

SAFER DRINKING WATER PROGRAM ADVISORY GROUP MEETING

Safe and Affordable Funding for Equity and Resilience Advisory Group

July 11, 2024

Meeting Materials Packet

Please review this packet before the meeting.

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Theme #1 – SAFER Program Goals

To guide and direct the SAFER Program, the FEP includes Program Goals, which supplement the priorities and performance metrics. These goals are intended to ensure staff and financial resources are focused on addressing the needs of failing systems, while continuing to prioritize consolidations as the most sustainable pathway to safe and affordable drinking water for struggling small systems. The refined goals and measures are presented below. Proposed measures will be tracked with data presented in future FEPs.



Goal 1 - People in communities that did not have safe drinking water now have it.

Measures:

- Projection of systems returned to compliance
- Number of systems returned to compliance by 2030
- Population with safe drinking water by 2030



Goal 2 – All communities without safe drinking water are on track to get lasting solutions in place as swiftly as possible.

Measures:

- Percentage of compliance orders with deadlines less than 5 years
- Percentage of Technical Assistance planning work plans or planning agreements with less than 2.5 years to a construction application
- Systems with an enforcement action with approved corrective action plans within 6 months of violation
- Reduce time between violation to return to compliance to less than 5 years



Goal 3 – California’s most vulnerable communities are transitioning to be resilient and prevent cycles of failures.

Measures:

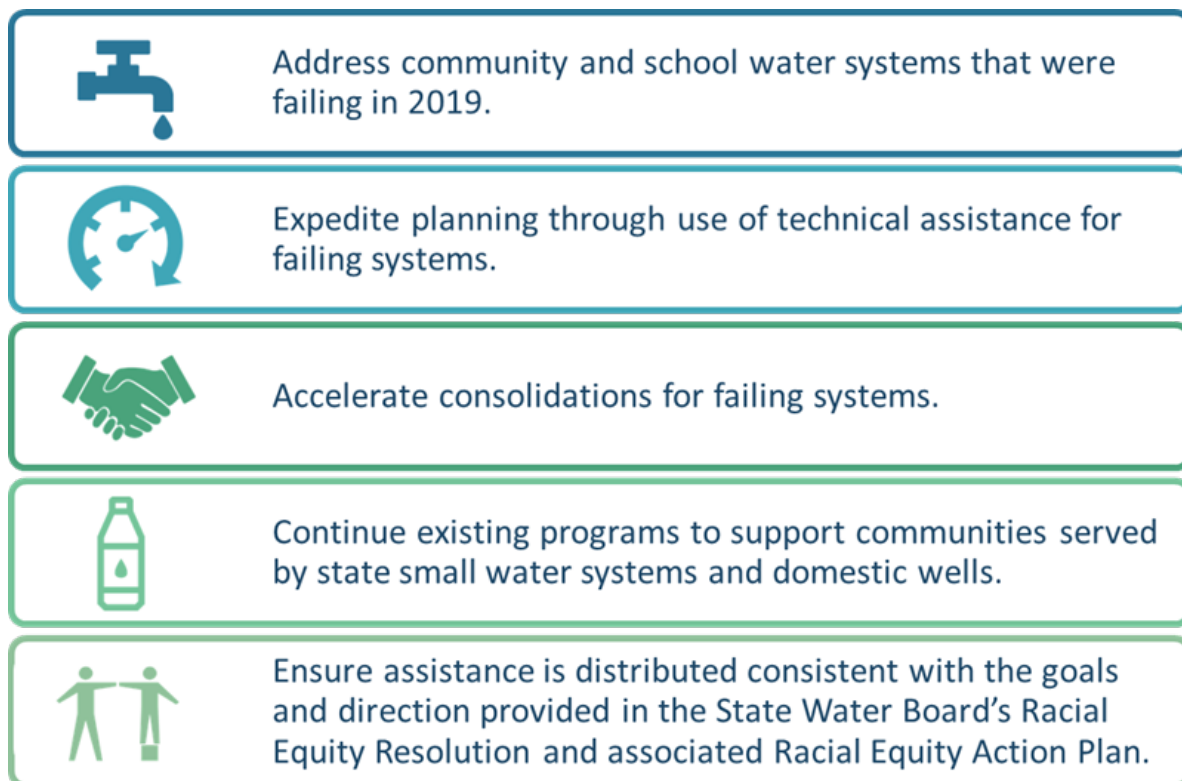
- Number of consolidations completed and those in progress
- Reduction in systems with repeat violations
- Reduction in systems that are submitting multiple emergency repair requests

Theme #2 – Draft Priorities for the Fund Expenditure Plan

PROPOSED FISCAL YEAR 2023-24 PRIORITIES

Based on the refined SAFER program goals, the Fiscal Year (FY) 2024-25 priorities have been modified compared to those presented in prior Fund Expenditure Plans (FEP). The expenditures from the SAFER and Affordable Drinking Water Fund (SADW Fund) for FY 2024-25 will continue to focus on solutions for small, disadvantaged communities (DACs)¹ and low-income² households, and will prioritize the following, as shown in Figure 1. These efforts are not listed in ranked order, and the failing systems needs will generally be prioritized above the at-risk system's needs.

