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JOINT LEGISLATIVE AUDIT COMMITTEE RUDY SALAS JR., CHAIR

May 25, 2021

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Members
Joint Legislative Audit Committee
1020 N Street, Room 107
Sacramento, CA 95814

Dear Members of the Committee,

I respectfully request the Joint Legislative Audit Committee approve a performance audit regarding the California State Water Resources Control Board's (State Water Board) efforts to help provide Californians with clean drinking water. One million Californians—living in the fifth largest economy of the world—do not have safe and affordable drinking water. The State Water Board recently stated that of the 7,800 public water systems in California, about 345 do not meet safe drinking water standards. The communities most impacted by a lack of clean drinking water are small and rural; many are farmworker communities, like many of the communities in my district.

State Water Board

In 2012, California was the first state to enact a Human Right to Water law. The law stated that “every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.” This Human Right to Water is a core value and high priority to the State Water Board and its programs, plans and policies.

The State Water Board's Division of Financial Assistance provides loans and grants for constructing drinking water treatment and distribution systems, municipal sewage and water recycling facilities, remediation for groundwater contamination, etc. The Division has several financial programs to help local agencies, public water systems, and others prevent or clean up pollution of the State's water and provide safe drinking water. California's Drinking Water State Revolving Fund (DWSRF), which is administered by the Division, provides low-interest loans, subsidies (e.g., principal forgiveness) and technical assistance to public water systems to improve water quality. The Clean Water State Revolving Fund (CWSRF), which is also administered by the Division, helps communities provide clean drinking water by providing below-market interest rates on loans and grants.

The Technical Assistance Funding (TAF) program provides help to small, disadvantaged communities to develop, fund, and implement eligible drinking water, groundwater, wastewater,

or stormwater projects. This includes coordination and development of capital improvement projects, facilitation of operation and maintenance, engineering and environmental analysis, and financial analysis.

The State Water Board's Safe and Affordable Funding for Equity and Resilience (SAFER) program proactively identifies and reaches out to water systems out of compliance with water standards to walk them through the SAFER application process and to collaborate on solutions, which involve obtaining input from the community.

Proposed Scope of Audit

I respectfully request that the Joint Legislative Audit Committee approve this request to have the State Auditor provide oversight and thoughts on how best to provide safe drinking water to the million Californians without it. Specifically, this audit will look at efforts by the California Water Resources Board (State Water Board). The audit should also cover the following:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Review the State Water Board's efforts to provide funds and assistance to ensure clean water to Californians who lack it. Provide information regarding where Californians lack clean drinking water and where the State Water Board's efforts, funding and relevant projects are located.
3. Review and evaluate the processes used by the State Water Board for reviewing and awarding loans through the DWSRF and CWSRF programs to finance the cost of infrastructure needed to achieve or to maintain compliance with federal and state clean water requirements.
4. Assess the metrics the State Water Board uses to evaluate loan applications, and determine whether it applied these metrics consistently across all loan applicants.
5. Evaluate the timeliness and effectiveness of the State Water Board's processing of applications for loans.
6. Determine whether the State Water Board is ensuring that loan recipients are using funds in compliance with applicable statutes, and State Water Board policies.
7. Analyze data and information for the most recent five years concerning the DWSRF and CWSRF programs, including the number and types of eligible applicants, the number and types of projects, financing terms, such as interest rate, loan repayment and principal forgiveness, and other information pertinent to program effectiveness.
8. Evaluate the State Water Board's outreach efforts to promote and encourage participation by disadvantaged communities. To the extent possible, evaluate the demand for clean water and drinking water from disadvantage communities throughout California. Also determine if its outreach efforts appropriately focus on these communities most in need.

9. Review and assess the TAF program that is available to address the drinking water and wastewater needs of small disadvantaged communities throughout California.
 - a. Determine and assess the coordination, if any, between the TAF program and other programs to meet the needs of these small, disadvantaged communities.
 - b. Identify how many communities have received assistance from the TAF program and where they are located.
 - c. Determine whether the State Water Board has implemented the TAF program effectively.
10. Review efforts by the SAFER program to proactively identify, reach out, and assist water systems
11. Conduct a customer survey of water systems or communities out of compliance with clean water standards regarding the State Water Board's efforts and programs.

Thank you for your consideration of my audit request. If you have any questions, please do not hesitate to contact me.

Sincerely,



RUDY SALAS, Chair
Joint Legislative Audit Committee
Assemblymember, 32nd District



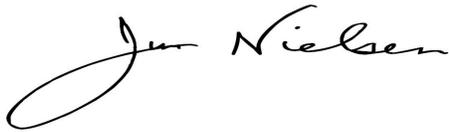
Honorable Andreas Borgeas
Senator, 8th District



Honorable Melissa Hurtado
Senator, 14th District



Honorable Devon Mathis
Assemblymember, 26th District



Honorable Jim Nielsen
Senator, 4th District



Honorable Sharon Quirk-Silva
Assemblymember, 65th District



Honorable Robert Rivas
Assemblymember, 30th District



Honorable Freddie Rodriguez
Assemblymember, 52nd District



Honorable Carlos Villapudua
Assemblymember, 13th District