

STATE WATER RESOURCES CONTROL BOARD

DIVISION OF FINANCIAL ASSISTANCE (DFA)



CALIFORNIA

Water Boards

STATE WATER RESOURCES CONTROL BOARD

REGIONAL WATER QUALITY CONTROL BOARDS

Tapping into the Network of State Infrastructure Financing
CSDA Annual Conference – October 13, 2011

Presented by: Meghan Brown

DFA' S MISSION

*Providing Financial Assistance for
Projects that Serve the
Water Boards' Mission:
Preserve, Enhance, and Restore
California's Water Resources*

<http://www.waterboards.ca.gov>

DFA PROGRAMS

- Presentation focus:
 - Clean Water State Revolving Fund Program:
 - Wastewater & Water Recycling Projects
 - Expanded Use Projects
 - Water Recycling Funding Program
 - Small Community Wastewater Program
 - Other DFA Programs
 - Resources

STATE WATER BOARD'S CWSRF PROGRAM

- CWSRF Program offers:
 - Low interest financing for water quality projects
 - Typically ~\$200-300 million available annually
 - Funded over 500 projects, and approximately \$5 billion since inception
 - Funding for:
 - Wastewater and Water Recycling Projects
 - Expanded Use (Nonpoint Source) Projects

CWSRF PROGRAM: TRADITIONALLY ELIGIBLE PROJECTS (SECTION 212)

Construction of publicly-owned facilities

- Wastewater treatment
- Local sewers
- Sewer interceptors
- Water reclamation facilities
- Stormwater treatment (as point source)

CWSRF PROGRAM: EXPANDED USE PROJECTS

(SECTIONS 319 & 320)

Expanded Use Projects include, but not limited to:

- Nonpoint source (NPS) projects identified in CA's NPS Plan
- Development and implementation of an estuary comprehensive conservation & management plan
- Other non-wastewater point sources, such as stormwater reduction and treatment facilities, non-concentrated animal feeding operations, etc.

CWSRF PROGRAM: STANDARD FINANCING

- Interest Rate: $\frac{1}{2}$ most recent General Obligation Bond Sale at time of funding commitment (typically 2.5 - 3%)
- Financing Term: 20 Years (typically)
- Financing Amount: Maximum \$50 million per agency, per year (may be waived)
- Repayment: Annual payments begin 1 year after completion of construction

CWSRF PROGRAM: PRINCIPAL FORGIVENESS (GRANTS)

- Requirements outlined in the CWSRF Program Intended Use Plan (IUP)
- From Federal Fiscal Year 2010 and 2011 allocations, \$97.7 million in principal forgiveness made available to projects serving disadvantaged communities (DACs)
 - 60/40 split between two categories:
 - Category 1: Small DACs with **substantial** water quality investment (i.e., with wastewater rates >1.5% of Median Household Income)
 - Category 2: Other DACs (including disadvantaged areas within larger communities)

CWSRF PROGRAM: PROJECT PRIORITY LIST (PPL)

Projects must be on the PPL to receive funding

- To get on the list, complete PPL questionnaire
 - Submitted electronically through State Water Board's Financial Assistance Application Submittal Tool (FAAST):
<https://faast.waterboards.ca.gov/>
- Typically updated annually, but this year's list has been delayed
 - Not currently soliciting projects through FAAST
 - Even if a project is not listed on PPL, may proceed with submitting application

CWSRF PROGRAM: APPLICATION SUBMITTAL

Applications are accepted on a continuous basis

- No need to wait for PPL adoption, or an invitation from DFA to submit
- Wastewater & Water Recycling Projects:
 - Submit hard copy applications only
- Expanded Use Projects:
 - Apply online via FFAST

CWSRF PROGRAM: TYPICAL FUNDING APPROVAL PROCESS

- Project identified on PPL
- Submit Application & Associated Documents:
 - Project Report
 - California Environmental Quality Act (CEQA) Plus, including Cultural Resources
 - Legal
 - Credit Review
 - Water Conservation Requirements
 - Water Rights Requirements, if applicable

CWSRF PROGRAM: FUNDING APPROVAL PROCESS, CONTINUED

- Facilities Plan Approval/Preliminary Funding Commitment
 - Funds committed based on readiness-to-proceed (i.e., approved complete application)
- Initial Financing Agreement
 - Access planning and design disbursements
- Amend Financing Agreement
 - Reflects final project costs based on selected bid
 - Establishes project performance standards
 - Details eligibility determinations
 - Access to construction funds
- One-year Operational Evaluation Period after Completion of Construction, then Project Certification

