
The DWSRF repayable loan funds are limited to \$50 million maximum for each new project on this Fundable List. The total for each project on the Fundable List may be allocated or reallocated to other Fundable List projects at the request of the applicant as long as the total estimated repayable DWSRF loan funding does not exceed \$100 million for the combined projects on the Fundable List per entity. The funding maximums in this paragraph do not apply to rollover projects, and do not include any financing provided as a consolidation incentive or under any supplemental IUP. Each of the applicants on the Fundable List recommended for partial funding appears capable of obtaining the remaining financing necessary to successfully complete the projects.

The Deputy Director is directed to evaluate the potential impacts of rising construction costs and the DWSRF's ability to finance requests for higher loan amounts for existing loan projects before approving loan increases, approving new loans on the Fundable List, or bypassing projects to add new loan projects to the Fundable List. The Deputy Director should prioritize use of the repayable loan capacity for potential cost increases on previously funded loans rather than adding new loan projects. Amendments to existing funding agreements may be based on the IUP that the project was funded under, or this IUP, at the discretion of the Deputy Director.

F. Match Financing Option

California is required to contribute to the DWSRF at least one dollar of matching funds for every five federal dollars contributed to the program. Offering match financing in accordance with Section VII of the [DWSRF Policy](#), where the applicant provides the funds to match the federal grants, is one way California meets the match requirement.

The State Water Board may offer local match financing to eligible DWSRF program applicants in accordance with Section VII of the DWSRF Policy. The State Water Board will generally use the state's contribution ratio, i.e., one matching dollar for every five federal dollars, for each participating project. If the current interest rate makes a local match loan at the state's contribution ratio uncompetitive, the Deputy Director of DFA may lower the contribution ratio on any given project so that the imputed interest rate is competitive with the standard DWSRF interest rate for construction financing.

G. Future Financing Trends

Given the significant influx of state and federal infrastructure funding, the State Water Board can fund additional projects with the DWSRF program and its complementary and supplementary funding sources. The ability of the DWSRF program to leverage current assets remains underutilized and the State Water Board continues to emphasize projects that are "ready-to-proceed to a financing agreement."

If the State Water Board is successful at making a substantial portion of the commitments on the recommended SFY 2024-25 Fundable List, additional capital through the sale of DWSRF debt may be required. DFA will continue to evaluate the need for additional debt relative to average long-term funding levels and the State Water Board's direction in the *SRF Debt Management Policy*.

H. DWSRF Loan Provisions

Changes to the general provisions applicable to repayable financing projects in SFY 2024-25 are as follows.

Equivalency, Build America, Buy America (BABA), and Single Audit Act

Each fiscal year, the State Water Board is required to report a number of DWSRF financing agreements whose total dollar amount equals the amount of the federal DWSRF capitalization grants in order to satisfy federal rules. These reported financing agreements are referred to as “equivalency projects”. BABA and Single Audit Act requirements only apply to these equivalency projects.

In July 2023, U.S. EPA clarified that funding received by equivalency projects is considered to be federal funding and recipients of these funds must comply with Single Audit Act requirements.

On November 13, 2023, U.S. EPA amended the SRF Design Planning Waiver to the BABA requirements, stating that the waiver applies to projects receiving funds appropriated in Fiscal Year 2022 and 2023, which means the Design Planning Waiver will no longer apply to projects receiving DWSRF funding appropriated in or after FFY 2024.

The State Water Board has identified this year’s equivalency projects on the Fundable List (Appendix A). These projects will need to comply with BABA and Single Audit Act requirements, as well as other equivalency requirements. Equivalency projects were selected based on the following priority, until the necessary equivalent dollar amount was met:

1. Projects that have received or have applied for federal co-funding that are also subject to BABA requirements.
2. Projects for non-DAC communities. If not all projects need to be selected to meet equivalency requirements, projects with the largest estimated DWSRF funding amounts will be selected first.
3. If multiple projects have the same estimated DWSRF funding amounts, but not all these projects need to be selected as equivalency, the projects whose applicant communities are the largest will be selected.
4. If all projects described above are insufficient to meet equivalency requirements, DAC projects may be selected as equivalency projects.

