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**ANNUAL REPORT  
State Fiscal Year 2020-21  
(July 1, 2020 through June 30, 2021)**

**CLEAN WATER STATE REVOLVING FUND**

**and**

**The Water Quality, Supply, and Infrastructure  
Improvement Act of 2014  
(Prop 1)**

**and**

**The California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor  
Access for All Act of 2018 (Prop 68)**

**California State Water Resources Control Board  
Division of Financial Assistance • 1001 I Street • Sacramento, CA 95814**

# OUR VISION

Abundant clean water for human uses and environmental protection to sustain California's future.

# OUR MISSION

To preserve, enhance, and restore the quality of California's water resources and drinking water for the protection of the environment, public health, and all beneficial uses, and to ensure proper water resource allocation and efficient use, for the benefit of present and future generations.



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## **About the State and Regional Water Boards**

The State Water Resources Control Board (State Water Board) was created in 1967. Its comprehensive authority over allocation, planning, and enforcement enables the State Water Board to protect California's water quality and drinking water.

The State Water Board consists of five full-time salaried members, each filling a different specialty position. Each Board member is appointed to a four-year term by the Governor and confirmed by the Senate.



There are nine Regional Water Quality Control Boards (Regional Water Boards). The Regional Water Boards develop and enforce water quality objectives and implement plans that protect the beneficial uses of the state's waters, recognizing local differences in climate, topography, geology, and hydrology.


Each Regional Water Board has seven part-time members, also appointed by the Governor, and confirmed by the Senate. Regional Water Boards develop "basin plans" for their hydrologic areas, issue waste discharge permits, take enforcement action against violators, and monitor water quality.



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## State Water Resources Control Board – Members and Executive Director

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	<p><b>E. Joaquin Esquivel</b> <b>BOARD CHAIR</b></p> <p>E. Joaquin Esquivel was appointed to the State Water Resources Control Board by Governor Jerry Brown in March 2017 and designated by Governor Gavin Newsom as Chair in February 2019. Previously, he served as Assistant Secretary for federal water policy at the California Natural Resources Agency in the Governor’s Washington, D.C. office, where he facilitated the development of policy priorities between the agency, the Governor’s Office, the California Congressional delegation, and federal stakeholder agencies.</p> <p>Prior to his position with the Natural Resources Agency, Mr. Esquivel worked for U.S. Senator Barbara Boxer of California, most recently as her legislative assistant covering the agriculture, Native American, water, oceans, and nutrition portfolios, in addition to being the Director of Information and Technology.</p> <p>Mr. Esquivel was born and raised in California’s Coachella Valley. He holds a Bachelor of Arts degree in English from the University of California, Santa Barbara.</p>
	<p><b>Dorene D’Adamo</b> <b>BOARD VICE CHAIR</b></p> <p>Dorene D’Adamo was appointed to the State Water Resources Control Board by Governor Brown in 2013 and reappointed in 2018. She serves as the Vice-Chair and as the agriculture member of the Board. Ms. D’Adamo is on the Board of the California Partnership for the San Joaquin Valley and on the Board of the Pacific Forest and Watershed Lands Stewardship Council, and she also served on the Governor’s Drought Task Force. She was a member of the California Air Resources Board from 1999-2013 where she was instrumental in the board’s air quality and climate change programs and regulations.</p> <p>Ms. D’Adamo served in various capacities for Members of Congress from the San Joaquin Valley for over a 20-year period, working primarily on environmental, water and agricultural legislative policy.</p>

	<p>Ms. D'Adamo earned a Bachelor of Arts degree from the University of California, Davis and a Juris Doctor from the University of the Pacific, McGeorge School of Law.</p>
	<p><b>Nichole Morgan</b>  <a href="#">BOARD MEMBER</a></p> <p>Nichole Morgan was appointed as the civil engineer to the State Water Resources Control Board by Governor Gavin Newsom in June 2021. Ms. Morgan most recently served as an Assistant Deputy Director in the State Water Resources Control Board's Division of Financial Assistance, where she worked on projects providing funding for drinking water, wastewater, storm water and groundwater infrastructure improvements. During this time Ms. Morgan also managed a variety of additional programs including the Lead in Child Care Centers, Fish Advisories, and Drinking Water and Wastewater Operator Certification programs.</p> <p>From 1999 to 2009 Ms. Morgan worked for public agencies and engineering consulting firms. Her responsibilities included planning, designing, and overseeing the construction of drinking water, wastewater and recycled water treatment and conveyance facilities throughout California. Ms. Morgan joined the State Water Resources Control Board in 2009 where she worked as staff in the Division of Financial Assistance, Delta Water Master's Office, and the Division of Water Rights. Ms. Morgan worked as a manager at the Central Valley Regional Water Board from 2012 to 2018, where she managed the region's NPDES program. She returned to the State Water Board in 2018 as the head of the Office of Sustainable Water Solutions and was promoted in 2019 to an Assistant Deputy Director with the Division of Financial Assistance.</p> <p>Ms. Morgan has a Bachelor of Science in Civil Engineering from California State University, Sacramento.</p>

	<p><b>Sean Maguire</b> BOARD MEMBER</p> <p>Sean Maguire was appointed to the State Water Resources Control Board in December 2018 by Governor Brown and is a registered civil engineer. Mr. Maguire has had a diverse career both in both public service and as an engineering consultant; these provide valuable perspectives on the administrative challenges facing a government agency and the needs of a broad array of water interests.</p> <p>From 2015-2018, Mr. Maguire worked for the State Water Resources Control Board as a manager of the Storm Water Grant Program in the Division of Financial Assistance, and later as a manager in the Division of Water Rights where he oversaw administration of water right change petitions, licensing, and cannabis cultivation permitting. Prior to joining the Board, from 2003-2015, he worked for an engineering consulting firm serving a variety of municipalities and water agencies throughout the state, focused on water resources planning, drinking water, and wastewater infrastructure projects. Much of his work involved developing integrated water management and long-term water supply solutions to meet the needs of both water users and the environment.</p> <p>Mr. Maguire has a Bachelor of Science degree in Civil Engineering from California State University, Sacramento.</p>
	<p><b>Laurel Firestone</b> BOARD MEMBER</p> <p>Laurel Firestone was appointed to the State Water Resources Control Board by Governor Gavin Newsom in February 2019. Prior to joining the Board, Laurel co-founded and co-directed, from 2006-2019, the Community Water Center, a statewide non-profit environmental justice organization based in California's Central Valley and Central Coast. Her career has focused on ensuring all Californians have access to safe, clean, and affordable drinking water, and building increased diversity, equity, and inclusivity into water decision-making.</p> <p>Ms. Firestone has received a variety of awards and recognitions for her work, including the James Irvine</p>

	<p>Foundation's Leadership Award in 2018, and the Gary Bellow Public Service Award by the Harvard Law School in 2013.</p> <p>Ms. Firestone served on the Tulare County Water Commission from 2007-2012, as well as a variety of state policy advisory committees. She has partnered with universities to develop research and clinical programs to further the human right to water, and written articles and publications related to drinking water and the environment.</p> <p>Ms. Firestone earned a Juris Doctor degree and graduated with honors from Harvard Law School and holds a Bachelor of Arts degree in Environmental Studies, Magna Cum Laude, from Brown University.</p>
	<p><b>Eileen Sobeck</b>  <b>EXECUTIVE DIRECTOR</b></p> <p>Eileen Sobeck was selected as Executive Director by the Board in August 2017. Ms. Sobeck has nearly 40 years of government service, and more than two decades of executive and management experience leading professional staff in complex organizations. She has spent majority of her career in federal agencies that touch on many of the same science-based, public resource challenges the State Water Board faces.</p> <p>Ms. Sobeck was the National Oceanic and Atmospheric Administration's (NOAA) Assistant Administrator for Fisheries at the U. S. Department of Commerce (2014-2017). Prior to her work at NOAA, she was the Department of Interior's Acting Assistant Secretary for Insular Affairs (2012-2014), and Deputy Assistant Secretary for Fish and Wildlife and Parks (2009-2012). Ms. Sobeck is a lawyer by training and spent 25 years at the U. S. Department of Justice, ultimately serving as Deputy Assistant Attorney General for Environment and Natural Resources (1999-2009).</p> <p>While Ms. Sobeck has spent most of her professional career in Washington, D.C., she has many ties to California. Ms. Sobeck grew up in Davis, earned a Juris Doctor degree from Stanford Law School, a Bachelor of Arts degree in Political Science from Stanford University, and has strong family connections to California.</p>



# STATE WATER RESOURCES CONTROL BOARD

## TABLE OF CONTENTS

<b>I.</b>	<b>INTRODUCTION</b> .....	<b>10</b>
<b>II.</b>	<b>FINANCIAL RESULTS</b> .....	<b>11</b>
	A. Cumulative Financial Activity .....	11
	B. Net Position .....	11
	C. Revenues and Contributions .....	12
	D. Disbursements and Expenses .....	12
	E. Service Charges .....	13
	F. Credit Risk for the CWSRF .....	14
<b>III.</b>	<b>PROGRAMMATIC RESULTS</b> .....	<b>15</b>
	A. Projects Help with a Variety of Infrastructure Needs .....	15
	B. Projects Achieve Multiple Benefits.....	18
	C. Highlights of Projects Funded by CWSRF in SFY 2020-21 .....	23
<b>IV.</b>	<b>PROGRAM HIGHLIGHTS AND UPDATES</b> .....	<b>27</b>
	A. Projects Produce Widespread Cost Reductions .....	27
	B. Updated Sustainable Lending Capacity.....	27
	C. Small Community Funding Program Update .....	27
	D. Technical Assistance .....	28
	E. Water Recycling Funding Program Update .....	28
	F. CWSRF Results and Leveraging Activity .....	29
	G. Reducing Rollovers .....	29
	H. COVID-19 Impacts .....	30
	I. Marketing Updates .....	30
<b>V.</b>	<b>ACRONYMS</b> .....	<b>31</b>
<b>VI.</b>	<b>EXHIBITS</b> .....	<b>32</b>
	Exhibit A: SFY 2020-21 Projects Funded by Needs Category .....	33
	Exhibit B: SFY 2020-21 CWSRF FFATA Projects.....	36
	Exhibit C: SFY 2020-21 CWSRF/Prop 1-SCG Projects .....	37
	Exhibit D: SFY 2020-21 IUP Non-Funded Projects.....	41
	Exhibit E: DBE Reporting Results .....	46
	Exhibit F: SFY 2020-21 CWSRF Green Project Reserve Projects.....	47
	Exhibit G: SFY 2020-21 Additional Subsidy Projects (Principal Forgiveness).....	48
	Exhibit H: CWSRF Projects with Financing Servicing Fees .....	49
<b>VII.</b>	<b>APPENDICES</b> .....	<b>57</b>
	Appendix A: Short-Term Goals .....	A-1
	Appendix B: Long-Term Goals.....	B-1



Appendix C: Operating Agreement and Capitalization Grant Conditions .....	C-1
Appendix D: Program Evaluation Report (PER).....	D-1
Appendix E: SFY 2020-21 CWSRF Audited Financial Statements .....	E-1

## I. INTRODUCTION

The California State Water Resources Control Board (State Water Board), Division of Financial Assistance (DFA) presents the Clean Water State Revolving Fund (CWSRF) annual report for State Fiscal Year (SFY) 2020-21. It describes how the State Water Board met the objectives identified in the [SFY 2020-21 CWSRF Intended Use Plan \(IUP\)](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/docs/cwsrf_iup_sfy2020_21_final.pdf)

([https://www.waterboards.ca.gov/water\\_issues/programs/grants\\_loans/docs/cwsrf\\_iup\\_sfy2020\\_21\\_final.pdf](https://www.waterboards.ca.gov/water_issues/programs/grants_loans/docs/cwsrf_iup_sfy2020_21_final.pdf)).

The federal Clean Water Act provides each state the opportunity to establish a CWSRF to help achieve the goal of clean water. The CWSRF is capitalized with federal and state funds and revolves in perpetuity using the repayments and earnings from financed projects and other investments. The State Water Board has historically provided affordable CWSRF financing for publicly owned treatment works, non-point source (NPS) projects, and estuary projects. More information about California's CWSRF program can be found on the State Water Board's CWSRF website at <http://www.waterboards.ca.gov/cwsrf>.

Through the CWSRF program, the State Water Board has protected and promoted the health, safety, and welfare of Californians since 1989. Every project financed through the CWSRF program is directly related to improving water quality, public health, or both, and many CWSRF recipients use their financing to remedy water quality violations and associated enforcement actions by the Regional Water Quality Control Boards (Regional Water Boards). The State Water Board provided approximately \$326.6 million in new CWSRF financing to 30 projects in SFY 2020-21. The projects funded in 2020-21 include a variety of project types eligible under the CWSRF.

## II. FINANCIAL RESULTS

### A. Cumulative Financial Activity

To satisfy federal requirements and ensure the accuracy of the State Water Board's financial management of the CWSRF, audited financial statements for the year ending June 30, 2021, were completed April 4, 2022, and are included as Appendix E in this report. This section provides important financial highlights about the CWSRF as of June 30, 2021.

As of June 30, 2021,

- The cumulative CWSRF funds available for planning and construction financial assistance since inception was approximately \$12.319 billion.
- The State Water Board, and preceding departments/agencies, had committed approximately 105 percent (105%) of available funds to planning and construction projects through binding commitments (executed financing agreements).
- The State Water Board, and preceding departments/agencies, had disbursed approximately 89 percent (89%) of available funds for planning and construction projects

Cumulative CWSRF program activity from inception through the end of SFY 2020-21 is described below in Table 1.

**Table 1: Cumulative CWSRF Activity Since Inception**  
as of June 30, 2021

<b>Activity</b>	<b>Life of Program</b>
Number of Binding Commitments	890
Value of Binding Commitments	\$12.148 billion
Disbursements and Expenditures	\$10.239 billion

### B. Net Position

The net positions of the CWSRF program as of June 30, 2020, and June 30, 2021 are shown in Table 2.

**Table 2: CWSRF Statement of Net Position**  
(Dollars in Thousands)

	June 30, 2021	June 30, 2020
<b>Assets</b>		
Current Assets	\$1,115,095	\$1,116,130
Other Assets	\$4,524,498	\$4,595,160
<b>Total Assets</b>	<b>\$5,639,593</b>	<b>\$5,711,290</b>
<b>Liabilities</b>		
Current Liabilities	\$ 120,802	\$ 118,805
Non-Current Liabilities	\$1,118,142	\$1,225,508
<b>Total Liabilities</b>	<b>\$1,238,944</b>	<b>\$1,344,313</b>
<b>Net Position</b>		
Restricted	\$ 2,242,222	\$2,370,205
Unrestricted	\$ 2,158,427	\$1,996,772
<b>Total Net Position</b>	<b>\$ 4,400,649</b>	<b>\$4,366,977</b>

### C. Revenues and Contributions

The total revenues and contributions for SFY 2020-21 were \$85 million. Revenues for this period are further summarized in Table 3 below.

**Table 3: SFY 2020-21 CWSRF Revenues**  
(Dollars in Thousands)

Loan Interest Income	\$62,670
Net Investment Income*	\$3,992
Capitalization Grant - Principal Forgiveness	\$17,995
Capitalization Grant - Loans	\$491
State Match	\$59

\*This revenue is not an operating revenue

### D. Disbursements and Expenses

Total disbursements and expenses for SFY 2020-21 were approximately \$569 million. Total disbursements do not include matching funds provided by financing recipients. Disbursements and expenses for this period are provided in Table 4.

**Table 4: SFY 2020-21 CWSRF Disbursements and Expenses**  
(Dollars in Thousands)

Loan Disbursements	\$411,651
Principal Forgiveness Disbursements	\$ 17,995
Employee Salaries and Vendor Payments	\$ 355
Bond Fees Paid	\$ 117
Principal Paid on Revenue Bonds	\$ 82,615
Interest Paid on Revenue Bonds	\$ 55,791

**E. Service Charges<sup>1</sup>**

State law allows the State Water Board to collect two service charges on CWSRF financings. One charge provides a secondary source of revenue for CWSRF administration, and the other charge provides revenue for the CWSRF Small Community Grant (SCG) Fund. The SCG Fund can provide wastewater grants to small disadvantaged communities (DACs) and small severely disadvantaged communities (SDACs).

The total service charges collected for the CWSRF Administration Fund during SFY 2020-21 was approximately \$10.009 million while expenses incurred from the CWSRF Administration Fund were approximately \$10.879 million. It's also the goal to maintain a balance equal to approximately the annual appropriation of the CWSRF Admin fund for cash flow reasons and to act as a 1-year reserve for any unexpected cash flow disruptions. The cumulative activity of the CWSRF Administration Fund since its inception is described in Table 5 below.

**Table 5: Cumulative Activity of the CWSRF Administration Fund**  
as of June 30, 2021  
(Dollars in Thousands)

Cumulative Administration Fund Revenue Collected	\$103,529
Cumulative Administration Fund Expenses	\$ 87,614
Administration Fund Balance	\$ 15,915

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<sup>1</sup> For federal purposes, the Administration Fund and SCG Fund service charges are fees “other than program income not included as principal in CWSRF financing.” The service charges are collected in lieu of an equal amount of interest that would otherwise be due on the outstanding balances of the financing agreements. The service charges are offset by reducing the interest rates so that financing recipients’ payments remain the same whether or not they pay the service charge(s).