Figure 1. FY 2024-25 Safe Affordable Drinking Water Fund Expenditure Proposed Priorities



¹ "Disadvantaged community" means a community in which the Median Household Income (MHI) is less than 80% of the statewide annual MHI.

² "Low-income household" means a household within the service area of a community water system, in which the MHI is less than 80% of the statewide annual MHI level or a household with an income that is less than 200% of the federal poverty level.

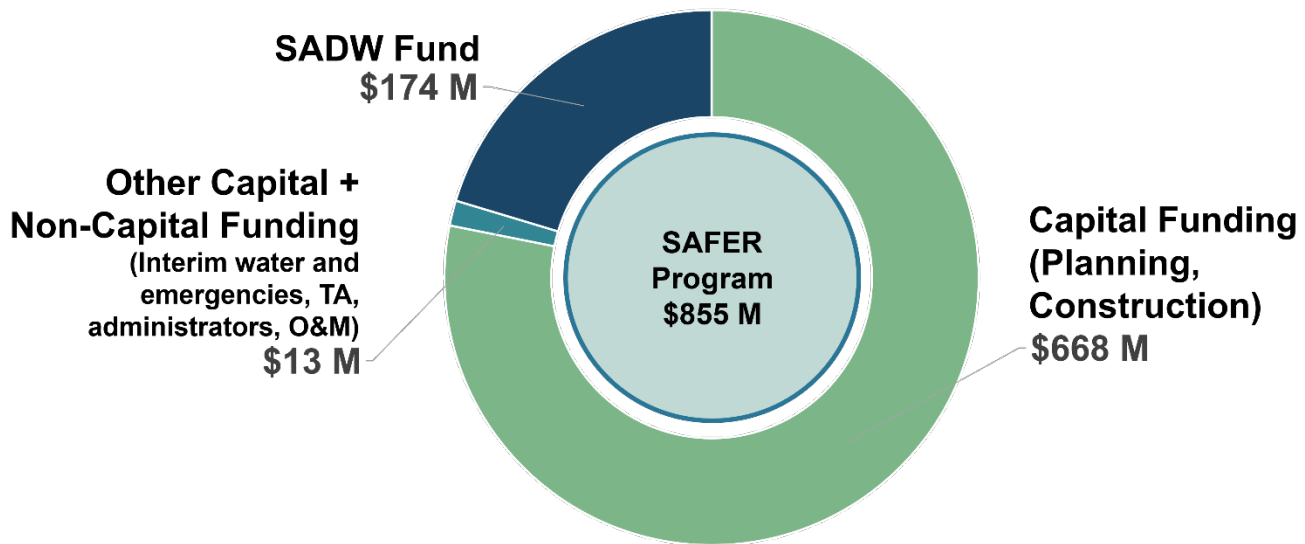
SAFER PROGRAM COMPLEMENTARY FUNDING

When the SAFER program began in 2019, the funding sources available for drinking water projects included the SADW Fund plus complementary funding which comprises General Fund (GF) appropriations, general obligation bond funds, and funding available through annual Drinking Water State Revolving Fund (DWSRF) capitalization grants.

As FY 2024-25 begins, most of the anticipated funding available for the SAFER program will be from the SADW Fund and DWSRF principal forgiveness. Funding available from prior GF appropriations and general obligation bond funds are significantly reduced as these have been largely committed to projects (see Figure 2).

In total, it is expected that approximately \$855 M will be available for the SAFER program in FY 2024-25. For the projected \$668 M solely available for capital projects, \$451 M is for projects that address contaminants of emerging concern only and may have additional eligibility requirements. For further information, please refer to Table 1 of the Draft FY 2024-25 Fund Expenditure Plan.

