SRF Manual
Source Water Protection (SWP)
Appendix K

Attachments

Attachment	Description
1	SWP Flowchart
2	SWP Pre-Application Form and Instructions
3	SWP Pre-Application Review Form
4	SWP Categories and Guidance for Assigning Categories and Bonus Points
5	SWP Statement of Intent and Application Invitation Letter (Examples)
6	SWP Application and Instructions
7	SWP Completeness Checklist
8	SWP Technical Report Format
9	SWP Technical Report Approval Memo
10	SWP Authorization to DWR to Issue NOAA Letter (Example)
11	SWP NOAA Letter (Example)
12	SWP Approval Memo to Execute Loan Contract (Example)
13	SWP Contract Transmittal Letter (Example)

SRF Manual
Source Water Protection (SWP)
Appendix K

Attachment 1

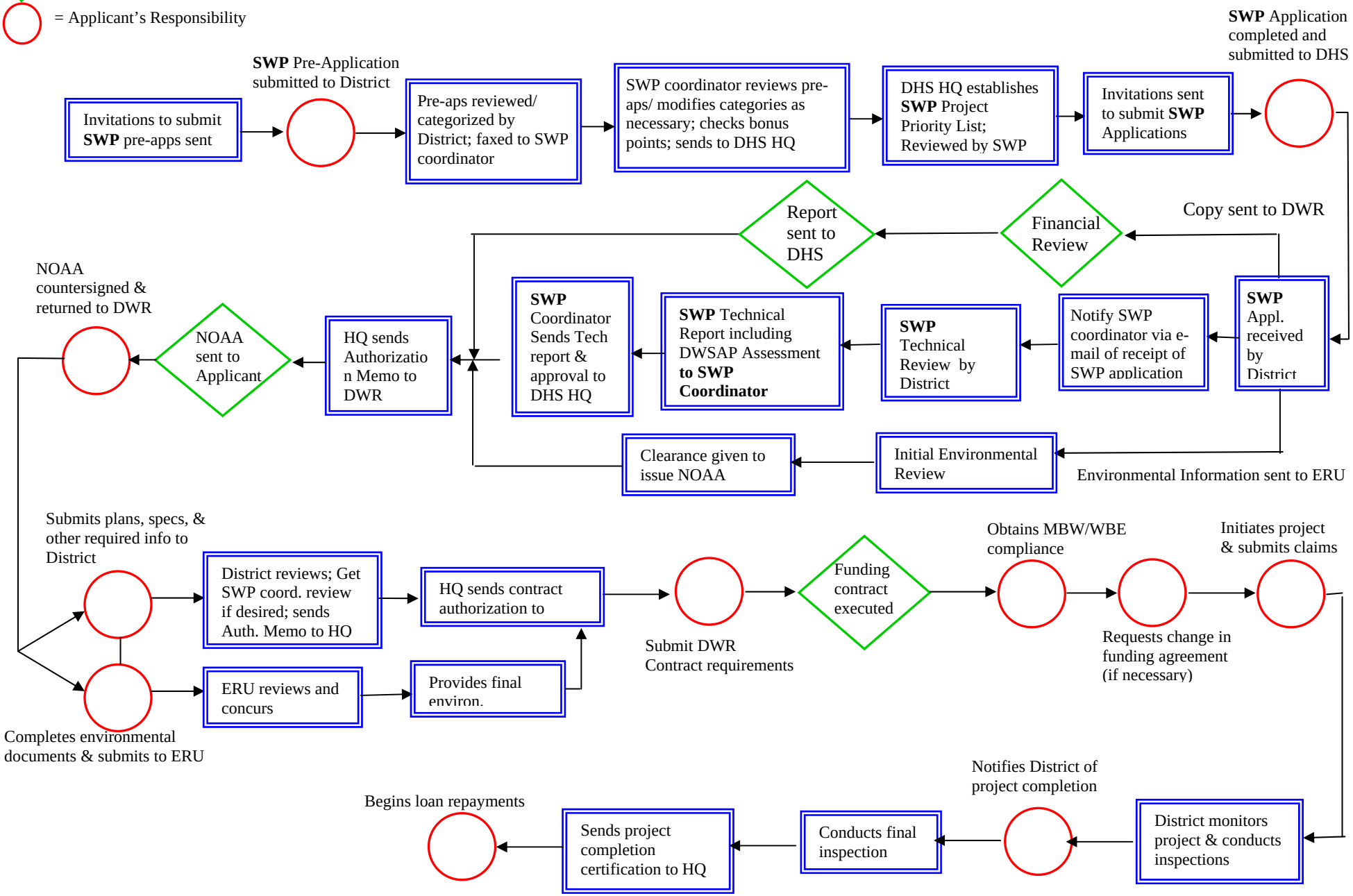
SWP Flowchart

= DHS Responsibility

= DWR Responsibility

= Applicant's Responsibility

SRF PROCESS FLOW CHART FOR SOURCE WATER PROTECTION PROJECT



Revised 08/25/2003

SRF Manual
Source Water Protection (SWP)
Appendix K

Attachment 2

SWP Pre-Application Form and Instructions

SOURCE WATER PROTECTION LOAN PRE-APPLICATION
SAFE DRINKING WATER STATE REVOLVING FUND

For the placement of a water system on the Priority List
See instructions on separate sheet.

FOR DHS USE ONLY

Project No.: ____-____-_____ Category: _____

Rater:_____ Date received:_____

Official Water
System Name:_____ System ID No.: ____-____-____-____-____-____-____-_____

Population Served_____ County (where physically located):_____

1. State Revolving Fund Source Water Protection loans are intended to be used to fund source water protection projects for *community water systems*, as well as *land or easement acquisition by community and non-profit noncommunity water systems*.

   ☐ Check the box if this proposal complies with the above criteria.

2. Briefly describe the type of contaminant(s) of concern for your system, identify the activities they are associated with, and specify the drinking water source(s) that would be addressed by this source water protection project or land/easement acquisition; also complete page 2 of this form. (Attach documentation if available; refer to instructions):

   _____

   _____

   _____

3. Brief Project Title for Priority List (10 words or less including the name of the source):

   _____

4. Describe project and how it will address the contaminant(s) identified above.

   _____

   _____

   _____

5. Project involves:

   ☐ Planning study ☐ Engineering/design ☐ Construction ☐ Public education ☐ Land acquisition

   ☐ Equipment ☐ Conservation easement ☐ Implementing SWP program elements

6. Estimate the amount of SRF SWP funding required to address the contaminant(s): $_____

7. Has a source water assessment been completed for the source(s) identified in this project?

   ☐ Yes ☐ No; expected to be completed by: ☐ Water System (by_____) *or* ☐ by Department or County
   date

Please type or print legibly. Correspondence regarding this preapplication will be sent to the individual named below. You will receive an acknowledgement receipt of the pre-application.

_____ _____ _____
Signature of Representative Printed Name of Representative Title of Representative

_____
Address: (street) (city) (zip code)

_____ _____ _____
Phone Number: (area code) FAX Number: (area code) Date

SEND OR FAX TO: District Office for your area
(Refer to district list) by Sept. 2, 2003.

CDHS Drinking Water Program District Office
(see list or map)

SDWSRF Source Water Protection Pre-application
Additional required information
Send or Fax complete application (pages 1 and 2) to the DHS district office by Sept. 2, 2003.

Official Water
System Name:_____ System ID No.: ___-___-___-___-___-___-___

A. For the project you are proposing in this application, please check off the type of contaminant(s) that you consider to be a problem and indicate the protection zone(s) in which the associated Possible Contaminating Activities occur.

Ground Water Sources

Dimensions of Zone A: ☐ Default distance = 600 feet radius or ☐ Other _____ feet
Dimensions of Zone B5: ☐ Default distance = 1,000 feet radius or ☐ Other _____ feet
Dimensions of Zone B10: ☐ Default distance = 1,500 feet radius or ☐ Other _____ feet

Check as applicable	Type of contaminant	Contaminant associated with Possible Contaminating Activities (PCAs) in:
	Microbial	Zone A
	Nitrate	Zone A
	Nitrate	Zones B5 and B10 and/or recharge area
	Disinfection byproducts and/or chemicals	Zones A and/or B5
	Disinfection byproducts and/or chemicals	Zone B10
	Disinfection byproducts and/or chemicals	Recharge area
	Microbial	Zones B5 and/or B10
	Microbial	Recharge area
	Microbial	Buffer zone, if established
	Nitrate	Buffer zone, if established
	Disinfection byproducts and/or chemicals	Buffer zone, if established

If zones have not been established, or an assessment has not been completed, estimate zones based on DWSAP default distances.

Surface Water Sources

Dimensions of Zone A: ☐ Default distance = 400 feet from reservoir boundary or ☐ Other _____ feet
and Zone A: ☐ Default distance = 200 feet from tributaries or ☐ Other _____ feet
Dimensions of Zone B: ☐ Default distance = 2,500 feet from intake or ☐ Other _____ feet

Check as applicable	Type of contaminant	Contaminant associated with Possible Contaminating Activities (PCAs) in:
	Microbial	Zone A
	Microbial	Zone B
	Disinfection byproducts and/or chemicals	Zones A and/or B
	Disinfection byproducts and/or chemicals	Watershed
	Microbial	Watershed

If zones have not been established, or an assessment has not been completed, choose "watershed".

B. Has a local task force or workgroup been organized that can develop and implement a Source Water Protection program?

Yes_____ No_____

C. Has your water system or an associated organization developed a Source Water Protection program that identifies possible management measures?

Yes_____ No_____

D. Has the contaminant(s) that the project proposes to address been released and is the direction of movement towards the drinking water source?

Yes_____ No_____

SEND OR FAX TO: District Office for your area
With SWP Preapplication Page 1 by Sept. 2, 2003
(Refer to district list).

For more information on Source Water Assessment, see
http://www.dhs.ca.gov/ps/ddwem/dwsap/DWSAPindex.htm

SOURCE WATER PROTECTION PRE-APPLICATION FORM INSTRUCTIONS

For more information about source water assessments and protection activities refer to the Drinking Water Source Assessment and Protection Program, January 1999. (http://www.dhs.ca.gov/ps/ddwem/dwsap/DWSAPindex.htm)

WATER SYSTEM NAME: The name of the city, county district, nonprofit organization or company. Examples: ABC Irrigation District, Smithtown PUD, John Doe School.

WATER SYSTEM NUMBER: The number assigned to your water system by the State or County Health Department. Your system number may be located on your mailing label and consists of a seven-digit number.

POPULATION SERVED: The total estimated population served by the water system.

COUNTY: The name of the county in which the water system is physically located.

1. Type of system: funds from this program are only available for drinking water source protection projects. Only community water systems and nonprofit noncommunity water systems are eligible. If your project or water system does not meet the stated criteria, do not submit a pre-application.

2. The type of contaminant(s) (see Page 2 of pre-application), and the associated Possible Contaminating Activities (PCAs) should be described in sufficient detail to allow the Department to understand and evaluate the nature of the problem. The description should identify the area or zone in which the associated PCAs are located.

   When documentation is available to substantiate the contaminant threat (e.g., source water assessment, wellhead protection plan, ground water or watershed management plan) it should be attached to the form. If you are proposing more than one project, a separate pre-application should be submitted.

3. Assign a project title; the title should be 10 words or less and should include the name of the source addressed by the project. Examples: “Smith Lake Sanitary Facilities Improvement”; “Well 1 Nitrate Abatement”

4. Describe the proposed project that will address the contaminant(s) of concern. Projects that may be eligible for funding include only those that are directly associated with source water protection measures such as destruction of abandoned wells; hazardous waste collection programs; public education; water quality monitoring at critical points in protection areas; fencing out cattle and other animals from intakes, tributaries or reservoir boundaries; restricting public access to critical portions of protection areas; evaluations of agricultural practices and education on best management practices; installation of signs at boundaries of zones or protection areas; land acquisition; conservation easements; and structures to divert contaminated runoff from the source.

   Projects that are ineligible for SRF-SWP funding include: construction of new drinking water sources; reconstruction of existing drinking water sources; treatment of a drinking water source; or remediation of a contaminant. Ineligible projects include those for which other funding mechanisms already exist, such as cleanup for identified hazardous waste sites and leaking underground storage tanks. SRF-SWP funds cannot be used for federal or state agency projects.

5. Identify the components of the proposed project. Check all that apply.

6. Provide your best estimate of the amount of SRF Source Water Protection Loan Funding that would be needed to complete the project described in this pre-application. The maximum amount of funding available per project is $2,000,000.

7. Indicate whether a California DWSAP assessment has been completed for this source(s). If an assessment has not been completed, indicate plan for assessment and the expected date of completion.

Please complete Source Water Project Pre-application Page 2 with details concerning the source and assessment.

SRF Manual
Source Water Protection (SWP)
Appendix K

Attachment 3

SWP Pre-Application Review Form
(For DHS Staff)

Source Water Protection SRF Loan Pre-applications Review

(Attach this form to pre-application)

Water System Name:_____**Water System Number**:_____

Project Title:_____**DHS District:**_____

1. District Office review of pre-application for completeness and basic qualifications:
(If any of these items are not complete or correct, the District will notify the applicant)

Y___ **N**___ A. Both sheets of the pre-application completed and submitted (front and back)?

Y___ **N**___ B. Source water protection project, not an SRF water system improvement project?

Y___ **N**___ C. Not a project for which other types of funding already exist, such as HAZMAT or UST cleanup?

Y___ **N***___ D. Applicant an eligible public water system?

- Must be a public water system, not an agency that may represent several water systems, or a watershed protection group.
- If the applicant is a noncommunity water system, it must be non-profit.
- Noncommunity water systems are only able to apply for land and easement acquisitions, not other types of projects. (*to be determined by SWPP Pre-application Coordinator/reviewer)

Y___ **N**___ E. Amount of funding requested does not exceed $2 million per project?

