

**DWSRF IUP FY 24-25
Response to Public Comments Received by July 24, 2024**

No.	Date of Comment	Commenter	Summary of Comments	SWRCB Staff Response to Comments	Staff Proposed Changes to IUP	Comment Submitted by:
1	6/27/2024	Municipal Water District of Orange County	Support for the South Coast Water District's Doheny Ocean Desalination Project and inclusion on the Fundable List	Staff appreciate the comment. DFA has included the project on the Fundable List for \$50 million.	None	Bob McVicker
2	6/28/2024	South Coast Water District Includes support letters from Mike Levin (CA 49th Congressional District); Metropolitan Water District; Orange County; Laurie Davies (CA 74th Assembly District); Diane Dixon (CA 72nd Assembly District); CA State Parks - Orange Coast District; City of Dana Point; Laguna Beach County Water District	Support for the South Coast Water District's Doheny Ocean Desalination Project and inclusion on the Fundable List	Staff appreciate the comment. DFA has included the project on the Fundable List for \$50 million.	None	Rick Shintaku
3	7/17/2024	Water Replenishment District (WRD)	Provide outreach, trainings, and technical assistance to DACs to help access EC/PFAS funding, with an emphasis on federal cross cutter requirements. This should specifically include medium and large urban water suppliers. Many systems lack the in-house expertise to navigate the environmental review process (including federal cultural and biological assessments). Also, hiring one or more consultant with specialized expertise to meet the funding requirements may be too big a hurdle for systems.	Staff appreciate the comments. DFA provides technical assistance (TA) to eligible Small and Expanded Small (systems serving 3,301-6,600 service connections or 10,001-20,000 population) disadvantaged/severely disadvantaged (DAC/SDAC) systems. Due to limited funding available for grant/principal forgiveness (PF), DFA is currently prioritizing TA assignments to small systems with Category A-C projects, as defined by the DWSRF Policy and the IUP, or systems pursuing consolidation. Eligible systems that have exceeded the new federal PFAS MCLs or CA Response Levels needing TA to address federal cross-cutter requirements should submit a TA request which will then be reviewed/considered based on DFA current priorities and available capacity. Staff will coordinate with WRD separately on how many systems fall into the expanded small category, so DFA can further evaluate based on the available capacity. Additionally, a project manager (PM) is assigned once the general application package is submitted. One of many of the PM's roles and responsibilities is to assist applicants submitting a complete application including necessary federal cross cutter requirements. This principle applies across all applicants regardless of size or disadvantaged status.		Stephan Tucker
4-6	7/17/2024 7/17/2024 7/18/2024	Diablo Water District Willow Park Marina HO Sandy Point MHP	1) Increase the maximum grant funding per connection from \$60k to \$80k 2) Footnote 45 should be changed as shown here: The Deputy Director of DFA may approve up to \$80,000 \$100,000 per connection for good cause. For good cause, the Deputy Director of DFA may approve up to \$100,000 \$120,000 per connection for projects addressing compliance with a mandatory consolidation order, or addressing a system with an appointed administrator <u>or for a consolidation project which addresses a primary drinking water standard.</u> Diablo WD is working to consolidate multiple systems. Due to the location in the Delta area and inflationary pressures, project costs will exceed the currently proposed grant limitations.	Staff appreciate the comments. DFA is proposing to increase grants limits in-line with the submitted comments.	Increasing the grant/PF cost per connection maximum from \$60,000 to \$80,000. In addition, the Deputy Director of DFA may approve up to \$100,000 per connection for good cause (up to \$120,000 per connection for projects addressing compliance with a mandatory consolidation order, or addressing a system with an appointed administrator).	Dan Muelrath Joe Tierney Jim Price
7	7/18/2024	Anderson Valley CSD	Allow mixed-use parcels (commercial plus residential) to retain eligibility for grant funding.	Staff appreciate the comments. Mixed-use parcels may already be grant eligible (depending on who/what is included in the mixed-use parcel). Please work with your project manager to verify what parcels may be eligible.	None	Valerie Hanelt