The total service charges collected for the CWSRF SCG Fund during SFY 2020-21 was \$6.898 million while grants disbursed from the CWSRF SCG Fund were approximately \$7.956 million. The cumulative activity of the CWSRF SCG Fund since its inception is described in Table 6.

**Table 6: Cumulative Activity of the CWSRF SCG Fund**  
as of June 30, 2021  
(Dollars in Thousands)

Cumulative Revenue Collected for SCG Fund	\$89,087
Cumulative Grants Disbursed from SCG Fund	\$56,897
SCG Fund Encumbered Balance (Committed Funds)	\$21,417
SCG Fund Balance (Uncommitted Funds)	\$10,773

Appendix I identifies the fee rates charged to recipients under the Administration Service Fee and/or SCG Fee funds during SFY 2020-21.

## **F. Credit Risk for the CWSRF**

The State Water Board continued to mitigate credit risks to the CWSRF in SFY 2020-21. Each financing recipient was required to pledge one or more dedicated sources of revenue toward payment of its CWSRF obligation. Dedicated sources of revenue were generally sewer rate revenue pledges, but may also be other revenue sources, special tax pledges, or other acceptable income.

State Water Board staff also maintained efforts to ensure that existing CWSRF financing agreements, at minimum, met security requirements and that payments due were made in full. The State Water Board used a variety of analysis and monitoring measures to reduce the possibility of non-payment and continued to evaluate additional steps to ensure full and timely payment of all agreements.

During SFY 2020-21, the State Water Board staff continued to closely monitor and work collaboratively with recipients to identify potential financial impacts related to the COVID-19 pandemic and wildfires, affecting their ability to support operations and meet debt obligations. Analysis of CWSRF borrowers' financial health did not result in a recommendation to restructure any CWSRF agreements.

The allowance for bad debt remained unchanged during SFY 2020-21 at \$9.356 million. As further described in Appendix E, the allowance for bad debt represents the State Water Board's assessment of at-risk outstanding principal balance as a result of financial challenges with a funding recipient(s). As in prior years, there were no repayment defaults in the CWSRF program and State Water Board staff continued to work diligently to ensure funding agreements were secure, and all payments were made on time and in full. Staff efforts included using a variety of analysis and monitoring measures to reduce the possibility of non-payment and late payment and continually evaluating additional steps to ensure full and timely payments.

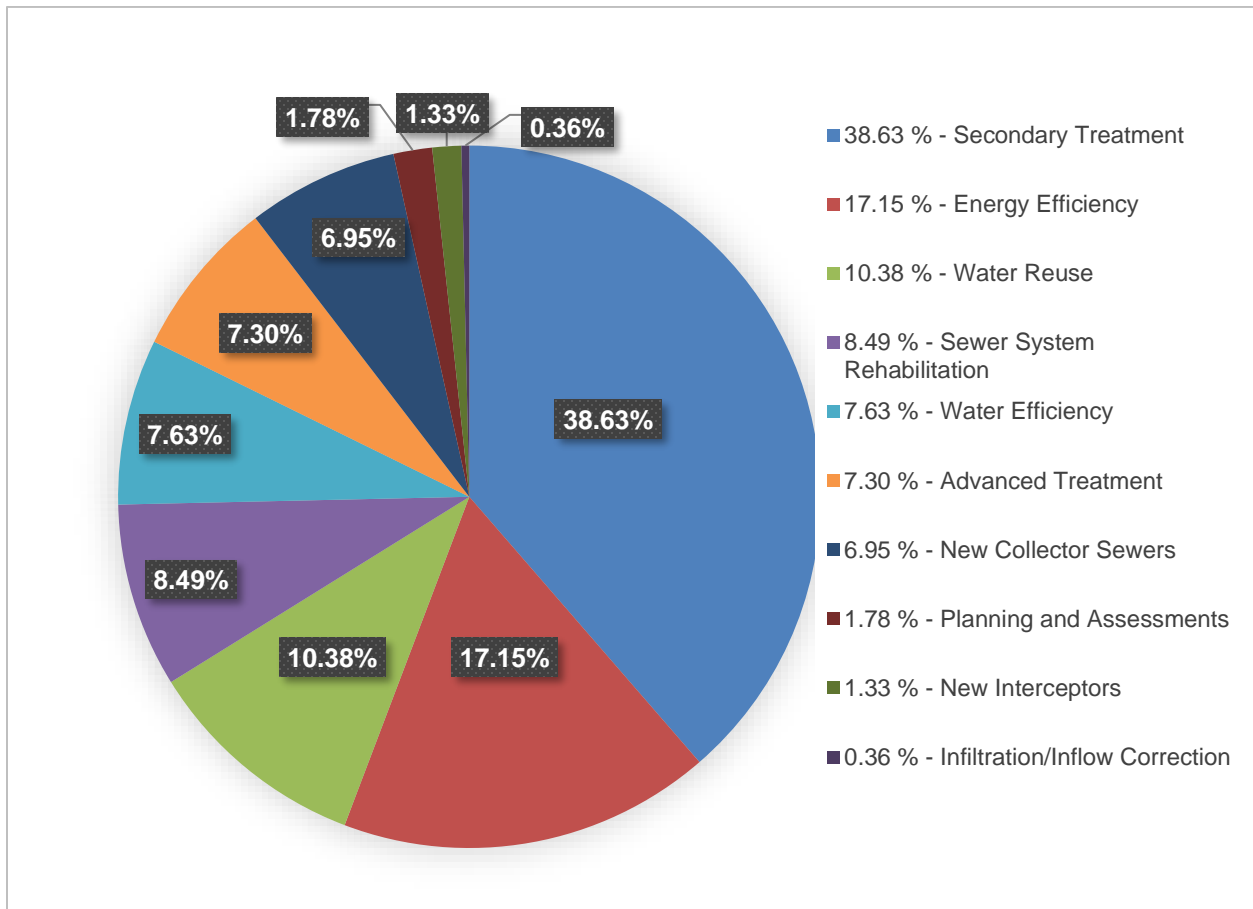
### **III. PROGRAMMATIC RESULTS**

The contributions of the CWSRF to water quality are diverse and difficult to quantify. Rather than being a weakness of the program, this indicates the program's strength and versatility in addressing a wide range of water quality and related issues. The data and graphics summarize the environmental and other benefits derived from the CWSRF projects funded during SFY 2020-21. The data supporting this summary has been transmitted to the United States Environmental Protection Agency (USEPA) via the Clean Water Benefits Reporting System (CBR) database. The data indicate the CWSRF protected or restored a wide range of beneficial water uses and provided other related benefits.

#### **A. Projects Help with a Variety of Infrastructure Needs**

The State Water Board funds projects through the CWSRF to address a broad range of water quality objectives. Figure 1 illustrates the categories of projects specifically funded in SFY 2020-21. The categories predominantly represent wastewater infrastructure; with wastewater treatment, energy efficient components, and water reuse categories representing the majority of the total funding in SFY 2020-21. This demonstrates the CWSRF's importance in maintaining and improving California's wastewater infrastructure.

**Figure 1: CWSRF Funding by Needs Categories\***

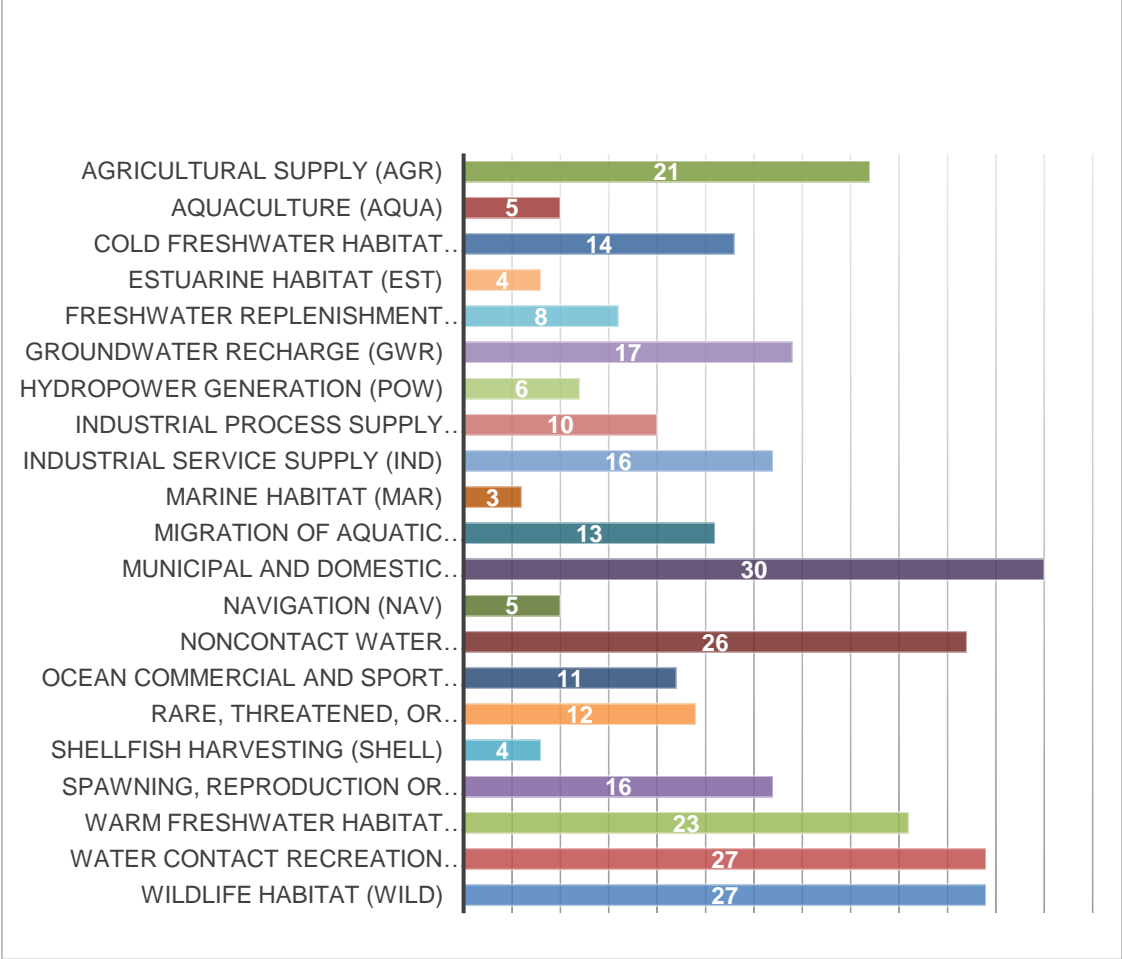


\*Percentages were calculated based on total funding amounts for each category in SFY 2020-21.

CWSRF projects often benefit water quality in more than one way. Figure 2a shows the number of projects supporting state designated water uses that were provided CWSRF funding by the State Water Board in SFY 2020-21. Similarly, Figure 2b illustrates the number of projects supporting other benefits designated by USEPA that were provided CWSRF funding by the State Water Board in SFY 2020-21. Combined, the figures show the many beneficial uses identified in state water quality control plans or by USEPA that CWSRF funding will help address.



**Figure 2a: Number of Projects Supporting Designated Water Uses\***



\*Individual projects may address multiple beneficial uses.

**Figure 2b: Number of Projects Supporting Other Benefits\***

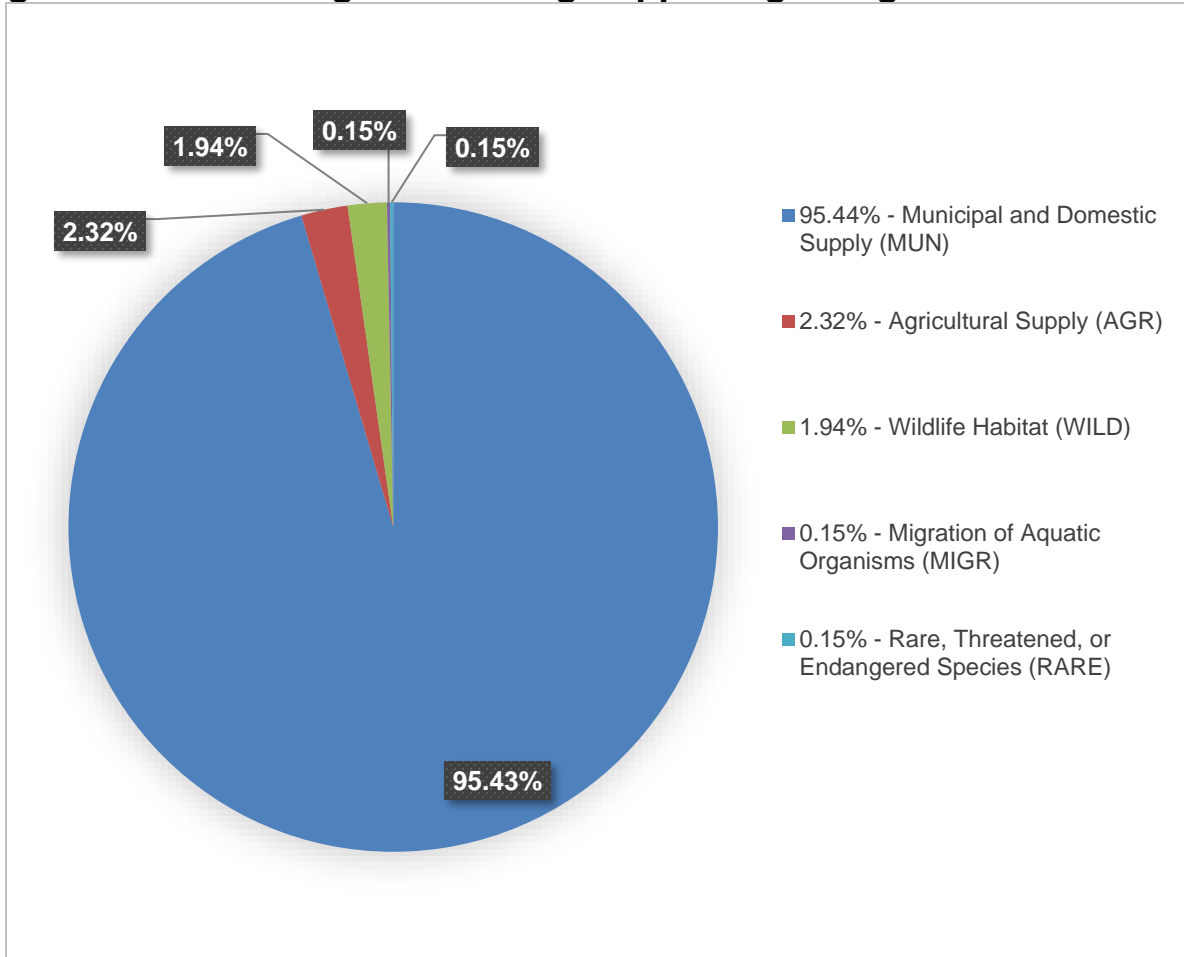


\*Individual projects may address multiple benefits.

### **B. Projects Achieve Multiple Benefits**

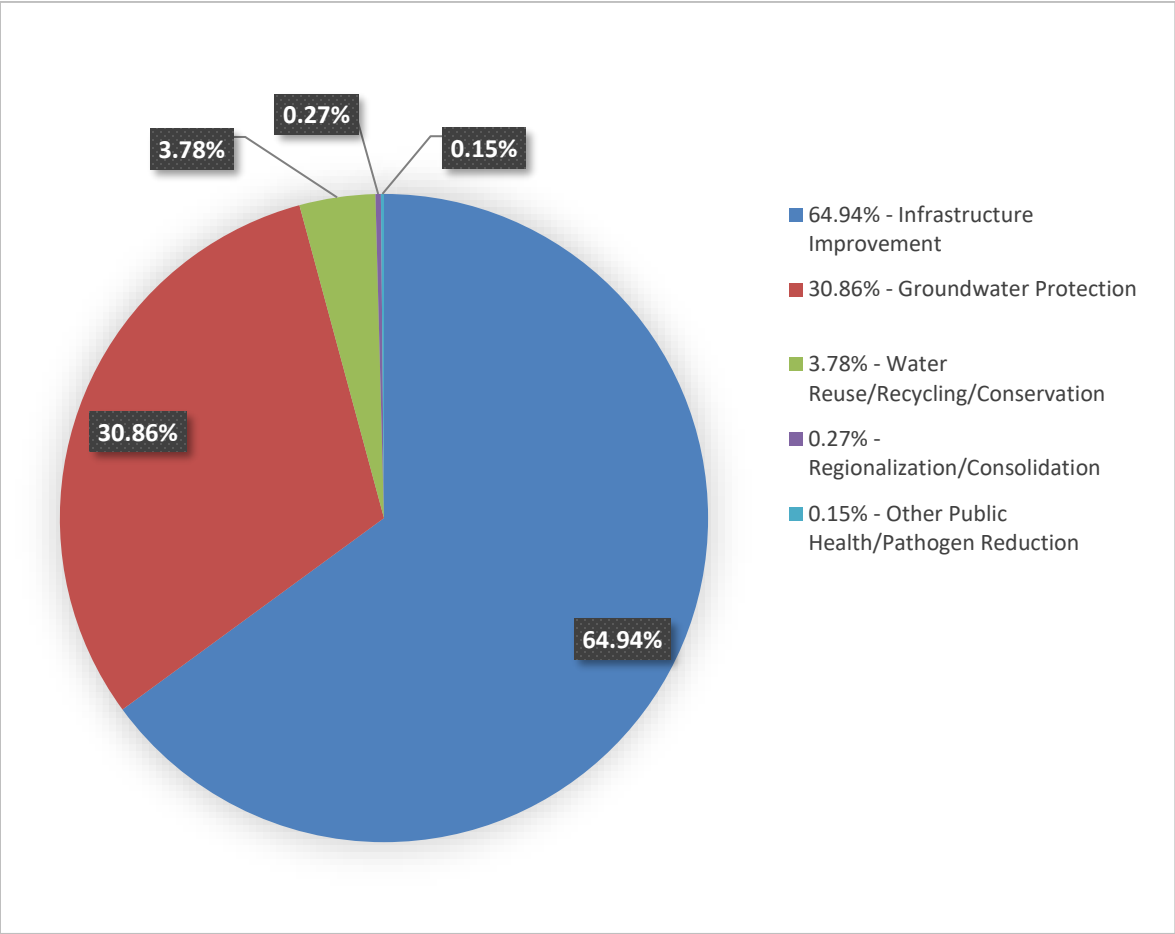
Another way to display the impact of CWSRF funding is by the percentage supporting different beneficial uses, as shown in Figure 3a and 3b. Figure 3a shows the environmental benefits from CWSRF projects through a breakdown of funding supporting the primary designated water use relative to the cumulative CWSRF funding provided by the State Water Board in SFY 2020-21. Additionally, Figure 3b shows the percentage of funding affecting other water benefits designated by USEPA that the CWSRF projects will benefit through CWSRF funding.