Figure 2. FY 2024-25 SAFER Program Anticipated Funding Availability for Projects (Safe Affordable Drinking Water Fund plus complementary funding)



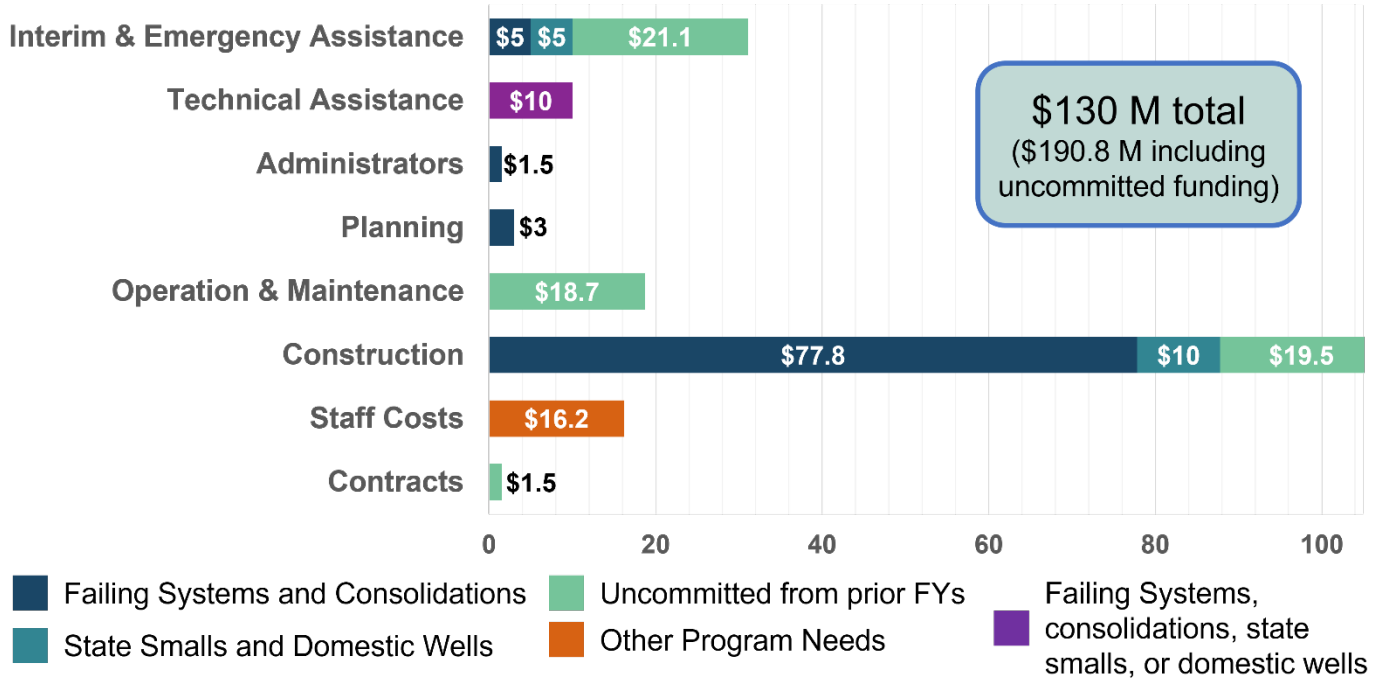
PROPOSED FY 2024-25 TARGET ALLOCATIONS FOR THE SADW FUND

Up to \$130 M will be available from the SADW Fund for local assistance and state operations, plus an uncommitted balance of \$60.8 M from prior FYs. The SADW Fund target allocations for FY 2024-25 shown below in Figure 3 are consistent with the SAFER program priorities and will be used with other SAFER program funding to address gaps and expedite priority projects. The FY 2024-25 target allocations are in addition to projects already funded in FY 2023-24 and prior fiscal years, and include the following:

- Solutions focused on small DACs and low-income households, and on small non-DAC³ or medium DAC projects that either address high-priority public health impacts or are part of a consolidation effort.
- Proposal to increase investments towards construction compared to prior FYs due to the reduced complementary sources that can fund capital projects and the refined focus on addressing Failing systems and promoting consolidations.
A portion of this amount may be used to fund construction projects that are eligible for the Expedited Drinking Water Grant (EDWG) Program as well as anticipated funding increases needed for final budget approval (FBA) amendments that may be requested after a construction project goes out to bid.
- Proposal to lower targets for new TA and administrator master agreement. Approximately \$57 M for TA and \$22 M for administrators remain uncommitted in these multi-year agreements. The amount remaining in the administrator master agreements should cover the anticipated number of systems that will need an administrator this fiscal year.
- Target expenditures for interim and emergency assistance build on previous investments made from complementary funding sources (e.g., California Emergency Relief Fund). The proposed expenditures may be adjusted based on the approved State budget for FY 2024-25.
- Uncommitted funding from prior FYs of \$60.8 M is expected to be directed the following way:
 - \$21.1 M: Existing regional programs for interim and emergency assistance
 - \$18.7 M: Group 1 funding efforts for the Direct O&M program that began in FY 2023-24
 - \$19.5 M: Construction projects for Failing systems and/or consolidations
 - \$1.5 M: Contracts that would assist with database needs (\$1.5 M).

³ Per SADW Fund Policy Section VI.B, projects and services may be funded for non-DACs if the project reduces greenhouse gas emissions.