District Office Comments:_____

_____

2. District Office review of pre-application for accuracy:
(Review based on District knowledge of the system and source. Note comments below.)

Y___ **N**___ A. Has a source water assessment or other study been conducted that validates the pre-application?

Y___ **N**___ B. Is the source vulnerable to the contaminant to be addressed?

Y___ **N**___ C. Have zones been established?

Y___ **N**___ D. Can you tell from the information given if the contaminant, associated PCAs and proposed project are in the zones?

Y___ **N**___ E. Does the proposed project seem likely to address the type of contaminant?

District Office Comments:_____

_____

_____

3. District Office recommended project Category: (see guidance for assistance)

Ground Water or Surface Water:_____Type of Contaminant:_____Zone:_____

Category _____

Preapplication reviewed by _____ (district staff) (date)_____

District Engineer concurrence_____ (date) _____

4. District Office Assigns Bonus Points (refer to guidance)

____ Completed Source Water Assessment (4 points)
____ Local source water protection task force or work group (2 points)
____ Source Water Protection plan in place (2 points)
____ Contaminant that project proposes to address is moving towards source (3 points)

____ Total Bonus points

5. District Office faxes pre-application (both pages), preapplication review form (this form), and District comments to:

SWPP Coordinator/Reviewer, Attn: Leah Walker
Fax number 707-576-2722

(If the preapplication included additional documentation, District will mail full preapplication to Coordinator)

Mailing address: Leah Walker, Drinking Water Technical Programs Branch
50 D Street, Suite 200
Santa Rosa, CA 95404

Date Faxed: _____

6. Coordinator will (1) review pre-applications for type of project, eligibility, zones, bonus points, etc. and (2) review Category assigned for statewide consistency. Coordinator will contact District staff with any questions related to pre-application or review form. District staff or coordinator will contact water system if more information is needed.

Date Reviewed by Coordinator: _____**Initials:** _____

Coordinator Comments:_____

_____

_____

7. Coordinator transmits to headquarters for data entry.

Date Delivered: _____ **Delivered to:** _____**(Initials)**

8. HQ prepares the draft priority list based on: category, bonus points, type of system and population served (see attachment).

Project Ranking: _____

9. HQ distributes draft priority list to district and regional engineers, and headquarters for review.

SRF Manual
Source Water Protection (SWP)
Appendix K

Attachment 4

SWP Categories and Guidance for Assigning Categories and Bonus Points (For DHS Staff)

Information to Use in Assigning Source Water Protection Categories and Bonus Points

PROJECT PRIORITY RANKING LIST

Projects will be ranked based on the project category. Projects within the same category will be ranked based on bonus points, system type, and population served.

SOURCE WATER PROTECTION CATEGORIES

Sorted by Type of Source and Category

Ground Water Sources

Category	Type of contaminant	Contaminant associated with Possible Contaminating Activities (PCAs) in:
A	Microbial	Zone A
B	Nitrate	Zone A
C	Nitrate	Zones B5 and B10 and/or recharge area
D	Disinfection byproducts and/or chemicals	Zones A and/or B5
E	Disinfection byproducts and/or chemicals	Zone B10
G	Disinfection byproducts and/or chemicals	Recharge area
H	Microbial	Zones B5 and/or B10
H	Microbial	Recharge area
I	Microbial	Buffer zone, if established
I	Nitrate	Buffer zone, if established
I	Disinfection byproducts and/or chemicals	Buffer zone, if established

Surface Water Sources

Category	Type of contaminant	Contaminant associated with Possible Contaminating Activities (PCAs) in:
A	Microbial	Zone A
A	Microbial	Zone B
D	Disinfection byproducts and/or chemicals	Zones A and/or B
F	Disinfection byproducts and/or chemicals	Watershed
H	Microbial	Watershed

Sorted by Category

Category	Type of contaminant	Contaminant associated with Possible Contaminating Activities (PCAs) in:	Source
A	Microbial	Zone A	Ground
A	Microbial	Zone A	Surface
A	Microbial	Zone B	Surface
B	Nitrate	Zone A	Ground
C	Nitrate	Zones B5 and B10 and/or recharge area	Ground
D	Disinfection byproducts and/or chemicals	Zones A and/or B5	Ground
D	Disinfection byproducts and/or chemicals	Zones A and/or B	Surface
E	Disinfection byproducts and/or chemicals	Zone B10	Ground
F	Disinfection byproducts and/or chemicals	Watershed	Surface
G	Disinfection byproducts and/or chemicals	Recharge area	Ground
H	Microbial	Zones B5 and/or B10	Ground
H	Microbial	Recharge area	Ground
H	Microbial	Watershed	Surface
I	Microbial	Buffer zone, if established	Ground
I	Nitrate	Buffer zone, if established	Ground
I	Disinfection byproducts and/or chemicals	Buffer zone, if established	Ground

BONUS POINTS

Bonus points will be awarded to projects using the following criteria:

Criteria	Bonus Points
Source water assessment completed per California DWSAP program	4
Local task force or work group has been organized to develop and carry out a source water protection program	2
Source water protection program has been developed that identifies possible management measures	2
Contamination from PCA(s) that project proposes to address has been released and the direction of movement is toward the drinking water source	3

TYPE OF SYSTEM/SIZE OF SYSTEM

Projects within the same category with the same number of bonus points will be ranked in accordance with the following criteria:

A. Community water system projects will be ranked above nontransient-noncommunity, and nontransient-noncommunity water system projects will be ranked above transient-noncommunity water system projects.

B. Projects that are proposed by the same type of water system will be ranked in ascending order (smaller populations above higher populations) by the number of persons served by the water system.

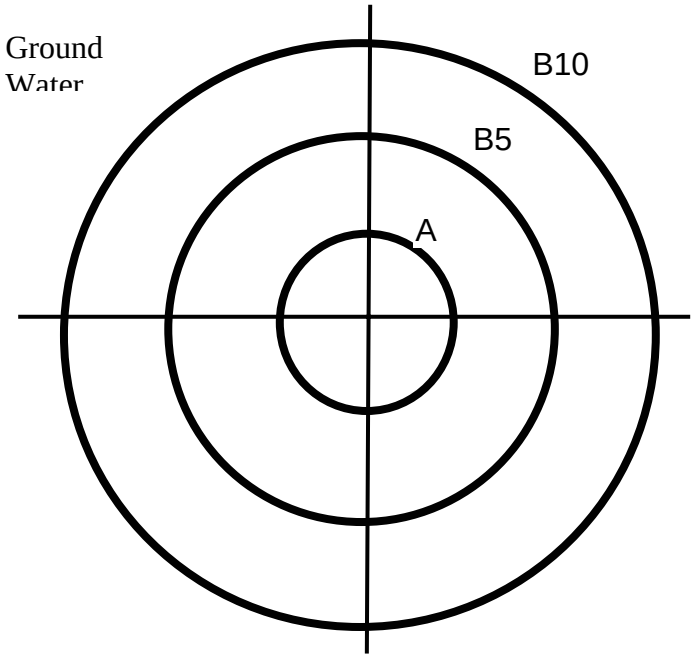
ZONES

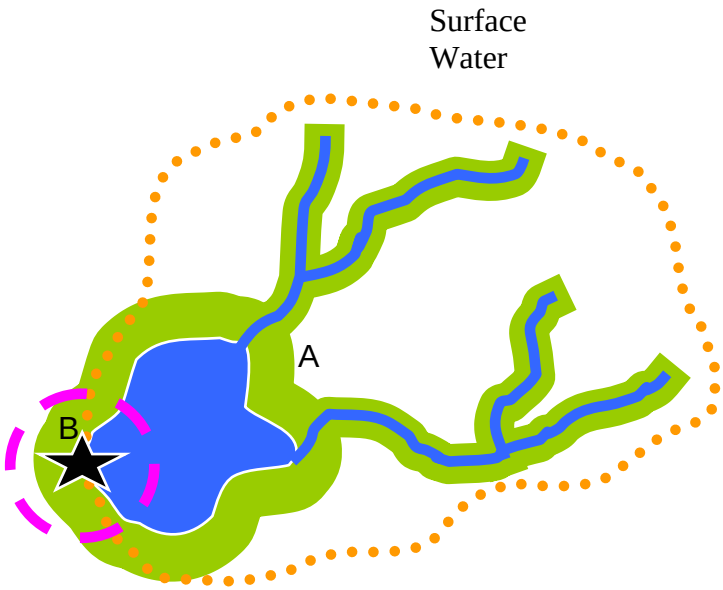
Ground Water DWSAP minimum radii for zones (see illustration below)

	Porous Media	Fractured Rock
Zone A	600’	900’
Zone B5	1000’	1500’
Zone B10	1500’	2250’

Surface Water DWSAP recommended distances for zones (see illustration below)

Zone A	200’ from banks of reservoir or primary stream channel
	400’ from tributaries
Zone B	2500’ around intake





TYPES OF CONTAMINANTS

The following table is provided to assist in determining the possible contaminating activities (PCAs) associated with microbiological and nitrate contaminants. Any other PCAs in the DWSAP program not on this list are associated with chemicals/disinfection byproducts. If a project addresses more than one type of contaminant (i.e., microbiological and nitrates), assign the category based on the higher risk contaminant.

Contaminant	Source	Possible Contaminating Activities
Microbiological: Coliform; Giardia Lambia; Legionella; Viruses; Cryptosporidium	Commercial / Industrial	Sewer Lines
	Residential / Municipal	Septic Systems, Waste Transfer / Recycling, Wastewater treatment and disposal; Sludge applications to land; Sewer lines
	Agricultural / Rural	Animal Operations, Confined Animal Feeding Operations, Lagoons and Liquid Waste, Septic Systems, Grazing animals; Managed Forests (associated with high turbidity); Concentrated Aquatic animal production
	Other	Surface Water recreational areas
Nitrate; Nitrite	Commercial / Industrial	Boat Repair / Refinishing; Historic Waste Dumps / Landfills; Food processing
	Residential / Municipal	Apartments and Condominiums, Camp Grounds / RV Parks, Golf Courses and Parks, Housing, Landfills / Dumps, Septic Systems; Waste Transfer / Recycling, Wastewater treatment and disposal
	Agricultural / Rural	Animal Operations, Grazing Animals; Confined Animal Feeding Operations, Crops - Irrigated + Non-irrigated, Lagoons and Liquid Waste, Pesticide/Fertilizer Storage Sites, Septic systems; Agricultural drainage; fertilizer application; sludge application to land; Agriculture irrigation wells

SRF Manual
Source Water Protection (SWP)
Appendix K

Attachment 5

SWP Application Invitation Letter
and
SWP Statement of Intent
(Examples)

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

California Department of Health Services
DIANA M. BONTÁ, R.N., Dr. P.H.
Director

GRAY DAVIS
Governor

EXAMPLE
SWP Application Invitation Letter

June 30, 2003

East Bay MUD (0110005)
Ronald Hunsinger
375 - 11th Street (MS 608)
Oakland, CA 94607-4240

Source Water Protection Loans

SAFE DRINKING WATER STATE REVOLVING FUND (SDWSRF) INVITATION TO SUBMIT AN APPLICATION FOR FUNDING

PRE-APPLICATION No.: 0110005-028
SYSTEM.: East Bay MUD
PROJECT DESCRIPTION: SWPP (Briones Watershed-Murray Parcel Acquisition) Acquire 3.4 acres parcel with existing house and leachfield adjacent to tributary. Discontinue use of leachfield to reduce microbiological contaminant threat.

The California SDWSRF Loan Program is pleased to announce applications for Source Water Protection Projects in Categories A through Category D are now being accepted. In order to apply for funding for the above referenced project, please indicate on the enclosed Statement of Intent (SOI) that you wish to submit a loan application during the current funding cycle, and return it to the Department of Health Services (DHS) by August 29, 2003. A full application package for the Source Water Protection Loan Program will be provided to you upon receipt of your SOI. Applicants who fail to return the enclosed notice by August 29, 2003, will automatically be bypassed for this funding year.

To be assured of consideration for funding assistance from the current federal allocation, your completed application must be received by DHS no later than April 2, 2004. Failure to submit a complete application by April 2, 2004 will result in the bypass of your project for this funding cycle, however it will remain on the Project Priority List and may receive an invitation to apply in a future year.

The U.S. Environmental Protection Agency, through whom federal funding is provided for this program, recently informed DHS that a water supplier should be entering into a contract and beginning the construction process within one year from receiving a Notice of Acceptance of Application (NOAA). (The NOAA is generally considered to be the obligation letter from the SDWSRF for funding a project. We normally try to complete the review of a completed application and issue a NOAA or denial within 150 days of receipt of a completed application.)

Please note that an application number has been assigned to this project. This number should be utilized on all correspondence with DHS, as it will distinguish this project from any other requested by your water system. Should you have any questions or need any additional assistance, please contact the District Office noted below. Thank you for your interest in the SDWSRF Source Water Protection Loan Program.

Sincerely,

Robin R. Hook, Chief
Safe Drinking Water State Revolving Fund and Small Water System Section

cc: San Francisco District Office

Flex your POWER
Do your part to help California save energy. To learn more about saving energy, visit the following web site: www.consumerenergycenter.org/flex/index.html

SAFE DRINKING WATER STATE REVOLVING FUND LOAN PROGRAM

June 30, 2003

*** * * * STATEMENT OF INTEREST * * * ***

Staff Use Only	
Dbase entry	_____
Email	_____
Bypass letter	_____
Letter/App Mailed	_____

RETURN THIS DOCUMENT TO:

SDWSRF
Department of Health Services MS – 92
P. O. Box 942732
Sacramento, CA 94234-7320

Due by
August 29, 2003

EXAMPLE
SWP Statement of Interest

East Bay MUD
375 - 11th Street (MS 608)
Oakland, CA 94607-4240

Source Water Protection Project

RE: Application Number 0110005-028 DHS Field Office San Francisco

Project Description: SWPP (Briones Watershed-Murray Parcel Acquisition) Acquire 3.4 acres parcel with existing house and leachfield adjacent to tributary. Discontinue use of leachfield to reduce microbiological contaminant threat.

has received the invitation to submit a funding application for the above referenced pre-application number:

☐ We intend to submit a full application for SDWSRF-SWPP funding by April 2, 2004.

