



2009 American Recovery and Reinvestment Act Stimulus Funding Distribution Report



State Water Resources Control Board
February 2010



Introduction

In 2009, the State Water Resources Control Board (State Water Board) received \$280 million in federal stimulus funds (American Recovery and Reinvestment Act (ARRA)) to improve water quality in California by providing funding for wastewater treatment and collection system construction projects, non-point source pollution projects, and estuary protection and enhancement programs. Under the ARRA, States are required to have all funds committed to project construction within one year of passage of the ARRA, and if the US EPA determines that a State will be unable to meet this deadline, it is required to reallocate the uncommitted monies to other States.

In response, the State Water Board quickly identified priorities for allocating these funds, developed and implemented the oversight and reporting systems necessary to meet federal and state requirements, obtained the necessary statutory authority to provide grants, in accordance with the ARRA requirements, and established and implemented competitive grant and loan programs to promote water quality in the State. As a result of these efforts, California has been one of the top ranked states in

the nation in terms of quickly executing CWSRF ARRA grants and loans to meet the requirements that all funds must be committed to project construction within one year of passage of the ARRA. In a typical year, the State Water Board funds 15-35 projects through CWSRF, for an average total amount of \$300 million. Between May and October, the State Water Board funded 109 projects for a total of approximately \$500 million.

ARRA Quick Facts

October 30, 2009 – Date that all ARRA financing agreements were executed by State Water Board

109 – Number of projects receiving ARRA funds

\$511 million – Amount of total ARRA-related funding distributed for water quality improvement projects by the State Water Board

36% - Percentage of total ARRA-related funding distributed as grants

Clean Water State Revolving Fund and ARRA

The ARRA stipulates that at least 50 percent of the funds received by the States must be used to provide “additional subsidies” such as grants, principal forgiveness, or negative interest rates, rather than being distributed as loans¹.

¹ Chapter 25, Statutes of 2009 (SB X3 27, Negrete McLeod) authorized the State Water Board to issue grants and forgive CWSRF principal in issuing ARRA funds.



On March 17, 2009, the State Water Board adopted Resolution 2009-0027 in which the State Water Board: (1) leveraged the ARRA funds by lowering the interest rate on the existing CWSRF loans funds, thereby allowing the State Water Board to offer a range of full financing packages that included grants, no-interest loans, very-low-interest loans, and traditional loan assistance for water quality improvement projects, and (2) specified priorities for allocation of the CWSRF funds, including small disadvantaged communities, projects that lost previously committed grant funds, and projects with earlier construction dates.

ARRA Project Funding Overview

The State Water Board executed agreements with 82 agencies and organizations for a wide variety of water quality projects throughout the State. As

Expanded Use Projects

The State Water Board ordered a portion of ARRA funding to be dedicated to expanded use projects, which fall into these three categories:

Implementation of nonpoint source (NPS) pollution control measures – Projects in this category address contaminants like trash being discharged into local watersheds.

Development and implementation of Estuary Comprehensive Conservation and Management Plans – Projects such as these can be essential to restoring wetlands and improving water quality.

Stormwater treatment – These projects filter or treat stormwater runoff to prevent contamination of local water bodies.

detailed below, some of this funding consisted of grants for eligible projects, while other projects utilized a combination of grant and low-interest loan funding for projects.

