

APPENDIX G
REVENUE PROGRAM GUIDELINES



REVENUE PROGRAM GUIDELINES

(Appendix G)

March 1998 EDITION

from the

**POLICY FOR IMPLEMENTING THE STATE
REVOLVING FUND FOR CONSTRUCTION
OF WASTEWATER TREATMENT FACILITIES**

STATE WATER RESOURCES CONTROL BOARD

Revenue Program Guidelines

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STATE OF CALIFORNIA
STATE WATER RESOURCES CONTROL BOARD
DIVISION OF CLEAN WATER PROGRAMS

REVENUE PROGRAM GUIDELINES
(March 1998 Revision)

INTRODUCTION

The Revenue Program Guidelines (Guidelines) are intended to provide assistance to all cities, counties, special districts and public agencies in developing, implementing, and maintaining revenue programs and implementing ordinances to comply with Section 204(b)(1) of the Clean Water Act, Federal and State Regulations, and Policies of the State Water Resources Control Board (SWRCB). In these Guidelines all cities, counties, special districts, and public agencies are referred to by the term "municipalities". These Guidelines apply to all recipients of State Revolving Fund (SRF) loans. Some municipalities may desire to deviate from specific provisions. Deviations should be discussed with the revenue program specialist. His phone number is (916) 227-4489.

The revenue program specialist of the Division of Clean Water Programs (Division) is available to answer inquiries relating to the preparation of revenue programs, these Guidelines, and implementing ordinances.

SECTION 1 - GENERAL

Section 1-1 - General Requirements

A. **Revenue program**

The revenue program is a formally documented determination of a user charge system developed by the municipality. It is designed to provide a source of revenue for operation, maintenance, and replacement (O. M. & R.) costs of the wastewater system that satisfies Federal and State requirements. In addition, debt service and revenue for establishing a capital reserve fund and an operating reserve fund may be collected by the system of charges based on actual use, or, if approved, by ad valorem taxes.

B. **System of service charges**

A system of service charges is developed first by estimating the municipality's annual revenue requirements for the total wastewater system O. M. & R., including those portions which were not grant or loan funded. Rates are then set based on the identification of the users and their respective contribution to the wastewater loading of the treatment works. This process is described in detail in these Guidelines.

C. **Revenue program submittals**

Revenue programs must be submitted to the Division by the municipality. Programs submitted by a consultant will not be reviewed unless accompanied by a cover letter from the municipality. All correspondence must include the following information and be signed by the authorized representative:

1. Municipality's name, address and phone number;
2. Loan number(s); and
3. Purpose of revenue program (draft, final or update).

D. **Facilities plan submittals**

A draft (proposed) revenue program and a draft of an ordinance or resolution dedicating a source of funds for repayment of the SRF loan (see Section 4 on Page G-11 of these Guidelines) must be submitted to the Division as part of the facilities plan during the planning process. The draft revenue program will be reviewed by the Division and the municipality will be informed of any deficiency in the proposed user charge system. The draft revenue program must be approved by the Division prior to Division approval of the facilities plan. The final ordinance or resolution dedicating a source of funds for repayment of the SRF loan must be adopted by the municipality before issuance of a loan contract.

E. **Final submittal requirements**

A final revenue program and adopted sewer use ordinance (see Section 3 on Page G - 11 of these Guidelines), must be submitted to, and approved by, the Division prior to pay out of funds beyond 90 percent of the loan amount. The sewer use ordinance must be enforced upon completion of construction.

F. **Rate ordinance or resolution**

A draft of the proposed rate ordinance or resolution must be submitted with the final revenue program. An enacted rate ordinance or resolution must be submitted prior to completion of construction. The rates in the ordinance or resolution must agree with those shown in an approved revenue program. A new revenue program will be required when O. M. & R. costs change substantially. The enacted rate ordinance or resolution must be enforced upon completion of construction.

G. **Draft and final revenue program format**

The draft revenue program may be either separately bound and labeled or included with the facilities plan. If the revenue program is included with the facilities plan, it is the municipality's responsibility to insure that the Division's revenue program specialist receives a copy. The final revenue program must be separately bound and labeled. Only one copy needs to be submitted to the Division for approval.

H. **Revenue program forms**

The revenue program forms contained in these Guidelines, beginning on Page G - 29, if utilized, will facilitate Division review and approval. In most cases, the forms indicate all the information that is necessary for a revenue program.

I. **Pre-existing agreements**

The user charge system shall take precedence over any terms or conditions of agreements or contracts that the municipality may be party to that are inconsistent with the requirements of these Guidelines. (See also Section 1-4 B.4. on Page G - 6) If there are any pre-existing agreements or contracts that are inconsistent with the requirements of these Guidelines the municipality must notify the Division's revenue program specialist at the time a revenue program is submitted for review.

J. **Letter of intent**

A letter of intent executed by any industrial user which will contribute more than ten (10) percent of the treatment works design flow or design loading must be submitted with the draft revenue program. A sample letter of intent is provided on Page G - 18. Letters documenting commitments by industrial

users intending to increase flows or loadings or to locate in the municipality's service area in the future must also be submitted with the draft revenue program.

K. Public notice requirement

The charges developed in the revenue program and capital costs which are collected via a medium other than the user charge must be published in a newspaper of general circulation within the municipality's service area. The notice must substantially follow the format shown on Page G - 15.

Section 1-2 - Annual Revenue Requirements

A. Operation and maintenance, including replacement (O. M. & R.)

1. Municipalities need funds to pay the annual costs of O. M. & R. of the treatment works. These costs include the costs of labor, power, chemicals, supplies, laboratory control and monitoring, general administration, billing, and incidental items incurred during normal operation. Also included are those expenditures termed ordinary repairs necessary to keep the treatment works in proper operating condition, replacement (as defined below) and other administrative costs, such as overhead and accounting which are directly related to the O. M. & R. of the treatment works.
2. An estimate of O. M. & R. costs should be made by adjusting the municipality's latest operating cost data to reflect operational changes, wage escalation, and staffing changes. In the case of newly constructed facilities, estimated O. M. & R. costs must be listed in the facilities plan by the engineer.

B. Replacement costs

1. A separate line item for replacement must be shown in the calculation of the annual revenue requirements. Replacement costs include all expenditures required for a facility to operate for its design life. Replacement costs do not include the following capital costs:
 - a. Major rehabilitations which may be needed as individual unit processes near the end of their useful life;
 - b. Structural rehabilitations; or
 - c. Facility expansions or upgrades to meet future user demands or upgrade treatment.
2. Replacement costs include such items as: pumps, motors, telemetry and electrical controls, air scrubbing equipment, chlorination and dechlorination equipment, vehicles, radios, etc.
3. Replacement costs should be based, at a minimum, on a five (5) year planning cycle. For example, assume that a municipality estimates it will have to replace \$85,000 worth of equipment over the next five (5) years and it has \$10,000 in the replacement account. The annual replacement cost to be included in the user charge would be:
$$\frac{\$85,000 - \$10,000}{5 \text{ years}} = \$15,000 \text{ per year}$$
This cost must be recalculated each year.
4. The municipality may, in lieu of the five (5) year replacement plan, deposit an amount in the replacement fund equal to the sum of the straight line depreciation (based on current costs) of the assets (excluding structural facilities such as buildings, ponds, pipes, etc).

C. **Debt service**

1. Debt service is the annual sum of the principal and interest payments on proposed or outstanding obligations secured by bonds or loan contracts. A SRF loan received from the SWRCB must be repaid via a dedicated source of revenue (see Section 4 on Page G - 11 of these Guidelines). A separate account must be maintained within either the debt service fund or the enterprise fund for repayment of the SRF loan.

D. **Wastewater capital reserve fund**

1. Municipalities participating in the SRF program are required to establish a wastewater capital reserve fund (WCRF), prior to receiving a loan contract. The WCRF is required to help pay for future expansion, improvements, and rehabilitation. Payments to the WCRF usually appear as a separate line item within the annual budget. The Municipality must also give assurances that the WCRF will be maintained in accordance with the requirements of the SRF program Guidelines until the loan is fully discharged. Sample ordinance/resolution language is provided on Page G-15.

E. **Operating reserve fund (optional)**

1. Municipalities are encouraged to establish an operating reserve fund to insure the proper operation of the treatment works. This fund is intended to satisfy costs associated with unanticipated price increases, additional chemical usage, etc. It does not include costs for replacement of equipment. Wastewater agencies in California normally operate with reserves of between 10 and 50 percent of annual revenue requirements.

Section 1-3 - Identification Of Users

- A. After the annual revenue requirements are determined, the users of the treatment works and their associated wastewater flows and loadings (BOD₅, SS, or other appropriate constituents) must be identified. Flows and loadings must be documented for the user groups listed below, in order that proportional costs can be calculated. All users of the treatment works must be included in the revenue program.
1. **Residential users** Individual cost allocations need not be made for various types of residential users. However, municipalities may wish to divide residential users into single family, multiple family, or mobile home subgroups to allow for more refined cost allocations.
 2. **Commercial users** Because of great variability in wastewater flow rates, the commercial group should be divided into appropriate subgroups defined in the **Commercial User Strength Characteristics** table on Page G - 21 of these Guidelines. The strengths given on Page G - 21 need not be used if the municipality has supportable data relating to other specific loadings. Large commercial users discharging more than 25,000 gallons per day must have their costs allocated individually.
 3. **Institutional users** Costs must be allocated to individual users or to user groups, such as public or private hospitals, convalescent homes, schools, colleges, correctional facilities, etc.
 4. **Industrial users** Because of great variability in wastewater flow rates, the industrial group may need to be divided into appropriate subgroups. Industrial users contributing more than 25,000 gallons per day or using five (5) percent, or more, of plant design capacity must have costs allocated individually.

5. **Outside municipalities** Any outside municipality discharging to the treatment works must be listed as a separate user group.
6. **Septage** If septage is received by the treatment works, this category must be listed as a user group with the corresponding flows and loadings. The charges established for septage must be based on its contributing loadings. Generally, a 1,000 gallon dumping contains 45 lbs (5,400 mg/l) of BOD₅ and 100 lbs (12,000 mg/l) of SS. These loadings should be used for septage from residential septic tanks only. Other types of septage from commercial or industrial sources must be sampled at the discharger's expense to allow a proper charge and prevent unacceptable discharges.

Section 1-4 - Allocation Of Annual Revenue Requirements And Rate Determination

A. Rate determination

1. Allocation of annual costs is done in two steps. First, the cost is allocated among the treatment parameters (flow, BOD₅, SS, and other appropriate constituents) in proportion to the percentage of costs that these parameters represent. Second, these amounts are divided by either total annual plant loadings or total design loadings to produce unit costs for each parameter. When these unit costs are multiplied by the loadings or design quantities of each user, an annual rate in proportion to the user's demand on the system is established.

B. Policies affecting rate determination

1. Users pay costs of O. M. & R.

The portion of the annual revenue requirements which constitute the cost of O. M. & R. of the treatment works must be recovered from users of the system by means of a user charge system based either on actual use or through a pre-approved ad valorem tax system. User charges must recover the cost of O. M. & R. from users based on their proportionate contribution to the total wastewater loading from all users. The total O. M. & R. budget may, however, be offset by income derived from the operation of the treatment works; such as sale of used equipment, sludge, sludge gas, residues, reclaimed wastewater, farm crops, power created by the effluent or other by-products. Investment income from assets of the wastewater enterprise is also considered operating income if the assets were originally funded with income generated from user charges.

2. Low income discount allowed

Municipalities may (at their option) adopt reduced (less than proportionate share) rates for low income residential users. Low income users are defined as any user whose income is below the poverty rate established within the municipality's service area. These reduced service charges, if used, must be based on an economic consideration only. The discount may not be applied only to a subgroup under the poverty level (i.e., only to senior citizens).

3. Rules for low income discount

If the municipality decides to adopt a low income discount rate the following rules apply:

- a. The discount rate selected will apply to all users who qualify for the discount;
- b. Eligibility for the discount must be verified at least annually; and
- c. All revenues which are lost because of the discount must be recovered from other users of the system through increased service charges. The provisions of Section 1-1 K. (Public Notice) of these Guidelines apply to the granting of discounted rates.

4. **Pre-existing agreements**

Any pre-existing agreements which levy O. M. & R. charges for more or less than the rates calculated through the revenue program based on actual (or estimated) use will not be allowed to continue, and the charges must be revised to reflect the approved rates. (refer to Section 1-1 I. on Page G - 2)

5. **Recovering non O. M. & R. costs**

- a. The Division recommends that funds for the cost of debt service, capital improvements, etc. be collected with the O. M. & R. service charge in proportion to the cost of the service rendered. However, the municipality may charge for these other revenue requirements through service charges, ad valorem taxes, or standby charges or assessments. If they are collected through service charges, and the municipality does not wish to recover these other costs in proportion to system use, public notice describing the impacts of the proposed rate structure is required. An opportunity for public comment within a reasonable period of time prior to final adoption of the rate ordinance by the municipality must be given. Notice shall be given by direct mailing to all organizations and individuals who have previously requested such notice and to all users of the system who will be adversely affected by the change in rates.
- b. The notice must substantially follow the format of the Public Notice Format on Page G - 26 of these Guidelines. The municipality may wish to include in the notice, a discussion of the facts which prompted the proposed rate ordinance, and the pros and cons of the enactment.

C. **Allocation of costs based on flow only**

1. Allocation of O. M. & R. costs based on flow only may be made if either one of the following conditions are met:
 - a. The municipality's service area (or the service area of a municipality participating in a regional system) contains less than 10,000 current population, no industrial users, and does not receive septage flows; or
 - b. The residential design flow exceeds 95 percent of total design flow of the treatment works and there are no industrial or septage flows.

D. **Allocation of costs based on ad valorem (A/V) taxes**

1. A municipality's user charge system based on ad valorem (A/V) taxes may be approved if:
 - a. On December 27, 1977, the municipality had in existence a system of dedicated A/V taxes which collected revenues to pay the cost of O. M. & R. of wastewater treatment works within its service area, and it has continued to use that system;
 - b. The A/V user charge system distributes the O. M. & R. costs for all treatment works within the municipality's service area to the residential and small non-residential user class (including, at the municipality's option, nonresidential, commercial and industrial users that are not required to have their costs allocated individually per Section 1-3 A.2 and A.4. of these Guidelines);

- c. Each industrial and commercial user which discharges more than 25,000 gallons per day (or more than five (5) percent of the design flow) must pay its share of O. M. & R. costs of the treatment works based on charges for actual use; and
 - d. A system of surcharges and rebates is instituted to insure that all users (or user groups) pay their proportionate share of the O. M. & R. costs.
2. The user charge for tax exemption organizations may not be adjusted to recoup lost taxes (160 Cal Rptr 925; 100 CA 3d547).

E. Allocation of costs of infiltration and inflow (I / I)

1. The user charge system shall provide that costs of O. M. & R. for all infiltration and inflow (I / I) flows not directly attributable to users be distributed among all users based upon either of the following:
 - a. In the same manner that it distributes the costs for their actual use; or
 - b. Under a system which uses one or any combination of the following factors on a reasonable basis:
 - (i) Flow volume of the users;
 - (ii) Land area of the users;
 - (iii) Number of hookups or discharges of the users;
 - (iv) Property valuation of the users (if A/V taxes are used).

F. Administrative costs

1. Administrative costs may be included in the O. M. & R. cost allocation, or they may be separated and allocated on another equitable basis, such as number of accounts.

Section 1-5 - Implementation And Maintenance

A. Implementing ordinances

1. A municipality's user charge system, as described in the final revenue program, must be incorporated in one or more municipal legislative ordinances or other legally binding requirements.
2. If the treatment works accepts wastewater from other municipalities, the other municipalities receiving waste treatment services must also adopt user charge systems in accordance with these Guidelines.

B. Accounting systems

1. All special districts including county water, community service and public utility districts must use the uniform system of accounts prescribed for wastewater disposal districts under Title 2, Division 2, Chapter 2, Sections 1101.1 through 1103.4 of the California Administrative Code. Those municipalities not subject to the uniform system of accounts must establish accounting systems for wastewater treatment conveyance, treatment, and disposal which will provide essentially the same level of detail as the uniform system.

- a. Wastewater activities will be accounted for in an enterprise fund. An enterprise fund is a fund established to account for operations; (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.
2. The enterprise fund will consist of at least two revenue and three expense accounts as follows:
 - a. **Revenue accounts**
 - (i) **Service charge revenue** Only service charges, dedicated A/V taxes and income generated from the operation of the wastewater facility (see Section 1-4 B. 1. of these Guidelines) will be deposited to this account. Funds from this account may be used for any wastewater related activity.
 - (ii) **Capital revenue** All other sources of revenue (i.e., connection fees, augmentation funds, standby charges, non-dedicated A/V, etc.) will be deposited in this account. Funds from this account may only be used for facility expansion, facility upgrade and major rehabilitation projects. O. M. & R. costs may **not** be funded from this account (see Section 1-2 B. of these Guidelines for discussion of replacement costs).
 - b. **Expense accounts**
 - (i) **Operation and maintenance** Designated for the specific purpose of defraying the operation and maintenance costs of wastewater conveyance, treatment, and disposal. These costs must be funded from the service charge revenue account.
 - (ii) **Replacement** Designated for the specific purpose of ensuring that replacement funds are available to maintain the capacity and performance of the treatment works over its useful life. This fund does not include money set aside for unexpected price increases which should be accumulated in an operating reserve fund. Replacement costs must be funded from the service charge revenue account.
 - (iii) **Capital expenditures** Designated for any other wastewater related activity not properly included in either the Operations and Maintenance Account or Replacement Account. Either of the above mentioned Revenue Accounts (see 2.a.(i) and 2.a.(ii) above) may be used to fund expenditures charged to this account.

C. **Temporary loaning of funds**

1. The aforementioned requirements do not preclude the loaning of funds from the wastewater enterprise accounts (including capital reserves) for other authorized uses provided the following conditions are met:
 - a. It has been established that these funds will not be needed for wastewater activities for the period of the loan:
 - b. The loan is recorded in the appropriate wastewater fund account with the loan period specifically shown:

- c. The fund borrowing the money repays the loan with at least as much interest as the money would have earned if the money had not been loaned; and
- d. There are no other regulations, bond covenants, etc. limiting the loaning of the funds.

D. **Requirements for review and approval**

1. Implementation and maintenance of an approved revenue program is required as a condition of every loan contract. Each municipality must maintain all records which are necessary to document compliance with appropriate State and Federal requirements.
2. The financial documents, audits, budgets, user charge system, etc. of the municipality's wastewater enterprise are subject to review by the staff of the SWRCB to insure compliance with these Guidelines during the life of the SRF loan.
3. The municipality shall review and revise its system of service charges and rate ordinances or resolutions as necessary to reflect actual funding needs of the treatment works.
4. Any time that rates are changed, a copy of the review work papers and rate ordinance or resolution modification, if any, shall be forwarded to the Division's revenue program specialist for review and approval.

SECTION 2 - SPECIAL CONSIDERATIONS

Section 2-1 - Regional Treatment Systems

- A. When treatment works serving more than one municipality are consolidated into a regional system, the following requirements for institutional and financial arrangements apply:
1. **Institutional arrangement**
Any number of institutional arrangements between agencies participating in a regional system are acceptable. Special districts or joint powers authorities may be formed or service agreements entered into which designate a municipality as "lead agency" to apply for and receive a loan. Regardless of which institutional arrangement is chosen, the user charge system outlined in the revenue program must cover all wastewater treatment services provided and each participating municipality must adopt its own user charge system and rate ordinance or resolution.
 2. **Submission of a revenue program for a regional system**
 - a. If the regional municipality is authorized to bill all of the individual users of the system, only one revenue program and rate ordinance or resolution is required.
 - b. If the regional municipality bills a subscribing municipality, which in turn bills the individual users, separate revenue programs and rate ordinances or resolutions are required for the regional municipality and each subscribing municipality. The regional municipality's charges to a subscribing municipality must be based on actual use and include the fixed cost of reserved capacity if capacity is reserved for specific subscribing municipalities.

3. Interagency agreements

All interagency agreements for wastewater services and/or charges must be submitted to the Division for review. These agreements should address the issue of how the costs of future plant expansions will be allocated.

Section 2-2 - Individual Systems

- A. The user charge system requirements apply to SRF loan funded alternative wastewater treatment systems (including dual waterless/gray water systems), even if privately owned, which are neither connected to nor are part of any conventional treatment system.

