STATE OF CALIFORNIA

Clean Water State Revolving Fund

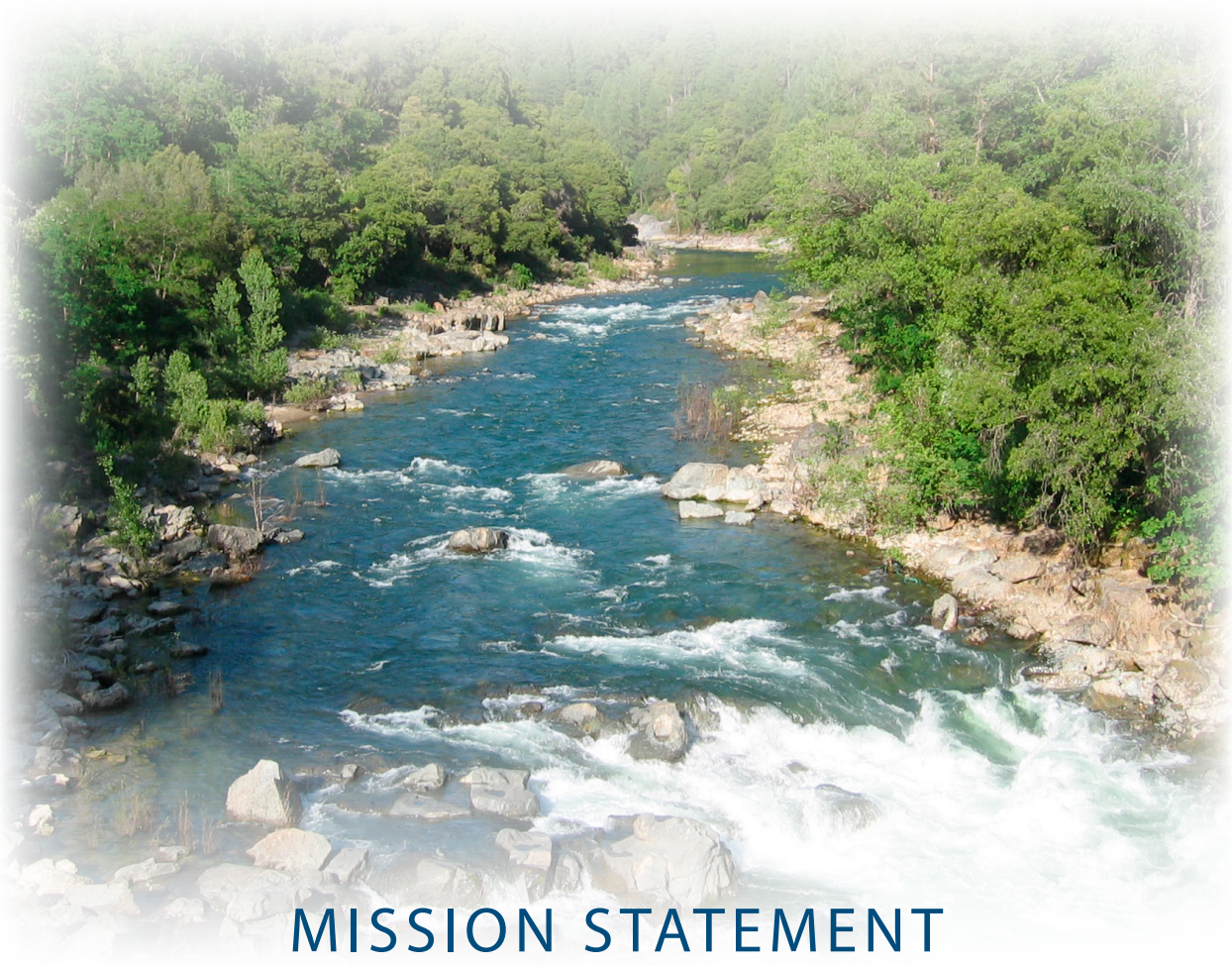
and The Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1 – Chapter 5, Section 79723)

Intended Use Plan

STATE FISCAL YEAR 2016-2017
(FEDERAL FISCAL YEAR 2016 CAPITALIZATION GRANT)

Prepared By: Division of Financial Assistance | Approved By: State Water Resources Control Board
Date Approved: June 21, 2016 | Resolution No. 2016-0035

PROP 1
GOVERNOR EDMUND G. BROWN, JR.
WATER BOND 2014



MISSION STATEMENT

To preserve, enhance, and restore the quality of California's water resources and drinking water for the protection of the environment, public health, and all beneficial uses, and to ensure proper resource allocation and efficient use, for the benefit of present and future generations.

VISION STATEMENT

Abundant clean water for human uses and environmental protection to sustain California's future.

CALIFORNIA
Water Boards
STATE WATER RESOURCES CONTROL BOARD
REGIONAL WATER QUALITY CONTROL BOARDS

Members and Executive Director

STATE WATER RESOURCES CONTROL BOARD

Felicia Marcus

BOARD CHAIR

Felicia Marcus is Chair of the State Water Resources Control Board. Before being appointed to the Water Board, she served in positions in government, the non-profit world, and the private sector. She was the Regional Administrator of the USEPA Region IX and headed the LA Department of Public Works. She was also the Western Director for the Natural Resources Defense Council (NRDC) and Executive VP/COO of the Trust for Public Land. Chair Marcus serves or has served in the past on many non-profit boards and Advisory Councils. She currently is an Obama Administration appointee to the Commission on Environmental Cooperation-Joint Public Advisory Council (US, Mexico, Canada).

Frances Spivy-Weber

BOARD VICE-CHAIR

Frances Spivy-Weber is Vice-Chair of the State Water Resources Control Board. Before being appointed to the Water Board, she served as Executive Director of the Mono Lake Committee. She also served as Director of international programs for the National Audubon Society, was a legislative assistant for the Animal Welfare Institute, and a member of the Bay-Delta Public Advisory Committee. Ms. Spivy-Weber currently serves as Chair of the Water Policy Center Advisory Council with the Public Policy Institute of California; Member of the Advisory Board of Syzergy; and Member of the Advisory Committee on Recycled Water and Direct Augmentation of Surface Waters and Feasibility of Direct Potable Reuse.

Tam M. Doduc

BOARD MEMBER

Tam Doduc serves as the civil engineer on the State Water Resources Control Board. Before being appointed to the Water Board, she served as Deputy Secretary at the California Environmental Protection Agency (CalEPA), where she directed the agency's environmental justice and external scientific peer review activities. She also coordinated environmental quality initiatives, and provided general oversight of children's environmental health programs. A licensed civil engineer, Ms. Doduc began her career as an environmental consultant and then joined the staff of the State Water Board, the California Air Resources Board, and then served as CalEPA's Assistant Secretary for Technology Certification and Assistant Secretary for Agriculture, Air and Chemical Programs.

Steven Moore

BOARD MEMBER

Steven Moore was appointed to the State Water Resources Control Board in 2012. He previously served on the San Francisco Bay Regional Water Board from 2008-2012. Before joining the Water Board he was a civil engineer in Marin County. He has worked as an engineering consultant on a wide variety of water infrastructure projects, stream and wetland restoration projects, and Environmental Impact Reports throughout California, and in various clean water regulatory programs. He also served on the Federal Aquatic Nuisance Species Task Force. Mr. Moore was actively involved in the 2007 update of the San Francisco Bay Estuary's Comprehensive Conservation and Management Plan, focusing on drainage infrastructure renewal and pollution prevention.

Dorene D'Adamo

BOARD MEMBER

Dorene D'Adamo was appointed to the State Water Resources Control Board in 2013. She previously served on the California Air Resources Board where she was instrumental in the board's air quality and climate change programs and regulations. Ms. D'Adamo served in various capacities for Members of Congress from the San Joaquin Valley. She was also a representative on the CALFED team and Red Team for the development of UC Merced, and served in a variety of roles within California's criminal justice system. Currently she also serves on the board of the California Partnership for the San Joaquin Valley and on the Executive Committee of the Valley Coalition for UC Merced's Medical School.

Tom Howard

EXECUTIVE DIRECTOR

Thomas Howard has been employed with the State Water Resources Control Board for over 26 years. During that time, Mr. Howard has worked in many of the water quality and water rights programs at the Water Board. He was appointed Deputy Director at the Board in October 2000 and Executive Director in August 2010. Mr. Howard earned a bachelor's degree in chemistry at UC Berkeley, a master's degree in chemical engineering at UC Davis, and a master's degree in chemistry at the California Institute of Technology.

2016

WRITING AND EDITING:

Anne Hartridge
Attorney

Christopher Stevens
Supervising Water Resources Control Engineer

Hilda Ledezma-Vasquez
Staff Services Manager I

Jennifer Toney
Senior Water Resources Control Engineer

Joshua Ziese
Staff Services Manager II

Meghan Tosney
Senior Water Resources Control Engineer

Robert Pontureri
Senior Water Resources Control Engineer

Sergio Rudin
Attorney

Sylvester Okeke
Associate Governmental Program Analyst

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I. INTRODUCTION

Water is one of the most essential natural resources in California. The State Water Resources Control Board (State Water Board) and the nine Regional Water Quality Control Boards (Regional Water Boards), collectively the Water Boards, protect and improve water quality in California through several regulatory and financial assistance programs.

The federal Clean Water Act established the Clean Water State Revolving Fund (CWSRF) Program to finance the protection and improvement of water quality. The CWSRF Program has protected and promoted the health, safety, and welfare of Californians since 1989. Many of the projects funded by the CWSRF Program address wastewater discharge violations or enforcement orders from the Regional Water Boards. Every project is directly related to improving public health, water quality, or both.

Proposition 1 (Prop 1), the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Assembly Bill 1471, Rendon), authorized $7.545 billion in general obligation bonds for water projects including surface and groundwater storage, ecosystem and watershed protection and restoration, and drinking water protection. The State Water Board is administering Prop 1 funds for the following general project types: wastewater, water recycling, drinking water, stormwater, and groundwater.

A. History, Authority, and Past Achievements

In 1987, the United States Congress and the President amended the Clean Water Act to replace the long-standing, federal Construction Grants Program (Title II) with the more flexible CWSRF Program (Title VI). In 2014, Congress and the President approved the Water Resources Reform and Development Act of 2014 (WRRDA), making a number of changes to the requirements and eligibilities included in Title VI of the Clean Water Act.

The CWSRF Program provides each state the opportunity to establish an environmental infrastructure bank capitalized by federal and state funds. This capital, along with the earnings generated by the Program, interest payments, and investment earnings, is used to provide financial assistance by funding a wide variety of water quality projects. States can target specific water quality problems, offer a variety of financing options, and customize terms to meet their particular water quality needs. Financing options include loans, refinancing debt, purchasing or guaranteeing local debt, and purchasing bond insurance. Interest rates must be below the market rate. Repayment periods are generally the lesser of 30 years or the expected useful life of the financed asset. Since 2009, federal CWSRF appropriations and California law have also authorized grants, negative interest rates, and principal forgiveness (PF) on a limited basis.

California's CWSRF Program is authorized under Water Code Sections 13475-13485. California operates its Program pursuant to an Operating Agreement between the State Water Board and the United States Environmental Protection Agency Region IX (U.S. EPA). The revolving nature of the CWSRF Program provides a sustainable source of funds for water quality protection and improvement. All 50 states and Puerto Rico are currently operating successful CWSRF Programs. The total CWSRF financing nationwide exceeds $105 billion.

California's CWSRF has grown since its beginnings in 1989. It has executed more than $8.1 billion in financial agreements. The net position of the Program is approximately $3.8 billion, and the Program's annual repayments, after debt service and service charges are deducted, is approximately $240 million.

The Program has funded a broad range of projects. About 76 percent of funds were used for wastewater treatment and water recycling facilities. About 20 percent of funds were used for wastewater collection systems, and about four percent of funds were used for non-point source or estuary projects.

The State Water Board is administering Prop 1 funds in five program areas. Three of those program areas have significant commonalities with the purposes of the CWSRF Program, and in many cases, entities may be able to utilize a combination of funding sources to complete their projects. For these three programs, funding authorized by Prop 1 is as follows:

- Small Community Wastewater - $260 million
- Water Recycling Funding Program - $725 million[1]
- Stormwater Grant Program - $200 million

B. Connections to Other Plans, Goals, and Programs of the State Water Board and the California Environmental Protection Agency (CalEPA)

The CWSRF Program supports the following goals from the Water Boards' Strategic Plan Update for 2008-2012.

Goal 1: Implement strategies to fully support the beneficial uses for all 303(d) listed water bodies by 2030.

Goal 2: Improve and protect groundwater quality in high-use basins by 2030.

Goal 3: Increase sustainable local water supplies available for meeting existing and future beneficial uses by 1,725,000 acre-feet per year, in excess of 2002 levels, by 2015, and ensure adequate flows for fish and wildlife habitat.

Goal 4: Comprehensively address water quality protection and restoration, and the relationship between water supply and water quality, and describe the connections between water quality, water quantity, and climate change, throughout California's water planning processes.

Goal 5: Improve transparency and accountability by ensuring that State 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.

[1] **Prop 1 authorized a total of $725 million for water recycling projects. It is anticipated the State Water Board will administer $625 million, and the Department of Water Resources will administer $100 million.**

Goal 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.

Goal 7: Ensure that the Water Boards have access to information and expertise, including employees with appropriate knowledge and skills, needed to effectively and efficiently carry out the Water Boards' mission.

The CWSRF Program supports the three goals of the California Water Action Plan: more reliable water supplies; the restoration of important species and habitat; and a more resilient, sustainably managed water resources system (water supply, water quality, flood protection, and environment) that can better withstand inevitable and unforeseen pressures in the coming decades.

The CSWRF Program also supports the following CalEPA Strategic Vision goals (Goals below are numbered consistent with the CalEPA Strategic Vision).

Goal 2: Rivers, lakes, estuaries, and marine waters that are fishable, swimmable, support healthy ecosystems and other beneficial uses.

Goal 3: Groundwater that is safe for drinking and other beneficial uses.

Goal 4: Communities that are free from unacceptable human health and ecological risks due to exposure from hazardous substances and other potential harmful agents.