Table 3. FY 2024-25 Safe Affordable Drinking Water Fund Target Allocations



SUMMARY OF KEY UPDATES OF THE FUND EXPENDITURE PLAN

The following items are key changes compared to the previous FY 2023-24 Fund Expenditure Plan:

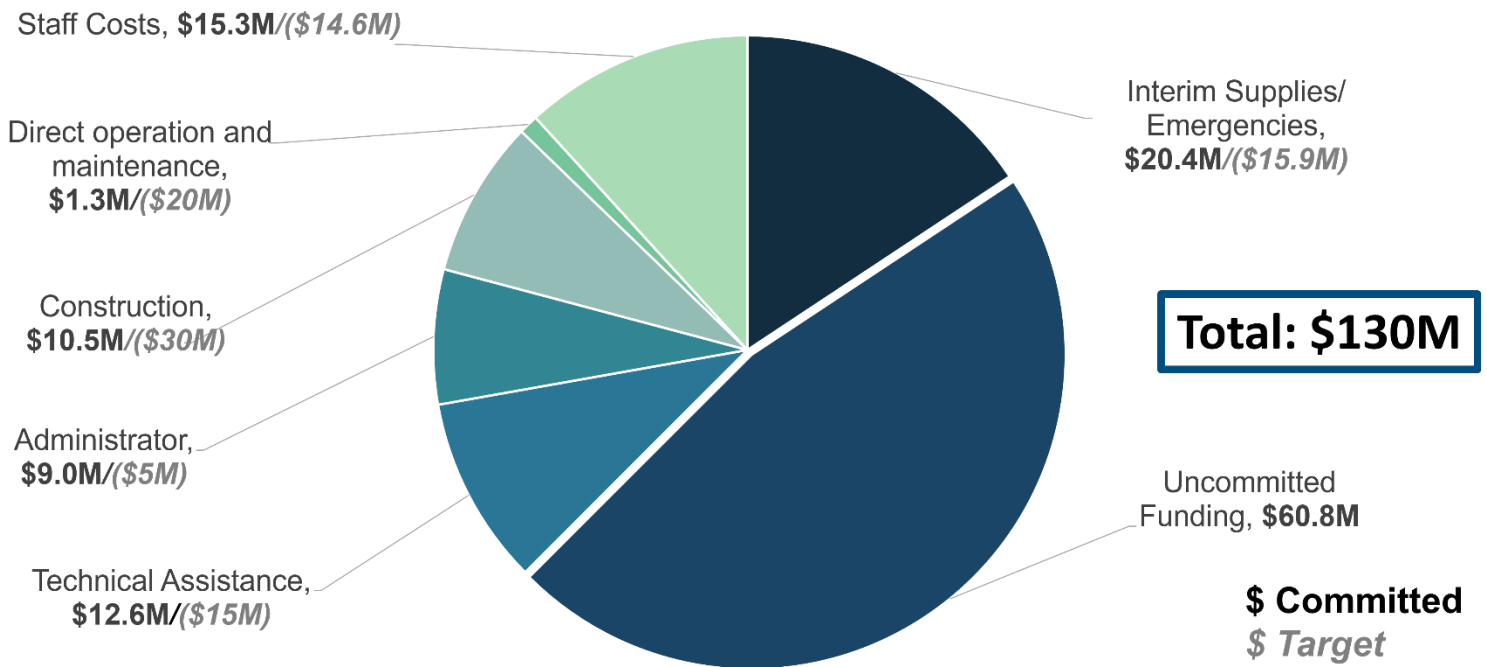
- **General FEP Organization** – creation of Section III which outlines SAFER program Goals, anticipated funding, program demand, SADW funding committed, and projected needs prior to Section IV which establishes the FY 2024-25 SAFER program priorities and SADW Fund target allocations across solution types.
- **SAFER Program Goals** – introduces refined goals for the SAFER program, intended to ensure that staff and financial resources are focused on addressing the needs of failing systems, while continuing to prioritize consolidations as the most sustainable pathway to safe and affordable drinking water for struggling small systems.
- **Introduction** – SAFER program complementary funding discussion moved to Section III.
- **Sections V and VI** – renamed sections from ‘Funding Prioritization’ to ‘Funding Eligibilities’ for various solution types (Section V) and state smalls and domestic wells (Section VI).
- **Operation & Maintenance** – minor updates noted to approach for direct O&M support in FY 2024-25.
- **Construction** – subsection updated to include information on Final Budget Approval (FBA) amendments and an increasing trend of requests that are significantly over the original agreement amount.

- **Hexavalent Chromium** – short subsection added to note Board adoption of the proposed maximum contaminant level and requirements to be considered for TA and/or planning funding.
- **Drought Infrastructure (SB 552)** – section shortened as these types of requests would be considered after those noted in the refined SAFER program goals and priorities.
- **Existing Programs for State Smalls and Domestic Wells** – subsection updated with current information on existing available programs across the state.
- **Metrics and Performance** – tables added to track information around administrative efficiency of planning, construction, and TA projects. In the racial equity and environmental justice section, two regional case studies added for programs in the Coachella and San Joaquin Valleys.
- **Needs Assessment Results** – former section outside of the Executive Summary deleted to avoid duplication of information.

