

# DIRECT OPERATION AND MAINTENANCE FUNDING APPLICATION

**Instructions:** Complete the application below and submit, along with requested attachments, via email to [DFA-SADW-Fund@waterboards.ca.gov](mailto:DFA-SADW-Fund@waterboards.ca.gov)

If you need assistance completing this application, please contact Lydia Montgomery at 1-916-449-5597 or by email at [Lydia.Montgomery@waterboards.ca.gov](mailto:Lydia.Montgomery@waterboards.ca.gov)

## A. APPLICANT INFORMATION

1. Legal Entity Name:

(This should be exactly the name that is on the TaxID form)

2. Mailing Address:

3. Federal Tax Identification Number:

4. Indicate type of applicant (check all that apply) and include applicable documentation (See instructions below for further information)

☐ Tribal Government

☐ Public Agency

☐ Municipality    ☐ County Agency    ☐ Special District    ☐ State Agency

☐ Public School    ☐ Other:

☐ Private Entity (If selected, **Applicant must complete Section G**)

5. Authorized Representative

Please enter in the following information pertaining to the person authorized or delegated to represent the applicant and sign the financing agreement and accept funding from the State Water Board. Note that all documents submitted as part of the application and requiring a signature must be signed by an authorized representative of the entity, or someone who is delegated by the authorized representative.

First and Last Name:

Title:

Organization:

Mailing Address:

City:

County:

State:

Zip Code:

Phone Number:

Email Address:

6. Contact Information for Person Submitting Application

Please enter in the following information for the person submitting this application. The person submitting the application has been granted the authority to act in the capacity of applying on behalf of the legal entity and is the authorized contact for the State Water Board staff regarding the processing of the application.

(this may be the same as the authorized or delegated representative)

Application Contact First and Last Name:

Title:

Organization:

Phone Number:

Email Address:

**B. PUBLIC WATER SYSTEM INFORMATION**

☐ Not applicable (skip to next section)

1. Water System Name:

2. Water System Classification:

☐ Community

☐ Non-transient Non-community

☐ Transient Non-community

3. Water System Number:

4. Number of Service Connections:

5. Population Served:

6. Number of Households or Connections:

7. Percentage of homes that are secondary or vacation

8. Community Address:

9. GPS Coordinates (Latitude, Longitude):

10. Is this an economically disadvantaged community?

☐ Yes

☐ No

Note: All applicants except public schools must serve a disadvantaged community (DAC) or severely disadvantaged community (SDAC) to be eligible for funding.

Note: “Disadvantaged community” means a community with an annual median household income (MHI) that is less than 80 percent of the statewide annual MHI. An SDAC means a community with an MHI that is less than 60 percent of the statewide annual MHI. MHI data is available through the U.S. Census Website at: <https://data.census.gov/>

A small disadvantaged community refers to a disadvantaged community that has a yearlong population of no more than 10,000 persons.

11. Annual MHI of community:

12. Describe how the MHI was determined and attach supporting documentation.

13. Describe the existing water system infrastructure.

14. Indicate if the water system is regulated by Division of Drinking Water or Local Primacy Agency:

☐ Division of Drinking Water (DDW)      ☐ Local Primacy Agency (LPA)

a. Identify the DDW District Office or LPA below and provide the contact person and contact information for that agency.

### C. WATER SYSTEM ISSUES IMPACTING AFFORDABILITY

1. Indicate O&M Eligibility Category:

☐ **Group 1-Statewide Prioritization**<sup>1</sup> - Answer questions 2, 3, 4, 5, & 11 below.

Group 1 Eligibility Criteria

- Small DAC or small SDAC water systems that have water rates that are above 2.5 % of the community's MHI, and
- Water systems that have a high affordability burden per the most updated Affordability Assessment.

☐ **Group 2- Case by Case** - Answer all the questions in Section C.

Group 2 projects may be considered for O&M funding on a case-by-case basis. Please describe below the O&M assistance need of the water system.

2. Provide the average monthly water rate in the water system service area.

a. Water system service area average residential monthly water rate:

b. Indicate all currently applicable types of rates, surcharges, assessments, and fees (check all that apply).

- |   |  |
|---|--|
| <input type="checkbox"/> Flat Fee   | <input type="checkbox"/> Uniform Rate            |
| <input type="checkbox"/> Increasing Block Rate                              | <input type="checkbox"/> Declining Block Rate    |
| <input type="checkbox"/> Seasonal Rate                                      | <input type="checkbox"/> Drought Rate            |
| <input type="checkbox"/> Water Budget Based Rate                            | <input type="checkbox"/> Property Tax/Assessment |
| <input type="checkbox"/> Assessment on Mutual Water Company Shares of Stock |  |
| <input type="checkbox"/> Deferred Capital Expense Surcharge                 |  |
| <input type="checkbox"/> Loan Repayment Surcharge                           |  |
| <input type="checkbox"/> Other [describe]                                   |  |

c. Are all of the above that apply included in the calculation of the customer average monthly rate indicated in section 2.a?