Section 2-3 - Connection Fees

- A. Normally, a portion of the capital costs of a project are recovered from future users through connection fees. If connection fees are not collected because anticipated growth does not occur, the capital costs of the plant must be recovered from the existing users. Because anticipated growth does not always occur, existing users should be informed of these potential costs before commitments are made to fund the project. Accordingly, for treatment works with more than 25 percent of the total treatment plant capacity reserved for future users, an analysis is required of the charges which would be assessed to existing users if anticipated growth does not occur. This analysis must be included in the proposed revenue program.
- B. Connection fees may be used to recover debt service costs which would have been recovered on an annual basis, if the user had been connected when the treatment works began operation. This fee may not be used to recover excessive cost from future users of treatment works in order to reduce charges to current users. Connection fees may not be used to fund replacement costs.

Section 2-4 - Standby Charges

- A. Standby charges may be used to recover debt service from potential users prior to connection, if service is available and the standby charge is proportionate to the available service. Standby charges shall not be charged to properties for which no capacity or insufficient capacity is available.

Section 2-5 - Minimum Charges

- A. If a municipality charges flat rate for some users and a variable rate (such as water consumption), for others, a minimum charge may be established for the variable rate users to collect the fixed costs of providing service. This charge must not be more than the minimum charged to any user group which is charged a flat rate. For example, if apartments are charged a flat rate which is less than the single family rate, the minimum charge to customers paying on water consumption would be the rate charged to apartments, not single family residences. The same minimum charge must be applied to all user groups which have a minimum charge, unless it can be shown that fixed costs vary significantly.

SECTION 3 - SEWER USE ORDINANCE

- A. A sewer use ordinance or other legally binding document shall prohibit any new connections from inflow sources into the treatment works and require that new sewers and connections to the treatment works are properly designed and constructed. The ordinance or other legally binding document shall also require that all wastewater introduced into the treatment works not contain toxics or other pollutants in amounts or concentrations that endanger public safety and physical integrity of the treatment works; cause violation of effluent of water quality limitations; or preclude the selection of the

most cost-effective alternative for wastewater treatment and sludge disposal. Refer to Pages G - 16 and G - 17 of these Guidelines.

SECTION 4 - DEDICATED SOURCE OF REVENUE

- A. Section 603(d)(1)(C) of the Federal Clean Water Act Amendments require each loan recipient to establish one or more dedicated sources of revenue for repayment of the loan. A dedicated source can be a special assessment, general taxes, general obligation bonds, revenue bonds, user charges, or other sources.
- B. Revenue will be considered dedicated when the municipality passes an ordinance or resolution committing a source of funds for repayment. The ordinance or resolution dedicating a source of funding for repayment of the loan must be adopted before issuance of the loan contract.
- C. Ordinance or resolution language equivalent to the following would be acceptable:
 1. The (municipality) hereby dedicates the following source of revenue (user charge, proceeds of revenue bonds, etc.) to repayment of any and all State Revolving Fund loans on Project No. C-06-_____ - __. This dedicated source of revenue shall remain in effect until such loan or loans are fully discharged unless modification or change of such dedication is approved in writing by the State Water Resources Control Board.

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DEFINITIONS

As used in these Guidelines, the following words and terms shall have the meaning as set forth below:

Ad Valorem Tax (A/V): A tax based upon the value of real property.

Applicant: A municipality that has (or will) applied for a SRF loan.

CAC: California Administrative Code.

Capital Costs: Costs of facility expansion, facility upgrades, major rehabilitation or construction/replacement to extend the useful life of the facility.

Combined Sewer: Sewage - storm or industrial - storm drain combination.

Commercial User: All retail stores, restaurants, office buildings, laundries, and other private business and service establishments, including churches and lodges.

Connection Fee: A fee paid by a new system user for the capital costs of capacity made available for its use.

Construction: The planning, designing, and construction of any treatment works.

Division: The Division of Clean Water Programs of the State Water Resources Control Board.

Financial Plan: A description of the proposed institutional arrangements that will be used to manage the project, and of the amount and sources of funds necessary to finance the municipality's share of the project cost and to provide for cash flow during the design and construction periods.

Future Capacity: Available treatment works capacity which is not needed to serve existing users.

Industrial User: Any nongovernmental nonresidential user of publicly owned treatment works which is identified in the Standard Industrial Classification Manual, 1972, Office of Management and Budget, as amended and supplemented, under the following divisions:

- a. Division A - Agricultural, Forestry, and Fishing;
- b. Division B - Mining;
- c. Division D - Manufacturing;
- d. Division E - Transportation, Communications, Electric, Gas, and Sanitary; and
- e. Division I - Services.

A user in the divisions listed may be excluded if it is determined that the user will introduce primarily segregated domestic waste or wastes from sanitary conveniences.

Infiltration: Water other than wastewater that enters a sewer system (including sewer service connections and foundation drains) from the ground through such means as defective pipes, pipe joints, connections, or manholes. Infiltration does not include, and is distinguished from, inflow.

Inflow: Water other than wastewater that enters a sewer system (including sewer service connections) from sources such as, but not limited to, roof leaders, cellar drains, yard drains, area drains, drains from springs and swampy areas, manhole covers, cross connections between storm sewers and sanitary sewers, catch basins, cooling towers, storm waters, surface runoff, street wash waters, or drainage. Inflow does not include, and is distinguished from infiltration.

Municipality: Any political subdivision of the state such as a county, city, special district or public agency formed under the laws of the state.

O. M. & R.: Operation, maintenance and replacement.

Project: The scope of work for which assistance is awarded by a loan contract.

Rehabilitation: Extraordinary expenditures for obtaining and installing equipment, accessories, or appurtenances which extend the useful life and/or improve the capacity or efficiency of the treatment works as originally designed. Rehabilitation costs are considered capital outlays.

Replacement: Expenditures for obtaining and installing equipment, accessories, or appurtenances which are necessary during the useful life of the treatment works to maintain the capacity and performance for which such works were designed and constructed.

Revenue Program: A formal documentation of charges designed to provide revenues for O. M. & R., and local debt service for treatment works, and which demonstrates compliance with SRF policies on user charges.

Service Charge: A charge levied on a user of the treatment works which includes a user charge to recover the costs of O. M. & R. and which may include a charge for capital reserve and debt service.

Treatment Works: Any devices and systems used in collection, transport, storage, treatment, disposal, recycling, and reclamation of municipal sewage or industrial wastes of liquid nature, or necessary to recycle or reuse water at the most economical cost over the useful life of such works.

User: A recipient of wastewater collection and/or treatment services as described in the definition of "Treatment Works".

User Charge: A charge levied on users of a treatment works for the cost of O. M. & R.

RESOLUTION NO. _____

**RESOLUTION OF THE _____ OF THE _____
ESTABLISHING A WASTEWATER CAPITAL RESERVE FUND IN ACCORDANCE
WITH THE STATE WATER RESOURCES CONTROL BOARD'S REQUIREMENTS OF
THE STATE REVOLVING FUND LOAN PROGRAM**

WHEREAS, the _____ of the _____ authorized the _____ manager to apply for a State Revolving Fund (SRF) loan to fund all or a portion of the cost of expansion and improvement of the wastewater treatment facilities; and

WHEREAS, the State Water Resources Control Board requires, as a condition of approval of the loan, the establishment of a Wastewater Capital Reserve Fund for future expansion, major repair or replacement costs:

NOW THEREFORE BE IT RESOLVED by the _____ of the _____ that:

1. A dedicated Wastewater Capital Reserve Fund shall be created, and,
2. Said Wastewater Capital Reserve Fund shall be administered, by the _____, as required by the "Policy For Implementing The State Revolving Fund For Construction Of Wastewater Treatment Facilities" adopted by the State Water Resources Control Board on *April 18, 1998*.

The foregoing resolution was adopted by the _____ of the _____ at its meeting held on the _____ day of _____, _____, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST;

APPROVED AS TO FORM:

Name
Title

Name
Title

**SATISFACTORY EVIDENCE OF COMPLIANCE
SEWER USE ORDINANCE**

I. (Name) certify, as duly authorized representative of (municipality), that the (municipality) will have, in each jurisdiction served by the treatment works, an enacted sewer use ordinance or other legally binding requirement which will:

1. Prohibit any new connections from inflow sources to the sanitary sewer portions of the sewer system;
2. Require new sewers and connections to the sewer system to be properly designed and constructed; and
3. Prohibit the introduction into the treatment works of any toxics or other pollutants in amounts or concentrations that endanger public safety and physical integrity of the treatment works; or cause violation of effluent or water quality limitation; or preclude the selection of the most cost effective alternative for wastewater treatment and sludge disposal.

This ordinance will be enacted prior to ninety percent (90%) of construction and enforced upon completion of construction.

Date (typed) _____

Name (signature) _____

Telephone _____

Title _____

SAMPLE PARAGRAPHS TO SATISFY
THE SEWER USE ORDINANCE REQUIREMENTS

1. The ordinance shall prohibit any new connections from inflow sources into the sanitary sewer portions of the sewer system.

Example: Prohibited Waste Discharges

No person shall discharge or cause to be discharged any rainwater, storm water, groundwater, street drainage, subsurface drainage, yard drainage, including evaporative type air cooler discharge water, to any public or private sewer which directly or indirectly connects to the wastewater treatment works of the (municipality).

2. The ordinance shall insure that new sewers and connections to the sewer system are properly designed and constructed.

Example: Construction Standards

Plans for sewer construction shall meet all design requirements of the public corporation having area jurisdiction and shall also meet the design requirements as established from time to time by the Engineer;

and

Inspection of all sewer construction shall be made by personnel of the (municipality) in the manner described in the following sections:

3. The ordinance shall prohibit the introduction of toxics and certain pollutants.

Example: Prohibited Discharges

No person shall discharge or cause to be discharged to any public or private sewer which directly or indirectly connects to the (municipality's) wastewater treatment works any toxic or other waste, if in the opinion of the (manager) such wastes may have an adverse or harmful effect on sewers, maintenance personnel, wastewater treatment plant personnel or equipment, treatment plant effluent quality, public or private property, or may otherwise endanger the public, the local environment or create a public nuisance. The (manager) in determining the acceptability of specific wastes, shall consider the nature of the waste and the adequacy and nature of the collection, treatment and disposal system available to accept the waste.

GOURMET SOUP COMPANY

Administration Building, Suite 9
Franklin, CA 98765-4321

Mr. Craig Hagen
Board of Directors
Greater Franklin Sanitary District
Franklin, CA 98765

Dear Mr. Hagen:

LETTER OF INTENT, ALLOCATED COSTS OF WASTEWATER TREATMENT

It is the intent of the Gourmet Soup Company (Company) to utilize the wastewater treatment facilities of the Greater Franklin Sanitary District (District) to treat approximately 100,000 gallons per day of process wastewater from our facility. This wastewater is expected to have an average strength of 1,200 mg/l of BOD₅ and 3,000 mg/l of SS.

It is understood by the Company that the wastewater treatment facilities were funded, at least in part, by a loan from the State of California. It is further understood that as a condition of this loan, the Company must pay to the District the full cost of operation, maintenance and replacement costs attributable to treating the Company's wastewater.

It is the Company's understanding that if there is a substantial change in the strength, volume, or delivery flow rate characteristics of the waste introduced into the treatment works by the Company, the charges will be adjusted accordingly, and that if there is an expansion or upgrading of the treatment works, charges to the Company will be adjusted accordingly.

Although this letter represents a good faith estimate of period of use and capacity needed by the Company, it is not to be construed as binding the Company to continue discharging any quantity or quality of wastewater to the District's treatment works, to pay for capacity of treatment that it does not use, or to use the facilities for any definite length of time. The information given is provided only to assist the District in sizing the treatment works and to evidence awareness by the Company that it will be required to participate in payment of certain costs, including those described above.

Sincerely,

Mr. Charles Ellison,
Chairman of the Board

LIST OF USEFUL LIVES AND ALLOCATION PARAMETERS

To reasonably allocate costs among the various users of wastewater treatment works, a "useful life" must be determined for each major component. Also, the cost of each component must be attributed to its major function. Following is a list of acceptable useful lives and loading parameters. These are satisfactory for general applications. If other parameters or useful lives are used they must be substantiated by documentation or reference and approved by the Division.

TREATMENT UNITS COMPONENT	LOADING PARAMETER	USEFUL LIFE/YRS
Activated Sludge:		
Structure	25% BOD ₅ , 75% Flow	40
Equipment	BOD ₅	25
Chlorination Facilities:		
Structure	Flow	30
Equipment	Flow	12
Digester:		
Structure	50% BOD ₅ , 50% SS	30
Equipment	50% BOD ₅ , 50% SS	12
Grit Chamber:		
Structure	Flow	40
Equipment	SS	15
Influent Pump Station:		
Structure	Flow	40
Equipment	Flow	15
Miscellaneous:		
Buildings	Flow	40
Carbon Adsorption	BOD ₅	25
Interceptor	Flow	50
Outfall	Flow	75
Ponds:		
Embankment	Flow	50
Equipment	BOD ₅	20
Primary Clarifier:		
Structure	Flow	40
Equipment	35% BOD ₅ , 65% SS	25
Pumping Stations:		
Structure	Flow	40
Equipment	Flow	20
Screen or Comminutor:		
Structure	Flow	40
Equipment	SS	15
Secondary Clarifier:		
Structure	Flow	40
Equipment	BOD ₅	25
Sludge Thickening:		
Structure	50% BOD ₅ , 50% SS	40
Equipment	50% BOD ₅ , 50% SS	15
Trickling Filter:		
Structure	25% BOD ₅ , 75% Flow	40
Equipment	BOD ₅	20

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COMMERCIAL USER STRENGTH CHARACTERISTICS

<u>STANDARD CLASSIFICATIONS</u>	<u>BOD₅(ppm)</u>	<u>SS(ppm)</u>
Residential (average varies depending on average water usage per capita)	175 to 250	175 to 250
Auto Steam Cleaning	1,150	1,250
Bakery, wholesale	1,000	600
Bars without dining facilities	200	200
Car Wash	20	150
Department and Retail Store	150	150
Hospital and Convalescent	250	100
Hotel with dining facilities	500	600
Hotel/Motel without dining	310	120
Industrial Laundry	670	680
Laundromat	150	110
Laundry, commercial	450	240
Market with garbage grinders	800	800
Mortuary	800	800
Professional Office	130	80
Repair Shop and Service Station	180	280
Restaurant	1,000	600
School and College	130	100
Septage	5,400	12,000
Soft Water Service	3	55

NOTES ON COMMERCIAL USER STRENGTH CHARACTERISTICS

The list of commercial strengths listed on Page G - 21 was derived from data made available to the State Water Resources Control Board (SWRCB) staff by **East Bay Municipal Utility District**, **City of San Jose**, **Los Angeles County Sanitation Districts**, and the **Sacramento Regional County Sanitation District**. The results generally represent the mean of the values used by the agencies which collected the data with extreme values eliminated in some cases.

The SWRCB staff feels that the data on strength is representative of most cities in California. The data is provided for your information. The values in the table will be accepted by SWRCB staff. If you feel that the data provided in the table is not representative of your service area, please feel free to utilize more representative data. If strength values for commercial users other than those provided on this list are utilized, supporting data should be submitted to verify values used.

TABLE G-1
Estimated water consumption at different types of establishments.

TYPE OF ESTABLISHMENT	FLOW in GPD per PERSON or UNIT
Dwelling units, residential:	
Private dwellings on individual wells or metered supply	50-75
Private dwellings on public water supply, unmetered	100-200
Subdivision dwelling on individual well, or metered supply, per bedroom	150
Subdivision dwelling on public water supply, unmetered, per bedroom	200
Dwelling units, multiple:	
Apartment houses on individual wells	75-100
Apartment houses on public water supply, unmetered	100-200
Hotels:	
Boarding houses:	50
Lodging houses and tourist homes:	40
Motels, without kitchens, per unit:	100-150
Camps:	
Pioneer type	25
Children's, central toilet and bath	40-50
Day camp, no meals	15
Luxury, private bath	75-100
Labor	35-50
Trailer with private toilet and bath, per unit	125-150*
Restaurants (including toilet):	
Average	7-10
Kitchen wastes only	2.5-3
Short order	4
Short order, paper service	1-2
Bars and cocktail lounges:	2
Average type, per seat	35
Average type, 24 hour, per seat	50
Tavern, per seat	20
Service area, per counter seat (highway)	350
Service area, per table seat (highway)	150
Institutions:	
Average type	75-125
Hospitals	150-250
Schools:	
Day	5-10
Day, with cafeteria or lunch room	10-15
Day, with cafeteria and showers	15-20
Boarding	75
Theaters:	
Indoor, per seat, two showings per day	3
Outdoor, including food stand, per car	3-5
Automobile service station:	
Per vehicle served	10
Per set of pumps	500
Stores:	
First 25 feet of frontage	450
Each additional 25 feet of frontage	400
Country clubs:	
Resident type	100
Transient type, serving meals	17-25
Offices:	10-15
Factories, sanitary wastes, per shift:	15-35
Self service laundry:	250-500
Bowling alleys, per alley:	200
Swimming pools and beaches, toilet and shower:	10-15
Picnic parks, with flush toilets:	5-10
Fairgrounds (based on daily attendance):	1
Assembly halls, per seat:	2
Airport, per passenger:	2 ¹ :

* Add 125 gal. per space for lawn sprinkling, car washing, leakage, etc. NOTE: Water under pressure, flush toilets, and wash basins are assumed unless otherwise noted. Figures are flows per capita per day unless otherwise stated.

TABLE G-2

Design unit sewage flows for recreational facilities

(Yellowstone National Park)

Establishment	Unit	Flow in gpd
Cafeteria	Table seat	150
Campground (developed)	Person	25
Cocktail lounge	Seat	20
Coffee shop	Counter seat	250
Dining room	Table seat	150
Dormitory, bunkhouse	Person	50
Fish cleaning station	Station	7,500
Gas station	Station	2,000-5,000
Hospital	Bed	200
Hotel	Person	75
Laundromat	Washing machine	500
Lodge or cabins	Person	50
Mess hall	Person	15
Offices and stores	Employee	25
Residence homes, apartments	Person	75
Trailer village	Person	35
Visitor centers	Visitor	5

TABLE G-3

Sewage flows from commercial districts

Establishment	Unit	Flow in gpd
Airport	Passenger	5
Hotel	Person	100
Motel	Person	50
Restaurant	Meal	7
Shopping Center	Employee	60
Small business	Employee	20
Theater	Seat	5

TABLE G-4

Average sewerage flows from institutional facilities

Establishment	Unit	Flow in gpd
Elementary schools	Student & Staff	10
High schools	Student & Staff	20
Medical Hospital	Patient & Staff	175
Mental hospital	Patient & Staff	125
Prisons	Inmate & Staff	175

TABLE G-5

Miscellaneous water usage estimates

Item	Unit	Avg. gal. used
Air conditioner, home type, water cooled	gpd	2,880
Automatic home laundry machine	Load	30-50
" " " "	Person	6½-9
Bathtub	Per Use	30
Dishwashing machine, home type	Load	4-8
" " " "	Person	6
Dishwashing machine, commercial type, stationary rack	gpm	6-9
" " " " , Conveyor type	gpm	4-6
Drinking fountain, continuous flowing	gph	75
Garbage disposal, home type	Person	1-4
Shower head	Per Use	25-30
Wash basin	Per Use	1½
Water closet, tank	Per Use	4-5
Water closet, flush valve	gpm	30

TABLE G-6

Typical composition of domestic waste

Constituent	Strong	Medium	Weak
Alkalinity (as CaCO ₃)*	200	100	50
Biochemical Oxygen Demand, 5-day, 20°C (BOD ₅)	300	200	100
Chemical Oxygen Demand (COD)	1000	500	250
Chlorides*	100	50	30
Grease	150	100	50
Nitrogen, (total as N)	85	40	20
Organic	35	15	8
Free ammonia	50	25	12
Nitrites	0	0	0
Nitrates	0	0	0
Phosphorus, (total as P)	20	10	6
Organic	5	3	2
Inorganic	15	7	4
Settleable solids, (ml/liter)	20	10	5
Solids, total	1200	700	350
Dissolved, total	850	500	250
Fixed	525	300	145
Volatile	325	200	105
Suspended, total	350	200	100
Fixed	75	50	30
Volatile	275	150	70
Total organic carbon (TOC)	300	200	100

NOTE: All values except settleable solids are expressed in mg/liter. * Values should be increased by amount in carriage water.

PUBLIC NOTICE FORMAT

**NOTICE OF PROPOSED CHANGE
IN WASTEWATER RATES**

The City Council of the City of Hagenville is considering a rate ordinance for wastewater treatment which provides that capital costs will not be recovered in proportion to system use. The effect of the ordinance is to reduce costs to industrial and commercial users with a corresponding increase in the rates to residential users.

The following table shows the rates proposed to be charged typical users in the industrial, commercial, and residential categories using the proposed rate structure. The table compares these rates with what they would be if they were calculated in proportion to system use.