Additional effort will also be required during SFY 2024-25 to administer BABA requirements. More information regarding BABA requirements is discussed in section XIII.F.7.

V. DWSRF PF AND SMALL COMMUNITY GRANT

A. Small Community Grant Drinking Water (SCG DW)

The Office of Sustainable Water Solutions provides low interest loans and PF through the DWSRF program and grants through the Small Community Grant Drinking Water (SCG DW) program including the 2021 Budget Act Infrastructure Appropriation, and the Safe and Affordable Drinking Water Fund, utilizing state and federal funds. The Office administers the funds consistent with this IUP and the DWSRF Policy, including any amendments thereto, to the extent allowed by federal regulations and state law and consistent with the conditions and limitations in Appendices D and E. Additionally, some SCG DW funds will be administered to projects consistent with the new [Expedited Drinking Water Grant \(EDWG\) funding program](#). Guidelines for this new program were adopted by the State Water Board in March of 2023. The EDWG funding program targets specific high priority, grant-eligible projects for a new streamlined application process to enable the State Water Board to commit funds to projects more quickly.

B. Eligibility Criteria

The State Water Board will provide funding for the planning, design, and construction of eligible drinking water improvements to publicly and privately-owned CWS and non-profit, non-community water systems. Certain state funding may also be provided to eligible entities to undertake projects on behalf of a PWS. Eligible planning, preliminary engineering studies, environmental review, project design, and construction costs are described in the [DWSRF Policy](#), Sections X.B. and XI.B. An eligible applicant may apply solely for planning funding with the option to later apply for construction funding. An eligible applicant may also apply for construction funding with the option to be reimbursed for eligible planning costs as part of the construction financing agreement.

Grant/PF funding will be limited to systems or households experiencing serious drinking water public health issues (Category A-C) and consolidation projects. Grant/PF criteria for eligible projects serving Small DACs/SDACs, Expanded Small DACs/SDACs, and Small Non-DACs are described in Appendices D and E.

1. Subsidized Planning Financing

Eligible small CWSs (SCWSs) serving a Small DAC/SDAC, eligible not for profit NTNCs serving a Small DAC/SDAC, and eligible PWSs consolidating with Small DACs/SDACs may receive grant/PF for a planning project in accordance with Appendix D. Repayable financing may also be made available to fund a planning project. The Deputy Director of DFA may approve planning grants/PF for small, non-DAC Category A-C and/or consolidation projects for good cause to the extent authorized under state law.

2. Subsidized Construction Financing

The following PWSs may be eligible for reduced interest rates, PF, grant, or a combination of PF and grant for a construction project in accordance with the terms in

Appendix E, to the extent consistent with state and federal law.⁶

1. A SCWS serving a Small DAC, a Small SDAC, or a Small Non-DAC with a MHI of less than 150% of the statewide MHI.
2. A NTNC that serves a Small DAC or a Small SDAC, if the system serves solely the following:
 - a public K-12 school⁷; and/or
 - a not-for profit K-12 private school; and/or
 - a not-for-profit daycare facility, and/or
 - a not-for profit labor camp; and/or
 - a not-for-profit elder care facility; and/or
 - a not-for-profit health care facility

Grant/PF funds will only be awarded to an eligible not-for-profit NTNC to the extent the NTNC cannot afford the full cost of repayable financing. With the exception of a PWS owned by a public school district, the current operating budget shall be evaluated when determining an eligible NTNC's ability to afford repayable financing. As stated in the DWSRF Policy, an eligible PWS owned by a public school district is deemed to have no ability to repay any financing and is eligible for 100% grant/PF, subject to all other eligibility rules and requirements. To determine the equivalent service connections for a school, the total number of staff and students is divided by 3.3. In the case of oversubscription, grant/PF may be limited to Title I schools. In the case of multifamily residential properties served by a single connection, the single connection can be treated as multiple service connections for the purposes of calculating grant eligibility, based on the number of households or housing units within the building or complex.

