



CALIFORNIA WATER BOARDS
State Water Resources Control Board
Regional Water Quality Control Boards

Water Board Function: Financial assistance -- CWSRF

To administer the State Water Resources Control Board's financial assistance programs.

Water Board Program(s) Relevant to Function:

Clean Water State Revolving Fund (CWSRF) Program

Problem/Issue Description:

The construction of treatment facilities or implementation of measures is generally necessary to address water quality problems and to prevent pollution of the waters of the State. The CWSRF Program currently provides low-interest financing for pollution control and prevention projects such as the construction of publicly-owned wastewater treatment facilities, sewer collection systems, sewer interceptors, water reclamation facilities, as well as expanded use projects such as implementation of nonpoint source (NPS) projects or programs, development and implementation of estuary Comprehensive Conservation and Management Plans the Bay-Delta, Morro Bay, and Santa Monica Bay National Estuary Program, and storm water treatment.

Overview of Function:

The federal Clean Water Act provides states the opportunity to establish a CWSRF program to help achieve the goal of clean water. The CWSRF, comprised of both federal and State monies, funds publicly owned treatment systems, non-point source projects, and estuary protection projects with low-interest financing. Since 1989, California's CWSRF has provided over \$4.2 billion in low-interest financing for over 380 eligible projects. California receives annual capitalization grants from U.S. EPA and provides a 20% match via State bonds and local funds. The Water Board issued \$300 million in revenue bonds in 2002, and approved an additional \$300 million in bonds to be issued when needed. The program issues about \$400 million annually in new financing, and services about 350 outstanding agreements totaling more than \$2.3 billion receivable.

Role of Water Board Staff:

Develop guidelines, develop annual Priority List/Intended Use Plan and Annual Report, assist applicants, review applications and approve financing, coordinate CWSRF funding with other funding (internally and externally), make disbursements and collect payments, monitor fund health, and report to/coordinate with U.S. EPA.

Role of Regional Board Members:

[see Financial assistance – General]

Role of State Board Members:

[see Financial assistance – General]

Primary Issues of Concern:

- Declining federal grants (trend may change with new Congress)
- Possible windfall economic stimulus (capitalization) grant
- Affordability of funding for small, disadvantaged communities
- First time development of regulations for program
- Sustainability of fund
- Credit security of borrowers

Definition of Key Terms:

Capitalization Grant: Seed money from U.S EPA.

Intended Use Plan: Annual business plan.

Priority List: List of projects that may submit an application.

Revenue Bonds: Funds loaned to the CWSRF by investors to implement additional projects.



CALIFORNIA WATER BOARDS
State Water Resources Control Board
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Water Board Function: Financial assistance -- WRFPP

Water Board Program(s) Relevant to Function:

Waste Discharge Requirements (WDR) program, NPDES Program, Storm Water Program, Water Rights, Basin Planning, and Financial Assistance programs

Problem/Issue Description:

The use of recycled water, desalinated water, and the push for water conservation are continually increasing as the State's population grows and water availability is reduced by environmental constraints and supply reduction due to dryer weather patterns. The employment of recycled water, desalinated water, and water conservation measures do have water quality impacts that have to be considered and regulated by the Water Boards. For instance, recycled water can have water quality considerations, such as brine waste discharges from reverse-osmosis systems, and potential affects on groundwater quality due to salts or nitrates. Desalination facilities also have considerations such as entrainment and impingement of sea life in their intake water and brine discharges. Balancing the need to encourage water use efficiency while protecting water quality and beneficial uses can be challenging under certain conditions.

Overview of Function:

Water use efficiency activities such as recycling water or desalination have impacts on water quality that require regulation by the Water Boards. Generally these impacts are regulated by issuing waste discharge requirements and/or NPDES permits (see function sheets on municipal and industrial wastewater regulation, stormwater regulation, and waste discharge to land regulation). However, there is a difference when regulating water recycling and desalination as opposed to a waste discharge, and that is that the primary objective is not the discharge of waste, rather the waste discharge is a consequence of the recycling or desalination activity. Therefore, a dilemma often faced is one of encouraging water recycling while protecting water quality and beneficial uses.

