

**PROGRAM EVALUATION REPORT**  
**California Drinking Water and Clean Water State Revolving Fund Programs**  
**Based on the State Fiscal Year 2017 California Annual Reports**  
**On-site Reviews Conducted December 4-8, 2017**

**I. Executive Summary**

EPA conducted its annual review of the California CW and DWSRF programs in accordance with EPA's SRF annual review guidance. Based upon the transaction tests, file and program reviews and interviews, EPA concludes that the State of California has administered the program in compliance with the capitalization grant agreement. All financing executed by the California State Water Resources Control Board (State Water Board) assisted wastewater and water systems to maintain or bring them into compliance with federal and state clean water and drinking water requirements.

The review identified one required follow-up action.

- **American Iron and Steel** - *State Water Board needs to add an AIS certification to the file for the Lanare Community Services District project.*

**II. Introduction**

In accordance with the Safe Drinking Water Act and Clean Water Act, EPA provides funds to states to capitalize their Drinking Water State Revolving Fund (DWSRF) and Clean Water State Revolving Fund (CWSRF) programs, respectively. EPA is required to conduct an annual oversight review of each state's DWSRF and CWSRF program. The purpose of the annual review process is to assess the cumulative program effectiveness; fiscal health; compliance with the statutes and regulations; Operating Agreement; and grant conditions governing the state's DWSRF and CWSRF program.

To provide EPA with timely information on the progress and many accomplishments of the California SRF programs for the review period ending June 30, 2017, the State Water Board submitted to EPA a draft of the California DWSRF Annual Report November 2017. A final version of the California DWSRF Annual Report was submitted to EPA January 2018, and a final version of the California CWSRF Annual Report was submitted to EPA October 2017.

EPA conducted its annual on-site reviews of the two California SRF programs December 4-8, 2017. Staff from EPA visited the State offices to review selected project files and cash draws, and to talk with state staff about various aspects of the California SRF programs. To ensure that the annual review addressed all the major elements for the SRF programs, EPA staff completed the *SRF Annual Program Review Checklist* for each SRF program, **Attachment 1**.

Based on the California annual reports for SFY 2016/2017, evaluation conducted at EPA's office and the on-site visit, EPA has prepared this program evaluation report (PER) documenting the results of this year's annual review. The PER covers all program activities from the programs' inception to the present, with major emphasis on the activities performed during SFY 2016/2017. The PER evaluates the State's ability to achieve the intent of the DWSRF and CWSRF programs and comply with grant agreements. The PER contains findings and observations from the review and identifies follow-up actions to be addressed in SFY 2017/2018.

### **III. Background and Scope**

The California DWSRF uses federal capitalization grants, state match funds, loan repayments, and interest earnings to make loans for construction of drinking water treatment facilities and support several Safe Drinking Water Act programs. Since the program began in 1998 through June 30, 2017, the California DWSRF has executed 433 loans totaling approximately \$2.76 billion<sup>1</sup>.

The California CWSRF uses federal capitalization grants, state match funds, loan repayments, bond proceeds and interest earnings to make loans for construction of wastewater treatment facilities, the implementation of nonpoint source water quality control projects, and the development and implementation of estuary enhancement projects. Since the program began in 1988 through June 30, 2017, the State Water Board has executed 785 CWSRF loans totaling approximately \$10.6 billion<sup>1</sup>.

The California DWSRF and CWSRF programs are required to maintain the following program and financial elements, which EPA assessed during its review. Elements noted with an \* are discussed in Sections IV. and V. of this report, and may require a response from the State. The other elements were found to be acceptable and do not require further discussion.

#### **Required Program Elements**

- Annual/Biennial Report
- Funding Eligibility
- Compliance with DBE Requirements
- Compliance with Federal Requirements and Grant Conditions: i.e., Cross-Cutting Authorities, American Iron and Steel, Davis-Bacon, Additional Subsidy, and Green Projects Reporting\*
- Compliance with Environmental Review Requirements
- Operating Agreement
- Staff Capacity\*
- Set-aside Activity (DWSRF only)

#### **Required Financial Elements**

- State Match
- Binding Commitment Requirements
- Rules of Cash Draw (including improper payments) \*
- Timely and Expeditious Use of Funds\*

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<sup>1</sup> As of June 30, 2017, and as reported in the National Information Management System (NIMs)

- Compliance with Audit Requirements
- Assistance Terms
- Use of Fees
- Assessment of Financial Capability and Loan Security
- Financial Management

The scope of the annual review includes consideration of the legal, managerial, technical, financial and operational capabilities of the State Water Board to manage the California SRF programs.

EPA Region 9 used the SRF Annual Review Guidance, SRF Annual Program Review Checklist, Project File Review Checklist, Transaction Testing Checklist, and data collected in the National Information Management System (NIMS) for SRFs to ensure that all major elements of the program were reviewed and discussed with the California DWSRF and CWSRF management and staff.

In response to the Improper Payments Elimination and Recovery Act of 2012 the Office of Management and Budget through the EPA Office of the Chief Financial Officer directed that the State Revolving Funds be subject to testing of a random selection of SRF transactions to develop a national estimate of improper payments from these programs. For this review, EPA selected four DWSRF and four CWSRF program cash transactions totaling over \$31 million.

#### **IV. California DWSRF Program: Observations and Follow-up Actions**

EPA's review assessed program, financial and project management practices as they relate to the State's ability to effectively administer DWSRF program activities. This section presents EPA's specific observations and suggested or required follow-up action to be incorporated into future operations, annual reports, and/or management of the program. EPA will continue to meet regularly with the State to discuss these and other issues related to the California DWSRF.

##### **A. Program Management**

###### **1. DWSRF Set-aside Activity**

###### **Operator Certification and Capacity Development Program:**

EPA's review of State's operator certification and capacity development programs finds that the State Water Board has approvable programs, which it continues to improve to meet the needs of California communities. EPA's determination is largely based on reports submitted by the State Water Board for the two programs annually and on more comprehensive program reviews that EPA conducts periodically. Ongoing management discussions between State Water Board and EPA confirm that California is meeting the intent set forth in the Safe Drinking Water Act.

###### **PWSS Program:**

The Public Water System Supervision (PWSS) Program receives 10% of the DWSRF for program implementation. The State Board's Division of Drinking Water implements the PWSS program. EPA reviews usage of the DWSRF 10% set-aside via review of the PWSS grant. The 10% set-aside utilizes the same grant work plan as the PWSS grant. The 10% set-aside and the

PWSS grant account for less than 50% of the total operating budget of the PWSS program. This year's review resulted in no follow up actions with respect to the 10% set-aside usage.

## **2. Compliance with Federal Requirements and Grant Conditions - American Iron and Steel:**

To comply with American Iron and Steel requirements, the State Water Board must review certifications of compliance prepared by assistance recipients. This review generally takes place during the on-site project inspection conducted by the State Water Board project manager.

During EPA's on-site review of California's SRF programs, EPA noted that the Lanare Community Services District project file did not contain a copy of the AIS certification. The DWSRF inspection report form did not address AIS compliance. Moreover, when questioned by EPA during the on-site review, DWSRF staff appeared to be confused as to who was responsible for performing and completing a formal AIS inspection and report. The inspection report form used by the CWSRF, however, includes a checklist that directs the project manager to inspect for certain AIS requirements.

**Required Follow-up:** State Water Board must add an AIS certification to the file for the Lanare Community Services District project.

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

## **3. Staff Capacity**

Over the past several years, the State Water Board has initiated or enhanced program management activities, such as outreach and financial planning, and a broader spectrum of large and small systems and communities have turned to the DWSRF as a result. The demand for DWSRF assistance has increased substantially and appears likely to continue to increase. Since 2009, the DWSRF has greatly increased the annual dollar amount and number of executed assistance agreements. This robust performance is evidence of the dedication, determination, and strategic planning of the State Water Board's management and staff. However, this increase in requests for DWSRF assistance comes with additional workload and demands on staff. Current staffing levels at the State Water Board may be insufficient to support increasing demand, adequately handle the increased administrative and legal complexities related to the size and nature of the projects, provide essential customer service, and manage workload associated with processing disbursement claims and project management. Demand is also increasing in the CWSRF program.

**Recommended Follow-up:** Given the increasing demand for SRF financial assistance, EPA 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.

## **B. Financial Management**

### **1. Rules of Cash Draw and Improper Payments**

Cash draws from the federal treasury for DWSRF expenses must be based on eligible incurred project or set-aside costs. Any inconsistency between the eligible incurred costs, the allowable draw proportion, and amount drawn is considered an improper payment. As part of EPA's oversight of the DWSRF program, EPA reviews state cash draws to protect against waste, fraud and abuse, and to minimize and document improper payments.

To comply with the Improper Payments Elimination and Recovery Act 2012 and implementing requirements established by the Office of Management and Budget to evaluate improper payments, EPA is required to perform transaction testing of separate payments for state DWSRF funded transactions annually.

EPA tested 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. The details for each cash draw tested can be found in **Attachment 2**.

EPA also tests transactions to review the suitability of incurred project costs. EPA found that the State Water Board does an excellent and thorough job of scrutinizing the eligibility of DWSRF project construction, engineering/design, and administrative costs submitted for reimbursement, but that this review is not always well documented. Like EPA's observation in last year's PER, several of the calculations and notations documenting cost adjustments and reimbursements were confusing and difficult to authenticate. The reason(s) for and dollar amount of the claim adjustments were unclear and not easily tracked. In addition, the level of thoroughness and detail for each project claim adjustment varied from project to project. It was through the on-site discussions with the DWSRF disbursement analysts that EPA confirmed that the project claim adjustments were justified.

**Recommended Follow-up:** EPA 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 payment that would be available to anyone reviewing a project claim file.

EPA also recommends that the State Water Board revisit the functionality of its Loans and Grants Tracking System (LGTS) as a tool to track project budgets, record pay request details, and process claims. The size and complexity of the projects funded by the California DWSRF underscore a need for careful documentation of claims and project cost eligibility determinations. It is EPA's understanding that LGTS has the capability to track budgets by cost categories, allowing the system to compare the budgeted amount with the actual pay requests, and then letting the analyst document cost allowances or adjustments, but that California does not currently use this capability. The Illinois SRF programs use LGTS in this way. To learn more about how Illinois uses LGTS to streamline and expedite the disbursement and claims process,

we suggest you contact Ellen Perry at 217-782-2027 with the Infrastructure Financial Assistance Section, Bureau of Water, Illinois Environmental Protection Agency.

## 2. Timely and Expeditious Use of Funds

A State must agree to commit and expend all funds as efficiently as possible and in an expeditious and timely manner. Timely and expeditious use of the funds is critical to maximizing the use and effectiveness of DWSRF assets and in meeting the public health needs of the State per 40 CFR § 35.3550(1).

As developed through the State/EPA SRF Workgroup, several DWSRF financial performance indicators are incorporated in the DWSRF NIMS and used annually to measure the progress of the DWSRF program. These financial indicators serve as tools to help understand and assess state programs. In general, these indicators are used as a suite, and not individually. EPA considers all the indicators together to gain a comprehensive picture of the State's program. Because every state program is unique in structure and circumstances, it is often helpful to look at a state's performance year-to-year to note possible trends in addition to comparing the state's performance to national averages.

The DWSRF financial indicators for states that have not leveraged, such as California, show that California's SFY 2016/2017 DWSRF performance varies, see Table I. California continues to improve its performance and exceeds the national average for pace or fund utilization rate, set-aside spending rate, and unliquidated obligations (ULOs) as a percentage of federal capitalization grants. The two performance indicators where California DWSRF remains below the national average are disbursements as a percentage of assistance provided and return on federal investment.

**Table I. California DWSRF Performance Indicators from NIMS**

As of June 30, 2017 Performance Measures - Cumulative	DWSRF 2017		DWSRF 2016	
	California	National Average	California	National Average
Fund Utilization Rate (line 419)	109.6%	95%	113.1%	93.1%
Disbursements as a % of Assistance Provided (line 420)	75.5%	84%	69.9%	82.6%
Set-aside Spending Rate (line 424)	91.3%	90.6%	92.0%	88.9%
Return on Federal Investment (line 418)	121.6%	138.8%	113.8%	131.2%
ULO's as a % of Federal Cap Grants <sup>2</sup>	1.1%	2.1%	5.3%	3.9%

<sup>2</sup> data from EPA Compass Data Warehouse

- a. **Fund Utilization Rate:** Fund utilization rate or pace of the program represents the cumulative assistance committed as a percentage of cumulative SRF funds available for projects. It is one indicator of how quickly funds are made available to finance DWSRF eligible projects and reflects a state's ability to utilize funds in a timely and expeditious manner.

The California DWSRF has taken steps to improve its commitment and utilization of funds. It executed over \$181 million in assistance agreements in SFY 2016/2017, a decrease from the previous fiscal year of \$323 million. In turn, it executed 31 assistance agreements, an increase from the previous year when it executed 23. The NIMS report showed that the State Water Board increased its California DWSRF fund utilization rate progressively and substantially over the past several years. EPA commends the California DWSRF for improving its financial performance.

**Required or Recommended Follow-up:** None.

- b. **Use of Federal and Non-Federal Funds:** Funds that EPA has awarded to a state in a capitalization grant, but that the state has not yet drawn from the U.S. Treasury, are considered ULOs. EPA's DWSRF ULO reduction strategy, dated April 14, 2014, focuses on two key objectives: (1) liquidation of past years' grant funds, and (2) maintenance of lower levels of ULO in future years.

As of the date of this PER, the California DWSRF liquidated all funds from previous DWSRF grants, i.e., FY 2014 and prior years' funds, by the end of September 2017 as prescribed by the DWSRF ULO reduction strategy.

To maintain lower levels of ULO in future years, the strategy calls for states to completely draw down funds from new grants within two years of grant award. There is an exception within this objective with respect to set-aside funds. Some states may face challenges that could constrain their efforts to completely draw down set-aside funds within two years. In such instances, a state may request additional time to use set-aside funds (up to twelve months) from EPA.

The California DWSRF expects to liquidate grants within two years from the date of grant award except for some funds from the FY 2015 capitalization grant. During the on-site visit, the State Water Board expressed its intention to EPA to transfer approximately \$6.6 million from this grant's loan fund to the 15% local assistance set-aside as soon as possible to be in compliance with the ULO strategy.

The California DWSRF program made significant progress in its effort to quickly and efficiently expend funds and close-out federal capitalization grants. Table II illustrates the timely and expeditious use of federal funds and shows that the California DWSRF ULO as a percentage of the federal capitalization grants is at 1.1%, which is below the national average of 2.1%.