**Figure 3a: Percentage of Funding Supporting Designated Water Uses\***



\*This data is based on Primary Designated Water uses, some projects have one or multiple secondary Designated Water uses.

**Figure 3b: Percentage of Funding Supporting Other Benefits\***



\*This data is based on a project’s primary Other Benefit, some projects may have one or multiple Secondary Benefits.

Many of the water quality projects undertaken today are expensive and large. This reflects the level of assistance needed to continue to improve water quality. Figure 4 shows the total project cost for different water quality objectives and outcome. The State Water Board's ability to fund such large projects through the CWSRF is one of its greatest strengths. Many agencies may not be able to secure such large funding amounts from one provider if the CWSRF were not available.

**Figure 4: Total Funding Provided (in millions of dollars) by Water Quality Objective and Outcome**



### C. Highlights of Projects Funded by CWSRF in SFY 2020-21

Funding Recipient Name	CWSRF Project Number	Project Name	County	Funding	Reason for Funding	Environmental Impact
La Mesa, City of	8394-110	Parkway Drive and Alvarado Road Trunk Sewer Phase 3 Upgrade Project	San Diego	\$7,000,000	Construction to improve sanitary sewer system reliability and reduce sanitary sewer overflows.	Improves Water Quality
Colusa, City of	7896-310	Collection System Improvements Project	Colusa	\$4,350,000	Construction to improve sanitary sewer system reliability and reduce sanitary sewer overflows.	Improves Water Quality
Seeley County Water District	8481-110	Wastewater Treatment Plant Improvements	Imperial	\$500,000	Planning to identify improvements that will address water quality and Wastewater Treatment Plant's notice of noncompliance.	Improves Water Quality
Sutter Creek, City of	8452-110	Pre Design for Wastewater Treatment Replacement Project	Amador	\$425,000	Planning to identify cost and impacts of a new tertiary Wastewater Treatment Plant and evaluate water recycling alternatives.	Improves Water Quality
Gustine, City of	8358-110	Water Meter Replacement Project	Merced	\$2,224,438	Construction to replace existing outdated and out-of-calibration residential and commercial meters with fully automatic meters.	Maintains Water Quality
Riverdale Public Utility District	8135-210	Wastewater Treatment Plant Improvement Project	Fresno	\$10,660,000	Construction for improvements to the solids treatment facilities and improve Wastewater Treatment Facility effluent water quality.	Improves Water Quality
Orange County Water District	8290-110	Groundwater Replenishment System Final Expansion	Orange	\$47,706,189	Construction to increase treatment capacity of Wastewater Treatment Plant and improvements to the biological treatment processes.	Improves Water Quality

<b>Funding Recipient Name</b>	<b>CWSRF Project Number</b>	<b>Project Name</b>	<b>County</b>	<b>Funding</b>	<b>Reason for Funding</b>	<b>Environmental Impact</b>
Orange County Water District	8307-110	Water Production Flow Enhancement Project	Orange	\$45,397,521	Construction to increase the capacity of the Wastewater Treatment Plant.	Improves Water Quality
Inland Empire Utilities Agency	8235-110	2015 Drought Relief - RP-1 1158 Recycled Water Pump Station Upgrades	San Bernardino	\$3,346,500	Construction to increase delivery capacity of groundwater recharge.	Maintains Water Quality
Groveland Community Services District	8109-210	Downtown Groveland and Big Oak Flat Sewer Collection System Improvements	Tuolumne	\$5,845,568	Construction to improve sanitary sewer system reliability and reduce sanitary sewer overflows.	Maintains Water Quality
Inland Empire Utilities Agency	8235-120	2015 Drought Relief - RP-5 Recycled Water Pipeline Bottleneck	San Bernardino	\$1,568,585	Construction to increase delivery capacity of recycled water within the service area.	Maintains Water Quality
Escondido, City of	8112-110	Recycled Water Easterly Agriculture Distribution System	San Diego	\$2,690,000	Construction to increase delivery capacity of recycled water within the service area.	Maintains Water Quality
Twentynine Palms, City of	8472-110	Wastewater Treatment System Feasibility and Preliminary Design	San Bernardino	\$983,212	Planning project to identify wastewater infrastructure projects.	Improves Water Quality
Eastern Municipal Water District	8529-110	Quail Valley Sub-Area 4 Septic to Sewer System Planning Study	Riverside	\$500,000	Planning to identify alternatives to abandon residential septic systems and connect to the regional sewer system	Improves Water Quality
Castroville Community Service District	8370-110	Moss Landing Rehabilitation Project	Monterey	\$500,000	Planning project to identify wastewater infrastructure projects.	Maintains Water Quality
Stratford Public Utility District	7767-210	Wastewater Facilities Improvement Project	Kings	\$6,568,100	Construction to increase treatment capacity of the Wastewater Treatment Plant.	Maintains Water Quality



<b>Funding Recipient Name</b>	<b>CWSRF Project Number</b>	<b>Project Name</b>	<b>County</b>	<b>Funding</b>	<b>Reason for Funding</b>	<b>Environmental Impact</b>
Borrego Water District	8199-110	Wastewater Treatment Plant Upgrade	San Diego	\$478,000	Construction to improve Water Treatment Facility effluent water quality.	Maintains Water Quality
Richgrove Community Services District	8549-110	Richgrove CSD Wastewater System Improvement Project	Tulare	\$500,000	Planning to identify and evaluate alternatives that address the current deficiencies of Richgrove CSD's wastewater system	Maintains Water Quality
Richmond, City of	8258-110	Wastewater Treatment Plant Critical Improvements Project	Contra Costa	\$50,000,000	Construction to improve sanitary sewer system reliability and reduce sanitary sewer overflows.	Maintains Water Quality
Woodlake, City of	7878-210	The City of Woodlake Sewer Improvements	Tulare	\$5,500,000	Construction to increase treatment capacity of the Wastewater Treatment Plant.	Maintains Water Quality
Yreka, City of	8231-210	Wastewater Collection System Improvements	Siskiyou	\$5,500,000	Construction to replace and repair the sewer mains and laterals.	Maintains Water Quality
Sonoma County Water Agency	8451-110	Monte Rio and Villa Grande Wastewater Treatment Project	Sonoma	\$500,000	Planning to address the water quality impairment of the lower Russian River due to aging septic systems in the communities of Monte Rio and Villa Grande	Improves Water Quality
Point Arena, City of	8484-110	Point Arena Infiltration, Inflow and Pipeline capacity Project	Mendocino	\$435,800	Planning to identify issues with sanitary sewer collection system	Maintains Water Quality
Lanare Community Services District	8367-110	Lanare Wastewater Collection, Treatment, and Disposal Project	Fresno	\$370,000	Planning to identify a sustainable long-term wastewater collection plan	Maintains Water Quality
San Francisco, Public Utilities Commission of the City and County of	8286-110	CWWSIPSE02 SEP New Headworks (Grit) Replacement	San Francisco	\$112,036,181	Construction to improve process performance with a single headworks facility	Maintains Water Quality

<b>Funding Recipient Name</b>	<b>CWSRF Project Number</b>	<b>Project Name</b>	<b>County</b>	<b>Funding</b>	<b>Reason for Funding</b>	<b>Environmental Impact</b>
Grenada Sanitary District	8410-110	Grenada Sewer System	Siskiyou	\$430,000	Planning to identify wastewater infrastructure projects.	Improves Water Quality
Burbank Sanitary District	8238-110	District Wide Capital Improvement Project	Santa Clara	\$5,064,000	Construction to replace and repair the sewer mains and laterals.	Improves Water Quality
Crescent City, City of	8558-110	RBC Capital Upgrade, MBR Membrane Replacement, and Biosolids/Digester Optimization	Del Norte	\$393,405	Planning to identify wastewater infrastructure projects.	Improves Water Quality
Loleta Community Services District	8036-310	Wastewater Treatment and Disposal Improvement Project	Humboldt	\$4,875,602	Construction to replace the existing wastewater treatment facility, repair the outfall discharge pipe, and a new land application irrigation system.	Improves Water Quality
Saticoy Sanitary District	8468-110	Collection System and Wastewater Treatment Plant Rehabilitation Project	Ventura	\$265,000	Planning to identify wastewater infrastructure projects.	Improves Water Quality
<b>Total Funding Amount:</b>				<b>\$326,613,101</b>		

## **IV. PROGRAM HIGHLIGHTS AND UPDATES**

In SFY 2020-21, the State Water Board strived to resume financing CWSRF projects quickly and efficiently to reach the program's full potential as a water quality tool and continued to pair CWSRF financing with other appropriated financing sources to achieve the overall objectives of the State Water Board. This section highlights significant achievements of the program and noteworthy factors that affected the CWSRF program in SFY 2020-21.

### **A. Projects Produce Widespread Cost Reductions**

- Recipients received approximately \$103.76 million in CWSRF subsidy. The subsidy is the amount of funds saved by recipients due to the reduced interest rate and/or principal forgiveness on CWSRF financing.
- Funded projects directly served 6,616,123 people and will indirectly serve 8,139,689 people statewide.

### **B. Updated Sustainable Lending Capacity**

The CWSRF's Municipal Advisor, in cooperation with DFA staff, updated the CWSRF's estimated lending capacity calculations for the SFY 2020-21 IUP. The Municipal Advisor's calculations showed that the CWSRF can operate at an estimated sustainable loan level of approximately \$586 million per year for the next 20 years. The estimate is considerably less than the previously estimated \$1.0 billion loan capacity used in the 2019-20 IUP. Stakeholders expressed concern during the development of the SFY 2020-21 IUP given the sizeable unmet demand for project funding. DFA met with stakeholders to provide transparency on the capacity calculation process and to identify opportunities and actions that may increase the sustainable lending capacity of the program. Additional changes in policy or practice may be needed in the future to manage the program effectively and provide stakeholders and the State Water Board with the best possible results.

### **C. Small Community Funding Program Update**

The State Water Board continued to implement and award funding in SFY 2020-21 to small disadvantaged community projects using Proposition 1 (Prop 1) SCG-Wastewater (WW) funds, SCG Fee funds, and CWSRF Principal Forgiveness. As of June 30, 2021, approximately \$235.3 million of the \$241.8 million in available Prop 1 SCG funds have been committed (executed agreements) to eligible projects. Approximately \$9.4 million in Prop 1 SCG, \$0 in SCG Fee funding, and \$40.1 million in Principal Forgiveness was awarded to small DACs in SFY 2020-21. The list of small DAC funded projects is included as Exhibit C.

The State Water Board continued to commit SCG-WW funds at a fast pace and will continue to commit available SCG funds in SFY 2020-21. The SCG-WW funding approach was fully integrated into the SFY 2020-21 IUP. However, SCG Fee funds are

now declining at a rate that requires the State Water Board to assess additional SCG Fees on CWSRF loans to meet SCG funding demands. This decline has been occurring because the SCG Fee is derived from interest payments on CWSRF loans that inherently decline over time as interest owed on outstanding loans declines. This decline in SCG Fee revenue has been further compounded by pre-payments on CWSRF loans in SFY 2020-21 and the resulting loss in future SCG Fee revenue.

#### **D. Technical Assistance**

DFA continued to provide a suite of technical assistance to small DACs funded under Prop 1 in SFY 2020-21. In general, this technical assistance helped those communities address infrastructure improvements to correct system deficiencies and prevent pollution. It also helped them ensure compliance with water quality objectives; create more stable and sustainable community governance with enhanced public awareness of wastewater issues; improve asset management, fiscal planning, and accountability so that they can be financially sound and creditworthy financial assistance applicants; and assist small DACs in completing their applications for CWSRF-SCG financing.

Under the CWSRF four percent (4%) administration allowance, a third-party contract with California Rural Water Association (CRWA) also provided technical assistance to small DACs. CRWA provided hands-on technical and financial expertise to help small DACs address their individual needs in the following areas that are commonly difficult for small DACs: preparation of financial assistance applications; design and operational solutions, including compliance assistance; community outreach, awareness, and education; fiscal management and accountability; capital improvement planning and asset management; rate setting; the Proposition 218 process; and income surveys.

#### **E. Water Recycling Funding Program Update**

The State Water Board continued to implement and award funding in SFY 2020-21 to projects using Prop 1 and Prop 68 water recycling funds. As of June 30, 2021, the State Water Board had been appropriated \$568.75 million of Prop 1 and \$74.0 million of Prop 68 water recycling local assistance funding. Approximately \$545.9 million of Prop 1 water recycling funds (\$308.8 million for grants and \$237.1 million for loans) had been committed (executed agreement) as of June 30, 2021, to 55 projects. Approximately \$2 million of Prop 68 water recycling grant funds have been committed as of June 30, 2021, to three projects. As of June 30, 2021, approximately \$22.9 million in Prop 1 and \$72 million in Prop 68 local assistance funds remained for projects. DFA expects that all the remaining Prop 1 and Prop 68 local assistance water recycling funds will be committed to projects during SFY 2021-22.

The Water Recycling Funding Program (WRFP) is part of the State Water Board's long-standing commitment to recycling wastewater. The Prop 1 water recycling financing represents a significant investment by the State Water Board and the California voters to offset or augment fresh water supplies and make California's water supply more sustainable and resilient. Together, the 55 projects receiving Prop 1 water recycling financing are expected to deliver 226,100 acre-feet per year (AFY) in recycled water

once they are fully operational. Roughly 52,700 AFY are planned for agricultural irrigation, 30,800 AFY for urban irrigation, 5,500 AFY for commercial and industrial users, and 137,100 AFY will be used to recharge groundwater basins.

## **F. CWSRF Results and Leveraging Activity**

One measure of SRF success is the ratio of cumulative executed agreements to cumulative federal capitalization. As of June 30, 2020, California's CWSRF has executed \$3.49 worth of agreements for every \$1.00 of federal capitalization. The 2021-22 Fundable List, as adopted by the State Water Board, includes an additional \$3.4 billion in potential new loan commitments, and if all these selected projects receive an executed agreement by June 30, 2022, as planned, the ratio of funded projects is estimated to rise to \$4.27 for every \$1.00 in federal capitalization. The State Water Board authorized DFA to lower the Cutoff Score to 13, and if all the projects scoring 13 also receive an executed agreement, the estimated ratio will be approximately \$4.39.

The CWSRF's outstanding commitments as of June 30, 2021, totaled approximately \$2.88 billion. DFA determined that additional CWSRF bonds were not needed in SFY 2020-21. Based on the cash flow analysis in the SFY 2020-21 IUP, however, additional capital will be needed in SFY 2021-22 to finance an additional \$3.5 billion in new projects. This will likely be achieved in the form of municipal bonds or additional capitalization from EPA.

The State Water Board has authorized the issuance of up to \$2.2 billion in CWSRF revenue bonds. The CWSRF program sold bonds in 2016, 2017, and 2018, and all the proceeds of these sales have been disbursed to eligible recipients. Exhibit E provides a detailed listing of the use of Series 2016, 2017 and 2018 CWSRF Revenue Bond proceeds.

Currently, the CWSRF has approximately \$1.08 billion par in bonds outstanding, so additional debt can be issued utilizing the CWSRF's existing authority. DFA will continue to evaluate its cash flows and future capitalization levels to determine if it should request that the State Water Board increase the leveraging limit for the CWSRF consistent with the SRF Debt Management Policy.

