

STATE OF CALIFORNIA  
REGIONAL WATER QUALITY CONTROL BOARD  
CENTRAL COAST REGION

STAFF REPORT FOR REGULAR MEETING OF MARCH 23, 2007  
Prepared on February 21, 2007

ITEM NUMBER: 17

SUBJECT: 2007-08 State Revolving Fund Loan Program Priority List

**SUMMARY**

The State Water Board administers the State Revolving Fund (SRF) Loan Program, with help from the Regional Water Boards. The Regional Water Boards receive SRF requests, compile a non-prioritized list, and recommends the list to the State Water Board. Staff compiled this year's recommended list, which is attached to this item. The difference between last year's list and this year's list is that many projects were removed. This year's list does not include any new projects. Staff recommends that all Central Coast SRF applicants be placed on the State Water Board's *2007/2008 SRF Priority List*.

After receiving recommendations from the Regional Water Boards, the State Water Board prioritizes their compilation using the SRF Policy's priority system, and creates the 2007/2008 SRF Priority List.

**DISCUSSION BACKGROUND**

The Federal Water Pollution Control Act (Clean Water Act or CWA), as amended in 1987, provides for establishment of a State Revolving Fund (SRF) loan program. The purpose of the SRF loan program is to implement the CWA and various state laws by providing low-interest loan funding for construction of publicly owned wastewater treatment facilities, local sewers, sewer interceptors, water reclamation facilities, as well as expanded use projects such as implementation of nonpoint source (NPS) projects or programs, development and implementation of estuary Comprehensive Conservation and Management Plans, and storm water treatment.

The USEPA provided an initial grant to capitalize the SRF loan program, with State Bond funds augmenting that capitalization. Substantial flexibility is available to project applicants, subject to the requirement that the loan must be repaid without exception. Thus, loans are typically granted only to qualified applicants that have the ability to assess fees for loan repayment, such as municipal governments and sanitary districts. Borrowers repay the loans at interest rates below market rates, and the State Board again loans out the money for new projects, thus "revolving" the funds.

In California, the State Water Board administers the SRF program. Part of the SRF program entails maintaining, and annually updating, a list of projects that have requested funding. To update the list, the State Water Board seeks input from the Regional Water Boards. For our Region, staff, along with the applicants, reviewed last year's priority list and deleted projects that no longer need SRF loans. Since no new applications were submitted since the last list was issued, the projects not deleted from last year's list constitute staff's *2007/2008 SRF Priority List* recommendations.

After receiving recommendations from the Regional Water Boards, State Water Board staff will rank projects in accordance with the SRF Policy. Then the State Water Board will adopt a priority list.

**RECOMMENDATION**

Staff recommends the attached *2007/2008 SRF Priority List* list be forwarded to the State Board.

**ATTACHMENT**

Central Coast Water Board FY 2007/2008 SRF  
Priority List

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staff report.doc