REPORT TO THE LEGISLATURE

AS REQUIRED BY

CHAPTER 7, ARTICLE 4 OF THE SAFE DRINKING WATER, CLEAN WATER, WATERSHED PROTECTION, AND FLOOD PROTECTION ACT

WATER RECYCLING PROGRAM IMPLEMENTATION

SUBMITTED BY

THE STATE WATER RESOURCES CONTROL BOARD

June 30, 2001

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EXECUTIVE SUMMARY

The Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act, Proposition 13 on the March 8, 2000, ballot, in combination with previous bond issues provided $105 million in funds for loans and grants for planning, designing, and constructing water recycling projects and for water recycling research and demonstration projects.

Water Recycling Construction Program

Activities undertaken to implement the water recycling construction program included: 1) in October 1999, sending questionnaires to agencies to assist in understanding the applicants' needs; 2) in April 2000, meeting with a group of interested entities to discuss recommendations for the Water Recycling Construction Program implementation; and 3) adoption of a priority list in January 2001, containing projects with a total cost of $2.9 billion and funding requests totaling $1.5 billion. The State Water Resources Control Board (SWRCB) is reviewing six applications for projects with funding requests totaling $104.4 million, and two project submittal packages with funding requests totaling $51 million.

Water Recycling Facilities Planning Grant Program

SWRCB has provided application information to seven parties requesting planning study grants. When applications are received, contracts will be issued for the grants.

Water Recycling Research Program

The WateReuse Foundation, which is a nonprofit corporation devoted to education and research activities to promote the reuse of treated wastewater, made a proposal in March 2001, to SWRCB asking that $1 million be provided to the Foundation to match $1 million from the U.S. Bureau of Reclamation and unspecified amounts from other sources. The concept was approved by SWRCB in May 2001.

CalFed Water Use Efficiency Coordination

The CALFED Bay-Delta Program Programmatic Record of Decision contains a Water Use Efficiency Program. One of the actions in the water recycling component of the Water Use Efficiency Program is to expand state and federal recycling programs to provide increased levels of planning, technical, and financial assistance. SWRCB activities to implement the 2000 Bond Law are key elements in this Program.

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CHAPTER 7, ARTICLE 4 OF THE SAFE DRINKING WATER, CLEAN WATER, WATERSHED PROTECTION, AND FLOOD PROTECTION ACT

WATER RECYCLING PROGRAM IMPLEMENTATION

This report has been prepared by the State Water Resources Control Board (SWRCB) in compliance with Chapter 7, Article 4 of the Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act (Bond Law), Proposition 13 on the March 8, 2000 ballot. This report is prepared pursuant to Section 79147 (b) as follows:

> "The board is encouraged to expedite the review and processing of agreements to carry out the purposes of this article. The board shall report to the Legislature on the progress of implementing this article on or before June 30, 2001."

California Water Code, Section 79137 allocated $40 million to the Water Recycling Subaccount. In addition, Sections 79138 and 78626 specified that unallocated funds and loan repayments from the water recycling subaccounts of the 1988 and 1996 Bond Laws would be transferred and deposited into the 2000 Water Recycling Subaccount. Accordingly, $105 million in funds are currently available from the three bond issues for grants and loans. The funds provide loans and grants for planning, designing, and constructing water recycling projects and for water recycling research and demonstration projects.

The 2000 Bond Law continued and expanded the existing Water Recycling Loan Program and the Facilities Planning Grant Program, and created the Water Recycling Research Program. The three programs are described below.

I. WATER RECYCLING CONSTRUCTION PROGRAM

Background

SWRCB has been administering the Water Recycling Loan Program using funds from bond issues in 1984, 1988, and 1996. The 2000 Bond Law contained new provisions on how the program funds were to be administered. One provision provided for grants, in addition to loans, for design and construction of water recycling projects. Accordingly the Water Recycling Loan Program was converted into the Water Recycling Construction Program. Another provision specified a geographic distribution of funds. 60 percent is allocated to six Southern California counties; the Counties of Riverside, Ventura, Los Angeles, San Diego, Orange, and San Bernardino; 40 percent is allocated to the remaining counties.

The Bond Law also expanded the type of water recycling project that could apply for assistance by designating the funding criteria. Section 79141 of the Bond Law states:

> "Criteria to be considered by the board ... may include, but are not limited to, whether the project is a cost-effective means to meet the state or local water supply needs, when compared to other sources of water supply that may be available to the municipality, whether the project is necessary to protect water quality, the readiness of the municipality to proceed with the design and construction of water recycling projects, the degree to which the recycled water improves water supply reliability, water quality, ecosystem restoration, and other environmental benefits, the net water savings benefit, the degree to which the recycled water would reduce water supply demands on the bay-delta system, the Colorado River, or other water systems critical to regional or statewide water supply, the ability to encourage development of new water recycling projects, and the amount of funding that the municipality is requesting ... ."

Program Initiation

In October 1999, in anticipation of voter approval of the bond issue, SWRCB staff sent questionnaires to agencies to assist in understanding the needs of potential assistance applications. Copies of the notice and questionnaire are in Attachment 1. They were asked about the type of potential projects, project costs, and amount of subsidy needed to make projects financially feasible. Over 40 agencies responded that they would be interested in water recycling grants and loans. The project costs ranged from $1 million to $175 million for a variety of treatment, distribution, storage, and retrofit facilities. The amount of subsidy ranged from 20 to 80 percent of capital cost to make projects financially feasible.

In April 2000, a group of interested entities met with SWRCB staff and made recommendations for the Water Recycling Construction Program implementation. The group consisted of representatives from geographically diverse local agencies involved in water supply, wastewater management, and recycled water distribution; water industry associations; and CALFED. The group recommended that grant and loan funds should be made available through an open competitive process supported by the objective criteria set forth in Section 79141. A process supported by objective selection criteria should expedite the review and selection of the most appropriate projects. The funding recommendations were grant funding of 25 percent of the eligible capital costs with a grant limit of $5 million per project, maximum funding of $20 million (grant and loan combined) per project, and a 40 percent limit on the total project subsidy. The definition of an eligible water reuse project is a project where the recycled water is used efficiently for beneficial uses.

SWRCB announced its intention to develop a priority list of prospective projects for funding under the Water Recycling Construction Program at its June 1, 2000, workshop as shown in Attachment 2. Testimony from local agencies and interest groups expressed support for SWRCB's implementation plan. Outreach efforts were made to publicize the availability of funds. Presentations were made at conferences and notices were sent to water and wastewater industry associations to encourage publicity.

SWRCB also used its Web site to publicize the Bond Law funds, the Water Recycling Construction Program, and procedures to submit prospective projects for the priority list. The initial announcement was posted in May 2000, and later revised as new information was available. The site contains descriptions of the water recycling programs including the new Water Recycling Construction Program, a database of municipal wastewater reclamation facilities, and the Water Recycling Funding Guidelines. Sample printouts from the Web site are in Attachment 3. SWRCB's Office of Water Recycling received a large number of inquiries as a result of the Web site.

SWRCB developed a questionnaire for local agencies to list their planned or potential water recycling projects and provide information on the criteria listed in Section 79141 of the 2000 Bond Law. SWRCB sent out notices of the available funds and the questionnaire to over 1,800 parties. Special notice was given to associations whose members might have potential water reuse projects. The WateReuse Association was particularly helpful by e-mailing the notice and questionnaire to its members. The notice and questionnaire are in Attachments 4 and 5.

Priority List Adopted

Based on the notifications and the Web page, SWRCB received 252 questionnaire responses for water recycling projects. The projects had a total cost of $2.9 billion and funding requests totaling $1.5 billion. In reviewing the questionnaires, SWRCB identified the type of projects by the planning stage (conceptual, final planning, or ready to proceed) and placed the projects into five categories: those that 1) augment the state water supply, 2) provide local water supply benefits, 3) involve groundwater cleanup, 4) involve waste discharge compliance, and 5) miscellaneous projects.

With $105 million available in funds, SWRCB decided to develop a priority list. The highest priority category was projects that had completed or were near completion of facilities planning. Within this category the two highest subcategories were determined to be fundable: projects augmenting the state water supply and projects providing local water supply benefits. Forty-nine projects costing $1.02 billion with funding requests totaling $504 million are listed in the two categories. The priority list was adopted by SWRCB in January 2001. The agenda item, SWRCB resolution, and priority list are in Attachment 6.

Applications & Commitments

An agency may submit an application for funding when a project has completed planning and is ready to proceed to design and construction. When the applications are complete, Facility Plan Approvals are issued and SWRCB is asked for preliminary loan and grant commitments.

Presently, $4.6 million is committed from the 2000 Bond Funds for a loan project approved under the previous Water Recycling Loan Program (see Attachment 7). SWRCB is currently reviewing and commenting on six applications for projects costing $141.3 million with funding requests totaling $104.4 million. In addition, SWRCB is reviewing and commenting on two project submittal packages (partial submittals containing reports and documents but no applications) that have costs of $51 million and funding requests totaling $51 million.

II. WATER RECYCLING FACILITIES PLANNING GRANT PROGRAM

The Water Recycling Facilities Planning Grant Program was established pursuant to the 1996 Bond Law. The 2000 Bond Law augmented this program by including provisions for facilities planning grants. Section 79143 of the Bond Law stated: "The board may make grants to municipalities for facility planning studies for water recycling projects. The amount of the grants may not exceed seventy-five thousand dollars ($75,000) per study." This is an on-going program that did not require SWRCB approval for its continuation. Local agencies can receive grants to fund 50 percent of planning study costs, up to a maximum grant of $75,000. The intent of the program is to assist local agencies in completing facilities plans, which will determine the feasibility of using recycled water that will offset new freshwater development and augment the State's or a local water supply.

Eight planning grants were executed with funds from the 1996 Bond Law. SWRCB has responded to requests for seven facilities planning study grants. When applications are received and complete, contracts will be issued for the grants.

III. WATER RECYCLING RESEARCH PROGRAM

Sections 79144 and 79145(b) of the 2000 Bond Law included funding for water recycling research. The 2000 Bond Law provides that SWRCB may use funds to undertake plans, surveys, research, development, and studies necessary or desirable to carry out water recycling, including the preparation of comprehensive statewide or areawide studies and reports on the collection, treatment, and disposal of waste and wastewater recycling. Up to three percent of funds deposited into the Water Recycling Subaccount of the 2000 Bond Law can be used for this purpose.

An information item was presented to SWRCB at its November 12, 2000, workshop on how the staff planned to seek and fund water recycling research. Attachment 8 is a copy of the agenda item. The initial program concept was to issue a call for conceptual study proposals. A Technical Advisory Committee would be appointed, including experts and representatives of various interest groups or agencies, and would assist SWRCB in evaluating and ranking the conceptual proposals. Staff would request refined proposals from the highest-ranking conceptual proposals. Based on a review of the refined proposals, a list of recommended studies would be created for presentation to SWRCB for approval.

There have been subsequent meetings with the WateReuse Foundation (Foundation), which is a nonprofit corporation devoted to education and research activities to promote the reuse of treated wastewater. The Foundation made a proposal in March 2001 to SWRCB asking that $1 million be provided to the Foundation to match $1 million from the U.S. Bureau of Reclamation and unspecified amounts from other sources. The Foundation, in conjunction with the National Water Research Institute, has developed a list of research priorities. The Foundation would pool the funds and request proposals for research within the scope of the research priorities. Policy advisory committees, including SWRCB staff, would review research proposals, make recommendations for

contractor selection, and review research products. Each recommended research proposal would be brought to SWRCB for approval.

The concept of providing $1 million to the Foundation was brought to SWRCB and approved in May 2001. A contract with the Foundation is being executed. A copy of the agenda item is in Attachment 9.

IV. CALFED WATER USE EFFICIENCY COORDINATION

The CALFED Bay-Delta Program Programmatic Record of Decision, dated August 28, 2000, contains a Water Use Efficiency Program. The Water Use Efficiency Program includes actions to assure efficient use of existing and any new water supplies developed by the CALFED Bay-Delta Program. One of the actions in the water recycling component of the Water Use Efficiency Program is to expand state and federal recycling programs to provide increased levels of planning, technical, and financial assistance (both loans and grants) and to develop new ways of providing assistance in the most effective manner. SWRCB was assigned lead responsibility to use various bond funds, including the 2000 Bond Law, and the State Revolving Fund to implement the water recycling component. The activities described in this report to implement the 2000 Bond Law are key elements for fulfilling this obligation.

V. CONCLUSION

The Bond Law provisions that provided for grant funding stimulated new interest in implementing water recycling. The amount of projects on the priority list clearly shows the potential for water recycling to augment the State's water supply. However, the funds made available by the Bond Law will provide financial assistance for less than seven percent of the need documented on the priority list. Additionally, it is likely that these funds will be committed shortly.

