Bill No:	AB 682	**Hearing Date:**	June 22, 2023
Author:	Mathis		
Version:	March 20, 2023 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Genevieve Wong		

Subject: State Water Resources Control Board: online search tool: funding applications

BACKGROUND AND EXISTING LAW

The State Water Resource Control Board's (SWRCB) loan and grant application process. Water systems are often eligible for funding from several sources and for different aspects of projects. They may apply for funding to assist in the planning and design or construction of new infrastructure projects, or for the operation and maintenance of existing infrastructure. Water systems may apply for financial assistance for both the design and the construction phases of their projects.

Applications for funding require water systems to provide SWRCB with general project information, as well as information about the project's technical and environmental aspects. The application must also include information about the water system's ability to repay the loan for the project.

SWRCB also provides support and technical assistance to water systems that need assistance with the application process. Once a water system submits an application, a Division of Financial Assistance project manager reviews it for completeness and contacts the applicant to obtain any missing information. Following review of the project submittals, SWRCB determines the amount and source of funding to award the water system. It then drafts a financing agreement for the projects.

State Auditor Report. In July 2022, the Auditor of the State of California released the report, *State Water Resources Control Board: It Lacks the Urgency Necessary to Ensure that Failing Water Systems Received Needed Assistance in a Timely Manner.* The report, among other things, found that,

> "…over the last five years, the average amount of time it took for water systems to complete their applications for these funds, and then for [SWRCB] to review them and award funding, has nearly doubled from an average of 17 months in 2017 to 33 months in 2021. A key reason for this trend is that in recent years, because of a change in state law, [SWRCB]'s focus has shifted to helping smaller, potentially less sophisticated, water systems. According to [SWRCB] staff, working with a greater number of smaller water systems has increased its application processing times. Even so, our survey of water systems and observations from our review of a selection of applications indicate that [SWRCB]'s cumbersome application process, and its lack of sufficient communication and follow-up with water systems, are also contributing factors to funding delays."

The report makes a number of recommendations as a result of the audit including, among others, that SWRCB evaluate its progress in meeting its performance goals and assess whether its current staffing levels are sufficient, develop a process to fast-track urgent water projects, review and revise its credit review process, and establish expectations on how quickly initial applications will be renewed. To increase transparency in the funding process and make its online search tool more useful to water systems, the audit recommended that SWRCB update its online search tool for funding applications to include:

- A description of additional information SWRCB needs from the water system to continue processing its application.
- Any deadlines SWRCB has issued to the water system to provide additional information.
- The cause of any prolonged delays in the process, including the need for reviews by external parties.
- The date SWRCB expects to complete its reviews and award funding to the water system.

PROPOSED LAW

This bill requires SWRCB to, by January 1, 2025, update its online search tool for funding applications to include, at a minimum, all of the following information:

1) A description of the additional information SWRCB requires from a water system to continue processing the water system's application;

2) The date SWRCB requested the water system to provide additional information;

3) The cause of any prolonged delays in the process; and,

4) A description of the typical steps that must be completed before a funding agreement can be executed after receipt of a complete application.

ARGUMENTS IN SUPPORT
According to the author, "AB 682 is a necessary and common-sense measure to modernize and improve the transparency of the water application process. Access to clean and safe water is not a partisan issue, but a human right, and this bill will help infrastructure developments within the state to ensure that every Californian has access to water."

ARGUMENTS IN OPPOSITION
None received

COMMENTS

Double referral. This bill is double referred with the Senate Environmental Quality Committee, with this committee being the committee of second referral. Elements of this bill under the jurisdiction of the Senate Environmental Quality Committee are

included here for context and completeness only. The Senate Environmental Quality Committee heard this bill on June 7, 2023, and passed it out of committee with a vote of 7-0.

Bill necessity. AB 682 seeks to implement the State Auditor's recommendations to update its online search tool for funding applications. However, it appears that SWRCB may already be in the process of updating its online search tool. The online search tool, accessed through the "Mobile Application Project Status Report for public access" quick link on SWRCB's Financial Assistance page,[1] provides the status of the "general package", "technical package", "environmental package", and "financial package". Below is an example of the information available online.

Application Status

Applicant: �—————— City of
Project Title: �—————————————————
Project #:   �—————
County: �—————
Amount Requested: $1,000,000.00

General Package

ⓘ Package Received: <u>No</u>

ⓘ Checklist Review Complete: <u>No</u>

Status: <u>Additional documents requested by the project manager</u>

Status Date: <u>05/01/2023</u>

Technical Package

ⓘ Package Received: <u>No</u>

ⓘ Checklist Review Complete: <u>No</u>

Status: <u>Additional documents requested by the project manager</u>

Status Date: <u>05/01/2023</u>

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[1] https://public.waterboards.ca.gov/dfaAppSTAT/

Environmental Package

ⓘ Package Received: 05/01/2023

ⓘ Checklist Review Complete: 05/01/2023

Status: Application Review Complete

Status Date: 05/01/2023

Financial Package

ⓘ Package Received: 05/01/2023

ⓘ Checklist Review Complete: 05/01/2023

Status: Application Review Complete

Status Date: 05/01/2023

Supervising Engineer Project Approval:	Draft Agreement Completed:	Agreement Mailed to Applicant:

- Project Managers typically confirm the quality of documents submitted and convey incomplete items to the applicant within 30 days of receiving a complete application package.

- Applicants are generally asked to submit supplemental information within 30 days of being notified by the Project Manager to address quality review comments, observations, or questions.

- Applicants are typically issued a funding agreement for signature within 2.5 months from the date the Supervising Engineer approves the project.

Contact my Project Manager

Contact Division of Financial Assistance

Request Technical Assistance

As indicated in the example above, the online search tool provides the status of each "package," as well as whether additional information is being requested by the project manager. The online search tool also indicates the date for "Supervising Engineer Project Approval", "Draft Agreement Completed", and "Agreement Mailed to Applicant", as well as a typical timeline for application. While the bill would also require SWRCB to provide a description of the additional information needed and the cause of any prolonged delays, this information could likely be available by contacting the project manager.

SUPPORT
California Municipal Utilities Association
WateReuse Association

OPPOSITION
None Received

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