PROPOSED MONTHLY CHARGES

Type of User	Proposed Rates	Proportion to Use	Difference
Industrial User	\$1,500	\$2,000	-\$500
Typical Industrial User	\$750	\$1,000	-\$250
Typical Commercial User	\$300	\$400	-\$100
Typical Residential User	\$9	\$7	\$2

The City Council invites you to attend and participate in a public discussion of this proposed ordinance. It will be held:

Date:

Time:

Place:

Any comments which are received by the City Council prior to the date of the meeting will also be considered.

(A discussion of the facts which prompted the proposed rate ordinance and the pros and cons of its enactment may be inserted at the end of the notice or included on a separate sheet of paper.)

**REVENUE PROGRAM FORMS
AND
INSTRUCTIONS**

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FORM 1 - SUMMARY OF USERS AND WASTEWATER CHARACTERISTICS (STRENGTH)

1. PURPOSE:

- a. To identify groups of residential, commercial and industrial users.
- b. To show wastewater characteristics, design capacity provided, and estimated annual volumes and quantities of pollutants for these groups, and for any special classifications.

2. TO COMPLETE THE FORM:

- a. Column (A): Enter the number of users (connections) in each group.
- b. Column (B): Enter names of users (user groups). See **Commercial User Strength Characteristics** on Page G - 21 of the Revenue Program Guidelines (Guidelines) for a list of typical user groups.
- c. Columns (C)-(E): Show wastewater characteristics for each parameter for each user (user group): Average dry weather flow (ADWF) in million gallons per day (MGD), biological oxygen demand (BOD₅) in parts per million (ppm) and suspended solids (SS) in parts per million (ppm). See Page G - 21 of these Guidelines for average strengths for typical users.
- d. Columns (F)-(H): Show facility design capacity for each user (user group). Design capacity is in MGD, BOD₅ and SS are in lbs/day.
- e. Columns (I)-(K): Enter annual contributions for each user for each parameter. VOLUME (I) is ADWF (C) times the number of days in a year (365). Some users (schools, canneries, etc.) may only operate for a portion of a year. Therefore, the number of days of operation may be less than 365. Total annual BOD₅ (J) is BOD₅ in ppm (D) times total annual volume (I) times 8.34. Total annual SS (K) is SS in ppm (E) times total annual volume (I) times 8.34.

3. NOTES:

- a. Other relevant parameters besides BOD₅ and SS may be used if they are consistent with the design basis of the treatment facility.
- b. Infiltration/inflow must be separately identified. The difference between ADWF (C) and design flow (F) is that design flow is the peak flow for seasonal users.
- c. DAILY AND ANNUAL TOTALS OF FLOW AND POUNDS OF BOD AND SS SHOULD CORRESPOND CLOSELY TO ACTUAL FLOW AND LOADINGS MONITORED AT THE WASTEWATER TREATMENT PLANT.

FORM 2 Annual O. M. & R. and Nonoperating Costs
(instructions on back of page)

Municipality _____

Date _____

COST CATEGORY	CURRENT YEAR COSTS	FIRST YEAR OF FULL OPERATION
1. TREATMENT FACILITIES:		
(a) Fixed O. & M. Costs	_____	_____
(b) Variable O. & M. Costs	_____	_____
(c) Replacement Cost	_____	_____
(d) Subtotal Treatment [(a)+(b)+(c)]	_____	_____
2. COLLECTION SYSTEM:		
(e) Fixed O. & M. Costs	_____	_____
(f) Variable O. & M. Costs	_____	_____
(g) Replacement Cost	_____	_____
(h) Subtotal Collection [(e)+(f)+(g)]	_____	_____
3. MISCELLANEOUS:		
(j) Overhead/Indirect	_____	_____
(k) Operating Reserve	_____	_____
(m) Other	_____	_____
(n) Subtotal miscellaneous [(j)+(k)+(m)]	_____	_____
4. TOTAL VARIABLE COST [(b)+(f)]	_____	_____
5. TOTAL FIXED COST [(a)+(c)+(e)+(g)+(n)]	_____	_____
6. TOTAL O. M. & R. COST [(4)+(5)]	_____	_____
7. CAPITAL REPLACEMENT FUND	_____	_____
8. DEBT SERVICE (Principal & Interest)	_____	_____
9. WASTEWATER CAPITAL RECOVERY FUND (WCRF)	_____	_____

FORM 2: ANNUAL O. M. & R. AND NONOPERATING COSTS

1. PURPOSE:

- a. To show current year O.M.& R. costs and estimated "first year" O.M.& R. costs in accordance with Section 1-2 A. (Page G - 3) of these Guidelines.
- b. To show current year administration costs and estimated administration costs in accordance with Section 1-4 F. (Page G - 7) of these Guidelines. See also notes for Form 5.
- c. To establish an operating reserve fund as discussed in Section 1-2 E. (Page G - 4) of these Guidelines. Operating reserves are strongly recommended, but not required, by these Guidelines.
- d. To establish a wastewater capital reserve fund (WCRF) as required by Section 1-2, D (Page G - 4) of these Guidelines.

2. TO COMPLETE THE FORM:

- a. Each municipality should enter cost data as required. For regional facilities, the lead agency and each subscribing municipality should enter on this form only the cost incurred on its own facilities. For example, the lead municipality may operate and maintain the treatment plant and interceptor and each subscribing municipality may operate and maintain its own collection system.
- b. Fixed costs* are those costs which do not vary directly with flow (i.e. labor, testing, debt service, etc.). Replacement costs, which are normally fixed costs, must be separately identified.
- c. Variable costs* are costs which vary directly with flow (i.e. chemicals, utility costs, etc.).
- d. Methods for estimating the amount of reserves to be established in the operating reserve fund are set forth in Section 1-2 E. (Page G-4) of these Guidelines.
- e. Show current and "first year" debt service (principal and interest) on line 8.

3. NOTES:

- a. Replacement costs will be calculated in accordance with Section 1-2 B. (Page G - 3) of these Guidelines. Records showing computations will be retained by the municipality and are subject to review.
- b. Minimum annual payment to the WCRF will be calculated in accordance with SRF Loan Policy.

* Separating costs into fixed/variable components is optional. All costs, except replacement may be combined if desired.

FORM 3 Capital Cost Allocation
 (Instructions on back of page)

Municipality _____

Date _____

(A) ITEM	(B) TOTAL COST	FLOW		BOD		SS	
		(C) %	(D) FLOW COST [(B) x (C)]	(E) %	(F) BOD COST [(B) x (E)]	(G) %	(H) SS COST [(B) x (G)]
1. Collection System							
2. Interceptors							
3. Treatment Plant							
4. Outfall/Disposal							
5. Other Facilities							
6. Subtotal Construction							
7. Const. Administration							
8. Planning/Design Cost							
9.							
10.							
11.							
12.							
13.							
14. Total All Costs							
15. Outside Funding							
16. Local Funding [(14)-(15)]							

FORM 3: CAPITAL COST ALLOCATION

1. PURPOSE:

- a. This form is used only if the municipality does not have a history of the annual cost of operation and maintenance (including replacement) of their wastewater facilities.
- b. To show computation of capital cost percentages, to be allocated among users, for flow, BOD₅ and SS. Other parameters must be shown if applicable.
- c. To compute local cost if construction costs are reimbursed by grants from others.

2. TO COMPLETE THE FORM:

- a. Enter total costs of collection system, treatment facilities, and disposal facility, etc., in Column (B).
- b. Allocate cost for flow, BOD₅, and SS for treatment facilities according to parameters developed for each component based on actual experience and records or use percentages shown in the **List Of Useful Lives And Allocation Parameters** on Page G - 19 of these Guidelines. Enter totals only, but retain work papers for subsequent review. Collection system and disposal facility costs will be allocated 100 percent to flow.
- c. Enter any outside funding on Line 15. Outside funding for treatment facilities must be allocated on the same basis as the costs on Line 3.

3. NOTES:

- a. Administration costs may be allocated among flow, BOD₅, and SS based on any reasonable formula supported by the municipality's experience. [see also Note 3.a. on Form 4 Instructions]
- b. Form 3 is optional. It may be used if the municipality has no other means to determine the division of the O. M. & R. expenses between flow, BOD₅ removal costs and SS removal costs.

FORM 4 Unit Cost Determination
(Instructions on back of page)

Municipality _____

Date _____

(A) COST CATEGORY	(B) Parameter Allocation Percentage	(C) Annual Cost Allocated to Parameter	(D) Total Annual Quantities	(E) Unit Cost For Each Parameter
1. Variable portion O. M. & R.:				
(a) Flow				
(b) BOD				
(c) SS				
(d) I/I				
(e) Other				
2. Fixed portion O. M. & R.:				
(f) Flow				
(g) BOD				
(h) SS				
(i) I/I				
(j) Other				
3. Capital Replacement:				
(k) Flow				
(l) BOD				
(m) SS				
(n) I/I				
(o) Other				
4. Debt Service:				
(p) Flow				
(q) BOD				
(r) SS				
(s) I/I				
(t) Other				
5. WCRF:				
(u) Flow				
(v) BOD				
(w) SS				
(x) I/I				
(y) Other				

FORM 4: UNIT COST DETERMINATION

1. PURPOSE:

- a. To calculate the unit cost for each parameter.

2. TO COMPLETE THE FORM:

- a. In Column (B) list the parameter allocation percentages determined from Form 3 or from prior municipality experience. For infiltration/inflow (I / I), the allocation will be based on percentage of flow parameter only. This is calculated from Form 1 by dividing annual I / I volume in Column (I) by total annual volume in Column (I).
- b. In Column (C) allocate annual costs to each parameter. Annual fixed and variable O. M. & R., operating reserve fund, and debt service costs are obtained from Form 2. Capital replacement fund and wastewater capital recovery fund costs must be determined by the requirements of these Guidelines.
- c. Total quantities for Column (D) are obtained from Form 1. Modify total flow for I / I. (See Note 3.d. below)
- d. Unit costs in Column (E) are obtained by dividing total cost for each parameter in Column (C) by the corresponding total quantity in Column (D).

3. NOTES:

- a. O. M. & R. costs are normally allocated to the cost of: [1] the collection, transport, treatment and disposal of the wastewater flow, [2] the cost of removal of BOD₅ or COD from the wastewater, and [3] the cost of removal of SS from the wastewater. Additional parameters may be used if the municipality has specific processes or costs attributable to the additional parameter (such as nitrogen removal). The basis for the O. M. & R. cost allocation is the accounting of the actual costs of the municipality's wastewater system and the allocation of the actual costs based on the input from the wastewater plant operators. If a municipality does not have the data to determine the actual percentage of O. M. & R. costs to allocate to each parameter the municipality may use the capital cost allocations from Form 3 or any other allocation formula which can be justified by the municipality (see Section 1-4 A.1. of these Guidelines).
- b. A participating or subscribing municipality should have separate unit cost determinations which show those costs incurred prior to discharging wastewater into facilities controlled and operated by the regional municipality.
- c. Operating reserves can be shown in O. M. & R., Item 4, Column (C). However, if separate, show on separate Form 4.
- d. Total design quantities may be used for debt service and capital replacement. Total annual quantities will be used for variable and fixed O. M. & R.

FORM 5v: SUMMARY OF VARIABLE PORTION OF O. M. & R. COSTS

1. PURPOSE:

- a. To calculate the total costs for each user (user group) based on the variable portion of the O. M. & R. costs. A separate Form 5 will be used for each fund utilized.

2. TO COMPLETE THE FORM:

- a. Columns (A) & (B) are the same as Form 1 Columns (A) & (B).
- b. For Columns (C), (E) & (G) fill in the corresponding parameters from the respective Column (I), (J) or (K) on Form 1 for each user (user group) listed. Annual capacity and quantities must be used for variable portion of the O. M. & R. costs.
- c. For Columns (D), (F) & (H) (Unit Cost) place the unit cost developed on Form 4, Column (E), at the top of each column. The appropriate dollar amount on each line is calculated by multiplying the amount in Column (C), (E) or (G) by the appropriate unit cost at the top of the column.
- d. Column (I) is a summation of costs from Columns (D), (F) and (H) for each user (user group).

3. NOTES:

- a. If the operating reserve fund is not included in either the variable or the fixed portions of the O. M. & R. costs a separate Form 5 will be required for the operating reserve fund. The applicable unit parameters for the operating reserve fund may be the same as for either the variable or the fixed portions of the O. M. & R. costs.
- b. Administration costs can be either included with the variable or the fixed portions of the O. M. & R. costs or calculated separately as a separate fund. One method of allocation is to divide the total administrative cost by the total number of users (connections) and then multiply this unit cost by the number of users in each user group for the cost in Column (I).

FORM 5f: SUMMARY OF FIXED PORTION OF O. M. & R. COSTS

1. PURPOSE:

- a. To calculate the total costs for each user (user group) based on the fixed portion of the O. M. & R. costs. A separate Form 5 will be used for each fund utilized.

2. TO COMPLETE THE FORM:

- a. Columns (A) & (B) are the same as Form 1 Columns (A) & (B).
- b. For Columns (C), (E) & (G) fill in the corresponding parameters from the respective Column (I), (J) or (K) on Form 1 for each user listed. Annual capacity and quantities must be used for the fixed portion of the O. M. & R. costs.
- c. For Columns (D), (F) & (H) (Unit Cost) place the unit cost developed on Form 4, Column (E), at the top of each column. The appropriate dollar amount on each line is calculated by multiplying the amount in Column (C), (E) or (G) by the appropriate unit cost at the top of the column.
- d. Column (I) is a summation of costs from Columns (D), (F) and (H) for each user (user group).

3. NOTES:

- a. If the operating reserve fund is not included in either the variable or the fixed portions of the O. M. & R. costs a separate Form 5 will be required for the operating reserve fund. The applicable unit parameters for the operating reserve fund may be the same as for either the variable or the fixed portions of the O. M. & R. costs.
- b. Administration costs can be either included with the variable or the fixed portions of the O. M. & R. costs or calculated separately as a separate fund. One method of allocation is to divide the total administrative cost by the total number of users (connections) and then multiply this unit cost by the number of users in each user group for the cost in Column (I).

FORM 5c: SUMMARY OF CAPITAL REPLACEMENT FUND COSTS

1. PURPOSE:

- a. To calculate the total costs for each user (user group) based on the capital replacement fund costs.

2. TO COMPLETE THE FORM:

- a. Columns (A) & (B) are the same as Form 1 Columns (A) & (B).
- b. For Columns (C), (E) & (G) fill in the corresponding parameters from the respective Column (I), (J) or (K) on Form 1 for each user listed. The municipality should decide if annual or design capacity and quantities will be used for the capital replacement fund. [See Note 3.a. below]
- c. For Columns (D), (F) & (H) (Unit Cost) place the unit cost developed on Form 4, Column (E), at the top of each column. The appropriate dollar amount on each line is calculated by multiplying the amount in Column (C), (E) or (G) by the appropriate unit cost at the top of the column.
- d. Column (I) is a summation of costs from Columns (D), (F) and (H) for each user (user group).

3. NOTES:

- a. If the municipality uses design capacity and quantities in the capital replacement fund calculations the revenue from user fees alone will not generate sufficient revenue for full funding of this expense. Other revenue from standby charges, connection fees, etc. must be used to fully fund this cost.

FORM 5d: SUMMARY OF DEBT SERVICE FUND COSTS

1. PURPOSE:

- a. To calculate the total costs for each user (user group) based on the debt service fund costs.

2. TO COMPLETE THE FORM:

- a. Columns (A) & (B) are the same as Form 1 Columns (A) & (B).
- b. For Columns (C), (E) & (G) fill in the corresponding parameters from the respective Column (I), (J) or (K) on Form 1 for each user listed. The municipality should decide if annual or design capacity and quantities will be used for the debt service fund. [See Note 3.a. below]
- c. For Columns (D), (F) & (H) (Unit Cost) place the unit cost developed on Form 4, Column (E), at the top of each column. The appropriate dollar amount on each line is calculated by multiplying the amount in Column (C), (E) or (G) by the appropriate unit cost at the top of the column.
- d. Column (I) is a summation of costs from Columns (D), (F) and (H) for each user (user group).

3. NOTES:

- a. If the municipality uses design capacity and quantities in the debt service fund calculations the revenue from user fees alone will not generate sufficient revenue for full funding of the required debt service needed. Other revenue from standby charges, connection fees, etc. must be used to fully fund this cost.

FORM 5w: SUMMARY OF WASTEWATER CAPITAL RESERVE FUND COSTS

1. PURPOSE:

- a. To calculate the total costs for each user (user group) based on the wastewater capital reserve fund costs.

2. TO COMPLETE THE FORM:

- a. Columns (A) & (B) are the same as Form 1 Columns (A) & (B).
- b. For Columns (C), (E) & (G) fill in the corresponding parameters from the respective Column (I), (J) or (K) on Form 1 for each user listed. The municipality should decide if annual or design capacity and quantities will be used for the wastewater capital reserve fund. [See Note 3.a. below]
- c. For Columns (D), (F) & (H) (Unit Cost) place the unit cost developed on Form 4, Column (E), at the top of each column. The appropriate dollar amount on each line is calculated by multiplying the amount in Column (C), (E) or (G) by the appropriate unit cost at the top of the column.
- d. Column (I) is a summation of costs from Columns (D), (F) and (H) for each user (user group).

3. NOTES:

- a. If the municipality uses design capacity and quantities in the wastewater capital reserve fund calculations the revenue from user fees alone will not generate sufficient revenue for full funding of the fund. Other revenue from standby charges, connection fees, etc. must be used to fully fund this expense.

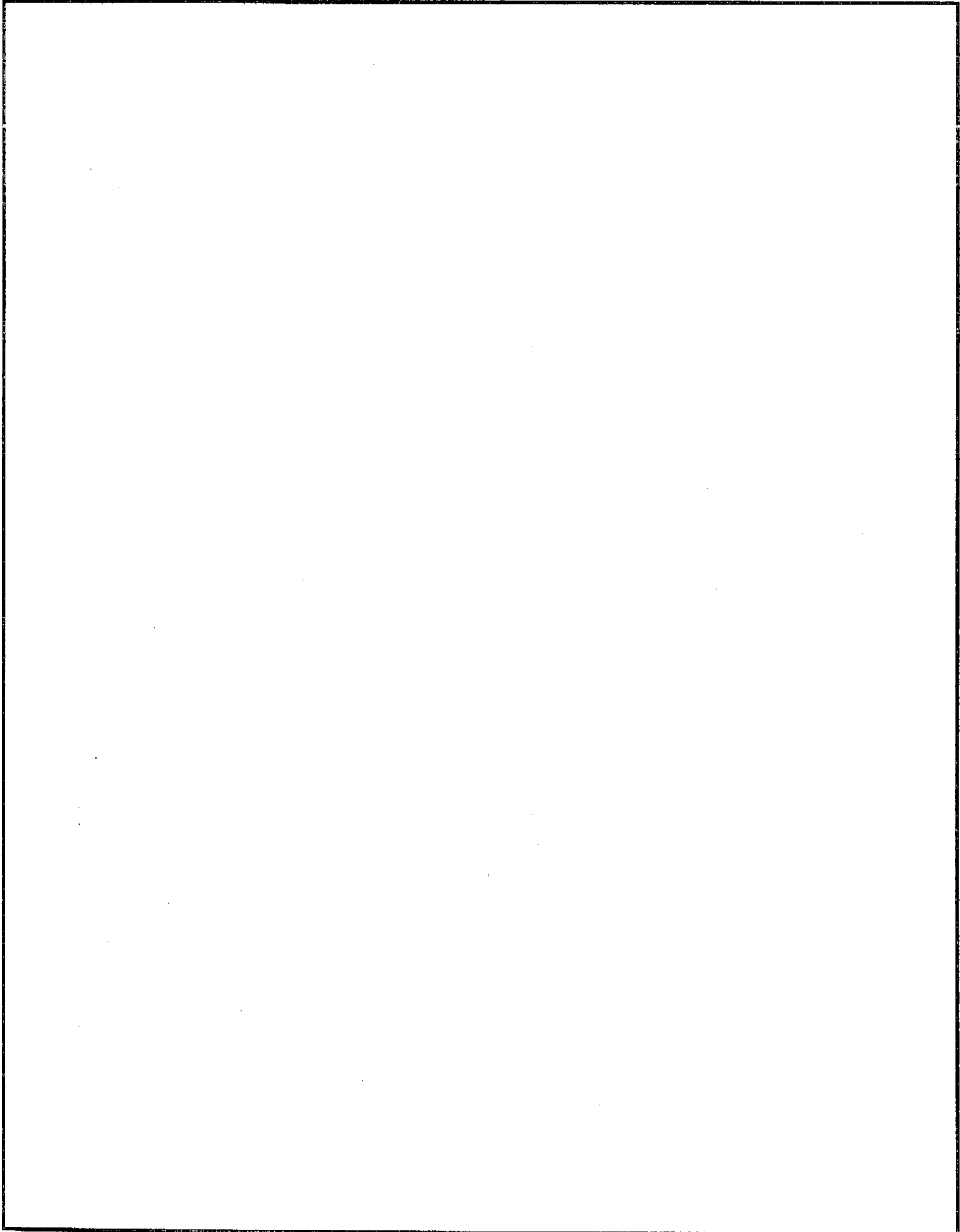
FORM 6: SUMMARY OF TOTAL ANNUAL REVENUE REQUIRED

1. PURPOSE:
 - a. To sum up individual fund costs from Forms 5v through 5w.
2. TO COMPLETE THIS FORM:
 - a. Columns (A) & (B) are the same as Form 1, Columns (A) & (B).
 - b. Columns (C) through (G) - transfer appropriate fund costs from the appropriate Form 5, Column (I).
 - c. Column (H) is a summation of Columns (C) through (G).
 - d. Column (I) is the amount in Column (H) divided by the number of users in Column (A).
 - e. Column (J) is the average payment required in each user group and is determined by dividing average annual revenue required in Column (I) by the number of billing periods in a year.
3. NOTES:
 - a. Use only those columns (C) through (G) applicable to your revenue program and the appropriate Form 5(s) used.