SUMMARY OF EXPENDITURES FROM SADW FUND LAST YEAR

Figure 4 shows a breakdown of FY 2023-24 Estimated Committed Expenditures for the SADW Fund (as of March 31, 2024) by solution type. Section VI.A of the Draft FY 2024-25 Fund Expenditure Plan provides more details on the former target allocations and the estimated committed expenditures for FY 2023-24.

Figure 4. FY 2023-24 Committed Expenditures, by Solution Type



SAFER PROGRAM PERFORMANCE

Figure 5 shows cumulative SAFER program performance from January 1, 2019, to March 31, 2024.

**Figure 5. Cumulative SAFER Program Performance¹
(SADW Fund plus complementary funding) (1/1/2019-3/31/2024)**



¹ In the construction category, when considering the projects benefiting small DACs only, the total amount of assistance is approximately \$683.5 M, for 150 water systems, benefiting 440,500 people.

TIMELINE

The following are key dates for ongoing development of the FY 2023-24 Fund Expenditure Plan:

Date	Milestone
June 24, 2024	Release Draft for public comment
July 11, 2024	SAFER Advisory Group Meeting: Draft review
July 16, 2024	Board Workshop
July 24, 2024	End of 30-day public comment period
August 20, 2024	Board Meeting to consider adoption

LINKS

The public notices, the Draft FY 2024-25 Fund Expenditure Plan, and other related material can be accessed at: bit.ly/SAFER-Solutions.

Theme #3 – Summary of Technical Assistance Efforts

BACKGROUND ON DRINKING WATER TECHNICAL ASSISTANCE

The State Water Board provides funds to Technical Assistance (TA) providers, which include entities such as non-profit organizations, universities, and engineering consultants, to assist communities with developing and implementing drinking water solutions. Many small, disadvantaged communities lack the capacity to access available funding resources.

Since the start of the SAFER program in 2019, the TA Funding Program has expanded in support of SAFER goals. Some of the key changes include:

- Funding of regional and statewide drinking water TA agreements with 11 TA providers, including 6 new TA providers, using the Safe and Affordable Drinking Water Fund
- Use of TA to complete planning and design work for Category A-C⁴ or consolidation projects, where previously TA was only supporting planning activities on a limited basis
- Establishing a [Qualified Drinking Water TA Provider Pool](#) consisting of 21 TA Providers through a Request for Qualifications (RFQ) process conducted between December 2021 to December 2023, following the definition of TA provider under Senate Bill 776 on September 23, 2021
- Addition of new TA scope to include operational and managerial assistance, circuit rider outreach to At-Risk water systems, bridge loans, and emergency funding.

As of June 2024, the TA Funding Program is offering the following types of drinking water TA:

- **Capacity development:** Activities supporting the development of water system's technical, managerial, and financial (TMF) capacities, such as rate studies, income surveys, funding applications, TMF assessments, electronic annual reports, etc.
- **Work plan implementation:** Tasks implemented under a work plan for administrative, technical, operational, managerial, legal, and community engagement assistance. May include capacity development tasks in support of a project.
- **Circuit rider:** Outreach to At-Risk systems to assist them with addressing the issues that put them At-Risk or direct them to other resources.
- **Bridge loans:** State Water Board funding in the form of bridge loans to water systems which have construction funding agreements and need funds to cover the reimbursement turn-around period under those agreements. Administered by Self-Help Enterprises in the San Joaquin Valley Counties.
- **Emergency funding:** Funding assistance for emergency project needs with public health implications, such as replacing a dry well. Administered by Self-Help Enterprises in the San Joaquin Valley Counties.

The TA Funding Program accepts TA requests on a continuous basis. Once the State Water Board receives a request, staff perform a review for eligibility and priority on a weekly basis.

⁴ Per the DWSRF Policy, Category A-C projects include those addressing an immediate health risk, untreated or At-risk water sources, or chronic compliance or water shortage problems.

