

**STATE WATER RESOURCES CONTROL BOARD  
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE  
AUGUST 4, 2015**

**ITEM 7**

**SUBJECT**

CONSIDERATION OF A RESOLUTION TO ADOPT THE COMBINED STATE FISCAL YEAR 2015-16 DRINKING WATER STATE REVOLVING FUND (DWSRF) INTENDED USE PLAN (IUP) AND PROPOSITION 1 – DRINKING WATER GUIDELINES

**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 a required element of the DWSRF's application to U.S. EPA for each federal capitalization grant. If the 2015-16 IUP is approved by the State Water Board, staff will submit it to U.S. EPA as part of the Federal Fiscal Year 2015 capitalization grant application.

This IUP is also the State Water Board's business plan for the DWSRF for SFY 2015-16. It explains how the Division of Financial Assistance (Division) intends to implement the DWSRF Program considering the availability of funds, the relative completeness of the applications in-house, and federal and state drinking water public health priorities. It discusses management's general approach and the Division's ability to successfully carry out the DWSRF 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 drinking water projects. The IUP includes activities planned for the year and measurements to monitor the DWSRF 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 79724(a) of the Water Code (WC) allocates \$260 million that shall be available for grants and loans for public water system infrastructure improvements and related actions to meet safe drinking water standards, ensure affordable drinking water, or both. DWSRF funds are administered consistent with the DWSRF IUP and the DWSRF Policy. The Proposition 1 funds will supplement existing DWSRF authority. The IUP incorporates the guidelines for implementing Section 79724(a) of the WC. Administering these funds as a part of the DWSRF Program allows grants to be easily combined with low-interest debt financing available through the DWSRF Program.

Staff has provided stakeholders and interested parties an opportunity to comment on the draft 2015-16 IUP. Consistent with Section 79706(b) of the WC, the draft IUP was posted on the Internet at least 30 days prior to staff conducting three public meetings held throughout the state to consider public comments.

## **POLICY ISSUES**

Should the State Water Board adopt the SFY 2015-16 IUP with guidelines for administering the funds from Proposition 1?

## **REGIONAL WATER BOARD/DRINKING WATER IMPACT**

Approving the SFY 2015-16 IUP will help municipalities and other eligible applicants finance projects to comply or maintain compliance with Division of Drinking Waters' safe drinking water and waterworks standards, address Division of Drinking Waters' compliance and enforcement orders, or contribute to Water Plan goals.

## **FISCAL IMPACT**

In the IUP, "Section V. DWSRF and Prop 1 Financial Management" and "Section VI. Set-Aside Activities" provide a complete analysis of the DWSRF's financial and programmatic resources, including Proposition 1 funding, for SFY 2015-16.

## **STAFF RECOMMENDATION**

The State Water Board should adopt the SFY 2015-16 IUP with guidelines for administering the funds from Proposition 1.

State Water Board action on this item supports in part the Water Boards vision of a sustainable California made possible by clean water and water availability for both human uses and environmental resource protection as well as its mission to preserve, enhance, and restore the quality of California's water resources, and ensure their proper allocation and efficient use, for the benefit of present and future generations. The State Water Board's action on this item also supports the statewide policy set forth in Section 106.3 of the Water Code. Specifically, Subsection 106.3(a) declares it is the established policy of the State that "every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes."

# DRAFT

## STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2015-

### ADOPT THE COMBINED STATE FISCAL YEAR 2015-16 DRINKING WATER STATE REVOLVING FUND (DWSRF) INTENDED USE PLAN (IUP) AND PROPOSITION 1 – DRINKING WATER GUIDELINES

#### WHEREAS:

1. To receive its annual federal DWSRF capitalization grant from the United States Environmental Protection Agency (U.S. EPA), the State Water Resources Control Board (State Water Board) must submit its IUP as part of its capitalization grant application and identify a state contribution of twenty percent to match the federal grant award (DWSRF State Match);
2. Section 79724 of the Water Code allocates \$260 million to the State Water Board for purposes of funding drinking water projects serving disadvantaged communities (Proposition 1 Drinking Water Program);
3. Prior to expenditure of the Proposition 1 Drinking Water Program funds, the State Water Board was required to prepare funding guidelines through a transparent and public process set forth in Proposition 1, and Division of Financial Assistance (Division) staff have completed such processes with the Combined Drinking Water IUP; and
4. The State Water Board will utilize some or all of the funds allocated under Section 79724(a) of the Water Code as DWSRF State Match.

#### THEREFORE BE IT RESOLVED THAT:

1. The State Water Board adopts the [Combined Drinking Water IUP](#);
2. For routine, noncontroversial projects funded pursuant to Combined Drinking Water IUP, the State Water Board authorizes the Executive Director, Deputy Director of the Division, or designee, to approve and execute funding agreements and amendments;
3. Proposition 1 funds allocated as DWSRF State Match will be disbursed at a rate appropriate to maintain or exceed federal requirements; and
4. Proposition 1 funds allocated as DWSRF State Match shall first be transferred and deposited into a sub-account of the DWSRF.

#### 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 August 4, 2015.

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Jeanine Townsend  
Clerk to the Board