

**STATE WATER RESOURCES CONTROL BOARD  
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE  
MARCH 17, 2009**

**ITEM 12**

**SUBJECT**

CONSIDERATION OF A RESOLUTION TO AMEND THE POLICY FOR IMPLEMENTING THE CLEAN WATER STATE REVOLVING FUND (CWSRF) FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES (POLICY)

**DISCUSSION**

California's and the nation's economy are in a significant recession. Congress and the President approved legislation that provides a combination of tax and spending measures designed to create jobs, stimulate economic recovery, and invest in technology and infrastructure for long-term economic benefit. The CWSRF Program will receive a significant injection of capital from the federal economic recovery package that must be committed quickly to eligible projects. This resolution will amend the Policy as a way to implement federal economic recovery efforts while maximizing the benefit to California's infrastructure and water quality needs, particularly for disadvantaged communities.

The Division of Financial Assistance (Division) administers the CWSRF Program to provide low-interest financing for publicly owned treatment facilities, implementation of non-point source (NPS) projects, and programs, and development and execution of estuary comprehensive conservation and management plans. The economic recovery funds are available for these projects.

The State Water Resources Control Board (State Water Board) originally adopted the *Policy for Implementing the Clean Water State Revolving Fund for Construction of Wastewater Treatment Facilities* (CWSRF Policy) on August 18, 1988, and last amended it on September 16, 2008. Extended term amendments became effective on October 7, 2008.

The Division proposes amending the CWSRF Policy to do the following:

- Realign the financing approval process to simplify and speed up the funding of projects.
- Introduce planning financing to promote future projects.
- Provide additional flexibility to implement a two-tiered environmental analysis to speed up the funding of projects.
- Provide flexible interest rates and additional incentives to address affordability and implement provisions of the economic recovery legislation.
- Add the small, disadvantaged community service charge approved by AB 2356 (Stats. 2008, ch. 609), if applicable, and clarify the financial impact on CWSRF financing agreements.
- Make necessary editorial or grammatical changes to the CWSRF Policy.
- Update all CWSRF Appendices consistent with the proposed amended CWSRF Policy and current Division practices.

Division staff prepared a [Public Notice](#) advising interested parties of the proposed changes to the CWSRF Policy. The Public Notice was posted on the State Water Board Web site on February 23, 2009. The Public Notice gave interested parties until noon on March 4, 2009, to

submit written comments to the State Water Board. Division staff also notified subscribers of the State Water Board's electronic mailing lists of the opportunity to comment on the recommendations to the Board.

In addition to the Public Notice, staff posted three documents on the State Water Board web site for interested parties. [Exhibit A](#) was an index listing the proposed changes to the CWSRF Policy. [Exhibit B](#) showed the existing text of the CWSRF Policy and all proposed additions and deletions to the original text using Microsoft Word's Track Changes tool. Original text is shown in black. Deleted text is shown in red with strikeout through the text. New text is shown in red and double underlined. [Exhibit C](#) was a clean version of the CWSRF Policy showing how the Policy will read if all of the Division's proposed changes are accepted.

## **POLICY ISSUE**

Should the State Water Board amend the CWSRF Policy as shown in the revised Exhibit C?

## **FISCAL IMPACT**

The changes to the CWSRF Policy should decrease the administrative costs of implementing the CWSRF program.

## **REGIONAL BOARD IMPACT**

Implementation of the Policy amendment will continue to support implementation of Regional Board basin plans and enforcement efforts.

## **STAFF RECOMMENDATION**

The State Water Board should amend the CWSRF Policy as shown in the revised Exhibit C.

State Water Board action on this item will assist the Water Boards in reaching Goal 5, 6 and 7 of the Strategic Plan Update: 2008-2012 to (1) Improve transparency and accountability by ensuring that Water Board goals and actions are clear and accessible, by demonstrating and explaining results achieved with respect to the goals and resources available, by enhancing and improving accessibility of data and information, and by encouraging the creation of organizations or cooperative agreements that advance this goal, such as establishment of a statewide water data institute; (2) Enhance consistency across the Water Boards, on an ongoing basis, to ensure our processes are effective, efficient, and predictable, and to promote fair and equitable application of laws, regulations, policies, and procedures; and (3) Ensure that the Water Boards have access to information and expertise, including employees with appropriate knowledge and skills, needed to effectively carry out the Water Boards' mission.

# DRAFT

## STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2009-

### AMEND THE POLICY FOR IMPLEMENTING THE CLEAN WATER STATE REVOLVING FUND (CWSRF) FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES (POLICY)

#### WHEREAS:

1. The Division of Financial Assistance (Division) administers the CWSRF Program to provide low-interest financing for publicly-owned treatment facilities, implementation of Non-Point Source (NPS) projects and programs, and development and execution of estuary comprehensive conservation and management plans;
2. The State Water Resources Control Board (State Water Board) originally adopted the *Policy for Implementing the Clean Water State Revolving Fund for Construction of Wastewater Treatment Facilities* (CWSRF Policy) on August 18, 1988, and last amended it on September 16, 2008. Extended terms became effective on October 7, 2008;
3. Congress and the President approved economic recovery legislation that will provide a significant injection of capital to the CWSRF Program that must be committed quickly to eligible projects. Policy changes and other actions by the State Water Board are necessary to implement federal economic recovery efforts and maximize the benefits to California's infrastructure and water quality needs, particularly for disadvantaged communities;
4. Interested parties were notified by email and the State Water Board's web site on February 23, 2009 of their opportunity to comment on these actions; comments were due at noon on March 4, 2009;
5. Comments received from the public have been addressed in revised Exhibits B and C; and
6. The revised Exhibit C is the proposed amended CWSRF Policy.

#### THEREFORE BE IT RESOLVED THAT:

The State Water Board amends the CWSRF Policy as shown in the revised Exhibit C.

#### CERTIFICATION

The undersigned, 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 Board held on March 17, 2009.

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Jeanine Townsend  
Clerk to the Board