Attachments

1. October 22, 1999, Water Recycling Financial Assistance Notice and Questionnaire
2. June 1, 2000, SWRCB workshop agenda item "Status Report Regarding Proposals for Implementing Proposition 13 Programs ..."
3. Sample Printouts from SWRCB Web site
4. August 14, 2000, Special Notice Water Recycling Construction Program
5. Questionnaire for Placement on Project Priority List for Funding of Water Recycling Project
6. January 25, 2001, SWRCB meeting agenda item and resolution "Adoption of the Water Recycling Construction Program Priority List"
7. SWRCB Resolution 2000-003 Approval of a Water Reclamation Loan Program Loan to Santa Margarita Water District
8. SWRCB November 1, 2000, workshop agenda item "Information Item – Status Report Regarding Implementation of Proposition 13 Program for Water Recycling Research"
9. SWRCB May 2, 2000, agenda item "Consideration of a Proposed Resolution Authorizing the Executive Director to Negotiate, Execute, and Amend, as Necessary, Agreements with the WateReuse Foundation or the U.S. Bureau of Reclamation or Both Regarding Implementation of a Proposed Joint Water Recycling Research Program"

Attachment 1

State Water Resources Control Board

Executive Office

901 P Street • Sacramento, California 95814 •(916) 657-0941
Mailing Address: P.O. Box 100 • Sacramento, California • 95812-0100
FAX (916) 657-0932 • Web Site Address: http://www.swrcb.ca.gov

Winston H. Hickox
Secretary for Environmental Protection

Gray Davis
Governor

OCT 22 1999

WATER RECYCLING FINANCIAL ASSISTANCE

There will be a bond issue on the ballot in March 2000, the Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act, which would add $40 million for low interest loans and grants for design and construction of water recycling projects to our existing water recycling funding program. Combining this with loan repayments from prior loans and funds remaining from a 1996 bond issue, over $100 million would be available. Enclosed is a questionnaire to help us understand the needs of potential assistance applicants. Your response will help us in drafting revisions to our program procedures and policies in anticipation of approval of the March 2000 bond issue by the voters.

A new provision of the upcoming bond issue is for grants in addition to loans for design and construction of facilities. A key issue for the State Water Resources Control Board to decide is how to combine loans and grants for projects. Our low interest loans have provided a subsidy in the range of about 20 to 30 percent of the loan amount. Grants can be used to increase the subsidy of projects to make them more financially feasible. We will want to structure the program to provide the greatest benefit to the most projects. Some of the questions you will be asked will help us in this decision.

Many agencies that requested information on our program did not apply for funding. The reasons would be helpful to us both in reviewing the policies and procedures of our funding programs and in formulating broader policies for the state.

We hope you will be able to assist us by completing the attached questionnaire. We have provided a return envelope for your convenience. The questionnaire will be most useful if returned by January 3, 2000.

If you have any questions on this questionnaire or our funding programs, please call Mr. Lynn Johnson at (916) 227-4580.

Sincerely,

Jim Stubchaer

James M. Stubchaer
Chair

Enclosure

California State Water Resources Control Board

WATER RECYCLING FINANCIAL ASSISTANCE QUESTIONNAIRE

AGENCY INFORMATION

AGENCY NAME

MAILING ADDRESS (Street or P. O. Box)

(City, State, Zip Code)

PERSON COMPLETING QUESTIONNAIRE (Name, Title, Department) | (Telephone)

QUESTIONS

1. a. Has the agency ever received a loan from the State Water Resources Control Board (SWRCB) for design and construction of a water recycling project?
   ☐ Yes ☐ No
   b. If yes, which program?
   ☐ Water Recycling Loan Program (WRLP) ☐ State Revolving Fund Loan Program (SRF)

2. Has the agency begun construction of any water recycling facilities (treatment, storage, or distribution), including additions to any existing system, since 1996? ☐ Yes (Proceed to question 3) ☐ No (Proceed to question 4)

3. a. What sources of funds were used for financing the construction costs of these facilities?
   ☐ WRLP
   ☐ SRF
   ☐ California Department of Water Resources
   ☐ U.S. Bureau of Reclamation
   ☐ California WateReuse Finance Authority
   ☐ Revenue bonds (including certificates of participation)
   ☐ Agency capital reserve fund
   ☐ Other (describe): _____
   b. If the agency did not receive WRLP or SRF funds from the SWRCB, what are the reasons?
   ☐ Agency was not aware of these funds.
   ☐ Grants were available from another source that provided a greater subsidy.
   ☐ The application process for WRLP or SRF loans would have delayed the construction too long.
   ☐ The maximum amount limitations (caps) on the WRLP or SRF loans were too low, requiring other financing sources to complete financing package for the project.
   ☐ The interest rate was not competitive with other sources of borrowing used for this project.
   ☐ Certain administrative requirements of the WRLP or SRF programs were too difficult to meet. (Please describe) _____
   _____

   Please proceed to question 5.

4. If the agency has not begun construction of any water recycling facilities since 1996, including not expanding an existing system, what are the reasons?
   ☐ A project is still in the planning or design stage.
   ☐ A project is not being pursued at the present time for the following reasons:
   ☐ Another agency accepted the responsibility to construct the facilities. Which one? _____
   _____
   ☐ There is insufficient potential market to use (or to use more of) the recycled water.
   ☐ Potential recycled water users would not accept recycled water. Reasons:
   ☐ Recycled water quality was unacceptable for potential uses.
   ☐ The recycled water price would not be competitive with other sources of water from user perspective.
   ☐ Other: _____

Continued on next page.

4. Continued
   - ☐ The cost of a recycled water project would be too expensive from agency perspective.
   - ☐ Necessary interagency agreements could not be obtained.
   - ☐ Climatic conditions in recent years have presented a more plentiful supply than previous years.
   - ☐ Other water sources have been adequate to meet water demands.
   - ☐ Adequate financing for construction was not available.
   - ☐ There was insufficient public support for a water recycling project.
   - ☐ There was insufficient support from the agency governing board for a water recycling project.
   - ☐ The agency's present water supply system is adequate for agency needs.
   - ☐ The risks associated with a water recycling project are unacceptable. Perceived risks: _____

5. Is the agency considering or planning on constructing a new or expanded recycled water system by the year 2005?
   ☐ Yes (Proceed to question 6) ☐ No (Proceed to question 7)

6. a. How much capital funds do you anticipate needing for the proposed project? $_____
   b. Will the agency need to borrow funds or receive a grant to be able to finance this project or to make it financially feasible? ☐ Yes ☐ No
   c. Would the agency consider seeking funding from the SWRCB? ☐ Yes ☐ No If yes:
      The current interest rate for low-interest loans from the SWRCB is about 2.4%. At this interest rate, that subsidy amounts to about 20% of the loan amount, assuming a conventional borrowing rate of 4.8%. The March 2000 bond issue would allow the SWRCB to provide grants as well as loans. The SWRCB could use grants, in combination with loans, to increase the effective subsidy to further encourage the implementation of water recycling project. If the loan interest rate remains at 2.4%, what is the minimum subsidy your agency would need to make the proposed project financially feasible?
      - ☐ 20% (100% loan)
      - ☐ 40% (75% loan and 25% grant)
      - ☐ 60% (50% loan and 50% grant)
      - ☐ 80% (25% loan and 75% grant)

      If no, please state reasons: _____
   d. Please describe the project the agency is considering:
      - i. Types of uses of recycled water: _____
      - ii. Total annual amount of recycled water use: _____
      - iii. Total project design and construction costs: $ _____
      - iv. Types of facilities that would be constructed: _____
      - v. Current status of planning or design: _____% planning completed _____% design completed
      - vi. Estimated date when the agency might apply for SWRCB funding: _____
      - vii. Amount of loan or grant funding that might be requested: $ _____
      - viii. Other project information:

7. Please provide any other information, comments or suggestions regarding SWRCB funding policies and procedures or SWRCB activities (add additional sheets if necessary):

8. Please return this questionnaire to: Mr. Lynn Johnson, Office of Water Recycling, State Water Resources Control Board, P. O. Box 944212, Sacramento, California 94244-2120. Thank you for your participation.

STATE WATER RESOURCES CONTROL BOARD
WORKSHOP SESSION - DIVISION OF CLEAN WATER PROGRAMS
JUNE 1, 2000

ITEM 3

SUBJECT

STATUS REPORT REGARDING PROPOSALS FOR IMPLEMENTING PROPOSITION 13 PROGRAMS FOR THE STATE REVOLVING FUND (SRF) LOAN, THE SMALL COMMUNITIES GRANT (SCG), THE WATER RECYCLING LOAN AND GRANT, THE SEAWATER INTRUSION CONTROL LOAN, AND THE WASTEWATER CONSTRUCTION GRANT PROGRAMS (INFORMATION ITEM)

DISCUSSION

This is an information item summarizing the Division of Clean Water Program's (DCWP) proposals for administering the Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act (2000 Bond) passed by the voters on March 7, 2000. The 2000 Bond authorizes grant and loan funding totaling $158 million for five programs to be administered by the Division of Clean Water Programs (DCWP). The DCWP proposes that these programs be implemented as quickly as possible, thus enabling these funds to be awarded quickly to prospective applicants. Consistent with this premise, the DCWP proposes to implement the five programs in the following manner:

1. SRF Loan Program - $23.5 million

   This program provides low interest loans for construction of publicly-owned wastewater treatment and water recycling facilities, correction of nonpoint source, and stormwater pollution problems, and estuary enhancement activities.

   The SRF is an ongoing continuous program administered using procedures adopted by the State Water Resources Control Board (SWRCB) on June 18, 1998. No further action is necessary on the part of the SWRCB to make this money available to eligible recipients.

2. SCG Program - $34 million

   This is a grant program for small communities with populations of less than 10,000 people. It provides assistance of up to 97.5 percent of the eligible costs, not to exceed $3.5 million per grant.

   The DCWP proposes to administer this program using procedures adopted by the SWRCB on April 30, 1997, with an amendment to increase the eligible population to 10,000 people.

A separate agenda item has been prepared for the SWRCB's consideration later in this Workshop.

3. Clean Water Construction Grant Program - $35.5 million

   This program provides grant funds for the cities of Stockton, Manteca, Tracy, and Orange Cove for construction of wastewater treatment facilities. The DCWP proposes to implement this program using the state review requirements contained in the SRF procedures adopted by the SWRCB on June 18, 1998. This proposal would waive all of the federal requirements applicable to the SRF program leaving only the state requirements to be met by these four cities.

   The distribution of the available funds to the four cities has not been resolved at this time. A separate agenda item will be prepared for a later Workshop with staff recommendations for distributing the funds.

4. Seawater Intrusion Loans - $25 million

   This program provides low interest loans for local agencies to design and construct seawater intrusion control facilities in a basin where groundwater is threatened by seawater intrusion, that is subject to a local groundwater management plan, and where restrictions on groundwater pumping, a physical solution, or both, are necessary to prevent groundwater degradation.

   The 2000 Bond Law added $25 million to augment the existing Seawater Intrusion Control Loan Program. The provisions in the law are the same as those set forth in the 1996 Bond Law. Therefore, the program will continue to function under the procedures in the Seawater Intrusion Control Program Guidelines.

5. Water Recycling Financial Assistance Program - $40 million

   a. <u>Water Recycling Construction Assistance Program</u>

      The 2000 Bond Law added $40 million to augment the existing water recycling funding activities for facilities planning and design and construction, as well as for special studies and research. The law provides that grants, as well as low-interest loans, can be provided for design and construction of water recycling projects. It is proposed to establish a priority list of potential projects for funding of design and construction. Information on all prospective recycling projects will be requested. The projects will be ranked using the criteria in the Bond Law and other criteria as appropriate. Projects ready to proceed will not be held up. Because grants and a priority list are not provided for in the current Water Recycling Funding Guidelines, the details will be specified at a later Workshop and Board meeting when the priority list is submitted to the SWRCB for approval.

b. Water Recycling Facilities Planning Grant Program

The 2000 Bond Law continues the provisions for grants up to $75,000 for facilities planning studies for water recycling projects. This program will continue to operate under the provisions in the Water Recycling Funding Guidelines.

c. Water Recycling Special Studies and Research Program

The 2000 Bond Law specified that up to three percent of the water recycling funds may be used for special studies and research. The DCWP proposes to meet with a group of interested parties to discuss possible procedures for soliciting and approving projects. There will probably be an advisory committee established, including representatives from government and research institutions, to assist in evaluating proposals. After a firm concept is developed, the SWRCB will be advised at a later Workshop and Board meeting.

POLICY ISSUES

Is the DCWP's proposal to implement the five programs using previous SWRCB approved documents acceptable to the SWRCB with the provision that additional material on the Wastewater Construction Grants, and the Water Recycling Grant and Loan Programs will be brought before the SWRCB for its consideration at a later date.

FISCAL IMPACT

A total of three percent of the monies placed in the five program subaccounts can be used to administer the programs. A Finance Letter has been submitted to the Department of Finance requesting necessary funded positions for State Fiscal Year 2000-20001.

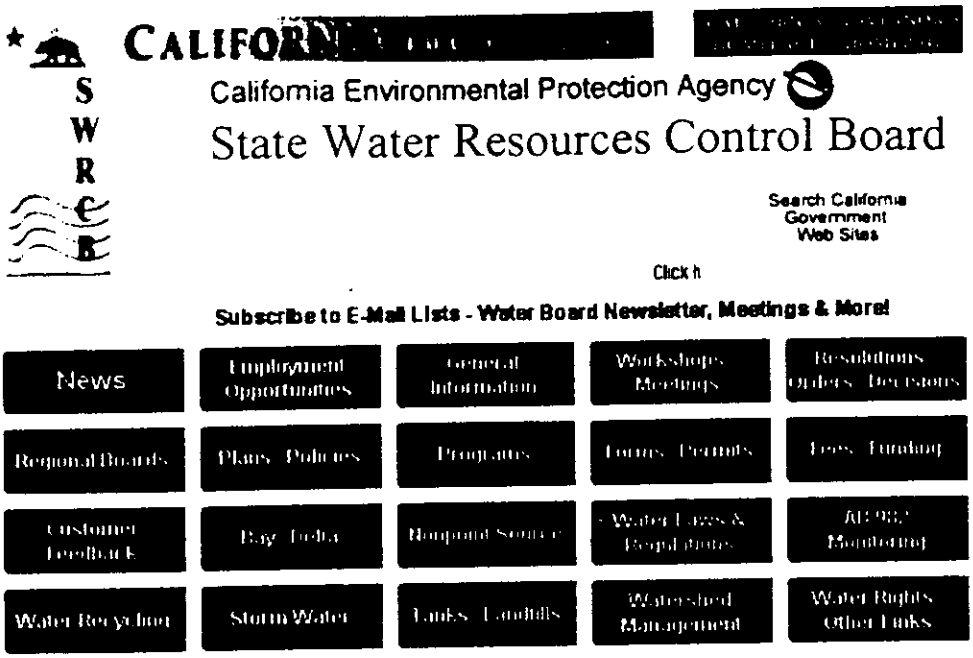
RWQCB IMPACT

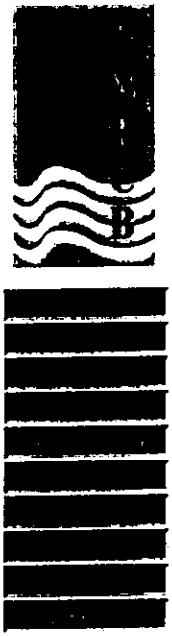
None.

