

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
JUNE 2, 2015**

ITEM 7

SUBJECT

CONSIDERATION OF A RESOLUTION TO REAUTHORIZE THE SALE OF UP TO THREE HUNDRED MILLION DOLLARS (\$300,000,000 PAR VALUE) OF NEW REVENUE BONDS FOR THE CLEAN WATER STATE REVOLVING FUND (CWSRF)

DISCUSSION

The Division of Financial Assistance (Division) regularly assesses the need for leveraging based on the CWSRF's cash flow forecasts. The forecasts are based on a variety of dynamic factors, with federal grant levels and the timing of project disbursements being the most significant variables. Yearly federal grants fluctuate and disbursement projections on outstanding obligations are updated continuously as each financed project progresses through construction.

The Division's cash flow forecasts have periodically indicated the potential need for additional funds. In 2005, it appeared that additional bonds might be needed, and the State Water Resources Control Board (State Water Board) adopted [Resolution No. 2005-0064](#), authorizing the Division to sell \$300,000,000 worth of bonds using the repayments from existing CWSRF financing agreements as security for the bonds. The Division took preliminary steps toward a bond sale in 2005, but ultimately determined that new money bonds were not needed at that time. In June 2012, the State Water Board updated the Division's authority to sell new money bonds in [Resolution No. 2012-0025](#).

The Division continues to monitor closely the CWSRF's cash flow and refine its forecasts. Although cash flow forecasts are dynamic, the current cash flow projections and the high level of outstanding CWSRF obligations indicate that the CWSRF may need additional cash in State Fiscal Year (SFY) 2015-16. Based on these conditions, the Division wants to be prepared should a bond sale become necessary. Therefore, the Division is requesting that the State Water Board update the authority to sell bonds for the CWSRF to better reflect the current status of the CWSRF. The additional bonds would be sold only if cash flow conditions warrant and the specific sale is approved by the State Water Board at a future State Water Board meeting.

POLICY ISSUES

Should the State Water Board reauthorize the sale of up to \$300,000,000 par value in new revenue bonds for the CWSRF?

REGIONAL WATER BOARD IMPACT

Reauthorizing the sale of new revenue bonds will help municipalities and other eligible applicants finance projects to comply with Regional Water Quality Control Boards' discharge requirements, address Regional Water Quality Control Boards' enforcement orders, or contribute to Basin Plan goals.

FISCAL IMPACT

The costs associated with the sale of new bonds, if needed, will be paid from the proceeds of the bonds.

State Water Board staff costs associated with the sale of new revenue bonds, if needed, will be covered by the administrative accounts currently available to pay staff costs.

STAFF RECOMMENDATION

The State Water Board should reauthorize the sale of up to \$300,000,000 par value in new revenue bonds for the CWSRF.

State Water Board action on this item will assist the Water Boards in reaching Goals 1, 2, 3, and 4 of the Strategic Plan Update: 2008-2012 to implement strategies to fully support the beneficial uses for all 2006-listed water bodies by 2030; improve and protect groundwater quality in high-use basins by 2030; 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; and 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.

DRAFT

STATE WATER REOURCES CONTROL BOARD RESOLUTION NO. 2015-

REAUTHORIZE THE SALE OF UP TO THREE HUNDRED MILLION DOLLARS
(\$300,000,000 PAR VALUE) OF NEW REVENUE BONDS FOR THE
CLEAN WATER STATE REVOLVING FUND (CWSRF)

WHEREAS:

1. In [Resolution No. 2012-0025](#), the State Water Resources Control Board (State Water Board) reauthorized the sale of \$300 million worth of bonds for the CWSRF;
2. The CWSRF program's cash flow forecast indicates a potential need for new money bonds during State Fiscal Year 2015-16; and
3. The I-Bank has the authority to sell CWSRF bonds on behalf of the State Water Board pursuant to Article 6, Chapter 2, Division 1, Title 7 of the Government Code.

THEREFORE BE IT RESOLVED THAT:

The State Water Board reauthorizes the sale of up to \$300,000,000 par value in new revenue bonds for the CWSRF, as necessary.

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 June 2, 2015.

Jeanine Townsend
Clerk to the Board