☐ We do not intend to submit an application for SDWSRF_SWPP funding at this time. It is understood that this project will be bypassed for this funding year. Please keep this project on the Project Priority List and send us another invitation next year if we are fundable.

☐ We do not intend to submit an application for this project. Please remove this project from the SDWSRF Source Water Protection Project Priority List.

Comments: _____

_____

_____

Signed _____ Date_____

_____ Phone_____
Print Name and Title

SRF Manual
Source Water Protection (SWP)
Appendix K

Attachment 6

SWP Application and Instructions

Department of Health Services
Safe **D**rinking **W**ater **S**tate **R**evolving **F**und

Source Water Protection Projects
2003/2004

Notice to All Applicants:
The Application Deadline for 2003 Source Water Protection Invited Projects is
April 2, 2004
Only those projects which have submitted a COMPLETE APPLICATION TO
Department of Health Services, Drinking Water Program, District Office by
April 2, 2004
will be considered for funding based on the June 2003 Invitations.

Cover (6/03)
DHS 8588 (2/00)

Safe Drinking Water State Revolving Fund
Application for Source Water Protection

SWP Project Number:_____

Part A. General Information

1. Name of Applicant Water System _____

2. Water System ID Number _____

3. Street Address _____

4. County _____

5. Mailing Address _____

6. Authorized Representative _____
(Name, Title and Telephone Number) (Attach copy of resolution designating authorization)

7. Principal Contact Person _____
(Name, Title and Telephone Number)

8. Project Engineer _____
(Name and Address)

9. Estimated Amount of Loan Funds Requested $_____

Part B. Managerial Information

1. Classification of Water System

- ☐ Community
- ☐ Non-transient non-community
- ☐ Transient non-community

2. Indicate the Ownership of the Water System

PUBLIC OWNERSHIP	PRIVATE OWNERSHIP (Attach copy of fictitious name statement)
☐ Municipality	☐ Corporation
☐ County agency	☐ Partnership
☐ Special district	☐ Incorporated mutual
☐ State agency	☐ Non-profit organization (ID No. _____)
	☐ Other: _____

3. Name and title of water operations manager_____

4. Name, title and duties of key officers and personnel (if more than 3, refer to and attach organization chart providing this information).

Name	Title	Principal Duties
_____	_____	_____
_____	_____	_____
_____	_____	_____

5. *(Public Owned Systems Only)* Attach a statement answering the following questions as they pertain to this application:

   a. Does the agency have the legal authority to enter into a long-term contract with the State of California, such as the Drinking Water State Revolving Fund loan program?

   b. Is the agency required to hold an election before entering into this type of a loan contract with the State of California?

   c. Does the agency have the legal authority to levy assessments and charges sufficient to repay a loan under the Drinking Water Revolving Fund loan program?

6. Is there any litigation pending relative to the operation of the water system or the proposed project?

☐ Yes (If **yes**, attach a description of the litigation and the potential costs).

☐ No

7. If the applicant has contracted with a private firm or another agency for the operation of the facility to be financed, name the firm or agency and the term (in years) of the agreement. Attach a copy of this agreement.

_____

_____

8. Is the applicant participating with other agencies or organizations on this project? If so, attach a list of the agencies/organizations, contact information, and roles of each party.

_____

_____

9. If the applicant leases land or major water system facilities, describe the terms of the lease or attach a copy of the lease agreement.

_____

_____

10. Describe the nature of the water rights applicable to your water source.

_____

_____

_____

_____

_____

_____

Part C. Technical Information

1. Attach a source water assessment completed in accordance with the California Drinking Water Source Assessment and Protection (DWSAP) Program.

_____

_____

_____

2. Describe the type of contaminant (microbial, nitrate, and/or chemical) and the associated Possible Contaminating Activities (PCAs) to be addressed by this project.

_____

_____

_____

3. Describe the dimensions and location of the area or zone in which the associated PCAs are located. Refer to the DWSAP Program document for guidance.

_____

_____

_____

4, Briefly describe the proposed project, and describe how the project will protect the drinking water source from the identified PCAs.

_____

_____

_____

5. Does the project include land or easement acquisition? ☐ Yes ☐ No

6. Provide a map of the water system facilities, intake or well location, and source protection areas and/or zones.

_____

_____

7. Describe the local community task force addressing source water protection. Include a list of participants, and affiliations, and describe the methods used to establish membership in the task force.

_____

_____

_____

8. Current population served by the water system _____

9. Current number of active service connections _____

10. Attach an Engineering Report that includes the following elements:

    a. Analysis of alternative solutions
    b. Description of selected project alternative
    c. Anticipated benefits (e.g. water quality improvements) of the project
    d. Conceptual project design
    e. Identification of any ineligible costs to be included in the project
    f. Cost breakdown of project
    g. Proposed design and construction schedule

11. Environmental Documentation

Is the applicant water system the lead agency for CEQA compliance? ☐ Yes ☐ No

If "YES" please attach any of the following listed documents and any referenced documents that are currently available. If CEQA has not been completed, please complete a Schedule of Dates for Compliance form.

Negative Declaration (8 copies)	☐
Draft Environmental Impact Report (8 copies)	☐
Final Environmental Impact Report (8 copies)	☐
Notice of Determination	☐
Notice of Exemption	☐
CEQA Findings	☐
Mitigation Monitoring Plan	☐
Cultural Resources Report (3 copies)	☐

If "NO" please complete and attach an SDWSRF Environmental Information Form.

Part D. Financial Information

1. Average current monthly residential water bill $_____

2. Average projected increase to the monthly residential water bill as a result of this funding request.

   $_____

3. Average projected monthly residential water bill $_____

4. Attach the water systems' water rate structure covering each of the last three years (including commercial and industrial users.)

5. Estimated project Costs

Cost Classification	Total $	Applicant $	Other loans and grants	SDWSRF $
A. Construction Costs				
B. Engineering Costs				
C. Other Costs				
D. Equipment Costs				
E. Land Acquisition				
F. Contingencies				
Total Funding Requirements				

6. Source of other funds

Fund Source	Type of Funds	Amount	Funding Applied For (Y/N)	Funding Secured (Y/N)
Total Funding From All Sources				

Please note that the "Total Funding Requirements" and the Total Funding From All Sources" should equal.

7. Identify and describe the dedicated revenue source to be used for loan repayment

_____

_____

8. Attach a 5-year revenue/expenditure projection for the water system

9. Provide the following information for all existing long-term indebtedness

   a. Type of indebtedness
   b. Name and address of creditor
   c. Term and purpose of loan
   d. Date of the loan
   e. Original principal
   f. Remaining balance
   g. Annual repayment amount

10. List all cash reserved and planned uses of those reserves.

_____

_____

_____

_____

_____

11. Describe accounting procedures for loan.

_____

_____

_____

_____

_____

Part E. Federal Cross-Cutting Requirements

Federal "Cross-Cutting Requirements" are those provisions in federal law which "apply by their own terms" to projects and activities receiving federal financial assistance. In order to enter into a Safe Drinking Water State Revolving Fund loan agreement with the Department of Health Services each water system is required to certify that they are in compliance with each of the following federal regulatory requirements.

Environmental Authorities

1. Archeological and Historic Preservation Act of 1974, Pub. L. 86-523, as amended

2. Clean Air Act, Pub. L. 84-159, as amended

3. Coastal Barrier Resources Act, Pub. L. 97-348, as amended

4. Coastal Zone Management Act, Pub. L. 92-583, as amended

5 Endangered Species Act, Pub. L. 93-205, as amended

6. Environmental Justice, Executive Order 12898

7. Floodplain Management, Executive Order 11988 as amended by Executive Order 12148

8. Protection of Wetlands, Executive Order 11990

9. Farmland Protection Policy Act, Pub. L. 97-98

10. Fish and Wildlife Protection Coordination Act, Pub.L. 85-624, as amended

11. National Historic Preservation Act of 1966. Pub. L. 89-665, as amended

12. Safe Drinking Water Act, Pub. L. 93-523, as amended

13. Wild and Scenic Rivers Act, Pub. L. 90-542, as amended

Economic and Miscellaneous Authorities

1. Demonstration Cities and Metropolitan Development Act of 1966 PL 89-754, as amended

2. Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738 Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants and Loans

3. Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended

4. Debarment and Suspension, Executive Order 12549

Social Policy Authorities

1. Age Discrimination Act of 1975, Pub. L. 94-135

2. Title VI of the Civil Rights Act of 1964, Pub. L. 88-352

3. Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L 92-500 (the Clean Water Act)

4. Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250)

5. Equal Employment Opportunity, Executive Order 11246

6. Women and Minority Business Enterprise, Executive Orders 11625, 12138 and 12432

7. Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590

CERTIFICATION

I certify that _____
Name of Water System or Municipality

has, or will comply with the above list of federal laws and authorities.

_____ _____
Signature of Authorized Representative or Designee Date

PART F. ATTACHMENTS TO APPLICATION

Following is a list of documents, reports and other information which is necessary to process this application. Not all the information list below is required for all water systems. Please review the funding application carefully. If you are not sure if the requested information applies to your water system please contact your district engineer. Incomplete applications will not be processed until all required information has been provided to the district.

To assist us in timely reviewing your application, please make sure your water system name and the pre-application number are on every attachment. Please label the attachment with the number of the application section which requests the information (i.e. "Part A. No 6").

Attachments:

a)	*Part A, No. 6*	A resolution or resolutions from the water system's governing body providing the following (as applicable): • Resolution designating the authorized representative and authorizing that individual to apply for a SDWSRF loan (all systems) • Resolution or ordinance dedicating repayment source *(not required at time of application, will be required prior to execution of loan agreement)*
b)	*Part B, No. 4*	Titles and duties of key officers and personnel.
c)	*Part B. No. 5*	Legal authority statement (Public Owned Systems Only)
d)	*Part B. No, 6.*	Description of pending litigation, and the potential costs
e)	*Part B. No. 7.*	Agreement for operation of facility
f)	*Part B. No. 8.*	Participating Agencies – list of other agencies/organizations participating with applicant in project.
g)	*Part B. No. 9.*	Lease of land or major water system facilities
h)	*Part B. No. 10*	Water rights documentation
i)	*Part C. No. 1*	Complete DWSAP Source Water Assessment
j)	*Part C. No 6*	Map of service area and location of water system facilities, drinking water source, and protection area and/or zones
k)	*Part C. No. 10*	Engineering Report
l)	*Part C. No. 11*	Plan and schedule for CEQA compliance; completed CEQA documentation
m)	*Part D. No .4*	Water system rate structure for last three years include a description of the calculation for the average household water rate
n)	*Part D. No. 8*	Five year revenue and expenditure projection for the water system
o)	*Part D No. 9*	Description of all long-term indebtedness
p)	*Part E.*	Certification of compliance with federal cross-cutting requirements

Department of Health Services
Safe **D**rinking **W**ater **S**tate **R**evolving **F**und

SOURCE WATER PROTECTION LOAN APPLICATION GUIDELINES

2003/2004

SOURCE WATER PROTECTION LOAN
APPLICATION INSTRUCTIONS AND GUIDANCE

These instructions and guidelines are intended to assist applicants in filling out the loan application form for a source water protection (SWP) loan. The guidelines should be used in conjunction with a copy of the SDWSRF regulations for a better understanding of the SDWSRF program requirements, and a copy of the Drinking Water Source Assessment and Protection (DWSAP) program document (dated January 1999, with January 2000 revisions). The regulations, DWSAP program document, and this guidance should be studied carefully before attempting to complete the application in order to avoid confusion and possible unnecessary work. The instructions and guidance may not fit all situations, or there may still be some uncertainty as to what is required for a specific project application. In such cases, the applicant is encouraged to contact the District Office for the Department's drinking water program. The District Office can answer most questions and are available to assist applicants, if needed, in filling out the application. Applicants are advised that **only** fully completed applications will be accepted for processing***. Partial applications will not be considered as "received" and will not be processed.*** If information required to be submitted as part of the application is missing, you will be notified within 30 days of the information that needs to be submitted before processing can begin.

Applicants should be aware that there are several components to the **complete** application package. These include the Source Water Protection Loan Application (DHS 8588, 2/00), the Environmental Information Worksheet, and the Technical, Managerial, and Financial (TMF) Assessment Form. A summary of typical attachments to the application is provided on the last page of these guidelines, and on the last page of the Application. Since federal funds are being used to finance all SWP loans, specific TMF information needs to be provided at the time of application to meet federal requirements. If you are a community water system, you may have filled out a TMF Assessment Form and have had a TMF evaluation performed by the District Office. If so, simply attach a copy of the completed assessment form. For those systems that have not had an assessment conducted by the District Office, you must complete the TMF Assessment Form as best as you can and submit it with your funding application. You will find that in some cases the same information is requested in the application form and the TMF Assessment Form. Applicants only need to provide the required information once and do not need to duplicate it. For example, if the required information on one of the forms is included in the engineering report, simply refer to the appropriate section of the report (or some other location such as the TMF Assessment Form) where this information is available. If you have any difficulty in completing the TMF Assessment Form, please contact the District Office.