Another factor that bears consideration when dealing with water recycling is the potential for a water rights issue. Diversion of water from natural water bodies, for example the reduction of a waste discharge flow for the purposes of recycling, may require a Water Rights approval.

Outside of the standard waste discharge permitting function of the Water Boards, water use efficiency and the State Water Board's ability to affect it can also be found in the Storm Water program. Diversion of storm water from storm-drain systems so that it can percolate into the groundwater and become a future resource rather than contributing to polluted storm water flows is a burgeoning idea for inclusion in storm water permits.

Low impact development (LID) is one means of achieving this water use efficiency and the inclusion of LID requirements in storm water permits can foster water use efficiency.

The Water Boards also have historically offered and administered financial assistance programs that provide funding for water recycling facilities. These have varied from grants to loans and have been tied at times to specific objectives like reducing impacts on the Bay-Delta. New grant programs, like the upcoming Proposition 84 Storm Water grant program, will also provide an opportunity to incorporate water use efficiency in decreasing impervious surfaces and increasing storm water percolation to groundwater.

Role of Water Board Staff:

Water Board staff develops the waste discharge requirements, NPDES permits, and storm water permits that affect water use efficiency. Also, the State Water Board's Division of Water Rights may need to address water rights issues associated with water recycling and diversion of storm water.

Role of Regional Board Members:

[see Financial assistance – General]

Role of State Board Members:

[see Financial assistance – General]

Primary Issues of Concern:

Encouraging water recycling, desalination, and storm water diversions while protecting water quality and beneficial uses.

Definition of Key Terms:

Desalination – the removal of salt, especially from sea water.

Recycled water - means water which, as a result of treatment of waste, is suitable for a direct beneficial use or a controlled use that would not otherwise occur and is therefore considered a valuable resource [CWC Section 13050 (n)].



CALIFORNIA WATER BOARDS

State Water Resources Control Board

Regional Water Quality Control Boards

Water Board Function: Financial assistance -- IRWM

To administer the implementation of the State Water Resources Control Board's financial assistance programs.

Water Board Program(s) Relevant to Function:

Integrated Regional Water Management (IRWM) Program

Problem/Issue Description:

Water is a valuable natural resource in California, and should be managed to ensure the availability of sufficient supplies to meet the State's agricultural, domestic, industrial, and environmental needs. It is essential to encourage local agencies to work cooperatively to manage their available local and imported water supplies to improve and maximize the quality, quantity, and reliability of those supplies. The intent of the IRWM Grant Program is to encourage integrated regional strategies for the management of water resources.

Overview of Function:

The IRWM Grant Program, funded by Proposition 50, Chapter 8, provided approximately \$412 million for competitive grants to public agencies and nonprofit organizations for projects to protect communities from drought, protect and improve water quality, and improve local water security by reducing dependence on imported water. Funding for the Proposition 50 IRWM Grant Program was administered jointly between the State Water Board and Department of Water Resources (DWR). The agencies utilized a combined process to jointly solicit applications, evaluate proposals, and award grants. All of the Proposition 50 funding for IRWM has been encumbered. Additional funding for IRWM of \$1 billion is provided to DWR through Proposition 84.

Role of Water Board Staff:

Staff is expected to assist DWR through an interagency agreement to develop guidelines, assist applicants, provide workshops, review and score proposals, and develop funding list(s) for presentation to the DWR Director. State Water Board staff continues to manage Prop 50 IRWM projects and make disbursements to grantees.

Role of Regional Board Members:

[see Financial assistance – General]

Role of State Board Members:

[see Financial assistance – General]

Definition of Key Terms:

Proposition 50: The Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002.

Proposition 84: The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006.



CALIFORNIA WATER BOARDS State Water Resources Control Board Regional Water Quality Control Boards

Water Board Function: Financial assistance -- CBI

To administer the implementation of the State Water Resources Control Board's financial assistance programs.