STAFF RECOMMENDATION

That the SWRCB provide the DCWP its view on the implementation methods for these five programs.

Attachment 3





Water Recycling Programs

The State Water Resources Control Board (SWRCB), through the Office of Water Recycling, provides financial assistance for water reclamation projects. The assistance is in the form of low-interest loans for project construction and grants for project planning. The SWRCB also provides information on wastewater reclamation and reuse of reclaimed water by various agencies throughout California.

Efficient use of water is critical to maintain the economy and quality of life of California. Goal 3 of the State Water Resources Control Board's Strategic Plan is to encourage balanced and efficient use of water through water transfers, recycling and conservation. One of the ways we can stretch our available water supplies is to reuse treated wastewater rather than discarding it into streams or the ocean. Water recycling, also known as water reclamation, involves treating the wastewater sufficiently to protect public health, storing the recycled water (or reclaimed water) until it is needed, and delivering the water to points of use. The uses can include practically the entire spectrum of water uses, from irrigating crops and landscaping to feeding cooling towers in power plants.

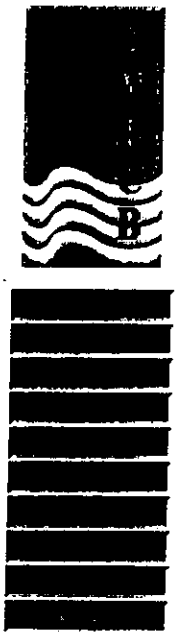
Recycled water has been in use in California since the late 1800s. Public health restrictions have been in effect since the early part of this century. Through its regulatory and financial assistance programs the SWRCB has actively promoted water recycling. In 1977, the SWRCB conducted an analysis of the role water recycling could play in meeting the growing water supply needs and placed a major emphasis on water recycling in its programs (see Resolution No. 77-1). The most effective role of the SWRCB has been through the financial assistance programs. Currently, the Water Recycling Construction Program and the Water Recycling Facilities Planning Grant Program provide funds to local public agencies to plan, design and construct water recycling facilities. Another role has been an information resource for the public and water supply planners.

Water Recycling Construction Programs
Learn about loans and grants available to public agencies in California

Municipal Wastewater Reclamation Survey
Find out how much recycled water is used in California and where and how it is used

FURTHER INFORMATION - This web site will be expanded in time to include more information on SWRCB programs supporting water recycling and links to other informative sites. The Office of Water Recycling in the Division of Clean Water Programs is responsible for administering various water recycling programs and for providing the information included in this site. If you have questions on our programs or suggestions for what you would like added to this site, please contact Sandy Houck, Office of Water Recycling, (916) 227-4564, E-mail: houcks@cwp.swrcb.ca.gov.

Updated 7/12/2000



Water Recycling Funding Programs

The SWRCB administers two funding programs.

Water Recycling Construction Program

The Water Recycling Construction Program (formerly the Water Recycling Loan Program) provides low-interest loans and grants to local public agencies for the design and construction of water recycling facilities. The types of facilities include wastewater treatment, recycled water storage facilities, pump stations, and recycled water distribution pipelines. A funding application must include a facilities plan to document the need for the project, the alternatives that were analyzed, and the engineering, economic, financial, and institutional feasibility of the proposed facilities. The SWRCB will develop a priority list of projects proposed for funding with these grants and loans. A questionnaire must be completed and returned by October 1, 2000 to be considered for placement on the priority list. The questionnaire can be downloaded from this Web site (as Word.doc file) or obtained by contacting Ms. Sandy Houck, referenced below.

Water Recycling Facilities Planning Grant Program

The Water Recycling Facilities Planning Grant Program provides grants up to $75,000 to local public agencies to investigate the feasibility of water recycling and to prepare a facilities plan documenting the analyses and conclusions of the investigation.

More Information

The Water Recycling Funding Guidelines (Adobe Acrobat PDF file) describe the policies and procedures associated with these two loan and grant programs. For an application package and other information, please contact:

Sandy Houck, Chief
Office of Water Recycling
State Water Resources Control Board
P. O. Box 944212
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Water Recycling Financial Assistance Bond Program

Contact: Sandy Houck, Chief, Office of Water Recycling

State Water Resources Control Board (SWRCB)

Division of Clean Water Programs

P.O. Box 944212

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Amount:

- Grants for facilities - $53.2 million
- Loans for facilities and grants for planning - $49.5 million
- Funds for research and studies - $3.2 million

Appropriations:

The funds for loans for design and construction of facilities, planning grants, and research and development are continuously appropriated. The funds for grants for design and construction of facilities are subject to annual appropriation by the Legislature.

Program Description:

The program provides both low-interest loans and grants to local agencies to construct water recycling facilities, provides grants up to $75,000 to local agencies for planning of water recycling facilities, and provides funds for research and studies. Proposition 13 rolls the funds for water recycling from the 1988 Bond Law and 1996 Bond Laws into a new Proposition 13 subaccount. Proposition 13 also requires that 60 percent of the funds for design and construction of facilities be allocated to projects in the Counties of Riverside, Ventura, Los Angeles, San Diego, Orange, or San Bernardino, and that 40 percent of the funds be allocated to projects in the remaining counties. The 1984 Bond Law remains separate, provides low interest loans up to $10 million for design and construction of facilities, and has no geographic restrictions.

Historical Implementation:

The SWRCB has implemented four previous bond issues that provided funds for construction of water recycling facilities. The 1978 Bond Law provided $11 million in grants for the construction of water recycling facilities, the 1984 Bond Law provided $25 million to start a revolving low-interest loan program for design and construction of water recycling facilities, the 1988 Bond Law provided $40 million for low-interest loans for design and construction of water recycling facilities, the 1996 Bond Law provided $60 million for planning grants and for a revolving low-interest loan program for the design and construction of water recycling facilities. At the time Proposition 13 was enacted, there were still funds remaining in the 1996 Bond Law and the 1984 Bond Law subaccounts.

Tasks and Timetable:

The program is ongoing. Program staff continues to work with potential applicants to expedite approvals. However, Proposition 13 added two new features to the program--grants for the construction of facilities and grants for research and studies.

Implementation Process:

The SWRCB will discuss staff's recommendations regarding an implementation process for the Water Recycling Financial Assistance Bond Program using Proposition 13 funds at the SWRCB's June 1, 2000 Workshop. A priority list process has commenced for the Water Recycling Construction Program (see below).

Look for more program updates in the near future.

Water Recycling Construction Program Priority List:

The program to distribute loans and grants to local agencies for the design and construction of water recycling projects is called the Water Recycling Construction Program. Projects that will be considered for this program are projects that reclaim municipal wastewater or polluted groundwater. The SWRCB will develop a priority list of projects proposed for funding with these grants and loans. Commencing August 14, 2000, local agencies that are interested in having a project considered for placement on the priority list are requested to complete a separate questionnaire for each proposed project and submit it to the State Board by October 1, 2000. The responses will be used to develop the priority list. The State Board is expecting to adopt the list in January 2001. The list will be modified as needed in the future to reflect the addition of new projects and changes in the status or priority of projects already on the list.

The priority list questionnaire can be obtained on this Web site or as a hard copy. A hard copy can be requested by contacting Ms. Sandy Houck (see contact information above).

This questionnaire is for placement on the priority list only. It is not an application for funding itself. Information on applying for funding, eligibility, documentation, etc. is contained in the Water Recycling Funding Guidelines dated April 17, 1997.

Please add my name to your e-mail distribution list for future Bond Program information.

Winston H. Hickox
Secretary for Environmental Protection

State Water Resources Control Board

Division of Clean Water Programs
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Gray Davis
Governor

SPECIAL NOTICE
WATER RECYCLING CONSTRUCTION PROGRAM

August 14, 2000

The Costa-Machado Water Act of 2000 (AB 1584) was approved by the voters as Proposition 13 on March 7, 2000. This new bond law includes loans and grants for the design and construction of water recycling projects. These are projects that reclaim either municipal wastewater or polluted groundwater. The State Water Resources Control Board will develop a priority list of projects proposed for funding with these grants and loans. Local agencies that are interested in having a project considered for placement on the priority list are requested to complete a separate questionnaire for each proposed project and submit it to the State Board by October 1, 2000. The responses will be used to develop the priority list. The State Board is expecting to adopt the list in January 2001. The list will be modified as needed in the future to reflect the addition of new projects and changes in the status or priority of projects already on the list.

Under provisions of the bond law 60 percent of the available funds is allocated to projects in the Counties of Riverside, Ventura, Los Angeles, San Diego, Orange, or San Bernardino. Forty percent of the money is allocated to projects in the remaining counties. Currently, there is approximately $105 million available for the Water Recycling Construction Program.

The priority list questionnaire can be obtained electronically or as a hard copy. The electronic copy can be accessed at www.swrcb.ca.gov. A hard copy can be requested by contacting Ms. Sandy Houck, Chief, Office of Water Recycling, at (916) 227-4564 or houcks@cwp.swrcb.ca.gov, or by mail at the address shown above.

This questionnaire is for placement on the priority list only. It is not an application for funding itself. Information on applying for funding, eligibility, documentation, etc. is contained in the Water Recycling Funding Guidelines dated April 17, 1997.

If you have any questions or would like to request an funding application package, including the Water Recycling Funding Guidelines, please contact Sandy Houck as noted above.

James D. Kuykendall, Acting Chief
Division of Clean Water Programs

California State Water Resources Control Board
Division of Clean Water Programs
Office of Water Recycling

WATER RECYCLING CONSTRUCTION PROGRAM
QUESTIONNAIRE FOR PLACEMENT ON PROJECT PRIORITY LIST

Note: The questionnaire should be filled out to the extent that information is known. If there is insufficient information to respond to a particular item, enter "Unknown" in the space provided. We recognize that we will receive less information about projects that are less ready to proceed. Projects in a wide range of readiness to proceed will be proposed for inclusion on the priority list. While readiness to proceed is a criterion on which projects will be evaluated, we also expect that projects in lesser states of readiness will have less information available to submit for priority list purposes.

I. Local Agency Information

Agency Name: _____

Street Address: _____

Mailing Address: _____

County: _____ Regional Water Quality Control Board: _____

Name/Title of Questionnaire Respondent: _____

Telephone: _____ Signature: _____ Date: _____

II. Project Information

A. Name of Project: _____

B. Description of Project (Provide the following to the extent known at this time: proposed facilities for treatment, storage, pumping, pipelines, including approximate capacities, lengths, and sizes; number of reuse sites, types of reuse, and total estimated amount of reuse additional to any reuse occurring presently, and names of users expected to use more than 100 acre-feet/year):

C. Capital Cost of Project (Provide estimated cost of design and construction): $ _____

D. Source of reclaimed water (Provide name and owner of wastewater treatment plant. For projects involving treatment and use of polluted groundwater, provide name and location of groundwater source): _____

E. Name of any other proposed project submitted by this agency for placement on the priority list and relationship to this project:

F. Names of other agencies that will participate in the proposed project or that will be within the service area of the project:

III. Bond Law Funding Criteria

The 2000 Bond Law includes criteria that may be considered by the SWRCB for funding purposes. **To the extent that the information is known at this time,** please provide **the information requested pertinent to each criterion.**

A. Whether the project is a cost-effective means to meet the state or local water supply needs, when compared to other sources of water supply that may be available to the municipality.

1. Describe the various current potable water sources for the agency:

2. Describe future freshwater projects planned locally or regionally to meet current and projected water demands. Include description of facilities, costs, yield, and dates. If imported supplies are relied upon to meet future growth in water demands, state the sources of imported supplies.

3. Provide cost and water delivery information on the proposed recycled water project:

	Year	Design cost, $	Construction cost, $	Annual recycled water deliveries, acre-feet	Fixed operation & maintenance cost (omit debt service), $	Variable operation & maintenance cost, $
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

B. Whether the project is necessary to protect water quality.

1. Describe any water quality or waste discharge problems that will be addressed by this project. Cite any applicable Regional Water Quality Control Board orders or requirements.