Applicants are encouraged to contact the Department's district office for your area if you have any questions or need any assistance. In many cases, it may be helpful to have an initial meeting with District Office staff to discuss the proposed project, timing, project eligibility, environmental review requirements and procedures, federal cross-cutters, or any other aspect of your project. If you desire such a meeting, please contact the District Office covering your area.

PART A. GENERAL INFORMATION

SWP Project Number. This is the number of the project that appears on the project priority list. This number is necessary in order for the Department to determine which priority list project the application addresses. Some water systems have multiple projects on the priority list making it difficult to relate the application to a specific project without this number.

1. Name of the Applicant Water System. Provide the legal name of the public water system that is the applicant for the loan. The name used should be the same as what appears on the domestic water supply permit. If it is different, please explain in an attached note. If the project involves more than one existing public water system, the water system whose name appears on this line must be the system that has been designated as the applicant and recipient of the loan on behalf of the water systems involved in the project. This agency will be assumed to be responsible for repayment of the loan should it be executed.

2. Water System ID Number. This is the public water system number assigned to the water system by the Department. Since some water systems have similar or identical names, this number identifies the water system. The number should be on the domestic water supply permit issued to your water system. Contact the District Office if you have difficulty locating the ID number.

3. Street Address. This is the street address where the water system is located, not the address of an owner or company headquarters that may be located in a different city.

4. County. This is the county in which the water system's distribution system is located.

5. Mailing Address. This is the address where information and other mail regarding the loan should be sent.

6. Authorized Representative. Each loan applicant must designate a person who has the authority to represent the water system and sign documents pertaining to the loan application. If the water system is owned by a public agency or has a governing board, the application must include a copy of a resolution adopted by the governing body designating its authorized representative and authorizing the submission of a loan application. The loan application must be signed by the authorized representative. Should the water system change its authorized representative prior to final execution of the loan contract, the Department must be notified in writing with a copy of a new resolution.

7. Principal Contact Person. Fill in the name, title, and telephone number and email address of the person that the Department should contact if we have any questions or need further information regarding the application or the project.

8. Project Engineer. The Department anticipates that a qualified engineer will prepare the engineering report that must be developed and submitted with the application. Therefore, where this information is available, provide the name and address of the engineer or

engineering firm that is, or will be, planning and designing the project. This information will be helpful in review and discussion of the design parameters to be used in the project, and can speed up the Department review and approval of the application.

9. Estimated Amount of Loan Funds Requested. Provide the best available estimate of what the eligible portion of the project will cost and the subsequent SWP loan amount (do not be concerned if this amount is substantially different from the preliminary estimate stated on the pre-application). The Department will determine the final eligible loan amount after completion of the review of the application. This amount will be reflected in the funding offer (Notice of Acceptance of Application) that will be sent to the applicant following application processing. Staff from the District Office will contact you to discuss any significant changes from your application that may arise from their review. The estimated amount of the loan set forth in the Notice of Acceptance of Application is expected to be further refined after the plans and specifications have been approved and the actual loan contract prepared. SWP loans are limited to no more than $2 million per project.

PART B. MANAGERIAL INFORMATION

1. Classification of Water System. The type of water system is important because some financing options are limited to certain types of systems. The three boxes represent the three types of systems that are eligible for source water protection funding. Please check the box that represents your type of system. If you are unsure of the classification of your system, you can check your domestic water supply permit. Your classification should be noted on the permit. If you are still uncertain, simply leave this space blank and it will be filled out by the Department based on our inventory records.

2. Ownership of the Water System. Similar to the classification of the water system, the type of ownership is also important since some financing options are limited to public ownership. Please check the box that corresponds to the ownership of your water system. ***Non-community water systems should be reminded that they must qualify as a nonprofit entity in order to be eligible***. To verify this status, nonprofit owners of non-community water systems must include the appropriate IRS non-profit ID number.

3. Name and Title of Water Operations Manager. Identify the person who has the direct responsibility for day-to-day operation of the water system.

4. Duties of Key Officers and Personnel. The applicant must provide a list with the name, title and duties of key officers and personnel. If there are more than three people, the applicant must submit an organization chart that shows the names, titles, and the reporting relationship of all key persons involved with the operation of the water system.

   If the organization of the water system includes a governing board or a board of directors, this can be shown on the organization chart but it is not necessary to name the members of the board or indicate their titles (e.g. chairman, vice chairman, secretary etc.) The organization chart, however, should make it clear what the reporting relationships and

responsibilities are for the persons shown on the chart. The organization chart does not need to describe all personnel employed by the system, only those persons that have primary responsibilities for making decisions that affect the operation of the system. Similarly, systems that employ large numbers of operators that have similar duties do not need to name each operator and can describe their duties in a "typical" fashion.

5. Authority to Enter into Contract. The Department is required to verify that the applicant has the legal authority to enter into an SWP loan contract. Therefore, a publicly owned water system must include a statement that certifies this authority exists. A resolution adopted by a public governing board (such as a city council or a county Board of Supervisors) authorizing the submission of the application is sufficient. Similarly, if a mutual water company has a charter document or Articles of Incorporation that establish this authority, it can be submitted in lieu of the certification.

6. Litigation. The Department needs to know if there is any litigation pending that could affect the water system's financial situation to the extent that the system's loan repayment capability could be hindered. Minor litigation that does not have this affect does not need to be described. However, if the litigation is over water rights, this needs to be described since it could affect the water system's ability to provide an adequate water supply.

7. Contract Operations. Some water systems contract with a private entity or another agency for the operation of their water system. This is a good way for some systems to overcome TMF deficiencies or provide operation that is more efficient. Where this is the case, the applicant must indicate the contractual party and provide a copy of the agreement.

8. Other Participating Agencies/Organizations. If the water system is participating in the project with other partners (such as other water systems, government agencies, watershed protection groups, community groups, open space districts, etc.), the application must include a list of the other parties. For each party, state the contact name, address, and the role of the party in the project (i.e., additional funding source, advisory, stakeholder, special interest, etc.).

9. Leases. The Department must be assured that the water system has full control over all key facilities of the water system. Therefore, if any major portion of the water system, such as water sources, land upon which all or a portion of the system is located, treatment facilities, or pipelines are utilized pursuant to a lease, the applicant must either describe the terms of this lease or simply attach a copy to the application. Leased equipment such as vehicles does not need to be described. If a lease is critical to the proposed project, the lease will have to cover the loan repayment period (typically 20 years).

10. Water rights. State law requires that the Department establish that applicants hold any necessary water rights prior to executing a loan contract. Therefore, in this space you should describe the nature of your water rights that apply to your source. If your source water is derived from a surface source pursuant to a riparian right or if you extract

groundwater from a basin that is not adjudicated, a statement to that effect will be sufficient. If you purchase water from another water source, simply indicate that fact in the space and attach a copy of the contract. If you divert surface water pursuant to a water right granted by the State Water Resources Control Board, a copy of that permit should be attached to the application. If you have applied for a water right permit but one has not yet been issued, a copy of your application for the water right should be attached. If you extract water from an adjudicated groundwater basin, a copy of your right to extract such water from the basin watermaster should be attached.

PART C. TECHNICAL INFORMATION

1. Source Water Assessment. The application must include a copy of the source water assessment, completed in accordance with the DWSAP program document.

2. Type of Contaminant and Associated Possible Contaminating Activities (PCAs). The application, or the Engineering Report (discussed below), must describe the type(s) of contaminant that are to be addressed by the project (such as, microbiological contaminants, turbidity, nitrate, chemicals, or disinfection by-products). There must also be a description of the PCAs that are the most likely sources of the contaminant(s). A list of PCAs and associated contaminants is included in Chapter 7 of the DWSAP document.

   The project for which this application is being submitted was ranked based on a specific type of contaminant. It is possible that the proposed project will have residual benefits for other types of contaminants. However, to be considered eligible for funding, all elements or components of the proposed project must be directly related to the type of contaminant on which the project was ranked.

   The Department recognizes that some systems may have more than one project on the project priority list. If a water system has received an invitation from the Department to submit more than one application (multiple projects within the fundable portion of the list), the applicant may combine those projects into one application. In these situations, both projects must be described. Applicants cannot request funding for lower priority types of contaminants as part of the project application without the Department's specific approval. For example, if the project is intended to address microbiological contaminants, funding for the project cannot include elements related to chemical contaminants unless these elements also address microbiological contaminants. The applicant should be aware that if unrelated problems or project elements are included, these elements may be excluded from funding consideration and would have to be paid for by the applicant.

3. Area or Zone Description. The project was ranked on the priority list based on the source water protection area or zone in which the PCAs to be addressed are located. Describe the dimensions of the area or zone (length, width, radius, area, etc.), the physical location of the zone (address, community, county, etc.), and its proximity to the source and other water system facilities. The DWSAP program document, Chapter 6, describes methods to delineate source water protection areas and zones.

4. Project Description. Describe the project that will address the PCAs and protect the water source. This may be done in the engineering report (described below). If so, simply refer to that report in this section. If the engineering report does not describe the project for some reason, provide a brief description in this space or attach a separate description.

5. Land or Easement Acquisition. Check 'Yes' if the primary purpose of the project is to purchase land or easements, or if acquisition is an element of the project. SWP loan funds can be used to purchase land and easements only from willing sellers.

6. Map. A map must be submitted with the application that shows the water system service area, the subject water source (well or intake location), water system facilities (i.e., other sources, treatment plant, distribution area), and the protection area or zones for the subject source. The source and adjacent protection zones should be shown on a USGS topographic quadrangle map, 7.5-minute series. If additional maps are needed to show watershed boundaries and system facilities, different types of maps may be used.

7. Local Community Task Force. If there is a local task force or group working on source water protection, the group should be described here. The description must include a list of participants, their affiliations, and the methods used to establish membership (i.e., volunteers, delegates from service groups, appointments by elected officials, invited stakeholders, etc.). This description must be included if the applicant indicated on the pre-application that a group exists. If no source water protection task force exists, describe plans for establishing one.

8. Population Served. This should be an estimate of the population served on an average daily basis within the service area of the subject water source. For community water systems, this would be the permanent population of the community. Seasonal community systems should use the average population served by the system during the peak period in which the system is in operation. Non-community water systems should use the average daily population served during the periods that the system is in operation. The estimated population can be derived from census data, use records, billing information, or by converting service connections to population using a conversion factor of 2.8 persons per connection whichever most closely approximates the actual number of persons served.

9. Service Connections. Provide the total number of active service connections that are currently and directly served within the service area of the subject water source. This includes all domestic or residential, industrial, commercial or other connections. Wholesalers, or persons who deliver water to another water system, should contact the District Office as to the appropriate number of service connections to be used since this may vary depending upon the type of project being proposed. Non-community water systems do not need to fill out this section (simply indicate "not applicable").

10. Engineering Report. This section is the heart of the SWP application and contains most of the technical information needed to process the application. ***The engineering report***

should be prepared by a qualified engineer or other professional. Use of this type of expertise may speed up the processing of the application and by facilitating the Department's technical review. There is no particular format for the report but it is essential that specific elements be addressed as described below.

a. Analysis of Alternative Solutions. Both State and federal law require that funds may be provided only to fund the most cost-effective solution to the problem. Therefore, it is essential that all feasible alternatives be evaluated. Alternatives that are obviously not feasible for economic or physical reasons do not have to be evaluated. An alternative should not be discarded solely for political reasons.

   In considering alternatives, only alternatives that involve significantly different concepts need to be evaluated. It is not necessary to evaluate different forms or variations of the same basic concept. For example, in evaluating alternatives for protection of surface water from microbiological sources, it is not necessary to compare signs for public education versus pamphlets. It is only necessary to compare public education (in general) against other concepts such as removal of sanitation facilities along the shoreline of a drinking water reservoir.

   In addition to evaluating and discussing the "feasibility" of each alternative, the report should estimate and compare the costs and relative effectiveness (including reliability) of the alternatives. "Costs" need only be addressed in a general sense. The cost of alternatives does not need to break down the alternative into specific detailed costs, and may be based on "typical" construction costs, use of existing examples, or application of best engineering judgment.

   State law also requires that the basic environmental impacts of each alternative be determined and compared. This information may be presented in the Initial Study that some systems will need to prepare as part of the Environmental review process pursuant to CEQA (California Environmental Quality Act). For those projects that have not gone through the CEQA process at the time of application submittal, an initial comparison of environmental impacts will need to be done. This comparison does not have to be detailed but merely compare the general impacts of the alternatives.

   All factors will be taken into account but the primary decision as to which alternative to fund will be based on "cost-effectiveness." This means the project alternative that achieves an acceptable result at the least cost. In comparing the relative cost of each alternative, both initial capital costs and operation and maintenance costs (over the useful life of the facilities) should be considered.

b. Project Description. The selected project alternative should be fully described in the engineering report. Each component, as well as related equipment, should be described as to necessity (with respect to solving the problem), function, size, and relationship to other project components. The useful life of the key project component (the component(s) that makes up the largest cost factor) should be

estimated. The report should also describe how the project would address the type of contaminant and the associated PCAs.

c. Anticipated Benefits. The engineering report should describe the anticipated results of the project. Results may include: an improvement in water quality, maintaining water quality, reduction in treatment costs, reduction in monitoring costs, potential public health benefits, etc.

d. Conceptual Project Design. The engineering report must include a conceptual or preliminary project design. For land and easement acquisitions, this may include a preliminary priority list or map of designated parcels or easement areas. For construction projects, this might include a project layout showing the size and location of new facilities or ones to be removed or relocated. For signs, the proposed language and the location should be shown.

e. Ineligible Costs. The project description should also identify any elements of the project that will be included but are ineligible for funding using the eligibility criteria in the regulations. The project can include ineligible components, however, the applicant will need to identify a funding source other than SWP funds to pay for the ineligible portion. If the application combines more than one project on the priority list (as discussed in section 2), the elements or components of each of the combined projects should be identified separately.

f. Cost Breakdown of Proposed Project. In most cases, the cost estimates included in the pre-application forms were rough estimates. It is expected that the full application will refine those estimates. Applicants are not limited to the amount stated in the pre-application. In developing the cost estimates for the project, the applicant must break the total cost estimate down into various project elements. SWP applicants are reminded that SDWSRF funding for SWP projects is limited to a maximum of $2 million per project. As a minimum, the engineering report should show the anticipated costs of the following items (assuming the applicant wishes to have these costs included in the loan amount). If the applicant intends to pay for any of the items from another source, such as reserve accounts, this should be shown on the summary table on the application form (Part D. item 5).

