

# Division of Financial Assistance Status of Process Improvement Efforts

August 13, 2022

In state fiscal year (SFY) 2020-21, the Division of Financial Assistance (DFA) formed an internal Process Improvement Work Group (PIWG) with staff from the Office of Sustainable Water Solutions, Loans & Grants, and Office of Chief Counsel, to identify program inefficiencies, evaluate potential improvements, and revise internal procedures accordingly. The PIWG focus is to reduce the amount of time needed to approve projects, execute funding agreements, and process reimbursement requests.

To date, the PIWG has completed 40 improvements and are developing an additional 35 improvements. Additional detail will be featured in Safe and Affordable Drinking Water Funding Expenditure Plan, Appendix K. Funding Process and Process Improvements.

## Impact

Figure 1 depicts the cumulative impact of the improvements in days for the major project stages. The width of each improvement relates to the percent of applications or agreements affected. Figure 1 only includes improvements that are expected to have an impact on processing time.

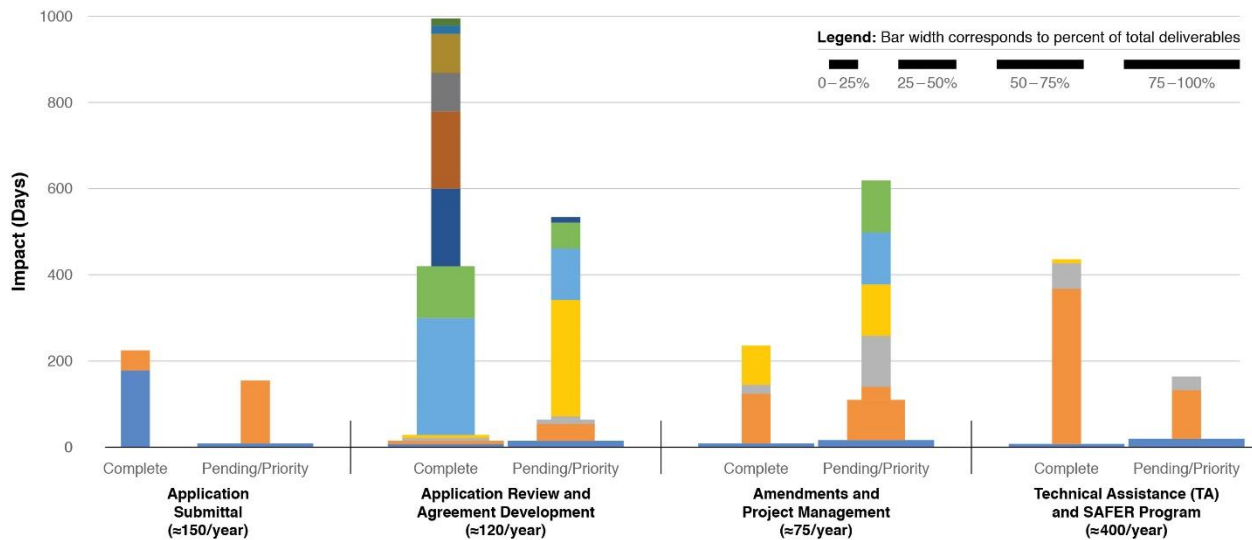


Figure 1. Cumulative Impact of Process Improvements (Expected)

## Application Submittal

DFA receives approximately 150 new planning or construction applications for the Clean Water and Drinking Water State Revolving Fund (SRF; CWSRF and DWSRF) programs each year. In this stage, the potential recipient prepares and submits a complete application through the Financial Assistance Application Submittal Tool (FAAST). This stage can take a few months to many months depending on several factors such as the availability and completeness of key documents. In cases of consolidation, preparation of these documents can take longer as more than one entity is involved.

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Completed Improvements (depicted in Figure 1 from top to bottom)

Improvement Number	Improvement	Estimate		
		Average Impact (Days)	Number Affected (Annually)	% of Apps Affected
1.a	Pre-Application	45	6	4%
2.c	Revised Median Household Income (MHI) Determination Guidelines	180	21	14%

In addition, the following Completed Improvements for this stage are not depicted in Figure 1 because they are not expected to have a direct impact or were incorporated into another improvement:

- 1.e – Streamline Application for Specific Projects
- 1.f – Waive Updated Financials
- 1.g – Review Effectiveness of Documents Requested in the Application
- 2.d – DWSRF IUP (2020) – Increase Funding Limits for Planning Agreements
- 2.e – Develop Income Survey and Second Home Survey Procedures

Pending/Priority (depicted in Figure 1 from top to bottom)

