

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
NOVEMBER 4, 2015**

ITEM 2

SUBJECT

CONSIDERATION OF A PROPOSED RESOLUTION ADOPTING A FUNDING PLAN AND DELEGATING AUTHORITIES TO ADMINISTER THE PROPOSITION 1 TECHNICAL ASSISTANCE FUNDING PROGRAM

DISCUSSION

Proposition 1 (Prop 1), the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Assembly Bill 1471, Rendon), a ballot measure on the November 4, 2014, statewide election, authorized \$7.545 billion in general obligation bonds for water projects. Prop 1 requires the State Water Resources Control Board (State Water Board) to operate a multidisciplinary technical assistance (TA) program for small disadvantaged communities, and allows for the State Water Board to fund TA.

The Office of Sustainable Water Solutions (Office) was established on March 27, 2015, as a result of the Governor signing Assembly Bill 92. The Office is part of the State Water Board's, Division of Financial Assistance (Division) and was created to promote permanent and sustainable solutions to help ensure effective and efficient provision of safe, affordable, and reliable drinking water and wastewater treatment services. The Office is focused on addressing both financial assistance and TA needs, with a focus on Small Disadvantaged Communities (DACs). The Office provides direct assistance to potential funding applicants, as well as contracting and coordinating with external TA providers.

Using primarily set-aside and administrative funds associated with the Drinking Water State Revolving Fund (DWSRF) and the Clean Water State Revolving Fund (CWSRF), the State Water Board currently contracts with several non-profit TA providers to address a variety of needs, such as, funding applications, budgets, financial management, rate setting, compliance audits, and troubleshooting to improve operations. The Prop 1 TA Funding Program is intended to expand upon these services and address additional needs of Small DACs.

The goal of this program is to provide TA to Small DACs, to achieve measurable improvement in water quality and supply, and more stable and sustainable community governance with enhanced public awareness. This includes improved technical capability, asset management, fiscal planning, affordability, and accountability. The Division seeks to ensure that grant and loan funds from the State Water Board and other State/Federal agencies are used as effectively as possible to implement practical, cost-effective projects that will be adequately maintained over the long term.

This is a multidisciplinary approach, intended to address Small DAC drinking water, wastewater, groundwater quality, and stormwater needs under one program. The most immediate priority of the program will be to formulate solutions to address the critical needs of Small DACs that do not have safe, reliable, and affordable drinking water.

POLICY ISSUE

Should the State Water Board:

1. Approve the Proposition 1 TA Funding Plan (Plan), and authorize the Deputy Director of the Division to make non-substantive changes to the Plan. For the purposes of funding TA projects that benefit Small DACs, consistent with the Plan:
 - a. Funding agreements, contracts, or interagency agreements may be funded with:
 - i. TA allocations authorized by State Water Board adoption of the proposed Resolution; and
 - ii. TA allocations authorized by State Water Board approved Prop 1 funding guidelines;
 - b. The Deputy Director of the Division or designee is authorized to enter into funding agreements and amendments thereto; and
 - c. The Executive Director or designee is also authorized to enter into contracts or interagency agreements, and amendments thereto, with no single entity receiving more than \$10,000,000 for technical assistance in any given fiscal year, with contract terms up to three years and the option to extend up to one additional year, for good cause; and
2. Authorize the following allocations from Prop 1 to be utilized to fund TA Projects:
 - a. Up to 15 percent of \$520 million allocated per Chapter 5 (Section 79725). The Deputy Director of the Division is authorized, based on a determination of sufficient planning and technical assistance needs, to approve the use of more than 15 percent of the funds available per Chapter 5 for planning and technical assistance activities (Section 79725(d)); and
 - b. Up to \$10 million of the \$900 million allocated per Chapter 10 (Section 79774). The State Water Board may at a later date approve the use of additional funds from the Chapter 10 allocation for TA Projects.

FISCAL IMPACT

The administrative costs of implementing this program will be paid by the five percent allowed for administration per Prop 1.

REGIONAL BOARD IMPACT

The program will enable the Division to fund TA activities for Small DACs, which will improve compliance.

STAFF RECOMMENDATION

The State Water Board should adopt the proposed Resolution.

State Water Board action on this item will assist the Water Boards in reaching Goals 5 and 6 of the Strategic Plan Update: 2008-2012 to: 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; and 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.