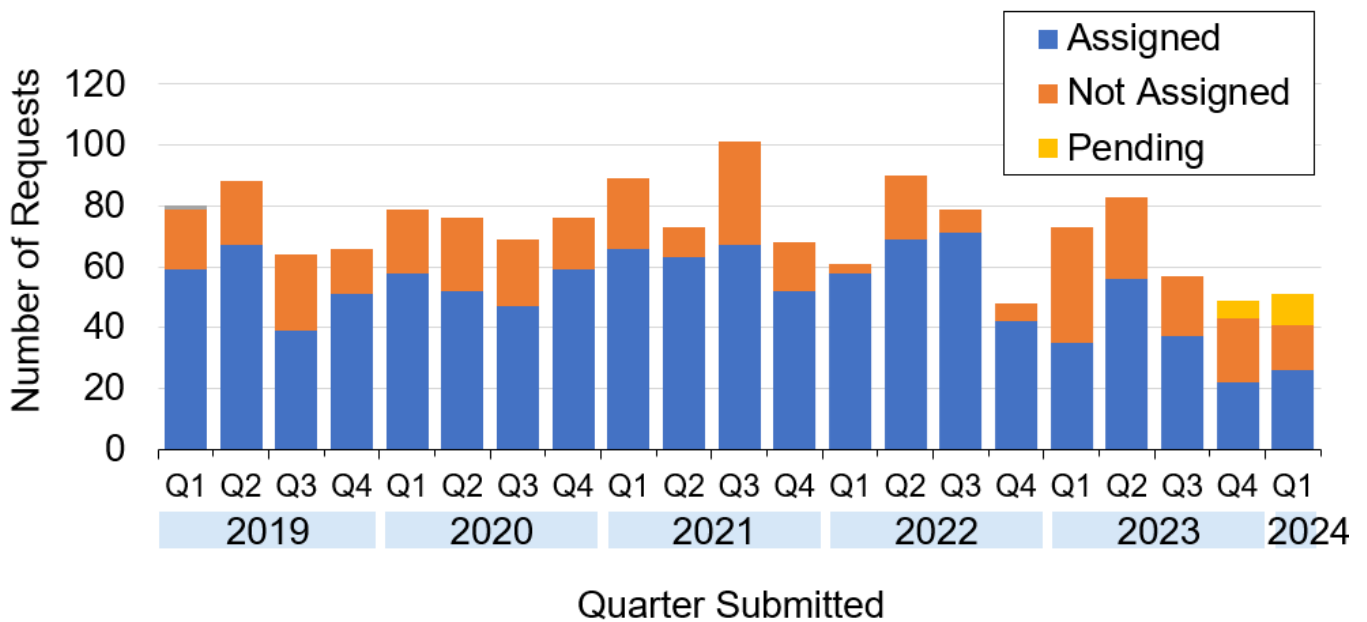
The decision to assign TA is made in accordance with the funding eligibility and priority of that funding program for interim, planning or construction funding request.

Some of the reasons a request may not be assigned include:

- The water system or community does not meet eligibility criteria (e.g., is a transient water system)
- The requested assistance is not within the scope of available TA
- The request is re-directed to another funding program
- There is no TA provider available in the requested area or region

The decisions on TA received between January 2019 and March 2024 are shown in Figure 6. A request is shown as pending if either the TA Funding Program staff is waiting for additional information from the requestor, or the assignment is pending TA availability.

Figure 6. TA request received from 2019 to 2024 by quarter



CURRENT DRINKING WATER TA FUNDING

A list of active drinking water TA agreements is shown in Table 1. In total, the State Water Board has allocated \$187 M in drinking water TA funding across twelve active funding agreements. As of June 1, 2024, approximately \$57 M of this amount is estimated to still be available for new requests and/or amendments to existing work plans.

Table 1. List of current drinking water TA funding agreements as of June 1, 2024

Agreement Number	Technical Assistance Provider	Entity Type	Funding Source ¹	Funding Amount
D2117007	California Urban Water Agencies	Non-profit	SADW	\$ 8.0 M
D2217021	Coleman Engineering	Consultant	SADW	\$ 7.0 M
D1917006	Community Water Center	Non-profit	SADW	\$ 9.0 M
D2217018	GHD, Inc.	Consultant	SADW	\$ 18.0 M
D2217014	NV5, Inc.	Consultant	SADW	\$ 6.7 M
D2217017	Provost & Pritchard Consulting Group	Consultant	SADW	\$ 14.3 M
D1917007	Rural Community Assistance Corporation	Non-profit	SADW	\$ 36.8 M
D1917012	Self-Help Enterprises	Non-profit	SADW; GF	\$ 40.6 M
D2217019	Stantec Consulting Services, Inc.	Consultant	SADW	\$ 10.0 M
D1612806²	University Enterprises Inc. (California State University, Sacramento)	University	Prop 1; SADW	\$ 9.0 M
D1917008	University Enterprises Inc., (California State University, Sacramento)	University	SADW	\$ 25.0 M
D2217007	University of California at Davis, School of Law	University	SADW; GF	\$ 2.6 M
Total	-		-	\$187.1 M

¹ SADW = Safe and Affordable Drinking Water Fund; GF = General Fund; Prop 1 = Proposition 1

