) annually reviewing quarterly site inspection reports to verify the adequacy of site inspections and other control activities.

DWSRF funding recipients were also required to use American-made iron and steel products (AIS) in SFY 2016-17 pursuant to [USEPA guidelines for projects involving the construction, alteration, maintenance, or repair of a public water system or public treatment works](#). DWSRF funding recipients were

only exempt from this AIS requirement if the project qualified under a national or project specific AIS waiver from USEPA. To ensure compliance with AIS requirements, the AIS provisions were included in DWSRF financing agreements and DFA examined recipient records for AIS certifications and/or any AIS waivers during project inspections.

7. Additional Subsidy and Green Requirements

The State Water Board continued to provide the maximum amount of available additional subsidy in the form of principal forgiveness in SFY 2016-17 for the benefit of small water systems serving disadvantaged communities. Since the inception of the DWSRF program, federal regulations have allowed for up to 30 percent (30%) of a capitalization grant to be provided as additional subsidy (i.e.,

principal forgiveness) to “disadvantaged communities,” regardless of the size of the public water system. In 2016, Congress added a twenty percent (20%) additional subsidy allotment, separate from the thirty percent (30%) additional subsidy allocation for disadvantaged communities.

The State Water Board’s SFY 2016-17 IUP directed that the maximum amount of additional subsidy allowed under federal rules and regulations be awarded to “disadvantaged communities,” and recently “small disadvantaged communities,” in the form of principal forgiveness. **Table 2** shows the amounts necessary for compliance with rules governing the allotment and use of DWSRF principal forgiveness. Exhibit B (page 43) identifies 20 additional subsidy projects funded in SFY 2016-17.

Table 2: Additional Subsidization Funding

FFY Grant	SFY	Grant Award Amount	Minimum Subsidy Amount by FFY Grant ⁵	Maximum Subsidy by FFY Grant	Committed Subsidy Amount by FFY Grant Assignment ⁶	Uncommitted Subsidy Amount by FFY Grant Assignment ⁷	Disbursed Subsidy Amount by SFY ⁸	Undisbursed Subsidy Amount by SFY ⁹
2010	10-11	\$126,958,000	\$38,087,400.00	\$38,087,400.00	\$38,087,400.00	\$0.00	\$421,440.13	\$0.00
2011	11-12	\$86,698,000	\$26,009,400.00	\$26,009,400.00	\$2,463,128.00	\$0.00	\$6,619,511.33	\$0.00
2012	12-13	\$85,358,000	\$17,071,600.00	\$25,607,400.00	\$25,590,180.00	\$0.00	\$9,117,174.68	\$0.00
2013	13-14	\$78,770,000	\$15,754,000.00	\$23,631,000.00	\$23,305,524.00	\$0.00	\$12,097,245.42	\$0.00
2014	14-15	\$83,521,000	\$16,704,200.00	\$24,966,300.00	\$24,966,399.00	\$0.00	\$16,094,684.79	\$0.00
2015	15-16	\$83,674,000	\$16,534,800.00	\$24,802,200.00	\$24,802,200.00	\$0.00	\$29,422,208.98	\$0.00
2016	16-17	\$78,215,000	\$15,643,000.00	\$39,107,500.00	\$29,716,515.00	\$9,390,985.00	\$31,649,428.95	\$85,519,552.72
Totals		\$621,894,000	\$145,804,400.00	\$202,211,200.00	\$190,941,247.00	\$9,390,985.00	\$105,421,694.28	\$85,519,552.72

⁵USEPA generally requires 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.”

⁶In 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 6/30/2017.

⁷In accordance with USEPA procedures, these amounts represent the additional subsidy balances under the maximum authority of the respective DWSRF capitalization grant that have not been committed to eligible DWSRF projects as of 6/30/2017.

⁸These amounts represent the additional subsidy disbursements of the assigned projects per State fiscal year. In accordance with USEPA Policy, the additional subsidy is encumbered and expended from any available funding sources within the DWSRF (i.e. federal capitalization grants, state match, repayment funds).

⁹This amount represents the total encumbering balance as well as the additional subsidy authority not yet encumbered as of 6/30/2017.

Besides additional subsidy, the State Water Board may also allocate a portion of a capitalization grant to projects with “green” benefits (Green Project Reserve). In SFY 2016-17, Green Project Reserve funding was awarded to recipients for projects that included the installation

of water meters due to their water conservation and efficiency benefits. **Table 3** shows the amount of DWSRF funding assigned to current and prior year capitalization grants to satisfy the optional DWSRF Green Project Reserve.

Table 3: Green Project Reserve Funding

FFY Grant	SFY	Grant Award Amount	Minimum Green Project Reserve Amount by FFY Grant ¹⁰	Committed Green Project Reserve Amount Per FFY Grant Assignment ¹¹	Disbursed Green Project Reserve Amount by SFY ¹²	Undisbursed Green Project Reserve Amount by SFY ¹³
2010	10-11	\$126,958,000	\$25,391,600	\$25,391,600	\$0	\$0
2011	11-12	\$86,698,000	\$17,339,600	\$26,013,832	\$12,457,278	\$0
2012	12-13	\$85,358,000	\$0	\$8,527,464	\$31,819,690	\$0
2013	13-14	\$78,770,000	\$0	\$0	\$7,037,464	\$0
2014	14-15	\$83,221,000	\$0	\$0	\$2,242,734	\$0
2015	15-16	\$83,674,000	\$0	\$521,670	\$2,715,139	\$0
2016	16-17	\$78,215,000	\$0	\$2,032,745	\$2,203,628	\$3,920,378
Totals		\$621,894,000	\$42,731,200	\$62,487,311	\$58,566,933	\$3,920,378

8. Federal Funding Accountability and Transparency Act

The State Water Board reported four projects totaling \$80,330,207 into the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS) in SFY 2016-17 to satisfy the FFATA reporting requirements for the FFY 2016 DWSRF Capitalization Grant. The FFATA, along with associated Office of Management and Budget (OMB) directives, and interpretive guidance from USEPA, requires the State Water Board to report sub-recipient information on the use of capitalization grants awarded after 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 50).

9. Environmental Federal Cross-Cutters

The State Water Board used the [State Environmental Review Process \(SERP\)](#) to review the environmental impacts of projects in SFY 2016-17. While the SERP generally follows the requirements of the California Environmental Quality Act (CEQA), each applicant had to also complete and submit an [Evaluation Form for Federal Environmental Coordination \(Evaluation Form\)](#). DWSRF staff consulted

¹⁰USEPA requires the State Water Board to commit and expend a minimum amount of DWSRF capitalization grant to projects that qualify under the rules and requirements of USEPA’s “Green Project Reserve.”

¹¹In 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 6/30/2017.

¹²These amounts represent the Green Project Reserve disbursements for each respective state fiscal year. Per USEPA policy, the Green Project Reserve funding is not necessarily encumbered and liquidated from DWSRF capitalization grants.

¹³This 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 6/30/2017.

with the appropriate federal agencies on projects with known or potential impacts under federal environmental regulations, consistent with the Operating Agreement between the State Water Board and USEPA.

10. Single Audit Act

The State Water Board continued to require recipients receiving an executed agreement in SFY 2016-17 to comply with applicable provisions of the federal Single Audit Act of 1984, OMB Circular No. A-133 and 2 CFR Part 200, subpart F, and updates or revisions, thereto. Specifically, the State Water Board included the applicable Single Audit Act requirements in all DWSRF financial

assistance agreements executed in SFY 2016-17 and required reporting by funding recipients if the recipient received more than \$750,000 in combined federal funds for a given fiscal year. DAS also issued to DWSRF recipients in the summer of 2016 a summary of federal funds disbursed to those recipients in SFY 2015-16. Thereafter, DFA and DAS assisted the State Treasurer's Office in securing any required SFY 2015-16 Single Audit Act reports from DWSRF funding recipients by the deadline of March 2017. DFA and DAS also coordinated with DWSRF funding recipients and the State Treasurer's Office on any compliance concerns with the use of DWSRF federal funds disclosed in a Single Audit Act report.



D. Financial Activity

1. Net Assets

Net assets of the DWSRF program are shown below:

Statement of Net Assets		
June 30, 2017 and June 30, 2016		
(in thousands)		
Assets	2017	2016
Current Assets	\$ 383,729	\$ 433,846
Other Assets	\$1,347,378	\$1,162,689
Total Assets	\$1,731,107	\$1,596,535
Liabilities		
Current Liabilities	\$ 2,232	\$ 5,933
Non-Current Liabilities	\$ 0	\$ 0
Total Liabilities	\$ 2,232	\$ 5,933
Net Assets		
Restricted	\$ 0	\$ 0
Unrestricted	\$1,728,875	\$1,590,602
Total Net Assets	\$1,728,875	\$1,590,602

2. Revenues

Revenue for the DWSRF program is described in its Financial Statements. The total revenues for SFY 2016-17 were \$189 million. Revenues for the period of this report were as follows:

Loan Interest Income:	\$17.7 million
Net Investment Income:	\$2.0 million
Capitalization Grants - Principal Forgiveness Receipts:	\$6.7 million
State Match Revenue:	\$13.6 million
Capitalization Grant:	\$138.1 million
State Match Revenue – Principal Forgiveness:	\$10.6 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 2016-17 were \$344 million. Disbursements for the period of this report were made as follows:

Loan disbursements:	\$254 million
Grants disbursements:	\$2.0 million
Principal Forgiveness disbursements:	\$31.9 million
Employees' salaries and vendors' payments:	\$20.4 million
Principal paid for state match loan:	\$36 million
State match fees paid:	\$2 thousand
Interest paid on state match loan:	\$20 thousand

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 2016-17, seven (7) projects received approximately \$160,201,379 in ETF as shown in Exhibit G ([page 51](#)).

ETF for disadvantaged communities has historically proven to be more manageable financing for funding recipients than twenty-year financing. Providing ETF for disadvantaged communities has not jeopardized the financial strength of the DWSRF program, but instead has led to an increased demand for funding. This has provided a steadier flow of funds returning to the program. Such demand has been critical in the State Water Board's reduction of historical ULOs.

Prior to 2015, state law permitted zero percent (0%) interest rate loans from the DWSRF if the funding applicant served a disadvantaged community, regardless of the water system size. In 2015, the California Legislature directed the State Water Board to provide zero percent (0%) interest rate financing if the funding recipient served a disadvantaged community with financial hardship. The State Water Board's DWSRF Policy defines financial hardship to mean the funding applicant is a small water system with high residential water rates. In its IUPs beginning 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 has limited zero percent (0%) interest rate financing 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 financing. 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 Uniform Commercial

Code (UCC)-1 security interest by the State Water Board on all of the entity's water revenue accounts.

In SFY 2016-17, the DWSRF program did not restructure any commitments due to a recipient's inability to make payment on its DWSRF financing. The drought's potential impacts on revenue streams of loan recipients due to water conservation measures did not result in any requests for loan restructuring or warnings about potential delays or defaults in payment.

In SFY 2016-17, there was no allowance for uncollectible accounts as all repayments remained current and all repayable financings were anticipated to be repaid in accordance with the financing terms. As in prior years, there were no repayment defaults in the DWSRF program and State Water Board staff continues to work diligently to ensure that funding agreements were secure and all payments were made on time and in full. Staff efforts included 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, in SFY 2016-17, priority was given to projects that addressed the most serious risks to human health, were necessary to ensure compliance with SDWA requirements, and assisted water systems in need the most on a per household basis. Projects were ranked by categories below:

Public Health Category	Description
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 2016-17 Will Help Achieve and Maintain SDWA Goals

1. There were 31 projects funded by the DWSRF program.
2. 1,736,859 people reside within the boundaries of the projects funded.
3. \$65,253,735 in principal forgiveness was provided to these projects.
4. Projects funded by the DWSRF program fall into the categories noted earlier, as defined in the DWSRF Policy, Section V.C. The projects funded and their categories were as follows:

Public Health Category	Description	Number of Projects
Category A:	Immediate Health Risk	3
Category B:	Untreated or At-Risk Sources	6
Category C:	Compliance or Shortage Problems	10
Category D:	Inadequate Reliability	3
Category E:	Secondary Risks	3
Category F:	Other Projects	6

B. DWSRF Projects Achieve Multiple Benefits

DWSRF projects provide benefits to water system improvement projects in many different ways. **Figure 4** and **Figure 5** show the many benefits commonly provided by DWSRF projects.

Figure 4
Water System Improvements
(Project Type by Cost)

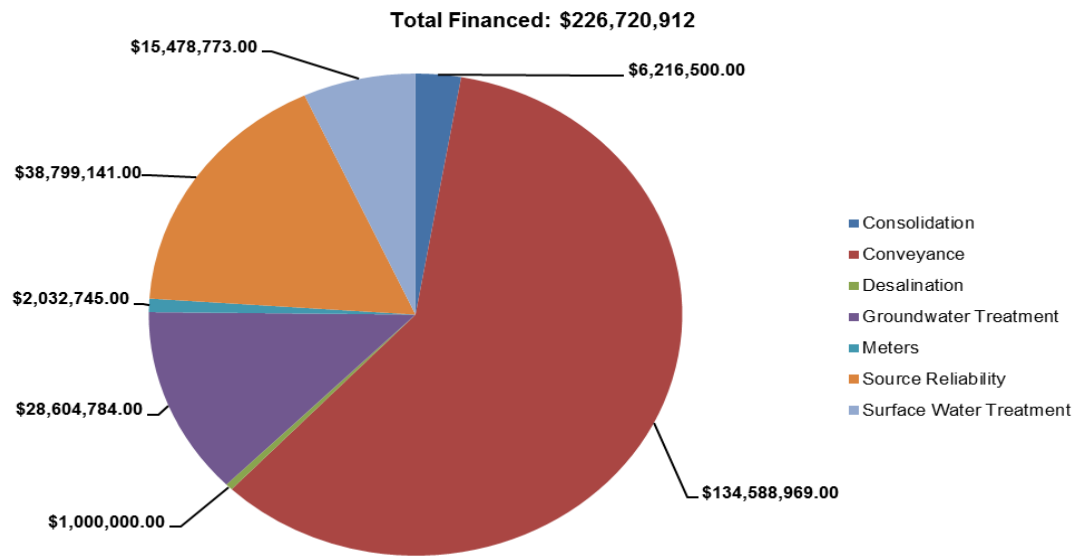
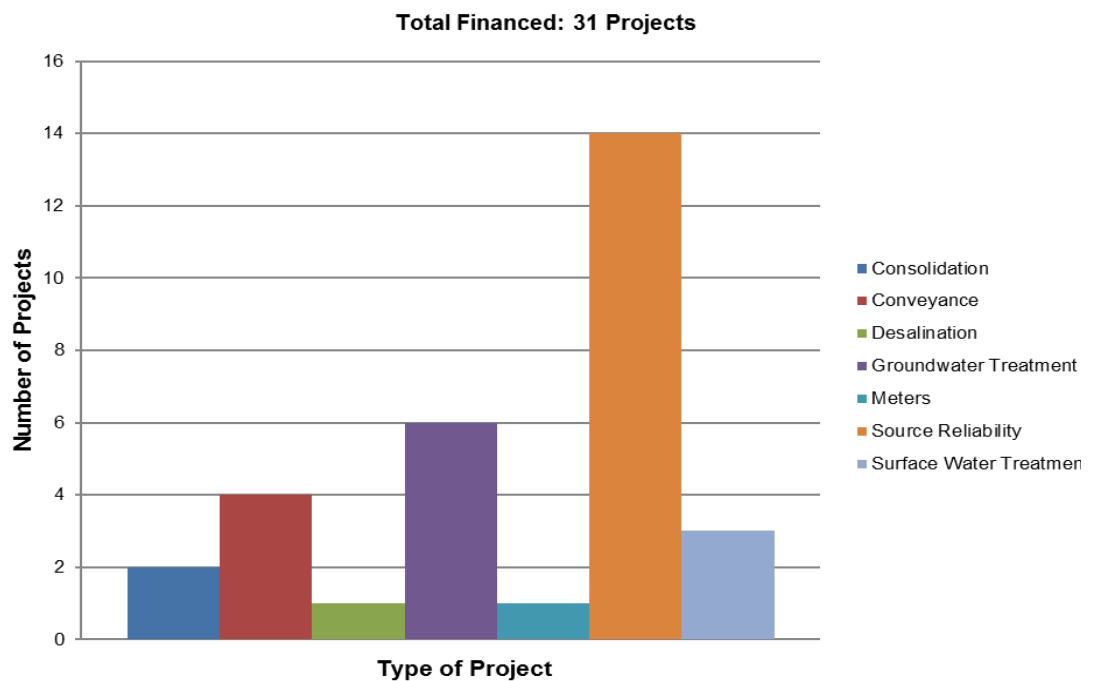
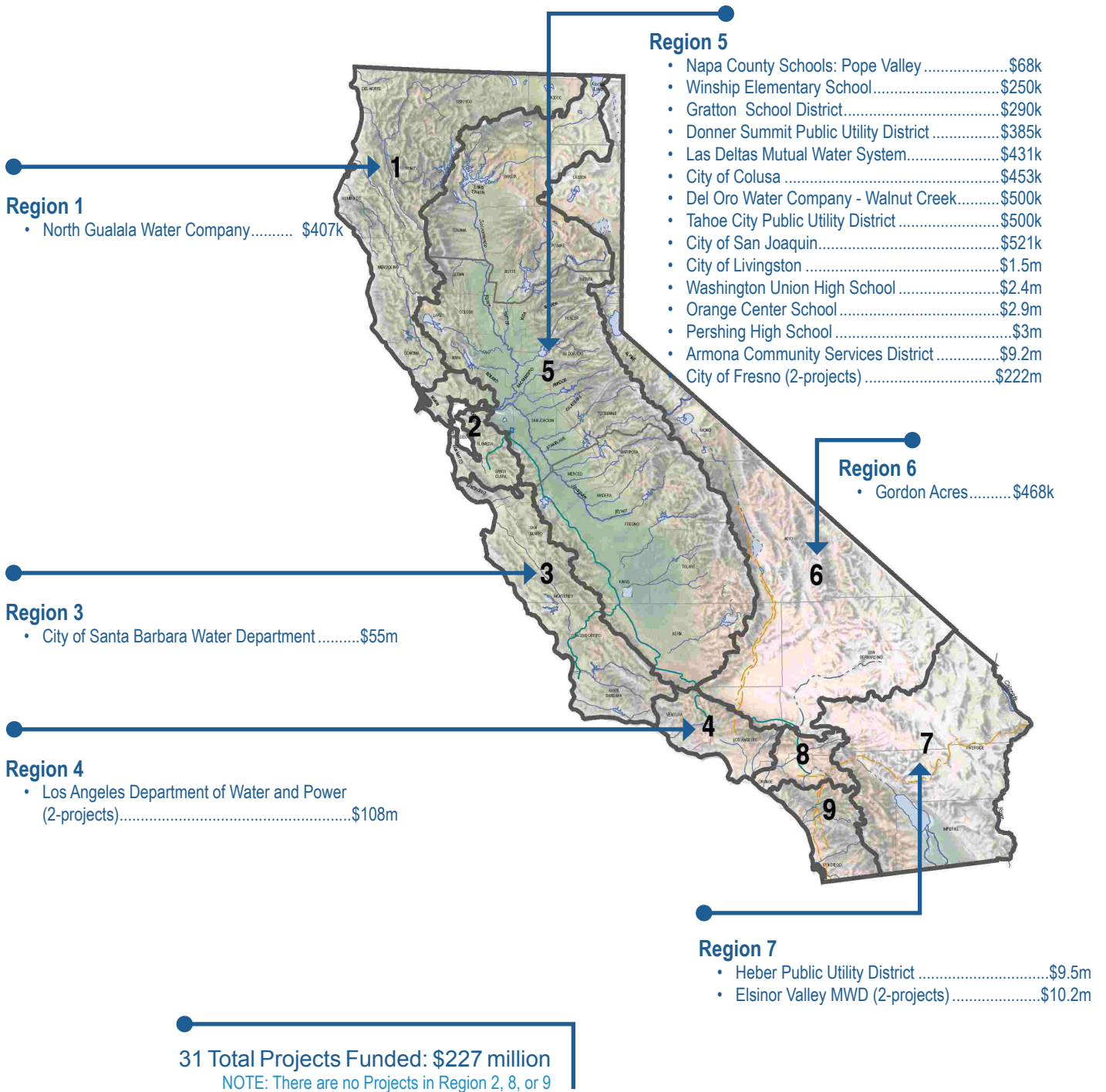


Figure 5
Water System Improvements



C. Highlights of Projects Funded by DWSRF in SFY 2016-17





V. ADMINISTRATIVE AND PROGRAMMATIC UPDATES

A. Performance Evaluation Report

On June 28, 2017, the USEPA presented the State Water Board a combined Program Evaluation Report (PER) for the CWSRF and DWSRF programs for SFY 2015-16. The PER addressed California's performance and compliance with the requirements of the base program activities of the DWSRF, and USEPA made observations and provided recommendations for follow up actions related to the elements listed below

1. Required Program Elements

- (a) Funding Eligibility
- (b) Compliance with Federal Requirements and Grant Conditions: i.e., Cross-Cutting Authorities, American Iron and Steel, Davis Bacon, Additional Subsidy, and Green Projects and Reporting
- (c) Set-aside Activity
- (d) Status of Corrective Action Plan

2. Required Financial Elements

- (a) Rules of Cash Draw (including improper payments)
- (b) Timely and Expeditious Use of Funds

Regarding Funding Eligibility, USEPA acknowledged the State Water Board's intention to begin offering ETF to non-disadvantaged communities. USEPA waived its requirement to demonstrate, through a 5 year/10% decrease analysis, that future lending capacity would not be significantly impacted. USEPA's waiver

of this requirement was conditioned on the following:

1. The State Water Board's Intended Use Plans must include five-year prospective impact analyses resulting from proposed ETF amounts in that SFY.
2. The proposed annualized ETF amounts and resulting fiscal impact must be made available publicly as part of the State Water Board's consideration of future DWSRF Intended Use Plans.
3. USEPA must be notified and provided the opportunity to review the proposed ETF amounts and the resulting fiscal impact and provide comments/concerns as part of the State Water Board's consideration and adoption of future DWSRF Intended Use Plans.
4. The State Water Board must include in its annual DWSRF reports to USEPA the actual amounts of ETF provided and the resulting fiscal impact on the DWSRF.

In related discussions, USEPA acknowledged the State Water Board's use of non-loan financing instruments as part of its ETF program, including bonds and installment sale agreements.

Regarding Compliance with Federal Requirements and Grant Conditions, specifically the PBR, USEPA noted that it had found no missing data in critical fields of the PBR, but it found several inconsistencies between the project information reported in the California DWSRF Annual Report versus the PBR. USEPA asked the State Water Board to review and correct the non-critical

field inconsistencies within the PBR by September 30, 2017, and the State Water Board did so.

Regarding Set-aside Activity, specifically DWSRF Withholding Determinations, USEPA indicated that the State Water Board's Operator Certification and Capacity Development programs met the intent of the Safe Drinking Water Act and made incremental improvements to meet community needs. USEPA expressed concern with regard to the timeliness of submission and thoroughness of content of the annual and triennial reports for those programs. USEPA recommended that the State Water Board prioritize the development and submission of complete reports in a timely manner (i.e. by August 15 of each year) to allow USEPA sufficient review time to help ensure full award of the DWSRF capitalization grant. The State Water Board is working towards prioritizing the development and submission of the annual and triennial reports. The development of each report requires coordination between DDW and DFA. Both Divisions are working towards meeting USEPA's recommendation.

Additionally, with respect to coordination between the DWSRF and PWSS programs regarding the Capacity Development program and Operator Certification program, USEPA observed that communication and coordination challenges had developed as a result of Capacity Development and Operator Certification programs having been separated from the PWSS program and placed with DFA. USEPA noted the State Water Board's request to postpone revising the Capacity Development Strategy to allow the reorganized program to settle in at the State Water Board and to see any potential effects of pending legislation. USEPA recommended that the State Water Board revise its Capacity Development Strategy by December 30, 2017, to reflect any changes to the capacity development

program implemented in recent years. USEPA suggested that updating the strategy might ease the effort needed to improve the capacity development annual report.

Regarding the Corrective Action Plan, USEPA noted that it had sent a letter to the State Water Board on May 17, 2016, finding that the DWSRF had returned to compliance with the financial requirements, officially closing the Corrective Action Plan.

USEPA will continue to meet with the State Water Board periodically to discuss financial performance requirements as well as other aspects with regard to the implementation of the DWSRF.

Regarding Rules of Cash Draw and Improper Payments, USEPA tested eleven (11) California DWSRF cash transactions selected through statistical sampling. Of these, one transaction contained an improper payment of \$0.30 due to the State Water Board miscalculating and underpaying a claim to the Los Angeles Department of Water and Power (LADWP). On May 9, 2017, the State Water Board notified USEPA that it had disbursed the full amount to LADWP.

Regarding Timely and Expeditious Use, USEPA noted that its DWSRF ULO strategy requires the full liquidation of capitalization grants within two years of award. USEPA can grant a one-year liquidation extension to states, upon request. The State Water Board requested and USEPA granted an extension to September 30, 2017, with regard to the 2014 DWSRF Capitalization Grant, FS-98934914. On June 5, 2017, the State Water Board fully liquidated the 2014 DWSRF Capitalization Grant and notified USEPA shortly thereafter as required.

B. Comprehensive List

The Comprehensive List identified projects potentially eligible for funding assistance from the DWSRF program. As DFA received applications, it assigned each project a category from Section V.C.1 of the DWSRF Policy, then recommended that the Executive Director of the State Water Board, in consultation with DDW, either add the project to the Comprehensive List or update an existing project. The Executive Director updated the Comprehensive List four times.

C. Fundable List and Project Bypass

There were 70 projects identified on the fundable list of projects in the SFY 2016-17 IUP, detailed in Exhibit H (page 52). Of these 70 projects, 37 were planning and 33 were construction projects. The DWSRF program awarded funding to 10 planning projects and 21 construction projects. Prop 1 Drinking Water funds were awarded to 62 projects. The remaining projects' status is noted in Exhibit D (page

46). Several of the projects not funded in SFY 2016-17 are anticipated to be funded in SFY 2017-18.

D. Marketing Updates

State Water Board staff participated in six California Financing Coordinating Committee (CFCC) funding fairs during SFY 2016-17. The funding fairs provide members of the public and infrastructure development professionals current information on funding options available for different project types.

State Water Board staff also participated in several conferences throughout the year to provide updated information on the DWSRF Program. These conferences included the League of California Cities 2017 Annual Conference; California Rural Water Association 2017 Expo; 2017 WaterReuse California Annual Conference; California-Nevada Section American Water Works Association 2017 Spring Conference; Urban Water Institute, Inc. 2017 Annual Conference; California Special Districts Association 2017 Annual



Conference; and the Association of California Water Agencies 2017 Spring Conference.

E. Technical Assistance Updates

The DWSRF program budgeted two percent (2%) of the 2016 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, 2017 are shown in Exhibit I ([page 57](#)).

F. Prop 1 Drinking Water Update

The State Water Board and DFA continued to implement and award funding to

planning and construction projects using DWSRF and Prop 1 Drinking Water funds. Due to extensive coordination between funding sources, \$227 million of DWSRF funding was awarded to 31 planning and construction projects, of which \$89.1 million were actually Prop 1 Drinking Water funds serving as state match for the DWSRF program. \$50.8 million of Prop 1 Drinking Water funds were also awarded to 50 planning and construction projects separately from the DWSRF. In addition, \$25.9 million was awarded to 12 Drinking Water technical assistance projects. Exhibit J ([page 61](#)) lists the 62 projects funded exclusively by Prop 1 Drinking Water in SFY 2016-17. In total, Prop 1 Drinking Water awarded \$165.8 million 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 2016-17 has also enabled the State Water Board to maintain a low and acceptable federal ULO balance for the near future.

G. Consolidation Incentive Program

The Consolidation Incentive Program, as described in the SFY 2016-2017 IUP, did not receive requests during SFY 2016-17, but was revised to draw potential projects. In June 2017, the State Water Board adopted the SFY 2017-2018 IUP, which increased the zero percent consolidation incentive program from up to \$5 million to up to \$10 million. Zero percent (0%) interest rate financing may be awarded for an eligible construction project (incentive project) that benefits an eligible PWS, if such a PWS completes

a full consolidation with a water system serving a small disadvantaged or small severely disadvantaged community.

H. LEFA Program

The Legal Entity Formation Assistance (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 was 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. Once an appropriate governing entity was identified and/or formed as applicable, that governing entity would be able to apply for planning or construction funding.

Of the 21 LEFA applications received, 15 financing agreements were executed, one

(1) applicant withdrew, and five (5) did not result in projects that could be financed by the State Water Board, as shown in Exhibit K (page 64). All funded projects were completed as of June 30, 2017. Not all funded projects resulted in the formation of a governing entity primarily due to the lack of community support.

I. DWSRF 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 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 2016-17, the program had set aside a total of \$24,889,390 from the



LEFA Project - Okieville - 2 Tanks as 2 Owners Occupied Homes on Property Where Wells Were Dry

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**, \$2,000,000 has been committed and expended for SWP loans.