## **G. Reducing Rollovers**

The rollout of the Financial Information System for California (FI\$Cal), the new statewide accounting, budget, cash management, and procurement system, resulted in a significantly lower number of new clean water financing agreements during SFYs 2018-19 and 2019-20. DFA is continuing to adapt to FI\$Cal and expects the overall pace of financing will return to pre-FI\$Cal numbers. There were still a significant number of rollover projects (52) from the SFY 2019-20 Fundable List. An additional 22 new projects were added to the Fundable List for a total of 74 scored projects in SFY 2020-21.

For SFY 2020-21, DFA executed 30 agreements for approximately \$326 million in financing. Moreover, between May 1, 2020, and June 30, 2020, DFA executed 41 new CWSRF, Drinking Water State Revolving Fund (DWSRF), and complementary funding source agreements. This pace of new agreements is similar to DFA's pace of new agreements before the introduction of FI\$Cal.

## **H. COVID-19 Impacts**

The actions taken to address the COVID-19 pandemic have also affected SRF operations during SFY 2020-21 and may have additional consequences for the program in the future. No loans have requested forbearance or modification of their terms or payment schedules. The State Water Board's staff continues to monitor the impacts of COVID-19 on the revenues and expenses of agencies with outstanding SRF debt. Recipients have cited COVID-19 as the cause of construction and reimbursement request delays and DFA has seen an increase in agreement extension requests.

## **I. Marketing Updates**

State Water Board staff continued to participate in the California Financing Coordinating Committee (CFCC) funding fairs during SFY 2020-21. The funding fairs provide members of the public and infrastructure development professionals current information on funding options available for different project types.

State Water Board staff also presented and exhibited at the Floodplain Management Association (FMA). FMA is an organization for floodplain management professionals interested in reducing flood risk and creating sustainable floodplains.

## V. ACRONYMS

AIS	American Iron and Steel
AFY	Acre-feet Per Year
ARRA	American Recovery and Reinvestment Act of 2009
ASAP	Automated Standard Application of Payments
CWSRF	Clean Water State Revolving Fund
DAC	Disadvantaged Community
DAS	Division of Administrative Services
DBE	Disadvantaged Business Enterprise
DFA	Division of Financial Assistance
DWSRF	Drinking Water State Revolving Fund
FFATA	Federal Funding Accountability and Transparency Act
FFY	Federal Fiscal Year
FI\$Cal	Financial Information System of California
FSP	Fiscal Sustainability Plan
FSRS	FFATA Subaward Reporting System
IUP	Intended Use Plan
LGTS	Loans and Grants Tracking System
MBE	Minority Owned Business Enterprise
NPS	Nonpoint Source
NIMS	National Information Management System
OMB	Office of Management and Budget
OSWS	Office of Sustainable Water Solutions
SCG	Small Community Grant
SCO	State Controller's Office
SDAC	Severely Disadvantaged Community
SERP	State Environmental Review Process
SFY	State Fiscal Year
USEPA	United States Environmental Protection Agency
WBE	Women Owned Business Enterprise
WRFP	Water Recycling Funding Program

## VI. EXHIBITS

Exhibit A	SFY 2020-21 CWSRF Projects Funded by Needs Category
Exhibit B	SFY 2020-21 CWSRF FFATA Projects
Exhibit C	SFY 2020-21 CWSRF/Prop 1-SCG Projects
Exhibit D	SFY 2020-21 IUP Non-Funded Projects
Exhibit E	SFY 2020-21 DBE Reporting Results
Exhibit F	SFY 2020-21 CWSRF Green Project Reserve Projects
Exhibit G	SFY 2020-21 CWSRF Additional Subsidy Projects (Principal Forgiveness)
Exhibit H	CWSRF Projects With Financing Servicing Fees



## Exhibit A: SFY 2020-21 Projects Funded by Needs Category

Funding Recipient	Project Number	Hardship/DAC	Energy Efficiency	Water Reuse	Water Efficiency	Secondary Treatment	Advanced Treatment	Infiltration/Inflow Correction	New collector sewers	New Interceptors	Sewer System Rehabilitation	Planning and Assessments	Total Loan Amount
La Mesa, City of	8394-110	N									\$7,000,000		\$7,000,000
Colusa, City of	7896-310	Y								\$4,350,000			\$4,350,000
Seeley County Water District	8481-110	Y										\$500,000	\$500,000
Sutter Creek, City of	8452-110	Y										\$425,000	\$425,000
Gustine, City of	8358-110	Y			\$2,224,438								\$2,224,438
Riverdale Public Utility District	8135-210	Y				\$10,660,000							\$10,660,000
Orange County Water District	8290-110	N		\$23,853,095			\$23,853,095						\$47,706,189
Orange County Water District	8307-110	N			\$22,698,761				\$22,698,761				\$45,397,521
Inland Empire Utilities Agency	8235-110	N		\$3,346,500									\$3,346,500
Groveland Community Services District	8109-210	Y						\$1,169,114			\$4,676,454		\$5,845,568
Inland Empire Utilities Agency	8235-120	N		\$1,568,585									\$1,568,585

Funding Recipient	Project Number	Hardship/DAC	Energy Efficiency	Water Reuse	Water Efficiency	Secondary Treatment	Advanced Treatment	Infiltration/Inflow Correction	New collector sewers	New Interceptors	Sewer System Rehabilitation	Planning and Assessments	Total Loan Amount
Escondido, City of	8112-110	N		\$2,690,000									\$2,690,000
Twentynine Palms, City of	8472-110	Y										\$983,212	\$983,212
Eastern Municipal Water District	8529-110	Y										\$500,000	\$500,000
Castroville Community Service District	8370-110	Y										\$500,000	\$500,000
Stratford Public Utility District	7767-210	Y				\$6,568,100							\$6,568,100
Borrego Water District	8199-110	Y				\$478,000							\$478,000
Richgrove Community Services District	8549-110	Y										\$500,000	\$500,000
Richmond, City of	8258-110	N				\$50,000,000							\$50,000,000
Woodlake, City of	7878-210	Y									\$5,500,000		\$5,500,000
Yreka, City of	8231-210	Y									\$5,500,000		\$5,500,000
Sonoma County Water Agency	8451-110	Y										\$500,000	\$500,000
Point Arena, City of	8484-110	Y										\$435,800	\$435,800

Funding Recipient	Project Number	Hardship/DAC	Energy Efficiency	Water Reuse	Water Efficiency	Secondary Treatment	Advanced Treatment	Infiltration/Inflow Correction	New collector sewers	New Interceptors	Sewer System Rehabilitation	Planning and Assessments	Total Loan Amount
Lanare Community Services District	8367-110	Y										\$370,000	\$370,000
San Francisco, Public Utilities Commission of the City and County of	8286-110	N	\$56,018,091			\$56,018,091							\$112,036,181
Grenada Sanitary District	8410-110	Y										\$430,000	\$430,000
Burbank Sanitary District	8238-110	N									\$5,064,000		\$5,064,000
Crescent City, City of	8558-110	Y										\$393,405	\$393,405
Loleta Community Services District	8036-310	Y		\$2,437,801		\$2,437,801							\$4,875,602
Saticoy Sanitary District	8468-110	Y										\$265,000	\$265,000
<b>Total:</b>	30	21	\$56,018,091	\$33,895,981	\$24,923,199	\$126,161,992	\$23,853,095	\$1,169,114	\$22,698,761	\$4,350,000	\$27,740,454	\$5,802,417	\$326,613,101

## Exhibit B: SFY 2020-21 CWSRF FFATA Projects

Funding Recipient	Project Number	Funding Agreement Number	Agreement Date	FFATA Reporting Due	Actual Date Reported	FFATA* Reporting Amount	Total Agreement Amount
City of San Francisco, Public Utilities Commission	8286-110	D20-01005	5/10/2021	6/30/2021	5/28/2021	\$112,036,181	\$112,036,181
Burbank Sanitary District	8238-110	D20-01030	5/26/2021	6/30/2021	5/4/2021	\$1,616,819	\$5,064,000
<b>Total:</b>						<b>\$113,653,000</b>	<b>\$117,100,181</b>

\*Based on Federal Fiscal Year (FFY) 2020 Capitalization Grant of \$113,653,000.

## Exhibit C: SFY 2020-21 CWSRF/Prop 1-SCG Projects

Execution Date	Project Number	Funding Recipient	Project Name	Type of Project	Region	County	Prop 1 Grant	SCG Grant	CWSRF Loan	CWSRF PF	Other
2/10/2021	8199-110	Borrego Water District	Wastewater Treatment Plant Upgrade	Construction	8	San Diego	\$0	\$0	\$0	\$788,911	\$0
10/5/2020	8103-310	Burney Water District	Burney Water District Collection System Improvement Project	Construction	5	Shasta	\$1,775,000	\$0	\$0	\$0	\$0
1/13/2021	8370-110	Castroville Community Services District	Moss Landing Rehabilitation Project	Planning	3	Monterey	\$0	\$0	\$0	\$500,000	\$0
8/17/2020	8358-110	City of Gustine	Water Metering Replacement Project	Construction	5	Merced	\$0	\$0	\$0	\$2,224,438	\$0
4/6/2021	8484-110	City of Point Arena	Point Arena Infiltration, Inflow and Pipeline Capacity Project	Planning	1	Mendocino	\$0	\$0	\$0	\$435,800	\$0
8/11/2020	8452-110	City of Sutter Creek	Pre-Design for Wastewater Treatment Replacement Project	Planning	5	Amador	\$0	\$0	\$0	\$425,000	\$75,000

1/7/2021	8472-110	City of Twentynine Palms	Wastewater Treatment System Feasibility and Preliminary Design	Planning	7	San Bernardino	\$0	\$0	\$0	\$983,212	\$0
4/1/2021	7878-210	City of Woodlake	The City of Woodlake Sewer Improvements	Construction	5	Tulare	\$-	\$-	\$0	\$5,500,000	\$0
4/1/2021	8231-210	City of Yreka	Wastewater Collection System Improvements	Construction	1	Siskiyou	\$0	\$0	\$0	\$5,500,000	\$0
7/27/2020	7896-310	Colusa, City of	Collection System Improvements Project	Construction	5	Colusa	\$1,750,000	\$0	\$4,350,000	\$0	\$0
6/2/2021	8558-110	Crescent City, City of	RBC Capital Upgrade, MBR Membrane Replacement, and Biosolids/Digester Optimization	Planning	1	Del Norte	\$0	\$0	\$0	\$393,405	\$0
1/7/2021	8529-110	Eastern Municipal Water District	Quail Valley Sub-Area 4 Septic to Sewer System Planning Study	Planning	8	Riverside	\$0	\$0	\$0	\$500,000	\$0
8/28/2020	8385-110	Gonzales, City of	Sewer Extension to Alpine Court	Planning	3	Monterey	\$105,000	\$0	\$0	\$0	\$0
5/24/2021	8410-110	Grenada Sanitary District	Grenada Sewer System	Planning	1	Siskiyou	\$0	\$0	\$0	\$430,000	\$0

11/25/2020	8109-210	Groveland Community Services District	Downtown Groveland and Big Oak Flat Sewer Collection System Improvements	Construction	5	Tuolumne	\$0	\$0	\$1,461,392	\$4,384,176	\$0
4/12/2021	8367-110	Lanare Community Services District	Lanare Wastewater Collection, Treatment, and Disposal Project	Planning	5	Fresno	\$0	\$0	\$0	\$370,000	\$0
6/28/2021	8036-310	Loleta Community Services District	Wastewater Treatment and Disposal Improvement Project	Construction	1	Humboldt	\$0	\$0	\$0	\$4,875,602	\$0
4/26/2021	8568-110	Paradise, Town of	Paradise Sewer Project	Planning	1	Butte	\$0	\$0	\$0	\$0	\$1,783,780
3/15/2021	8549-110	Richgrove Community Services District	Richgrove CSD Wastewater System Improvement Project	Planning	5	Tulare	\$0	\$0	\$0	\$500,000	\$0
8/26/2020	8135-210	Riverdale Public Utilities District	Wastewater Treatment Plant Improvement Project	Construction	5	Fresno	\$0	\$0	\$5,160,000	\$5,500,000	\$0
6/28/2021	8468-110	Saticoy Sanitation District	Collection System and Wastewater Treatment Plant Rehabilitation Project	Planning	4	Ventura	\$0	\$0	\$0	\$265,000	\$0

8/5/2020	8481-110	Seeley County Water District	Wastewater Treatment Plant Improvements	Planning	7	Imperial	\$0	\$0	\$0	\$500,000	\$0
4/6/2021	8451-110	Sonoma County Water Agency	Monte Rio and Villa Grande Wastewater Treatment Project	Planning	1	Sonoma	\$0	\$0	\$0	\$500,000	\$0
2/10/2021	7767-210	Stratford Public Utility District	Wastewater Facilities Improvement Project	Construction	5	Kings	\$0	\$0	\$1,067,850	\$5,500,250	\$0
3/8/2021	8281-210	Tuolumne City Sanitary District	TCSD Collection System Project	Construction	5	Tuolumne	\$5,756,896	\$0	\$0	\$0	\$0
							\$9,386,896	\$0	\$12,039,242	\$40,075,794	\$1,858,780



## Exhibit D: SFY 2020-21 IUP Non-Funded Projects<sup>2</sup>

Project Number	Region	Applicant Name	Project Name	Population < 20,000 <sup>2,4</sup>	SMALL DAC/SDAC <sup>2,4</sup>	Project Type	IUP Amount	Reason for Delay
8354-110	4	Central Basin Municipal Water District	Gateway Cities Regional Recycled Water System Expansion Project - Lynwood	No	No	Construction	\$3,453,182	4
8354-210	4	Central Basin Municipal Water District	Gateway Cities Regional Recycled Water System Expansion Project - South Gate	No	No	Construction	\$4,580,566	4
8354-310	4	Central Basin Municipal Water District	Gateway Cities Regional Recycled Water System Expansion Project - Bell Gardens	No	No	Construction	\$2,879,159	4
8489-110	2	Central Contra Costa SD	Solids Handling Facilities Improvements, DP 7348	No	No	Construction	\$89,625,000	3
8470-110	7	Coachella Valley Water District	CVWD 2017/18 Non-Potable Water Connections Project	No	No	Construction	\$33,000,000	3
8251-110	8	Corona, City of	Corona Reclaimed Source Delivery Main (WRCRWA line)	No	No	Construction	\$1,281,600	5
8516-110	6	Crestline Sanitation District	Huston Creek WWTP Dewatering Building and Primary Clarifier	Yes	No	Construction	\$8,000,000	3
8398-110	4	Downey, City of	Green Street Project in Four Arterial Streets	No	No	Construction	\$9,789,248	5
8356-110	2	East Bay Municipal Utility District	South Interceptor 3rd Street Rehabilitation Project Phase 2	No	No	Construction	\$27,301,000	5
8059-110	9	Escondido, City of	Recycled Water Easterly Agricultural Reverse Osmosis Facility and Pump Station	No	No	Construction	\$29,000,000	1

<sup>2</sup> Exhibit D is a list of all projects that were on the Fundable List that did not receive an executed financing agreement during SFY 2020-21.