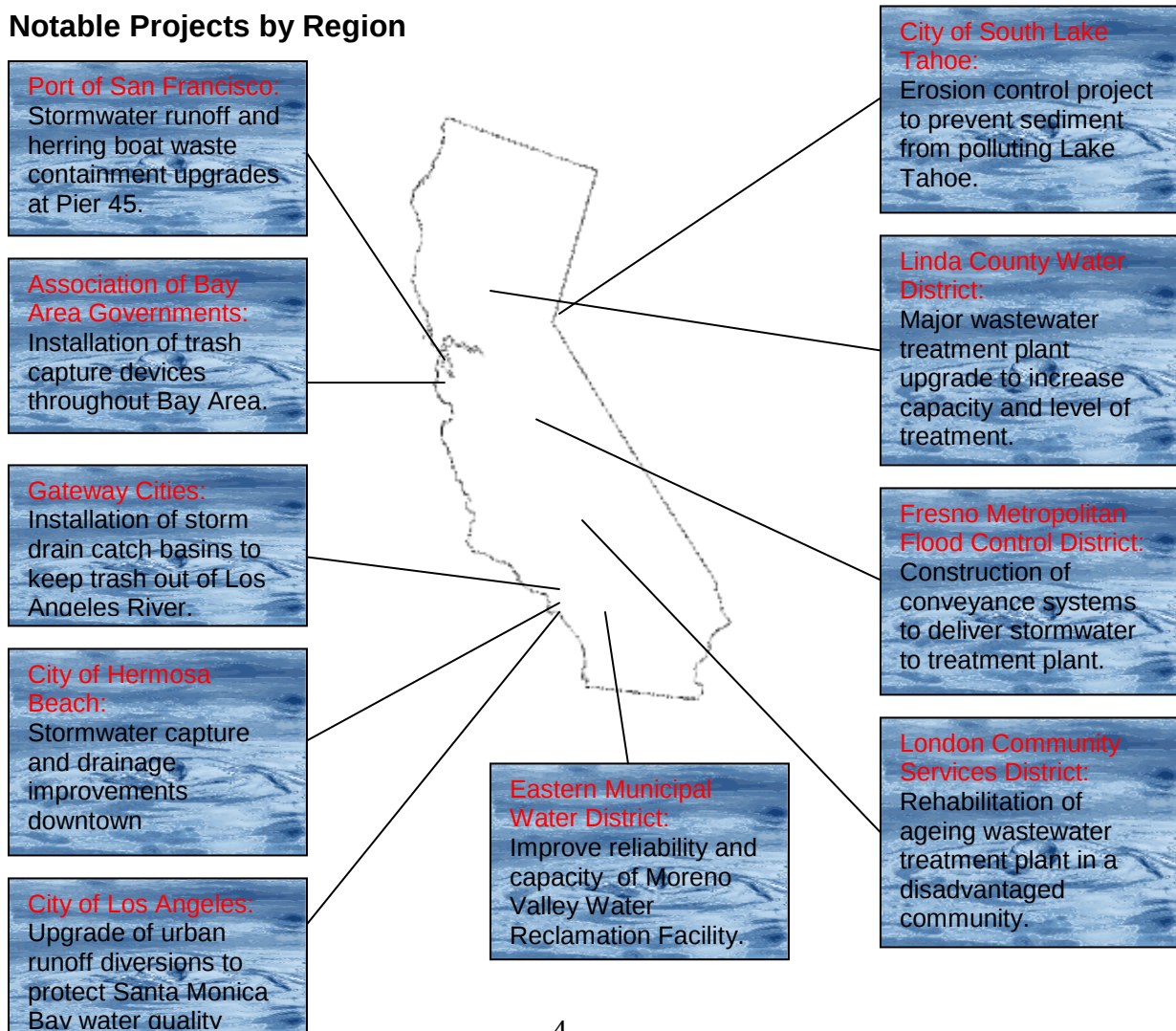
The following is a breakdown of where and how the CWSRF ARRA funds were distributed. In cases where “Regions” are used, please note that this refers to the nine Regional Water Board jurisdictions in the state.

