

State of California
California Environmental Protection Agency
State Water Resources Control Board
Clean Water State Revolving Fund



DRAFT

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**INTENDED USE PLAN
Federal Fiscal Year (FFY) 2012
Clean Water Act Title VI Allotment**

PREPARED BY: Division of Financial Assistance
APPROVED BY: State Water Resources Control Board
[DATE ADOPTED]/Resolution No. 2012 – 00XX

OUR VISION

Abundant clean water for human uses and environmental protection to sustain California's future



OUR MISSION

To preserve, enhance, and restore the quality of California's water resources, and ensure their proper allocation and efficient use for the benefit for present and future generations

TABLE OF CONTENTS

I.	INTRODUCTION	
	Authority, History, and Past Achievements	1
	Connections to Other Plans, Goals, and Programs of the State Water Board and the California Environmental Protection Agency	2
	Intended Use Plan and Federal Fiscal Year 2012 Guidance	3
II.	WATER QUALITY FINANCING MARKET	
	Clean Watersheds Needs Survey	4
	Project Priority List	4
	State Water Quality Guidance	5
III.	PROGRAM CAPABILITIES	
	Financial Outlook	6
	Resources	7
	Overall Funding Approach	9
	General Elements Applicable to CWSRF Funding	12
	Funding Forecast	14
	Risks.....	15
IV.	OUTCOMES, GOALS, ACTIVITIES, AND MEASUREMENTS	
	Sound Finances	17
	Fund the Most Beneficial Projects	19
	Well-Known and Respected Products	20
V.	SCHEDULE	21
VI.	TABLES	
	Table 1: Sources and Uses for the CWSRF.....	22
	Table 2: Clean Water State Revolving Fund Capitalization Grant(s) Payment Schedule – FFY 2012	23
	Table 3: 201 Intended Use Plan Project List	24
	Table 4: 2012 CWSRF Principal Forgiveness and Small Community Grants by Category of Applicant	28
VII.	INDEX OF ACRONYMS	31

I. INTRODUCTION

Water is one of the most essential natural resources in California. The State Water Resources Control Board (State Water Board) and the nine Regional Water Quality Control Boards (Regional Water Boards), collectively the Water Boards, protect and improve water quality in California through several regulatory and financial assistance programs. The federal [Clean Water Act](#) established the Clean Water State Revolving Fund (CWSRF) Program to finance protection and improvement of water quality. The CWSRF Program has protected and promoted the health, safety, and welfare of Californians since 1989. Many of the projects funded by the CWSRF Program address wastewater discharge violations or enforcement orders from the Regional Water Boards. Every project is directly related to improving public health and/or water quality.

Authority, History, and Past Achievements

In 1987 the U.S. Congress and the President amended the Clean Water Act. Title VI of the Clean Water Act replaced the long-standing, federal Construction Grants program (Title II) with the more flexible CWSRF Program. The CWSRF Program operates like an environmental infrastructure bank. It is capitalized by federal, state, and local governments. The CWSRF provides financial assistance with this capital and the earnings generated by the Program's capital, interest payments and investment earnings, to fund water quality projects. The revolving nature of the CWSRF Program provides a sustainable source of funds for water quality protection and improvement.

The CWSRF Program can fund a wide variety of projects. These include all types of non-point source, estuary management, and traditional Publicly Owned Treatment Works (POTW) projects. All 50 states and the territories are currently operating successful CWSRF Programs. The total funds available to the Program [nationwide](#) since its inception exceed \$77 billion.

States may offer a variety of financing options to assist recipients with their water quality efforts. These include loans, refinancing debt, purchasing or guaranteeing local debt, and purchasing bond insurance. States may set specific terms, including any below market interest rate down to zero percent. Loan repayment periods are generally up to 20 years, but states can also extend repayment periods more than 20 years in some cases. States have the flexibility to target resources and customize terms to meet their particular water quality needs.

Federal and state laws historically have prohibited the CWSRF from offering grants, and have required complete repayment of all financial assistance. However, beginning in 2009 federal appropriations authorized grants, negative interest rates, and principal forgiveness on a limited basis. California law has been modified to accommodate these additional types of subsidy.

The State of California's CWSRF Program is authorized under [Water Code Sections 13475-13485](#). California operates its Program pursuant to an "[Operating Agreement](#)" (OA) between the State Water Board and the United States Environmental Protection Agency (U.S. EPA).

California's CWSRF has grown since its beginnings in 1989. It has executed more than \$6.3 billion in financial agreements. The Net Assets of the Program exceed \$3.2 billion, and its annual revenue after debt service and service charges are deducted is approximately \$190 million.

California's CWSRF Program has funded a broad range of projects. About 70 percent of funds were used for wastewater treatment and water recycling facilities. About 24 percent of funds were used for wastewater collection systems. About six percent of funds were used for non-point source or estuary projects.

Connections to Other Plans, Goals, and Programs of the State Water Board and the California Environmental Protection Agency (Cal/EPA).

The CWSRF Program supports the following goals from the Water Boards' [Strategic Plan Update for 2008-2012](#).

- Goal 1 Implement strategies to fully support the beneficial uses for all 2006-listed water bodies by 2030.
- Goal 2 Improve and protect groundwater quality in high-use basins by 2030.
- Goal 3 Increase sustainable local water supplies available for meeting existing and future beneficial uses by 1,725,000 acre-feet per year, in excess of 2002 levels, by 2015, and ensure adequate flows for fish and wildlife habitat.
- Goal 4 Comprehensively address water quality protection and restoration, and the relationship between water supply and water quality, and describe the connections between water quality, water quantity, and climate change, throughout California's water planning processes.
- Goal 5 Improve transparency and accountability by ensuring that Water Board goals and actions are clear and accessible, by demonstrating and explaining results achieved with respect to the goals and resources available, by enhancing and improving accessibility of data and information, and by encouraging the creation of organizations or cooperative agreements that advance this goal, such as establishment of a statewide water data institute.
- Goal 6 Enhance consistency across the Water Boards, on an ongoing basis, to ensure our processes are effective, efficient, and predictable, and to promote fair and equitable application of laws, regulations, policies, and procedures.
- Goal 7 Ensure that the Water Boards have access to information and expertise, including employees with appropriate knowledge and skills, needed to effectively and efficiently carry out the Water Boards' mission.

The CSWRF Program also supports the following [Cal/EPA Strategic Vision](#) goals:

- Goal 1 Rivers, lakes, estuaries, and marine waters that are fishable, swimmable, support healthy ecosystems and other beneficial uses.
- Goal 2 Groundwater that is safe for drinking and other beneficial uses.
- Goal 3 Communities that are free from unacceptable human health and ecological risks due to exposure from hazardous substances and other potential harmful agents.
- Goal 4 Reduce or eliminate the disproportionate impacts of pollution on low-income and minority populations.
- Goal 5 Ensure the efficient use of natural resources.
- Goal 6 Continuous improvement and application of science and technology.

The Division of Financial Assistance (DFA) administers additional state funded financial assistance programs that complement and leverage the financial resources of the CWSRF. These other sources of funding include:

- ✓ The Small Community Wastewater Grant (SCWG) Program provides state bond funds as grants to small, disadvantaged communities for wastewater infrastructure projects.
- ✓ The State Water Pollution Control Revolving Fund Small Community Grant Fund provides grants to small, disadvantaged communities for their wastewater projects through an administrative surcharge on CWSRF financing agreements.
- ✓ The Water Recycling Funding Program (WRFP) provides grants and loans for construction of water recycling facilities.
- ✓ The Clean Beaches Initiative Grant Program (CBI) provides grants to restore and protect coastal waters, estuaries, bays, and near shore waters.
- ✓ The Integrated Regional Water Management (IRWM) Grant Program provides grants to protect communities from drought, protect and improve water quality, and improve local water security by reducing dependence on imported water.
- ✓ The Storm Water Grant Program will provide matching grants for reduction and prevention of storm water contamination of rivers, lakes, and streams.

Due to California's current budget, the availability of funding for these programs is uncertain. DFA continues to manage the CWSRF and its other funding programs to maximize its ability to fund projects that support the Water Boards' water quality protection goals.

Intended Use Plan (IUP) and FFY 2012 Guidance

This IUP is required by federal statutes and regulations. It is a component of the Capitalization Grant application to U.S. EPA. The IUP, or an amendment, will be included in the State Water Board's application for Capitalization Grant(s) for the CWSRF program.

The FFY 2012 IUP sets out the State Water Board's business plan for the year. It discusses management's general approach and the CWSRF's ability to successfully carry out the business plan with the financial and programmatic resources available to it.

In particular, this IUP estimates the Program's cash flow (Table 1) for the next several years and identifies projects (Table 3) the State Water Board is working to finance in FFY 2012 with its available funds. The IUP also includes performance measures to track the effectiveness of the CWSRF Program.

The State Water Board will continue to implement the CWSRF Program consistent with ongoing requirements. These include:

- ✓ Applicable state and federal statutes and regulations.
- ✓ The [Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities \(CWSRF Policy\)](#).
- ✓ The [Strategy for Implementing the SRF for Expanded Use Projects \(Expanded Use Strategy\)](#).
- ✓ The Operating Agreement between the State Water Board and U.S. EPA Region 9.
- ✓ In addition to the ongoing requirements of the Program, the State Water Board will implement the CWSRF consistent with any additional federal requirements in the 2012 budget appropriation and/or guidance from U.S. EPA.

The State Water Board or the Executive Director may amend this IUP, but only after the public and interested parties are given an opportunity to comment on the proposed changes.

II. WATER QUALITY FINANCING MARKET

Clean Watersheds Needs Survey

California needs significant funding to achieve its clean water goals. The most recent [Clean Watersheds Needs Survey in 2008](#) shows that California needs an estimated \$30.0 billion for wastewater treatment and collection, wastewater recycling, non-point source pollution elimination, and storm water pollution prevention over the next 20 years. This includes an estimated \$24.4 billion to update aging infrastructure.

Project Priority List

The State Water Board maintains a [Project Priority List](#) that reflects projects needing financing. Projects on the Priority List may compete for financing from the CWSRF.

State Water Quality Guidance

1. Small and/or Disadvantaged Communities

On July 1, 2008, the State Water Board adopted [Resolution No. 2008-0048](#) to assist small and/or disadvantaged communities with their wastewater needs. Resolution No. 2008-0048 refers to the [Small Community Wastewater Strategy \(SC Strategy\)](#). The SC Strategy provides an overview of the challenges facing small and/or disadvantaged communities. These include failing septic systems or outdated and undersized wastewater treatment plants. The SC Strategy discusses options and offers solutions to those problems.