Project Number	Region	Applicant Name	Project Name	Population < 20,000 <sup>2,4</sup>	SMALL DAC/SDAC <sup>2,4</sup>	Project Type	IUP Amount	Reason for Delay
8396-110	8	Hemet, City of	Sewer Main Replacement Project	No	No	Construction	\$8,000,000	5
8235-150	8	Inland Empire Utilities Agency	2015 Drought Relief - Baseline Extension Project	No	No	Construction	\$6,694,013	6
8167-110	8	Inland Empire Utilities Agency	Joint IEUA - JCSD Regional Water Recycling Program Phase I	No	No	Construction	\$32,000,000	4
8173-210	8	Inland Empire Utilities Agency	RP-5 Expansion Construction Project	No	No	Planning	\$325,000,000	1
8260-110	8	Inland Empire Utilities Agency	Distribution System/Wineville/Jurupa/RP-3 Recharge Improvements (PID 23a)	No	No	Construction	\$11,742,550	1
8414-110	8	Inland Empire Utilities Agency	Lower Day Basin Improvement Project	No	No	Construction	\$2,855,332	1
8415-110	8	Inland Empire Utilities Agency	Montclair Basin Improvement Project	No	No	Construction	\$1,273,857	1
8167-120	8	Jurupa Community Services District	Joint IEUA - JCSD Regional Water Recycling Program	No	No	Construction	\$20,460,000	3
8495-110	4	Long Beach Water Dept	Sewer Collection Systems Improvements	No	No	Construction	\$5,200,000	5
8154-110	4	Los Angeles County Sanitation District No. 2	Carson JWPCP - Effluent Outfall Tunnel Project	No	No	Construction	\$636,150,000	1
8063-110	4	Los Angeles, City of	DCTWRP Advanced Water Purification Facility	No	No	Construction	\$266,000,000	1
8236-110	8	Ontario, City Of	City of Ontario Recycled Water Distribution System Project	No	No	Construction	\$22,639,082	4
8433-110	4	Oxnard, City of	City of Oxnard Treatment Plant Rehabilitation Projects	No	No	Construction	\$66,700,000	3
8125-110	6	Palmdale Recycled Water Authority	Recycled Water Line Phase 2	No	No	Construction	\$2,500,000	1

Project Number	Region	Applicant Name	Project Name	Population < 20,000 <sup>2,4</sup>	SMALL DAC/SDAC <sup>2,4</sup>	Project Type	IUP Amount	Reason for Delay
8102-110	6	Palmdale Water District	Palmdale Regional Groundwater Recharge and Recovery Project	No	No	Construction	\$57,400,000	1
8377-110	2	Palo Alto, City of	Regional Water Quality Control Plant Discharge Infrastructure Improvements	No	No	Construction	\$11,760,000	1
8490-110	2	Palo Alto, City of	Regional Water Quality Control Plant Primary Sedimentation and Electrical Upgrade	No	No	Construction	\$16,368,000	3
8137-110	4	Pasadena, City of	Pasadena Non-Potable Water Project	No	No	Construction	\$25,325,000	4
8215-110	5	Roseville, City of	Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Project	No	No	Construction	\$85,562,844	6
8215-210	5	Roseville, City of	Pleasant Grove Wastewater Treatment Plant Expansion Project	No	No	Construction	\$32,748,824	6
8517-110	2	Ross Valley Sanitary District	FY 2019-20 Gravity Sewer Improvements, Butterfield/Arroyo-Kenrick	No	No	Construction	\$4,562,500	1
8277-110	9	San Diego, City of	Advanced Metering Infrastructure (AMI) Project	No	No	Construction	\$79,392,934	2
8419-110	9	San Diego, City of	Pure Water North City Morena Blvd Pump Station & Pipeline (Wastewater Portion)	No	No	Construction	\$359,245,400	1
8419-210	9	San Diego, City of	Pure Water North City Water Reclamation Plant Expansion	No	No	Construction	\$244,557,601	1
8419-410	9	San Diego, City of	Pure Water North City Water Reclamation Plant Expansion and Influent Conveyance	No	No	Construction	\$45,652,900	5
8419-510	9	San Diego, City of	Pure Water North City Pure Water Pump Station	No	No	Construction	\$21,224,438	5
8419-610	9	San Diego, City of	Pure Water North City Pure Water Pipeline	No	No	Construction	\$142,312,108	5

Project Number	Region	Applicant Name	Project Name	Population < 20,000 <sup>2,4</sup>	SMALL DAC/SDAC <sup>2,4</sup>	Project Type	IUP Amount	Reason for Delay
8419-710	9	San Diego, City of	Pure Water North City Pure Water Facility	No	No	Construction	\$579,596,282	5
8419-810	9	San Diego, City of	Pure Water North City Morena Blvd Pump Station & Pipeline (Water Portion)	No	No	Construction	\$59,592,510	5
8196-110	9	San Elijo Joint Powers Authority	SEJPA Recycled Water Phase II Project	No	No	Construction	\$6,200,000	4
8371-110	2	San Francisco, Public Utilities Commission of the City & County of	CWWSIPTPOP03 OSP Digester Gas Utilization Upgrade	No	No	Construction	\$54,387,969	6
8372-110	2	San Francisco, Public Utilities Commission of the City & County of	CWWSIPDP01 SEP Biosolids Digester Facilities Project (BDFP)	No	No	Construction	\$644,000,000	6
8297-110	2	San Mateo-Foster City Public Financing Authority	The San Mateo Clean Water Program - Wastewater Treatment Plant	No	No	Construction	\$440,000,000	1
8501-110	4	Sanitation Districts of Los Angeles County	216th Street Replacement Trunk Sewer Phase 2	No	No	Construction	\$6,535,000	1
8035-110	4	Santa Clarita Valley Sanitation District	UV Disinfection Facilities Project	No	No	Construction	\$20,985,376	6
8156-110	4	Santa Clarita Valley Sanitation District	Advanced Water Treatment Facility Project	No	No	Construction	\$109,627,000	6
8436-110	3	Santa Cruz County Sanitation District	Valencia Creek Sewer Relocation Project	Yes	No	Construction	\$2,154,000	3

Project Number	Region	Applicant Name	Project Name	Population < 20,000 <sup>2,4</sup>	SMALL DAC/SDAC <sup>2,4</sup>	Project Type	IUP Amount	Reason for Delay
8264-210	2	Silicon Valley Clean Water	Conveyance and Treatment Reliability Improvements Project - Front of Plant- Receiving Lift Station, Headworks, Influent Connector Pipe, Front of Plant Civil Site Work	No	No	Construction	\$119,000,000	3
8264-710	2	Silicon Valley Clean Water	Conveyance and Treatment Reliability Improvements Project - San Carlos Pump Station Demo	No	No	Construction	\$6,000,000	3
8447-110	5	Stockton, City of	Regional Wastewater Control Facilities Modifications	No	No	Construction	\$150,000,000	3
8293-110	2	West County Wastewater District	WPCP and Collection System Improvements - Phase I	No	No	Construction	\$18,050,000	5
8162-110	8	Yucaipa Valley Water District	Calimesa Recycled Water Conveyance Project	No	No	Construction	\$5,785,000	3
Total =	56						\$5,316,093,705	

Reason for Delay:

1. CWSRF Reviews are not Complete (Complete Application)
2. Application requires additional studies, more documents, and/or more hearings (Incomplete Application)
3. N/A - CWSRF financing agreement is pending
4. Project dropped from consideration due to inactive status
5. N/A- application withdrawn
6. Project funded Fiscal Year 19-20

## Exhibit E: DBE Reporting Results

	<b>MBE</b>	<b>WBE</b>	<b>TOTAL</b>
FFY 2020 Annual Disbursements by Category	\$48,454,511	\$1,948,350	\$50,402,861
Total Disbursements			\$562,530,946
Percentage to Total Disbursements	<b>8.61%</b>	<b>0.35%</b>	<b>8.96%</b>

Note: Percentage of DBE participation is determined by taking the funds disbursed to MBE and WBE compared to the total disbursements for the period October 1, 2019 through September 30, 2020. DBE reports are collected annually based on the FFY.

### Exhibit F: SFY 2020-21 CWSRF Green Project Reserve Projects<sup>3</sup>

Funding Recipient	Project Number	Funding Agreement Number	Green Project Reserve Funding Amount	Total Agreement Amount
Gustine, City of	8358-110	D1901040	\$2,224,438	\$2,224,438
Orange County Water District	8290-110	D1901035	\$47,706,189	\$47,706,189
Orange County Water District	8307-110	D1901036	\$45,397,521	\$45,397,521
Inland Empire Utilities Agency	8235-110	D1901030	\$3,346,500	\$3,346,500
Inland Empire Utilities Agency	8235-120	D1901031	\$1,568,585	\$1,568,585
Escondido, City of	8112-110	D2001004	\$2,690,000	\$2,690,000
Loleta Community Services District	8036-310	D2001029	\$2,437,801	\$4,875,602
<b>Total Projects:</b>	<b>7</b>		<b>\$105,371,034</b>	<b>\$107,808,835</b>

<sup>3</sup> Green Project Reserve includes projects that promote Green Infrastructure, Energy Efficiency, Water Efficiency or Environmentally Innovative projects. Projects were categorically eligible or required a business case justification. If the GPR amount is less than the Total Agreement Amount, the project was partially green and required a business case justification. GPR Target is 10% of 2020 CAP Grant = \$113,653,000

### Exhibit G: SFY 2020-21 Additional Subsidy Projects (Principal Forgiveness)

Funding Recipient	Project Number	Funding Agreement Number	Additional Subsidy Amount	Total Agreement Amount
Seeley County Water District	8481-110	D1901022	\$500,000	\$500,000
Sutter Creek, City of	8452-110	D1901039	\$425,000	\$425,000
Gustine, City of	8358-110	D1901040	\$2,224,438	\$2,224,438
Riverdale Public Utility District	8135-210	D2001000	\$5,500,000	\$10,660,000
Groveland Community Services District	8109-210	D2001007	\$4,384,176	\$5,845,568
Twentynine Palms, City of	8472-110	D2001011	\$983,212	\$983,212
Eastern Municipal Water District	8529-110	D2001015	\$500,000	\$500,000
Castroville Community Service District	8370-110	D2001023	\$500,000	\$500,000
Stratford Public Utility District	7767-210	D1901037	\$5,500,250	\$6,568,100
Borrego Water District	8199-110	D2001017	\$478,000	\$478,000
Richgrove Community Services District	8549-110	D2001018	\$500,000	\$500,000
Woodlake, City of	7878-210	D2001019	\$5,500,000	\$5,500,000
Yreka, City of	8231-210	D2001006	\$5,500,000	\$5,500,000
Sonoma County Water Agency	8451-110	D2001012	\$500,000	\$500,000
Point Arena, City of	8484-110	D2001016	\$435,800	\$435,800
Lanare Community Services District	8367-110	D2001022	\$370,000	\$370,000
Grenada Sanitary District	8410-110	D2001025	\$430,000	\$430,000
Crescent City, City of	8558-110	D2001037	\$393,405	\$393,405
Loleta Community Services District	8036-310	D2001029	\$4,875,602	\$4,875,602
Saticoy Sanitary District	8468-110	D2001027	\$265,000	\$265,000
<b>Total Projects:</b>	<b>20</b>		<b>\$39,764,883</b>	<b>\$47,454,125</b>



## Exhibit H: CWSRF Projects with Financing Servicing Fees

### Fund 3147 - Small Community Grant Fee (percentage of outstanding principal balance)<sup>4</sup>

Contract Number	Project Number	Recipient	Fee Rates
00-808	4521-110	Riverbank, City of	2.6%
07-810	5051-110	Reedley, City of	2.4%
07-812	4438-110	Crescent City, City of	2.4%
07-828	4438-110	Colusa, City of	2.4%
07-829	5085-110	Union Sanitary District	2.7%
08-804	4729-130	La Mesa, City of	2.6%
08-813	5055-110	Patterson, City of	2.6%
08-814	4352-110	Lake Arrowhead Community Services Dist.	2.6%
08-815	4680-110	Ventura, County of	2.6%
08-816	4916-110	Los Angeles County Sanitation District	2.6%
08-817	4148-110	Rosamond Community Services District	2.6%
08-838	5139-110	Hughson, City of	1.0%
08-854	4729-140	La Mesa, City of	1.0%
09-850	4688-110	Oakdale, City of	2.5%
09-856	5043-110	Galt, City of	2.9%

### Fund 9739 - Administrative Service Fee (1% of outstanding principal balance)<sup>5</sup>

Contract Number	Project Number	Recipient	Fee Rates
00-804	4486-110	Templeton Community Services District	1%
00-818	4062-220	Santa Rosa, City of	1%
00-825	4062-170	Santa Rosa, City of	1%
00-831	4062-250	Santa Rosa, City of	1%

<sup>4</sup> Constitutes projects with only a Small Community Grant Fee.

<sup>5</sup> Constitutes projects with only an Administrative Service Fee.

<b>Contract Number</b>	<b>Project Number</b>	<b>Recipient</b>	<b>Fee Rates</b>
01-803	4053-110	McCloud Community Services District	1%
01-810	4062-160	Santa Rosa, City of	1%
01-811	4062-230	Santa Rosa, City of	1%
01-813	6036-110	Santa Cruz, County of	1%
01-814	4062-150	Santa Rosa, City of	1%
02-821	4812-110	Napa Sanitation District	1%
02-826	4845-110	Santa Margarita Water District	1%
02-827	4802-110	Corona, City of	1%
03-846	4783-110	Los Angeles County Sanitation District	1%
03-847	4783-210	Los Angeles County Sanitation District	1%
04-802	6085-110	The Nature Conservancy	1%
04-814	4450-110	Coachella Sanitary District	1%
04-815	4252-510	La Canada Flintridge, City of	1%
05-809	4665-210	Stege Sanitary District	1%
05-810	4200-110	Yucaipa Valley Water District	1%
05-811	4729-110	La Mesa, City of	1%
06-810	4899-110	Inland Empire Utilities Agency	1%
07-816	4728-120	South San Francisco, City of	1%
07-824	4903-110	Novato Sanitary District	1%
08-845	5100-110	Eastern Municipal Water District	1%
09-800	5098-110	Linda County Water District	1%
09-858	5490-110	Del Mar, City of	1%
10-808	5219-110	Union Sanitary District	1%
10-817	5222-110	Union Sanitary District	1%
11-800	4971-240	Redding, City of	1%
11-810	4971-260	Redding, City of	1%
11-813	5319-110	Inland Empire Utilities Agency	1%
11-821	4463-110	Orange County Water District	1%
11-825	5175-210	Modesto, City of	1%
11-827	5216-110	Silicon Valley Clean Water	1%

<b>Contract Number</b>	<b>Project Number</b>	<b>Recipient</b>	<b>Fee Rates</b>
11-849	5380-110	Redding, City of	1%
12-807	7613-110	Fallbrook Public Utility District	1%
13-836	7891-110	Redding, City of	1%
14-817	7893-110	Fresno, City of	1%
93-805	6006-110	Davis, City of	1%
93-810	6022-110	Pacheco Water District	1%
93-819	4330-110	Goleta Sanitary District	1%
94-806	4108-110	Cambria Community Services District	1%
96-805	6014-110	San Luis Water District	1%
96-813	6000-120	Fresno Metropolitan Flood Control District	1%
96-820	4360-110	Davis, City of	1%
97-804	4001-220	Los Angeles County Sanitation District	1%
97-809	4505-110	Placerville, City of	1%
97-813	6031-110	Mammoth Lakes, Town of	1%
97-814	4648-110	Rialto, City of	1%
97-830	4001-230	Los Angeles County Sanitation District	1%
98-813	4262-110	Humboldt County Res. Imp. Dist. 1	1%
98-818	4001-250	Los Angeles County Sanitation District	1%
98-823	6045-110	Lost Hills Water District	1%
98-837	4452-110	Santa Ana Watershed Project Authority	1%
99-802	4704-110	Windsor, Town of	1%
99-805	4610-110	Vacaville, City of	1%
99-807	4679-110	Los Angeles, County of	1%
99-811	4429-120	Thousand Oaks, City of	1%
D1501015	8082-110	Sacramento Regional County Sanitation District	1%
D1501016	8101-110	Orange County Water District	1%
D1501017	7831-110	Eastern Municipal Water District	1%
D1501021	8026-110	Pacific Grove, City of	1%
D1501031	8075-110	Woodland, City of	1%
D1501034	8086-110	North Marin Water District	1%
D1601005	8062-110	Modesto, City of	1%

D1601015	7896-210	Colusa, City of	1%
D1601021	8166-110	Piedmont, City of	1%
D1701006	8211-110	Santa Monica, City of	0%

**Fund 3147 and 9739 (percentage of outstanding principal balance)<sup>6</sup>**

Contract Number	Project Number	Recipient	Fee Rates	
			SCG	Admin
00-801	4610-120	Vacaville, City of	1.7%	1%
00-802	4665-110	Stege Sanitary District	0%	1%
00-805	4596-110	Hilmar County Water District	1.6%	1%
00-806	4685-110	Sacramento, City of	1.6%	1%
00-809	4708-110	Redding, City of	1.6%	1%
00-815	4465-110	Yreka, City of	1.6%	1%
00-816	4062-140	Santa Rosa, City of	1.6%	1%
00-819	4086-110	Lake County Sanitation District	1.6%	1%
01-802	4173-110	Laguna County Sanitation District	1.4%	1%
01-804	4655-110	Piedmont, City of	1.4%	1%
01-815	4771-110	Union Sanitary District	1.4%	1%
01-816	4684-110	Ventura, County of	1.4%	1%
01-817	4062-240	Santa Rosa, City of	1.6%	1%
01-821	4800-110	Redlands, City of	1.5%	1%
01-825	4790-110	Vallejo Sanitation & Flood District	1.5%	1%
02-804	4252-410	La Canada Flintridge, City of	1.4%	1%
02-809	4846-130	Inland Empire Utilities Agency	1.5%	1%
02-810	4772-110	Burlingame, City of	1.5%	1%
02-811	6061-120	Napa, County Of, Flood Control and Water	1.5%	1%
02-816	4801-110	North San Mateo County Sanitation District	1.5%	1%

<sup>6</sup> Constitutes projects with both a Small Community Grant Fee and Administrative Service Fee.