Goal 5: Reduce or eliminate the disproportionate impacts of pollution on low-income and minority populations.

Goal 6: Ensure the efficient use of natural resources.

Goal 7: Continuous improvement and application of science and technology.

The Division of Financial Assistance (DFA) administers the California CWSRF and additional state-funded financial assistance programs that complement and leverage the financial resources of the CWSRF. These other sources of funding include:

- **Small Community Grant (SCG) Fund**[2]: Provides grants to small, disadvantaged communities (DACs) for their wastewater projects.

- **Water Recycling Funding Program (WRFP)**: Provides grants and loans for the construction of water recycling facilities.

- **Clean Beaches Initiative (CBI) Grant Program**: Provides grants to restore and protect coastal waters, estuaries, bays, and near shore waters.

- **Integrated Regional Water Management (IRWM) Grant Program**: Provides grants to protect communities from drought, protect and improve water quality, and improve local water security by reducing dependence on imported water.

[2] **Prop 1 funds from Chapter 5, Section 79723 will supplement existing SCG authority.**

- **Stormwater Grant Program**: Provides grants for reduction and prevention of stormwater contamination of rivers, lakes, and streams.

The availability of funding from these programs can vary, although many of these programs have additional grant and loan funds available from Prop 1. DFA manages the CWSRF and its other funding sources to maximize its ability to fund projects that support the Water Boards' water quality goals.

C. Intended Use Plan (IUP) and Federal Guidance

Federal statutes and regulations require this IUP. This IUP establishes the State Water Board's business plan for California's CWSRF Program for State Fiscal Year (SFY) 2016-17 and discusses management's general approach and ability to successfully carry out that business plan with the available financial and programmatic resources. It also describes how management will operate the CWSRF Program in conjunction with other financing programs managed by DFA, such as Prop 1 funding that may be used to jointly finance projects. It, or an amendment, will be included in the State Water Board's application for the FFY 2016 Capitalization Grant for the CWSRF Program.

This IUP includes a forecast of the Program's cash flows (Table 1.a) for the next several years, identifies projects (Table 2) the State Water Board expects to finance in SFY 2016-17, and analyzes the effect these projects would have on the cash flow if financed (Table 1.b). The IUP also includes performance measures to track the effectiveness of the CWSRF Program.

The State Water Board will continue to implement the CWSRF Program consistent with applicable state and federal statutes, regulations, and policies. These include, but are not limited to:

- The Policy for Implementing the Clean Water State Revolving Fund (CWSRF Policy);
- The Operating Agreement between the State Water Board and U.S. EPA;
- U.S. EPA Interpretive Guidance regarding the WRRDA amendments; and
- Any additional federal requirements in the 2016 budget appropriation, the 2016 Capitalization Grant agreement, and/or guidance from U.S. EPA

The State Water Board may amend this IUP, but only after the public and interested parties are given an opportunity to comment on the proposed amendment. The Executive Director, or his designee, may update this IUP to reflect the current capacity of the CWSRF to provide financing to applicants.

II. WATER QUALITY FINANCING NEEDS

A. Clean Watersheds Needs Survey

California needs significant funding to achieve its clean water goals. The most recent Clean Watersheds Needs Survey in 2012 shows that California needs an estimated $26.2 billion for wastewater treatment and collection, wastewater recycling, and stormwater pollution prevention over the next 20 years.

B. Project List

The State Water Board maintains a Project List (List)[3] that reflects applicants interested in CWSRF financing, and the projects for which they are requesting financing. The List is typically updated quarterly. The List classifies each potential project application relative to the State Water Board's water quality and sustainability priorities, and helps prioritize the Program's marketing and application review efforts.

C. State Water Quality Guidance

1. Small and/or DACs

On July 1, 2008, the State Water Board adopted Resolution No. 2008-0048 to assist small and/or DACs with their wastewater needs. Resolution No. 2008-0048 refers to the Small Community Wastewater Strategy (SC Strategy). The State Water Board's Office of Sustainable Water Solutions plans to bring an informational item before the Board in May of 2016, which will present information about a new combined small and/or DAC three-year strategy for wastewater and drinking water capacity development. The strategy provides an overview of the challenges facing these communities. With regard to wastewater, these include both failing septic systems and failing outdated and undersized wastewater treatment plants. Small and/or DACs generally have higher per capita costs. Disadvantaged (median household income [MHI] of less than 80 percent of the statewide MHI) and severely disadvantaged (MHI of less than 60 percent of the statewide MHI) small communities face the additional burden of lower household incomes. The result is higher, sometimes prohibitive, sewer rates. The combined strategy will discuss options and offer solutions to the problems faced by these communities.

2. San Francisco Bay/Sacramento-San Joaquin Delta Estuary (Bay-Delta)

On July 16, 2008, the State Water Board adopted the Strategic Workplan for Activities in the San Francisco Bay/Sacramento-San Joaquin Delta Estuary (Workplan). The Workplan describes the actions the Water Boards will complete, in cooperation with other agencies, to protect beneficial use of water in the Bay-Delta and the associated timelines and resources needed.

[3] **A construction project must be on the List to receive financing, but the List does not guarantee financing or the order of financing. Applicants must submit a complete application that meets the CWSRF Policy requirements to receive financing.**

Workplan activities are divided into nine broad elements. The CWSRF Program can help implement the Workplan by funding point and nonpoint source projects such as:

- Measures identified in Total Maximum Daily Loads (TMDLs);
- Stormwater and dry weather runoff reduction from Municipal Separate Storm Sewer Systems (MS4);
- Conservation measures to reduce sediment and non-point discharges;
- Ammonia discharge reduction from publicly-owned treatment works (POTWs); and
- Urban and agricultural water use efficiency to reduce demand on the Delta and reduce runoff of pesticides to the Delta.

3. Sustainability and Global Climate Change

The State Water Board adopted Resolution No. 2008-0030 on May 6, 2008, emphasizing sustainability as a core value for all the Water Boards' activities and programs. Resolution No. 2008-0030 directed Water Board staff to take a number of actions that may affect the CWSRF Program such as:

- Promote recycled water use, water conservation, and low-impact development (LID);
- Assign a higher priority to climate-related and LID projects; and
- Coordinate with government agencies, non-profit organizations, and private sector businesses to enhance and encourage sustainable activities.

III. PROGRAM CAPACITY

A. General Funding Approach

To meet the water quality financing needs identified in Section II above, the CWSRF Program will fund as many eligible projects with complete applications as it can during SFY 2016-17 with the financial and programmatic resources available to it. Funding will be consistent with CWSRF Policy, the Operating Agreement, applicable federal and state statutes, regulations, guidance, and will make use of available complementary funding sources.

The funds available to the CWSRF Program during SFY 2016-17 generally consist of:

- CWSRF repayments and investment earnings;
- Capitalization Grants from U.S. EPA, including optional PF;
- Proceeds from the Series 2016 Green Bonds which closed in late April 2016.

A more detailed financial analysis is described in Section III.B (page 16).

The State Water Board's financial priorities in order of importance for the CWSRF Program during SFY 2016-17 will be:

1. Liquidating the remaining Series 2016 Green Bond proceeds;
2. Liquidating Capitalization Grants once awarded; and
3. Liquidating repayments and investment earnings.

In addition, the CWSRF's funding priorities in SFY 2016-17 will be influenced by the availability of complementary sources of funds. Specifically, these are Prop 1 funds for small, DAC wastewater and water recycling projects, PF funds the State Water Board chooses to earmark for the Green Project Reserve, and existing commitments of the State Water Board to incentivize water recycling projects[4] and to finance the Echo Water Project.[5]

The CWSRF Policy also directs staff to review and finance complete applications consistent with the classification and sustainability points systems. If the State Water Board has insufficient funds for other projects with complete applications, it will first fund projects based on the projects' classifications, giving priority within the class to the small, DACs with the lowest MHI, then fund the project that most effectively addresses sustainability and global climate change. DFA may also sell additional revenue bonds, regulate project commitment or cash disbursement levels, suspend project approvals, or do some combination of all of

[4] On February 16, 2016, the State Water Board in Resolution No. 2016-0008 approved one percent CWSRF financing for all water recycling projects that had submitted a complete application by December 2, 2015. The estimated financing needed for these projects is approximately $963 million.

[5] On April 7, 2015, the State Water Board in Resolution No. 2015-0017 approved financing the Sacramento Regional County Sanitation District's Echo Water Project. The resolution committed the CWSRF to provide financing up to $1,576,978,261 for the District's project.

these actions. The State Water Board directs DFA to manage the CWSRF so that sufficient funds are available under all circumstances to meet the financing demands of small DACs for wastewater projects.

Without restricting the approach described in this section, the Executive Director (or designee), may update the State Water Board members as well as the public at State Water Board meetings or by other appropriate communications. This update may be on the finances of the CWSRF Program, and recommendations for appropriate adjustments to this IUP or other changes in policy or procedure necessary to achieve the most favorable water quality results in California.

Key provisions applicable to projects receiving financing in SFY 2016-17 may include, but are not limited to:

1. Best Use of Available Financing Sources and Terms

The State Water Board will consider the requirements associated with all available sources of funds, and match up available funds with projects to achieve the maximum water quality benefit. This includes the use of reduced interest rates, PF, the SCG Fund and other sources of funds appropriated to the State Water Board and other state and federal funding sources, to the extent they are available and compatible with the CWSRF, to maximize the financing of water quality projects.

2. Proposition 1

    a. Small Community Grant Fund

    The SCG Fund allows the State Water Board to help finance communities with the most need in California, helping those that cannot otherwise afford a loan or similar financing to move forward with water quality improvements. The SCG Fund includes funds available through the CWSRF Program's SCG allocation, general obligation bond funds available as a result of Prop 1, and any available residual general obligation bond funds (including those specifically identified in State Water Board Resolution No. 2013-004, and any residual general obligation bond funds that become available).

    Section 13477.6 of the Water Code authorizes the SCG Fund. The SCG Fund receives revenue generated by charges[6] on CWSRF financing agreements and other funds that may be appropriated to it. The annual SCG charges are deposited into the SCG Fund, separate from the CWSRF. The revenue deposited into the SCG Fund, along with money from other sources that may be deposited into the Fund, is provided in the form of grants to small DACs for CWSRF-eligible wastewater projects. State law requires the State Water Board to give grant priority to projects that serve severely disadvantaged communities (SDACs), defined as communities with an MHI of less than 60 percent of the statewide MHI.

[6] Like the administrative service charge, the SCG charge is also a fee "other than program income not included as principal in CWSRF financing" for federal purposes. The SCG charge is collected, as with the administrative service charge, in lieu of an equal amount of interest that would otherwise be due on the outstanding balance of the financing agreement so that the annual payment stays the same.

Prop 1, Chapter 5 allocates $260 million to the SCG Fund for wastewater projects.[7] The State Water Board projects authority to spend $234.2 million in SFY 2016-17 from the SCG Fund.[8] This represents a combination of SCG charges and additional funds from Prop 1. Additional SCG funds may be appropriated in future years. At least 10 percent of the SCG funds available from Prop 1 will be provided to SDACs. The projected revenue and SCG Fund balances through the end of the year are shown in Table 3.b.

The existing procedures for providing SCG funds to DACs will be used for Prop 1 SCG funding. These are largely the same procedures used for standard CWSRF financing, specified in the CWSRF Policy, with the exception that projects that receive only Prop 1 funds may be exempted from having to comply with federal cross-cutting requirements.

This IUP specifies the grant amounts available for SCG projects, and how the Prop 1, SCG, and CWSRF requirements will be coordinated for projects receiving funding from these sources.

SCG funds appropriated in SFY 2010-11 through SFY 2014-15 have been committed to projects. Any SCG funds that become available from prior SFYs (e.g. any funds deobligated from previously approved projects that finish under budget), as well as SCG funds authorized for SFY 2016-17, and any SCG funds appropriated in future years, will be used consistent with Tables 4.a, 4.b, and 4.c of this IUP unless otherwise directed by the State Water Board.

In addition to capital projects, DFA is authorized to direct up to 15 percent of the funds available from Prop 1 to a multi-disciplinary technical assistance (TA) program. The Prop 1 TA Funding Plan was adopted by the State Water Board on November 4, 2015. The Plan outlines the general process to administer Prop 1 TA funds. The TA efforts are focused on helping small DACs develop, fund, and implement capital improvement projects. This is a multidisciplinary approach, intended to address small DACs drinking water, wastewater, groundwater quality, and stormwater needs under one program.

b. Water Recycling Funding Program (WRFP)

Chapter 9 of Prop 1 allocates $581.25 million for water recycling projects.[9] These funds are allocated 50 percent for grants and 50 percent for loans.[10]

The State Water Board has authority, including the SFY 2015-16 budget, to commit and spend $261 million from Prop 1 for WRFP loans and grants.[11] As of March 2, 2016, $58,444,383 from Prop 1 has been committed to water recycling projects. Additional funds may be appropriated in the SFY 2016-17 budget from Prop 1 for WRFP loans and grants.

[7] Wat. Code, § 79723.

[8] This reflects the amount appropriated from Prop 1 plus an additional $12 million in SCG funds. The projects funded with Prop 1 funds in SFY 2015-16 were subtracted.

[9] Note that this figure includes a maximum of two percent funding for water recycling research and pilot projects.

[10] WRFP loan payments may be used for future grants if appropriated by the Legislature.

[11] Assembly Bill 91 authorized the State Water Board to utilize this $261 million prior to July 1, 2015.

Existing WRFP guidelines were updated in June 2015. The updated WRFP guidelines specify the loan and grant amounts available for water recycling projects, and how the WRFP requirements will be coordinated with CWSRF requirements for projects receiving funding from both sources. Any water recycling project eligible for SCG funding may receive grant funding through either the SCG Fund or through the WRFP, but not both.

As shown in Table 2 (page 35), DFA currently estimates, using the grant limitations established in the WRFP guidelines, at least an additional $163 million in water recycling applications are ready for Prop 1 grant funding. This would bring the total Prop 1 WRFP grant commitment to approximately $221 million.