Water Board Program(s) Relevant to Function:

Clean Beaches Initiative (CBI) Grant Program

Problem/Issue Description:

Poor water quality at California beaches threatens the health of swimmers and the economy of the State. When bacterial standards are exceeded, beaches are posted with warnings. The most common cause of postings is the dry weather discharge of urban runoff from storm drain systems. Beaches are closed when a sewage spill has affected the beach. Posted or closed beaches are re-opened only when water samples meet standards. Current sampling methods require an incubation period, which results in a time lag between sampling and obtaining results. This means beaches stay posted or closed longer than necessary to protect public health. The CBI Grant Program provides funding for projects that restore and protect the water quality and the environment of coastal waters, estuaries, bays, and near shore waters. Funding priority is given to projects that reduce postings and closures on California public beaches caused by bacterial contamination.

Overview of Function:

The Clean Beaches Initiative (CBI) Grant Program was established as part of the Fiscal Year 2001-02 Budget to respond to the poor water quality and dramatic number of postings and closures revealed by monitoring at California's beaches. The CBI Grant Program has been funded by:

Proposition 13 (2000) - \$32.3 million·	Proposition 40 – (2002) - \$43.7 million·
Proposition 50 (2002) - \$23 million·	Proposition 84 (2006) - \$34 million

CBI grant funds are being used to (1) improve, upgrade, or convert existing sewer collection or septic systems to reduce or eliminate sewage spills, (2) implement urban runoff pollution reduction and prevention programs, and (3) implement management practices to eliminate upstream sources of bacterial contamination for the restoration and protection of coastal water quality. Projects are recommended for funding by the Clean Beaches Task Force (CBTF), which is comprised of beach water quality experts.

The State Water Board adopted Guidelines for administration of the CBI Program on September 16, 2008. The application process is continuous with solicitations closing on a tri-annual basis. The first solicitation closes January 23, 2009.

The resolution adopting the Guidelines also authorizes funds to conduct a Source Identification Pilot Program. The goal of the Source Identification Pilot Program is to develop standard source investigation protocols that will identify bacteria sources contributing to chronically impaired beaches and test the protocols at chronically polluted beaches.

Role of Water Board Staff:

The CBI Grant Program is administered by State Water Board staff. Water Board staff review projects and provide input on project selection to the CBTF. The Grant Managers of the coastal Regional Boards are encouraged to provide input during the project review period. One Regional Water Board AEO is a member of the CBTF.

Role of Regional Board Members:

[see Financial assistance – General]

Role of State Board Members:

[see Financial assistance – General]

Primary Issues of Concern:

Identifying the source of bacterial contamination can be complicated, but is necessary prior to implementing projects to clean them up. Bond funds typically only fund the projects to clean up the beaches not the studies to identify sources. Also, the indicators upon which the water quality standards are based may not be indicative of the causes of illness. Further, the lag in the testing methods means that beaches may be open when they are contaminated due to the delay in receiving results. They then stay closed longer than necessary while waiting for testing results. Research into new and better indicators is needed.

Definition of Key Terms:

AB 411 - Bill that established requirement for beach water quality testing.

CBTF – Clean Beaches Task Force: The CBTF is a blue ribbon panel, selected from local agencies, environmental advocacy groups, academia, government, and scientific research organizations. The CBTF assists the State Water Board in reviewing CBI project proposals, as well as evaluating the success of the projects, and identifying critical beach water quality research needs.



CALIFORNIA WATER BOARDS

State Water Resources Control Board

Regional Water Quality Control Boards

Water Board Function: Financial assistance – ASBS

To administer the implementation of the State Water Resources Control Board's financial assistance programs.

Water Board Program(s) Relevant to Function:

Areas of Special Biological Significance (ASBS) Grant Program

Problem/Issue Description:

Areas of Special Biological Significance (ASBS) are those areas designated by the State Water Board as ocean areas requiring protection of species or biological communities to the extent that alteration of natural water quality is undesirable. All ASBS are also classified as a subset of State Water Quality Protection Areas. The California Ocean Plan prohibits the discharge of waste into ASBS to afford special protection to marine life. There are currently a total of 34 ASBS. A 2003 survey of ASBS identified 1,654 storm water and nonpoint source discharges, plus 31 wastewater discharges to ASBS. Additional discharges have been identified since the 2003 survey. Funding is needed for water quality improvement projects to protect ASBS.

