

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
JANUARY 18, 2011**

ITEM 4

SUBJECT

CONSIDERATION OF A RESOLUTION FOR THE CITY OF LA MESA AND CITY OF CHICO EXTENDING THE FINAL DISBURSEMENT DEADLINE IN THE POLICY FOR IMPLEMENTING THE CLEAN WATER STATE REVOLVING FUND (CWSRF) FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES (POLICY)

DISCUSSION

Section XII.D of the CWSRF Policy provides that if the Division of Financial Assistance (Division) does not receive final disbursement request within six (6) months of the Completion of Construction date established in the financing agreement and prior approval has not been granted by the Division to submit the final disbursement at a later time, then the undisbursed balance of the CWSRF financing agreement will be deobligated and made available for other projects. The City of La Mesa (La Mesa) and the City of Chico (Chico) did not submit their final disbursement requests by the appropriate deadlines.

Completion of Construction for the La Mesa Project (Project No. C-06-4729-140) was delayed due to unforeseen construction and design considerations. Completion of Construction for the Chico Project (Project No. C-06-4997-110) was delayed due to unforeseen weather and construction delays. The six-month limit to submit the final disbursement request passed prior to La Mesa and Chico requesting a final disbursement extension from the Division. The final disbursement deadline is a new requirement added to the Policy in the March 2009 amendment. La Mesa and Chico were unaware of the new final disbursement deadline requirement and therefore did not request an extension prior to the deadline.

The La Mesa CWSRF financing agreement No. 08-854-550 contains a balance of \$1,327,252 of undisbursed funds previously committed to La Mesa. Chico's CWSRF financing agreement No. 08-846-550 contains a balance of \$372,802 of undisbursed funds previously committed to Chico. By Policy these funds are unavailable to La Mesa and Chico for reimbursement of costs incurred to complete the Project. Division staff, in consultation with La Mesa and Chico, request that the final disbursement deadline be extended to March 30, 2011. If the final disbursement request is not received by March 30, 2011, then the undisbursed balance of the CWSRF financing agreement(s) will be deobligated and made available to other projects.

POLICY ISSUE

Should the State Water Board:

- a. Authorize the Division to amend the financing agreement to extend the final disbursement deadlines to March 30, 2011, for La Mesa CWSRF financing agreement No. 08-854-550 and Chico CWSRF financing agreement No. 08-846-550?

- b. Direct staff to make the remaining undisbursed funds available to the La Mesa and Chico Projects for reimbursement of Project costs consistent with the newly established deadline for the final disbursement request? If the final disbursement request is not received by March 30, 2011, the undisbursed balance of the CWSRF financing agreement(s) will be deobligated and made available to other projects.

FISCAL IMPACT

There is minor fiscal impact to the CWSRF Program because the undisbursed funds (\$1,700,054) are currently being held until the final disbursement deadline is extended. Interest does not start to accrue until the funds are disbursed, so there is a minor amount of interest that may be lost as a result of the delay in disbursing the funds associated with the La Mesa and Chico Projects. Additionally, these funds are still committed to the project, so they are not available to commit to other projects.

REGIONAL BOARD IMPACT

None.

STAFF RECOMMENDATION

The State Water Board should:

- a. Authorize the Division to amend the financing agreement to extend the final disbursement request deadlines to March 30, 2011, for La Mesa CWSRF financing agreement No. 08-854-550 and Chico CWSRF financing agreement No. 08-846-550.
- b. Direct staff to make the remaining undisbursed funds available to the La Mesa and Chico Projects for reimbursement of Project costs consistent with the newly established deadline for the final disbursement request. If the final disbursement request is not received by March 30, 2011, then the undisbursed balance of the CWSRF financing agreement(s) will be deobligated and made available to other projects.

State Water Board action on this item will assist the Water Boards in reaching Goals 1 and 2 of the Strategic Plan Update: 2008-2012 to: (1) Implement strategies to fully support the beneficial uses for all 2006 listed water bodies by 2030 (Goal 1); and (2) Improve and protect groundwater quality in high use basins by 2030 (Goal 2).

DRAFT

STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2011-

CITY OF LA MESA AND CITY OF CHICO EXTENDING THE FINAL DISBURSEMENT DEADLINE IN THE POLICY FOR IMPLEMENTING THE CLEAN WATER STATE REVOLVING FUND (CWSRF) FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES (POLICY)

WHEREAS:

1. Section XII.D of the Policy requires that the final disbursement request must be received by the Division of Financial Assistance (Division) no later than six (6) months after the Completion of Construction date as stated in the financing agreement unless prior approval is granted by the Division;
2. The City of La Mesa (La Mesa) and the City of Chico (Chico) did not submit a request to extend their final disbursement deadlines within six (6) months of the Completion of Construction dates stated in their respective financing agreement;
3. La Mesa and Chico request an extension of the final disbursement deadlines for CWSRF financing agreement No. 08-854-550 and CWSRF financing agreement No. 08-846-550, respectively; and
4. Division staff, in consultation with La Mesa and Chico, request that March 30, 2011, be established as the new deadline for La Mesa and Chico to submit their final disbursement request for the remaining funds.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

- a. Authorizes the Division to amend the financing agreement to extend the final disbursement request deadlines to March 30, 2011, for La Mesa CWSRF financing agreement No. 08-854-550 and Chico CWSRF financing agreement No. 08-846-550.
- b. Directs staff to make the remaining undisbursed funds available to the La Mesa and Chico Projects for reimbursement of Project costs consistent with the newly established deadline for the final disbursement request. If the final disbursement request is not received by March 30, 2011, the undisbursed balance of the CWSRF financing agreement(s) will be deobligated and made available to other projects.

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 Resources Control Board held on January 18, 2011.

Jeanine Townsend
Clerk to the Board