Small and/or disadvantaged communities generally have higher per capita costs. Disadvantaged (median household income (MHI) of less than 80 percent of the statewide MHI) and severely disadvantaged (MHI of less than 60 percent of the statewide MHI) small communities face the additional burden of lower household incomes. The result is higher, sometimes prohibitive, sewer rates.

The strategies outlined in Resolution No. 2008-0048 include a number of modifications, such as extended term financing or reduced interest rates, to make the CWSRF Program more affordable for small and/or disadvantaged communities.

2. Protection of the San Francisco Bay/Sacramento-San Joaquin Delta Estuary (Bay-Delta)

On July 16, 2008, the State Water Board adopted the [Strategic Workplan for Activities in the San Francisco Bay/Sacramento-San Joaquin Delta Estuary](#) (Workplan). The Workplan describes the actions the Water Boards will complete, in cooperation with other agencies, to protect beneficial use of water in the Bay-Delta and the associated timelines and resources needed.

Workplan activities are divided into nine broad elements. The CWSRF Program can help implement the Workplan by funding point and nonpoint source projects such as:

- ✓ Measures identified in Total Maximum Daily Loads (TMDLs).
- ✓ Storm water and dry weather runoff reduction from Municipal Separate Storm Sewer Systems (MS4).
- ✓ Conservation measures to reduce sediment and non-point discharges.
- ✓ Ammonia discharge reduction from POTWs.
- ✓ Urban and agricultural water use efficiency to reduce demand on the Delta and reduce runoff of pesticides to the Delta.

3. Sustainability and Global Climate Change

The State Water Board adopted [Resolution No. 2008-0030](#) on May 6, 2008, emphasizing sustainability as a core value for all the Water Boards' activities and programs. Resolution No. 2008-0030 directed the Water Boards' staff to take a number of actions that may affect the CWSRF Program such as:

- ✓ Promote recycled water use, water conservation, and low impact development (LID).
- ✓ Assign a higher priority to climate-related and LID projects.
- ✓ Coordinate with government agencies, non-profit organizations, and private sector businesses to enhance and encourage sustainable activities.

III. PROGRAM CAPABILITIES

Financial Outlook

The decision to finance a new CWSRF project is based on its projected cash disbursements relative to the estimated uncommitted cash flow of the Program. Table 1 shows the currently projected cash flow of the Program. The cash flow is the difference between projected revenues and Capitalization Grants and expenses. The State Water Board will continue in 2012 its past practice of evaluating the cash needs of each project relative to the estimated Program cash flow before deciding whether to finance that project.

The projected cash includes potential U.S. EPA Capitalization Grants, payments of principal and interest on outstanding receivables, investment earnings, and matching funds. Except for future Capitalization Grants, those after FFY 2012, the future revenue of the CWSRF program can be predicted with reasonable certainty. The 2012 Capitalization Grant is estimated to be \$105,610,000. Table 2 shows the State Water Board's requested payment schedule for these funds from the U.S. Treasury. In addition to the new capital expected from U.S. EPA, the CWSRF Program currently receives approximately \$221 million annually from existing receivables and investments earnings.

The projected expenses include disbursements to projects with existing financing agreements or commitments, revenue bond payments, and Program administrative costs.

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. 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 will not be financed.

Although the cash flow projection in Table 1 indicates that the CWSRF will not have sufficient cash to fulfill all current commitments in the short run, the State Water Board can manage the existing CWSRF commitments and continue to make new commitments. Based on past experience, financing recipients tend to request disbursements more slowly than the staff's cash flow forecasts indicate. In addition, on September 22, 2005 ([Resolution No. 2005-0064](#)) the State Water Board authorized the California Infrastructure and Economic Development Bank to sell up to \$300 million in revenue bonds on behalf of the CWSRF to address any cash shortfall. The State Water Board may need to sell revenue bonds in 2012 or 2013 to provide additional cash, and is in the early stages of preparing for a sale. If a revenue bond sale is needed, but infeasible, then the State Water Board will evaluate other measures to regulate the disbursement of cash to match existing revenues and Grants from U.S. EPA

Resources

1. Organization, Program Resources, and Skills

Approximately 55 Personnel Years (PY) are budgeted for the CWSRF Program in SFY 2011/12. Six of these positions are currently vacant. The number of positions is not expected to change in SFY 2011/12 or SFY 2012/2013. These positions are distributed among DFA, Division of Administrative Services (DAS), the nine Regional Water Boards, the Office of Chief Counsel (OCC), and the Division of Information Technology (DIT) as follows:

- ✓ Five PYs for Environmental Scientists to ensure compliance with state and federal environmental and cultural resources requirements (DFA)
- ✓ Twenty-six PYs for Water Resources Control Engineers to manage project applications (DFA)
- ✓ 0.9 PYs for Regional Water Board coordination (Regional Water Boards)
- ✓ Nine PYs to provide administrative support (DFA)
- ✓ Seven PYs to provide management to oversee staff and the program (DFA)
- ✓ Five PYs to provide accounting, personnel, budget, and contract support (DAS)
- ✓ One PY to provide legal support (OCC)
- ✓ One PY to provide information technology support (DIT)

The CWSRF Program relies on some contracted services that 1) cannot be provided economically by Water Board staff, 2) require skills not available in the Water Boards, or 3) require independence from the Program. Approximately \$1.2 million are budgeted for contract services such as an independent accounting firm for annual audits, outside legal counsel for specialized tax advice, an outside contractor to conduct credit analyses, an outside contractor to provide technical assistance to small, disadvantaged communities, a vendor to provide maintenance for the Loans and Grants Tracking System (LGTS), and an independent, external financial advisor.

2. Administrative Funding

Administrative funding comes from three sources – the Capitalization Grants awarded yearly by U.S. EPA, the American Recovery and Reinvestment Act (ARRA), and the State Water Pollution Control Revolving Fund Administrative Fund (Administrative Fund). Up to 4.0 percent of the cumulative Capitalization Grants and ARRA may be spent on administration. Section 13477.5.(c)(1) of the California Water Code allows the Board to apply an annual service charge on a financing agreement. The revenue generated by this service charge goes into the Administrative Fund, and may also be used for administration.

Capitalization Grants, and therefore the amount available for administration, vary yearly depending on the amount appropriated by Congress. ARRA was a one-time event, and all ARRA administrative funds should be expended by June 30, 2012. The service charge rate cannot exceed 1.0 percent of the outstanding balance of a financing agreement. Once the service charge is applied to an agreement, the rate remains unchanged for the duration of the agreement. Since the service charge is a percentage of the outstanding principal on each agreement, the service charges tend to produce a declining amount of revenue each year. Each year, the State Water Board must evaluate the need for the service charge revenue and establish an appropriate rate. The service charge will then be applied to additional agreements to maintain the Administrative Fund revenue consistent with the budget established by the Governor and the Legislature for the CWSRF Program.

The Administrative Fund can only be used for Program administration. The administrative allowance from the Capitalization Grants may be used for administration, but can also be used for local assistance financing. Therefore, the Water Board is using the Administrative Fund as its primary source of administrative funding, with the federal administrative allowance as a backup. The two sources of funds provide a reliable source of funds to administer the CWSRF Program. Based on the budgeted positions for the program for 2012, the Water Board establishes the 2012 service charge rate at 1.0 percent. This shall be the effective rate until the Water Board establishes a different rate.

3. State Water Pollution Control Revolving Fund Small Community Grant (SCG) Fund

The SCG Fund was established through amendments to the Water Code by AB 2356 (Chapter 609, Statutes of 2008). The SCG Fund uses a surcharge on CWSRF financing agreements to provide grants for wastewater projects that serve small, disadvantaged communities. The Water Code requires the State Water Board to give priority to projects that serve severely disadvantaged communities (i.e., communities with a median household income [MHI] less than 60 percent of the Statewide MHI). The surcharge is applied in the same manner as the administrative service rate by reducing the interest paid by a like amount so that the recipient's annual payment stays the same. The law allows the State Water Board to assess an annual charge until 2014. The State Water Board may collect a cumulative amount of \$50 million for the SCG Fund.

The annual charges are deposited into the SCG Fund, separate from the CWSRF. Monies deposited into the SCG Fund are used as grants for small, disadvantaged communities for otherwise eligible SRF projects. The State Water Board has authority to spend \$1 million in SFY 2011/12 from the SCG Fund. Additional SCG funds may be appropriated in future years.

Overall Funding Approach

In order to meet identified water quality financing needs, the State Water Board will attempt to fund all eligible and complete applications during FFY 2012 consistent with the CWSRF Policy, the Expanded Use Strategy, the OA, and applicable federal and state statutes, regulations, and guidance.

The CWSRF Policy establishes a Project Priority List (PPL) based on public health and water quality factors, but it also states that projects are funded “on an as-ready basis.” The reason for these two approaches is that there is a greater water quality benefit from funding an eligible project that is ready to proceed than there is holding cash for a higher priority project that is not ready to proceed. In addition, financing projects usually generates a greater financial return than the CWSRF’s current investment program of holding all cash in the State Treasury’s Surplus Money Investment Fund.

All funds available to the CWSRF Program will be distributed as described below. The CWSRF Program has committed 100 percent of all federal Capitalization Grants through FFY 2010. Approximately 58 percent of the FFY 2011 Capitalization Grant has been committed as of December 31, 2011. The State Water Board’s priority, therefore, during FFY 2012 will be committing the remaining FFY 2011 funds, the FFY 2012 funds, the \$1 million in SCG funds available in SFY 2011/12, and any additional SCG funds that may be appropriated in SFY 2012/13. After committing all federal Capitalization Grant funds and available SCG funds, DFA will commit payments of principal and interest or investment earnings to meet anticipated disbursement needs. If these sources are not sufficient to meet the cash needs of the CWSRF Program, DFA will evaluate a revenue bond sale or regulate cash disbursements.

Provisions that depend on the FFY 2012 appropriation take effect only if the State Water Board receives the FFY 2012 Capitalization Grant, and apply only as directed by Congress or U.S. EPA.

Key points related to the funds available to the CWSRF program in 2012 may include, but are not limited to:

1. Principal Forgiveness (PF) and SCG Fund

PF and the SCG Fund help the Water Board finance the neediest communities in California. They are intended to reduce the cost of water quality actions for those that cannot otherwise afford a loan or similar financing. PF also provides funds for projects in California’s three nationally designated estuaries. Typically the agencies sponsoring these projects do not have a revenue stream to

support repayment of a loan, and are able to provide limited matching funds. Disadvantaged communities and estuary project sponsors are separated into two categories – “small” and “other” as shown in Table 4.