2. Describe the direct benefits this project will provide to address the problems described above.

3. Describe any other direct or indirect water quality benefits of this project.

C. The readiness of the agency to proceed with the design and construction of water recycling projects.

1. Current phase of planning: ☐ Conceptual ☐ Feasibility analysis ☐ Final facilities planning
2. Date feasibility analysis level of planning commenced or will commence: _____
3. Has a consulting firm been employed to conduct project planning? ☐ Yes ☐ No
4. Estimated date of completion of final facilities planning, including environmental documents: _____
5. Estimated date when application in compliance with Water Recycling Funding Guidelines will be submitted for funding: _____
6. Estimated date for initiation of construction (month/year): _____
7. Estimated date for completion of construction (month/year): _____
8. Brief description of current water recycling projects already operated by the agency, the relationship to the proposed project, and how this relationship or experience will expedite the implementation of the proposed project:

D. The degree to which the recycled water improves water supply reliability, water quality, ecosystem restoration, and other environmental benefits.

1. Describe improvements of water supply reliability:

2. Describe improvements of water quality:

3. Describe improvements of ecosystem restoration:

4. Describe improvements of other environmental benefits:

E. The net water savings benefit.
   1. If the proposed project will use wastewater effluent currently discharged, identify the location of discharge:
   2. Is the current discharge directly into a marine or brackish water? ☐ Yes ☐ No
   3. If the discharge is not directly into a marine or brackish water, is there any diversion of stream flows downstream from the discharge? ☐ Yes ☐ No If yes, describe or characterize any known or likely users of the current discharge who would be impacted by a reduction of the discharge.

   4. If the discharge is not directly into a marine water or brackish water, are there any in-stream beneficial uses downstream that would be impacted by a reduction of the discharge? ☐ Yes ☐ No If yes, describe these impacts.

   5. If applicable, has the agency filed a Petition for Change for this project with the State Water Resources Control Board, Division of Water Rights, in compliance with Sections 1210 through 1212 of the Water Code? ☐ Yes ☐ No If yes, describe the status of the petition review:

   6. If the proposed project will reclaim polluted groundwater for reuse, is the groundwater basin in a state of overdraft or being artificial recharged? ☐ Yes ☐ No

F. The degree to which the recycled water would reduce water supply demands on the San Francisco Bay-Delta system, the Colorado River, or other water systems critical to regional or statewide water supply.
   Describe how this project would affect demands on regional or statewide water supplies:

G. The ability to encourage development of new water recycling projects.
   Describe any future water recycling projects that may be encouraged by the proposed project and the nature of the encouragement. Describe any encouragement afforded directly or indirectly to recycling agencies or users outside the service area of the proposed project.

H. The amount of funding that the agency is requesting from this program.
Describe the sources of funding for the proposed project:

Source	Amount, $	Notes
A. Loan or grant requested		
B. Cash reserves now on deposit		
C. Bonds		
D. Tax levies		
E. Non-cash		
F. Short term loans or notes		
G. Other state loans or grants		Agency and program:
H. Federal loans or grants		Agency and program:
I Other.		Describe:
J. Total		

IV. Supporting Documentation

The agency may submit any additional documentation supporting the information provided in this questionnaire. Examples are Executive Summary reports or photocopies of relevant excerpts from reports. List the additional documents below and label each document as Attachment A, Attachment B, etc.

STATE WATER RESOURCES CONTROL BOARD
DIVISION OF CLEAN WATER PROGRAMS
JANUARY 25, 2001

ITEM 4

SUBJECT

ADOPTION OF THE WATER RECYCLING CONSTRUCTION PROGRAM PRIORITY LIST

DISCUSSION

The Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act (Bond Law), Proposition 13, was approved by the voters on March 7, 2000. Chapter 7 Article 4 of the Bond Law allocates $40,000,000 for the Water Recycling Subaccount to provide loans and grants for facilities planning, design, and construction of water recycling projects and for water recycling research and demonstration projects. The Bond Law also provides that unallocated funds and loan repayments from water recycling subaccounts of 1988 and 1996 Bond Laws will be transferred and deposited into the 2000 Water Recycling Subaccount. In addition, there is a small amount of accumulating repayments from the 1984 Bond Law that may be used for water recycling design and construction loans. The 1984 funds remain in an independent account subject to the 1984 Bond Law. The issue of this agenda item is how to allocate the portion of funds available for loans and grants to municipalities for the design and construction of water recycling projects, designated the Water Recycling Construction Program. The amounts of all four bond laws, minus the administration and research reserves, total $105 million that is available for planning, design and construction grants and loans.

Aside from the significant augmentation of funds for water recycling, the Bond Law contains several new provisions that will govern how the program funds are administered. The Bond Law provides grants for design and construction for the first time since 1978 to supplement the loans currently provided. Fifty percent of the subaccount shall be used for grants for design and construction. A new provision specifies a geographic distribution of funds. Sixty percent of the subaccount shall be allocated to six southern California counties (the Counties of Riverside, Ventura, Los Angeles, San Diego, Orange, and San Bernardino). Forty percent shall be allocated to the remaining counties. Also, the existing program for planning grants continues for up to $75,000 per study.

The Division of Clean Water Programs (Division) proposes that projects be funded with a combination of grants and loans. Grants would be issued for 25 percent of the eligible cost, up to a limit of $5 million. The balance would be a low interest loan with an interest rate of one half of the state's general obligation bond rate. The combination of a loan and grant would be capped at $20 million per project. This would be an increase from the current loan cap of $15 million per project. While the State Revolving Fund (SRF) Program has an annual cap per agency per year as a means of distributing the program assistance, the Division does not anticipate a need for such a cap in the Water Recycling Construction Program. For projects exceeding $20 million, the Division intends to fund the loan portion from the SRF Program instead of the Water Recycling Construction Program.

There are other state and federal programs that can provide funds for water recycling projects. With state general obligation bond interest rates in the range of five to eight percent, the combined low-interest loan and grant from the Water Recycling Construction Program would provide a capital cost subsidy of 40 to 45 percent. The Division proposes to allow this program to work in tandem with other state and federal programs to achieve a maximum equivalent subsidy of 45 percent for capital costs.

Projects that receive funding from other sources that exceed this subsidy would not be eligible for Water Recycle Construction Program funding.

In recent years the Water Recycling Loan Program has operated without a priority list system. Agencies have been able to apply for a loan at any time after they have completed facilities planning. With the availability of grant funds, the Water Recycling Construction Program has a much greater financial incentive than other state programs, including the SRF Loan Program. Because of the added appeal of grant funding and the expressed interest in having a priority list for allocating funds, the Division proposes to establish a priority list of potential water recycling projects. The priority list would not be a commitment of funds to agencies. Upon adoption by the State Water Resources Control Board (SWRCB), agencies with projects in the fundable categories would be able to apply for funding when they have completed facilities planning. The SWRCB will then approve funding for individual projects.

In August 2000, the Division requested that local agencies that were interested in having water recycling projects placed on a priority list submit questionnaires for the proposed projects. The questionnaires provided data according to the funding criteria given in the Bond Law. Section 79141 of the Bond Law states:

> "Criteria to be considered by the board ... may include, but are not limited to, whether the project is a cost-effective means to meet the state or local water supply needs, when compared to other sources of water supply that may be available to the municipality, whether the project is necessary to protect water quality, the readiness of the municipality to proceed with the design and construction of water recycling projects, the degree to which the recycled water improves water supply reliability, water quality, ecosystem restoration, and other environmental benefits, the net water savings benefit, the degree to which the recycled water would reduce water supply demands on the bay-delta system, the Colorado River, or other water systems critical to regional or statewide water supply, the ability to encourage development of new water recycling projects, and the amount of funding that the municipality is requesting ... ."

The Division received questionnaires from 111 agencies for 248 water recycling projects with total project costs of $2.9 billion and funding requests totaling $1.4 billion. In reviewing the questionnaires, the Division identified broad criteria that may be used to rank the projects. These are:

1. Final Planning Phases
   Highest priority is given to projects that have completed or are in the process of completing final facilities planning. Agencies reported 79 projects that are in these stages of planning. This group of projects has been further broken down into four categories of relative water supply and environmental benefit and alternative sources of funding. The categories are described below in order of highest to lowest priority.

A. Augment State Water Supply
The proposed projects will augment the State's water supply by providing recycled municipal wastewater to replace existing or proposed freshwater supplies. Generally, these are projects for local agencies that currently discharge wastewater effluent to a water body that has no reuse, intentional or otherwise. The project customers currently are using or would have used freshwater. The projects may benefit the State water supply by reducing the demand from the Bay-Delta, the Colorado River, or other statewide systems.

B. Other Local Benefits
The proposed projects will provide other local or regional water supply benefits. The projects will replace existing or proposed freshwater supplies by reusing treated municipal wastewater. Currently the wastewater discharges may be indirectly reused if they are discharged into freshwater or usable groundwater.

C. Groundwater Treatment
The proposed projects will treat groundwater that is contaminated from municipal, industrial, or agricultural activities. The treated water will then provide a water supply suitable for beneficial uses. These projects may qualify for funding under groundwater remediation or nonpoint source programs.

D. Waste Discharge Compliance
The proposed projects are primarily intended to comply with waste discharge provisions but will make beneficial use of the wastewater effluents. These projects may also qualify for funding under the State Revolving Fund, Small Communities Grant Program, or other programs.

E. Miscellaneous
The proposed projects are not included above. Examples are projects that provide environmental benefits but do not replace freshwater demands.

2. Early Planning Phases
Agencies reported 169 projects that are in the conceptual or feasibility analysis stages of planning. The Division will offer planning grant assistance to these agencies.

The above criteria were used to rank projects on the attached proposed Priority List. Table 1 provides a summary of projects in the priority categories. Table 2 contains a list of all projects in Category 1, that is, projects in the final planning stages. Table 3 contains a list of all 248 projects, listed by county. The tables group projects by the geographic allocation specified in the Bond Law, that is, the six listed counties ("Southern California") and the remaining unlisted counties ("Northern California"). The Division proposes to accept funding applications from local agencies that are in the final facilities planning stage and whose projects will augment the state water supply or provide other local benefits (categories 1.A. and 1.B. above). Agencies for the projects in these fundable categories have requested a total of $504 million, significantly exceeding the $105 million available. The Division considered narrowing the fundable categories by ranking projects based on capital cost per annual yield of recycled water to estimate the cost-effectiveness of the water supply benefits. The Division believes that this will not be necessary because the past experience of administering program priority lists indicates there will be considerable attrition of projects due to delays and implementation difficulties. When agencies have completed facilities planning, they can submit funding applications that demonstrate project feasibility and cost-effectiveness. The Division proposes to leave the opportunity open for all projects in the fundable categories to compete for funds until they are exhausted.

Concern has been expressed that projects will emerge later that are not on the current priority list in the fundable categories. The Division proposes to treat these projects as it does with the SRF, that is, such projects qualify for funding when planning is completed in compliance with program guidelines. At the time of Division facilities plan approval, if funds are available, the project would be brought before the SWRCB for approval and addition to the fundable category of the priority list. Also, after gaining experience functioning under the priority list process, the Division will reevaluate its effectiveness and propose changes, if necessary.

The Water Recycling Loan Program currently operates under the Water Recycling Funding Guidelines adopted in April 1997. The Division intends to develop regulations for its funding programs in 2001. In the meantime, it is important for the SWRCB to affirm key elements for approval of applications for funding of water recycling projects. Projects should demonstrate cost-effectiveness through an evaluation of technical, institutional, and financial feasibility and economic, environmental, and social factors. The reclaimed water market for proposed projects should be supported by market assessments and market assurances. Institutional arrangements and interagency agreements need to be concluded before funding approval.

POLICY ISSUE

Should the SWRCB approve the Water Recycling Construction Program Priority List with the provisions discussed above?

RWQCB IMPACT

Because of the availability of state funding for projects, the timing of some projects may be accelerated and have a minor impact on RWQCB workload for issuing water reclamation requirements.

FISCAL IMPACT

The Bond Law provides that three percent of the amount deposited in the Water Recycling Subaccount may be used to administer this program. This funding source is sufficient to administer the Water Recycling Construction Program. Adequate positions are included in the state fiscal year 2000/2001 budget for the Division to administer the program.

STAFF RECOMMENDATION

That the SWRCB adopt a resolution that would do the following:

1) Approve the Water Recycling Construction Program Priority List;
2) Limit the total funding assistance per project to $20 million;
3) Limit the grant funding to 25 percent of eligible costs, up to $5 million per project with the balance of the eligible project cost to be funded with a low interest loan;
4) Limit the total subsidy of capital costs of a project when the funding from the Water Recycling Construction Program is combined with other state and federal funding to 45 percent;
5) Require agencies to demonstrate cost-effectiveness of proposed projects in applications for funding through an evaluation of technical, institutional, and financial feasibility and economic, environmental, and social factors; and

6) Require that reclaimed water market for proposed projects be supported by market assessments and market assurances and that any necessary interagency agreements be concluded before funding approval.

STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2001- 003

ADOPTION OF THE WATER RECYCLING CONSTUCTION PROGRAM
PROJECT PRIORITY LIST

WHEREAS:

1. The Safe Drinking Water, Clean Water, Watershed Protection and Flood Protection Act (Bond Law), Proposition 13, allocated $40,000,000 to the Water Recycling Subaccount to provide loans and grants for facilities planning, design and construction of water recycling projects;
2. The Bond Law also provided that unallocated funds and loan repayments from water recycling subaccounts of 1988 and 1996 bond laws be transferred and deposited into the 2000 Water Recycling Subaccount;
3. The Bond Law specifies that 60 percent of the Water Recycling Subaccount shall be allocated to six southern California counties, the Counties of Riverside, Ventura, Los Angeles, San Diego, Orange, and San Bernardino, and that 40 percent shall be allocated to the remaining counties;
4. The Bond Law specifies that 50 percent of the Water Recycling Subaccount shall be used for grants for design and construction of water recycling projects;
5. The Division of Clean Water Programs (Division) received questionnaires from local agencies interested in having water recycling projects placed on a priority list;
6. The total funding requests from local agencies requesting placement of water recycling projects on a priority list exceeds the funds available; and
7. The Division has prepared a draft Water Recycling Construction Program Project Priority List.