Table 2 also shows that as of April 2016, the WRFP has complete applications for approximately an additional $34 million and incomplete applications for approximately an additional $90 in estimated Prop 1 water recycling grant funding. As noted above, the initial round of Prop 1 WRFP funding is limited to approximately $290.6 in grant funding. Any additional Prop 1 WRFP funds appropriated to the Water Board for SFY 2016-17 will be committed as grants to water recycling projects with complete applications in the order that the applications are completed. Any Prop 1 WRFP loan funds appropriated for SFY 2016-17 will be committed to water recycling projects at the earliest practicable date so the loan payments will be available for future WRFP grants at the earliest practicable date.

c. Stormwater Grant Program (SWGP)

Chapter 7 of Prop 1 allocates $200 million for grants for multi-benefit stormwater management projects. Projects may include, but are not limited to, green infrastructure, rainwater and stormwater capture, and stormwater treatment facilities.

Existing SWGP guidelines were updated in December 2015. The updated SWGP guidelines specify the grant amounts available for stormwater projects, and how the SWGP requirements will be coordinated with CWSRF requirements for projects receiving funding from both sources.

3. CWSRF PF and Green Project Reserve (GPR)

Eligible applicants and project types, as well as conditions and limitations associated with PF, are shown in Table 4.d (page 46). WRRDA included several changes to the allowable uses of PF. PF, if available, can be provided to "a municipality or intermunicipal, interstate, or State agency" if the recipient meets the State's affordability criteria, or if the recipient's project will address water or energy efficiency, mitigate stormwater runoff, or encourage sustainable project planning, design, and construction. Due to the availability of SCG funds from Prop 1 to address project affordability and the State Water Board's desire to address sustainability and climate change, PF will continue to be used in SFY 2016-17 for addressing water and energy efficiency, mitigation of stormwater runoff, and sustainable planning, design, and construction.

WRRDA specifies the maximum amount of PF[12] that may be provided from the total CWSRF appropriation. If the total nationwide appropriation is less than or equal to

[12] States have the option to select a level of PF from zero percent to the maximum allowable regardless of the total appropriation.

$1 billion, no PF is allowable. If the total nationwide appropriation is more than $1.3 billion, PF is capped at 30 percent of the State's Capitalization Grant. If the federal appropriation is between $1 and $1.3 billion, the maximum amount of PF is capped at the percentage the nationwide appropriation exceeds $1 billion (e.g. if the nationwide appropriation is $1.1 billion, PF is capped at 10 percent of the Capitalization Grant).

Additionally, the FFY 2016 federal appropriation requires a minimum of 10 percent of the FFY 2016 Capitalization Grant to be provided in the form of additional subsidy, such as PF. This amount is not subject to the restrictions of WRRDA.

The State Water Board will provide the maximum amount allowed from the FFY 2016 Capitalization Grant as PF. Based on the FFY 2016 appropriation, the maximum amount of PF allowed from the FFY 2016 Grant is approximately $28.7 million.

As of April 1, 2016, approximately $29.2 million in PF available from the FFY 2015 Grant has not been committed. This uncommitted amount, along with any PF that becomes available from prior Capitalization Grants (e.g. any funds deobligated from previously approved projects that finish under budget), PF from the FFY 2016 Grant, as well as any PF appropriated in future years, will be used consistent with Table 4.d until otherwise directed by the State Water Board.

Based on the FFY 2016 Appropriation, the GPR requirement is a minimum 10 percent of the 2016 Grant (or an estimated GPR of approximately $9.6 million). To ensure that California meets or exceeds the minimum GPR requirement for SFY 2016-17, the State Water Board will prioritize the review and approval of GPR projects until the minimum is met. GPR projects will be evaluated consistent with U.S. EPA's FFY 2012 Guidance or any subsequent guidance issued by U.S. EPA, and may receive PF as described above.

As seen from the estimated demand for GPR projects in Table 2, the CWSRF has significantly more demand than the minimum GPR in 2016; therefore, the State Water Board does not plan to solicit additional GPR projects during SFY 2016-17.

4. Match Financing Option

California is required to contribute at least one dollar of matching funds for every five federal dollars contributed to the CWSRF program. California's CWSRF Program has matched its federal Capitalization Grants in excess of the matching requirement for several years' worth of Capitalization Grants from U.S. EPA at the currently expected levels. Section IV.H (page 25) provides a more detailed discussion of California's matching contribution to the CWSRF. Offering match financing to CWSRF applicants, where the applicant provides the funds to match the federal grants, is one way the CWSRF meets the match requirement. As additional match is unnecessary for the near future and since match financing reduces earnings for the CWSRF, the State Water Board will not offer the match financing option to CWSRF recipients until further notice.

5. Reduced Interest Rates

   If the total amount of CWSRF financing to be repaid by a small, DAC qualifying for SCG funds (see Table 4.a and 4.b) is less than $10 million, and the community is unable to afford all or a portion of the interest payments, DFA may approve a reduced interest rate (not less than zero percent).

   If the total amount of CWSRF financing to be repaid by a non-point source or estuary management project is less than $10 million and the project has at least one sustainability point (see Section IV.A.3 of the CWSRF Policy), DFA may approve a reduced interest rate (not less than zero percent) if the applicant is unable to afford all or a portion of the interest payments.

   On February 16, 2016, the State Water Board adopted Resolution 2016-0008, approving CWSRF financing at one percent interest rate for all recycled water projects that submitted a complete application for CWSRF financing by December 2, 2015.

B. Financial Outlook

Table 1.a (page 33) shows the currently forecasted cash flows (sources and uses) of the CWSRF Program as of April 2016. The estimated cash flows include:

- The cash balance at the beginning of SFY 2015-16;
- U.S. EPA Capitalization Grants;
- Principal and interest payments on outstanding receivables;
- Investment earnings;
- Matching funds;
- Disbursements to projects with executed financing agreements;
- Debt service payments;
- Proceeds of the 2016 Green Bonds sale that closed in April 2016, and
- Program administrative costs.

Except for Capitalization Grants, the future cash flows of the CWSRF Program can be predicted with reasonable certainty. Table 1.a includes the FFY 2016 Capitalization Grant of $95,558,000. Future Capitalization Grants are conservatively estimated at $30 million per year.

With the future forecasted revenue bond sales, the CWSRF's estimated cumulative uncommitted cash through June 30, 2020 available for financing new projects is approximately $1,248 million.

C. Financing Forecast and Financial Impact

Table 2 is a detailed analysis of the applications for CWSRF financing received by DFA. The analysis is dated as of April 2016 to correspond with the analysis in Table 1.a. Table 2 only includes projects that have submitted at least a complete technical, financial, or environmental application package. The applications listed in Table 2 are organized into the following groups based on the completeness of the applications and the status of the CWSRF Program staff's due diligence review of those applications.

- Projects where a draft financing agreement has been mailed to the applicant because the Deputy Director of DFA or the State Water Board has approved financing for the project;

- Projects where a complete financial assistance application[13] has been reviewed by the CWSRF Program's staff and a draft financing agreement is being prepared for review and approval by the Deputy Director of DFA or an item is being prepared for the State Water Board's approval (this group also includes all complete water recycling project applications submitted by December 2, 2015 to qualify for the drought incentive, one percent, reduced interest rate financing);

- Projects where a complete financial assistance application has been submitted and the CWSRF program's staff is performing its due diligence review of the application; and

- Projects where an incomplete application has been received, but at a minimum a complete technical, financial, or environmental package has been received.

In addition to assessing the status of the financing applications received by DFA for CWSRF and related financing sources[14], the financing forecast must take into account several items as discussed in Section III.A (page 11). These include the availability of Prop 1 funds, the availability of PF, and the past commitments established by the State Water Board to provide reduced interest rate financing to water recycling projects and financing to the Echo Water Project.

The ability of DFA to finance project applications is based in part on staff's comparison of the projects' forecasted disbursements to the estimated, uncommitted CWSRF cash flow and the availability of the related financing sources. The uncommitted funds include cash on hand plus previous appropriations, projected future revenues, and Capitalization Grants minus projected future disbursements and expenses. The CWSRF Program's cash flow can also be increased with the proceeds of additional revenue bond sales.

When comparing disbursements associated with the projects listed in Table 2 to the uncommitted, CWSRF cash flow in Table 1.a, the process allows DFA to assess the ability of the CWSRF to provide financing for the projects in Table 2.

[13] A complete financial assistance application means that all four completed application packages (general, technical, financial, and environmental), with all applicable attachments, have been submitted to the State Water Board.

[14] Related financing sources typically include Prop 1 funds for small, disadvantaged wastewater and water recycling projects as noted in Table 2.

If complete applications were submitted for all of the projects in Table 2, all of the projects were eligible, all of the applicants were to sign financing agreements for their projects, and all of the associated cash flows were to occur at their forecasted times, the CWSRF would need to sell approximately $2.8 billion in revenue bonds over the next four years to fulfill the projected disbursement requests for these projects. This is approximately $1.6 billion more than is currently approved by the State Water Board for leveraging the CWSRF program.

Based on DFA's analysis of the current applications, the projected cash needs of projects in Group 1 and 2 of Table 2 cumulatively equals an estimated $2.3 billion. Approximately $1.6 billion of this spending; however, is estimated to occur during the forecast period in Table 1.a. The costs identified in Table 2 are estimated project costs that will be adjusted as projects are bid out by the financing recipients. DFA looks to update its financing outlook, forecast, and impact analysis on a quarterly basis so applicants can evaluate the likelihood of receiving CWSRF financing; therefore, the State Water Board forecasts that new commitments in SFY 2016-17 will equal approximately $2.3 billion.

For projects in Groups 1 and 2, DFA has included in Table 2 an estimated financing agreement execution date, the anticipated source(s) of funds, including PF, and the estimated GPR percentage based on the expectation that projects in those two groups will be financed during SFY 2016-17. DFA has not included estimated financing agreement dates for the remaining projects in Table 2 because it appears that it will be infeasible to finance all of those projects during SFY 2016-17 if all of the projects in Groups 1 and 2 are financed. As previously noted, DFA will prioritize CWSRF financing for small DACs.

Note that being identified in a particular group in Table 2 or being listed with an estimated agreement date and anticipated funding sources are not commitments to provide financing, a guarantee of the order of financing, or a guarantee that sufficient funds from the identified sources of funds will be available for the project.

Table 2 does not include all of the projects on the Project List. It only includes projects that have submitted at least a complete technical, financial, or environmental application package as of April 2016. DFA staff cannot predict when a project will be ready for financing based solely on the information collected for the Project List or the general information package.

Table 2 is also not a limitation on what can be financed by DFA during SFY 2016-17. All projects in Table 2, as well as any project on the Project List, are potentially eligible for financing, bearing in mind the PF and GPR requirements associated with federal funds. If a project identified in Table 2 is not eligible for the CWSRF Program or is not ready for a financing agreement, it may be bypassed in favor of any other project in Table 2 or on the Project List that is ready for financing.

The actual level of new financing may be higher or lower than the projected amount. Based on past Program experience, not all projects that appear to be ready for financing will be financed during SFY 2016-17. Some projects in Table 2 may be financed in a future year or not at all for various reasons. In addition, throughout 2016-17, each project financing decision will depend on an updated cash flow analysis done during the project financing approval process. The cash flow forecast in Table 1.a will be updated to evaluate the effect of each project's estimated disbursements on the Program's uncommitted cash flow and the need to sell revenue bonds.

Although staff's estimate of new financing in 2016-17 is significantly above the average CWSRF financing level for the last eight years (approximately $484 million per year), the estimated level of new financing is consistent with the recent trend of higher program demand and larger funding commitments. The Program's cash flow forecast is comparable to the cash flow forecasts in recent years except for the inclusion of revenue bond proceeds. If current application demand levels and program resources continue, financing will need to be limited or additional bond sales would need to be approved by the State Water Board. Current cash flow projections indicate that given current demand for financing, DFA will need to fully utilize the authority in Resolution No. 2016-0002. Based on the current authority, DFA can sell an additional $789,265,000 in CWSRF revenue bonds to provide additional cash for project financing or otherwise can manage demand for CWSRF financing or cash disbursements in the short term.

In the longer term, the program's cash needs are less predictable and the need for additional debt will depend on future demand as well as an updated cash flow forecasts. Longer-term financial analysis of the CWSRF program indicates that it has a significant capacity to obtain additional cash through the municipal bond market over the next 10 years depending on market conditions.

D. CWSRF Resources and Workload

1. Organization, Program Resources, and Skills

Approximately 54 Personnel Years (PY) are budgeted for the CWSRF program[15] in SFY 2016-17, and the numbers of positions are not expected to change. These positions are distributed among DFA, the Division of Administrative Services (DAS), four Regional Water Boards, the Office of Chief Counsel (OCC), and the Division of Information Technology (DIT) as follows:

- Six PYs for Environmental Scientists to ensure compliance with state and federal environmental and cultural resources requirements (DFA);

- 14.6 PYs for Water Resources Control Engineers to manage project applications (DFA), with one unit of approximately five staff dedicated to processing applications from small DACs[16];

- 0.4 PYs for Regional Water Board coordination and support (at four Regional Water Boards);

- 16.8 PYs for administrative support (DFA);

[15] In addition to positions funded directly by the CWSRF, the State Water Board has other state-funded positions associated with programs closely aligned with the CWSRF as noted earlier. Many projects, such as disadvantaged wastewater, water recycling, and storm water projects may be financed by CWSRF and state sources of funds. Staff is trained to help applicants receive financing for their projects regardless of the funding sources; therefore, state-funded positions indirectly provide benefit to the CWSRF Program and vice versa.

[16] These CWSRF staff members are part of the Office of Sustainable Water Solutions, which includes one supervising engineer, three senior engineers, two senior environmental specialists, and 17 technical staff (engineers, geologists, etc.) dedicated to addressing both drinking water and wastewater funding and technical assistance needs of small DACs.