- Planning, preliminary engineering, and application preparation
- Design and engineering costs
- Construction costs broken down by:
  - Major project components
  - Land and easement acquisition
  - Eligible versus ineligible items
  - Construction management and contingencies
- Legal and administrative costs
- Other (describe)

If the project contains ineligible construction items, the percentage of indirect costs (planning, administrative, design etc.) that apply to the eligible construction portion should be estimated. This can be based on a straight pro-ration if desired and will be the method used by the Department unless some other means is indicated.

g. Scheduling. The engineering report should also include a proposed schedule for project completion. This should include the time needed for preparation and submission of plans and specifications, completion of financing and preparation of construction bids (after approval of plans and specifications), completion of construction, and completion of purchase of land and easements. Be sure to include the time needed to complete the CEQA and "NEPA-like" environmental review process. The schedule should be expressed as months needed rather than specific dates since the date for execution of the Notice of Application Acceptance is unknown. The District Office will use these estimates as a basis for preparation of an overall project schedule. Applicants are reminded that construction must be completed within 3 years from the time the loan contract is executed following approval of plans and specifications. If the applicant feels this cannot be accomplished, the District Office should be contacted as soon as possible.

11. Environmental Documentation. All SWP project funding relies on federal funds, so must undergo an environmental review that complies both with the California Environmental Quality Act (CEQA) the National Environmental Quality Act (NEPA). To comply with NEPA, the California SDWSRF program has established specific "NEPA-like" requirements, which have been approved by USEPA for SDWSRF projects.

    Since compliance with CEQA can be a time-consuming process, in many cases completion of the CEQA and NEPA-like process takes place following submission of an application. At the time of application, CEQA documentation, such as a negative declaration, various certifications, and an EIR may be submitted if they are completed. If such documentation is not available, the application should include as an attachment, a plan and proposed schedule for completion of all CEQA requirements. A loan contract will not be executed until this requirement has been completed.

    Included in this application package are guidelines prepared by the Department to assist you in understanding and preparing the appropriate environmental documentation. All of the environmental documents will be reviewed and approved by the Department's SDWSRF Environmental Review Unit. Staff of this unit is also available to assist you and respond to any questions. They may be contacted at (916) 323-6111.

PART D. FINANCIAL INFORMATION

Please note that the financial information provided in Items 1, 2, and 3 is critical for establishing the affordability of the proposed project. Affordability is measured in terms of water service charges imposed on residential customers. Therefore, items 1 through 3 should be as accurate as possible. In estimating projected costs, ***use current dollars and do not apply an inflation factor.***

1. Average current monthly residential water bill. It will require some calculations in order to fill in this blank. What is required here is the "average" monthly charge imposed on your residential customers. The purpose of this information, and the information required under item 2, is to assist the Department in determining the affordability of your project. One of the key factors used in determining the ability to repay the loan is consumer affordability (although there are other factors as well such as overall credit-worthiness, degree of indebtedness etc.). This is based on a comparison of average residential water bills to a standard "consumer target rate" (see definition in the regulations).

   The starting point for this analysis is to determine what your residential (industrial and commercial users are not included) users are currently paying for drinking water on the average. This can be done by an evaluation of past charges or some other method. If the water system uses a "tiered" water rate, the charge should reflect what a typical residential user pays. The rate should reflect direct water charges plus any other fees or charges that support the water service such as parcel fees, standby charges, water taxes, and surcharges. In addition to filling out the blank with the average amount, you need to describe the methods that were used to calculate the average residential rate. You will also need to attach a copy of your current rate structure for your water system to the application.

2. Impact of the SWP loan on the average monthly residential water bill. Provide a calculation of the projected average monthly residential water bill will be if the SWP loan is executed as proposed. Under this item, you must estimate the portion of the eligible project cost that will be passed on to the consumers (this should be consistent with the engineering report) and the effect this cost will have on water rates. The purpose of this is to determine the cost impact of the loan on the residential users if the loan is made. The projected cost should include all related costs of the eligible project, including operation and maintenance costs. Applicants should contact the Department to determine the current interest rate to use to evaluate the cost impact. Do not include anticipated increases in the water bill that are not related to the eligible portion of the SWP project (this will be included in the next item).

   Your methodology and calculations for determining the cost impact of the loan should be shown. The Department will assume that project costs will impact residential and nonresidential water charges in a proportional manner to current costs. If this is not the case, you should describe the reason for shifting the cost burden.

3. Average projected monthly residential water bill. CCR Section 63028 (a) of the regulations requires an applicant to develop and submit with the application, a 5-year revenue/expenditure projection. This projection visualizes all of the expenditures that are planned for this water system, including the loan repayments for the proposed project over the next 5 years. What this item requests is the total overall projected water charges that will be passed on to residential water users. This should include any ineligible project costs as well as non-project related water system costs that will be imposed on the residential users during the next 5 years. This is calculated in a similar fashion to the previous items. As an example, the current average residential water rate may be $20 per month, the impact of the proposed project loan may raise this to $28 per month and the overall projected monthly rate for the next 5 years may be $35 per month.

4. Water rate structure. Please attach the water rate structure (for all consumers) covering the past 3 years.

5. Estimated project cost. This item requires a summarization of the project cost broken down by category and source of funding. Much of this information may be derived from the engineering report but it may not be in this format, therefore, it should be re-summarized here. If the categories used in the engineering report are more detailed than the categories listed in column 1, the categories in the engineering report may be used. Indicate the source of funding for any ineligible items that will be included in the project and that will be paid by the applicant. The total amount at the bottom should be equal to the total cost of the project. In item F, Contingencies, inclusion of a contingency for unforeseen construction costs is strongly recommended. Pursuant to Section 63010 (d) of the regulations, construction change orders that occur during construction that result in a cost increase not covered by contingencies must be paid for by the applicant.

6. Source of other funds. This item requests a breakdown of column number four (other loans and grants) from the previous item. If project funding will be entirely from SWP funds, this section does not need to be filled out. If the proposed project will be funded from multiple sources, you must provide a breakdown of those sources in this box. For example, if additional funds will be obtained from a federal agency such as the Rural Community Assistance Corporation or the Department of Housing and Urban Development, or from a private lender, the full name of each of the lenders or grantors should be listed under Fund Source. The second column should designate whether the funds are in the form of a loan, a grant, or in the case of applicant funds, whether these are from cash reserves or some type of internal loan.

   In the fourth column, simply indicate with a ‘yes’ or ‘no’ whether these funds have been applied for at the time this application was submitted. If the funds have been applied for and have actually been secured indicate that in column 5. If an applicant’s ability to repay the SWP loan, or if commencement of the project is contingent upon receiving these other funds, the Department will impose a condition that these other funds be secured before a loan contract will be executed. The Department encourages the use of multiple funding sources, and works cooperatively with these other funding agencies to coordinate and expedite funding.

7. Source of funds for loan repayment. The federal SRF requirements make it clear that an applicant must have a "dedicated" source of funds for loan repayment. Prior to actual loan execution, you will need to submit a resolution or ordinance adopted by your governing board establishing the dedicated funding source. At this time, however, you only need to describe the funding source that you plan to use for loan repayment.

8. Revenue/expenditure projection. There is no required format for presenting this information, however, a sample form is included in the application package that you may use if you choose to.

9. Existing indebtedness. This item should be self-explanatory and simply requires information on any existing outstanding loans of the water system.

10. Cash reserves. This item asks you to describe any cash reserves that your water system has in place. This would include any cash-flow reserve, emergency reserve, equipment replacement fund, contingency reserve etc. This information is needed to help establish the financial viability of your water system. Bear in mind that if a loan contract is executed, you will be required to maintain a loan repayment reserve equal to two loan repayments. This will be spelled out in the loan contract.

11. Accounting systems. In this item you need to describe the accounting procedures used, or planned to be used, by your water system if the loan is executed. This information is necessary to assure that the USEPA accounting procedures are satisfied. Additional information relating to accounting will be made available in the near future but submission of an application should not be held up since these requirements will not be necessary until loan execution.

    The Department of Water Resources (DWR) conducts the financial analysis of the application with respect to loan repayment capability etc. DWR also determines the maximum loan amount, grant eligibility, interest rates, and loan repayment terms. The applicant may be contacted directly by DWR with respect to any of these items.

PART E. FEDERAL CROSS-CUTTING REQUIREMENTS

Applicants are required to review and sign the certification of intent to comply with the listed federal laws and authorities.

PART F. ATTACHMENTS TO APPLICATION

Attachments:

a) *Part A, No. 6* A resolution or resolutions from the water system's governing body providing the following (as applicable):

- Resolution designating the authorized representative and authorizing that individual to apply for a SDWSRF (SWP) loan (all systems)
- Resolution or ordinance dedicating repayment source *(not required at time of application, will be required prior to execution of loan agreement)*

b)	*Part B, No. 4*	Titles and duties of key officers and personnel.
c)	*Part B. No. 5*	Legal authority statement (Public Owned Systems Only)
d)	*Part B. No, 6.*	Description of pending litigation, and the potential costs
e)	*Part B. No. 7.*	Agreement for operation of facility
f)	*Part B. No. 8.*	Participating Agencies – list of other agencies/organizations participating with applicant in project.
g)	*Part B. No. 9.*	Lease of land or major water system facilities
h)	*Part B. No. 10*	Water rights documentation
i)	*Part C. No. 1*	Complete DWSAP Source Water Assessment
j)	*Part C. No 6*	Map of service area and location of water system facilities, drinking water source, and protection area and/or zones
k)	*Part C. No. 10*	Engineering Report
l)	*Part C. No. 11*	Plan and schedule for CEQA compliance; completed CEQA documentation
m)	*Part D. No .4*	Water system rate structure for last three years include a description of the calculation for the average household water rate
n)	*Part D. No. 8*	Five-year revenue and expenditure projection for the water system
o)	*Part D No. 9*	Description of all long-term indebtedness
p)	*Part E.*	Certification of compliance with federal cross-cutting requirements
q)	*TMF*	TMF Capacity Assessment Form SDWSRF Applications

SRF Manual
Source Water Protection (SWP)
Appendix K

Attachment 7

SWP Completeness Checklist

Department of Health Services
Source Water Protection Loan Projects

1. General Information

Project No.		System No.	
Checklist Completed by:		Date:	

a. All Information Blanks Completed:

☐ Yes ☐ No

b. Type of PWS:

System Type: ☐ CWS ☐ NTNC (Land & easement projects only)

☐ NCWS (Land & easement projects only)

System Type verified in PICME? ☐ Yes ☐ No

→ *If NCWS* IRS ID #: _____

c. "Authorized Representative" *(Designated by Resolution to sign documents and represent PWS)*

☐ Yes Name: _____

d. Ownership Type:

☐ Sole Owner ☐ Partnership ☐ Lease Arrangment

☐ Corporation ☐ Special District

☐ Government Agency ☐ Other (Specify)_____

e. Copies of Ariticles of Incorporation (Applies to Private Corporations and Mutual Water Co.)

☐ Yes ☐ No

f. Copies of lease agreements, easements or other documentaion for ownership submitted?

☐ Yes ☐ No

g. Application Certified/Approved by Governing Board?

☐ Yes ☐ No

h. Application must be signed by a responsible person representing PWS:

Name _____ Title _____

☐ Superintendent ☐ Manager ☐ City Official

☐ Director of Public Works ☐ Owner ☐ Association

2. Managerial Information

a. List of key personnel or organization chart with names, titles and reporting relationships of key officers/personnel and description of their responsibilities:

☐ Yes ☐ No

b. Description and substantiation of water rights?

☐ Yes ☐ No

3. Technical Information

a. Copy of source water assessment submitted?

☐ Yes ☐ No

b. Description of contaminant and associated PCA(s) to be addressed by project?

☐ Yes ☐ No

c. Description of area or zone where PCA(s) are located?

☐ Yes ☐ No

d. Project description with supporting documentation?

☐ Yes ☐ No

e. Map of water system service area, facilities, intake or well location, and SWP area or zones?

☐ Yes ☐ No

f. Information establishing the current # of persons served by the WS?

☐ Yes ☐ No

g. Information establishing the current # of active service connections?

☐ Yes ☐ No

h. Preliminary engineering report submitted that evaluates the following: *(P/ease check each box)*

☐ An identification and evaluation of alternative solutions *(Including preliminary cost estimates relative effectiveness in solving problem, and basic environmental impacts of each alternative)*

☐ A description of the proposed project selected, solution to the problem(s):

☐ A conceptual project design with design capacity of major project components, and schematic layout of proposed project with supporting documentation

☐ An analysis of the anticipated benefits of the project

☐ A proposed design and construction schedule

☐ A cost breakdown of the proposed project including cost of eligible and ineligible items

i. Has environmental information been submitted? (See Appendix D of SRF Manual)

☐ Yes (check a box below) ☐ No

☐ Check if the following CEQA documentation has been provided (contact the Environmental Review Unit reguarding NEPA-like requirements).

1. CEQA document with State Clearinghouse number (see last box for exemptions).
2. Resolution adopting/certifying documents and making CEQA findings
3. Notice of Determination filed with State Clearinghouse.