Contract Number	Project Number	Recipient	Fee Rates	
			SCG	Contract Number Admin
02-817	4655-120	Piedmont, City of	1.5%	1%
02-818	4307-110	San Luis Obispo, City of	1.5%	1%
02-823	4007-610	Alameda, City of	1.6%	1%
02-824	4728-110	South San Francisco, City of	1.5%	1%
02-825	4658-110	Victor Valley Wastewater Rec Authority	1.5%	1%
03-801	4695-110	Escondido, City of	1.4%	1%
03-804	4657-110	Tahoe-Truckee Sanitation Agency	1.6%	1%
03-806	4528-210	Benicia, City of	1.6%	1%
03-811	4655-130	Piedmont, City of	1.5%	1%
03-848	4783-310	Los Angeles County Sanitation District	1.3%	1%
05-803	4693-110	Petaluma, City of	1.4%	1%
05-808	4844-110	North Marin Water District	1.4%	1%
06-801	4823-110	Sonoma Valley County Sanitation District	1.3%	1%
06-802	6090-110	The Conservation Fund	1.3%	1%
06-803	4971-110	Redding, City of	1.2%	1%
06-806	4969-110	Nevada County Sanitation District #1	1.2%	1%
07-813	5053-110	Union Sanitary District	1.4%	1%
07-815	4632-110	Alturas, City of	0%	1%
07-817	6093-110	St. Helena, City of	1.4%	1%
07-818	4729-120	La Mesa, City of	0%	1%
07-819	4971-210	Redding, City of	1.4%	1%
07-820	4790-120	Vallejo Sanitation & Flood District	1.4%	1%
07-825	4303-110	East Bay Municipal Utility District	1.4%	1%
07-826	4971-220	Redding, City of	1.6%	1%
07-835	5045-110	Union Sanitary District	1.7%	1%
07-836	4470-110	Colfax, City of	1.4%	1%
09-814	5044-110	Palo Alto, City of	1.6%	1%
09-848	4831-110	Santa Cruz County Sanitation District	1.5%	1%
09-851	5152-110	Burlingame, City of	1.9%	1%
09-853	5208-110	Fairfield-Suisun Sewer District	1.9%	1%

<b>Contract Number</b>	<b>Project Number</b>	<b>Recipient</b>	<b>Fee Rates</b>	<b>Contract Number</b>
			<b>SCG</b>	<b>Admin</b>
09-857	5539-110	Los Angeles County Sanitation District	1.7%	1%
09-861	4395-110	San Diego, City of	1.7%	1%
09-864	7476-110	Yucaipa Valley Water District	1.7%	1%
10-801	7245-110	El Toro Water District	1.7%	1%
10-805	6601-110	Yolo County Flood Control and Water Conservation District	1.7%	1%
10-810	5376-110	Victor Valley Wastewater Rec Authority	1.7%	1%
10-812	5351-110	Castro Valley Sanitary District	1.6%	1%
10-818	5571-110	Delta Diablo	1.6%	1%
10-820	5160-110	Sunnyslope County Water District	1.6%	1%
10-835	5533-110	Burbank, City of	1.6%	1%
10-838	5310-110	Seal Beach, City of	1.6%	1%
10-842	5310-120	Seal Beach, City of	1.6%	1%
11-809	4971-230	Redding, City of	1.6%	1%
11-812	4841-110	Vacaville, City of	1.6%	1%
11-818	4841-130	Vacaville, City of	1.6%	1%
11-822	5610-110	Santa Ana Watershed Project Authority	1.6%	1%
11-832	4905-110	San Diego, City of	1.2%	1%
11-833	5602-110	Turlock, City of	1.2%	1%
11-836	5256-110	Turlock, City of	1.2%	1%
12-802	4250-310	Mission Springs Water District	1.2%	1%
12-804	7113-110	Yuba City, City of	0.8%	1%
12-811	4905-130	San Diego, City of	1.2%	1%
12-816	5069-110	San Diego, City of	0.7%	1%
12-820	5400-110	El Paso de Robles, City of	0.7%	1%
12-821	5006-110	El Toro Water District	0.7%	1%
13-805	5283-110	Placer County Sewer Maintenance District #3	0.9%	1%
13-811	5892-110	Los Angeles County Sanitation District	1.1%	1%
14-810	7894-110	Western Riverside County Regional WW Authority	0.9%	1%
14-832	8025-110	Sacramento Regional County Sanitation District	0.6%	1%

Contract Number	Project Number	Recipient	Fee Rates	
			SCG	Contract Number Admin
97-812	4504-110	Chico, City of	1.6%	1%
97-815	4155-110	San Elijo Joint Powers Authority	1.5%	1%
97-817	4251-110	Colton, City of	1.5%	1%
97-827	4614-110	South San Francisco, City of	1.6%	1%
97-829	4441-120	Sacramento, City of	1.2%	1%
98-810	4243-110	Wasco, City of	1.6%	1%
98-811	6050-110	Merced, County of	1.6%	1%
98-816	4429-110	Thousand Oaks, City of	1.4%	1%
98-817	4001-260	Los Angeles County Sanitation District	1.4%	1%
98-826	6026-110	South Lake Tahoe, City of	1.6%	1%
98-828	6061-110	Napa, County Of, Flood Control and Water	1.4%	1%
98-830	4529-110	Banning, City of	1.6%	1%
99-809	4452-120	Santa Ana Watershed Project Authority	1.7%	1%
99-819	4666-110	American Canyon, City of	1.7%	1%
99-825	4452-130	Santa Ana Watershed Project Authority	1.6%	1%
99-829	4616-110	Calistoga, City of	1.6%	1%
99-830	4452-140	Santa Ana Watershed Project Authority	1.6%	1%
99-831	4653-110	Sacramento, City of	1.6%	1%
D1501005	8025-140	Sacramento Regional County Sanitation District	0.6%	1%
D1501006	8004-120	Rodeo Sanitary District	0.6%	1%
D1501007	8019-110	Davis, City of	0.6%	1%
D1501008	8004-140	Rodeo Sanitary District	0.6%	1%
D1501010	8042-110	South Tahoe Public Utility District	0.6%	1%
D1501012	8034-110	McKinleyville Community Services District	0.6%	1%
D1501014	7824-110	La Mesa, City of	0.8%	1%
D1501020	8004-150	Rodeo Sanitary District	0.6%	1%
D1501032	8004-130	Rodeo Sanitary District	0.7%	1%
D1501035	8025-170	Sacramento Regional County Sanitation District	0.7%	1%
D1601003	8116-110	Valley Sanitary District	0.7%	1%
D1601006	8057-110	South Tahoe Public Utility District	0.7%	1%

D1601007	8066-110	South Tahoe Public Utility District	0.7%	1%
D1601009	8188-110	Elsinore Valley Municipal Water District	0.7%	1%
D1601011	8189-110	Los Angeles County Sanitation District 2	0.7%	1%
D1601012	8204-110	Los Angeles County Sanitation District 2	0.7%	1%
D1601013	8205-110	Los Angeles County Sanitation District 2	0.7%	1%
D1601019	8164-110	El Toro Water District	0.7%	1%
D1601020	8012-110	Jackson, City of	0.7%	1%
D1601034	8190-110	Palo Alto, City of	0.8%	1%
D1701002	8129-110	San Francisco, Public Utilities Commission of the City and County of	0.8%	1%
D1701003	8132-110	San Francisco, Public Utilities Commission of the City and County of	0.8%	1%
D1701010	8115-110	Escondido, City of	0.8%	1%
D1501010	8042-110	South Tahoe Public Utility District	0.6%	1%
D1501012	8034-110	McKinleyville Community Services District	0.6%	1%



## VII. APPENDICES

Appendix A	Short-Term Goals
Appendix B	Long-Term Goals
Appendix C	Operating Agreement and Capitalization Grant Conditions
Appendix D	Performance Evaluation Report
Appendix E	SFY 2020-21 CWSRF Audited Financial Statements

## Appendix A: Short-Term Goals

This section describes the CWSRF program’s efforts to meet the following short-term goals established in the SFY 2020-21 IUP. These goals provided the framework that guided the State Water Board’s decision-making, maximization, and prioritization of both staff and funding sources during SFY 2020-21.

	Short-Term Goal	Comments
1	Prepare and review cash management reports regularly	<ul style="list-style-type: none"> <li>State Water Board staff periodically reviewed cash levels in the CWSRF accounts to ensure that sufficient cash would be available to meet all disbursement requests and that cash is not accumulating in the fund.</li> <li>Staff evaluated the cash flow impact of each new project during the financing approval process.</li> </ul>
2	Continue regular staff level finance/audit coordination meetings	<ul style="list-style-type: none"> <li>DFA and Division of Administrative Services (DAS) staff conducted regular finance/audit coordination meetings on July 9, 2020, October 23, 2020, January 14, 2021, and April 9, 2021 to ensure oversight of the CWSRF’s finances. Standing topics at finance/audit coordination meetings included (a) reviewing cash flow of projects under contract, short and long-term cash flow projections, and future cash flow needs; (b) comparing actual performance with target performance measures; and (c) reviewing audit issues, program control issues, tax compliance issues, and planning for upcoming audits.</li> </ul>
3	Apply for and accept the Federal Fiscal Year 2020 Capitalization Grant.	<ul style="list-style-type: none"> <li>State Water Board submitted its FFY 2020 Capitalization Grant application on June 5, 2020.</li> <li>USEPA awarded the 2020 Grant on September 22, 2020, in the amount of \$113,653,000. The State Water Board will provide \$22,730,600 in matching funds through excess state bond funds and local match contributions.</li> </ul>
4	Maintain Compliance with the “Debt Management Policy.”	<ul style="list-style-type: none"> <li>The State Water Board staff complied with the Debt Management Policy in SFY 2020-21. No new bonds were issued by the CWSRF program this year but reporting and compliance requirements were met for all outstanding bond issues consistent with the Debt Management Policy.</li> </ul>
5	Prepare Annual Report and Audited Financial Statements for SFY 2020-21.	<ul style="list-style-type: none"> <li>To satisfy federal requirements and ensure the CWSRF’s finances are reliable, audited financial statements for the year ending June 30, 2021 were completed April 4, 2020.</li> <li>The audited financial statements can be found in Appendix E of the SFY 2020-21 Annual Report.</li> </ul>
6	Comply with all reporting requirements and compliance obligations	<ul style="list-style-type: none"> <li>The State Water Board complied with all reporting requirements and compliance obligations associated with outstanding revenue bonds, as set forth in the related continuing disclosure agreements, the Post-Issuance Tax Compliance Policy for Tax-Exempt Bond Issues, the Amended</li> </ul>

	associated with outstanding revenue bonds, as set forth in the related continuing disclosure agreements, the Post-Issuance Tax Compliance Policy for Tax-Exempt Bond Issues, the Amended and Restated Master Payment and Pledge Agreement, and the Amended and Restated Master Trust Indenture.	and Restated Master Payment and Pledge Agreement, and the Amended and Restated Master Trust Indenture.
7	Provide funds for high-priority projects	<ul style="list-style-type: none"> <li>The State Water Board continued to provide CWSRF financing for high-priority projects that were ready to proceed to a financing agreement in SFY 2020-21. Section III and Exhibit A provide further details about the projects funded by the State Water Board in SFY 2020-21.</li> </ul>
8	Adopt the SFY 2021-22 (FFY 2021) IUP	<ul style="list-style-type: none"> <li>The State Water Board adopted the SFY 2021-22 IUP on June 15, 2021, to establish its business plan for the CWSRF and ensure timely submission of its FFY 2020 Capitalization Grant application to USEPA.</li> </ul>
9	Report activities supporting the (a) California Water Action Plan, (b) State Water Board's Strategic Plan, (c) the CalEPA Strategic Vision, and (d) the USEPA Strategic Plan.	<ul style="list-style-type: none"> <li>In SFY 2020-21, the State Water Board reported activities supporting the USEPA strategic goals via the CWSRF Annual Report, Clean Water Benefits Reporting System, and Clean Water National Information Management System (NIMS).</li> <li>State Water Board staff also reported via the Federal Funding Accountability and Transparency Act (FFATA) Reporting System for an amount equal to the FFY 2020 CWSRF Capitalization Grant. Exhibit B lists the projects reported to the FFATA database for FFY 2020.</li> </ul>
10	Continue regular internal coordination meetings to identify and resolve delays affecting applications on the Fundable List.	<ul style="list-style-type: none"> <li>State Water Board staff conducted monthly staging meetings in SFY 2020-21 to coordinate and prioritize application reviews to ensure all projects on the Fundable List receive an executed agreement by June 30, 2021.</li> </ul>

## Appendix B: Long-Term Goals

This section discusses the State Water Board's efforts to meet the following long-term goals for the CWSRF program established in the SFY 2020-21 IUP. These long-term goals also provided a framework that guided the State Water Board's decision-making, maximization, and prioritization of both staff and funding sources during SFY 2020-21.

	Long-Term Goal	Comments
1	Maximize cash flow: For maximum benefit, CWSRF disbursements should equal the Program's receipts, less the minimum \$25 million balance and restricted assets.	<ul style="list-style-type: none"> <li>State Water Board executed additional financing agreements that will use future CWSRF receipts and help preclude the growth of the CWSRF's cash balance.</li> <li>State Water Board continued to monitor individual projects to ensure that cash was being requested on a regular basis; projects that had not requested funds for significant periods of time were prompted to submit disbursement requests.</li> <li>Throughout the year, the State Water Board received cash through a variety of sources, and disbursed cash for a variety of projects and program expenses. DFA also continued to monitor projects and their disbursements to ensure that final disbursements are made within six (6) months of construction completion to ensure that funds are disbursed timely.</li> </ul>
2	Use revenue and capital effectively	<ul style="list-style-type: none"> <li>DFA continued to monitor cash and financing forecasts to determine whether additional capital would be needed.</li> <li>The State Water Board did not need additional capital during 2020-21, and no additional CWSRF bonds were sold in SFY 2020-21.</li> </ul>
3	Maintain financial integrity.	<ul style="list-style-type: none"> <li>State Water Board staff analyzed the creditworthiness of all applicants to ensure CWSRF is repaid on time and in full and imposed special conditions where appropriate on applicants to lower the credit risk.</li> <li>Approvals and transactions associated with individual CWSRF projects were documented in each project's file. In general, a hard-copy file was established and maintained for each project and duplicate electronic records were also maintained for each project in the Loans and Grants Tracking System (LGTS), the CWSRF's data management system.</li> <li>Each approval and transaction in SFY 2020-1 required multiple reviews and signoffs from staff and management to ensure accuracy and validity. Written</li> </ul>

		<p>internal procedures for the CWSRF program were also maintained.</p> <ul style="list-style-type: none"> <li>• State Water Board staff also surveilled financing recipients with outstanding obligations. Recipients are generally required to provide ongoing financial information after loan closing for at least five years, or longer in some cases, or to complete public outreach if there was significant public disapproval during their rate setting process.</li> <li>• DFA staff maintained its “watch list” of financing recipients and potential applicants that show signs of financial weakness. Financial weakness was assessed using the financing recipients’ annual financial statements, a variety of news outlets, and periodic interactions with applicants, the Regional Water Boards, and the public.</li> <li>• CWSRF monitored payments of all outstanding agreements in SFY 2020-21 to identify late payments and prevent delinquent payments, that is payments greater than 10 days past the payment due date, especially payments on agreements that have been pledged to repay CWSRF revenue bonds.</li> <li>• State Water Board staff prepared financial statements for the CWSRF, and the financial statements were audited by an independent auditor in accordance with Government Auditing Standards. A copy of the audited financial statements is included in this report (Appendix E).</li> <li>• Designated State Water Board supervisors and managers were required to file an annual “Statement of Economic Interest” with the California Fair Political Practices Commission. In addition, State Water Board supervisors and managers completed conflict of interest training and are required to complete ethics training biennially.</li> </ul>
4	Achieve compliance statewide with water quality objectives.	<ul style="list-style-type: none"> <li>• The State Water Board continued its efforts to set and enforce water quality objectives. The State Water Board provided financial assistance from the CWSRF to correct pollution problems to help meet these objectives. The environmental benefits of the projects that received CWSRF financing during SFY 2020-21 are summarized in Section III of this report.</li> </ul>
5	Achieve sustainable water resource management.	<ul style="list-style-type: none"> <li>• State Water Board continued to make California’s water supply more sustainable and resilient. Five water recycling projects were funded through the</li> </ul>

		<p>CWSRF Program during SFY 2020-21 that helped offset or augment fresh water supplies.</p> <ul style="list-style-type: none"> <li>• Seven (7) projects funded during SFY 2019-20 met the USEPA’s “Green Project Reserve” criteria. Green projects reduce the environmental footprint of water and wastewater treatment, collection, and distribution; help utilities adapt to climate change; enhance water and energy conservation; adopt more sustainable solutions to wet weather flows; and promote innovative approaches to water management problems.</li> <li>• All applicants for CWSRF infrastructure financing are required to certify the existence, or current development of, fiscal sustainability plans (FSP). A certified FSP includes an inventory of critical treatment works assets; an evaluation of the condition and performance of the assets; a certification that the applicant evaluated and will be implementing water and energy conservation; and a plan for maintaining, repairing, and replacing the treatment works and funding those activities.</li> <li>• All public agencies that received CWSRF funds were required to certify they have performed a cost and effectiveness analysis and selected a project to maximize the efficient use, reuse, and recapture of water. Financed projects must maximize conservation of water and energy and consider the costs of construction, operation, and maintenance over the life of the project, as well as replacement of the project.</li> <li>• State Water Board applied water conservation requirements to recipients and required compliance with several specific state water management laws, where applicable, including urban water management planning, agricultural water management planning, Delta Plan compliance, and water metering requirements.</li> </ul>
6	Finance infrastructure that will achieve or maintain compliance with federal and state water quality requirements.	<ul style="list-style-type: none"> <li>• State Water Board financed approximately \$326.6 million of infrastructure improvements during SFY 2020-21, which will support the Regional Water Boards’ efforts to implement water quality control plans in their respective regions. Water quality control plans are developed on a watershed basis.</li> </ul>
7	Assist with the State Water Board’s <a href="#">Plan for California’s Nonpoint Source</a>	<ul style="list-style-type: none"> <li>• The State Water Board did not fund any projects in SFY 2020-21 that will help address non-point source estuaries.</li> </ul>