8	7/21/2024	Delta Mutual Water Company	1) Increase the maximum grant funding per connection from \$60k to \$80k 2) Footnote 45 should be changed as shown here: The Deputy Director of DFA may approve up to \$80,000 \$100,000 per connection for good cause. For good cause, the Deputy Director of DFA may approve up to \$100,000 \$120,000 per connection for projects addressing compliance with a mandatory consolidation order, or addressing a system with an appointed administrator <u>or for a consolidation project which addresses a primary drinking water standard.</u> Diablo WD is working to consolidate multiple systems. Due to the location in the Delta area and inflationary pressures, project costs will exceed the currently proposed grant limitations.	Staff appreciate the comments. DFA is proposing to increase grants limits in-line with the submitted comments.	Increasing the grant/PF cost per connection maximum from \$60,000 to \$80,000. In addition, the Deputy Director of DFA may approve up to \$100,000 per connection for good cause (up to \$120,000 per connection for projects addressing compliance with a mandatory consolidation order, or addressing a system with an appointed administrator).	Danny Raymond
9	7/23/2024	Oakley Mutual Water Company	1) Increase the maximum grant funding per connection from \$60k to \$80k 2) Footnote 45 should be changed as shown here: The Deputy Director of DFA may approve up to \$80,000 \$100,000 per connection for good cause. For good cause, the Deputy Director of DFA may approve up to \$100,000 \$120,000 per connection for projects addressing compliance with a mandatory consolidation order, or addressing a system with an appointed administrator <u>or for a consolidation project which addresses a primary drinking water standard.</u> Diablo WD is working to consolidate multiple systems. Due to the location in the Delta area and inflationary pressures, project costs will exceed the currently proposed grant limitations.	Staff appreciate the comments. DFA is proposing to increase grants limits in-line with the submitted comments.	Increasing the grant/PF cost per connection maximum from \$60,000 to \$80,000. In addition, the Deputy Director of DFA may approve up to \$100,000 per connection for good cause (up to \$120,000 per connection for projects addressing compliance with a mandatory consolidation order, or addressing a system with an appointed administrator).	Dana Council

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10	7/23/2024	Brelje & Race Consulting Engineers	<p>1) Support allowing the Deputy Director to approve grant/PF for industrial/commercial connections for consolidation project for good cause.</p> <p>2) In considering grant eligibility of industrial/commercial connections in a consolidation, consider allowing DFA staff to make the determination under two circumstances: a) When proposed improvements to effectuate consolidation would result in severing a water service for an existing commercial use b) When the consolidation or overall project is in response to groundwater MCL violations which are all based on health and safety</p> <p>3) Include an inflationary index to the \$60k per connection grant limit. Consider the Consumer Price Index – Utilities.</p>	<p>Staff appreciate the comments. The DWSRF program does not fund new development so if grant/PF funding is available to connect industrial/commercial connections, it will only be available for existing connections. In addition, consolidation projects that are addressing a MCL violation are considered higher priority and will be considered when determining grant eligibility for industrial/commercial consolidation costs.</p> <p>DFA is proposing to increase grants limits from \$60,000 per residential connection to \$80,000 per residential connection</p>	Increasing the grant/PF cost per connection maximum from \$60,000 to \$80,000. In addition, the Deputy Director of DFA may approve up to \$100,000 per connection for good cause (up to \$120,000 per connection for projects addressing compliance with a mandatory consolidation order, or addressing a system with an appointed administrator).	Brent Beazor
11	7/23/2024	Davenport County Sanitation District	Include projects necessary for fire protection in Category C. Protection from fire addresses the first long-term goal in the Intended Use Plan: Addressing Significant Risks to Public Health.	Staff appreciate the comment. Unfortunately, projects that are needed primarily for fire protection are ineligible under the federal DWSRF regulations (40 CFR 35.3520(e)(4)). Therefore, not only will it not be considered a Category C project, but it will likely not be eligible for any funding through the DWSRF program.	None	Ashleigh Trujillo