Table 4: Source Water Protection Loan Set-Asides

Funding Recipient	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



VI. SET-ASIDES

The DWSRF program used a percentage of each federal capitalization grant as “set-asides” in SFY 2016-17 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 DWSRF Administration, SWSTA, State Program Management, and Local Assistance Special Programs. These set-asides aided in either administering the DWSRF program or providing funding and other technical assistance to PWSs. The State Water Board budgeted 26 percent (26%) of the 2016 Capitalization Grant for all four (4) set-asides, totaling \$20,335,900. As of June 30, 2017, the State Water Board had expended \$9,779,051 of the funds budgeted for set-aside activities from the 2016 Capitalization Grant. It is anticipated, that the remaining balance of the 2016 Capitalization Grant set-aside funds will be liquidated no later than SFY 2018-19.

A. Administration Set-Aside

The State Water Board budgeted four percent (4%) of the 2016 Capitalization Grant, totaling \$3,128,600, along with prior years’ DWSRF Administration set-aside funds in SFY 2016-17 for the management of the DWSRF program by DFA, DAS, Division of Information Technology (DIT), and the Office of Chief Counsel. The State Water Board expended \$2,115,728 from the Administration set-aside under the 2016 Capitalization Grant. The DWSRF 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. The Administration set-aside also funded legal activities within the State Water Board’s Office of Chief Counsel relating to the review of agreements and legal advising on a variety of programmatic issues including the IUP, revenue bond requirements, and implementation of various State and federal requirements. Finally, the DWSRF Administration set-aside funded through indirect expenditure a variety of administrative support from

DAS and DIT, including accounting and budget office support as well IT support.

A portion of the Administration set-aside also funded state procurement contracts with other entities, such as the accounting firm CliftonLarsonAllen. In SFY 2016-17, CliftonLarsonAllen completed the federal single-audit of the DWSRF program for SFY 2015-16 and produced audited financials for the DWSRF program and are included as Exhibit L ([page 65](#)).

The budgeting and expenditures of the DWSRF Administration set-aside, as of June 30, 2017, are shown in Exhibit I ([page 57](#)).

B. Small Water System Technical Assistance (SWSTA) Set-Aside

The State Water Board budgeted two percent (2%) of the 2016 Capitalization Grant, totaling \$1,564,300, along with prior year SWSTA set-aside funds in SFY 2016-17. The State Water Board expended \$146,627 from the SWSTA set-aside under the 2016 Capitalization Grant. The SWSTA set-aside funded DFA staff and their technical assistance provided to small water systems. The primary goal of DFA’s small water system technical assistance is to assist small water systems to become eligible for

DWSRF financing 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 their TMF capacities.

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. The SWSTA also enabled DFA technical and administrative staff to assist third-party technical assistance providers and their suite of tasks further described below.

The budgeting and expenditures of the SWSTA Set-Aside as of June 30, 2017, are shown in Exhibit I ([page 57](#)).

C. Local Assistance Set-Aside

The State Water Board budgeted ten percent (10%) of the 2016 Capitalization Grant, along with prior year Capitalization Grants in SFY 2016-17, for technical assistance to public water systems to support the State Water Board's TMF Capacity Development Strategy. The State Water Board expended \$885,568 from the Local Assistance set-aside under the 2016 Capitalization Grant. It is anticipated that the remaining balance of the 2016 Local Assistance set-aside will be liquidated over the next couple of years, especially since such funds will be made available to DDW for their technical

assistance to PWS in support of the State Water Board's Capacity Development Strategy.

A majority of the Local Assistance set-aside funds were expended for third-party technical assistance contracts with CRWA, RCAC, SHE, and California-Nevada chapter of the American Water Works Association (AWWA). CRWA, RCAC and SHE provided on-site technical assistance, including income surveys, water rate studies, and DWSRF application development as well as provided or participated in a variety of online and onsite workshops, symposiums and fairs, which benefited over 2,200 public water systems in SFY 2016-17. CRWA, RCAC, and SHE also provided TMF assistance in SFY 2016-17, including mutual water company board training, public water system operation training, and water system ownership research. The California-Nevada chapter of AWWA provided technical assistance in the validation water audits for urban water suppliers in support of the State Water Board's Capacity Development Strategy.

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 2016-17, RCAC held two CalTAP funding fairs. The fairs provided information on free services and materials available to the water systems and included two water symposiums that focused on water system components (source to tap) and distribution system operation and maintenance. The CalTAP fairs averaged 59 attendees and the symposia averaged 32 attendees. In addition to the funding fairs, RCAC held 46 onsite and 82 online workshops. Board members, water system staff, and operators from more than 1,922 individual water systems participated in the training events. RCAC utilized feedback from training and workshop attendees to

improve its organizations effectiveness in communicating with the public and ability to provide helpful information.

The remaining expenditures of Local Assistance set-aside in SFY 2016-17 were for technical and administrative staff within DFA and their efforts to provide assistance to public water systems in support of the State Water Board's TMF Capacity Development Strategy. DFA 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; 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.

The budgeting and expenditures of the DWSRF Local Assistance set-aside, as of June 30, 2017, are shown in Exhibit I (page 57).

D. State Program Management Set-Aside

The State Water Board budgeted ten percent (10%) of the 2016 Capitalization Grant, along with prior year Capitalization Grants, for the State Program Management set-aside in SFY 2016-17. The State Water Board expended \$6,631,127 from the State Program Management set-aside under the 2016 Capitalization Grant. This set-aside funded DDW's PWSS regulatory program. In SFY 2016-17, 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 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, 2017, are shown in Exhibit I (page 57).



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noun

an abbreviation formed from the initial letters of other words and pronounced as a word (e.g., DWSRF, SWRCB).

ARRA	American Recovery and Reinvestment Act of 2009
ASAP	Automated Standard Application of Payments
AWWA	American Water Works Association
CalTap	California Technical Assistance Provider
CDPH	California Department of Public Health
CRWA	California Rural Water Association
CWSRF	Clean Water State Revolving Fund
DAS	Division of Administrative Services
DBE	Disadvantaged Business Enterprise
DDW	Division of Drinking Water
DFA	Division of Financial Assistance
DIT	Division of Information Technology
DWSRF	Drinking Water State Revolving Fund
ETF	Extended Term Financing
FFATA	Federal Funding Accountability and Transparency Act
FFY	Federal Fiscal Year
FSRS	Federal Funding Accountability and Transparency Act Subaward Reporting System
IUP	Intended Use Plan
LEFA	Legal Entity Formation Assistance
LGTS	Loans and Grants Tracking System
MBE	Minority Owned Business Enterprise
OMB	Office of Management and Budget
OSWS	Office of Sustainable Water Solutions
PBR	Project Benefits Reporting Database
PICM	Permitting, Inspection, Compliance, Monitoring
PWS	Public Water Systems
PWSS	Public Water System Supervision
RCAC	Rural Community Assistance Corporation
SCO	State Controller's Office
SERP	State Environmental Review Process
SDWA	Safe Drinking Water Act
SFY	State Fiscal Year
SHE	Self-Help Enterprises
SWP	Source Water Protection
SWS	Small Water System
SWSTA	Small Water System Technical Assistance
TMF	Technical, Managerial, Financial
ULO	Unliquidated Obligation
USEPA	United States Environmental Protection Agency
WBE	Women Owned Business Enterprise

The background of the entire page is a collage of various US dollar bills, including \$100, \$50, and \$20 bills, arranged in a layered, overlapping fashion. The bills are slightly faded and have a soft, ethereal quality.

**DRINKING WATER
STATE REVOLVING FUND**

**BELOW-MARKET FINANCING
FOR SAFE DRINKING WATER**

**BE THE
SOLUTION**

VIII. EXHIBITS

Exhibit A	Small Water Systems Funding in SFY 16-17
Exhibit B	Green and Additional Subsidy Projects Funded in SFY 16-17
Exhibit C	Projects Funded by Public Health Needs Categories in SFY 16-17
Exhibit D	Projects Not Funded in SFY 16-17
Exhibit E	Disadvantaged Business Enterprise Report for SFY 16-17
Exhibit F	Projects Reported to FFATA for FFY 2016 Grant
Exhibit G	Extended Term Financing Projects in SFY 16-17
Exhibit H	SFY 16-17 DWSRF Fundable List Update
Exhibit I	Cumulative DWSRF Set-Aside Expenditures
Exhibit J	Projects Funded by Prop 1 Drinking Water in SFY 16-17
Exhibit K	Cumulative LEFA Projects
Exhibit L	SFY 2016-17 Audited Financial Statements

EXHIBIT A: SMALL WATER SYSTEMS FUNDING IN SFY 16-17

Funding Recipient	Project Number	Principal Forgiveness	Loan	Total SRF Funding	FA Execution Date	Financial Status
Amador Water Agency	0310012-006C	\$2,761,773.00		\$2,761,773.00	10/26/2016	Disadvantaged
Amador Water Agency	0310012-003C	\$1,933,403.00		\$1,933,403.00	10/26/2016	Disadvantaged
Donner Summit Public Utility District	2910016-003C	\$2,173,600.00	\$543,400.00	\$2,717,000.00	7/1/2016	Disadvantaged
Eastern Municipal Water District	3310009-067C	\$2,986,500.00		\$2,986,500.00	7/12/2016	Severely Disadvantaged
Georgetown Divide Public Utility District	0910013-005C		\$10,000,000.00	\$10,000,000.00	12/2/2016	Not Disadvantaged
City of Hughson	5010008-011C	\$5,000,000.00	\$3,327,753.00	\$8,327,753.00	4/24/2017	Disadvantaged
Jackson Valley Irrigation District	0300037-002C	\$9,600,000.00		\$9,600,000.00	5/3/2017	Disadvantaged
City of Kerman	1000248-002C	\$3,230,000.00		\$3,230,000.00	7/11/2016	Severely Disadvantaged
Keyes Community Service District	5010009-003C	\$10,349,941.00	\$3,489,243.00	\$13,839,184.00	2/17/2017	Disadvantaged
Lanare Community Services District	1000053-004C	\$3,580,000.00		\$3,580,000.00	8/25/2016	Severely Disadvantaged
Palo Verde County Water District	1300616-001C	\$1,248,022.00		\$1,248,022.00	3/14/2017	Severely Disadvantaged
Pioneer Union School District	0900309-001C	\$355,000.00		\$355,000.00	7/6/2016	Severely Disadvantaged
Pleasant Valley Joint Union Elementary School District	4000774-001C	\$999,480.00		\$999,480.00	6/7/2017	Severely Disadvantaged
City of Rio Dell	1210012-007C	\$665,876.00		\$665,876.00	10/21/2016	Disadvantaged
Sanger Unified School District	1000112-002C	\$2,033,300.00		\$2,033,300.00	12/2/2016	Severely Disadvantaged
Shasta Community Services District	4510013-004C	\$4,292,840.00		\$4,292,840.00	5/25/2017	Disadvantaged
South Tahoe Public Utility District	0910002-010C		\$2,032,745.00	\$2,032,745.00	8/16/2016	Disadvantaged
Department of Water Resources	5410010-017C	\$13,300,000.00		\$13,300,000.00	5/16/2017	Severely Disadvantaged
Antelope Elementary School District	5200506-001P2	\$242,400.00		\$242,400.00	11/18/2016	Disadvantaged
Center Water Company	3600070-003P	\$600.00		\$600.00	12/2/2016	Severely Disadvantaged
City of Escalon	3910003-001P		\$450,000.00	\$450,000.00	6/15/2017	Not Disadvantaged
Joshua Basin Water District	3610025-001P		\$1,516,000.00	\$1,516,000.00	1/18/2017	Disadvantaged
Paskenta Community Services District	5200534-003P	\$500,000.00		\$500,000.00	7/6/2016	Severely Disadvantaged
Warner Unified School District	3701010-003P	\$1,000.00		\$1,000.00	2/17/2017	Severely Disadvantaged

EXHIBIT B: GREEN and ADDITIONAL SUBSIDY PROJECTS FUNDED IN SFY 16-17

Green Projects Funded						
Funding Recipient	Project Number	Principal Forgiveness	Loan	Total SRF Funding	FA Execution Date	Status
South Tahoe Public Utility District	0910002-010C	\$0	\$2,032,745	\$2,032,745	8/16/2016	Disadvantaged
Additional Subsidy Projects Funded						
Amador Water Agency	0310021-003C	\$1,933,403	\$0	\$1,933,403	10/26/2016	Disadvantaged
Eastern Municipal Water District	3310009-067C	\$2,986,500	\$0	\$2,986,500	7/12/2016	Severely Disadvantaged
Department of Water Resources	5410010-017C	\$13,300,000	\$0	\$13,300,000	5/16/2017	Severely Disadvantaged
Antelope Elementary School District	5200506-001P2	\$242,400	\$0	\$242,400	11/18/2016	Disadvantaged
Donner Summit Public Utility District	2910016-003C	\$2,173,600	\$543,400	\$2,717,000	7/1/2016	Disadvantaged
Jackson Valley Irrigation District	0300037-002C	\$9,600,000	\$0	\$9,600,000	5/3/2017	Disadvantaged
Palo Verde County Water District	1300616-001C	\$1,248,022	\$0	\$1,248,022	3/14/2017	Severely Disadvantaged
Paskenta Community Services District	5200534-003P	\$500,000	\$0	\$500,000	7/6/2016	Severely Disadvantaged
Amador Water Agency	0310012-006C	\$2,761,773	\$0	\$2,761,773	10/26/2016	Disadvantaged
City of Hughson	5010008-011C	\$5,000,000	\$3,327,753	\$8,327,753	4/24/2017	Disadvantaged
City of Kerman	1000248-002C	\$3,230,000	\$0	\$3,230,000	7/11/2016	Severely Disadvantaged
Keyes Community	5010009-003C	\$10,349,941	\$3,489,243	\$13,839,184	2/17/2017	Disadvantaged
Pleasant Valley Joint Union Elementary School District	4000774-001C	\$999,480	\$0	\$999,480	6/7/2017	Severely Disadvantaged
Sanger Unified School District	1000112-002C	\$2,033,300	\$0	\$2,033,300	12/2/2016	Severely Disadvantaged
Warner Unified School District	3701010-003P	\$1,000	\$0	\$1,000	2/17/2017	Severely Disadvantaged
Center Water Company	3600070-003P	\$600	\$0	\$600	12/2/2016	Severely Disadvantaged
Lanare Community Services District	1000053-004C	\$3,580,000	\$0	\$3,580,000	8/25/2016	Severely Disadvantaged
Pioneer Union School District	0900309-001C	\$355,000	\$0	\$355,000	7/6/2016	Severely Disadvantaged
City of Rio Dell	1210012-001C	\$665,876	\$0	\$665,876	10/21/2016	Disadvantaged
Shasta Community Services District	4510013-004C	\$4,292,840	\$0	\$4,292,840	5/25/2017	Disadvantaged

EXHIBIT C: PROJECTS FUNDED BY PUBLIC HEALTH NEEDS CATEGORIES IN SFY 16-17

Funding Recipient	Project Name	Category	Population	Connections	Initial Funding Date	Principal Forgiveness Amount	Loan Amount	Total Amount Financed	Status
Amador Water Agency	Lake Camanche Water System Compliance Project	A	2,416	732	10/26/2016	\$1,933,403	\$0	\$1,933,403	Disadvantaged
Eastern Municipal Water District	County Water Company, Consolidation with Eastern MWD	A	375100	0	7/12/2016	\$2,986,500	\$0	\$2,986,500	Severely Disadvantaged
Water Resources, Department of	The East Porterville Water Supply Construction Project	A	7,000	1,800	5/16/2017	\$13,300,000	\$0	\$13,300,000	Severely Disadvantaged
Antelope Elementary School District	Plum Valley School SRF Planning Project	B	70	1	11/18/2016	\$242,400	\$0	\$242,400	Disadvantaged
Donner Summit Public Utility District	Donner Summit PUD Water Treatment Plant Improvement	B	350	275	7/1/2016	\$2,173,600	\$543,400	\$2,717,000	Disadvantaged
Georgetown Divide Public Utility District	Auburn Lake Trails Water Treatment Plant Upgrade	B	9,018	3,568	12/2/2016	\$0	\$10,000,000	\$10,000,000	Not Disadvantaged
Jackson Valley Irrigation District	Treated Water Project, Phase 2	B	1126	402	5/3/2017	\$9,600,000	\$0	\$9,600,000	Disadvantaged
Palo Verde County Water District	Palo Verde County Water District Improvement Project	B	410	133	3/14/2017	\$1,248,022	\$0	\$1,248,022	Severely Disadvantaged
Paskenta Community Services District	Long Term Source Reliability Study	B	120	72	7/6/2016	\$500,000	\$0	\$500,000	Severely Disadvantaged
Amador Water Agency	Disinfection Byproduct Compliance/ Backwash Water Reuse Project	C	8,232	3,520	10/26/2016	\$2,761,773	\$0	\$2,761,773	Disadvantaged
City of Coachella	Hexavalent Chromium Treatment Planning	C	43917	8036	6/15/2017	\$0	\$3,337,367	\$3,337,367	Disadvantaged
Hughson, City of	Well No. 7 Well Replacement and Arsenic Treatment	C	6082	2010	4/24/2017	\$5,000,000	\$3,327,753	\$8,327,753	Disadvantaged
Joshua Basin Water District	Chromium VI Remediation	C	9,514	4,422	1/18/2017	\$0	\$1,516,000	\$1,516,000	Disadvantaged
City of Kerman	Double L Mobile Ranch Park consolidation with City of Kerman	C	80	37	7/11/2016	\$3,230,000	\$0	\$3,230,000	Severely Disadvantaged
Keyes Community	Regional Benefit Arsenic Mitigation Project	C	4900	1520	2/17/2017	\$10,349,941	\$3,489,243	\$13,839,184	Disadvantaged
Pleasant Valley Joint Union Elementary School District	Repair, Replace and Modernize the Pleasant Valley School Water Supply	C	175	2	6/7/2017	\$999,480	\$0	\$999,480	Severely Disadvantaged
Sanger Unified School District	Fairmont School Safe Drinking Water Project	C	483	217	12/2/2016	\$2,033,300	\$0	\$2,033,300	Severely Disadvantaged
Warner Unified School District	Arsenic MCL Violation Planning Study	C	250	14	2/17/2017	\$1,000	\$0	\$1,000	Severely Disadvantaged

EXHIBIT C: PROJECTS FUNDED BY PUBLIC HEALTH NEEDS CATEGORIES IN SFY 16-17 (continued)

Funding Recipient	Project Name	Category	Population	Connections	Initial Funding Date	Principal Forgiveness Amount	Loan Amount	Total Amount Financed	Status
City of Watsonville	Hexavalent Chromium Well Treatment Project	C	66,000	14,774	12/30/2016	\$0	\$2,100,000	\$2,100,000	Disadvantaged
Center Water Company	Center Water Company Wells, Storage, and Infrastructure Project	D	65	0	12/2/2016	\$600	\$0	\$600	Severely Disadvantaged
Paradise Irrigation District	Reservoir B Replacement	D	26299	10079	12/16/2016	\$0	\$500,000	\$500,000	Disadvantaged
South Tahoe Public Utility District	Water Meter Installation - Phase 2	D	3805	14024	8/16/2016	\$0	\$2,032,745	\$2,032,745	Disadvantaged
Lanare Community Services District	Distribution System Replacement	E	589	153	8/25/2016	\$3,580,000	\$0	\$3,580,000	Severely Disadvantaged
Pioneer Union School District	Mountain Creek School Water Tank Replacement	E	150	10	7/6/2016	\$355,000	\$0	\$355,000	Severely Disadvantaged
City of Rio Dell	Metropolitan Wells Development	E	3,377	1,213	10/21/2016	\$665,876	\$0	\$665,876	Disadvantaged
City of Antioch	Brackish Water Desalination Project	F	103,833	31,274	2/13/2017	\$0	\$1,000,000	\$1,000,000	Not Disadvantaged
City of Escalon	Well No. 1 Improvement Project	F	7,523	2,492	6/15/2017	\$0	\$450,000	\$450,000	Not Disadvantaged
City of Fresno	Fresno Priority 2 Regional Transmission Mains	F	514,090	111,014	1/31/2017	\$0	\$63,100,000	\$63,100,000	Disadvantaged
City of Fresno	Kings River Pipeline	F	514,090	111,014	7/19/2016	\$0	\$65,875,669	\$65,875,669	Disadvantaged
Shasta Community Services District	Shasta CSD Tanks/Pump Stations Replacement Project	F	2,500	722	5/25/2017	\$4,292,840	\$0	\$4,292,840	Disadvantaged
Valley Center Municipal Water District	Cool Valley Reservoir Cover/Liner Replacement	F	25,295	9,132	11/8/2016	\$0	\$4,195,000	\$4,195,000	Not Disadvantaged

EXHIBIT D: PROJECTS NOT FUNDED IN SFY 16-17

Small Water Systems: Population <= 10,000 (Planning)											
General Packet Received	Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment/ Explanation why it was not funded in SFY 16-17
9/30/2014	Forest Springs	B	4400608-002P	Planning	Monterey	\$85,800	Not Disadvantaged	Forest Springs Water Upgrade	385	128	Incomplete financial package
Small Water Systems: Population <= 10,000 (Construction)											
General Packet Received	Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment/ Explanation why it was not funded in SFY 16-17
7/27/2015	City of Biggs	D	0410001-001C	Construction	Valley	\$353,000	Disadvantaged	Water Meter Installation	1,805	650	Application incomplete
2/27/2014	City of Huron	C	1010044-001C	Construction	Fresno	\$6,000,000	Severely Disadvantaged	Surface Water Treatment Facility	7,306	862	Incomplete financial package
6/2/2014	Madera County Services Area No. 19 (Rolling Hills)	D	2010009-002C	Construction	Merced	\$5,101,610	Not Disadvantaged	Madera CSA #19 (Rolling Hills) Water Meter Installation & Distribution Relocation	727	333	Water system unable to afford the project
12/23/2015	Tahoe City PUD - McKinney/Quail	B	3110011-005C	Construction	Lassen	\$7,725,000	Disadvantaged	West Lake Tahoe Regional Water Treatment Plant	750	453	Incomplete technical package
Large Water Systems: Population > 10,000 (Planning)											
General Packet Received	Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment/ Explanation why it was not funded in SFY 16-17
4/20/2015	Mission Springs Water District	B	3310008-007P	Planning	Riverside	\$500,000	Severely Disadvantaged	Wells 27 and 29 Chromium 6 Wellhead Treatment	38,500	11,773	Water system withdrew the project
4/22/2014	Eastern Municipal Water District	A	3310009-062P	Planning	Riverside	\$500,000	Disadvantaged	Perris II Desalter	414,710	141,243	Planning project has been completed using water system's fund

EXHIBIT D: PROJECTS NOT FUNDED IN SFY 16-17 (continued)

Large Water Systems: Population > 10,000 (Construction)											
General Packet Received	Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment/ Explanation why it was not funded in SFY 16-17
9/23/2015	City of Los Angeles Acting by and through the Department of Water and Power	F	1910067-054C	Construction	Metropolitan	\$31,839,032	Not Disadvantaged	Elysian Reservoir Water Quality Improvement Project	4,071,873	680,607	Incomplete financial package
12/5/2013	Metropolitan Water District	C	1910087-019C	Construction	Central	\$11,000,000	Not Disadvantaged	Enhanced Bromate Control Program (Weymouth WTP)	12,000,000	378	Water system withdrew the project
9/9/2015	Apple Valley Ranchos WC	F	3610003-001C	Construction	San Bernardino	\$7,992,016	Severely Disadvantaged	Consolidation and Rehabilitation of Yermo Water System	52,879	18,744	Incomplete environmental package
4/23/2015	City of San Diego	F	3710020-073C	Construction	San Diego	\$30,305,258	Not Disadvantaged	Pacific Beach Pipeline South	1,266,731	271,962	Project not fundable because construction activity started without SWB Environmental clearance
6/17/2015	City of San Diego	F	3710020-074C	Construction	San Diego	\$18,800,000	Not Disadvantaged	69th Street and Monawk Pump Station	1,266,731	271,962	Financing agreement expected to be executed SFY 2017-2018

EXHIBIT D: PROJECTS NOT FUNDED IN SFY 16-17 (continued)

Proposition 1										
General Packet Received	Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Comment/ Explanation why it was not funded in SFY 16-17	
9/30/2014	Forest Springs	B	4400608-002P	Planning	Monterey	\$85,800	Not Disadvantaged	Forest Springs Water Upgrade	Financial package incomplete	
11/5/2015	Sierraville Public Utilities District	D	4600018-001P	Planning	Lassen	\$85,000	Severely Disadvantaged	New Water Source	FA expected 2017-2018	
11/5/2015	Sierraville Public Utilities District	E	4600018-002P	Planning	Lassen	\$500,000	Severely Disadvantaged	Storage Tank Replacement	Technical package incomplete	
4/22/2015	Trinity Co. W.W. Dist #1	B	5310002-002P	Planning	Klamath	\$270,000	Severely Disadvantaged	Water Treatment Plant Modification	Technical Package incomplete	
11/12/2015	Muller Mutual Water Company	D	5500064-001P	Planning	Merced	\$175,000	Disadvantaged	Muller MWC consolidation with Tuolumne Utility District	FA expected 2017-2018	

EXHIBIT E: DISADVANTAGED BUSINESS ENTERPRISE REPORT FOR SFY 16-17

		MBE	WBE	TOTAL
Annual Total	October 1, 2015-September 30, 2016	\$4,655,824	\$4,843,875	\$9,499,699
Total Disbursements	October 1, 2015-September 30, 2016			\$211,743,695
Percentage to Total Disbursements	October 1, 2015-September 30, 2016	0.02%	0.02%	0.04%

EXHIBIT F: PROJECTS REPORTED TO FFATA FOR FFY 2016 GRANT

Funding Recipient	Project Number	Agreement Date	FFATA Due Date	FFATA Report Date	FFATA Reporting Amount
City of Fresno	1010007-030C	1/31/2017	2/28/2017	2/17/2017	\$63,100,000
Jackson Valley Irrigation District	0300037-002C	5/3/2017	6/30/2017	7/14/2017	\$9,600,000
Shasta Community Services District	4510013-004C	5/25/2017	6/30/2017	7/13/2017	\$4,292,840
City of Coachella	3310007-001P	6/15/2017	7/31/2017	7/17/2017	\$3,337,367
Total:					\$80,330,207

* Based on the FFY 2016 Capitalization Grant of \$78,215,000

EXHIBIT G: EXTENDED TERM FINANCING PROJECTS IN SFY 16-17

Funding Recipient	Project Number	Total SRF Funding	FA Execution Date	Loan Term
Amador Water Agency	0310012-006C	\$2,761,773	10/26/2016	30
Lanare Community Services District	1000053-004C	\$3,580,000	8/25/2016	30
City of Fresno	1010007-030C	\$63,100,000	1/31/2017	30
City of Fresno	1010007-031C	\$65,875,669	7/19/2016	30
Donner Summit Public Utility District	2910016-003C	\$2,717,000	7/1/2016	30
City of Hughson	5010008-001C	\$8,327,753	4/25/2017	30
Keyes Community Services District	5010009-003C	\$13,839,184	2/17/2017	30

EXHIBIT H: SFY 16-17 DWSRF FUNDABLE LIST UPDATE

Small Water Systems: Population <=10,000 (Planning)										
Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Population	Service Connections	Program	
Union Public Utility District	F	0510001-002P	Planning	Stockton	\$360,000	Disadvantaged	4,300	1,521	Prop 1	
Fresno County Service Area #49 - Five Points	B	1000546-001P	Planning	Fresno	\$455,000	Severely Disadvantaged	450	31	Prop 1	
City of Orange Cove	F	1010023-005P	Planning	Fresno	\$500,000	Severely Disadvantaged	8,500	1,450	Prop 1	
City of San Joaquin	C	1010034-001P	Planning	Fresno	\$500,000	Severely Disadvantaged	3,870	944	Prop 1	
Biola Community Services District	F	1010049-008P	Planning	Fresno	\$347,000	Severely Disadvantaged	1,200	250	Prop 1	
City of Avenal	F	1610002-002P	Planning	Visalia	\$482,000	Severely Disadvantaged	16,737	1,936	Prop 1	
Stratford PUD	F	1610006-006P	Planning	Visalia	\$395,600	Severely Disadvantaged	837	299	Prop 1	
Maywood Mutual Water Co. #2	E	1910085-001P	Planning	Central	\$224,000	Disadvantaged	6,700	1,912	Prop 1	
County of Madera	C	2010004-002P	Planning	Merced	\$500,000	Severely Disadvantaged	1,240	634	Prop 1	
City of Dos Palos	C	2410002-003P	Planning	Merced	\$500,000	Severely Disadvantaged	4,417	2,526	Prop 1	
Donner Summit Public Utility District	B	3100034-003P	Planning	Lassen	\$385,470	Disadvantaged	25	20	Prop 1	
FRCCSD-Old Mill Ranch	F	3200078-001P	Planning	Lassen	\$500,000	Severely Disadvantaged	16	30	Prop 1	
Saint Anthony Trailer Park	C	3301380-001P	Planning	Riverside	\$500,000	Severely Disadvantaged	250	60	Prop 1	
Center Water Co	C	3600070-003P	Planning	San Bernardino	\$670,200	Severely Disadvantaged	65	44	Prop 1	
Joshua Basin Water District	C	3610025-001P	Planning	San Bernardino	\$500,000	Disadvantaged	9,000	4,370	Prop 1	
Wamer Unified School District	C	3701010-003P	Planning	San Diego	\$800,000	Severely Disadvantaged	250	15	Prop 1	