The maximum amount of PF allowed by U.S. EPA from the FFY 2012 appropriation will be made available for projects. The maximum PF allowed by the FFY 2012 Grant is estimated to be approximately \$9.8 million. The exact amount will be determined after the Water Board receives the final 2012 nationwide allocations from U.S. EPA. The federal appropriation states that PF shall only be available “where such funds are provided as initial financing for an eligible recipient or to buy, refinance, or restructure the debt obligations of eligible recipients only where such debt was incurred on or after the date of enactment of this Act.”

The PF available from the FFY 2012 Capitalization Grant will be added to the two categories in Table 4 – 2012 CWSRF Principal Forgiveness and Small Community Grants by Category of Applicant in the ratio of 60 percent for Category 1 and 40 percent for Category 2. (State Water Board estimates that about \$5.9 million will be added to Category 1, and about \$3.9 million to Category 2.) These additional PF funds will be used in conjunction with PF remaining from the FFY 2010 and 2011 Capitalization Grants. As of January 30, 2012, there is \$28,080,004 PF not under agreement in Category 1 and \$16,277,805 PF not under agreement in Category 2. (Approximately \$24.6 million in 2010 and 2011 PF has been preliminarily committed to projects as of January 30, 2012, leaving approximately \$19.7 million in 2010 and 2011 PF uncommitted in Categories 1 and 2.)

The \$1,000,000 in SCG funds appropriated for SFY 2011/12 will be used for qualifying projects in Category 1. Any SCG funds appropriated in future years will be used for qualifying projects in Category 1 also unless otherwise directed by the State Water Board. All SCG funds appropriated in SFY 2010/11 were previously committed.

The distribution and limitations associated with PF and the SCG Fund are shown in Table 4. Given the declining availability of PF from U.S. EPA, the amount of PF available in 2012 is lower than in previous years; State Water Board staff anticipate that this trend will continue in future years. To ensure an equitable distribution of PF and the SCG funds to a large cross-section of community needs throughout California, an agency may not receive cumulatively more than \$10 million in 2010, 2011, and 2012 PF and SCG funds. The upper limit of PF and SCG funds may be modified in the future based on the amount of PF and SCG funds available and the priorities of the State Water Board. All conditions on these funds shown in Table 4 will remain in effect until modified by the State Water Board at a regular meeting.

All applicants eligible for PF or the SCG Fund must evaluate how their projects address the Housing and Urban Development – Department of Transportation – U.S. EPA “Livability Principles” as part of their applications. This evaluation is for informational purposes only, and will not affect the priority or eligibility of a project requesting CWSRF funding. The Livability Principles can be found at www.epa.gov/smartgrowth/partnership/index.html#livabilityprinciples.

2. Local contributions for PF and SCG Fund projects

The State Water Board believes that local involvement and investment in projects is crucial for successful project development and completion. The 2012 IUP establishes the minimum contribution that recipients must provide to projects to receive PF and SCG funds. Costs for planning and design specific to a project financed with PF or SCG funds may be counted as part of the local contribution regardless of the date incurred. Costs incurred after October 1, 2009, for construction or implementation specific to a project financed with PF or SCG funds may be counted as part of the local contribution.

Table 4 breaks down the amounts available by applicant and project type. In general, small, disadvantaged communities are provided with higher per project and cumulative funding levels. A higher per project limit is also established to encourage regionalization.

The State Water Board will finance, if requested by the applicant, the portion of the project not receiving PF or SCG funds with the same repayment terms available to other applicants.

3. Green Project Reserve (GPR)

To ensure that California meets or exceeds the 10 percent GPR minimum in the 2012 appropriation, the State Water Board will prioritize the review and approval of GPR projects until the minimum GPR threshold is met. GPR projects will be determined consistent with [US EPA's FFY 2010 guidance](#) and any subsequent guidance issued by U.S. EPA.

4. Davis-Bacon requirements

The 2012 federal appropriation requires that Davis-Bacon rules be applied to all CWSRF projects. The State Water Board will require that applicants comply with Davis-Bacon. Recipients of CWSRF financing must agree to provide information necessary to show compliance with Davis-Bacon requirements.

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.

General Elements Applicable to CWSRF Funding

1. Best use of available financing sources and terms

The State Water Board will consider the requirements associated with all available sources of funds, and match up available funds with projects to achieve the maximum water quality benefit. This includes the use of extended term financing (up to 30 years) and the State Water Pollution Control Revolving Fund SCG Fund, to the extent these are available and applicable, with the CWSRF to maximize financing of projects for small, disadvantaged communities.

The CWSRF Program has sufficient matching funds for several years of capitalization grants from U.S. EPA at the currently expected levels. Since no additional match is necessary for the foreseeable future and match financing reduces earnings for the CWSRF, the State Water Board will not offer the match financing option until further notice.

The State Water Board will continue to limit CWSRF disbursements to \$50 million per year per agency until further notice. Recipients with agreements executed in previous years that did not draw the maximum allowed in prior years may carry forward any undrawn balance for disbursement in the present year. The Deputy Director of DFA is authorized by the State Water Board to reduce the maximum amount an agency may draw from the CWSRF if necessary to ensure a fair distribution of funds. The Deputy Director of DFA is also authorized to disburse funds over the \$50 million limit if doing so will not hinder the ability of other applicants to receive financing and will help the Program expend funds in a timely manner.

2. Programmatic assurances

The State Water Board must provide one dollar of match for each five dollars received through U.S. EPA Capitalization Grants. Cumulatively, the CWSRF Program has been awarded \$2,280,380,386 in grants as of December 31, 2011 that must be matched. The total matching requirement as of December 31, 2011, therefore, was \$456,076,076. The CWSRF Program has provided a total of \$623,342,747 in matching funds as of December 31, 2011. Therefore, the State Water Board has contributed at least an extra \$167 million in match funds to the CWSRF over the amount required as of December 31, 2011. This is sufficient to match approximately \$836 million in Capitalization Grants.

The State Water Board will provide funding for all eligible categories of projects. The types of assistance include loans, installment sales agreements, and purchase of debt for the construction of treatment works or implementation of non-point source or estuary projects. The State Water Board will also provide planning financing during FFY 2012 to applicants that can legally accept such financing. Principal forgiveness will be provided to those applicants that meet the conditions specified earlier. The terms associated with financial assistance vary by applicant and the date the project is approved. Planning financing is

amortized over five years unless rolled into a construction financing agreement. Construction or implementation financing are generally amortized for periods up to 20 years, but can be amortized over as much as 30 years for small, disadvantaged communities. The State Water Board directed the Executive Director on February 7, 2012 to submit an application to U.S. EPA to request approval to offer extended term financing to projects that regionalize existing wastewater facilities. If approved by U.S. EPA, the State Water Board will also begin offering extended term financing for regionalization during 2012. The interest rate applied to financing agreements is established at the time the project is approved. The interest rate will be one-half the state's most recent general obligation bond rate rounded up to the nearest one-tenth of a percent.

As noted earlier, the CWSRF is over matched at this point. Therefore, the State Water Board will not provide any matching funds during FFY 2012. The cash draw ratio during 2012 will be 100 percent federal funds.

The State Water Board must make binding commitments in an amount equal to 120 percent of each quarterly Capitalization Grant payment from U.S. EPA within one year after the receipt of each quarterly payment (Code of Federal Regulations, Title 40, § 35.3135). As of December 31, 2011, the State Water Board made binding commitments equal to 275 percent of all Capitalization Grant payments (including ARRA.) The State may bank the balance towards the binding commitment requirements of subsequent quarters if it commits more than the required 120 percent. Given the high level of binding commitments relative to the federal investment, the State Water Board will meet the 120 percent threshold during FFY 2012.

The State Water Board will ensure timely and expeditious expenditure of all funds during FFY 2012 and comply with the conditions included with the FFY 2012 grant agreement. This IUP establishes the goals during FFY 2012 to over commit available funds by 105 percent and disburse 100 percent of available funds less a minimum balance of \$25 million plus any assets restricted for other uses, i.e., bond payments. The State Water Board will continue to use and refine its existing procedures. These procedures are designed to quickly identify and approve projects, execute financing agreements, and disburse funds to recipients. As of June 30, 2010, the State Water Board has disbursed 94.5 percent of all federal grants awarded not including the ARRA grant. With the ARRA grant included, the State Water Board has disbursed 93 percent of all federal awards. These results are consistent with recent trends, and indicate that the State Water Board is able to quickly and productively use federal funds.

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. 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.

The OA allows for two levels of environmental review for CWSRF projects. The State Water Board will generally use its alternative environmental review process, also known as the Tier II review, for projects during FFY 2012. The Tier II review generally follows the requirements of CEQA. All applicants, though, must complete and submit an "Evaluation Form for Environmental Review and Federal Coordination." State Water Board staff will conduct a Tier I review, including federal agency distribution and consultation, for projects with known or suspected effects under federal environmental cross-cutting regulations. If a project can adequately document that there will be "no effect" under federal environmental cross-cutting regulations, then a Tier II review will be conducted.

Without restricting the general approach described above, the Executive Director, or designee, should update the State Water Board Members and the public at State Water Board meetings, or by other appropriate communication, on the progress of implementing the CWSRF Program and recommend appropriate adjustments to this IUP or other changes in policy or procedure necessary to achieve the most favorable water quality results in California.

Funding Forecast

Table 3 lists the projects most likely to be approved for financing by the CWSRF Program during FFY 2012. Table 3 includes only projects that have submitted elements of an application to the CWSRF Program. DFA staff evaluated the completeness of the applications submitted to date and estimated when each project could be ready for a financing agreement. Table 3 includes the estimated financing agreement dates, the estimated project costs, the probable source(s) of funds for the projects, and the estimated GPR.

Note that Table 3 does not include all of the projects listed on the PPL or include projects that have only submitted a questionnaire to become listed on the PPL. DFA staff cannot predict when a project will be ready for financing based solely on the information collected for the PPL.

Being listed in Table 3 does not guarantee funding or the order of funding for projects. All projects in Table 3, as well as any project on the PPL, are potentially eligible for funding, bearing in mind the minimum PF and GPR requirements associated with federal funds. If a project identified in this IUP is not eligible for the CWSRF Program or is not ready for a financing agreement, it may be bypassed in favor of any other project in Table 3 or on the PPL that is ready for financing.

