



**Linda S. Adams**  
Secretary for  
Environmental Protection

# State Water Resources Control Board

## Division of Financial Assistance

1001 I Street • Sacramento, California 95814 • (916) 341-5700  
Mailing Address: P.O. Box 944212 • Sacramento, California • 94244-2120  
Fax (916) 341-5707 • <http://www.waterboards.ca.gov>



**Arnold Schwarzenegger**  
Governor

### --- SUPPLEMENTAL ANNOUNCEMENT #1 ---

#### ADOPTION OF INTENDED USE PLAN (IUP) FOR THE CLEAN WATER STATE REVOLVING FUND (CWSRF) FOR STATE FISCAL YEAR (SFY) 2010/2011

This supplemental announcement is to inform interested and affected parties of a proposed change to the draft SFY 2010/2011 IUP for the CWSRF Program distributed for public comment on June 24, 2010. This proposed change will clarify the "local contribution" requirements associated with the principal forgiveness funds expected in SFY 2010/2011.

All deadlines, information, and other conditions announced in the June 24, 2010 notice remain in effect.

The following two changes are proposed. Additions are shown as underline text, and deletions are shown as strikeout text in the draft SFY 2010/2011 IUP.

#### Change #1

##### **Section III. - PROGRAM CAPABILITIES**

##### **Sub-title - Overall Funding Approach**

##### **Item 2. - Local contributions for Principal Forgiveness (PF) projects (pages 10 – 11)**

The State Water Board believes that local involvement and investment in projects is crucial for successful project development and completion. The 2010/2011 IUP establishes the minimum contribution that recipients must provide to projects to receive PF. Costs for planning and design specific to a project financed with PF may be counted as part of the local contribution regardless of the date incurred. Costs incurred after October 1, 2009, for construction or implementation specific to a project financed with PF may be counted as part of the local contribution.

Table 4 breaks down the amounts available by applicant and project type. In general, small, disadvantaged communities are provided with higher per project and cumulative funding levels. A higher per project limit is also established to encourage regionalization.

The State Water Board will make available loan funding for the portion of the project not receiving PF with the same terms available to other applicants, if requested by the applicant.



Change 2

**Section VI. - Tables**

**Table 4 - Principal Forgiveness (Grants) by Category of Applicant (pages 30 – 31)**

<p><b>Category 1: Small, Disadvantaged Communities with Substantial Water Quality Investment</b></p>	<p>Eligible project types include wastewater, stormwater, nonpoint source, or estuary <sup>1</sup></p> <ul style="list-style-type: none"> <li>a. Population &lt;20,000 and community median household Income (MHI) &lt;80 percent of statewide MHI and wastewater and/or stormwater rates at least 1.5 percent of community MHI <sup>2</sup>; or</li> <li>b. Population &lt;20,000 and combined wastewater and/or stormwater rates more than 4 percent of community MHI <sup>2</sup></li> </ul>
<p><b>Total Category 1 Principal Forgiveness/ Grants</b></p>	<ul style="list-style-type: none"> <li>• At least \$13.5 million shall be disbursed as principal forgiveness/grants to projects in this category.</li> <li>• No more than \$43,648,763 shall be disbursed as principal forgiveness/grants to projects in this category.</li> <li>• At least 50% of principal forgiveness/grants in this category will be allocated to wastewater projects.</li> </ul>
<p><b>Principal Forgiveness/Grants per Project</b></p>	
<p>Projects may receive 50 percent of eligible project costs, not to exceed \$6 million in principal forgiveness/grants.</p> <p>Exceptions:</p> <p>(i) For wastewater projects only, if a credit review demonstrates that the community does not have adequate revenues to finance the remaining 50 percent of eligible project costs, the community may receive principal forgiveness/grant financing up to 75 percent of eligible project costs, not to exceed \$6 million.</p> <p>(ii) Projects that connect previously unsewered areas or join communities to create or broaden a regional wastewater or stormwater treatment works, consistent with the CWSRF Policy's sustainability provisions, may receive principal forgiveness/grants not to exceed \$7.5 million.</p>	
<p><b>Category 2: Other Disadvantaged Communities</b></p>	<p>Eligible project types include wastewater, stormwater, nonpoint source, or estuary <sup>1</sup></p> <ul style="list-style-type: none"> <li>a. Project serves a disadvantaged community (community MHI &lt;80 percent of statewide MHI) not qualifying under Category 1 above; or</li> <li>b. Project serves a disadvantaged area (area MHI &lt;80 percent of statewide MHI) of a larger community.</li> </ul>
<p><b>Total Category 2 Principal Forgiveness/ Grants</b></p>	<ul style="list-style-type: none"> <li>• At least \$8.5 million in principal forgiveness/grants for this category.</li> <li>• No more than \$29,099,176 in principal forgiveness/grants for this category.</li> </ul>

(Table 4 Continued)

<b>Principal Forgiveness/Grants per Project</b>
Portions of the project that serve a DAC or DAC area may receive grants of 50 percent of eligible project costs, not to exceed \$3 million in principal forgiveness/grants.  Exception: Projects that connect previously unsewered areas or join communities to create or broaden a regional wastewater or stormwater treatment works, consistent with the CWSRF Policy's sustainability provisions, may receive principal forgiveness/grants not to exceed \$5 million.

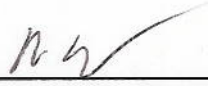
<b>Requirements and Deadlines Applicable to All Projects</b>
<ul style="list-style-type: none"><li>• <u>Costs for planning and design specific to a project financed with PF may be counted as part of the local contribution regardless of the date incurred. Costs incurred after October 1, 2009 for construction or implementation specific to a project financed with PF may be counted as part of the local contribution.</u></li><li>• Projects may not receive financing for more than 100 percent of total project costs and must meet all applicable eligibility requirements.</li><li>• All of the following must be met before May 1, 2011: A complete application received, a complete Approval of Award (AOA) request received, and the final financing agreement must be executed or executable.</li><li>• Copies of all executed construction contracts must be received before August 1, 2011.</li></ul>

1. Projects must be eligible under Clean Water Act section 603. This section refers to project categories defined in sections 212, 319, and 320 of the Clean Water Act.
2. Rates as a percentage of MHI are used to demonstrate a community's investment in water quality. For wastewater projects, only wastewater rates will be used to calculate the community's rates as a percentage of MHI. For other water quality improvement projects, wastewater rates combined with stormwater rates, if applicable, may be used to calculate the community's rates as a percentage of MHI. Projects qualifying in Category 1.b must receive approval from the State Water Board.

**CONTACT PERSON**

Any questions regarding this issue should be directed to Rafaela B. Padilla at (916) 327-9978 or [CleanWaterSRF@waterboards.ca.gov](mailto:CleanWaterSRF@waterboards.ca.gov). Individuals who require special accommodations are requested to contact Catherine Foreman at (916) 341-5881 or [cforeman@waterboards.ca.gov](mailto:cforeman@waterboards.ca.gov). TTY users may contact the California Relay Service at (800) 735-2929 or voice line at (800) 735-2922.

Date: 7/2/10

  
\_\_\_\_\_  
Barbara Evoy, Deputy Director  
Division of Financial Assistance