California Water Law Symposium
Mechanisms for and Barriers to Providing Safe Drinking Water to Vulnerable Communities

January 24, 2026

State Water Resources Control Board Drinking Water Funding

CALIFORNIA
Water Boards

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Disclaimer: any opinions expressed during this presentation are my own and are not official opinions of the Water Boards.

2024 Cost Assessment – almost $5 billion needed for Failing and At-Risk Systems

The 2024 Needs Assessment included an updated Cost Assessment results for Failing and At-Risk public water systems. The following points summarize the results:

1. Estimated long-term and interim cost needs for Failing and At-Risk public water systems in DACs only was approximately $3.7 billion (69%) of the total estimated need for Failing and At-Risk systems. The Cost Assessment estimated $1.75 billion for Failing DAC public systems and $1.97 billion for At-Risk DAC public water systems.
2. Total estimated cost for long-term solutions for all Failing and At-Risk public water systems was $4.9 billion, which was approximately $1.5 billion (44%) higher than the 2021 Cost Assessment results.
3. The total estimated cost for interim solutions for all Failing and At-Risk public water systems was $466 million. This was approximately $379 million (45%) lower than the 2021 Cost Assessment results.

The 2024 Cost Assessment also estimated the total long-term and interim cost needs for high-risk state small water systems and domestic wells to be approximately $4.9 billion.

https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/documents/needs/2025needsassessment.pdf

Water System Funding

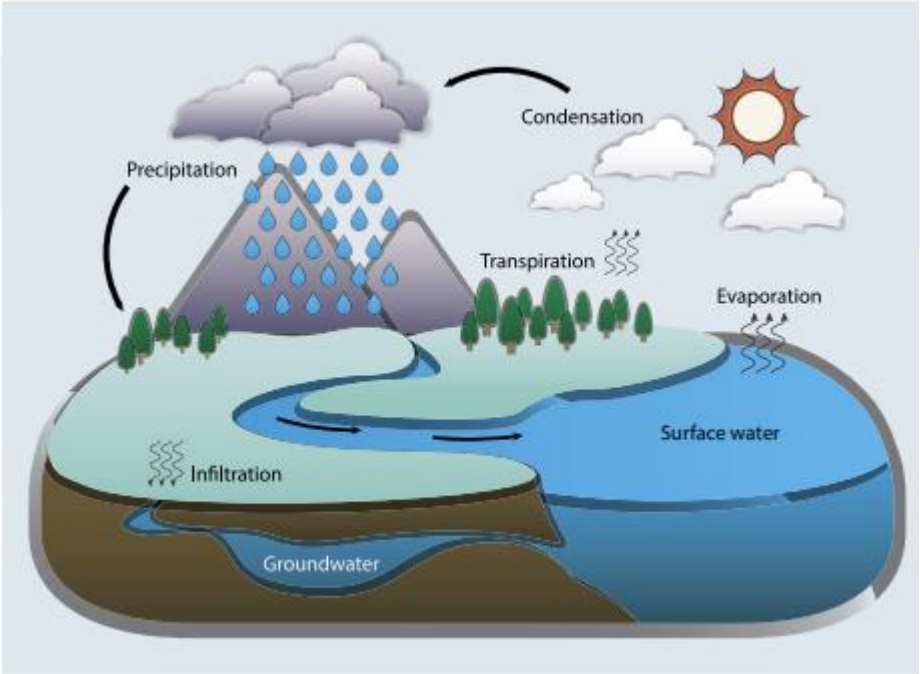
- **Water bills**
- **Taxes**
- **Bond issuance**
- **Loans**
- **Other**
- **Government loans and grants**
  - Federal (e.g., U.S. EPA, U.S. Bureau of Reclamation, U.S.D.A.)
  - State (e.g., State Water Board, Department of Water Resources)

Barriers

- **Inflation – high cost of projects**
- **Low income**
  - Disadvantaged communities (below 80% of statewide median household income)
  - Severely disadvantaged communities (below 60% of statewide median household income)
- **Smaller water systems**
- **Technical, managerial, and financial (TMF) capacity to operate**
- **Prop. 218 restrictions**
  - Cal. Const., art. XIII.D, § 6 – property related fees and charges are subject to public hearing, majority protest, and cannot "exceed the proportional cost of the service attributable to the parcel."
  - Cal. Const., art. XIII.C – special taxes require 2/3 vote.

Financial Assistance

- **Drinking Water**
- Clean Water/Wastewater
- Underground Storage Tanks
- Water Recycling
- Groundwater
- Stormwater
- Other



https://www.waterboards.ca.gov/drinking_water/safedrinkingwaterplan/docs/ExecSumPlan_Report.pdf

https://www.gov.ca.gov/2025/12/02/2-9-billion-gallons-of-clean-drinking-water-added-to-californias-supply-with-new-investments/?utm_medium=email&utm_source=govdelivery

Drinking Water Funding Sources

- Federal Drinking Water State Revolving Fund (**DWSRF**)
  - Established by federal Safe Drinking Water Act
  - Annual federal grants
  - Mostly construction projects
  - Loans ("revolve"), grants/principal forgiveness to PWS

- State Safe and Affordable Drinking Water Fund (**SADW**)
  - In addition to construction: technical assistance, urgent needs such as bottled/hauled water, O&M, administrators. (Health & Saf. Code, § 116765 et seq.)