Each project in Table 3 will be reviewed by State Water Board staff to determine that it meets all applicable eligibility rules prior to execution of a financing agreement.

Risks

The following are financial or institutional risks to the CWSRF Program. DFA management will focus on identifying potential problems and taking action early to maintain the integrity and success of the CWSRF Program.

1. Application Demand vs. Resources

Demand for financing may exceed the resources needed to review and approve all applications. Staff resources are the most inflexible aspect of the CWSRF Program. Because additional staff must be approved through the state's budget process, additional staff cannot be added quickly to address high demand. In addition, hiring may be frozen or work hours reduced due to state budget concerns. DFA will prioritize applications consistent with this IUP and the CWSRF policies, seek changes to the policies, further adjust its review procedures, work with US EPA or other agencies to resolve delays, or seek additional resources if an abundance of applications is received.

2. Applicants' Schedule Changes

Beneficial projects may not proceed with financing because the applicants' schedules may change or be delayed. The CWSRF Program will coordinate regularly with applicants identified in this IUP, and others that submit an application during the year, to minimize and avoid delays. As project schedules shift, lower priority projects may be funded if they are ready to proceed, bearing in mind the minimum PF and GPR requirements associated with the federal funds. This funding flexibility maximizes the use of the CWSRF and increases the number of funded projects.

After a project is financed, the recipient's assistance agreement requires it to ensure that it starts construction promptly. Delays must be reported to DFA staff so that appropriate action can be taken to address those delays.

3. Cash Flow vs. Application Demand

The amount of financing requested may exceed the CWSRF Program's cash flow. DFA staff will maintain accurate account balances and forecast future revenue and disbursements on a regular basis to identify potential cash shortages beforehand. If additional cash is needed, the CWSRF Program has several options. The Program has considerable revenue that it can leverage should a bond sale be needed. The State Water Board can prioritize funding requests or negotiate disbursement schedules with applicants. The CWSRF Program can also investigate alternative financing (providing bond insurance).

Excess cash may accumulate if applications are too low. Excess cash does not provide any water quality benefit for California. DFA will also use its marketing, customer assistance, and project development resources to ensure a pipeline of projects ready for financing.

4. Defaults

DFA will implement the requirements of the CWSRF Policy to ensure prudent lending practices that safeguard the Program's equity. The State Water Board contracts with California Municipal Securities, Inc. (CalMuni), a financial analysis firm, to evaluate the credit of CWSRF applicants before approving funding. The State Water Board also contracts with a professional financial advisor to provide additional financial expertise.

The CWSRF Program has a number of tools to reduce the risk of default by disadvantaged communities. The Program will continue to provide extended term financing in FFY 2012 to reduce debt service for small, disadvantaged communities. Principal forgiveness for disadvantaged communities is incorporated into this IUP to reduce borrowing costs and the risk of default for disadvantaged communities.

The *Small Community Wastewater Strategy*, adopted by the State Water Board on July 1, 2008, and updated each year thereafter, also includes elements to reduce default risk and strengthen wastewater system management by communities with lower credit ratings and fewer financial resources. These include:

- ✓ Providing assistance to apply for grants, loans, and other financing.
- ✓ Making loans and other types of repayable obligations more affordable with grants from the "State Water Pollution Control Revolving Fund Small Community Grant Fund."
- ✓ Supplying technical expertise and training to evaluate project alternatives or to manage the long-term financial and operational needs of the system.
- ✓ Pursuing new or innovative funding.
- ✓ Executing a contract with the Rural Community Assistance Corporation to offer wastewater-related training to small, disadvantaged communities in such areas as financial management, rate setting, and operation and maintenance.

5. Accountability and Oversight

The CWSRF Program is capitalized with public funds, and the State Water Board is responsible for using them lawfully and effectively.

The State Water Board regularly reports to U.S. EPA through the [National Information Management System](#) (NIMS) and the CWSRF Benefits Reporting (CBR) system on use of the funds. Quarterly ARRA reporting per Office of Management and Budget guidance is done also. In addition, U.S. EPA conducts a Program Evaluation Review (PER) on a regular basis.

The CWSRF Program produces an [annual report and audited financial statements](#).

In addition, DFA staff will continue to implement its project inspection and certification program. Site visits are done periodically during construction. All POTW projects are subject to a "Final Project Inspection" and project certification to ensure that they are operating properly. Expanded use projects generally must evaluate the success of their projects at the end of implementation. Evaluation and review of ARRA funded projects includes additional checklist items to ensure that recipients maintain compliance with ARRA requirements. Copies of site visit documentation and Final Project Inspections reports done by DFA staff and project certification or evaluation reports done by the recipients are maintained by DFA in the project files.

IV. OUTCOMES, GOALS, ACTIVITIES, AND MEASURES

This section summarizes the activities planned for the CWSRF Program for FFY 2012, and describes how those activities contribute to the expected outcomes for the CWSRF Program. Specific projects or activities include target completion dates. The performance measurements will be used to track progress toward meeting the goals and outcomes.

Sound Finances

The State Water Board and the CWSRF Program's stakeholders expect the Program to be financially sound so that it can effectively protect and improve water quality.

Long Term Goals:

- 1) Maximize cash flow: Ideally CWSRF disbursements should equal receipts, less the minimum \$25 million balance and restricted assets, to get the most benefit from the Program.

- 2) Effective use of revenue and capital: California faces tremendous water quality needs. The repayment stream to the CWSRF Program is sizeable, and the Program continues to receive new capital. The CWSRF Program's net assets also allow it to take on additional debt to finance water quality projects. Additional debt should be balanced, though, against the long-term financial health of the Program and the federal requirement to maintain the CWSRF in perpetuity.
- 3) Maintain financial integrity: Financial integrity is the core of the CWSRF Program. Effective internal controls ensure that the Program's finances are dependable and trustworthy. Prudent lending practices and reasonable interest rates ensure the stability and continued growth of the CWSRF Program.

Key Short Term Activities:

- a) Prepare and review cash management reports regularly: Timing disbursements to receipts requires careful and regular oversight of the cash flow (Complete bi-monthly).
- b) Continue regular staff level finance/audit committee meetings (Complete bi-monthly):
 - i) Review cash flow of project commitments and six month cash flow projections to assess the Program's ability to meet its commitments and evaluate the need for leveraging.
 - ii) Compare actual performance with target performance measures.
 - iii) Review audit issues, program control issues, and plan for upcoming audits.
- c) Accept FFY 2012 Capitalization Grant: The draft application was submitted in February 2012. The final 2012 application will be submitted to U.S. EPA after approval of the 2012 IUP by the State Water Board. The 2012 Capitalization Grant is estimated to be \$105,610,000. (Complete May 2012).
- d) Apply for FFY 2013 Capitalization Grant: The FFY 2013 IUP will be presented to the State Water Board in September 2012 to allow for the earliest possible submittal of the 2013 Capitalization Grant application to U.S. EPA. (Complete October 2012).
- e) Prepare Annual Report and Audited Financial Statements for SFY 2011/12: (Complete September 30, 2012)

Performance Measurements:

- Executed financing agreements total > 120 percent of federal grants.
- Executed financing agreements total > 105 percent of available funds.
- Percentage of FFY 2012 funds committed to GPR projects > 10 percent of funds.
- FFY 2012 funds committed as principal forgiveness = maximum allowed by 2012 appropriation.
- Disbursement rate = 100 percent of available funds less \$25 million minimum balance and restricted funds.

- Federal funds disbursement rate = 100 percent of federal payments, including ARRA payments.
- Undisbursed cash balance not increasing year-to-year.
- Unobligated cash balance not increasing year-to-year.
- Administration costs within budget.
- Default ratio = 0.

Fund the Most Beneficial Projects

The CWSRF Program has finite funds and resources. This limitation requires the State Water Board to prioritize so that the most pressing water quality problems are addressed first.

Long Term Goals:

- 1) Achieve compliance statewide with water quality objectives.
- 2) Maximize the environmental benefits from CWSRF projects.
- 3) Finance infrastructure that will achieve or maintain compliance with federal Clean Water Act and state Water Code requirements. Support U.S. EPA's Strategic Plan Goal 2 (Clean and Safe Water), Objective 2.2 (Protect Water Quality), Sub-Objective 2.2.1 (Improve Water Quality on a Watershed Basis).
- 4) Assist with the State Water Board's [Plan For California's Nonpoint Source Pollution Control Program](#) and estuary Comprehensive Conservation and Management Plans.

Key Short Term Activities:

- a. Provide funds for projects: Table 3 lists projects the CWSRF Program anticipates funding in FFY 2012 that support the Water Boards' priorities. (See Table 3 for expected binding commitment (executed agreement) dates)
- b. Adopt the FFY 2012 IUP: The 2012 IUP will guide marketing and assistance efforts targeting the Water Boards' highest priorities in FFY 2012. (Complete March 2012)
- c. CWSRF Policy Amendment: Revamp the CWSRF priority system to better identify funding priorities. (Complete September 2012; see also Key Short Term Activities – c. under "Well-Known and Respected Products")
- d. Enter data for the quadrennial Clean Watersheds Needs Survey (CWNS): The CWNS provides basic information about the market for CWSRF Program financing. (Ongoing through September 2012)
- e. Report activities supporting U.S. EPA Strategic Plan in CWSRF Annual Report, Clean Water Benefit Reporting System (CBR), Clean Water National Information Management System (CW NIMS), and FFATA Reporting System (Complete annually)

Performance Measurements:

- Fund utilization rate (U.S. EPA Program Reporting Measure WQ-17 Fund Utilization) > 105 percent of available funds.
- At least 50 percent of funded projects should be identified in the IUP.
- At least two projects should support an adopted TMDL.
- At least 20 percent of projects should address discharges to impaired water bodies.
- At least five projects should address Regional Water Board enforcement actions.
- At least three projects should support sustainability or climate change efforts.
- At least 10 percent of binding commitments should be for expanded use projects.
- At least four Project Manager training seminars per year on technical topics.

Well-Known and Respected Products

Applicants have many choices for their financing needs. The CWSRF Program should be a desirable option so that it attracts high value projects that support the policies and goals of the State Water Board.

Long Term Goals:

- 1) Provide good service with a special emphasis on disadvantaged communities.
- 2) Ensure that application procedures are clear, flexible, and innovative.
- 3) Ensure staff is well-trained and ready to help communities resolve technical and financial Issues.