THEREFORE BE IT RESOLVED THAT:

The State Water Resources Control Board:

1. Adopts the Water Recycling Construction Program Priority List, with funding to be provided to projects within the categories of projects that have completed or are in the final stages of facilities planning and that augment the state's water supply or provide other local benefits, designated Priority Categories 1.A. and 1.B.;
2. Sets the maximum funding amount of a combined grant and loan per eligible water recycling project at $20 million;
3. Sets the grant funding to 25 percent of eligible costs, up to $5 million per project with the balance of the eligible project cost to be funded with a low interest loan;
4. Sets a limit on the combined subsidy of capital costs of a project, when the funding from the Water Recycling Construction Program is combined with other state and federal funding, to 45 percent;
5. Requires that agencies demonstrate cost-effectiveness of proposed projects in applications for funding through an evaluation of technical, institutional, and financial feasibility and economic, environmental, and social factors; and

6. Requires that reclaimed water market for proposed projects be supported by market assessments and market assurances and that any necessary interagency agreements be concluded before funding approval.

CERTIFICATION

The undersigned, Administrative Assistant 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 January 25, 2001.

Maureen Marché
Administrative Assistant to the Board

TABLE 1
Water Recycling Construction Program Priority List
Summary of Water Recycling Projects and Priority Categories

Priority Category [b]	No. of Agencies Requesting Funding		No. of Project Questionnaires		Grant/Loan Funds Requested, $M		Total Project Costs, $M	
	So. Calif.	No. Calif.	So. Calif.	No. Calif.	So. Calif.	No. Calif.	So. Calif.	No. Calif.
1. A. Augment State Water Supply	9	8	14	15	$119.1	$271.3	$516.4	$323.7
1. B. Other Local Benefits	14	4	16	4	$78.9	$35.0	$147.9	$36.3
1. C. Groundwater Treatment	9	1	13	1	$41.1	$4.5	$45.2	$18.0
1. D. Waste Discharge Compliance	0	5	0	6	$0.0	$16.3	$0.0	$22.8
1. E. Miscellaneous	5	4	5	6	$20.1	$17.6	$25.8	$42.2
2. Early Planning Phases	27	25	120	49	$432.3	$365.2	$677.4	$1,064.7
Total of So. & No. Calif.[a]	64	47	168	81	$691.5	$709.9	$1,412.7	$1,507.7
Total [a]	111		249		$1,401		$2,920	

Notes:

(a) Total available funds are $105 M. 60% shall be allocated to the Counties of Riverside, Ventura, Los Angeles, San Diego, Orange, and San Bernardino (aka Southern California). 40% shall be allocated to the remaining counties (aka Northern California).

(b) The Priority Categories are as follows:
1. A. Projects that have completed or are in the process of completing final facilities planning, and the proposed projects will augment the State's water supply by providing recycled municipal wastewater to replace existing or proposed freshwater supplies.
1. B. Projects that have completed or are in the process of completing final facilities planning and will provide other local or regional water supply or environmnetal benefits. The projects will replace existing or proposed freshwater supplies by reusing treated municipal wastewater.
1. C. Projects that treat groundwater contaminated from municipal, industrial, or agricultural activities. The treated water will provide a water supply suitable for beneficial uses.
1. D. Projects that have completed or are in the process of completing final facilities planning and the proposed projects are primarily intended to comply with waste discharge provisions but will make beneficial use of wastewater effluent.
1. E. Projects that have completed or are in the process of completing final facilities planning and are not included above. Projects may provide environmental benefits but do not replace freshwater demands.
2. Projects that are in the conceptual or feasibility analysis stages of planning.

TABLE 2

WATER RECYCLING CONSTRUCTION PROGRAM

Projects in Final Planning

(Projects are listed by priority categories A, B, C, D and E and are grouped by geographic allocation.)

CATEGORY I. A: AUGMENT STATE WATER SUPPLY				
		Project Costs $M	Funding Request $M	Yield AFY
Southern California - Six Listed Counties				
City of Carlsbad	Encina Basin WR Program, Ph II Project	36.9	33.2	3350
City of San Diego WD/CIP	San Pasqual Reclamation System	12.0	4.0	2900
City of San Diego WD/CIP	N. City Recl sys-Ph 1:Blk Mountain R	21.0	5.0	5000
Irvine Ranch Water District	UC Irvine Housing RW Conversion	0.3	0.3	374
Irvine Ranch Water District	Turtle Rock Crest RW Conversion	1.1	1.1	220
Long Beach Water Dept.	Desalination Project	15.0	3.8	40000
Orange Co WD & SD	GW Replen Sys Adv Trt & Dist Pipe	324.4	5.0	78400
Orange Co WD & SD	Seawater Intrusion Barrier Expansion	5.7	1.4	13440
Orange Co WD & SD	GW Replen Sys Barrier Wells/PS	13.9	3.4	36300
Otay Water Dist (OWD)	OWD RW System Expansion	34.1	9.3	6127
Rincon del Diablo MWD	Rincon Recycled Water	2.3	2.3	487
San Juan Capistrano	Nondomen Water System Exp-Phase I	20.2	20.8	3417
San Juan Capistrano	Nondomen Water System Exp-Phase II	20.7	20.7	Unk
Santa Margarita Water Dist.	Nondomen Water Program Exp Gp2&3	9.0	9.0	2999
		$516.4	$119.1	
Northern California				
City of American Canyon	American Canyon RW Dist System	4.3	3.8	1000
City of Hayward	Landscape/Industrial WR Project	3.0	2.5	3360
City of San Jose	San Jose S Bay WR-SC-1/3 Project	5.2	5.0	800
City of San Jose	San Jose S Bay WR-M 2/3/4 Project	7.2	5.0	600
City of San Jose	San Jose S Bay WR-SC-2/4 Project	4.3	4.3	300
City of San Jose	San Jose S Bay WR-SJ-1 Project	13.9	5.0	600
City of San Jose	San Jose S Bay WR-SC-5 Project	10.0	5.0	350
Dubln San Ramon SD (CCC/A)	DSRSD RW Program	45.6	45.6	4074
DubSD/EBMUD (DERWA)	DERWA San Ramon RW	64.0	49.0	7400
EBMUD	E Bayshore RW Project	40.8	40.8	2576
EBMUD	Franklin Canyon RW Project	10.0	10.0	616
EBMUD	San Ramon Valley RW Project	67.0	67.0	3700
EBMUD	Lamorinda RW Project	23.3	22.9	1106
Lake County Sanitation District	Clear Lake Basin 2000	22.5	3.2	3000
Marina Coast Water Dist	Marina Airport RW Project	2.6	2.3	300
		$323.7	$271.3	

CATEGORY I. B: OTHER LOCAL BENEFITS				
Southern California - Six Listed Counties				
Camarillo Sanitary District	RW Conn to Camrosa Water District	0.3	0.3	600
Castaic Lake Water Agency	Recycled Water Program Phase 1B	7.3	7.3	500
Central Basin MWD	Water Recycling Advancement Project	20.5	5.1	7300
City of Burbank, PSD	Burbank Empire Center	2.1	1.3	63
City of Chino Hills	Soquel Canyon Pump Station #1	1.7	0.4	400
City of Corona, WUD	Water Recycling Project Stage A	12.1	9.1	3204
City of Industry	RW System Expansion	35.0	35.0	5800
City of Victorville	Reclaimed pipeline to S CA Logistics	1.0	0.9	900
Desert Water Agency	Cathedral City RW Expansion	3.2	4.8	2200
Desert Water Agency	Palm Canyon RW Expansion	4.4	4.4	2500
Long Beach Water Dept.	Recycled Water System Expansion	31.0	5.0	11000
Long Beach Water Dept.	El Dorado Lake Recycled Water Project	0.6	0.2	200
Olivenhain MWD	Olivenhain Recycled Proj-SE Quad	8.0	2.0	1611
Rancho California WD	Murrieta RW Conversion Projects	2.8	2.8	620
Ventura Co Wtr Wks	RW Distribution System	2.0	0.5	1600
Water Replen Dist of So. CA	Alamitos Barrier Recycled Water Project	16.0	Unk	3024
		$147.9	$78.9	

TABLE 2 (Cont.)

CATEGORY I. B: OTHER LOCAL BENEFITS (cont.)				
Northern California				
City of Brentwood	WR Convey Project -Ph I & II	4.2	4.2	46
City of Lincoln	Lincoln WWT & Reclamation Facility	5.0	5.0	630
City of Roseville	Dry Ck TP RW Expansion Project	7.1	5.8	1150
City of San Luis Obispo	Water Reuse Project	20.0	20.0	600
		$36.3	$35.0	

CATEGORY I. C: GROUND WATER TREATMENT				
Southern California - Six Listed Counties				
City of Monterey Park	Wells 12 & 15 VOC Treatment	2.1	2.1	10000
Cucmonga Co WD	Resrerv3A-Wellhead Treatment Facility	1.9	0.5	3500
Cucmonga Co WD	Resrerv3-Wellhead Treatment Facility	6.8	1.7	9700
Cucmonga Co WD	Resrerv2A-Wellhead Treatment Facility	7.1	1.8	6300
Jurupa Community SD	Eastvale Irrigation Wells WR Project	1.4	1.4	207
Littlerock Creek Irrig. District	Nitrate GW Plume Reversal Project	4.2	4.2	2856
Rubidoux Community SD	24" Mission Blvd Pipe and B Pump	1.8	1.8	4800
Rubidoux Community SD	16" Mission Blvd Pipe and B Pump	1.4	1.4	3500
San Gabriel Valley Water Co.	Plant No. 8 VOC Treatment Project	1.5	1.5	8000
Southern CA Water Company	San Gabriel Wells 1 & 2 VOC Treatment	1.3	1.3	3600
Suburban Water Systems	Wells 140W-3 & 5 VOC & Perchlorate Trt	7.2	16.5	7400
Water Replen Dist of So. CA	Ctl Basin Clean Water Program (cont GW)	2.5	2.2	4000
Water Replen Dist of So. CA	Safe Drinking Water Program (VOC)	6.0	4.8	800-2400
		$45.2	$41.1	
Northern California				
Alameda Co Water District	Brackish GW Desal Prog	$18.0	$4.5	5600

CATEGORY I. D: WASTE DISCHARGE COMPLIANCE				
Southern California - Six Listed Counties		$0.0	$0.0	
Northern California				
Calaveras County Water Dist	Copper Cove WWTR Water Storage	1.0	0.9	200
Calaveras County Water Dist	LaContenta WWRP Water Storage	1.5	0.9	82
City of Angels	City of Angels WWTF Expansion	6.0	1.0	430
City of Santa Maria	Perc Pond Planning, Dsgn, Construction	0.1	0.1	6000
Napa Sanitation District	North Reclamation Pipeline	7.0	8.0	1000
Sonoma Co. Permt/Res Mg	Monte Rio WWPC Proj	7.3	2.2	838
		$22.8	$13.1	

CATEGORY I. E: MISCELLANEOUS				
Southern California - Six Listed Counties				
Big Bear Area Rgnl WW Agn	StnfldMar/Bald Lk Habitat Enhancmt Proj	8.1	8.0	2800
City of Chino Hills	Soquel Canyon RW Reservoir Zone A	2.2	0.5	395
City of Chula Vista	Residential Gray Water Reuse Project	2.5	1.0	550
Irvine Ranch Water District	San Joaquin RW Reservoir	8.0	8.0	2500
Running Springs Water Dist	Grnblt Fire Prot/Wildlife Enhan Project	5.1	2.5	630
		$25.8	$20.1	
Northern California				
City of San Jose	Coyote Creek Streamflow Ag Pilot Project	7.4	5.0	3200
City of San Jose	San Jose S Bay WR-Syntex Reser Project	6.8	5.0	Unk
City of San Jose	San Jose S Bay WR-Hillsdale Resv Project	2.8	2.6	Unk
Palo Alto PARWQCP MnView	PARWQCP-Mt.View RW PL	12.0	0.0	980
Pebble Beach C Sv. Dist.	CAWD/PBCSD WR Project/ Lake Restor	10.2	5.0	600
San Francisdo Public Ut Com	SF Bay Area Gen'l WR Envir Impact Stmt	3.0	0.0	Ineligible
		$42.2	$17.6	

TABLE 3

WATER RECYCLING CONSTRUCTION PROGRAM

PROJECTS LISTED BY GEOGRAPHICAL ALLOCATION AND COUNTY

(Shading designates project in final facilities planning stage. All others are in conceptual or feasibility stage.)