Overview of Function:

The Proposition 84 ASBS Grant Program provides matching grants for local public agencies to help agencies comply with the discharge prohibition into ASBS in the California Ocean Plan. The State Water Resources Control Board, Division of Financial Assistance (Division) administers approximately \$32 million in ASBS Grant funding. Eligible projects will: (1) improve water quality at public beaches to meet bacteriological standards, (2) improve existing sewer collection and septic systems, and (3) implement storm water and runoff pollution reduction and prevention programs.

Projects must be recommended for funding by the Clean Beaches Task Force. To ensure adequate technical background to evaluate projects, the State Water Board added members with expertise in ASBS to the Clean Beaches Task Force. The resulting ASBS Task Force is a subset of the Clean Beaches Task Force, and has volunteered valuable time and effort to the grant application, review and selection process. The ASBS Task Force will continue to be involved as the projects move forward into implementation.

Role of Water Board Staff:

Division staff help develop guidelines, solicit and review projects, assist ASBS Task Force with developing recommended project list, and oversee project implementation. Guidelines were adopted April 1, 2008 by the State Water Board and solicitation for projects is completed. A total of seventeen (17) projects have been recommended for funding by the ASBS Task Force. The final project list will be taken to the State Water Board for consideration on January 20, 2009.

Role of Regional Board Members:

[see Financial assistance – General]

Role of State Board Members:

[see Financial assistance – General]

Primary Issues of Concern:

Bond language limited grant eligibility to local public agencies, which excludes the responsible agencies (State and federal) for many of the ASBS discharges. The amount of grant funds available will not address all of the discharges. Funding priority is given to projects that: (1) address high threat discharges, (2) provide the greatest water quality improvement, (3) protect beneficial uses, (4) address constituents of concern on the 303(d) list, and (5) help meet the Water Quality Objectives defined in the California Ocean Plan.

Definition of Key Terms:

Clean Beaches Task Force – The CBTF is a blue ribbon panel, selected from local agencies, environmental advocacy groups, academia, government, and scientific research organizations. The CBTF assists the State Water Board in reviewing CBI project proposals, as well as evaluating the success of the projects, and identifying critical beach water quality research needs.

ASBS Task Force – The ASBS Task Force is a subgroup of the Clean Beaches Task Force that reviews and recommends projects for the Proposition 84 ASBS Grant Program. The ASBS Task Force represents the breadth and diversity of California's coastal communities and was selected from local agencies, environmental advocacy groups, academia, government, and scientific research organizations.

MMA – Marine Managed Area: Geographic area designed to protect or manage resources within the marine environment; their effectiveness is dependent on the development of sound boundaries.

MPA – Marine Protected Area: Discrete geographical marine or estuarine area designed to protect or conserve marine life and habitat. A few examples include Tomales Bay State Marine Park, James V. Fitzgerald State Marine Park, Point Lobos State Marine Reserve, Painted Cave State Marine Conservation Area, and Crystal Cove State Marine Conservation Area.

SWQPA – State Water Quality Protection Area: Non-terrestrial marine or estuarine areas designated to protect marine species or biological communities from an undesirable alteration in natural water quality. All Areas of Special Biological Significance (ASBS) that were previously designated by the State Water Board in Resolutions 74-28, 74-32, and 75-61 are now also classified as a subset of State Water Quality Protection Areas and require special protections afforded by the Ocean Plan.

CCA – Critical Coastal Area: means an innovative program, required by California's Nonpoint Source Pollution Plan to foster collaboration among local stakeholders and government agencies, to better coordinate resources and focus efforts on coastal-zone watershed areas in critical need of protection from polluted runoff.



CALIFORNIA WATER BOARDS

State Water Resources Control Board

Regional Water Quality Control Boards

Water Board Function: Financial Assistance -- NPS

To administer the implementation of the State Water Resources Control Board's financial assistance programs.

Water Board Program(s) Relevant to Function:

319(h) Nonpoint Source (NPS) Implementation Grant Program

Problem/Issue Description:

NPS pollution, also known as polluted runoff, is the leading cause of water quality impairments in California and in the Nation. To effectively reduce and prevent water pollution in California, we need to prevent polluted runoff from reaching our rivers, streams, lakes, beaches, bays, and ground waters. California works to ensure that management practices, such as management measures and other activities that reduce or prevent polluted runoff, are actually used or implemented. Without adequate funding, some of these activities may not be completed as needed.

