

**STATE WATER RESOURCES CONTROL BOARD  
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE  
JUNE 21, 2016**

**ITEM 4**

**SUBJECT**

CONSIDERATION OF A RESOLUTION TO ADOPT THE STATE FISCAL YEAR 2016-17 CLEAN WATER STATE REVOLVING FUND (CWSRF) INTENDED USE PLAN (IUP) AND REVISED FINAL GUIDELINES FOR THE ADMINISTRATION OF SECTION 79723 OF PROPOSITION 1 UNDER THE CWSRF SMALL COMMUNITY GRANT (SCG) PROGRAM

**DISCUSSION**

Federal law and regulations require the State Water Resources Control Board (State Water Board) to submit an IUP at least annually to the United States Environmental Protection Agency (U.S. EPA). A current IUP is also required as part of the CWSRF's application to U.S. EPA for each federal Capitalization Grant. Once the 2016-17 IUP is approved by the State Water Board, staff will submit it to U.S. EPA as part of the Federal Fiscal Year 2016 Capitalization Grant application.

This IUP is also the State Water Board's business plan for the CWSRF for state fiscal year (SFY) 2016-17. It explains how the Division of Financial Assistance (Division) intends to implement the CWSRF Program considering the availability of funds, the relative completeness of the applications in-house, and federal, state, and regional water quality priorities. It discusses management's general approach and the Division's ability to successfully carry out the CWSRF business plan with the available financial and programmatic resources, including how other financing sources, such as Proposition 1, will be managed to jointly finance the best water quality projects. The IUP includes activities planned for the year and measurements to monitor the CWSRF Program's performance.

Proposition 1 (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. Section 79723 of the Water Code (WC) allocates \$260 million to the CWSRF SCG Fund. CWSRF SCG funds are administered consistent with the CWSRF IUP and the CWSRF Policy. The Proposition 1 funds will supplement existing SCG authority. The IUP incorporates the revised final guidelines for implementing Section 79723 of the WC under the SCG program. Administering these funds as a part of the CWSRF Program allows grants to be easily combined with low-interest debt financing available through the CWSRF Program.

Staff has provided stakeholders and interested parties an opportunity to comment on the draft 2016-17 IUP.

**POLICY ISSUES**

Should the State Water Board adopt the SFY 2016-17 IUP with revised final guidelines for administering funds from Section 79723 of Proposition 1 under the SCG program?

## **REGIONAL WATER BOARD IMPACT**

Approving the SFY 2016-17 IUP will help municipalities and other eligible applicants finance projects to comply with Regional Water Quality Control Boards' discharge requirements, address Regional Water Quality Control Boards' enforcement orders, or contribute to Basin Plan goals.

## **FISCAL IMPACT**

In the IUP, "Section III. Program Capacity" provides a complete analysis of the CWSRF's financial and programmatic resources, including Proposition 1 SCG funding, for SFY 2015-16.

## **STAFF RECOMMENDATION**

The State Water Board should adopt the SFY 2016-17 IUP with revised final guidelines for administering funds from Section 79723 of Proposition 1 under the SCG program.

State Water Board action on this item will assist the Water Boards in reaching Goals 1, 2, 3, 4, and 5 of the Strategic Plan Update: 2008-2012 to implement strategies to fully support the beneficial uses for all 2006-listed water bodies by 2030; improve and protect groundwater quality in high-use basins by 2030; 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; 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; and 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 creating of organizations or cooperative agreements that advance this goal, such as establishment of a statewide water data institute.

# DRAFT

## STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2016-

### ADOPTION OF THE STATE FISCAL YEAR 2016-17 CLEAN WATER STATE REVOLVING FUND (CWSRF) INTENDED USE PLAN (IUP) AND REVISED FINAL GUIDELINES FOR SECTION 79723 OF PROPOSITION 1

#### WHEREAS:

1. The Division of Financial Assistance (Division) prepared a draft State Fiscal Year (SFY) 2016-17 CWSRF IUP in compliance with federal rules and solicited public comment on the document;
2. States must submit a CWSRF IUP to the United States Environmental Protection Agency annually, and a current copy of the CWSRF IUP must be included in each year's Capitalization Grant application;
3. The State Water Resources Control Board (State Water Board) intends to submit the SFY 2016-17 CWSRF IUP in its application for the Federal Fiscal Year (FFY) 2016 CWSRF Capitalization Grant;
4. Section 79723 of the Water Code (WC) allocates \$260 million to the CWSRF Small Community Grant (SCG) Fund;
5. Section 79706(b) of the WC requires the creation of funding guidelines through a transparent and public process, and such process has been completed by Division staff; and
6. The SFY 2016-17 CWSRF IUP incorporates information regarding implementation of the SCG funding from Proposition 1 and comments received during public review of the draft SFY 2016-17 CWSRF IUP.

#### THEREFORE BE IT RESOLVED THAT:

The State Water Board adopts the [SFY 2016-17 CWSRF IUP](#) with revised final guidelines for administering funds from Section 79723 of Proposition 1 under the SCG program.

#### CERTIFICATION

The undersigned, Clerk to the Board, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Board held on June 21, 2016.

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Jeanine Townsend  
Clerk to the Board