

**STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2009-0020**

ADOPTION OF A STATEMENT OF OVERRIDING CONSIDERATIONS, PLACEMENT ON THE WATER RECYCLING FUNDING PROGRAM (WRFP) COMPETITIVE PROJECT LIST, AND EXECUTION OF THE CLEAN WATER STATE REVOLVING FUND (CWSRF) AND WRFP PRELIMINARY FUNDING COMMITMENTS (PFC) FOR THE INLAND EMPIRE UTILITIES AGENCY (AGENCY), NORTHEAST PROJECT AREA 1 (PROJECT), SRF PROJECT NO. C-06-5176-110; WRFP PROJECT NO. 3834-030

WHEREAS:

1. The State Water Resources Control Board (State Water Board) adopted the "*Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities*" (Policy) and amended it on September 16, 2008;
2. The State Water Board, in September 2008, adopted the State Fiscal Year 2008/2009 CWSRF Program Priority List which included the Agency's Project in Priority Class C;
3. The Division of Financial Assistance (Division) approved the Facility Plan for the Agency's Project on January 23, 2009;
4. An independent credit review was completed on November 26, 2008, recommending a credit limit of \$38 million for the Project;
5. The Agency certified a Program Environmental Impact Report (PEIR), approved the Project, and adopted a Mitigation Monitoring and Reporting Program (MMRP) and a Statement of Overriding Considerations (SOC) for the Project on June 28, 2002;
6. The Agency filed a Notice of Determination (NOD) with the San Bernardino County Clerk and with the Governor's Office of Planning and Research (OPR) on June 28, 2002, for the PEIR;
7. The Agency prepared an addendum to reevaluate environmental conditions and filed an NOD with the San Bernardino County Clerk on February 20, 2008, and with the OPR on February 22, 2008;
8. The Agency adopted an SOC to substantiate its decision to approve the Project despite significant and unavoidable cumulative impacts to air quality resulting from exceedences of short-term standards during Project construction and operation;
9. The State Water Board finds that the following specific economic, social, technological, and environmental benefits of the Project outweigh the unavoidable adverse environmental impact to air quality. The Project will:
 - Improve water quality and beneficial uses to groundwater resources within the Chino Basin.
 - Reduce groundwater overdraft from replacement of potable water supply.
 - Help reduce the salt load of the Chino Basin and Santa Ana River and will assist in implementing a salinity management action plan.
 - Help avoid wastewater disposal costs and reduce nitrate discharge into the Santa Ana River.
 - Improve the Bay-Delta ecosystem from reduced import of Bay-Delta water diverted to Southern California.

- Allow the management of water resources through the reuse of highly treated recycled water.
 - Provide a more dependable local supply of water, which will reduce the costs of purchasing imported water and will also allow the Agency to reduce dependence upon the direct delivery of imported water during dry year conditions.
 - Reduce possible water shortages in the Project area.
 - Allow for the incorporation of water savings envisioned through the Agency's water conservation program.
 - Facilitate redevelopment of existing recharge basins, and the construction of new recharge basins.
 - Store and use otherwise unused excess State Water Project (SWP) water.
 - Reduce energy use and air pollution by demanding less energy usage to pump water from the SWP.
 - Provide a framework for integrated water resource planning that addresses master planning of all current and future wastewater and wastewater related facilities.
 - Provide a variety of water recycling opportunities, including agricultural and landscape irrigation, recreational and non-recreational impoundments, industrial and commercial uses, and groundwater recharge.
 - Help achieve the objectives of the Chino Basin Optimum Basin Management Program.
 - Support the Agency's Urban Water Management Plan.
 - Improve physical delivery system reliability.
 - Help lower the anticipated costs of water and sewer rates to customers.
 - Help reduce potable water system operations and maintenance expenditures.
 - Help retain and attract businesses and industries.
10. The State Water Board reviewed and considered the information contained in the addendum, the PEIR, the MMRP, and the SOC, and determined that the funded Project will not result in any significant adverse water quality impacts.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Adds the Project to the WRFP Competitive Project List;
2. Approves the maximum CWSRF financing agreement amount of \$38 million for the proposed Project, including a 20-year repayment period, with the first repayment due one year after completion of construction;
3. Approves a \$4,241,635 WRFP PFC for the proposed Project;
4. Adopts a Statement of Overriding Considerations for the CWSRF and WRFP programs for the Agency's Project;
5. Conditions this approval by withdrawing the CWSRF PFC if the Agency does not sign the agreements by March 30, 2010, in accordance with Section IX (J) of the Policy. Division staff has the discretion to approve up to a 90-day extension for good cause;

6. In accordance with Section III.F of the WRF Guidelines, conditions this approval by withdrawing the WRF PFC if the Agency does not sign the grant agreement by March 30, 2010. Division staff has the discretion to approve up to a 90-day extension for good cause; and
7. Conditions this approval, as determined by the Agency's credit review, with the following items:
 - Secure the CWSRF loan with net revenues of the Recycled Water Enterprise Fund.
 - All future debt secured by net revenues of the Recycled Water Enterprise Fund shall be subordinate to the CWSRF loans.
 - The Agency will pledge revenues of the Regional Wastewater Enterprise Fund for CWSRF loan debt service. This pledge will be subordinate to existing obligations secured by the Regional Wastewater Enterprise Fund.
 - A Loan Reserve Fund, equal to one year's debt service, must be established by the Agency at the time of construction completion date.
 - The Financing Agreement shall be limited to a maximum of \$38 million unless information supporting the credit review changes and a supplemental credit review is performed.

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 March 17, 2009.

AYE: Chair Charles R. Hoppin
 Vice Chair Frances Spivy-Weber
 Arthur G. Baggett, Jr.
 Tam M. Doduc

NAY: None

ABSENT: None

ABSTAIN: None



 Jeanine Townsend
 Clerk to the Board