

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
SEPTEMBER 2, 2008**

ITEM 9

SUBJECT

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

DISCUSSION

The Division of Financial Assistance (Division) administers the CWSRF Program to provide low-interest financing agreements for construction of wastewater treatment, wastewater collection systems and water recycling facilities, implementation of non-point source (NPS) projects and programs, and development and execution of estuary comprehensive conservation and management plans.

The *Policy for Implementing the Clean Water State Revolving Fund for Construction of Wastewater Treatment Facilities* (CWSRF Policy) was originally adopted by the State Water Resources Control Board (State Water Board) on August 18, 1988, and last amended on July 17, 2007.

The Division proposes amending the CWSRF Policy to do the following:

- 1) Update the CWSRF Policy so that it is consistent with all current procedures used by the Division for CWSRF financing;
- 2) Allow the Division to implement a two tiered California Environmental Quality Act (CEQA) or CEQA Plus review of applicants' projects, as determined to be appropriate during the CWSRF funding process;
- 3) Replace the current revenue program requirements with a credit review of applicants' ability to pay back CWSRF financing;
- 4) Delegate authority to the Division to approve routine, non-controversial Project Preliminary Funding Commitments (PFC) and to extend by 120 days the Sunset date established for a PFC;
- 5) Delegate to the Deputy Director of the Division the authority to revise all CWSRF Policy appendices for administrative or procedural changes, not in conflict with the CWSRF Policy;
- 6) Add the service charge approved by AB 1742 (Chapter 632, Statutes of 2007), if applicable, and clarify the financial impact on the CWSRF financings;
- 7) Make necessary editorial changes to the CWSRF Policy; and
- 8) Update all CWSRF Appendices consistent with the proposed amended CWSRF Policy and current Division procedures.

[Exhibit A](#) is a detailed listing of the proposed changes to CWSRF Policy and is provided as an index for the proposed CWSRF Policy changes. [Exhibit B](#) uses the following color-coding system (Microsoft Word's Track Changes tool) to indicate original text, changes, deletions or new text to the existing CWSRF Policy:

Original Text (no change): Black;
Deleted Text: Red (with strikethrough text); and
New Text: Red (with text underlined).

[Exhibit C](#) is the proposed amended CWSRF Policy with all changes accepted.

Public Notice:

The Public Notice of the CWSRF Policy Amendment and Appendices were posted on the State Water Board website for 30 days beginning on July 18, 2008, for public review and comments ending on August 18, 2008. Staff notified subscribers of the State Water Board's electronic mailing list of the opportunity to comment on the proposed CWSRF Policy Amendment for four weeks. Division staff made appropriate additions, deletions, and modifications to the CWSRF Policy in Exhibit C and the Appendices to address comments submitted by the public and interested parties prior to the end of the review period.

POLICY ISSUE

Should the State Water Board approve the proposed amendments to the CWSRF Policy as shown in Exhibit C?

FISCAL IMPACT

The fiscal impact of these changes is expected to be neutral.

REGIONAL BOARD IMPACT

None.

STAFF RECOMMENDATION

Division Staff recommends that the State Water Board adopt the CWSRF Policy amendment as shown in Exhibit C.

DRAFT

STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2008-

AMEND THE POLICY FOR IMPLEMENTING THE CLEAN WATER STATE REVOLVING FUND (CWSRF) FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES

WHEREAS:

1. The Division of Financial Assistance (Division) administers the CWSRF Program to provide low-interest financing agreements for construction of wastewater treatment, wastewater collection systems and water recycling facilities, implementation of non-point source (NPS) projects and programs, and development and execution of estuary comprehensive conservation and management plans;
2. The *Policy for Implementing the Clean Water State Revolving Fund for Construction of Wastewater Treatment Facilities* (CWSRF Policy) was originally adopted by the State Water Resources Control Board (State Water Board) on August 18, 1988, and last amended on July 17, 2007;
3. AB 1742 authorized the State Water Board to collect a funding service charge to cover CWSRF Program administrative costs;
4. The Public Notice of the CWSRF Policy Amendment was posted on the State Water Board website for 30 days beginning on July 18, 2008, for public review and comments ending on August 18, 2008;
5. Comments received from the public have been addressed in [Exhibits A, B](#) and C;
6. [Exhibit C](#) is the proposed amended CWSRF Policy; and
7. State and federal law requires the CWSRF Program to operate in perpetuity, using all funds repaid into the CWSRF or other monies generated by the CWSRF.

THEREFORE BE IT RESOLVED THAT:

The State Water Board: Adopts the amended CWSRF Policy.

CERTIFICATION

The undersigned, Clerk to the Board, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Board held on September 2, 2008.

Jeanine Townsend
Clerk to the Board