*(If **all** three items in this section are not completed, a **schedule** for the remaining item(s) must be completed. Check additional box below.)*

☐ Check if the DHS "Schedule Of Dates for Compliance with CEQA & "NEPA-like Requirements" has been completed

☐ Check if the DHS "Safe Drinking Water State Revolving Fund Environmental Information Form" has been completed (used when DHS is lead agency).

☐ Check if the "Safe Drinking Water State Revolving Fund Environmental Information Form & Worksheet for CEQA Exemptions" has been completed.

j. Based on the proposed project description, does the project, in general, appear to be eligible for funding? *(A final decision on eligibility will be made following the technical review of the application.)*

☐ Yes ☐ No

4. Financial Information (To be evaluated by DWR)

- Has the applicant included 3 years of past financial statements or 3 years IRS tax returns?

  ☐ Yes ☐No

- Has the applicant included their water rate structure for the last three years? (should include commercial and industrial if applicable)

  ☐ Yes ☐ No

- Has the applicant included a breakdown of current & projected consumer water rates? *(Assuming the project is funded)*

  ☐Yes ☐ No

- Has the applicant identified the proposed method of repayment of the loan?

  ☐Yes ☐ No

- Has the applicant identified what they are propsing to use as security for a loan?

  ☐ Yes ☐ No

- Does the estimated project cost *(SWP portion only)* fall under the maximum loan amounts set forth *[$2 million project or $3 million applicant? (If not, the applicant must be contacted.)]*

☐Yes ☐ No

- If other funding sources (e.g. RCAC, HUD, RUS, and HCD) will also be used, have these sources & the amounts been identified?

☐Yes ☐ No

- Is it clear, which project items are to be funded with each funding source?

☐Yes ☐ No

- Has the applicant described how unfunded portions [if identified in the application of the project *(e.g. ineligible items)]* will be funded?

☐Yes ☐ No

- If the applicant indicates they have long term indebtedness, have they provided documentation of the terms and conditions, balance and security pledged for the debt.

☐ Yes ☐ No

In Summary:	**Recap**

Are the following attachments included?

Yes	**No**		
☐	☐	1	Resolution naming authorized representative and submission of loan application.
☐	☐	2	Source water assessment.
☐	☐	3	Map showing service area, location of existing facilities (may be combined with 4).
☐	☐	4	Preliminary Engineering Report.
☐	☐	5	Organization Chart, if required.
☐	☐	6	Copies of any leases or contracts.
☐	☐	7	Financial statements for the past 3 years (send to DWR).
☐	☐	8	Copy of water rate structure (send to DWR).
☐	☐	9	Other financial documents (send to DWR).
☐	☐	10	Documentation for CEQA/NEPA Compliance (send to ERU).

SRF Manual
Source Water Protection (SWP)
Appendix K

Attachment 8

SWP Technical Report Format

SWP TECHNICAL PROJECT REPORT FORMAT

Name of Water System _____

System ID Number _____

Project SWP Pre-application Number _____

A. DESCRIPTION OF THE WATER SYSTEM

Briefly describe the following:

- Type of system
- Types of water sources and current treatment
- General location
- Number of service connections or number of persons served
- Department or LPA system jurisdiction
- Status of Permit (when issued, updated etc.)
- Status of Source Water Assessment(s) (date, by whom, findings)

B. SWP PROBLEM

Briefly discuss the following:

- Identify the source(s) being addressed by the project.
- Describe the source water protection problem being addressed by the project.
- Was SWP problem documented in the assessment(s)?
- Describe the contaminant(s) and the associated PCA(s) to be addressed.
- Describe the protection area(s) and zones

- Describe the water quality of the source (and the surrounding area, if known)
    - Has a contaminant of human origin with a primary MCL (or treatment technique) been detected in the source?
    - Has a contaminant of human origin with a primary MCL (or treatment technique) been detected in the surrounding area (aquifer, watershed, nearby source)?
- Is the SWP problem the same as when the project was ranked or has it changed?
- Are there other SWP problems being addressed by the proposed project? If so, describe these other problems and your rationale for excluding them from eligibility or allowing them to be included in the project.
- If the water system has additional SWP problems or projects besides the one being addressed by the project, discuss the priority of this project and the water system's plans for addressing the other problems or projects.

This section should end with your conclusions as to (1) whether or not this is a legitimate SWP problem that needs to be addressed (i.e., is the system neglecting PCAs of greater significance to work on this one?); (2) that the SWP problem is consistent with the project ranking; and (3) that no lower ranked or other unrelated SWP problems have been included in the proposal.

C. DESCRIPTION OF PROJECT

- Describe generally what the water system is proposing to do including all of the significant components.
- Describe how the proposed project will protect the source from the identified contaminants and PCAs.
- Describe your analysis of how this project will address the SWP problem and how appropriate and effective you think it will be.
- Describe other stakeholders in the project (other participating agencies or groups). Is there a functioning source water protection workgroup from whom the water system has sought comment or advice?

D. ALTERNATIVES

- Briefly describe the alternatives considered.
- Describe whether or not you agree that (1) no reasonable alternatives were excluded from consideration; and (2) that the selected alternative represents the most logical, as well as cost-effective, solution to the SWP problem.

- If you determine that an alternative to the selected project would be more effective (or equally as effective but less costly) and should be the one funded, describe the basis and rationale for your conclusion.

- If it is an LPA regulated system, indicate whether or not the LPA concurs with the selected alternative.

E. ELIGIBILITY

Describe your analysis and conclusions with respect to the following:

- Is it an eligible water system?

- Are there any components or portions of the project that you have determined are ineligible and should not be included in this project? Describe and provide your basis and rationale for these determinations.

- If there is any land or easements that will be purchased with SWP funds, make sure the report discusses the necessity for such land and whether or not the size of the land being purchased is appropriate or excessive.

- For project elements that may be partially eligible, do you agree with the applicant's allocation of cost between eligible and ineligible portions?

- Are there any portions of the proposed project that address problems not directly related to the problem for which the project was ranked that should be excluded from funding? Again, describe your rationale. Similarly, if there are marginal components that you feel should be included as part of this project, describe the reasons for including them as eligible components.

Conclude this section with your summary of all ineligible components and their estimated costs. These costs, along with any ineligible excess growth costs from the next section, will be deducted from the applicant's total estimated project cost to establish the eligible cost portion of the project.

F. ENGINEERING REPORT

This section should describe your analysis of the technical aspects of the engineering report. The applicant is required to include a conceptual or preliminary project design. In this section, you need to describe whether or not you feel that the proposed project is reasonable and acceptable to the Department. Should you disagree with any of these, you need to describe the reasons for your conclusions. NOTE: If you found something that was unacceptable and called it to the applicant's attention and it was corrected by the applicant, these actions do not have to be

covered in the project report. The report should only describe the final preliminary design that will be used for the project.

Specifically, you need to address the following:

- Does the overall conceptual design make sense or would there be a better way to do it?

- Has the applicant used a reasonable method for calculating the current peak flow water demand? If fire flow was included, do you concur with the fire flow demands as expressed by the applicant?

- How was the anticipated growth and resultant water demand determined? Was the method used reasonable? Is it consistent with other growth projections for the area? If the project will not be able to provide the amount of water needed to meet the 10 year projected demand (e.g. to stay within eligibility limits), you should indicate the actions that will be taken by the District to assure that this demand can be met (e.g. permit conditions, planning studies).

- In analyzing the engineering report, you need to express your concurrence (or disagreement) with the cost estimates provided by the applicant. If you determine that certain estimated costs are excessive and should be reduced, please explain and provide the appropriate cost figure that should be used in the loan offer.

- You will need to indicate your conclusions with respect to the schedules included in the proposed project. Does the time proposed for completion and submission of plans and specifications appear appropriate? Is it consistent with any pending compliance orders?

- Does the schedule for completion of the CEQA review appear appropriate and does it coincide with the submission of plans and specifications (feel free to consult with the Environmental Unit on this)? Is the construction schedule reasonable?

- Describe your analysis of the methodology used by the applicant to calculate the current "average residential water rate". Is it reasonable and consistent with the water rate structure provided by the applicant? Does the system have a large industrial or commercial demand? How does it impact the peak flow demand? Also review and express your opinions with respect to the manner in which the cost of the loan portion of the project was projected to impact the residential consumers. If you reduced the eligible cost of the project for any reason, you will need to recalculate the cost impact of the eligible loan amount on the residential consumers. All of these calculations and the result should be shown in your report.

- In order for DWR to calculate the loan repayment period, you need to express your conclusions with respect to the useful life of the project. The useful life is normally determined by the useful life of the most expensive component of the project. Has the applicant indicated this and do you concur?

- Discuss the other sources of funds for this project. Are the other funds committed? Are the conditions of the other funds likely to impact the ability of the water system to repay this loan?

G. WATER RIGHTS

In this section you simply need to describe the type of water right being used by the applicant and whether or not, in your opinion, the applicant possesses, or can reasonably be expected to possess, sufficient water rights to meet the projected 10 year water demand. If you contacted the State Water Resources Control Board with respect to a water right permit, describe the results of that discussion. Also express the basis for your conclusion that the applicant has sufficient water rights. Comment, if possible, on the potential long-term availability of groundwater in the project area (i.e. mountain communities, limited or dropping water tables, overdraft).

H. TMF CAPACITY

All applicants for federal SRF loan funds must meet TMF requirements, including SWP applicants. However, because source water protection is voluntary, the Department is not expected to make extraordinary efforts to evaluate or assist SWP applicants in meeting TMF requirements. **Applicants for SWP loans must meet TMF requirements without financial or technical assistance from the Department.**

Your analysis of the TMF capability of the applicant is being conducted separately from the review of the SRF application. The results of your TMF analysis, a list of TMF items to be completed, and the schedule for completion of TMF should be restated here. This will eliminate the need to have to refer to two documents and will facilitate future reviews of the project report.

The SWP Technical Project Report must identify any deficiencies and must include the schedule for submission of these items. Although only the following four deficiencies will be included as NOAA conditions, all deficiencies should be noted.

- A prioritized list of deficiencies and a 5 year capital improvement plan.
- An operations plan
- A disaster/emergency response plan
- A source water capacity versus water demand analysis

The NOAA, in inserting a special condition for the submission of these items, will refer to the TMF analysis performed by the District. Make sure, therefore, that the technical report contains the date of the analysis.

The above TMF conditions need to be included in the report and the NOAA even if the District plans to include them as conditions of an amended permit.

I. PLANNING

In order to make one of the required findings, you will need to indicate whether or not the project is consistent with local plans. Therefore, you should describe how this was accomplished (e.g. your comparison with copies of local plans that you have, written confirmation from the county, telephone contact with the county, concurrence from the LPA).

You also need to review the service area map provided by the applicant. Your concurrence with the map as submitted or any disagreements or revisions needed should be noted and described. The final service area map as approved by you will be used by DWR to determine the appropriate median household income for the water system.

J. FINDINGS AND RECOMMENDATIONS

This section basically sets forth all of the conclusions that you have reached through your analysis in the previous sections. Since the law requires the Department to make specific findings before financial assistance can be offered, some of these conclusions are set forth as formal "findings". The following format is suggested.

FINDINGS:

A. The proposed project described in this application has been determined to be eligible for funding under the SRF-SWP program. The total amount of funding that has been determined to be eligible for SWP funding is $_____. Those portions of the project that have been deemed to be eligible are set forth in Sections D and E of this report. The eligible total costs do not exceed any of the maximums set forth in Section 63015 of the SRF-SWP regulations.

B. It has been determined that the proposed project will, in all probability, address the problem as described in Section A. **or** It has been determined that the proposed project will address the problem as described in Section A if the following conditions are complied with:

   1.

   2.

C. It has been determined that the project described in this application represents a cost effective solution to addressing the SWP problem described in Section A. **or** It has been determined that the alternative of _____ *(describe the alternative)* would be equally as effective and less costly, or would be similar in cost and more effective than the selected alternative. It is recommended, therefore, that funding be limited to this more cost effective alternative.

D. It has been determined that the project as described in this application is consistent with county planning to the extent such planning exists.

E. *(to be used only if the applicant has multiple projects on the SWP fundable list).* This applicant has several projects on the fundable list. It has been determined that the project(s) proposed in this application represent the highest priority project(s).

F. Based on an evaluation of TMF capability conducted separately on this water system, it has been determined that

(1) the applicant currently meets all of the mandatory and necessary TMF requirements as set forth in the TMF Guidance. *(This is very rare).* **OR**

(2) the applicant is expected to be able to develop adequate TMF capability if the schedule for completion of TMF requirements set forth in Section ____ is complied with. *(This will be the one used most often).*

G. It has been determined that the schedules set forth in this application for (1) completion of the CEQA review, (2) submission of plans and specifications, (3) submission of TMF documentation, and (4) commencement and completion of construction, are appropriate and acceptable. **or** The schedules ---*etc*--- are not acceptable and revised schedules are presented below under recommendations.

RECOMMENDATIONS:

It is recommended that the project as proposed in this application be funded subject to the following conditions:

1. That the Notice of Application Acceptance include the schedules for submission of the following:

   - Plans and specifications shall be submitted to the District no later than _____.

   - The applicant shall comply with the following schedule for completion and submission of CEQA documents:
     a.
     b.
     c.

   - The following TMF documents shall be submitted to the District office not later than _____.
     a.
     b.
     c.

- The project shall be completed no later than _____. *(there may also be some intermediate deadlines that may be imposed for large projects)*

2. Funding for the project be limited to the total estimated eligible project costs of $_____

In addition, it is recommended that the Notice of Application Acceptance also contain the following special conditions:

1.

2.

<u>OR:</u>

It is recommended that funding for this project be denied. The reasons for this denial are as follows:

1. *(use if appropriate)* Applicant cannot meet TMF requirements without financial or technical assistance from the Department.

