



California  
Department of  
Health Services

**SANDRA SHEWRY**  
Director

State of California—Health and Human Services Agency  
**Department of Health Services**



**ARNOLD SCHWARZENEGGER**  
Governor

Date: May 12, 2006

To: SMALL WATER SYSTEMS

Subject: SAFE DRINKING WATER STATE REVOLVING FUND PROGRAM  
SPECIAL NOTICE REGARDING FEDERAL CROSS-CUTTING REQUIREMENTS

The California Safe Drinking Water State Revolving Fund Program (SDWSRF) is a federally funded program in which approximately 80 percent of the funds are awarded as grants by the United States Environmental Protection Agency. For this reason many federal requirements must be satisfied prior to funding SDWSRF projects. However, since the State must provide matching funds to the California SDWSRF loan fund, the SDWSRF program can exempt certain projects from conformance with federal cross-cutting requirements. In most cases, systems with less than 1,000 service connections that have projects below \$500,000 will not be required to meet these federal requirements.

The majority of federal cross-cutting requirements reflects environmental impacts and necessitates the environmental review process. The major State environmental requirements are identified in the California Environmental Quality Act (CEQA). Federal requirements are identified in the National Environmental Policy Act and related laws, and in some instances are different from the CEQA requirements. Other federal cross-cutting requirements relate to economic or social policies including the federal Minority Business Enterprise/Women Business Enterprise requirements and ensure that these firms have the opportunity to participate in federally funded projects. There is no State equivalent to this federal requirement.

Since the SDWSRF has only limited funds that are exempt from federal cross-cutter requirements, not all systems under 1,000 service connections may be exempted from these requirements. The final decision on exemption or non-exemption from federal cross-cutting requirements will be made by SDWSRF Headquarters based on funding availability and other eligibility criteria. If all available exempt funds have been used for the current year, the water system may elect to meet the federal requirements, or it may by-pass the current funding year and applies in a subsequent year.

If you have any questions concerning the applicability of federal cross-cutting requirements to your project, please contact the Drinking Water Program District Engineer for your county.

Sincerely,

Stephen A. Woods, Chief  
Safe Drinking Water State Revolving Fund and  
Small Water System Section