

**03/20/12 BD MEETING – ITEM #3
CHANGE SHEET #1 (CIRCULATED 03/15/12)**

The following changes to the Federal Fiscal Year (FFY) 2012 Intended Use Plan (IUP) for the Clean Water State Revolving Fund (CWSRF) program reflect changes recommended by staff to address comments received during the public comment period ending March 9, 2012, typographical corrections, and the March 5, 2012 draft Capitalization Grant allocations from the U. S. Environmental Protection Agency (U. S. EPA).

The following reflects changes relative to the draft FFY 2012 IUP linked to Item #3 on the Board's March 20, 2012 agenda.

Change #1: Under “III. Program Capabilities, Financial Outlook” on page 6, paragraph four should read as follows:

Through June 30, 2016, the estimated, uncommitted cash available for financing new projects is approximately \$355 million according to the projections in Table 1. Approximately \$1,018 million will be needed to fund all of the projects listed in Table ~~2~~ 3. Therefore, if all the projects in Table 3 are eligible, all the applications are complete, all the applicants sign a financing agreement, and all the actual disbursements happen as planned, the CWSRF will need an additional \$663 million in cash. Based on past experience, a significant percentage of the projects in Table ~~2~~ 3 will not be financed.

Change #2: The last paragraph on page 11, under “5. Implementation of federal requirements” should read as follows:

5. Implementation of federal requirements

The 2012 federal appropriation may include other requirements. The State Water Board will require that applicants comply with these provisions. Recipients of CWSRF financing must agree to provide information necessary to show compliance with federal requirements. **See paragraph “2. Programmatic assurances” in section “III. PROGRAM CAPABILITIES, General Elements Applicable to CWSRF Funding” on page 13 for further details about federal requirements applicable to CWSRF financing and how the State Water Board will ensure the projects meet those requirements.**

Change #3: The paragraph starting at the bottom of page 13 and continuing at the top of 14 should read as follows:

All projects funded by the CWSRF Program must comply with certain federal laws known as “super cross-cutters.” A broader category of federal laws, the “federal cross-cutters,” apply only in an amount equal to the Capitalization Grants received by the CWSRF Program. Through September 2008, DFA demonstrated compliance with federal cross-cutters on all projects (about \$4.0 billion in financing) provided by the CWSRF Program. The CWSRF Program will receive about \$2.66 billion in grants from U.S. EPA through ~~the~~ FFY 2012. Based on the total application of federal cross-cutters, the State Water Board will not need to apply federal cross-cutters to projects receiving agreements during FFY 2012, and will only demonstrate compliance with federal super cross-cutters during FFY 2012 unless project conditions warrant federal consultation. DFA requires compliance with Disadvantaged Business Enterprise (DBE) requirements for all financing, except planning financing agreements, **and requires Single Audit Act (Office of Management and Budget Circular A-133) and Federal Funding**

Accountability and Transparency Act (FFATA) reporting on all agreements. To date planning financing agreements have been funded with repayment funds. Future planning financing agreements may be funded with Capitalization Grants to provide PF for planning. DFA does not intend to apply DBE requirements to such agreements, but will ensure that DBE compliance is required for projects totaling an amount at least equivalent to the Capitalization Grants from U.S. EPA.

Change #4: A second paragraph should be added under “Funding Forecast” on page 14 in section “III. Program Capabilities” as follows:

Based on the program’s current financial outlook, the State Water Board forecasts \$425 million in new financing during FFY 2012. This is a conservative estimate of new financing based on current grant levels from EPA and the program’s repayments and expenses. The actual level of new financing may be higher or lower depending on a number of factors that will be tracked throughout FFY 2012.

Change #5: The following changes should be made to the projects listed in Table 3 based on comments received from the applicants. In addition, any references to totals from Table 3 or calculations in the IUP based on the totals from Table 3 should be updated before the final IUP is published.

5709-110, BUENA SANITATION DISTRICT, SEWER PIPELINE CIPP REHAB	Project should be deleted.
4986-110, GRATON COUNTY SERVICE AREA #2, WWTP IMPROVEMENTS PROJECT	The applicant’s agency name should be changed to “Graton Community Service District.”
5380-110, REDDING, CITY OF, STILLWATER WASTEWATER TREATMENT PLANT EXPANSION PROJECT, PHASES 1A & 1B	The estimated cost of the project should be changed from \$12,000,000 to \$12,600,000.
7820-110, DUNSMUIR, CITY OF, WASTEWATER COLLECTION AND TREATMENT IMPROVEMENT PROJECT	Table 3 should be revised to show an estimated \$4,357,500 in principal forgiveness and an estimated \$1,452,500 in loan financing rather than \$1,452,500 in principal forgiveness and \$4,357,500 in loan financing.

Change #6: The draft 2012 Capitalization Grant allocations from U. S. EPA include \$101,080,000 for California’s CWSRF, including a minimum principal forgiveness amount of \$5,617,660, a maximum principal forgiveness amount of \$8,426,490, and a minimum Green Project Reserve of \$10,108,000. Staff recommends that the final document published on the Board’s Web site and submitted to U. S. EPA reflect the final allocations and amounts, and that references to the final allocations or amounts or numbers calculated based on the final allocations or amounts be updated before publishing the final 2012 IUP.

Change #7: The following changes should be made to Exception (iii) for Category 1 in Table 4 of the IUP as follows:

(iii) For projects that connect previously unsewered areas or join communities to create or broaden a regional wastewater or stormwater treatment works, consistent with the CWSRF Policy's sustainability provisions, **PF will be allocated to each community served by the project on a per community basis, rather than a per project basis. For these projects, communities qualifying under "Category 1" projects** may receive 100 percent PF/Grants not to exceed \$4 million, and **communities qualifying under "Category 1a" projects** with rates at least 2.0 percent of community MHI may receive 100 percent PF/Grants not to exceed \$6 million.

Change #8: The following changes should be made to Exception (i) for Category 2 in Table 4 of the IUP as follows:

(i) **For pP**Projects that connect previously unsewered areas or join communities to create or broaden a regional wastewater or stormwater treatment works, consistent with the CWSRF Policy's sustainability provisions, **PF will be allocated to each community served by the project on a per community basis, rather than a per project basis. For these projects, communities qualifying under Category 2** may receive PF of 50 percent of eligible project costs not to exceed \$3 million.

Change #9: Footnote 7 should be added to Table 4 as follows:

7. For the purposes of calculating rates as a percentage of MHI, service charges plus other costs related to the system may be considered, including, but not limited to, taxes, assessments, and fees. For wastewater projects, only wastewater costs (including, but not limited to, service charges, taxes, assessments, and fees) will be used to calculate the community's rate as a percentage of MHI. For other types of water quality improvement projects, wastewater costs plus stormwater costs, if applicable, (including, but not limited to, service charges, taxes, assessments, and fees) may be used to calculate the community's rate as a percentage of MHI.