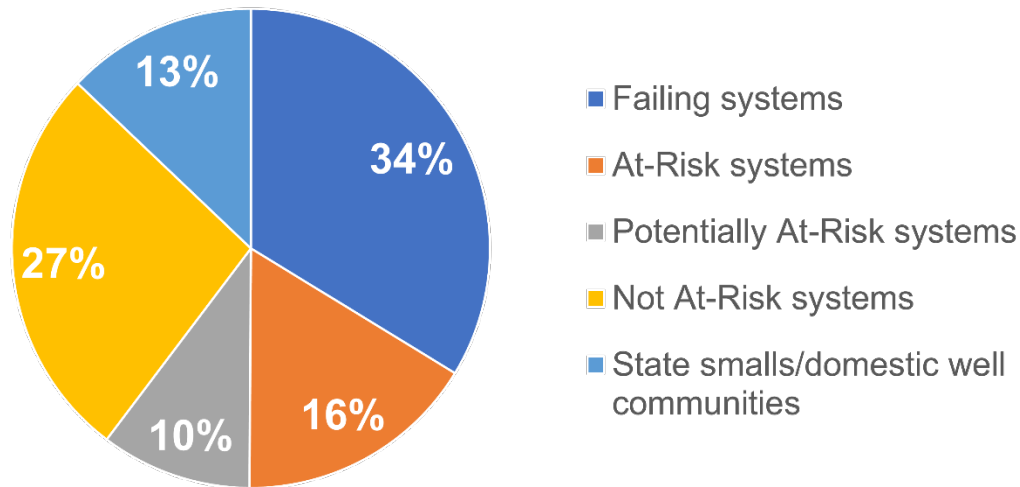
² Agreement includes both drinking water and wastewater work. Only drinking water funding source amount is shown.

TA IMPLEMENTATION OUTCOMES

As of the beginning of June 2024, the TA Funding Program provides assistance to 452 public water systems and approximately 67 communities with either state small water systems and/or private domestic wells. The percentages by type of water systems and communities receiving active TA are shown in Figure 7. Of the public water systems with

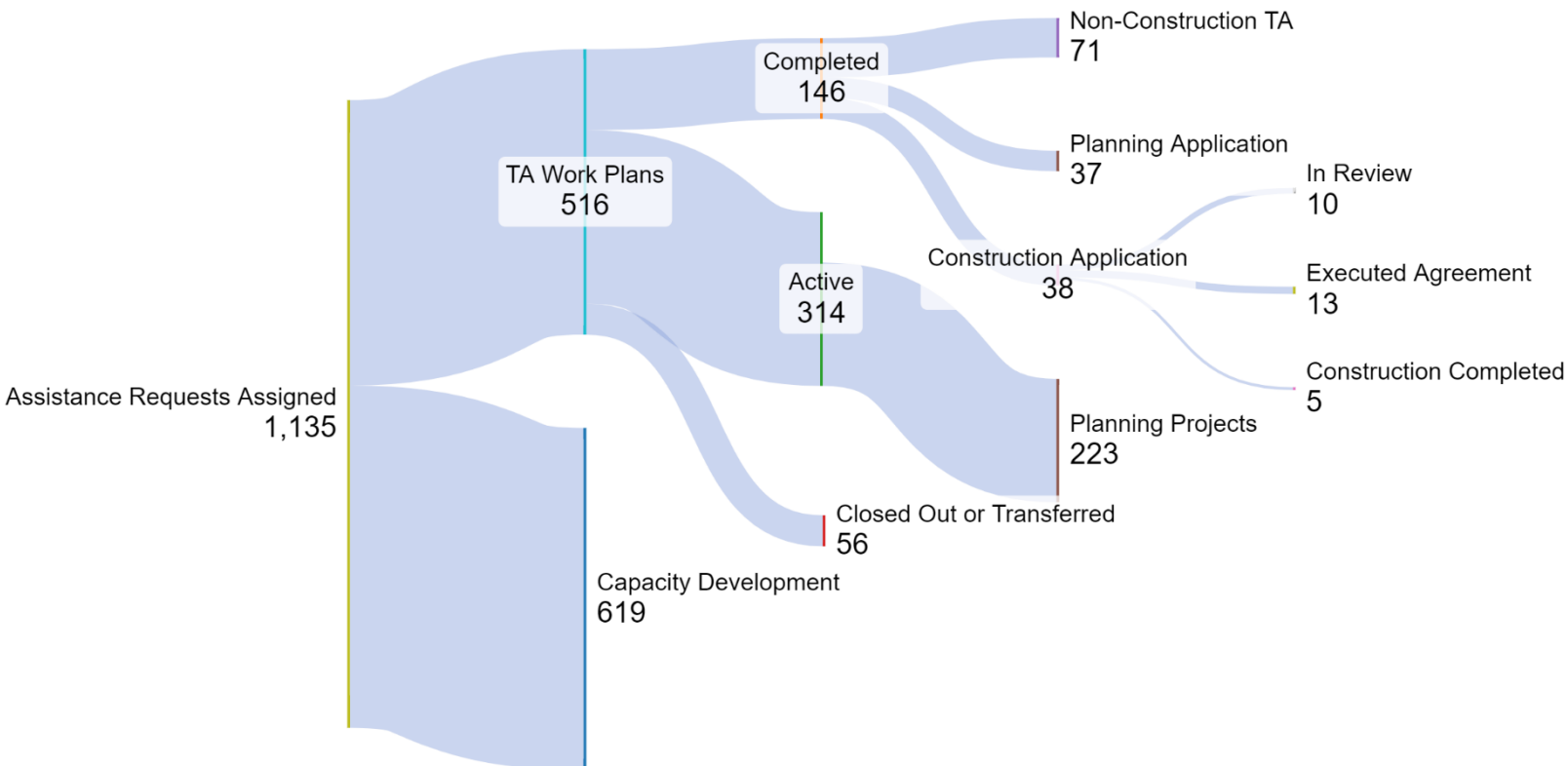
active TA, 175 are classified as Failing and 85 are classified at At-Risk, which represent 45% and 15% of the total number of Failing and At-Risk water systems, respectively.