**Table II. California DWSRF ULO as of July 1, 2017**

State	All Funds (Project & SA)			Project Funds Only			Set Aside Funds Only			State
	Federal Cap Grants Awarded	Project & SA ULOs	ULOs as a % of Federal Cap	Project Funds Awarded	Project Fund ULOs	ULOs as a % of Project Fund	SA Awarded	SA ULOs	ULOs as a % of SA Awarded	
CA	1,782,586,058	19,357,388	1.1%	1,555,337,039	6,613,920	0.4%	227,249,019	12,743,468	5.6%	CA

While EPA is paying attention to ULOs, the requirement to expend funds in an efficient and timely manner applies to state match, repayments, interest, and other non-federal funds as well. EPA believes the State Water Board’s ongoing and strategic plans to implement progressive program improvements and cash management strategies will help it maintain a low rate of unspent federal and non-federal funds.

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

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

- c. **Disbursements as a Percentage of DWSRF Assistance – Based on Cumulative Activity:** While the fund utilization indicator reflects how quickly the California DWSRF commits funds to projects by signing assistance agreements, the disbursement rate reflects how quickly the California DWSRF disburses funds (i.e., federal cap grants, state match, and repayments) to systems. In SFY 2016/2017, the California DWSRF disbursement ratio was 75.5%, which is an increase from its previous year’s value of 69.9%. The State’s performance lags the national average of 84.0%. In the coming year, the State Water Board will focus on the successful use of the whole fund and the importance of not having large undrawn cash balances. As explained in the State’s Annual Report, the State Water Board is taking steps to approve and process disbursement claims within a time standard of 10 days.

**Recommended Follow-up:** As recommended in section IV. B.1 of this PER, EPA suggests that the State Water Board consider using LGTS as a tool to track project budgets, record pay request details, and ensure the timely processing of disbursement claims.

- d. **Set-aside Spending Rate – Based on Cumulative Activity:** Expressed as a percentage, this indicator reflects the rate at which set-aside funds are disbursed to assist state and local activities. For the California DWSRF, the 2017 NIMs report shows a value of 91.3%, which is above the national average of 90.6%. The spending rate improvement is in part a result of the State Water Board’s efforts to hire skilled staff to reconcile and manage these accounts, and budget coordination between the Public Water System Supervision (PWSS) grant work plans and the DWSRF set-aside work plans.



**Required or Recommended Follow-up:** None.

- e. **Return on Federal Investment:** This indicator represents the cumulative assistance disbursed as a percentage of cumulative federal cash draws, and is designed to show how many dollars in environmental investment have been generated for every federal dollar spent through the program. States with a direct loan program may have a value of between 80% and 120% during the early stages of the program, depending on the amount of set-aside funding taken by the state. The percentage, however, increases over time as repayments are generated and become available relative to the amount of federal and state match funding.

In SFY 2016/2017, the California DWSRF program had a cumulative return on federal investment of 121.6%, which means that for every federal dollar given to the California DWSRF, \$1.22 of environmental investments were created. This is an improvement from the previous year, when the return on federal investment was 113.8%, but below the national average for non-leveraged states of 138.8%. The program's performance suggests that a low cumulative amount of non-federal California DWSRF dollars were disbursed to eligible borrowers. However, EPA anticipates that the California DWSRF program will come more in line with the national average in the next one to two years as newly funded projects start to disburse funds rapidly.

**Required or Recommended Follow-up:** None.

### **C. Project File Review**

EPA's review of DWSRF project files found the projects to be eligible and in compliance with the program requirements. The project file review checklists for each of the projects listed below can be found in **Attachment 3**.

- **Lanare Community Services District; Assistance Amount \$3,580,000; Distribution System Replacement**

The project would intertie with the Riverdale Water System. There would be approximately 3 miles of pipeline required to connect the two systems.

**Required Follow-up:** As required in section IV. A.2 of this PER, the State Water Board must add an AIS certification to the file for the Lanare Community Services District project.

- **Gordon Acres Water Company Inc.; Assistance Amount \$468,000; Project 3600297-005P**  
Funding is for a public water system improvement planning project that involves the development of a feasibility study with the following components: well investigation; producing an engineering report; producing environmental documentation; conducting a land survey, mapping, and geotechnical investigation; producing plans and specs; and drilling a test hole. Current well shows repeated occurrences of contamination.

**Required or Recommended Follow-up:** None

## **D. DWSRF Follow-Up from Prior PER**

- 1. Non-critical field inconsistencies within the Project and Benefits Reporting (PBR) system.**  
As requested by EPA, the State Water Board corrected any errors or inconsistencies to its LGTS database and uploaded such corrections to the PBR system by September 30, 2017.
- 2. Full liquidation of the FY 2014 DWSRF Capitalization Grant.** In support of EPA's DWSRF ULO reduction strategy, the California DWSRF liquidated the remaining funds from the FY 2014 DWSRF capitalization grant, FS-98934914, by September 30, 2017.

## **V. California CWSRF: Observations and Follow-up Actions**

### **A. Financial Management**

#### **1. Rules of Cash Draw and Improper Payments**

Cash draws from the federal treasury for CWSRF expenses must be based on eligible incurred project costs. Any inconsistency between the eligible incurred costs, the allowable draw proportion, and amount drawn is considered an improper payment. As part of EPA's oversight of the CWSRF program, EPA reviews state cash draws to protect against waste, fraud and abuse, and to minimize and document improper payments.

To comply with the Improper Payments Elimination and Recovery Act 2012 and implementing requirements established by the Office of Management and Budget to evaluate improper payments, EPA is required to perform transaction testing of separate payments for state CWSRF funded transactions annually.

EPA tested 4 CWSRF cash transactions selected through random sampling with a total draw of \$13 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 two minor improper payments that had already been identified and corrected by the state. The details for each cash draw tested can be found in **Attachment 2**.

#### **CW Draw \$10,788,950.00; erroneous amount \$7**

- The draw consisted of several reimbursement requests from different projects. A reimbursement request from Valley Sanitation District on 3/14/2017 was processed and contained a \$1 overpayment that was identified and corrected in the next reimbursement request. A reimbursement request from Malibu on 3/28/2017 was processed and highlighted a \$6 overpayment. This overpayment occurred over multiple draws as the result of releasing a \$3 hold, two extra times. California identified and corrected this overpayment in a subsequent draw prior to EPA's review.
- **Resolution:** California has corrected these overpayments.
- **Recommended Follow-up:** California should continue conducting thorough reviews of reimbursement requests. EPA will provide financial analyst training for all Region 9 states in

2018. This will provide an opportunity for state staff to receive training and understand the role of claims processing and eligibility in the broader context of the SRF program. EPA recommends claims processing staff from the State Water Board attend this training when it is conducted.

**2. Timely and Expeditious Use of Funds**

California’s performance for the major CWSRF program financial indicators is above or within an acceptable range of the national average, as described in Table III. California also appears to be in full compliance with the CWSRF requirements for efficient, timely and expeditious expenditure of funds. The State is maximizing the use and effectiveness of CWSRF assets.

**Table III. California CWSRF Performance Indicators from NIMS**

As of June 30, 2017 Performance Measures - Cumulative	CWSRF 2017		CWSRF 2016	
	California	National Average	California	National Average
Fund Utilization (line 285)	117%	98%	113%	98%
Return on Federal Investment (line 307)	253%	272%	237%	263%
Retained Earnings (line 320)	22.1%	19.5%	22.3%	19.5%

- a. **Fund Utilization Rate:** Fund utilization rate or pace of the program represents the cumulative assistance provided as a percentage of cumulative SRF funds available for projects. It is one indicator of how quickly CWSRF funds are made available to finance projects. Table III. shows that California has done an excellent job in quickly converting CWSRF funds to loans for projects and exceeds the national average.

**Required or Recommended Follow-up:** None

- b. **Use of Federal and Non-federal Funds:** Table IV. shows the status of unspent capitalization grant funds as of June 30, 2017. The SWRCB has a history of successfully obligating all federal funds during the fiscal year in which they are appropriated. As of June 30, 2017, the SWRCB had one capitalization grant open with a total of \$75.9 million in unspent federal funds, which is 2.49% of total federal funds awarded to the state.

**Table IV. California CWSRF ULOs as July 1, 2017**

State	All Funds			State
	Federal Cap Grants Awarded	ULOs	ULOs as a % of Federal Cap Grants	
CA	3,052,583,918	\$75,909,032	2.49%	CA

The level of ULO is exceptional, as \$75.9 million is less than one capitalization grant. This indicates that the California CWSRF is anticipating federal grant awards and awarding assistance agreements such that when federal funds become available there is an immediate demand for them.

With respect to the utilization of non-federal dollars in the program, states are required to make timely loans using all available CWSRF funds for eligible projects. As stated in EPA Policy Memoranda, SRF 99-05 and SRF 99-09, one year is a reasonable time frame for expecting states to commit repayments and other available funds to CWSRF projects. The memoranda further clarify that in the event the state does not have sufficient projects ready to receive commitments, it must identify in its Intended Use Plan how and when the funds will be used. In the case of the California CWSRF program, the NIMs report shows that SWRCB has satisfactorily committed all available program funds to CWSRF projects within a year.

The exceedingly high fund utilization figure indicates that the State Water Board has committed all federal funds, repayments and bond proceeds.

**Required or Recommended Follow-up:** None

- c. **Return on Federal Investment:** Return on federal investment represents the cumulative assistance disbursed as a percentage of cumulative federal cash draws. This indicator is designed to show how many dollars of assistance were disbursed to eligible borrowers for each federal dollar spent. States with a direct loan program should have a value for this indicator of greater than 120%, which reflects the 20% state match of federal capitalization grants and the recycling of repayment dollars to new loans. States that leverage should have an even higher value because they have more funds available relative to the amount of federal funding than non-leveraged states. In California's case, the State CWSRF has exceeded the standard level of performance. The 237% return on investment is in part attributed to availability of more funds due to leveraging as well as loan repayments, interest and investment income being loaned out.

**Required or Recommended Follow-up:** None

- d. **Sustainability (Retained Earnings) Excluding Subsidy:** This indicator seeks to gauge how well the CWSRFs are maintaining their invested or contributed capital, without adjusting for loss of purchasing power due to inflation. For purposes of this indicator only, contributed capital is defined as the federal capitalization grant less the 4 percent allowed for administrative expenses, plus the required 20 percent state match regardless of the source (i.e., borrowed, appropriated, etc.). For those States that do not borrow for state match, like California, if the retained earnings of a CWSRF is greater than or equal to zero, then the CWSRF is deemed to be maintaining its contributed capital and the sustainability of the fund. The California CWSRF is exceeding the national average with a retained earnings calculation of 22.3%, thus indicating that the financial health of the fund is sustainable.

**Required or Recommended Follow-up:** None

## **B. Project File Review**

EPA's review of CWSRF project files found the projects to be eligible and in compliance with the program requirements. The project file review checklists for both projects listed below can be found in **Attachment 3**.

- **Palo Alto; Assistance Amount \$30,000,000; Project #8190-110**

The project is a sludge dewatering and truck loadout facility that would replace existing solids handling facilities and sludge incinerators. Facility components include belt filter presses, conveyors, storage bins, facility building, standby diesel generator, odor control and other ancillary equipment. Dewatered sludge would be transported to an offsite location for final processing.

- **Indian Wells Valley Water District; Assistance Amount \$200,000; Project #8152-110**

The project consists of a NO-DES pipeline flushing system that will allow the District to completely flush distribution mains while keeping the water within the mainlines, resulting in zero discharge from the mainline flushing program and saving millions of gallons of water per year.

**Required or Recommended Follow-up: None**

## **C. Follow-Up from Prior PER**

In the prior PER, EPA recommended the California CWSRF explain in the 2016/2017 Annual Report the reason for the low rate of disbursements as a percentage of CWSRF assistance and the steps it will take to optimize the rate of disbursements. EPA acknowledges that the California CWSRF program did include a discussion in the 2016/2017 Annual Report.

The denominator in this rate is the amount of assistance provided by the CWSRF. California has a very high fund utilization and has committed against funds it does not have on hand yet. This inflates the denominator and thus drives the rate of disbursements down compared to assistance. Looking at disbursements against funds available, as California indicated in the annual report, gives a better picture of how California is managing cash in and outflows. When compared to the actual dollars on hand California's disbursement performance (87%) exceeds the national average (86%).

EPA acknowledges and appreciates the aggressive approach to committing funds in California given the attention to cash flows. This ensures that federal and non-federal dollars are used for environmental and public health benefits.

**Required or Recommended Follow-up: None**

## **VI. Conclusions**

EPA conducted an annual review of the California DWSRF and CWSRF programs in accordance with EPA's SRF Annual Review Guidance. Based upon the file reviews, on-site project file reviews and

interviews, EPA concludes that the State of California met all program requirements for the review period, with one exception. The following required follow-up action should be addressed in the SFY 2017/2018 California DWSRF Annual Report:

- **American Iron and Steel** - *State Water Board needs to add an AIS certification to the file for the Lanare Community Services District project.*

## **VII. Attachments**

**Attachment 1** EPA Annual Program Review Checklist

**Attachment 2** Transaction Testing Worksheets

**Attachment 3** EPA Project File Reviews

**Attachment 1** EPA Annual Program Review Checklist





Annual Review Checklist  
Advance Preparation Section

ADVANCE PREPARATION

This section is intended to be completed by the reviewer prior to the onsite Annual Review. The items should be completed based on a review of the State's documents (IUP, Operating Agreement, Annual Report, SERP, Single and Independent Audit) and reports (CBR/PBR, NIMS, FFATA). The reviewer may also rely on knowledge and information gained from recent conversations with the State. The reviewer should make all efforts to complete this section in advance of the onsite Annual Review to allow limited onsite time to be spent on substantive discussions of SRF management and oversight. Reviewers should use knowledge gained from completing the Advance Preparation worksheet to inform and guide the discussions during the onsite Annual Review interviews.