EXHIBIT H: SFY 16-17 DWSRF FUNDABLE LIST UPDATE (continued)

Small Water Systems: Population <=10,000 (Planning)										
Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Population	Service Connections	Program	
Forest Springs	B	4400608-002P	Planning	Monterey	\$85,800	Not Disadvantaged	385	128	DWSRF	
Sieraville Public Utilities District	D	4600018-001P	Planning	Lassen	\$85,000	Severely Disadvantaged	200	102	Prop 1	
Sieraville Public Utilities District	E	4600018-002P	Planning	Lassen	\$500,000	Severely Disadvantaged	200	102	Prop 1	
Sierra CO. W.W.D #1 Calpine	F	4600019-001P	Planning	Lassen	\$200,000	Severely Disadvantaged	225	142	Prop 1	
Antelope Elementary School District	B	5200506-001P2	Planning	Valley	\$242,400	Severely Disadvantaged	70	1	Prop 1	
Paskenta Comm. Services Dist.	B	5200534-003P	Planning	Valley	\$500,000	Severely Disadvantaged	120	67	Prop 1	
Lewiston Park MWC	B	5301003-001P	Planning	Klamath	\$325,200	Severely Disadvantaged	450	162	Prop 1	
Trinity Co. W.W. Dist #1	B	5310002-002P	Planning	Klamath	\$270,000	Severely Disadvantaged	1,500	540	Prop 1	
Palo Verde Union Elementary School District	E	5400519-001P	Planning	Tulare	\$313,000	Severely Disadvantaged	500	26	Prop 1	
Saucelito Elementary School	C	5400558-001P	Planning	Tulare	\$500,000	Severely Disadvantaged	75	3	Prop 1	
City of Lindsay	C	5410006-007P	Planning	Tulare	\$120,000	Severely Disadvantaged	12,400	2,542	Prop 1	
Woodville Public Utility District	A	5410025-002P	Planning	Visalia	\$416,465	Severely Disadvantaged	1,678	478	Prop 1	
Muller Mutual Water Company	D	5500064-001P	Planning	Merced	\$175,000	Disadvantaged	120	54	Prop 1	
Curtis Creek Elementary School	C	5500152-005P	Planning	Merced	\$412,000	Severely Disadvantaged	595	1	Prop 1	
Groveland Community Services District	F	5510009-002P	Planning	Merced	\$325,000	Disadvantaged	3,400	3,293	Prop 1	
Fresno County (Cantua Creek-EI Porvenir)	C	1000359-005P	Planning	Fresno	\$1,000,000	Severely Disadvantaged	660	203	Prop 1	
TOTAL:					\$12,089,135					

EXHIBIT H: SFY 16-17 DWSRF FUNDABLE LIST UPDATE (continued)

Large Water Systems: Population > 10,000 (Planning)									
Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Population	Service Connections	Program
Paradise Irrigation District	D	0410007-001P	Planning	Valley	\$500,000	Disadvantaged	26,299	10,063	DWSRF
City of Antioch	F	0710001-001P	Planning	San Francisco	\$1,000,000	Not Disadvantaged	100,945	31,058	DWSRF
Mission Springs Water District	B	3310008-007P	Planning	Riverside	\$500,000	Severely Disadvantaged	38,500	11,773	DWSRF
Eastern Municipal Water District	A	3310009-062P	Planning	Riverside	\$500,000	Disadvantaged	414,710	141,243	DWSRF
Paradise Irrigation District	D	0410007-001P	Planning	Valley	\$500,000	Disadvantaged	26,299	10,063	DWSRF
TOTAL:					\$2,500,000				

Small Water Systems: Population <= 10,000 (Construction)									
Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Population	Service Connections	Program
Lake Amador Recreation Area	B	0300037-002C	Construction	Stockton	\$6,042,729	Severely Disadvantaged	2,000	190	DWSRF
Amador Water Agency	C	0310012-006C	Construction	Stockton	\$1,947,869	Disadvantaged	8,508	2,558	DWSRF
Amador County Service Area #3/Unit 6	A	0310021-003C	Construction	Stockton	\$1,559,868	Disadvantaged	2,386	723	DWSRF
City of Biggs	D	0410001-001C	Construction	Valley	\$353,000	Disadvantaged	1,805	650	DWSRF
Pioneer Union School District	E	0900309-001C	Construction	Sacramento	\$355,000	Severely Disadvantaged	200	5	Prop 1
Georgetown Divide Public Utility District	B	0910013-005C	Construction	Sacramento	\$10,000,000	Not Disadvantaged	9,021	3,589	DWSRF
Lanare Community Services District	E	1000053-004C	Construction	Fresno	\$3,580,000	Severely Disadvantaged	400	154	DWSRF
Fairmont School	C	1000112-002C	Construction	Fresno	\$2,033,300	Severely Disadvantaged	493	1	DWSRF
Washington Union High School	C	1000221-001C	Construction	Fresno	\$2,455,450	Severely Disadvantaged	1,150	23	DWSRF
Double L Mobile Ranch Park	C	1000248-002C	Construction	Fresno	\$2,125,000	Severely Disadvantaged	80	37	DWSRF
City of Huron	C	1010044-001C	Construction	Fresno	\$6,000,000	Severely Disadvantaged	7,306	862	DWSRF

EXHIBIT H: SFY 16-17 DWSRF FUNDABLE LIST UPDATE (continued)

Small Water Systems: Population <=10,000 (Construction) (continued)										
Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Population	Service Connections	Program	
City of Rio Dell	E	1210012-007C	Construction	Klamath	\$535,339	Disadvantaged	3,174	1,134	DWSRF	
Armona Community Services District	C	1610001-007C	Construction	Visalia	\$9,285,866	Severely Disadvantaged	3,239	1,301	DWSRF	
Kettleman City Community Services District	C	1610009-005C	Construction	Visalia	\$3,926,000	Severely Disadvantaged	1,499	358	DWSRF	
Bass Lake School District	C	200614-001C	Construction	Merced	\$545,000	Severely Disadvantaged	213	7	DWSRF	
Madera County Services Area No. 19 (Rolling Hills)	D	2010009-002C	Construction	Merced	\$5,101,610	Not Disadvantaged	727	333	DWSRF	
City of Livingston	B	2410004-002C	Construction		\$1,548,836	Not Disadvantaged	13,795	2,948	DWSRF	
Donner Summit Public Utility District	B	2910016-003C	Construction	Valley	\$2,717,000	Disadvantaged	310	273	DWSRF	
Tahoe City PUD - McKinney/Quail	B	3110011-005C	Construction	Lassen	\$7,725,000	Disadvantaged	750	453	DWSRF	
Eastern Municipal Water District	A	3310009-067C	Construction	Riverside	\$2,986,500	Severely Disadvantaged	420	140	DWSRF	
Shasta Community Services District	F	4510013-004C	Construction	Lassen	\$4,282,840	Disadvantaged	2,320	708	DWSRF	
Sierra CO. W.W.D #1 Calpine	F	4600019-002C	Construction	Lassen	\$300,000	Severely Disadvantaged	225	142	DWSRF	
Keyes Community Services District	C	5010009-003C	Construction	Stockton	\$18,767,185	Disadvantaged	4,575	1,450	DWSRF	

TOTAL: \$94,183,392

EXHIBIT H: SFY 16-17 DWSRF FUNDABLE LIST UPDATE (continued)

Large Water Systems: Population > 10,000 (Construction)										
Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Population	Service Connections	Program	
South Tahoe Public Utility District	D	0910002-010C	Construction	Sacramento	\$2,032,745	Disadvantaged	60,000	13,635	DWSRF	
City of Fresno	F	1010007-029C	Construction	Fresno	\$26,520,000	Disadvantaged	457,511	130,176	DWSRF	
City of Fresno	F	1010007-030C	Construction	Fresno	\$63,100,000	Disadvantaged	457,511	130,176	DWSRF	
City of Fresno	F	1010007-031C	Construction	Fresno	\$75,165,000	Disadvantaged	457,511	130,176	DWSRF	
City of Los Angeles Acting by and through the Department of Water and Power	F	1910067-054C	Construction	Metropolitan	\$31,839,032	Not Disadvantaged	4,071,873	680,607	DWSRF	
Metropolitan Water District	C	1910087-019C	Construction	Central	\$11,000,000	Not Disadvantaged	12,000,000	378	DWSRF	
Apple Valley Ranchos WC	F	3610003-001C	Construction	San Bernardino	\$7,992,016	Severely Disadvantaged	52,879	18,744	DWSRF	
City of San Diego	F	3710020-073C	Construction	San Diego	\$30,305,258	Not Disadvantaged	1,266,731	271,962	DWSRF	
City of San Diego	F	3710020-074C	Construction	San Diego	\$18,800,000	Not Disadvantaged	1,266,731	271,962	DWSRF	
Valley Center MWD	F	3710026-001C	Construction	San Diego	\$4,250,000	Not Disadvantaged	25,572	9,704	DWSRF	
TOTAL:					\$271,004,051					

EXHIBIT I: CUMULATIVE DWSRF SET-ASIDE EXPENDITURES

DD
Fund 0625
DWSRF Administration

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance
1997	\$75,565,707	\$3,027,304	\$0	\$3,027,304	\$0
1998	\$77,108,200	\$3,084,328	\$0	\$3,084,328	\$0
1999	\$80,816,700	\$3,232,668	\$0	\$3,232,668	\$0
2000	\$83,993,100	\$0	\$0	\$0	\$0
2001	\$84,340,000	\$3,373,600	\$0	\$3,373,600	\$0
2002	\$82,460,900	\$3,298,436	\$68,553	\$3,229,883	\$0
2003	\$81,966,200	\$3,278,648	\$0	\$3,278,648	\$0
2004	\$85,027,600	\$6,679,752	\$70,000	\$6,609,752	\$0
2005	\$84,847,500	\$2,781,076	\$0	\$2,781,076	\$0
2006	\$67,153,678	\$2,684,166	\$30,000	\$2,654,166	\$0
2007	\$67,105,000	\$2,684,200	\$0	\$2,684,200	\$0
ARRA 2009	\$159,008,000	\$5,364,472	\$0	\$5,364,472	\$0
2008	\$66,424,000	\$2,656,960	\$0	\$2,656,960	\$0
2009	\$66,424,000	\$2,656,960	\$0	\$2,656,960	\$0
2010	\$126,958,000	\$5,078,320	\$0	\$5,078,320	\$0
2011	\$86,698,000	\$3,467,920	\$0	\$3,467,920	\$0
2012	\$85,358,000	\$3,414,320	\$300,000	\$3,114,320	\$0
2013	\$78,770,000	\$3,150,800	\$426,867	\$2,723,933	\$0
2014	\$83,221,000	\$3,328,840	\$0	\$3,328,840	\$0
2015	\$82,674,000	\$3,306,960	\$395,000	\$2,911,960	\$0
2016	\$78,215,000	\$3,128,600	\$75,000	\$2,115,728	\$937,872
Total	\$1,784,134,585	\$69,678,330	\$1,365,420	\$67,375,038	\$937,872

EXHIBIT I: CUMULATIVE DWSRF SET-ASIDE EXPENDITURES (continued)

DE
Fund 0628
Small Systems Technical Assistance

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance
1997	\$75,565,707	\$68,245	\$0	\$68,245	\$0
1998	\$77,108,200	\$1,542,164	\$0	\$1,542,164	\$0
1999	\$80,816,700	\$1,616,334	\$0	\$1,616,334	\$0
2000	\$83,993,100	\$0	\$0	\$0	\$0
2001	\$84,340,000	\$1,686,800	\$0	\$1,686,800	\$0
2002	\$82,460,900	\$1,649,218	\$0	\$1,649,218	\$0
2003	\$81,966,200	\$1,639,324	\$0	\$1,639,324	\$0
2004	\$85,027,600	\$3,339,876	\$0	\$3,339,876	\$0
2005	\$84,847,500	\$1,390,538	\$0	\$1,390,538	\$0
2006	\$67,153,678	\$1,342,083	\$0	\$1,342,083	\$0
2007	\$67,105,000	\$1,342,100	\$0	\$1,342,100	\$0
ARRA 2009	\$159,008,000	\$2,787,147	\$0	\$2,787,147	\$0
2008	\$66,424,000	\$1,328,480	\$0	\$1,328,480	\$0
2009	\$66,424,000	\$1,328,480	\$0	\$1,328,480	\$0
2010	\$126,958,000	\$2,539,160	\$0	\$2,539,160	\$0
2011	\$86,698,000	\$1,733,960	\$0	\$1,733,960	\$0
2012	\$85,358,000	\$1,707,160	\$0	\$1,707,160	\$0
2013	\$78,770,000	\$1,575,400	\$0	\$1,575,400	\$0
2014	\$83,221,000	\$1,664,420	\$0	\$1,664,420	\$0
2015	\$82,674,000	\$1,653,480	\$0	\$1,653,480	\$0
2016	\$78,215,000	\$1,564,300	\$0	\$146,627	\$1,417,673
Total	\$1,784,134,585	\$33,498,669	\$0	\$32,080,996	\$1,417,673

EXHIBIT I: CUMULATIVE DWSRF SET-ASIDE EXPENDITURES (continued)

DF
Fund 7500
State Program Management
PWSS/Capacity Development

FFY	Final Cap Grant Amount (in-kind included)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance
1997	\$75,565,707	\$4,157	\$0	\$4,157	\$0
1998	\$77,108,200	\$308,433	\$0	\$308,433	\$0
1999	\$80,816,700	\$323,267	\$0	\$323,267	\$0
2000	\$83,993,100	\$0	\$0	\$0	\$0
2001	\$84,340,000	\$2,000,000	\$0	\$2,000,000	\$0
2002	\$82,460,900	\$2,000,000	\$0	\$2,000,000	\$0
2003	\$81,966,200	\$2,000,000	\$0	\$2,000,000	\$0
2004	\$85,027,600	\$2,400,000	\$0	\$2,400,000	\$0
2005	\$84,847,500	\$4,077,000	\$0	\$4,077,000	\$0
2006	\$67,153,678	\$4,704,000	\$0	\$4,704,000	\$0
2007	\$67,105,000	\$4,934,400	\$0	\$4,934,400	\$0
ARRA 2009	\$159,008,000	\$0	\$0	\$0	\$0
2008	\$66,424,000	\$4,882,164	\$0	\$4,882,164	\$0
2009	\$66,424,000	\$4,882,164	\$0	\$4,882,164	\$0
2010	\$126,958,000	\$9,318,717	\$0	\$9,318,717	\$0
2011	\$86,698,000	\$8,669,800	\$0	\$8,669,800	\$0
2012	\$85,358,000	\$8,535,800	\$0	\$8,535,800	\$0
2013	\$78,770,000	\$7,089,300	\$0	\$7,089,300	\$0
2014	\$83,221,000	\$8,322,100	\$300,000	\$8,022,100	\$0
2015	\$82,674,000	\$8,267,400	\$0	\$8,267,400	\$0
2016	\$78,215,000	\$7,821,500	\$0	\$6,631,127	\$1,190,373
Total	\$1,784,134,585	\$90,240,202	\$0	\$89,049,829	\$1,190,373

EXHIBIT I: CUMULATIVE DWSRF SET-ASIDE EXPENDITURES (continued)

DG
Fund 0626
Local Assistance
Source Water Protection Loan/Delineation, Capacity Development Tech. Assistance

FFY	Final Cap Grant Amount (in-kind included)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance
1997	\$75,565,707	\$6,831,577	\$0	\$6,831,577	\$0
1998	\$77,108,200	\$0	\$0	\$0	\$0
1999	\$80,816,700	\$0	\$0	\$0	\$0
2000	\$83,993,100	\$2,000,000	\$0	\$2,000,000	\$0
2001	\$84,340,000	\$0	\$0	\$0	\$0
2002	\$82,460,900	\$0	\$0	\$0	\$0
2003	\$81,966,200	\$0	\$0	\$0	\$0
2004	\$85,027,600	\$0	\$0	\$0	\$0
2005	\$84,847,500	\$0	\$0	\$0	\$0
2006	\$67,153,678	\$0	\$0	\$0	\$0
2007	\$67,105,000	\$0	\$0	\$0	\$0
ARRA 2009	\$159,008,000	\$0	\$0	\$0	\$0
2008	\$66,424,000	\$0	\$0	\$0	\$0
2009	\$66,424,000	\$0	\$0	\$0	\$0
2010	\$126,958,000	\$0	\$0	\$0	\$0
2011	\$86,698,000	\$2,600,940	\$0	\$2,600,940	\$0
2012	\$85,358,000	\$4,267,900	\$0	\$4,267,900	\$0
2013	\$78,770,000	\$2,507,007	\$0	\$2,507,007	\$0
2014	\$83,221,000	\$4,993,260	\$0	\$4,993,260	\$0
2015	\$82,674,000	\$1,653,480	\$0	\$1,413,048	\$240,432
2016	\$78,215,000	\$7,821,500	\$0	\$885,568	\$6,935,932
Total	\$1,784,134,585	\$32,675,664	\$0	\$25,499,301	\$7,176,363

EXHIBIT J: PROJECTS FUNDED BY PROP 1 DRINKING WATER IN SFY 16-17

Funding Recipient	Project Name	Type of Project	Initial Funding Date	Principal Forgiveness	Loan Amount	Total Financed
Anderson Valley Community Services District	Boonville Drinking Water Project	Planning	12/22/2016	500,000	0	500,000
Department of Water Resources	Okieville Highland Acres Emergency Water Supply Project	Construction	5/17/2017	2,081,000	0	2,081,000
River Pines Public Utility District	River Pines PUD Storage and Distribution Rehab Planning Project	Planning	12/20/2016	441,710	0	441,710
Union Public Utility District	Backwash Recycling and Tank Aeration Project	Planning	10/27/2016	360,000	0	360,000
County of Fresno	Fresno County West Side Groundwater Project	Planning	8/9/2016	1,000,000	0	1,000,000
City of Orange Cove	Water Treatment Plant Expansion and Retention Basin Lining Project	Planning	12/12/2016	500,000	0	500,000
City of San Joaquin	Water Supply, Storage, Treatment, and Distribution Improvements	Planning	10/26/2016	485,000	0	485,000
Caruthers Community Services District	New Well No. 7	Planning	1/5/2017	500,000	0	500,000
Biola Community Services District	Biola CSD Water Distribution System Upgrades	Planning	8/2/2016	347,200	0	347,200
Manila Community Services District	Infrastructure Improvement Project-Storage and Distribution	Planning	11/8/2016	500,000	0	500,000
Krista Mutual Water Company	Krista Fluoride Contamination Planning Project	Planning	5/9/2017	500,000	0	500,000
City of Avenal	Avenal Water Transmission Line Replacement Planning Project	Planning	10/21/2016	500,000	0	500,000
Stratford Public Utility District	Test Well, Facilities Assessment and Municipal Well Contract Documents	Planning	4/13/2017	500,000	0	500,000
Kettleman City Community Services District	New SWTP [Construction Phase]	Construction	2/17/2017	3,000,000	1,000,000	4,000,000
Sunrise Shore Mutual Water Company	Compliance and Sustainability for Sunrise Shore Mutual Water Company	Planning	1/20/2017	500,000	0	500,000
Shaffer Union Elementary School District	Shaffer Source Capacity Planning Project	Planning	6/27/2017	381,058	0	381,058
Maywood Mutual Water Company #2	Maywood Avenue Well Improvements	Planning	1/9/2017	224,000	0	224,000
County of Madera	New Surface Water Treatment Plant Planning Project	Planning	12/29/2016	383,217	0	383,217
County of Madera (Maintenance District 24)	New Well	Planning	4/27/2017	500,000	0	500,000
County of Madera	Arsenic Remediation Project	Planning	9/9/2016	272,234	0	272,234
Chawanakee Unified School District	North Fork Water Project	Planning	1/18/2017	237,575	0	237,575

EXHIBIT J: PROJECTS FUNDED BY PROP 1 DRINKING WATER IN SFY 16-17 (continued)

Funding Recipient	Project Name	Type of Project	Initial Funding Date	Principal Forgiveness	Loan Amount	Total Financed
Bass Lake Joint Unified Elementary School District	Oak Creek Intermediate School Consolidation with Hillview Water Company	Construction	3/17/2017	569,480	419,593	989,073
City of Dos Palos	Water Treatment Plant Replacement Project	Planning	9/9/2016	465,000	0	465,000
Sierra East Homeowners' Association, Inc.	GWUDI and Arsenic Compliance	Planning	9/29/2016	81,834	0	81,834
Floriston Property Owners Association, Inc.	Floriston Spring Filtration Project	Planning	3/2/2017	180,000	0	180,000
Donner Summit Public Utility District	Big Bend Water Supply Study	Planning	4/25/2017	176,000	0	176,000
Feather River Canyon Community Services District	FRCCSD-Old Mill Ranch	Planning	12/15/2016	500,000	0	500,000
Grizzly Lake Community Services District	Intertie with Portola and Well Renovation	Planning	4/20/2017	500,000	0	500,000
Pueblo Unido Community Development Corporation	St. Anthony Trailer Park - Arsenic Remediation Planning Study	Planning	9/19/2016	500,000	0	500,000
Western Water Conservation	Ramona Water System Improvement Project	Planning	1/3/2017	500,000	0	500,000
Self-Help Enterprises	Community Development and Technical Assistance Program	Technical Assistance	8/25/2016	4,396,218	0	4,396,218
Community Water Center	Community-Driven Water Solutions in the Tulare Lake Basin	Technical Assistance	9/21/2016	2,519,970	0	2,519,970
University of California, Davis	Aoki Water Clinic	Technical Assistance	11/18/2016	908,840	0	908,840
Environmental Justice Coalition for Water	Community Technical Assistance Program	Technical Assistance	4/26/2017	2,522,061	0	2,522,061
California Rural Legal Assistance	Drinking Water Access Outreach and Legal Assistance Project for Disadvantaged Communities	Technical Assistance	1/31/2017	117,733	0	117,733
Pueblo Unido Community Development Corporation	Rural Infrastructure Program (RIP)	Technical Assistance	11/1/2016	1,146,232	0	1,146,232
University Enterprises Corporation at CSUSB	California State University Disadvantaged Community Center	Technical Assistance	10/18/2016	1,165,827	0	1,165,827
Rural Community Assistance Corporation	Comprehensive Assistance to Tribal and Small Systems Project	Technical Assistance	8/16/2016	2,343,439	0	2,343,439
California Rural Water Association	Statewide Leak Detection Technical Assistance Program	Technical Assistance	9/7/2016	1,419,150	0	1,419,150
Tides Center	Outreach, Engagement and Legal Assistance in the San Joaquin and Coachella Valleys	Technical Assistance	12/15/2016	408,664	0	408,664
University Enterprises, Inc.	Drinking Water and Wastewater Technical Assistance and Outreach	Technical Assistance	10/26/2016	3,500,000	0	3,500,000

EXHIBIT J: PROJECTS FUNDED BY PROP 1 DRINKING WATER IN SFY 16-17 (continued)

Funding Recipient	Project Name	Type of Project	Initial Funding Date	Principal Forgiveness	Loan Amount	Total Financed
Center Water Company	Center Water Company Wells, Storage, and Infrastructure Project	Planning	12/2/2016	490,500	0	490,500
Joshua Basin Water District	Chromium VI Remediation Project	Planning	1/18/2017	500,000	0	500,000
California Rural Water Association	Comprehensive Proposition 1 Technical Assistance and Support Program	Technical Assistance	10/21/2016	5,520,906	0	5,520,906
Rancho Estates Mutual Water Company	Rancho Estates Mutual Water Company Project No. 3700936-001P2	Planning	10/17/2016	256,408	0	256,408
Warner Unified School District	Arsenic MCL Violation Planning Study	Planning	2/17/2017	466,000	0	466,000
County of Shasta	CSA #6 Jones Valley Meter Replacement and Leak Survey	Planning	1/3/2017	200,000	0	200,000
Fall River Valley Community Services District	Fall River CSD Well No. 1 Retrofit, Tank, Booster Plant and SCADA Improvement Project	Planning	3/29/2017	187,300	0	187,300
Sierra County (Calpine) Waterworks District No. 1	Calpine Metering Project	Construction	3/14/2017	393,700	0	393,700
Callahan Water District	Water Treatment Plant	Planning	3/21/2017	500,000	0	500,000
City of Mt. Shasta	Tank 1 and Roseburg Water System Improvements	Planning	3/26/2017	480,000	0	480,000
City of Newman	City of Newman Hexavalent Chromium Compliance Project	Planning	2/13/2017	497,000	0	497,000
Paskenta Community Services District	Water Main Rehabilitation and Meter Project	Planning	12/30/2016	215,000	0	215,000
Palo Verde Union Elementary School District	Palo Verde School Domestic Well Replacement	Planning	11/8/2016	474,000	0	474,000
Saucelito Elementary School District	Saucelito Elementary School Planning Application	Planning	1/5/2017	500,000	0	500,000
Tevison Community Services District	Tevison South Well Replacement Project	Planning	2/24/2017	475,000	0	475,000
Plainview Mutual Water Company	Plainview MWC-Central Water System Nitrate Remediation Project	Planning	5/16/2017	500,000	0	500,000
Department of Water Resources	The East Porterville Water Supply Construction Project	Construction	5/16/2017	20,000,000	0	20,000,000
Department of Water Resources	The East Porterville Water Supply Planning Project	Planning	11/7/2016	5,000,000	0	5,000,000
Woodville Public Utility District	Replacement Well Project	Planning	8/26/2016	416,465	0	416,465
Curtis Creek Elementary School	Consolidation with TUD	Planning	10/4/2016	257,000	0	257,000
Groveland Community Services District	Water Distribution System Improvements	Planning	10/10/2016	355,000	0	355,000
Total				75,317,721	1,419,593	76,737,314

EXHIBIT K: CUMULATIVE LEFA PROJECTS

Project Name	Project Number	Total SRF Funding (Grant)	FA Execution Date	Status
Easton Community Services District – activation of latent water service authority	0010003-001L	\$220,449.00	4/30/2015	Complete - latent authority not activated; community supports further investigation of development of a PWS under Prop. 1 TA
Rural Community Assistance Corporation – Garlen Court Mutual Water Company Formation	0027002-001L	\$52,745.00	6/17/2014	Complete - entity formed
Rural Community Assistance Corporation – Courtland Community Services District	0034001-001L	\$84,747.00	6/27/2014	Complete - no entity formed per community decision
Rural Community Assistance Corporation – Wendell Lane Mutual Water Company Formation	0049001-001L	\$46,494.00	6/27/2014	Complete, entity formed
Self Help Enterprises – Weldon Regional Water Supply Entity	0015001-001L	\$186,723.00	9/29/2014	Complete –remaining LAFCo docs and process to form entity will be completed using Prop. 1 TA
Self Help Enterprises – Orange Center School Residential Area Water System Entity Formation	0010002-001L	\$214,247.00	9/29/2014	Complete - City of Fresno extending service to Daleville community
California Rural Water Association – Ali Mutual Water Company Formation	0054004-001L	\$76,584.00	6/30/2014	Complete – entity formed
Self Help Enterprises – Highland Acres “Okieville” Water System Entity Formation	00540005-001L	129,007.00	11/24/2014	Complete – entity formed
Self Help Enterprises – Perry Colony Residential Area Water System Entity Formation	0010001-001L	\$191,457.00	9/29/2014	Complete – no entity formed due to lack of community support
California Rural Water Association – Barstow Perchlorate Area Entity Formation)	0036002-001L	\$204,605.00	11/14/2014	Complete – no entity formed due to lack of community support
Frazier Park Public Utility District – Lake of the Woods Regional	0015002-001L	\$202,265.00	11/7/2014	Complete – remaining LAFCo docs for annexation of entities to be completed with Prop. 1 TA
Tulare County – North Tulare County Area Regional Surface Water Treatment Plant Governance formation	0054002-001L	\$250,000.00	5/7/2015	Complete – JPA selected entity
Pajaro/Sunny Mesa Community Services District – Springfield Terrace	0027001-001L	\$71,280.00	3/10/2015	Complete – support from individual homeowners on wells to connect to Pajaro/Sunny Mesa
Tulare County –Monson Water System Entity Formation	0054003-001L	132,027.00	11/6/2015	Complete – community to connect to Sultana CSD
Jurupa Community Services District – Chandler Community Water Entity Formation	0033001-001L	\$28,000.00	2/23/2015	Complete – support from individual homeowners on wells to become part of Jurupa CSD



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

VOLUME II

BIENNIAL REPORT TO THE
LEGISLATURE

STATE FISCAL YEAR: 2017-18

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I. INTRODUCTION

The California State Water Resources Control Board (State Water Board), Division of Financial Assistance (DFA) presents the Drinking Water State Revolving Fund (DWSRF) annual report for State Fiscal Year (SFY) 2017-18. The State Water Board provided approximately \$301 million in new DWSRF financing for 26 planning and construction projects to address drinking water issues. This report describes how the State Water Board met the objectives for the DWSRF program identified in the [SFY 2017-18 DWSRF 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 help public water systems (PWSs) achieve or maintain compliance with SDWA requirements and protect public health through the funding of drinking water infrastructure projects. Section 1452 of the SDWA authorizes the United States Environmental Protection Agency (USEPA) to award capitalization grants to state DWSRF programs, which in turn provide low interest and additional 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 State Water Board has promoted and protected the health and safety of Californians through the DWSRF since July 1, 2014. Previously, the California Department of Public Health and California's Health and Human Services Agency administered the DWSRF program. Since the beginning of the program, PWSs have received DWSRF funding for drinking water infrastructure improvements via below-market financing and additional subsidy (i.e. principal forgiveness). DWSRF funding is derived from federal capitalization grants from the USEPA as well as associated state match, revolving principal and interest repayments, and other leveraged funds and investment earnings.