SOUTHERN CALIFORNIA - Six Listed Counties

Los Angeles County	Projects	Proj Cost $ M	L/G Req $ M	Yield AFY	Phase	Cat.
1 Amarillo M Water C	Project Name Not Listed	0.7	0.7	Unk	Unk	2
2 California American Water Co.	Rosemead Well - VOC Treatment Project	0.5	0.5	900	Conceptual	2
3 California American Water Co.	Ivar Well - VOC Treatment Project	1.5	1.5	1250	Conceptual	2
4 California American Water Co.	Howland Well - VOC Treatment Project	0.9	0.9	1700	Conceptual	2
5 California Domestic Water Co.	Well No 14 - NDMA Treatment Project	2.1	2.1	8000	Conceptual	2
6 Castaic Lake Water Agency	Recycled Water Program Phase 1B	7.3	Unk	500	Fin Facil Plan	1B
7 Central Basin MWD	Water Recycling Advancement Project	20.5	5.1	7300	Fin Facil Plan	1B
8 City of Alhambra	Well No 8 VOC Treatment	1.3	1.3	3200	Conceptual	2
9 City of Burbank, PSD	Burbank Empire Center	2.1	1.3	63	Fin Facil Plan	1B
10 City of El Monte	Well No 10 - VOC Treatment Project	1.3	1.3	3300	Conceptual	2
11 City of Industry	Wells 3, 4, & 5 VOC & Perchlorate Trt Sys	15.9	15.6	8780	Conceptual	2
12 City of Industry	Recycled Water System Expansion	35.0	35.0	5800	Fin Facil Plan	1C
13 City of Lancaster	Water Reclamation Tree Farm	0.4	0.3	25	Conceptual	2
14 City of Lancaster	Reclaimed Water Distribution Sys. Ph 1	15.7	5.0	3000	Feas Analysis	2
15 City of Lancaster	WR Tree Farm	0.1	0.3	25	Concept	2
16 City of Monterey Park	Fern Well VOC Treatment	0.9	0.9	2400	Conceptual	2
17 City of Monterey Park	Well No. 9 VOC Treatment	1.3	1.3	3200	Conceptual	2
18 City of Monterey Park	Well No. 6 VOC Treatment	0.7	0.7	800	Conceptual	2
19 City of Monterey Park	Wells 12 & 15 VOC Treatment	2.1	2.1	10000	Fin Facil Plan	1C
20 City of Pomona	Well No. 37	1.2	1.2	1452	Feas Analysis	2
21 City of Pomona	VOC Air Stripper Wells 7; and 8B for VOCs	1.0	0.5	3000	Feas Analysis	2
22 City of Pomona	Well No. 1B	0.5	0.5	350	Feas Analysis	2
23 City of South Pasadena	Wilson Wells 2, 3, 4 VOC Treatment Proj	0.7	0.7	6000	Conceptual	2
24 LA Dept of Water & Power	Zoo Water Recycled Project	3.1	1.55	690	Conceptual	2
25 LA Dept of Water & Power	Hansen Recycled Project	11	5.5	2700	Conceptual	2
26 LA Dept of Water & Power	San Fernando Rd Recy Tk Line	4.2	2.1	Unk	Feas Analysis	2
27 LA Dept of Water & Power	Harbor Water RW Unit V Trunkline	4.2	2.1	4060	Feas Analysis	2
28 Las Virgenes Muni Water Dist.	Extension to Lupin Hill Elem. School	0.0	0.0	24.5	Feas Analysis	2
29 Las Virgenes Muni Water Dist.	RW pipeline to Parkway Calabasas	0.5	0.3	56.1	Feas Analysis	2
30 Las Virgenes Muni Water Dist.	Malibu CC GC/Saddle Rk RW Sys Expan.	6.7	3.3	500	Feas Analysis	2
31 Littlerock Creek Irrig. District	Nitrate GW Plume Reversal Project	4.2	4.2	Unk	Fin Facil Plan	1C
32 Long Beach W Dept	Colorado Lagoon Storm Drain Filt Project	0.9	0.2	0	Concept	2
33 Long Beach W Dept	DeForrest Park Natural Filtration Project	4.6	1.2	0	Feas Analy	2
34 Long Beach Water Dept.	El Dorado Lake Recycled Water Project	0.6	0.2	200	Fin Facil Plan	1B
35 Long Beach Water Dept.	Recycled Water System Expansion	31.0	5.0	11000	Fin Facil Plan	1B
36 Long Beach Water Dept.	Desalination Project	15.0	3.8	40000	Fin Facil Plan	1A
37 San Gabriel Valley Water Co.	Plant G4 VOC Treatment Project	1.6	1.6	2400	Conceptual	2
38 San Gabriel Valley Water Co.	Plant No. 8 VOC Treatment Project	1.5	1.5	8100	Fin Facil Plan	1C
39 Southern CA Water Company	San Gabriel Wells 1 & 2 VOC Treatment	1.3	1.3	3600	Fin Facil Plan	1C
40 Southern CA Water Company	Encinitas Wells 2 & 3, VOC Treatment	1.0	1.0	2480	Conceptual	2
41 Suburban Water Systems	Wells 140W-3 & 5 VOC & Perchlorate Trt	7.2	16.5	7400	Fin Facil Plan	1C
42 Suburban Water Systems	Wells 139W 2,4,5 & 5 VOC & Perch. Trt	16.5	16.5	19500	Feas Analysis	2
43 Three Valleys Muni Water Dist	Fulton Rd Nitrate Treatment Plant	13.5	13.5	6200	Feas Analysis	2
44 Valley County Water District	Big Dalton Well Voc & Perchlorate Trt Sys	7.4	7.4	4600	Feas Analysis	2
45 Valley County Water District	Paddy Lane Well VOC & Perchlorate Trt	6.6	6.6	2400	Conceptual	2
46 Water Replen Dist of S. CA	Safe Drinking Water Program (VOC)	6	4.8	12000	Fin Facil Plan	1C
47 Water Replen Dist of S. CA	Ctl Basin Clean Water Prog (cont aquif)	2.5	2.2	4000	Fin Facil Plan	1C
48 Water Replen Dist of S. CA	Alamitos Barrier Recycled Water Project	16.0	Unk	3024	Fin Facil Plan	1B
		$249.9	$162.8			

TABLE 3 (cont.)

PROJECTS LISTED BY GEOGRAPHICAL ALLOCATION AND COUNTY

SOUTHERN CALIFORNIA - Six Listed Counties (cont.)

		Projects	Proj Cost $ M	L/G Req $ M	Yield AFY	Phase	Cat.
Orange County							
1	City of San Clemente	RW Expansion, Phase 1	8.8	8.8	570	Conceptional	2
2	City of San Clemente	RW Expansion, Phase II	6.6	6.6	1050	Conceptional	2
3	Irvine Ranch Water District.	Business complex RW Expansion	0.5	0.5	475	Feas Analysis	2
4	Irvine Ranch Water District.	Industrial Center E RW Extension	2.3	2.3	250	Conceptional	2
5	Irvine Ranch Water District.	Turtle Rock Crest RW Conversion	1.1	1.1	220	Fin Facil Plan	1A
6	Irvine Ranch Water District.	San Joaquin RW Reservoir	8.0	8.0	2500	Fin Facil Plan	1E
7	Irvine Ranch Water District.	City of Tustin RW Extension	4.6	4.6	540	Feas Analysis	2
8	Irvine Ranch Water District.	UC Irvine Housing RW Conversion	0.3	0.3	374	Fin Facil Plan	1A
9	Irvine Ranch Water District.	Frances Desalter Project	24.0	24.0	8000	Feas Analysis	2
10	Irvine Ranch Water District.	Michelson WR Plant Expansion	31.4	31.4	7500	Conceptional	2
11	Moulton Niguel Water District	RW System Phase 5 Expansion	25.2	22.7	1648	Feas Analysis	2
12	Orange Co Water & San District	GW Replen Sys Adv Trt & Distrib Pipe	324.4	5.0	78400	Fin Facil Plan	1A
13	Orange Co WD & SD* (SW Intru)	GW Replenish Sys Barrier Wells/Pump Sta	13.9	3.4	36300	Fin Facil Plan	1A
14	Orange Co WD & SD* (SW Intru)	Seawater Intrusion Barrier Expansion	5.7	1.4	13440	Fin Facil Plan	1A
15	San Juan Capistrano	Nondomen H2O Sys Exp-Phase I	20.2	20.8	3417	Fin Facil Plan	1A
16	San Juan Capistrano	Nondomen H2O Sys Exp-Phase II	20.7	20.7	w/Ph I	Fin Facil Plan	1A
17	Santa Margarita Water District	Nondomen H2O Prog Exp Gp2&3	9.0	9.0	4450	Fin Facil Plan	1A
			$506.4	$170.4			
Riverside County							
1	City of Corona, Water Util Dept	Water Recycling Project Stage A	12.1	9.1	3204	Fin Facil Plan	1B
2	Desert Water Agency	Palm Canyon RW Expansion	4.4	4.4	2500	Fin Facil Plan	1B
3	Desert Water Agency	Cathedral City RW Expansion	3.2	4.8	2200	Fin Facil Plan	1B
4	Elsinore Valley Muni Water Dist	Irrigation Pipeline Rehab Project	4.8	4.8	4000	Conceptional	2
5	Elsinore Valley Muni Water Dist	W Elsinore RW Program	2.1	1.9	500	Feas Analysis	2
6	Jurupa Community Sanitation Dist	Van Buren Wells WR Project	7.0	7.0	1563	Conceptional	2
7	Jurupa Community Sanitation Dist	Eastvale Irrig Wells WR Project	1.4	1.4	207	Fin Facil Plan	1C
8	Jurupa Community Sanitation Dist	W Riverside Co Regn"l WWTR WR	0.9	0.9	378	Conceptional	2
9	Jurupa Community Sanitation Dist	Indian Hills WR Project	2.6	2.6	256.6	Conceptional	22
10	Rancho California Water District	Murrieta RW Conversion Projects	2.8	2.8	620	Fin Facil Plan	1B
11	Rancho California Water District	I-15 Recycled Water Trans Main	4.6	4.6	300	Feas Analysis	2
12	Rubidoux Community Serv District	24" Mission Blvd Pipe and B Pump	1.8	1.8	4800	Fin Facil Plan	1C
13	Rubidoux Community Serv District	16" Mission Blvd Pipe and B Pump	1.4	1.4	3500	Fin Facil Plan	1C
			$48.9	$47.3			
San Bernardino Co.							
1	Big Bear Regional WW Agency	Stnfld Marsh/Baldwin Lake and Wildlife Hab Enhan Proj.	8.1	8.0	2800	Fin Facil Plan	1E
2	City of Chino Hills	Soquel Canyon Pump Station #2	1.7	0.4	600	Conceptional	2
3	City of Chino Hills	Soquel Canyon Pump Station #3	1.7	0.4	1400	Conceptional	2
4	City of Chino Hills	Soquel Canyon RW Reservoir Zone A	2.2	0.5	395	Fin Facil Plan	1E
5	City of Chino Hills	Soquel Canyon RW Reservoir Zone B	2.0	0.5	1000	Conceptional	2
6	City of Chino Hills	Soquel Canyon RW Reservoir Zone C	3.2	0.8	1400	Conceptional	2
7	City of Chino Hills	Water Transmission Line	1.8	0.5	1.34 M ?	Conceptional	2
8	City of Chino Hills	Fairfield Well #5	2.1	0.5	1613	Conceptional	2
9	City of Chino Hills	Well # 13 Modifications	0.1	0.0	Unk	Conceptional	2
10	City of Chino Hills	Soquel Canyon Pump Station #1	1.7	0.4	400	Final Fac Plan	1B
11	City of Ontario	Ontario WR Project No. 1	0.7	0.1	1978	Conceptional	2
12	City of Ontario	Ontario WR Project No. 2	0.9	0.2	514	Conceptional	2
13	City of Ontario	Ontario WR Project No. 3	1.8	0.3	546	Conceptional	2
14	City of Ontario	Ontario WR Project No.4	0.7	0.2	6000	Feas Analysis	2
15	City of Ontario	Ontario WR Project No. 5	0.8	0.2	510	Conceptional	2
16	City of Redlands	Redlands Non-Potable WR Project	6.0	5.0	4000	Feas Analysis	2
17	City of Redlands	Redlands RW Project	17.0	7.0	8500	Feas Analysis	2
18	City of Victorville	Reclaimed pipeline to S CA Logistics	1.0	0.9	900	Fin Facil Plan	1B

TABLE 3 (cont.)

