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State Water Resources Control Board

Division of Financial Assistance

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Edmund G. Brown Jr.
Governor

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

This announcement is to inform interested and affected parties that the State Water Resources Control Board (State Water Board) plans to amend the SFY 2010/2011 IUP for the CWSRF Program.

The Division of Financial Assistance (Division) is seeking public comments on the proposed amended SFY 2010/2011 IUP (Exhibit A). The IUP will be considered for adoption by the State Water Board at the Tuesday, May 3, 2011, Board meeting.

BACKGROUND

The Division administers the CWSRF Program to provide low-cost financing for construction of wastewater treatment and recycling facilities, implementation of Non-Point Source (NPS) projects, and development and execution of estuary conservation and protection efforts.

An IUP is required at least yearly by the CWSRF federal statutes and regulations, and is an element of the yearly applications submitted to the United States Environmental Protection Agency (US EPA) for capitalization grants. The IUP explains how the Division intends to implement the CWSRF Program considering the availability of funds, the relative completeness of the applications in-house, and state and regional water quality priorities. The IUP includes the activities planned for the year and the measurements that will be used to monitor the CWSRF Program's performance.

The SFY 2010/2011 IUP was originally approved by the State Water Board on August 3, 2010, and submitted to US EPA as part of the federal fiscal year (FFY) 2010 capitalization grant application. US EPA awarded the FFY 2010 grant to the State Water Board on August 27, 2010.

HIGHLIGHTS OF THE AMENDED 2010/2011 IUP

1. The 2010/2011 IUP included deadlines affecting the award of principal forgiveness (grant) funds available from the FFY 2010 capitalization grant. As of March 15, 2011, approximately \$49 million of the original \$72.7 million in principal forgiveness funds remains uncommitted. Under the current process these funds will become available as loan funds after May 1, 2011. Division staff is currently working with 20 projects that could qualify under the current principal forgiveness categories, but cannot meet the current deadlines. In addition, principal forgiveness may be available from the FFY 2011 capitalization grant, and currently approximately \$1 million in grant funds is available from the State Water Pollution Control Revolving Fund Small Community Grant Fund established by AB 2356 (Chap. 609, Statutes of 2008). Division staff is recommending that the State Water Board remove the deadlines from the 2010/2011 IUP. Removing the deadlines from the SFY 2010/2011 IUP will allow staff to better coordinate these sources to achieve better water quality outcomes and address the

needs of disadvantaged communities. Division staff may in the future recommend new deadlines or a different approach to managing these funds.

2. US EPA recently advised Division staff to submit capitalization grant applications sooner than it has in the past. After the amended 2010/2011 IUP is approved by the Board, it will be submitted to US EPA as part of the FFY 2011 capitalization grant application. Division staff plans to present future IUPs to the Board for consideration in September each year, to coincide with the FFY, so that future IUPs and capitalization grant applications can be submitted as soon as possible after the beginning of the federal fiscal year in October. Staff plans to present a new IUP to the Board in September 2011 for approval for the FFY 2012 grant application.
3. The State Water Board will continue to operate the CWSRF Program as described in the State Water Board Policy for Implementing the CWSRF for Construction of Wastewater Treatment Facilities (Policy) and the Strategy for Implementing the CWSRF for Expanded Use Projects (Strategy).

TO TESTIFY

You may submit written comments regarding the proposed amended SFY 2010/2011 IUP. Written comments should be submitted as early as possible to allow for thorough staff analysis. Please indicate in the subject line "AMENDED SFY 2010/2011 IUP." All comments are due by noon on April 22, 2011 and should be directed to:

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FAX: (916) 341-5707
Email: CleanWaterSRF@waterboards.ca.gov

FOLLOW-UP SCHEDULE

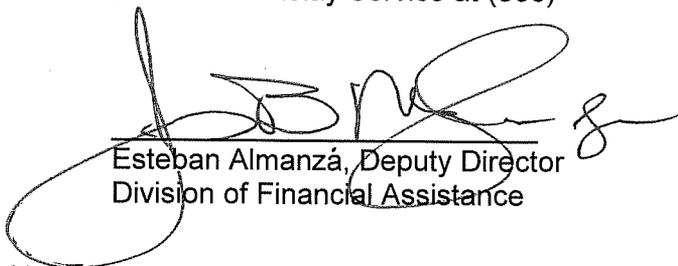
1. State Water Board adoption of the amended SFY 2010/2011 IUP: Tuesday, May 3, 2011, State Water Board Meeting.
2. Submittal of amended SFY 2010/2011 IUP and FFY 2011 grant application to USEPA: after Board adoption.

CONTACT PERSON

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

Date:

3/30/11


Esteban Almanza, Deputy Director
Division of Financial Assistance

California Environmental Protection Agency