Key Short Term Activities:

- a. Extended Term Financing (ETF): The State Water Board's goal is to use 20 percent of its CWSRF Program for ETF. ETF should result in funding more wastewater projects for small, disadvantaged communities and have a direct water quality benefit. (Ongoing)
- b. Application process improvements and CWSRF Policy Amendment: Revise the application and Policy to match current requirements and processes and provide an instruction booklet to assist applicants with filling out the application. (Complete September 2012)
- c. Marketing and Outreach:
 - i. Continue coordination with the California Financing Coordinating Committee (CFCC) to provide assistance, participate in funding fairs, and develop outreach strategies. (Ongoing)
 - ii. Provide regular training to the Regional Water Boards on program financial status, project eligibility, and policy changes. (Ongoing)

Performance Measurements:

- All financing agreements executed within 60 days of Preliminary Funding Commitment.
- At least 25 percent of projects should assist disadvantaged communities.
- Participate in at least four CFCC Funding Fairs per year.
- Conduct at least two application training sessions per year.
- Conduct at least one workshop per year/per Regional Water Board.
- Provide 20 percent of financing as extended term.
- Amend financing agreements no later than 60 days after receipt of complete Approval of Award package.

V. SCHEDULE

The schedule for public comment and Board adoption of the FFY 2012 IUP, and the application and award of the 2012 Capitalization Grant is as follows.

End public comment period	February 22, 2012
State Water Board adopts FFY 2012 IUP at regularly scheduled meeting	March 20, 2012
Submit final FFY 2012 Capitalization Grant application to U.S. EPA	March 21, 2012
Execute FFY 2012 Capitalization Grant contract with U.S. EPA	May 2012 (estimated)

VI. TABLES

Table 1 Sources and Uses of the CWSRF ¹

	SFY 2011-12	SFY 2012-13	SFY 2013-14	SFY 2014-15	SFY 2015-16
Beginning Balance ²	\$407,604,699	\$189,907,509	(\$17,024,719)	(\$24,891,215)	\$117,033,792
Estimated Principal Payments + Interest Earnings	\$219,491,593	\$229,491,593	\$239,491,593	\$249,491,593	\$259,491,593
Estimated SMIF Interest Earnings ³	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Debt Service on Revenue Bonds	(\$30,228,204)	(\$27,714,204)	(\$23,821,829)	(\$20,966,279)	(\$19,356,506)
Federal Capitalization Grants ⁴	\$105,610,000	\$105,610,000	\$30,000,000	\$30,000,000	\$30,000,000
Federal Administration Allowance ⁵	(\$4,224,400)	(\$4,224,400)	(\$1,200,000)	(\$1,200,000)	(\$1,200,000)
Local Match Credits ⁶	\$3,699,122	\$2,709,737	\$919,237	\$961,021	\$1,086,371
Estimated Disbursements ⁷	(\$513,545,301)	(\$514,304,954)	(\$254,755,497)	(\$117,861,327)	(\$32,890,952)
Estimated Year End Balances ⁸	\$189,907,509	(\$17,024,719)	(\$24,891,215)	\$117,033,792	\$355,664,298

	SFY 2011-12	SFY 2012-13	SFY 2013-14	SFY 2014-15	SFY 2015-16
Estimated Yearly Uncommitted \$ ⁹	\$189,907,509	(\$206,932,228)	(\$7,866,496)	\$141,925,007	\$238,630,506

1. Forecast dated February 1, 2012.
2. The "Beginning Balance" does not include the \$25 million set aside for the minimum balance of the CWSRF. It is excluded to reflect that it is not available for other uses.
3. SMIF = Surplus Money Investment Fund
4. These numbers are estimated starting in SFY 2012-13, and include funds that will be used for Principal Forgiveness.
5. These numbers are estimated starting in SFY 2012-13. The numbers reflect the percentage of the "Capitalization Grants" that may be used for program administration. The CWSRF's primary source of administration funds is the "Administrative Fund." See Section III, Resources – 2. Administrative Funding for further discussion. Funds from the "Administration Allowance" that are not used for program administration may be used to finance projects.
6. Local match credits are contributions made previously by financing recipients in exchange for match financing; match credits are used to meet the federal Capitalization Grant matching requirement.
7. Estimated disbursements include the forecasts for projects that have executed financing agreements or preliminary commitments to execute financing agreements.
8. "Year End Balances" represent a running total based on the previous year's ending balance.
9. "Yearly Uncommitted \$" represent the cumulative cash flows currently forecast for each year. Positive numbers indicate the additional amount, currently uncommitted, that can be spent that year. Negative numbers indicate currently forecast spending commitments that will have to be met with unspent funds from previous years or other sources of cash.

**Table 2 Clean Water State Revolving Fund Capitalization Grant(s)
Payment Schedule – FFY 2012**

	October 1 (1st Quarter)	January 1 (2nd Quarter)	April 1 (3rd Quarter)	July 1 (4th Quarter)
FFY 2011 Grant Payments ¹	\$52,805,000	\$52,805,000		
FFY 2012 Grant Payments				\$105,610,000
FFY 2012 Cumulative Payments	\$52,805,000	\$105,610,000		\$211,220,000

1. FFY 2011 Grant payments are shown for reference only. The 2011 payments were completed as scheduled.

Table 3

State of California Clean Water State Revolving Fund Intended Use Plan Project List for Federal Fiscal Year (FFY) 2012

Sort: Estimated CWSRF Agreement Date						ESTIMATED SOURCES OF FINANCING					GREEN PROJECT RESERVE			
Project Number	Regional Board	Agency	Project Name	NPDES/WDR Permit Number	Project Type*	Estimated CWSRF Agreement Date (CWSRF Contract)	Capitalization Funds Federal Year 2012** (Loan Financing)	Capitalization Funds Federal Year 2012*** (Principal Foregivness)	Other CWSRF Funds (Loan Financing)	Estimated Total Financing	Capitalization Funds Federal Year 2012	Total Value (Capitalization Funds & Other CWSRF Funds)	Green Project Type****	Determination, Categorical (C) or Business Case (BC)
7055-110	4	LOS ANGELES, CITY OF	4th AVENUE SLAUSON SEWER REHABILITATION	CA0109991	POTW	2/15/12	\$ -	\$ 3,000,000	\$ -	\$ 3,000,000	\$ -	\$ -		
4905-110	9	SAN DIEGO, CITY OF	SEWER PIPE REHABILITATION PROJECT	CA0107409	POTW	2/17/12	\$ 21,000,000	\$ 3,000,000	\$ -	\$ 24,000,000	\$ -	\$ -		
4516-110	9	SAN CLEMENTE, CITY OF	RECLAIMED WATER SYSTEM EXPANSION (RECLAMATION)	CA0107417	POTW	2/28/12	\$ 13,649,920	\$ -	\$ -	\$ 13,649,920	\$ 10,561,000	\$ 13,649,920	W	C
5256-110	5	TURLOCK, CITY OF	TURLOCK REGIONAL WATER QUALITY CONTROL FACILITY UPGRADE	CA0078948	POTW	2/28/12	\$ 24,000,000	\$ -	\$ -	\$ 24,000,000	\$ -	\$ -		
5608-110	6	SOUTH TAHOE PUBLIC UTILITY DISTRICT	DIAMOND VALLEY RANCH WASTEWATER IRRIGATION IMPROVEMENTS	R6T-2004-0010	POTW	3/1/12	\$ 5,599,964	\$ -	\$ -	\$ 5,599,964	\$ -	\$ -		
5814-110	5	PATTERSON, CITY OF	WASTEWATER TREATMENT PLANT EXPANSION PHASE 3	R5-2007-0147	POTW	3/1/12	\$ 12,444,800	\$ -	\$ -	\$ 12,444,800	\$ -	\$ -		
7085-110	5	STOCKTON, CITY OF	TUXEDO AVENUE SEWER REHABILITATION	CA0079138	POTW	3/1/12	\$ 1,625,000	\$ 1,625,000	\$ -	\$ 3,250,000	\$ -	\$ -		
7401-110	1	RIO DELL, CITY OF	RIO DELL WASTEWATER TREATMENT UPGRADE AND DISPOSAL PROJECT	CA0022748	POTW	3/1/12	\$ 7,424,859	\$ 6,000,000	\$ -	\$ 13,424,859	\$ -	\$ -		
4905-120	9	SAN DIEGO, CITY OF	SEWER PIPE REHABILITATION PROJECT PHASE 2	CA0107409	POTW	3/15/12	\$ 4,200,000	\$ 3,000,000	\$ -	\$ 7,200,000	\$ -	\$ -		
5698-110	9	VISTA, CITY OF	GRAVITY MAIN DIP CIPP REHAB	SWRCB Order 2006-0003-DWQ	POTW	3/15/12	\$ 1,641,057	\$ -	\$ 3,901,713	\$ 5,542,770	\$ -	\$ -		
7802-110	2	NORTH MARIN WATER DISTRICT	NORTH MARIN WATER DISTRICT RECYCLED WATER PROJECT - PHASES 1A- SOUTH SERVICE AREA	CA0037851	POTW	3/20/12	\$ -	\$ -	\$ 915,282	\$ 915,282	\$ -	\$ 915,282	W	C
7802-120	2	NORTH MARIN WATER DISTRICT	NORTH MARIN WATER DISTRICT RECYCLED WATER PROJECT - PHASES 1B- SOUTH SERVICE AREA	CA0037851	POTW	3/20/12	\$ -	\$ -	\$ 2,915,754	\$ 2,915,754	\$ -	\$ 2,915,754	W	C
7802-130	2	NORTH MARIN WATER DISTRICT	NORTH MARIN WATER DISTRICT RECYCLED WATER PROJECT - PHASES 2- SOUTH SERVICE AREA	CA0037851	POTW	3/20/12	\$ -	\$ -	\$ 1,649,704	\$ 1,649,704	\$ -	\$ 1,649,704	W	C
6701-110	3	MORRO BAY, OF THE BAY FOUNDATION	IMPLEMENTATION EFFECTIVENESS PROGRAM FOR THE MORRO BAY WATERSHED	NA	EXP USE	3/30/12	\$ -	\$ 368,926	\$ -	\$ 368,926	\$ -	\$ -		
7215-110	5F	VISALIA, CITY OF	WATER CONSERVATION PLANT UPGRADE	R5-2006-0091	POTW	3/30/12	\$ -	\$ -	\$ 110,000,000	\$ 110,000,000	\$ -	\$ 110,000,000	W	C
7203-110	8	EASTERN MUNICIPAL WATER DISTRICT	ENCHANTED HEIGHTS SEWER SYSTEM	N/A	POTW	3/30/12	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000	\$ -	\$ -		
4701-420	4	LOS ANGELES COUNTY SANITATION DISTRICT	WHITTIER NARROWS WRP SECONDARY TREATMENT FACILITY	CA0053716 R4-2002-0142	POTW	4/1/12	\$ -	\$ -	\$ 10,349,687	\$ 10,349,687	\$ -	\$ -		
6401-110	3	SANTA BARBARA, CITY OF	EL ESTERO FATS/FOOD, OILS, AND GREASE (FOG) BIOFUEL CONVERSION PROJECT	CA0048143	POTW	4/1/12	\$ -	\$ -	\$ 1,600,000	\$ 1,600,000	\$ -	\$ 1,600,000	E	BC
5380-110	5	REDDING, CITY OF	STILLWATER WASTEWATER TREATMENT PLANT EXPANSION PROJECT, PHASES 1A & 1B	CA0079731 R5-2003-0130	POTW	4/1/12	\$ -	\$ -	\$ 12,000,000	\$ 12,000,000	\$ -	\$ -		
5709-110	9	BUENA SANITATION DISTRICT	SEWER PIPELINE CIPP REHAB	SWRCB Order 2006-0003-DWQ	POTW	4/15/12	\$ -	\$ -	\$ 5,549,400	\$ 5,549,400	\$ -	\$ -		
5216-120	2	SOUTH BAYSIDE SYSTEM AUTHORITY	WASTEWATER TREATMENT PLANT IMPROVEMENTS- PHASE 1	CA0038369	POTW	4/15/12	\$ -	\$ -	\$ 36,300,000	\$ 36,300,000	\$ -	\$ -		
5700-110	9	VISTA, CITY OF	SEWER PIPELINE CIPP REHAB	SWRCB Order 2006-0003-DWQ	POTW	4/25/12	\$ -	\$ -	\$ 7,524,344	\$ 7,524,344	\$ -	\$ -		
7820-110	5	DUNSMUIR, CITY OF	WASTEWATER COLLECTION AND TREATMENT IMPROVEMENT PROJECT	CA0078441	POTW	5/1/12	\$ -	\$ 1,452,500	\$ 4,357,500	\$ 5,810,000	\$ -	\$ -		
7649-110	5	PLANADA CSD	WASTEWATER TREATMENT PLANT EXPANSION	CA0078950	POTW	5/1/12	\$ -	\$ 380,000	\$ -	\$ 380,000	\$ -	\$ -		

