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**American Recovery and Reinvestment Act  
(ARRA)**

**CDPH FINAL Criteria  
Safe Drinking Water State Revolving Fund Projects**

**Funding Limitations**

Maximum ARRA funding per project	Existing SDWSRF limit of \$20 million (California Code of Regulations 63012)
Maximum ARRA funding per applicant	Existing SDWSRF limit of \$30 million (California Code of Regulations 63012)
If on or after November 1, 2009, CDPH determines that it has insufficient projects ready to proceed, it may waive these funding limitations in order meet ARRA requirements.	

**Additional Subsidization**

(Loan principal forgiveness and negative interest rate loans)

Maximum amount of loan principal forgiven per project	\$10 million
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**Publicly owned and nonprofit Water Systems**

Small Water Systems (water systems serving 3,300 service connections or less or providing service to a population of 10,000 or less)	100% of loan principal forgiven (not to exceed \$10 million)
Disadvantaged Communities (community median household income less than 80% of statewide MHI)	100% of loan principal forgiven (not to exceed \$10 million)
Small projects (less than \$500,000 total cost) <i>(large water systems may only receive one "small project" grant)</i>	100% of loan principal forgiven
All other systems	50% of loan principal forgiven (not to exceed \$10 million)

**Investor-owned utilities, private for-profit systems**

***(systems will not be able to earn a profit on facilities constructed with grants)***

Small Water Systems (water systems serving 3,300 service connections or less or providing service to a population of 10,000 or less)	Negative interest rate during the repayment term equivalent to approximately 75% loan principal forgiveness (not to exceed \$10 million)
Disadvantaged Communities (community median household income less than 80% of statewide MHI)	Negative interest rate during the repayment term equivalent to approximately 75% loan principal forgiveness (not to exceed \$10 million)
Small projects (less than \$500,000 total cost) <i>(large water systems may only receive one "small project" grant)</i>	Negative interest rate during the repayment term equivalent to approximately 75% loan principal forgiveness
All other systems	Negative interest rate during the repayment term equivalent to approximately 50% loan principal forgiveness (not to exceed \$10 million)

### Loan Funding

(All projects must demonstrate a fully funded project)

Disadvantaged communities	ARRA loans available at 0% interest rate
All other systems	ARRA loans available at existing SDWSRF interest rate (pursuant to Health and Safety Code Section 116761.65), currently ~2.5%

### Payment Restrictions, Eligible Project Costs

Date of eligible project costs	Otherwise eligible project costs, incurred prior to October 1, 2008, are ineligible for reimbursement from ARRA funds
Payment disbursements (all payments are reimbursements)	Loan forgiveness of principal subsidization will be applied to each disbursement of ARRA funds for a project. Negative interest rate loan subsidization for a project will commence with the first principal and interest payment due on the loan after completion of the project. Interest during project construction will be calculated at the interest rate set forth in the funding agreement and shall be due and payable from the date of disbursement. (See Loan Funding above)

### Eligible Projects

Once invited, a project must meet the following eligibility criteria in order for CDPH to issue a funding agreement not later than December 2009

<ul style="list-style-type: none"> <li>• Must be eligible for SDWSRF funding</li> <li>• Must meet “readiness to proceed” criteria</li> <li>• Must meet NEPA requirements and other federal cross cutters</li> <li>• Must meet TMF (Technical, Managerial, and Financial) requirements</li> <li>• Must meet ARRA Buy American and Davis Bacon requirements</li> <li>• Only costs (including preliminary costs) incurred on or after October 1, 2008 are eligible for ARRA funding</li> <li>• All other SDWSRF and ARRA funding requirements apply</li> </ul>
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### Funding Priority

Fundable projects will be determined based on project priority list ranking, readiness to proceed, and “Green” project/components

ARRA pre-applications will be ranked based on current SDWSRF procedures	<ul style="list-style-type: none"> <li>• Projects are ranked on the ARRA Project Priority List (PPL) attached hereto and incorporated herein.</li> <li>• Projects are further ranked within a category by median household income, system type, population</li> </ul>
Criteria for “readiness to proceed”	<ul style="list-style-type: none"> <li>• In order of Project Priority List ranking, CDPH will invite full applications for those projects deemed most ready to proceed based on the date identified in the project's pre-application for completed project plans and specifications and environmental review. In order to allow sufficient time for technical review and approval of a project, only those projects with project</li> </ul>

	<p>plans and specifications and environmental review identified as complete not later than the last day of the calendar month following close of the preapplication period (2/27/09), will be invited to submit full applications.</p> <ul style="list-style-type: none"> <li>• Construction start date by 8/31/09</li> </ul>
"Green" projects/components	<ul style="list-style-type: none"> <li>• CDPH must meet 20% allocation of ARRA funds pursuant to federal guidelines for projects or components considered "Green"</li> </ul>
<p>CDPH has made an initial determination of potentially fundable projects, and the draft fundable projects list is attached hereto and incorporated herein.</p> <ul style="list-style-type: none"> <li>• CDPH will invite full applications totaling at least \$150 million and will issue funding agreements to projects in order of receipt of complete applications up to the full extent of funding availability (reserving funds as necessary to meet the 20% Green project reserve requirement).</li> <li>• If necessary, CDPH will invite additional projects in priority order to meet the 20% Green project reserve requirement.</li> <li>• ARRA funds will be used in accordance with the Intended Use Plan (IUP) attached hereto and incorporated herein.</li> </ul>	

### Application Invitation and Submittal

<p>CDPH will invite projects from the fundable projects list to submit a full application.</p>	<ul style="list-style-type: none"> <li>• Applicants must submit completed plans and specifications within 7 calendar days of receipt of funding invitation from CDPH</li> <li>• Applicant must submit completed CEQA environmental documentation within 7 calendar days of receipt of funding invitation from CDPH</li> <li>• Applicants must submit complete application within 60 calendar days of receipt of funding invitation from CDPH</li> <li>• Project must start construction within 60 days of executed funding agreement</li> <li>• All projects must start construction* by 2/1/10          *Construction means the applicant must have actually commenced construction or have fully executed construction contracts for all components of the project. For a phased or segmented project, this requirement applies to all phases and segments.</li> </ul>
Incomplete documents	<p>If any application component is determined to be incomplete (except plans and specifications or environmental documentation), applicant will have 5 working days from receipt of notification by CDPH to submit complete documents</p>
Project bypass	<p>If applicant fails to meet any deadline specified by CDPH, project will be bypassed and CDPH will invite the next project on the fundable list</p>

Note – except as provided above, the California Safe Drinking Water State Revolving Fund Act of 1997 (Health & Safety Code, Division 104, Part 12, Chapter 4.5, also

known as California's SDWSRF) and implementing regulations (California Code of Regulations, Title 22, Chapter 12) apply to all ARRA funding and ARRA funded projects.

Note – as used in these criteria the term “loan principal forgiveness” means a “grant” as that term is used in California's SDWSRF law and regulations.

Note – the State reserves the right to amend these criteria at any time without notice or opportunity to review if the amendment is necessary to assure ARRA funding is available to the California Safe Drinking Water State Revolving Fund program.

Attachments:

Project Priority List  
Intended Use Plan  
Draft Fundable Projects List