3. A PWS that is consolidating or extending service to a Small DAC, an Expanded Small DAC, or a Small Non-DAC with a MHI of less than 150% of the statewide MHI.
4. An Expanded SCWS that serves a DAC or SDAC.

See Appendix E for limitations. The Prop 1 and Prop 68 Drinking Water local cost share is reduced for a SCWS, Expanded SCWS, or a NTNC that serves a Small DAC or Expanded Small DAC and a PWS extending service to these types of communities in accordance with Appendices D and E.

In evaluating project eligibility, DFA will consider any relevant contamination-related settlement funds or other sources of funds for the project, including those related to

⁶ Eligibility for non-repayable financing varies depending on funding source. To the extent permitted by funding source, the categories below include systems owned by Native American Tribes.

⁷ Notwithstanding the definition of “not-for-profit” in the DWSRF Policy, NTNCs owned by public schools are deemed to be not-for-profit and may be eligible for PF/grant if authorized under the funding source.

PFAS or 1,2,3- Trichloropropane (1,2,3-TCP), when determining grant/PF eligibility. Pending or unrestricted funds must be allocated in accordance with the terms of any funding agreement with the State Water Board.

Non-repayable funding will generally be limited to project components necessary for the Category A-C issue, or for the consolidation.

Eligible planning projects may receive 100% grant/PF or be funded through TA, depending on the requirements of the funding source.

Funding for work on private property generally will be subject to the following limits, in addition to other applicable eligibility criteria, including those set forth in this IUP and those required by the applicable funding source. Work on the property of a for-profit mobile home park generally will not be eligible for grant/PF if the mobile home park is a non-DAC. Work on the private property of individual homes generally will not be eligible for grant/PF if the individual homes are located in a community that is a non-DAC. If available MHI data for the community does not appear representative for some or all of the households served by the project, household income verification may be required.

CPUC-regulated entities, and work on the private property of CPUC-regulated entities, will only be eligible for funding if the applicable CPUC rules⁸ and all other eligibility criteria are satisfied.

Amendments to existing funding agreements may be based on the IUP that the project was funded under, or this IUP, at the discretion of the Deputy Director, subject to funding source requirements. In general, changes to scope and cost increases for lower priority projects will not be approved unless the cost increase is due to higher construction costs at time of bidding (no change in the approved scope).

C. MHI Determination

In general, the MHI determination for a CWS will be based on the entire permitted service area of the CWS. The MHI is determined using the Census geography that best represents the community (i.e., city/Census Designated Place [CDP] or block group). DFA utilizes the American Community Survey (ACS) data set to determine the MHI of a community. ACS data is updated annually using a five-year rolling average. New ACS data is utilized by DFA as of April 1st of each year. If the MHI cannot be determined due to unavailable ACS data or the available data is not considered representative based on consultation with DDW or Regional Board staff, an income survey may be conducted. An impartial third party must conduct an income survey in accordance with the current Multiagency Income Survey Guidelines.

⁸ Entities regulated by the California Public Utilities Commission (CPUC) must comply with CPUC rules governing the receipt and use of state grant funds, including but not limited to rules that (i) limit enrichment of the owners by excluding PF and grant funded assets from the fair market value of the system in the case of a transfer, and (ii) ensure that PF and grant funds benefit rate payers by excluding PF and grant funded assets from the rate base.

A NTNC owned by a K-12 public school district is deemed to serve a severely disadvantaged community because the primary users are minor students. Minors generally have incomes below 60 percent (60%) of the statewide MHI. All other eligible NTNCs and the MHI of the small community they serve will be evaluated on a case-by-case basis based upon the intended customer base.

For a consolidation including the extension of water service by a PWS to a small community not currently being served by a PWS, for purposes of providing reduced interest rates and PF, the MHI of the PWS extending service/the Receiving Water System or the community receiving service/Subsumed Water System may be considered, consistent with statutory requirements. Grant eligibility for state small water systems or individual residences may be determined based on the best fit block group, an income survey, individual household certifications, or a combination thereof.