Improvement Number	Improvement	Estimate		
		Average Impact (Days)	Number Affected (Annually)	% of Apps Affected
2.j	Streamline Financial Capacity Review for 100% grant / principal forgiveness funded planning projects	150	12	8%
1.h	Application Packages Update	5	150	100%

In addition, the following Pending/Priority Improvements for this stage are not depicted in Figure 1 because they are not expected to have a direct impact or have not been developed sufficiently to provide a good estimate:

- 6.g – Comprehensive SRF Policy Review for Streamlining Opportunities
- 6.h – Guidelines for Consolidation Projects Update

## Application Review and Agreement Development

DFA executes approximately 120 new financing agreements each year between the CWSRF and DWSRF programs. In this stage, DFA staff review the application's various packages (i.e., General, Technical, Environmental, Financial, and Legal) and prepares a Master File with application documents and clearances before a financing agreement is drafted and routed for execution. This stage typically takes nine months to a year but can take longer depending on the nature and complexity of a project.

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Completed Improvements (depicted in Figure 1 from top to bottom)

Improvement Number	Improvement	Estimate		
		Average Impact (Days)	Number Affected (Annually)	% of Apps Affected
6.e	Internal Decision Tracking	14	5	4%
3.b	Earlier Management Review of Project Scope and Budget	20	5	4%
6.j	Safe and Affordable Funding for Equity and Resilience (SAFER) Integration	90	4	3%
2.g (2021)	General & Technical Checklist Update - Drinking Water	90	10	8%
3.e	Combine Multiple Projects for Same Entity into a Single Agreement	180	2	2%
3.d	Use of Phased Approach for Complex Projects	180	5	4%
6.f	Revised DWSRF Intended Use Plan (IUP) to include Infrastructure Appropriation	120	35	29%
1.b	California Environmental Quality Act (CEQA)-Only Review	275	45	38%
3.h	Project Schedule and Standardize Scopes for Construction Agreements	7	64	53%
3.f	Standardize Special Conditions	7	75	63%
3.c	Electronic Processing of Encumbrance Documents	5	120	100%
2.b	Use of a Digital Master File	8	120	100%

In addition, the following Completed Improvements for this stage are not depicted in Figure 1 because they are not expected to have a direct impact or were incorporated into another improvement:

- 2.a (2020) – Updated Package Checklists
- 2.f – Pre-Determine Funding Sources for Projects
- 3.a – Evaluate Projects in Queue
- 3.g – Entering New Applicants into FI\$CaL

Pending/Priority (depicted in Figure 1 from top to bottom)

Improvement Number	Improvement	Estimate		
		Average Impact (Days)	Number Affected (Annually)	% of Apps Affected
6.q	Historic Context for Wastewater and Drinking Water Facilities (CEQA Review)	14	8	7%
2.k	Ability to Pay Procedures	60	8	7%
2.l	Streamline Planning Application Review	120	12	8%
2.i	Streamline Project Transition from Planning to Construction	270	12	8%
3.n	Project Schedule and Standardize Scopes for Planning Agreements	7	44	37%
6.r	Section 106 Programmatic Agreements (CEQA)	45	30	25%
3.k	Adobe Sign to Execute Agreements	20	120	100%

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In addition, the following Pending/Priority Improvements for this stage are not depicted in Figure 1 because they are not expected to have a direct impact or have not been developed sufficiently to provide a good estimate:

- 2.g (2022) – Drinking Water General & Technical Checklist Redesign
- 2.h – Evaluate Initial Application Review Timing
- 3.m – Adobe Sign Agreement Routing
- 3.o – Batch Encumbrance & Timing of Office of Chief Counsel Eligibility Review
- 3.p – Policy and Procedure Streamline – Indirect Cost (IDC)
- 6.i – Compensation for Subsumed Water Systems

## Amendments and Project Management

DFA receives an average of 75 amendment requests each year between the CWSRF and DWSRF programs. In this stage, DFA staff review the recipients request for a financing agreement amendment, prepares an amendment package, and routes for execution. Common amendments include Final Budget Approval (FBA; for construction agreements to incorporate the bid documents), date extensions, and to address unforeseen work. This stage typically takes five to seven months but can take longer depending on the nature and complexity of a request.