Distribution of ARRA Funding by Region

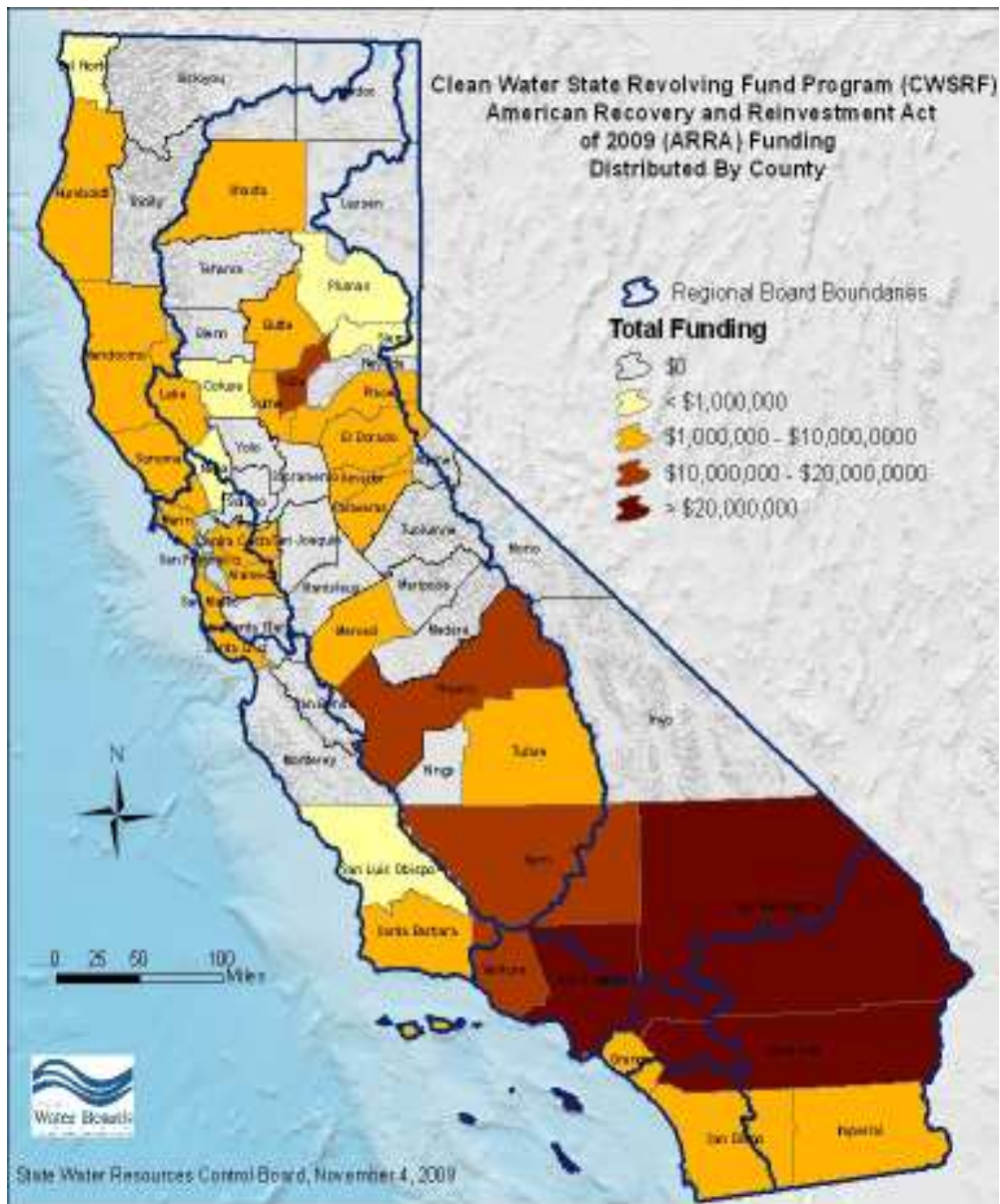
Below is a listing of the distribution of CWSRF ARRA funds among Regions:

Region	Total Number of Projects	Total ARRA Funding Amount
Region 8 (Santa Ana)	16	\$73,422,936
Region 5 (Central Valley)	23	\$69,695,576
Region 4 (Los Angeles)	17	\$47,396,927
Region 2 (San Francisco Bay)	19	\$33,127,329
Region 1 (North Coast)	10	\$12,206,987
Region 7 (Colorado River Basin)	1	\$10,000,000
Region 3 (Central Coast)	12	\$9,198,130
Region 6 (Lahontan)	7	\$8,442,861
Region 9 (San Diego)	4	\$5,221,802

Notable Projects by Region



ARRA Funding By County



Total Funding Including Grants (referred to Principal Forgiveness in ARRA), 0% and 1% ARRA Loans

This map indicates total combined allocation of ARRA funds (loans and/or grants) by county.