PROJECTS LISTED BY GEOGRAPHICAL ALLOCATION AND COUNTY

SOUTHERN CALIFORNIA - Six Listed Counties (cont.)			Proj Cost	L/G Req	Yield		
San Bernardino Co. (Cont.)		Projects	$ M	$ M	AFY	Phase	Cat.
19	City Upland Public Wks Depart	Upland Hills WR Trt Rehab & Modern	1.3	1.3	280	Unk	2
20	Crestline Sanitation District	Las Flores Wetlands	5.0	5.0	830	Concept	2
21	Cucamonga County Water District	CCWD Water Recycle Proj-Ph 1	10.8	2.7	10500	Feas Analysis	2
22	Cucamonga County Water District	Reser 3 wellhd trt facility	6.8	1.7	9700	Fin Facil Plan	1C
23	Cucamonga County Water District	Reser 2A Wellhd Trt Facility	7.1	1.8	6300	Fin Facil Plan	1C
24	Cucamonga County Water District	Reser 3A Wellhd Trt Facility	1.9	0.5	3500	Fin Facil Plan	1C
25	Inland Empire Util Agency (IEUA)	4th St Regional RW Pipeline	8.7	1.9	6000	Feas Analysis	2
26	IEUA	W Edison Regional RW Pipeline	2.0	0.4	8500	Feas Analysis	2
27	IEUA	N Etiwanda Basin Regional RW Pipe	5.5	1.2	1000-3000	Feas Analysis	2
28	IEUA	Whittram Ave Reg RW Pipeline	2.2	0.5	500-5500	Feas Analysis	2
29	IEUA	Wineville Ave Regional RW Pipeline	2.3	0.5	8500	Feas Analysis	2
30	IEUA	Ely Basin 3, Chino Gasin GW Recharge	0.3	0.1	1000	Feas Analysis	2
31	IEUA	College Hts Basin, Chino Basin GW	7.2	1.7	2300	Feas Analysis	2
32	IEUA	Brooks St Basin, Chino Basin GW	2.3	0.5	1000	Feas Analysis	2
33	IEUA	Montclair Basin, Chino B GW Recharge	4.7	1.1	3500	Feas Analysis	2
34	IEUA	7th & 8th St Basin, GW Recharge	3.3	0.8	600	Feas Analysis	2
35	IEUA	Upland Basin, GW Recharge	3.9	0.8	1200	Feas Analysis	2
36	IEUA	Turner Basin #1, GW Recharge	2.1	0.5	800	Feas Analysis	2
37	IEUA	Turner Basins 2, 3, & 4 GW Recharge	1.4	0.3	800	Feas Analysis	2
38	IEUA	Turner Basins 5-9, GW Recharge	2.0	0.5	800	Feas Analysis	2
39	IEUA	Hickory Basin, GW Recharge	3.0	0.7	300	Feas Analysis	2
40	IEUA	Banana Basin, GW Recharge	2.9	0.7	200	Feas Analysis	2
41	IEUA	Victoria Basin, GW Recharge	1.4	0.3	1000	Feas Analysis	2
42	IEUA	Wineville Basin	3.3	0.8	2500	Feas Analysis	2
43	IEUA	Etiwanda Conservations Basins, GW	1.0	0.3	5000	Feas Analysis	2
44	IEUA	Jurupa Basins, GW Recharge	1.9	0.5	1500	Feas Analysis	2
45	IEUA	RP-1 Basin, GW Recharge	1.3	0.3	500	Feas Analysis	2
46	IEUA	RP-3 Basins, GW Recharge	5.5	1.3	3000	Feas Analysis	2
47	IEUA	GW Monitoring Wells	3.2	0.7	NA	Feas Analysis	2
48	IEUA	Pine Ave. Inter-tie Reg RW Pipeline	1.1	0.2	500	Feas Analysis	2
49	IEUA	210 Freewy Regn RW Pipeline	12.1	2.7	5000	Feas Analysis	2
50	IEUA	Benson Ave Regn RW Pipeline	7.1	1.6	500	Feas Analysis	2
51	IEUA	Etiwanda Extension Regn RDW Pipe	3.6	0.8	300	Feas Analysis	2
52	IEUA	Etiwanda Ave RW Reservoir & PS	4.4	1.0	3000	Feas Analysis	2
53	IEUA	4th St RW Storage Reservoir & PS	3.2	0.7	8500	Feas Analysis	2
54	IEUA	RW Sys for Etiwanda Power Plant	0.9	0.2	2150-1600	Feas Analysis	2
60	IEUA	Reg Plts 1 & 4 RW Pump Station	6.3	1.5	60000	Feas Analysis	2
55	IEUA/City of Chino	Nitrate Removal Water Trt Plant	4.3	1.1	13440	Feas Analysis	2
56	IEUA/City of Chino	Benson/Palo Verde GW Rech ASR	1.4	0.4	5040	Feas Analysis	2
57	IEUA/City of Chino	State/Benson Act Stor & Recov Facil	0.4	0.1	4480	Feas Analysis	2
58	IEUA/City of Chino	Phillips/Ctl Activ Stor & Recov Facil	2.0	0.5	3584-6160	Feas Analysis	2
59	IEUA/City of Chino	W Chino Basin InterAgen Conn/Dist	5.3	1.3	5376	Feas Analysis	2
61	Monte Vista WD/Monclair	Monte Vista WD RW Dist. Sys. Project	4.1	1.0	584	Feas Analysis	2
62	Running Springs Water District	Grnbelt Fire Prot/Wildlife Enhancement	2.5	2.5	600	Fin Facil Plan	1E
63	Victor Valley WW Reclam Auth	Upper Narrows Sub-Regional WR Plant	44.0	44.0	4000	Feas Analysis	2
64	Victor Valley WW Reclam Auth	Green Tree Sub-Reg WR Plant, Ph 1	22.1	22.1	780	Feas Analysis	2
			$282.4	$137.0			

TABLE 3 (cont.)

PROJECTS LISTED BY GEOGRAPHICAL ALLOCATION AND COUNTY

SOUTHERN CALIFORNIA - Six Listed Counties (cont.)

		Projects	Proj Cost $ M	L/G Req $ M	Yield AFY	Phase	Cat.
San Diego County							
1	City of Carlsbad	Encina Basin WR Prog, Ph II Project	36.0	33.2	3350	Fin Facil Plan	1A
2	City of Chula Vista Public Wks Engr	Resid Gray H2O Reuse Project	2.5	1.0	550	Fin Facil Plan	1E
3	City of San Diego W Department	Rose & San Clemente Canyon Const. Treatment Wetland Project	3.0	1.0	1000	Feas Analysis	2
4	City of San Diego W Department	RW Retrofit Loans	15.0	15.0	1200	Concept	2
5	City of San Diego WD/CIP	N City Reclam Sys-Ph 2: SR-56/Carmel	11.6	3.9	1410	Feas Analysis	2
6	City of San Diego WD/CIP	Water for Industry	2.5	0.6	1000	Feas Analysis	2
7	City of San Diego WD/CIP	N City Recl Sys-Ph 3: Rancho Bernardo	12.4	4.1	1100	Feas Analysis	2
8	City of San Diego WD/CIP	San Pasqual GW Augmentation Proj.	6.5	1.6	2000	Conceptional	2
9	City of San Diego WD/CIP	San Pasqual Reclamation System	12.0	4.0	2900	Fin Facil Plan	1A
10	City of San Diego WD/CIP	N. City Recl sys-Ph 1:Blk Mountain R	21.0	5.0	2000	Fin Facil Plan	1A
11	Oceanside Water Utilities Dept	Brackish GW Desalting Fac Ph III Exp	39.3	39.3	8900	Conceptional	2
12	Oceanside Water Utilities Dept	San Luis Reky 5 MKG Dir Reuse Proj	10.9	10.9	4800	Feas Analysis	2
13	Olivenhain Muni Water Dist	Olivenhain Recycled Proj-SE Quad	8.0	2.0	1611	Fin Facil Plan	1B
14	Otay Water District	OWD RW System Expansion	34.1	9.3	6127	Fin Facil Plan	1A
15	Padre Dam Muni Water Dist	Padre Dam WR Ph II	16.0	12.0	326	Feas Analysis	2
16	Rincon del Diablo MWD	Rincon Recycled Water	2.3	2.3	487	Fin Facil Plan	1A
17	Sweetwater Authority	SW GW Demin Facility, Phase II	26.0	6.5	3600	Feas Analysis	2
18	Vista Irrigation District	Shadowridge WR Pipelines	5.0	5.0	1300	Conceptional	2
			$264.1	$150.2			
Ventura County							
1	Calleguas Muni Water Dist	Calleguas Regn WR Project	15.7	5.0	8640	Feas Analysis	2
2	Camarillo Sanitary District	RW Conn to Camrosa Water District	0.3	0.3	600	Fin Facil Plan	1B
3	Camarillo Sanitary District	Proj 2: RW Storage Lagoon	2.5	2.5	500	Conceptional	2
4	Camarillo Sanitary District	Proj 3: RW Filtration System	7.5	7.5	1300	Conceptional	2
5	Camrosa Water District	Camrosa RW Project - Phase 2	3.0	3.0	1000	Conceptional	2
6	City of Oxnard	GW Enhancement/Trt Program	25.0	Unk	Unk	Feas Analysis	2
7	Saticoy SD/San Buenaventura	Saticoy-Ventgura Regn WR Facility	5.0	5.0	800	Conceptional	2
8	Ventura Co Waterworks Dist 1	Reclaimed Water Distribution System	2.0	0.5	1600	NL-1/01Sub	1B
			$61.0	$23.8			

Revised 12/20/00

TABLE 3 (cont.)

PROJECTS LISTED BY GEOGRAPHICAL ALLOCATION AND COUNTY

NORTHERN CALIFORNIA - Unlisted Counties

	Projects		Proj Cost $ M	L/G Req $ M	Yield AFY	Phase	Cat.
Alameda County							
1	Alameda Co Water District	Brackish GW Desal Program	18.0	4.5	5600	Fin Facil Plan	1C
2	City of Hayward	Landscap/Ind WR Project	3.0	2.5	6138	NL Sub 3/01	1A
3	DubSD/EBMUD (DERWA)	DERWA San Ramon RW	64.0	49.0	7400	Fin Facil Plan	1A
4	East Bay Muni Util Dist (EBMUD)	N Richmond WRP Expansion	35.1	35.1	2720	Feas Analysis	2
5	EBMUD	Franklin Canyon RW Project	10.0	10.0	616	Fin Facil Plan	1A
6	EBMUD	E Bayshore RW Project	40.8	40.8	2576	Fin Facil Plan	1A
7	EBMUD	San Leandro Recl Fac Expansion	10.0	10.0	450	Feas Analysis	2
8	EBMUD	San Ramon Valley RW Project	67.0	67.0	3700	Fin Facil Plan	1A
9	EBMUD	Lamorinda RW Project	23.3	22.9	1106	Fin Facil Plan	1A
			$271.2	$241.8			
Amador County							
1	City of Amador	Wastewater Recycling Feas Study	Unk	$0.1	Unk	FPSG Req	
Calaveras County							
1	Calaveras County Water District	LaContenta WWRP Wtr Storage	1.5	0.9	82	Fin Facil Plan	1D
2	Calaveras County Water District	ForestMeadows WWTP Emg Str	0.3	0.3	30	Concept	2
3	Calaveras County Water District	Copper Cove WWTR Wtr Storage	1.0	0.9	200	Fin Facil Plan	1D
4	City of Angels	City of Angels WWTF Expansion	6.0	.978	430	Pln/Design C	1D
			$8.8	$2.1			
Contra Costa County/ Alameda County							
1	City of Brentwood	WR Convey Proj-Ph1&II	4.2	Unk	46	Fin Facil Plan	1B
2	City of Pinole (CCC)	Wastewater Trt Plant for City	2.2	1.9	21	Concept	2
3	Ctl Costra Costa Sanitary District	Martinez Zone Irrigation	2.4	2.4	183	Feas Analy	2
4	Ctl Costra Costa Sanitary District	North Concord Zone Irrigation	4.4	4.4	1000	Feas Analy	2
5	Ctl Costra Costa Sanitary District	Walnut Creek/A-Line Irrigation	22.2	22.2	2000	Feas Analy	2
6	Ctl Costra Costa Sanitary District	Industrial Demonstration	8.5	8.5	5600	Feas Analy	2
7	Ctl Costra Costa Sanitary District	Industrial Full Scale	34.8	34.8	17590	Feas Analy	2
8	Dubln San Ramon SD (CCC/A)	DSRSD RW Program	45.6	45.6	4074	Fin Facil Plan	1A
			$124.2	$119.8			
Fresno County							
1	Fresno-Clovis Regnl WWRF	Regional Irrig Dist Reclm Project	10.0	10.0	40000	Feas Analy	2
2	Fresno-Clovis Regnl WWRF	Reclam Extraction Well Expansion	15.0	15.0	0-40000	Feas Analy	2
3	Fresno-Clovis Regnl WWRF	Reclam Irrig Extension Project	0.1	0.1	1000	Feas Analy	2
			$25.1	$25.1			
Lake County							
1	Lake County Sanitation District	Clear Lake Basin 2000	22.5	3.2	3000	Fin Facil Plan	1A
			$22.5	$3.2			
Marin County							
1	Bolinas Comm. Pub Util District	Bolinas WW Reclam Project	0.3	0.3	22	C&Feas Anl	2
2	Marin Municipal Water District	Las Gallinas RW Expan Project	29.7	5.0	1308	Feas Analy	2
3	Marin Municipal Water District	San Answlmo RW Project	3.2	2.7	117	Feas Analy	2
4	Marin Municipal Water District	CSMA RW Project	41.6	5.0	1957	Feas Analy	2
5	North Marin Water District	RW Program	2.9	2.9	260	Feas Analy	2
6	Novato Sanitary District	Novato SD Reclam Project	25.2	25.2	6900	Concept	2
			$102.9	$41.1			
Monterey County							
1	Marina Coast Water District	Regional Urban RW Project	35.0	34.0	3000	Feas Analy	2
2	Marina Coast Water District	Marina Airport RW Project	2.6	2.3	300	Fin Facil Plan	1A
3	Monterey Co Water Res. Agency	Castroville Aquif Prot Program	0.5	0.5	10396	Feas Analy	2
4	Pebble Beach C Sv. District	CAWD/PBCSD WRProj/ Lk Res	10.2	5.0	600	Fin Facil Plan	1E
			$48.3	$41.8			

TABLE 3 (cont.)

PROJECTS LISTED BY GEOGRAPHICAL ALLOCATION AND COUNTY

NORTHERN CALIFORNIA - Unlisted Counties (cont.)