DFA administers the DWSRF program and provides planning and construction financing through the DWSRF to eligible applicants, which include publicly and privately-owned community and non-profit, non-community water systems. DWSRF financing is generally prioritized for "ready-to-proceed" eligible projects based upon a public health benefits system where projects

addressing acute and chronic primary drinking water standards are prioritized over projects addressing secondary drinking water standards and other aging infrastructure.

The State Water Board uses portions of the capitalization grant from USEPA, known as the set-asides, to provide for the administration of the DWSRF as well as provide services such as small water system technical assistance (SWSTA), and technical, managerial and financial (TMF) capacity development assistance for PWSs. The DWSRF set-asides also subsidize the Division of Drinking Water's (DDW) Public Water System Supervision (PWSS) and TMF Capacity Development programs. In past years the DWSRF set-asides have funded the implementation of a Source Water Protection (SWP) program.

As of June 30, 2018:

- The cumulative DWSRF funds available for planning and construction financial assistance since inception was approximately \$2.65 billion.
- An additional \$250.1 million of cumulative DWSRF set-aside funds were available.
- The State Water Board, and preceding departments/agencies, had committed approximately 114 percent (114%) of available funds to planning and construction projects through binding commitments (executed financing agreements).
- The State Water Board, and preceding departments/agencies, had disbursed approximately 89 percent (89%) of available funds for planning and construction projects, as well as disbursed 95 percent (95%) of the available DWSRF set-aside funds.

Cumulative DWSRF program activity from inception through the end of SFY 2017-18 is further described in **Table 1** below.

Table 1: Cumulative Program Activity¹

DWSRF Construction and Planning Funding	
Activity	Life of Program
Number of Binding Commitments	309
Value of Binding Commitments	\$3.026 billion ²
Disbursements and Expenditures	\$2.367 billion ²
Balance of Funding Agreements	\$337.576 million
DWSRF Set-Aside Funding	
DWSRF Set-Aside Amount	\$ 249.176 million ³
DWSRF Set-Aside Expenditures	\$ 237.644 million ³
Balance of Set-Asides	\$ 11.532 million

The State Water Board funded a variety of planning and construction projects through the DWSRF in SFY 2017-18 to address a range of public water system (PWS) and public health issues. Specifically, the State Water Board funded projects from the DWSRF for the benefit of both small water systems (SWSs) (populations less than 10,000 people) and large water systems (populations over 10,000 people). The projects funded were categorized according to their function.

of projects funded by size of water system. In summary, the State Water Board provided approximately four times (4x) more funding for large water systems than SWSs. However, the State Water Board funded more SWS projects than large water system projects in SFY 2017-18. This annual commitment trend mirrors the cumulative commitment trend of the DWSRF program, both in California and nationally. A greater amount of SWS projects receive funding because of their public health needs, while a greater amount of funding is provided to large water systems because of the larger scope and cost of these large water system projects.

Figure 1 shows the amount of funding awarded to small and large water systems in SFY 2017-18 while **Figure 2** shows the number



¹Program activity includes all available DWSRF funds, including DWSRF set-aside funds and matching funds provided by funding recipients.

²Amount includes American Recovery and Reinvestment Act of 2009 (ARRA) funds and excludes set-aside funds (including Legal Entity Formation Assistance (LEFA) and a recent DWSRF set-aside grant to the American Water Association).

³Amount includes LEFA and a recent DWSRF set-aside grant to the American Water Association.

Figure 1
DWSRF SFY 2017-18 Large / Small Water System Funding Distribution

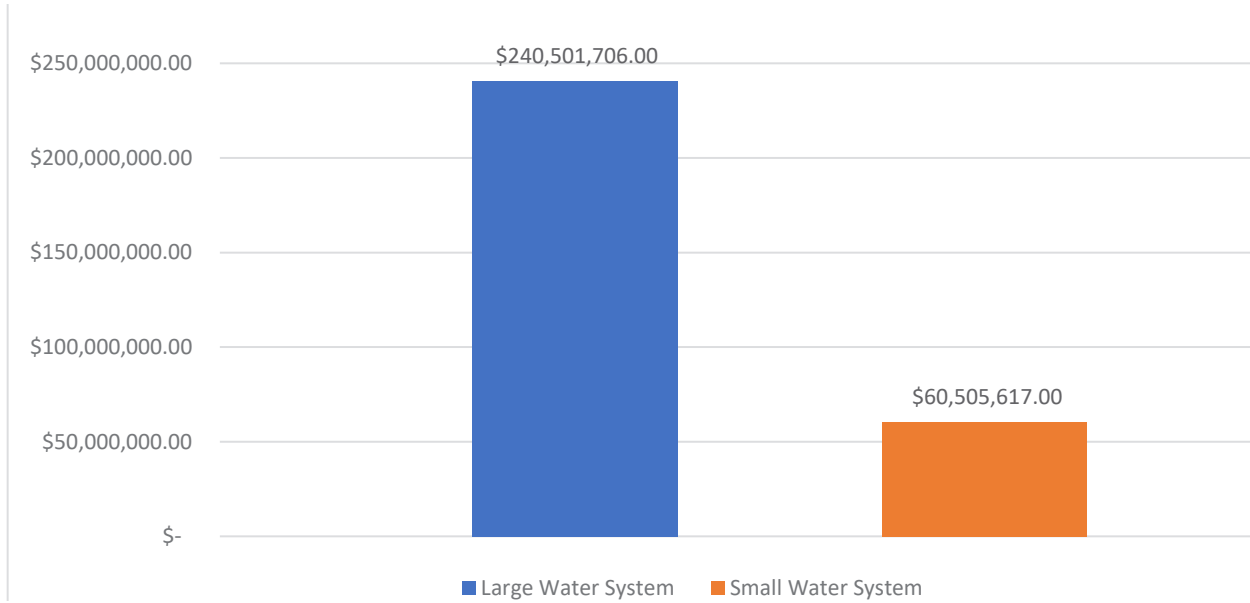


Figure 2
DWSRF SFY 2017-18 Number of Projects Funded by Public Water System Size

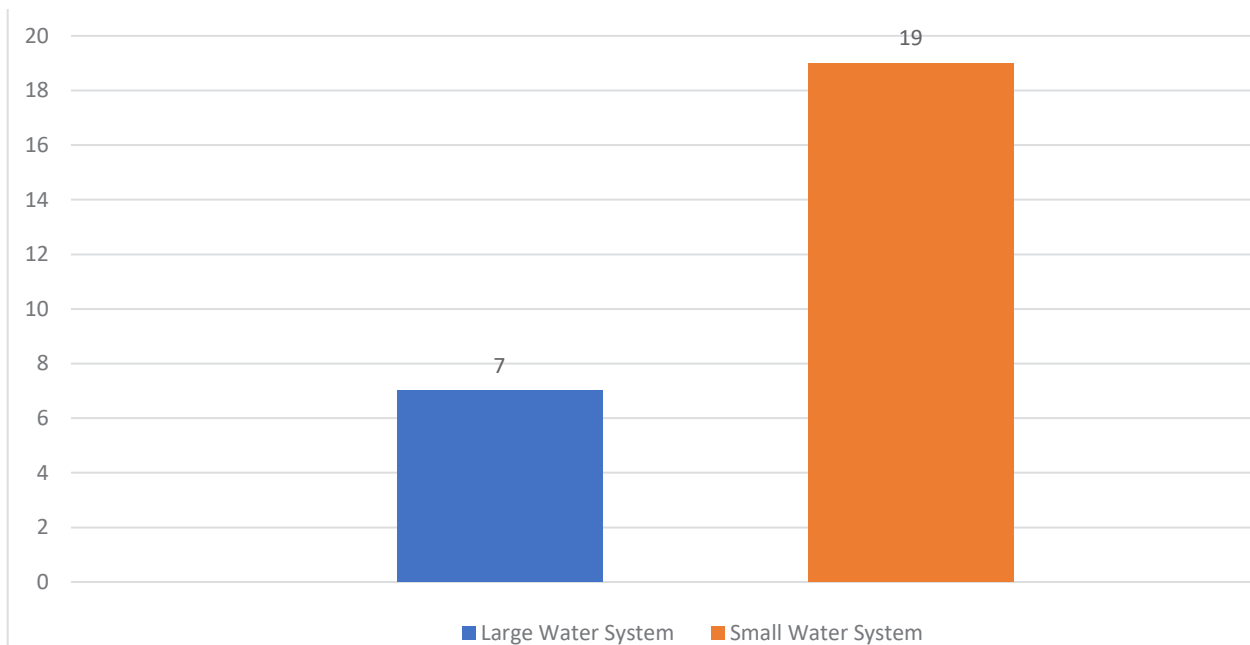
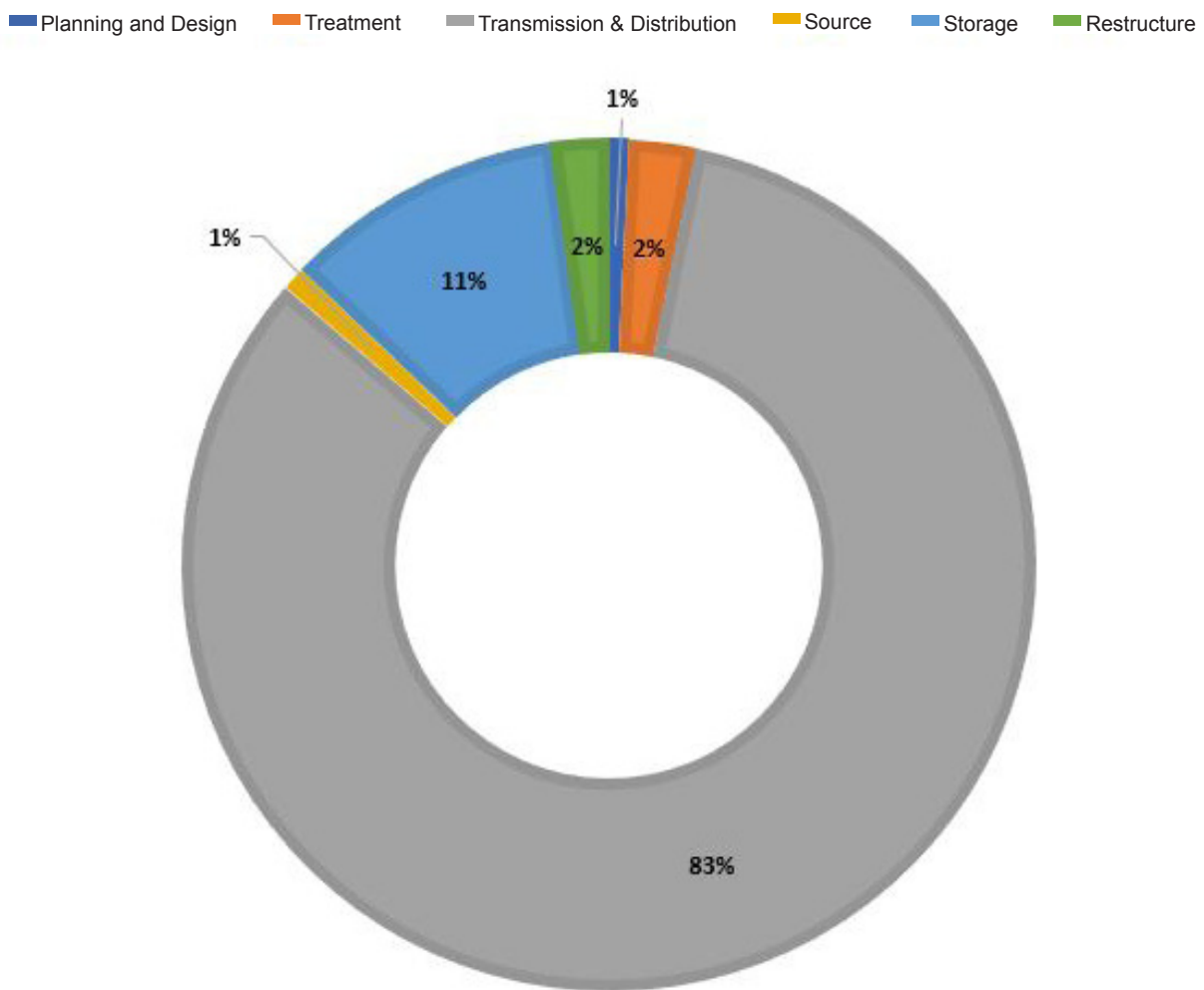


Figure 3 shows the percentage of DWSRF SFY 2017-18 funding by project type and its associated function in the provision of drinking water. Project types included planning and design, treatment, transmission and distribution, source water, storage, land acquisition, restructure/consolidation, and other functions. In summary, a majority of SFY 2017-18 DWSRF financing was provided for the improvement of drinking water transmission and distribution systems, primarily because of their greater cost and because of needs resulting from aging infrastructure. Approximately fifty percent (50%) of the projects funded in SFY 2017-18 were for transmission projects amounting to more than 80 percent (80%) of total funding.

Figure 3
Percentage of DWSRF SFY 2017-18 Funding by Project Type/Function



III. PROGRAM GOALS AND FINANCIAL RESULTS

A. Short-Term Goals

This section describes the State Water Board’s efforts to meet the following short term goals established in the SFY 2017-18 IUP. These goals provided the framework that guided the State Water Board’s decision-making, maximization, and prioritization of both staff and funding sources.

1. Work with DDW Consolidation Specialists to identify public health issues and evaluate solutions for SWSs, including technical assistance and consolidation where feasible.

DFA and DDW staff continued to collaborate on project solutions for SWSs, including consolidation, in SFY 2017-18. DFA management regularly met with DDW management to assess funding priorities for SWSs, including those systems suffering from arsenic contamination.

DFA and DDW also continued to collaborate on funding solutions for a variety of consolidation projects for SWSs. At the project concept stage, DFA staff worked with DDW Consolidation Specialists to identify communities for consolidation using technical assistance resources.

Thereafter, Consolidation Specialists and DDW District Engineers regularly consulted with DFA project managers and supervisors on relevant

financing applications and the implementation of consolidation for these SWSs.

In SFY 2017-18 specifically, the State Water Board funded 11 consolidation projects. Two (2) were DWSRF funded construction projects, one (1) was a Proposition 1 (Prop 1) grant funded construction project, and eight (8) were Prop 1 grant funded planning projects.

2. Continue marketing and outreach efforts to PWS, including Spanish translation services, newsletters, and social media to advertise the availability of technical assistance to assist SWSs serving disadvantaged communities (DACs).

DFA continued to participate in various PWS marketing and outreach efforts in SFY 2017-18. Specifically, DFA marketed the DWSRF program at six (6) California Financing Coordinating Committee events, two California Technical Assistance Provider (CaITAP) fairs, two distribution symposia that focused on



regulation updates, sanitary surveys, and financial management, as well as 122 other online and onsite workshops and outreach events.

DFA also produced and distributed two Office of Sustainable Water Solutions (OSWS) newsletters in English and Spanish in SFY 2017-18. In general, the OSWS newsletters informed small drinking water and wastewater systems, as well as associated stakeholders, about funding opportunities, project activities and related topics, such as TMF capacity development. The July 2017 newsletter included an article on the Wastewater Operator Certification Program and the October 2017 issue announced the web based Interactive Prop 1 funding maps for drinking water and wastewater projects. The webpage (https://www.waterboards.ca.gov/water_issues/programs/grants_loans/proposition1/) includes maps of drinking water projects by:

- Project Type – construction or planning
- Project Category
 - * Not defined
 - * Collection system improvements
 - * Compliance Project
 - * Planning
 - * Septic to sewer
 - * Technical assistance
 - * Wastewater treatment upgrade
 - * Water recycling
- Allocated Amount
- Percent Distributed

These newsletters are also available online, in both English and Spanish, at http://www.waterboards.ca.gov/water_issues/programs/grants_loans/sustainable_water_solutions/

3. Apply for and accept the Federal Fiscal Year (FFY) 2017 Capitalization Grant from USEPA. Upon award, commit funds from the FFY 2017 Capitalization Grant, including the associated State Match, by June 30, 2018, so that federal funds are used in an efficient and timely manner in accordance with 40 CFR §35.3550(c).

The State Water Board finalized its FFY 2017 Capitalization Grant application to the USEPA in the late summer of 2017. The USEPA awarded the FFY 2017 Capitalization Grant to the State Water Board on August 29, 2017 in the amount of \$77,545,000. Upon award, the State Water Board had already allocated sufficient Prop 1 Drinking Water funds to satisfy the state match requirement.

Additionally, with a total commitment of approximately \$301 million for SFY 2017-18 to various planning and construction projects, DFA obligated the FFY 2017 Capitalization Grant, with the exception of set-aside funds before June 30, 2018. This commitment amount, combined with prior year commitments encumbered against federal funds, has enabled the liquidation of all local assistance funds budgeted under the 2017 and earlier Capitalization Grants within SFY 2017-18.

4. Ensure that the maximum allowable amount of the FFY 2017 Capitalization Grant is provided to eligible recipients in the form of additional subsidy (i.e., forgiveness of principal).

The FFY 2017 Capitalization Grant and associated SFY 2017-18 IUP provided for a maximum of \$38.77 million in principal forgiveness, constituting 50% of the FFY 2017 Capitalization Grant in equivalence. This principal forgiveness allocation was derived

from the 30% allocation of the FFY 2017 Capitalization Grant for DACs permitted under federal rules, and an additional maximum 20% allocation to be awarded as initial financing beginning October 1, 2016⁴.

In SFY 2017-18 the State Water Board did not meet its goal to provide the maximum amount of principal forgiveness allowed by USEPA to SWSs serving small DACs, severely disadvantaged communities (SDACs) as well as Expanded Small Community Water Systems (ESCWSs) serving SDACs (see III.A.5 below). As of June 30, 2018, the State Water Board had provided 30 percent (30%) of the FFY 2017 Capitalization Grant as additional subsidy, in the form of principal forgiveness, to new binding commitments and amendments of prior years' binding commitments. The State Water Board anticipates awarding the remaining principal forgiveness early in SFY 2018-19.

5. Prioritize all available DWSRF funding for PWSs serving fewer than 10,000 people to the maximum extent practicable and consistent with other federal and state authorities governing the prioritization of DWSRF funding.

The State Water Board continued to prioritize DWSRF funding for PWSs serving less than 10,000 people in SFY 2017-18, especially as such SWSs often suffer from significant public health risks and TMF deficiencies. As a result of SWS funding prioritization, the DWSRF provided \$60.5 million in DWSRF funding to SWSs in SFY 2017-18 (**Exhibit A**, page 38). The total amount of DWSRF funding to SWSs over the life of the program now totals over \$455 million, constituting 15 percent (15%) of total DWSRF funding provided. Conversely, the number of SWS projects funded in SFY 2017-18 totaled 19 and the cumulative total of SWS projects funded over the life of the program now totals over 309, constituting 68 percent (68%) of the total number of DWSRF funded projects.

The SFY 2017-18 IUP also made subsidized construction financing available for PWSs serving SDACs greater than 10,000 people but less than 20,000 people. The IUP defines these PWSs as "Expanded Small Community Water Systems" that serve a SDAC. In SFY 2017-18, no PF was provided to ESCWSs serving a Severely Disadvantaged Community (SDAC).

6. Continue to liquidate DWSRF capitalization grants within 2 to 3 years of their award.

The State Water Board continued to maintain a DWSRF federal Unliquidated Obligation (ULO) balance in SFY 2017-18 less than the balance of the two most recent capitalization grants. The low ULO balance is consistent with USEPA's DWSRF ULO Reductions Strategy. Specifically, the DWSRF federal ULO was \$16.756 million as of June 30, 2018, which was \$139 million less than the maximum \$155.76 million allowed per USEPA's ULO reduction strategy. California's low DWSRF ULO balance was maintained in SFY 2017-18 through the expeditious disbursement of funds committed in prior fiscal years and the over commitment of new funds. The prior year's commitments and over commitment of funds ensured a low DWSRF ULO balance in SFY 2017-18 because of the program's cash flow modeling and focus on projects that are ready to proceed with construction.

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

The State Water Board continued to provide a suite of technical assistance in SFY 2017-18 to SWSs, especially those with significant SDWA violations. Specifically, the DWSRF set-asides funded third-party contractors that provided a variety of assistance to SWSs relating to TMF

⁴USEPA requirements also allow for the FFY 2017 Capitalization Grant principal forgiveness allotment to be awarded for the purchase, refinance, or restructuring of debt obligations where such debt was incurred after May 5, 2017.

capacity development. See Section VI(B) (page 31) for more information on DWSRF technical assistance. DFA also continued to fund technical assistance for a variety of projects using Prop 1 funds. Additionally, DFA and DDW provided direct technical assistance to SWs with significant SDWA violations. Examples of direct technical assistance included:

- Meeting with DDW consolidation specialists and applicants to discuss project concepts before applications were submitted.
 - Reviewing applications with minimal material submitted and guiding applicants to complete additional application packages.
 - Helping funding recipients properly prepare and submit reimbursement claims.
- 8. Continue to require PWSs receiving assistance to undergo a TMF assessment to improve sustainability and resiliency.**

In SFY 2017-18, DWSRF applicants continued to provide a TMF assessment with their

B. Long-Term Goals

This section discusses the State Water Board's efforts to meet the following long-term goals for the DWSRF program. These long-term goals represent the State Water Board's efforts to carry out the objectives of the SDWA as well as other drinking water goals of the State Water Board.

1. Address Significant Risks to Public Health

The State Water Board remained committed to helping PWSs address significant risks to public health in SFY 2017-18 by providing both construction and planning funding as well as technical assistance to PWSs. More than 50 percent (50%) of the projects funded under the DWSRF in SFY 2017-18 addressed primary drinking water standards (page 21). This effort in SFY 2017-18 was attributable to coordination between DFA and DDW. Specifically, DFA staff in OSWS met regularly with DDW District staff and management to prioritize funding for small DACs and the technical assistance needed by PWSs to obtain DWSRF funding.

DWSRF applications. DFA project managers also continued to evaluate assessments as part of the DWSRF application review. As further described in Section V(G) (page 29), DWSRF applicants that lacked TMF capacity were also offered technical assistance by the State Water Board to help them resolve their TMF deficiencies.

9. Develop a long-term leveraging strategy and debt management policy for the DWSRF (estimated December 2017) as a means to manage the demand for DWSRF funding as well as ensure the perpetuity of the DWSRF.

On October 2, 2017, the State Water Board adopted [Resolution No. 2017-0058](#) establishing a "debt management policy" for the DWSRF and Clean Water SRF programs. The debt management policy describes the roles and responsibilities of State Water Board staff and describes the criteria and processes the State Water Board staff will use to manage debt in the SRF programs.

A specific effort was also undertaken to monitor and report on the status of funding applications for projects needed to address arsenic violations. DFA staff updated DDW staff monthly on the status of these applications, including which application materials were still needed; whether the applicant was receiving technical assistance; whether the project had received funding; and an anticipated return to compliance date.

2. Promote SDWA Compliance

DFA continued to prioritize DWSRF funding for projects that restored compliance or prevented a PWS's non-compliance with the SDWA. DFA coordinated and prioritized funding with DDW. DFA staff continued to make technical

assistance available to help SWSs apply for planning and construction funding. DDW also continued its permitting, inspection, monitoring and enforcement activities for compliance with the SDWA.

3. Improve Information Exchange

DFA staff worked with the State Water Board's Office of Information Management and Analysis to post four Prop 1 status reports on the State Water Board's website. The reports include four interactive maps: 1) Projects by Type (Construction vs. Planning), 2) Project Category, 3) Allocated Amount, and 4) Percent Disbursed. The public can put their cursor over spots marked on the maps to get specific project details. This Prop 1 Drinking Water website also provides information on how much funding has been appropriated, allocated to projects, and disbursed to date and can be found online at https://www.waterboards.ca.gov/water_issues/programs/grants_loans/proposition1/drinking_water_proj_locations.shtml.

4. Improve Affordability and Sustainability

The State Water Board continued to provide below market financing and principal forgiveness in SFY 2017-18 to make funding affordable for communities throughout California. The average interest rate for SFY 2017-18 was 1.8 percent (1.8%), well below market rates. DWSRF principal forgiveness was combined with Prop 1 funding in certain cases to further reduce costs for California's small DACs.

Approximately \$65.6 million in DWSRF principal forgiveness and Prop 1 Drinking Water grant

funds were awarded to small DACs in SFY 2017-18.

5. Promote Program Outcomes

The State Water Board continued to manage the DWSRF in a financially sound manner to ensure a reliable source of funding for PWSs to achieve and maintain SDWA compliance. In SFY 2017-18 the commitment of DWSRF funds exceeded the State Water Board's minimum funding targets resulting in more PWSs receiving the funding necessary to address SDWA compliance issues. The projects funded by the DWSRF in SFY 2017-18 mitigated a variety of public health issues, including surface water treatment compliance, groundwater treatment (e.g. arsenic), storage, source capacity and reliability, and delivery capability.

The DWSRF funds were also prioritized to recipients that were "ready to proceed" to both a funding agreement and construction.

Because the State Water Board prioritized funding for "ready-to-proceed" projects that addressed public health priorities, the State Water Board also successfully managed the DWSRF's finances to ensure compliance with USEPA's ULO reduction strategy.

The DWSRF set-asides were also employed in SFY 2017-18 for the administration of the DWSRF and the State Water Board's PWSS program managed by DDW, as well as provide for TMF and SWS technical assistance.

C. Operating Agreement and Capitalization Grant Conditions

The State Water Board agreed to meet a number of conditions described in the DWSRF Operating Agreement and Federal capitalization grant agreements. These conditions were met as described below.

1. Assistance Activities

The State Water Board continued to provide DWSRF funding to eligible PWSs in SFY 2017-18 for projects needed to achieve or

maintain compliance with safe drinking water standards. All activities funded were eligible under Section 35.3520 of Title 40 of Code of Federal Regulations. A total of \$301,007,323 in new DWSRF funding was awarded to 26

projects in SFY 2017-18. DWSRF funds were provided to eligible recipients to enhance drinking water treatment, distribution, storage, installation of meters, as well as ensure water system reliability through the installation of interties and the consolidation of PWSs. 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 in SFY 2017-18. Eligible recipients included privately and publicly owned community and non-profit non-community PWSs. The projects and PWSs funded in SFY 2017-18 are further detailed in **Exhibit B** (page 39).

The SFY 2017-18 DWSRF IUP Fundable list, consisting of 123 projects, included projects that might be funded by the DWSRF or from other complimentary funding sources. However, many projects listed in the SFY 2017-18 DWSRF Fundable List were not funded by the DWSRF during the SFY 2017-18 for various reasons as noted in **Exhibit C** (page 41), including options for other funding from Prop 1 Drinking Water. The high demand for drinking water improvement funding in California required the State Water Board to prioritize projects based upon their public health benefits as well as the recipient's readiness to proceed to a funding agreement.

2. Eligible Categories of Projects and Financing Terms

The State Water Board continued to provide below-market financing and additional subsidy in SFY 2017-18 for projects ranked in Categories A-F (page 21) of the DWSRF public health prioritization scheme. The State Water Board also generally prioritized higher ranked public health categories and projects benefiting small DACs in SFY 2017-18. Types of assistance included loans and installment sale agreements for the planning, design, and construction of drinking water infrastructure projects.

Principal forgiveness was provided to SWSs that served DACs and SDACs and was

available to eligible ESCWSs serving SDACs. SWSs serving DACs and eligible ESCWSs serving SDACs generally received zero percent (0%) interest rates on DWSRF repayable financing. The standard interest rate for all other repayable financing averaged one and eight-tenths of one percent (1.8%), which was one-half the state's average general obligation rate in the previous year. Standard repayable financing for construction projects for publicly owned PWSs and PWSs serving DACs was amortized over a 30-year period. Repayable construction financing for privately owned PWSs was generally amortized over a 20-year period.

3. Provide a State Match

The State Water Board demonstrated the source of its twenty percent (20%) general state match requirements (\$15.1 million) for the FFY 2017 Capitalization Grant (\$77.5 million) in SFY 2017-18 through appropriations provided under Chapter 5, Section 79724 of Prop 1 Drinking Water. As of June 30, 2018, approximately \$112.1 million of Prop 1 Drinking Water funds had been appropriated and encumbered as State Match. When considering Prop 1 Drinking Water State Match needs for the FFY 2017 Capitalization Grant, approximately \$81.3 million of Prop 1 Drinking Water State Match remained to satisfy the State Match requirement for future capitalization grants as of June 30, 2018. In total, as of June 30, 2018, California had provided approximately \$441.3 million in cumulative state match funds to the DWSRF program through a combination of state general fund and general obligation bond proceeds/ appropriation, local match, and short-term financings with the IBank.

