

Welcome

Drinking Water SRF and Clean Water SRF

**Draft SFY 2021-2022 Intended Use Plan (IUP)
Workshop**



April 29, 2021



Meeting Logistics

- ❖ Zoom platform: raise your hand or use chat feature
- ❖ Telephone: Raise your hand by entering *9

OR

- ❖ Email Questions:
 - CWSRF Email: CLEANWATERSRF@WATERBOARDS.CA.GOV
 - Subject Line: "2021-22 IUP Workshop"
- ❖ Recording: we plan on recording this session. By joining this meeting through zoom you agree to being recorded.

Meeting Guidelines

- ❖ Mute yourself when not speaking
- ❖ Take breaks as needed
- ❖ If you get disconnected from Zoom, rejoin or watch only at video.calepa.ca.gov
- ❖ If you need technical assistance, email CLEANWATERSRF@WATERBOARDS.CA.GOV

Draft SFY 2021-2022 Intended Use Plan (IUP) Informational Workshop/Webinar

**Division of Financial Assistance
Clean Water State Revolving Fund**

April 29, 2021



DWSRF and CWSRF IUP Workshop Agenda

- ❖ 9:15am Zoom check-in
- ❖ 9:30am Introductions & Welcome
DWSRF IUP Presentation
- ❖ 10:30am DWSRF IUP Question & Answer
Break (10 Minutes)
- ❖ 11:00am CWSRF Introductions
CWSRF IUP Presentation
- ❖ 12:00pm CWSRF IUP Question & Answer
- ❖ 12:30pm Adjourn

Clean Water SRF Presenters



Mike Downey

CWSRF/DWSRF
SUPERVISING ENGINEER



Bob Pontureri

CWSRF SENIOR ENGINEER



Bridget Chase

OFFICE OF SUSTAINABLE
WATER SOLUTIONS
SUPERVISING ENGINEER

Preview

Background

Program Update

Application Demand

Small Disadvantaged Communities

Financial Outlook

Fundable List and Development

Implementation & Schedule

Submitting Comments

Questions



Program Background

- CWSRF Established in 1987 by Clean Water Act Amendment
 - Low interest loans and limited principal forgiveness for water quality projects
- State loans/grants complement CWSRF
 - CWSRF Policy and IUP applicable to CWSRF and complementary sources
 - Policy last amended December 3, 2019
- High Demand
 - >\$7.0 billion

IUP Basics

- Draft SFY 2021-2022 CWSRF IUP
 - https://www.waterboards.ca.gov/water_issues/programs/grants_loans/docs/2021-22_cwsrf_iup_final_draft.pdf
- Cap Grant Application & Federal Requirements
- Annual Business Plan
 - Finances
 - Staffing
 - Resources
 - Goals/Approach/Requirements



Eligible Applicants & Costs

- Applicants: Cities, Counties, Districts, Joint Power Authorities, State Agencies, Non-Profits, Private Entities (Select Categories and Sources), and Tribes
- Costs: Planning, Design, Construction, Construction Management, Administration, and Value Engineering
- Eligibility May Depend on the Funding Source



Eligible Projects



1. Publicly-Owned Treatment Works (Wastewater & Storm Water)
2. Non-Point Source & Storm Water
3. Estuary Plans (SF Bay, Morro Bay, Santa Monica Bay)
4. Construct, repair, or replace decentralized wastewater treatment systems
5. Manage, reduce, treat, or recapture stormwater or subsurface drainage water
6. Public agency measures to reduce demand for POTW capacity through water conservation, efficiency, or reuse
7. Development and implementation of watershed projects meeting CWA Section 122 criteria
8. Public agency measures to reduce energy consumption of POTW
9. Reusing or recycling wastewater, stormwater, or subsurface drainage water
10. Increase security of POTW
11. To qualified nonprofits to assist owners and operators of small and medium POTW
 - Plan, develop, and obtain financing for eligible projects and
 - Help those POTW achieve compliance with CWA
12. To qualified nonprofits to assist eligible individuals
 - Repair or replace existing individual household decentralized wastewater treatment systems or
 - Connect individual household to a POTW

What's New?

