

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. **Eliminates Continues** the per agency disbursement ceiling of **\$50 million per year per agency** until further notice, but continues to require the Deputy Director of the Division to evaluate, and limit if appropriate, the effect of large projects on the ability of other applicants to receive funding;
2. Discontinues match financing until further notice, but allows applicants that have submitted an application as of the date of this resolution to select match financing;
3. Directs Division staff to determine whether projects comply with state laws only, with the exception of federal super cross-cutters, for all projects until further notice;
4. Establishes the following primary guidelines for staff to follow while implementing the ARRA funds for California;
  - 50 percent of ARRA funds should be used as subsidy funds.
  - ARRA funds should be reserved for State Water Board priorities, beyond those specified in ARRA, only for a limited period of time.
  - ARRA funds should be distributed as fairly as possible.
  - Small, disadvantaged communities (<20,000 population and <80 percent of the statewide Median Household Income (MHI)) should receive priority for subsidy funds over other communities if subsidy funds become limited.
  - **Projects that lost previously committed State Water Board grant funds should receive priority for subsidy funds.**
  - Projects with earlier construction start dates should receive priority for subsidy funds before projects with later construction start dates if subsidy funds become limited.
5. Reserves ARRA subsidy funds for categories of applicants according to the following schedule and limitations: **(Replace the table in its entirety with the following table.)**

**Subsidy Funds by Category of Applicant**

<b><u>Category</u></b>	<b><u>Subsidy Per Project</u></b>	<b><u>Conditions</u></b>
<b><u>Community MHI &lt; 80 percent of statewide MHI.</u></b>  <b><u>(25% ARRA)</u></b>	<b><u>Existing Small Community Wastewater Grant (SCWG) commitments for design and construction:</u></b>  <b><u>Shall receive priority for the amount previously committed before subsidies are given to other disadvantaged communities. (Approximately \$25 million in subsidy funds will be reserved for this need.)</u></b>  <b><u>If Applicant's rates or implementation costs are equal to or greater than 1.5 percent of the community's MHI:</u></b>	<ul style="list-style-type: none"> <li>▪ <b><u>Projects may not receive more than one hundred (100) percent subsidy financing.</u></b></li> <li>▪ <b><u>Projects must meet CWSRF and ARRA eligibility requirements.</u></b></li> <li>▪ <b><u>Complete application must be received by the Division and the financing agreement must be executed or executable before September 1, 2009.</u></b></li> <li>▪ <b><u>Complete Approval of Award (AOA) request must be received by the Division before January 1, 2010.</u></b></li> <li>▪ <b><u>Copy of executed construction contract must be received by the Division before February 1, 2010.</u></b></li> </ul>

Category	Subsidy Per Project	Conditions
	<p>1) <u>Projects less than \$3 million may receive 100 percent subsidy.</u></p> <p>2) <u>Projects greater than \$3 million may receive subsidy of \$3 million plus 50 percent of the amount over \$3 million not to exceed \$10 million in subsidy funds.</u></p> <p><u>If Applicant's rates or implementation costs are less than 1.5 percent of the community's MHI:</u></p> <p><u>Applicant may receive 100 percent subsidy of project cost not to exceed \$2 million in subsidy funds.</u></p>	
<p><u>Restart – Projects that lost previously committed State Water Board grant funding (not including SCWG projects).</u></p> <p><u>(25% ARRA)</u></p>	<ul style="list-style-type: none"> <li>▪ <u>Maximum: \$5 million or the amount needed to replace lost State Water Board grant funds plus reasonable costs to restart the project.</u></li> </ul>	<ul style="list-style-type: none"> <li>▪ <u>Projects may not receive more than one hundred (100) percent subsidy financing.</u></li> <li>▪ <u>Projects must meet CWSRF and ARRA eligibility requirements.</u></li> <li>▪ <u>Projects must have an executed State Water Board grant agreement that was suspended and an executed construction contract or proof of project initiation received by the Division before May 17, 2009.</u></li> <li>▪ <u>In addition to the primary guidelines above, priority for subsidy projects may be determined by the Executive Director consistent with established State Water Board guidance.</u></li> </ul>

6. Makes ARRA subsidy funds that are not committed to projects that lost previously committed ~~state~~ **State Water Board** grant funding available to ~~communities with MHIs less than 80 percent of statewide MHI non-point source or estuary (expanded use) projects~~ starting May 17, 2009. The Executive Director in consultation with the State Water Board Chair and Vice-Chair shall determine, after public review, how much subsidy funds remain uncommitted after May 16, 2009 and distribute those funds as fairly as possible to eligible expanded use applicants, consistent with the subsidy limit and conditions specified above for restarting State Water Board grant projects, that can submit an AOA request before January 1, 2010 and a copy of an executed construction contract before February 1, 2010;
7. Makes ARRA subsidy funds that are not committed to communities with MHIs less than 80 percent of statewide MHI, projects that lost previously committed state grant funding, **or other expanded use projects** available for distribution to all eligible applicants starting September 1, 2009;

8. Delegates to the Executive Director the responsibility **in consultation with the State Water Board Chair and Vice-Chair** to determine, after public review, how much subsidy funds remain uncommitted after August 31, 2009, and the authority to distribute those funds as fairly as possible to all eligible applicants that submitted an AOA request before January 1, 2010, and submitted copies of an executed construction contract before February 1, 2010;
9. Determines that any applicant with an executed debt obligation after October 1, 2008 is eligible for any remaining subsidy funds distributed in this manner;
10. Delegates authority to the Executive Director, or designee, to modify the amount of subsidy a project may receive if it will ensure a reasonable implementation of ARRA provided the Executive Director, or designee, only takes such action after any prospective recipient, adversely affected by the action, has an opportunity to comment on the proposed action with the caveat that the Executive Director or designee, without restricting their authority, should update the Board Members and the public at Board Meetings, or by other appropriate communication, on the progress of implementing ARRA and recommend appropriate adjustments to the implementation plan or other changes in policy or procedure necessary to achieve the most favorable result for water quality in California;
11. Offers reduced interest **and service** rates for innovation and efficiency projects as well as all other financing not eligible for other incentives or subsidies, according to the following schedule; and

**Interest and Service Rate Incentives by Category of Applicant**

Category	Interest/Service Rate	Conditions
Innovation and efficiency projects	Zero (0) Percent	<ul style="list-style-type: none"> <li>▪ Up to a total of \$60 million in cumulative financing.</li> <li>▪ Completed application must be received by the Division and the financing agreement must be executed or be executable <b><u>between March 17, 2009 and before</u></b> July 18, 2009.</li> <li>▪ Completed AOA request must be received by the Division before January 1, 2010.</li> <li>▪ Copy of an executed construction contract must be received by the Division before February 1, 2010.</li> </ul>
All projects	One (1) Percent	<ul style="list-style-type: none"> <li>▪ <b><u>Up to a total of \$300 million in cumulative financing.</u></b></li> <li>▪ Completed application must be received by the Division and the financing agreement must be executed or be executable <b><u>between March 17, 2009 and before</u></b> September 1, 2009.</li> <li>▪ Completed AOA request must be received by the Division before January 1, 2010.</li> <li>▪ Copy of an executed construction contract must be received by the Division before February 1, 2010.</li> </ul>

12. Determines that innovation and efficiency projects are those that substantially meet US EPA's final guidance (Attachment A is USEPA's draft guidance) for innovation and efficiency projects, or projects that will achieve a goal or substantially meet a target, or guidance established through a public process or established by a state or national entity that regulates or represents innovation or efficiency interests, and are consistent with the existing CWSRF Program eligibility criteria.

### **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