

STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
MARCH 1, 2011

ITEM 4

SUBJECT

CONSIDERATION OF A RESOLUTION MAKING ADJUSTMENTS TO IMPLEMENT THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA)

DISCUSSION

ARRA was enacted on February 17, 2009, and provided the State Water Resources Control Board (State Water Board) over \$280 million to administer pursuant to the CWSRF Program. The State Water Board took action to aggressively implement ARRA to meet the objectives of creating jobs and improving water quality infrastructure in California. On March 17, 2009, the State Water Board adopted [Resolutions 2009-0027](#) to provide direction to staff to implement ARRA. [Resolutions 2009-0051](#) and [2009-0066](#) adopted June 16 and September 1, 2009, respectively, clarified requirements and extended time frames for ARRA implementation. The Resolutions allocated ARRA principal forgiveness funds to certain categories of projects that could meet specific ARRA requirements and time frames. The project categories were: Disadvantaged Community Wastewater Projects, Expanded Use Urban Stormwater Projects, and projects that had previously-committed State Water Board grant funding suspended.

~~During its review of the State Water Board, Division of Financial Assistance's (Division) implementation of ARRA, the United States Environmental Protection Agency (U.S. EPA) determined that certain costs on a small number of projects were not eligible for ARRA reimbursement because all construction contracts on those projects were not executed by February 17, 2010. A question has been raised with regard to the eligibility of certain costs funded on a small number of ARRA projects. The Division has identified non-ARRA funds that can be used to ensure the projects can be completed. The State Water Board has bond funds available from projects that withdrew or were completed without using the full allocation (residual bond funds). The State Water Board also has principal forgiveness funds from the CWSRF 2010 allocation that can be used for costs that are not eligible for bond funds. Unused ARRA funds will be used for ARRA eligible projects. The Division will reallocate base CWSRF funds or residual bond funds as appropriate.~~

The proposed resolution would authorize the Deputy Director of the Division to utilize residual bond funds or principal forgiveness funds on the ~~ARRA funded projects~~ at issue ~~cover costs not eligible for ARRA.~~ The action would also amend the State Water Board's CWSRF Intended Use Plan for Federal Fiscal Year 2010. The Division will determine the appropriate funding source and amount of funding for each project.

The projects ~~and ineligible costs~~ that have been identified, and the anticipated replacement funding sources ~~for ineligible ARRA costs~~ are shown in [Exhibit A](#). If additional projects or costs are identified during future ARRA implementation review, the Division Deputy Director would be authorized to utilize the appropriate funding source ~~to cover any identified ineligible costs, as necessary.~~

POLICY ISSUE

Should the State Water Board:

1. Authorize the Deputy Director of the Division to execute grants and amendments using eligible bond funds for projects that received ARRA funds, to cover costs in question~~that are determined to be ineligible for ARRA;~~
2. Make principal forgiveness funds from the CWSRF 2010 allocation available to projects in question~~that received ARRA funds,~~ but have costs that are determined to be ineligible ~~for ARRA or~~ for residual bond funds; and
3. Amend the Federal Fiscal Year 2010 Intended Use Plan for the CWSRF to identify the projects and allow use of principal forgiveness funds for the projects in question~~with costs determined to be ineligible for ARRA or~~ that are determined to be ineligible for residual bonds.

FISCAL IMPACT

Local assistance funds authorized from Propositions 13, 40, 50 and 84 are sufficient to cover the costs in question~~and the ARRA ineligible costs~~ on the bond-eligible projects. Adequate CWSRF principal forgiveness funds are available for the 2010 allocation to cover the ARRA-~~and bond-ineligible costs~~ in question on the remaining projects.

REGIONAL BOARD IMPACT

None.

STAFF RECOMMENDATION

The State Water Board should:

1. Authorize the Deputy Director of the Division to execute grants and amendments using eligible bond funds for projects that received ARRA funds, to cover costs in question~~costs that are determined to be ineligible for ARRA;~~
2. Make principal forgiveness funds from the CWSRF 2010 allocation available to projects that ~~received ARRA funds,~~ are determined to be ineligible for residual bond funds; and
3. Amend the Federal Fiscal Year 2010 Intended Use Plan for the CWSRF to identify the projects in question and allow use of principal forgiveness funds from the CWSRF 2010 allocation where residual bond funds are not available or appropriate~~or residual bonds.~~

State Water Board action on this item will assist the Water Boards in reaching Goals 1 and 2 of the Strategic Plan Update: 2008-2012 to: (1) Implement strategies to fully support the beneficial uses for all 2006 listed water bodies by 2030 (Goal 1); and (2) Improve and protect groundwater quality in high use basins by 2030 (Goal 2).

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STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2011-

MAKING ADJUSTMENTS TO IMPLEMENT THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA)

WHEREAS:

1. ARRA was enacted on February 17, 2009, and provided over \$280 million to be administered through the CWSRF Program;
2. The State Water Resources Control Board (State Water Board) aggressively implemented ARRA adopting [Resolutions 2009-0027](#), [2009-0051](#) and [2009-0066](#) to establish priorities and timelines for funding awards in order to meet the ARRA objectives of creating jobs and funding clean water infrastructure;
3. ~~During its review of ARRA implementation, the United States Environmental Protection Agency (USEPA) identified on some projects that it deemed ineligible for ARRA funds~~A question has been raised as to the eligibility of a small number of project costs on ARRA-funded projects;
4. The State Water Board is authorized to administer grants from Propositions 13, 40, 50, and 84;
5. The State Water Board administers the CWSRF and has principal forgiveness funds available from its Federal Fiscal Year 2010 allocation; and
6. The costs in question ~~ARRA- ineligible costs identified by USEPA~~ are eligible for either bond funds or CWSRF principal forgiveness funds.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Authorizes the Deputy Director of the Division to execute grants and amendments using ~~eligible residual bond funds for eligible projects at issue~~funds to cover costs that are determined to be ineligible for ARRA;

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2. Makes principal forgiveness funds from the CWSRF 2010 allocation available to projects at issue~~that received ARRA funds, and to cover costs but have costs~~ that are determined to be ineligible for ~~ARRA or for~~ residual bond funds; and
3. Amends the Federal Fiscal Year 2010 Intended Use Plan for the CWSRF to identify the projects and allow use of principal forgiveness funds for the projects with or to cover costs that are determined to be ineligible for ~~ARRA or~~ residual bonds.

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 Resources Control Board held on March 1, 2011.

Jeanine Townsend
Clerk to the Board