12	7/23/2024	Association of California Water Agencies, California Municipal Utilities District	<p>1) Support increase of EC funding to \$10 million and encourage use for other emerging contaminants</p> <p>2) Broaden the DAC eligibility to include communities within medium and large service areas</p> <p>3) Concern with \$50 million cap - allow flexibility for large projects if funds are leftover, consider funding cost increases before adding new loan projects</p> <p>4) Clarify DWSRF loan provisions for BABA - identify differences with U.S. EPA BABA requirements and State Water Board BABA requirements; provide additional guidance to inform applicants of how to navigate the DWSRF Loan Provisions to address: adjustment period waivers, products coverage, location of projects on private property, waiver applicability to co-funded projects, use of cognizant agency in co-funded projects, where cognizant agency applies for waivers, and cost obligations for federal projects.</p> <p>5) Appreciate the work of the State Revolving Fund Advisory Group (SAG)</p> <p>6) Support CWSRF comments made by CA Association of Sanitation Agencies and WaterReuse California regarding: equivalency and recycled water.</p>	<p>Staff appreciate the comment. It's challenging to target grant funds to disadvantaged areas within a non-DAC system when the benefit goes to the entire rate base.</p> <p>Staff agree that some projects have a large scale and are highly complex. Having a set loan maximum of \$50 million per project, instead of flexible maximum, gives applicants clear expectations while planning for their projects. Secondly, because DWSRF has an annual capacity, redistributing "leftover funds" will impact DWSRF's annual capacity calculation and cause confusion for future projects on loan availability.</p> <p>State Water Board is applying the minimum BABA requirements to projects - BABA requirements from implemented by the State Water Board is the same as those required by U.S. EPA. BABA requirements are only applicable to equivalency projects and the State Water Board is only proposing what's minimally necessary to meet the federal equivalency requirements. Staff are working with U.S. EPA and the WIFIA program to get clarification on applicability of BABA waivers from other U.S. EPA programs. For compliance guidance, the best source of general guidance is at the USEPA's site: https://www.epa.gov/cwsrf/build-america-buy-america-baba. DFA staff are available to answer any project specific questions applicants may have.</p>	None	Nick Blair, Andrea Abergel
13	7/24/2024	Tuolumne Utilities District	<p>1) Consider interconnections and master meter projects as a form of consolidation and allow them grant eligibility.</p> <p>2) TUD understands the need to reduce grant/pf incentives but priority should be given to improving inherited infrastructure of the subsumed system.</p>	<p>Staff appreciate the comments. The reason why DFA is not considering interconnections and master meter projects as consolidations is because they are not eliminating the smaller system. Many small community water systems struggle to meet minimum state and federal requirements to provide safe and reliable drinking water. Due to their smaller scale and limited resources, these smaller systems face many technical, managerial, and financial challenges and have difficulty maintaining long-term compliance. Infrastructure projects are increasingly costly, the technical complexity of compliance grows, and economic constraints are especially onerous for these systems. If an interconnection is needed to resolve a water shortage issue (Category C project), then it may be considered for grant/PF funding. However, the DWSRF application also requires a consolidation evaluation and if consolidation is determined to be feasible and the most sustainable solution by DFA, DFA will not provide grant/PF funding for the interconnection. Rather, grant/PF funding will only be available for the consolidation project. This helps ensure that the smaller water system isn't relying on grant/PF funds to help operate and maintain their system long-term.</p> <p>DFA is recommending increasing the maximum incentive grant a Receiving Water System may receive to \$1 million per consolidated community/water system. Staff are also proposing to include some flexibility so that the Deputy Director of DFA has the discretion to apply consolidation incentive limitations from the 2023-24 DWSRF IUP to projects that have a complete consolidation application and either a DWSRF General Application Package or Urgent Drinking Water Needs (UDWN) Application prior to adoption of the IUP.</p>	Increasing the maximum incentive grant a Receiving Water System may receive to \$1 million per consolidated community/water system. The Deputy Director of DFA will have the discretion to apply consolidation incentive limitations from the 2023-24 DWSRF IUP to projects that have a complete consolidation application and either a DWSRF General Application Package or Urgent Drinking Water Needs (UDWN) Application prior to adoption of the IUP.	Jeff Kerns