FORM 7 Rate Determination and Revenue Program Summary
(Instructions on back of page)

Municipality _____

Date _____



FORM 7 RATE DETERMINATION AND REVENUE PROGRAM SUMMARY

1. PURPOSE:

- a. To show the proposed method for collecting the total annual revenue shown on Form 6, Column (I). The municipality must develop a user charge system that results in a distribution of costs which are reasonably proportional to each user's (user group) contribution to the costs of the wastewater treatment works.
- b. To show a summary of total revenues and total disbursements.

2. TO COMPLETE THE FORM:

- a. Charge systems may include a combination of one or more of the following:
 - 1. Flat rates.
 - 2. Rates based on water consumption.
 - 3. Rates based on monitoring.
 - 4. Connection fees.
 - 5. Standby charges.
 - 6. Ad valorem taxes. [see 40 CFR 35.2140(b) for limitations]
- b. The summary of total revenues and disbursements should include a complete breakdown of revenue sources and disbursements into the various fund structures.

3. NOTES:

- a. SWRCB staff will review the wastewater user charge system to determine if the municipality will collect sufficient revenue to support adequate O. M. & R. of the wastewater treatment works and if the users of the wastewater treatment works are charged in proportion to their actual use as required by 40 CFR 35.2140.

APPENDIX H

PROJECT COMPONENT ELIGIBILITIES

STATE WATER RESOURCES CONTROL BOARD
DIVISION OF CLEAN WATER PROGRAMS
STATE REVOLVING FUND LOAN PROGRAM IMPLEMENTATION
ISSUES ON PROJECT COMPONENT ELIGIBILITY

Issues Concerning Loan Eligibility

Effective July 1, 1989, with the exception of those communities eligible to participate in the Small Communities Assistance Program, all the projects to be reviewed will be State Revolving Fund (SRF) loan projects. A Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities (SRF Policy) was issued by the State Water Resources Control Board (SWRCB) on August 18, 1988, and amended on September 20, 1990, January 21, 1993, September 23, 1993, and October 20, 1994. The information in these guidelines apply to plans and specifications approved by the Division of Clean Water Programs (Division) after October 20, 1994. The Policy indicated that plans and specifications review is intended to determine if the facilities are consistent with the planning documents, will in concept meet discharge requirements, and are consistent with federal and state law. Section VII E 1. of the SWRCB's SRF Policy, Facilities Planning, Eligible Project briefly lists eligible categories of work. The list is short and leaves many questions unresolved. There remain questions within the general categories of eligible components which may or may not be considered standard, or typical in the construction of treatment facilities. This guidance attempts to address several such issues which have come up concerning eligibility review of loan projects. As new issues arise, and new decisions are made, this guidance will be updated.

The list of eligible and ineligible categories as presented in the October 20, 1994 Policy are:

1. Eligible

- a. Treatment facilities, including new collection systems in existing communities, and alternative treatment facilities such as leach fields, mound systems, wetlands, etc.;
- b. Twelve (12) years of reserve capacity for treatment plants and forty (40) years for interceptors and outfalls;
- c. Reasonable administration and laboratory building space directly related to the operation of the eligible facilities.
- d. Process control systems;
- e. Mitigation measures (except for land) mandated by State and/or Federal agencies;

- f. Conventional on-site solids handling systems necessary to meet discharge requirements. Includes systems that perform thickening, stabilization, and dewatering of sludge as a means of preparing it for beneficial reuse and/or ultimate disposal.
- g. Stationary and mobile equipment that are an integral part of the wastewater or sludge handling process such as front loaders for sludge drying beds, injection equipment for dedicated land disposal sites, and compost windrow turners. Equipment must be confined to the treatment plant or disposal site owned by the recipient.
- h. Allowances for planning, design, construction, value engineering for projects less than \$10 million, prime engineering, and administration;
- i. Special equipment necessary to maintain the treatment plant, including the manufacturer's list of spare parts;
- j. Necessary insurance related to the construction contract; and
- k. Cost effective buy-in for all of the proportional costs to connect to an existing treatment plant and/or collection system.

2. Ineligible

- a. All land, easements, and rights of way;
- b. Construction contingency;
- c. Construction change orders and claims;
- d. House laterals for collection systems and any inhouse facilities;
- e. Engineering costs included as part of the construction bid;
- f. Decorative items (art work, sculptures, reflective ponds, fountains, etc.);
- g. Solids handling facilities that perform pasteurization, co-generation, conditioning, heat drying, thermal reduction and facilities for packaging or distributing biosolids.
- h. Operation and maintenance costs and extended warranties for equipment and earthquake insurance costs; and
- i. Motor vehicles used for employee transportation or for the transportation of material generated or consumed by the treatment plant.

- j. All other items not included in the construction contract except allowances.
- k. Replacement of previously grant funded facilities, except for the two specific cases listed under Section VIII.E.2.k., of the SRF policy.

Project components, other than reserve capacity, are intended to be completely eligible or ineligible. Eligible and ineligible items must be segregated in the engineer's estimate and bid separately. Partially eligible items must be bid separately so that the Division can determine the eligible share for each item."

Issues regarding specific eligibility determinations which fall within the above categories are presented below.

A. Treatment Facilities

This category is extremely broad. It has been determined that design review will not include a new evaluation of treatment process selection to determine if it is the most economical and cost effective selection for the situation. Therefore, the specific process selected by the loan applicant in the facilities planning phase and approved by the planning staff, will be allowable. Each unit process will be evaluated using standard design criteria to determine if the process is appropriately sized to meet discharge requirements. Without questioning the type of treatment process selected, specific eligibility questions may need to be addressed. Funding of treatment processes or components was often limited under the grants program due to restrictions contained in the federal regulations and, as a result of the development of Design Unit policy, on specific issues as they arose. These determinations were often based upon a finding that the process or component was contrary to standard design practice, considered unnecessary or unreasonable, or in excess of the criteria most commonly applied at other treatment plants throughout the State. These same principles apply for SRF projects.

Facilities in excess of those required to meet Discharge Requirements.

Issue: Will facilities constructed to meet a level of treatment in excess of those necessary to meet adopted discharge requirements be eligible for loan funding?

Decision: Yes, provided the applicant commits, in writing, to operate the facilities from the date of completion of construction and the facilities are covered in the environmental document.

Reliability.

Issue: What level of reliability should be fundable under the SRF program, and should process unit standby be fundable under the SRF?

Decision: Standard design practice will be used in establishing eligibility for necessary reliability and redundancy for a treatment process to assure that adequate standby equipment

is available in the event of a mechanical problem, and that there are a sufficient number of units for each process to assure that bypasses do not occur each time a unit must be taken out of service. In order to assure consistency in the level of standby provided, both the U.S. Environmental Protection Agency's (EPA) manual on reliability and the Handbook of Procedures should be used.

Small Community Systems.

Issue: Eligibility of small community mound systems.

Decision: Small community treatment works such as leach fields, mound systems, wetlands, etc. will be eligible. Standard design criteria will be used to evaluate the systems. In the case of subsurface disposal systems, 100 percent reserve capacity will be funded, however, the cost of the land for the system will not be eligible. Costs necessary to construct and/or upgrade on-site systems will be eligible. The loan applicant must be a public entity, therefore, an on-site maintenance district would have to be formed to apply for SRF loan funding.

Solids Handling/Disposal Facilities.

Issue: Eligibility of various sludge handling facilities.

Decision: Eligible on-site solids handling facilities are to include those necessary to meet discharge permits that perform preliminary operations, thickening, stabilization, and dewatering as a means of preparing it for beneficial reuse and/or ultimate disposal. The level of treatment is to be based on that which is required for the selected and most cost-effective beneficial reuse or ultimate disposal method.

Eligible Processes

Preliminary Operations
Thickening
Stabilization
Dewatering

Ineligible Processes

Pasteurization
Conditioning
Heat Drying
Thermal Reduction
Co-generation
Packaging or Distribution Facilities
Ultimate Disposal

Restrictive Specifications.

Issue: What are the regulations regarding restrictive specifications?

Decision: Applicants are required to comply with the provisions of California Contract Code Section 3400 regarding restrictive specifications. The only exceptions will be charter cities, in which case, a certification from the city attorney that the specifications comply with local law will be required. Reasonable experience requirements in the specifications are

acceptable and design staff will question experience requirements only where the requirements are clearly unreasonable. Specifications which unduly restrict competitive bidding will not be eligible. The code requires that when one brand or trade name is listed in the specifications, then it must be followed by another brand or trade name and the words "or equal".

Operation and Maintenance Items.

Issue: Will operation and maintenance items be fundable under the SRF program?

Decision: Items strictly for operation are ineligible. Special equipment necessary to maintain the plant may be eligible. The manufacturers' recommended list of spare parts is eligible.

Laboratory Facilities.

Issue: Should laboratory space be eligible?

Decision: Reasonable and necessary laboratory facilities directly related to the operation of the eligible treatment facilities are eligible. The space curves currently used by the Division will be used only for comparison purposes. Those laboratory facilities falling within the curves will not be questioned further. Those exceeding the curves will be reviewed on a case by case basis.

Extended Warranties.

Issue: Should extended warranties for equipment be eligible for funding?

Decision: Extended warranties are ineligible for SRF funding. Costs associated with providing standard manufacturers' warranties or one year from the start-up are eligible.

Insurance.

Issue: What types of insurance should be fundable under the SRF program?

Decision: Under the SRF program, the necessary insurance directly related to the construction contract and extending throughout the period of the construction contract will be eligible for loan funding. This includes builder risk insurance, public liability insurance (including coverage for the applicant), fire and extended coverage insurance, project specific insurance, etc. Earthquake insurance and "Act of God" insurance are ineligible.

Small Community Systems.

All treatment facilities of "Privately or Publicly Owned Small and Onsite Systems" are eligible.

Treatment facilities include rehabilitation, upgrading, enlarging and installing small and onsite systems.

Ineligible: Modification to the physical structure of homes or commercial establishments. Piping from the house to the treatment unit located on user's property.

Buy-in Costs. Costs for buy-in to an existing treatment plant or collection system in lieu of constructing a new collection system or treatment plant are eligible if that has been determined to be the most cost effective alternative. The existing plant or collection system must have adequate capacity to handle the additional sewage. An agreement must be signed prior to a loan being issued. Money for buy-in to facilities must be deposited into a reserve account and only used for future expansion or major rehabilitation of the wastewater facilities.

Previously grant funded facilities. Providing loans to replace previously grant funded facilities is an ineligible project cost except for the two specific cases listed under Section VIII.E.2.k., of the SRF policy. The costs of corrective action necessary to bring a grant funded project into compliance with the project performance standards, are not eligible for a SRF loan.

Federal Facilities. The eligible capacity will include flows from federal facilities.

Permits. The costs of other than applicant administered permits are eligible as long as the permit costs charged are essentially the same magnitude charged to other permittees.

B. Collection Systems

Issue: What segments of a collection system are eligible?

Decision: New collection systems for existing communities are eligible. Service for future development is ineligible. An area will be considered primarily developed if a minimum of 50% of the lots in that area are developed at the time of Concept Approval. The analysis will be done on a block by block or area by area basis. Standard design criteria will be used in the review of collection systems. Laterals within the public right-of-way are eligible. Repaving of the trench for eligible pipeline is eligible. Service to homes existing at the time of loan award will be eligible. Electrical service required for STEP pumps will be eligible, however, no electrical connections or upgrades at the home are eligible.

C. Twelve Years Reserve Capacity

Issue: How much reserve capacity should be eligible for SRF funding?

Decision: Under the SRF program, treatment facilities will be eligible for 12 years reserve capacity, interceptors will be eligible for 40 years reserve capacity, and collection systems will be eligible for 20 years reserve capacity or the planned capacity as stated in the facilities planning and environmental documents.

D. Administration Buildings

Issue: Should there be any restrictions on the eligible administration space under the SRF program?

Decision: Administration space directly related to the operation of the eligible treatment facilities will be eligible. The space curves currently used by the Division will be used for comparison purposes only. Those facilities which fall within the curves will not be evaluated further. Those which exceed the curves will be reviewed on a case by case basis to determine if the administration space proposed is reasonable.

E. Reasonable Landscaping Measures

Issue: What level of landscaping should be considered reasonable and therefore eligible for funding?

Decision: Landscaping will be reviewed on a case by case basis, and must be directly related to the funded project.

Landscaping.

Eligibility on landscaping is limited to the confines of the proposed project.

Site screening necessary to comply with EIR studies and mitigation plans or necessary to screen adjacent properties is eligible.

Following is the limit of eligibility:

- a) Replacement of landscaping destroyed by construction.
- b) Five-gallon plantings is the maximum allowable size.

- c) Site screening and/or landscaping at the perimeter of the plant site including the entrance to the administration building, if necessary.
- d) Reasonable landscaping around process units, if necessary for erosion control.

Decorative Items.

Issue: What items should be considered decorative?

Decision: A case by case evaluation will be made to determine eligibility, and overly elaborate architectural treatments will be ineligible.

F. Mitigation Measures

Issue: Should locally imposed mitigation measures be funded?

Decision: State and Federally mandated mitigation measures will be eligible for funding. The costs of locally imposed mitigation measures are ineligible.

G. Allowance for Planning, Design and Construction Engineering Services

Allowances for the above services are indicated in Appendix I of the SRF guidelines.

H. Motor Vehicles

Issue: What types of vehicles are classified as motor vehicles and therefore, are not fundable under the SRF program?

Decision: Vehicles strictly for employee transportation such as automobiles and trucks are ineligible. Equipment necessary for the operation of the treatment facilities intended for use inside the treatment plant site and not otherwise available to the applicant are eligible. Maintenance equipment for funded collection systems is eligible.

I. House Laterals and Inhouse Facilities

Issue: What is considered a house lateral?

Decision: Individual lines from the public right-of-way to the house are considered house laterals and are ineligible for SRF funding. In an alternative system, the lateral is considered as the line from the house to the inlet of the septic tank. The outlet from the septic tank to the main line is considered part of the community collection system and is eligible.

J. Other

Population and Flow Projections.

Projections done by the following agencies should be used to determine the eligible project capacity:

Regional Council of Governments

State Agencies (commerce, planning, etc.)

Appropriate local Planning Agencies, or

Areawide Water Quality (208) Management Plans

If projections from the above agencies are not available, projections by the applicant may be accepted with adequate documentation supporting the reasonableness of the projection.

For a new plant: In the absence of any flow records, use 100 gallons per capita per day maximum. The BOD and SS should be no more than 200 ppm.

For expansion or modifications to the plant: Use flows and loadings from existing plant monitoring records.

Flow Definitions for Existing Systems (When Flow Data Available).

AVERAGE DRY WEATHER FLOW (ADWF):

Defined as the arithmetic mean of the average daily flows occurring during the maximum dry weather month. Dry weather months are defined as periods of little or no rainfall.

PEAK DRY WEATHER FLOW (PDWF):

Defined as the arithmetic mean of the maximum peak flow rates sustained over some time period (e.g., 3 hours) during the maximum dry weather month. Dry weather periods are defined as periods of little or no rainfall. Abnormal peak flow rates will require justification.

PEAK WET WEATHER FLOW (PWWF):

Defined as the arithmetic mean of the maximum peak flow rates sustained over some time period (e.g., 3 hours) during the maximum 24 hour wet weather period. Wet weather periods are defined as periods when rainfall normally occurs.

New Systems (When No Flow Data Available).

AVERAGE DRY WEATHER FLOW (ADWF):

Defined as the allowable* gallons per capita per day contribution (including commercial contributions) to the system multiplied by the connected population, plus existing industrial flow contributions.

PEAK DRY WEATHER FLOW (PDWF):

Domestic and commercial ADWF multiplied by an appropriate** peaking factor. The effects of existing industrial flows will be evaluated on a case-by-case basis.

PEAK WET WEATHER FLOW (PWPF):

Peak Dry Weather Flow plus nonexcessive*** infiltration/inflow.

The facilities plan shall demonstrate that each sewer system discharging into the treatment works is not, and will not be, subject to excessive infiltration or inflow.

No further I/I analysis will be required if domestic wastewater plus nonexcessive infiltration does not exceed 120 gallons per capita per day(gpcd) during periods of high ground water, and if the total daily flow during a storm does not exceed 275 gpcd, and there are no operational problems, such as surcharges, bypasses or poor treatment performance, resulting from hydraulic overloading of the treatment works during storm events.

The flow rate of 120 gpcd for infiltration analysis contains two flow components: 70 gpcd of domestic wastewater base flow and 50 gpcd of nonexcessive infiltration. This is a national average based on the results of a needs survey of some 270 Standard Metropolitan Statistical Area cities.

Demolition.

Demolition of existing structures at the site is eligible only if the structure is in the way of eligible new construction.

Demolition of existing structures not required for construction is eligible if the structure is a safety hazard which can only be abated by demolition.

- * Not to exceed 70 gpcd of domestic wastewater base flow for new systems.
- ** Normal peaking factors allowed in the past; up to 5 for small communities and 1.5-2.5 for larger communities (more than 5 mgd flow).
- *** More than 275 gpcd (during a storm) is considered excessive I/I.

Restoring Streets.

Restoring streets and rights-of-way to their original condition is eligible. Repaving is limited to the width of the trench plus one foot on either side. Capping an entire lane or road width is ineligible. Pro rate eligibility for trench width plus the one foot vs. total width.

Plant Roads and Parking Lots.

Treatment plant road construction is eligible, if reasonable (not the land itself).

Width of the road within plants is limited to 20 feet max.

Parking space is eligible for essential operation of the plant including applicant owned vehicles, operators, and a reasonable number of visitors.

Fencing.

Height of the fence is limited to 6 feet maximum.

Eligibility on the fence is limited to a chainlink around the treatment plant and barbed wire around irrigation fields, perc ponds, etc., where safety or vandalism is not a significant problem. If safety or vandalism is a significant problem, fencing will be evaluated on a case by case basis.

Fencing around effluent disposal area, if chlorinated, is ineligible.

Spare Parts.

Replacement parts as recommended by the manufacturer and or necessary to assure uninterrupted operation of the facility are eligible. These parts should be a component of the major system that is critical to meeting WDR and that their procurement requires an acceptable lead time (i.e. they are not "off the shelf" items from the manufacturer).

Items of routine "programmed" maintenance such as ordinary piping, air filters, couplings, hoses, bolts, gaskets, etc. are ineligible.

Only one set of spare parts is eligible per size and type of component.

Royalties

Royalties for patented processes or equipment are allowable subject to prior approval and for conditions stipulated, if any, in facilities plan approval.

Training

Training of loan applicant personnel is eligible as part of the administration and engineering allowance. Expenses for applicant personnel to attend training are not eligible.

SRF DESIGN REVIEW ELIGIBILITY GUIDANCE
(effective 11/93)

CATEGORY

CRITERIA

TREATMENT WORKS

Process Unit Review

Standard design criteria

Eligibility limited to those processes necessary to meet adopted discharge requirements

Reliability

USEPA Technical Bulletin "Design Criteria for Mechanical, Electrical, and Fluid System and Component Reliability"

USEPA Handbook of Procedures

Sludge Treatment

Eligibility limited to those facilities necessary to meet the selected and most cost-effective beneficial reuse or ultimate disposal method.

Restrictive Specifications

State Contract code governs except in cases of charter city such as San Francisco where local law governs

Brand or trade name specifications must include second name and "or equal"

Experience requirements in specifications are acceptable with justification

Operation & Maintenance Items

Manufacturers' recommended list of spare parts for equipment is eligible

Costs strictly for operation of facilities are ineligible: chemicals, polymers, lubricants, lab chemicals, chlorine, etc.