- Eight PYs for Program management and staff oversight (DFA);
- Five PYs for accounting, personnel, budget, and contract support (DAS);
- Two PYs for legal support (OCC); and
- One PY for information technology support (DIT)

The CWSRF Program relies on some contracted services that 1) cannot be provided economically by Water Boards staff, 2) require skills not available in the Water Boards, or 3) require independence from the Program. Approximately $1.7 million is budgeted for the following contract services:

- Independent accounting firm for annual audits;
- Outside legal counsel for specialized tax and bond advice;
- Outside contractor to conduct credit analyses;
- Outside contractor to provide TA to small DACs;
- Vendor to provide maintenance for the Loans and Grants Tracking System (LGTS); and
- Independent, external financial advisor.

In addition, $268,000 of "in-kind" funding from the FFY 2016 Capitalization Grant is budgeted for U.S. EPA and its contractor Northbridge Environmental Management Consultants to provide various CWSRF financial and programmatic consultation services as well as to finalize and implement the web-enabling of LGTS.

2. Loan Servicing and Program Administration

Servicing existing agreements and fulfilling ongoing program requirements represents a significant workload for the CWSRF Program staff. There are approximately 400 agreements in repayment. Payments on these agreements are collected throughout the year, and DFA conducts regular surveillance on many of these recipients. At present, the CWSRF is servicing approximately 110 agreements in disbursement. On average, staff process approximately 340 disbursement requests per year. Program staff also oversee and perform periodic construction inspections of financed projects to ensure that work is performed consistent with previous approvals, and to ensure that work is being performed in conformance with program requirements, including but not limited to, Davis-Bacon wage rates, American Iron and Steel procurement requirements, disadvantaged business solicitation rules, and environmental special conditions. The CWSRF Program's outstanding revenue bonds require separate accounting of payments from pledged obligations, semi-annual bond payments, and create specific monitoring, reporting, and continuing disclosure actions. The CWSRF Program prepares annual financial statements that are audited independently, the Program is subject to yearly review by U.S. EPA, and is periodically subject to audit or oversight by other federal or state agencies.

3. Administrative Funding

Administrative funding comes from two sources, the Capitalization Grants awarded yearly by U.S. EPA and the State Water Pollution Control Revolving Fund Administrative Fund (Administrative Fund). Administrative spending for the CWSRF is limited to fees collected by the State Water Board for administering the CWSRF, plus the greatest of: (a) four percent of cumulative Capitalization Grants, (b) $400,000 per year, or (c) 0.20 percent per year of the current valuation of the CWSRF Program. Section 13477.5(c)(1) of the California Water Code allows the State Water Board to apply an annual service charge[17] on a financing agreement. The revenue generated by this service charge goes into the Administrative Fund and may be used for administration. The Administrative Fund and the Capitalization Grants provide reliable administrative funding to the CWSRF Program.

The service charge rate cannot exceed one percent of the outstanding balance of a financing agreement. Once the service charge is applied to an agreement, the rate remains unchanged for the duration of the agreement. Since the service charge is a percentage of the outstanding principal on each agreement, it produces a declining amount of revenue each year. Each year, the State Water Board must evaluate the need for the service charge revenue and establish an appropriate rate. The service charge will then be applied to additional agreements to maintain the Administrative Fund revenue consistent with the budget established by the Governor and the Legislature for the CWSRF program.

The State Water Board will use the Administrative Fund as its primary source of administrative funding. The Administrative Fund can only be used for CWSRF program administration, while the administrative allowance from the Capitalization Grants may be used for both administration and local assistance financing. The federal administrative allowance serves as a backup source of administrative funding. If cash flow conditions warrant in SFY 2016-17, the State Water Board will disburse 100 percent of its federal Capitalization Grants for local assistance and bank the four percent administrative allowance for use in future years.

The State Water Board hereby establishes the SFY 2016-17 Administrative Service charge rate at one percent. This shall be the effective rate until the State Water Board establishes a different rate. Based on the budgeted positions for the program for SFY 2016-17 and the projected Administrative Fund balances through the end of the year (Table 3.a), the State Water Board does not anticipate applying this charge to any additional agreements during SFY 2016-17.

E. Risks

The following are financial or programmatic risks to the CWSRF Program. DFA management will focus on identifying potential problems and taking action early to maintain the integrity and success of the CWSRF program.

1. Application Demand vs. Resources

[17] For federal purposes, the Administrative Fund service charge is a fee "other than program income not included as principal in CWSRF financing." The service charge is collected in lieu of an equal amount of interest that would otherwise be due on the outstanding balance of the financing agreement. The service charge is offset by the reduction in the interest rate so that financing recipients' payments remain the same whether or not they pay the service charge.

Demand for financing may exceed the resources needed to review and approve all applications. Staff resources are the most inflexible aspect of the CWSRF program. Because additional staff must be approved through the State's budget process, additional staff cannot be added quickly to address high demand. Also, hiring may be frozen or work hours reduced due to State budget concerns. Upon receipt of an abundance of applications, DFA will prioritize applications consistent with this IUP and the CWSRF Policy, seek changes to the CWSRF Policy, further adjust its review procedures, work with U.S. EPA or other agencies to resolve delays, schedule financing with applicants, or seek additional resources.

2. Applicants' Schedule Changes

Beneficial and eligible projects may not be financed if the applicants' schedules change or are delayed. To minimize and avoid delays, CWSRF Program staff will coordinate regularly with applicants identified in this IUP, and with others that submit applications during the year, to maintain a consistent demand on the program. As project schedules shift, lower priority projects may be funded if they are ready for financing, bearing in mind the PF and GPR requirements established in this IUP. This funding flexibility maximizes the use of the CWSRF and increases the number of projects funded.

After financing is approved, the recipient must start and complete construction promptly. Applicants are required to report delays to DFA staff so that appropriate action can be taken to address those delays.

3. Cash Flow vs. Disbursement Rate

The amount of disbursements requested may exceed the CWSRF Program's cash flow. DFA staff will maintain accurate account balances and forecast future revenue and disbursements on a regular basis to identify potential cash shortages. If additional cash is needed, the CWSRF Program has several options. The Program has considerable revenue it can leverage through a bond sale in the municipal bond market to obtain additional cash. The State Water Board can prioritize funding requests or negotiate disbursement schedules with applicants. The CWSRF Program can also investigate alternative financing (e.g., providing bond insurance) to reduce cash outlays.

Excess cash may accumulate if applications and the associated disbursement requests are too low. Excess cash provides no water quality benefit for California. DFA will use its marketing, customer assistance, and project development resources to maintain a pipeline of projects ready for financing. It will closely monitor undrawn balances on outstanding financing agreements to ensure that financing recipients request funds expeditiously.

4. Defaults and Late Payments

Pursuant to the CWSRF Policy, DFA will implement prudent lending standards and borrower surveillance practices that safeguard the Program's equity. The State Water Board contracts with California Municipal Securities, Inc. (CalMuni), a financial analysis firm, to evaluate the credit of certain CWSRF applicants before approving funding. The State Water Board also typically contracts with a professional financial advisor to provide additional financial expertise.

The CWSRF Program has a number of tools to reduce the risk of default. For example, during 2015, DFA staff directed independent accounting firm CliftonLarsonAllen to conduct audits of two borrowers identified as having a higher risk of experiencing financial difficulties. The audits were conducted to evaluate the financial and management capacities of those entities and provide recommended solutions. The State Water Board will also continue to provide applicable subsidies such as PF and SCG funds in SFY 2016-17 to reduce debt service and default risk for small DACs or projects that regionalize wastewater infrastructure. Additional subsidies for DACs will reduce borrowing costs and the risk of default. Additionally, the State Water Board can offer wastewater-related TA to small DACs in areas such as evaluating project alternatives, financial management, rate setting, and operation and maintenance.

5. Accountability and Oversight

The CWSRF is capitalized with public funds, and the State Water Board is responsible for using them lawfully and effectively.

The State Water Board regularly reports to U.S. EPA through the National Information Management System (NIMS) and the CWSRF Benefits Reporting (CBR) system on use of the funds. In addition, U.S. EPA reviews the management and performance of the CWSRF annually. The results are summarized in its annual Program Evaluation Reports. The CWSRF Program produces an annual report and audited financial statements.

Additional actions are required by the State Water Board staff to comply with provisions of the Internal Revenue Code applicable to the CWSRF's outstanding bond debt. The Program's Post-Issuance Tax Compliance Policy for Tax-Exempt Bond Issues provides further detail about actions required by the Program's staff to help ensure that its bonds remain exempt from federal income taxes.

DFA staff will continue to oversee projects by conducting periodic site visits during construction or implementation. All projects are subject to a "Final Project Inspection," and a final summary report is submitted on each project to confirm that it was completed. DFA maintains copies of inspection and final summary reports in the project files.

IV. CWSRF FINANCING AND PROGRAMMATIC REQUIREMENTS

A. Davis-Bacon Requirements

Federal Davis-Bacon rules apply to the construction of treatment works "carried out in whole or in part with assistance made available by a State water pollution control revolving fund." The State Water Board, therefore, will continue to require that applicants for treatment works projects comply with Davis-Bacon rules. Recipients of CWSRF financing must agree to provide information necessary to show compliance with Davis-Bacon requirements.

B. Generally Accepted Accounting Principles (GAAP)

WRRDA requires that recipients of CWSRF financing maintain project accounts in accordance with generally accepted government accounting standards, including standards relating to the reporting of infrastructure assets. Recipients must agree to comply with GAAP. For governmental entities, the Government Accounting Standards Board (GASB) establishes these standards. The State Water Board, therefore, will require as a condition of financing that applicants maintain project accounts in accordance with generally accepted government accounting standards.

C. Cost and Effectiveness Analysis

Effective October 1, 2015, WRRDA requires CWSRF recipients that are municipal, intermunicipal, interstate, or State agencies to certify they have conducted a cost and effectiveness analysis. This analysis includes an evaluation of the costs and effectiveness of the proposed project, and selection of a project that, to the maximum extent practicable, maximizes the potential for energy conservation, and efficient water use, reuse, recapture, and conservation, taking into account construction, operation and maintenance, and replacement costs. This certification must be provided before CWSRF assistance is provided for final design or construction. This provision will apply to applicants that submit a CWSRF application[18] after September 30, 2015.

D. Procurement for Architectural and Engineering (A/E) Contracts

Beginning with the FFY 2015 Capitalization Grant, WRRDA requires that A/E contracts for equivalency projects (i.e., CWSRF-financed projects specifically identified by the State that total an amount at least equivalent to the Capitalization Grant from U.S. EPA) comply with the qualifications-based procurement process described in 40 U.S.C. section 1101 et seq. or an equivalent state requirement. For all equivalency projects, these procurement requirements apply to any CWSRF-funded A/E contracts[19], including any new solicitation, significant contract amendments, and contract renewals for A/E services initiated on or after October 1, 2014. Proposed equivalency projects for the FFY 2016 Capitalization Grant are

[18] For the purpose of this requirement, submit an application means that the entire application was submitted after September 30, 2015. If any part of the financing application was submitted before October 1, 2015, then the certification is not required.

[19] A/E contracts include but are not necessarily limited to those for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying or mapping.

identified in Table 2. Equivalency projects will be required to certify that A/E contracts were procured in accordance with federal guidelines or the equivalent state process.

E. Fiscal Sustainability Plan (FSP)

WRRDA requires CWSRF recipients for POTW projects to develop and implement an FSP, which includes an inventory and evaluation of critical assets, evaluation, and implementation of water and energy conservation efforts, a plan for maintaining, repairing, and replacing the treatment works, and a plan for funding such activities. Applicants can self-certify that the FSP, or its equivalent, has been developed and implemented, or for applicants without an FSP, or its equivalent, the CWSRF financing agreement will include a condition setting a deadline for FSP certification, which must be prior to the final CWSRF disbursement for the project. FSPs will typically be reviewed during the final inspection. This provision applies to applicants that submit a CWSRF application after September 30, 2014.

F. American Iron and Steel (AIS)

WRRDA includes provisions codifying a prior requirement for CWSRF assistance recipients, absent an exclusion or waiver, to use iron and steel products that are produced in the United States for treatment works projects. U.S. EPA interpretation of these provisions is described in Implementation of Iron and Steel Provisions of P.L. 113-76, Consolidated Appropriations Act of 2014.

G. Payment and Draw Schedules

Table 5 shows the State Water Board's requested payment schedule for the 2016 Capitalization Grant funds from the U.S. Treasury and the estimated draws of the 2016 funds and the CWSRF's remaining federal funds ("unliquidated obligations").

H. State Match and Cash Draw Ratio

The State Water Board must provide one dollar of match for each five dollars received through U.S. EPA Capitalization Grants. Cumulatively, the CWSRF Program has been awarded $2,676,324,530 in Capitalization Grants as of October 1, 2015, that must be matched. The total matching requirement, therefore, through the FFY 2015 Grant is $535,264,906. The CWSRF Program has provided a total of $647,333,159 in matching funds as of September 30, 2015, resulting in an excess contribution of approximately $112 million in match funds to the CWSRF. This excess match amount is sufficient to match approximately $560 million in Capitalization Grants, or approximately five years' worth of Grants at the current rate of federal capital contributions. Since the CWSRF is overmatched at this point, the State Water Board will not provide any matching funds during SFY 2016-17, and the cash draw ratio will be 100 percent federal funds.

I. Types of Assistance and Financing Terms

The State Water Board will provide funding for all eligible categories of projects using loans, installment sale agreements, and purchase of debt. The State Water Board will also provide optional separate planning, design, or planning and design financing during SFY 2016-17 to applicants that can legally accept such financing.

PF, if available, will be provided to those applicants that meet the conditions specified in Table 4.b and Section III.A.3 above.

The terms associated with financial assistance vary by applicant and financing approval date. Planning and design financing is amortized over five or ten years unless rolled into a construction or implementation financing agreement. Construction or implementation financing agreements are generally amortized for periods up to 30 years or the useful life of the financed assets. The interest rate applied to a financing agreement is established at the time the financing agreement is prepared for approval or financing is approved by the State Water Board. The interest rate will generally be one-half of the State's most recent general obligation bond rate rounded up to the nearest one-tenth of a percent, except as described in Section III.A.5 above.