Table 3

State of California Clean Water State Revolving Fund Intended Use Plan Project List for Federal Fiscal Year (FFY) 2012

Sort: Estimated CWSRF Agreement Date						ESTIMATED SOURCES OF FINANCING					GREEN PROJECT RESERVE			
Project Number	Regional Board	Agency	Project Name	NPDES/WDR Permit Number	Project Type*	Estimated CWSRF Agreement Date (CWSRF Contract)	Capitalization Funds Federal Year 2012** (Loan Financing)	Capitalization Funds Federal Year 2012*** (Principal Forgiveness)	Other CWSRF Funds (Loan Financing)	Estimated Total Financing	Capitalization Funds Federal Year 2012	Total Value (Capitalization Funds & Other CWSRF Funds)	Green Project Type****	Determination, Categorical (C) or Business Case (BC)
4986-110	1	GRATON COUNTY SERVICE AREA #2	WWTP IMPROVEMENTS PROJECT	CA0023639	POTW	5/1/12	\$ -	\$ 6,000,000	\$ -	\$ 6,000,000	\$ -	\$ -		
4930-110	1	TULELAKE, CITY OF	WWTP UPGRADES, I/I CORRECTION AND LAND DISPOSAL FACILITY	CA0023272 R1-2004-0075	POTW	5/1/12	\$ -	\$ 4,000,000	\$ -	\$ 4,000,000	\$ -	\$ -		
5696-110	9	VISTA, CITY OF	W. VISTA WAY SEWER (V1)	SWRCB Order 2006-0003-DWQ	POTW	5/15/12	\$ -	\$ -	\$ 2,021,400	\$ 2,021,400	\$ -	\$ -		
7045-110	4	SANTA CLARITA VALLEY SANITATION DISTRICT	VALENCIA WATER RECLAMATION PLANT STEAM BOILER SYSTEM UPGRADE	CA0054216 R5-2009-0074	POTW	5/15/12	\$ -	\$ -	\$ 4,750,000	\$ 4,750,000	\$ -	\$ -		
7109-110	5	FRESNO COUNTY WATERWORKS DISTRICT NO. 38	WASTEWATER TREATMENT PLANT IMPROVEMENTS	R5-90-088	POTW	5/15/12	\$ -	\$ 250,000	\$ 250,000	\$ 500,000	\$ -	\$ -		
7646-110	5	THERMALITO WATER AND SEWER DISTRICT	EAST TRUNK LINE REPLACEMENT PROJECT	CA0079235	POTW	5/30/12	\$ -	\$ 1,343,500	\$ 1,343,500	\$ 2,687,000	\$ -	\$ -		
7113-110	5	YUBA CITY, CITY OF	COLLECTION SYSTEM REHABILITATION AND REPLACEMENT PROJECT	CA0079260	POTW	5/30/12	\$ -	\$ 2,000,000	\$ 5,700,000	\$ 7,700,000	\$ -	\$ -		
7613-110	8	FALLBROOK PUBLIC UTILITIES DISTRICT	FALLBROOK WWTP REHABILITATION	R9-2006-002	POTW	6/1/12	\$ -	\$ -	\$ 16,744,708	\$ 16,744,708	\$ -	\$ -		
4250-310	7	MISSION SPRINGS WATER DISTRICT	AD-12 AREA M, F & D1 SEWER CONSTRUCTION	01-020	POTW	6/1/12	\$ -	\$ 5,000,000	\$ 5,316,367	\$ 10,316,367	\$ -	\$ -		
4905-130	9	SAN DIEGO, CITY OF	SEWER PIPE REHABILITATION PROJECT PHASE 3	CA0107409	POTW	6/15/12	\$ -	\$ -	\$ 10,000,000	\$ 10,000,000	\$ -	\$ -		
7446-110	4	CHANNEL ISLANDS BEACH COMMUNITIES SERVICE DISTRICT	FORCE MAIN IMPROVEMENT PROJECT (AT KIDDIE AND HOBIE BEACHES)	CA0054097	POTW	6/15/12	\$ -	\$ -	\$ 1,845,000	\$ 1,845,000	\$ -	\$ -		
7767-110	5	STRATFORD PUBLIC UTILITY DISTRICT	PLANNING FINANCING FOR WASTEWATER FACILITY	R5-82-068	POTW	6/29/12	\$ -	\$ 57,000	\$ 57,000	\$ 114,000	\$ -	\$ -		
7670-110	5	DONNER SUMMIT PUBLIC UTILITIES DISTRICT	WASTEWATER TREATMENT AND DISPOSAL FACILITIES PROJECT	R5-2009-0034	POTW	6/29/12	\$ -	\$ -	\$ 23,000,000	\$ 23,000,000	\$ -	\$ -		
7821-110	5S	MOKELUMNE HILL SANITARY DISTRICT	WASTEWATER COLLECTION SYSTEM IMPROVEMENT PROJECT	R5-91-098	POTW	6/29/12	\$ -	\$ 1,094,594	\$ 364,865	\$ 1,459,459	\$ -	\$ -		
4001-660	4	LOS ANGELES COUNTY SANITATION DISTRICT	JWPCP-SKIMMINGS ODOR CONTROL FACILITY	CA0053813 R4-2006-0042	POTW	6/30/12	\$ -	\$ -	\$ 36,950,932	\$ 36,950,932	\$ -	\$ -		
4001-630	4	LOS ANGELES COUNTY SANITATION DISTRICT	JWPCP-POWER GENERATOR FACILITY STEAM CYCLE MODS PHASE I	CA0053813 R4-2006-0042	POTW	6/30/12	\$ -	\$ -	\$ 7,063,817	\$ 7,063,817	\$ -	\$ -		
4001-640	4	LOS ANGELES COUNTY SANITATION DISTRICT	JWPCP-POWER GENERATOR FACILITY STEAM CYCLE MODS PHASE II	CA0053813 R4-2006-0042	POTW	6/30/12	\$ -	\$ -	\$ 20,360,250	\$ 20,360,250	\$ -	\$ -		
4001-480	4	LOS ANGELES COUNTY SANITATION DISTRICT	JWPCP - DEWATERING FACILITY MODS	CA0053813 R4-2006-0042	POTW	6/30/12	\$ -	\$ -	\$ 14,905,554	\$ 14,905,554	\$ -	\$ -		
5216-130	2	SOUTH BAYSIDE SYSTEM AUTHORITY	WASTEWATER TREATMENT PLANT IMPROVEMENTS - PHASE 2	CA0038369	POTW	7/1/12	\$ -	\$ -	\$ 58,000,000	\$ 58,000,000	\$ -	\$ -		
5535-110	5	WILLOWS, CITY OF	SEWER MAIN REPLACEMENT PROJECT	R5-2006-0009	POTW	7/2/12	\$ -	\$ 930,000	\$ 930,000	\$ 1,860,000	\$ -	\$ -		
7206-110	5	EARLIMART PUBLIC UTILITY DISTRICT	PHASE II - FORCE MAIN EXTENSION	2006-0003-DWQ	POTW	7/2/12	\$ -	\$ 476,300	\$ 476,300	\$ 952,600	\$ -	\$ -		
7827-110	7	HOLTVILLE, CITY OF	OUTFALL MAIN PIPELINE PROJECT	CA0104361	POTW	7/2/12	\$ -	\$ 2,000,000	\$ 2,100,000	\$ 4,100,000	\$ -	\$ -		
7828-110	7	HOLTVILLE, CITY OF	WASTEWATER TREATMENT PLANT IMPROVEMENTS	CA0104362	POTW	7/3/12	\$ -	\$ 2,000,000	\$ 3,474,000	\$ 5,474,000	\$ -	\$ -		
6110-110	9	VISTA, CITY OF	BOBOLINK STORM DRAIN IMPROVEMENTS	SWRCB Order 2006-0003-DWQ	EXP USE	7/15/12	\$ -	\$ -	\$ 973,349	\$ 973,349	\$ -	\$ -		

Table 3

State of California Clean Water State Revolving Fund Intended Use Plan Project List for Federal Fiscal Year (FFY) 2012