Special equipment necessary to operate the facilities is eligible (e.g. . .)

Special tools are eligible. Tools and spare parts that are readily available are not eligible.

Administration Buildings	Necessary space eligible, design review curves will be used as guide only in evaluating reasonableness of size
Laboratory Facilities	Necessary laboratory facilities commensurate with size and complexity of plant, and expertise of personnel. Reasonable inventory of lab chemicals are eligible.
Process Control Systems	Eligible, commensurate with size and complexity of treatment plant
Landscaping	Reasonableness landscaping eligible, plant screening eligible, elaborate interior landscaping ineligible, fencing disposal area ineligible Maximum size plant eligible 5 gal. Landscaping strictly for aesthetics ineligible
Extended Warranties	Ineligible
Insurance	Eligible for period of construction contract if directly related to contract work: Builders all risk, fire and flood public liability, etc. Earthquake insurance and "Act of God" insurance are ineligible
Motor Vehicles	Trucks and automobiles for employee transportation are ineligible Inplant maintenance eligible: portable cranes, forklifts, maintenance personnel carts, etc. Sludge hauling vehicles are not eligible Collection system maintenance equipment eligible for collection system projects
Decorative Items	Ineligible: fountains, artwork, sculptures, etc. Architectural treatments will be reviewed on a case by case basis
Land and Rights of Way	Ineligible

Construction Contingency	Ineligible
Change Orders and Claims	Ineligible
Buy In Costs	Eligible for treatment plant and collection system
Flows From Federal Facilities	Eligible
Permits	Other than applicant administered permit costs eligible
Royalties	Eligible subject to prior approval

Collection Systems

New Collection Systems	Eligible in existing communities
Primarily Undeveloped Areas	Ineligible, review will be case by case
Slope, Pipe Size, Etc.	Standard design criteria used
Alignment	Cost effective alignment eligible
I/I Work	Eligible
Sewer "Stub Outs"	Eligible within right-of-way for existing houses
Paving	Over sewer trench only eligible, entire roadway repaving ineligible
Small Community systems	Eligible to last dwelling on collection line Standard design criteria for each type of system to be used in evaluating systems Electrical service for individual pumps eligible, modifications to or connection to existing house electrical service is ineligible
Laterals	Eligible within public right-of-way for conventional systems Small diameter systems eligible from inlet to septic tank forward

Reserve Capacity

Treatment Plant	12 years from start of construction date
Collection System	20 years or capacity disclosed in facilities planning and environmental documents whichever is less
Interceptors	40 years from start of construction date

Mitigation Measures

Federal and State Mandated	Eligible
Locally Mandated	Ineligible

APPENDIX I

ALLOWANCE TABLES

ALLOWANCES FOR TREATMENT PLANT PROJECTS

Eligible Low Bid Cost	Planning	Design	Construction	Administration	Prime Engineering	Total Allowance	Value Engr. Allowance***
\$100,000	\$5,926	\$8,568	\$10,303	\$900	\$5,123	\$30,820	\$3,000
\$120,000	\$6,881	\$10,057	\$12,539	\$1,080	\$5,166	\$35,722	\$3,000
\$150,000	\$8,259	\$12,236	\$15,794	\$1,350	\$5,231	\$42,870	\$3,000
\$175,000	\$9,369	\$14,010	\$18,439	\$1,575	\$5,285	\$48,678	\$3,000
\$200,000	\$10,450	\$15,754	\$21,036	\$1,800	\$5,339	\$54,380	\$3,000
\$250,000	\$12,541	\$19,167	\$26,122	\$2,250	\$5,447	\$65,527	\$5,000
\$300,000	\$14,555	\$22,497	\$31,099	\$2,700	\$5,555	\$76,406	\$5,000
\$350,000	\$16,507	\$25,761	\$35,996	\$3,150	\$5,663	\$87,076	\$5,000
\$400,000	\$18,408	\$28,968	\$40,830	\$3,600	\$5,771	\$97,576	\$5,000
\$500,000	\$22,082	\$35,243	\$50,357	\$4,500	\$5,987	\$118,168	\$5,000
\$600,000	\$25,621	\$41,366	\$59,743	\$5,400	\$6,203	\$138,333	\$5,000
\$700,000	\$29,049	\$47,366	\$69,028	\$6,300	\$6,419	\$158,163	\$5,000
\$800,000	\$32,387	\$53,262	\$78,234	\$7,200	\$6,635	\$177,719	\$5,000
\$900,000	\$35,645	\$59,071	\$87,379	\$8,100	\$6,851	\$197,047	\$5,000
\$1,000,000	\$39,337	\$64,300	\$96,474	\$9,000	\$7,068	\$216,179	\$10,000
\$1,200,000	\$45,044	\$76,060	\$114,547	\$10,800	\$7,500	\$253,951	\$10,000
\$1,500,000	\$54,003	\$92,535	\$141,443	\$13,500	\$8,148	\$309,629	\$10,000
\$1,750,000	\$61,208	\$105,957	\$163,719	\$15,750	\$8,688	\$355,322	\$10,000
\$2,000,000	\$68,216	\$119,148	\$185,908	\$18,000	\$9,229	\$400,501	\$10,000
\$2,500,000	\$81,758	\$144,958	\$230,101	\$22,500	\$10,309	\$489,625	\$20,000
\$3,000,000	\$94,785	\$170,142	\$274,131	\$27,000	\$11,390	\$577,447	\$20,000
\$3,500,000	\$107,394	\$194,824	\$318,058	\$31,500	\$12,470	\$664,246	\$20,000
\$4,000,000	\$119,660	\$219,076	\$361,922	\$36,000	\$13,551	\$750,209	\$20,000
\$5,000,000	\$143,345	\$266,530	\$449,537	\$45,000	\$15,712	\$920,124	\$25,000
\$6,000,000	\$166,122	\$312,840	\$537,084	\$54,000	\$17,873	\$1,087,919	\$25,000
\$7,000,000	\$188,160	\$358,218	\$624,631	\$63,000	\$20,034	\$1,254,043	\$30,000
\$8,000,000	\$209,584	\$402,816	\$712,205	\$72,000	\$22,195	\$1,418,800	\$30,000
\$9,000,000	\$230,499	\$446,733	\$799,820	\$81,000	\$24,356	\$1,582,407	\$30,000
\$10,000,000	\$250,940	\$490,070	\$887,501	\$90,000	\$26,517	\$1,745,027	\$0
\$12,000,000	\$290,688	\$575,220	\$1,063,035	\$108,000	\$30,839	\$2,067,782	\$0
\$15,000,000	\$347,940	\$699,825	\$1,326,853	\$135,000	\$37,322	\$2,546,939	\$0
\$17,500,000	\$393,925	\$801,325	\$1,547,170	\$157,500	\$42,724	\$2,942,644	\$0
\$20,000,000	\$438,600	\$901,080	\$1,767,910	\$180,000	\$48,127	\$3,335,716	\$0
\$25,000,000	\$524,750	\$1,096,275	\$2,210,565	\$225,000	\$58,932	\$4,115,522	\$0
\$30,000,000	\$607,500	\$1,286,760	\$2,654,626	\$270,000	\$69,737	\$4,888,622	\$0
\$35,000,000	\$687,470	\$1,473,395	\$3,100,021	\$315,000	\$80,542	\$5,656,427	\$0
\$40,000,000	\$765,160	\$1,656,840	\$3,546,545	\$360,000	\$91,347	\$6,419,891	\$0
\$50,000,000	\$914,950	\$2,015,700	\$4,442,754	\$450,000	\$112,957	\$7,936,360	\$0
\$60,000,000	\$1,058,700	\$2,365,920	\$5,342,571	\$540,000	\$134,567	\$9,441,757	\$0
\$70,000,000	\$1,197,490	\$2,709,140	\$6,245,596	\$630,000	\$156,177	\$10,938,403	\$0
\$80,000,000	\$1,332,320	\$3,046,400	\$7,151,363	\$720,000	\$177,787	\$12,427,869	\$0
\$90,000,000	\$1,463,670	\$3,378,600	\$8,059,619	\$810,000	\$199,397	\$13,911,285	\$0
\$100,000,000	\$1,592,000	\$3,706,300	\$8,970,189	\$900,000	\$221,007	\$15,389,496	\$0
\$120,000,000	\$1,841,040	\$4,350,240	\$10,797,281	\$1,080,000	\$264,227	\$18,332,788	\$0
\$150,000,000	\$2,199,000	\$5,292,600	\$13,550,723	\$1,350,000	\$329,057	\$22,721,380	\$0
\$175,000,000	\$2,485,875	\$6,060,250	\$15,855,256	\$1,575,000	\$383,082	\$26,359,463	\$0
\$200,000,000	\$2,764,000	\$6,814,800	\$18,167,626	\$1,800,000	\$437,107	\$29,983,533	\$0

Notes:

* Allowances can be determined by interpolating between the values in the table (except for Value Engineering Allowance, see below).

** If a previous planning and/or design allowance (grant) has been issued, subtract the grant allowance(s) above from the total allowance due under the loan program.

*** The Value Engineering Allowance is in addition to the total of the other allowances. The applicant may claim the VE allowance only if a VE study is performed. The allowance is a set value between each of break points (e.g. a \$240,000 bid would yield a \$3000 allowance and a \$260,000 bid would yield a \$5000 allowance).

ALLOWANCES FOR PIPE ONLY PROJECTS

Eligible Low Bid Cost	Planning**	Design**	Construction	Administration	Total Allowance	Value Engr. Allowance***
\$100,000	\$5,926	\$8,568	\$13,034	\$900	\$28,429	\$3,000
\$120,000	\$6,881	\$10,057	\$14,881	\$1,080	\$32,898	\$3,000
\$150,000	\$8,259	\$12,236	\$17,560	\$1,350	\$39,405	\$3,000
\$175,000	\$9,369	\$14,010	\$19,733	\$1,575	\$44,687	\$3,000
\$200,000	\$10,450	\$15,754	\$21,863	\$1,800	\$49,867	\$3,000
\$250,000	\$12,541	\$19,167	\$26,026	\$2,250	\$59,984	\$5,000
\$300,000	\$14,555	\$22,497	\$30,094	\$2,700	\$69,847	\$5,000
\$350,000	\$16,507	\$25,761	\$34,093	\$3,150	\$79,510	\$5,000
\$400,000	\$18,408	\$28,968	\$38,036	\$3,600	\$89,012	\$5,000
\$500,000	\$22,082	\$35,243	\$45,804	\$4,500	\$107,629	\$5,000
\$600,000	\$25,621	\$41,366	\$53,454	\$5,400	\$125,840	\$5,000
\$700,000	\$29,049	\$47,366	\$61,019	\$6,300	\$143,735	\$5,000
\$800,000	\$32,387	\$53,262	\$68,521	\$7,200	\$161,370	\$5,000
\$900,000	\$35,645	\$59,071	\$75,973	\$8,100	\$178,789	\$5,000
\$1,000,000	\$39,337	\$64,300	\$83,385	\$9,000	\$196,022	\$10,000
\$1,200,000	\$45,044	\$76,060	\$98,120	\$10,800	\$230,024	\$10,000
\$1,500,000	\$54,003	\$92,535	\$120,062	\$13,500	\$280,100	\$10,000
\$1,750,000	\$61,208	\$105,957	\$138,249	\$15,750	\$321,164	\$10,000
\$2,000,000	\$68,216	\$119,148	\$156,378	\$18,000	\$361,742	\$10,000
\$2,500,000	\$81,758	\$144,958	\$192,518	\$22,500	\$441,733	\$20,000
\$3,000,000	\$94,785	\$170,142	\$228,568	\$27,000	\$520,495	\$20,000
\$3,500,000	\$107,394	\$194,824	\$264,575	\$31,500	\$598,293	\$20,000
\$4,000,000	\$119,660	\$219,076	\$300,565	\$36,000	\$675,301	\$20,000
\$5,000,000	\$143,345	\$266,530	\$372,549	\$45,000	\$827,424	\$25,000
\$6,000,000	\$166,122	\$312,840	\$444,586	\$54,000	\$977,548	\$25,000
\$7,000,000	\$188,160	\$358,218	\$516,721	\$63,000	\$1,126,099	\$30,000
\$8,000,000	\$209,584	\$402,816	\$588,963	\$72,000	\$1,273,363	\$30,000
\$9,000,000	\$230,499	\$446,733	\$661,313	\$81,000	\$1,419,545	\$30,000
\$10,000,000	\$250,940	\$490,070	\$733,788	\$90,000	\$1,564,798	\$0
\$12,000,000	\$290,688	\$575,220	\$879,057	\$108,000	\$1,852,965	\$0
\$15,000,000	\$347,940	\$699,825	\$1,097,773	\$135,000	\$2,280,538	\$0
\$17,500,000	\$393,925	\$801,325	\$1,280,720	\$157,500	\$2,633,470	\$0
\$20,000,000	\$438,600	\$901,080	\$1,464,248	\$180,000	\$2,983,928	\$0
\$25,000,000	\$524,750	\$1,096,275	\$1,832,862	\$225,000	\$3,678,887	\$0
\$30,000,000	\$607,500	\$1,286,760	\$2,203,288	\$270,000	\$4,367,548	\$0
\$35,000,000	\$687,470	\$1,473,395	\$2,575,371	\$315,000	\$5,051,236	\$0
\$40,000,000	\$765,160	\$1,656,840	\$2,948,848	\$360,000	\$5,730,848	\$0
\$50,000,000	\$914,950	\$2,015,700	\$3,699,605	\$450,000	\$7,080,255	\$0
\$60,000,000	\$1,058,700	\$2,365,920	\$4,454,651	\$540,000	\$8,419,271	\$0
\$70,000,000	\$1,197,490	\$2,709,140	\$5,213,447	\$630,000	\$9,750,077	\$0
\$80,000,000	\$1,332,320	\$3,046,400	\$5,975,428	\$720,000	\$11,074,148	\$0
\$90,000,000	\$1,463,670	\$3,378,600	\$6,740,274	\$810,000	\$12,392,544	\$0
\$100,000,000	\$1,592,000	\$3,706,300	\$7,507,760	\$900,000	\$13,706,060	\$0
\$120,000,000	\$1,841,040	\$4,350,240	\$9,049,501	\$1,080,000	\$16,320,781	\$0
\$150,000,000	\$2,199,000	\$5,292,600	\$11,376,565	\$1,350,000	\$20,218,165	\$0
\$175,000,000	\$2,485,875	\$6,060,250	\$13,326,981	\$1,575,000	\$23,448,106	\$0
\$200,000,000	\$2,764,000	\$6,814,800	\$15,286,115	\$1,800,000	\$26,664,915	\$0

Notes:

* Eight hundred dollars will be added for Prime Engineering for the first lift station, and \$400 for each additional lift station.

** If a previous planning and/or design allowance (grant) has been issued, subtract the grant allowance(s) above from the total allowance due under the loan program.

*** The Value Engineering Allowance is in addition to the total of the other allowances. The applicant may claim the VE allowance only if a VE study is performed. The allowance is a set value between each of break points (e.g. a \$240,000 bid would yield a \$3000 allowance and a \$260,000 bid would yield a \$5000 allowance).

APPENDIX J

PROJECT PERFORMANCE CERTIFICATION

APPENDIX J

**GUIDELINES FOR
PROJECT PERFORMANCE CERTIFICATION
APPLICABLE TO ALL STATE REVOLVING FUND (SRF)
LOAN PROGRAM PROJECTS**

Introduction

Project Performance Certification has been required by the Clean Water Act Section 204(d) and Section 602 (b)(6). The U.S. EPA developed the certification requirement to strengthen the ability to meet the basic intent of the funding programs (i.e., to build quality treatment works that comply with the enforceable requirements of the act). Providing affirmative project certification is a precise indicator that treatment facilities are actually working as intended. The certification requirement was initiated to provide extra protection for the investment made by local municipalities, the State, and EPA. The protection is provided in the form of two requirements; one, that the treatment works be monitored during the first year of operation, and two, that the recipient certify that the treatment works meets its performance standards. For these reasons, the SWRCB has chosen to continue the Project Performance Certification process as described in these guidelines.

Project Performance Standards

Specific Project Performance Standards are developed for each SRF loan project to account for each project's individual requirements. During the eligibility review process, the applicant and the Division will mutually agree on unique Project Performance Standards for each funded unit process and equipment. The recipient can develop the standards for Division approval, or request that the Division's design review staff develop the standards. The Project Performance Standards must include standard engineering accepted performance values which are based on the design criteria, construction specifications, and waste discharge requirements for the loan project.

The Project Performance Standards must also specify how the recipient will certify that the project meets the Project Performance Standards. This should include sampling locations, frequency of sampling, flow conditions, and duration of sampling, as well as procedures for mechanical equipment and pipeline testing. Typically, the data collected is what is normally required for process control and for the self monitoring report submitted to the Regional Water Quality Control Board.

Listed below is a description of the general areas to be considered when developing the Project Performance Standards. Standards in these areas help to ensure that each project will meet its intended goals and objectives reliably for its useful life. These areas will be evaluated at the end of the Project Performance Certification period:

1. Overall project performance. The performance of the overall project should meet intended goals, design criteria and applicable waste discharge requirements. Recorded data such as flows and waste concentrations should be collected, and actual performance should be compared with performance objectives. The performance evaluation may be based on actual operation at design conditions or on other reasonable methods developed to predict how the facilities will operate at design conditions.
2. Treatment process performance. The loan funded process units should be operated and evaluated at design flows and loadings for several months by diverting or equalizing flows where possible and economically feasible. Otherwise, a rational approach to predicting performance at design conditions should be developed. The Operation Unit has developed sample performance standards for common treatment processes that are available on request. Evaluation of the Project Performance Standards for individual process units will be based on the project's design criteria and on normally accepted engineering standards.
3. Operator's Log. An operator's daily log should be created and maintained to ensure collection of performance data necessary for project certification. This log should contain daily operation data and visual observations.
4. Operation and Maintenance Records. An operation and maintenance records system should be created, or updated if one already exists. This system should include records of all mechanical and electrical equipment, records of the adequate supply of critical spare parts, and a record of preventive and corrective maintenance scheduled and performed.
5. Project Life. Provisions should be made to ensure the loan funded facilities will be properly operated and maintained for the useful life of the project.
6. Facility Staffing. The facility should have a level of staffing sufficient to properly operate and maintain the facility. Wastewater treatment plant operators must possess the appropriate level of certification.

Initiation of Operation

After completion of construction, the recipient and the Operation Unit will agree on the Initiation of Operation date. The Initiation of Operation date is the start of the one-year project performance certification period. During the Project Performance Certification period, the recipient collects the sampling data described in the project performance standards. The recipient must provide the Division a copy of the Final O & M Manual within six months from the initiation of operation. The Division's operation inspector will refer to the manual during the Final Project Inspection.

Final Project Inspection

The Final Project Inspection is conducted six to twelve months after the Initiation of Operation date. The inspection consists of a review of the operational procedures in place at the loan funded facility. The Division's operation inspector will review process control procedures, maintenance, staffing, and process control data. Depending on the complexity of the project, this inspection may last from four hours to two days. The chief plant operator should be available to answer questions and to escort the operation inspector on a tour of the treatment facility. A Final Project Inspection may not be necessary for projects without mechanical or electrical equipment. The Division prepares a Final Project Inspection Report which identifies the areas of operational deficiency.

Project Performance Certification Report

Project Performance Certification of the loan project consists of an evaluation, by the recipient, of the data collected in the monitoring program during the project performance certification period. The overall facility and individual unit process performance should be evaluated in a Project Performance Certification Report. The report must be prepared by the recipient and submitted to the Division one year after the Initiation of Operation date. The Project Performance Certification Report should present well-organized conclusions about the performance of the loan funded facilities based on a comparison between the Project Performance Standards and the actual process control and effluent monitoring data. The Project Performance Certification Report should also address any items noted as deficient in the Final Project Inspection Report. The following is the format for the Project Performance Certification Report:

1. Description of the project and its objectives.
2. Description of significant operation problems encountered and how they were resolved.
3. Summary of monitoring data, either in graphical or tabular form, presented on a monthly basis.
4. Comparison of the data with the project performance standards.
5. Conclusions on the performance of the individually funded processes based on design criteria, plans and specifications, and compliance with waste discharge requirements.
6. A completed Project Performance Certification form, signed by the authorized representative.

Corrective Action Report

If the project does not meet Project Performance Standards at the end of the one-year certification period, the recipient must prepare a Corrective Action Report. The report should contain a discussion of all of the items required for the Project Performance Certification Report, plus the following:

1. The cause of the project's inability to meet the Project Performance Standards.
2. A plan for correcting the problem(s).
3. A schedule for implementing the corrective action.
4. An estimated date by which the project can be certified and a Project Performance Report can be submitted to the Division.

