

**STATE WATER RESOURCES CONTROL BOARD  
RESOLUTION NO. 2019-0030**

INCREASE THE CLEAN WATER STATE REVOLVING FUND (CWSRF) LOAN AND REMOVE THE ONE-YEAR PAYMENT RESERVE FUND CONDITION FOR THE COUNTY OF SAN LUIS OBISPO (COUNTY) LOS OSOS WASTEWATER PROJECT (PROJECT), AGREEMENT NO. 10-846-550

WHEREAS:

1. The State Water Resources Control Board's (State Water Board) Division of Financial Assistance (Division) implements the CWSRF Program pursuant to the "Policy for Implementing the Clean Water State Revolving Fund" (Policy), last amended by the State Water Board on November 27, 2018;
2. The Project consists of constructing a new sewer system and wastewater treatment plant and abandoning the septic tanks of the residents in the community of Los Osos and connecting them to the sewer. The Project also produces Title 22 recycled water for beneficial reuse at agriculture sites, schools, and a golf course;
3. On July 1, 2011, the Division executed Agreement Nos. 10-845-550 and 10-846-550 with the County, providing a combined total of \$86,208,416 in CWSRF loan financing for the Los Osos Wastewater Project (CWSRF Project Nos. C-06-5230-110 and C-06-5230-120) that would construct a new wastewater collection system including pump stations with standby power facilities, a wastewater treatment plant, recycled water system, and effluent disposal facilities;
4. On April 11, 2012, the Division amended Agreement Nos. 10-845-550 and 10-846-550, reducing the interest rates from 2.6% to 2.0% for a term of 30 years;
5. On December 17, 2013, the Division executed Agreement No. 13-708-550, providing \$4,000,000 in Water Recycling Funding Program Proposition 13 grant funds for the construction of the recycled water system part of the Project;
6. The Project completed construction and initiated operations in October 27, 2016;
7. The County is requesting an additional \$13,102,000 in CWSRF financing to cover the final payment to the pipeline contractor ARB, Inc and other costs; the County has borrowed internally from other funds to cover the costs in the short-term;
8. The CWSRF Policy restricts increasing or adding funds to the financing agreement after the final budget is approved and the amended finance agreement is executed;

9. Division staff analyzed the County's requests for a loan increase and determined that \$11,135,000 is eligible for CWSRF Funding;
10. The newly established wastewater system does not have reserves to cover the additional costs and repay the County's internal loans. The wastewater system revenues are currently maximized and being used to pay for operations and maintenance and CWSRF and USDA debt. This resolution will allow the County to repay the additional Project costs with a smaller rate increase; and
11. The County is requesting that the State Water Board remove the one-year debt service reserve requirement in Agreement No. 10-846-550.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Authorizes the Deputy Director of the Division to amend Agreement No. 10-846-550 to increase the existing loan by \$11,135,000 in CWSRF loan financing at the same interest rate of 2.0%.
2. Authorizes the Deputy Director of the Division to amend Agreement No. 10-846-550 to remove the one-year payment reserve fund condition.
3. Waives the requirement to maintain net revenues of at least 1.10 times debt service for the years 2019-2020 and 2020-2021.

### 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 June 18, 2019.

AYE: Chair E. Joaquin Esquivel  
Board Member Tam M. Doduc  
Board Member Laurel Firestone

NAY: None

ABSENT: Vice Chair Dorene D'Adamo  
Board Member Sean Maguire

ABSTAIN: None


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 Jeanine Townsend  
 Clerk to the Board