If a project will benefit a system that has industrial/commercial connections that account for greater than ten percent of the total water consumption, then grant/PF funding may be reduced for costs attributable to industrial/commercial use. In addition, project components that are solely for industrial/commercial use (e.g., water meters at an industrial/commercial facility) generally are not grant/PF eligible. On a case-by-case basis, the Deputy Director of DFA may approve grant/PF for industrial/commercial connections for consolidation projects for good cause. Individual project components such as water meters or private laterals that benefit individual facilities such as the following are not considered industrial/commercial connections and, therefore, may be eligible for grant/PF: a public K-12 school, a not-for-profit K-12 private school, a not-for-profit daycare facility, a not-for-profit labor camp, a not-for-profit elder care facility, a not-for-profit health care facility, or a not-for-profit facility serving a tribe.

D. Fundable List

All projects that may be eligible for grant/PF under Appendices D and E or for consolidation incentive are added to the Fundable List after the Deputy Director deems the application initially complete. The State Water Board acknowledges that the grant/PF applications currently exceed the estimated balance of grant/PF funds; therefore, staff resources and grant/PF funding will be prioritized for eligible Category A-C projects or consolidation projects for Small DACs, and based on the completeness of their application and their readiness to proceed to a funding agreement.

If a potentially grant/PF eligible project is not on the Comprehensive List at the time this IUP is approved by the State Water Board, it will be added automatically to the Comprehensive List when the applicant starts an application. The State Water Board will periodically post an updated Fundable List for public review on the DWSRF website. This posting will identify all projects on the Fundable List, including all projects that may be eligible for grant/PF under Appendices D and E or for consolidation incentive, for which complete applications were received by DFA.

E. Financial Outlook

Table 7: Estimated Available Grant/PF funds for SFY 2024-25

Funding Type	Total (Million)
PF (FFY 2024 Base Program and General Supplemental)	\$146
PF (previous cap grants)	\$51
Prop 1 grant	\$13
Prop 68 grant	\$46
2021 Budget Act Infrastructure Appropriation	\$0
Total	\$256

F. Consolidation

It is the intent of the State Water Board to promote consolidation where appropriate and feasible, especially among SCWS serving DACs. Many SCWSs struggle to meet minimum state and federal requirements to provide safe and reliable drinking water. Due to their smaller scale and limited resources, SCWSs face many TMF challenges and have difficulty maintaining long-term compliance. Infrastructure projects are increasingly costly, the technical complexity of compliance grows, and economic constraints are especially onerous for these systems. Consolidation is a promising solution to many difficulties faced by SCWSs, particularly when confronted with compliance-related problems or depleted water sources. To support consolidation, DFA, in coordination with DDW, will continue to emphasize consolidation opportunities by providing project financing and TA. Funding available through DFA can act as a key incentive for consolidation projects, even when other approaches such as mandatory consolidation orders are not applicable.

Consolidation projects are eligible for up to one hundred percent (100%) grant/PF funding, regardless of project category, as provided in Appendices D and E if they meet funding source requirements and the subsumed system is an eligible type as specified in Appendices D and E. Consolidation projects where the Subsumed System is already receiving water from the Receiving Water System via a master meter connection will generally be considered lower priority. To the extent that the Receiving Water System requires infrastructure improvements (e.g., pipelines, storage tank, new well, treatment) for the consolidation, those improvements may be eligible for 100% grant/PF. Funding for reasonable connection fees and constructed facilities for the consolidation that will be owned and operated by the Receiving Water System are eligible for up to one hundred percent (100%) grant/PF. The Deputy Director of DFA may reduce or limit reimbursement of connection fees if such infrastructure improvements, that provide capacity for the new service connections, are being funded with grant/PF. For other

work that is occurring on private property⁹, please reference the Subsidized Construction Financing Section for grant/PF eligibility.

Exceptions to grant eligibility may apply if the total cost per connection for specific households is significantly higher than others in the community being consolidated, for example because there is a larger individual property with an exceptionally long lateral or a higher connection fee required.