The costs for corrective actions required to bring the project into compliance with the project performance standards are the responsibility of the recipient.

Project Certification

If the recipient does not submit a project performance certification report which includes a signed certificate of performance, or a corrective action report, within fifteen (15) months of the initiation of operation date, an interest penalty of one-tenth of one (0.1) percent per day will be assessed on the outstanding loan balance due. The interest penalty will begin on the first day after expiration of the appropriate deadline.

After the Division has reviewed and approved the Project Performance Certification Report, the recipient will be notified that the project is being recommended for close out. If a Corrective Action Plan is submitted the Division will conduct follow-up inspections as necessary to monitor the applicant's progress towards meeting the Project Performance Standards. When the project can be certified, the recipient prepares a Project Performance Certification Report for Division approval.

Additional information on Project Performance Certification may be obtained from the Division's Operation Unit by calling (916) 227-4564.

APPENDIX K

SAMPLE MBE/WBE CONTRACT PROVISIONS AND FORMS

CONTRACT PROVISIONS OF THE
STATE WATER RESOURCES CONTROL BOARD (SWRCB)
DIVISION OF CLEAN WATER PROGRAMS

RELATIVE TO THE UTILIZATION OF
MINORITY BUSINESS ENTERPRISE (MBE) AND
WOMEN BUSINESS ENTERPRISE (WBE)
ON CLEAN WATER PROGRAM CONSTRUCTION CONTRACTS IN CALIFORNIA

This document and attachments shall be included by the owner as a contract provision for all construction contracts exceeding \$10,000.

Compliance with the requirements of this document and attachments satisfies the MBE/WBE requirements of the U. S. Environmental Protection Agency and the SWRCB. This document supersedes any conflicting requirements.

Failure to take the five (5) affirmative steps listed under Requirements, Section A, prior to bid opening and to submit Form 4700-5 (Attachment B) with the bid shall cause the bid to be rejected as a nonresponsive bid.

DEFINITIONS

BONA FIDE MINORITY BUSINESS ENTERPRISE (MBE) MEANS:

A MBE that has submitted a "Minority Business Enterprise/Women Business Enterprise Self-Certification" (Attachment A) to, and been accepted as, a bona fide MBE by the owner. In addition, the following requirements apply:

1. An independent business concern which is at least 51% owned and controlled by minority group member(s) (see definition of Minority Group Member). Ownership and control can be measured by:
 - a. Responsibility for performance of contract work.
 - b. Management responsibility.
 - c. At least 51% share of profits and risk.
 - d. Other data (such as voting rights) that may be related to ownership and/or control.
2. In cases where a firm is owned and controlled by a minority woman or women, the percentage may be credited towards MBE participation or as WBE participation, or allocated, but may not be credited fully to both.

BONA FIDE WOMEN BUSINESS ENTERPRISE (WBE) MEANS:

A WBE that has submitted Attachment A to, and been accepted as, a bonafide WBE by the owner. In addition, the following requirements apply:

1. An independent business which is at least 51% owned by a woman or women who also control and operate it.

- a. **Ownership.** Determination of whether a business is at least 51% owned by a woman or women shall be made without regard to community property laws. For example, an otherwise qualified WBE which is 51% owned by a married woman in a community property state will not be disqualified because her husband has a 50% interest in her share.

Similarly, a business which is 51% owned by a married man and 49% by an unmarried woman will not become a qualified WBE by virtue of his wife's 50% interest in his share of the business.

- b. **Control and operation.** "Control" means exercising the power to make policy decisions and "operate" means being actively involved in the day-to-day management of the business.

JOINT VENTURE (JV)

A business enterprise formed by a combination of firms under a JV agreement. To qualify as a bona fide MBE/WBE, the minority-owned/woman or women owned and controlled firms in the JV must:

1. Satisfy all requirements for bona fide MBE/WBE participation in their own rights.

In cases where a minority woman or women-owned firm participates in a JV, the percentage may be credited towards MBE participation or as WBE participation, or allocated, but may not be credited fully to both.

2. Share a clearly defined percentage of the ownership, management responsibilities, risks, and profits of the JV. Only this percentage will be credited towards the MBE/WBE goal.

MINORITY GROUP MEMBERS

A minority group member is an individual who is a citizen of the United States and one of the following:

1. Native Americans consist of American Indian, Eskimo, Aleut, and native Hawaiian.
2. Black Americans consist of U.S. citizens, other than Hispanic, having origins in any of the black racial groups of Africa.
3. Asian Pacific Americans consist of U.S. citizens having origins in any of the original peoples of the Far East, Southeast Asia, and the Indian subcontinent. This area includes, for example, China, Japan, Korea, the Philippines, Vietnam, Samoa, Guam, the U.S. Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, and Taiwan. The Indian subcontinent takes in the countries of India, Pakistan, Bangladesh, Sri Lanka, Sikkim, and Bhutan.
4. Hispanic Americans consist of U.S. citizens with origins from Puerto Rico, Mexico, Cuba, or South or Central America. Only those persons from Central and South American countries who are of Spanish origin, descent, or culture should be included in this category. Persons from Brazil, Guyana, Surinam or Trinidad, for example, would be classified according to their race and would not necessarily be included in

the Hispanic category. In addition, this category does not include persons from Portugal, who should be classified according to race.

BROKERAGE MEANS

Buying and selling for others on commission or other fee basis without maintaining a warehouse or other similar inventory storage facilities (supplier and wholesale arrangements may also fall into this business enterprise category).

CONSTRUCTION MEANS

Erection, building, alteration, remodeling, improvement or extension of buildings, structures, or other property.

REQUIREMENTS

A. Positive Effort Documentation

The bidder must take affirmative steps prior to bid opening to assure that MBEs and WBEs are used whenever possible as sources of supplies, construction and services. Failure to take such steps prior to bid opening, and to submit Attachment B with the bid shall cause the bid to be rejected as nonresponsive. Affirmative steps shall be as follows:

1. Including qualified MBEs and WBEs on solicitation lists.

The bidder must document that it requested assistance from the Small Business Administration and the Office of Minority Business Enterprise MBE/WBE assistance centers and that this request for assistance was received by the MBE/WBE assistance centers at least five (5) working days prior to the need for referrals (see affirmative step no. 5).

2. Assure that MBEs and WBEs are solicited whenever they are potential sources.

The bidder must document that it has provided invitations to MBE/WBE bidders at least seven (7) working days prior to the need of a bid response.

The bidder must document that invitations were sent to at least three (3) (or all if less than three) MBE/WBE contractors/suppliers for each item of work referred by the MBE/WBE assistance center(s). The invitations must adequately specify the item(s) for which sub-bids were requested. The documentation of the bidder's effort to show positive efforts must indicate a real desire for a positive response; i.e., certified letter with return receipt requested or telephone call documentation. A regular letter or an unanswered telephone call is not adequate positive effort.

The bidder must submit to the owner documentation consisting of a list of all sub-bidders for each item of work that MBEs or WBEs were solicited including dollar amounts for both MBE/WBE and non-MBE/WBE sub-bidders.

3. Divide total requirements, when economically feasible, into small tasks or quantities to permit maximum participation of MBEs and WBEs.

A bidder must document that it gave consideration to dividing the contract into small proprietary portions (paving, electrical, landscaping, etc.). If this was not done, documentation must be submitted explaining why it could not be done.

4. Establish delivery schedules where the requirements of the work permit, which will encourage participation by MBEs and WBEs.

The bidder must document that it gave consideration to establishing a project schedule which would allow MBEs and WBEs to bid the work as subcontractors or suppliers. If this is not done, document reasons why the project schedule, or portions thereof, cannot be modified so as to accommodate interested MBEs and WBEs.

5. Use of the services and assistance of the Small Business Administration and the Office of Minority Business Enterprise of the U. S. Department of Commerce, as appropriate.

The bidder must present documentation that contact was made with both of the offices listed below. Their services are provided at no cost to the bidder. If contact was made with neither, documentation must be presented to explain why contact was not made and describe what MBE/WBE solicitation lists were used.

Small Business Administration:

Mr. Pete Saugman
P.A., Regional Office
71 Stevenson Street
San Francisco, CA 94105
Telephone: (415) 744-6423

Office of Minority Business
Enterprise: Regional Office
U.S. Dept. of Commerce

Minority Business Development
Agency (MBDA)
San Francisco, CA 94105
Telephone: (415) 744-3001

Please contact the MBDA by telephone. Do not write. You will be given the location and phone number of the nearest Minority Business Development Center, which is under contract to the Regional Office. It will provide you with a listing of MBE/WBE firms.

In addition, the bidder is encouraged to procure supplies and services from labor surplus area firms.

B. Other Requirements

1. The apparent successful low bidder must submit documentation showing that, prior to bid opening, all required positive efforts were made. This documentation must be received by the owner within ten (10) working days following bid opening (except Attachment B which is to be submitted with the bid. Failure to submit Attachment B with the bid will cause the bid to be rejected as nonresponsive.)

2. If the apparent successful low bidder has rejected or considered as nonresponsible and/or nonresponsive any low MBE or WBE sub-bidder, a complete explanation must be provided to the owner.
3. Each MBE/WBE firm to be utilized must complete the Attachment A, which is to be with the documentation submitted to the owner by the apparent successful low bidder.
4. If additional MBE/WBE subcontracts become necessary after the award of the prime contract, Attachment B must be provided to the owner by the Prime Contractor within ten (10) working days following the award of each new subcontract.
5. Any deviation from the information contained in Attachment B shall not result in a reduction of MBE/WBE participation without prior approval of the owner.
6. When brokerage type arrangements are utilized, only the amount of commission or fee will be eligible for MBE/WBE consideration.
7. Failure of the apparent low bidder to perform the five affirmative steps prior to bid opening and/or to submit Attachment B with its bid will lead to its bid being declared nonresponsive by the owner. The owner may then award the contract to the next low responsive, responsible bidder meeting the requirements of these contract provisions. The owner also may rebid the contract.

C. States "Fair Share" Objectives

The SWRCB has established the following fair share objectives for this construction contract:

_____ % of the total bid dollar amount of this contract for MBE.

_____ % of the total bid dollar amount of this contract for WBE.

(The owner must contact the SWRCB, Division of Clean Water Programs, Design Review Unit, at (916) 227-4588 for fair share objectives to include in the specifications.)

D. Local/Regional Objectives

The owner may have established local/regional objectives and those requirements may be attached if appropriate.

MINORITY BUSINESS ENTERPRISE/WOMEN'S BUSINESS ENTERPRISE (MBE/WBE) ^{1/}

SELF CERTIFICATION

STATE WATER RESOURCES CONTROL BOARD
DIVISION OF CLEAN WATER PROGRAMS
Grants Administration Section
2014 T STREET, SUITE 130
P.O. BOX 944212
SACRAMENTO, CA 94244-2120

Firm Name _____ Phone _____

Address _____

Principal Service or Product _____

- MBE - WBE - MBE/WBE (Both)

- Architect/Engineer - Supplier of Material/Service

- Construction Contractor - Broker

- Manufacturer - Other (Specify) _____

- Sole Ownership - Corporation

- Partnership - Other (Specify) _____

Names of Owners	Percent Ownership	MBE- Ethnic Identity ^{1/}	WBE
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Additional proofs may be required upon written challenge of this certification by any person or agency. Falsification of this certification by a firm selected to perform EPA grant-funded work may result in a determination that the firm is nonresponsible and ineligible for future contract awards on EPA-assisted projects.

Certified by: _____ Title: _____
(Signature)

Name: _____ Date: _____

^{1/} Refer to definitions on the reverse side of this form.

—DEFINITIONS—

MINORITY BUSINESS ENTERPRISE/WOMEN'S BUSINESS ENTERPRISE (MBE/WBE)

An MBE or WBE is a business which is at least 51 percent owned and controlled by minority group members or by woman or women. Owners must exercise actual day-to-day management.

MINORITY GROUP MEMBERS

(a) American Indians

Persons having origins in any of the original peoples of North America. To qualify in this group, a person must be a citizen of the United States and meet one or more of the following:

- (1) Be at least one-fourth Indian descent (as evidenced by registration with the Bureau of Indian Affairs).
- (2) Characteristic Indian appearance and features.
- (3) Characteristic Indian name.
- (4) Recognition in the community as an Indian.
- (5) Membership in a tribe, band or group of American Indians (recognized by the Federal Government), as evidenced by a tribal enrollment number or similar indication.

(b) Black Americans:

U.S. citizens, other than hispanic, having origins in any of the black racial groups of Africa.

(c) Asian Americans:

U.S. citizens having origins in any of the original peoples of the Far East, Southern Asia, the Indian subcontinent or the Pacific Islands. This area includes, for example, China, Japan, Korea, the Philippine Islands and Samoa. The Indian subcontinent takes in the countries of India, Pakistan, Bangladesh, Sri Lanka, Nepal, Sikkim, and Bhutan.

(d) Hispanic Americans:

U.S. citizens of Mexican, Puerto Rican, Cuban, or other Spanish culture or origin, regardless of race. Only those persons from Central and South American countries who are of Spanish origin, descent, or culture should be included in this category. Persons from Brazil, Guyana, Surinam or Trinidad, for example, would be classified according to their race and would not necessarily be included in the Hispanic category. In addition, the category does not include persons from Portugal, who should be classified according to race.

(e) American Eskimos and American Aleuts.

MINORITY BUSINESS ENTERPRISE/WOMEN BUSINESS ENTERPRISE INFORMATION

GRANTEE/BORROWERS NAME	EPA GRANT NO. <u>OR</u> SRF LOAN NO.
PROJECT DESCRIPTION	PROJECT LOCATION

PRIME CONTRACTOR INFORMATION

NAME AND ADDRESS (Include ZIP code) <input type="checkbox"/> MBE <input type="checkbox"/> WBE	TYPE OF CONTRACT <input type="checkbox"/> ARCHITECT/ENGINEER (A/E) <input type="checkbox"/> CONSTRUCTION <input type="checkbox"/> SUPPLIER/SERVICE (S/S) AMOUNT OF CONTRACT
--	---

MBE/WBE INFORMATION

<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> SUBCONTRACTOR <input type="checkbox"/> SUPPLIER/SERVICE <input type="checkbox"/> JOINT VENTURE <input type="checkbox"/> BROKER	NAME AND ADDRESS (Include ZIP code) PHONE
CONTRACT AMOUNT	TYPE OF CONTRACT
<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> SUBCONTRACTOR <input type="checkbox"/> SUPPLIER/SERVICE <input type="checkbox"/> JOINT VENTURE <input type="checkbox"/> BROKER	NAME AND ADDRESS (Include ZIP code) PHONE
CONTRACT AMOUNT	TYPE OF CONTRACT
<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> SUBCONTRACTOR <input type="checkbox"/> SUPPLIER/SERVICE <input type="checkbox"/> JOINT VENTURE <input type="checkbox"/> BROKER	NAME AND ADDRESS (Include ZIP code) PHONE
CONTRACT AMOUNT	TYPE OF CONTRACT
<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> SUBCONTRACTOR <input type="checkbox"/> SUPPLIER/SERVICE <input type="checkbox"/> JOINT VENTURE <input type="checkbox"/> BROKER	NAME AND ADDRESS (Include ZIP code) PHONE
CONTRACT AMOUNT	TYPE OF CONTRACT

TOTAL MBE AMOUNTS: \$ _____	TOTAL WBE AMOUNTS: \$ _____
ACTUAL MBE PARTICIPATION: _____%	ACTUAL WBE PARTICIPATION: _____%
MBE GOAL: _____%	WBE GOAL: _____%
SIGNATURE OF PERSON COMPLETING FORM: _____	
TITLE: _____	
PHONE: _____	DATE: _____

FAILURE TO COMPLETE AND SUBMIT THIS FORM WITH BID WILL CAUSE THE BID TO BE REJECTED AS NONRESPONSIVE

APPENDIX L

SAMPLE MBE/WBE UTILIZATION REPORT FORMS

STATE WATER RESOURCES CONTROL BOARD - DIVISION OF CLEAN WATER PROGRAMS
 MINORITY BUSINESS ENTERPRISE/WOMEN BUSINESS ENTERPRISE (MBE/WBE) UTILIZATION
 REPORT UNDER FEDERAL CLEAN WATER GRANT OR STATE REVOLVING FUND LOAN

PART I. POSITIVE AND/OR NEGATIVE REPORTS REQUIRED				
1A. FEDERAL FISCAL YEAR (FY)		1B. REPORTING QUARTER (check appropriate box)		
199	TO 199	1st (Oct-Dec)	2nd (Jan-Mar)	3rd (Apr-Jun)
2A. SUBMIT REPORT TO:		3A. RECIPIENT'S NAME AND ADDRESS		
Mr. Bruce Seno State Water Resources Control Board Division of Clean Water Programs P.O. Box 944212 Sacramento, CA 94244-2120				
2B. STATE'S CONTACT:		PHONE NO:	3B. RECIPIENT'S CONTACT:	PHONE NO:
Mr. Bruce Seno		(916) 227-4488		
4A. GRANT OR LOAN ID NO:		4B. TYPE OF ASSISTANCE (Check one):		
C-06-		CLEAN WATER GRANT	STATE REVOLVING FUND LOAN	
5A. PERIOD WHEN CONTRACTS AND/OR PURCHASES UNDER THIS PROJECT WILL OCCUR:				
START DATE:		ENDING DATE:		
5B. AMOUNT OF TOTAL PROJECT DOLLARS PLANNED FOR CONTRACTS AND/OR PURCHASES THIS FISCAL YEAR:				
\$				
5C. RECIPIENT'S MBE/WBE GOALS (Percent of total dollars in 5B for each):				
MBE PERCENTAGE		%	WBE PERCENTAGE	%
6A. ACTUAL AMOUNT OF TOTAL PROJECT DOLLARS FOR CONTRACTS AND/OR PURCHASES THIS QUARTER:				
\$				
6B. ACTUAL AMOUNT OF MBE/WBE CONTRACTS AND/OR PURCHASES ACCOMPLISHED THIS QUARTER FROM PART II:				
MBE AMOUNT: \$		WBE AMOUNT: \$		
7. NEGATIVE REPORT THIS QUARTER (Check here):				
COMMENTS:				
NAME OF RECIPIENT'S AUTHORIZED REPRESENTATIVE			TITLE	
SIGNATURE OF RECIPIENT'S AUTHORIZED REPRESENTATIVE			DATE	

INSTRUCTIONS

MBE/WBE UTILIZATION REPORT UNDER FEDERAL ASSISTANCE PROGRAM - FEDERAL CLEAN WATER GRANT AND STATE REVOLVING FUND LOAN PROGRAMS

General

Recipients are required to report to agency award officials within 10 days following the end of each Federal fiscal year quarter (i.e. December 31, March 31, June 30 and September 30) during which any procurement in excess of \$10,000 is actually executed under these assistance agreements. Recipients may also report on MBE/WBE procurements of less than \$10,000 if they want credit.

Instructions for Part I:

- 1A&B. Complete Federal fiscal year and check applicable reporting quarter. (Federal fiscal year runs from October 1 through September 30.)
- 2A&B. Agency to which report is submitted (completed).
- 3A&B. Identify the local agency and address which is the recipient of the Federal financial assistance and the person and phone number to contact concerning this report.
- 4A. Assistance agreement number assigned by the State Water Resources Control Board (use C-06-XXXX-XXX).
- 4B. Check type of assistance.
- 5A. Period during which contracts and other purchases under this award will actually be executed (generally the expected initiation and completion of construction dates).
- 5B. Includes procurements using Federal funds plus recipient matching funds and funds from other sources (usually total payments to prime contractor for the Federal fiscal year).
- 5C. Portion (percent) of total procurement dollars recipient plans to spend with MBEs and/or WBEs this fiscal year.
- 6A. Total project dollars for contracts and/or purchases this quarter.
- 6B. Dollar amount of all MBE/WBE contracts awarded under this assistance agreement this quarter.
7. Check if there were no procurements in excess of \$10,000 executed this reporting quarter.

Sign and date form and return it to the SWRCB.

Instructions for Part II:

For each MBE/WBE procurement over \$10,000 made under this assistance agreement during the reporting quarter, provide the following information. (Recipients may also report on individual MBE/WBE procurements of less than \$10,000 if they want these credited toward their MBE/WBE goals, however, reporting on smaller procurements is not required.)

1. Check whether this is a first tier procurement made directly by local agency (recipient) or other second tier procurement made by prime or subcontractor. Include all qualifying second tier purchases executed this quarter regardless of when the first tier procurement occurred.
2. List dollar value of MBE or WBE procurement.
3. Date of award, shown as month, day, year.
4. Using codes at the bottom of the form, identify type of product or service acquired through this procurement (eg., enter 1 if agriculture, 2 if mining, etc.).
5. Name and address of MBE/WBE firm.
6. Total of MBE/WBE should be entered on Part I, 6B.

