

FY 2022-23 Fund Expenditure Plan for the Safe and Affordable Drinking Water Fund  
Response to Comments Received September 14, 2022

Submitted by:	Commenter(s)	Comment Topic	Summary of Comment Received	Response to Comment	Edits to FEP - Pg #
Leigh Kammerich	Rural County Representatives of California	Operation & Maintenance (O&M)	It is concerning how little O&M support was executed in FY 2021-22. While \$7 million was targeted in FY 21-22, a mere \$200,000 was committed and only \$3 million is proposed to be allocated in FY 2022-23.	During FY 2021-22, four O&M projects were committed through SAFER funding (including sources other than the SADW Fund), for a total of \$795K. Three of these were O&M associated with designated systems that will be accepting administrators. One project was for O&M assistance for a vending kiosk. Executed agreements are in process. Staff are also proposing to increase the O&M allocation for FY 2022-23 from \$3 million to \$5 million.	Tables ES-1, 2 and text in Section III.B.1.
Leigh Kammerich	Rural County Representatives of California	O&M	Given the greater commitment to supporting direct O&M, it is unclear why the actual financial support for community water systems has not materialized.	Although some funding has been provided to date, providing direct O&M is a new SADW FEP priority for 2022-23 (Figure 2). As noted in Section IV.D.2, the development of the affordability threshold and Direct O&M funding guidelines will be a priority FY 2022-23 and larger scale implementation of direct O&M funding will follow in 2023.	None.
Leigh Kammerich	Rural County Representatives of California	SB 552	Though the Fund Expenditure Plan (FEP) acknowledges funding may be available through DWR to support new county planning requirements, we encourage the Water Board to also consider setting aside adequate resources for those endeavors.	DFA staff will coordinate with DWR as their funds are rolled out to determine if it is necessary and appropriate to dedicate additional resources from SADW for this purpose. Existing State Water Board funding available for Countywide and Regional Programs (Section V.B.4) can already support some aspects of county planning and drought related implementation work that comes out of county planning efforts.	None.
Leigh Kammerich	Rural County Representatives of California	O&M	Additionally, the Drinking Water and Clean Water State Revolving Funds (SRFs) do well in communicating application metrics, including a description of the demand, number of applications, estimated requested funding, number of executed agreements, etc. The future O&M program should consider articulating and reporting similar data points to measure the program's actual demand and progress over time.	Comment noted.	None.
Leigh Kammerich	Rural County Representatives of California	Metrics	The inclusion of new metrics to measure administrative performance/efficiency (see Table 16) is promising, however, we request the FEP consider adding an average time goal or improvement target for administrative efficiency, similar to its performance goals for community engagement (Table 17).	Staff are developing new process improvements and metrics on a continuous basis and will track average time data this year. Based on analysis of this data, we will plan to performance goals on this aspect of the program in the FY 2023-24 FEP.	None.
Timothy Guster	Great Oaks Water Company	Urgent Needs	It is recommended that the State Water Board have dedicated personnel assigned to funding applications to address emergency or urgent funding needs and that such personnel have the authority to take quick, decisive action on those applications. Very short timeframes should be established for applications seeking emergency or urgent funding throughout the application process, all of the way through actual funding.	The State Water Board's Division of Financial Assistance (DFA) receives and processes urgent drinking water needs (UDWN) applications through a dedicated unit within the Office of Sustainable Water Solutions (OSWS). The UDWN application process is more streamlined than the traditional Drinking Water State Revolving Fund (DWSRF) application and approval process, for certain eligible projects.	None.
Timothy Guster	Great Oaks Water Company	Technical Assistance (TA)	TA funds for emergency/urgent needs must be included to enable applicants on the Human Right to Water (HR2W) List to develop and design the water system improvements needed to ultimately result in effective solutions and removal from that list. Making expedited TA funds available to a public water system (PWS) on the Human Right to Water list appropriately focuses much-needed attention on creating and implementing solutions.	TA is offered through a number of qualified TA providers to help systems out of compliance (i.e., on the HR2W List) and at-risk, with plans to expand this program in FY 2022-23, specifically with the goal of expediting the planning process to get systems ready for construction of long-term solutions. Assistance is prioritized toward HR2W systems.	None.