DFA will continue to require that all funding applicants evaluate the feasibility of consolidation to be eligible for the DWSRF construction funding. If planning funding is being provided to a SCWS, DFA may also require a consolidation assessment prior to reimbursement of other planning activities under the planning funding agreement. For SCWS applicants proximal to another community water system within 1.5 miles, the feasibility assessment or study shall include a consolidation assessment with an analysis of consolidation alternatives, including estimates of consolidation costs. For SCWS applicants proximal to another community water system at a distance greater than 1.5 miles, DFA may determine that a consolidation assessment is necessary. The consolidation assessment shall also include an assessment of the cost-effectiveness of consolidation over at least a period of 30-years and the impact to ratepayers.

If the applicant determines consolidation is infeasible, the applicant will be required to discuss the reasons supporting that determination. If consolidation is determined to be feasible and the most sustainable solution by DFA based on the consolidation assessment or other supplemental factors, DFA may provide grant/PF for the applicable consolidation project only, and not any alternative to consolidation. Loan funding may be available for alternative projects when consolidation is determined to be feasible but is not the preferred solution identified by the applicant. There may be unique cases where DFA approves grant/PF funding for a non-consolidation improvement project on a case-by-case basis, if that project is necessary to address a high priority issue while consolidation is evaluated and implemented, and either of the following applies: (1) the improvements included in the project would be necessary and continue to operate as part of the identified future consolidation opportunities; or (2) the project or a key portion of the project is identified as consistent with, and approved for funding consistent with, the Urgent Drinking Water Needs approach outlined in the FEP, and funding source requirements are met. Examples of high priority issues that such projects might address include: a chronic water quality issue that cannot generally be mitigated with short-term, interim solutions (e.g., brown water that cannot be used to wash clothes; an imminent threat of tank failure, that requires immediate action to avoid a risk to public health and safety).

⁹ Work on private property, including laterals, well and tank destruction, backflow prevention, risers, hydrants, master or individual meters, and distribution pipes, may be eligible for one hundred percent (100%) grant/PF if deemed necessary for consolidation and if the entity meets the eligibility requirements. If recipients do not own or have authority over project components located on private property, such as these components, the Deputy Director or Assistant Deputy Director has the discretion to determine whether recipients are required to ensure the operation and maintenance of such components, notwithstanding footnote 3 of the DWSRF Policy (Dec. 3, 2019).

Consolidation projects will be prioritized for DWSRF and associated drinking water funding. Consolidation projects are eligible for one hundred percent (100%) grant/PF funding, regardless of project category, but will be prioritized based on their public health ranking. Funding limits are described in Appendices D and E. As part of a consolidation project, reasonable and necessary connection fees or source capacity fees may be eligible for grant/PF. If a Receiving Water System does not have sufficient capacity to serve the additional customers of the Subsumed Water System, grant/PF funding may be available to increase a Receiving Water System's water supply capacity. The Deputy Director of DFA may approve grant funding for necessary improvements to recently consolidated systems for good cause.

To encourage the consolidation of PWSs, the State Water Board may continue to offer incentives to Receiving Water Systems in exchange for completing a consolidation (Consolidation Incentives). The project that solely benefits a Receiving Water System is an Incentive Project. Incentive Projects must be eligible; criteria depend on the funding source. The Consolidation Incentives DFA is authorized to offer a Receiving Water System for their Incentive Project include, but are not limited to¹⁰:

- A PWS completes a full physical consolidation of an existing PWS(s) (where the Subsumed Water System is no longer separately permitted) or a community (at least 15 year-round residential service connections or a year-round population of at least 25 people) not currently served by a PWS.
 - Maximum of \$10 million in zero percent (0%) interest rate financing per consolidated community/water system from available sources for planning or construction of an Incentive Project (maximum of \$50 million over a 5-year period); and/or
 - Maximum of \$1 million grant/PF per consolidated community/water system. Grant/PF funding for planning or construction of an Incentive Project of up to \$3,000 per connection¹¹ when consolidating a community water system that does not qualify as a Small DAC, \$5,000 per connection when consolidating a community/water system that qualifies as a small DAC, or up to \$10,000 per connection when consolidating a community/water system that qualifies as a Small SDAC. Any incentive grant/PF will not count towards the grant/PF cap for that community over a 5-year period.
- Maximum of \$2 million in zero percent (0%) interest rate financing for an Incentive Project when a PWS managerially consolidates (where separate water system permits still exist).