Overview of Function:

The 319(h) NPS Implementation Grant Program is an annual federally funded nonpoint source pollution control grant program that is focused on implementing watershed-based plans to restore impaired water bodies. The program seeks to fund projects that demonstrate: (1) well planned and designed implementation activities tied to TMDLs and watershed plans, (2) significant pollutant load reductions that contribute to the restoration of an impaired 303(d) listed water body, and (3) achievement of water quality objectives and beneficial uses within 5 years.

From a regulatory perspective, pollutant discharges that are regulated under the National Pollutant Discharge Elimination System (NPDES) are considered to be point sources. Because of this, many of the projects which apply for funding in urbanized regions are not eligible because the project is covered under an NPDES permit.

Role of Water Board Staff:

Solicit and participate in project review and selection; oversee project implementation.

Role of Regional Board Members:

[see Financial assistance – General]

Role of State Board Members:

[see Financial assistance – General]

Primary Issues of Concern:

The amount of funding has been decreasing and currently is approximately \$4 million per year. It is difficult to demonstrate adequate State match because the State Water Board does not administer adequate Nonpoint Source funding needed to match the 319(h) funds. There is a great need for funding to address NPS issues throughout California and the number of worthy projects consistently exceeds the available funding.

Definition of Key Terms:

NPS – Nonpoint Source Pollution: NPS Pollution is water pollution that does not originate from a discrete point, such as a sewage treatment plant outlet. NPS pollution is a by-product of land use practices, such as those associated with farming, timber harvesting, construction management, marina and boating activities, road construction and maintenance, mining, and urbanized areas not regulated under the point source stormwater program. Primary pollutants include sediment, fertilizers, pesticides, and other pollutants that are picked up by water traveling over and through the land and are delivered to surface and ground water via precipitation, runoff, and leaching.

NPDES – National Pollutant Discharge Elimination System: As authorized by the Clean Water Act, the NPDES Permit Program controls water pollution by regulating point sources that discharge pollutants into waters of the United States.

TMDL – Total Maximum Daily Load: Identifies the maximum quantity of a particular pollutant that can be discharged into a water body without violating a water quality standard, and allocates allowable loading amounts among the identified pollutant sources.



CALIFORNIA WATER BOARDS

State Water Resources Control Board

Regional Water Quality Control Boards

Water Board Function: Financial assistance -- Agricultural

To administer the implementation of the State Water Board's financial assistance programs.

Water Board Program(s) Relevant to Function:

Agricultural Water Quality Grant Program (AWQGP), Agricultural Drainage Loan Program (ADLP) and Agricultural Management Loan Program (ADMLP)

Problem/Issue Description:

Nonpoint source (NPS) pollution is the leading cause of water quality impairments in California. Agriculture is the leading contributor of NPS pollution in California. Regional Water Board efforts to regulate discharges from agricultural lands have been controversial. The grant and loan programs provide the "carrot" to go with the regulatory "stick".

Overview of Function:

The AWQGP provides grants to public agencies and non-profits for projects that reduce the discharge of pollutants from agricultural operations into surface waters of the State. Propositions 40 and 50 authorized \$11.4 million and \$29.5 million, respectively, for grants and Proposition 84 authorized \$13.7 million.

ADLP and ADMLP provide loans to city, county, district, joint powers authority or other political subdivision of the State involved with water management which in turn they make it available to the individual growers for implementation of projects that will improve irrigation water use efficiency and improve water quality. ADLP (Bond Law of 1986) authorized \$75 million and ADMLP (Bond Law of 1996) \$30 million

Role of Water Board Staff:

Develop process for implementing program, review and recommend projects, and oversee project implementation.