14	7/24/2024	California Water Association	<p>1) Update MOU between CPUC and SWRCB to clarify the grant application process for CPUC-regulated utilities</p> <p>2) Request inclusion in the State Revolving Fund Advisory Group (SAG)</p> <p>3) Allow CWA the opportunity to engage in a constructive dialogue to improve the Expedited Drinking Water Grant Program</p> <p>4) Allow water suppliers with multiple territories that collectively serve over 10,000 people to use the Alternative TMF Assessment Form</p>	Staff appreciate the comments. DFA is engaging with the California Water Association and some of its members, as well as the California Public Utilities Commission, on all items noted and will continue to collaborate on potential improvements.	None	Jennifer Capitolo
15	7/24/2024	San Francisco Public Utilities Commission	<p>1) Support \$50M cap</p> <p>2) Support decision to not apply for LSLR cap grant but encourage pursuit of funds next year if demand grows</p> <p>3) Encourage continued efforts to streamline application review process</p>	Staff appreciate the comment. DFA will apply for future LSLR capitalization grants as demand grows.	None	Ronald Flynn

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16	7/24/2024	City of Santa Cruz	<p>1) Requests flexibility in the maximum loan amount based on water affordability factors (population size, percent of homes under 80% statewide MHI, impact on bond ratings) and debt capacity</p> <p>2) Improved clarification and coordination for the BABA waiver between DWSRF and WIFIA. Specifically, the co-funded Graham Hill WTP project has received a BABA waiver through the WIFIA funding but not DWSRF</p>	<p>Staff appreciate the comment. DFA may consider alterations to the maximum loan amount in future IUPs.</p> <p>Although the federal Office of Management and Budgets did not revise the adjustment period BABA waiver for WIFIA, the change was made for SRF projects using funds appropriated after FFY 2023. DFA is working with the U.S. EPA to gain clarity on how to handle co-funded projects that previously received WIFIA funds under a BABA waiver.</p>	None	Heidi Luckenbach
17	7/24/2024	Self-Help Enterprises	<p>1) Expedite and prioritize consolidation funding to maintain strong support while all parties are motivated and engaged</p> <p>2) Improve consolidation incentive program for improved ease of access</p> <p>3) Include clean energy as a routine component of projects</p> <p>4) Recommend agreements (JPA or MOU) between systems to contract shared water operators, bookkeeping, and other staff needed to operate and maintain a system - sharing the expense creates cost efficiencies</p> <p>5) Recommend additional funding and/or additional time to request financial support or technical assistance associated with new testing requirements - specifically regarding EC</p> <p>6) Continued funding to help systems with limited TMF capacity</p> <p>7) Support systems to achieve long-term sustainability (e.g. SCADA, meters, distribution system replacements)</p> <p>8) Encourage DACs to incorporate climate change mitigation strategies by allowing applicants the feasibility of using renewable energy, energy efficient designs, and water conservation measures - this can help lower O&M costs and water rates, improve water management, and decrease overall climate impact</p>	<p>Staff appreciate your comments. We are doing our best to expedite and prioritize consolidations where we can and we continue to look for other process improvements to make our process easier and more streamlined.</p> <p>Because the incentive program is through the DWSRF program and possibly will include a loan, we need a complete DWSRF application for those funds. We also need to make sure that we aren't awarding the funds before knowing the actual consolidation will occur.</p> <p>DFA acknowledges the importance of projects that address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. However, due to limited grant/PF funds available this fiscal year, DFA is prioritizing projects that address risks to human health and ensure compliance with safe drinking water standards.</p> <p>DFA agrees that it may be beneficial for water systems to share resources and collaborate with other systems when possible.</p> <p>DFA staff will consider the opportunity to add scope or capacity to existing technical assistance provider agreements to allow for assistance to eligible small systems regarding testing requirements for emerging contaminants.</p> <p>DFA acknowledges the need to help smaller system with their TMF capacity and appreciates Self-Help Enterprises' assistance and dedication to helping these communities. Again, due to limited grant/PF funding being available, it is important to dedicate these funds to projects addressing risks to human health. Because many small community water systems struggle with TMF and maintaining long-term compliance, the State Water Board believes that consolidation is a promising solution for many of these systems. Therefore, we propose to continue to provide grant/PF funds for consolidation projects as well.</p> <p>One of the requirements of the Engineering Report is for applicants to include a detailed description on these items including detailed description of water quality, quantity, and utilization of</p>	None	Jessi Snyder