Figure 7. Systems and communities with active TA as of June 2024



From January 2019 to June 2024, the TA Funding Program has completed 319 work plans, including 255 funding applications, as shown in Figure 8.

Figure 8. TA outcomes for requests received from 2019 to 2024



SAFER Advisory Group Updates

This document serves as a written update for SAFER Advisory Group members on topics related to the SAFER program.

MEMBERSHIP APPLICATION PROCESS FOR THE SAFER ADVISORY GROUP

The SAFER Advisory Group will be accepting applications for membership on the Advisory Group from **July 2, 2024**, until **August 31, 2024**. There are 11 available seats for the 2025-2026 SAFER Advisory Group. Advisory Group members serve two-year rotating terms and are appointed by the State Water Board's Executive Director.

The SAFER Advisory Group includes a total of 20 representatives from the public, residents served by public water systems, domestic well users, public water systems, technical assistance providers, local agencies, non-governmental organizations, and California Tribes.

Please consider sharing within your networks or recommending someone you know to apply. Social media announcements will be posted weekly, and we would appreciate you sharing them with your networks. Additional resources are available at https://bit.ly/SAFER_AG.

Reappointment Eligibility

Existing SAFER Advisory Group members whose terms are ending must reapply if they are interested in applying to serve another term. The SAFER Advisory Group will be accepting applications from individuals and organizations that meet the eligibility criteria outlined below.

Members who have served on the SAFER Advisory Group for 2 or more terms (4 or more years) are **NOT eligible** to reapply for a 3rd term if they were appointed under the following categories:

- Local Agencies
- Non-Governmental Organization
- Public Water System
- Technical Assistance provider

Members who have served on the SAFER Advisory Group for 2 or more terms (4 or more years) **ARE eligible** to reapply for a 3rd term if they were appointed under the following categories:

- Public
- Resident
- California Tribes

Appointment terms ending in December 2024

The following SAFER Advisory Group members are ending their appointment term in December 2024:

- **Local Agencies Category**
 - Sarah Rutherford, Kaweah Water Foundation
- **Nongovernmental (NGO) Category**
 - Erick Orellana, Community Water Center
 - Chelsea Hsin-Feng Tu, Monterey Water Keeper

- **Technical Assistance Provider Category**
 - Eva Dominguez, Self-Help Enterprises.
- **Resident Category**
 - Rob Burroughs, Small Water System Operator, Community of Cottonwood
 - Tonya Moreno, Community of Le Grand
- **Public Water System Category**
 - Castulo Estrada, Coachella Valley Water District
 - Ileana Miranda, San Jerardo Cooperative, Inc.
 - Michael S. Prado, Sr., Sultana Community Services District
- **Public Category**
 - Kristin Dobbin, UC Berkeley
 - Martha Curiel, Community of Woodville

SAFER CALENDAR

The following are tentative dates for SAFER related events:

2024	Topic
July 2	SAFER Advisory Group Application Period OPENS
July 11	SAFER Advisory Group meeting #3
July 16	Draft Fiscal Year 2024-25 Fund Expenditure Plan Board Workshop
July 16	Drinking Water State Revolving Fund (DWSRF) Intended Use Plan (IUP) Workshop
July 24	Draft Fiscal Year 2024-25 Fund Expenditure Plan public comment period ends
August 20	Board considers adoption of Fiscal Year 2024-25 Fund Expenditure Plan
August 31	SAFER Advisory Group Application Period CLOSES
December 5	SAFER Advisory Group meeting #4