J. Binding Commitment Threshold

The State Water Board must make binding commitments in an amount equal to 120 percent of each quarterly Capitalization Grant payment from U.S. EPA within one year after the receipt of each quarterly payment (40 C.F.R. § 35.3135). As of January 30, 2016, the State Water Board made binding commitments equal to 276 percent of all Capitalization Grant payments including the American Recovery and Reinvestment Act of 2009 (ARRA). The State may bank the balance towards the binding commitment requirements of subsequent quarters if it commits more than the required 120 percent. Given the high level of binding commitments to date relative to the federal investment, the State Water Board will remain above the minimum 120 percent threshold during SFY 2016-17.

K. Timely and Expeditious Expenditure

The State Water Board will ensure timely and expeditious expenditure of all funds during SFY 2016-17. This IUP establishes as a goal during SFY 2016-17 to overcommit cash and undrawn federal grant funds to continually disburse 100 percent of those funds less a minimum cash balance of $25 million plus any assets restricted for other uses, (i.e., bond payments and administration). The State Water Board will continue to use and refine its existing procedures. These procedures are designed to quickly identify and approve projects, execute financing agreements, and disburse funds to recipients. As of February 29, 2016, the State Water Board has disbursed 98.3 percent of all federal grants awarded including the ARRA grant. These results are consistent with recent trends, and indicate that the State Water Board is able to quickly and productively use federal funds.

L. Federal Cross-Cutters and Environmental Reviews

Projects funded by the CWSRF Program must comply with certain federal laws known as "cross-cutters." The State Water Board will ensure that CWSRF financing recipients comply with applicable federal laws through a variety of program procedures.

CWSRF financing agreements include a list of applicable federal statutes and requirements taken from the most recent Capitalization Grant (40 C.F.R. § 35.3145). The financing recipient agrees to comply with these federal requirements by signing the financing agreement.

The State Water Board will use its State Environmental Review Process (SERP) to review the environmental impacts of projects during SFY 2016-17. While the SERP generally follows the requirements of the California Environmental Quality Act, each applicant must also complete and submit an Evaluation Form for Environmental Review and Federal Coordination. State Water Board staff will distribute environmental analysis documents and consult with relevant federal agencies on projects with known or suspected effects under federal environmental regulations, consistent with the Operating Agreement between the State Water Board and U.S. EPA.

In addition to the federal requirements discussed in paragraphs A through F in this section, DFA requires compliance with Disadvantaged Business Enterprise (DBE) requirements for all CWSRF financing, except planning and design financing,[20] and requires compliance with the Single Audit Act (Office of Management and Budget Circular A-133) by all recipients that receive federal funds over the current threshold. DFA will use the Federal Funding Accountability and Transparency Act (FFATA) reporting system to report on all equivalency projects (i.e., projects meeting all the federal cross-cutting requirements whose sum is at least equal to or greater than the Capitalization Grant amount).

M. Capitalization Grant Conditions and Other Federal Requirements

The State Water Board will comply with new requirements associated with the WRRDA amendments and with all conditions included in the 2016 Capitalization Grant agreement. Provisions specific to the FFY 2016 appropriation will take effect only if the State Water Board receives the FFY 2016 Capitalization Grant, and will apply only as directed by Congress or U.S. EPA. The State Water Board will require that CWSRF financing recipients also comply with applicable requirements. Recipients of CWSRF financing must agree to provide information necessary to show compliance with all applicable federal requirements.

[20] Planning and design financing agreements may be funded with Capitalization Grants to provide principal forgiveness for water, energy, and sustainable planning and design. DFA does not intend to apply DBE requirements to such agreements, or to other agreements that do not finance POTWs, but will ensure DBE compliance for all other construction and implementation projects totaling an amount at least equivalent to the Capitalization Grants from U.S. EPA.

V. OUTCOMES, GOALS, ACTIVITIES, AND MEASURES

This section summarizes the activities planned for the CWSRF program for SFY 2016-17, and describes how those activities contribute to the expected Program outcomes. Specific projects or activities include target completion dates. The performance measurements will be used to track progress toward meeting the goals and outcomes.

A. Sound Finances

The State Water Board, the CWSRF program's stakeholders, and the owners of CWSRF bonds expect the Program to be financially sound.

Long-Term Goals:

1. **Maximize cash flow**: For maximum benefit, CWSRF disbursements should equal the Program's receipts, less the minimum $25 million balance and restricted assets.

2. **Use revenue and capital effectively**: California faces significant water quality needs. The CWSRF repayment stream is sizeable, and the Program continues to receive new capital from U.S. EPA. The CWSRF Program's net position may make additional debt to finance water quality projects feasible and desirable. Additional debt, though, should be balanced against the long-term financial health of the program and the federal requirement to maintain the CWSRF in perpetuity.

3. **Maintain financial integrity**: Financial integrity is a core value of the CWSRF program. Effective internal controls ensure that the program's finances are dependable and trustworthy. Prudent lending practices and reasonable interest rates ensure the stability and continued growth of the CWSRF Program.

Key Short-Term Activities:

1. **Prepare and review cash management reports regularly**: Ensuring that sufficient cash is available to fulfill disbursement requests requires careful and regular oversight of the cash flows. (*Complete quarterly*)

2. **Continue regular staff level finance/audit coordination meetings:**

    a. Review cash flows of existing and potential commitments to assess the Program's ability to meet its commitments and to evaluate the need for leveraging or other actions to regulate cash outflows.

    b. Compare actual performance with target performance measures.

    c. Review audit issues, program control issues, and plan for upcoming audits. (*Complete quarterly*)

3. **Continue regular project staging meetings to identify and resolve process delays, coordinate and prioritize application reviews, and ensure an ongoing pipeline of new projects**. (*Complete monthly*)

4. **Apply for and accept FFY 2016 Capitalization Grant**: The 2016 Grant application will be submitted to U.S. EPA after approval of this IUP by the State Water Board. For 2016, a Capitalization Grant application will be submitted for $95,558,000 in federal assistance. (*Complete July 2016*)

5. **Prepare Annual Report and Audited Financial Statements for SFY 2015-16**. *(Complete October 30, 2016)*

Performance Measurements:

1. Total executed financing agreements > 120 percent of federal grants.

2. Disbursement rate = 100 percent of available funds less $25 million minimum balance and restricted funds.

3. Federal funds disbursement rate = 100 percent of federal payments.

4. Undisbursed cash balance not increasing year-to-year.

5. Default ratio = 0.

B. Fund the Most Beneficial Projects

The CWSRF Program has finite funds and resources. These limitations require the State Water Board to prioritize so that the most pressing water quality problems are addressed first.

Long-Term Goals:

1. **Achieve compliance statewide with water quality objectives**.

2. **Achieve sustainable water resource management**.

3. **Finance infrastructure that will achieve or maintain compliance with federal and state water quality requirements**: Support the *California Water Action Plan,* State Water Board's *Strategic Plan*, Cal/EPA's *Strategic Vision*, and U.S. EPA's Strategic Plan Goal 2 (Protecting America's Waters), Objective 2.2 (Protect and Restore Watersheds and Aquatic Ecosystems), and Sub-Objective 2.2.1 (Improve Water Quality on a Watershed Basis).

4. **Assist with the State Water Board's** *Plan for California's Nonpoint Source Pollution Control Program* **and estuary Comprehensive Conservation and Management Plans**.

5. **Invest in DACs disproportionately affected by pollution and water contamination**.

6. **Support the State's greenhouse gas reduction and climate adaptation goals to the maximum extent practicable.**

Key Short-Term Activities:

1. **Provide funds for high-priority projects**: Table 2 lists projects that the CWSRF Program anticipates funding in SFY 2016-17 that support the Water Boards' and U.S. EPA's priorities along with their expected executed agreement dates.

2. **Adopt the SFY 2016-17 IUP**: The SFY 2016-17 IUP will guide marketing and assistance efforts targeting the Water Boards' and U.S. EPA's highest priorities in SFY 2016-17. (*Complete June 2016*)

3. **Report activities supporting the *California Water Action* Plan, State Water Board's *Strategic Plan*, the CalEPA *Strategic Vision*, and the U.S. EPA *Strategic Plan* in the CWSRF Annual Report, CBR, NIMS, and the FFATA Reporting System**. (*Complete annually*)

4. **Develop sustainability and climate change worksheet**: DFA will develop a worksheet that will be included in the CWSRF application requiring applicants to evaluate their projects to ensure they address the issues of water sustainability and climate change. (*Complete July 31, 2016*)

Performance Measurements:

1. Fund utilization rate (U.S. EPA Program Reporting Measure W Q-17 Fund Utilization) > 105 percent of available funds.

2. At least 50 percent of funded projects should be identified in the IUP.

3. At least 25 percent of projects should assist DACs.

4. FFY 2016 funds committed as PF = maximum allowed by 2016 appropriation.

5. Percentage of FFY 2016 funds committed to GPR projects > minimum GPR percentage established by FFY 2016 appropriation.

C. Efficient Service, Up-to-Date Policies and Procedures, and Recognizable Products

Applicants have several choices for their financing needs. The CWSRF program should attract high-value projects that support the policies and goals of the State Water Board.

Long-Term Goals:

1. **Provide good customer service with a special emphasis on assisting DACs**.

2. **Ensure that the application forms and review procedures are clear, flexible, up-to-date, and efficient**.

3. **Ensure staff is well trained and ready to help applicants resolve technical, legal, environmental, and financial issues needed to receive financing**.

Key Short-Term Activities:

1. **Marketing and Outreach**: Update the CWSRF Program Marketing Plan, which guides the Program's marketing and outreach efforts.[21] (*Complete August 2016*).

2. **Prepare a CWSRF Policy Amendment to Reflect Remaining WRRDA Changes**: At its February 17, 2015 meeting, the State Water Board amended the CWSRF Policy to partially reflect WRRDA changes that were consistent with existing state law at that time. The remaining WRRDA changes were not made to the CWSRF Policy in February 2015 because they would have conflicted with state law. On January 1, 2016, state law was changed, permitting the State Water Board to incorporate the remaining WRRDA changes into the CWSRF Policy. Staff will brief DFA and Executive management on the remaining changes, and if directed, prepare an amendment to the CWSRF Policy that reflects the remaining WRRDA changes management recommends for the State Water Board's consideration. (*Complete March 2017*)

Performance Measurements:

1. Ninety-five (95) percent of complete applications should receive an executed financing agreement in nine months or less.[22]

2. One hundred (100) percent of complete disbursement requests should be fulfilled in 30 days or less.[23]

3. Amend financing agreements no later than 60 days after receipt of complete Final Budget Approval Package.

[21] Limited staffing and travel requires an increased focus on web-based outreach, including webinars and video training.

[22] Agreement processing time is the time from receipt of a complete application to execution of the financing agreement.

[23] Disbursement fulfillment time is the time from receipt of a complete disbursement request to warrant date.

VI. SCHEDULE

The estimated schedule for public comment and State Water Board adoption of the SFY 2016-17 IUP, and the application, award, and acceptance of the 2016 Capitalization Grant is as follows:

Draft IUP posted for public comment, as part of State Water Board Meeting agenda	May 9, 2016
Deadline for Public Comments on Draft IUP	June 8, 2016
State Water Board adopts IUP at regularly scheduled meeting	June 21, 2016
Submit FFY 2016 Capitalization Grant application to U.S. EPA	July 2016
Execute FFY 2016 Capitalization Grant agreement with U.S. EPA	September 2016

VII. TABLES

TABLE 1.a: Current Sources and Uses of the CWSRF[24]

	SFY 2015-16	SFY 2016-17	SFY 2017-18	SFY 2018-19
Beginning Balance[25]	$300,109,414	$709,801,726	$813,134,748	$1,119,656,638
Estimated Principal Payments + Interest Earnings[26]	$403,780,158	$252,489,461	$267,339,461	$282,189,461
Estimated SMIF[27] Interest Earnings	$1,500,000	$1,500,000	$1,500,000	$1,500,000
2016 Revenue Bonds[28]	$500,000,000	$350,000,000	$350,000,000	
Debt Service – 2012 Revenue Bonds	($14,323,300)	($13,808,100)	($9,980,925)	($7,600,725)
Debt Service – 2016 Revenue Bonds (preliminary)		($18,280,960)	($36,587,000)	($39,090,900)
Federal Capitalization Grants Received[29]	$99,763,000	$95,558,000	$30,000,000	$30,000,000
Administration Allowances[30]	($3,990,520)	($3,822,320)	($1,200,000)	($1,200,000)
Estimated Disbursements[31]	($577,037,026)	($560,303,059)	($294,549,646)	($137,655,244)
Estimated Year-End Balances[32]	$709,801,726	$813,134,748	$1,119,656,638	$1,247,799,230

[24] Forecast dated April 2016.

[25] The Beginning Balance does not include the $25 million set aside for the minimum balance of the CWSRF. It is excluded to reflect that it is not available for other uses.

[26] The estimated principal payments plus interest earnings for SFY 2015-16 includes two prepayments for a total of $166,140,696 from Eastern Municipal Water District.

[27] SMIF means Surplus Money Investment Fund.

[28] For SFY 2015-16, the State Water Board sold its Series 2016 Green Bonds on April 12, 2016. DFA will determine based on the CWSRF cash flow needs if future revenue bond sales are necessary. The 2016-17 and 2017-18 Revenue Bond sales are only a projection and subject to change.

[29] These numbers include a final amount for the FFY 2015 Grant that the State Water Board received on August 25, 2015. The amounts for all Grants past FFY 2015 are estimated. The forecasted Capitalization Grants are listed in the aggregate amounts. PF, if available, is included in the aggregate grant amount in the forecast.

[30] These numbers include a final amount for the FFY 2015 Grant that the State Water Board received on August 25, 2015. The amounts allowed for administration from all Grants past FFY 2015 are based on estimates of the future Grant amounts. The numbers reflect the percentage of the Capitalization Grants that may be used for program administration. The CWSRF's primary source of administrative funds is the Administrative Fund. See Section III.B.2 (Administrative Funding) for further discussion. Funds from the Administration Allowance that are not used for program administration may be used to finance projects.

[31] Estimated disbursements are a forecast of the cash disbursements for projects with executed financing agreements. The estimated cash disbursements include the local match credits on past projects that used match financing. Local match credits are contributions made by financing recipients in exchange for using match financing; match credits are used to meet the federal Capitalization Grant matching requirement.

