ITEM 7

SUBJECT

ADOPTION OF THE SMALL COMMUNITY WASTEWATER GRANT (SCWG) PROGRAM
STATEWIDE COMPETITIVE PROJECT LIST (STATEWIDE LIST)

DISCUSSION

The State Water Resources Control Board (State Water Board) adopted Resolution 2004-0038 on June 17, 2004, approving the Small Community Wastewater Grant Program Guidelines (Guidelines) to administer approximately $50 million in grant funds from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40) and the Water Security, Clean Drinking Water, Coastal, and Beach Protection Act of 2002 (Proposition 50) to eligible small communities with financial hardship. State Water Board Resolution 2007-0026 was adopted on May 22, 2007, approving the Amended Guidelines to administer the remaining approximately $18 million in SCWG funding to eligible small, disadvantaged communities for wastewater projects that correct public health and water quality problems.

In accordance with the Amended Guidelines, the Division of Financial Assistance (Division) received project recommendations for the Statewide List from seven of the nine Regional Water Quality Control Boards (Regional Water Boards). The San Francisco Bay and San Diego Regional Water Boards did not provide any project recommendations. The projects recommended by the Regional Water Boards have been classified and ranked according to the provisions in the Amended Guidelines and the information received to date for the proposed projects. As a result, each project has been tentatively placed in one of the twenty-four project priority groups. Exhibit A contains a chart that summarizes the project ranking criteria.

The Division has combined the Regional Water Board recommendations with eligible projects from the 2004 Statewide Competitive Project List, creating a single Statewide List for State Water Board consideration. Three projects from the 2004 Statewide Competitive Project List were not included on the new Statewide List because they did not meet the population and/or Median Household Income (MHI) eligibility criteria for the SCWG Program. Exhibit B contains a copy of the proposed Statewide List.

In order to expeditiously expend the funds, staff proposes allowing projects in Classes A and B the opportunity to compete for the funds. The projects falling in Class C will not be eligible to compete for funds at this time.

Funding for the SCWG Program is designated for small communities with a population of 20,000 persons or less and a MHI of less than $37,994 (80 percent of the Statewide Annual MHI). Resolution 2004-0038 established a set-aside of $10 million, of the approximately $50 million originally available from Propositions 40 and 50, for severely disadvantaged small communities with a MHI of less than $28,495 (60 percent of the Statewide Annual MHI). This $10 million set-aside has already been committed to eligible projects from the 2004 Statewide List.

Resolution 2004-0038 also set the cap for the maximum SCWG amount at $2 million per project and per agency. Based on the limited funding currently available, staff recommends the $2 million SCWG cap be allotted per community. This allotment will allow the limited remaining funds to be distributed...
to more communities in need of funds. Additionally, individual communities may qualify separately for grants, allowing communities to combine grants together to create regional wastewater solutions.

If new funds become available in the future, the eligibility requirements, maximum funding cap, and allotment allocation may be re-evaluated.

Following adoption of the Statewide List, staff will notify eligible applicants of the need to submit the required documentation. No preference will be given to projects transferred from the 2004 Statewide List, over those projects added as part of the 2007 Statewide List process. Projects will be processed and grants will be issued on a readiness-to-proceed basis until all the funds are committed. Grant Commitments will be awarded based on availability of funds. Projects that in the eligible Classes A and B seeking a Planning Grant will be eligible for a Planning Grant upon confirmation of submitted information. Projects that have received Facilities Plan Approvals will be eligible to receive a Design Grant or a Combination (Design and Construction) Grant Commitment. The Combination Grant Commitment is subject to expiration if the project does not issue “Notice-to-Proceed” within 18 months from the date of the Commitment. Projects that have received Final Plans and Specifications approval will be eligible to receive a Construction Grant.

POLICY ISSUES

Should the State Water Board approve the proposed Statewide List presented in Exhibit B and make those projects that are in Classes A and B eligible to compete for grant funding?

FISCAL IMPACT

The State Water Board originally received approximately $50 million from Propositions 40 and 50 for local assistance to implement the SCWG Program. The projects listed in Classes A and B will compete for grants until the remaining approximately $18 million in SCWG funds are all committed.

The SCWG Program may not fund the entire cost of a project, rather it aims at making the project more affordable for the community. The SCWG Program will fund projects jointly with other funding programs, such as the State Revolving Fund (SRF) Loan Program, to help applicants successfully complete their projects.

REGIONAL WATER BOARD IMPACT

All Regional Water Boards will be affected. The Statewide List will enable small, disadvantaged communities to complete projects that will protect water quality and comply with the Regional Water Board Basin Plans. Projects facing enforcement actions from their local Regional Water Boards could complete a project with SCWG funds and return to compliance.

STAFF RECOMMENDATIONS

The State Water Board should:

1. Approve the Statewide List;
2. Allow only projects in Classes A and B to compete for remaining SCWG funding on a readiness-to-proceed basis; and
3. Set the cap for the maximum amount of SCWG funding at $2 million per eligible small community.
WHEREAS:

1. The Division of Financial Assistance (Division) has prepared a draft SCWG Statewide List in conformance with the Amended Small Community Wastewater Grant Program Guidelines adopted by the State Water Resources Control Board (State Water Board) on May 22, 2007 and recommendations received from seven of the nine Regional Water Quality Control Boards;

2. Grants from the SCWG Program are intended to assist in making projects affordable for small communities;

3. Due to the large number of applicants, there is not enough funding available to fund all of the projects on the Statewide List and a funding line needs to be drawn;

4. Allowing projects in Classes A and B to compete for available funds on a readiness-to-proceed basis will facilitate the commitment of all of the SCWG Program funds by June 30, 2008;

5. Setting the cap for the maximum amount of SCWG funding at $2 million per eligible small community will maximize the number of communities that may utilize the limited funding;

6. The State Water Board seeks to encourage cooperation between nearby communities for the planning and construction of more efficient regional wastewater treatment projects; and

7. The State Revolving Fund (SRF) Loan Program provides low-interest loan funds integral to the successful completion of SCWG projects.

THEREFORE BE IT RESOLVED THAT:

The State Water Resources Control Board:

1. Approves the Statewide List;

2. Approves only projects in Classes A and B to compete for the remaining SCWG funding on a readiness-to-proceed basis; and

3. Sets the cap for the maximum amount of SCWG funding at $2 million per eligible small community.

CERTIFICATION

The undersigned, Acting Clerk to the Board, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on September 4, 2007.

Jeanine Townsend
Acting Clerk to the Board