¹⁰ The Deputy Director of DFA has the discretion to apply consolidation incentive limitations from the 2023-24 DWSRF IUP, adopted July 18, 2023, to projects with a complete consolidation application and either a [DWSRF General Application Package](#) or [Urgent Drinking Water Needs \(UDWN\) Application](#) for the incentive project submitted to DFA before adoption of this IUP.

¹¹ For all Consolidation Incentives, available Consolidation Incentive grant/PF funding is based on the number of residential connections in the Subsumed Water System or the community that will be connected.

The Consolidation Incentive may be applied to one or more eligible projects chosen by a Receiving Water System and approved by DFA. The Receiving Water System may apply for planning financing to develop their Incentive Project. Incentive Project financing may be combined with other financing options, including SADW, to fund an Incentive Project. Consolidation Incentives may include, but are not limited to, planning or construction for infrastructure improvements to mitigate drinking water risks and support the human right to water and/or refinancing existing loans to the extent allowed by applicable statutes. The subsidized financing for the Incentive Project is in addition to any subsidized financing for the associated Consolidation project.

When determining the amount of incentive funding that a Receiving Water System may be eligible for, DFA will consider the following:

- Type of community that was consolidated:
 - DAC, SDAC or Non-DAC.
 - Failing, at-risk, or not at-risk.
 - Technical, managerial, or financial issues that may be a challenge for the Receiving Water System to take over.
- The scope of the consolidation project:
 - Subsumed Water System already receiving water via a master meter, but now will be individual customers of the Receiving Water System.
 - The amount of infrastructure that was needed to complete the consolidation project and the funding already received.
 - The amount of outreach and coordination that was needed to consolidate (public outreach, LAFCo, CPUC, etc.).
 - Upgrades to the Receiving Water System already included in the consolidation project (new wells, treatment, distribution system replacement, etc.).
- The project cost for the incentive project compared to the project cost for the consolidation project (ideally not much higher than the consolidation project).

Additional criteria and application requirements for the Consolidation Incentive include:

- The Receiving Water System must be a voluntary participant in the consolidation project. Consolidation Incentive will not be available to Receiving Water Systems completing a [mandatory consolidation](#), unless the Deputy Director of DFA approves a case-by-case exception for good cause.
- The Receiving Water System must not be an entity consolidating two or more systems it already owns. Such cases may qualify for project funding consistent with Appendices D and E, but the entity is not additionally eligible for consolidation incentive.
- The Receiving Water System should submit, at minimum, a [DWSRF General Application Package](#) or [Urgent Drinking Water Needs \(UDWN\) Application](#) for the Incentive Project(s) to DFA before completion of the associated consolidation project(s), or Subsumed System acquisition (if DFA is not funding the consolidation).

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- The DWSRF or UDWN application must indicate that it is for an Incentive Project associated with a specific consolidation project or group of consolidation projects.
 - The Receiving Water System must complete and submit a full DWSRF or UDWN application for the Incentive Project(s) within one year of completion of the associated consolidation project, or Subsumed System acquisition (if DFA is not funding the consolidation). The Deputy Director of DFA is authorized to allow additional time for good cause. Receiving systems that have implemented or are implementing a consolidation that does not include a DFA-funded consolidation project may be eligible for Consolidation Incentive at the discretion of the Deputy Director of DFA, but these Incentive Project(s) will generally be considered a low priority, and must meet above-described application deadlines tied to the date of Subsumed System acquisition.
 - In the case where the consolidation project has been designed to include the Incentive Project, then up to \$10 million in zero percent (0%) funding shall apply to the portion of costs that are part of the Incentive Project. The consolidation project may also receive up to \$500,000 grant/PF funding towards the Incentive Project as described above. The remaining costs associated with the consolidation project shall be funded in accordance with the general project financing terms discussed in this IUP. For example, the Receiving Water System may choose to replace some of its distribution system pipeline at the same time as the consolidation project. If the distribution system replacement that solely benefits the Receiving Water System is estimated to cost \$15 million, then that portion of the project may receive up to \$500,000 incentive grant/PF (depending on the community that is being consolidated) and up to \$10 million in zero percent (0%) financing per consolidated community/water system.