2.

Signature of engineer preparing the report _____ Date _____

Signature of the District Engineer _____ Date _____

Signature of the Regional Engineer _____ Date _____

SRF Manual
Source Water Protection (SWP)
Appendix K

Attachment 9

SWP Technical Report Approval Memo

State of California Department of Health Services

M e m o r a n d u m

Date: _____

To: Robin Hook, Manager
DWSRF Program
601 North 7th Street, MS 92

EXAMPLE
SWP Technical Report Approval Memo

cc: Dat Tran, SRF Program

From: Leah Walker
Source Water Protection Coordinator

Subject: Source Water Protection Technical Report
Water System: _____
SWP Application #: _____
Project Title: _____

I have reviewed the technical report for the above-referenced project prepared by the DHS _____ District Office, dated _____.

I approve the technical report and have the following recommendations for the issuance of the NOAA, and other comments:

1. The type of SWP loan for this project is:
   Land and conservation easements acquisition _____
   Source water protection measures _____

2. Total Eligible SWP cost: $_____

3. Federal Cross Cutters apply to this project:
   Yes _____
   No _____

Conditions to satisfy prior to issuance of contract:

1. The applicant shall demonstrate to DWR that the additional _____ of funding is available from another source.

2. The applicant shall submit plans and specifications to the DHS _____ District Office by _____.

Additional Conditions:

1. The applicant shall complete construction of the project by _____.

2. The applicant shall comply with CEQA/NEPA documentation as specified by the Environmental Review Unit.

3. The applicant shall submit financial documentation as specified by DWR.

Other Comments:

1.

2.

Please contact me if you have any questions.

Attachments: Technical Report

SRF Manual
Source Water Protection (SWP)
Appendix K

Attachment 10

SWP Authorization to DWR to Issue NOAA Letter
(Example)

EXAMPLE
SWP NOAA Authorization Letter

Date

Sylvia Ortega, Chief
Safe Drinking Water Office, Room 804
Department of Water Resources
1416 9th Street
Post Office Box 942836
Sacramento, CA 94236-0001

Dear Ms. Ortega:

AUTHORIZATION TO ISSUE NOTICE OF APPLICATION ACCEPTANCE FOR *applicant*-SWP PROJECT NO. #######-##

The Department of Health Services (DHS) has approved the loan application submitted by the *applicant* for the above referenced source water protection project. The project is limited to a standard source water protection loan only from State Revolving Fund (SRF) with no grant funds involved. Federal Cross-Cutting Requirements will apply to this project.

Authorization is given to the Department of Water Resources (DWR) to issue the Notice of Application Acceptance (NOAA) for this project. The NOAA should be addressed to *applicant*. The total estimated project cost is $_____, of which only $_____ is the SRF eligible cost. However, the amount of loan offer to be set forth in the notice should be only $2,000,000 which represents the maximum loan amount that can be awarded to a single project. The loan funds will be obligated from the FFY capitalization grant allocation.

The NOAA is to be contingent upon the following conditions:

1. *Applicant* shall provide documentation to DWR demonstrating that *applicant* has obtain the remaining $_____ from another source in order to have a fully funded project. (Section I)

2. *Applicant* shall submit plans and specifications for the project to the _____ District Office of DHS no later than *date*. (Section I)

All of the above conditions shall be completed prior to issuance of the contract.

In addition to the typical loan conditions, the following special conditions shall also be included:

1. *Applicant* shall not initiate project construction until DHS, Environmental Review Unit has completed its environmental review of the project and provided any necessary environmental conditions. (Section IV and contract transmittal letter)

2. On or before *date*, *applicant* shall prepare and submit a Notice of Preparation of an Environmental Impact Report to the State Clearinghouse (P.O. Box 3044, Sacramento, CA, 95812-3044. (Section IV)

3. On or before *date*, *applicant* shall prepare and submit 15 copies of a Draft Environmental Impact report to the State Clearinghouse (P.O. Box 3044, Sacramento, CA, 95812-3044). (Section IV)

4. On or before *date*, *applicant* shall prepare and submit 8 copies of a Draft Environmental Impact report to DHS, Environmental Review Unit for Federal coordination. (Section IV)

5. On or before *date*, *applicant* shall conduct a properly noticed public hearing to obtain comments on the adequacy of the environmental documentation prepared for the project (a copy the Notice of Public Hearing shall be submitted to DHS, Environmental Review Unit). (Section IV)

6. On or before *date*, *applicant* shall submit cultural resources information to DHS, Environmental Review Unit as specified by DHS Cultural Resources Officer. (Section IV)

7. On or before *date*, *applicant* shall submit to DHS, Environmental Review Unit a resolution from its decision-making body making appropriate CEQA findings and stating that the environmental document (and any applicable mitigation monitoring plan) has been certified or adopted. (Section IV)

8. On or before *date*, *applicant* shall file a Notice of Determination with the _____ County Clerk and the Governor's Office of Planning and Research and send a copy of the Notice to DHS, Environmental Review Unit. (Section IV)

9. *Applicant* shall complete construction of the project no later than *date*. (Section IV)

10. *Applicant* shall comply with the federally mandated Minority and Women-owned Business Enterprise (MBE/WBE) requirements by submitting either construction bid solicitation package or, if available, MBE/WBE good faith effort documentation from construction contract award, to the DHS-

MBE/WBE coordinator prior to execution of the funding agreement. (Section II and contract transmittal letter)

Sincerely,

Robin R. Hook, Chief
Safe Drinking Water State Revolving Fund and
Small Water System Section

cc: _____, District Engineer
Division of Drinking Water and
Environmental Management
Department of Health Services
address
city state zip

_____, Regional Engineer
Division of Drinking Water and
Environmental Management
Department of Health Services
address
city state zip

Leah Walker
Division of Drinking Water and
Environmental Management
Department of Health Services
50 D Street, Suite 200
Santa Rosa, California 95404-4752

SRF Manual
Source Water Protection (SWP)
Appendix K

Attachment 11

SWP NOAA Letter (Example)

EXAMPLE
SWP NOAA Authorization Letter
Source Water Protection Loan Public with Cross-cutting Federal Authorities

Date

Water System Contact
Water System Name
Water System Address
Water System City, State, Zip

SDWSRF Project Funding for **(entity name)**, Project #

Dear _____:

Your application for funding under the Safe Drinking Water State Revolving Fund has been reviewed by the Department of Water Resources and the Department of Health Services. We have determined that project number _____, as proposed by the **(entity name)**, is eligible for a Source Water Protection loan in the amount of $_____. **(Where appropriate)** It is our understanding that the total project is estimated to cost $_____ and that the difference will be funded by the _____. The proposed funding is provided in part from a Federal Capitalization Grant for Drinking Water State Revolving Fund (California) fiscal year 1997, CFDA number 66.468, award number FS989124-01-0. **(Note: the fiscal year and award number will change with the cap grant year.)**

This letter serves as our Notice of Application Acceptance. Funds in the amount of _____ have been encumbered in the SDWSRF account and will be reserved for this project provided the terms and conditions as set forth herein are met. **In order to maintain this reservation of funds in the SDWSRF account for your project, it is essential that you sign this Notice of Application Acceptance at the space provided and return it within 30 days.**

The contract when issued and executed will provide for a ___-year loan at a _____ percent interest rate. Once the **(entity name)** begins drawing loan funds, DHS will invoice you semiannually during construction for interest accrued on funds disbursed. (Section 116761.65 of the Health and Safety Code prohibits deferral of interest on loans.) Your semiannual principal and interest payments will be approximately $_____ and will normally begin after project completion. An accumulation of approximately $_____ semiannually during the first ____ years of the loan repayment period is required in order to build a loan repayment reserve fund equal to two semiannual payments.

Please be advised that subsequent to contract execution you may request a **one-time** increase in funding. Such request must be **based upon competitive bids**.

Approval of your request may be granted or denied at the sole discretion of the State, subject to funding availability and your financial qualifications.

This funding offer is contingent upon your compliance with the following terms and conditions. Compliance shall be determined at the sole discretion of DHS or its authorized representative. Items indicated as DWR Requirements must be submitted to DWR and DHS Requirements must be submitted to your District Office of DHS.

I. Prior to issuance of the contract for signature by your authorized representative, the following items must be provided:

DWR Requirements

1. A written designation, by resolution or as otherwise appropriate, of individual(s) with legal authority to:
   a. sign the SDWSRF contract;
   b. approve the Claims for Reimbursement;
   c. sign the Budget and Expenditure Summary (DWR form 4277), enclosed;
   d. sign the Contractor's Release form (DHS form 2352), enclosed; and
   e. sign the certification that the project is complete and ready for final inspection.

   Person(s) signing the Budget and Expenditure Summary and certification that the project is complete and ready for final inspection must be a registered engineer(s) or person(s) approved by DHS.

2. A written statement, resolution, or ordinance (as appropriate) adopted by the water system's governing body identifying a source of revenue and pledging/dedicating such source of revenue for repayment of the loan. When identifying the source of repayment, the identification should be as specific as possible, for example if using: assessments provide assessment name, date or number; user water rates provide account/fund name, number etc.; or provide identity of accounts receivable as appropriate. The document shall also include a statement agreeing to increase rates as appropriate whenever necessary to satisfy debt service over the term of the loan.

3. Provide the identity of your Contract Manager.

4. The **(entity name)** shall provide documentation demonstrating that the **(entity name)** has secured the remaining **$_____** from another source in order to have a fully funded project.

   Note: You are encouraged to commence satisfaction of the above DWR Requirements immediately.

DHS Requirements

1. Plans and specifications shall be submitted to the District no later than _____.

2. The **(entity name)** shall comply with the following schedule for completion and submission of environmental review documents:
   a.
   b.
   c.

3. The following TMF documents shall be submitted to the _____ District Office of DHS no later than _____.

4. Construction of the project shall be completed no later than _____.

All items under I must be provided before a contract will be issued for signature by your authorized representative.

II. Prior to final execution of the contract by DWR, the following items must be provided:

DWR Requirements

1. The services of a Fiscal Agent must be secured to assist in administering repayment of the loan. Complete and return to DWR a Fiscal Services Agreement (DWR form 4280), in triplicate with original signatures on all copies, enclosed.

2. Complete and sign a Payee Data Record (STD 204), enclosed. This form is to be returned with the signed contract. DWR will forward it with the final contract to DHS.

3. Sign and return a Certification Regarding Lobbying form, enclosed. (Only applies if loan exceeds $150,000.)

DHS Requirements

1.

All items under II must be provided before final execution of the contract by DWR.

Failure to comply with DWR and DHS Requirements **I and II** may result in a withdrawal of this Notice of Application Acceptance. Should this occur, your project will be bypassed but will remain on the project priority list. You may submit a new

application for future funding only after receiving another letter of invitation from DHS. If for any unforeseen reason you are unable to comply with any of the above requirements, you should contact your District Office of DHS as soon as possible.

III. Prior to disbursement of funds, the following items must be provided:

DWR Requirements

1. Evidence that a separate checking account or a separate ledger has been established to account for funds received from the State.

   Please indicate the name and address of the financial institution, exact name of account holder, and the account name and number. You must establish a ledger within your accounting system in accordance with generally accepted accounting principles to account for all funds received from the State. The ledger must identify the project number and SRF contract number. You must provide documentation showing that the ledger has been established. (Please note all accounts are subject to audit at any time.)

2. Detailed account information where funds collected to repay the loan are held before being transferred to your Fiscal Agent.

   Please indicate the name and address of the financial institution, exact name of account holder, and the account name and number. You must establish a ledger within your accounting system in accordance with generally accepted accounting principles to account for the receipt of funds collected to repay the loan. The ledger must identify the project number and SRF contract number. You must provide documentation showing that the ledger has been established. (Please note all accounts are subject to audit at any time.)

3. Complete and return to DWR a Security Agreement (Deposit Account) (DWR form 4279) enclosed, on the two accounts in items 1 and 2 above.

4. A Financing Statement (form UCC-1) will be completed and filed with the Secretary of State of California by DWR, enclosed. This document is filed to provide security on items of personal property including the accounts as referenced in items 1 and 2 above. **(THIS NEEDS TO BE DONE ON ALL PERSONAL PROPERTY, EQUIPMENT, AND ALL CHECKING ACCOUNTS. DO NOT DO ON MOTOR VEHICLES THAT IS DIFFERENT.)**

5. The **(entity name)** shall expend their share of project costs before the State will make any disbursements on this loan unless otherwise agreed to.

DHS Requirements

1.

All items under III must be provided before any disbursement of funds will be made.

IV. General Requirements

DHS Requirements

1. (**Name of Entity**) shall complete all technical and financial conditions of this Notice of Application Acceptance within a time frame such that a contract can be issued within 1 year from the signing of this Notice of Application Acceptance.

2. Cross-cutting Federal Authorities apply to your project; see enclosed list. Please note, as federal cross-cutting authorities apply to your project, you must include the appropriate MBE/WBE "good faith" requirements in any bid documents. (You must meet the "good faith" requirements even if you don't utilize a formal bid process.)

(There may be other items you want to add under DWR Requirements)

The United States Environmental Protection Agency has established a good faith effort process to assure MBE/WBE have the opportunity to compete to participate in federally funded procurement. This requirement applies to procurement by Drinking Water State Revolving Fund loan recipients. To comply with this requirement, your system must:

- Perform the six affirmative steps required to meet the good faith effort requirements on procurement of construction, equipment, supplies and services for this project. (**You will be required to demonstrate that you have complied with the six "good faith" steps**.)

- Report quarterly on or before January, April, July, and October on the DHS Quarterly Utilization Report, enclosed.

- Have language in all contracts and subcontracts require compliance with the above requirements.