Role of Regional Board Members:

[see Financial assistance – General]

Role of State Board Members:

[see Financial assistance – General]

Primary Issues of Concern:

AWQGP - To date all the funds have been committed to projects that were solicited in 2004, 2006, and 2008. Some growers were not willing to participate in the grant program due to the accountability requirements, and were reluctant to allow reporting of activities implemented on private land or allow inspection of the projects. There is concern over potential third party lawsuits if pollution is reported coming from the property.

ADLP and ADMLP - To date all funds except approximately \$11 million and \$6 million respectively have been committed to projects. There is not interest in the loan funds due mainly to availability of grants.

Definition of Key Terms: None.



CALIFORNIA WATER BOARDS

State Water Resources Control Board

Regional Water Quality Control Boards

Water Board Function: Financial Assistance – Storm Water

To administer the implementation of the State Water Resources Control Board's financial assistance programs.

Water Board Program(s) Relevant to Function:

Proposition 84 Storm Water Grant Program

Problem/Issue Description:

Storm water is one of the leading causes of water pollution. Where rainfall is not absorbed by the soil or is not taken up by plants and trees, it runs over impermeable surfaces like roofs, parking lots, and streets. Storm water runoff can quickly become polluted by chemicals, such as fertilizers, pesticides, and litter. Even small amounts of pollutants that accumulate on impervious surfaces are quickly transported into nearby streams and rivers, causing major water quality problems. Identifying sources of storm water pollution and keeping them off the ground (away from storm drains or roadside ditches) is the best and most economical way to keep storm water clean. The State Water Board provides financial support to local public agencies for projects that reduce or prevent storm water contamination of rivers, lakes, or streams.

Overview of Function:

Proposition 84 provides matching grants to help local public agencies' projects to reduce or prevent storm water contamination of rivers, lakes, or streams. Approximately \$82 million will be made available for eligible storm water projects.

Provisions of Assembly Bill (AB) 739 (Statutes 2007, Chapter 610, Laird) further define the Proposition 84 Storm Water Grant Program. Provisions of AB 739 include:

- Development of guidelines and establishment of maximum grant amount;
- Defining seven possible project types, two of which are identified as eligible project types in the draft Guidelines (i.e., compliance with established total maximum daily load where pollutant loads have been allocated to storm water; and low impact development projects);
- Establishing program preferences (i.e., projects that support sustained, long-term water quality improvements; projects coordinated or consistent with an integrated regional water management program);
- Requiring grantees to report on project effectiveness; and
- Requiring the State Water Board to appoint a Storm Water Advisory Task Force, which will provide advice to the State Water Board on its funding and regulatory programs.

Role of Water Board Staff:

Develop guidelines, assist applicants, provide workshops, review and score proposals, develop funding list(s) for presentation to the State Water Board, develop grant agreements with grantees, manage projects, and make disbursements.

Role of Regional Board Members:

[see Financial assistance – General]

Role of State Board Members:

[see Financial assistance – General]

Primary Issues of Concern:

- Inadequate funding for need. With only approximately \$82 million available for grants to local public agencies, the grant funding is inadequate to address the statewide need. Additional resources will be needed for entities to adequately address their storm water problems.

Definition of Key Terms:

Low Impact Development (LID): For the purposes of this funding program, LID is a storm water management strategy aimed at maintaining or restoring the natural hydrologic functions of a site or project to achieve natural resource protection objectives and fulfill environmental regulatory requirements; LID employs a variety of natural and build features that reduce the rate of runoff, filter pollutants out of runoff, and facilitate the infiltration of water into the ground and/or on-site storage of water for reuse.

Matching Grants: Funds provided by the grantee.

Proposition 84: The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006.



CALIFORNIA WATER BOARDS
State Water Resources Control Board
Regional Water Quality Control Boards

Water Board Function: Financial Assistance – SCWG Program

To administer the implementation of the State Water Resources Control Board's financial assistance programs.

Water Board Program(s) Relevant to Function:

Small Community Wastewater Grant (SCWG) Program

Problem/Issue Description:

Small communities face specific challenges related to their drinking water and wastewater systems. Many are currently on failing septic systems or have old and undersized wastewater treatment plants that cannot meet current water quality standards. Such systems can cause significant health and safety problems, endanger surface water uses, and pose a threat to groundwater supplies. Due to their small rate base, small communities lack the economies of scale to build and maintain adequate wastewater systems. Small communities are also commonly located in rural, sparsely-populated areas that require greater pipeline and pumping infrastructure. Small, and especially small and rural, communities generally face higher per capita capital and operations and maintenance (O&M) costs, which results in higher, sometimes prohibitive, sewer rates. Disadvantaged small communities face the additional burden of lower household incomes. The SCWG Program provides financial assistance to small disadvantaged communities for their wastewater projects.