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<sup>1</sup> Water System may have received a notification that it was preliminary identified by DFA staff as a Group 1 project.

☐ Yes      ☐ No [explain]

- d. Does the water system have any other sources of revenue other than the rates and fees charged to the customers?

☐ Yes [describe]      ☐ No

- e. Provide the date of the last water rate adoption for all applicable rates and charges:

- f. If the system has a volumetric rate, please describe below.

- g. If the system is not currently on a volumetric rate, please describe below if there are any plans to install meters and convert to a volumetric rate.

- h. Provide the water system's monthly revenue and monthly operational costs.

3. Indicate the types of processes used for setting rates and charges for the water system for which the Applicant seeks the O&M funding (check all that apply).

- ☐ Prop 218 - Rate Increase Process  
☐ CPUC General Rate Case Process - Class A  
☐ CPUC General Rate Case Informal Process - Small Utilities  
☐ CPUC Balancing Account Review and Approval Process  
☐ CPUC Loan Repayment Surcharge Approval Process  
☐ Other [describe]

4. For K-12 public schools with no monthly water rate, identify current budget allocated for O&M of the water system and current operational costs.

5. Has Technical, Managerial and Financial (TMF) Evaluation been conducted on the Water System? Does the Water System have recent audited financials?

☐ Yes (Please explain the evaluation and results below)      ☐ No

6. Does the Water System have any future plans to conduct a Prop 218 Process?

☐ Yes (Please provide details below)      ☐ No (explain)

7. Identify any factors facing the water system that may cause water service to discontinue due to the revenue shortfall. (e.g., increased treatment costs, loss of revenue due to wildfires)

8. Identify any existing debt burdens of the water system. Please include dates when each debt was incurred and profit/loss statements.

9. If applicable, explain how using O&M assistance to satisfy part of or all long-term debt service obligations will be the most cost-effective way to remove a financial barrier to long-term sustainability and improved affordability for customers of the system.

10. Describe any O&M assistance need, or affordability challenges facing the water system.

11. Please describe the estimated monthly water usage of the water system and describe if there are any conservation measures being planned or currently being implemented to help reduce water usage.

## **D. ESTIMATED TOTAL O&M PROJECT COSTS (3 YEAR BUDGET)**

1. Estimated total O&M costs for the system:
2. Amount of O&M funding requested<sup>2</sup>:

Please attach a cost breakdown/budget for the proposed project. Group 1 Statewide Prioritization water systems that received a Notification letter should work with the identified project manager to determine the O&M funding amount.

## **E. OTHER FUNDING SOURCES**

2. Indicate the applicant's balance of available reserves:
  - a. Please describe where the balance is shown on the submitted financial statements.

- b. If the applicant does not have available reserves, please explain why.

## **F. LONG-TERM SOLUTION**

1. Are there any plans for a long-term solution to address the affordability challenges and make the system more sustainable and affordable for customers in the future?

☐ Yes      ☐ No (Please explain)

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<sup>2</sup> Please note there could be tax implications for the systems and/or its customers.



## G. PRIVATE ENTITY ADDITIONAL INFORMATION

### TYPE OF PRIVATE ENTITY

- ☐ Corporation      ☐ Limited Liability Company      ☐ Partnership  
☐ Sole Proprietorship      ☐ Non-profit Organization      ☐ Mutual Water Company  
☐ CPUC regulated utility      ☐ Other:

List the names and affiliation of all parent subsidiary, or otherwise affiliated entities and attach a chart providing this information (label as Attachment G4-B). If none, indicate that here. ☐ N/A

1. If the applicant is a Corporation, Limited Liability Company, or Partnership, complete the following:

A. California Secretary of State Entity Number:

B. Status with California Secretary of State:

☐ Active      ☐ Suspended      ☐ Forfeited      ☐ Dissolved

2. Does the applicant own and operate the water system for which it seeks the O&M funding?

☐ Yes      ☐ No

List the names, titles and duties of key officers and an organization chart. Include as an attachment.

3. Is there any litigation, sale, or audit/investigation pending relative to the operation of the water system or the proposed project or key personnel or officers?

☐ Yes      ☐ No

If yes, attach a description of the litigation and the potential costs.

## H. APPLICATION CERTIFICATION

I hereby certify that I am duly authorized by the application's governing body to apply for funding from the State Water Resources Control Board for the project described in this application. I further attest that the information provided in this application is accurate to the best of my knowledge.

