

STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 96-3

REVISIONS TO THE POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND
FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES (SRF POLICY)
TO IMPLEMENT THE LOCAL MATCH PROGRAM

WHEREAS:

1. The Governor signed into law Senate Bill 128 (Kelley) on August 4, 1995 giving the State Water Resources Control Board (SWRCB) the authority to enter into agreements with municipalities to provide the state match in return for no-interest State Revolving Fund (SRF) loans;
2. The Division of Clean Water Programs (Division) has prepared draft changes to the SRF Policy to implement the local match program;
3. A Public Notice of the January 3, 1996 Workshop was mailed on November 17, 1995 which discussed the key issues and included a draft of the proposed SRF Policy changes necessary to implement the program;
4. The Division has determined that, in all likelihood, sufficient funds will be available to make the necessary state match for the federal four percent administrative allowance.

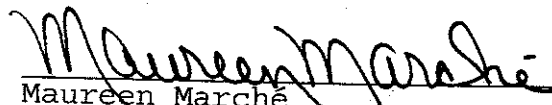
THEREFORE BE IT RESOLVED THAT:

The State Water Resources Control Board:

1. Approves the SRF Policy revisions implementing the Local Match Program;
2. Waives the 0.575 percent administrative fee from local agencies until further notice.

CERTIFICATION

The undersigned, Administrative Assistant to the Board, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on January 18, 1996.


Maureen Marché
Administrative Assistant to the Board

~~Cy W/O Draft~~

November 16, 1995

DRAFT SRF POLICY REVISIONS
TO IMPLEMENT LOCAL MATCH PROGRAM

V. LOCAL MATCH

A. Description

The Clean Water Act requires the states to provide a match equal to 20 percent of the federal Capitalization Grant (State Match) in order to receive federal monies. Subsection 13478 of Chapter 6.5 of Division 7 of the Water Code allows the SWRCB to enter into agreements with, and accept the state matching funds from local agencies in return for no-interest SRF loans.

The following requirements, in addition to all other requirements in this SRF Policy, apply to loans where the applicants are providing the state match:

B. New SRF State Match Loans

1. Resolution

a. An applicant electing to participate in the program must submit to the Division an acceptable resolution passed by the local governing body. A model resolution is included in Appendix Q.

- b. The resolution must state the applicant's intent to provide the necessary state match in the amount and at the times necessary to complete the project.
- c. The resolution must include a commitment to provide the necessary State match for administrative services of 0.575 percent of the total eligible project costs to cover the cost of obtaining the administrative match. The fee will be waived if sufficient funds are available to make the administrative match from other sources.

2. State Match Account

The recipient must establish a local state match account prior to issuance of the loan contract for the specific project for which the state match is being paid. The recipient must deposit sufficient funds in the account, as necessary, to make payments to the contractor.

3. Interest Rate

The interest rate on local match loans shall be zero (0) percent. The repayment period is 20 years.

4. Disbursements

a. Construction Costs and Construction Allowance

The recipient will be required to pay the State share of the eligible loan amount of their contractor(s) invoice prior to submitting the progress payment request to the Division. As an alternative, the recipient may pay their contractor(s) the full eligible amount of the contractor's invoice until they have paid an amount equal to the state match portion of the loan amount. In either case, the recipient is required to submit certification of such payments to the Division with each disbursement request.

b. Assurances

Certification of such payments must be submitted to the Payments Unit with each pay request. The Division will then authorize the disbursement of the federal share of the eligible payment amount.

In addition to the certification of payment, the recipient shall submit copies of the canceled checks on a quarterly basis documenting payment of the state match amount.

c. Allowances For A/E and Administration Costs

The recipient will also be required to submit a certification with the planning and design allowance payment requests stating that at least the state match portion of the incurred allowance costs have been paid. The Division will then authorize the disbursement of the federal share of the allowance requests.

C. Existing SRF Loans

1. General

- a. A recipient may elect to provide the state match in an amount equal to the State share of the unpaid principal balance and, in return, have the remaining unpaid loan balance refinanced at zero percent over the remaining loan repayment period.

- b. The zero percent interest rate will begin on the post-marked date of the request letter from the recipient offering to return the appropriate state match share in return for a zero percent loan.
- c. The recipient will have thirty days from the date of the state SRF loan amendment offer letter to 1) remit the appropriate state match share; 2) remit accrued unpaid interest; and, 3) return the signed loan amendment.
- d. Failure to remit the state match share and any accrued interest costs along with the signed amendment, within 30 days will result in withdrawal of the zero percent loan offer, in which case the process must be reinitiated if the recipient is still interested in pursuing a zero interest loan.
- e. If none or only partial disbursements have been made by the Division under the loan contract, the recipient shall pay the state match share of the remaining contractor invoices in accordance with Section V.B.4. above for new loans.

MODEL RESOLUTION

BE IT RESOLVED that the _____ (*Governing Board of the Agency*) hereby agrees to the following in return for a zero-percent interest State Revolving Fund (SRF) Loan:

1. To contribute the state match share equal to 16.667 percent of the eligible project costs, in an estimated amount of \$ _____.
2. To pay an administrative fee of up to 0.575 % of the eligible project cost for the administrative match amount, if requested by the State Water Resources Control Board (SWRCB), prior to the issuance of the zero-percent interest SRF loan contract, provided that the fee shall be waived by the SWRCB if sufficient monies to fund the administrative match are available from other sources.
3. To establish a state match account for the project, and deposit sufficient funds, as necessary, to make the state match payments to the contractor(s).
4. To provide the SWRCB, Division of Clean Water Programs (Division) a certification with each progress payment request stating that the appropriate state match amount for the requested payment has been paid to the contractor(s).
5. To provide the Division with copies of the cancelled checks documenting payment of the state match amount, on a quarterly basis.

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the _____ (*Governing Board of the Agency*) held on _____ (*date*).

(*Clerk or Authorized Record Keeper of the Governing Board of the Agency*)

adopted: January 18, 1996

SRF POLICY REVISIONS
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APPENDIX Q

MODEL ZERO-INTEREST LOAN

RESOLUTION

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*(Clerk or Authorized Record Keeper of the
Governing Board of the Agency)*