Additionally, the Water Infrastructure for Improvements to the Nation (WIIN) Act removed the requirement for States to provide additional 1:1 State Match funding for use of any federal funds from the DWSRF State Program Management Set-Aside, commencing with the FFY 2017 Capitalization Grant. As a result of the WIIN Act, the State Water Board stopped allocating PWSS regulatory fees from

the State Water Board's Safe Drinking Water Account as additional match for use of the FFY 2017 Capitalization Grant's State Program Management Set-Aside.

4. Binding Commitments Within One Year

The State Water Board continued to commit DWSRF funding to projects in an amount equal to or greater than 120 percent (120%) of each federal payment within one year of receipt of that payment. As of June 30, 2018, executed funding agreements totaled approximately \$3.026 billion, or 188 percent (188%) of the approximately \$1.611 billion in federal payments received for DWSRF loans.

5. Expeditious and Timely Expenditure

The State Water Board continued to make timely and expeditious use of DWSRF funds, especially federal capitalization grant funds in accordance with USEPA's ULO reduction strategy. USEPA's ULO reduction strategy generally requires that no more than two federal capitalization grants remain undisbursed at any one time. As of June 30, 2018, the State Water Board had only \$16.756 million in undisbursed

FFY 2016 and FFY 2017 Capitalization Grant funds, of which approximately 69 percent (69%) were predominantly set-aside funds already allocated for eligible use.

This timely and expeditious use of federal capitalization grant funds was substantially achieved through cash-flow modeling and the over-commitment of DWSRF funds in SFY 2017-18 and prior fiscal years. In SFY 2017-18, there was no minimum funding agreement amount to ensure optimal use of DWSRF funds without leveraging. Therefore, the State Water Board exceeded the minimum commitment amount by awarding approximately \$301 million in DWSRF funds by June 30, 2018. As described in the SFY 2017-18 IUP, the minimum commitment amount depended upon projected funding disbursements relative to existing fund balances and projected future revenues such that the DWSRF fund balance did not substantially decrease below \$100 million.

The timely and expeditious use of DWSRF funds was also satisfied through the prompt and efficient processing of DWSRF reimbursement claims. To ensure timely reimbursement,



DWSRF claims were generally reviewed and paid within 30 days from recipient of a complete claim. DFA staff reviewed and approved complete disbursement claims generally within 10 days, then routed the claims to the Division of Administrative Services (DAS) for processing. DAS generally processed claims within seven calendar days of receiving the claim, and the State Controller's Office (SCO) generally issued a check (warrant) within 3 to 5 calendar days to the funding recipient.

The State Water Board continued to draw federal funds in SFY 2017-18 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 draws 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 the prior month's administration costs.

To further enable the timely and expeditious use of DWSRF funds, the State Water Board encumbered most loan balances to DWSRF federal funds to ensure the prompt liquidation of federal capitalization grants as claims for reimbursement were processed. As of June 30, 2018, approximately \$337.576 million of DWSRF financings had been encumbered, but not yet liquidated, to available DWSRF federal funds (\$16.576 million), constituting a 20:1 ratio.

6. Disadvantaged Business Enterprise (DBE) Objectives and Davis-Bacon and American Iron and Steel (AIS) Requirements

The State Water Board negotiated a total fair share DBE objective with the USEPA beginning FFY 2017 for the DWSRF Program. The



objective was 2.0 percent (2%) for the Minority Owned Business Enterprises (MBE) and 1.0 percent (1%) for Women Owned Business Enterprises (WBE) participation for a combined 3.0 percent (3%) goal. The participation on DWSRF financing agreements reported by financing recipients in SFY 2017-18 was 4.0 percent (4%) for MBE and 1.0 percent (1%) for WBE. The overall DBE participation was 5.0 percent (5%). **Exhibit D** (page 49) provides a detailed analysis of DBE participation. The State Water Board will continue to monitor participation to ensure that the “positive effort process” is followed by financing recipients.

All DWSRF funded projects were required to comply with Davis-Bacon prevailing wage requirements in SFY 2017-18. Each funding agreement included provisions requiring applicants to follow Davis-Bacon requirements. DFA conducted a variety of surveillance activities throughout SFY 2017-18 to ensure each recipient’s compliance with Davis-Bacon requirements. Such surveillance activities included (1) reviewing recipient and sub-recipient reports and compliance certifications;

(2) tracking compliance with federal annual monitoring requirements; and (3) annually reviewing quarterly site inspection reports to verify the adequacy of site inspections and other control activities.

DWSRF funding recipients were also required to use American-made iron and steel products in SFY 2017-18 pursuant to [USEPA guidelines for projects involving the construction, alteration, maintenance, or repair of a PWS or public treatment works](#). DWSRF funding recipients were only exempt from this AIS requirement if the project qualified under a national or project-specific AIS waiver from USEPA. To ensure compliance with AIS requirements, the AIS provisions were included in DWSRF financing agreements and DFA examined recipient records for AIS certifications and/or any AIS waivers during project inspections.

7. Additional Subsidy and Green Requirements

The State Water Board continued to provide the maximum amount of available additional subsidy in the form of principal forgiveness in



SFY 2017-18 for the benefit of SWSs serving DACs as well as ESCWSs serving SDACs. Since the inception of the DWSRF program, federal regulations have allowed for up to 30 percent (30%) of a capitalization grant to be provided as additional subsidy (i.e., principal forgiveness) to DACs, regardless of the size of the PWS. In 2016, Congress added a twenty percent (20%) additional subsidy allotment, separate from the thirty percent (30%) additional subsidy allocation for DACs.

The State Water Board’s SFY 2017-18 IUP directed that the maximum amount of additional subsidy allowed under federal rules and regulations be awarded to SWSs serving DACs and ESCWSs serving SDACs in the form of principal forgiveness. **Table 2** shows the amounts necessary for compliance with rules governing the allotment and use of DWSRF principal forgiveness. **Exhibit E** (page 50) identifies 16 additional subsidy projects funded in SFY 2017-18.

Table 2: Additional Subsidization Funding

FFY Grant	SFY	Grant Award Amount	Minimum Subsidy Amount by FFY Grant ⁵	Maximum Subsidy by FFY Grant	Committed Subsidy Amount by FFY Grant Assignment ⁶	Uncommitted Subsidy Amount by FFY Grant Assignment ⁷	Disbursed Subsidy Amount by SFY ⁸	Undisbursed Subsidy Amount by SFY ⁹
2010	10-11	\$126,958,000	\$38,087,400.00	\$38,087,400.00	\$38,087,400.00	\$0.00	\$414,626.02	\$0.00
2011	11-12	\$86,698,000	\$26,009,400.00	\$26,009,400.00	\$25,966,770.48	\$42,629.52	\$6,255,158.82	\$0.00
2012	12-13	\$85,358,000	\$17,071,600.00	\$25,607,400.00	\$25,338,970.08	\$268,429.92	\$8,893,728.16	\$0.00
2013	13-14	\$78,770,000	\$15,754,000.00	\$23,631,000.00	\$23,486,398.08	\$144,601.92	\$12,010,666.11	\$0.00
2014	14-15	\$83,521,000	\$16,704,200.00	\$24,966,300.00	\$24,829,239.42	\$137,060.58	\$15,904,188.06	\$0.00
2015	15-16	\$83,674,000	\$16,534,800.00	\$24,802,200.00	\$24,709,324.29	\$92,875.71	\$29,246,661.49	\$0.00
2016	16-17	\$78,215,000	\$15,643,000.00	\$39,107,500.00	\$39,060,240.71	\$47,259.29	\$31,118,653.91	\$0.00
2017	17-18	\$77,545,000	\$15,509,000.00	\$38,772,500.00	\$23,417,899.00	\$15,354,601.00	\$22,748,788.54	\$98,303,770.95
Totals		\$699,439,000	\$161,313,000	\$240,983,700.00	\$224,896,242.06	\$16,087,457.94	\$126,592,471.11	\$98,303,770.95



⁵USEPA, California Department of Public Health (CDPH) and the State Water Board have authorized a minimum amount of a DWSRF capitalization grant be awarded to recipients as “additional subsidy” (i.e. principal forgiveness) per governing State and federal rules.

⁶In 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 6/30/2018.

⁷In accordance with USEPA procedures, these amounts represent the additional subsidy balances under the maximum authority of the respective DWSRF capitalization grant that have not been committed to eligible DWSRF projects as of 6/30/2018.

⁸These amounts represent the additional subsidy disbursements of the assigned projects per SFY. In accordance with USEPA Policy, the additional subsidy is encumbered and expended from any available funding sources within the DWSRF (i.e. federal capitalization grants, state match, repayment funds).

⁹This amount represents the total encumbering balance as well as the additional subsidy authority not yet encumbered as of 6/30/2018.

Besides additional subsidy, the State Water Board may also allocate a portion of a capitalization grant to projects with “green” benefits (Green Project Reserve). In SFY 2017-18, Green Project Reserve funding was awarded to recipients for projects that included the installation of water meters due to their water conservation and efficiency benefits. **Table 3** shows the amount of DWSRF funding assigned to current and prior year capitalization grants to satisfy the optional DWSRF Green Project Reserve. In SFY 2017-18, six (6) projects had been funded with a portion going toward installation or replacement of water meters.

Table 3: Green Project Reserve Funding

FFY Grant	SFY	Grant Award Amount	Minimum Green Project Reserve Amount by FFY Grant	Committed Green Project Reserve Amount Per FFY Grant Assignment	Disbursed Green Project Reserve Amount by SFY	Undisbursed Green Project Reserve Amount by SFY
2010	10-11	\$126,958,000	\$25,391,600	\$25,391,600	\$0	\$0
2011	11-12	\$86,698,000	\$17,339,600	\$26,013,832	\$12,457,278	\$0
2012	12-13	\$85,358,000	\$0	\$7,231,611	\$31,910,690	\$0
2013	13-14	\$78,770,000	\$0	\$1,193,500	\$7,037,464	\$0
2014	14-15	\$83,221,000	\$0	\$0	\$2,242,734	\$0
2015	15-16	\$83,674,000	\$0	\$521,670	\$2,715,139	\$0
2016	16-17	\$78,215,000	\$0	\$1,235,843	\$2,203,628	\$0
2017	17-18	\$77,545,000	\$0	\$30,865,800	\$6,842,316	\$27,044,157
Totals		\$700,109,00	\$42,731,200	\$92,453,406	\$65,409,249	\$27,044,157

8. Federal Funding Accountability and Transparency Act

The State Water Board reported one (1) project totaling \$173,141,875 into the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS) in SFY 2017-18 to satisfy the FFATA reporting requirements for the FFY 2017 Capitalization Grant. The FFATA, along with associated Office of Management and Budget (OMB) directives, and interpretive guidance from USEPA, requires the State Water Board to report sub-recipient information on the use of capitalization grants awarded after 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 51).

9. Environmental Federal Cross-Cutters

The State Water Board used the [State Environmental Review Process \(SERP\)](#) to review the environmental impacts of projects in SFY 2017-18. While the SERP generally follows the requirements of the California

¹⁰USEPA requires the State Water Board to commit and expend a minimum amount of DWSRF capitalization grant to projects that qualify under the rules and requirements of USEPA’s “Green Project Reserve.”

¹¹In 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 6/30/2018.

¹²These amounts represent the Green Project Reserve disbursements for each respective SFY. Per USEPA policy, the Green Project Reserve funding is not necessarily encumbered and liquidated from DWSRF capitalization grants.

¹³This 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 6/30/2018.

Environmental Quality Act (CEQA), each applicant had to also complete and submit an [Evaluation Form for Federal Environmental Coordination](#) (Evaluation Form). DWSRF staff consulted with the appropriate federal agencies on projects with known or potential impacts under federal environmental regulations, consistent with the Operating Agreement between the State Water Board and USEPA.

10. Single Audit Act

The State Water Board continued to require recipients receiving an executed agreement in SFY 2017-18 to comply with applicable provisions of the federal Single Audit Act of 1984, OMB Circular No. A-133 and 2 CFR Part 200, subpart F, and updates or revisions, thereto.

The State Water Board included the applicable Single Audit Act requirements in all DWSRF financial assistance agreements executed in SFY 2017-18 and required reporting by funding recipients if the recipient received more than \$750,000 in combined federal funds for a given fiscal year. DAS also issued to DWSRF recipients in the summer of 2017 a summary of federal funds disbursed to those recipients in SFY 2016-17. DFA and DAS assisted the State Treasurer's Office in securing any required SFY 2016-17 Single Audit Act reports from DWSRF funding recipients by the deadline of March 2018. DFA and DAS also coordinated with DWSRF funding recipients and the State Treasurer's Office on any compliance concerns with the use of DWSRF federal funds disclosed in a Single Audit Act report.



D. Financial Activity

1. Net Position

Net assets of the DWSRF program are shown below:

Table 4
DWSRF Statement of Net Position
(Dollars in Thousands)

Assets	2018	2017
Current Assets	\$284,102	\$383,729
Other Assets	\$1,534,201	\$1,347,378
Total Assets	\$1,818,303	\$1,731,107
Liabilities		
Current Liabilities	\$8,919	\$2,232
Non-Current Liabilities	\$0	\$0
Total Liabilities	\$8,919	\$2,323
Net Assets		
Restricted	\$0	\$0
Unrestricted	\$1,809,384	\$1,728,875
Total Net Assets	\$1,809,384	\$1,728,875

2. Revenues

Revenue for the DWSRF program is described in its Financial Statements. The total revenues for SFY 2017-18 were \$126.8 million. Revenues for the period of this report were as follows:

Table 5
SFY 2017-18 DWSRF Revenues
(Dollars in Thousands)

Loan Interest Income:	\$20,278
Net Investment Income:	\$2,390
Capitalization Grant Contributions	\$82,000
Capitalization Grants Contributions – Principal Forgiveness	\$1,330
State Match Revenue- Loans	\$3,880
State Match Revenue – Principal Forgiveness:	\$17,000



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 2017-18 were \$294.6 million. Disbursements for the period of this report were made as follows:

Table 6
SFY 2017-18 DWSRF Disbursements and Expenses
(Dollars in Thousands)

Loan disbursements:	\$255,000
Grants disbursements:	\$1,600
Principal Forgiveness disbursements:	\$22,700
Employees' salaries and vendors' payments:	\$15,300



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 DACs. The State Water Board also provided ETF to publicly owned PWSs for construction projects in accordance with USEPA's policy on ETF. In SFY 2017-18, six (6) projects received approximately \$93,121,831 in ETF as shown in **Exhibit G** (page 52).

ETF for DACs has historically proven to be more manageable financing for funding recipients than twenty-year financing. Providing ETF for DACs has not jeopardized the financial strength of the DWSRF program, but instead has led to an increased demand for funding. This has provided a steadier flow of funds returning to the program. This demand has been critical in the State Water Board's reduction of historical ULOs. Similarly, providing 30-year ETF to publicly owned PWSs serving non-DACs has attracted municipalities with excellent credit strength to further bolster the financial health of the DWSRF as well as ensure the timely and expeditious use of DWSRF funds.

Prior to 2015, state law permitted zero percent (0%) interest rate loans from the DWSRF if the funding applicant served a Disadvantaged Community (DAC), regardless of the water system size. In 2015, the California Legislature directed the State Water Board to provide zero percent (0%) interest rate financing if the funding recipient served a DAC with financial hardship. The State Water Board's DWSRF Policy defines financial hardship to mean the funding applicant is a SWS with high residential water rates. In its IUPs beginning in SFY 2015-16, to ensure the long-term financial growth of the fund while considering the financial

limitations of certain PWSs types, the State Water Board has limited zero percent (0%) interest rate financing to SWSs serving DACs and eligible ESCWSs serving SDACs.

5. DWSRF Credit Risk

Each funding recipient must pledge or dedicate one or more sources of revenue toward the payment of its DWSRF financing. 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 Uniform Commercial Code (UCC)-1 security interest by the State Water Board on all the entity's revenues, fixtures, and equipment.

In SFY 2017-18, the State Water Board restructured one agreement. The City of Delano (1510005-001C) a PWS serving an SDAC requested modification of their current term as the useful life of the project was determined to be greater than thirty (30) years and as an SDAC they qualified for thirty (30) year financing. The State Water Board approved the extension of the financing term from twenty (20) to thirty (30) years, with no change to the interest rate.

In SFY 2017-18, there was no allowance for uncollectible accounts as all repayments remained current and all repayable financings were anticipated to be repaid in accordance with the financing terms. As in prior years, there were no repayment defaults in the DWSRF program and State Water Board staff continued to work diligently to ensure funding agreements were secure, and all payments were made on time and in full. Staff efforts included 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 public health and drinking 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, in SFY 2017-18, priority was given to projects that addressed the most serious risks to human health, were necessary to ensure compliance with SDWA requirements, and assisted water systems most in need on a per household basis. Projects were ranked by the categories below:

Public Health Category	Description
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

A. Projects in SFY 2017-18 Will Help Achieve and Maintain SDWA Goals

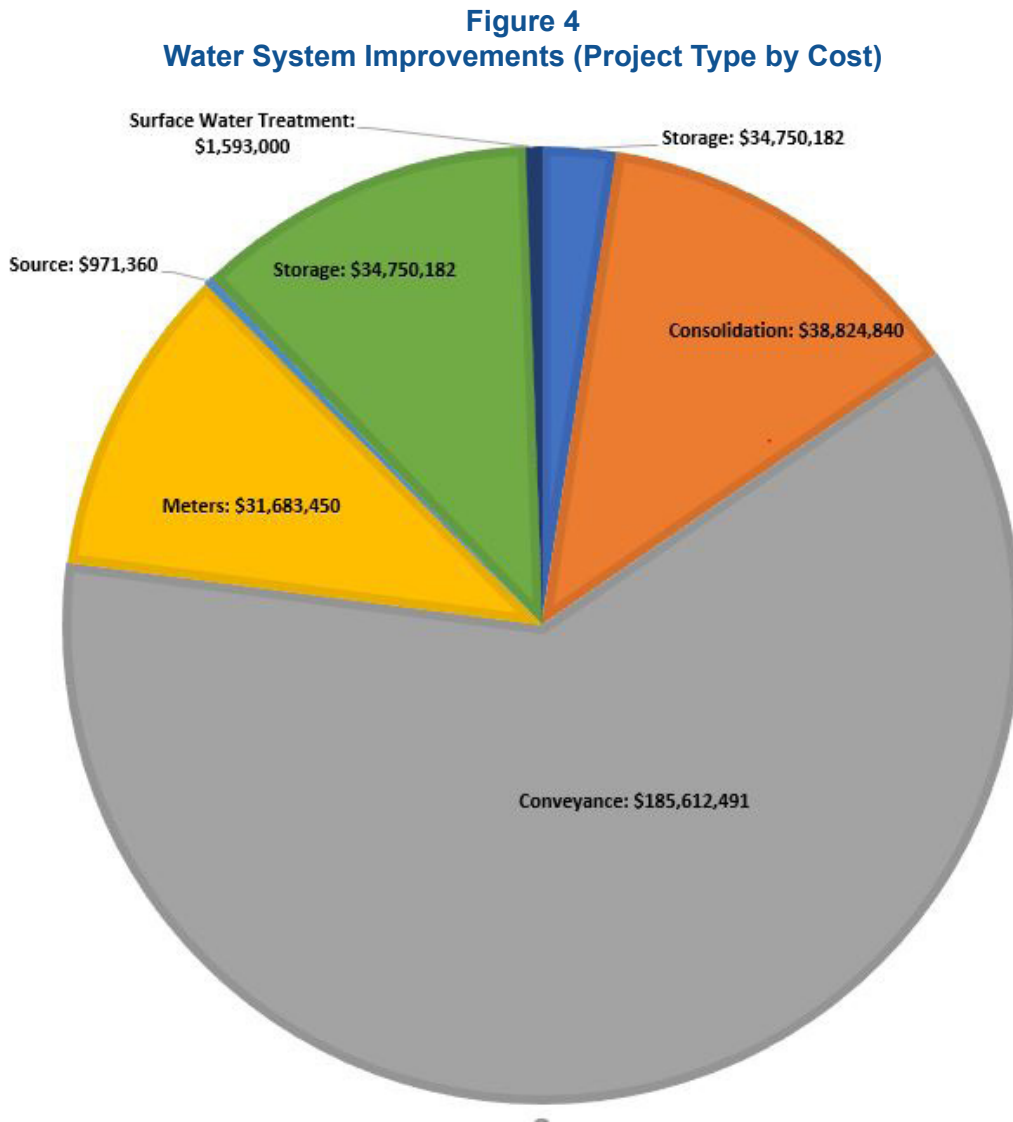
1. There were 26 projects funded by the DWSRF program.
2. An estimated 3.205 million people reside within the boundaries of the projects funded.
3. An estimated \$35.823 million principal forgiveness was provided to these projects.
4. Projects funded by the DWSRF program fall into the categories noted earlier, as defined in the DWSRF Policy, Section V.C. The projects funded, and their categories were as follows:

Public Health Category	Description	# of Projects
Category A:	Immediate Health Risk	1
Category B:	Untreated or At-Risk Sources	2
Category C:	Compliance or Shortage Problems	11
Category D:	Inadequate Reliability	3
Category E:	Secondary Risks	0
Category F:	Other Projects	9

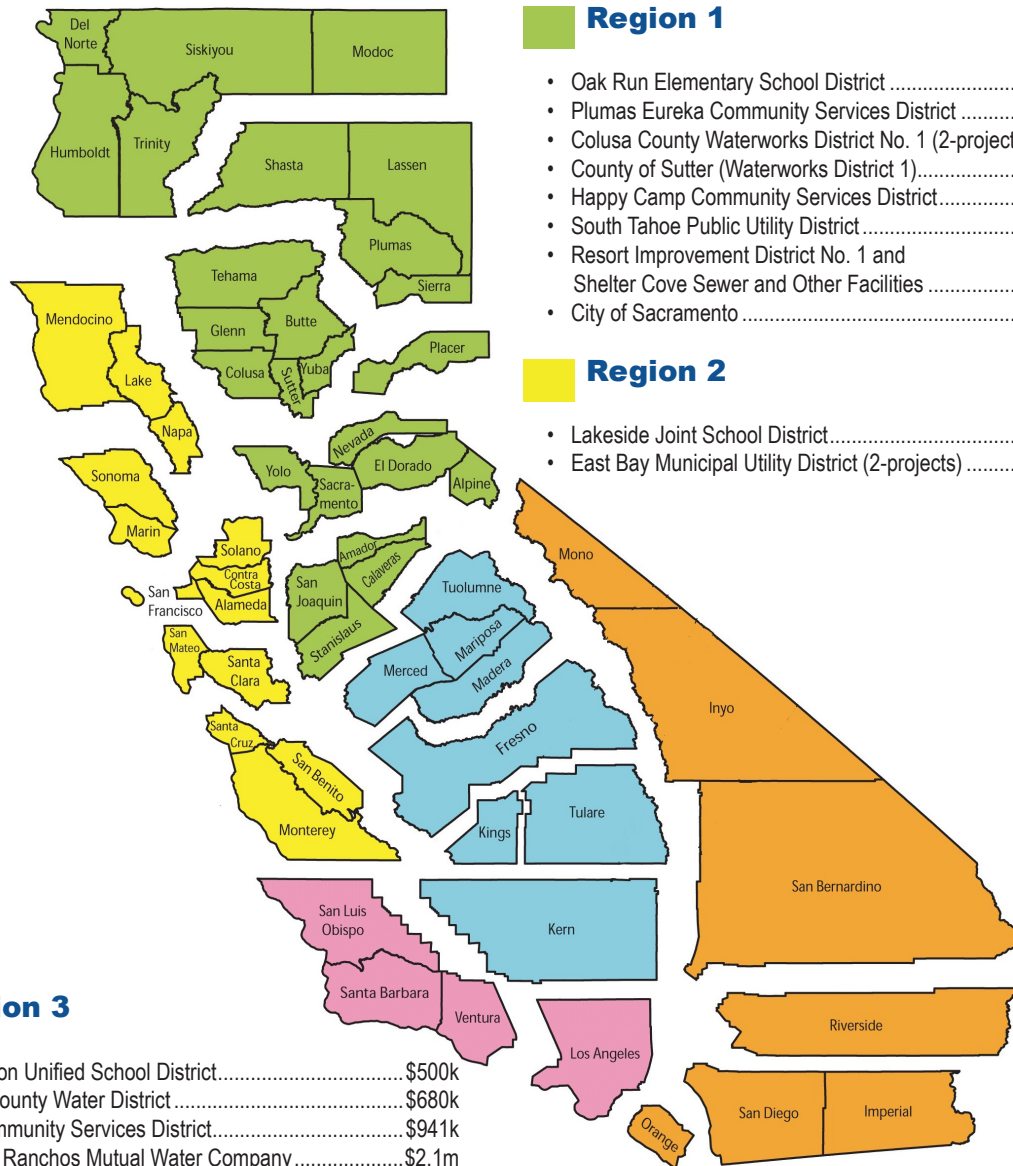


B. DWSRF Projects Achieve Multiple Benefits

DWSRF projects provide multiple benefits to water systems including consolidation, ground water treatment of maximum contaminant levels (MCL) exceedance, surface water treatment compliance, and other deficiencies such as lack of meters, source reliability, storage capacity, and delivery capability. Figure 4 below shows the many benefits commonly provided by DWSRF projects.



C. Highlights of Projects Funded by DWSRF in SFY 2017-18



Region 1

- Oak Run Elementary School District\$273k
- Plumas Eureka Community Services District\$350k
- Colusa County Waterworks District No. 1 (2-projects).....\$910k
- County of Sutter (Waterworks District 1).....\$1.1m
- Happy Camp Community Services District.....\$1.5m
- South Tahoe Public Utility District\$3.6m
- Resort Improvement District No. 1 and Shelter Cove Sewer and Other Facilities\$5m
- City of Sacramento\$173m

Region 2

- Lakeside Joint School District.....\$698k
- East Bay Municipal Utility District (2-projects)\$36.9m

Region 3

- Washington Unified School District.....\$500k
- Malaga County Water District\$680k
- Arvin Community Services District.....\$941k
- Lakeview Ranchos Mutual Water Company\$2.1m
- Alpaugh Community Services District.....\$3m
- Santa Nella County Water District\$3.3m
- County of Madera (MD10A - Madera Ranchos)\$6.6m

Region 4

26 Total Projects Funded: \$301 million
 NOTE: There are no Projects in Region 4

Region 5

- Bar-Len Mutual Water Company\$6k
- Bridgeport Public Utility District.....\$200k
- Valencia Heights Water Company\$1.9m
- Indio Water Authority.....\$5.5m
- City of South Pasadena\$10.8m
- City of San Diego.....\$15m
- Coachella Valley Water District.....\$26.7m



V. ADMINISTRATIVE AND PROGRAMMATIC UPDATES

A. General Comments

In SFY 2017-18, the State Water Board continued its efforts to finance DWSRF projects quickly and efficiently to reach the program's full potential as a water quality tool, and continued to pair DWSRF financing with other appropriated financing sources to achieve the overall objectives of the State Water Board.

B. Performance Evaluation Report

On April 19, 2018, the USEPA presented the State Water Board a combined Program Evaluation Report (PER) for the Clean Water State Revolving Fund (CWSRF) and DWSRF programs for SFY 2017-18. The PER addressed California's performance and compliance as it pertains to the requirements of the base program elements. USEPA identified one (1) required follow-up action and six (6) recommended follow-up actions, specific to the DWSRF program. USEPA assessed the following required program and financial elements; those noted with a single asterisk (*) indicate required follow-up action, those noted with a double asterisk (**) indicate recommended follow-up action.

1. Required Program Elements

- (a) Annual/Biennial Report
- (b) Funding Eligibility
- (c) Compliance with DBE Requirements
- (d) Compliance with Federal Requirements and Grant Conditions: i.e., Cross-Cutting Authorities, AIS, Davis Bacon, Additional Subsidy, and Green Projects and Reporting*, **
- (e) Compliance with Environmental Review Requirements
- (f) Operating Agreement
- (g) Staff Capacity**
- (h) Set-aside Activity

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**

Regarding Program Element Item 1(d) Compliance with Federal Requirements and Grant Conditions, USEPA identified a potential compliance issue with federal requirements and grant conditions pertaining to AIS. During USEPA's review of the Lanare Community Services District project file, USEPA noted that the file did not contain a copy of the AIS certification. The DWSRF inspection report did not address AIS compliance.

- **Required Follow-up Action:** The State Water Board must add an AIS certification to the file for the Lanare Community Services District project.
- **State Water Board Response:** The State Water Board responded to USEPA's required follow-up action item, on May 7, 2018, providing USEPA with copies of AIS certifications in question. On May 9, 2018, USEPA informed the State Water Board that its response satisfied the required follow-up action.

USEPA further noted process differences between DWSRF and CWSRF, specifically, the use of an CWSRF inspection report form which includes a checklist that directs project managers to inspect for certain AIS requirements. This resulted in the following recommendation.

- **Recommended Follow-up:** To ensure proper and accessible file documentation of a project's AIS compliance, the DWSRF program should adopt or design a project inspection checklist, such as the one used

by the CWSRF program, that guides the DWSRF project manager to review for AIS requirements.