ARRA Grant Funding by County

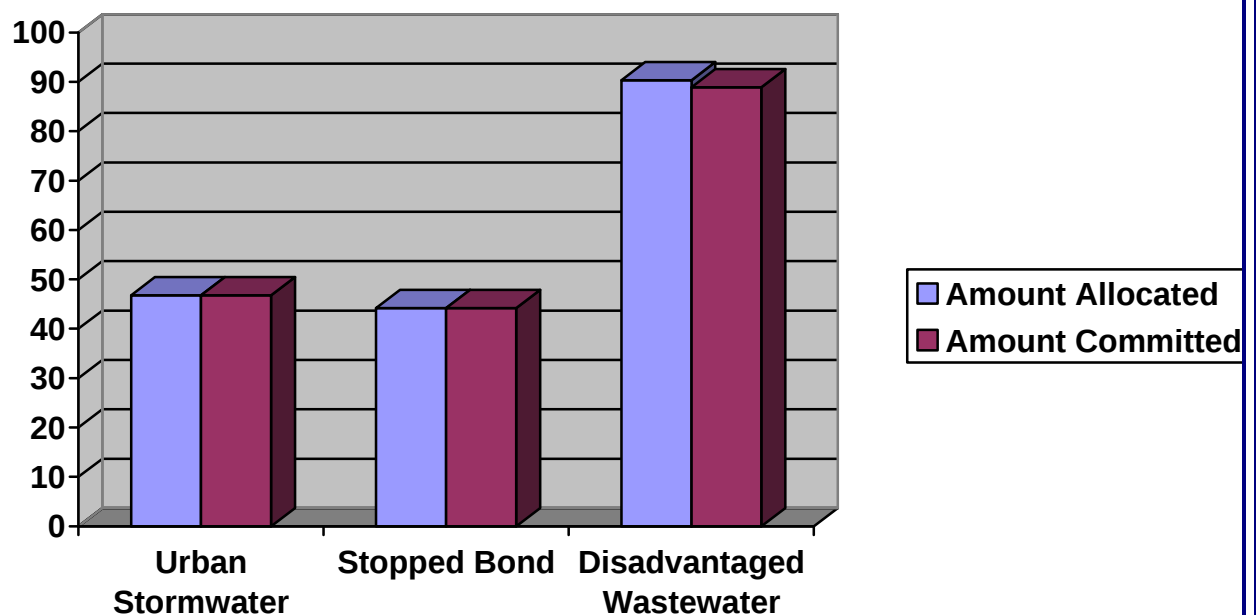


This indicates allocation of ARRA grant funds (i.e. principal forgiveness, restarting of stalled bond projects, etc.) by county.

ARRA Funding Statistics

In distributing ARRA funding, the State Water Board designated portions of funding for several specific categories of projects, such as urban stormwater, existing projects with funding that was interrupted by the statewide freeze of bond financing, and wastewater projects in disadvantaged communities.

**Commitment of ARRA Funds
(amount in millions)**



In addition, 20 percent of the ARRA funds directed to the State Water Board (approximately \$56 million) were required by federal guidelines to be distributed to “green” projects. The State Water Board exceeded this requirement by committing \$78.5 million to green projects.

Of the ARRA funds available for projects, 96 percent is committed to projects under construction as of February 4, 2010. The Water Board’s ARRA funding generated/retained an estimated 235 jobs during the 4th quarter in 2009².

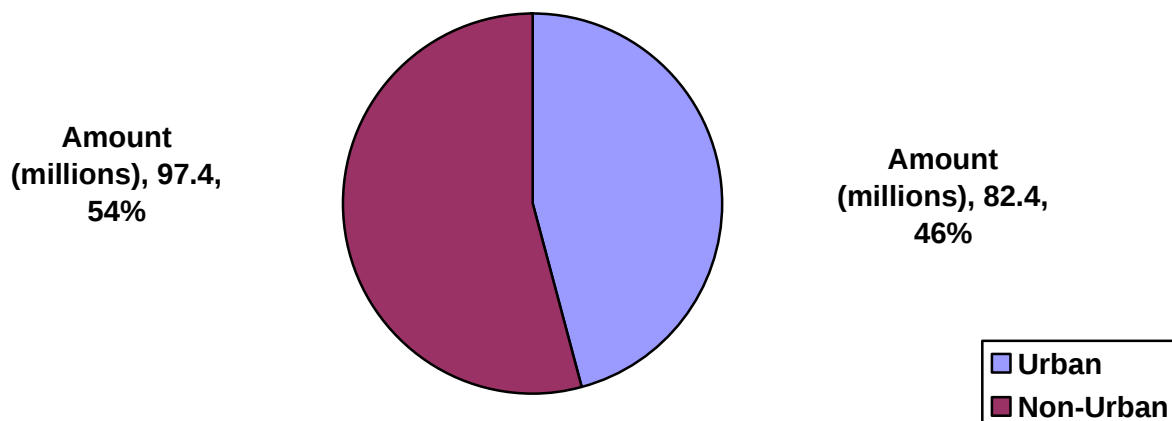
² This number reflects actual jobs created during this quarter. The ARRA funding will generate significant additional jobs in the future as projects continue to progress, however, the number of jobs that will be created cannot be accurately estimated at this time. The State Water Board will continue to monitor and report the actual number of jobs that are created as a result of the ARRA funding as projects progress.