[32] Estimated Year End Balances represent a running total based on the previous year's ending balance.

	SFY 2015-16	SFY 2016-17	SFY 2017-18	SFY 2018-19
Estimated Yearly Cash Flows[33]	$409,692,312	$103,333,022	$306,521,890	$128,142,592

TABLE 1.b: Estimated Fiscal Impact of New Financing

	SFY 2015-16	SFY 2016-17	SFY 2017-18	SFY 2018-19
Estimated Disbursements, New Agreements[34]	($22,602,021)	($361,907,860)	($510,087,736)	($478,845,774)
Estimated Year-End Balances with New Financing[35]	$687,199,705	$428,624,867	$225,059,021	($125,644,161)

[33] Estimated Yearly Cash Flows represent the projected difference between revenues and Capitalization Grants (inflows) and disbursements and expenses (outflows) for each year, and do not include the previous year's ending balance. Positive numbers indicate that inflows are projected to be greater than outflows for that year. Negative numbers indicate that outflows are projected to be greater than inflows for that year.

[34] Estimated Disbursements, New Agreements is a forecast of the cash disbursements for projects anticipated to receive an executed financing agreement during SFY 2016-17.

[35] "Estimated Year End Balances with New Financing" is an estimate of Year End Balances if the financing represented by the Estimated Disbursement, New Agreements is amount approved. It represents a running total based on the Estimated Year End Balances from Table 1.a.

TABLE 2: CWSRF Project Financing Forecast for SFY 2016-17

								Estimated Source of Financing								Green Project Reserve		
Project Number	Region	Agency	Project Name	NPDES/WDR Permit Number	Class	Type[36]	Estimated Agreement Date	Capitalization Funds Federal Year 2016 (Loan Financing)	Capitalization Funds Federal Year 2016 (Principal Forgive - GPR Amount Only)[37]	Other CWSRF Funds (Loan Financing)	Estimated Small Community Wastewater Grant[38]	Estimated Water Recycling Funding Program Grant[38]	Estimated Total Financing	Estimated Drought Relief Special Interest Rate (1%) Projects	Estimated Equivalency & FFATA Projects	Capitalization Funds Federal Year 2016	Green Project Type[39]	Determination Categorical (C) or Business Case (BC)
All Reviews Complete and Agreement Mailed to Applicant																		
7892-210	3	Cuyama Community Services District	WWTP Effluent Removal Remediation Project	CA0048089	C	POTW	4/15/2016	$0	$0	$0	$1,243,000	$0	$1,243,000			$0		
8072-110	3	Pajaro Valley Water Management Agency	Recycled Water Treatment & Storage - Phase 1 - 1.5 MG Storage Tank	CA0048216	C	POTW	4/15/2016	$1,069,000	$0	$0	$0	$1,679,000	$2,748,000	Yes		$1,069,000	W	C
8072-120	3	Pajaro Valley Water Management Agency	Recycled Water Treatment and Storage - Phase 2 Treatment & Filtration	CA0048216	C	POTW	4/15/2016	$3,617,500	$0	$0	$0	$1,592,500	$5,210,000	Yes		$3,617,500	W	C
8072-130	3	Pajaro Valley Water Management Agency	Recycled Water Treatment and Storage - Phase 3 - 0.5 MG Storage Tank	CA0048216	C	POTW	4/15/2016	$1,355,500	$0	$0	$0	$654,500	$2,010,000	Yes		$1,355,500	W	C
8069-110	2	Silicon Valley Clean Water	Conveyance System Improvement Program	CA0038369	D	POTW	4/30/2016	$14,000,000	$0	$0	$0	$0	$14,000,000			$0		
8015-110	3	Pismo Beach, City of	Sludge Dewatering Improvements Project	CA0048151	D	POTW	5/15/2016	$3,784,500	$0	$0	$0	$0	$3,784,500			$0		
							Sub Total =	**$23,826,500**	**$0**	**$0**	**$1,243,000**	**$3,926,000**	**$28,995,500**			**$6,042,000**		
All Reviews Complete, Funding Decision In Process and Agreement Pending																		
8075-110	5	Woodland, City of	City of Woodland Industrial Park Recycled Water Project	CA0077950	C	POTW	4/15/2016	$2,609,900	$0	$0	$0	$1,890,000	$4,499,900	Yes		$2,609,900	W	C
8018-110	4	Malibu, City of	Malibu Civic Center Wastewater Treatment & Recycling Facility	R4-2015-0051	C	POTW	4/15/2016	$36,631,880	$0	$14,740,782	$0	$8,919,338	$60,292,000	Yes		$51,372,662	W	C

[36] POTW= Publicly-owned treatment works projects per CWA Section 212; EXP= Expanded use projects per Clean Water Act (CWA) Section 319 or 320.

[37] An estimated $28,667,400 in PF funds will be available for projects that meet the criteria in Table 4.b. Selected projects to be determined after Intended Use Plan adoption.

[38] Preliminary estimate based on draft funding criteria, available information regarding project costs, wastewater rates, etc. Subject to change. Will be finalized based on updated information at the time of funding approval.

[39] Green Project Types: W= Water Efficiency; E = Energy Efficiency; I = Innovative. Estimated Minimum 2016 GPR Funding Requirement = $9,555,800.

8130-110	5	Clear Creek Community Services District	Clear Creek Community Services District Water Treatment Plant Backwash Recycle Project	CA0083828	C	POTW	4/29/2016	$0	$446,170	$431,170	$0	$0	$877,340		Yes	$877,340	W	C
8181-110	2	Delta Diablo	Recycled Water System Storage Tank Project	CA0038547	C	POTW	4/29/2016	$0	$0	$4,400,000	$0	$1,600,000	$6,000,000	Yes		$4,400,000	W	C
8025-160	5	Sacramento Regional County Sanitation District	Echo Water Project - Segment 6 - Biological Nutrient Removal Facility	CA0077682	C	POTW	4/30/2016	$0	$0	$711,032,393	$0	$0	$711,032,393		Yes	$0		
8049-110	6	Hesperia Water District	Reclaimed Water Pipeline Distribution System	R6V-2003-028	C	POTW	4/30/2016	$0	$0	$9,946,413	$0	$4,727,337	$14,673,750	Yes		$9,946,413	W	C
8091-110	2	Hayward, City of	City of Hayward Recycled Water Project	CA0037869	C	POTW	5/1/2016	$0	$0	$8,083,560	$0	$3,511,200	$11,594,760	Yes		$8,083,560	W	C
8071-110	5	Brentwood, City of	City of Brentwood Recycled Water Project (Phase A & B1)	R5-2004-0132	C	POTW	5/2/2016	$0	$0	$14,596,500	$0	$6,205,500	$20,802,000	Yes		$14,596,500	W	C
8016-110	3	Pismo Beach, City of	Five Cities Lift Station Replacement Project	DWQ-2006-0003	D	POTW	5/15/2016	$0	$700,000	$1,142,800	$0	$0	$1,842,800			$700,000	E	C
8173-110	8	Inland Empire Utilities Agency	RP-1 & RP-5 Expansion Preliminary Design Report	CA8000409	C	POTW	5/16/2016	$0	$0	$3,000,000	$0	$0	$3,000,000			$0		
7882-110	9	South Coast Water District	Tunnel Stabilization & Sewer Rehabilitation Project	CA0107611	D	POTW	5/30/2016	$0	$0	$102,560,000	$0	$0	$102,560,000			$0		
8062-110	5	Modesto, City of	North Valley Regional Recycled Water Program	CA0085316	C	POTW	5/30/2016	$0	$0	$81,617,856	$0	$15,000,000	$96,617,856	Yes		$81,617,856	W	C
8047-110	8	Eastern Municipal Water District	Recycled Water Supply Optimization Program	CA8000188	C	POTW	5/31/2016	$0	$0	$99,031,280	$0	$15,000,000	$114,031,280	Yes		$99,031,280	W	C
8004-130	2	Rodeo Sanitary District	Construction for Sewer Year 3 Project	CA0037826	C	POTW	6/1/2016	$0	$0	$6,275,800	$0	$0	$6,275,800			$0		
8025-170	5	Sacramento Regional County Sanitation District	Echo Water Project - Segment 7 - Return Activated Sludge Pumping Station	CA0077682	C	POTW	6/1/2016	$0	$0	$40,015,742	$0	$0	$40,015,742		Yes	$0		
8076-110	1	Ukiah, City of	Recycled Water Pipeline Project	CA0022888	C	POTW	6/1/2016	$0	$0	$25,564,000	$0	$9,996,000	$35,560,000	Yes		$25,564,000	W	C
8060-110	9	Santa Margarita Water District	Trampas Canyon Recycled Water Seasonal Storage Reservoir	R9-1997-0052	C	POTW	6/30/2016	$0	$0	$32,450,000	$0	$15,000,000	$47,450,000	Yes		$32,450,000	W	C
8084-110	4	West Basin Municipal Water District	Carson Regional Water Recycling Facility Phase IIB Expansion Project	CA0064246	C	POTW	6/30/2016	$0	$0	$15,472,475	$0	$8,331,333	$23,803,808	Yes		$15,472,475	W	C
8028-110	3	Monterey Regional Water Pollution Control Agency	Groundwater Replenishment Project	R3-2014-0013	C	POTW	7/1/2016	$0	$0	$98,000,000	$0	$15,000,000	$113,000,000	Yes		$98,000,000	W	C

8086-110	2	North Marin Water District	Recycled Water Expansion to Central Service Area	CA0037958	C	POTW	7/1/2016	$0	$0	$7,028,686	$0	$2,883,814	$9,912,500	Yes		$7,028,686	W	C
8096-110	4	Water Replenishment District of Southern California	Groundwater Reliability Improvement Program Recycled Water Project	R4-2009-0048	C	POTW	7/1/2016	$0	$0	$80,000,000	$0	$15,000,000	$95,000,000	Yes		$80,000,000	W	C
7893-120	5	Fresno, City of	Associated Solar Energy Facility	R5-2001-0254	C	POTW	7/29/2016	$0	$0	$15,904,698	$0	$0	$15,904,698			$15,904,698	E	C
8111-110	2	San Francisco, Public Utilities Commission of the City & County of	San Francisco Westside Recycled Water Project	CA0037681	C	POTW	9/1/2016	$0	$0	$171,220,000	$0	$15,000,000	$186,220,000	Yes		$171,220,000	W	C
8163-110	2	West Bay Sanitary District	West Bay Sanitary District Recycled Water Project - Sharon Heights	R2-1996-0011	C	POTW	12/1/2016	$0	$0	$11,237,200	$0	$6,050,800	$17,288,000			$11,237,200	W	C
8133-110	9	Padre Dam Municipal Water District	Padre Dam Water Recycling Facility, Phase 1 Expansion	Pending	C	POTW	12/31/2016	$0	$0	$101,200,000	$0	$15,000,000	$116,200,000	Yes		$101,200,000	W	C
8025-180	5	Sacramento Regional County Sanitation District	Echo Water Project - Segment 8 - Tertiary Treatment Facility	CA0077682	C	POTW	5/1/2018	$0	$0	$484,585,422	$0	$0	$484,585,422		Yes	$0		
							Sub Total =	**$39,241,780**	**$1,146,170**	**$1,654,951,355**	**$0**	**$159,115,322**	**$2,339,040,049**			**$831,312,570**		
Projects With Complete Applications and Reviews Pending																		
8146-110	8	Anaheim, City of	Downtown Anaheim Recycled Water Expansion	R8-2013-0014	C	POTW		$0	$0	$0	$0	$758,800	$758,800			$0	W	C
8118-110	5	Auburn, City of	City of Auburn WWTP Secondary Process Upgrades	CA0077712	C	POTW		$0	$2,500,000	$10,000,000	$0	$0	$12,500,000			$2,500,000	E	C
8155-110	5	Biola Community Services District	Tertiary WWTP - Feasibility Study	Pending	C	POTW		$0	$0	$0	$200,000	$0	$200,000			$0		
8167-110	8	Chino Basin Regional Financing Authority	Joint IEUA - JCSD Regional Water Recycling Program	CA8000316	C	POTW		$0	$0	$37,460,000	$0	$15,000,000	$52,460,000			$37,460,000	W	C
7896-210	5	Colusa, City of	Wastewater Treatment Plant Improvements Project	CA0078999	C	POTW		$0	$0	$4,700,000	$6,000,000	$0	$10,700,000			$0		
7896-310	5	Colusa, City of	Collection System Improvements Project	CA0078999	C	POTW		$0	$0	$2,850,000	$1,750,000	$0	$4,600,000			$0		
8188-110	8	Elsinore Valley Municipal Water District	Advanced Metering Infrastructure (AMI) Project Phase III	Pending	D	POTW		$0	$2,380,437	$2,380,437	$0	$0	$4,760,874			$2,380,437	W	C
8179-110	5	Gustine, City of	WWTP Improvement Planning Project	R5-1998-0039	C	POTW		$0	$0	$0	$480,000	$0	$480,000			$0		
7883-110	2	Hercules, City of	Pinole-Hercules WPCP Improvements Project	CA0037796	C	POTW		$0	$0	$22,200,000	$0	$0	$22,200,000			$0		