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STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2015-

ADOPTION OF FUNDING PLAN AND DELEGATION OF AUTHORITIES TO ADMINISTER THE PROPOSITION 1 TECHNICAL ASSISTANCE FUNDING PROGRAM

WHEREAS:

1. Proposition 1 (Prop 1) or the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Assembly Bill 1471, Rendon) authorized \$7.545 billion in general obligation bonds for water projects including surface and groundwater storage, ecosystem and watershed protection and restoration, and drinking water protection. Prop 1 requires the State Water Resources Control Board (State Water Board) to operate a multidisciplinary Technical Assistance (TA) program for Small Disadvantaged Communities (Small DACs), and allows for the State Water Board to fund TA;
2. Chapter 5 of Prop 1 allocates \$520 million for drinking water and wastewater projects and allows the State Water Board to utilize up to 15 percent of this \$520 million to fund TA (Section 79725). Chapter 10 allocates \$900 million for groundwater sustainability. The State Water Board administers \$800 million of this Chapter 10 allocation, for projects that prevent or clean up the contamination of groundwater that serves or has served as a source of drinking water, including funding for technical assistance (Section 79774). Although the stormwater grant program in Chapter 7 (Section 79747) does not explicitly identify technical assistance for disadvantaged communities, the State Water Board may set aside a portion of the planning/monitoring funds authorized under Chapter 4 (Section 79703) for that purpose;
3. The Office of Sustainable Water Solutions (Office) was established on March 27, 2015, as a result of the Governor signing Assembly Bill 92. The Office is part of the State Water Board's Division of Financial Assistance (Division) and was created to promote permanent and sustainable solutions to help ensure effective and efficient provision of safe, affordable, and reliable drinking water and wastewater treatment services. The Office is focused on addressing both financial assistance and TA needs, with a focus on Small DACs. The Office provides direct assistance to potential funding applicants, as well as contracting and coordinating with external TA providers;
4. Using primarily set-aside and administrative funds associated with the Drinking Water State Revolving Fund (DWSRF) and the Clean Water State Revolving Fund (CWSRF), the State Water Board currently contracts with several non-profit TA providers to address a variety of needs, such as, funding applications, budgets, financial management, rate setting, compliance audits, and troubleshooting to improve operations;
5. The Prop 1 TA Funding Program is intended to expand upon these services and address additional needs of Small DACs. This is a multidisciplinary approach, intended to address Small DAC drinking water, wastewater, groundwater quality, and stormwater needs under one program. The most immediate priority of the program will be to formulate solutions to address the critical needs of Small DACs that do not have safe, reliable, and affordable drinking water;
6. The proposed action supports the Human Right to Water because it will assist Small DACs with obtaining safe drinking water; and

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7. It is anticipated that TA Projects will be solicited on a continuous basis through the State Water Board's Financial Assistance Application Submittal Tool (FAAST). For some TA Projects, depending on the applicant and scope of work proposed, an interagency agreement or contract may be required, which will necessitate a procurement process separate from the FAAST solicitation.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Approves the [Prop 1 TA Funding Plan](#) (Plan), and authorizes the Deputy Director of the Division to make non-substantive changes to the Plan. For the purposes of funding TA projects that benefit Small DACs, consistent with the Plan:
 - a. Funding agreements, contracts, or interagency agreements may be funded with:
 - i. TA allocations authorized by State Water Board adoption of this Resolution; and
 - ii. TA allocations authorized by State Water Board approved Prop 1 funding guidelines;
 - b. The Deputy Director of the Division or designee is authorized to enter into funding agreements and amendments thereto; and
 - c. The Executive Director or designee is also authorized to enter into contracts or interagency agreements, and amendments thereto, with no single entity receiving more than \$10,000,000 for technical assistance in any given fiscal year, with contract terms up to three years and the option to extend up to one additional year, for good cause; and
2. Authorizes the following allocations from Prop 1 to be utilized to fund TA Projects:
 - a. Up to 15 percent of \$520 million allocated per Chapter 5 (Section 79725). The Deputy Director of the Division is authorized, based on a determination of sufficient planning and technical assistance needs, to approve the use of more than 15 percent of the funds available per Chapter 5 for planning and technical assistance activities (Section 79725(d)); and
 - b. Up to \$10 million of the \$900 million allocated per Chapter 10 (Section 79774). The State Water Board may at a later date approve the use of additional funds from the Chapter 10 allocation for TA Projects.

CERTIFICATION

The undersigned Clerk to the Board does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on November 4, 2015.

Jeanine Townsend
Clerk to the Board