State / Program / Review Year: California / CWSRF & DWSRF / SFY 17

Reviewer's Name: Josh Amaris, Juanita Licata

Yes No N/A

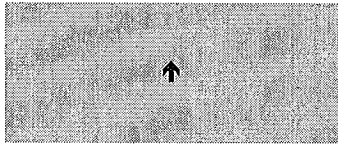
Notes

**Regional Preparation Action Items (Project Officer and/or Financial Analyst)**

Sources: 40 CFR §35.3130, §35.3135, §35.3140, §35.3150

The Project Officer or regional representative who will be onsite should review the state's documents and become familiar with all current processes and procedures, including the IUP, Annual Report, SERP, OA, and other state guidance documents or SOPs. The financial analyst who will be onsite should review, as relevant, all state financial documents including bond documents, COMPASS/NIMS reports, and independent and single audits

- 1 Please provide the date of submittal (for IUP & Annual Report) or date of last update (for OA, SERP, and financial documents) in the notes for the following documents:
  - a. Intended Use Plan & Project Priority List
  - b. Annual Report
  - c. Operating Agreement
  - d. State Environmental Review Procedures
  - e. Most recent independent and single audit (if applicable)
  - f. Most recent bond documentation (if applicable)
- 2 Analyst that will be addressed during the onsite review (e.g., High ULO levels, difficulty meeting stated program goals, etc.)



16 IUP 6/21/16, 17 IUP 6/20/17

Late 2012, posted on website.

completed and signed 6/26/17

10/30/2017

6/30/2017

Master Trust Indenture is posted on our Web site at [http://www.waterboards.ca.gov/water\\_issues/programs/grants\\_loans/srf/finalpolicy0513.shtml](http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/finalpolicy0513.shtml).

NA

**Implementing Federal Requirements**

Sources: SRF-14-01, EPA Regulations, 40 C.F.R. Part 33, EPA Crosscutter Policy Memo, Nov 5 2013, Capitalization Grant Conditions; EPA Signage Policy Memo, Final WRRDA Guidance of January 6, 2015, EPA American Iron & Steel Policy Memo, Mar 20 2014

Does the State use equivalency procedures for certain Federal requirements (FFATA, DBE, crosscutters, signage, A&E procurement [CW only])?

- a. FFATA Compliance
- b. DBE
- c. Federal crosscutter requirements
- d. EPA Signage Requirements
- e. A&E Procurement

How are equivalency projects selected?

Has the State developed processes for implementing recently-introduced Federal

- a. [CW ONLY] A&E services procurement requirement, WRRDA Section 602(b)(14)
- b. [CW/ONLY] Fiscal Sustainability Plans, WRRDA Section 603(d)(1)(E)
- c. [CW ONLY] Cost & Effectiveness, WRRDA Section 602(b)(13)
- d. American Iron and Steel [CW: WRRDA Section 608 - applies to all treatment works projects; DW: PL 113-235 - applies to all assistance agreements]

Yes	No
No	No
No	No
Yes	→

Pg 20 Annual report

All Projects must comply

All Projects must comply

All Projects must comply, in loan agreements, Martin Taylor does onsite inspections to verify.

equivalency: IUPs project which recipients likely to meet the requirements

large borrower capable of requirements

Yes

Yes

Yes

Yes

Yes

Board approved New policies on 2/17/15 to address requirement

Board approved New policies on 2/17/15 to address requirement

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Board approved New policies on 2/17/15 to address requirement

# Annual Review Checklist Advance Preparation Section

## ADVANCE PREPARATION

This section is intended to be completed by the reviewer prior to the onsite Annual Review. The items should be completed based on a review of the State's documents (UP, Operating Agreement, Annual Report, SERP, Single and Independent Audit) and reports (CBR/PBR, NIMS, FFATA). The reviewer may also rely on knowledge and information gained from recent conversations with the State. The reviewer should make all efforts to complete this section in advance of the onsite Annual Review to allow limited onsite time to be spent on substantive discussions of SRF management and oversight. Reviewers should use knowledge gained from completing the Advance Preparation worksheet to inform and guide the discussions during the onsite Annual Review interviews.

State / Program / Review Year: California / CWSRF & DWSRF / SFY 17	Reviewer's Name: Josh Amaris, Juanita Licata				Notes
Review Item and Questions to Answer	Yes	No	N/A		
e. Signage grant condition	Yes			Included in Loan contracts	
f. Davis-Bacon (CW: applies to all treatment works projects; DW: applies to all assistance agreements)	Yes			All Projects comply with Davis Bacon	
g. Affordability Criteria, WRRDA Section 603(i)(2)	Yes			Board approved New policies on 2/17/15 to address requirement	
<p>The Project Officer should send an email to the Grants Specialist (GS) and Grants Management Officer (GMO) requesting a response to the following questions. The GS and/or GMO should respond within one week. A negative response to the questions will require the State to work with the GS on a resolution.</p>					
4	Yes			Email from Grant specialist	
a. Has the State submitted timely DBE reports for all open SRF grants? Are any missing?	Yes				
b. Does the State have final or provisional negotiated rate agreements that span the budget periods of all open SRF grants? Note: The State is required to maintain a current rate throughout the life of the assistance agreement.	Yes			Email from Grant specialist	
c. Is the State submitting the 2 CFR 200 (formerly A-133) State-wide Single Audit Report in a timely manner? Are any missing?	Yes			Email from Grant specialist	
<p><b>1.3 Operating Agreement</b>  <i>Source: CWSRF Regulations 40 C.F.R. §35.3130(b)</i>                      Based on your knowledge of the State's program, does the OA reflect all current procedures and processes, including any changes to the SERP, use of bonds for leveraging/state match, sub-state revolving fund programs (i.e., nonpoint source sponsorships), WRRDA updates, or other significant program changes?</p>					
1	Yes			Once the SERP is revised The State and EPA will determine if the OA needs to be updated.	
<p><b>1.4 Green Project Reserve Requirements</b>  <i>Source: FY16 Continuing Appropriations Act, P.L. 114-53; SRF-13-03</i>                      [CW only] Review the CBR and Annual Report data for GPR projects with loans closed during the year under review. From the project descriptions provided, do the projects appear to be eligible GPR projects?</p>					
1	Yes				
a. Are the projects reported in the correct GPR category?	Yes				
b. [CW only] Has the State met the GPR requirement for the year under review?*	Yes				
2	Yes			NA	
[CW only] Were business cases posted to the state website, as required? (N/A if no GPR projects required business cases)	Yes			na	
a. Were the posted business cases complete and in accordance with guidelines? ( <i>Source: FY12 SRF Procedures, Attachment 2 - GPR Eligibility Guidelines</i> )	Yes			na	
3	Yes			na	
[DW only] Does the state have a "green" program? (GPR is discretionary for DWSRF post-2011 program years)	Yes			na	
a. If so, what types of projects are they funding?	Yes			na	
b. If so, are the projects reported in PBR? In the correct GPR category?	Yes			na	

\* The SRF Q&A document clarifies that States have two years to enter into an assistance agreement for GPR projects identified in the Intended Use Plan. If a project has not signed a loan agreement by the end of the second fiscal year, the State must include an explanation in the Annual Report along with anticipated milestones, and must meet those milestones by the end of the third fiscal year.

**Annual Review Checklist  
Advance Preparation Section**

**ADVANCE PREPARATION**

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State / Program / Review Year: California / CWSRF & DWSRF / SFY 17 Reviewer's Name: Josh Amaris, Juanita Licata

Review Item and Questions to Answer	Yes	No	N/A	Notes
<p><b>1.5 SRF Administration</b>                      Source: <i>Final WRRDA Guidance of January 6, 2015</i></p> <p>1 [CW only] Is the State using SRF administrative funds to administer the SRF program?                      a. if so, what method did the state use to calculate the portion of funds taken to cover administrative costs?                      [DW: see "DWSRF Set-Asides" tab]</p>	Yes	No	N/A	4% Annual report pg 17
<p><b>1.6 Compliance with Environmental Review Requirements</b>                      Sources: <i>CWSRF Regulations, 40 C.F.R. §35.3140; NEPA Regulations 40 C.F.R. Part 6</i></p> <p>1 Has the Project Officer received a current copy of the State's environmental review process and compared processes described in the SERP to other state program documents and past Annual Review materials, and through discussions with the State, to be able to determine that the State is following the SERP during project file review?</p> <p>2 Does the SERP provide an accurate and complete summary of the State's process and documentation requirements for issuing the following:                      a. Categorical Exclusion (CE) or the State equivalent?                      b. Environmental Assessment (EA)/Findings of No Significant Impacts (FONSI) or the state equivalent?                      c. Environmental Impact Statement (EIS)/Records of Decisions (ROD) or the State equivalent?                      d. How does the State ensure that public notices and meetings, as required by the SERP, are provided during the environmental review process?</p>	Yes	No	N/A	completed and signed 6/26/17
<p><b>1.7 Short and Long-Term Goals</b>                      What is the State's progress toward achieving the short and long-term goals listed in the IUP for the review year? Briefly summarize.                      Does the reviewer think that this progress has been adequate? Indicate any major areas of concern in the notes as necessary.</p>	Yes	No	N/A	Annual report talks to each of the short and long term goals specifically.
<p><b>1.8 Reporting</b>                      Source: <i>EPA FY12 SRF Procedures, EPA Grant Terms and Conditions</i></p> <p>1 Has the State entered data for all projects in the Annual Report into the CBR/PBR database?                      a. Are the records complete, to the extent possible?                      b. Are projects being entered in CBR/PBR within the end of the quarter in which the loan is signed?</p>	Yes	No	N/A	

Annual Review Checklist  
Advance Preparation Section

ADVANCE PREPARATION

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State / Program / Review Year: California / CWSRF & DWSRF / SFY 17 Reviewer's Name: Josh Amaris, Juanita Licata

Review Item and Questions to Answer Yes No N/A Notes

Assistance Terms

2.1 Sources: Final WRRDA Guidance of January 6, 2015, most recent SRF appropriations act

- 1 Does the program offer 30-year financing?  Yes  No  N/A
- 2 What are the criteria for providing additional subsidy? designated for GPR projects
- 3 Are assistance terms based on the useful life of the project [CW only]?  Yes  No  N/A
- 4 Is the amount and type of additional subsidy provided by the State consistent with the additional subsidy requirement for the year under review? (Record type and amount in the Notes column) Annual report breaks out on a yearly basis the requirements and how the State Board met them Pg 18

Use of Fees

2.2 Sources: Final WRRDA Guidance of January 6, 2015, 40 CFR Part 35 Guidance on Fees Charged by States to Recipients of Clean Water State Revolving Fund Program Assistance

- 1 If the State assesses fees on assistance, note the fee rate charged and on what basis (e.g., percentage of closing amount, principal outstanding, principal repaid, etc.) in the Notes column (if the State does not assess fees, note "N/A" in the Notes column) Percentage of principal outstanding, loans can be assessed a fee for SCG, Admin or both. The rate varies on all and is assessed on a case by case basis. Annual report shows what loans were assessed what fees and the amount.
- a. Describe how fee income is used by the program. For each use, indicate whether the fee income is program or non-program income. Small Community Grant fund: \$M and for Admin: \$M; this year, didn't see how much were used for each. Can you please let me know how much and program / non-program fees each fee use has its own fund and fund number
- 2 What are the State's procedures for accounting and reporting fee use? local match and excess state bond funds

2.3 State Match (Sources: 40 CFR Part 35: State Revolving Fund Implementation Regulations, EPA Standard Operating Procedure 2.3: Reviewing Use of Bonds for State Match and Leveraging)

- 1 What is the state's source of match?
  - a. If this is a different source than the state has used in the past, briefly describe any changes if bonds are issued for state match, and the SRF is used to retire these bonds, do the bond documents clearly state what funds are being used for debt service and security? NA
- 2 a. Has the State's current match bond structure been approved by EPA Headquarters?  Yes  No  N/A

Timely and Expeditious Use of Funds

2.4 Sources: 40 CFR §35.3125(d), SRF-99-05, SRF-99-09

- 1 annual report. Compare it to at least the last two years. Is the State's position strong or improving? This is a non issue: leveraged program thus demand is very high and appears to remain high into the future. NA
- 2 Data Warehouse. Compare it to at least the last two years. Is the State's position strong or improving? Improving NA

**Annual Review Checklist  
Advance Preparation Section**

**ADVANCE PREPARATION**

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State / Program / Review Year: California / CWSRF & DWSRF / SFY 17	Reviewer's Name: Josh Amaris, Juanita Licata	Review Item and Questions to Answer		Notes
		Yes	No	
<p>3 After completing the above trend analysis, is the State using its funds, from all sources, in a timely and expeditious manner?</p>				
<p>4 [DW Only] In reviewing the IUP, Annual Report and other financial data do you conclude:</p> <p>a. The state DWSRF is committing and spending all funds as efficiently as possible and in a timely and expeditious manner. If not, what specific issues do you identify?</p> <p>b. The state DWSRF expeditiously commits available funds to ready to proceed projects. If not, what specific issues do you identify?</p> <p>c. These projects move to construction in an efficient and timely manner. If not, what specific issues do you identify?</p> <p>d. Construction is completed and project funds are disbursed in an efficient, timely and expeditious manner. If not, what specific issues do you identify?</p> <p>e. Are there any uncommitted fund balances? If so, what are these balances and what is the reason they remain uncommitted? Are the issues captured in the HQ state policy matrix?</p> <p>f. Is the state making progress, as necessary, to comply with the DWSRF ULO reduction strategy? If not, what specific issues do you identify?</p>				
<p>5 [DW Only] Review the State's balance of non-federal cash or cash equivalents for the current year, using the annual financial statement audit or deriving from NIMS data. Compare it to at least the last two years. Is the State's position strong or improving?</p>				
<p><b>Financial Management</b></p> <p>2.5 Source: CWSRF Financial Risks: Program Objectives, Risk Analysis and Useful Tools (2013)</p> <p>1 Have all cumulative NIMS "Fund Analysis" indicators for the State shown good or improving performance in recent years, as compared to the national averages?</p> <p>2 What are the State's leveraging activities described in the IUP, Annual Report and bond documents (such as ratio, frequency, amount, use of funds, impact on interest rates, etc)? (N/A if the state does not leverage) Briefly summarize.</p>				
<p><b>Compliance with Audit Requirements</b></p> <p>2.6 Source: 40 CFR §35.3165</p> <p>Note: All questions apply to the independent audit and Single Audit</p> <p>1 Are annual independent audits being conducted by an independent auditor, in addition to the State Single Audit?</p> <p>a. Who conducted the most recent audits? Note date of most recent audits in Notes column.</p> <p>b. Did the program receive an unqualified opinion in one or both audits? If a qualified opinion was given, note the reason(s) in the Notes column</p>				

yes  in the past year \$450M in new bonds were issued. This was to meet the growing demands on the CWSRF. staff continuously monitor cash flow to determine leveraging needs and appropriateness