8105-110	8	Inland Empire Utilities Agency	2015 Drought Relief - Napa Lateral	CA8000409	C	POTW		$0	$0	$3,786,100	$0	$2,038,670	$5,824,770			$3,786,100	W	C
8105-120	8	Inland Empire Utilities Agency	2015 Drought Relief - San Savaine Basin Improvements	CA8000409	C	POTW		$0	$0	$4,891,642	$0	$2,633,961	$7,525,603			$4,891,642	W	C
8105-130	8	Inland Empire Utilities Agency	2015 Drought Relief - RP-1158 Recycled Water Pump Station Upgrades	CA8000409	C	POTW		$0	$0	$3,566,816	$0	$1,093,000	$4,659,816			$3,566,816	W	C
8105-140	8	Inland Empire Utilities Agency	2015 Drought Relief - RP-5 Recycled Water Pipeline Bottleneck	CA8000409	C	POTW		$0	$0	$1,162,440	$0	$352,000	$1,514,440			$1,162,440	W	C
8105-150	8	Inland Empire Utilities Agency	2015 Drought Relief - Recycled Water Pressure Sustaining Valve Installation	CA8000409	C	POTW		$0	$0	$713,211	$0	$277,000	$990,211			$713,211	W	C
8105-160	8	Inland Empire Utilities Agency	2015 Drought Relief - RP-1 Parallel Outfall Pipeline	CA8000409	C	POTW		$0	$0	$5,092,238	$0	$1,548,000	$6,640,238			$5,092,238	W	C
8105-180	8	Inland Empire Utilities Agency	2015 Drought Relief - City of Ontario Euclid/Riverside Recycled Water Pipeline Project	CA8000409	C	POTW		$0	$0	$15,460,781	$0	$7,178,300	$22,639,081			$15,460,781	W	C
8212-110	8	Inland Empire Utilities Agency	Sewer Service to IEUA Septic Users Feasibility Study	CA8000409	C	POTW		$0	$0	$500,000	$0	$0	$500,000			$0		
8189-110	4	Los Angeles County Sanitation District No. 2	Joint Outfall "B" Unit 1A Trunk Sewer Rehabilitation Phase 1	R4-2011-0151	D	POTW		$0	$0	$14,700,000	$0	$0	$14,700,000			$0		
8205-110	4	Los Angeles County Sanitation District No. 2	Joint Outfall "D" Units 7 and * Trunk Sewer Rehabilitation	R4-2011-0151	D	POTW		$0	$0	$9,500,000	$0	$0	$9,500,000			$0		
7211-210	5	Madera, County of	Fairmead Septic to Sewer Project	DWQ-2014-0153	D	POTW		$0	$0	$2,500,000	$7,500,000	$0	$10,000,000			$0		
8103-110	2	Napa Sanitation District	Recycled Water Pump Station Expansion - North/South Split	CA0037575	C	POTW		$0	$0	$0	$0	$1,036,700	$1,036,700			$0		
8077-110	5	Nevada County Sanitation District #1	Cascade Shores Community Leach Field Project	R5-2008-0111	D	POTW		$0	$0	$2,500,000	$2,500,000	$0	$5,000,000			$0		
7856-110	2	Pinole, City of	Pinole-Hercules WPCP Improvements Project	CA0037796	C	POTW		$0	$0	$26,500,000	$0	$0	$26,500,000			$0		
8032-110	9	San Diego, City of	Pump Station 2 Power Reliability & Surge Protection Project	CA0107409	D	POTW		$0	$0	$38,610,000	$0	$0	$38,610,000			$0		
8088-110	2	San Francisco, Public Utilities Commission of the City & County of	CWWSIPSE05 - SEP 521/522 and Disinfection Upgrades	CA0037664	D	POTW		$0	$0	$32,088,516	$0	$0	$32,088,516			$0		
8129-110	2	San Francisco, Public Utilities Commission of the City & County of	North Point Facility Outfall Rehabilitation	CA0037664	C	POTW		$0	$0	$17,775,621	$0	$0	$17,775,621			$0		

8132-110	2	San Francisco, Public Utilities Commission of the City & County of	CWWSIPSE04 - SEP Primary/Secondary Clarifier Upgrades	CA0037664	C	POTW		$0	$0	$29,973,213	$0	$0	$29,973,213			$0		
7832-210	5	San Joaquin, City of	Sewer Collection System Improvements	R5-2007-0100	C	POTW		$0	$0	$0	$3,686,708	$0	$3,686,708			$0		
8035-110	4	Santa Clarita Valley Sanitation District	Santa Clarita Valley Sanitation District UV Project (Phase I)	CA0054216	C	POTW		$0	$0	$39,916,368	$0	$0	$39,916,368			$0		
8041-110	5	Shasta Lake, City of	City of Shasta Lake Wastewater Treatment Facility Upgrade Project	CA0079511	C	POTW		$0	$0	$14,200,000	$6,000,000	$0	$20,200,000			$0		
8153-110	2	Sunnyvale, City of	Headworks and Primary Treatment, Phase 1(A)	CA0037621	C	POTW		$0	$0	$127,068,521	$0	$0	$127,068,521			$0		
8116-110	7	Valley Sanitary District	Requa Avenue Sewer Interceptor	CA0104477	D	POTW		$0	$0	$11,999,000	$0	$0	$11,999,000			$0		
8162-110	8	Yucaipa Valley Water District	Calimesa Recycled Water Conveyance Project	CA0105619	C	POTW		$0	$0	$5,051,241	$0	$1,928,872	$6,980,113			$5,051,241	W	C
							Sub Total =	**$0**	**$4,880,437**	**$487,146,145**	**$28,116,708**	**$33,845,303**	**$553,988,593**			**$82,064,906**		
Projects With Incomplete Applications (Must have General and at least one of the following packages submitted for Tech, Env, or Fin review)																		
8213-110	5	Amador Regional Sanitation Authority	Upper ARSA Sewer Improvement and Recycling Project	Pending	C	POTW		$0	$0	$0	$485,000	$0	$485,000			$0	W	C
8117-110	1	Anderson Valley Community Services District	Boonville Wastewater Sytem	Pending	C	POTW		$0	$0	$0	$500,000	$0	$500,000			$0		
7884-110	5	Biggs, City of	Wastewater Treatment Plant Upgrades Phase 2	CA0078930	C	POTW		$0	$0	$1,405,125	$4,215,375	$0	$5,620,500			$0		
7850-210	5	Calaveras County Water District	West Point and Wilseyville Wastewater Treatment Facilities Consolidation Project	R3-1993-078	D	POTW		$0	$0	$0	$4,750,000	$0	$4,750,000			$0		
8170-110	8	Chino Basin Regional Financing Authority	City of Pomona, Monte Vista Water District & IEUA Recycled Water Intertie Project	CA8000409	C	POTW		$0	$0	$36,896,000	$0	$15,000,000	$51,896,000			$36,896,000	W	C
7843-210	3	Davenport County Sanitation District	Davenport Recycled Water System	R3-1995-27	C	POTW		$0	$0	$0	$2,302,338	$0	$2,302,338			$0		
7889-120	8	Eastern Municipal Water District	Quail Valley Subarea 9 Phase 1 Sewer Project	R8-2008-0008	C	POTW		$0	$0	$497,298	$7,502,702	$0	$8,000,000			$0		
8150-110	8	Eastern Municipal Water District	La Piedra Recycled Water Pipeline Expansion Project	CA8000188	C	POTW		$0	$0	$1,462,695	$0	$787,605	$2,250,300			$1,462,695	W	C
8165-110	8	Eastern Municipal Water District	Alessandro Pond Optimization Project	CA8000188	C	POTW		$0	$0	$777,530	$0	$418,670	$1,196,200			$0		

8186-110	8	Eastern Municipal Water District	Temecula Valley Recycled Water Pipeline Project	CA8000188	C	POTW		$0	$0	$12,022,000	$0	$5,208,000	$17,230,000			$12,022,000	W	C
8207-110	8	Eastern Municipal Water District	Cottonwood Avenue Recycled Water Pipeline (West)	CA8000188	C	POTW		$0	$0	$1,533,237	$0	$516,763	$2,050,000			$1,533,237	W	C
8164-110	9	El Toro Water District	Phase II Recycled Water Distribution System Expansion Project	R8-2015-0023	C	POTW		$0	$0	$8,640,000	$0	$3,360,000	$12,000,000			$8,640,000	W	C
8059-110	9	Escondido, City of	Recycled Water Easterly Agricultural Reverse Osmosis Facility and Pump Station	R9-2010-0032	C	POTW		$0	$0	$23,460,000	$0	$9,240,000	$32,700,000			$23,460,000	W	C
8113-110	9	Escondido, City of	Recycled Water Easterly Main and Tanks	R9-2010-0032	C	POTW		$0	$0	$5,033,750	$0	$2,966,250	$8,000,000			$5,033,750	W	C
8115-110	9	Escondido, City of	Brine Line Broadway to HARRF	R9-2010-0032	C	POTW		$0	$0	$5,000,000	$0	$0	$5,000,000			$0		
8171-110	5	Fall River Valley Community Services District	Wastewater System Expansion Study	Pending	C	POTW		$0	$0	$0	$500,000	$0	$500,000			$0		
8178-110	1	Fortuna, City of	Wastewater Treatment and Disposal system Upgrade	R1-2011-0004	C	POTW		$0	$0	$0	$500,000	$0	$500,000			$0		
7862-210	5	Grass Valley, City of	Grass Valley Sewer Collection System I&I	R5-2009-0067	C	POTW		$0	$0	$0	$3,750,000	$0	$3,750,000			$0		
8009-110	5	Grizzly Lake Community Services District	Delleker Wastewater Treatment Plant Improvements Planning Project	CA0081744	C	POTW		$0	$0	$0	$262,000	$0	$262,000			$0		
7860-110	7	Hi-Desert Water District	Septic System Abatement & Private Lateral Installation	R7-2009-0059	A	POTW		$0	$0	$3,000,000	$8,000,000	$0	$11,000,000			$0		
8152-110	6	Indian Wells Valley Water District	Zero Discharge Flushing Program	Pending	C	POTW		$0	$0	$200,000	$0	$0	$200,000			$0		
8105-170	8	Inland Empire Utilities Agency	2015 Drought Relief - Baseline Extension Project	CA8000409	C	POTW		$0	$0	$2,650,270	$0	$1,427,069	$4,077,339			$2,650,270	W	C
8177-110	8	Irvine Ranch Water District	Irvine Lake Pipeline Conversion Project	CA8000326	C	POTW		$0	$0	$0	$0	$9,728,355	$9,728,355			$0	W	C
8012-110	5	Jackson, City of	Wastewater Treatment Plant Upgrades	CA00779391	B	POTW		$0	$0	$12,000,000	$0	$0	$12,000,000			$0		
7659-110	5	Kern, County of	South Shafter Sewer Project - Smiths Center	Pending	D	POTW		$0	$0	$6,830,177	$4,000,000	$0	$10,830,177			$0		
8138-110	1	Klamath Community Services District	Klamath CSD Wastewater System Renovation Planning Project	R1-2006-0003	C	POTW		$0	$0	$0	$500,000	$0	$500,000			$0		

8210-110	5	Lake County Sanitation District	Anderson Springs Septic to Sewer Project	Pending	C	POTW		$0	$0	$0	$500,000	$0	$500,000			$0		
8094-110	4	La Puente Valley County Water District	LPVCWD Recycled Water Project	R4-2015-0070	C	POTW		$0	$0	$4,503,713	$0	$1,930,163	$6,433,876			$4,503,713	W	C
8154-110	4	Los Angeles County Sanitation District No. 2	Carson JWPCP - Effluent Outfall Tunnel Project	CA0053813	C	POTW		$0	$0	$636,150,000	$0	$0	$636,150,000			$0		
8204-110	4	Los Angeles County Sanitation District No. 2	Joint Outfall "A" Unit 6 Trunk Sewer Rehabilitation	R4-2011-0151	D	POTW		$0	$0	$17,000,000	$0	$0	$17,000,000			$0		
8206-110	5	Maricopa, City of	Sewer Collection System Improvements	R5-00-153	C	POTW		$0	$0	$0	$500,000	$0	$500,000			$0		
8184-110	3	Marina Coast Water District	Regional Urban Water Augmentation Project	Pending	C	POTW		$0	$0	$23,599,141	$0	$11,400,859	$35,000,000			$23,599,141	W	C
8089-110	5	Mariposa Public Utility District	Wastewater Treatment Facility Improvements	CA0079430	C	POTW		$0	$0	$2,520,000	$6,000,000	$0	$8,520,000			$0		
8185-110	3	Morro Bay, City of	Water Reclamation Facility Project - Phase I	Pending	C	POTW		$0	$0	$10,300,000	$0	$0	$10,300,000			$10,300,000	W	C
8174-110	1	Mt. Shasta, City of	State Mandated Wastewater Treatment Plant Improvement Project	CA0078051	C	POTW		$0	$0	$0	$500,000	$0	$500,000			$0		
5039-110	5	Orange Cove, City of	Orange Cove WWTP Tertiary Treatment & Recycled Water Project	R5-2004-0008	C	POTW		$0	$0	$0	$5,000,000	$0	$5,000,000			$0		
8122-110	7	Palm Springs, City of	WWTP Head Works and Clarifier Upgrade Project	R7-2015-0013	C	POTW		$0	$0	$34,289,866	$0	$0	$34,289,866			$0		
8125-110	6	Palmdale Recycled Water Authority	Recycled Water Line Phase 2	Pending	C	POTW		$0	$0	$5,050,000	$0	$2,450,000	$7,500,000			$5,050,000	W	C
8104-110	2	Palo Alto, City of	Primary, Fixed Fim Reactor & Laboratory/Environmental Services Building Project	CA0037834	C	POTW		$0	$0	$6,727,757	$0	$0	$6,727,757			$0		
8144-110	3	Paso Robles, City of	Paso Robles Recycled Water Project	CA0047953	C	POTW		$0	$0	$12,022,000	$0	$5,208,000	$17,230,000			$12,022,000	W	C
8142-110	5	Patterson, City of	Wastewater Treatment Plant Expansion Phase III	R5-2007-0147	C	POTW		$0	$0	$1,984,736	$0	$0	$1,984,736			$0		
8166-110	2	Piedmont, City of	Sanitary Sewer Rehabilitation - Phase 5	CA0038504	D	POTW		$0	$0	$4,397,000	$0	$0	$4,397,000			$0		
8092-110	2	Renewable Funding Inc.	ReHome California	N/A	E	EXP		$0	$0	$80,000,000	$0	$0	$80,000,000			$0		