Enclosed is a copy of the Preliminary Guidance for Loan Recipients and Prime Contractors in Meeting the Minority Owned Business Enterprise/Women-Owned Business Enterprise Fair Share Objective. Should you have any questions regarding MBE/WBE, please contact Nadine Feletto with DHS at (916) 324-3995.

Under the Federal Drinking Water State Revolving Fund Guidelines, the **(District, City, County, etc.)** is required to comply with the Single Audit Act if your entity expends $300,000 in federal awards in a year from any federal source. This Act

requires entities to conduct an audit in accordance with the Office of Management and Budget (OMB) Circular A-133. A copy of the audit is to be submitted to DWR. Information regarding the Single Audit Act can be found on the Internet at http://www.whitehouse.gov/omb/circulars/a133/a133.html.

Note: Pursuant to Government Code Section 8546.7 the contracting parties shall be subject to the examination and audit of the State or any agent thereof, and the State Auditor. Parties are also subject to examination and audit of the U.S. Environmental protection Agency, the Comptroller General of the United States, and Office of the Inspector General.

This Notice of Application Acceptance is not an authorization to begin construction. Unless prior written approval from DHS is received, initiation of construction of this project prior to the execution of a loan contract may result in this project being ineligible for financing from the SDWSRF. Therefore, if you plan to start construction early, you should immediately contact your District Office of DHS.

In order to maintain the reservation of funds in the SDWSRF account for your project, you must sign this Notice of Application Acceptance at the space provided below and return it within **30 days** of receipt to:

Department of Water Resources
Safe Drinking Water Office
Attention: **(Analyst)**, Room 804
Post Office Box 942836-0001
Sacramento, California 94236-0001

Your signature will indicate your acceptance of these terms and conditions and your intention to proceed with the project. It does not constitute any obligation on your part to enter into the loan contract. **Failure to sign and return this Notice within the time period, will result in the withdrawal of the Notice and the bypassing of your project.**

The State commends the **(entity name)** for taking steps to protect the drinking water supply for your consumers. For your convenience, a draft copy of a Source Water Protection contract is enclosed. If you have any questions regarding this Notice, please contact **(Analyst)**, DWR Associate Analyst, at (916) 653-**XXXX**.

Sincerely,

Perla Netto-Brown, Chief
Division of Fiscal Services

The terms and conditions set forth in this Notice of Application Acceptance are acceptable to the **(name of entity)** and it is our intention to continue with this project as proposed.

Signature: _____ Date: _____

Print Name: _____

Title: _____

Address: _____

_____

Enclosures

cc: Honorable _____
Member of the Assembly
State Capitol, Room____
Sacramento, California 95814

Honorable _____
Member of the Senate
State Capitol, Room ___
Sacramento, California 95814

Applicant Authorized Representative
_____
_____

Applicant Principal Contact Person
_____
_____

, Mayor
_____
_____

, President
Board of Directors
_____
_____

_____, District Engineer
_____ District
Division of Drinking Water and

Environmental Management
Department of Health Services
_____
_____

Robin Hook, SDWSRF Program Manager
Division of Drinking Water and
Environmental Management
Department of Health Services
Post Office Box 942732
Sacramento, California 94234-7320

Sylvia Ortega, Chief
Safe Drinking Water Office, Room 804
Department of Water Resources
Post Office Box 942836
Sacramento, California 94236-0001

_____, Regional Engineer
Division of Drinking Water and
Environmental Management
Department of Health Services
_____
_____

Lorri Silva
State Revolving Fund Program
Division of Drinking Water and
Environmental Management
Department of Health Services

Wayne Hubbard
Environmental Unit
Division of Drinking Water and
Environmental Management
Department of Health Services

Leah Walker
Division of Drinking Water and
Environmental Management
Department of Health Services
50 D Street, Suite 200
Santa Rosa, California 95404-4752

bcc: _____, Chief
DWR _____ District

SRF Manual
Source Water Protection (SWP)
Appendix K

Attachment 12

SWP Approval Memo to Execute Loan Contract (Example)

M e m o r a n d u m

Date: _____

To: Robin Hook, Manager
DWSRF Program
601 North 7th Street, MS 92

cc: Dat Tran, SRF Program

From: _____
_____ District Engineer

Subject: Approval to Execute SWP Loan Contract
Water System: _____
SWP Application #: _____
Project Title: _____

The _____ District has completed the review of the final plans and specifications for the above-referenced Source Water Protection Project and has determined the following:

- The plans and specification are consistent with the preliminary project approval as described in the Project Technical Report and the findings set forth in that report are still valid. **OR** The plans and specifications are consistent with the preliminary project approval as described in the Project Technical Report except for the following described changes which have been reviewed and approved by the District:
  -
  -

- The project as designed does not change any of the eligibility determinations as described in the Project Technical Report and no new ineligible project components have been added.

- **The applicant has complied with the technical conditions and deadlines listed in Items _____ recommended by the District Office and set forth in the Notice of Application Acceptance (or as subsequently revised and approved by the District). Remaining Items _____ are being monitored for compliance.**

- The specifications to be used to solicit construction bids contain the required elements necessary to comply with the federal cross-cutters. *(if necessary*)

- A final project cost breakdown has been submitted by the applicant and appears to be appropriate for purposes of executing a funding agreement.

- The final eligible project cost that should be reflected in the funding contract should be $_____.

The funding contract should contain the following recommended special conditions *(these are examples only)*:

1. Construction of the project shall be completed no later than _____.

2. The applicant shall notify the District Office when the project construction is *50*% completed.

3. The applicant shall notify the District Office when construction is completed.

SRF Manual
Source Water Protection (SWP)
Appendix K

Attachment 13

SWP Contract Transmittal Letter (Example)

EXAMPLE
SWP Contract Transmittal Letter
Source Water Protection Loan Public with Cross-cutting Federal Authorities

Date

Water System Contact
Water System Name
Water System Address
Water System City, State, Zip

SDWSRF Contract SRF# **for** (entity name)**, Project #**

Dear :

Enclosed are five copies of Safe Drinking Water State Revolving Fund Contract Number SRF1997C_____. This contract provides for a ____-year Source Water Protection loan at a ____ percent interest rate. Your estimated loan principal is $_____. The actual loan principal will be the sum of total loan disbursements. Based on these factors, your semiannual principal and interest payments will be approximately $_____. Once the **(entity name)** draws loan funds, the Department of Health Services will invoice you semiannually during construction for interest accrued on funds disbursed. Semiannual principal and interest payments will begin after project completion.

Article B-__ of your loan contract requires the accumulation of a loan repayment reserve fund equal to two semiannual payments, based upon your estimated loan principal and interest rate. This amount is approximately $____ semiannually during the first ____ years of the loan repayment period.

Reimbursement for eligible costs is expressly contingent upon the execution of a contract with the Department of Water Resources, and your **(enter District, City, County, etc.)** ability to meet all requirements for disbursement of funds pursuant to that contract. Please sign all five copies of the enclosed contract and return to:

Department of Water Resources
Safe Drinking Water Office
Attention: **(Analyst)**, Room 804
Post Office Box 942836
Sacramento, California 94236-0001

You have 60 days from the receipt of the contract to sign and return it to DWR or the proposed contract may be withdrawn. Additionally, you are required to meet DWR Requirements I(1) through I(?) within this 60-day period, or provide

DWR a written proposal with timelines to comply with these requirements. One fully executed copy of the contract will be returned to you.

Please be advised that subsequent to contract execution you may request a **one-time** increase in funding. Such request must be **based upon competitive bids**. Approval of your request may be granted or denied at the sole discretion of the State, subject to funding availability and your financial qualifications.

(Refer to Notice of Application Acceptance and include all items not completed)

IV. Prior to final execution of the contract by DWR, the following items must be provided:

DWR Requirements

1. The services of a Fiscal Agent must be secured to assist in administering repayment of the loan. Complete and return to DWR a Fiscal Services Agreement (DWR form 4280), in triplicate with original signatures on all copies, enclosed.

2. Complete and sign a Payee Data Record (STD 204), enclosed. This form is to be returned with the signed contract. DWR will forward it with the final contract to DHS.

3. Sign and return a Certification Regarding Lobbying form, enclosed. (Only applies if loan exceeds $150,000.

DHS Requirements

1.

All items under I must be provided before final execution of the contract by DWR.

V. Prior to disbursement of funds, the following items must be provided:

DWR Requirements

1. Evidence that a separate checking account or a separate ledger has been established to account for funds received from the State.

   Please indicate the name and address of the financial institution, exact name of account holder, and the account name and number. You must establish a ledger within your accounting system in accordance with generally accepted accounting principles to account for all funds received from the State. The ledger must identify the project number and SRF contract number. You must

provide documentation showing that the ledger has been established. (Please note all accounts are subject to audit at any time.)

2. Detailed account information where funds collected to repay the loan are held before being transferred to your Fiscal Agent.

   Please indicate the name and address of the financial institution, exact name of account holder, and the account name and number. You must establish a ledger within your accounting system in accordance with generally accepted accounting principles to account for the receipt of funds collected to repay the loan. The ledger must identify the project number and SRF contract number. You must provide documentation showing that the ledger has been established. (Please note all accounts are subject to audit at any time.)

3. Complete and return to DWR a Security Agreement (Deposit Account) (DWR form 4279) enclosed, on the two accounts in items 1 and 2 above.

4. A Financing Statement (form UCC-1) will be completed and filed with the Secretary of State of California by DWR, enclosed. This document is filed to provide security on items of personal property including the accounts as referenced in items 1 and 2 above. **(THIS NEEDS TO BE DONE ON ALL PERSONAL PROPERTY, EQUIPMENT, AND ALL CHECKING ACCOUNTS. DO NOT DO ON MOTOR VEHICLES THAT IS DIFFERENT.)**

(Use if applicable)

5. The **(entity name)** shall expend their share of project costs before the State will make any disbursements on this loan unless otherwise agreed to.

DHS Requirements

1.

   All items under II must be provided before any disbursement of funds will be made.

III. General Requirements

<u>DHS Requirements</u>

1. Cross-cutting Federal Authorities apply to your project: see enclosed list. Please note, as federal cross-cutting authorities apply to your project, you must include the appropriate MBE/WBE “good faith” requirements in any bid documents. (You must meet the “good faith” requirements even if you don’t utilize a formal bid process.)

The United States Environmental Protection Agency has established a good faith effort process to assure MBE/WBE have the opportunity to compete to participate in federally funded procurement. This requirement applies to procurement by Drinking Water State Revolving Fund loan recipients. To comply with this requirement, your system must:

- Perform the six affirmative steps required to meet the good faith effort requirements on procurement of construction, equipment, supplies and services for this project. **(You will be required to demonstrate that you have complied with the six "good faith" steps.)**

- Report quarterly on or before January, April, July, and October on the DHS Quarterly Utilization Report, enclosed.

- Have language in all contracts and subcontracts require compliance with the above requirements.

Enclosed you will find a copy of the Preliminary Guidance for Loan Recipients and Prime Contractors in Meeting the Minority Owned Business Enterprise/Women-Owned Business Enterprise Fair Share Objective. Should you have any questions regarding MBE/WBE, please contact Nadine Feletto with DHS at (916) 324-3995.

Failure to comply with any of the terms and conditions or requirements above or in the contract, may result in a withdrawal of the State's funding offer or contract. If, for any unforeseen reason, you are unable to comply with any of the requirements, you should contact your District Office of DHS as soon as possible.

Under the Federal Drinking Water State Revolving Fund Guidelines, the **(District, City, County, etc.)** is required to comply with the Single Audit Act if your entity expends $300,000 in federal awards in a year from any federal source. This Act requires entities to conduct an audit in accordance with the Office of Management and Budget (OMB) Circular A-133. A copy of the audit is to be submitted to DWR. Information regarding the Single Audit Act can be found on the Internet at http://www.whitehouse.gov/omb/circulars/a133/a133.html.

Enclosed are copies of claim forms 4277, 4277a, and 4277c, together with a sample packet. You can make copy any of the 4277 forms as needed. You may also download them from the website http://wwwdms.water.ca.gov/mao/public/forms/index.html. When funds are requested, the original and three copies of the forms and attachments are to be sent to DWR at the aforementioned address. In addition, one copy of the forms and attachments is to be sent to DHS at:

_____District Engineer
_____District
Division of Drinking Water and
Environmental Management

Department of Health Services
_____
_____

The State commends the **(entity name)** for taking steps to protect the drinking water supply for your consumers. If you have any questions, please contact **(Analyst)**, DWR Associate Analyst, at (916) 653-**XXXX**.

Sincerely,

Perla Netto-Brown, Chief
Division of Fiscal Services

Enclosures

cc: Applicant Authorized Representative
_____
_____

Applicant Principal Contact Person
_____
_____

, Mayor
_____
_____

, President
Board of Directors
_____
_____

_____, District Engineer
_____ District
Division of Drinking Water and
Environmental Management
Department of Health Services
_____
_____

Robin Hook, SDWSRF Program Manager
Division of Drinking Water and

Environmental Management
Department of Health Services
Post Office Box 942732
Sacramento, California 94234-7320

Sylvia Ortega, Chief
Safe Drinking Water Office, Room 804
Department of Water Resources
Post Office Box 942836
Sacramento, California 94236-0001

_____, Regional Engineer
Division of Drinking Water and
Environmental Management
Department of Health Services
_____
_____
_____

Lorri Silva
State Revolving Fund Program
Division of Drinking Water and
Environmental Management
Department of Health Services

Wayne Hubbard
Environmental Unit
Division of Drinking Water and
Environmental Management
Department of Health Services

Leah Walker
Division of Drinking Water and
Environmental Management
Department of Health Services
50 D Street, Suite 200
Santa Rosa, California 95404-4752

bcc: _____, Chief
DWR _____ District