Both audits are done by the same auditing firm: single audit and financial audit reported together  
Clifton Larsen Allen LLP 10/2/17

NO

Annual Review Checklist  
Advance Preparation Section

ADVANCE PREPARATION

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State / Program / Review Year: California / CWSRF & DWSRF / SFY 17	Reviewer's Name: Josh Amaris, Juanita Licata			
Review Item and Questions to Answer	Yes	No	N/A	Notes
c. Were the audits clear of findings? If no, describe the findings and resolutions in the Notes section and follow up as necessary onsite.	Yes			
d. Are the financial statements in conformance with GAAP?	Yes			
2. Were the audits free of any negative comments or issues regarding the State's SRF internal control structure? If no, list any problem areas identified.	Yes			
a. Were the audits clean from any improper payments/cash draws/disbursements? If no and improper payments were identified, what was the reason and amount of the improper payment?	Yes			
3. Is the most recent audit free of any repeat findings (from previous audits)?	Yes			
4. Did the most recent audits find state cash management and investment practices consistent with State law, policies, and any applicable bond requirements?	Yes			
2.7 Cash Draws & Transaction Testing Sources: 40 CFR §35.155(d)(5), SRF 13-04				
1. As stated in the IUP, what proportionality ratio is the State using for cash draws?				100%
a. Is this the appropriate/correct ratio based on EPA memo SRF 13-04?	Yes			
2.8 [DW Only] DWSRF Withholding Determinations				
1. Did the Regional Capacity Development and Operator Certification Coordinators review the state's ongoing implementation of these programs?			NA	
2. Is there a memo in the file (or other notation of record) documenting that EPA has determined that the state is implementing its capacity development strategy and no withholding will be necessary?			NA	
3. Is there a memo in the file (or other notation of record) documenting that EPA has determined that the state is implementing its operator certification strategy and no withholding will be necessary?			NA	



## Annual Review Checklist Programmatic Section

### Required Program Elements

State / Program / Review Year: California / CWSRF & DWSRF / SFY 17	Reviewer's Name: Josh Amaris, Juanita Licata			Onsite Discussion Summary
Review Item and Questions to Answer	Yes	No	N/A	
<b>1.4 SRF Administration</b>				
1	Was staffing for the year in review sufficient to manage the program?			
	Yes			
2	a. Does the state find that staffing levels will be adequate in the upcoming program year?			
	Yes			
	b. What is the State C/DWSRF program's current situation with regard to hiring and training new staff?			
	Yes			
	c. Lance, are there any specific positions you are trying to fill. I had two last year. Or is there anything else you would like to highlight here?			
	Yes			
<b>1.5 Compliance with Environmental Review Requirements</b>				
<i>Source - CWSRF Regulations, 40 C.F.R. §35.3140; NEPA Regulations 40 C.F.R. Part 6</i>				
1	Has the State made any updates or changes to the Environmental Review process that are not reflected in the SERP?			
	Yes			
	a. [CW Only] Replacing the Tier II process with an environmental review process substantially equivalent to NEPA (for States with a Tier II environmental review)			
	Yes			
	b. Implementing a streamlined cross-cutter review consistent with EPA's November 5, 2013 memo ( <i>Source: EPA Crosscutter Policy Memo, November 5, 2013</i> )			
	Yes			
2	Were any of the projects funded during the review year subject to public controversy or documented public concerns? [Note: List any projects for which public controversy occurred, even if they were not reviewed during the onsite review.]			
	Yes			
	a. If yes, did the state have the ability to adequately address the controversy?			
	Yes			
	b. Is the controversy resolved? If no, discuss any ongoing issues or concerns.			
	Yes			
<b>1.6 Compliance with Federal Cross-Cutting Authorities (Cross-Cutters)</b>				
<i>Sources: EPA Crosscutter Memo, November 13, 2015, Civil Rights Act Title VI, SRF-14-02, CWSRF Regulations 40 C.F.R. §35.3145</i>				
1	Were any issues requiring formal consultation with other State or Federal agencies resolved? ( <i>N/A if no formal consultations occurred</i> )			
	Yes			
	a. Does the state have an adequate process for resolving issues with State or Federal cross-cutter agencies?			
	Yes			
	Has state been effective in implementing DBE requirements and communicating the requirements to assistance recipients? If no, briefly describe any challenges or problems encountered.			
	Yes			
3	Does the State ensure that the assistance recipient complies with Civil Rights requirements by:			
	a. Providing initial and continuing notice that is not discriminate on the basis of race, color, national origin, sex, age, or disability in its programs or activities?			
	Yes			
	b. Providing appropriate policies or procedures to provide access to its services for persons with limited English proficiency?			
	Yes			
	c. Instituting grievance procedures to assure the prompt and fair resolution of complaints when a violation of Title VI of the Civil Rights Act or Title 40 CFR Part 5 or 7 is alleged?			
	Yes			

## Annual Review Checklist Programmatic Section

### Required Program Elements

State / Program / Review Year: California / CWSRF / DWSRF / SFY 17      Reviewer's Name: Josh Amaris, Juanita Licata

Review Item and Questions to Answer      Yes      No      N/A      Onsite Discussion Summary

#### Implementing Federal Requirements

1.1 Sources: Final WRRDA Guidance of January 6, 2015, EPA American Iron & Steel Policy Memo, Mar 20 2014, EPA Capitalization Grant Conditions; EPA Signage Policy Memo

Has the State's process for implementing the following requirements remained the same since the last Annual Review?

- a. [CW ONLY] A&E services procurement requirement (WRRDA Section 602(b)(14))
- b. [CW ONLY] Fiscal Sustainability Plans (WRRDA Section 603(d)(1)(E))
- c. [CW ONLY] Cost & Effectiveness (WRRDA Section 602(b)(13))

d. American Iron and Steel (WRRDA Section 608) (applies to all treatment works projects) (DW)  
 e. State Environmental Review Process  
 f. Davis-Bacon (CW applies to all treatment works projects; DW: applies to all assistance  
 g. Signage Requirements  
 h. Affordability Criteria, WRRDA Section 603(i)(2)  
 i. Other Federal Requirements

[CW Only] Is the State adequately implementing the new WRRDA amendments or other Federal requirements without problem or major incident? If no, discuss these challenges and how EPA may be able to help.

#### 1.2 Operating Agreement

Have any recent changes been made to the State's program or processes that would necessitate updates to the Operating Agreement?

- a. [CW Only] Does the State plan to update the OA to include changes resulting from WRRDA?
- b. If the OA does require an update, did the Region & State agree to a plan for updating (i.e. adding an amendment, using examples from other states, etc.)?

#### 1.3 Green Project Reserve Requirements

Source - FY16 Continuing Appropriations Act, P.L. 114-53; SRF-13-03

If the State has not met the GPR requirement for the year under review, what is their plan to meet the requirement?

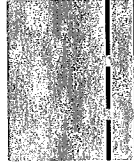
- a. If the State identified carryover GPR projects in the Annual Report, what actions is the State taking to ensure that these projects have an assistance agreement by the end of the fiscal year?
- [CW only] Is the State's current process for marketing and solicitation of GPR projects adequate for identifying a sufficient number of GPR projects?

a. If no, does the State plan to revise their marketing and solicitation process?

\*States have two years to enter into an assistance agreement for GPR projects identified in the Intended Use Plan. If a project has not signed a loan agreement by the end of the second fiscal year, the State must include an explanation in the Annual Report along with anticipated milestones, and must meet those milestones by the end of the third fiscal year.

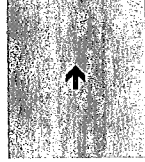
Yes			Board approved New policies on 2/17/15 to address requirement
Yes			Board approved New policies on 2/17/15 to address requirement
Yes			Board approved New policies on 2/17/15 to address requirement
Yes			Board approved New policies on 2/17/15 to address requirement completed and signed 6/26/17
Yes			Standard loan contract language
Yes			Board approved New policies on 2/17/15 to address requirement
Yes			
Yes			

Yes



NA

state is planning to test out a new approach to managing workflow of loan applications in the coming year. When the state settles on how best to handle the process EPA will review the possibility of needing to update the OA with the state  
 not at this time



NA

NA

Yes

NA

Annual Review Checklist  
Programmatic Section

Required Program Elements

State / Program / Review Year: California / CWSRF & DWSRF / SFY 17 Reviewer's Name: Josh Amaris, Juanita Licata

Review Item and Questions to Answer	Yes	No	N/A	Onsite Discussion Summary
<b>Funding Eligibility</b>				
<i>Sources: CWSRF Regulations, 40 C.F.R. §35.3155 and §35.3160, Final WRRDA Guidance of January 6, 2015</i>				
1.7 How does the State ensure that SRF funds do not go to ineligible projects or ineligible expenses? [CW only] If not currently doing so, will the State attempt to fund projects in all eleven categories made eligible by WRRDA?	→			application review The state historically funded all projects eligible and ready to proceed. This may change in the near future
2 a. If no, what challenges or limitations exist to funding new eligibilities?	→			Lack of interest or potentially knowledge in the borrower community. If no entities seek funding for an eligibility, the state obviously will not be funding it then.
b. Does the state anticipate any significant changes to eligibilities in the foreseeable future? Describe any changes needed.				No
3 [DW only] How does the State ensure that systems in significant noncompliance with any National Primary Drinking Water Regulations are not receiving assistance, except to achieve compliance?	→			NA
<b>Programmatic Risks</b>				
1.8 What in the State's view are the main programmatic risks facing the program, and what steps are being taken to avoid and/or mitigate them?	→			Very High demand: messaging
2 In the Region's view, are there other areas of programmatic risk that the State should be considering? If so, have these been discussed and addressed during the review?				No
<b>American Iron and Steel Requirements</b> <i>Source: EPA American Iron &amp; Steel Policy Memo, March 20, 2014</i>				
1.9 Did the State include the American Iron and Steel requirements in assistance agreements?	Yes			Standard loan terms and Martin reviews the bid package specifically for DB and AIS
2 What is the State's process for ensuring that the American Iron and Steel requirements are included in bid documents and construction contracts?	→			Martins onsite review verifies, and PM's collect certs from entities.
3 What is the State's process for collecting or reviewing certifications of compliance with the American Iron and Steel requirements from all assistance recipients?				
4 Has the State issued any non-compliance letters to assistance recipients? If so, please provide a short summary list.	no			
1.10 [DW only] DWSRF Withholding Determinations				
1 How does the State assess any proposed new systems regarding TMF capacity?	→			NA
1.11 [DW only] DWSRF, PWSS, and Enforcement Coordination				

**Annual Review Checklist  
Programmatic Section**

**Required Program Elements**

State / Program / Review Year: California / CWSRF & DWSRF / SFY 17		Reviewer's Name: Josh Amaris, Juanita Licata		
Review Item and Questions to Answer	Yes	No	N/A	Onsite Discussion Summary
1 Do the State DWSRF and PWSS Programs coordinate and regularly interact at the management and operational levels to ensure operation of both programs in a mutually reinforcing manner? Is there a Memorandum of Agreement or other documentation delineating the mutual expectations and responsibilities of each program?			NA	
2 Do staff of each program express satisfaction with the coordination between the programs and can they cite examples of successful coordination?			NA	
3 Does the DWSRF coordinate and consult with the PWSS Enforcement Program in identifying potential IUP projects? (e.g., utilize the ETT scores)			NA	
4 Are specific efforts made by the DWSRF Program to solicit assistance applications from systems identified by the PWSS Enforcement Program as needing infrastructure investment?			NA	
5 Do the DWSRF, PWSS, and Enforcement Programs coordinate in deciding the nature of set-aside assistance to be offered to systems facing compliance and/or enforcement issues?			NA	
<b>Reporting</b>				
1.12 Source: EPA FY12 SRF Procedures, EPA Grant Terms and Conditions				
1 Has FFATA data been entered into fhrs.gov for projects in an amount equal to the capitalization grant?	Yes			Exhibit in Annual report. Sacramento Regional project

Annual Review Checklist  
Financial Section

Required Financial Elements

State / Program / Review Year: California / CWSRF & DWSRF / SFY 17		Reviewer's Name: Josh Amaris, Juanita Licata			
Review Item and Questions to Answer		Yes	No	N/A	Onsite Discussion Summary
<b>Assistance Terms</b>					
<b>2.1 Sources: Final WRRDA Guidance of January 6, 2015, most recent SRF appropriations act</b>					
1	What is the State's process for evaluating the project's useful life for the purposes of setting the loan term?				During the Technical review they ask for and evaluate the useful life
2	How does the State periodically evaluate terms of assistance offered relative to the supply and demand for funds and the Fund's long-term financial health?				Bi-monthly finance meetings: review the cash flows of the fund with respect to supply/demand.
3	How does the State make decisions about allocating additional subsidy (i.e., whether to allocate based on affordability or other reasons, what affordability criteria to use, etc.)?				GPR
	a. If the State is providing subsidy in the form of grant funds, do assistance agreements require compliance with EPA regulation 40 CFR Part 31?				Principal forgiveness
<b>Use of Fees</b>					
<b>Sources: Final WRRDA Guidance of January 6, 2015, 40 CFR Part 35 Guidance on Fees Charged by States to Recipients of Clean Water State Revolving Fund Program Assistance</b>					
1	Discuss with the State its overall position regarding its fee structure, especially in regards to the following:				
	a. Is the annual fee income adequate for the State's administrative expenses and other intended uses?				Admin is covered by the 4% allowance and Fees. Fees also are collected to operate the Small Communities Grant fund.
	b. Are there policies or procedures in place to prevent a large balance being accumulated in the fee account with no intended purpose?				the state reports out the sources and uses of fees in the annual report
	c. How often does the State re-consider its fee rate?				On an annual basis and established in the IUP
<b>State Match</b>					
<b>Sources: 40 CFR Part 35: State Revolving Fund Implementation Regulations, SRF 13-04</b>					
1	Is the state's source of match sufficient to provide the 20% match now and into the foreseeable future?				CA in \$99.1M overmatched
2	For those grants fully drawn during the year under review, do the State's accounting records indicate that the required match has been deposited and disbursed as required?				CA in \$99.1M overmatched
<b>Timely and Expeditious Use of Funds</b>					
<b>Sources: 40 CFR 635.3135(d), SRF-99-05, SRF-99-09</b>					
1	If the State needs to improve its use of funds to ensure timely and expeditious use of funds available from all sources, what is the State's plan to do so?				NA
	a. If the state was required to develop a plan demonstrating timely and expeditious use of funds, what progress is being made on meeting this plan?				NA