Overview of Function:

The SCWG Program has been funded through a variety of Propositions, including Propositions 40 and 50 most recently. Currently, SCWG Program funds are depleted. The Water Boards are looking at new funding sources for the SCWG Program, including the Cleanup and Abatement Account and Assembly Bill 2356 (Statutes 2008, Chapter 609, Arambula). AB 2356 provides for the creation of the State Water Pollution Control Revolving Fund Small Community Grant Fund, into which the State Board may deposit not more than \$50 million, from the annual charge assessed by the Clean Water State Revolving Fund (CWSRF) Program, for projects to assist small communities with their wastewater projects.

Role of Water Board Staff:

Develop guidelines, develop Priority List, assist applicants, review applications and approve funding, and project management that includes coordinating with multiple Division's funding programs and with external funding agencies, reviewing invoices, conducting site inspections, making disbursements.

Additionally, the SCWG Program is responsible for implementing the provisions of the *Small Community Wastewater Strategy* and related State Board Resolution No. 2008-0048.

Role of Regional Board Members:

[see Financial assistance – General]

Role of State Board Members:

[see Financial assistance – General]

Primary Issues of Concern:

Inadequate funding for need. Available funding sources are depleted. Additional resources (both monetary and technical) will be needed for small disadvantaged communities to adequately address their wastewater problems.

Definition of Key Terms:

Proposition 40: California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002.

Proposition 50: Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002.

Small Disadvantaged Community: – A community with a financial hardship (typically a median household income [MHI] of less than 80% of the Statewide MHI), and a population of 20,000 persons or less, per Public Resources Code, Section 30925(a).



CALIFORNIA WATER BOARDS
State Water Resources Control Board
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<p>Water Board Function: Financial Assistance -- CAA</p> <p>To administer the implementation of the State Water Resources Control Board's financial assistance programs.</p>
<p>Water Board Program(s) Relevant to Function: Cleanup and Abatement Account (CAA)</p>
<p>Problem/Issue Description: The intent of the CAA is to provide funds for cleanup or abatement of wastes or other unexpected conditions of pollution.</p>
<p>Overview of Function: The State Water Pollution Cleanup and Abatement Account (CAA) was established by Water Code Sections 13440-13443 and is administered through the State Water Resources Control Board's Division of Financial Assistance. The CAA provides funding for the clean up or abatement of a condition of pollution when there are no viable responsible parties available to undertake the work. The CAA is supported by court judgments and administrative civil liabilities assessed by the State and Regional Water Quality Control Boards. The State and Regional Water Quality Control Boards or public agencies with authority to clean up or abate a waste are eligible to receive CAA funding.</p>
<p>Role of Water Board Staff: Develop procedures and processes for the administration of the fund, and develop Board agenda items and resolutions for Regional Boards or eligible agencies requesting funds over \$100,000. Assist the Regional Boards and eligible agencies in tracking expenditures, assist in developing grants, review requests for payments, make disbursements, and participate in an annual workshop.</p>
<p>Role of Regional Board Members: <i>[see Financial assistance – General]</i></p>
<p>Role of State Board Members: <i>[see Financial assistance – General]</i></p>
<p>Primary Issues of Concern: A general lack of understanding of how the use of CAA funds is determined with the perception being that the State Water Board decides use of the account with minimal outside input. The efficiency and transparency of the program needs to be improved through training and updating of the Administrative Program Manual .</p>
<p>Definition of Key Terms: None.</p>



CALIFORNIA WATER BOARDS
State Water Resources Control Board
Regional Water Quality Control Boards

Water Board Function: Financial assistance – UST Cleanup Fund

To administer the implementation of the State Water Resources Control Board's financial assistance programs.