- Updated Applications Forms
 - General Form, Technical Form
 - Environmental Form
 - Financial Form
- Executive Summary
 - An executive summary was added to emphasize changes
 - Outlines major issues
- Electronic Disbursement Request Submittals
 - Submit via FFAST
 - Electronic mailbox - DFA-SRFDisbursements@Waterboards.ca.gov
 - Size Limitations may Apply

What Stays the Same

- Application Process
 - Via FFAST
- Applications Accepted Continuously
 - Will Assist & Review as Time Permits
 - December 31st Deadline for Applications to receive Readiness Scoring
- Eligible Start Date: Construction costs can be eligible starting at Notice to Proceed
 - Applicants can start construction at their own risk!
 - Being “Fundable” DOES NOT GUARANTEE an Executed Funding Agreement
- Short-Term Financing Incentive
 - 0.25% reduction for 20-year financing term or lower

Current Application Demand

Application Status	# of Applications	Requested Amount, M
Currently on Fundable List (Rollovers from SFY 2020-21 IUP)	52	\$4,591
New Small SDAC and Small DAC Projects (Automatically Eligible for Funding)	114	\$459
Projects Subject to Scoring (Requesting Placement on the Fundable List)	43	\$2,028
Projects Subject to Suspension or Removal from Consideration (Inactive, Non-responsive or withdrawn)	26	\$384
Total	235	\$7,462

Small Community Wastewater Program

- Small Community
 - < 20,000 people
- Disadvantaged Community (DAC)
 - < 80% Median Household Income (MHI)
- Severely Disadvantaged Community (SDAC)
 - < 60% Median Household Income (MHI); or
 - K-12 public school

Small DACs

- Automatically added to Fundable List
 - Applications are not scored or ranked
 - Initial eligibility screening by DFA staff
 - Eligibility re-checked/confirmed prior to funding by DFA staff
- Grant & Principal Forgiveness (PF) Funding
 - Current demand exceeds available funding
 - DFA staff qualifies applications for all available funding sources
 - Based on readiness to proceed and availability of funding
 - Prioritizing construction projects
- Technical Assistance available to help prepare applications and other necessary planning work.

Small DAC Priorities

- Priority Projects
 - Public health projects
 - Address violations of WDRs/NPDES permits
 - Septic-to-Sewer or Regional projects
 - Other projects identified by the Regional Water Boards
- Max of 10% available funding will go towards planning project (construction projects priority)
- \$12 M Max/community over 5-year period

Small DAC Planning Grant/PF

Affordability Criteria		Grant Amount	
Population	Community MHI	Grant % of Total Project Cost	Max Grant Per Project
<20,000	DAC & SDAC	100%	\$500,000

Small DAC Construction Grant/PF

Grant Amount				
Community MHI	WW Rates as % of MHI	Grant % of Eligible Project Cost	Max Grant Per Project	Max Cost Per Household Per Project
Non-DAC	4%	50%	\$6 M	\$30,000
DAC	≥1.5%	75%	- or - \$10 M	- or - \$75,000
SDAC	N/A	100%	Septic to Sewer/ Regional	Septic to Sewer/ Regional

*

Small DAC Construction Grant/PF

- Planning grant/PF amount for a project is subtracted from the max eligible construction grant/PF.
- Grant/PF amount for Septic-to-sewer and regional projects determined on a per community basis, rather than a per project basis.
- The Deputy Director of DFA may approve financing for construction projects with a total eligible project cost less than \$2 M regardless of the amount per connection.

Recent Financing from CWSRF & Complementary Sources

	18-19	19-20	20-21 Est.
Number of Agreements	24	53	40
Total Funding (\$ Millions)	\$351	\$662	\$600

Financial Outlook

- Sustainable CWSRF Loan Capacity
 - Approximately \$600 Million this year (Using Average)
- Complementary Funding
 - Small Community Wastewater
 - Grant and PF = \$111 million
 - Grant/PF is limited to small DACs applicants
 - Water Recycling Funding Program (\$45.1 million)
 - Construction Grant = \$22.0 million
 - Planning Grant = \$20.1 million
 - Construction Loan = \$3.0 million



CWSRF Lending Capacity

- Updated lending capacity calculation to \$600 Million
 - Based on long term average capacity calculation
 - Statistically similar to last year's IUP

- Lending Capacity
 - Used to determine cutoff score during fundable list development
 - Rollover projects or Small DAC applicants are not affected