Annual Review Checklist  
Financial Section

Required Financial Elements

State / Program / Review Year: California / CWSRF & DWSRF / SFY 17

Reviewer's Name: Josh Amaris, Juanita Licata

Review Item and Questions to Answer	Yes	No	N/A	Onsite Discussion Summary
<b>Financial Management</b>				
<b>2.5 Source: CWSRF Financial Risks: Program Objectives, Risk Analysis and Useful Tools (2013)</b>				
1. What are the State's short and long-term financial goals and how is the State's financial management designed to achieve these goals? Discuss with the state and summarize in the PER.				See annual report for list of long and short term goals as well as a discussion
a. Does this plan include steps to address any recently identified areas of financial risk identified by the state or region (e.g. improper payments, ULOs)?			NA	
2. What is the State's long-term financial plan to direct the program?				In the IUP with quarterly updates as projects are realized
a. How often is the plan reviewed and updated?				Yes
b. Was financial modeling used to develop the plan? How was modeling conducted?				Yes
c. Does planning address types of assistance and terms, use of leveraging, and transfers or cross-collateralization between programs?				
3. Are issues related to loan restructuring, the potential for defaults, and the timeliness of loan repayments being handled adequately by the State? (Check N/A if there are no issues, and provide details if there are issues)			NA	
4. Are net bond proceeds, interest earnings, and repayments being deposited into the fund?	Yes			
<b>2.6 Compliance with Audit Requirements</b>				
<b>Sources: 40 CFR 835.3165, 2 CFR 200 Subpart F</b>				
Does the State have an independent audit conducted of the Financial Statements of the Fund?				
1. a. What was the time period covered by the audit that was available at the time of the review?				7/1/16-6/30/17 and 7/1/15-6/30/16
b. Has the State planned corrective actions for any findings included in this Financial Statement Audit?			NA	
c. Have any audit findings from the prior year been resolved?			NA	

Annual Review Checklist  
Financial Section

Required Financial Elements

State / Program / Review Year: California / CWSRF & DWSRF / SFY 17		Reviewer's Name: Josh Amaris, Juanita Licata	
Review Item and Questions to Answer	Yes	No	Onsite Discussion Summary
<p>2 Does the State have a Single Audit conducted of the Fund? (This may be part of the Statewide Single Audit)</p> <p>a. What was the time period covered by the audit that was available at the time of the review?</p> <p>b. Has the State planned corrective actions for any findings included in this Single Audit?</p> <p>c. Have any audit findings from the prior year been resolved?</p> <p>3 What is the State's process for the following:</p> <p>a. Complying with subrecipient monitoring audit requirements? Is the requirement applied to only equivalency projects or all projects that expended more than \$750,000 in federal funds?</p> <p>b. Obtaining/reviewing subrecipient single audits?</p> <p>c. Following up with subrecipients to resolve findings, as needed?</p> <p>d. How does the State notify recipients of the single audit requirements; if they expended more than \$750,000 in federal funds?</p>	<p>→</p>	<p>N/A</p> <p>N/A</p>	<p>7/1/16-6/30/17</p> <p>Accounting advises financing recipients of all disbursements that include federal cap grant \$. The Single Audit threshold is 750,000 federal \$ regardless of the program source. Financing recipients may also receive federal \$ from other programs, but would still have to do a Single Audit if they received &lt;\$750,000 federal from the CSWRCB if the total fed \$ from all sources if more than \$750,000 federal. Submitted to state controllers office who review it. If there are findings the controllers office send them to the water board for reconciling. Then after issue is addressed it is sent back to the controllers office.</p> <p>Submitted to state controllers office who review it. If there are findings the controllers office send them to the water board for reconciling. Then after issue is addressed it is sent back to the controllers office.</p> <p>Accounting send a notice at the end of the SFY if an entity receives any Federal \$</p>
<p>2.7 Cash Draws &amp; Transaction Testing</p> <p>Sources: 40 CFR §35.3155(d)(5), SRF 13-04</p> <p>Are the State's disbursement process and internal controls adequate to ensure that disbursements adhere to the Federal cash draw rules? (The reviewer should use their best judgement to answer this question based on a discussion with the State. For DWSRF, where available, reviewers should use the State internal control walk through provided by HQ)</p>	<p>→</p>	<p>Yes</p>	<p>92.3% of disbursement requests are processed and receive a warrant within 30 days of the acceptable date. 325 disbursement requests were processed between 7/1/15 and 6/30/16.</p>



Annual Review Checklist  
Financial Section

Required Financial Elements

State / Program / Review Year: California / CWSRF & DWSRF / SFY 17

Reviewer's Name: Josh Amaris, Juanita Licata

Review Item and Questions to Answer	Yes	No	N/A	Onsite Discussion Summary
<p>Have all payments made by the State been correct and proper? (If no, indicate any improper payments detected by the state and what corrective actions that have been taken in the Onsite Discussion column and if necessary elaborate in the PER)</p> <p>a. Were all improper payments adequately resolved?</p> <p>b. If improper payments occurred as a result of internal control deficiencies, how will the State review and/or modify its internal controls to decrease the potential for improper payments to occur in the future?</p>	Yes			2 very small erroneous payments were made and were caught by the boards internal processes and corrected.
<p><b>2.8 Assessment of Financial Capability and Loan Security</b> Sources: 40 CFR 35.3120(v), 40 CFR 35.3115</p> <p>1 [CW Only] Does the State have procedures for assessing the financial capability of assistance recipients? What are the major components of the procedures?</p> <p>2 [DW Only] What is the State's process for determining system TMF capacity prior to signing an assistance agreement?</p> <p>a. Have any systems in the last year been denied assistance on the basis of lacking TMF capacity? If so, provide details.</p>	Yes			Tab 4 in master loan files include the exhaustive financial capability review
<p><b>2.9 Financial Risks</b> Sources: 40 CFR 35.3115, CWSRF Financial Risks: Program Objectives, Risk Analysis and Useful Tools (2013)</p> <p>What in the State's view are the main financial risks facing the program, and what steps are being taken to avoid and/or mitigate them?</p>				<p>1) Inability to maintain a positive cashflow.</p> <p>a. This is mitigated through active cashflow modeling and leveraging.</p> <p>2) Non-award of future capitalization grants</p> <p>a. Award of future capitalization grants are not factored into cashflow modeling.</p> <p>b. Program does not depend on capitalization grants to fund administrative support cost, but rather a service charge/fee in lieu of interest on certain loans to fund program administration.</p>

DWSRF Set-Asides

State / Program / Review Year: California / CWSRF & DWSRF / SFY 17	Reviewer's Name: Josh Amaris, Juanita Licata	Yes	No	N/A	Onsite Discussion Summary
<b>3.1 General Set-Aside Funding</b>					
1 Did the State submit a workplan for set-aside activity that includes the amounts reserved, activity descriptions, goals and milestones?					
				NA	
2 a. Does the authority to establish assistance priorities and carry out oversight and related activities (other than financial administration) remain with the state PWSS program?					
				NA	
b. Are federal cross-cutters and the SERP considered in set-aside activities (other than administrative activities)?					
				NA	
3 Did EPA approve any significant changes to planned activities and/or budgets from what was originally described in its work plans? N/A if no significant changes were made.					
				NA	
4 a. If so, has the State amended its work plan(s) and submitted it (them) to EPA for approval?					
				NA	
b. Are set-aside funds attached to specific projects with a schedule?					
				NA	
5 a. Were success measures identified and reported for each project?					
				NA	
b. Is the State making adequate progress towards milestones?					
				NA	
c. Were all set-aside project schedule milestones achieved in the past year?					
				NA	
6 Since the workplan is only a plan, is the State doing the projects outlined in their workplan? If not, what other projects are they conducting?					
				NA	
<b>3.2 General Account Management</b>					
1 Does the State account for each of the set-asides separately as required by [insert cite regulation]?					
				NA	
2 a. For loans made under 1452(k), are principle and interest repayments kept in a separate dedicated account?					
				NA	
b. Does the State subject the 1452(k) account to the same management oversight requirements as the Fund?					
				NA	
<b>3.3 Specific Set-Aside Requirements</b>					
1 For the State activities that are proportionally funded with set-aside funds, is the proportion appropriate?					
				NA	
2 a. Is the proportion charged to set-asides documented by employee timesheets or other similar method?					
				NA	
3 Based on discussions with State managers, were set-aside funds used for eligible purposes?					
				NA	
4 If transaction testing included set-aside draws, were costs for eligible purposes? (n/a if set-asides were not included in the selected cash draws)					
				NA	
5 Is adequate progress being made on the set-aside workplan(s) including success measures and milestones?					
				NA	
6 Did the State implement technical assistance activities under the administration set-aside as detailed in the work plan(s)?					
				NA	

Annual Review Checklist  
 DWSRF Set-Aside Section

Review Item and Questions to Answer	Yes	No	Onsite Discussion Summary
6 Has the State matched State Program Management expenditures with at least an equal amount of State funds or in-kind services (including up to 50% from credit for State funds expended for the PWSS program in fiscal year 1993)?	---	NA	
a. Did the State document how it has met its match requirement?	---	NA	

Annual Review Checklist  
Sustainability Section

EPA's Clean Water and Drinking Water Infrastructure Sustainability Policy: Discussion Questions

State / Program / Review Year: California / CWSRF & DWSRF / SFY 17

Reviewer's Name: Josh Amaris, Juanita Licata

Review Item and Question to Answer Yes No N/A Onsite Discussion Summary

For additional information and guidance on these topics, please refer to the SRF Sustainability and Climate Change Guide

4.1 Sustainability

Source: EPA's Clean Water and Drinking Water Infrastructure Sustainability Policy

How does the State encourage the use of asset management programs? Does the

1 State's Project Priority List (PPL) include projects that emerged as a result of an asset management program?

2 How does the State encourage planning processes by potential SRF recipients that:

a. include steps to consider other relevant community sustainability priorities from other sectors, such as transportation and housing?

b. evaluate a range of alternatives, including green and/or decentralized (for CW) or restructuring (for DW) alternatives, based on full life-cycle costs?

c. ensure that potential recipients have a financial system in place, including appropriate rates, to ensure that future projects will be funded, operated, maintained and replaced over time, with appropriate considerations for low income households?

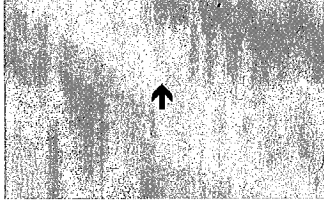
3 Does the State's project pipeline include projects that utilize green infrastructure or decentralized approaches as an integral part of the treatment process? Describe any activities that the State uses to encourage these types of projects.

4 (DW only) Does the State's project pipeline include projects that utilize consolidation, partnership or regionalization approaches? Describe any activities that the State uses to encourage these types of projects.

5 Does the project pipeline include projects that maintain or create additional green space? Examples could include riparian buffer zones or conservation easements.

Describe any activities the State uses to encourage these types of projects.

6 Does the project pipeline include projects that make us of technologies and practices to reduce energy and/or water consumption, and use energy in a more efficient way, and/or produce/utilize renewable energy? Describe any activities the State uses to encourage these types of projects.



extra prioritization points if the entity conducts Asset management plans: general application form sustainability section

extra prioritization points : general application form sustainability section

extra prioritization points : general application form sustainability section

The Financial review in the application process looks at funding sustainability for future CIP and O&M.

Water Recycling

no

na

extra prioritization points : general application form sustainability section

NA


Water recycling, VFD, and catagorical energy and water saving approaches

Yes

Annual Review Checklist  
Sustainability Section

4.2 Resiliency to Extreme Events and Climate Change  
1. Is there a state climate change or adaptation plan?

In SFY 2017, the is a plan to develop a resolution for the SWRCB that will establish a strategy for all SWRCB programs to address climate change and adaptation. The SWRCB SRFs are working on a worksheet, to be completed by the SRF applicant, that will indicate climate change factors considered when applying for SRF funding.

1					
2	a. If so, does it include a role for water infrastructure or the SRF's? Does the SRF program provide information about eligible costs related to developing or implementing an adaptation plan in the IUP or other program information? Does the SRF program provide incentives to encourage facilities to incorporate potential climate change impacts or strategies for building resilience to extreme events in new or revised facilities plans? Extreme events may include intense precipitation and flood, increasing temperatures and drought, or sea level rise. increasing intensity of coastal a. What incentives does the SRF program provide? If financial incentives, please be specific as to what those entail.	yes		All state programs including the SRFs Policy includes description of eligible costs including green, adaptation, etc.	
3		yes		CWSRF - extra priority points for water recycling & energy conservation	
4	Does the state have plans in place for rebuilding water (and other) infrastructure after damage from an extreme event, in ways that decrease vulnerability and increase Are the state SRF program staff aware of sources of information to help you understand and plan for future resiliency, e.g., EPA's Climate Ready Water Utilities tools and information? (available at <a href="http://water.epa.gov/scitech/climatechange/">http://water.epa.gov/scitech/climatechange/</a> )			Financial (1% interest loans); extra pp points; or PF	
5		yes		Plan to work with entity to ensure long-term sustainable infrastructure	

**Attachment 2** Transaction Testing Worksheets





State: California

Cash Draw Amount: \$75,942.36

General Notes:

Indicate CW/DW Review: DW

Reviewer: Jlicata

Review Date: 12/4/2017

Selected by Region  Selected by Statistical Sampling

Cash Draw Dates: 6/16/2017

Purpose of Cash Draw (Loan, Admin or Set-Aside): Loan or set aside? Loan

Grant Number: FS98934915

Totals	SRF	Cash Draw Amount:	State Match Amount:	Improper	Other	Federal Cash Draw Ratio:
Project Totals:	\$75,942.36	\$75,942.36	\$0.00	\$0.00	\$0.00	100.00%
Set-Aside:	\$75,942.36	\$75,942.36	\$0.00	\$0.00	\$0.00	100.00%