CWSRF PROGRAM: CONTACTS

CWSRF Program, Wastewater

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CWSRF Program, Expanded Use

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Website: http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/index.shtml

WATER RECYCLING FUNDING PROGRAM (WRFP): BACKGROUND

- Low interest loans, and planning, construction, and research grants
- To promote beneficial use of treated municipal wastewater to augment state/local fresh water supplies
- For publicly-owned facilities and privately-owned water utilities regulated by Public Utilities Commission
- Funding approval process similar to CWSRF
- Eligible projects: recycled water treatment/distribution, groundwater recharge/reclamation

WRFP: AVAILABLE FUNDING

- Funding currently available for planning grants & construction loans
- Applications are accepted on a continuous basis
- Planning grants & construction loans awarded on readiness-to-proceed basis (minimal construction grant and research funds available annually from loan repayment proceeds)
- Planning grants reimburse up to 50% of eligible costs, to maximum of \$75,000

Water Recycling Construction (WRC) Program SPECIAL PROVISIONS

- Competitive Project List (CPL): Projects must be on CPL for consideration WRC funding (CPL currently closed)
- Market Assurances: Mandatory use ordinance or user contracts required
- Operation Reporting Requirements: Annual Report must be submitted for five years
- Minimum Use Requirements: Initial delivery goal and total project capacity goals

WRFP CONTACTS

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Website: http://www.waterboards.ca.gov/water_issues/programs/grants_loans/water_recycling/index.shtml

SMALL COMMUNITY WASTEWATER PROGRAM: STATE WATER BOARD RESOLUTION NO. 2008-0048

- Adopted July 1, 2008
- Promotes strategies to assist small DACs (SDACs) with wastewater needs
- References Water Boards' *Small Community Wastewater Strategy* for additional background
- Key component of proposed strategies is making CWSRF Program more affordable for SDACs

SMALL COMMUNITY WASTEWATER PROGRAM: CWSRF PROGRAM MODIFICATIONS

- Process disbursements within 30 days
- Refinance existing debts, when necessary to make proposed project more affordable
- For SDACs with wastewater rates greater than 1.5% of median household income
 - Extended Term Financing (30 years or life of project)
 - Reduced interest rate to not less than zero
- Principal forgiveness (see earlier slide)

SMALL COMMUNITY WASTEWATER PROGRAM: CWSRF PROGRAM MODIFICATIONS

- Planning financing
 - Draw Period: up to 3 years
 - Interest Rate: 0% during draw period
 - If not refinanced into construction financing, repaid over 5 years with interest
- AB 2356 (Statutes 2008, Chapter 609) State Water Pollution Control Revolving Fund Small Community Grant Fund
- Financial incentives for large agencies that support SDACs (still under consideration)

SMALL COMMUNITY WASTEWATER PROGRAM: TECHNICAL ASSISTANCE (TA) CONTRACT

To provide TA for small DACs:

- Preparation of financial assistance application
- Design and operational solutions
- Community outreach, awareness, education
- Fiscal management and accountability
- Capital improvement planning and asset management
- Rate setting and the Proposition 218 process

SMALL COMMUNITY WASTEWATER PROGRAM CONTACT

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Website:

[http://www.waterboards.ca.gov/water_issues/
programs/grants_loans/small_community_
wastewater_grant/strategy.shtml](http://www.waterboards.ca.gov/water_issues/programs/grants_loans/small_community_wastewater_grant/strategy.shtml)

EXAMPLES OF OTHER DFA PROGRAMS

- Federal 319(h) Nonpoint Source Grant Program
- Proposition 84 Grant Programs:
 - Clean Beaches Initiative (CBI)
 - Storm Water Grant Program (SWGPP)
 - Santa Monica Bay Restoration
- Underground Storage Tank Cleanup Fund

DFA Webpage:

[http://www.waterboards.ca.gov/water_issues/
programs/grants_loans/](http://www.waterboards.ca.gov/water_issues/programs/grants_loans/)

Resources:

LYRIS Email Lists

- Subscription form can be accessed at:
http://www.waterboards.ca.gov/resources/email_subscriptions/swrcb_subscribe.shtml
- Available for many programs, including:
 - CWSRF: “Clean Water State Revolving Fund”
 - WRFP: “Water Recycling Funding Program”
 - SC Wastewater Program: “Small Communities Program”
 - CBI: “Beach Water Quality Grants”
 - SWGP: “Storm Water Grant Program (Proposition 84)”