Fundable List

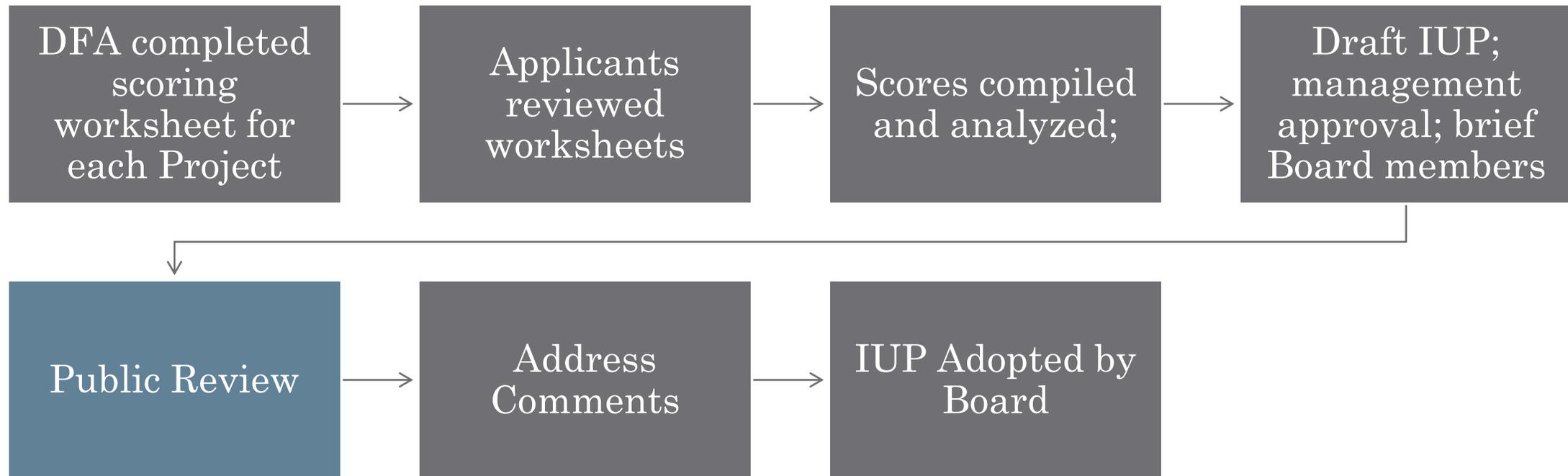
- Identifies Projects DFA Can Finance
 - Only Projects on Fundable List should expect to be financed in SFY 21/22
 - Small DACs will receive financing once staff determines they are ready to proceed to a financing agreement

- Loan Demand Exceeds Loan Capacity
 - Scoring/Ranking of Projects, is warranted due to demand
 - Small DACs are not subject to scoring
 - Loan Capacity is \$600 Million
 - Funding Target Range = 90% → 125% of Sustainable Loan Capacity
 - 90% = \$540 million
 - 125% = \$750 million

Scoring & Ranking Essentials

- Sum of 3 Components; Intended to be Mutually Exclusive
 - Primary Score - Water Quality Conditions - Set by Policy
 - Secondary Score - Applicant or Project Features - Applicant control
 - Readiness Score - Ensure timely use of cash - Applicant control
- Maximum Score = 16
- Cut-Off Score
 - Projects with same score are either ALL Fundable or ALL Not Fundable