Click here for Additional Invoice

Review Item

Descriptions/Comments	Yes	No	N/A
1. The State is reviewing and approving invoices in a timely manner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. State accounting records accurately reflect the cash draw	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Funds are being disbursed to recipients in a timely manner following requests for reimbursement and cash draw	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. State used the correct proportionality ratio to calculate value drawn (enter the proportionality ratio from the State's IUP or grant application in the Comments section)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. If State is drawing 100% federal funds, the entire state match was disbursed prior to federal draws	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Project Name:	County of Tulare	Project Number:	0054002-001L
Disbursement Request Date:	6/16/2017	Improper Payment (Yes/No):	NO
Invoice Date	Invoice Number	Invoice Amount	Payee
6/5/2017	5	\$75,942.36	County of Tulare Administrative Office
Notes on Invoice			
Funds were used for LEFA Project (legal entity formation assistance) to cover costs of facilitating a decision making process to assess potential governance structures, and cover administrative and legal costs.			
Invoiced Total:	\$75,942.36	Explanation if Paid Amount is Different from Invoiced Total:	
Amount Paid from Other Sources:	\$0.00		
Amount Paid from SRF Funds:	\$75,942.36	Additional Notes:	

Project:	Project Notes:
(a) Total SRF Disbursements:	\$75,942.36
(b) Total Cash Draw Amount:	\$75,942.36
State Match Amount (if applicable):	
Improper Payment Amount (if applicable):	

Other:			
Calculate the Federal cash draw ratio (b/a):	100.00%		

Set-Aside:

(a) Total SRF Disbursements:	\$75,942.36		
(b) Total Cash Draw Amount:	\$75,942.36		
State Match Amount (if applicable):			
Improper Payment Amount (if applicable):			
Other:			
Calculate the Federal cash draw ratio (b/a):	100.00%		

State:	California	Cash Draw Amount:	\$ 339,720.27	General Notes:
Indicate CW/DW Review:	DWSRF	Cash Draw Date:	11/22/2016	
Reviewer:	JLicata	Purpose of Cash Draw (Loan, Admin or Set-Aside):	Set-aside 10%	
Review Date:	12/5/2017	Grant Number:	FS98934916	
Selected by Region <input checked="" type="checkbox"/>	Selected by Statistical Sampling <input type="checkbox"/>			
SRF Cash Draw Amount:		State Match Amount:	Improper	Other
Project Totals: \$339,720.27		\$0.00	\$0.00	\$0.00
Set-Aside: \$339,720.27		\$0.00	\$0.00	100.00%

Click here for Additional Project

Click here for Additional Invoice

Review Item	Yes	No	N/A	Descriptions/Comments
1. The State is reviewing and approving invoices in a timely manner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	acceptable claims processed in 30 days
2. State accounting records accurately reflect the cash draw	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Funds are being disbursed to recipients in a timely manner following requests for reimbursement and cash draw	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4. State used the correct proportionality ratio to calculate value drawn (enter the proportionality ratio from the State's IUP or grant application in the Comments section)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	set aside expense; draw schedule not applicable
5. If State is drawing 100% federal funds, the entire state match was disbursed prior to federal draws	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	set aside expense draw schedule not applicable

Project Name:	Set-aside 10% State Program Management	Project Number:		Project Notes:
Disbursement Request Date:	10/19/2016	Improper Payment [Yes/No]:	NO	The overall draw was for \$594,171.35 and was split between two grants as follows: 2015....\$254,451.08 2016....\$339,720.35
Improper Payment Resolution:		Payee	Administration/payroll expenses for the support of State Program Management	
Invoice Date	Invoice Number	Invoice Amount	State DWSRF set-aside	
		\$339,720.27		
Invoiced Total:		\$339,720.27	Explanation if Paid Amount is Different from Invoiced Total:	
Amount Paid from Other Sources:		\$0.00	Additional Notes:	
Amount Paid from SRF Funds:		\$339,720.27		

Project:	
(a) Total SRF Disbursements:	\$339,720.27
(b) Total Cash Draw Amount:	\$339,720.27
State Match Amount (if applicable):	
Improper Payment Amount (if applicable):	
Other:	
Calculate the Federal cash draw ratio (b/a):	100.00%

Set-Aside:

(a) Total SRF Disbursements:	\$339,720.27	
(b) Total Cash Draw Amount:	\$339,720.27	
State Match Amount (if applicable):		
Improper Payment Amount (if applicable):		
Other:		
Calculate the Federal cash draw ratio (b/a):	100.00%	

State: California

Cash Draw Amount: \$ 17,293,398.75

Cash Draw Date: 1/3/2017

Purpose of Cash Draw (Loan, Admin or Set-Aside): Loan

Grant Number: FS98934915

General Notes:

Indicate CW/DW Review: DW

Reviewer: Jlicrata

Review Date: 12/4/2017

Selected by Region  Selected by Statistical Sampling

Totals: SRF Cash Draw Amount: \$17,293,398.75

Project Totals: \$17,293,398.75

State Match Amount: Improper: \$0.00 Other: \$0.00 Federal Cash Draw Ratio: 100.00%

Set-Aside: \$0.00

Other: \$0.00

Federal Cash Draw Ratio: 0.00%

Click here for Additional Project

Click here for Additional Invoice

Review Item	Yes	No	N/A	Descriptions/Comments
1. The State is reviewing and approving invoices in a timely manner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	acceptable claims processed in 30 days
2. State accounting records accurately reflect the cash draw	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Funds are being disbursed to recipients in a timely manner following requests for reimbursement and cash draw	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4. State used the correct proportionality ratio to calculate value drawn (enter the proportionality ratio from the State's IUP or grant application in the Comments section)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	100% federal per spreadsheet summary of cumulative state match disbursed
5. If State is drawing 100% federal funds, the entire state match was disbursed prior to federal draws	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The entire amount of the State's required

Project Name:	City of Los Angeles	Project Number:	1910067-031C	Project Notes:
Disbursement Request Date:	11/30/2016	Improper Payment (Yes/No):	NO	Malcolm Pirnie claim was originally for \$1,859,263.56 minus ineligible expenses of \$19,990.47. State paid a total of \$1,839,273.09 of which \$338,966.51 was paid from this draw.
Invoice Date	Invoice Number	Invoice Amount	Payee	Notes on Invoice
7/1/2016	66537002	\$4,744,770.77	WA Basic Construction & SAK Joint Venture	Progress payment for eligible construction costs, claim 37
8/31/2016	66537002	\$10,364,172.84	WA Basic Construction & SAK Joint Venture	Progress payment for eligible construction costs, claim 38
9/30/2016	PP19A	\$811,303.71	mladen buntich construction co, inc.	Progress payment construction costs, claim 28
4/22/2016		\$338,966.51	Malcolm Pirnie	Progress payments for design and construction, claim 24
Invoiced Total:		\$16,259,213.83	Explanation if Paid Amount is Different from Invoiced Total:	
Amount Paid from Other Sources:		\$0.00		
Amount Paid from SRF funds:		\$16,259,213.83	Additional Notes:	

Project Name:	Heber Public Utility District	Project Number:	1310007-0020C	Project Notes:
Disbursement Request Date:	11/29/2016	Improper Payment (Yes/No):	NO	
Invoice Date	Invoice Number	Invoice Amount	Payee	Notes on Invoice
10/31/2016		\$985,270.50	The Holt Group, Engineering	Progress payment construction, claim 7
10/31/2016	16-10-054	\$39,814.50	The Holt Group, Engineering	Engineering services, claim 7
Invoiced Total:		\$1,025,085.00	Explanation if Paid Amount is Different from Invoiced Total:	
Amount Paid from Other Sources:		\$0.00		Difference of \$.01 as result of rounding.
Amount Paid from SRF funds:		\$1,025,084.99	Additional Notes:	

Project Name: Camp Nelson Water Company		Project Number: 5410022-001P		Project Notes:	
Disbursement Request Date: 11/23/2016		Improper Payment [Yes/No]: NO			
Invoice Date: 10/1/2016		Invoice Amount: \$9,099.93		Notes on Invoice: final design work; claim 9 (includes invoices from 7/1/15 through 10/1/16)	
Invoice Number:		Payee: Keller/Wegley Consulting Engineers			
Invoiced Total: \$9,099.93		Explanation if Paid Amount is Different from Invoiced Total:			
Amount Paid from Other Sources: \$0.00		Additional Notes: Rounding error of \$.01			
Amount Paid from SRF funds: \$9,099.93					

**Project:**

(a) Total SRF Disbursements:	\$17,293,398.75	
(b) Total Cash Draw Amount:	\$17,293,398.75	
State Match Amount (if applicable):		
Improper Payment Amount (if applicable):		
Other:		
Calculate the Federal cash draw ratio (b/a):	100.00%	

**Set-Aside:**

(a) Total SRF Disbursements:		
(b) Total Cash Draw Amount:		
State Match Amount (if applicable):		
Improper Payment Amount (if applicable):		
Other:		
Calculate the Federal cash draw ratio (b/a):		

State: California

Cash Draw Amount: \$ 1,124,874.44

General Notes:

Indicate CW/DW Review: DW

Reviewer: Jlicata

Review Date: 12/4/2017

Selected by Region  Selected by Statistical Sampling

Totals: SRF Cash Draw Amount: \$1,124,874.44

Project Totals: \$1,124,874.44

Set-Aside: \$1,124,874.44

Cash Draw Date: 3/9/2017

Purpose of Cash Draw (Loan, Admin or Set-Aside): Loan

Grant Number: FS98934916

State Match Amount: \$0.00

Improper: \$0.00

Other: \$0.00

Federal Cash Draw Ratio: 100.00%

Invoice Date	Invoice Number	Invoice Amount	Payee	Project Notes
8/5/2016	44272664	\$6,172.75	Brown and Caldwell	Notes on Invoice
9/19/2016	44275700	\$5,566.25	Brown and Caldwell	Engineering/Design services, Claim 4
8/15/2016	14	\$33,917.03	Louis Berger Group, Inc.	Engineering/Design services, Claim 4
8/10/2016	18	\$1,079,218.41	Burtech Pipeline Inc.	Construction management, claim 4
Invoiced Total:				Construction work, claim 4
Amount Paid from Other Sources:				
Amount Paid from SRF Funds:				
Additional Notes:				

Click here for Additional Project

Click here for Additional Invoice

Review Item

1. The State is reviewing and approving invoices in a timely manner

2. State accounting records accurately reflect the cash draw

3. Funds are being disbursed to recipients in a timely manner following requests for reimbursement and cash draw

4. State used the correct proportionality ratio to calculate value drawn (enter the proportionality ratio from the States IUP or grant application in the Comments section)

5. If State is drawing 100% federal funds, the entire state match was disbursed prior to federal draws

Yes	No	N/A	Descriptions/Comments
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	acceptable claims processed in 30 days
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	100% federal per spreadsheet summary of cumulative state match disbursed
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The entire amount of the State's required

Project Name:	City of San Diego	Project Number:	3710020-066C	Project Notes:
Disbursement Request Date:	3/9/2017	Improper Payment (Yes/No):	NO	Original invoice for Berger was \$33,940.52 and was reduced by \$23.49 for eligibility adjustment
Invoice Date	Invoice Number	Invoice Amount	Payee	Notes on Invoice
8/5/2016	44272664	\$6,172.75	Brown and Caldwell	Engineering/Design services, Claim 4
9/19/2016	44275700	\$5,566.25	Brown and Caldwell	Engineering/Design services, Claim 4
8/15/2016	14	\$33,917.03	Louis Berger Group, Inc.	Construction management, claim 4
8/10/2016	18	\$1,079,218.41	Burtech Pipeline Inc.	Construction work, claim 4
Invoiced Total:				
Amount Paid from Other Sources:				
Amount Paid from SRF Funds:				
Additional Notes:				

(a) Total SRF Disbursements:	(b) Total Cash Draw Amount:	State Match Amount (if applicable):	Improper Payment Amount (if applicable):	Other:	Calculate the Federal cash draw ratio (b/a):
\$1,124,874.44	\$1,124,874.44				100.00%

Set-Aside:

(a) Total SRF Disbursements: \$1,124,874.44

(b) Total Cash Draw Amount:	\$1,124,874.44
State Match Amount (if applicable):	
Improper Payment Amount (if applicable):	
Other:	
Calculate the Federal cash draw ratio (b/a):	100.00%



General Notes:

Cash Draw Amount: \$ 10,788,950.00

Thursday, May 4, 2017

State: California

Indicate CW/DW Review: CW

Reviewer: Josh Amaris  
 Review Date: 12/4/2017

Selected by Region  Selected by Statistical Sampling

Totals: SRF Cash Draw Amount: \$10,788,950.00

Project Totals: \$10,788,950.00

Set-Aside: \$0.00

Additional Project

Purpose of Cash Draw (Loan, Admin or Set-Aside): Loan

Grant Number: CS06000116

State Match Amount: Improper Other Federal Cash Draw Ratio: 100.00%

\$0.00 \$0.00 \$0.00

\$0.00 \$0.00 0.00%

Additional Invoice

Review Item	Yes	No	N/A	Descriptions/Comments
1. The State is reviewing and approving invoices in a timely manner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. State accounting records accurately reflect the cash draw	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Funds are being disbursed to recipients in a timely manner following requests for reimbursement and cash draw	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4. State used the correct proportionality ratio to calculate value drawn (enter the proportionality ratio from the State's IUP or grant application in the Comments section)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5. If State is drawing 100% federal funds, the entire state match was disbursed prior to federal draws	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Project Name:	Victor Valley	Project Number:	C-06-7833-110	Project Notes:
Disbursement Request Date:	4/10/2017	Improper Payment (Yes/No):	No	
Invoice Date	Invoice Number	Invoice Amount	Payee	Notes on Invoice
4/21/2017	6	\$434,873.00	Christensen Brothers General Engineering	
4/21/2017	6	\$97,732.00	Christensen Brothers General Engineering	change orders
3/9/2017	37886110	\$108,814.95	AECOM	CM
		\$0.05		rounding per state protocols
Invoiced Total:		\$641,420.00		
Amount Paid from Other Sources:		\$0.00		
Amount Paid from SRF Funds:		\$641,420.00		
Additional Notes:				

Project Name:	Valley Sanitary District	Project Number:	C-06-8116-110	Project Notes:
Disbursement Request Date:	3/14/2017	Improper Payment (Yes/No):	Yes	
Invoice Date	Invoice Number	Invoice Amount	Payee	Notes on Invoice
3/4/2017	2	\$5,264,263.00	Downing Construction	\$1 overpaid corrected in pymnt 3
3/4/2017	2	\$536,276.00	Downing Construction	change orders 1-9 = 621,389 but are reduced to invoice amount
3/14/2017	4A	\$514,177.33	Soft cost	Planning
3/14/2017	4C	\$466,382.57	Soft cost	CM
3/14/2017	4D	\$73,359.72	Soft cost	Admin
		\$0.38		soft cost rounding per state protocol
Invoiced Total:		\$6,854,459.00		
Amount Paid from Other Sources:		\$0.00		
Amount Paid from SRF Funds:		\$6,854,459.00		
Additional Notes:				