18	7/24/2024	Community Water Systems Alliance	<p>1) Use available funds to meet the most urgent priorities</p> <p>2) Simplify the application process and provide as much technical support as possible - many communities have limited resources and mid-sized systems have trouble qualifying for grant/pf</p> <p>3) Illustrate the cumulative cost and disparate effects of recently adopted state regulations (e.g. Cr VI) and designate sufficient funds to offset impacts of the most impacted systems</p>	<p>Staff appreciate the comments.</p>	None	Timothy Worley
19	7/24/2024	California Association of Mutual Water Companies	<p>1) All regulatory requirements be amended to incorporate a provision that compliance is subject to funding availability (borrowed from language of SB 552 Hertzberg)</p> <p>2) Address the cumulative impacts of legislative and regulatory requirements, especially for small systems</p> <p>3) Recommend dedicated funds for consolidation assessments</p> <p>4) Improve clarity of the progress made by the SAFER program - technical assistance</p>	<p>Staff appreciate the comments.</p> <p>DFA staff will refer the comment on incorporating a provision into regulatory requirements around funding availability to DDW staff. DFA will also engage in discussions with DDW on the cumulative impact of legislative and regulatory requirements.</p> <p>Certain consolidation assessments, for eligible systems, may be able to be completed through the technical assistance program.</p> <p>The progress of the SAFER Program is reported annually in each Fund Expenditure Plan (FEP) for the Safe and Affordable Drinking Water Fund. The most recent version of the FEP for FY 2024-25 will be considered by the State Water Board on August 20, 2024.</p>	None	Karina Cervantez
20	7/24/2024	Community Water Center, Clean Water Action, Leadership Counsel for Justice and Accountability	<p>1) Develop a higher per connection threshold for Domestic Well projects</p> <p>2) Include flexibility for consolidation incentives - allow deputy director to approve up to \$1M per consolidated system</p> <p>3) Support charging a fee in lieu of interest to increase assistance to DACs</p> <p>4) Support classifying PFAS and Cr VI as Category c</p>	<p>Staff appreciate the comments. The DWSRF program is for public water systems so funding for domestic wells would typically be to consolidate into a nearby system (consolidation project). DFA is proposing to increase the cost per connection from \$60,000 to \$80,000. In addition, the Deputy Director of DFA may approve up to \$100,000 per connection for good cause (up to \$120,000 per connection for projects addressing compliance with a mandatory consolidation order, or addressing a system with an appointed administrator).</p> <p>DFA is recommending increasing the maximum incentive grant a Receiving Water System may receive to \$1 million per consolidated community/water system. Staff are also proposing to include some flexibility so that the Deputy Director of DFA has the discretion to apply consolidation incentive limitations from the 2023-24 DWSRF IUP to projects that have a complete consolidation application and either a DWSRF General Application Package or Urgent Drinking Water Needs (UDWN) Application prior to adoption of the IUP.</p> <p>DFA is looking into potentially charging a fee in lieu of interest to make additional grant funds available to small DACs.</p>	<p>Increasing the grant/PF cost per connection maximum from \$60,000 to \$80,000. In addition, the Deputy Director of DFA may approve up to \$100,000 per connection for good cause (up to \$120,000 per connection for projects addressing compliance with a mandatory consolidation order, or addressing a system with an appointed administrator).</p> <p>Increasing the maximum incentive grant a Receiving Water System may receive to \$1 million per consolidated community/water system. The Deputy Director of DFA will have the discretion to apply consolidation incentive limitations from the 2023-24 DWSRF IUP to projects that have a complete consolidation application and either a DWSRF General Application Package or Urgent Drinking Water Needs (UDWN) Application prior to adoption of the IUP.</p>	Erick Orellana, Jennifer Clary, Elana Muroff