

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
MAY 1, 2007**

ITEM 5

SUBJECT

CLEAN WATER STATE REVOLVING FUND (SRF); STATE FISCAL YEAR (SFY) 2006/2007 INTENDED USE PLAN (IUP) AND FEDERAL FISCAL YEAR (FFY) 2007 FEDERAL CAPITALIZATION GRANT ACCEPTANCE

DISCUSSION

Federal law requires the State to submit an annual IUP to the U.S. Environmental Protection Agency (USEPA). The Division of Financial Assistance (Division) has prepared a proposed SFY 2006/2007 IUP consistent with federal rules. A copy of the SFY 2006/2007 IUP is contained in [Exhibit A](#).

The IUP is a planning document that explains how the SRF program will be implemented during the fiscal year. It describes the types of activities that will be supported by the loan program and explains the procedures the State Water Board will use to assure that the program is administered in accordance with Federal and State requirements. The IUP identifies the sources and uses of funds for the program, the forecasted loan contracts, the drawdown schedule for Federal funds, the long and short-term goals for the program, and the relationship between the SRF program and other financial assistance programs.

The SFY 2006/2007 IUP is based on the Division's current estimate that California will be eligible for a grant of \$92,791,710 in FFY 2007. The Division proposes that the Executive Director be authorized to apply for and accept the FFY 2007 Capitalization Grant in the approximate amount of \$92,791,710. The Executive Director should be authorized to apply for and accept any amendments to the FFY 2007 Capitalization Grant.

The federal appropriation requires a 20 percent state match. The match money of about \$18,558,342 for the FFY 2007 Capitalization Grant will be provided by local match contributions from local agencies participating in the local match program, transfers of any unobligated funds from the Water Quality Control Fund, and funds from Proposition 84 passed by the voters in November 2006.

POLICY ISSUES

Should the State Water Resources Control Board (State Water Board): (1) approve the SFY 2006/2007 IUP; and (2) authorize the Executive Director to apply for and accept the FFY 2007 SRF Capitalization Grant and any amendments thereto?

RWQCB IMPACT

The FFY 2007 Capitalization Grant will allow the Division to continue to issue SRF loans to municipalities and eligible non-point source applicants. This will ensure that municipalities comply with Regional Water Quality Control Board discharge requirements and that non-point source projects are funded to support regional watershed activities.

FISCAL IMPACT

The State Water Board currently has \$54,337,979 in match funds in excess of what is required to match all previous grant awards. In addition, starting in SFY 2007/2008, the State Water Board will have an additional \$76,000,000 in matching funds from Proposition 84. The state match of \$18,558,342 for the FFY 2007 Capitalization Grant will leave a balance of approximately \$111,779,637 in match funds for future Capitalization Grants.

STAFF RECOMMENDATION

That the State Water Board adopt a resolution approving the SFY 2006/2007 IUP and authorize the Executive Director to apply for and accept the FFY 2007 SRF Capitalization Grant and any amendments thereto.

**STATE WATER REOURCES CONTROL BOARD
RESOLUTION NO. 2007-**

CLEAN WATER STATE REVOLVING FUND (SRF) STATE FISCAL YEAR (SFY)
2006/2007 INTENDED USE PLAN (IUP) AND
FEDERAL FISCAL YEAR (FFY) 2007 CAPITALIZATION GRANT ACCEPTANCE

WHEREAS:

1. The Division of Financial Assistance has prepared a draft SFY 2006/2007 IUP in compliance with federal rules, and such plans must be submitted to the United States Environmental Protection Agency annually per federal law;
2. Current projections for the federal budget are that California will be eligible to receive a grant of \$92,791,710 for FFY 2007;
3. The state match totaling about \$18,558,342 will be provided from Proposition 84, the Water Quality Control Fund, and from the local match program; and
4. Authorization to apply for and accept the FFY 2007 SRF Capitalization Grant and any amendments is needed.

THEREFORE BE IT RESOLVED THAT:

The State Water Resources Control Board:

1. Approves the SFY 2006/2007 IUP; and
2. Authorizes the Executive Director to apply for and accept the FFY 2007 SRF Capitalization Grant and any amendments.

CERTIFICATION

The undersigned, Acting Clerk to the Board, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on May 1, 2007.

Song Her
Clerk to the Board