Water Board Program(s) Relevant to Function:
 Underground Storage Tank (UST) Cleanup Fund (Fund) Program

Problem/Issue Description:
 Provide financial assistance to owners and operators for cleanup of soil and groundwater contamination caused by leaking petroleum USTs. Leaking petroleum USTs are a significant source of impacts to groundwater and may pose potential threats to health and safety, such as exposure from impacts to soil and/or groundwater, contamination of drinking water aquifers, contamination of public or private drinking water wells, and inhalation of vapors. Federal and state laws require every owner and operator of a petroleum UST to maintain financial responsibility to pay for any damages arising from their UST operations. The Fund provides financial assistance to owners and operators for costs associated with the cleanup of contamination caused by leaking petroleum USTs. A recent reduction in revenues has resulted in substantial delays in reimbursement of corrective action costs to Fund claimants, and the situation is expected to continue to various degrees in future fiscal years.

Overview of Function:
 The Barry Keene Underground Storage Tank Cleanup Fund Act of 1989 established the Fund to serve as an optional mechanism for owners and operators of petroleum USTs to meet federal financial responsibility (FR) requirements. (Private insurance, bonds, and letters of credit are examples of other FR options.) The Fund provides financial assistance to owners and operators of USTs by reimbursing certain costs to clean up soil and groundwater at thousands of sites throughout the state contaminated by leaking USTs. The Fund also provides coverage for third-party liability due to unauthorized releases of petroleum from USTs. In addition to reimbursing claimants for cleanup costs, the Fund provides money to the Regional Water Quality Control Boards and local UST regulatory agencies to abate emergency situations or clean up sites posing a significant threat to human health, safety, and the environment. The Fund gets its revenues from a \$0.014 per gallon fee collected from UST owners by the Board of Equalization.

Role of Water Board Staff:
 Review new claim applications to determine if claimants meet the regulatory and statutory eligibility requirements. Determine eligibility for placement on the Priority List and issuance of a Letter of Commitment (LOC). Review agreements to assign Fund claims to otherwise ineligible parties. Review reimbursement requests for compliance with the Fund's cost control guidelines. Provide technical support to staff and claimants. Review site case histories of claims open more than five years to independently check the progress of sites and claim closures.

Process reimbursement requests as efficiently as possible. Review settlement agreements to determine if claimants have already received reimbursement for costs also submitted to the Fund for reimbursement resulting in a double payment to claimants. Audit claims that have been closed and reopen claims that have newly discovered contamination associated with the previous occurrence.

Role of Regional Board Members:
[see Financial assistance – General]

Role of State Board Members:
[see Financial assistance – General]

Primary Issues of Concern:
Leaking USTs continue to cause groundwater impacts and pose a threat to public health, safety and the environment. There are currently approximately 12,000 active UST site cleanups statewide, of which 3,600 are currently covered by active Fund claims. (Not all UST site cleanups are eligible for Fund reimbursement.) Many may be low risk, but progress is lagging and these cases have not been completed for various reasons. Completion and closure of appropriate cases will make funds and oversight staff time available for remaining higher-priority cases. The Fund has historically provided approximately \$200 million annually to investigate and remediate contaminated petroleum UST sites, and the Fund has over 4,500 claims on its Priority List waiting for funding. Due to a reduction in revenues, only \$140 million is projected to be available for Fiscal Year (FY) 2008-2009 and \$150 million for FY 2009-2010. As a result, in November 2008, the Fund suspended LOCs on about 600 claims, reducing the number of active claims from 4,200 to 3,600. More LOC suspensions are likely to occur in early 2009 as the Fund tries to balance its revenues with projected payment demand on active claims. Funding for this program was recently extended to January 1, 2016 (by SB 1161), and a focus on completing cleanups will enable financial assistance to be provided to a greater number of cases. Since its inception, the Fund has paid approximately 10,900 claimants in excess of \$2.5 billion. Considering the number of claims on the Priority List and the limited amount of funding projected for future years, a very small percentage of sites will be funded before the program sunsets.

Definition of Key Terms:
SB 1161 – Signed by the Governor on September 30, 2008, extended the Fund five more years, until January 1, 2016.