Project Name:		Clear Creek		Project Number:		C-06-8130-110	
Disbursement Request Date:		4/10/2017		Improper Payment (Yes/No):		No	
Improper Payment Resolution:				Notes on Invoice			
Invoice Date	Invoice Number	Invoice Amount	Payee	Notes on Invoice			
4/20/2017	6	\$145,921.00	RTA construction				
4/20/2017	6	\$5,129.00	RTA construction	change order Invoiced 5771-642 prior paid to date			
3/7/2017	28910	\$6,717.00	Pace				
3/7/2017	28911	\$1,180.00	Pace				
3/7/2017		\$181.16	city/force account	payroll back-up			
Invoiced Total:		\$159,128.16		paid from other grant and rounding per state protocol			
Amount Paid from Other Sources:		\$60,658.00					
Amount Paid from Other Sources:		\$0.16					
Amount Paid from SRF funds:		\$98,470.00		Additional Notes:			
Project Notes:							
Project Name:		Woodland		Project Number:		C-06-8075-110	
Disbursement Request Date:		4/10/2017		Improper Payment (Yes/No):		No	
Improper Payment Resolution:				Notes on Invoice			
Invoice Date	Invoice Number	Invoice Amount	Payee	Notes on Invoice			
4/12/2017	1	\$1,609,921.00	Mountain Cascade Inc				
4/12/2017	state form 259	\$134,002.00	Mountain Cascade Inc	change order			
6/23/2016	102505	\$25,800.05	Kennedy Jenks consultants	CM			
7/19/2016	103340	\$6,238.54	Kennedy Jenks consultants	CM			
10/4/2016	105149	\$5,500.75	Kennedy Jenks consultants	CM			
3/22/2016	116226	\$17,746.00	Psomas	CM			
5/19/2016	118303	\$35,494.07	Psomas	CM state board reduced amount			
6/16/2016	119042	\$43,262.50	Psomas	CM			
7/14/2016	120027	\$50,947.20	Psomas	CM			
8/18/2016	120889	\$65,588.00	Psomas	CM			
9/21/2016	122402	\$59,421.95	Psomas	CM			
10/12/2016	122837	\$65,901.25	Psomas	CM			
11/4/2016	123723	\$55,297.38	Psomas	CM			
12/15/2016	12471R	\$65,706.63	Psomas	CM			
1/12/2017	125876	\$32,518.38	Psomas	CM			
10/20/2016	31242643	\$7,596.25	PG&E	CM			
7/2/2016	117172	\$14,600.00	West Coast Arbotist	CM			
12/12/2016	RW-1008027	\$8,593.00	SWRCB	Admin			
7/7/2016	775957	\$86.80	Best, Best, Krieger	Admin			
8/4/2016	777137	\$156.10	Best, Best, Krieger	Admin			
9/22/2016	780294	\$133.80	Best, Best, Krieger	Admin			
10/17/2016	781883	\$44.60	Best, Best, Krieger	Admin			
12/13/2016	785321	\$89.20	Best, Best, Krieger	Admin			
1/13/2017	787706	\$914.30	Best, Best, Krieger	Admin			
4/29/2016	234092	\$126.46	Signature Reprographics	Admin			
3/7/2017	na	\$84,041.49	City	Admin: Force Account backed up with city payroll			
Project Notes:							
Invoiced Total:		\$2,389,667.70		Other amount paid from Prop and then rounded per state protocols			
Amount Paid from Other Sources:		\$1,449,652.53					
Amount Paid from Other Sources:		\$0.37					
Amount Paid from SRF funds:		\$940,655.00		Additional Notes:			

Project Name:		Malibu		Project Number:		C-06-8018-110	
Disbursement Request Date:		3/28/2017		Improper Payment (Yes/No):		No	
Improper Payment Resolution:							
Invoice Date	Invoice Number	Invoice Amount	Payee	Notes on Invoice			
11/16/2016	2017290070	\$6,000.00	LA County Waterworks				
1/10/2017	68024	\$1,940.00	MNS Engineers Inc				
2/9/2017	1417065	\$884.26	Geosyntec Consultants				
2/6/2017	268137	\$21,416.08	So Cal Ed				
3/27/2017	20170327	\$2,088.00	LA Reg Water Quality Control Board				
2/9/2017	8	\$99,777.00	Mimiaga Engineering Group				
3/10/2017	9	\$97,141.00	Mimiaga Engineering Group				
		\$-50.34		rounding per state protocols			
Invoiced Total:		\$229,246.00	Explanation if Paid Amount is Different from Invoiced Total:				
Amount Paid from Other Sources:		\$68,921.00	paid from state prop				
Amount Paid from SRF funds:		\$160,325.00	Additional Notes:				

Project Name:		Malibu		Project Number:		C-06-8018-110	
Disbursement Request Date:		3/28/2017		Improper Payment (Yes/No):		yes	
Improper Payment Resolution:							
Invoice Date	Invoice Number	Invoice Amount	Payee	Notes on Invoice			
3/10/2017	8	\$767,727.00	Vido Artukovich & sons	\$6 in overpayments occurred across multiple draw by releasing a \$3 hold two extra times. The state caught this error prior to EPA review and corrected it.			
3/9/2017	8	\$1,829,143.00	Myers & Sons				
Invoiced Total:		\$2,596,870.00	Explanation if Paid Amount is Different from Invoiced Total:				
Amount Paid from Other Sources:		\$502,760.00	paid from state prop				
Amount Paid from SRF funds:		\$2,094,110.00	Additional Notes:				

Project Name:		Malibu		Project Number:		C-06-8018-110	
Disbursement Request Date:		3/23/2017		Improper Payment (Yes/No):		no	
Improper Payment Resolution:							
Invoice Date	Invoice Number	Invoice Amount	Payee	Notes on Invoice			
9/7/2016	30150473	\$202.40	mimiaga engineering group	rounding per state protocol			
		\$-50.40					
Invoiced Total:		\$202.00	Explanation if Paid Amount is Different from Invoiced Total:				
Amount Paid from Other Sources:		\$71.00	paid from state prop				
Amount Paid from SRF funds:		\$131.00	Additional Notes:				

Project:		Malibu		Project Number:		C-06-8018-110	
(a) Total SRF Disbursements:		\$10,788,950.00					
(b) Total Cash Draw Amount:		\$10,788,950.00					
State Match Amount (if applicable):							
Improper Payment Amount (if applicable):							
Other:							
Calculate the Federal cash draw ratio (b/a):		100.00%					

Set-Aside:							
(a) Total SRF Disbursements:							
(b) Total Cash Draw Amount:							
State Match Amount (if applicable):							

Improper Payment Amount (if applicable):				
Other:				
Calculate the Federal cash draw ratio (D/A):				

State:	California	Cash Draw Amount:	\$2,138,242	General Notes:
Indicate CW/DW Review:	CW	Cash Draw Date:	1/23/2017	
Reviewer:	Elizabeth Borowiec	Purpose of Cash Draw (Loan, Admin or Set-Aside):	Loan	
Review Date:	12/4/2017	Grant Number:	CS060000115	
Selected by Region <input checked="" type="checkbox"/>	Selected by Statistical Sampling <input type="checkbox"/>			
Totals:	SRF	State Match Amount:	Improper	Other
Project Totals:	\$2,138,242.00	\$0.00	\$0.00	\$0.00
Set-Aside:	\$2,138,242.00	\$0.00	\$0.00	100.00%

Click here for Additional Project

Click here for Additional Invoice

Review Item	Yes	No	N/A	Descriptions/Comments
1. The State is reviewing and approving invoices in a timely manner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. State accounting records accurately reflect the cash draw	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Funds are being disbursed to recipients in a timely manner following requests for reimbursement and cash draw	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Beyond 30 days but still timely.
4. State used the correct proportionality ratio to calculate value drawn (enter the proportionality ratio from the State's IUP or grant application in the Comments section)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	State match is disbursed first.
5. If State is drawing 100% federal funds, the entire state match was disbursed prior to federal draws	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Verified that state match was disbursed.

Project Name:	Rodeo Sanitary District	Project Number:	8004-150	Project Notes:
Disbursement Request Date:	11/21/2016	Improper Payment (Yes/No):	No	Wastewater treatment plant improvements.
Invoice Date	Invoice Number	Invoice Amount	Payee	Notes on Invoice
9/18/2014	13858	\$6,000.00	Cunha Engineering, Inc.	
10/19/2015	No number.	\$90.00	Asbestos Tern Labora	
6/7/2016	122158	\$50.00	CMD Group	
10/31/2015-6/30/2016	See notes.	\$210,484.63	Hydro Science Engineers	Invoices 230002001, -2, -3, -4, -5, -6, -7, and -8.
5/31/2016	972356	\$1,272.60	Bay Area News Group	
12/11/2015	A-14982	\$645.00	Atmospheric Analysis	
4/27/2016	No number.	\$1,461.69	UPS	
Invoiced Total:		\$218,854.00	Explanation If Paid Amount is Different from Invoiced Total:	The total amount of the invoices was \$220,009.92, but there was a reduction in the amount of \$1,150 due to overpayments.
Amount Paid from Other Sources:			Additional Notes:	
Amount Paid from SRF funds:		\$218,854.00		

Project Name:	Rodeo Sanitary District	Project Number:	8004-140	Project Notes:
Disbursement Request Date:	11/30/2016	Improper Payment (Yes/No):	No	Construction of a influent pump station.
Invoice Date	Invoice Number	Invoice Amount	Payee	Notes on Invoice
2/27/2014	13632	\$1,312.50	Cunha Engineering, Inc	
2/28/2014-10/31/2015	See notes.	\$36,100.00	Advanced Hydro Engineering	Invoices 0232, 0235, 0256, 0250, 0261, 0262, 0276, plus 2 invoices with no numbers.
5/31/2014	78090	\$3,078.59	Telstar Instruments	
4/30/2015-9/31/2016	See notes.	\$164,745.38	Whitley Burchett & Ass.	Invoices 15.1-1, 15.1-3, 15.1-4, 15.2-1, 15.2-2, 15.2-3, 15.2-4, 15.2-5, 15.2-6, 15.2-7, 15.2-8, 15.2-9, 15.2-10

3/25/2014	0314-44&0414-44	\$1,360.00	Beecher	Two invoices submitted by Beecher.
4/2/2014	80497091880495706	\$5,198.03	CDM Smith	Two invoices submitted by CDM Smith.
4/9/2014	1414-1&1414-2	\$2,700.00	Concrete Services	Two invoices by Concrete Services.
9/4/2014	4801-4715806	\$395.00	First American Title	
2/2/2015	15-9	\$550.00	LR Paulsell Consulting	
Invoiced Total:		\$215,440.00		
Amount Paid from Other Sources:		\$0.00		
Amount Paid from SRF funds:		\$215,440.00		CA has a policy of rounding up.

<b>Project Name:</b>	Delta Diablo	<b>Project Number:</b>	8007-130	<b>Project Notes:</b>
<b>Disbursement Request Date:</b>		<b>Improper Payment (Yes/No):</b>	No	This project is for the Bay Point Sewer Repair Phase 3.
<b>Improper Payment Resolution:</b>		<b>Payee</b>	Notes on Invoice	
<b>Invoice Date</b>	<b>Invoice Number</b>	<b>Invoice Amount</b>	<b>Notes on Invoice</b>	
11/21/2016	3	\$634,133.00	RGW Construction, Inc.	Contained a change order contingency in the amount of \$156,687.
<b>Invoiced Total:</b>		\$634,133.00		
<b>Amount Paid from Other Sources:</b>		\$0.00		
<b>Amount Paid from SRF funds:</b>		\$634,133.00		

<b>Project Name:</b>	City of Holtville	<b>Project Number:</b>	7828-110	<b>Project Notes:</b>
<b>Disbursement Request Date:</b>	12/8/2016	<b>Improper Payment (Yes/No):</b>	No	This project involved the construction of a wastewater treatment plant.
<b>Improper Payment Resolution:</b>		<b>Payee</b>	Notes on Invoice	
<b>Invoice Date</b>	<b>Invoice Number</b>	<b>Invoice Amount</b>	<b>Notes on Invoice</b>	
12/8/2016	16	\$898,453.00	Pacific Hydrotech #1-15	
<b>Invoiced Total:</b>		\$898,453.00		
<b>Amount Paid from Other Sources:</b>		\$0.00		
<b>Amount Paid from SRF funds:</b>		\$898,453.00		

<b>Project Name:</b>	City of San Diego	<b>Project Number:</b>	4905-140	<b>Project Notes:</b>
<b>Disbursement Request Date:</b>	11/1/2016	<b>Improper Payment (Yes/No):</b>	No	This project involved the rehabilitation of a sewer pipeline.
<b>Improper Payment Resolution:</b>		<b>Payee</b>	Notes on Invoice	
<b>Invoice Date</b>	<b>Invoice Number</b>	<b>Invoice Amount</b>	<b>Notes on Invoice</b>	
8/26/2016	14	\$171,362.00	Southwest Pipeline and Trenchless Corporation	This was the final invoice on the project.
<b>Invoiced Total:</b>		\$171,362.00		
<b>Amount Paid from Other Sources:</b>		\$0.00		
<b>Amount Paid from SRF funds:</b>		\$171,362.00		

<b>Project:</b>	
(a) Total SRF Disbursements:	\$2,138,242.00
(b) Total Cash Draw Amount:	\$2,138,242.00
State Match Amount (if applicable):	
Improper Payment Amount (if applicable):	
Other:	
Calculate the Federal cash draw ratio (b/a):	100.00%

State:	California	Cash Draw Amount:	\$ 1,138.16	General Notes:
Indicate CW/DW Review:	CW	Cash Draw Date:	11/23/2016	
Reviewer:	Josh Amaris	Purpose of Cash Draw (Loan, Admin or Set-Aside):	Admin	
Review Date:	12/4/2017	Grant Number:	CS06000115	
Selected by Region	<input type="checkbox"/> Selected by Statistical Sampling			

Totals:	SRE	Cash Draw Amount:		Improper:	Other:	Federal Cash Draw Ratio:
Project Totals:	\$1,138.16	\$1,138.16	\$0.00	\$0.00	\$0.00	100.00%
Set-Aside:	\$1,138.16	\$1,138.16	\$0.00	\$0.00	\$0.00	100.00%

