

**POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR
CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES**

- (af) "Storm Drainage Project" means any programs, devices, methods, or systems used for preventing, abating, reducing, transporting, separating, storing, treating, recycling, or disposing of pollutants arising or flowing in storm drainage that is transported in pipes, culverts, tunnels, ditches, wells, channels, conduits, from urban or rural areas to surface or ground waters of the State.
- (ag) "Treatment Facilities" means any devices and systems used in the storage, treatment, recycling, and reclamation of municipal sewage or industrial wastes of a liquid nature to implement Section 201 of the Federal Clean Water Act, or necessary to recycle or reuse water at the most economical cost over the estimated life of the facilities, including intercepting sewers, outfall sewers, sewage collection systems, pumping, power, and other equipment, and their appurtenances; extensions, improvements, remodeling, additions, and alterations thereof; and elements essential to provide a reliable recycled supply such as standby treatment units and clear well facilities.
- In addition, "treatment facilities" means any other method or system for preventing, abating, reducing, storing, treating, separating, or disposing of municipal waste, including storm water runoff, or industrial waste, including waste in combined storm water and sanitary sewer systems.
- (ah) "Water Quality Assessment" means a report prepared by the SWRCB to identify the water quality conditions in the waters of the State.
- (ai) "Water Quality Control Plan" means a SWRCB approved plan adopted pursuant to Division 7 of the Water Code designating or establishing beneficial uses and water quality objectives for water within a specified area and a program of implementation needed to achieve these objectives.

IV. PRIORITY SYSTEM

The primary purpose of this section is to implement a Priority System for providing SRF loan assistance for the planning, design, and construction of wastewater treatment, nonpoint source, storm drainage, water recycling, and estuary enhancement projects and programs eligible under Title VI of the CWA.

A. Development of RWQCB Project Priority List Recommendations

1. Annually, each RWQCB Executive Officer shall develop Project Priority List recommendations for the RWQCB.
2. The Executive Officer's Project Priority List recommendations shall be transmitted to the Division each year by the scheduled date set by the Division.

POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES

B. Development of Statewide Project Priority List

Annually, after review of the Executive Officer's Project Priority List recommendations, the SWRCB shall adopt a Statewide Project Priority List (Statewide List). The Statewide List shall identify those projects for which assistance from the SRF Loan Program is expected during the succeeding five-year planning period.

1. The Statewide List shall be adopted by the SWRCB not later than June 30 of each year.
2. The fundable portion (first year) of the Statewide List shall include those wastewater treatment, water recycling, nonpoint source, storm drainage, and estuary enhancement projects which have received a preliminary loan commitment and are scheduled for loan assistance during the first year of the five-year planning period. Projects receiving a preliminary loan commitment during the fiscal year shall be automatically moved to the fundable portion (first year) of the Statewide List provided the project is scheduled to receive a loan contract in the current fiscal year. The extended portion of the Statewide List shall include those projects without a preliminary loan commitment and those scheduled for a loan contract during the following four years. Placement on the extended portion of the Statewide List will be based on project schedules.
3. Placement of a project on the Statewide List shall not constitute a commitment to provide loan assistance.

C. Priority Classes

Each Project shall be assigned to one of the following priority classes:

1. Class A -- Public Health Problems.
 - a) Publicly Owned Wastewater Treatment Facilities projects required to alleviate public health problems where the County Board of Supervisors or the County Health Officer has certified that a health problem exists, and where a RWQCB has (1) adopted a prohibition for elimination of discharges from individual treatment systems and such prohibition has been approved by the SWRCB, or (2) approved a local moratorium prohibiting the construction of new individual systems (See Appendix C), or (3) adopted a cease and desist order; and
 - b) nonpoint source, storm drainage pollution, and estuary enhancement projects required to comply with prohibitions, postings, limitations, or warnings that have been imposed by responsible health authorities, and where the RWQCB has concurred with the findings of the health authority and has established a time schedule for correction or elimination of the threat to public health.

POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES

2. Class B -- Pollution of Impaired Water Bodies.
Projects required to correct conditions where a certification is made by the RWQCB Executive Officer that the water quality objectives for an impaired water body are not being attained.
3. Class C -- Compliance With Requirements and Water Recycling Projects.
 - 1) Projects necessary to comply with waste discharge requirements or other regulatory requirements formally imposed by the SWRCB or RWQCB, or projects necessary for correction of threatened violations of existing or proposed waste discharge requirements; and
 - 2) Projects which recycle water and are cost effective when compared to the development of new sources of water.
4. Class D -- Projects Serving as Preventative Measures Against Additional Water Quality Degradation for Impaired or Unimpaired Water Bodies.
Projects which would control discharges to impaired or unimpaired waters, where correction of such discharges may, or may not, be required through formally adopted waste discharge requirements. Includes projects to provide additional wastewater treatment capacity.
5. Class E -- Other Projects.
Projects not included in any of the other priority classes.

D. Project Ranking

Projects within each priority class shall be ranked on the basis of readiness to proceed. The project with the earliest estimated date for award of a loan contract will be ranked above a project with a later estimated date. In the case of a tie, the project discharging to the water body with the greater resource value will be ranked higher.

E. Restrictions and Adjustments

1. If a project falls in more than one priority class, the full project shall be placed in the highest priority class applicable to the more costly segment of the project, except as specifically ordered by the SWRCB.
2. If the priority classification of a project is in any way dependent upon State, County, or local action, or upon SWRCB or RWQCB action, only action taken prior to the adoption or amendment to the Statewide List will be considered.
3. The Statewide List may be adjusted or amended by the SWRCB for good cause subject to approval by EPA.
4. The SWRCB reserves the right to transfer treatment facilities from one priority class to another priority ranking, to reduce the eligible cost of any project, and to

POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES

allocate available funds among one or more priority classes when the SWRCB determines such action to be necessary or appropriate for effective and equitable use of available monies. Such action will only be taken after a public hearing.

5. When appropriate, the SWRCB may create a set-aside for the purposes of assuring that SRF assistance will be available for nonpoint source, water recycling, estuary enhancement, and storm drainage projects and programs contained on the fundable portion of the Statewide List.

F. Management of the Statewide List

Before a facilities plan approval is given, a project implementation schedule shall be submitted by the applicant and approved in writing by the Division. The Division shall monitor and compare progress on the project to the established schedule to assure that the loan applicant is proceeding expeditiously with the project.

If at any time the Division determines that progress has slipped sufficiently to push the loan contract award beyond the end of the scheduled state fiscal year, the SWRCB may add a project, or projects, of approximately equal dollar value from the planning portion to the fundable portion of the Statewide List, provided the project, or projects have received preliminary loan commitments and are projected to be ready for loan contracts during the current State fiscal year. After such additions, all projects on the fundable portion of the Statewide List will continue to compete on an as ready basis for available funds.

G. Funding of Projects

Except as may be directed by the SWRCB, projects on the fundable portion of the Statewide List will receive loan contracts from the SWRCB on an as ready-basis.

H. Project Removal and Changes

Projects shall not be removed from the Statewide List unless:

1. The SWRCB so instructs;
2. The project has received a loan contract;
3. The RWQCB so requests and the SWRCB concurs; or
4. The loan applicant so requests and the SWRCB concurs.