State Water Board Approves $800 Million in Financial Incentives for Recycled Water Projects to Provide Drought Relief

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The State Water Resources Control Board (State Water Board) this week approved new low-interest financing terms for water recycling projects to help California produce an additional 150,000 acre-feet of recycled water annually, one of several actions Governor Brown called for in his Drought State of Emergency.

Beginning immediately, the State Water Board’s Division of Financial Assistance is offering $800 million in 1 percent loans – approximately half the current interest rate – for water recycling projects that can be completed within three years of the Governor's January 17 declaration. Applications for funding must be submitted by Dec. 2, 2015.

Water recycling is the use of treated municipal wastewater for beneficial purposes, such as agricultural and landscape irrigation, industrial processes, and replenishing ground water basins. Among the projects that will be eligible for funding are recycled water treatment, distribution and storage facilities.

“The Governor’s Drought Proclamation directs us to accelerate funding for water supply enhancement projects that can break ground soon,” said State Water Board Chair Felicia Marcus. “Offering very low interest financing will provide an immediate incentive to construct more water recycling projects. And when coupled with the longer term financing option we approved late last year, this action will accelerate the production of nearly 150,000 acre-feet annually of new water for beneficial use when these projects reach completion. Californians will feel the benefit of this additional drought-proof water, year after year, for decades to come.”

“Better yet,” she added, “these projects will continue to improve California’s water quality and provide drought relief now and year after year for future generations.” While the enhanced incentives come in response to California’s current drought, they will have future benefits as climate change is expected to lead to changing precipitation patterns and more intense droughts.
The funding is available through the State Water Board’s Division of Financial Assistance Clean Water State Revolving Fund (CWSRF) program. The existing program is still available to finance a variety of water quality improvement projects and already offers 30-year extended term financing for eligible projects.

To assess the level of funding incentive necessary to move projects to construction, Division of Financial Assistance staff collaborated with stakeholders throughout the state to survey the needs of agencies with near-term recycled water projects.

Applications for CWSRF financing are accepted continuously. The Financial Assistance Application, instructions, forms and video tutorials are available at: http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/srf_forms.shtml

Since 1977, the State Water Board has provided water recycling funding to plan, design, and construct water recycling facilities. Between January 2011 and January 2014, the Water Recycling Funding Program has awarded nearly $400 million to fund water recycling planning and construction projects.

Visit Drought.CA.Gov to learn more about how California is dealing with the effects of the drought, and for more water conservation ideas, visit SaveOurH2O.org

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