Sort: Estimated CWSRF Agreement Date						ESTIMATED SOURCES OF FINANCING					GREEN PROJECT RESERVE			
Project Number	Regional Board	Agency	Project Name	NPDES/WDR Permit Number	Project Type*	Estimated CWSRF Agreement Date (CWSRF Contract)	Capitalization Funds Federal Year 2012** (Loan Financing)	Capitalization Funds Federal Year 2012*** (Principal Forgiveness)	Other CWSRF Funds (Loan Financing)	Estimated Total Financing	Capitalization Funds Federal Year 2012	Total Value (Capitalization Funds & Other CWSRF Funds)	Green Project Type****	Determination, Categorical (C) or Business Case (BC)
5717-110	5	RIO VISTA, CITY OF	SANITARY SEWER COLLECTION SYSTEM IMPROVEMENTS	CA0079588	POTW	8/2/12	\$ -	\$ -	\$ 4,500,000	\$ 4,500,000	\$ -	\$ -		
7822-110	9	LA MESA, CITY OF	LA MESA SEWER REPAIR AND REPLACEMENT PROJECTS FOR MAINTENANCE ZONES 2 AND 3	CA00107409	POTW	8/30/12	\$ -	\$ -	\$ 20,000,000	\$ 20,000,000	\$ -	\$ -		
7824-110	9	LA MESA, CITY OF	ALVARADO TRUNK SEWER IMPROVEMENT PROJECT	CA00107409	POTW	8/30/2012	\$ -	\$ -	\$ 5,000,000	\$ 5,000,000	\$ -	\$ -		
5275-110	5	PLACER COUNTY SEWER MAINTENANCE DISTRICT 1	WASTEWATER TREATMENT PLANT UPGRADE PROJECT	CA0079316	POTW	8/30/12	\$ -	\$ 6,000,000	\$ 52,376,044	\$ 58,376,044	\$ -	\$ -		
5233-140	3	SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY	INFLUENT PUMP STATION	CA0049964	POTW	9/1/12	\$ -	\$ -	\$ 11,000,000	\$ 11,000,000	\$ -	\$ 11,000,000	W	C
5233-110	3	SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY	SCRWA WASTEWATER TREATMENT CAPACITY EXPANSION	CA0049964	POTW	9/1/12	\$ -	\$ -	\$ 100,000,000	\$ 100,000,000	\$ -	\$ -		
5318-110	8	INLAND EMPIRE UTILITIES AGENCY	CENTRAL AREA RECYCLED WATER PROJECT	CA8000409	POTW	9/30/12	\$ -	\$ -	\$ 11,812,500	\$ 11,812,500	\$ -	\$ 11,812,500	W	C
5541-110	5	FRESNO, COUNTY OF	MONTE VERDE CSA 44-D	R5-92-203	POTW	9/30/12	\$ -	\$ -	\$ 2,465,000	\$ 2,465,000	\$ -	\$ 2,465,000	W	C
7612-110	9	EL CAJON, CITY OF	JOHNSON AVENUE SEWER CONSOLIDATION AND RELIEF PROJECT	NA	POTW	9/30/12	\$ -	\$ 2,447,882	\$ 8,832,678	\$ 11,280,560	\$ -	\$ -		
7756-110	3	MORRO BAY, CITY OF	MORRO BAY-CAYUCOS WASTEWATER TREATMENT PLANT UPGRADE	CA0047881	POTW	10/30/12	\$ -	\$ 2,000,000	\$ 25,500,000	\$ 27,500,000	\$ -	\$ -		
7823-110	9	RIO ALTO WATER DISTRICT	WASTEWATER TREATMENT PLANT AND CONSTRUCTED WETLANDS PROJECT	CA0077852	POTW	10/30/12	\$ -	\$ -	\$ 65,000	\$ 65,000	\$ -	\$ -		
5228-110	3	MONTEREY, CITY OF	CITY WIDE SEWER SYSTEM REHABILITATION	2006-0003-DWQ	POTW	10/30/12	\$ -	\$ -	\$ 16,800,000	\$ 16,800,000	\$ -	\$ -		
4972-110	5	TUOLUMNE UTILITIES DISTRICT	WEST RANCH RECYCLED WATER STORAGE RESERVOIR	CA0084727	POTW	10/31/12	\$ -	\$ 1,173,000	\$ 3,427,000	\$ 4,600,000	\$ -	\$ -		
5641-110	5	LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT	STATELINE REPLACEMENT 2009, PHASE 3	2008-0002 2006-0003	POTW	10/31/12	\$ -	\$ 1,823,000	\$ 1,823,000	\$ 3,646,000	\$ -	\$ -		
5407-110	2	SAN FRANCISCO PUBLIC UTILITIES COMMISSION	COLON, GREENWOOD, PLYMOUTH, WILDWOOD, SOUTHWOOD, MIRAMAR SEWER SYSTEM IMPROVEMENT	CA0037664	POTW	11/1/12	\$ -	\$ 574,797	\$ -	\$ 574,797	\$ -	\$ -		
7454-110	9	VALLEY CENTER MWD	WOODS VALLEY RANCH WRF EXPANSION-COLLECTION SYSTEM	R9-1998-0009	POTW	11/30/12	\$ -	\$ -	\$ 1,701,000	\$ 1,701,000	\$ -	\$ 1,701,000	W	C
7454-120	9	VALLEY CENTER MWD	WOODS VALLEY RANCH WRF EXPANSION-TREATMENT PLANT	R9-1998-0009	POTW	11/30/12	\$ -	\$ -	\$ 9,464,500	\$ 9,464,500	\$ -	\$ 9,464,500	W	C
7454-130	9	VALLEY CENTER MWD	WOODS VALLEY RANCH WRF EXPANSION-STORAGE	R9-1998-0009	POTW	11/30/12	\$ -	\$ -	\$ 2,331,500	\$ 2,331,500	\$ -	\$ 2,331,500	W	C

Table 3

State of California Clean Water State Revolving Fund Intended Use Plan Project List for Federal Fiscal Year (FFY) 2012

Sort: Estimated CWSRF Agreement Date						ESTIMATED SOURCES OF FINANCING					GREEN PROJECT RESERVE			
Project Number	Regional Board	Agency	Project Name	NPDES/WDR Permit Number	Project Type*	Estimated CWSRF Agreement Date (CWSRF Contract)	Capitalization Funds Federal Year 2012** (Loan Financing)	Capitalization Funds Federal Year 2012*** (Principal Forgiveness)	Other CWSRF Funds (Loan Financing)	Estimated Total Financing	Capitalization Funds Federal Year 2012	Total Value (Capitalization Funds & Other CWSRF Funds)	Green Project Type****	Determination, Categorical (C) or Business Case (BC)
6310-110	2	SAN FRANCISCO PUBLIC UTILITIES COMMISSION	SAN FRANCISCO CIVIC CENTER RAINWATER HARVESTING AND GREEN STORMWATER INFRASTRUCTURE	NA	POTW	12/1/12	\$ -	\$ 1,100,185	\$ -	\$ 1,100,185	\$ -	\$ -		
7819-110	3	SAN JUAN BAUTISTA, CITY OF	CENTRALIZED PELLET WATER SOFTENER PROJECT	CA0047902	POTW	12/1/12	\$ -	\$ -	\$ 140,000	\$ 140,000	\$ -	\$ -		
5061-110	7	BANNING, CITY OF	WASTEWATER TREATMENT PLANT EXPANSION & WATER RECYCLING	2001-0022	POTW	12/12/12	\$ -	\$ -	\$ 13,200,000	\$ 13,200,000	\$ -	\$ 13,200,000	W	C
7813-110	2	SAN MATEO COUNTY DEVONSHIRE SEWER MAINTENANCE DISTRICT	COLLECTION SYSTEM IMPROVEMENT PROJECT	CA0038369	POTW	12/15/12	\$ -	\$ -	\$ 2,400,000	\$ 2,400,000	\$ -	\$ -		
7810-110	2	SAN MATEO COUNTY BURLINGAME HILLS SEWER MAINTENANCE DISTRICT	COLLECTION SYSTEM IMPROVEMENT PROJECT	CA0037788	POTW	12/30/12	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -		
7811-110	2	SAN MATEO COUNTY CRYSTAL SPRINGS SEWER MAINTENANCE DISTRICT	COLLECTION SYSTEM IMPROVEMENT PROJECT	CA0037541	POTW	12/30/12	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -		
5377-110	8	FONTANA, CITY OF	1158 ZONE RECYCLED WATER PROGRAM	CA0105279	POTW	12/31/12	\$ -	\$ -	\$ 5,200,000	\$ 5,200,000	\$ -	\$ 5,200,000	W	C
SCG-907	5	AMADOR WATER AGENCY	LAKE CAMANCHE VILLAGE	5-01-033	POTW	12/31/12	\$ -	\$ 2,000,000	\$ 6,000,000	\$ 8,000,000	\$ -	\$ -		
7502-110	4	GLENDORA, CITY OF	SEWER RECLAMATION FACILITY & SYSTEM UPGRADES	2006-0003-DWQ	POTW	12/31/12	\$ -	\$ -	\$ 5,382,500	\$ 5,382,500	\$ -	\$ 5,382,500	W	C
5295-110	7	HI-DESERT WATER DISTRICT	WASTEWATER TREATMENT PLANT AND COLLECTION SYSTEM	R7-2009-0059	POTW	12/31/12	\$ -	\$ 6,000,000	\$ 119,000,000	\$ 125,000,000	\$ -	\$ -		
7808-110	8	IDYLLWILD WATER DISTRICT	TERTIARY RECYCLED WATER SYSTEM	NA	POTW	12/31/12	\$ -	\$ 250,000	\$ 750,000	\$ 1,000,000	\$ -	\$ 1,000,000	W	C
7489-110	5	MADAERA, COUNTY OF	NORTH FORK MD 8A WASTEWATER COLLECTION, TREATMENT, & DISPOSAL IMPROVEMENTS	R5-94-343	POTW	12/31/12	\$ -	\$ 1,250,000	\$ 1,250,000	\$ 2,500,000	\$ -	\$ -		
5039-110	5	ORANGE COVE, CITY OF	WASTEWATER TREATMENT PLANT SYSTEM IMPROVEMENT PROJECT	R5-2004-0008	POTW	12/31/12	\$ -	\$ 3,350,000	\$ 3,350,000	\$ 6,700,000	\$ -	\$ -		
							\$ 91,585,600	\$ 76,946,684	\$ 849,461,148	\$ 1,017,993,432	\$ 10,561,000	\$ 194,287,660		

* EXP USE: expanded use projects per Clean Water Act (CWA) section 319 or 320. POTW: publicly-owned treatment works projects per section 212 of CWA.