- [State Water Board Response](#): The State Water Board continues to work through and identify operational differences between the DWSRF and CWSRF programs, recognizing best practices and developing synergies between the programs to improve efficiency and operational consistency. In support of this effort, the State Water Board also conducts internal staff training sessions. A staff training session, specific to AIS, was conducted on January 18, 2018.

Regarding Program Element Item 1(g) above, Staff Capacity, USEPA acknowledged improvements that the State Water Board has made to the DWSRF Program involving outreach and financial planning, resulting in an increased demand for DWSRF assistance. USEPA expressed concern that increases in demand, over time, may outpace the Program's personnel resource capacity.

- [Recommended Follow-up](#): Given the increasing demand for SRF financial assistance, USEPA suggests that the State Water Board monitor staffing levels and look for efficiencies in processes to ensure it has sufficient capacity to manage the increasing workload.
- [State Water Board Response](#): The State Water Board actively monitors its resource capacity and understands the importance to augment workflow, assess processes, and maintain adequate staffing levels to accomplish administrative and project management activities efficiently and effectively. In an attempt to meet current and projected workload demands, the State Water Board recently implemented a reorganization of the technical sections, primarily responsible for DWSRF and CWSRF activities. Furthermore, the Loans and Grants Administration Section recently redirected certain positions to address changes in workload demands.

Regarding Financial Element Item 2(c), Rules of Cash Draw, USEPA tested four (4) DWSRF cash transactions selected through random sampling with a total draw of \$18.8 million from the federal treasury between July 2016 and June 2017. The review of these program financial transactions found no instances of cash draw rule violation and no improper payments. USEPA acknowledged that the State Water Board conducts effective analysis of the eligibility of DWSRF project construction, engineering/design, and administrative costs submitted for reimbursement. However, USEPA noted that several of the calculations and notations documenting cost adjustments and reimbursements were confusing and difficult to authenticate and required explanation by the DWSRF disbursement analysts for USEPA to confirm the adjustments were justified.

- [Recommended Follow-up](#): USEPA recommends that the State Water Board develop or update standard operating procedures for the disbursement analysts and project managers to follow. A standard protocol to document cost adjustment calculations, and reasons for a project claim modification would help ensure a clear representation and history of a project claim adjustment and reimbursement payment that would be available to anyone reviewing a project claim file.
- [State Water Board Response](#): The State Water Board understands the importance of ensuring staff perform efficiently and document cost adjustment calculations accurately, noting specific detail and rationale in the project claim files. The State Water Board has implemented improvements to its existing procedures in an effort to ensure a clear representation of project claim adjustments and reimbursement payments.

Regarding Financial Element Item 2(d), Timely and Expeditious Use of Funds, USEPA noted that during the on-site visit, the State Water Board expressed its intention to request USEPA to transfer approximately \$6.6 million from the 2015 DWSRF grant loan fund to the 15% local

assistance set-aside, remaining compliant with the ULO reduction strategy.

- **Recommended Follow-up:** In accordance with EPA's DWSRF ULO reduction strategy, once the State Water Board transfers the remaining funds in the FFY 2015 Capitalization Grant (#FS-98934915) to the set-asides, it should send USEPA a letter requesting additional time to expend the funds, but not later than September 30, 2018.

To transfer funds from the FFY 2015 Capitalization Grant loan fund to the set-aside fund, the State Water Board should submit to USEPA for review and approval, a grant amendment along with a letter requesting additional time to expend these set-aside funds.

- **State Water Board Response:** On March 15, 2018, the State Water Board submitted to USEPA a written request to transfer \$6,613,920.00 from the FFY 2015 Capitalization Grant loan fund to the 15% set-aside, followed by and amended grant submitted to USEPA on April 3, 2018.

Additionally, USEPA noted in SFY 2016-2017, the California DWSRF disbursement ratio was 75.5 percent (75.5%), which is an increase from its previous year's value of 69.9 percent (69.9%); however, the State's performance was below the national average of 84 percent (84%).

- **Recommended Follow-up:** USEPA suggests that the State Water Board revisit the functionality of the Loans and Grant Tracking System (LGTS) as a tool to track project budgets, record pay request details, and ensure the timely processing of disbursement claims.
- **State Water Board Response:** The State Water Board utilizes its LGTS database to track projects from application to completion. This includes tracking of project budgets and recording pay request details. The State Water Board continually

analyzes specific data elements to monitor its productivity. Based on the analytics of a combination of specific data elements, the State Water Board strives to maintain a high level of efficiency in all programmatic areas, while also identifying areas in need of improvement and developing and implementing solutions.

C. Demand Management

Demand for DWSRF and Prop 1 Drinking Water funding from SWSs serving DACs, specifically principal forgiveness/grant, continued to outpace available funds. Available DWSRF principal forgiveness and Prop 1 Drinking Water grant funds were effectively fully committed as of June 30, 2018, with minor balances remaining for potential cost increases on existing commitments. While additional principal forgiveness/grant funding may be available in the future from the DWSRF and complementary funding sources, the State Water Board continues to track and implement the DWSRF prioritization system to maximize any available principal forgiveness/grant funds.

Demand for DWSRF repayable financing remained consistent with historical trends whereby the total commitment amount of repayable financings for SFY 2017-18 did not fully utilize available funding capacity. However, the State Water Board continued to market 30-year ETF in SFY 2017-18 for publicly owned PWSs to generate greater demand for DWSRF repayable financing.

Demand for DWSRF and complementary drinking water funding for DACs/SDACs also necessitated a re-organization of certain staff and management assignments and duties within DFA in SFY 2017-2018. Specifically, certain CWSRF and DWSRF staff and management were transferred to the OSWS to assist with DACs/SDACs. The OSWS was then reorganized into two sections to serve the drinking water and wastewater funding and technical assistance needs of DACs/SDACs in northern and southern California. The remaining CWSRF and DWSRF staff and

management were then re-organized into a new Clean Water/Drinking Water SRF Section to further consolidate the program management of the CWSRF and DWSRF within DFA, as well serve the funding needs of non-DACs/SDACs.

D. Comprehensive List

The Comprehensive List identified projects potentially eligible for funding assistance from the DWSRF program. As DFA received applications, it assigned each project a category from Section V.C.1 of the DWSRF Policy, then recommended that the Executive Director of the State Water Board, in consultation with DDW, either add the project to the Comprehensive List or update an existing project. The Executive Director updated the Comprehensive List three times.

E. Fundable List and Project Bypass

There were 123 projects identified on the fundable list of projects in the SFY 2017-18 IUP, detailed in **Exhibit H** (page 53). Of these 123 projects, 53 were planning and 70 were

construction projects. The DWSRF program awarded funding to 5 planning projects and 21 construction projects. Prop 1 Drinking Water funds were awarded to 50 projects. The remaining projects' statuses is noted in **Exhibit C** (page 41). Several of the projects not funded in SFY 2017-18 are anticipated to be funded in SFY 2018-19.

F. Marketing Updates

State Water Board staff participated in six (6) California Financing Coordinating Committee (CFCC) funding fairs during SFY 2017-18. The funding fairs provide members of the public and infrastructure development professionals current information on funding options available for different project types.

State Water Board staff also participated in several conferences throughout the year to provide updated information on the DWSRF Program. These conferences included the League of California Cities 2017 Annual Conference and the Association of California Water Agencies 2018 Spring Conference.



G. Technical Assistance Updates

The DWSRF program budgeted two percent (2%) of the FFY 2017 Capitalization Grant along with prior year capitalization grants for SWSTA. 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 SWSs.

The SWSTA set-aside funded technical and administrative staff within DFA to provide technical assistance to SWSs. Assistance by DFA staff included helping SWSs 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. The SWSTA set-aside also provided partial funding for technical and administrative staff of the Proposition 84 (Prop 84) funding program. They prepared Prop 84 planning projects for SWSs that led to DWSRF construction funding.

The budgeting and expenditures of the SWSTA set-aside as of June 30, 2018 are shown in **Exhibit I** (page 58).

H. Proposition 1 Drinking Water Update

The State Water Board and DFA continued to implement and award funding to planning and construction projects using DWSRF and Prop 1 Drinking Water funds. Due to extensive coordination between funding sources, \$301 million of DWSRF funding was awarded to 26 planning and construction projects in SFY 2017-18, of which approximately \$31.6 million was Prop 1 Drinking Water funds serving as State Match for the DWSRF program. As of June 30, 2018, approximately \$112.1 million of Prop 1 Drinking Water Funds had been encumbered as State Match for the DWSRF.

In SFY 2017-18, \$30.2 million of Prop 1 Drinking Water grant funds were also awarded to 50 planning and construction projects separately from the DWSRF. **Exhibit J** (page 62) lists the 50 projects funded exclusively by Prop 1 Drinking Water in SFY 2017-18. As of June 30, 2018, a cumulative amount of \$127.5 million of Prop 1 Drinking Water grant funds had been awarded to SWSs serving DACs/SDACs.

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 DACs. The tremendous amount of funding provided through the DWSRF in SFY 2017-18 has also enabled the State Water Board to maintain a low and acceptable federal ULO balance for the near future.

I. Proposition 68 (Prop 68) Update

On June 5, 2018, California voters approved Prop 68 The California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 (Senate Bill 5, DeLeon), which provides general obligation bond funding to the State Water Board for various wastewater, drinking water, water recycling and other related projects that will complement the funding provided under the DWSRF. Prop 68 provided \$250 million for grants and loans for projects to improve access to safe drinking water (Prop 68 Drinking Water) and projects to improve water quality under the CWSRF SCG, with priority given to projects that help DACs. Prop 68 directed that Prop 68 Drinking Water funds be administered in accordance with the Prop 1 Drinking Water Program. The DWSRF 2018-2019 IUP was adopted in June of 2018 and reaffirmed the Prop 1 Drinking Water guidelines, expanding them to incorporate Prop 68 Drinking Water procedures.

J. Consolidation Incentive Program

The Consolidation Incentive Program, as described in the SFY 2017-2018 IUP, did not receive requests during SFY 2017-18, but

was revised to draw potential projects. In June 2017, the State Water Board adopted the SFY 2017-2018 IUP, which increased the zero percent consolidation incentive program from up to \$5 million to up to \$10 million per project. Zero percent (0%) interest rate financing may be awarded for an eligible construction project (incentive project) that benefits an eligible PWS, if such PWS completes a full consolidation with a water system serving a DAC.

K. DWSRF 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 SWP loans.

Funding for the SWP program provides loans to PWSs for the purchase of land or conservation

easements. PWSs may only purchase land or a conservation easement from willing parties. 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 2017-18, the program had set aside a total of \$24,889,390 from the FFY 2000-2005 Capitalization Grants for this program, but, due to lack of demand from PWSs, subsequent federal grant amendments returned \$22,889,390 from the FFY 2000-2005 Capitalization Grants to the DWSRF infrastructure loan fund. As shown in **Table 7**, \$2,000,000 has been committed and expended for SWP loans.

Table 7: Source Water Protection Loan Set-Asides

Funding Recipient	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



VI. SET-ASIDES

The DWSRF program used a percentage of each federal capitalization grant as “set-asides” in SFY 2017-18 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 DWSRF Administration, SWSTA, State Program Management, and Local Assistance Special Programs. These set-asides aided in either administering the DWSRF program or providing funding and other technical assistance to PWSs. The State Water Board budgeted 23 percent (23%) of the FFY 2017 Capitalization Grant for all four (4) set-asides, totaling \$17,835,350. As of June 30, 2018, the State Water Board had expended \$7.65 million of the funds budgeted for set-aside activities from the FFY 2017 Capitalization Grant. It is anticipated, that the remaining balance of the FFY 2017 Capitalization Grant set-aside funds will be liquidated no later than SFY 2018-19.

A. Administration Set-Aside

The State Water Board budgeted four percent (4%) of the FFY 2017 Capitalization Grant, totaling \$3,101,800, along with prior years’ DWSRF Administration set-aside funds in SFY 2017-18 for the management of the DWSRF program by DFA, DAS, Division of Information Technology (DIT), and the Office of Chief Counsel. The State Water Board expended \$1.93 million from the Administration set-aside under the FFY 2017 Capitalization Grant. The DWSRF 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. The Administration set-aside also funded legal activities within the State Water Board’s Office of Chief Counsel relating to the review of agreements and legal advising on a variety of programmatic issues including the IUP, anticipated revenue bond requirements, and implementation of various State and federal requirements. Finally, the DWSRF Administration set-aside funded a variety of administrative support from DAS and DIT, including accounting and budget office support as well IT support.

A portion of the Administration set-aside also funded state procurement contracts with other entities, such as the accounting

firm CliftonLarsonAllen. In SFY 2017-18, CliftonLarsonAllen completed the federal single-audit of the DWSRF program for SFY 2017-18 and produced audited financials for the DWSRF program which are included as **Exhibit K** (page 65).

The budgeting and expenditures of the DWSRF Administration set-aside, as of June 30, 2018, are shown in **Exhibit I** (page 58).

B. Small Water System Technical Assistance Set-Aside

The State Water Board budgeted two percent (2%) of the FFY 2017 Capitalization Grant, totaling \$1,550,900, along with prior year SWSTA set-aside funds in SFY 2017-18. The State Water Board expended \$0 from the SWSTA set-aside under the FFY 2017 Capitalization Grant. The SWSTA set-aside funded DFA staff and their technical assistance provided to SWSs. The primary goal of DFA’s SWSTA is to assist SWSs to become eligible for DWSRF financing 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 their TMF capacities.

The SWSTA set-aside funded technical and administrative staff within DFA and their technical assistance to SWSs. Assistance by staff included helping SWSs 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. The SWSTA also enabled DFA technical and administrative staff to assist third-party technical assistance providers and their suite of tasks further described below.

The budgeting and expenditures of the SWSTA Set-Aside as of June 30, 2018, are shown in **Exhibit I** (page 58).

C. Local Assistance Set-Aside

The State Water Board budgeted seven percent (7%) of the FFY 2017 Capitalization Grant, along with prior year capitalization grants in SFY 2017-18, for technical assistance to PWSs to support the State Water Board's TMF Capacity Development Strategy. The State Water Board expended \$365 thousand from the Local Assistance set-aside under the FFY 2017 Capitalization Grant. It is anticipated that the remaining balance of the 2017 Local Assistance set-aside will be liquidated over the next couple of years, especially since these funds will be made available to DDW for their technical assistance to PWSs in support of the State Water Board's Capacity Development Strategy.

A majority of the Local Assistance set-aside funds were expended for third-party technical assistance contracts with California Rural Water Association (CRWA), Rural Community Assistance Corporation (RCAC), Self-Help Enterprises (SHE), and California-Nevada chapter of the American Water Works Association (AWWA). CRWA, RCAC and SHE provided on-site technical assistance, including income surveys, water rate studies, and DWSRF application development. They also provided or participated in a variety of online and onsite workshops, symposiums and fairs, which benefited over 2,300 PWSs in SFY 2017-18. CRWA, RCAC, and SHE also provided TMF assistance in SFY 2017-18, including

mutual water company board training, PWS operation training, and water system ownership research. The California-Nevada chapter of AWWA provided technical assistance in the validation water audits for urban water suppliers in support of the State Water Board's Capacity Development Strategy.

In addition, RCAC developed and conducted statewide onsite and online training workshops that focused on building the TMF capacity of PWSs. In SFY 2017-18, RCAC held two CalTAP funding fairs. The fairs provided information on free services and materials available to the water systems and included two water symposiums that focused on regulation updates, sanitary surveys, and financial management. The CalTAP fairs averaged 57 attendees and the symposia averaged 28 attendees. In addition to the funding fairs, RCAC held 49 onsite and 73 online workshops. Board members, water system staff, and operators from more than 2,300 individual water systems participated in the training events. RCAC utilized feedback from training and workshop attendees to improve its organizations' effectiveness in communicating with the public and ability to provide helpful information.

The remaining expenditures of Local Assistance set-aside in SFY 2017-18 were for technical and administrative staff within DFA and their efforts to provide assistance to PWSs in support of the State Water Board's TMF Capacity Development Strategy. DFA 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; 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. Also, DDW expended approximately \$5.5 million of the FFY 2015 Local Assistance set-aside in support of the Capacity Development Strategy by reimbursing staff costs associated with SWS TMF assistance performed during

their permitting, inspections, compliance and monitoring (PICM) activities.

The budgeting and expenditures of the DWSRF Local Assistance set-aside, as of June 30, 2018, are shown in **Exhibit I** (page 58).

D. State Program Management Set-Aside

The State Water Board budgeted ten percent (10%) of the FFY 2017 Capitalization Grant, along with prior year Capitalization Grants, for the State Program Management set-aside in SFY 2017-18. The State Water Board expended \$5.347 million from the State Program Management set-aside under the FFY 2017 Capitalization Grant. This set-aside funded DDW's PWSS regulatory program. In SFY 2017-18, the State Program Management set-aside subsidized a pro-rated portion of DDW's PICM activities as well as the general administration activities of DDW with the PWSS grant and California's safe drinking water cost-recovery account.

In general, DDW staff conducted inspections and surveys of both large and SWSs, evaluated treatment and infrastructure improvement needs, reviewed plans and specifications in relation to and for conformance with treatment requirements, and assisted PWSs 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 PWSs. 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, 2018, are shown in **Exhibit I** (page 58).





VII. ACRONYMS

AIS	American Iron and Steel
ARRA	American Recovery and Reinvestment Act of 2009
ASAP	Automated Standard Application of Payments
AWWA	American Water Works Association
CalTap	California Technical Assistance Provider
CRWA	California Rural Water Association
CWSRF	Clean Water State Revolving Fund
DAC	Disadvantaged Community
DACs	Disadvantaged Communities
DAS	Division of Administrative Services
DBE	Disadvantaged Business Enterprise
DDW	Division of Drinking Water
DFA	Division of Financial Assistance
DIT	Division of Information Technology
DWSRF	Drinking Water State Revolving Fund
ETF	Extended Term Financing
ESCWSs	Expanded Small Community Water Systems
FFATA	Federal Funding Accountability and Transparency Act
FFY	Federal Fiscal Year
FSRS	Federal Funding Accountability and Transparency Act Subaward Reporting System
IUP	Intended Use Plan
LEFA	Legal Entity Formation Assistance



LGTS	Loans and Grants Tracking System
MCL	Maximum Contaminant Levels
MBE	Minority Owned Business Enterprise
OMB	Office of Management and Budget
OSWS	Office of Sustainable Water Solutions
PICM	Permitting, Inspection, Compliance, Monitoring
PWS	Public Water System
PWSs	Public Water Systems
PWSS	Public Water System Supervision
RCAC	Rural Community Assistance Corporation
SCO	State Controller's Office
SDAC	Severely Disadvantaged Community
SDACs	Severely Disadvantaged Communities
SDWA	Safe Drinking Water Act
SERP	State Environmental Review Process
SFY	State Fiscal Year
SHE	Self-Help Enterprises
SWP	Source Water Protection
SWS	Small Water System
SWs	Small Water Systems
SWSTA	Small Water System Technical Assistance
TMF	Technical, Managerial, Financial
ULO	Unliquidated Obligation
USEPA	United States Environmental Protection Agency
WBE	Women Owned Business Enterprise





VIII. EXHIBITS

Exhibit A	Small Water Systems Funding in SFY 2017-18
Exhibit B	Projects Funded by Public Health Needs Categories in SFY 2017-18
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Exhibit D	Disadvantaged Business Enterprise Report for SFY 2017-18
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Exhibit K	SFY 2017-18 Audited Financial Statements

EXHIBIT A: SMALL WATER SYSTEMS FUNDING IN SFY 2017-18

Funding Recipient	Project Number	Principal Forgiveness	Loan	Total SRF Funding	FA Execution Date	Financial Status
Madera, County of (MD10A - Madera Ranchos)	2010008-003C	\$6,596,815.00	\$0.00	\$6,596,815.00	2/8/2018	Severely Disadvantaged
Coachella Valley Water District	3310001-007C	\$5,000,000.00	\$21,703,000.00	\$26,703,000.00	6/19/2018	Severely Disadvantaged
Indio Water Authority	3310020-001C	\$5,525,025.00	\$0.00	\$5,525,025.00	6/27/2018	Severely Disadvantaged
Valencia Heights Water Company	1910163-001C	\$0.00	\$1,949,003.00	\$1,949,003.00	1/25/2018	Severely Disadvantaged
Santa Nella County Water District	2410018-002C	\$3,301,014.00	\$0.00	\$3,301,014.00	7/17/2017	Severely Disadvantaged
Sutter, County of (Waterworks District 1)	5100107-008C	\$1,060,000.00	\$0.00	\$1,060,000.00	4/5/2018	Severely Disadvantaged
Colusa County Waterworks District No. 1	0600008-001P	\$415,000.00	\$0.00	\$415,000.00	12/15/2017	Severely Disadvantaged
Washington Unified School District	1000204-001P	\$500,000.00	\$0.00	\$500,000.00	5/18/2018	Severely Disadvantaged
Lakeview Ranchos Mutual Water Company	1500525-001C	\$2,160,000.00	\$0.00	\$2,160,000.00	8/3/2017	Severely Disadvantaged
Bridgeport Public Utility District	2610003-005C	\$200,000.00	\$0.00	\$200,000.00	8/3/2017	Disadvantaged
Plumas Eureka Community Services District	3210011-005P	\$0.00	\$350,000.00	\$350,000.00	9/13/2017	Not Disadvantaged
Bar-Len Mutual Water Company	3600025-001P	\$6,000.00	\$0.00	\$6,000.00	6/11/2018	Disadvantaged
Alpaugh Community Services District	5410050-001C	\$3,000,000.00	\$0.00	\$3,000,000.00	1/10/2018	Severely Disadvantaged
Colusa County Waterworks District No. 1	0600008-002C	\$495,000.00	\$0.00	\$495,000.00	5/30/2018	Severely Disadvantaged
Malaga County Water District	1010042-014C	\$0.00	\$680,400.00	\$680,400.00	8/7/2017	Disadvantaged
Lakeside Joint School District	4300779-001C	\$698,360.00	\$0.00	\$698,360.00	6/18/2018	Severely Disadvantaged
Oak Run Elementary School District	4500190-001C	\$273,000.00	\$0.00	\$273,000.00	12/28/2017	Severely Disadvantaged
Resort Improvement District No. 1 and Shelter Cove Sewer and Other Facility	1210022-002C	\$5,000,000.00	\$0.00	\$5,000,000.00	2/8/2018	Severely Disadvantaged
Happy Camp Community Services District	4710012-002C	\$1,593,000.00	\$0.00	\$1,593,000.00	6/26/2018	Severely Disadvantaged

EXHIBIT B: PROJECTS FUNDED BY PUBLIC HEALTH NEEDS CATEGORIES IN SFY 2017-18

Funding Recipient	Project Name	Category	Population	Connections	Initial Funding Date	Principal Forgiveness Amount	Loan Amount	Total Amount Financed	Status
Oak Run Elementary School District	Oak Run Well Replacement Project	A	102	1	12/28/2017	\$273,000	\$ -	\$273,000	Severely Disadvantaged
Lakeside Joint School District	Lakeside Joint School District Water Supply Project	B	110	1	6/18/2018	\$698,360	\$ -	\$698,360	Severely Disadvantaged
Happy Camp Community Services District	Happy Camp Water Treatment System Upgrade	B	1,190	457	6/26/2018	\$1,593,000	\$ -	\$1,593,000	Severely Disadvantaged
Colusa County Waterworks District No. 1	Arsenic Exceedance Feasibility Study	C	500	104	12/15/2017	\$415,000	\$ -	\$415,000	Severely Disadvantaged
Washington Unified School District	American Union Elementary School Uranium MCL Compliance	C	353	0	5/18/2018	\$500,000	\$ -	\$500,000	Severely Disadvantaged
Lakeview Ranchos Mutual Water Company	Arsenic Exceedance Compliance Project	C	120	74	8/3/2017	\$2,160,000	\$ -	\$2,160,000	Severely Disadvantaged
Arvin Community Services District	Arsenic Mitigation - Phase II Test Wells and Design	C	21563	3865	8/16/2017	\$ -	\$941,000	\$941,000	Severely Disadvantaged
Madera, County of (MD10A - Madera Ranchos)	Consolidation of Valley Teen Ranch and Golden Valley Unified School District	C	3039	925	2/8/2018	\$6,596,815	\$ -	\$6,596,815	Severely Disadvantaged
Bridgeport Public Utility District	Arsenic Removal Project	C	700	484	8/3/2017	\$200,000	\$ -	\$200,000	Disadvantaged
Plumas Eureka Community Services District	Arsenic Remediation Project	C	1,100	552	9/13/2017	\$ -	\$350,000	\$350,000	Not Disadvantaged
Coachella Valley Water District	Highway 86 Transmission Main and Pump Station Project	C	5480	2735	6/19/2018	\$5,000,000	\$21,703,000	\$26,703,000	Severely Disadvantaged
Indio Water Authority	Consolidation of Boe Del Heights & Waller Tract Mutual Water Associations into Indio Water Authority	C	1131	213	6/27/2018	\$5,525,025	\$ -	\$5,525,025	Severely Disadvantaged
Bar-Len Mutual Water Company	Water Quality (arsenic) and Infrastructure Efficiency	C	124	44	6/11/2018	\$6,000	\$ -	\$6,000	Disadvantaged
Alpaugh Community Services District	Arsenic Treatment Project	C	1,026	390	1/10/2018	\$3,000,000	\$ -	\$3,000,000	Severely Disadvantaged
Colusa County Waterworks District No. 1	Installation of Customer Meters	D	500	104	5/30/2018	\$495,000	\$ -	\$495,000	Severely Disadvantaged
Sacramento, City of	Meter and Pipe Installation	D	407018	135,639	12/5/2017	\$ -	\$173,141,875	\$173,141,875	Not Disadvantaged
Sutter, County of (Waterworks District 1)	Robbins Water Meter Installation and Water Main Repairs	D	350	93	4/5/2018	\$1,060,000	\$ -	\$1,060,000	Severely Disadvantaged
East Bay Municipal Utility District	South Reservoir Replacement	F	16500	388,419	12/14/2017	\$ -	\$18,946,632	\$18,946,632	Not Disadvantaged
East Bay Municipal Utility District	Macarthur Davenport Pipeline Replacement Project	F	1,390,000	388,419	4/18/2018	\$ -	\$18,041,600	\$18,041,600	Not Disadvantaged

EXHIBIT B: PROJECTS FUNDED BY PUBLIC HEALTH NEEDS CATEGORIES IN SFY 2017-18 (continued)

Funding Recipient	Project Name	Category	Population	Connections	Initial Funding Date	Principal Forgiveness Amount	Loan Amount	Total Amount Financed	Status
South Tahoe Public Utility District	Waterline Replacement Program	F	33679	14024	2/2/2018	\$ -	\$3,627,005	\$3,627,005	Not disadvantaged
Malaga County Water District	Malaga County Water District Water Meters	F	1300	552	8/7/2017	\$ -	\$680,400	\$680,400	Severely Disadvantaged
Resort Improvement District No. 1 and Shelter Cove Sewer and Other Facility	Shelter Cove Water Tank Replacement Construction Project	F	1500	620	2/8/2018	\$5,000,000	\$ -	\$5,000,000	Severely Disadvantaged
South Pasadena, City of	GRAVES RESERVOIR REPLACEMENT PROJECT	F	26,174	6,154	4/27/2018	\$ -	\$10,803,550	\$10,803,550	Not Disadvantaged
Valencia Heights Water Company	Reservoir No. 2 Pump Station and Water Line	F	7,500	1,633	1/25/2018	\$ -	\$1,949,003	\$1,949,003	Not Disadvantaged
Santa Nella County Water District	Mobile Home Park Water Metering Project	F	1,308	653	7/17/2017	\$3,301,014	\$ -	\$3,301,014	Severely Disadvantaged
San Diego, City of	69th Street and Mohawk Pump Station	F	1,300,000	278,694	10/30/2017	\$ -	\$15,000,044	\$15,000,044	Not Disadvantaged