Completed improvements (depicted in Figure 1 from top to bottom)

Improvement Number	Improvement	Estimate		
		Average Impact (Days)	Number Affected (Annually)	% of Apps Affected
5.c	Improved Tracking of Final Disbursement Dates	90	5	7%
1.c	Credit Review Memo for Cost Increases for 100% Grant Projects	21	10	13%
4.a	Use of Expedited Amendments	120	10	13%
3.c	Electronic Processing of Encumbrance Documents	5	75	100%

In addition, the following Completed Improvements for this stage are not depicted in Figure 1 because they are not expected to have a direct impact or were incorporated into another improvement:

- 5.a – Use of a Final Inspection Checklist
- 5.b – Virtual Inspection Procedures

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Pending/Priority (depicted in Figure 1 from top to bottom)

Improvement Number	Improvement	Estimate		
		Average Impact (Days)	Number Affected (Annually)	% of Apps Affected
4.i	Allowance Flexibility (Construction Projects) and Consider Possible "Contingency" for Planning Projects	120	2	3%
4.g	Advance Payment Guidelines	120	3	4%
4.f	Bridge Loan Funding to Initial Agreement	120	5	7%
3.i	Increased Encumbrance Amount	120	15	20%
4.e	Streamline the FBA Process	120	25	33%
3.k	Adobe Sign to Execute Agreements	20	75	100%

In addition, the following Pending/Priority Improvements for this stage are not depicted in Figure 1 because they are not expected to have a direct impact or have not been developed sufficiently to provide a good estimate:

- 5.d – Project Closeout (Hardcopies)
- 6.l – Project Manager Training and Performance Measures
- 6.m – Admin Training and Expectations
- 6.n – Uniformed Procedural Manual
- 6.o – Uniformed Digital Workspace for "Working" Masterfile

## Technical Assistance (TA) and SAFER Program

DFA receives an average of 400 TA request a year from small, disadvantaged communities (DACs). In this stage, DFA staff review requests for assistance, work with a TA provider to prepare a scope of work and budget and route the workplan for execution. Common TA requests include coordination and development of capital improvement projects, facilitation of operation and maintenance, engineering and environmental analysis, legal assistance, leak detection/water audits, compliance audits, financial analysis, technical managerial and financial (TMF) assessments, and board or operator training. This stage typically takes five to seven months but can take longer depending on the nature and complexity of a request.

Completed improvements (depicted in Figure 1 from top to bottom)

Improvement Number	Improvement	Estimate		
		Average Impact (Days)	Number Affected (Annually)	% of Apps Affected
7.b	Streamline TA Workplans	7	60	15%
7.a	Interim Water Supplies and Emergencies	60	10	3%
1.d	Use of TA for Planning Projects	365	30	8%
3.c	Electronic Processing of Encumbrance Documents	5	400	100%

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In addition, the following Completed Improvements for this stage are not depicted in Figure 1 because they are not expected to have a direct impact or were incorporated into another improvement:

- 6.a – SAFER Clearinghouse
- 6.b – Continued Division of Drinking Water (DDW)/DFA/Office of Public Participation (OPP) Coordination
- 6.c – Process Improvements Work Group
- 6.d – Staff Cross-Training
- 7.c – Administrator Master Agreement
- 7.d – Drinking Water TA Provider Request for Qualifications (RFQ) Process
- 7.e – TA for non-DACs

Pending/Priority (depicted in Figure 1 from top to bottom)

Improvement Number	Improvement	Estimate		
		Average Impact (Days)	Number Affected (Annually)	% of Apps Affected
6.s	Develop TA Drinking Water Master Agreement Template	30	6	2%
3.j	Emergency Grant Agreement Template/Process	120	36	9%
3.l	Electronic Signature Process for TA Work Plans	14	400	100%

In addition, the following Pending/Priority Improvements for this stage are not depicted in Figure 1 because they are not expected to have a direct impact or have not been developed sufficiently to provide a good estimate:

- 6.k – Update TA Procedure Manual and Internal Procedures
- 6.p – TA planning project - Guidance for Project Managers

## Reimbursement Requests (Not Depicted in Figure 1)

DFA receives approximately 1,600 reimbursement requests a year. In this stage, DFA staff review requests before working with Accounting and the State Controller’s Office staff to issue payment. This stage typically takes six weeks.

Completed improvements

Improvement Number	Improvement	Estimate		
		Average Impact (Days)	Number Affected (Annually)	% of Apps Affected
4.b	Electronic Invoice Submittal	8	1600	100%

In addition, the following Completed Improvements for this stage are not expected to have a direct impact or were incorporated into another improvement:

- 4.c – Invoice Reimbursement Request Forms (Form 260/261) Submittals
- 4.d – Electronic Disbursement Procedures and Training for Project Managers

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## Pending/Priority

The following Pending/Priority Improvements for this stage are not expected to have a direct impact or have not been developed sufficiently to provide a good estimate:

- 4.h – SharePoint Workflow for disbursement requests