

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
SEPTEMBER 16, 2008**

ITEM 12

SUBJECT

CONSIDERATION OF A RESOLUTION TO AMEND THE POLICY FOR IMPLEMENTING THE CLEAN WATER STATE REVOLVING FUND (CWSRF) FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES

DISCUSSION

The Division of Financial Assistance (Division) administers the CWSRF Program to provide low-interest financing for construction of wastewater treatment and recycling facilities, wastewater collection systems, implementation of non-point source (NPS) projects and programs, and development and execution of estuary comprehensive conservation and management plans.

The *Policy for Implementing the Clean Water State Revolving Fund for Construction of Wastewater Treatment Facilities* (CWSRF Policy) was originally adopted by the State Water Resources Control Board (State Water Board) on August 18, 1988, and last amended on July 17, 2007.

The Division proposes amending the CWSRF Policy to do the following:

- 1) Update the CWSRF Policy so that it is consistent with all current procedures used by the Division for CWSRF financing;
- 2) Allow the Division to implement a two tiered environmental impact analysis (California Environmental Quality Act (CEQA) or CEQA Plus) of applicants' projects, as determined appropriate during application review;
- 3) Replace the current revenue program requirements with a credit review of the applicant's ability to pay back CWSRF financing;
- 4) Delegate authority to the Deputy Director of the Division to approve routine, non-controversial Project Preliminary Funding Commitments (PFC) and to extend by 120 days the expiration date on a PFC;
- 5) Delegate to the Deputy Director of the Division the authority to revise all CWSRF Policy appendices for administrative or procedural changes that do not conflict with the CWSRF Policy;
- 6) Add the service charge approved by AB 1742 (Chapter 632, Statutes of 2007), if applicable, and clarify the financial impact on CWSRF financing agreements;
- 7) Make necessary editorial changes to the CWSRF Policy; and
- 8) Update all CWSRF Appendices consistent with the proposed amended CWSRF Policy and current Division procedures.

Division staff prepared a [Public Notice](#) advising interested parties of the proposed changes to the CWSRF Policy and their opportunity to submit comments to the State Water Board. The Public Notice was posted on the State Water Board website for 30 days beginning July 22, 2008. The Public Notice gave interested parties until noon on August 21, 2008 to submit written comments. Division staff also notified subscribers of the State Water Board's electronic mailing lists of the opportunity to comment on the proposed CWSRF Policy Amendment.

In addition to the Public Notice, staff posted three documents for interested parties. [Exhibit A](#) was an index listing the proposed changes to the CWSRF Policy. [Exhibit B](#) showed the existing text of the CWSRF Policy and all proposed additions and deletions to the original text using Microsoft Word's Track Changes tool. Original text was shown in black. Deleted text was shown in red with strikeout through the text. New text was shown in red. [Exhibit C](#) was a clean version of the CWSRF Policy showing how the Policy would read if all of the Division's proposed changes were accepted.

[Twelve comments were received](#) during the comment period. Division staff made appropriate changes to the proposed CWSRF Policy to address comments submitted by interested parties during the review period. Division staff posted a [revised Exhibit B](#) showing all proposed additions and deletions using Microsoft Word's Track Changes tool, including those made to address public comments, relative to the existing CWSRF Policy and a [revised Exhibit C](#) showing the final text if all changes are approved by the State Water Board. Staff also posted [Exhibit D](#). Exhibit D summarizes all of the significant changes made by staff to address comments submitted during the comment period.

POLICY ISSUE

Should the State Water Board approve the proposed amendments to the CWSRF Policy as shown in the revised Exhibit C?

FISCAL IMPACT

The fiscal impact of these changes is expected to be neutral.

REGIONAL BOARD IMPACT

None.

STAFF RECOMMENDATION

Division Staff recommends that the State Water Board adopt the CWSRF Policy amendment as shown in the revised Exhibit C.

DRAFT

STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2008-

AMEND THE POLICY FOR IMPLEMENTING THE CLEAN WATER STATE REVOLVING FUND (CWSRF) FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES

WHEREAS:

1. The Division of Financial Assistance (Division) administers the CWSRF Program to provide low-interest financing agreements for construction of wastewater treatment and recycling facilities, wastewater collection systems, implementation of non-point source (NPS) projects and programs, and development and execution of estuary comprehensive conservation and management plans;
2. The *Policy for Implementing the Clean Water State Revolving Fund for Construction of Wastewater Treatment Facilities* (CWSRF Policy) was originally adopted by the State Water Resources Control Board (State Water Board) on August 18, 1988, and last amended on July 17, 2007;
3. AB 1742 authorized the State Water Board to collect a funding service charge to cover CWSRF Program administrative costs;
4. The Public Notice of the CWSRF Policy Amendment was posted on the State Water Board website for 30 days beginning on July 22, 2008, for public review and comments ending on August 21, 2008;
5. Comments received from the public have been addressed in [revised Exhibits B](#) and [C](#);
6. The revised Exhibit C is the proposed amended CWSRF Policy; and
7. State and federal law requires the CWSRF Program to operate in perpetuity, using all funds repaid into the CWSRF or other monies generated by the CWSRF.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

Adopts the amended CWSRF Policy.

CERTIFICATION

The undersigned, Clerk 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 Board held on September 16, 2008.

Jeanine Townsend
Clerk to the Board