

American Recovery and Reinvestment Act (ARRA)
California Department of Public Health (CDPH)
Responsiveness Summary

June 11, 2009

CDPH received the following general types of questions and comments on the ARRA draft Funding Criteria, the draft Fundable Projects List, and the draft Project Priority List. CDPH responses are shown below.

- Q1. Our water system is deteriorated and in desperate need of repair or replacement; our project was not in the fundable list; will CDPH reconsider funding?**
- A. While we appreciate the needs of the water system, limited funds from ARRA are available and were allocated to the projects most ready to proceed in the highest health-based categories.
- Q2. Our water system is in a higher health-based category, but was not placed in fundable list; will CDPH reconsider funding?**
- A. While we appreciate the needs of the water system, limited funds from ARRA are available and were allocated to the projects identified as most ready to proceed based on the pre-applications submitted.
- Q3. Our water system appears to have been incorrectly placed in a health-based category that doesn't reflect the system problem, and was not in the fundable list; will CDPH reconsider project ranking?**
- A. While we appreciate the needs of the water system, the project ranking categories were determined in consultation with the CDPH district office. These rankings were re-evaluated in response to comments and changes were made to the fundable list and project priority list as appropriate.
- Q4. The date for completion of environmental documents in our pre-application was not correct because our project is considered exempt from CEQA; our project was not in the fundable list; will CDPH reconsider funding?**
- A. CDPH re-evaluated projects in response to comments and made changes to the fundable list and project priority list as appropriate.
- Q5. The date for completion of plans and specifications in our pre-application was not correct because we did not correctly interpret what constituted complete plans and specifications; our project was not in the fundable list; will CDPH reconsider funding?**

A. CDPH re-evaluated projects in response to comments and made changes to the fundable list and project priority list as appropriate.

Q6. We were not able to submit an ARRA pre-application within the required timelines; will we have another opportunity to apply for these funds?

A. Due to ARRA timelines and limited funding, CDPH will not be holding another ARRA pre-application period. However, CDPH will be holding its normal Safe Drinking Water State Revolving Fund (SDWSRF) pre-application period this summer, and we encourage water systems to submit pre-applications for funding. In addition, eligible projects received during the ARRA pre-application period will be migrated to the base SDWSRF program, which is the CDPH long-term funding source for drinking water system infrastructure projects.

Q7. Would you clearly define the meaning of “Buy American”?

A. Information on Buy American is included in Enclosure 11 on our website at <http://www.cdph.ca.gov/services/funding/Pages/ApplicationsARRA.aspx>

Q8. How is CDPH addressing water conservation?

A. CDPH has included customer water meters in funding Category H because they are the most effective means of reducing water consumption and thus source and treatment capacity. Other water conservation elements, if eligible for funding, are included in lower ranked categories.

Q9. Which funding categories address water conservation?

A. Funding Category H addresses installation of water meters. Category M addresses compliance with Waterworks Standards, which can include some elements associated with water conservation such as source meters, correcting low pressure lines, and bringing storage tanks up to standard. Category O addresses water system deficiencies that affect the quality of the water or the water delivery system (such as leaking pipes) that are not covered by other categories.

Q10. Which kinds of water conservation projects are eligible under ARRA (water meters, low flow shower heads and toilets, etc...)?

A. The installation of water meters is eligible in Category H. CDPH has a long-standing well-established SDWSRF policy to fund only improvements that are part of a public water system. A public water system, as defined in Health & Safety Code Section 116275, includes “any collection, treatment, storage, and distribution facilities under control of the operator of the system”. Household water conservation devices, such as low flow shower heads and toilets, are

located after the service connection, and are thus not under the control of the operator of the water system.

Q11. Why are public health protection funding categories above water conservation funding categories?

- A. The federal Safe Drinking Water State Revolving Fund law provides financial assistance to public water systems to enable them to comply with primary drinking water standards and to resolve other health concerns. Therefore, public health protection projects are given preference for funding purposes.

Q12. Why weren't the grant amounts capped at some level below the allowable maximum grant amount?

- A. The ARRA specifies that at least 50% of ARRA funding, and as much as 100%, be provided to public water systems in the form of grants or additional subsidization. In order to meet this and other ARRA requirements, and to assist the correction of deficiencies in water systems serving disadvantaged communities and small water systems, CDPH established the funding allocations in the Funding Criteria.

Q13. How is water system consolidation funded in ARRA?

- A. A water system with a health based problem may be eligible for ARRA funding to consolidate with another system if the consolidation is the most cost effective solution to the problem. The result is a restructured public water system. Project components that are necessary to complete such physical consolidation may be funded. Upon completion of the project only the restructured system remains and the system which was consolidated ceases to exist.

Q14. The draft ARRA fundable list shows a total of \$155 million (\$158 million on final fundable list) in projects to be invited while there is only \$150 million available under ARRA. Will CDPH be able to fully fund all invited projects?

- A. Projects on the ARRA fundable list have been invited to submit complete applications and will be processed on a first come, first serve basis. CDPH has invited projects beyond the funding available to ensure that all ARRA funds are allocated within the required time frames. CDPH anticipates that some projects will be bypassed in the funding cycle for failure to meet ARRA requirements. However, there still may be insufficient funds for all invited projects. At the time of preparation of a funding agreement, CDPH will determine if there are sufficient funds to fully fund the project. If there are insufficient funds, CDPH will work with the applicant to determine whether to proceed with a smaller project, or with a smaller share of funding from CDPH.

Q15. If projects are bypassed, will CDPH invite additional projects?

- A. If the cost of projects from the initial set of invitations, after projects have been bypassed, is less than the amount of ARRA funds available, CDPH will continue to invite projects on the fundable list in priority order until ARRA funds are fully allocated. CDPH believes that all ARRA funds will be allocated with the projects on the fundable list, and will not select additional projects from the full Project Priority List.

Q16. Why doesn't CDPH give greater consideration for funding to utilities that service larger urban populations?

- A. CDPH uses a ranking process for SDWSRF and ARRA funding that gives priority to projects addressing higher health risks, to systems with lower Median Household Incomes, and to systems serving smaller populations, as well as other criteria. This priority ranking process was developed at the inception of the SDWSRF program and has been reviewed periodically with the CDPH stakeholders' group.

Q17. Will CDPH give preference for any future SDWSRF funding to ARRA applicants?

- A. All eligible projects that are not funded by ARRA will be migrated to the base SDWSRF program, which is the CDPH long-term funding source for drinking water system infrastructure projects. ARRA pre-application projects will be ranked with other existing and new projects and will be placed on the SRF Multi-year Project Priority List based on SDWSRF funding criteria.