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Timothy Guster	Great Oaks Water Company	TA	Instead of “may provide TA support,” it is recommended that the FEP affirmatively adopt this approach and indicate that DFA “will provide TA support to those water systems that require help to complete and application or manage a project.”	Text clarified.	Minor update to Section III.A, p. 15.
Timothy Guster	Great Oaks Water Company	Emergency	The FEP should give high priority to emergency funding requests for system-level emergency improvements or repairs, including well replacement or emergency interties.	One of the priorities in the FEP is addressing urgent funding needs expeditiously, particularly when a critical shortage or outage could occur. The types of repairs mentioned here would qualify as appropriate to address those needs.	None.
Timothy Guster	Great Oaks Water Company	Priorities	The FEP indicates that grant funding for preliminary planning, engineering and environmental studies, and funding application assistance is available. Such grant funding should not be limited, however, to small DACs, but should also be available to a PWS, like TVI, that is on the Human Right to Water list.	As noted in Section III.A, funding is prioritized toward solutions for small DACs and low-income households. However, DFA can also approve TA for small non-DAC systems on the HR2W list.	None.
Ivy Brittain/Andrea Abergel	Association of California Water Agencies (ACWA)/ California Municipal Utilities Association (CMUA)	Metrics	As solutions are implemented and systems that were failing come off the HR2W list, the State Water Board should have the ability to track the actual costs and timing it takes for funding to reach these systems. ACWA and CMUA suggest that in the Draft Plan, the State Water Board provide more detailed and measurable benefits that have been achieved through SAFER Program funding.	Comment noted. Significant additional metrics and performance measures have been incorporated compared to last year's FEP. Staff will consider feasibility of implementing described more detailed benefits tracking as part of future FEPs.	None.
Ivy Brittain/Andrea Abergel	ACWA/CMUA	Doc Edit	State Water Board staff reference in the Executive Summary on Page 1 that the goal of the SAFER Program is to, “provide safe drinking water in every California community, for every Californian.” State Water Board staff then reference in the Introduction on Page 9 that the goal of the SAFER Program is to, “provide safe and affordable drinking water in every California community, for every Californian.” ACWA and CMUA encourage State Water Board staff to ensure the goal of the SAFER Program remains consistent throughout the Draft Plan.	Text updated as suggested.	Minor update to Section I, pg. 1.
Ivy Brittain/Andrea Abergel	ACWA/CMUA	Doc Edit	In Table ES-1 at Page 6 of the Draft Plan, State Water Board staff show \$47.4 million in FY 2021-22 available funds allocated solely to interim water supplies and emergencies with \$0 listed in all other funding categories. In contrast, in Table ES-2 at Page 7 of the Draft Plan, it shows the same \$47.4 million in FY 2021-22 funds applicable to all funding categories.	Table ES-1 (and Table 2, pg. 17) is intended to show target funding allocations by solution type and water system category.  Text introducing Table ES-2 on pg. 5 notes that the table shows solution types that may be funded (i.e., are eligible to be funded) by each funding source. This also applies to Table 1 (pp. 12, 13).	None.
Ivy Brittain/Andrea Abergel	ACWA/CMUA	Priorities	State Water Board Staff propose in the Executive Summary on Page 3 as priority two to address community water systems (CWSs) and school water systems consistently out of compliance with the drinking water standards (i.e., failing systems) or at-risk of failing. Similarly staff propose as priority three to accelerate consolidation for both the failing systems and the at-risk systems.  ACWA and CMUA suggest that community water systems that consistently fail to provide an adequate supply of safe drinking water are addressed first to protect public health—as opposed to being addressed at an equal priority with at-risk systems. [see the comment letter for proposed edits in track changes]	Clarifying language added to address the relative priority of out of compliance compared to at-risk systems.	Clarifying language added to page 3 and 15.

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Ivy Brittain/Andrea Abergel	ACWA/CMUA	O&M	ACWA and CMUA would appreciate a more thorough vetting of what costs are being funded under O&M. It has been documented that O&M funding constraints need to be addressed in order to achieve ongoing safe and reliable drinking water.	Comment noted.	None.