	<p><a href="#">Pollution Control Program</a> and estuary <a href="#">Comprehensive Conservation and Management Plans</a></p>	
8	<p>Invest in small SDACs and small DACs disproportionately affected by pollution and water contamination consistent with the <a href="#">Capacity Development Strategy</a>.</p>	<ul style="list-style-type: none"> <li>• The Office of Sustainable Water Solutions (OSWS) was established on March 27, 2015 as a result of the Governor signing <a href="#">Assembly Bill 92</a>. OSWS is part of State Water Board’s DFA. OSWS was created to promote permanent and sustainable drinking water and wastewater solutions to ensure effective and efficient provision of safe, clean, affordable, and reliable drinking water and wastewater treatment services, focusing on addressing financial and technical assistance needs, particularly for small disadvantaged communities. OSWS manages the Small Community Funding Program and provides small disadvantaged and small severely disadvantaged communities low interest loans and principal forgiveness through the CWSRF program and grants through the CWSRF Small Community Grant Fund (CWSRF-SCG) and Small Community Grant Wastewater (SCG-WW) programs utilizing federal and state funds respectively.</li> <li>• The CWSRF-SCG continued to provide grant funds to small DACs in SFY 2020-21 for projects that addressed pollution and water contamination. In summary, four (4) projects totaling \$9.387 million of CWSRF-SCG and related SCG-WW grants were awarded in SFY 2020-21. See Exhibit C for the list of projects for small DACs that were funded in SFY 2020-21.</li> <li>• OSWS continued to implement the State Water Board’s combined technical, managerial and financial <a href="#">capacity development strategy</a> for small and/or DAC wastewater and drinking water communities. The combined strategy provides an overview of the challenges the communities face, including failing septic systems, failing and undersized wastewater treatment plants, higher per capita costs, lower household incomes for DACs, and prohibitive rates. The combined strategy also discusses options and offered solutions to help address the communities’ pollution and water contamination issues. These include offering grants, principal forgiveness, and reduced interest rates for new infrastructure financing</li> </ul>

		and providing technical assistance. Additional information on technical assistance provided to small DACs in SFY 2020-21 is described in Section IV(C).
9	Support the state's greenhouse gas reduction and climate adaptation goals to the maximum extent practicable consistent with the State Water Board's water quality objectives.	<ul style="list-style-type: none"> <li>• The State Water Board worked to meet its sustainability objectives by helping funding recipients adapt to climate change. The State Water Board adopted <a href="#">Resolution No. 2017-0012</a> on March 7, 2017, outlining a comprehensive response to climate change for all the State Water Boards' activities and programs. In response, DFA considered the potential effects of climate change on the viability of funded projects. Also, consistent with the California Air Resources Board's Climate Change Scoping Plan, the State Water Board looked for actions to incentivize sustainable water-related infrastructure and water quality protection and improvement projects.</li> <li>• DFA continued to evaluate information provided by applicants through the climate change worksheet required as part of all CWSRF funding applications. The climate change worksheet considers the impacts of climate change on projects being considered for CWSRF funding.</li> <li>• DFA provides technical assistance where appropriate to support water and wastewater systems' efforts to prepare for and mitigate the impacts of climate change including preparing and implementing climate adaptation plans, implementing drought resiliency and preparedness efforts, improving public health outcomes and providing access to safe and affordable drinking water, and efficiently and sustainably managing their drinking water systems and resources.</li> <li>• DFA ensured that applications and environmental reviews for potential projects evaluated the impacts related to climate change and accounted for potential mitigation measures, including potential effects of climate change on the viability of funded projects, and worked with applicants to ensure that mitigation and adaptation measures are implemented as fully as practicable.</li> <li>• DFA did not execute any water/energy audits during SFY 2020-21. The purpose of a water or energy audit is to encourage public agencies to evaluate their current practices, identify potentially inefficient water or energy use, and develop a plan to improve consumption of these valuable resources.</li> </ul>



10	Provide good customer service with a special emphasis on assisting small SDACs and DACs.	<ul style="list-style-type: none"> <li>• DFA continued to emphasize good customer service, especially assisting small SDACs and DACs with technical assistance and staff dedicated to helping these communities.</li> </ul>
11	Ensure that the application forms and review procedures are clear, flexible, up-to-date, and efficient.	<ul style="list-style-type: none"> <li>• In SFY 2020-21, State Water Board updated its CWSRF application forms and instructions to ensure that they met the accessibility requirements of <a href="#">California Government Code Sections 7405, Section 11135, Section 508 of the Rehabilitation Act</a>, and <a href="#">AB 434</a>, which requires each state agency to post on their home page a signed certification that the agency's Internet Web site is in compliance with specified accessibility standards.</li> </ul>
12	Clearly communicate to applicant their statuses and expectations for funding.	<ul style="list-style-type: none"> <li>• DFA regularly updated the CWSRF Application Status Report posted on its Web site.</li> <li>• Each application submitted to DFA was also assigned a Project Manager to assist the applicant through the application process. The Project Manager is the applicant's primary source of information regarding the application's status and timeframe for funding.</li> </ul>
13	Ensure staff is well trained and ready to help applicants resolve all issues needed to receive financing.	<ul style="list-style-type: none"> <li>• CWSRF management conducted regular staff meetings and training sessions to ensure that staff received up-to-date information about the current policies and procedures affecting the CWSRF program.</li> </ul>

## **Appendix C: Operating Agreement and Capitalization Grant Conditions**

The State Water Board agreed to several conditions in the CWSRF Operating Agreement and the CWSRF Federal Capitalization Grant Agreements. These conditions were met as described below.

### **1. Assistance Activity**

The State Water Board continued to provide CWSRF funding for activities in SFY 2020-21 that were eligible under Section 603(c) of the Clean Water Act. In summary, a total of \$326.6 million in new CWSRF funding was awarded to 30 projects in SFY 2020-21. CWSRF funds were provided to eligible recipients to enhance wastewater treatment, collection systems, or wastewater recycling. The projects and eligible recipients funded in SFY 2020-21 are detailed in Exhibit A.

However, in SFY 2020-21, 56 projects listed on the Fundable List were not funded. Exhibit D lists these projects and the reasons why they did not receive CWSRF or other complementary funding in SFY 2020-21. The high demand for water quality improvement funding in California requires the State Water Board to prioritize projects based upon their water quality benefits as well as the recipient's readiness to proceed to a funding agreement.

### **2. Eligible Categories of Projects and Financing Terms**

The State Water Board offered funding to all eligible categories of projects in SFY 2020-21. The types of assistance included installment sales agreements, loans, and purchase of debt for the construction of treatment works. Additional subsidy in the form of principal forgiveness was also provided to those applicants that met the conditions specified by the State Water Board in Section III.C.2. of the SFY 2020-21 IUP.

The State Water Board offered planning, design, and construction financing during SFY 2020-21. Planning and design financing was provided in the form of principal forgiveness. Construction or implementation financing was generally amortized for periods up to 30 years or the useful life of the project if less than 30 years.

The standard interest rate applied to financing agreements was established at the time the project's financing agreement was prepared. The interest rate was one-half the state's most recent general obligation bond rate, rounded up to the nearest one-tenth of a percent (0.1%). However, small DACs and SDACs, NPS, and estuary management projects were generally offered a lower interest rate, not less than zero percent (0%), under certain conditions where necessary to make a project affordable as directed by the State Water Board in the IUP. Finally, although the CWSRF is over-matched, as explained

in the next section, the State Water Board offered the zero percent (0%) CWSRF local match financing option during SFY 2020-21, but no agreements were executed for local match financing due to the current low interest rate environment.

### **3. Provide a State Match**

The State Water Board met its match requirement by identifying state funds equal to at least 20 percent (20%) of each capitalization grant amount. As of SFY 2020-21, the total capitalization grant amount awarded to the State Water Board for the CWSRF program was \$3.489 billion. Of this amount, \$280 million did not require the 20 percent (20%) match because the funds were from the American Recovery and Reinvestment Act of 2009 (ARRA). As of June 30, 2021, the State Water Board has drawn \$2.964 billion in CWSRF federal grants that required a 20 percent (20%) match. The required match for federal grants drawn by the State Water Board was approximately \$592.9 million.

California uses a combination of state general obligation bonds repaid from non-CWSRF sources and funds contributed by CWSRF applicants to meet the 20 percent (20%) match requirement. A total of approximately \$691.4 million in matching funds has been contributed to the CWSRF; therefore, California contributed approximately \$98.5 million more to its CWSRF than is required to match grants drawn as of June 30, 2021.

*Note: The National Information Management System Report includes all state match contributed to the CWSRF.*

### **4. Binding Commitments within One Year**

The State Water Board continued to commit CWSRF funding to projects in an amount equal to or greater than 120 percent (120%) of each federal quarterly payment within one year of that payment. As of June 30, 2021, executed funding agreements totaled approximately \$12.2 billion, or approximately 349% of the total \$3.49 billion in federal payments received as of June 30, 2021.

### **5. Expeditious and Timely Expenditure**

The State Water Board continued to make timely and expeditious use of CWSRF funds, especially federal capitalization grant funds. As of June 30, 2021, the State Water Board had \$4.837 million in undisbursed FFY 2018 CWSRF Capitalization Grant, \$113.07 million of FFY 2019 CWSRF Capitalization Grant funds, and \$113.65 million of FFY 2020 CWSRF Capitalization Grant funds. The undisbursed funds were substantially reserved for principal forgiveness. This undisbursed balance is consistent

with the State Water Board's goal of having federal fund balances of less than the equivalent of two capitalization grants.

In an effort to support the timely and expeditious use of DWSRF funds, DFA implemented a goal of processing requests for disbursement within 45 days from date of acceptable to warrant issuance. Although, DFA continues to meet adequate timely and expeditious use of funds requirements, the disbursement processing goal was not substantially met due to a number of factors, primarily related to process changes and workload demands related to Fi\$Cal. These process changes and workload demands affected DFA, DAS, and the State Controller's Office (SCO), respectively. DFA is planning to re-evaluate this goal to ensure it represents expectations that can be reasonably achieved given the process changes. Furthermore, DFA is evaluating processes, workflow and LGTS, aside of Fi\$Cal, in an attempt to identify opportunities to reduce processing times.

The State Water Board also continued to draw federal funds in SFY 2020-21 from the United States Treasury via the Automated Standard Application for Payments (ASAP) system as warrants were issued by SCO. ASAP is a request and delivery system of federal funds developed by the Financial Management Service of the United States Treasury and the Federal Reserve Bank. By using ASAP, the State Water Board draws funds from USEPA for expenditures incurred by the CWSRF program in an expeditious and timely manner. Draw requests are made within one week of an issued warrant. Requested funds are also deposited electronically the next business day to account(s) specified by the State Water Board.

To further enable the timely and expeditious use of CWSRF funds, the State Water Board primarily funded CWSRF reimbursement claims first with federal funds, if available, to ensure the prompt liquidation of federal capitalization grants. However, as of June 30, 2021, approximately \$103 million of CWSRF financings had been encumbered to the approximately \$231.56 million in available CWSRF federal capitalization grant funds, constituting a 44% commitment ratio. This lower encumbrance ratio was the result of uncommitted principal forgiveness that has been reserved for projects benefiting small DACs. It is anticipated this available principal forgiveness will continue to be encumbered in SFY 2021-22 to facilitate the timely and expeditious use of federal funds.

## **6. Disadvantaged Business Enterprise (DBE) Participation and Davis-Bacon and American Iron and Steel (AIS) Requirements**

Effective October 1, 2019, USEPA approved a temporary exception to suspend the fair share objective requirement for the CWSRF program. Additional information regarding the temporary exception can be found at <https://www.epa.gov/grants/rain-2019-g10>. For FFY 2020, funding recipients reported participation as 8.61 percent (8.61%) for Minority Owned Business

Enterprises (MBE) and 0.35 percent (0.35%) for Women Owned Business Enterprises (WBE). The overall DBE participation was 8.96 percent (8.96%). Exhibit F provides a detailed analysis of DBE participation. The State Water Board will continue to monitor participation to ensure that the “positive effort process” is followed by funding recipients.

All CWSRF funded projects were required to comply with Davis-Bacon prevailing wage requirements in SFY 2020-21. Each funding agreement included provisions requiring applicants to follow Davis-Bacon requirements. DFA conducted a variety of surveillance activities throughout SFY 2020-21 to ensure each recipient’s compliance with Davis-Bacon requirements. Surveillance activities included (1) reviewing recipient and sub-recipient reports and compliance certifications; (2) tracking compliance with federal annual monitoring requirements; and (3) annually reviewing quarterly site inspection reports to verify the adequacy of site inspections and control activities.

CWSRF funding recipients were also required to use AIS products in SFY 2020-21 pursuant to USEPA guidelines for projects involving the construction, alteration, maintenance, or repair of a public treatment works funded after January 16, 2014, unless a national or project specific waiver from the USEPA applied. Each funding agreement included provisions requiring applicants to follow AIS requirements. DFA also examined recipient records for AIS certifications and/or any AIS waivers during project inspections.

## **7. Use of Capitalization Grant Administration Allowance and Administrative Cost Expenditures**

In accordance with federal requirements, CWSRF funds can be used for administration of the CWSRF program<sup>7</sup>. In SFY 2020-21, the State Water Board had three (3) options to determine the maximum amount of CWSRF funds that could be expended for administration of the CWSRF program as presented in Table 7. The State Water Board may also expend revenue derived from CWSRF fees deposited to the CWSRF Administration Fund<sup>8</sup> to

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<sup>7</sup> Per section 603 (d)(7) of the Federal Pollution Control Act (Clean Water Act) the CWSRF may be used “for the reasonable costs of administering the fund and conducting activities under this subchapter, except that such amounts shall not exceed 4 percent of all grant awards to such fund under this subchapter, \$400,000 per year, or 1/5 percent per year of the current valuation of the fund, whichever amount is greatest, plus the amount of any fees collected by the State for such purpose regardless of the source.”

<sup>8</sup> The CWSRF Administration Fund is held outside the CWSRF and is not subject to the limitations of Section 603(d)(7) of the CWA. All expenditures from the CWSRF Administration Fund are subject to the annual state budget process.

administer the CWSRF program.

**Table 7: CWSRF Administration Expenditure Options**

<b>Option</b>	<b>CWSRF Administration Allowance Options</b>	<b>Maximum CWSRF Administration Allowance for SFY 2020-21</b>
A	\$400,000	\$400,000
B	4% of all grant awards (including FFY 2020 CWSRF Capitalization Grant) less prior years' CWSRF administrative expenses	\$41,064,477
C	1/5% of CWSRF Net Position (as of June 30, 2021)	\$8,801,298

As of June 30, 2021, the cumulative administrative expenditures from both the CWSRF and the CWSRF Administration Fund were \$186.6 million. In SFY 2020-21 specifically, the total administrative expenditure from the CWSRF and the CWSRF Administration Fund was \$11.35 million.

The State Water Board elected to fund administrative costs from the CWSRF during SFY 2020-21 in the amount of \$472,000 for administrative expenses attributable to vendor contracts. The cumulative administration cost incurred by the State Water Board from the CWSRF as of June 30, 2021 was approximately \$98.98 million. This amount was \$40.6 million less than the four percent (4.0%) upper limit of all CWSRF grant awards, or approximately \$140 million, as of June 30, 2021. Therefore, the State Water Board has complied with Section 603(d)(7) of the Clean Water Act.

Other administration expenses, namely personnel costs, were paid from the CWSRF Administration Fund in SFY 2020-21, in the amount of \$10.879 million. As of June 30, 2021, the cumulative expenses of the CWSRF Administration Fund were approximately \$87.6 million. The balance of the CWSRF Administration Fund was approximately \$15.915 million as of June 30, 2021. The CWSRF Administration Fund is funded through administrative service fees on existing CWSRF repayable financings, as further described in Section II(A).

**8. Additional Subsidy and Green Project Reserve Requirements**

In accordance with USEPA requirements, a portion of each CWSRF capitalization grant must be used for additional subsidy and the Green Project Reserve. Table 8 shows the minimum and maximum additional subsidy established by USEPA. The State Water Board has directed DFA to use the maximum allowable additional subsidy in the form of principal forgiveness for every annual capitalization grant awarded by USEPA. Table 8 also shows the additional subsidy amounts committed and uncommitted by capitalization grant as of June 30, 2021. Additionally, Table 8 shows the disbursement of

additional subsidy by capitalization grant as of June 30, 2021 based on USEPA's capitalization grant disbursement policies. In conclusion, of the total \$371.63 million allocated by the State Water Board for additional subsidy, a total of \$74.5 million of additional subsidy remains uncommitted and a total of \$159.15 million remains undisbursed as of June 30, 2021.