- State general fund appropriations – depends on state budget

- State general obligation bond acts

Example of general obligation bond act: Prop. 4, The Safe Drinking Water Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 (Senate Bill 867, Allen)

Funds to be administered by the State Water Board:

- $90M in 2025 for drinking water infrastructure projects. Additional $10M for tribal drinking water projects. (Pub. Resources Code, § 91011; Budget Act of 2025.)
- $150M in 2025 for water reuse and recycling projects. (Pub. Resources Code, § 91014; Budget Act of 2025.)

Bipartisan Infrastructure Law a.k.a. Infrastructure Investment and Jobs Act (BIL/IIJA), Nov. 2021

- BIL/IIJA provided "**the single largest investment in clean water that the federal government has ever made**." (U.S. EPA, March 8, 2022 implementation memo.)
- **Extra Funds to DWSRF programs from 2022-2026**:

  (1) general DWSRF purposes

  (2) to address emerging contaminants with a focus on perfluoroalkyl and polyfluoroalkyl substances (PFAS)

  (3) to inventory and replace lead service lines.

- Emerging Contaminants in Small or Disadvantaged Communities (EC-SDC)

(BIL/IIJA, PL 117-58, § 50105, 50110.)

Funding Application Reviews

- Financial
- Environmental (CEQA) plus federal requirements if applicable
- Technical
- Legal

DWSRF – sources of rules

Drinking Water State Revolving Fund

- **Federal**
  - Statute, 42 U.S.C. § 300j-12
  - Regulations, 40 C.F.R. part 35, subpart L
  - Operating agreement between U.S. EPA and state
  - Capitalization grant from U.S. EPA
  - Uniform Grant Guidelines, 2 C.F.R. part 200
  - U.S. EPA guidance handbooks, memos, etc.
  - U.S. EPA regulations, 2 C.F.R. part 1500
- **State**
  - Statute, Health & Saf. Code, § 116760 et seq.
  - DWSRF Policy handbook
  - DWSRF Intended Use Plan (IUP, annual)
  - State Water Board resolutions
  - Requirements associated with complementary funding sources
- **Cross-cutting laws**: state and federal environmental review (e.g., California Environmental Quality Act), labor, contracting, social policy (e.g., civil rights), Executive Orders, etc.

2025 New Presidential Administration

U.S. Environmental Protection Agency's "Five Pillars"

As announced on Feb. 4, 2025:

- **Pillar 1: Clean Air, Land, and Water for Every American**
- **Pillar 2: Restore American Energy Dominance**
- **Pillar 3: Permitting Reform, Cooperative Federalism, and Cross-Agency Partnership**
    - *"Any business that wants to invest in America should be able to do so without having to face years-long, uncertain, and costly permitting processes that deter them from doing business in our country in the first place**. It will be important for the EPA to work with our partners at the state and federal levels to ensure projects are being approved** and companies can invest billions of dollars into our nation. **Streamlining these processes**, while partnering with businesses to follow the necessary steps to safeguard our environment, will incentivize investment into our economy and create American jobs,"* said Administrator Zeldin.
- **Pillar 4: Make the United States the Artificial Intelligence Capital of the World**
- **Pillar 5: Protecting and Bringing Back American Auto Jobs**

(https://www.epa.gov/newsreleases/**epa-administrator-lee-zeldin-announces-epas-powering-great-american-comeback**).

Federal Executive Orders (2025)
Policy Priorities, Regulatory Streamlining

- Temporarily paused disbursements under BIL/IIJA; ordered National Environmental Policy Act regulations rescinded, revised. (EO 14154 "Unleashing American Energy" (1/20/2025).)
- President will provide authoritative interpretations of law for the executive branch; review of regulations and grants to align with the President's policy priorities. EO 14215 (2/18/2025), EO 14219 (2/19/2025), EO 14332 (8/7/2025).
- Plan to streamline major water-supply and storage projects by reducing regulations. (EO 14181 (1/24/2025).)
- Reduce regulations. (EO 14192 (1/31/2025).)

https://www.federalregister.gov/presidential-documents/executive-orders/donald-trump/2025

Federal Executive Orders (2025) **Reductions in Force**

- EO 14210 (2/11/2025) “Implementing the President’s ‘Department of Government Efficiency’ Workforce Optimization Initiative”
  - Reductions in Force (RIF)
  - References Jan. 20, 2025 Memorandum (Hiring Freeze). Plan to hire no more than 1 employee to replace every 4 that depart, except “public safety, immigration enforcement, or law enforcement”. Military also exempt, agency heads may exempt national security, Homeland Security, public safety, OPM may grant exemptions.