Of the approximately \$180 million portion of ARRA funds distributed as grant funds (principal forgiveness, stopped bond projects, etc.), slightly more than half of the total amount went to projects in rural areas, with the rest being distributed to urban counties (Los Angeles, Orange, Riverside, San Bernardino, San Diego,

Santa Barbara, and Ventura Counties, as well as all counties in the Bay Area). Most of the grant funds awarded to non-urban counties went to wastewater projects in disadvantaged communities.

Distribution of ARRA Grant Funds



Notable ARRA Recipients

Three agencies in the San Francisco Bay region (City of Millbrae, City of Piedmont, and the Delta Diablo Sanitation District) have received low interest loans (1% interest rate) made possible by ARRA funding.

ARRA-funded loans have cost these three agencies a combined amount of \$18.6 million less than if the same loans had been executed at the normal market rate, and \$6.5 million less than loans executed at the typical SRF interest rate.

The San Francisco Bay region as a whole received ARRA funding for 19 projects, most of which were smaller bond-financed projects which had



previously been suspended because of the statewide freeze on bond funds, and urban stormwater projects.

The Santa Ana region received \$60 million for green projects, the largest amount of such financing by region.

The Central Valley Region received more than half of the \$90.3 million in ARRA funds allocated for disadvantaged community wastewater projects (\$51 million).

The region receiving the most ARRA funding for urban stormwater projects was the Los Angeles region, which received \$16 million. The San Francisco region received the next largest amount for urban stormwater with \$11.5 million in ARRA funding.

ARRA Success Stories

Project: Bay Area-Wide Trash Capture Demonstration Project

Recipient: Association of Bay Area Governments (ABAG)

ARRA Amount: \$5,000,000 Urban Stormwater Grant

Start of Construction: November 1, 2009

Jobs Created/Retained: 75*

On October 15, 2009, the State Water Board executed an agreement to provide grant funding to the Association of Bay Area Governments (ABAG) for an expanded-use urban stormwater project. Using funds allocated by the Board, ABAG will install trash capture devices for use and evaluation by several Bay Area municipalities.

This project will help reduce trash in 303(d) listed water bodies within the San Francisco Bay Region. The San Francisco Bay Regional 2008 303(d) list of impaired water bodies included 26

water bodies that drain to the San Francisco Bay that are impaired by trash.

This project will also help Phase I municipalities work toward compliance with the San Francisco Bay Regional Board Municipal Regional Stormwater Permit.

This permit will eventually require cities in the San Francisco Bay region to reduce the amount of trash flowing from streets and storm drains by 40%. Projects such as these are a promising step towards reducing the volume of trash introduced into local watersheds by municipal storm systems.



* These numbers are based on estimated jobs created as projected by the project proponent. The State Water Board will continue to monitor and report the actual number of jobs that are created as a result of the ARRA funding as projects progress. The actual number of jobs created may differ from the project proponents' projections.