EXHIBIT C: PROJECTS NOT FUNDED IN SFY 2017-18

Small Water Systems: Population <= 10,000 (Planning)											
General Package Received	Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment/Explanation why it was not funded in SFY 2017-18
6/10/2016	Ballico Community Services District	C	2400167-001P	Planning	Merced	\$468,000	Severely Disadvantaged	Secondary Well Construction	360	72	Financing agreement is being prepared for issuance in SFY 18-19
8/27/2015	Bighorn-Desert View Water Agency	F	3610009-003P	Planning	San Bernardino	\$365,570	Severely Disadvantaged	Combined w/ 002P - Bighorn-Desert View/Imp. Dist/Goat Mtn Integration	5,000	1,903	Project was combined with Project No. 3610009-002P with an executed agreement dated 10/17/2017
12/14/2016	Camp Nelson Water Company	B	5410022-001P2	Planning	Visalia	\$170,100	Not Disadvantaged	Water Treatment Plant Improvement	150	300	Non-DAC community and applicant cannot afford loan
10/10/2016	Cascade Mutual Water Company	C	2000509-006P	Planning	Merced	\$174,328	Severely Disadvantaged	Well replacement, radionuclide contamination ER	300	116	Waiting for a new income survey to verify that the community is disadvantaged
3/21/2016	Crows Landing Community Services District	F	5000005-002P	Planning	Stockton	\$300,000	Severely Disadvantaged	Crows Landing CSD Water System Improvement Planning Project	355	138	Project was withdrawn because the applicant decided to submit an application for construction instead
11/10/2016	Davenport County Sanitation District	F	4400571-006P	Planning	Monterey	\$475,000	Severely Disadvantaged	Davenport Diversion Facility Upgrade Feasibility Study	350	130	Incomplete Application
12/9/2016	Frazier Park Public Utility District	A	1510007-001P	Planning	Tehachapi	\$1,000,000	Disadvantaged	Frazier Park/Lake of the Woods Regional Consolidation Planning Project	3,686	1,878	Working on reducing the project cost and scope of work. FA anticipated in SFY 18-19.
11/17/2015	Joshua Basin Water District	C	3610025-001P	Planning	San Bernardino	\$1,516,000	Disadvantaged	Chromium VI Remediation Project	9,514	4,422	FA is being amended for issuance in SFY 18-19. FA executed 1/18/2017
10/20/2016	Journey's End Mobile Home Park	C	4900688-001P	Planning	Sonoma	\$205,000	Severely Disadvantaged	Journey's End Mobile Home Park Consolidation Planning Project	180	161	Project was withdrawn from fire damage to the mobile home park
10/20/2016	Lake Shastina Community Services District	F	4710013-001P	Planning	Klamath	\$500,000	Disadvantaged	Lake Shastina Drinking Water Rehabilitation and Upgrade Project	2,400	1,268	Evaluating eligibility as a DAC
9/27/2017	Markleeville Water Company	D	0202504-002P	Planning	Visalia	\$500,000	Disadvantaged	Water Line Replacement	200	198	All project reviews were completed by 3/2/2018 and the Master file started routing; but, Prop 1 funds were exhausted and the Master File was put on hold. Expected agreement execution on 11/1/2018

EXHIBIT C: PROJECTS NOT FUNDED IN SFY 2017-18 (continued)

Small Water Systems: Population <= 10,000 (Planning)											
General Package Received	Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2017-18
	Mitchell's Camp Family Association	D	1300555-002P	Planning	San Diego	\$100,000	Severely Disadvantaged	Mitchell's Camp - Storage and water source construction	169	69	Project status is inactive. Applicant is not eligible for grant funding. More than 50% of the population isn't considered permanent residents. The applicant is not interested in a loan
8/18/2016	Needles, City of	F	3610032-001P	Planning	San Bernardino	\$504,865	Severely Disadvantaged	Lily Hill Boosting Station Replacement/Relocation	4,909	1,870	Incomplete Application
8/9/2016	Oasis Gardens Water Company	C	3303100-001P	Planning	Riverside	\$26,000	Severely Disadvantaged	Oasis Gardens and Water Company Chrome 6 Contamination & Consolidation	314	157	Planning application withdrawn; Coachella Valley Water District applying for construction funding for the project
2/6/2015	Pinon Valley Water Company	D	1500540-008P	Planning	Tehachapi	\$95,000	Disadvantaged	Pinon Valley Water Company Sustainable Infrastructure Project	90	42	Incomplete application
12/29/2016	Plainview Mutual Water Company	A	5400682-002P	Planning	Visalia	\$500,000	Severely Disadvantaged	Plainview MMC-Central Water System Nitrate Remediation Feasibility Study	138	42	FA executed 5/16/2017
3/31/2015	Shady Oaks Mobile Home Park	C	2000828-002P	Planning	Merced	\$390,000	Severely Disadvantaged	Uranium MCL Exceedance	33	21	Application complete with FA estimated in SFY 2018/19
4/20/2016	Sierraville Public Utility District	D	4600018-001P	Planning	Lassen	\$320,000	Severely Disadvantaged	New Water Source	200	102	Revised project scope under review
1/5/2016	Skyview County Water District	C	5200562-001P	Planning	Valley	\$500,000	Severely Disadvantaged	Reliable Source Project	120	98	Revised project scope under review
11/9/2016	West Water Company	F	4900893-001P	Planning	Sonoma	\$300,000	Disadvantaged	Water Main Replacement	50	16	Does not meet funding reqs. Application denied pending revised financial information
6/17/2016	Yosemite Forks Estates Mutual Water Company	C	2000527-001P	Planning	Merced	\$135,000	Severely Disadvantaged	Arsenic MCL Compliance Planning Project	110	99	Application complete with FA estimated in SFY 2018/19
Small Water Systems: Population <= 10,000 (Construction)											
General Package Received	Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 17-18
7/8/2016	Bass Lake Water Company	C	2010003-003C	Construction	Merced	\$4,600,000	Severely Disadvantaged	Willow Creek Surface Water Treatment Plant	2,800	995	Incomplete Application

EXHIBIT C: PROJECTS NOT FUNDED IN SFY 2017-18 (continued)

Small Water Systems: Population <= 10,000 (Construction)											
General Package Received	Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment/Explanation why it was not funded in SFY 2017-18
12/2/2016	Big Rock Community Services District	F	0800532-003C	Construction	Klamath	\$688,589	Disadvantaged	Big Rock CSD Water Tank Replacement Project	650	101	Income survey needed to determine DAC eligibility
7/27/2015	Biggs, City of	D	0410001-001C	Construction	Valley	\$353,000	Disadvantaged	Water Meter Installation	1,805	650	Incomplete Application
8/24/2015	Bighorn-Desert View Water Agency	F	3610009-001C	Construction	San Bernardino	\$400,000	Severely Disadvantaged	Alternate Power Improvements	3,000	1,903	Application withdrawn
1/27/2016	Caruthers Community Services District	D	1010039-002C	Construction	Fresno	\$1,984,400	Disadvantaged	Installation of Arsenic Treatment Plant Components and Water Meters	2,103	672	Financing agreement is being prepared for issuance in SFY 18-19.
6/3/2016	Davenport County Sanitation District	D	4400571-005C	Construction	Monterey	\$240,066	Disadvantaged	Old Coast Water Line Extension	350	130	Incomplete Application
12/30/2016	Fresno, County of	C	1000359-005C	Construction	Fresno	\$7,000,000	Severely Disadvantaged	Westside Groundwater Project	230	81	Executed agreement July 2018
11/29/2016	Greenfield County Water District	C	1510024-001C	Construction	Visalia	\$5,000,000	Disadvantaged	Arsenic Mitigation Project	6,500	2,522	Inactive/Withdrawn: Recipient needs to raise their rates consistent with Prop 218 requirements to be eligible for funding, but they have decided to look elsewhere for funding instead.
8/6/2016	Hughson, City of	C	5010008-012C	Construction	Stockton	\$4,116,274	Disadvantaged	Hughson Water System Extension Improvements (Cobles Corner/County Villa)	6,082	1,779	Incomplete Application
	Huron, City of	C	1010044-001C	Construction	Fresno	\$7,992,250	Severely Disadvantaged	Surface Water Treatment Facility	7,306	862	FA is being prepared for issuance in SFY 18-19.
12/18/2015	Lake Morena Oak Shore Mutual Water Company	F	3700923-002C	Construction	San Diego	\$720,000	Severely Disadvantaged	Distribution System Improvements for Lake Morena Oak Shores MWC	700	205	Application complete with FA anticipated SFY 18-19
6/16/2016	Loma Rica Water Company	C	5800803-001C	Construction	Valley	\$217,409	Not Disadvantaged	Loma Rica Reservoir Replacement and Source Improvement Project	140	68	Executed agreement July 2018
4/13/2016	London Community Services District	C	5410017-003C	Construction	Visalia	\$4,944,655	Severely Disadvantaged	London Community Services District Water System Reliability Project	1,638	432	Application complete and in final review, but with limited grant funds available in SFY 18-19 and because the project is a lower priority (Category F) project, FA is not anticipated until SFY 19-20

EXHIBIT C: PROJECTS NOT FUNDED IN SFY 2017-18 (continued)

Small Water Systems: Population <= 10,000 (Construction)											
General Package Received	Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment/Explanation why it was not funded in SFY 2017-18
10/23/2015	Lost Hills Utility District	F	1510046-008C	Construction	Visalia	\$1,361,000	Severely Disadvantaged	Well Number Three	2,722	373	Incomplete Application
2/19/2015	Lukins Brothers Water Company	D	0910007-001C	Construction	Sacramento	\$1,220,000	Disadvantaged	Phase 2 Waterline Project - James Avenue	250	947	Incomplete Application
9/11/2015	Madera, County of	C	2000737-002C	Construction	Merced	\$2,138,584	Disadvantaged	Pipeline Construction and Consolidation	100	34	The income survey results show the water system is not disadvantaged and the community is not interested in loan funding
11/23/2015	Mendota, City of	F	1010021-001C	Construction	Fresno	\$2,698,100	Severely Disadvantaged	Mendota AMR	8,656	1,680	Incomplete Application, waiting for grant funding to be replenished
5/5/2016	Reef-Sunset Unified School District	C	1600048-001C	Construction	Visalia	\$306,000	Disadvantaged	Water and Irrigation System Modification Project	350	12	FA executed on 7/11/2018 using State Prop 84 Funds.
10/17/2016	Sierra East Homeowner's Association, Inc.	B	2600622-001C	Construction	San Bernardino	\$993,400	Severely Disadvantaged	Water System Improvement Project	50	29	FA with applicant for review; FA anticipated SFY 18-19
8/5/2016	Sierra Linda Mutual Water Company	D	2000506-001C	Construction	Merced	\$4,159,000	Severely Disadvantaged	Sierra Linda Mutual Water Company Consolidation, Metering, and Water Treatment	180	89	Incomplete Application
7/13/2016	Tulare, County of	A	5400550-001C	Construction	Tulare	\$5,000,000	Severely Disadvantaged	Seville Water Company's Distribution System Replacement	400	77	FA with applicant for review; FA anticipated SFY 18-19
7/13/2016	Tulare, County of	C	5400550-002C	Construction	Tulare	\$4,000,000	Severely Disadvantaged	Seville Water Co. Consolidation with Yettem Water System	400	77	Application incomplete
9/21/2016	Tuolumne Utilities District	F	5510003-001C	Construction	Merced	\$292,948	Pending	Apple Colony & Mt. Eaton Rd. Waterline Extension Project	1,576	668	Application incomplete

EXHIBIT C: PROJECTS NOT FUNDED IN SFY 2017-18 (continued)

Small Water Systems: Population <= 10,000 (Construction)											
General Package Received	Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2017-18
	Tuolumne Utilities District	F	5510003-010C	Construction	Merced	\$2,700,000	Pending	Cuesta Heights Tank	3,646	1,545	Application complete and in final review. However, with limited grant funds available in SFY 18-19 and because the project is a lower priority (Category F) project, FA is not anticipated until SFY 19-20
	Water Resources, Department of	A	0054005-001C	Construction	Tulare	\$1,600,000	Disadvantaged	Okieville Highland Acres Emergency Water Supply Project	300	80	Agreement Executed 5/17/2017
5/22/2015	Yosemite Unified School District	C	2000567-002C	Construction	Merced	\$1,230,000	Severely Disadvantaged	Yosemite High School Uranium, Fluoride, and Arsenic Exceedance- Remediation Project	1,200	1	Application complete; FA anticipated SFY 18-19
1/4/2016	Yurok Tribe	B	090605003-001C	Construction	Klamath	\$224,300	Severely Disadvantaged	Kenek Water Treatment Facility	43	10	Application incomplete

EXHIBIT C: PROJECTS NOT FUNDED IN SFY 2017-18 (continued)

Large Water Systems: Population > 10,000 (Planning)											
General Package Received	Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2017-18
6/4/2015	Huntington Park, City of	E	1910049-001P	Planning	Angeles	\$500,000	Severely Disadvantaged	Miles Avenue Water Quality Improvement Project	18,569	5,574	Financing agreement is being prepared for issuance in SFY 18-19
10/20/2015	Los Angeles County Waterworks District 29	C	1910204-009P	Planning	Central	\$2,024,000	Not Disadvantaged	Sweetwater Mesa System Improvements	27,807	7,773	Incomplete application - missing scope of work, along with financial and environmental packages
2/23/2016	Twentynine Palms Water District	F	3610049-005P	Planning	San Bernardino	\$1,800,000	Disadvantaged	Potable Groundwater Management Project	17,500	7,704	Agreement expected in SFY 18-19
Large Water Systems: Population > 10,000 (Construction)											
General Package Received	Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2017-18
8/25/2015	Apple Valley Ranchos Water Company	F	3610003-001C	Construction	San Bernardino	\$7,992,016	Severely Disadvantaged	Consolidation and Rehabilitation of Yermo Water System	52,879	18,744	Agreement expected in SFY 18-19
7/21/2016	Arvin Community Services District	C	1510001-003C	Construction	Visalia	\$12,914,000	Severely Disadvantaged	Arsenic Mitigation Project - Phase II	11,847	3,446	Incomplete Application
4/25/2016	Coachella Valley Water District	C	3310001-006C	Construction	Riverside	\$216,000,000	Severely Disadvantaged	Chromium-6 Treatment Project (CVWD and ID-8 system)	206,152	103,076	Applicant requested withdrawal of application due to pending of Chrome 6 MCL
8/19/2016	Fallbrook Public Utility District	F	3710008-003C	Construction	San Diego	\$45,000,000	Not Disadvantaged	Santa Margarita Conjunctive Use Project	32,000	8,752	Unresolved water rights
6/16/2016	Greenfield, City of	C	2710008-001C	Construction	Monterey	\$389,000	Severely Disadvantaged	Apple Avenue Water System Consolidation	17,547	3,469	Incomplete Application
10/20/2015	Los Angeles County Waterworks District 29	F	1910204-001C	Construction	Central	\$1,510,000	Not Disadvantaged	Malibu Branch Feeder 30-inch Realignment	27,807	7,733	Incomplete Application - missing financial and environmental packages
4/14/2016	Los Angeles County Waterworks District 29	F	1910204-002C	Construction	Central	\$2,025,000	Not Disadvantaged	Coastline Drive 12-inch Waterline Replacement	27,807	7,733	Incomplete Application - missing financial and environmental documents

EXHIBIT C: PROJECTS NOT FUNDED IN SFY 2017-18 (continued)

Large Water Systems: Population > 10,000 (Construction)											
General Package Received	Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment/Explanation why it was not funded in SFY 2017-18
3/29/2017	Los Angeles County Waterworks District 29	C	1910204-003C	Construction	Central	\$3,306,320	Not Disadvantaged	Owen Tank Replacement	27,807	7,733	Missing financial documents
10/20/2015	Los Angeles County Waterworks District 29	F	1910204-006C	Construction	Central	\$1,945,000	Not Disadvantaged	Creek Crossing Repairs	27,807	1,910,204	Incomplete Application - missing financial and environmental documents
10/20/2015	Los Angeles County Waterworks District 29	F	1910204-004C	Construction	Central	\$6,090,000	Not Disadvantaged	Pacific Coast Hwy 8-in Water Line Replacement, Zumirez Dr. to Escondido Beach Rd.	27,807	7,733	Incomplete Application - missing financial and environmental packages
10/20/2015	Los Angeles County Waterworks District 29	F	1910204-005C	Construction	Central	\$2,405,000	Not Disadvantaged	Lower Busch Tank	27,807	7,733	Incomplete Application - missing financial and environmental packages
9/23/2015	Los Angeles, City of Acting by and through the Department of Water & Power	F	1910067-054C	Construction	Metropolitan	\$22,471,652	Not Disadvantaged	Elysian Reservoir Water Quality Improvement Project	4,071,873	680,607	Extended negotiation of contract terms with applicant-Project funded in SFY 2018-19
4/11/2016	Los Angeles, City of Acting by and through the Department of Water & Power	C	1910067-035C	Construction	Metropolitan	\$18,731,841	Not Disadvantaged	99th Street Wells Ammonization Station	4,071,873	680,607	Extended negotiation of contract terms with applicant-Project to be funded in SFY 2018-19
9/12/2017	Los Angeles, City of Acting by and through the Department of Water & Power	B	1910067-048C	Construction	Metropolitan	\$153,969,200	Not Disadvantaged	Headworks West Reservoir	4,071,873	680,607	Extended negotiation of contract terms with applicant-Project to be funded in SFY 2018-19
12/7/2016	Los Angeles, City of Acting by and through the Department of Water & Power	D	1910067-011C	Construction	Metropolitan	\$42,540,823	Not Disadvantaged	Upper Stone Canyon Reservoir WQIP	4,071,873	680,607	Extended negotiation of contract terms with applicant-Project to be funded in SFY 2018-19

EXHIBIT C: PROJECTS NOT FUNDED IN SFY 2017-18 (continued)

Large Water Systems: Population > 10,000 (Construction)											
General Package Received	Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Description	Population	Service Connections	Comment Explanation why it was not funded in SFY 2017-18
12/28/2016	Placer County Water Agency	F	3110005-006C	Construction	Lassen	\$1,768,423	Disadvantaged	Castle City MHP Consolidation	27,199	8,242	Application review incomplete
2/24/2016	San Diego, City of	F	3710020-071C	Construction	San Diego	\$16,000,000	Not Disadvantaged	La Jolla View Reservoir	1,266,731	271,962	Applicant is still working on completing the application
6/7/2016	Santa Ana, City of	F	3010038-001C	Construction	Santa Ana	\$10,800,000	Not Disadvantaged	Water Distribution Improvements	353,428	44,610	Incomplete Application
6/7/2016	Santa Ana, City of	F	3010038-002C	Construction	Santa Ana	\$13,700,000	Not Disadvantaged	Automated Meter Infrastructure	353,428	44,610	Incomplete Application
11/23/2016	Watsonville, City of	C	4410011-002C	Construction	Monterey	\$20,500,000	Disadvantaged	Hexavalent Chromium Well Treatment	65,739	14,774	Incomplete Application
8/26/2016	Yuba City, City of	F	5110002-016C	Construction	Valley	\$2,383,651	Severely Disadvantaged	Barry Elementary School Water Service	51,504	13,550	Incomplete Application

EXHIBIT D: DISADVANTAGED BUSINESS ENTERPRISE REPORT FOR SFY 2017-18

		MBE	WBE	TOTAL
Annual Total	October 1, 2016-September 30, 2017	\$11,582,671.00	\$2,306,129.00	\$13,888,800.00
Total Disbursements	October 1, 2016-September 30, 2017			\$309,685,552.00
Percentage to Total Disbursements	October 1, 2016-September 30, 2017	4.0%	1.0%	5.0%

EXHIBIT E: GREEN AND ADDITIONAL SUBSIDY PROJECTS FUNDED IN SFY 2017-18

Funding Recipient	Project Number	Principal Forgiveness	Loan	GPR Funding Amount	Total SRF Funding	FA Execution Date	Status
Alpaugh Community Services District	5410050-001C	\$3,000,000.00	\$0.00	\$0.00	\$3,000,000.00	1/10/2018	Severely Disadvantaged
Bar-Len Mutual Water Company	3600025-001P	\$6,000.00	\$0.00	\$0.00	\$6,000.00	6/11/2018	Disadvantaged
Bridgeport Public Utility District	2610003-005C	\$200,000.00	\$0.00	\$0.00	\$200,000.00	8/3/2017	Disadvantaged
Coachella Valley Water District	3310001-007C	\$5,000,000.00	\$21,703,000.00	\$0.00	\$26,703,000.00	6/19/2018	Severely Disadvantaged
Colusa County Waterworks District No. 1	0600008-002C	\$495,000	\$0	\$495,000	\$495,000	5/30/2018	Severely Disadvantaged
Colusa County Waterworks District No. 1	0600008-001P	\$415,000.00	\$0.00	\$0.00	\$415,000.00	12/15/2017	Severely Disadvantaged
Happy Camp Community Services District	4710012-002C	\$1,593,000.00	\$0.00	\$0.00	\$1,593,000.00	6/26/2018	Severely Disadvantaged
Indio Water Authority	3310020-001C	\$5,525,025.00	\$0.00	\$0.00	\$5,525,025.00	6/27/2018	Severely Disadvantaged
Lakeside Joint School District	4300779-001C	\$698,360.00	\$0.00	\$0.00	\$698,360.00	6/18/2018	Severely Disadvantaged
Lakeview Ranchos Mutual Water Company	1500525-001C	\$2,160,000.00	\$0.00	\$0.00	\$2,160,000.00	8/3/2017	Severely Disadvantaged
Madera, County of (MD10A - Madera Ranchos)	2010008-003C	\$6,596,815.00	\$0.00	\$0.00	\$6,596,815.00	2/8/2018	Severely Disadvantaged
Malaga County Water District*	1010042-014C	\$0	\$680,400	\$680,400	\$680,400	8/7/2017	Severely Disadvantaged
Oak Run Elementary School District	4500190-001C	\$273,000.00	\$0.00	\$0.00	\$273,000.00	12/28/2017	Severely Disadvantaged
Resort Improvement District No. 1 and Shelter Cove Sewer and Other Facility	1210022-002C	\$5,000,000.00	\$0.00	\$0.00	\$5,000,000.00	2/8/2018	Severely Disadvantaged
Sacramento, City of	3410020-034C	\$0	\$173,141,875	\$30,000,000	\$173,141,875	12/5/2017	Not Disadvantaged
Santa Nella County Water District	2410018-002C	\$3,301,014	\$0	\$137,250	\$3,301,014	7/17/2017	Severely Disadvantaged
South Tahoe Public Utility District	0910002-027C	\$0	\$3,627,005	\$127,600	\$3,627,005	2/2/2018	Not disadvantaged
Sutter, County of (Waterworks District 1)	5100107-008C	\$1,060,000	\$0	\$243,200	\$1,060,000	4/5/2018	Severely Disadvantaged
Washington Unified School District	1000204-001P	\$500,000.00	\$0.00	\$0.00	\$500,000.00	5/18/2018	Severely Disadvantaged

EXHIBIT F: PROJECTS REPORTED TO FFATA FOR FFY 2017 CAPITALIZATION GRANT

Funding Recipient	Project Number	Agreement Date	FFATA Due Date	FFATA Report Date	FFATA Reporting Amount
Sacramento, City of	3410020-034C	12/5/2017	1/31/2018	5/1/2018	\$173,141,875
Total:					\$173,141,875

* Based on the FFY 2017 Capitalization Grant of \$77,545,000

EXHIBIT G: EXTENDED TERM FINANCING PROJECTS IN SFY 2017-18

Funding Recipient	Project Number	Total SRF Funding	FA Execution Date	Loan Term
Coachella Valley Water District	3310001-007C	\$26,703,000	6/19/2018	30
East Bay Municipal Utility District	0110005-012C	\$18,946,632	12/14/2017	30
East Bay Municipal Utility District	0110005-013C	\$18,041,600	4/18/2018	30
San Diego, City of	3710020-074C	\$15,000,044	10/30/2017	30
South Pasadena, City of	1910154-001C	\$10,803,550	4/27/2018	30
South Tahoe Public Utility District	0910002-027C	\$3,627,005	2/2/2018	30

EXHIBIT H: SFY 2017-18 DWSRF FUNDABLE LIST UPDATE

Small Water Systems: Population <= 10,000 (Planning Projects)										
Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Population	Service Connections	Program	
Apple Valley Heights County Water District	F	3600009-001P	Planning	San Bernardino	\$377,900.00	Disadvantaged	550	324	Prop 1	
Ballico Community Services District	C	2400167-001P	Planning	Merced	\$468,000.00	Severely Disadvantaged	309	72	Prop 1	
Bar-Len Mutual Water Company	C	3600025-001P	Planning	San Bernardino	\$429,300.00	Disadvantaged	124	39	Prop 1	
Bighorn-Desert View Water Agency	F	3610009-002P	Planning	San Bernardino	\$24,145.00	Severely Disadvantaged	5000	1903	Prop 1	
Bighorn-Desert View Water Agency	F	3610009-003P	Planning	San Bernardino	\$365,570.00	Severely Disadvantaged	5000	1903	Prop 1	
Camp Nelson Water Company	B	5410022-001P2	Planning	Visalia	\$170,100.00	Not Disadvantaged	150	300	DWSRF	
Cascadel Mutual Water Company	C	2000509-006P	Planning	Merced	\$174,328.00	Severely Disadvantaged	300	137	Prop 1	
Colusa Co. W.D. #1 - Grimes	C	0600008-001P	Planning	Valley	\$500,000.00	Severely Disadvantaged	500	104	Prop 1	
Crows Landing Community Services District	C	5000005-001P	Planning	Stockton	\$500,000.00	Severely Disadvantaged	500	138	Prop 1	
Crows Landing Community Services District	F	5000005-002P	Planning	Stockton	\$300,000.00	Severely Disadvantaged	500	138	Prop 1	
Davenport County Sanitation District	F	4400571-006P	Planning	Monterey	\$475,000.00	Severely Disadvantaged	350	130	Prop 1	
Dunsmuir, City of	F	4710002-002P	Planning	Klamath	\$500,000.00	Severely Disadvantaged	1923	1285	Prop 1	
EI Portal Mobile Estates	C	4900799-001P	Planning	Sonoma	\$175,000.00	Disadvantaged	200	123	Prop 1	
Frazier Park Public Utility District	A	1510007-001P	Planning	Tehachapi	\$1,000,000.00	Disadvantaged	2348	1362	DWSRF	
Hi-Desert Mutual Water Company	F	3600123-001P	Planning	San Bernardino	\$500,000.00	Disadvantaged	112	32	Prop 1	
Joshua Basin Water District	C	3610025-001P	Planning	San Bernardino	\$1,516,000.00	Disadvantaged	9000	4370	Prop 1	
Joshua Basin Water District	C	3610025-001P	Planning	San Bernardino	\$500,000.00	Disadvantaged	9000	4370	Prop 1	
Journey's End Mobile Home Park	C	4900688-001P	Planning	Sonoma	\$205,000.00	Severely Disadvantaged	180	161	Prop 1	
Lake Shastina Community Services District	F	4710013-001P	Planning	Klamath	\$500,000.00	Disadvantaged	2400	1013	Prop 1	
Lemon Cove Sanitary District	A	5400616-001P	Planning	Tulare	\$500,000.00	Severely Disadvantaged	200	50	Prop 1	
Lindsay, City of	C	5410006-007P	Planning	Tulare	\$500,000.00	Disadvantaged	12400	2542	Prop 1	
Lukins Brothers Water Company	C	0910007-002P	Planning	Sacramento	\$150,000.00	Disadvantaged	250	947	Prop 1	
Markleville Water Company	D	0202504-002P	Planning	Visalia	\$500,000.00	Disadvantaged	40	16	Prop 1	
Mitchell'S Camp Family Association	D	1300555-002P	Planning	San Diego	\$100,000.00	Severely Disadvantaged	80	62	Prop 1	
Mojave Public Utility District	F	1510014-002P	Planning	Tehachapi	\$500,000.00	Severely Disadvantaged	3900	1306	Prop 1	
Mt. Shasta, City of	F	4710008-002P	Planning	Klamath	\$500,000.00	Severely Disadvantaged	3642	1675	Prop 1	
Mt. Shasta, City of	F	4710008-003P	Planning	Klamath	\$500,000.00	Severely Disadvantaged	3642	1675	Prop 1	
Muller Mutual Water Company	D	5500064-001P	Planning	Merced	\$175,000.00	Disadvantaged	120	54	Prop 1	
Myers Flat M.W.S. Inc.	D	1200538-002P	Planning	Klamath	\$230,000.00	Severely Disadvantaged	400	102	Prop 1	
Needles, City of	F	3610032-001P	Planning	San Bernardino	\$504,865.00	Severely Disadvantaged	3631	1832	Prop 1	
North Yuba Water District	F	5810006-001P	Planning	Valley	\$500,000.00	Disadvantaged	5303	695	Prop 1	
Oasis Gardens Water Company	C	3303100-001P	Planning	Riverside	\$26,000.00	Severely Disadvantaged	314	157	Prop 1	

EXHIBIT H: SFY 2017-18 DWSRF FUNDABLE LIST UPDATE (continued)

