

STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2005 – 0088

WITHDRAWAL OF FUNDING FOR THE LOS OSOS COMMUNITY SERVICES DISTRICT
(DISTRICT); WASTEWATER COLLECTION, TREATMENT AND DISPOSAL PROJECT
(PROJECT); STATE REVOLVING FUND (SRF) LOAN PROJECT NO. C-06-4014-110

WHEREAS:

1. The State Water Resources Control Board (State Water Board), on February 16, 1995, adopted the *Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities* (Policy), and amended it on January 22, 2003;
2. The State Water Board, on June 17, 2004, adopted the state fiscal year 2004/2005 SRF Loan Program Priority List which included the District's Project in Priority Class A;
3. On January 20, 2005, the State Water Board approved a preliminary loan recommitment of \$93,000,000 for construction of the District's Project;
4. The District's action to suspend work and intent to relocate the wastewater treatment plant site had prompted Division of Financial Assistance (Division) staff to issue a Notice to Withhold disbursements of SRF funds to the District in a letter dated October 18, 2005;
5. Division staff has reason to believe that the District's action is in breach or has threatened breach of the SRF loan agreement by substantially changing the scope of the approved Project;
6. On November 16, 2005, the State Water Board adopted Resolution No. 2005-0083 to continue withholding disbursement requests of SRF funds until the Division receives:
 - a. Official notification of resumption of work by November 23, 2005, on all three construction contracts, for construction of a wastewater treatment plant at the Tri-W site, in compliance with previous approvals; or
 - b. Official notification by the District no later than close of business on November 23, 2005, that the District accepts the phased approach put forth by Assemblyman Blakeslee ([Attachment A](#)) requiring:
 - (1) Immediate groundwater remediation,
 - (2) Immediate filing of opposition to Measure B with the appellate court,
 - (3) Secure immediately a bond to cover the amounts reimbursed from the SRF prior to passage of a Proposition 218 assessment vote, and
 - (4) Measure B repeal vote; and
7. The District declined to accept the State Water Board's conditions in Resolution No. 2005-0083 by letter of November 23, 2005 and District Resolution No. 2005-49.

THEREFORE BE IT RESOLVED THAT:

The State Water Resources Control Board:

1. Withdraws the SRF loan commitment for the District's Project and directs staff to pursue all appropriate remedies to recover funds previously disbursed to the District for its Project.
2. Directs that all former Project funds be returned to the SRF loan program for funding other ready projects in accordance with the SRF Policy and applicable resolutions.

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 December 9, 2005.

AYE: Tam M. Doduc
Richard Katz
Gerald D. Secundy
Arthur G. Baggett, Jr.

OPPOSED: None.

ABSENT: None.

ABSTAIN: None.



Selica Potter
Acting Clerk to the Board