ARRA Success Stories

Project: Removal of Stormwater Pollutants at Lake Merritt and the Oakland Estuary

Recipient: City of Oakland

ARRA Amount: \$3,450,000 Urban Stormwater Grant

Start of Construction: November 30, 2009

Jobs Created/Retained: 74*

The City of Oakland's existing storm drain system drains discharge to water bodies that include Lake Merritt, Damon Slough, Lower San Leandro Creek, Sausal Creek, and the San Francisco Bay. This untreated nonpoint source pollution introduces trash, pesticides, sediment and other harmful pollutants to local watersheds.

Using an urban stormwater grant from the State Water Board, allocated as part of ARRA, the project will install stormwater separators, inlet inserts, inlet screens, and booms to reduce trash

pollution at Lake Merritt, the Oakland Estuary, and the San Francisco Bay.

Because of increased construction and maintenance activity, the project will also help stimulate the local economy by creating an estimated 50 new jobs. The City of Oakland also estimates that 24 existing jobs will be retained.

By keeping trash and other pollutants out of local creeks and streams, this project will improve water quality and marine habitat in San Francisco Bay. The project will also assist the City of Oakland in meeting updated Regional Water Board permit requirements mandating that trash flows into nearby watersheds be reduced by 40%.



*See previous footnote, Page 10

ARRA Success Stories

Project: Wastewater Treatment Plant Upgrade and Expansion Project

Recipient: City of Kerman

ARRA Amount: \$2,000,000 grant, \$4,957,479 1% interest loan

Start of Construction: October 19, 2009

Jobs Created/Retained: 3*

In 2007, the City of Kerman received a Cease and Desist Order from the Central Valley Regional Water Quality Control Board, Fresno Office, for violations of Waste Discharge Requirements. These violations were a result of insufficient capacity at the City's wastewater treatment plant. To comply with this order, the City requested financial assistance to conduct an upgrade at this facility.

The City of Kerman qualifies as a small, disadvantaged community, as the City's estimated 2008 population is 12,909 persons, with a median household income of \$41,774 (71% of state median

household income). On July 8, 2009, the State Water Board executed an agreement to provide a combination of grant funds and low-interest financing (1% interest rate) to the City of Kerman for their Wastewater Treatment Plant Upgrade and Expansion Project. Upgrades made to the existing wastewater treatment plant will expand capacity and help protect water quality by better controlling discharges of pollutants. In doing so, this project will allow the City of Kerman to comply with Regional Board Waste Discharge Requirements. The upgrade will increase the capacity of the wastewater treatment plant from 1.34 million gallons per day to 2.0 million gallons per day. The project includes installation of a more efficient treatment system, construction of new facilities, and upgrades to many existing parts of the plant. The anticipated completion date of this project is September 30, 2011.



* See previous footnote, Page 10

ARRA Success Stories

Project: Storm Drain Catch Basin Retrofit

Recipient: LA Gateway Authority

ARRA Amount: \$10,000,000
Urban Stormwater Grant

Start of Construction:
November 30, 2009

Jobs Created/Retained:
approx. 100*

More than 800,000 pounds of waste accumulate in storm drains in the Los Angeles Gateway area. This trash washes into flood control channels and eventually into the Los Angeles River and area beaches. To address this problem, the Los Angeles Gateway Region Integrated Regional Water Management Authority (LA Gateway Authority) received a \$10 million grant from the State Water Board made possible with ARRA funds. The \$10 million grant will cover 100 percent of the cost of designing and installing trash-capturing storm drain insert devices. Project construction started November 30, 2009, and should be complete by the summer of

2011. The individual cities will be responsible for ongoing maintenance of the inserts once construction is complete.

The LA Gateway Authority's project will create nearly one hundred jobs over the next two years with the \$10 million State Water Board grant to prevent trash flowing into the Los Angeles River. The Authority serves the cities of Bell, Bell Gardens, Commerce, Compton, Cudahy, Downey, Huntington Park, Long Beach, Lynwood, Maywood, Montebello, Paramount, Pico Rivera, Signal Hill, South Gate and Vernon.



In addition to creating jobs, the LA Gateway Authority will significantly improve water quality in the Los Angeles River. The \$10 million stimulus grant will help the Authority meet the zero-trash goal in the Los Angeles Regional Water Board Total Maximum Daily Load for trash. The Authority is currently pursuing a similar project for the San Gabriel River watershed.

* See previous footnote, Page 10