APPENDIX M

SAMPLE CERTIFICATION OF COMPLIANCE WITH
FEDERAL LAWS AND AUTHORITIES

May 20, 1998

Sample Certification of Compliance
with Federal Laws and Authorities

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.
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 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, Pub. L. 89-754, as amended, Executive Order 12372.
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, or Loans.
3. Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended.
4. Debarment and Suspension, Executive Order 12549.

May 20, 1998

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. 88-352¹
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. The Drug-Free Workplace Act of 1988, Pub. L. 100-690 (applies only to the capitalization grant recipient).
6. Equal Employment Opportunity, Executive Order 11246.
7. Women's and Minority Business Enterprise, Executive Orders 11625, 12138, and 12432.
8. Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590.
9. Anti-Lobbying Provisions (40 CFR Part 30) [applies only to capitalization grant recipients].

CERTIFICATION

I certify that _____
(Municipality)

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

Signature of Authorized
Representative or Designee

(Date)

¹ The Civil Rights Act and related anti-discrimination statutes apply to all the operations of the SRF program.

APPENDIX N

**SAMPLE LOAN APPLICATION
AND LOAN CONTRACT CHECKLIST**

State Water Resources Control Board
Division of Clean Water Programs
Financial Assistance Application

Type of Assistance Requested

- A. State Revolving Fund Loan Program (SRF) B. Water Reclamation Loan Program (WRLP) C. Small Community Grant Program (SCG)

Amount of Assistance Requested: _____

State Assigned Project No.: _____

I. Applicant Information

Agency Name: _____
Street Address: _____
Mailing Address: _____
Authorized Representative (Name/Title/Phone): _____
Contact Person (Name/Title/Phone): _____

II. Project Information

1. Project Description: _____ (Attach a brief description. Label as Attachment 1)
2. Project Name: _____
3. Reg. Water Quality Control Bd.: _____ 4. Est. Construction Start Date: _____
5. Current Project Status: Planning Underway Planning Complete Other _____

6. Estimated Project Capital Costs and Funding Summary:

Cost Classification	SWRCB Program Share, \$	Applicant's Share, \$	Other Loans or Grants, etc., \$	Total, \$
A. Facilities Construction				
B. Facilities Planning (a, c)				
C. Facilities Design (a)				
D. Administration and Legal (a)				
E. Land & Right-of-Way (b)				
F. Prime Engineering (a, c)				
G. Contingencies				
H. Relocation Payments (a, c)				
I. Engineering Services During Const. (a)				
J. Other Costs (explain)				
K. Total Capital Costs				
L. Additional Cash Flow Needs (d)	Not Fundable			
M. Total Funding Requirements				

- (a) An allowance may be provided for planning, design, legal, engineering during construction, relocation payments, and administration costs. For details, please refer to the guidelines of the corresponding program.
(b) WRLP Program only.
(c) SRF Loan Program and SCG Program only.
(d) This is the amount in excess of the total capital costs needed to cover cash flow requirements during construction. This amount is obtained from the cash flow analysis in the Construction Financing Plan.

All costs in Item 6 above are adjusted to the following date: _____ by using the following rate of inflation _____ % annually, or cost index: (name) _____, (index value) _____

7. Sources of Funds for Capital Costs:

Source	(e)	Amount, \$
A. Loan or Grant Requested		
B. Cash Reserves Now on Deposit		
C. Bonds	(f)	
D. Tax Levies	(g)	
E. Non-cash	(h)	
F. Short Term Loans or Notes	(h)	
G. Other State Loans or Grants	(i)	
H. Other Federal Grants or Loans	(h)	
I. Other		
J. Total	(j)	

- (e) Use attachments if necessary (label as Attachment 2).
- (f) Specify type of bonds, provide date of voter approval, total amount of authorized issue, and effective interest rate.
- (g) Specify type of tax and provide the amount to be received by the date of the expected state loan award.
- (h) Provide details of legal authorization, cite appropriate code or other legal reference, specific source of funds, time of expected receipt and, in the case of liabilities, the security provided by the Applicant.
- (i) Provide name of program and law authorizing program, whether grant or loan, date of approval, schedule of payments, and effective interest rate for loan.
- (j) This total should equal the Total in item 6.M. above.

III. Authorization and Other Approvals

1. **Legal authority:** Submit a legal opinion, including legal citations, addressing the following issues (label as Attachment 3):
 1. The legal authority to enter into a loan or grant contract with the State Water Resources Control Board.
 2. Any requirements that the applicant hold an election before entering into a loan or grant contract with the State Water Resources Control Board. If an election is required, state the date held or the date scheduled: _____

2. **Applicant Authorization:** Submit a certified copy of a resolution adopted by the governing body (label as Attachment 4). A model resolution is attached for your reference.

3. **Water Rights:** To comply with Sections 1210 through 1212 of the Water Code, a Petition for Change may be required to be filed and be approved by the Division of Water Rights, State Water Resources Control Board.

Have you filed a petition with the Division of Water Rights? Yes No

If no, explain: _____

You should contact the Division of Water Rights, Petition Unit, at (916) 657-1942 for further information.

4. **Project Report or Facilities Planning Document:** Submit a completed facilities planning document and any supplementary documents that contain the required facilities planning information described in each of the program guidelines (label as Attachment 5).

5. **Environmental Review:** Refer to the Division of Clean Water Programs "Environmental Review Process Guidelines for State Loan and Small Community Grant Applicants" for details on meeting state environmental review requirements. Submit all available environmental documents for your project (label as Attachment 6). Indicate below those documents submitted:

Negative Declaration, Draft EIR, Final EIR, Notice of Determination

State Clearinghouse Number _____

6. **Draft Revenue Program:** Submit a draft revenue program (label as Attachment 7). For more information, please refer to the respective program guidelines. Water reclamation projects funded by the SRF need to submit draft revenue program satisfying WRLP guidelines only.

7. **Project Schedule:** Submit a project schedule showing project milestone dates (label as Attachment 8). This schedule should be updated periodically as more information becomes available.

8. **Regional Board Requirements:** Submit adopted or tentative Waste Discharge Requirements (WDR), Water Reclamation Reclamation Requirements, and/or NPDES Permit which the Regional Board has adopted or proposed for the project (label as Attachment 9).
9. **Real Property Acquisition:** Has all necessary land or right-of-way been acquired? Yes No
If no, submit status of acquisition (label as Attachment 10).
10. **Agreements With Other Parties:** Please list (in section V) all agreements and approvals needed for implementation of the project. Explain status of said agreements and approvals.

IV. Other Submittals

A - State Revolving Fund Loan Program

1. **Water Conservation Plan:** Prior to approval of the project by the State Water Resources Control Board, specific Water Conservation requirements must be achieved. In fulfillment of these requirements, please indicate below what pertinent information you are submitting (label as Attachment 11):

- Proof of signed Memorandum Of Understanding with California Urban Water Conservation Council or
- Copy of the developed Water Conservation Program for approval by the State Water Resources Control Board or
- None at this time. Please explain _____

For more information, please call (916) 227-4554 and ask for the Water Conservation Specialist.

2. **Dedicated Source of Revenue:** A "Dedicated Source of Revenue" is required to repay the loan. See revenue program requirements included in the "Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities," as amended. Please attach appropriate resolution or ordinance or indicate schedule to provide dedicated source of revenue (label as Attachment 12). A Dedicated Source of Revenue must be approved before a loan contract can be issued.

3. **Certification of Compliance with Federal Laws and Authorities:** (Attachment 13)

4. **Pre-Award Compliance Report:** (Attachment 14)

B - Water Reclamation Projects (SRF or WRLP)

This section applies to water reclamation projects constructed for the purpose of providing water supply rather than water pollution control or wastewater disposal. For water reclamation projects funded by the SRF, the documents required under section IV.A must also be submitted.

1. **Estimated Annual Costs:**

Cost Classification	Annual Costs, \$	
	First Year	Fifth Year
Debt Service		
Fixed Operation and Maintenance Costs		
Variable Operation and Maintenance Costs		
Other (explain)		
Total Annual Costs		

Assumed Date of Costs for:

First Year of Operation: _____

Fifth Year of Operation: _____

Assumed Cost Index or Rate of inflation: Index Name: _____ Index Value: _____ or
Inflation Rate: _____ % per yr.

2. Annual Deliveries:

Year of Operation	1	2	3	4	5
No. of Sites					
Amount, (Ac-Ft/Yr)					

3. Reclaimed Water User Assurances: Please indicate method of providing user assurances

User Agreements

Mandatory Use Ordinance

Refer to WRLP guidelines for latest requirements and timing of submittals (label as Attachment 15).

V. Notes or Explanations:

VI. Certification and Signature of Authorized Representative

I certify that the information in this application, including all attachments, is true and correct to the best of my knowledge and belief. I understand that updated information will be required to be submitted later.

Signature: _____

Date: _____

Printed Name: _____

Agency's Federal I.D. No.: _____

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD
 DIVISION OF CLEAN WATER PROGRAMS
 STATE REVOLVING FUND (SRF)
 LOAN CONTRACT REVIEW CHECKLIST

Project No. _____
 (from SRF Priority List)

Applicant _____

Project Description _____
 (exactly as to be used in Loan Contract - use attachment if more space required)

Items 1-10 to be completed by Project Managers and submitted to Contracts Team when Plans and Specs are approved.

<u>Surname</u>	<u>Date</u>		<u>Explain any no answers</u>
_____	_____	1. Has the project met all the priority requirements for receiving a loan in the current year? (Attach SWRCB Resolution approving loan)	Yes _____ No _____
_____	_____	2. Is this a refinance or retroactive funding project? (If refinance, please submit a letter of concurrence from the State Treasurer's Office via Eric Torguson regarding funding. Payments up to eight (8) Federal Fiscal Year (F.F.Y.) Quarters, commencing from the date of the Federal Capitalization Grant for the FFY monies from which this project is being funded.)	Yes _____ No _____
_____	_____	3.a. Has the applicant demonstrated the legal, institutional, managerial and financial capability to construct, operate, and maintain the project?	Yes _____ No _____
_____	_____	b. Has the applicant been informed of the program records keeping requirements?	Yes _____ No _____
_____	_____	4. Has the applicant met the Revenue Program requirements including: a) An approved draft final user charge system? b) Approved ordinance or resolution committing dedicated source to repay the loan? c) Approval of proposed or existing sewer use ordinance?	Yes _____ No _____ Yes _____ No _____ Yes _____ No _____
		_____ Revenue Program Specialist	Date _____
_____	_____	5.a. Has the project received Facility Plan Approval? (Attach a copy of Facility Plan Approval letter.)	Date of Appr _____
		b. Have all environmental conditions of loan approval been met?	Yes _____ No _____
		c. Are there any environmental condition(s) to be included in the loan contract? (If yes, enter condition(s) in No. 9.)	Yes _____ No _____
		_____ Environmental Review Coordinator	Date _____
_____	_____	6. Have the plans and specifications been approved? (Attach a copy of Plans and Specification Approval letter. The date of this letter will be used in first paragraph of the loan contract.)	Date of Appr _____

APPENDIX O

SAMPLE APPROVAL TO AWARD REQUEST FORMS

State Revolving Fund Approval To Award (ATA) Request

NOTE: The construction contract(s) SHALL NOT be awarded until the ATA has been APPROVED by the State Water Resources Control Board. Therefore, the applicant should submit this form and the required attachments as soon as possible after bids are opened. The ATA package should include all information necessary to indicate fulfillment of all State and Federal requirements.

I. Applicant and Contract Information

Agency Name: _____

Address: _____

Authorized Representative (Name/Title/Phone): _____

State Assigned Project No: _____

Date the contract must be awarded, as indicated in the contract specifications: _____

Have any protests regarding award of the contract been received? (circle one) Yes No

If yes, date protest(s) was resolved: _____ ATTACH copies of the protest(s) and resolution(s)

II. Project Cost Summary

Total Project

Eligible Project

	Total Project	Eligible Project
A. Construction Contract (name and number)		
1. _____	\$	\$
2. _____		
SUBTOTAL	\$	\$
B. Allowance - Table 1 or 2 - Engineering and Administration		
C. Other - identify		
D. Contingency - 5% of A+B+C - Ineligible for SRF		
E. TOTAL	\$	\$

III. Funds available for construction of the "Total Project"

Amount

A. Cash on hand	\$
B. General obligation or revenue bonds	
C. Short term loans or notes	
D. Other funds - identify	
E. Total applicant funds available - A+B+C+D	\$
F. SRF loan amount "Eligible Project" total	
G. Total amount required "Total Project" cost	
H. Applicant's amount required - G minus (E plus F) (If this amount does not equal 0, provide Att. G)	\$

IV. Also, attach the following information:

- A. A legal description of the site on which the project is to be constructed and an opinion signed by competent title counsel describing the interest the applicant has in the site, including information as to any easements and rights-of-way, and certifying that the estate or interest is legal and valid. The opinion should also include information as to whether or not:
 1. The applicant (or the present owner if fee simple title has not been or is not to be acquired) has good and valid title to the entire site (excluding easements and rights-of-way) free and clear of any pre-existing mortgages, deeds of trust, liens, or other encumbrances, which would affect the value or usefulness of the site for the purpose intended;
 2. Any deeds or documents required to be recorded in order to protect the title of the owner and the interest of the applicant have been duly recorded or filed for record whenever necessary; and
 3. The applicant has complied with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601).
- B. Tabulation of all bids received and the engineer's estimate.
- C. The bid proposal(s) the applicant wishes to accept.
- D. Evidence of advertising.
- E. MBE/WBE documentation, Contract Provision Atts.: A, B, Positive Effort Cert. and record of positive efforts if needed.
- F. Dedicated source of revenue (ordinance or resolution).
- G. A cash flow projection showing source and expected time of receipt of funds needed to meet project cash requirements.

The undersigned authorized representative of the applicant certifies that the information contained above and in any attached statements and materials in support thereof, is true and correct.

SRF FORM 555-1 (10/94)

Signature of Authorized Representative	Name and Title (type or print)	Date signed
--	--------------------------------	-------------

**MINORITY BUSINESS ENTERPRISE/WOMEN BUSINESS ENTERPRISE (MBE/WBE)
POSITIVE EFFORT CERTIFICATION**

1. The apparent successful low bidder on Clean Water Program funded project Number C-06-_____ is _____
(name of bidder)
2. Before the State Water Resources Control Board - Division of Clean Water Programs can consider requests for an Approval To Award (ATA) to any bidder the applicant/recipient must certify to the following:

MINORITY BUSINESS ENTERPRISE (MBE)

The bidder has obtained _____% of MBE participation for this contract.

WOMEN BUSINESS ENTERPRISE (WBE)

The bidder has obtained _____% of WBE participation for this contract.

Also submitted are Attachments A and B which contain a complete list of those MBE and WBE firms subcontracted with, or with whom other types of agreements were made. The list includes the names of the firm, address, phone number, and dollar amount involved.

The following affirmative steps as required by 40 CFR 35.3150(d) have been taken:

- (1) Including qualified small, minority, and women's businesses on solicitation lists.
- (2) Assuring that small, minority, and women's businesses are solicited, whenever they are potential sources.
- (3) Dividing total requirements when economically feasible, into small tasks or quantities to permit maximum participation of small, minority and women's businesses.
- (4) Establishing delivery schedules, where the requirements of the work permit, which will encourage participation by small, minority and women's businesses.
- (5) Using the services and assistance of the Small Business Administration and the Office of Minority Business Enterprise of the U.S. Department of Commerce, as appropriate.
- (6) If the contractor awards subagreements, requiring the contractor to take the affirmative steps in paragraph (1) through (5) of this section.

It must be understood that the applicant/recipient in its role as a public trustee assumes primary responsibility to achieve an acceptable level of MBE/WBE utilization. This primary responsibility is a basic condition of the award of any Clean Water Program financial assistance. Where an applicant/recipient fails to meet its obligations under these requirements the applicant/recipient may be declared nonresponsible and may have funding either annulled, suspended or terminated.

In accepting these responsibilities, I hereby certify to the above.

Name of Applicant/Recipient

Signature of Authorized Representative

Date

Name and Title of Authorized Representative

APPENDIX P

**SAMPLE DISBURSEMENT REQUEST FORMS
AND INSTRUCTIONS**

**STATE WATER RESOURCES CONTROL BOARD
DISBURSEMENT REQUEST INSTRUCTIONS FOR
STATE REVOLVING FUND LOANS**

This document provides instructions for requesting disbursement for the State Revolving Fund Loan.

WHEN TO REQUEST DISBURSEMENT

Disbursement requests can be submitted to the Division of Clean Water Programs (DCWP) on a monthly basis after the contract (or amendment, as appropriate) has been executed.

DISBURSEMENT REQUEST FORM

Disbursement requests must be submitted on Form No. 260, Request for Loan Disbursement or Grant Disbursement. Form No. 260 is transmitted to the loan recipient at the time the executed contract or amendment is transmitted. A copy of Form No. 260 is included as Attachment "A".

AUTHORIZED REPRESENTATIVE

The application for the loan included a copy of the resolution by the governing body of the recipient designating its "Authorized Representative" who is authorized to sign documents and represent the agency relative to the loan program. The Form No. 260 lists the name and title of the authorized representative. If your agency uses a "Designated Representative (Designee)" instead of the agency's appointed Authorized Representative as executor, please provide a letter of explanation indicating **NAME** and **TITLE** of the representative. This letter must be signed and dated by the Agency's appointed Authorized Representative in order to be effectual.

In the event that a new Authorized Representative is named, a resolution authorizing the new representative must be submitted. Note: If the authorizing resolution identified the Authorized Representative by title or position rather than name, a new resolution may not be required. In such cases, a formal letter of appointment will suffice.

CERTIFICATION OF EXPENDITURES

To comply with the 1986 Federal Tax Reform Act, recipients must “certify” that (1) costs claimed have been incurred and that these costs have been paid or will be paid within thirty (30) days of receipt of the loan funds requested, (2) if the costs have not been paid within 30 days, funds remaining will be returned to the State Water Resources Control Board (SWRCB), and (3) that all prior funds received from the loan program have been disbursed within 30 days of receipt or have been returned to the SWRCB.

The recipient is also certifying that the costs claimed are specific to the loan and within the approved scope of work.

COMPLETING FORM NO. 260 -- REQUEST FOR LOAN OR GRANT DISBURSEMENT (ATTACHMENT “A”)

The Form No. 260 will be partially completed by the SWRCB staff before being sent to the recipient. The recipient must:

1. Enter the submittal date.
2. Enter the Disbursement Request Number.
3. Enter the eligible construction completion percentage.
4. Enter total costs incurred to date in Column (C), except construction costs. (For construction costs see the section of these instructions titled Completing Form No. 259 -- Construction Contractor Spreadsheet.) Please refer to Attachment “B” for complete details on how to calculate the allowances.
5. Multiply Column (C), “Costs Incurred to Date”, times Column (D), “Eligible Percent” and enter this figure into Column (E), “Costs Claimed for Payment”.
6. Have the Authorized Representative sign and date the “Recipient Certification” portion of Form No. 260.

No other entries or adjustments to the form should be made. A copy of the processed Form No. 260 will be sent to the recipient showing the date processed and the amount to be disbursed.

**COMPLETING FORM NO. 259 -- CONSTRUCTION CONTRACTOR
SPREADSHEET (ATTACHMENT "C")**

If disbursement is being requested for construction work, the recipient must include (1) Form No. 259, "Construction Contractor Spreadsheet", and (2) a signed construction contractor's pay estimate. A copy of Form No. 259 is included as Attachment "B".

Form No. 259 is transmitted to the recipient as an enclosure to the letter transmitting Form No. 260 whenever construction costs are part of the loan contract. Form No. 259 will be partially completed by the DCWP. The recipient must:

1. Enter the submittal date.
2. Enter the Disbursement Request Number.
3. Enter work completed for bid items into Column (G), "Total Work Completed to Date".
 - o Percent of work completed to date must be entered for lump sum items.
 - o Quantity of work completed to date must be entered for items bid by unit price.
4. Calculate "Total Costs Incurred to Date", Column (H), for each bid item by multiplying Column (F), "Unit Price", times Column (G), "Total Work Completed to Date". Enter this figure into Column (H).
5. If there are materials on hand, enter this figure into Column (H).
6. Any retention withheld from the contractor should be entered into Column (H), unless the retention was deposited into Escrow or a Certificate of Deposit. The recipient must include a copy of the statement of deposit for any contractor retention funds that have been deposited into Escrow or a Certificate of Deposit.
7. Calculate "Total Eligible Costs Claimed for Payment" by multiplying Column (H) times Column (I), "Eligible Percent". Enter this figure into Column (J).
8. Total Column (H). Enter this figure on the Form No. 260, Column (C) for construction costs.
9. Total Column (J). Enter this figure on the Form No. 260, Column (E) for construction costs.

