

**SUMMARY OF  
PROPOSED DRAFT AMENDMENTS TO THE POLICY FOR IMPLEMENTING THE CLEAN  
WATER STATE REVOLVING FUND (POLICY)**

This Policy implements the California Clean Water State Revolving Fund (CWSRF) program, created under the federal Clean Water Act, which includes federal capitalization grants and complementary state funds used for water infrastructure projects.

In addition to the main body text, the Policy contains appendices on various aspects of program administration. Amendments to the main Policy text require Board approval. Authority to amend appendices is delegated to the Deputy Director of the Division of Financial Assistance (DFA or Division). The following appendices may also be amended as part of this Policy amendment:

- Credit/Financial Guidelines appendix
- Disbursement Request Instructions appendix
- DBE Compliance Guidelines appendix

Key amendment proposals are summarized below.

**SCORING CRITERIA**

The Scoring Criteria is used to prioritize repayable loan applications and is the sum of three components: (1) the “project score,” (2) the “affordability score,” and (3) the “readiness score.” Affordability Score can be used as the “tie breaker” between equally scored projects if there is inadequate capacity for all project applications with the same priority score.

Submittal of a Complete Application will be required as an eligibility criterion.

**Proposed Revised Scoring Criteria**

<b>Project Score (max 10)</b>			
Resource or Impact	Purpose		
	Corrective	Preventive	Improvement
Drinking Water Source	10	9	6
Nutrient Removal	8		6
Water Recycling	-	-	8
Water Quality Control Plan or Permit, or Impaired Water Body	8	7	4

<b>Affordability Score (Size + Rates + Rate Assistance; max 5)</b>			
Community Size	< 80% of State MHI	≥ 80% and < 100% of State MHI	≥ 100% and <150% of State MHI
Small (≤ 20,000)	Not subject to scoring*	2	2**
Medium (> 20,000 and ≤ 100,000)	2	1	0
Large (>100,000)	1	0	0
*Note: The Intended Use Plan (IUP) may identify additional project categories as not subject to scoring.			
**Note: Communities with State MHI ≥ 150% will receive a zero (0) in the table above. These communities can still receive points for Sewer Rates as a Percentage of MHI.			
<b>Sewer Rates as a Percentage of Median Household Income</b>			
<1.5% of community MHI		<input type="checkbox"/> 0	
≥1.5% of community MHI		<input type="checkbox"/> 2	
Offers Rate Assistance		1	

<b>Readiness Score (max 3)</b>	
Readiness Metric	Score
Willing to consent to the funding agreement template as posted on the Division’s website. New certification form in application documents.	2
Plans and Specifications ≥ 90% as verified by Division staff	1

**AUTHORITY**

- Clarify the Deputy Director’s authority to add projects to the Fundable List in accordance with this policy and the annual Board-adopted IUPs.
- Add 2 new conditions of when a project could be removed from the Fundable List – when the applicant fails to meet deadlines established in the IUP, and when there’s a conflict of interest between the applicant and an entity that would financially benefit from the funding.
- If recipient requests an extension to Construction Completion Date, give authority to DFA to begin collecting loan repayment under the original schedule (instead of delaying loan repayment as well).

**PROJECT COST ELIGIBILITY**

The policy discusses the types of project costs that are eligible (or ineligible) to receive CWSRF funding. Cost eligibilities would be expanded to:

1. Allow a planning project applicant to include a Planning Contingency amount in its application to reimburse unforeseen eligible costs, subject to approval by DFA.
2. Allow the value appraisal and the cost of purchasing a wastewater system to be considered as eligible project cost as specified in the IUP. For grant projects, DFA could reimburse for land purchase up to an approved appraisal cost.

3. Include decommissioning of septic tanks and construction of new private laterals.

### **STANDARDIZATION AND STREAMLINING**

- Clarify the necessary application materials for repayable loans vs. non-repayable principal forgiveness/grant. This will reduce the burden on PF/grant recipients.
- Rearrange application requirements to appendices. Clarify that some application requirements are only required “if applicable.”
- Clarify the debt coverage requirements for repayable financing projects.
- Update electronic submittal instructions to streamline invoice submission.
- Clarify recipient travel expense guidelines and make some backup documentation “upon request,” instead of required, to streamline invoice review.