8168-110	9	San Diego, City of	PW - North City Water Reclamation Plant Expansion and Morena Boulevard Pump Station and Pipelines	CAS0109266	C	POTW		$0	$0	$82,789,831	$0	$0	$82,789,831			$82,789,831	W	C
8169-110	9	San Diego, City of	Pure Water - Advanced 30 MGD Water Purification Facility, Pump Stations and Pipeline to San Vicente	CAS0109266	C	POTW		$0	$0	$144,618,161	$0	$0	$144,618,161			$144,618,161	W	C
8149-110	8	San Gabriel Valley Water Company	South El Monte Recycled Water Project	Pending	C	POTW		$0	$0	$1,100,986	$0	$592,839	$1,693,825			$1,100,986	W	C
8087-110	2	San Jose, City of	Digester and Thickener Facilities Upgrade Project	CA0037842	D	POTW		$0	$0	$86,350,000	$0	$0	$86,350,000			$0		
8134-110	3	Santa Cruz County Sanitation District	Soquel Pump Station Force Main Replacement	R3-1995-0027	C	POTW		$0	$0	$4,000,000	$0	$0	$4,000,000			$0		
7837-110	2	Sausalito-Marin City Sanitary District	Treatment and Wet Weather Flow Upgrade Project	CA0038067	D	POTW		$0	$0	$26,000,000	$0	$0	$26,000,000			$0		
8033-110	2	South San Francisco, City of	South San Francisco/San Bruno Water Quality Control Plant (WQCP) Wet Weather and Digester Project	CA0038130	C	POTW		$0	$0	$15,250,000	$0	$0	$15,250,000			$0		
8057-110	6	South Tahoe Public Utility District	Treatment Plant Primary Clarifier Rehabilitation	CA0910002	D	POTW		$0	$0	$1,394,607	$0	$0	$1,394,607			$0		
8066-110	6	South Tahoe Public Utility District	Aeration Basin 2 Rehabilitation	CA0910002	D	POTW		$0	$0	$1,527,725	$0	$0	$1,527,725			$0		
8183-110	5	Stanislaus, County of	Airport Sewer Project	CA0079103	C	POTW		$0	$0	$4,532,500	$8,000,000	$0	$12,532,500			$0		
8100-110	4	Upper San Gabriel Valley Municipal Water District	Indirect Reuse Replenishment Project	Pending	C	POTW		$0	$0	$50,000,000	$0	$15,000,000	$65,000,000			$50,000,000	W	C
7454-140	9	Valley Center MWD	Woods Valley Ranch Wastewater Expansion Project -North Village Collection System	R9-2015-0104	C	POTW		$0	$0	$4,115,400	$0	$0	$4,115,400			$0		
8038-110	5	Valley Springs Public Utility District	Effluent Management and Wastewater Treatment Project	R5-2005-0066	C	POTW		$0	$0	$3,500,000	$6,000,000	$0	$9,500,000			$0		
8027-110	4	Ventura County Waterworks District No. 8	West Simi Valley Recycled Water Project	R4-2003-0081	C	POTW		$0	$0	$14,120,000	$0	$5,500,000	$19,620,000			$14,120,000		
8083-110	6	Victor Valley Wastewater Rec Authority	Oro Grande Interceptor Replacement Project	DWQ-2006-0003	D	POTW		$0	$0	$5,700,000	$0	$0	$5,700,000			$0		
8011-110	3	Watsonville, City of	Freedom Sanitation Trunk Sewer Line	CA0048216	C	POTW		$0	$0	$1,725,500	$0	$0	$1,725,500			$0		
8159-110	1	Weed, City of	City of Weed Sewer Replacement Project	R1-1996-0070	C	POTW		$0	$0	$0	$500,000	$0	$500,000			$0		

5957-210	1	Willow Creek Community Services District	Willow Creek Wastewater Project	Pending	D	POTW		$0	$0	$0	$6,000,000	$0	$6,000,000			$0		
8226-110	4	Los Angeles County Sanitation District No. 2	San Jose Creek Water Reclamation Plant Flow Equalization Facilities Phase 1	CA0053911	C	POTW		$0	$0	$55,360,000	$0	$0	$55,360,000			$55,360,000	W	C
							Sub Total =	**$0**	**$0**	**$1,462,037,005**	**$64,767,415**	**$90,734,573**	**$1,617,538,993**			**$495,161,784**		
							Totals =	**$63,068,280**	**$6,026,607**	**$3,604,134,505**	**$94,127,123**	**$287,621,198**	**$4,539,563,135**			**$1,414,581,260**		

TABLE 3.a: Administration Fund Balance

	7/1/15 – 12/31/15	1/1/16 – 6/30/16	7/1/16 – 12/31/16
Beginning Balance	$21,561,866	$21,851,059	$18,757,797
Collected	$4,431,291	$3,275,738	$3,242,850
Spent	($4,142,098)	($6,369,000)	($6,624,000)
End Balance	$21,851,059	$18,757,797	$15,376,647

TABLE 3.b: SCG Fund Balance

	7/1/15 – 12/31/15	1/1/16 – 6/30/16	7/1/16 – 12/31/16
Beginning Balance	$23,071,271	$26,943,160	$27,225,540
Collected	$7,442,010	$4,799,575	$6,856,756
Spent	($3,570,121)	($4,517,195)	($2,990,104)
End Balance*	$26,943,160	$27,225,540	$31,092,192
*Ending Balance does not account for existing commitments			

TABLE 4.a: SCG Planning Grants

Eligible Applicants:	Public agencies, 501(c)(3) non-profit organizations, federally recognized tribes and state tribes on Native American Commission consult list		
Affordability Criteria		Grant Amount	
Population[42]	Community MHI	Percent of Total Project Cost	Maximum Grant Per Project[40]
<20,000	DAC <80 percent of Statewide MHI	100 percent	$500,000

TABLE 4.b: SCG Construction Grant

Eligible Applicants:	Public agencies, 501(c)(3) non-profit organizations, federally recognized tribes and state tribes on Native American Commission consult list				
Eligible Project Type	CWSRF-eligible wastewater projects[41]				
Affordability Criteria			Grant Amount		
Population[42]	Community MHI	Wastewater Rates as a Percentage of MHI[43]	Percentage of Total Eligible Project Cost	Maximum Grant Amount Per Project[44,45,46]	Maximum Cost Per Household / Project
< 20,000	MHI ≤ 100% Statewide MHI	≥4%	50%	$6 million	$30,000
	DAC <80% of Statewide MHI	≥1.5%	75%[47]		
	SDAC <60% of Statewide MHI	NA	100%		

[40] For a regional planning project, DFA may elect to approve more than $500,000 in SCG funds, not to exceed $500,000 in SCG funding per community included in the regional plan. A community may not receive more than $1,000,000 in total planning costs ($500,000 for treatment plant upgrades plus $500,000 for collection system improvements). Notwithstanding the maximum planning grant amounts outlined herein, on a case-by-case basis, for good cause, the Deputy Director of the Division may approve additional planning grant funds. Upon DFA's determination of sufficient planning funding needs, more than 15 percent of the funds available per Prop 1 may be used to fund planning and technical assistance activities.

TABLE 4.c: SCG Construction Grant for Septic to Sewer and Regional Projects

Eligible Applicants:	Public agencies, 501(c)(3) non-profit organizations, federally recognized tribes and state tribes on Native American Commission consult list				
Eligible Project Type	CWSRF-eligible wastewater projects[41]				
Affordability Criteria			Grant Amount		
Population[42]	Community MHI	Wastewater Rates as a Percentage of MHI[43]	Percentage of Total Eligible Project Cost	Maximum Grant Amount Per Project[44,45,46]	Maximum Cost Per Household / Project
< 20,000	MHI ≤ 100% Statewide MHI	≥4%	50%	$8 million	$60,000
	DAC <80% of Statewide MHI	≥1.5%	75%[47]		
	SDAC <60% of Statewide MHI	NA	100%		

[41] Includes only: a) projects approved for funding after June 21, 2016 (consistent with the CWSRF Policy, planning and design costs incurred prior to funding approval may be reimbursed upon execution of the financing agreement) or b) Division approved cost increases approved after June 21, 2016, for planning or construction projects approved prior to June 21, 2016, if such increases are consistent with the funding criteria and limitations herein.

[42] With the exception of primary and secondary schools, to qualify for SCG funds, a project must be geared toward addressing primarily residential needs. Also, at least 50 percent of the dwellings or dwelling units must be the primary dwelling of permanent residents for a community or community area to qualify for SCG funds. Typically, permanent residents are those residing in the community at least six months out of the year; however, seasonal, migrant laborers can also be counted as permanent residents.

[43] For the purposes of calculating rates as a percentage of MHI, service charges plus other costs specifically related to the wastewater system may be considered, including but not limited to, dedicated sales tax revenue, assessments, and fees. If a CWSRF-eligible wastewater project consists of improvements to the drinking water system, the drinking water rates and charges may be considered in lieu of wastewater rates and charges. For publicly owned or non-profit-owned systems serving facilities such as primary and secondary schools, labor camps, or mobile home parks, DFA may elect to approve up to 100 percent grant up to a maximum of $6 million. Even if 100 percent grant is approved, Division staff will review projected revenues and expenses to confirm adequate revenues to operate and maintain the project.

[44] To ensure that available funds are distributed to a large cross-section of communities throughout California, a single community may not receive cumulatively more than $8 million in SCG and PF funding in any given five-year period.

[45] For projects that connect previously unsewered areas or join communities to regionalize wastewater treatment works consistent with the CWSRF Policy, SCG funds will be allocated to each community served by the project on a per community basis, rather than a per project basis.

[46] For public agencies, if project components will either reduce the demand for wastewater capacity or the energy consumption needs for publicly-owned treatment works consistent with the Green Project Reserve: Guidance for Determining Project Eligibility, and those components result in higher capital costs compared to other less water and energy efficient options, DFA may make a determination that the incremental cost increase will be provided as additional grant, above the maximum amount per project.

[47] For small DACs with wastewater rates at least two percent of community MHI, if the community's credit review shows inadequate revenues to afford repayment of the remaining project costs, the grant percentage may be increased to as high as 100 percent, as necessary to approve financing for the project. In addition, for small DACs with wastewater rates at least 1.5 percent of community MHI, DFA has discretion to increase the grant percentage to as high as 100 percent, if the community's unemployment rate is at least two percent higher than the statewide average, or if declining population trends or low population densities impact the community's ability to afford financing. Even if 100 percent grant is approved, Division staff will review projected revenues and expenses to confirm adequate revenues to operate and maintain the project.

TABLE 4.d: Principal Forgiveness

Eligible Applicants:	Any municipality, intermunicipal, interstate, or state agency (regardless of population, MHI, or wastewater rates)[48]
Project Types:	Any CWSRF eligible project consistent with the Green Project Reserve: Guidance for Determining Project Eligibility that implements a process, material, technique, or technology to address water-efficiency or energy-efficiency goals, mitigate stormwater runoff, or encourage sustainable planning, design, and construction. This includes, but is not limited to, water or energy conservation assessments, audits, or plans, water reuse[49], water or energy reducing devices, and water meters.
PF Amount[50]:	
1.	For water or energy conservation assessments, audits, or planning, 100 percent of actual costs up to $35,000 in PF
2.	For all other projects, 50 percent of total, actual costs associated with water or energy conservation or sustainable planning, design, or construction up to $4.0 million in PF[51]

TABLE 5: CWSRF Capitalization Grant Payments and Draw Payments

Payments				
	FFY 16 – Q1	FFY 16 – Q2	FFY 16 – Q3	FFY 16 – Q4
FFY 2016 Grant				$95,558,000 (Date of Award)
Draws				
	FFY 16 – Q1	FFY 16 – Q2	FFY 16 – Q3	FFY 16 – Q4
FFY 2015 Grant	$50,758,092	$49,004,908		
FFY 2016 Grant				$57,334,800
Cumulative Draws	$50,758,092	$49,004,908		$57,334,800
	FFY 17 – Q1	FFY 17 – Q2	FFY 17 – Q3	FFY 17 – Q4
FFY 2016 Grant	$19,111,600	$9,555,800	$9,555,800	
Cumulative Draws	$19,111,600	$9,555,800	$9,555,800	

[48] Municipality includes an Indian tribe or an authorized Indian tribal organization.

[49] Any water reuse project funded through the WRFP may not additionally receive PF. Water reuse projects are limited to $2.5 million maximum PF in all cases.

[50] Any project receiving CWSRF PF may not receive more than 50 percent combined PF and grant funding, regardless of the source of grant funding. Grant funding includes any funding that does not require repayment by the recipient.

[51] GPR projects may receive separate planning or design PF financing at a rate of 75 percent of eligible GPR planning or design costs up to a maximum of $500,000 if requested, but the combined planning, design, and construction/implementation costs eligible for PF may not exceed the lesser of 50 percent of total eligible GPR cost or $4.0 million.

VIII. ACRONYMS

A/E	Architectural and Engineering
AIS	American Iron and Steel
ARRA	American Recovery and Reinvestment Act of 2009
CalEPA	California Environmental Protection Agency
CalMuni	California Municipal Securities, Inc.
CBI	Clean Beach Initiative
CBR	Clean Water State Revolving Fund Benefits Reporting
CWSRF	Clean Water State Revolving Fund
DAC	Disadvantaged Community
DAS	Division of Administrative Services
DBE	Disadvantaged Business Enterprise
DFA	Division of Financial Assistance
DIT	Division of Information Technology
ETF	Extended Term Financing
FFATA	Federal Funding Accountability and Transparency Act
FFY	Federal Fiscal Year
FSP	Fiscal Sustainability Plan
GAAP	Generally Accepted Accounting Principles
GPR	Green Project Reserves
IRWM	Integrated Regional Water Management
IUP	Intended Use Plan
LGTS	Loans and Grants Tracking System
LID	Low Impact Development
MHI	Median Household Income
MS4	Municipal Separate Storm Sewer Systems
NIMS	National Information Management System
OCC	Office of Chief Counsel
PF	Principal Forgiveness
POTW	Publicly Owned Treatment Works
PY	Personnel Years
SC	Small Community
SCG	Small Community Grant
SDAC	Severely Disadvantaged Community
SERP	State Environmental Review Process
SFY	State Fiscal Year
SMIF	Surplus Money Investment Fund
TA	Technical Assistance
TMDL	Total Maximum Daily Load
U.S. EPA	United States Environmental Protection Agency
WRFP	Water Recycling Funding Program
WRRDA	Water Resources Reform and Development Act of 2014