Ivy Brittain/Andrea Abergel	ACWA/CMUA	O&M	State Water Board staff reference three different levels of affordability and sustainability: individual household, community, and water system. ACWA and CMUA appreciate this sophisticated approach to considering affordability and support staff's commitment to focusing on the water system level affordability data. While these three levels of affordability are interrelated; under SB 200 it is appropriate for affordability to be considered at the system level.	Comment noted.	None.
Ivy Brittain/Andrea Abergel	ACWA/CMUA	Affordability Threshold	ACWA and CMUA encourage continued stakeholder discussions towards the refinement of the affordability threshold for future Fund Expenditure Plans. ACWA and CMUA expressed concerns over the addition of two new affordability risk indicators– Percentage of Residential Arrearages and Residential Arrearage Burden.	Comment noted.	None.
Ivy Brittain/Andrea Abergel	ACWA/CMUA	Staff Costs	In Table ES-1 at Page 6 of the Draft Plan and on Page 47 of the Draft Plan, State Water Board staff is proposing \$14 million in staff costs for FY 2022-23. This would amount to an increase of \$800 thousand in staff costs from the \$13.2 million estimated staff costs for FY 2021-22 and an increase of \$1.7 million in staff costs from the \$12.3 million estimated staff costs for FY 2020-21. ACWA and CMUA recognize the important and work-intensive role that State Water Board staff have in the Safe and Affordable Drinking Water Fund program. However, higher than necessary staff costs would take away from Fund dollars that water systems could use on the ground for drinking water solutions.	Growing staff costs compared to the initial year of the program are due to increased staff costs associated with existing 71 staff positions to administer and implement the requirements of SB 200. Additional SB 200-funded positions have not been added.	None.
Erick Orellana/ Jennifer Clary/ Michael Claiborne	Community Water Center (CWC)/ Clean Water Action (CWA)/ Leadership Council for Justice and Accountability (LCJA)	Metrics/Process Improvements	The Board must reduce the funding process timeline it has identified and implement ambitious metrics to reduce funding process timelines by 30%. The Board should target its efforts to the steps that take the longest: completion of planning applications, construction applications, and funding agreements. In the case of relatively straightforward projects or obvious consolidations, the Board should consider streamlining these processes and exempting certain procedural requirements. Additionally, the Board should implement metrics for project construction completion.	Comment noted. State Water Board staff continue to work with stakeholders to inform additional process improvements and performance metrics. In the case of straightforward projects or consolidations the FEP does include an avenue to forward some such projects through the more streamlined UDWN funding process (see Section IV.E).	None.
Erick Orellana/ Jennifer Clary/ Michael Claiborne	CWC/CWA/LCJA	Process Improvements	The Board should also incorporate relevant lessons from California State University's Environmental Finance Center's CWSRF Loan Disbursement and Funding Process Review.	State Water Board staff are evaluating the findings from this effort together with the findings of the State Auditor's Report to recommend new process improvements and metrics to add to existing efforts. More on this was presented as an informational item to the Board on 8/17/22.	None.
Erick Orellana/ Jennifer Clary/ Michael Claiborne	CWC/CWA/LCJA	O&M	As the Board implements this FEP, we ask that staff proactively look for opportunities to provide O&M assistance that makes water more affordable on a system level.	Comment noted.	None.

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Erick Orellana/ Jennifer Clary/ Michael Claiborne	CWC/CWA/LCJA	O&M	State Board staff have stated that the Board is only authorized to satisfy existing debt obligations that accrued on or after the date that the Governor signed SB 200 (July 2019). Based on our review, this restriction does not appear in the relevant statute or in the FEP Policy. We ask that the Board clarify in the FEP that it is authorized to satisfy existing debt obligations to help achieve long-term sustainability and ensure that water is affordable for low-income households, regardless of when the water system assumed the outstanding debt obligation. [see comment letter for citations]	Section 116770 of the Health and Safety Code does allow satisfying long-term debt obligations (including debt incurred prior to July 2019) if it is the most cost effective way to remove a financial barrier to long-term sustainability. State Water Board staff have encountered challenges with utilizing this authority in cases where the incurred costs are not structured as a long-term debt obligation.	None.