I understand that the information provided in this application may be referred to other State and/or Federal Agencies for funding.

Name: \_\_\_\_\_ Date: \_\_\_\_\_

## APPLICATION INSTRUCTIONS

All applicants must complete sections A, B, C, D, E, F, and H. All applicants must also submit:

- Cost estimate for the proposed project
- Financial information, ideally three years' worth of Profit and Loss statements and balance sheets. Additional information such as tax returns may also be required. DFA will contact the applicant to request additional information as needed.
- MHI determination documents and the basis used to determine the community's MHI, if applicable. The annual MHI must be for the service area served by the water system. Attach all supporting documents (e.g., information provided in an existing DWSRF application, census data, income survey, the most recent tax form, or other verifiable document) to this application. MHI determination instructions can be found in [Appendix A of the Policy for Developing the Fund Expenditure Plan for the Safe and Affordable Drinking Water Fund](#).

### Private Entity

Private entity applicants must fill out Section G and submit additional documents corresponding to the entity type as detailed below. Non-profit owners of non-community water systems must include the appropriate IRS non-profit ID number and Tax-Exempt Status form IRS 501(c). Privately owned systems must include a copy of the fictitious name statement, if they are operated under a name that is different than their owner's legal name, and must provide a copy of their (1) owner's organizational documents; (2) federal tax returns or other financial document; (3) a list of officers, director, shareholders, members, partners, as applicable.

#### **Limited Liability Company**

- Applicable federal tax return for the last 3 years (e.g., Form 1040 (sole proprietor), Form 1065 (partnership), or Form 1120 (corporation))
- Articles of Organization, with all amendments, certified by Secretary of State (CA)
- Executed Operating Agreement
- Fictitious Business Name (FBN) Statement (if using any name other than the exact name that is on record with the Secretary of State's Office)
- Secretary of State Entity/File Number

#### **Partnership**

- Partnership Agreement(s)
- Statement of Partnership Authority (Form GP-1), filed with Secretary of State
- Federal tax return for the last 3 years (e.g., Form 1065)

- Majority owner's last three years of personal tax returns
- Fictitious Business Name (FBN) Statement (if using a name that does not include the surname of each general partner or a name that suggests the existence of additional owners such as "Company," "& Company," "& Son," "& Sons," "& Associates," "Brothers," and the like)

### **For-Profit Corporation**

- Articles of Incorporation, with all amendments, certified by Secretary of State (CA)
- Bylaws
- Fictitious Business Name (FBN) Statement (if using any name other than the exact name that is on record with the Secretary of State's Office)
- Federal tax return for the last 3 years (e.g., Form 1120 (C-Corp) or Form 1120S (S-Corp))

### **Non-Profit Corporation**

- Articles of Incorporation, with all amendments, certified by Secretary of State (CA)
- Bylaws
- IRS Tax Exempt Determination IRS 501(c)
- Latest Annual Report filed with the California Registry of Charitable Trusts
- Filed Fictitious Business Name Certificate (DBA) (if applicable)
- Federal tax return of organization exempt from income tax Form 990 – most recent 3 years

### **Sole Proprietorship**

- Filed Fictitious Business Name (FBN) Statement (if using any name that does not include the last name (surname) of the owner, or which implies additional owners)
- Federal tax return Form 1040, including schedules – most recent 3 years

### **Trusts**

- Trust or Certification of Trust, signed by all currently acting trustees – discuss with DFA prior to submitting
- For revocable trust, federal tax return of grantor Form 1040, including schedules – most recent 3 years
- For irrevocable trust, Form 1041 – most recent 3 years

### CPUC Regulated Utility

If the applicant is a CPUC regulated utility include the following documents (1) the CPUC resolution that authorized acquisition/construction of the Applicant's water system; (2) the most recent annual report filed with the CPUC; (3) the most recent general rate case documents; (4) CPUC audit reports, if any; and (5) a list of all actions or matters associated with the system that are currently pending before the CPUC, as well as all filings associated with those actions or matters. Water systems regulated by the CPUC will need to notify CPUC of the O&M funding agreement.

In addition, private entity applicants must demonstrate and provide assurances that the funding will directly benefit the customers of the water system/disadvantaged community and not the investors.

If awarded funding, Applicants must enter into a funding agreement with the State Water Resources Control Board in order to receive reimbursement. The information outlined below will be required to negotiate and execute a funding agreement:

- Authorizing Resolution (if applicable)
- Project schedule
- Detailed budget template
- Project Director Certification form (after execution)
- STD 204 Taxpayer and Identification Form (after execution)