Click here for Additional Invoice

Review Item

Yes	No	N/A	Descriptions/Comments
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

- The State is reviewing and approving invoices in a timely manner
- State accounting records accurately reflect the cash draw
- Funds are being disbursed to recipients in a timely manner following requests for reimbursement and cash draw
- State used the correct proportionality ratio to calculate value drawn (enter the proportionality ratio from the State's IUP or grant application in the Comments section)
- If State is drawing 100% federal funds, the entire state match was disbursed prior to federal draws

Project Name:	Na	Na	Project Number:	Na	Project Notes:
Disbursement Request Date:	Na	Na	Improper Payment (Yes/No):	No	
Invoice Number	Invoice Amount	Payee			Notes on Invoice
11/12/2016	\$1,138.16	State Water Board			FY16/17 for Service contracts/bonding
Invoiced Total:	\$1,138.16				
Amount Paid from Other Sources:	\$0.00				
Amount Paid from SRF funds:	\$1,138.16				
		Explanation If Paid Amount is Different from Invoiced Total:			
		Additional Notes:			

Project:	
(a) Total SRF Disbursements:	\$1,138.16
(b) Total Cash Draw Amount:	\$1,138.16
State Match Amount (if applicable):	
Improper Payment Amount (if applicable):	
Other:	
Calculate the Federal cash draw ratio (b/a):	100.00%

Set-Aside:	
(a) Total SRF Disbursements:	\$1,138.16
(b) Total Cash Draw Amount:	\$1,138.16
State Match Amount (if applicable):	
Improper Payment Amount (if applicable):	
Other:	
Calculate the Federal cash draw ratio (b/a):	100.00%





State: California

Cash Draw Amount: \$ 116,032.99

Cash Draw Date: 12/23/2016

Purpose of Cash Draw (Loan, Admin or Set-Aside): Admin

Grant Number: CS060000115

General Notes:

Indicate CW/DW Review: CW

Reviewer: Josh Amaris

Review Date: 12/4/2017

Selected by Region  Selected by Statistical Sampling

Totals: SRF Cash Draw Amount: \$116,032.99

Project Totals: \$116,032.99

Set-Aside: \$116,032.99

State Match Amount: \$0.00

Improper: \$0.00

Other: \$0.00

Federal Cash Draw Ratio: 100.00%

Click here for Additional Project

Click here for Additional Invoice

Review Item	Yes	No	N/A	Descriptions/Comments
1. The State is reviewing and approving invoices in a timely manner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2. State accounting records accurately reflect the cash draw	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Funds are being disbursed to recipients in a timely manner following requests for reimbursement and cash draw	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4. State used the correct proportionality ratio to calculate value drawn (enter the proportionality ratio from the State's IUP or grant application in the Comments section)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5. If State is drawing 100% federal funds, the entire state match was disbursed prior to federal draws	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Project Name:	Na	Na	Project Number:	Na	Project Notes:
Disbursement Request Date:			Improper Payment (Yes/No):	No	
Improper Payment Resolution:			Payee		
Invoice Date	Invoice Number	Invoice Amount	State Water Board		Notes on Invoice
	PFA Worksheet	\$72,671.73			FY15/16 for service contracts
	PFA Worksheet	\$43,361.26	State Water Board		FY16/17 for service contracts, legal fees (AG), bond counsel expenses
Invoiced Total:		\$116,032.99	Explanation if Paid Amount is Different from Invoiced Total:		
Amount Paid from Other Sources:		\$0.00	Additional Notes:		
Amount Paid from SRF Funds:		\$116,032.99			

Project:

(a) Total SRF Disbursements:	\$116,032.99
(b) Total Cash Draw Amount:	\$116,032.99
State Match Amount (if applicable):	
Improper Payment Amount (if applicable):	
Other:	
Calculate the Federal cash draw ratio (b/a):	100.00%

Set-Aside:

(a) Total SRF Disbursements:	\$116,032.99
(b) Total Cash Draw Amount:	\$116,032.99
State Match Amount (if applicable):	

Improper Payment Amount (if applicable):			
Other:			
Calculate the Federal cash draw ratio (b/a):		-100.00%	

**Attachment 3** EPA Project File Reviews



**Project File Review Checklist**  
for the Clean Water and Drinking Water State Revolving Funds

State: California DWSRF  
Project or Borrower: Lanare Community Services District, \$3,580,000; Distribution System Replacement

Equivalency Project: (Yes/No) NO  
Treatment Works Project: (Yes/No) Yes

**Required Program Elements**

Review Item and Question to Answer	Yes	No	NA	Comments
<b>1.1 Funding Eligibility</b>				
1 The project is listed on the State's Project Priority List (N/A for CWSRF projects that are not 212 projects)	Y			Listed on Comprehensive List FY 2016-2017
2 The assistance recipient and project are eligible for SRF assistance (briefly describe the project and assistance recipient in the Comments section)	Y			The project would intertie with the Riverdale Water System. There would be approximately 3 miles of pipeline required to connect the two system.
3 Project file contains documentation showing that the useful life of the project is at least as long as the loan term	Y			Estimated useful life of the project 50 years
<b>1.2 Green Project Reserve (GPR)</b>				
1 [CW Only] Project file indicates that any portion of the project designated to receive GPR funding is either: a. Categoricaly qualified for the GPR b. Supported as GPR eligible by a State-approved business case posted on the State website			NA	
2 [DW Only] Project file indicates that any portion of the project is designated as a GPR project			NA	
<b>1.3 State Environmental Review (For CWSRF, this section should be completed for treatment works projects only)</b>				
1 Project File includes the following [Note: may be included in the Preliminary Engineering Report or Facilities Plan]: a. Discussion of required mitigation measures b. Analysis of other sites and/or other projects considered c. Environmental Information Document (EID) from the assistance recipient d. The state's decision memo documenting one of the following: Decision to classify the project as a Categorical Exclusion (CE or CatEx) Decision to grant a Finding of No Significant Impact (FNSI or FONSI) Decision to require an Environmental Impact Statement (EIS) [Note: if required, confirm that the EIS is in the project file] e. Evidence of public notification, as required: State environmental decision memo received public notification or an announcement was distributed to a list of interested parties and agencies, as specified in the SERP	Y			Mitigation measure was included to address the unexpected finding of archeological resources. Other options were considered during planning. Qualified for a categorical exemption under CEQA.
2 Documentation of a State determination of "no potential effect", OR concurrence from the agency responsible for administering the law, for each of the laws listed below: a. Archeological and Historic Preservation Act d. National Historic Preservation Act b. Endangered Species Act c. Magnuson-Stevens Fishery Conservation and Management Act (essential fish habitat) e. Wild and Scenic Rivers Act f. Coastal Zone Management and Coastal Barriers Resources Act g. Farmland Protection Policy Act				Yes there was a public notice of exemption for the project through the CA State Clearinghouse. No comments were received from the public or during consultation. Consultation was determined not be necessary for the requirements identified in lines a through n.

Project File Review Checklist  
for the Clean Water and Drinking Water State Revolving Funds

Required Program Elements			
Review Item and Question to Answer	Yes	No	Comments
h. Wetland Protection (Executive Order 11990)			NA
i. Floodplain Management (Executive Order 11988)			NA
j. Clean Air Act			NA
k. Sole-source Aquifers (Safe Drinking Water Act)			NA
l. Protection and Enhancement of the Cultural Environment			NA
m. Fish and Wildlife Coordination Act			NA
n. Migratory Bird Treaty Act			NA

**Project File Review Checklist**  
for the Clean Water and Drinking Water State Revolving Funds

Equivalency Project: (Yes/No) NO  
Treatment Works Project: (Yes/No) NO....Planning and design

State: California DWSRF  
Project or Borrower: Gordon Acres Water Co, Inc. Project no. 3600297-005P \$468,000 (severely disadvantaged community)

Required Program Elements		Yes	No	N/A	Comments
<b>1.1 Funding Eligibility</b>					
1	The project is listed on the State's Project Priority List (N/A for CWSRF projects that are not 212 projects)	Y			Project listed in Comprehensive List of 2014-2015 IUP
2	The assistance recipient and project are eligible for SRF assistance (briefly describe the project and assistance recipient in the Comments section)	Y			Funding is for a public water system improvement planning project which involves the development of a feasibility study involving the following deliverables: well investigation; producing an engineering report; producing environmental documentation; conducting a land survey and mapping, and geotechnical investigation; producing plans and specs; and drilling a test hole. Current well shows repeated occurrences of contamination.
3	Project file contains documentation showing that the useful life of the project is at least as long as the loan term	Y			3 year term loan, principal forgiveness, and 0% rate of interest
<b>1.2 Green Project Reserve (GPR)</b>					
1	[CW Only] Project file indicates that any portion of the project designated to receive GPR funding is either: a. Categorically qualified for the GPR b. Supported as GPR eligible by a State-approved business case posted on the State website			NA	
2	[DW Only] Project file indicates that any portion of the project is designated as a GPR project			NA	
<b>1.3 State Environmental Review (For CWSRF, this section should be completed for treatment works projects only)</b>					
1	Project File includes the following [Note: may be included in the Preliminary Engineering Report or Facilities Plan]: a. Discussion of required mitigation measures b. Analysis of other sites and/or other projects considered c. Environmental Information Document (EID) from the assistance recipient d. The state's decision memo documenting one of the following: Decision to classify the project as a Categorical Exclusion (CE or CatEx) Decision to grant a Finding of No Significant Impact (FNSI) or FONSI) Decision to require an Environmental Impact Statement (EIS) (Note: if required, confirm that the EIS is in the project file) e. Evidence of public notification, as required:	Y			Declaration signed by SWRCB on 3 July 2015 and sent to State Clearinghouse for publication.
	State environmental decision memo received public notification or an announcement was distributed to a list of interested parties and agencies, as specified in the SERP			NA	Project is exempt as the project scope involves planning and feasibility studies and not construction.
	The state addressed all comments			NA	
2	Documentation of a State determination of "no potential effect", OR concurrence from the agency responsible for administering the law, for each of the laws listed below: a. Archeological and Historic Preservation Act d. National Historic Preservation Act b. Endangered Species Act c. Magnuson-Stevens Fishery Conservation and Management Act (essential fish habitat) e. Wild and Scenic Rivers Act			NA	This was a planning and design loan thus these requirements do not apply None. See cultural resources report; consultation performed with SHPO and Native American cultural resources Project area will be confined to the limits of an existing Well site. No direct affect to essential fish habitat Project will not affect wild and scenic rivers

Project File Review Checklist  
for the Clean Water and Drinking Water State Revolving Funds

Required Program Elements				
Review Item and Question to Answer	Yes	No	N/A	
f. Coastal Zone Management and Coastal Barriers Resources Act			NA	Project not within the coastal zone
g. Farmland Protection Policy Act			NA	Project will not affect protected farmland, it is in urban setting
h. Wetland Protection (Executive Order 11990)			NA	No affect
i. Floodplain Management (Executive Order 11988)			NA	Project is outside flood plain
j. Clean Air Act			NA	project is in a nonattainment area
k. Sole-source Aquifers (Safe Drinking Water Act)			NA	The project is not within the boundaries of a sole source aquifer
l. Protection and Enhancement of the Cultural Environment			- NA	
m. Fish and Wildlife Coordination Act			NA	
n. Migratory Bird Treaty Act			NA	No affect to migratory birds



**Project File Review Checklist  
for the Clean Water and Drinking Water State Revolving Funds**

Equivalency Project: (Yes/No) No  
Treatment Works Project: (Yes/No) Yes

State: California  
Project or Borrower: Palo Alto

**Required Program Elements**

Review Item and Question to Answer	Yes	No	N/A	Comments
<b>1.1 Funding Eligibility</b>	Yes			
1 The project is listed on the State's Project Priority List (N/A for CWSRF projects that are not 212 projects)	Yes			
2 The assistance recipient and project are eligible for SRF assistance (briefly describe the project and assistance recipient in the Comments section)	Yes			Sludge handling and transferring upgrades
3 Project file contains documentation showing that the useful life of the project is at least as long as the loan term	Yes			30-50
<b>1.2 Green Project Reserve (GPR)</b>	Yes			
1 [CW Only] Project file indicates that any portion of the project designated to receive GPR funding is either: a. Categorical qualified for the GPR			Na	
b. Supported as GPR eligible by a State-approved business case posted on the State website			NA	
2 [DW Only] Project file indicates that any portion of the project is designated as a GPR project				
<b>1.3 State Environmental Review (For CWSRF, this section should be completed for treatment works projects only)</b>	Yes			
1 Project File includes the following [Note: may be included in the Preliminary Engineering Report or Facilities Plan]:	Yes			Tab 2B in the masterfile binder.
a. Discussion of required mitigation measures	Yes			8 total
b. Analysis of other sites and/or other projects considered	Yes			
c. Environmental Information Document (EID) from the assistance recipient	Yes			
d. The state's decision memo documenting one of the following: Decision to classify the project as a Categorical Exclusion (CE or CatEx) Decision to grant a Finding of No Significant Impact (FNSI or FONSI) Decision to require an Environmental Impact Statement (EIS) (Note: if required, confirm that the EIS is in the project file)	Yes		NA	ISMND
e. Evidence of public notification, as required:	Yes		NA	
State environmental decision memo received public notification or an announcement was distributed to a list of interested parties and agencies, as specified in the SERP	Yes			SCH#2015122033 4/12/17
The state addressed all comments	Yes			NA
2 Documentation of a State Determination of "no potential effect", OR concurrence from the agency responsible for administering the law, for each of the laws listed below:	Yes			
a. Archeological and Historic Preservation Act	Yes			
d. National Historic Preservation Act	Yes			
b. Endangered Species Act	Yes			
c. Magnuson-Stevens Fishery Conservation and Management Act (essential fish habitat)	Yes			
e. Wild and Scenic Rivers Act	Yes			
f. Coastal Zone Management and Coastal Barriers Resources Act	Yes			
g. Farmland Protection Policy Act	Yes			
h. Wetland Protection (Executive Order 11990)	Yes			
i. Floodplain Management (Executive Order 11988)	Yes			
j. Clean Air Act	Yes			
k. Sole-source Aquifers (Safe Drinking Water Act)	Yes			
l. Protection and Enhancement of the Cultural Environment	Yes			
m. Fish and Wildlife Coordination Act	Yes			
n. Migratory Bird Treaty Act	Yes			