Erick Orellana/ Jennifer Clary/ Michael Claiborne	CWC/CWA/LCJA	TA	The Board should detail progress [increasing TA capacity] in executing agreements with Funding Partners, Community Partners, and Technical Assistance Providers. Furthermore, the Board should detail the number of projects new Funding Partners, Community Partners, and Technical Assistance Providers can take on and quantify how many Human Right to Water list or at-risk systems will still lack a technical assistance provider to support implementation of drinking water projects in this year's FEP.	To date six new Technical Assistance Providers have been qualified to provide assistance and funding agreements are in development. Staff are working with the new qualified providers to develop budgets and estimate the amount of projects that can be supported by each. Work identifying Funding Partners and Community Partners is still in development. Staff will look to incorporate the details requested here as part of the next FEP.	None.
Erick Orellana/ Jennifer Clary/ Michael Claiborne	CWC/CWA/LCJA	Interim Solutions	The Board should forgive outstanding debt for residents with drinking water well loans who earn less than 80% median household income.	Active State Water Board programs for household well replacement do not include a loan component. Use of SADW funds would not necessarily be part of implementing such a proposal, so no changes to the FEP are needed. State Water Board staff will engage the commenters and program implementers on this issue to better understand the need and feasibility of implementation.	None.
Erick Orellana/ Jennifer Clary/ Michael Claiborne	CWC/CWA/LCJA	Management Zones	As part of its development of a Statewide Well Sampling Program, the Board should consider requiring coordination with other entities. Furthermore, the Board should require those existing entities to pay for their existing financial obligations to test and remediate at-risk wells.	State Water Board staff will evaluate with local program implementers to determine the feasibility of implementation.	None.
Erick Orellana/ Jennifer Clary/ Michael Claiborne	CWC/CWA/LCJA	Management Zones	Where there is a responsible party, the Board should take steps to ensure that the party pays for their portion of costs associated with pollution and groundwater overdraft. For example, if a Technical Assistance provider installs a Nitrate treatment system in an area where there is a responsible Management Zone, the Board should bill the responsible Management Zone — regardless of the existence of a coordination agreement between the Board and a Management Zone.	State Water Board staff will evaluate with local program implementers to determine the feasibility of implementation.	None.
Erick Orellana/ Jennifer Clary/ Michael Claiborne	CWC/CWA/LCJA	Consolidations	We urge the Board to ensure it provides prepayment of funding application costs for water systems potentially subject to a mandatory consolidation order to help avoid delays for communities with unsafe drinking water. [More context regarding East Orosi CSD in comment letter].	To avoid similar issues moving forward, State Water Board intends to fund all application costs incurred after initiation of the mandatory consolidation process, including reasonable planning and application preparation costs of the receiving water system, through the technical assistance work plan for the project.	None.

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Erick Orellana/ Jennifer Clary/ Michael Claiborne	CWC/CWA/LCJA	Consolidations	In order to expedite obvious consolidation projects, we recommend the Board consider streamlining the application process through exemption from certain procedural requirements, such as the completion of an Alternatives Analysis, in order to move these projects to construction more rapidly.	In the case of straightforward projects or consolidations the FEP does include an avenue to forward some such projects through the more streamlined UDWN funding process (see Section IV.E). For other projects, staff are continuously evaluating and implementing improvements to streamline the process. Often when consolidation is the obvious best approach, an alternatives analysis as simple as comparing no action to consolidation is adequate.	None.
Erick Orellana/ Jennifer Clary/ Michael Claiborne	CWC/CWA/LCJA	Urgent Needs	The Board should authorize the use of emergency water supplies for systems or households prior to actual failure or due to well interference. The Board should work with TA providers to make emergency bottled water supplies and pre-authorization of hauled water solutions available for these residents with poor water pressure due to drought or interference as well, as they are unable to otherwise access their own supplies and have to go without water access.	Staff will coordinate with the commenter and program implementers to better understand the issues and determine if adjustments to countywide and regional program implementation can be made.	None.