Table 9 shows the minimum amounts of Green Project Reserve that must be awarded by capitalization grant per USEPA requirements. It also shows the amounts of Green Project Reserve funding committed and disbursed by capitalization grant to CWSRF projects as of June 30, 2021. In conclusion, the State Water Board was required to provide a minimum of \$143.2 million in Green Project Reserve funding. A total of \$1.8 billion has been committed and \$1.5 billion has been disbursed to Green Projects. Both amounts exceed the minimum GPR requirement.

Exhibits G and H identifies the 7 CWSRF projects funded from the Green Project Reserve and with the 30 additional subsidy (principal forgiveness) projects in SFY 2020-21.

**Table 8: Additional Subsidization Funding**  
as of June 30, 2021

FFY Grant	SFY	Grant Award Amount	Minimum Subsidy Amount by FFY Grant <sup>9</sup>	Maximum Subsidy Amount by FFY Grant <sup>9</sup>	Committed Subsidy Amount by FFY Grant <sup>10</sup>	Uncommitted Subsidy Amount by FFY Grant <sup>11</sup>	Disbursed Subsidy Amount by FFY Grant <sup>12</sup>	Undisbursed Subsidy Amount by FFY Grant <sup>13</sup>
2010	10/11	\$145,721,000	\$21,824,382	\$72,747,939	\$72,747,939	\$0	\$57,709,364	\$0
2011	11/12	\$105,570,800	\$9,786,413	\$32,609,378	\$32,609,378	\$0	\$1,769,886	\$0
2012	12/13	\$101,080,000	\$5,617,660	\$8,426,490	\$8,426,490	\$0	\$16,112,681	\$0
2013	13/14	\$95,485,000	\$4,497,751	\$6,746,627	\$6,746,627	\$0	\$18,269,736	\$0
2014	14/15	\$100,277,000	\$5,456,840	\$8,185,259	\$8,185,259	\$0	\$18,892,189	\$0
2015	15/16	\$99,763,000	\$0	\$29,928,900	\$29,928,900	\$0	\$9,894,082	\$0
2016	16/17	\$95,558,000	\$9,555,800	\$38,223,200	\$38,223,200	\$0	\$27,262,889	\$0
2017	17/18	\$94,822,000	\$9,482,220	\$37,928,800	\$37,928,800	\$0	\$33,734,184	\$0
2018	18/19	\$114,792,000	\$11,479,200	\$45,916,800	\$45,916,800	\$0	\$28,829,599	\$0
2019	19/20	\$113,637,000	\$11,363,700	\$45,454,800	\$16,967,780	\$28,487,200	\$0	\$45,501,783
2020	20/21	\$113,653,000	\$11,365,300	\$45,461,200	\$0	\$45,461,200	\$0	\$113,653,000
<b>Totals</b>		\$1,180,358,800	\$100,429,266	\$371,629,393	\$297,127,697	\$74,501,696	\$212,474,610	\$159,154,783
<b>Grand Totals:</b>					<b>\$371,629,393</b>		<b>\$371,629,393</b>	

<sup>9</sup> Additional subsidy must be awarded within a minimum and maximum range of a CWSRF capitalization grant. The State Water Board has directed DFA to utilize the maximum additional subsidy from each capitalization grant.

<sup>10</sup> In accordance with USEPA procedures, these amounts are the additional subsidy encumbered by capitalization grant as of 6/30/2021.

<sup>11</sup> In accordance with USEPA procedures, these amounts are the additional subsidy balances that will be encumbered by capitalization grants in the future.

<sup>12</sup> In accordance with State statutes, additional subsidy is directly encumbered against federal capitalization grants. These amounts are the additional subsidy disbursed by capitalization grant as 6/30/2021 based upon USEPA's "first-in-first-out" (FIFO) policy.



**Table 9: Green Project Reserve Funding**  
as of June 30, 2021

<b>Federal Fiscal Year Grant</b>	<b>State Fiscal Year</b>	<b>Grant Award Amount</b>	<b>Minimum Green Project Reserve Amount by FFY Grant<sup>14</sup></b>	<b>Committed Green Project Reserve Amount Per FFY Grant<sup>15</sup></b>	<b>Disbursed Green Project Reserve Amount by State Fiscal Year<sup>16</sup></b>	<b>Undisbursed Green Project Reserve Amount by State Fiscal Year<sup>17</sup></b>
2010	10/11	\$145,721,000	\$29,144,200	\$37,106,001.00	\$1,434,330	\$0
2011	11/12	\$105,570,800	\$21,114,160	\$120,930,763.00	\$23,244,100	\$0
2012	12/13	\$101,080,000	\$10,108,000	\$24,779,684.00	\$34,590,115	\$0
2013	13/14	\$95,485,000	\$9,548,500	\$152,836,151.50	\$101,464,932	\$0
2014	14/15	\$100,277,000	\$10,027,700	\$63,278,840.00	\$91,194,006	\$0
2015	15/16	\$99,763,000	\$9,976,300	\$136,189,748.45	\$134,298,128	\$0
2016	16/17	\$95,558,000	\$9,555,800	\$302,633,588.13	\$135,893,731	\$0
2017	17/18	\$94,822,000	\$9,482,200	\$473,314,895.63	\$219,315,922	\$0
2018	18/19	\$114,792,000	\$11,479,000	\$13,350,750.00	\$290,259,519	\$0
2019	19/20	\$113,637,000	\$11,363,700	\$356,669,947.00	\$253,467,568	\$0
2020	20/21	\$113,653,000	\$11,365,300	\$161,389,124.50	\$239,266,313	\$318,050,829

<sup>13</sup> In accordance with USEPA procedures, these amounts are the total balances by capitalization grant that will be disbursed in the future.

<sup>14</sup> The State Water Board must commit and expend a minimum amount of a capitalization grant to projects that qualify under USEPA's "Green Project Reserve."

<sup>15</sup> In accordance with USEPA procedures, these amounts are the CWSRF project amounts committed to Green Project Reserve projects by capitalization grants as of 6/30/2021.

<sup>16</sup> Green Project reserve funding is not necessarily encumbered and liquidated from CWSRF capitalization grants. These amounts are the Green Project Reserve disbursements.

<sup>17</sup> In accordance with USEPA procedures, these amounts are the total Green Project Reserve funding not yet disbursed as of 6/30/2021.

<b>Federal Fiscal Year Grant</b>	<b>State Fiscal Year</b>	<b>Grant Award Amount</b>	<b>Minimum Green Project Reserve Amount by FFY Grant<sup>14</sup></b>	<b>Committed Green Project Reserve Amount Per FFY Grant<sup>15</sup></b>	<b>Disbursed Green Project Reserve Amount by State Fiscal Year<sup>16</sup></b>	<b>Undisbursed Green Project Reserve Amount by State Fiscal Year<sup>17</sup></b>
Totals:		\$1,066,705,800	\$131,799,560	\$1,842,479,493	\$1,524,428,664	\$318,050,829
<b>Grand Total:</b>					<b>\$1,842,479,493</b>	

## 9. Federal Cross-Cutters

The State Water Board ensured that CWSRF financing recipients comply with applicable federal laws, known as “cross-cutters” through a variety of program procedures.

CWSRF financing agreements included a list of applicable federal statutes and requirements taken from the most recent capitalization grant. Every financing recipient agreed to comply with these federal requirements by signing the financing agreement.

The State Water Board Staff updated the [State Environmental Review Process](#) (SERP), and the USEPA Region 9 Administrator approved it on June 26, 2017. The State Water Board Staff reviewed CWSRF projects consistent with the approved SERP. While the SERP generally follows the requirements of the California Environmental Quality Act, each applicant was also required to complete and submit an [Evaluation Form for Federal Environmental Coordination](#) (Evaluation Form) along with relevant supporting federal environmental cross-cutters documents. The State Water Board Staff reviewed the completed Evaluation Form and the supporting federal environmental cross-cutters documents to assure compliance with the federal environmental cross-cutters requirements. Staff coordinated with the USEPA, Region 9 to initiate consultations with relevant federal agencies on projects with known (or suspected) effects under federal environmental regulations, consistent with the SERP approved by the USEPA.

DFA also required compliance with DBE and Davis-Bacon wage requirements for all CWSRF financing, except planning and design financing, and required Single Audit Act (Office of Management and Budget [OMB] Circular A-133 and 2 CFR Part 200, subpart F, and updates or revisions, thereto) compliance and reporting on all recipients that received \$750,000 or more in federal funds in any one year. DFA also required compliance with AIS requirements beginning in 2014, as required by the Consolidated Appropriations Act of 2014 (Public Law 113-76) and by the Clean Water Act, unless the project qualified for a waiver.

As of October 1, 2010, FFATA, along with associated OMB directives, requires non-ARRA recipients of federal dollars to report recipient and sub-recipient information into the FFATA Subaward Reporting System (FSRS) by the end of the month following recipient or sub-recipient award greater than or equal to \$25,000. The CWSRF program began reporting FFATA data in FFY 2011, on an equivalency basis, by choosing financing agreements that equaled the total CWSRF grant amount received from USEPA. The CWSRF program continued to report FFATA financing agreement data, on an equivalency basis, to the FSRS as described in Exhibit B.

## Appendix D: Program Evaluation Report (PER)

In December 2021, the USEPA sent the State Water Board a combined PER for the CWSRF and Drinking Water State Revolving Fund (DWSRF) programs for SFY 2019-20. The PER addressed California's performance and compliance with the requirements of the program listed below. USEPA identified one recommended follow-up action relative to Item 2(i), specific to the CWSRF program; the State Water Board's comments regarding the recommended follow-up action are given below as well.

1. Required Program Elements
  - (a) Annual/Biennial Report
  - (b) Funding Eligibility
  - (c) Compliance with DBE Requirements
  - (d) Compliance with Federal Requirements and Grant Conditions: i.e., Cross-Cutting Authorities, American Iron and Steel, Davis Bacon, Additional Subsidy, and Green Projects Reporting
  - (e) Compliance with Environmental Review Requirements
  - (f) Operating Agreement
  - (g) Staff Capacity
  
2. Required Financial Elements
  - (a) State Match
  - (b) Binding Commitment Requirements
  - (c) Rules of Cash Draw (including improper payments)
  - (d) Timely and Expeditious Use of Funds
  - (e) Compliance with Audit Requirements
  - (f) Assistance Terms
  - (g) Use of Fees
  - (h) Assessment of Financial Capability and Loan Security
  - (i) Financial Management
  - (j) Other Program and/or Financial Elements

### Program Management

#### CW and DWSRF Annual Reports

The Annual Reports should be provided to EPA within 90 days from the close of the state fiscal year, i.e., October 1, 2020. The SWRCB final CW and DW SRF Annual Reports were submitted to EPA in June and November 2021, 8 and 13 months from the expected date. EPA recognizes the unusual and unanticipated circumstances surrounding the delays in submitting the reports including the work environment disruptions caused by COVID-19 and the challenges with the implementation of California's new financial information system for California, Fi\$Cal. Considering this unique sequence of events, the SWRCB carried out a proactive and concentrated effort

to provide EPA with draft Annual Reports along with project and cash transaction information for EPA's review.

**Recommended Follow-up:** EPA appreciates the SWRCB's efforts during these unprecedented times and asks that you strive to meet the SRF program reporting requirements in the next state fiscal year reporting cycle. EPA asks that if delays are anticipated in submitting the annual reports that the SWRCB submit a request in writing requesting an extension.

**Program Response:** On November 19, 2021, DFA requested an extension on the submittal of both the CW & DWSRF Annual Reports, citing that the Division of Administrative Service's (DAS), Accounting Branch is in the state contract process with regard to securing the services of an independent auditing firm to conduct the annual single audits of both SRF programs, PWSS grant; stating that DFA anticipates the process of procurement of these services, as well as accounting reconciliation activities as they relate to Fi\$Cal, will result in the delay of obtaining the SRF Audited Financials, timely.

**EPA Response:** "EPA acknowledges and agrees to your request for an extension in the submission of the FY 2021 California Annual Reports for the CW and DW SRF programs."

#### **CWSRF & DWSRF Staff Capacity**

Historically the SWRCB has actively and successfully managed staff resources to meet workload demands. One case in point was the establishment of a Revenue Bond Unit in the Division of Financial Assistance to absorb and support the increased workload related to the issuances of revenue bonds for the SRF programs. EPA applauds the SWRCB for their initiative in managing staff resources to support the SRF programs. However, EPA is concerned that as SRF related work increases with the addition of new supplemental funding programs the SWRCB staff will be unable to satisfactorily support the administrative needs of the two SRF programs.

**Recommended Follow-up:** With the potential increase in SRF related funding, EPA strongly encourages the SWRCB to reassess staffing levels and hire appropriately. In doing so, sufficient staff will be available to accommodate anticipated administrative and technical level workloads associated with processing a lot more funds through the SRFs.

**Program activity:** The Fiscal Year 2022-2023 State Budget allocated 25 additional personnel years (PYs) to the State Water Board to support both administrative and technical workload demands of the Division.

#### **Financial Management**

**CWSRF & DWSRF Timely and Expedient 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 maximize the effectiveness of SRF assets and in meeting the public health needs of the state per 40 CFR § 35.3550(l). Both of California's SRF programs have done an exceptional job in forecasting and monitoring the SRFs' cash balances and predicting and planning for the funds' ability to commit to new projects. In doing so the SWRCB can reliably commit over 100% of its available DW and CW funds to projects through binding commitments and executed funding agreement. To ensure the timely and expeditious use of the funds from the federal capitalization grant, EPA SRF program policy encourages states to limit the number of open CW and DWSRF grants to two for each SRF. In California's case, there are four grants open in each of the SRFs. The resulting open federal capitalization grants is in part a factor of how the SWRCB encumbers funds. California state statute prohibits state SRF funds and repayments to be used or encumbered to recipients as principal forgiveness.

**Recommended Follow-up:** EPA understands the dilemma faced by the California SRF programs but is concerned that the limitations presented by the State statute adversely impact its ability to expend funds in an expeditious and timely manner. EPA encourages the SWRCB to explore ways to resolve this problem, which impedes the draw downs of the federal capitalization grant. With anticipated new and increased SRF federal grant funding, it is important that multiple open grants or the appearance of idle grant funds be reduced to avoid scrutiny.

**Program Activity:** State Assembly Bill No. 203, enrolled on June 29, 2022, enables the State Water Board to expend CWSRF principal forgiveness from all eligible CWSRF funding sources, allowing program to better meet the federal policy on the timely and expeditious use/expenditure of federal funds.

## **Financial Indicators and Performance – NIMS [National Information Management System]**

**Cumulative Disbursement as a Percent of Executed Loans:** While the fund utilization indicator reflects how quickly the California CWSRF commits funds to projects by signing assistance agreements, the disbursement rate reflects how quickly the California CWSRF disburses the committed funds (i.e., federal cap grants, state match, and repayments) to systems.

Full fund utilization coupled with timely disbursement indicates a well-functioning SRF program. These taken together maximize environmental benefits and protect public health.

The California CWSRF disbursements to executed loans has historically been below the national average. This indicates that when loans are signed the SWRCB processes and disburses claims in an untimely fashion. During EPA's review of sample projects, it was noted that there were instances where the review and approval of disbursements took over two months to complete. Additionally, a couple of weeks followed before the final payment for the reimbursement of project costs was issued to the assistance recipient.

<b>CWSRF Cumulative Disbursements as a Percent of Executed Loans (SFY) (NIMS Line 311)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
National (%)	88	88	88	89	90
California (%)	78	73	74	79	80

**Recommended Follow-up:** We are encouraged by the SWRCB’s recent decision to engage the Environmental Finance Center (EFC) in conjunction with the California State University, Fullerton to study ways to identify potential efficiencies, improvements, or enhancement that would facilitate timely review, processing, and execution of loan agreements, as well as make disbursement request more efficient and improve timeliness of payments. We also would like to remind the SWRCB that they have access to an existing state contract with Northbridge Environmental Consultants. Given Northbridge’s history and knowledge of the workings of the California SRFs, they could provide a narrowly focused exploration for analyzing and solving the workflow structure of the programs.

We look forward to the results of the EFC study and how the SRF programs might reach a goal of approving, processing, and issuing loans and payments in a timely manner.

**Program Activity:** DFA is continuing its engagement with Environmental Finance Center (EFC) on the SRF Management Study, as well as, developing process improvements to process disbursement requests more efficiently.

In EPA’s recommendation, it is mentioned that the State Water Board has access to an existing state contract with Northbridge Environmental Consultants. This state contract is strictly for the maintenance of DFA’s Loans and Grants Tracking System (LGTS) and prohibits work considered as upgrades.

In the past DFA has had access to budget SRF in-kind funding (CA cap grant funding which is retained by EPA and allocated to Northbridge through a federal contract) to have consulting services or LGTS upgrades, performed. Unfortunately, EPA has not been able to allow states to budget or request in-kind services since around 2017/18.

DFA has requested of EPA Region IX and EPA HQ to reinstate access to in-kind funding, citing the limitations of the state contract and the need to upgrade LGTS in an effort to integrate and automate a number of processes which include contract activities, disbursement intake and analysis, and financial management, to improve operational efficiency. EPA has acknowledged the request and stated that they hope to restore access to in-kind funding in the future.

## Appendix E: SFY 2020-21 CWSRF Audited Financial Statements