** Includes remaining capitalization funds from 2010, 2011 and estimated 2012 loan funds of \$91,585,600. FFATA reporting will be done on an amount of projects equal to the 2012 Cap Grant, as necessary.

*** The number of Projects shown as receiving PF far exceeds available money. Projects will be funded in readiness to proceed order. This is a preliminary analysis only. It does not track funds associated with Category 1 and Category 2 separately.

It includes the 2010 and 2011 principal forgiveness funds not under contract plus estimated 2012 principal forgiveness funds. The 2010 & 2011 principal forgiveness balance, in Categories 1 and 2 combined, is \$44,357,809. (Note that approximately \$24.6 million in 2010 and 2011 principal forgiveness is preliminarily committed to projects as of January 30, 2012.

**** Green; W = water efficiency; E = energy efficiency; I = innovative. 10% of 2012 Cap Grant (\$10,561,000) required to meet GPR Funding Requirements.

2012 - Estimated Funds Available = (2012 cap grant - 4% Admin - 2012 PF) = \$91,585,600 Estimated Loan Amount Available. Estimated Available PF Amount = \$9,800,000

2010 & 2011 - Remaining Cap Grant Funds = \$44,357,809 in PF funds, \$16,610,265 loan funds

CWSRF SCG PF funding = \$1,000,000

Loan Totals = ((2010 + 2011)+ 2012) = \$16,610,265+\$91,585,600 = \$108,195,865 Estimated Available Loan Funds for 2012 IUP

PF Totals = ((2010+2011)+2012) = \$44,357,809 +\$9,800,000 = \$54,157,809 Estimated Available PF Funds for 2012 IUP

Table 4 2012 CWSRF Principal Forgiveness and Small Community Grants by Category of Applicant ¹

Category 1	
Project Types	Eligible project types include wastewater, stormwater, nonpoint source, or estuary ³
Communities: Small, Disadvantaged with Substantial Costs ²	<p>a. (i) Population <20,000 and (ii) community median household income (MHI) <80 percent of statewide MHI and (iii) rates for wastewater or wastewater plus stormwater at least 1.5 percent of community MHI ⁴; or</p> <p>b. (i) Population <20,000 and (ii) rates for wastewater or wastewater plus stormwater more than 4 percent of community MHI ⁴</p>
Total Principal Forgiveness/ Grants	<ul style="list-style-type: none"> • 60 percent of the maximum 2012 Principal Forgiveness (PF) shall be disbursed to projects in this category. • Any uncommitted 2010 or 2011 Category 1 PF shall be disbursed to projects in this category ¹. • At least \$1 million from the Small Community Grant fund shall be disbursed to wastewater projects in this category, with priority given to projects that serve severely disadvantaged communities (community MHI <60 percent of statewide MHI) ⁵. • At least 50 percent of this category will be allocated to wastewater projects.
Principal Forgiveness/Grants per Project	
<p>Projects may receive 50 percent of eligible project costs, not to exceed \$4 million in PF/Grants.</p> <p>Exceptions:</p> <p>(i) For “Category 1a” wastewater projects with wastewater rates at least 1.5 percent but less than 2.0 percent of community MHI, if the community’s credit review shows inadequate revenues to finance the remaining eligible costs, “Category 1a” DACs may receive PF/Grant financing up to 75 percent of eligible costs or a “Category 1a” severely DAC (community MHI <60 percent of statewide MHI) may receive PF/Grant financing up to 100 percent of eligible project costs, not to exceed \$4 million.</p> <p>(ii) For “Category 1a” wastewater projects with wastewater rates at least 2.0 percent of community MHI, projects may receive 75 percent of eligible costs, not to exceed \$6 million in PF/Grants. If the community’s credit review shows inadequate revenues to finance the remaining eligible costs, the DAC may receive PF/Grant financing up to 100 percent of eligible costs, not to exceed \$6 million.</p> <p>(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, “Category 1” projects may receive 100 percent PF/Grants not to exceed \$4 million, and “Category 1a” projects with rates at least 2.0 percent of community MHI may receive 100 percent PF/Grants not to exceed \$6 million.</p> <p>(iv) All “Category 1” entities eligible for planning financing may receive 100 percent of eligible planning costs, not to exceed \$500,000 in PF/Grants, for planning activities. Planning activities include, but are not limited to, feasibility/engineering studies, environmental studies, legal analyses, and financial/rate analyses.</p> <p>(v) For projects that connect previously unsewered areas or join communities to create or broaden a regional wastewater or stormwater works, consistent with the CWSRF Policy’s sustainability provisions, if the community that will be served by the project does not have wastewater rates and charges in place, but would otherwise qualify for “Category 1a,” that community may receive 100 percent of eligible planning costs, not to exceed \$500,000 in PF/Grants, for planning activities.</p>	

(Table 4 – Continued)

Category 2	
Project Types	Eligible project types include wastewater, stormwater, nonpoint source, or estuary ³
Communities: Other ²	<ul style="list-style-type: none"> a. Project serves a DAC (community MHI <80 percent of statewide MHI) not qualifying under Category 1 above; b. Project serves a disadvantaged area (area MHI <80 percent of statewide MHI) of a larger community; or c. Project implements a nationally designated estuary plan ⁶.
Total Principal Forgiveness	<ul style="list-style-type: none"> • 40 percent of the maximum 2012 Principal Forgiveness shall be disbursed in this category. • Any uncommitted 2010 or 2011 Category 2 Principal Forgiveness shall be disbursed to projects in this category ¹.
Principal Forgiveness per Project	
<p>Portions of the project that serve a DAC or disadvantaged area may receive PF of 50 percent of eligible project costs, not to exceed \$2 million in PF.</p> <p>Exceptions:</p> <p>(i) 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, may receive PF of 50 percent of eligible project costs not to exceed \$3 million.</p> <p>(ii) "Category 2c" projects that implement a project for a nationally designated estuary plan may receive PF up to 75 percent of eligible project costs. Cumulative PF shall not exceed \$1 million per estuary plan area.</p> <p>(iii) For a small DAC only (community population less than 20,000 and MHI <80 percent of statewide MHI), an entity eligible for planning financing may receive 50 percent of eligible planning costs, not to exceed \$250,000 in PF for planning. Planning activities include, but are not limited to, feasibility/engineering studies, environmental studies, legal analyses, and financial/rate analyses.</p>	
Requirements and Deadlines Applicable to All Projects	
<ul style="list-style-type: none"> • Costs for planning and design specific to a project financed with CWSRF Principal Forgiveness or the Small Community Grant fund may be counted as part of the local contribution regardless of the date incurred. Costs incurred after October 1, 2009 for construction or implementation specific to a project financed with PF may be counted as part of the local contribution. • Projects may not receive financing for more than 100 percent of total project costs, and must meet all applicable eligibility requirements. 	

1. The criteria in Table 4 are applicable to all qualifying projects receiving a commitment for Principal Forgiveness or Small Community Grant funds after the date this IUP is adopted by the State Water Board. Qualifying projects receiving a commitment before the date this IUP is adopted by the State Water Board are subject to the criteria in the IUP adopted on May 17, 2011. The Deputy Director of the Division of Financial Assistance has the discretion to determine that a qualifying project application was complete and the project was ready for a commitment before the IUP adoption date, and, therefore, should receive, if funding is available, Principal Forgiveness or Small Community Grant funds using the May 17, 2011 criteria.
2. At least 50 percent of the dwellings or dwelling units must be the primary dwelling of permanent residents for a community or community area to qualify for PF/Grants. Seasonal, migrant laborers can also be counted as permanent residents.

3. Projects must be eligible under Clean Water Act section 603. This section refers to project types defined in sections 212, 319, and 320 of the Clean Water Act.
4. Rates as a percentage of MHI are used to demonstrate a community's investment in water quality. For wastewater projects, only wastewater rates will be used to calculate the community's rates as a percentage of MHI. For other types of water quality improvement projects, wastewater rates plus stormwater rates, if applicable, may be used to calculate the community's rate as a percentage of MHI. Projects qualifying in Category 1.b must receive approval from the State Water Board, and are not eligible for the SCG Fund.
5. \$1 million has been appropriated from the Small Community Grant fund, and must be encumbered by June 30, 2012. \$12 million has been requested in the Governor's 2012/13 Budget. Additional appropriated funds will be disbursed consistent with Category 1 limitations, subject to the following, unless otherwise directed by the State Water Board: (i) if \$12 million is appropriated for 2012/13, at least \$3 million will be set-aside for planning financing agreements; (ii) if the planning set-aside funds are not committed to planning projects by July 1, 2013, any remaining funds will be available for planning or construction projects.
6. Communities that implement a project for a nationally designated estuary plan are not required to meet size or household income criteria to receive principal forgiveness/grants in Category 2.

VII. INDEX OF ACRONYMS

ARRA – American Recovery and Reinvestment Act of 2009

AOA – Approval of Award

CAAT – California ARRA Accountability Tool

Cal/EPA – California Environmental Protection Agency

CalMuni – California Municipal Securities, Inc.

CBI – Clean Beach Initiative

CBR – CWSRF Benefits Reporting

CFCC – California Financing Coordinating Committee

CIWQS – California Integrated Water Quality System

COC - Chemicals of Concern

CWNS – Clean Watershed Needs Survey

CWSRF – Clean Water State Revolving Fund (State Water Board)

DAC – Disadvantaged Community

DAS – Divisions of Administrative Services

DFA – Division of Financial Assistance

DIT – Division of Information Technology

DWQ – Division of Water Quality

ETF – Extended Term Financing

FFY – Federal Fiscal Year

GRP – Green Project Reserve

IRWM – Integrated Regional Water Management

IUP – Intended Use Plan

LGTS – Loans and Grants Tracking System

LID – Low Impact Development

MHI – Median Household Income

MS4 – Municipal Separate Storm Sewer Systems

NIMS – National Information Management System

NPS – Nonpoint Source

OA – Operating Agreement

OWR – Office of Water Recycling

PER – Program Evaluation Review

PF – Principal Forgiveness

POTW – Publicly Owned Treatment Works

PPL – Project Priority List

PY – Personnel Years

Regional Water Boards – Regional Water Quality Control Boards

(Index of Acronyms - Continued)

SCWG – Small Community Wastewater Grant
SMIF – Surplus Money Investment Fund
State Water Board – State Water Resources Control Board
TDS - Total Dissolved Solids
TMDL – Total Maximum Daily Loads

U.S. EPA – United States Environmental Protection Agency

WRFP – Water Recycling Funding Program

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