Columns (K), (L), and (M) will be completed by DCWP.

With the Form Nos. 259 and 260, the recipient must include a copy of the construction contractor's pay estimate. The contractor's pay estimate must be itemized by bid item for the project as outlined in the original bid in the Approval to Award. If the contractor's pay estimate is itemized differently than what is outlined in the original bid document, then the recipient must provide documentation to show correlation between the contractor's pay estimate and the original bid. The contractor's pay estimate must be signed by both the loan recipient and the contractor.

WHERE TO SEND DISBURSEMENT REQUESTS

Disbursement requests for the State Revolving Fund Loans should be mailed to:

Mike Harper, Chief
Financial and Administration Unit
Division of Clean Water Programs
State Water Resources Control Board
Post Office Box 944212
Sacramento, CA 94244-2120

Street Address: 2014 T Street, Suite 130
Sacramento, CA 95814

ATTACHMENT "B"
STATE REVOLVING FUND LOAN
FORM 260 - ALLOWANCES

Planning and Design Allowance

The Planning and Design Allowances are eligible for disbursement upon execution of the contract.

Construction and Administration Allowances

Form 259 -- Construction Contractor Spreadsheet

The Construction and Administration Allowances are prorated according to the construction completion percentage per the contractor's pay estimate submitted with the disbursement request. The percentage is derived by the following method:

$$\frac{\text{Subtotal Eligible Costs + MOH (Column J)}}{\text{Eligible Bid Amount (Column C)}} = \% \text{ of Construction Complete}$$

(e.g., 23.17% -- two places)

Form 261 -- Request for Loan or Grant Disbursement

To calculate the Costs Claimed for Payment to Date -- Column (E), multiply the Allowance -- Column (B) with the construction completion percentage. This prorated figure is the maximum eligible for the allowance. However, if the cost incurred is less than the maximum eligible, then post the lesser of the two in Column E.

Prime Engineering Allowance

Prime Engineering Allowance is eligible for disbursement after construction is complete (100 percent).

ATTACHMENT "C"
STATE WATER RESOURCES CONTROL BOARD
CONSTRUCTION CONTRACTOR SPREADSHEET
CONTRACTOR:

MAIL TO: PAYMENTS UNIT
 DIVISION OF CLEAN WATER PROGRAMS
 STATE WATER RESOURCES CONTROL BOARD
 P.O. BOX 944212
 SACRAMENTO, CA 94244-2120

LOAN NUMBER: _____ CONTRACT NUMBER: _____ # _____ PAGE: _____

RECIPIENT AGENCY: _____ AUTHORIZED REPRESENTATIVE: _____ DATE: _____

AGENCY ADDRESS: _____

(A) ITEM NO	(B) ITEM DESCRIPTION	(C) ELIGIBLE CONTRACT DOLLARS	(D) AS BID CONTRACT QUANTITY	(E) UNIT DESCRIPTION (TON, C.Y., L.S., ETC)	(F) UNIT PRICE OR LUMP SUM	(G) TOTAL WORK COMPLETED TO DATE (UNITS OR %)	(H) TOTAL COSTS INCURRED TO DATE (F x G)	(I) ELIGIBLE PERCENT	(J) TOTAL ELIGIBLE COSTS (H x I)	(K) AMOUNT PREVIOUSLY PAID	(L) PAYMENT THIS REQUEST (J-K)	(M) REMARKS
CONTRACT BID ITEMS												
1												
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11												
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13												
14												
	SUBTOTAL CONTRACT ITEM DATA	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX			
	MATERIALS ON HAND	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX			
	LESS RETENTION	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX			
	CONTRACT TOTALS	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX			

FORM No 259 (REV 4/82)

NOTE: ELIGIBILITY FOR MATERIALS ON HAND AND RETENTION COSTS IS BASED ON OVERALL PROJECT ELIGIBILITY.

**STATE WATER RESOURCES CONTROL BOARD
DISBURSEMENT REQUEST INSTRUCTIONS FOR
LOCAL MATCH LOANS**

This document provides instructions for requesting disbursement for the State Revolving Fund Local Match Loan.

WHEN TO REQUEST DISBURSEMENT

Disbursement requests can be submitted to the Division of Clean Water Programs (DCWP) on a monthly basis after the contract (or amendment, as appropriate) has been executed.

DISBURSEMENT REQUEST FORM

Disbursement requests must be submitted on Form No. 261, Request for Loan Disbursement. Form No. 261 is transmitted to the loan recipient at the time the executed contract or amendment is transmitted. A copy of Form No. 261 is included as Attachment "A".

AUTHORIZED REPRESENTATIVE

The application for the loan included a copy of the resolution by the governing body of the recipient designating its "Authorized Representative" who is authorized to sign documents and represent the agency relative to the loan program. The Form No. 261 lists the name and title of the authorized representative. If your agency uses a "Designated Representative (Designee)" instead of the agency's appointed Authorized Representative as executor, please provide a letter of explanation indicating **NAME and TITLE** of the representative. This letter must be signed and dated by the Agency's appointed Authorized Representative in order to be effectual.

In the event that a new Authorized Representative is named, a resolution authorizing the new representative must be submitted. Note: If the authorizing resolution identified the Authorized Representative by title or position rather than name, a new resolution may not be required. In such cases, a formal letter of appointment will suffice.

CERTIFICATION OF EXPENDITURES

To comply with the 1986 Federal Tax Reform Act, recipients must "certify" that (1) costs claimed have been incurred and that these costs have been paid or will be paid within thirty (30) days of receipt of the loan funds requested, (2) if the costs have not been paid within 30 days, funds remaining will be returned to the State Water Resources Control Board (SWRCB), and (3) that all prior funds received from the loan program have been disbursed within 30 days of receipt or have been returned to the SWRCB.

The recipient is also certifying that the appropriate payment has been made with local funds that equate to at least the State match portion and that the costs claimed are specific to the loan and within the approved scope of work. In addition to the certification of payment, the recipient shall submit copies of the canceled checks on a quarterly basis documenting payment of the state match amount.

COMPLETING FORM NO. 261 -- REQUEST FOR LOAN DISBURSEMENT
(ATTACHMENT "A")

The Form No. 261 will be partially completed by the SWRCB staff before being sent to the recipient. The recipient must:

1. Enter the submittal date.
2. Enter the Disbursement Request Number.
3. Enter the construction completion percentage.
4. Enter total costs incurred to date in Column (C), except construction costs. (For construction costs see the section of these instructions titled Completing Form No. 259 -- Construction Contractor Spreadsheet.) Please refer to Attachment "B" for complete details on how to calculate the allowances.
5. Multiply Column (C), "Costs Incurred to Date", times Column (D), "Eligible Percent" and enter this figure into Column (E), "Costs Claimed for Payment".
6. On the reverse side of Form No. 261, enter Disbursement Request Number at top right hand corner of the form.
7. Have the Authorized Representative sign and date the "Recipient Certification" portion of Form No. 261.

No other entries or adjustments to the form should be made. A copy of the processed Form No. 261 will be sent to the recipient showing the date processed and the amount to be disbursed.

COMPLETING FORM NO. 259 -- CONSTRUCTION CONTRACTOR SPREADSHEET
(ATTACHMENT "C")

If disbursement is being requested for construction work, the recipient must include (1) Form No. 259, "Construction Contractor Spreadsheet", and (2) a signed construction contractor's pay estimate. A copy of Form No. 259 is included as Attachment "B".

Form No. 259 is transmitted to the recipient as an enclosure to the letter transmitting Form No. 261 whenever construction costs are part of the loan contract. Form No. 259 will be partially completed by the DCWP. The recipient must:

1. Enter the submittal date.
2. Enter the Disbursement Request Number.
3. Enter work completed for bid items into Column (G), "Total Work Completed to Date".
 - o Percent of work completed to date must be entered for lump sum items.
 - o Quantity of work completed to date must be entered for items bid by unit price.
4. Calculate "Total Costs Incurred to Date", Column (H), for each bid item by multiplying Column (F), "Unit Price", times Column (G), "Total Work Completed to Date". Enter this figure into Column (H).
5. If there are materials on hand, enter this figure into Column (H).
6. Any retention withheld from the contractor should be entered into Column (H), unless the retention was deposited into Escrow or a Certificate of Deposit. The recipient must include a copy of the statement of deposit for any contractor retention funds that have been deposited into Escrow or a Certificate of Deposit.
7. Calculate "Total Eligible Costs Claimed for Payment" by multiplying Column (H) times Column (I), "Eligible Percent". Enter this figure into Column (J).
8. Total Column (H). Enter this figure on the Form No. 261, Column (C) for construction costs.
9. Total Column (J). Enter this figure on the Form No. 261, Column (E) for construction costs.

Columns (K), (L), and (M) will be completed by DCWP.

With the Form Nos. 259 and 261, the recipient must include a copy of the construction contractor's pay estimate. The contractor's pay estimate must be itemized by bid item for the project as outlined in the original bid in the Approval to Award. If the contractor's pay estimate is itemized differently than what is outlined in the original bid document, then the recipient must provide documentation to show correlation between the contractor's pay estimate and the original bid. The contractor's pay estimate must be signed by both the loan recipient and the contractor.

WHERE TO SEND DISBURSEMENT REQUESTS

Disbursement requests for the Local Match Loan should be mailed to:

Mike Harper, Chief
Financial and Administration Unit
Division of Clean Water Programs
State Water Resources Control Board
Post Office Box 944212
Sacramento, CA 94244-2120

Street Address: 2014 T Street, Suite 130
Sacramento, CA 95814

CANCELED CHECKS

In accordance with the Policy, V.B.4.b., the loan recipient shall submit copies of the canceled checks on a quarterly basis which document payment of the state match amount to the contractor.

ATTACHMENT "A"
STATE WATER RESOURCES CONTROL BOARD
REQUEST FOR LOAN DISBURSEMENT

PAYMENT REQUESTED FOR: <input type="checkbox"/> STATE REVOLVING FUND LOAN <input type="checkbox"/> LOCAL MATCH LOAN	DATE: DISBURSEMENT REQUEST NO. _____ LOAN NO. _____ CONTRACT NO. _____ % ELIGIBLE CONSTRUCTION COMPLETE: _____
LOAN RECIPIENT: STREET/P. O. BOX: _____ CITY AND ZIP CODE: _____ AUTHORIZED REPRESENTATIVE: _____ TITLE: _____	

STATE REVOLVING FUND LOAN					STATE USE ONLY		
(A) DESCRIPTION	(B) LOAN AMOUNT	(C) COSTS INCURRED TO DATE	(D) ELIGIBLE PERCENT	(E) COSTS CLAIMED FOR PAY'T TO DATE	(F) COSTS APPROVED FOR PAY'T TO DATE	(G) AMOUNT PREVIOUSLY PAID	(H) APPROVED PAYMENT THIS REQUEST
CONSTRUCTION							
ALLOWANCES:							
Planning							
Design							
Construction							
Administration							
Prime Engineering							
TOTAL							

LOCAL MATCH LOAN				STATE USE ONLY			
CONSTRUCTION	CONVERSION EFFECTIVE DATE:						
CONSTRUCTION							
ALLOWANCES:							
Planning							
Design							
Construction							
Administration							
Prime Engineering							
SUBTOTAL							
LESS STATE MATCH							
Total Local Match Loan							

STATE USE ONLY			
SUMMARY	TOTAL ELIGIBLE TO DATE	LESS PREVIOUS	NET DISBURSEMENT
STANDARD SRF LOAN			
LOCAL MATCH LOAN			
SUBTOTAL			
LESS STATE MATCH			
TOTAL			

ATTACHMENT "B"
STATE REVOLVING FUND LOCAL MATCH LOAN
FORM 261 - ALLOWANCES

Planning and Design Allowance

The Planning and Design Allowances are eligible for disbursement upon execution of the contract.

Construction and Administration Allowances

Form 259 -- Construction Contractor Spreadsheet

The Construction and Administration Allowances are prorated according to the construction completion percentage per the contractor's pay estimate submitted with the disbursement request. The percentage is derived by the following method:

$$\frac{\text{Subtotal Eligible Costs + MOH (Column J)}}{\text{Eligible Bid Amount (Column C)}} = \% \text{ of Construction Complete} \\ \text{(e.g., 23.17\% -- two places)}$$

Form 261 -- Request for Loan or Grant Disbursement

To calculate the Costs Claimed for Payment to Date -- Column (E), multiply the Allowance -- Column (B) with the construction completion percentage. This prorated figure is the maximum eligible for the allowance. However, if the cost incurred is less than the maximum eligible, then post the lesser of the two in Column E.

Prime Engineering Allowance

Prime Engineering Allowance is eligible for disbursement after construction is complete (100 percent).

**ATTACHMENT "C"
STATE WATER RESOURCES CONTROL BOARD
CONSTRUCTION CONTRACTOR SPREADSHEET
CONTRACTOR:**

MAIL TO: PAYMENTS UNIT
DIVISION OF CLEAN WATER PROGRAMS
STATE WATER RESOURCES CONTROL BOARD
P.O. BOX 944212
SACRAMENTO, CA 94244-2120

LOAN NUMBER: _____ CONTRACT NUMBER: _____

RECIPIENT AGENCY: _____ AUTHORIZED REPRESENTATIVE: _____

AGENCY ADDRESS: _____

PAYMENT REQUEST NUMBER: # _____

PAGE: _____ DATE: _____

(A) ITEM NO	(B) ITEM DESCRIPTION	(C) ELIGIBLE CONTRACT DOLLARS	(D) AS BID CONTRACT QUANTITY	(E) UNIT DESCRIPTION (TON, C.Y., L.S., ETC.)	(F) UNIT PRICE OR LUMP SUM	(G) TOTAL WORK COMPLETED TO DATE (UNITS OR %)	(H) TOTAL COSTS INCURRED TO DATE (P.X)	(I) ELIGIBLE PERCENT	(J) TOTAL ELIGIBLE COSTS (HxI)	(K) AMOUNT PREVIOUSLY PAID	(L) PAYMENT THIS REQUEST (J-K)	(M) REMARKS
	CONTRACT BID ITEMS											
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17												
18												
	SUBTOTAL CONTRACT ITEM DATA											
	MATERIALS ON HAND											
	LESS RETENTION											
	CONTRACT TOTALS											

FORM No 259 (REV.4/82)

NOTE: ELIGIBILITY FOR MATERIALS ON HAND AND RETENTION COSTS IS BASED ON OVERALL PROJECT ELIGIBILITY.

APPENDIX Q

SAMPLE LOCAL MATCH RESOLUTION

SAMPLE RESOLUTION

BE IT RESOLVED that the _____ (*Governing Board of the Agency*)
hereby agrees to the following in return for a zero-percent interest State Revolving Fund
(SRF) Loan:

1. To contribute the state match share equal to 16.667 percent of the eligible project costs, in an estimated amount of \$ _____.
2. To pay an administrative fee of up to 0.575 % of the eligible project cost for the administrative match amount, if requested by the State Water Resources Control Board (SWRCB), prior to the issuance of the zero-percent interest SRF loan contract, provided that the fee shall be waived by the SWRCB if sufficient monies to fund the administrative match are available from other sources.
3. To establish a state match account for the project, and deposit sufficient funds, as necessary, to make the state match payments to the contractor(s).
4. To provide the SWRCB, Division of Clean Water Programs (Division) a certification with each progress payment request stating that the appropriate state match amount for the requested payment has been paid to the contractor(s).
5. To provide the Division with copies of the cancelled checks documenting payment of the state match amount, on a quarterly basis.

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the _____ (*Governing Board of the Agency*) held on _____ (*date*) .

(*Clerk or Authorized Record Keeper of the Governing Board of the Agency*)

APPENDIX R

SEWER SYSTEM EVALUATION GUIDELINES

Sewer System Evaluation Survey (SSES)

When Infiltration and/or Inflow (I/I) exists in a collection system and treatment plant flow records indicate that the I/I flow exceeds the designated values described in the SRF policy, the applicant may perform an SSES to identify the sources of I/I and determine at what level it is cost effective to treat and/or remove the I/I. If the applicant decides to perform an SSES, the following steps should be taken, at minimum, to complete the study:¹

I. Identify Collection System Problems

- A. Describe the existing system and discuss its history;
- B. Review and analyze existing flow records such as plant influent data, pump stations data, overflow locations and estimated amounts, etc;
- C. Divide the collection system into subsystems and identify the key manholes which are located at the outlet of each subsystem;
- D. Monitor flows to key manholes and compare them to the expected sewer flows from the subsystems. Identify problem subsystems and determine if further study is needed. Discuss and explain the basis for the decision; and
- E. Determine if the excessive flow problem is due to infiltration or inflow (or both) and decide the appropriate time period of the year to monitor the problem subsystems.

U.S.E.P.A., Guidance For Sewer System Evaluation; March 1974

U.S.E.P.A., Handbook of Sewer System Evaluation and Rehabilitation;
Publication No. EPA-430/9-75-021; December 1975.¹

American Society of Civil Engineers/Water Pollution Control Federation, Manual of Practice FD-6; Existing Sewer Evaluation Rehabilitation; 1983.

II. Define Infiltration/Inflow (I/I) Problem

Once the problem subsystems are identified, a physical inspection, rainfall data, and rainfall simulation should be used to further define the I/I problem.

A. Physical Inspection

Conduct a physical inspection of the subsystem area that includes the following:

1. Inspect all manholes within the identified area. Descend manholes using a lamp system and inspect the manhole walls and floor for weeping water, mineral deposits, and sand/silt deposits. Inspect all construction and pipe materials for misalignment, structural deformities, etc.
2. Prepare a manhole inspection report. A manhole inspection report should contain the manhole number, size, type of pipe, structural condition, amount of deposit, root growth, and other miscellaneous information. The report should also contain a recommendation for the preferred cleaning method for each sewer section.
3. If groundwater infiltration is suspected to be a problem, groundwater gauges should be installed at manholes or at other sites to evaluate the groundwater conditions.
4. Measure early morning flows (between 2 a.m. to 5 a.m.) at key manholes and at upstream manholes to identify infiltration. The domestic flows will be minimal during these hours. Subtract approximated domestic flow from the actual flow measurements to determine infiltration.

B. Collection of Rainfall Data

Obtain hourly and daily rainfall information by contacting the weather bureau, airports, or water resources agencies. In the event there is no rainfall data available in the immediate vicinity of the study area, rain gauges should be installed at selected sites, either to provide raw data or to establish the basis for a correlating analysis of various adjacent areas that have available rainfall data.

C. Rainfall Simulation

Perform rainfall simulation to identify sewer sections with I/I problems. The use of the following techniques is suggested:

1. Smoke test--A smoke test should be used to identify inflow sources such as catch basins, roof and other drains, crossing connections, manhole covers, and bad joints and leaks.
2. Dye test--A dye test should be used on ditches, streams, or storm sewers located above or crossing the sanitary sewer system.
3. Exfiltration tests (air or water)--An exfiltration test should be used to detect possible leakage in the sewer lines and manholes.

TV inspection may be used by itself or in conjunction with any of the above tests to determine the location, condition, and estimated flow rate of I/I sources.

III. Prepare Map and Field Report

- A. After all the field work is complete, locate and present all identified problem sewers and manholes on a map. The map should be color coded to identify pipe sizes, joint materials, and estimated quantity of I/I. The direction of sewer flow should also be indicated on the map.
- B. Prepare a field inspection report. The inspection report should compile and analyze all data and information collected in the field. Include all backup information, such as field notes and measurements, a summary of defective manholes and pipes, an estimate of rehabilitation cost, and an estimate of I/I reduction.

IV. Conduct a Cost-Effectiveness Analysis

After all data and results have been analyzed and summarized, a cost-effective analysis must be conducted to determine the cost of eliminating I/I at various levels. The costs of I/I reduction should then be compared to the total cost of transportation and treatment of I/I flows at the treatment facilities. The total present worth or annual worth analysis shall be used to perform the cost comparison.

For various levels of I/I removal, determine the:

- (1) cost of transporting and treating existing I/I. Include capital costs (modifying transportation system, constructing treatment plant, replacing units, engineering, legal, administration, and contingency costs), operation and maintenance costs;
- (2) cost of I/I reduction. Include rehabilitation, repair, replacement, and engineering costs; and

(3) total cost of transporting, treating, and reduction I/I.

Plot the total costs associated with the various percentages of I/I reduction and determine the *cost-effective cutoff point*, the lowest cost point for I/I reduction (see attached Cost Effective Analysis Curve).

V. Prepare Survey Recommendations

Propose a rehabilitation program to deal with the cost effective reduction of I/I.

Explain the basis for recommendations and include a short term and long term action plan and schedule.

Attachment

Cost-Effective Analysis Curve