Small Water Systems: Population <= 10,000 (Planning Projects)										
Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Population	Service Connections	Program	
Orleans Community Services District	B	1200729-003P	Planning	Klamath	\$160,500.00	Disadvantaged	430	139	Prop 1	
Patterson Tract Community Service District	D	5402038-001P	Planning	Tulare	\$285,000.00	Severely Disadvantaged	550	114	Prop 1	
Pinion Valley Water Company	D	1500540-008P	Planning	Tehachapi	\$95,000.00	Disadvantaged	75	37	Prop 1	
Placer County Water Agency-Dutch Flat	F	3110005-007P	Planning	Lassen	\$480,000.00	Disadvantaged	350	101	Prop 1	
Plainview Mutual Water Company	A	5400682-002P	Planning	Visalia	\$500,000.00	Severely Disadvantaged	170	42	Prop 1	
Plaza Mobile & RV Park	C	4900787-001P	Planning	Sonoma	\$205,000.00	Disadvantaged	125	71	Prop 1	
Rio Dell, City of	F	1210012-008P	Planning	Klamath	\$475,700.00	Severely Disadvantaged	3174	1134	Prop 1	
Sativa-L.A. County Water District	E	1910147-011P	Planning	Angeles	\$500,000.00	Disadvantaged	6813	1488	Prop 1	
Shady Oaks Mobile Home Park	C	2000828-002P	Planning	Merced	\$390,000.00	Severely Disadvantaged	40	21	Prop 1	
Sierra County (Calpine) Waterworks District No. 1	C	4600019-001P	Planning	Lassen	\$301,400.00	Severely Disadvantaged	225	142	Prop 1	
Sierraville Public Utility District	D	4600018-001P	Planning	Lassen	\$320,100.00	Severely Disadvantaged	200	102	Prop 1	
Sky View County Water District	C	5200562-001P	Planning	Valley	\$500,000.00	Severely Disadvantaged	120	98	Prop 1	
Washington Unified School District	C	1000204-001P	Planning	Fresno	\$425,300.00	Severely Disadvantaged	250	4	Prop 1	
Weed, City of	C	4710009-001P	Planning	Klamath	\$425,300.00	Severely Disadvantaged	2963	1042	Prop 1	
West Water Company	F	4900893-001P	Planning	Sonoma	\$300,000.00	Disadvantaged	50	16	Prop 1	
Western Mobile Home Park	C	4900791-001P	Planning	Sonoma	\$160,000.00	Disadvantaged	225	73	Prop 1	
Yosemite Forks Estates Mutual Water Company	C	2000527-001P	Planning	Merced	\$135,000.00	Severely Disadvantaged	110	99	Prop 1	
				TOTAL:	\$19,241,508.00					
Large Water Systems: Population > 10,000 (Planning Projects)										
Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Population	Service Connections	Program	
Arvin Community Services District	C	1510001-004P	Planning	Tehachapi	\$941,000.00	Severely Disadvantaged	11847	3865	DWSRF	
Huntington Park, City of	E	1910049-001P	Planning	Angeles	\$500,000.00	Severely Disadvantaged	18569	5574	DWSRF	
Los Angeles County Waterworks District 29	C	1910204-009P	Planning	Central	\$2,024,000.00	Not Disadvantaged	27807	7733	DWSRF	
Twentynine Palms Water District	F	3610049-005P	Planning	San Bernardino	\$1,800,000.00	Disadvantaged	17500	7704	DWSRF	
				TOTAL:	\$5,265,000.00					
Small Water Systems: Population <= 10,000 (Construction Projects)										
Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Population	Service Connections	Program	
Alpaugh Community Services District	C	5410050-001C	Construction	Visalia	\$3,000,000.00	Severely Disadvantaged	1091	340	Prop 1	
Alpaugh Community Services District	C	5410050-001C	Construction	Visalia	\$3,000,000.00	Severely Disadvantaged	1091	340	DWSRF	
Bass Lake Water Company	C	2010003-003C	Construction	Merced	\$4,600,000.00	Severely Disadvantaged	2800	995	Prop 1	

EXHIBIT H: SFY 2017-18 DWSRF FUNDABLE LIST UPDATE (continued)

Small Water Systems: Population <= 10,000 (Planning Projects)										
Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Population	Service Connections	Program	
Big Rock Community Services District	F	0800532-003C	Construction	Klamath	\$688,589.00	Disadvantaged	650	101	Prop 1	
Biggs, City of	D	0410001-001C	Construction	Valley	\$353,000.00	Disadvantaged	1805	650	DWSRF	
Bighorn-Desert View Water Agency	F	3610009-001C	Construction	San Bernardino	\$400,000.00	Severely Disadvantaged	5000	1903	Prop 1	
Bridgeport Public Utility District	C	2610003-005C	Construction	San Bernardino	\$1,689,671.00	Disadvantaged	3000	227	Prop 1	
Caruthers Community Services District	D	1010039-002C	Construction	Fresno	\$1,984,400.00	Disadvantaged	2103	672	DWSRF	
Caruthers Community Services District	D	1010039-002C	Construction	Fresno	\$1,984,400.00	Disadvantaged	2103	672	DWSRF	
Chiriaco Summit Water Dist.	C	3301115-001C	Construction	Riverside	\$2,415,300.00	Severely Disadvantaged	400	24	Prop 1	
Colusa Co. W.D. #1 - Grimes	D	0600008-002C	Construction	Valley	\$518,100.00	Severely Disadvantaged	500	104	DWSRF	
Davenport County Sanitation District	D	4400571-005C	Construction	Monterey	\$240,066.00	Disadvantaged	350	130	Prop 1	
Fresno, County of	C	1000359-005C	Construction	Fresno	\$7,000,000.00	Pending	230	81	DWSRF	
Greenfield County Water District	C	1510024-001C	Construction	Visalia	\$5,000,000.00	Disadvantaged	6500	2522	Prop 1	
Happy Camp Community Services District	B	4710012-002C	Construction	Klamath	\$854,000.00	Severely Disadvantaged	1100	334	Prop 1	
Hughson, City of	C	5010008-012C	Construction	Stockton	\$4,116,274.00	Disadvantaged	6082	1779	DWSRF	
Huron, City of	C	1010044-001C	Construction	Fresno	\$7,992,250.00	Severely Disadvantaged	7306	862		
Lake Morena Oak Shore Mutual Water Company	F	3700923-002C	Construction	San Diego	\$720,000.00	Severely Disadvantaged	700	205	DWSRF	
Lake, County of (CSA 20)	F	1710022-008C	Construction	Mendocino	\$161,328.00	Disadvantaged	1342	596	DWSRF	
Loma Rica Water Company	C	5808803-001C	Construction	Valley	\$217,409.00	Not Disadvantaged	140	68	DWSRF	
London Community Services District	C	5410017-003C	Construction	Visalia	\$4,944,655.00	Severely Disadvantaged	1638	432	DWSRF	
Los Molinos Community Services District	C	5210003-001C	Construction	Valley	\$1,444,000.00	Severely Disadvantaged	1500	358	DWSRF	
Lost Hills Utility District	F	1510046-008C	Construction	Visalia	\$1,361,000.00	Severely Disadvantaged	2772	373		
Lukins Brothers Water Company	D	0910007-001C	Construction	Sacramento	\$1,330,000.00	Disadvantaged	250	947	DWSRF	
Madera, County of	C	2000737-002C	Construction	Merced	\$2,138,584.00	Disadvantaged	100	34	Prop 1	
Madera, County of (Maintenance District 10A)	C	2010008-003C	Construction	Merced	\$2,955,000.00	Severely Disadvantaged	50	4	DWSRF	
Malaga County Water District	F	1010042-014C	Construction	Merced	\$1,635,500.00	Severely Disadvantaged	900	446	DWSRF	
Mendota, City of	F	1010021-001C	Construction	Fresno	\$2,698,100.00	Severely Disadvantaged	8656	1680	DWSRF	
Reef-Sunset Unified School District	C	1600048-001C	Construction	Visalia	\$306,000.00	Disadvantaged	350	12	DWSRF	
Santa Nella County Water District	F	2410018-002C	Construction	Merced	\$3,301,014.00	Severely Disadvantaged	1500	454	DWSRF	
Sierra East Homeowners' Association, Inc.	B	2600622-001C	Construction	San Bernardino	\$993,400.00	Pending	50	29	DWSRF	
Sierra Linda Mutual Water Company	D	2000506-001C	Construction	Merced	\$4,159,000.00	Severely Disadvantaged	180	89	DWSRF	
TLC Child and Family Services	A	4901267-001C	Construction	Sonoma	\$75,000.00	Severely Disadvantaged	35	4	DWSRF	
Tulare, County of	A	5400550-001C	Construction	Tulare	\$5,000,000.00	Severely Disadvantaged	400	77	DWSRF	

EXHIBIT H: SFY 2017-18 DWSRF FUNDABLE LIST UPDATE (continued)

Small Water Systems: Population <= 10,000 (Planning Projects)										
Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Population	Service Connections	Program	
Tulare, County of	C	5400550-002C	Construction	Tulare	\$4,000,000.00	Pending	400	77	DWSRF	
Tuolumne Utilities District	F	5510003-001C	Construction	Merced	\$292,948.00	Pending	1576	668	DWSRF	
Tuolumne Utilities District	F	5510013-010C	Construction	Merced	\$2,700,000.00	Pending	3646	1545	DWSRF	
Valencia Heights Water Company	F	1910163-001C	Construction	Central	\$1,578,800.00	Not Disadvantaged	5500	1581	DWSRF	
Water Resources, Department of	A	0054005-001C	Construction	Tulare	\$1,600,000.00	Disadvantaged	300	80	DWSRF	
Yosemite Unified School District	C	2000567-002C	Construction	Merced	\$1,230,000.00	Severely Disadvantaged	1200	1	Prop 1	
Yurok Tribe	B	090605003-001C	Construction	Klamath	\$224,300.00	Severely Disadvantaged	43	10		
				TOTAL:	\$90,902,088.00					
Large Water Systems: Population > 10,000 (Construction Projects)										
Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Population	Service Connections	Program	
Apple Valley Ranchos Water Company	F	3610003-001C	Construction	San Bernardino	\$7,992,016.00	Severely Disadvantaged	52879	18744	DWSRF	
Arvin Community Services District	C	1510001-003C	Construction	Visalia	\$12,914,000.00	Severely Disadvantaged	11847	3446	DWSRF	
Coachella Valley Water District	C	3310001-006C	Construction	Riverside	\$221,000,000.00	Severely Disadvantaged	206152	103076		
Coachella Valley Water District	C	3310001-007C	Construction	Riverside	\$26,703,000.00	Severely Disadvantaged	206152	103076		
East Bay Municipal Utility District	F	0110005-012C	Construction	San Francisco	\$22,215,600.00	Not Disadvantaged	1300000	386065	DWSRF	
East Bay Municipal Utility District	F	0110005-013C	Construction	San Francisco	\$11,290,000.00	Not Disadvantaged	1300000	386065	DWSRF	
Fallbrook Public Utility District	F	3710008-003C	Construction	San Diego	\$45,000,000.00	Not Disadvantaged	32000	8752	DWSRF	
Greenfield, City of	C	2710008-001C	Construction	Monterey	\$389,000.00	Severely Disadvantaged	17547	3469	DWSRF	
Indio Water Authority	C	3310020-001C	Construction	Riverside	\$5,525,025.00	Severely Disadvantaged	58823	19453	DWSRF	
Los Angeles County Waterworks District 29	F	1910204-001C	Construction	Central	\$1,510,000.00	Not Disadvantaged	27807	7733	DWSRF	
Los Angeles County Waterworks District 29	F	1910204-002C	Construction	Central	\$2,025,000.00	Not Disadvantaged	27807	7733	DWSRF	
Los Angeles County Waterworks District 29	C	1910204-003C	Construction	Central	\$3,306,320.00	Not Disadvantaged	27807	7733	DWSRF	
Los Angeles County Waterworks District 29	F	1910204-006C	Construction	Central	\$1,945,000.00	Not Disadvantaged	27807	7733	DWSRF	
Los Angeles County Waterworks District 29	F	1910204-004C	Construction	Central	\$6,090,000.00	Not Disadvantaged	27807	7733	DWSRF	
Los Angeles County Waterworks District 29	F	1910204-005C	Construction	Central	\$2,405,000.00	Not Disadvantaged	27807	7733	DWSRF	
Los Angeles, City of Acting by and through the Department of Water & Power	F	1910067-054C	Construction	Metropolitan	\$22,471,652.00	Not Disadvantaged	4071873	680607	DWSRF	
Los Angeles, City of Acting by and through the Department of Water & Power	C	1910067-035C	Construction	Metropolitan	\$18,731,841.00	Not Disadvantaged	4071873	680607	DWSRF	

EXHIBIT H: SFY 2017-18 DWSRF FUNDABLE LIST UPDATE (continued)

Large Water Systems: Population > 10,000 (Construction Projects)										
Applicant	Category	Project Number	Funding Type	District	Estimated Project Cost	Disadvantaged Status	Population	Service Connections	Program	
Los Angeles, City of Acting by and through the Department of Water & Power	B	1910067-048C	Construction	Metropolitan	\$153,969,200.00	Not Disadvantaged	4071873	680607	DWSRF	
Los Angeles, City of Acting by and through the Department of Water & Power	D	1910067-011C	Construction	Metropolitan	\$42,540,823.00	Not Disadvantaged	4071873	680607	DWSRF	
Placer County Water Agency	F	3110005-006C	Construction	Lassen	\$1,768,423.00	Disadvantaged	27199	8242	Prop 1	
Sacramento, City of	D	3410020-034C	Construction	Sacramento	\$173,141,875.00	Not Disadvantaged	407018	135639	DWSRF	
San Diego, City of	F	3710020-074C	Construction	San Diego	\$18,800,000.00	Not Disadvantaged	1266731	271962	DWSRF	
San Diego, City of	F	3710020-071C	Construction	San Diego	\$16,000,000.00	Not Disadvantaged	1266731	271962	DWSRF	
Santa Ana, City of	F	3010038-001C	Construction	Santa Ana	\$10,800,000.00	Not Disadvantaged	353428	44610	DWSRF	
Santa Ana, City of	F	3010038-002C	Construction	Santa Ana	\$13,700,000.00	Not Disadvantaged	353428	44610	DWSRF	
South Pasadena, City of	F	1910154-001C	Construction	Central	\$10,000,000.00	Not Disadvantaged	25899	6221	DWSRF	
South Tahoe Public Utility District	F	0910002-027C	Construction	Sacramento	\$3,627,000.00	Disadvantaged	60000	13635	DWSRF	
Watsonville, City of	C	4410011-002C	Construction	Monterey	\$20,500,000.00	Disadvantaged	65739	14774	DWSRF	
Yuba City, City of	F	5110002-016C	Construction	Valley	\$2,383,651.00	Severely Disadvantaged	51504	13550	Prop 1	
				TOTAL:	\$878,744,426.00					

EXHIBIT I: CUMULATIVE DWSRF SET-ASIDE EXPENDITURES

DWSRF Administrative Set-Aside

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance
1997	\$75,565,707	\$3,027,304	\$0	\$3,027,304	\$0
1998	\$77,108,200	\$3,084,328	\$0	\$3,084,328	\$0
1999	\$80,816,700	\$3,232,668	\$0	\$3,232,668	\$0
2000	\$83,993,100	\$0	\$0	\$0	\$0
2001	\$84,340,000	\$3,373,600	\$0	\$3,373,600	\$0
2002	\$82,460,900	\$3,298,436	\$68,553	\$3,229,883	\$0
2003	\$81,966,200	\$3,278,648	\$0	\$3,278,648	\$0
2004	\$85,027,600	\$6,679,752	\$70,000	\$6,609,752	\$0
2005	\$84,847,500	\$2,781,076	\$0	\$2,781,076	\$0
2006	\$67,153,678	\$2,684,166	\$30,000	\$2,654,166	\$0
2007	\$67,105,000	\$2,684,200	\$0	\$2,684,200	\$0
ARRA 2009	\$159,008,000	\$5,364,472	\$0	\$5,364,472	\$0
2008	\$66,424,000	\$2,656,960	\$0	\$2,656,960	\$0
2009	\$66,424,000	\$2,656,960	\$0	\$2,656,960	\$0
2010	\$126,958,000	\$5,078,320	\$0	\$5,078,320	\$0
2011	\$86,698,000	\$3,467,920	\$0	\$3,467,920	\$0
2012	\$85,358,000	\$3,414,320	\$300,000	\$3,114,320	\$0
2013	\$78,770,000	\$3,150,800	\$426,867	\$2,723,933	\$0
2014	\$83,221,000	\$3,328,840	\$0	\$3,328,840	\$0
2015	\$82,674,000	\$3,306,960	\$395,000	\$2,911,960	\$0
2016	\$78,215,000	\$3,128,600	\$75,000	\$3,053,600	\$0
2017	\$77,545,000	\$3,101,800	\$0	\$1,937,209	\$1,164,591
Total	\$1,861,679,585	\$72,780,130	\$1,365,420	\$70,250,119	\$1,164,591

EXHIBIT I: CUMULATIVE DWSRF SET-ASIDE EXPENDITURES (continued)

Small Water Technical Assistance Set-Aside

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance
1997	\$75,565,707	\$68,245	\$0	\$68,245	\$0
1998	\$77,108,200	\$1,542,164	\$0	\$1,542,164	\$0
1999	\$80,816,700	\$1,616,334	\$0	\$1,616,334	\$0
2000	\$83,993,100	\$0	\$0	\$0	\$0
2001	\$84,340,000	\$1,686,800	\$0	\$1,686,800	\$0
2002	\$82,460,900	\$1,649,218	\$0	\$1,649,218	\$0
2003	\$81,966,200	\$1,639,324	\$0	\$1,639,324	\$0
2004	\$85,027,600	\$3,339,876	\$0	\$3,339,876	\$0
2005	\$84,847,500	\$1,390,538	\$0	\$1,390,538	\$0
2006	\$67,153,678	\$1,342,083	\$0	\$1,342,083	\$0
2007	\$67,105,000	\$1,342,100	\$0	\$1,342,100	\$0
ARRA 2009	\$159,008,000	\$2,787,147	\$0	\$2,787,147	\$0
2008	\$66,424,000	\$1,328,480	\$0	\$1,328,480	\$0
2009	\$66,424,000	\$1,328,480	\$0	\$1,328,480	\$0
2010	\$126,958,000	\$2,539,160	\$0	\$2,539,160	\$0
2011	\$86,698,000	\$1,733,960	\$0	\$1,733,960	\$0
2012	\$85,358,000	\$1,707,160	\$0	\$1,707,160	\$0
2013	\$78,770,000	\$1,575,400	\$0	\$1,575,400	\$0
2014	\$83,221,000	\$1,664,420	\$0	\$1,664,420	\$0
2015	\$82,674,000	\$1,653,480	\$0	\$1,653,480	\$0
2016	\$78,215,000	\$1,564,300	\$0	\$1,293,059	\$271,241
2017	\$77,545,000	\$1,550,900	\$0	\$0	\$1,550,900
Total	\$1,861,679,585	\$35,049,569	\$0	\$33,227,428	\$1,822,141

EXHIBIT I: CUMULATIVE DWSRF SET-ASIDE EXPENDITURES (continued)

State Program Management Set-Aside

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance
1997	\$75,565,707	\$4,157	\$0	\$4,157	\$0
1998	\$77,108,200	\$308,433	\$0	\$308,433	\$0
1999	\$80,816,700	\$323,267	\$0	\$323,267	\$0
2000	\$83,993,100	\$0	\$0	\$0	\$0
2001	\$84,340,000	\$2,000,000	\$0	\$2,000,000	\$0
2002	\$82,460,900	\$2,000,000	\$0	\$2,000,000	\$0
2003	\$81,966,200	\$2,000,000	\$0	\$2,000,000	\$0
2004	\$85,027,600	\$2,400,000	\$0	\$2,400,000	\$0
2005	\$84,847,500	\$4,077,000	\$0	\$4,077,000	\$0
2006	\$67,153,678	\$4,704,000	\$0	\$4,704,000	\$0
2007	\$67,105,000	\$4,934,400	\$0	\$4,934,400	\$0
ARRA 2009	\$159,008,000	\$0	\$0	\$0	\$0
2008	\$66,424,000	\$4,882,164	\$0	\$4,882,164	\$0
2009	\$66,424,000	\$4,882,164	\$0	\$4,882,164	\$0
2010	\$126,958,000	\$9,318,717	\$0	\$9,318,717	\$0
2011	\$86,698,000	\$8,669,800	\$0	\$8,669,800	\$0
2012	\$85,358,000	\$8,535,800	\$0	\$8,535,800	\$0
2013	\$78,770,000	\$7,089,300	\$0	\$7,089,300	\$0
2014	\$83,221,000	\$8,322,100	\$300,000	\$8,022,100	\$0
2015	\$82,674,000	\$8,267,400	\$0	\$8,267,400	\$0
2016	\$78,215,000	\$7,821,500	\$0	\$7,821,500	\$0
2017	\$77,545,000	\$7,754,500	\$0	\$5,347,940	\$2,406,560
Total	\$1,861,679,585	\$98,294,702	\$0	\$95,588,142	\$2,406,560

EXHIBIT I: CUMULATIVE DWSRF SET-ASIDE EXPENDITURES (continued)

Local Assistance Set-Aside

FFY	Final Cap Grant Amount (incl. In-Kind)	Budget Amount	In-Kind Amount	Expenditure Amount	Balance
1997	\$75,565,707	\$6,831,577	\$0	\$6,831,577	\$0
1998	\$77,108,200	\$0	\$0	\$0	\$0
1999	\$80,816,700	\$0	\$0	\$0	\$0
2000	\$83,993,100	\$2,000,000	\$0	\$2,000,000	\$0
2001	\$84,340,000	\$0	\$0	\$0	\$0
2002	\$82,460,900	\$0	\$0	\$0	\$0
2003	\$81,966,200	\$0	\$0	\$0	\$0
2004	\$85,027,600	\$0	\$0	\$0	\$0
2005	\$84,847,500	\$0	\$0	\$0	\$0
2006	\$67,153,678	\$0	\$0	\$0	\$0
2007	\$67,105,000	\$0	\$0	\$0	\$0
ARRA 2009	\$159,008,000	\$0	\$0	\$0	\$0
2008	\$66,424,000	\$0	\$0	\$0	\$0
2009	\$66,424,000	\$0	\$0	\$0	\$0
2010	\$126,958,000	\$0	\$0	\$0	\$0
2011	\$86,698,000	\$2,600,940	\$0	\$2,600,940	\$0
2012	\$85,358,000	\$4,267,900	\$0	\$4,267,900	\$0
2013	\$78,770,000	\$2,507,007	\$0	\$2,507,007	\$0
2014	\$83,221,000	\$4,993,260	\$0	\$4,993,260	\$0
2015	\$82,674,000	\$8,267,400	\$0	\$7,217,939	\$1,049,461
2016	\$78,215,000	\$7,821,500	\$0	\$7,794,665	\$26,835
2017	\$77,545,000	\$5,428,150	\$0	\$365,082	\$5,063,068
Total	\$1,861,679,585	\$44,717,734	\$0	\$38,578,370	\$6,139,364

EXHIBIT J: PROJECTS FUNDED BY PROP 1 DRINKING WATER IN SFY 2017-18

Funding Recipient	Project Number	Principal Forgiveness	Loan	Total Funding	FA Execution Date	Financial Status
Mountain House School District	0105009-001P	\$0.00	\$380,000.00	\$380,000.00	11/30/2017	Severely Disadvantaged
Lukins Brothers Water Company	0910007-002P	\$137,000.00	\$0.00	\$137,000.00	7/26/2017	Disadvantaged
Malaga County Water District	1010042-014C	\$955,100.00	\$0.00	\$955,100.00	8/7/2017	Severely Disadvantaged
Myers Flat Mutual Water System, Inc.	1200538-002P	\$230,000.00	\$0.00	\$230,000.00	9/13/2017	Severely Disadvantaged
Orleans Community Services District	1200729-003P	\$170,000.00	\$0.00	\$170,000.00	8/1/2017	Disadvantaged
Rio Dell, City of	1210012-008P	\$433,300.00	\$0.00	\$433,300.00	2/14/2018	Severely Disadvantaged
Mojave Public Utility District	1510014-002P	\$500,000.00	\$0.00	\$500,000.00	2/8/2018	Severely Disadvantaged
Cobb Area County Water District	1710012-002P	\$500,000.00	\$0.00	\$500,000.00	3/13/2018	Disadvantaged
Lake, County of (CSA 20)	1710022-008C	\$161,328.00	\$0.00	\$161,328.00	12/18/2017	Disadvantaged
Bell Gardens, City of	1910108-008P	\$471,000.00	\$0.00	\$471,000.00	3/20/2018	Disadvantaged
Sativa-L.A. County Water District	1910147-011P	\$253,000.00	\$0.00	\$253,000.00	2/22/2018	Disadvantaged
Tract 349, Mutual Water Company	1910160-009C	\$3,086,318.00	\$0.00	\$3,086,318.00	10/30/2017	Disadvantaged
Madera, County of (MD46 - Ahwahnee Resorts)	2000293-002P	\$500,000.00	\$0.00	\$500,000.00	8/2/2017	Disadvantaged
Leisure Acres Mutual Water Company	2000534-001P	\$400,000.00	\$0.00	\$400,000.00	8/28/2017	Disadvantaged
Madera, County of	2000544-002P	\$280,000.00	\$0.00	\$280,000.00	7/26/2017	Severely Disadvantaged
Madera, County of	2010004-002P	\$500,000.00	\$0.00	\$500,000.00	7/10/2017	Severely Disadvantaged
Mendocino Unified School District	2300584-001P	\$500,000.00	\$0.00	\$500,000.00	5/25/2018	Severely Disadvantaged
Bridgeport Public Utility District	2610003-005C	\$2,586,894.00	\$0.00	\$2,586,894.00	8/3/2017	Disadvantaged
Placer County Water Agency	3110005-007P	\$480,000.00	\$0.00	\$480,000.00	3/15/2018	Disadvantaged
Indian Valley Community Services District	3210001-005P	\$280,000.00	\$0.00	\$280,000.00	2/13/2018	Severely Disadvantaged
Chiriaco Summit Water District	3301115-001C	\$2,963,400.00	\$0.00	\$2,963,400.00	1/23/2018	Severely Disadvantaged
Coachella Valley Water District	3310001-008P	\$500,000.00	\$0.00	\$500,000.00	1/2/2018	Severely Disadvantaged
Apple Valley Heights County Water District	3600009-001P	\$372,900.00	\$0.00	\$372,900.00	12/18/2017	Disadvantaged
Bar-Len Mutual Water Company	3600025-001P	\$474,800.00	\$0.00	\$474,800.00	6/11/2018	Disadvantaged
Hi-Desert Mutual Water Company	3600123-001P	\$484,500.00	\$0.00	\$484,500.00	5/11/2018	Disadvantaged
Bighorn-Desert View Water Agency	3610009-002P	\$500,000.00	\$0.00	\$500,000.00	10/17/2017	Severely Disadvantaged

EXHIBIT J: PROJECTS FUNDED BY PROP 1 DRINKING WATER IN SFY 2017-18 (continued)

Funding Recipient	Project Number	Principal Forgiveness	Loan	Total Funding	FA Execution Date	Financial Status
Shasta, County of	4500006-001P	\$500,000.00	\$0.00	\$500,000.00	3/2/2018	Disadvantaged
Alleghany County Water District	4600012-006C	\$900,000.00		\$900,000.00	7/20/2017	Severely Disadvantaged
Sierra County (Calpine) Waterworks District No. 1	4600019-001P	\$300,000.00	\$0.00	\$300,000.00	8/3/2017	Severely Disadvantaged
Dunsmuir, City of	4710002-002P	\$500,000.00	\$0.00	\$500,000.00	10/17/2017	Severely Disadvantaged
Mt. Shasta, City of	4710008-002P	\$489,000.00	\$0.00	\$489,000.00	1/2/2018	Severely Disadvantaged
Mt. Shasta, City of	4710008-003P	\$500,000.00	\$0.00	\$500,000.00	1/2/2018	Disadvantaged
Weed, City of	4710009-001P	\$542,000.00	\$0.00	\$542,000.00	11/27/2017	Severely Disadvantaged
Weed, City of	4710009-002P	\$500,000.00	\$0.00	\$500,000.00	11/28/2017	Severely Disadvantaged
Yreka, City of	4710011-001P	\$393,000.00	\$0.00	\$393,000.00	2/2/2018	Severely Disadvantaged
Musser Properties L.P.	4900787-001P	\$205,000.00	\$0.00	\$205,000.00	1/2/2018	Disadvantaged
Musser Properties L.P.	4900791-001P	\$160,000.00	\$0.00	\$160,000.00	11/15/2017	Disadvantaged
Janice Patterson and Laurie Parish	4900799-001P	\$175,000.00	\$0.00	\$175,000.00	3/29/2018	Disadvantaged
TLC Child and Family Services	4901267-001C	\$75,000.00	\$5,000.00	\$80,000.00	10/12/2017	Severely Disadvantaged
Crows Landing Community Services District	5000005-001P	\$500,000.00	\$0.00	\$500,000.00	11/7/2017	Severely Disadvantaged
Turlock Unified School District	5000116-001P	\$500,000.00	\$0.00	\$500,000.00	4/27/2018	Severely Disadvantaged
Los Molinos Community Services District	5210003-001C	\$1,600,000.00	\$0.00	\$1,600,000.00	3/8/2018	Severely Disadvantaged
Lewiston Community Services District	5301003-001C	\$1,200,000.00	\$0.00	\$1,200,000.00	4/5/2018	Severely Disadvantaged
Lemon Cove Sanitary District	5400616-001P	\$500,000.00	\$0.00	\$500,000.00	7/20/2017	Severely Disadvantaged
Patterson Tract Community Service District	5402038-001P	\$285,000.00	\$0.00	\$285,000.00	4/23/2018	Severely Disadvantaged
Lindsay, City of	5410006-007P	\$500,000.00	\$0.00	\$500,000.00	7/31/2017	Disadvantaged
Muller Mutual Water Company	5500064-001P	\$175,000.00	\$0.00	\$175,000.00	4/5/2018	Disadvantaged
Davis Joint Unified School District	5700623-001C	\$600,000.00	\$0.00	\$600,000.00	12/19/2017	Severely Disadvantaged
Knights Landing Community Services District	5710004-002P	\$473,000.00	\$0.00	\$473,000.00	5/31/2018	Disadvantaged
North Yuba Water District	5810006-001P	\$500,000.00	\$0.00	\$500,000.00	9/28/2017	Disadvantaged