

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
JUNE 15, 2010**

ITEM 3

SUBJECT

CONSIDERATION OF A RESOLUTION ON THE 2010/2011 CLEAN WATER STATE REVOLVING FUND (CWSRF) PROJECT PRIORITY LIST (PPL)

DISCUSSION

The CWSRF is a joint federal and state program that provides financial assistance to local governments and non-governmental organizations (NGOs) in California. It finances construction of wastewater treatment and recycling facilities, implementation of non-point source and stormwater pollution correction measures, and development and implementation of estuary enhancement and management programs. Since its inception in 1989, the CWSRF program has provided more than \$5.2 billion in financial assistance to local governments and NGOs in California.

In accordance with the Clean Water Act and the *Policy for Implementing the CWSRF for Construction of Wastewater Treatment Facilities* (Policy), the Division of Financial Assistance (Division) updated and published the State Fiscal Year (SFY) 2010/2011 CWSRF PPL. A project must appear on the PPL to be eligible to compete for financial assistance in the SFY 2010/2011. Placement of a project on the PPL, though, does not guarantee a commitment to provide financing.

The PPL is based on a five-year planning period. Each project on the PPL identifies the year the financing recipient expects to receive assistance. The first year of the five-year planning period is known as the “fundable year.” The fundable year is reserved for those projects that have received a Preliminary Funding Commitment (PFC). All projects not on the fundable portion of the PPL, the remaining four years, compete on a first-come, first-serve basis for PFCs until all available funds are committed.

The amount of funds available at any time for new PFCs is based on the CWSRF's projected cash flow. The cash flow includes anticipated federal funding, state funds required to match the federal funds, payments from existing financing agreements, projected disbursements for existing financing agreements and PFCs, the sale of revenue bonds, and a minimum CWSRF balance of \$25 million. (Federal appropriations and project disbursements are estimated; the amount available for new PFCs may be higher or lower than estimated.) Based on the Division's analysis of cash flow, the State Water Resources Control Board (State Water Board) will have funds to process new applications in SFY 2010/2011.

The federal appropriation for Fiscal Year (FY) 2010 did not limit the categories that can receive financing. Based on this and the projected cash flow for SFY 2010/2011, the Division recommends that the State Water Board make CWSRF funds available to projects in Priority Classes A through D and in all Needs Categories.

POLICY ISSUES

Should the State Water Board:

1. Adopt the SFY 2010/2011 CWSRF PPL?
2. Approve the placement of projects in Priority Classes A through D and in all Needs Categories on the fundable portion of the SFY 2010/2011 CWSRF PPL?

FISCAL IMPACT

The fiscal impact associated with financing projects on the PPL is addressed in the SFY 2010/2011 Intended Use Plan.

The staff required to review and approve applications for financing is funded by a four percent administrative set-aside from each federal Capitalization Grant and service charges applied to financing agreements. Staffing levels approved for the Division for the SFY 2010/2011 will be sufficient to review and approve the applications expected in the SFY 2010/2011. There will be no change in CWSRF administration costs due to adoption of this resolution.

REGIONAL WATER BOARD IMPACT

The SFY 2010/2011 PPL will help municipalities and other eligible applicants carry out projects that comply with Regional Water Boards' discharge requirements, address Regional Water Boards' enforcement orders, or contribute to Basin Plan Goals.

STAFF RECOMMENDATION

The State Water Board should:

1. Adopt the SFY 2010/2011 CWSRF PPL; and
2. Approve the placement of projects in Priority Classes A through D and in all Needs Categories on the fundable portion of the SFY 2010/2011 CWSRF PPL.

State Water Board action on this item will assist the Water Boards in reaching the following Goals of the Strategic Plan Update 2008-2012:

Goal 1: Implement strategies to fully support the beneficial uses for all 2006-listed water bodies by 2030.

Goal 5: 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 creating of organizations or cooperative agreements that advance this goal, such as establishment of a statewide water data institute.

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STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2010-

2010/2011 CLEAN WATER STATE REVOLVING FUND (CWSRF) PROJECT PRIORITY LIST (PPL)

WHEREAS:

1. The Division of Financial Assistance (Division) developed the State Fiscal Year (SFY) 2010/2011 PPL ([Exhibit A](#)) consistent with the Clean Water Act and the *Policy for Implementing the CWSRF for Construction of Wastewater Treatment Facilities*;
2. The State Water Board has funds to process new applications for the CWSRF program;
3. The federal appropriation for Fiscal Year (FY) 2010 did not limit the categories that can receive financing; and
4. Up to four percent of the FY 2010 Capitalization Grant is available for State administration and additional funds are available from a service charge on financing agreements.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Adopts the SFY 2010/2011 CWSRF PPL; and
2. Approves the placement of projects in Priority Classes A through D and in all Needs Categories on the fundable portion of the SFY 2010/2011 CWSRF PPL.

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 June 15, 2010.

Jeanine Townsend
Clerk to the Board