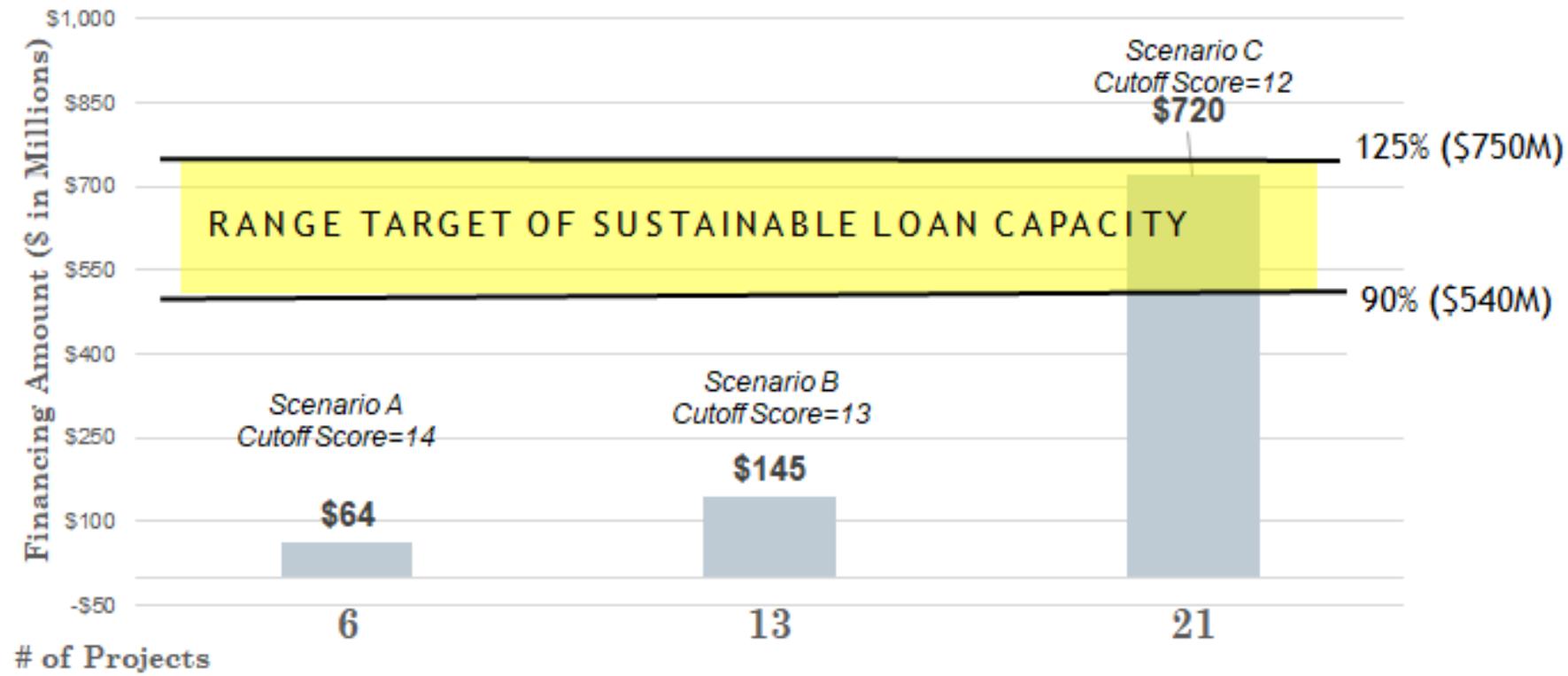
Scoring & Developing Fundable List



Financing Scenarios

Scenario	Cutoff Score?	# of Projects Added	Est'd Total CWSRF Loan (Millions)	Comments
--	16 or 15	0	\$0	• Highest Possible Score = 16
A	14	6	\$64	• Includes projects scoring 14 pts
B	13	13	\$145	• Includes all projects scoring 13 pts or higher
C	12	21	\$720	• Includes all projects scoring 12 pts or higher

Comparison of Financing Scenarios



Comprehensive List and Fundable List Housekeeping

➤ Fundable List

- DFA has identified 9 projects that are inactive, non-responsive or are otherwise not ready for a funding agreement this upcoming fiscal year.
- Staff recommends that these 9 projects totaling approximately \$481 million be excluded from the final 2021-22 CWSRF Fundable List.

➤ Comprehensive List

- DFA has Identified 17 applications that are inactive, incomplete and have not made progress towards fundable list placement.
- DFA recommends that the 26 (17+9) applications be excluded from the final 2021-22 CWSRF Comprehensive List. Applicants may resubmit a new application in the future for priority scoring and financing consideration.

Recommendation

- *DFA remains concerned about establishing an unrealistic goal at the beginning of the year.*
 - Adding new projects with a score of 12 or higher will result in a Fundable List with 75 loan agreements that should be executed by June 30, 2022.
 - The total projects is slightly less than last year

- Recommends 12 as the Cut-off Score (Scenario C)
 - Slightly less carry over of non-SDAC/DAC projects compared to last year
 - Continue to prioritize clearing backlog of rollover projects
 - Help meet goal of funding projects on Fundable list by June 30, 2022
 - Without implementing partial funding
 - Fits within the upper and lower funding range. Provides \$720 million to fund needed water quality improvement projects.

Schedule

Item	Date
Post Draft IUP for 30-Day Public Comment	Thursday, April 22
Public Outreach Workshop/Webinar #1	Thursday, April 29
Public Outreach Workshop/Webinar #2	Friday, May 14
Deadline to Submit Comments	Monday May, 24
Board Meeting to consider adoption	Tuesday, June 15

Submitting Comments

- Details on “Notice of Opportunity to Comment”
- Written Comments (Due noon, May 24, 2021)
 - Use subject line “Comment Letter - June 15, 2021 Board Meeting - CWSRF IUP”
 - Email: < 15 megabytes, commentletters@waterboards.ca.gov
 - Mail:
Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814
- Oral Comments at Board Meeting
 - June 15, 2021 via Zoom

Questions



Please send your questions or comments to

CLEANWATERSRF@WATERBOARDS.CA.GOV

OR

"Raise Hand" or "Chat" in Zoom

Next Steps

- **CWSRF Written Comments Due on May 24, 2021 at Noon**
 - Email: commentletters@waterboards.ca.gov
 - Subject: “Comment Letter - June 15, 2021 Board Meeting - CWSRF IUP”
- **DWSRF Written Comments Due on June 1, 2021 at Noon**
 - Email: commentletters@waterboards.ca.gov
 - Subject: “Comment Letter - June 15, 2021 Board Meeting - DWSRF IUP”

Mail:

- Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

Next Steps (cont'd)

- Oral Comments at Board Meeting on June 15, 2021 via Zoom
 - For more information
visit waterboards.ca.gov/board_info/remote_meeting/
- IUP Workshop #2 on Friday, May 14, 2021 via Zoom/Webinar
 - 9:30 am to 12:30
 - Official notice to be sent soon

Thank you!

Questions or comments please contact us:

CLEANWATERSRF@WATERBOARDS.CA.GOV

OR

DRINKINGWATERSRF@WATERBOARDS.CA.GOV