

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
MAY 7, 2013**

ITEM 5

SUBJECT

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

DISCUSSION

The Division of Financial Assistance (Division) administers the CWSRF Program to assist with construction of publicly owned wastewater treatment works, including wastewater treatment facilities, sanitary sewer collection systems, sewer interceptors, water reclamation facilities, and implementation of programs and projects to control pollution from nonpoint sources and storm water drainage, and development and implementation of estuary cleanup programs.

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 (Policy)* on August 18, 1988, and has amended it periodically.

The proposed amendments are intended to provide improved effectiveness of the CWSRF for both small, disadvantaged communities (SDACs) and larger agencies, to streamline the application process, and to enhance sustainability of projects throughout California. Specifically, the Division proposes that the State Water Board amend the CWSRF Policy to do the following:

- Consolidate the State Water Board's *Strategy for Implementing the Clean Water State Revolving Fund for Expanded Use Projects* into the CWSRF Policy
- Revamp the procedures and rename the CWSRF "Priority List" the CWSRF "Project List" to make the list easier for applicants to understand
- Reorganize and rewrite the "Environmental" section to provide greater clarity
- Incorporate design into the planning financing section and introduce a planning/design financing application
- Add and clarify CWSRF debt priority and reserve requirements
- Revise and reorganize the CWSRF Application into four packages: 1) General Information, 2) Technical, 3) Environmental, and 4) Financial Security to simplify and streamline the application process for applicants
- Remove the requirement for the "Facilities Plan Approval" (FPA) and "Preliminary Funding Commitment" (PFC) documents to simplify and streamline the process. Applications that are approved for financing will receive a Financing Agreement for signature by the applicant's authorized representative rather than the intermediary steps of FPA and PFC
- Allow construction contingencies as an eligible cost in the project budget to cover change orders
- Rename the "Approval of Award" process the "Final Budget Approval" process and generalize the procedures for project procurement and pre purchased equipment for all types of CWSRF projects
- Update the CWSRF Policy to be consistent with all current requirements and procedures

- Rename the “Dedicated Source of Revenue” the “Pledged Revenues and Funds”
- Replace the project certification process with a final reporting requirement
- Introduce “sustainability points” into the priority system to encourage sustainable practices
- Eliminate portions of the appendices that are outdated or no longer needed

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’s website on March 22, 2013. The Public Notice gave interested parties until noon on April 24, 2013, 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 website for interested parties. [Exhibit A](#) was a clean version of the CWSRF Policy showing how the Policy will read if all of the Division’s proposed changes and mock-ups of the new CWSRF applications are accepted. [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. [Exhibit C](#) was an index listing the proposed changes to the CWSRF Policy.

POLICY ISSUE

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

FISCAL IMPACT

The changes to the CWSRF Policy should decrease the administrative costs of implementing the CWSRF program and reduce the applicants’ cost and effort of applying for CWSRF financing.

REGIONAL BOARD IMPACT

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

STAFF RECOMMENDATION

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

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 (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 creation of organizations or cooperative agreements that advance this goal, such as establishment of a statewide water data institute; (6) 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 (7) 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. 2013-

AMEND THE POLICY FOR IMPLEMENTING THE CLEAN WATER STATE REVOLVING FUND (CWSRF)

WHEREAS:

1. The Division of Financial Assistance (Division) administers the CWSRF Program to provide low-cost financing for publicly owned treatment works, including wastewater treatment facilities, sanitary sewer collection systems, sewer interceptors, and water reclamation facilities, implementation of programs and projects to control pollution from nonpoint sources and storm water drainage, and development and implementation of estuary cleanup programs;
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 has amended it periodically;
3. The State Water Board adopted the *Strategy for Implementing State Revolving Fund for Expanded-Use Projects* (Strategy);
4. The Strategy has been consolidated into the CWSRF Policy; and
5. Interested parties were notified by email and a public notice was posted on the State Water Board's website on March 22, 2013, of their opportunity to comment on these actions; comments were due at noon on April 24, 2013.

THEREFORE BE IT RESOLVED THAT:

1. The State Water Board amends the CWSRF Policy as shown in revised [Exhibit A](#); and
2. The State Water Board rescinds the Strategy.

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 May 7, 2013.

Jeanine Townsend
Clerk to the Board