G. Advance Payment

Proposition 1 and Proposition 68 authorize up to 25 percent (25%) of a grant to be awarded in advance of actual expenditures. (Wat. Code, § 79724, subd. (a)(1) and Pub. Resources Code, §§ 80030, 80140, subd. (a).) An advance payment program may be established and approved by the Deputy Director of the DFA and be posted to the DFA webpage at a later date.

H. Future Financing Trends

Because significantly lower levels of grants/PF will be available in SFY 2024-25, it will be necessary to prioritize the requests for this funding. PF is expected to continue to be available from the capitalization grants. Therefore, DFA and DDW will continue to prioritize projects receiving grant/PF funds based on projects addressing the most pressing public health risks and readiness to proceed to a financing agreement.

VI. EMERGING CONTAMINANTS AND PFAS

California is eligible to apply for and receive \$82,428,000 as part of the DWSRF Emerging Contaminants Funding, appropriated by the BIL; allotments are based on the results of the 2021 DWINSA. The funds are available to DWSRF eligible projects which address emerging contaminants, with a focus on PFAS. One hundred percent (100%) of the funds other than set-asides will be committed as principal forgiveness, with at least twenty-five percent (25%) directed towards disadvantaged communities or PWS serving fewer than 25,000 persons.

The BIL also includes a total of \$5 billion in FFY 2022-2026 for the Emerging Contaminants in Small or Disadvantaged Communities (EC-SDC) grant program, which focuses on addressing EC, including PFAS, in drinking water served by public water systems in small (less than 10,000 population) or disadvantaged communities (DAC). California is eligible to apply for and receive approximately \$82,900,000 for FFY 2024. The combined FFY 2022 and FFY 2023 EC-SDC grant to California was \$169,115,000.

Additional information regarding the availability of and requirements associated with emerging contaminants funding can be found in the DWSRF Emerging Contaminants Supplemental Intended Use Plan in Appendix J, along with the Emerging Contaminants Fundable List. The Emerging Contaminants Fundable List was developed from applications submitted by eligible water systems for projects whose primary purpose is to address emerging contaminants. The Emerging Contaminants Supplemental IUP describes the State Water Board's approach for soliciting projects and committing the BIL Emerging Contaminants funds.

Appendices D, E, and F do not apply to the DWSRF Emerging Contaminants and EC-SDC funding.

VII. LSL REPLACEMENT

California is eligible to apply for and receive \$28,650,000 as part of the DWSRF LSLR Funding, appropriated by the BIL; allotments are based on the results of the 2021 DWINSAs. The funds are available to DWSRF eligible projects which identify and replace lead pipes and fixtures. 49% will be committed as principal forgiveness for disadvantaged communities.

The State Water Resources Control Board will not apply for FFY 2024 Lead Service Line Replacement (LSLR) Capitalization Grant this year, based on existing available funding and current application demand.

Additional information regarding the availability of and requirements associated with DWSRF LSLR funding can be found in the DWSRF Lead Service Line Replacement Supplemental Intended Use Plan in Appendix I, along with the Lead Service Line Fundable Lists. The LSLR Fundable Lists were developed from known water systems with potential lead service lines and applications received. The LSRL Supplemental IUP describes the State Water Board's approach for soliciting projects and committing the BIL Lead Service Line Replacement funds.

Appendices D, E, and F do not apply to the LSLR funding.