- EO 14356 (10/15/2025) “Ensuring Continued Accountability in Federal Hiring”
  - Prevents additional hiring except as permitted by a “Strategic Hiring Committee” to “ensure that agency hiring is consistent with the national interest, agency needs, and the priorities of my Administration.”

- EO 14170 (1/20/2025) “Reforming the Federal Hiring Process. . . “
  - Plan to “prevent the hiring of individuals based on their race, sex, or religion, and prevent the hiring of individuals who are unwilling to defend the Constitution or to faithfully serve the Executive Branch.”
- Federal government shutdown/reduced staffing due to lapse in appropriations Oct. 1 - Nov. 12, 2025.

https://www.federalregister.gov/presidential-documents/executive-orders/donald-trump/2025

Federal Executive Orders (2025)
EJ, DEI, Climate

- Terminated diversity, equity, and inclusion (DEI) and environmental justice (EJ) “equity-related” grants. Rescinded prior EO’s related to climate and EJ. (EO 14151 “Ending Radical and Wasteful Government DEI Programs and Preferencing” (1/20/2025).)
- Revoked certain EO’s related to DEI, including nondiscrimination EO’s 11246 and 12898 (EJ), “encourages” end to DEI in private sector. (EO 14173 “Ending Illegal Discrimination and Restoring Merit-Based Opportunity” (1/21/2025).)

https://www.federalregister.gov/presidential-documents/executive-orders/donald-trump/2025

Looking ahead to 2026 and beyond

- Final BIL/IIJA grants (last of 5 years) – “fiscal cliff”
- Congressionally directed spending (earmarks) reduce DWSRF grants
- State funding depends on annual budget
- Recall, almost $5 billion needed to address needs for Failing and At-Risk Public Water Systems in CA.

Thank you!

References

- https://www.waterboards.ca.gov/water_issues/programs/grants_loans/sustainable_water_solutions/safer.html
- https://www.waterboards.ca.gov/water_issues/programs/grants_loans/urgent_water_needs.html
- https://www.waterboards.ca.gov/drinking_water/services/funding/SRF.html
- https://www.gov.ca.gov/2025/12/02/2-9-billion-gallons-of-clean-drinking-water-added-to-californias-supply-with-new-investments/?utm_medium=email&utm_source=govdelivery
- https://www.epa.gov/guidance
- https://www.federalregister.gov/presidential-documents/executive-orders/donald-trump/2025

Definitions

- **Public Water Systems (PWS)** regularly serve => 15 service connections or => 25 residents for at least 60 days/year.
- **Community water systems (CWS)** – PWS used by yearlong residents. Can be privately-owned or publicly-owned.
- **Noncommunity water systems (NCWS) –** PWS that is not a CWS (such as a school).
- **State Small Water System** – Not a PWS, between 5-14 service connections and <25 residents.

(Health & Saf. Code, § 117275.)

DWSRF

Statutory TMF Requirement

(42 U.S.C. § 300j-12(a)(3).)

(A) ". . . no assistance under this section shall be provided to a public water system that –

(i) does not have the **technical, managerial, and financial capability** to ensure compliance with the requirements of this subchapter, or

(ii) Is in significant noncompliance with any requirement of a national primary drinking water regulation or variance.

(B) A public water system described in subparagraph (A) may receive assistance under this section if –

(i) The use of the assistance will ensure compliance, and

(ii) ". . . . The owner or operator of the system agrees to undertake feasible and appropriate changes in operations (including ownership, management, accounting, rates, maintenance, consolidation, alternative water supply, or other procedures) if the State determines that the measures are necessary to ensure that the system has the [TMF] to comply with the requirements of this subchapter over the long term.

Dec 2, 2025

2.9 billion gallons of clean drinking water added to California's supply with new investments

What you need to know: Governor Newsom's strategy to create more water infrastructure continues, with eight new projects up and down the state to add 2.9 billion gallons to the state water supply. The projects improve local water systems across California to increase wastewater recycling, keep sewage away from groundwater, remove forever chemicals from drinking water, and desalinate brackish river water.

New water projects in California

The projects throughout the state were funded by nearly $590 million in grants and low-interest loans, including funding from the **Clean Water** and **Drinking Water** State Revolving Funds. During the past fiscal year, the State Water Board **invested $2 billion** to support new projects in 390 communities. When these projects complete in the years to come, they will benefit nearly half the state's population. And since 2019, the board has distributed over $11 billion in financial assistance.

"As we build the water and wastewater infrastructure California needs to prepare for a hotter, drier climate with more extreme weather, state investment is accelerating projects in large towns and cities, as well as **small, rural communities**," said State Water Board Chair, E. Joaquin Esquivel. "Major state and federal infrastructure commitments in recent years have enabled the board to offer significant levels of grants and low-interest financing that keep vital projects affordable. The board will continue to act as the engine for distributing these investments year on year, so communities will have the water they need in the future."

https://www.gov.ca.gov/2025/12/02/2-9-billion-gallons-of-clean-drinking-water-added-to-californias-supply-with-new-investments/?utm_medium=email&utm_source=govdelivery