

July 22, 2026

Comment letter submitted via email

Courtney Tyler
Clerk of the Board
State Water Resources Control Board
P.O. Box 100
Sacramento, CA 95812-2000

RE: Comment Letter regarding Draft State Fiscal Year 2026-27 Drinking Water State Revolving Fund Intended Use Plan

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) 2026-27 Drinking Water State Revolving Fund (DWSRF) Intended Use Plan (IUP) with Supplemental IUPs released on June 23, 2026. ACWA represents approximately 470 local public water agencies that supply water for domestic, agricultural, and industrial uses to over 90 percent of California's population. We encourage the State Water Board to continue engaging with the federal government to protect the programs and ensure the sustainability of funding sources that are essential to curbing public water suppliers' (PWS) cost of complying with California's drinking water standards, like the DWSRF. We submit the following comments for the State Water Board's consideration related to the draft DWSRF IUP.

1. Continue developing resources and outreach efforts to understand the impacts of the 2025 DWSRF Policy Amendments on DWSRF applicants and to improve the DWSRF application experience.

We encourage the State Water Board to continue developing resources and outreach efforts to understand the impact of the 2025 DWSRF Policy Amendments (new policy framework) on DWSRF applicants. Many applicants are still working to understand how the new requirements, funding provisions, and programmatic expectations differ from those in the previous DWSRF policy; side-by-side comparisons of the previous and new policy frameworks would help applicants navigate the DWSRF program more efficiently and reduce uncertainty during project development. PWS are particularly interested in seeing information that compares how funding is allocated and which communities and project types may be impacted.

We also encourage the State Water Board to continue its development of a project dashboard to improve transparency and open communication with applicants, including a landing page that shares projects' projected time for completion and provides applicants and project managers with an opportunity to exchange relevant information. We encourage continued dialogue through the DWSRF Advisory Group (Advisory Group) as needed, to continue improvements.

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

ACWA remains concerned 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 on the Fundable List per entity) 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 both 2024¹ and 2025² and recognize that the State Water Board's Division of Financial Assistance (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.

3. Encourage the State Water Board to maintain current construction and planning grant eligibility and funding commitments.

ACWA recognizes that the DWSRF program is entering a period of increased fiscal constraint due to anticipated reductions in federal capitalization and the resulting need to ensure the long-term sustainability of available funding. As the State Water Board evaluates changes to planning grant eligibility, we encourage it to balance fiscal stewardship with the need to maintain a robust pipeline of projects intended to improve drinking water quality, reliability, and public health.

ACWA supports maintaining the current construction and planning grant eligibility and funding commitments. Doing so would preserve broad access to planning assistance and provide applicants with much needed consistency and predictability. Maintaining broad eligibility would better position PWS to address aging infrastructure, emerging contaminants, climate resilience, and other regulatory challenges while ensuring that future construction funding can be deployed efficiently.

However, if the State Water Board determines that modifications to planning grant eligibility are necessary, ACWA would suggest maintaining the current planning grant eligibility framework while allowing the State Water Board to revisit the issue in six months after additional information regarding federal capitalization levels, program demand, and funding availability has become available. Given the uncertainty surrounding future DWSRF funding, delaying any permanent changes to planning grant eligibility is preferable to adopting restrictions that may prove unnecessary or have unintended consequences. This approach would allow the State Water Board to make a more informed policy decision based on actual program experience and fiscal conditions while avoiding disruption to applicants currently developing projects.

¹ Repeat comment from ACWA/CMUA Joint DWSRF IUP Comment Letter submitted on July 23, 2024

² Repeat comment from ACWA DWSRF IUP Comment Letter submitted on July 25, 2025

4. Appreciate the work of the Drinking Water State Revolving Fund Advisory Group.

ACWA appreciates the Advisory Group's ongoing efforts to improve the DWSRF and IUP processes. The Advisory Group is an effective forum for stakeholders like ACWA to communicate with DFA staff about ongoing challenges and considerations, and we look forward to continuing to work with the Advisory Group to address the concerns outlined herein and to optimize the DWSRF IUP.

Conclusion

We appreciate the State Water Board's consideration of these comments and are committed to assisting in future DWSRF developments. If you have any questions regarding these comments, please contact Nick Blair at NickB@acwa.com or (916) 669-2377.

Sincerely,



Nick Blair
Senior Policy Advocate
Association of California Water Agencies

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 Sean Maguire, State Water Resources Control Board
The Honorable Nichole Morgan, State Water Resources Control Board
The Honorable Jared Blumenfeld, State Water Resources Control Board
Mr. Eric Oppenheimer, Executive Director, State Water Resources Control Board
Mr. Marwan Khalifa, Interim Executive Director, ACWA
Ms. Chelsea Haines, Regulatory Relations Director, ACWA