



Sent via ELECTRONIC MAIL to commentletters@waterboards.ca.gov

July 25, 2025

Courtney Tyler, Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

**RE: ACWA Comment Letter regarding Draft Intended Use Plans for the Drinking Water
State Revolving Fund Fiscal Year 2025 – 2026**

Dear Ms. Tyler:

The Association of California Water Agencies (ACWA) appreciates the opportunity to provide comments to the State Water Resources Control Board (State Water Board) on the draft State Fiscal Year (SFY) 2025-26 Drinking Water State Revolving Fund (DWSRF) Intended Use Plan (IUP) with Supplemental IUPs released on June 27, 2025. ACWA represents around 470 local public water agencies that supply water for domestic, agricultural, and industrial uses to over 90 percent of California's population. We encourage diligence to sustain funding sources like DWSRF through continued engagement with the federal government to protect programs that are essential to curb the cost of compliance with California's ambitious drinking water standards. We submit the following comments for the State Water Board's consideration related to the DWSRF IUP.

1. Support increase of Emerging Contaminants Supplemental IUP Funding to \$25 million per water system.

ACWA supports the proposed increase of funding (proposed increase) being raised to \$25 million per public water system (PWS) to utilize Emerging Contaminants IUP funding as PWS are working their hardest to comply with the state's existing ambitious drinking water standards that are underway, and standards that will soon be proposed, such as additional statewide per-and-polyfluoroalkyl substances (PFAS) Maximum Contaminant Levels (MCLs)¹. The proposed increase is an appreciated response to comments raised during the recent SRF Policy Amendments process regarding continually ambitious

¹ PWS are working to comply with current United States Environment Protection Agency MCLs for PFAS and expect even more ambitious PFAS MCLs to be proposed by the State Water Board in future years.

drinking water standards and goes in the correct direction to better enable PWS to have additional resources to work towards compliance². DWSRF is an essential resource that PWS rely upon to treat emerging contaminants. It is essential to provide funding in amounts that enable PWS to meet ever increasing operational and maintenance costs.

2. Support for broader project eligibility to mitigate Hexavalent Chromium Maximum Contaminant Level exceedance.

ACWA supports the proposed eligibility for medium sized disadvantaged community (DAC) projects addressing exceedances of the hexavalent chromium (Cr6) MCL for funding similar to failing systems, even if they are not yet on the failing list. This proposed change to DWSRF responds to comments raised during the recent Cr6 MCL process³ and the recent SRF Policy Amendments process⁴, and is a necessary step to enable water systems working diligently to meet the Cr6 MCL that need financial assistance have resources to do so to avoid raising rates on communities that already struggle with affordability issues. This change will not single-handedly solve all PWS funding needs to comply with the Cr6 MCL, but it is a step in the right direction to enable access to a critical financial resource for a broader base of PWS.

3. Encourage continued development of resources to maximize communication with SRF applicants.

ACWA appreciates the strides being made with the project dashboard to improve transparency and open communication with DWSRF applicants and appreciate DFA staff continuing to work with PWS to improve the experience of applying for DWSRF. We encourage continued work towards a landing page to share the projected time for completion and where the applicant and the assigned project manager can exchange information about applications such as project status notes, and outstanding items. We encourage continued dialogue through the SRF Advisory Group (SAG), as needed, to continue improvements.

4. Encourage broader eligibility for DAC designated funds in DAC neighborhoods.

ACWA continues⁵ to be concerned that the proposed eligibility for DAC designated funds continues to exclude some of the poorest communities in the State, specifically those that are in the service areas of medium and large urban providers. We appreciate the positive strides made during the SRF Policy Amendments process to consider criteria

² PWS requested increased access to principal forgiveness and loan capacity to address emerging contaminant treatment during the May 6, 2025 State Revolving Fund Policy Amendment adoption hearing.

³ PWS raised concerns during April 19, 2024 Cr6 MCL adoption hearing about the steep cost of compliance with Cr6 MCL.

⁴ See reference #2.

⁵ Repeat comment from ACWA/CMUA Joint DWSRF IUP Comment Letter submitted on July 23, 2024

scoring for DACs located in non-small PWS, but continue to see disparities within medium and large urban service areas to qualify for DAC designated funds. The State Water Board should continue to consider flexibility and consideration for projects in medium and large agencies that can benefit DACs through the development of large scale, complicated projects with significant public health benefits to DAC residents and Californians more broadly. Confidence in the ability of PWS to successfully complete the project and deliver a return on investment could also be factor in determining medium and large PWS that should be eligible for DAC designated funds.

5. Concerned about the proposed repayable loan award cap for DWSRF.

ACWA continues to worry that the repayable loan award cap (\$50 million maximum for each new project on the Fundable List, \$100 million for the applicant's combined projects) will negatively impact large, multi-year projects that have a high degree of confidence for providing return on investment to the DWSRF. We raised this concern in 2024 as well⁶, and we recognize that DFA needs to manage the distribution of funds when nearing oversubscription, but offer that all PWS are under high pressure to seek additional funding for critical infrastructure projects to offset the financial challenge that ongoing inflation of costs provides. Thus, we request that projects exceeding this cap be allowed consideration for amounts above the cap if funds are leftover. Flexibility should be considered for larger projects if DWSRF funds are left over, waiving the cap for PWS that can demonstrate that the scale and complexity of the project or greater public health benefits are worthwhile.

6. Appreciate the work of the State Revolving Fund Advisory Group.

We appreciate the ongoing efforts of the SAG and think the recent work to address SRF policy amendments improved the SRF and IUP processes. We look forward to continued SAG efforts to address the issues we raise here and others that arise while we seek to optimize DWSRF.

Conclusion

We appreciate the State Water Board's consideration of these comments, and we are ready to assist DFA in future IUP discussions and discussion policy amendments in SAG. If you have any questions regarding these comments, please contact us at NickB@acwa.com or (916) 669-2377.

⁶ Repeat comment from ACWA/CMUA Joint DWSRF IUP Comment Letter submitted on July 23, 2024

Sincerely,

A handwritten signature in black ink, appearing to read "Nick Blair".

Nick Blair
Senior Policy Advocate

cc: The Honorable Joaquin Esquivel, Chair, State Water Resources Control Board
 The Honorable Dorene D'Adamo, Vice Chair, State Water Resources Control
 Board
 The Honorable Laurel Firestone, State Water Resources Control Board
 The Honorable Sean Maguire, State Water Resources Control Board
 The Honorable Nichole Morgan, State Water Resources Control Board
 Mr. Eric Oppenheimer, Executive Director, State Water Resources Control Board
 Mr. Marwan Khalifa, Interim Executive Director, Association of California Water
 Agencies
 Ms. Cindy Tuck, Deputy Executive Director for Government Relations,
 Association of California Water Agencies