		Projects	Proj Cost $ M	L/G Req $ M	Yield AFY	Phase	Cat.
Napa County							
1	City of American Canyon	Amer Canyon RW Dist System	4.3	3.8	1000	Fin Facil Plan	1A
2	City of St Helena	St Helena WW Recycling Plant	2.8	2.5	400	C&Feas Anal	2
3	Napa Co. Fld Ctl/Wtr Cons Dist	Milken Sarco-Tul RW Distribtion	7.5	7.5	750	Concept	2
4	Napa Sanitation District	North Reclamation Pipeline	7.0	8.0	1000	50% design	1D
			$21.6	$21.8			
Placer County							
1	City of Lincoln	Lincoln WWT & Reclam Facility	5.0	5.0	630	Fin Facil Plan	1B
2	City of Roseville	Dry Ck TP RW Expan Project	7.1	5.9	1150	Feas Analy C	1B
			$12.1	$10.9			
San Benito Co							
1	San Benito Co Water District	San Juan Bautista WR System	10.7	9.3	1120	Concept	2
2	San Benito Co Water District	NE Fairview Water Reclamation	6.2	5.5	162	Concept	2
3	San Benito Co Water District	Rmk/Cilo Vsta Est WWTF WR	8.4	Unk	450	Concept	2
			$25.3	$14.8			
San Francisco County							
1	San Francisco Pub Util Comm	Westside RW Project	100.0	Unk	5480	C/Feas Anly	2
2	San Francisco Pub Util Comm	SE WPCP Water Reclamation	4.0	4.0	1100	Concept	2
3	San Francisco Pub Util Comm	Sharp Pk GC H2O Supply Proj	0.8	0.8	0.5	C/Feas Anly	2
4	SF Pub Util Comm etc	Programmatic EIR (EIR ineligible)	Unk	3.0	Unk	Fin Facil Plan	1E
5	The Presidio Trust	Presidio RW System	4.5	4.5	260	Feas Analysis	2
			$109.3	$12.5			
San Joaquin County							
1	City of Stockton	GW Recharge	$91.0	$42.0	30000	C/Feas Anly	2
San Luis Obispo County							
1	City of San Luis Obispo	Water Reuse Project	20.0	20.0	600	Fin Facil Plan	1B
2	City of San Luis Obispo	GW Remediation Project	5.0	5.0	900	Feas Analy	2
3	San Osos Community Serv Dist	Los Osos Wastewater Project	2.0	0.1	300	Concept	2
			$27.0	$25.1			
San Mateo County							
1	N San Mateo CSD (Daly City)	Tertiary Treatment Project	3.6	3.6	2520	Feas Analy	2
2	N San Mateo CSD (Daly City)	Vista Grd Stm Wtr Diversion Proj	4.4	4.4	325735	Concept	2
3	E Palo Alto Sanitary District	Rwd Ind Area/Bayft Pk/Sch	4.0	3.5	20-25	Concept	2
4	N Coast County Water District	Pacifica/Sharp Park WR Project	3.5	3.5	130	Feas Analy	2
5	City of Redwood City	Phase 1 Recycled Water Project	23.0	0.1	1570	FPSG Req	
			$38.4	$15.1			
Santa Clara County							
1	City of San Jose	SJ S Bay WR-M 2/3/4 Project	7.2	5.0	600	Fin Facil Plan	1A
2	City of San Jose	SJ S Bay WR-SC-1/3 Project	5.2	5.0	800	Fin Facil Plan C	1A
3	City of San Jose	SJ S Bay WR-SC-2/4 Project	4.3	4.3	300	Fin Facil Plan C	1A
4	City of San Jose	SJ S Bay WR-SC-5 Project	10.0	5.0	350	Fin Facil Plan C	1A
5	City of San Jose	SJ S Bay WR-SJ-1 Project	13.9	5.0	600	Fin Facil Plan C	1A
6	City of San Jose	SJ S Bay WR-Syntex Reser Proj	6.8	5.0	0	Fin Facil Plan	1E
7	City of San Jose	Coyote Ck Stremflow AgPilotProj	7.4	5.0	3200	Fin Facil Plan	1E
8	City of San Jose (SJ)	SJ S Bay WR-Hillsdale Resv Prj	2.8	2.6	0	Fin Facil Plan	1E
9	City of Watsonville	Watsonville RW Project	55.0	5.0	4000	Feas Anal	2
10	Palo Alto PARWQCP MnView	PARWQCP-Mt.View RW PL	12.0	0.0	980	Fin Facil Plan	1E
11	Santa Clara Valley Water District	South Co RW Improvements	33.2	16.6	8234	Feas Analy	2
			$157.8	$58.5			

TABLE 3 (cont.)

PROJECTS LISTED BY GEOGRAPHICAL ALLOCATION AND COUNTY

NORTHERN CALIFORNIA - Unlisted Counties (cont.)

	Projects		Proj Cost $ M	L/G Req $ M	Yield AFY	Phase	Cat.
Shasta County							
1	Burney Water District (WD)	Burney WD Reclamation Facil	$1.0	Unk	300	Feas Anal	2
Solano County							
1	City of Benicia	Benicia WR Project	20.0	20.0	3400	Concept	2
2	Vallejo Sanitation/Flood Ctl Dist	Vallejo Water Reclamation Project	Unk	Unk	Unk	Concept	2
			$20.0	$20.0			
Sonoma County							
1	Sonoma Co Permt/Resource Mgmt	Monte Rio WW Pollution Ctl Proj	7.3	2.2	838	Design	1D
2	Sonoma County Water Agency	Russian Riv Co SD Ag Reuse Proj	12.0	12.0	Unk	Feas Anal	2
3	Sonoma County Water Agency	Sonoma Valley RW PL Project	Unk	Unk	Unk	Feas Anal	2
4	Sonoma County Water Agency	N Sonoma Co Ag Reuse (Alx/Russ)	50.0	Unk	Unk	Feas Anal	2
			$69.3	$14.2			
Stanislaus County							
1	City of Modesto	N San Joaquin V WR Project	291.0	0.1	60000	FPSG Req	
2	City of Turlock, WQCF	Upgrade Turlock WQCF to Tert	40.0	Unk	Unk	Feas Anal	2
3	City of Turlock, WQCF	Recycled Water Feasibility Study	Unk	0.1	Unk	FPSG Req	
			$331.0	$0.2			
Trinity County							
1	Weaverville Sanitary District	Wastewater Reuse Project	$0.9	Unk	Unk	Concept	2

STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2000 - 003

APPROVAL OF A WATER RECLAMATION LOAN PROGRAM LOAN TO SANTA MARGARITA WATER DISTRICT FOR CONSTRUCTION OF NONDOMESTIC WATER PROGRAM EXPANSION-GROUP 1
(ORANGE COUNTY)

WHEREAS:

1. The Clean Water Bond Law of 1984 (1984 Bond Law), the Clean Water and Water Reclamation Bond Law of 1988 (1988 Bond Law), and the Safe, Clean, Reliable Water Supply Act (1996 Bond Law) established the Water Recycling Loan Program (WRLP) to provide financial assistance for the design and construction of cost-effective water recycling projects;

2. The 1984 Bond Law established the revolving Water Reclamation Account and approved $25 million for loans with a $10 million statutory cap per project. The repayments from these loans are returned to the revolving account and are available for new loans;

3. The 1988 Bond Law provides $30 million for loans for water reclamation projects. An additional $10 million from the Clean Water Bond Guarantee Fund was authorized for reclamation project loans. The repayments of these loans were initially returned to the State General Fund;

4. The 1996 Bond Law established a Water Recycling Subaccount for low interest loans for design and construction of water recycling projects and amended the 1988 Bond Law funds to redirect loan repayments to the 1996 Subaccount;

5. A loan application was submitted by the Santa Margarita Water District (SMWD) requesting funding for construction of the first segment of their Nondomestic Water Program Expansion project (Group 1). The Division of Clean Water Programs staff has reviewed the application, planning documents and other supporting information for the project and has determined that the submitted documents comply with the WRLP Guidelines;

6. The construction for this project spans six years with Group 1 facilities covering the first two years. The SMWD has requested reservation of eligible capacity in the treatment, pumping and operational storage for the future phases. Reserve capacity is currently not provided for in the Water Recycling Loan Program, however, staff are proposing to amend the policy to allow this change; and

7. The Santa Margarita Water District has adopted a Mitigated Negative Declaration (State Clearinghouse No. 99091002) prepared for the project, which has been reviewed and considered and it has been determined that the project will not result in any significant environmental impacts.

THEREFORE BE IT RESOLVED THAT:

The State Water Resources Control Board:

1. Approves a WRLP loan of $14.6 million to the Santa Margarita Water District for construction of their Nondomestic Water Program Expansion-Group I project. Ten million dollars of this loan will come from the 1984 Bond Law funds and $4.6 million will come from either the 1996 Bond Law or the proposed 2000 Bond Law. The WRLP loan contract will have a repayment period of twenty (20) years, and the first loan repayment will be due two (2) years after the date of the loan contract.

2. Approves reservation of eligible capacity for five years for treatment, pumping, and operational storage for future phases of this project.

3. Will withdraw this preliminary WRLP loan if the final Plans and Specifications submittal has not been received by January 26, 2001. The Division of Clean Water Programs may approve up to a 90-day extension for good cause.

CERTIFICATION

The undersigned, Administrative Assistant 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 February 17, 2000.

Maureen Marché
Administrative Assistant to the Board

STATE WATER RESOURCES CONTROL BOARD
WORKSHOP – DIVISION OF CLEAN WATER PROGRAMS
NOVEMBER 1, 2000

ITEM 12

SUBJECT

INFORMATION ITEM - STATUS REPORT REGARDING IMPLEMENTATION OF PROPOSITION 13 PROGRAM FOR WATER RECYCLING RESEARCH

DISCUSSION

This is an information item summarizing the intent of the Division of Clean Water Programs (Division) to implement a water recycling research program using funds allocated in the Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act (2000 Bond Law), which was Proposition 13 on the March 7, 2000, ballot and passed by the voters. The 2000 Bond Law provides that the State Water Resources Control Board (SWRCB) may use funds to undertake plans, surveys, research, development, and studies necessary or desirable to carry out water recycling, including the preparation of comprehensive statewide or areawide studies and reports on the collection, treatment, and disposal of waste and wastewater recycling. "Research" may include the design, acquisition, installation, or construction of monitoring and testing equipment and related facilities. The 2000 Bond Law caps the amount permitted to be spent on the aforementioned plans, research, development, and studies at not more than three percent of the total amount deposited in the Water Recycling Subaccount. The list of possible uses of the funds is fairly broad. However, the intent of allocating this three percent was to encourage research and related activities to facilitate wastewater reuse rather than to use the funds for water recycling planning activities or wastewater management issues. Specific aspects of a Water Recycling Research Program, as conceived by the Division, are described below.

Study Proposal Identification and Evaluation. The SWRCB can initiate study proposals, or other agencies, researchers, or research institutions may submit them. The Division proposes to issue a call for conceptual study proposals. The staff and a Technical Advisory Committee (TAC) would review these proposals. The TAC would assist in determining the relevance of proposals to outstanding issues, the value of the expected results, and ranking of proposals. The sponsors would select a short list of the highest ranking proposals with an estimated cost slightly exceeding the amount of funds to be allocated. The sponsors would request refined proposals with a detailed scope of work, cost estimate, funding sources, and qualifications of study participants. Based on a review of the refined proposals, a list of recommended studies would be created for presentation to the SWRCB.

This procedure would be repeated periodically (no more frequently than annually).

SWRCB Approval. The Division proposes that a list of recommended studies be presented to the SWRCB for approval. At the same time the SWRCB would authorize the Division to issue the contracts.

Technical Advisory Committee. The Division proposes that a TAC be created to advise the Division on research priorities and the study proposals. The TAC would be composed of technical experts and representatives of other funding institutions, state agencies, and local agencies. It would have no

authority to make any decisions on behalf of the SWRCB. The members would be appointed by the Chief of the Division. Potential members are as follows:

- Academia (one or two)
- Implementing agencies (two)
- Consultant (one)
- Department of Health Services (one)
- Funding entities (Water Environment Research Foundation, American Water Works Association Research Foundation, National Water Research Institute)
- Interest groups (one or two, e.g., WateReuse Association, Water Recycling Committee of CA/NV Section AWWA)
- Others (e.g.. U. S. Bureau of Reclamation, Department of Water Resources, equipment manufacturers)

The criteria for membership would be knowledge and experience in research and background in water reuse issues. Membership should be limited to about 12.

Cost Sharing. Study proponents should be a funding partners or obtain other funding participants.

Rate of Allocating Funds. The total available funds are three percent of the Water Recycling Subaccount of the 2000 Bond Law, or about $3 million presently. The Division proposes to allocate no more than half of the available funds initially. This would amount to about $1.5 million.

POLICY ISSUE

This is an information item only.

RWQCB IMPACT

None.

FISCAL IMPACT

A total of three percent of the amount deposited in the Water Recycling Subaccount can be used for the purposes of studies, research and demonstration activities.

STAFF RECOMMENDATION

Unless otherwise directed, the staff will implement the Water Recycling Research Program as described above.

STATE WATER RESOURCES CONTROL BOARD
WORKSHOP SESSION - DIVISION OF CLEAN WATER PROGRAMS
MAY 2, 2001

ITEM

SUBJECT

CONSIDERATION OF A PROPOSED RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE, EXECUTE, AND AMEND, AS NECESSARY, AGREEMENTS WITH THE WATEREUSE FOUNDATION OR THE U.S. BUREAU OF RECLAMATION OR BOTH REGARDING IMPLEMENTATION OF A PROPOSED JOINT WATER RECYCLING RESEARCH PROGRAM

DISCUSSION

The Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act (2000 Bond Law) included funding for water recycling research. The 2000 Bond Law provides that the State Water Resources Control Board (SWRCB) may use funds to undertake plans, surveys, research, development, and studies necessary or desirable to carry out water recycling, including the preparation of comprehensive statewide or areawide studies and reports on the collection, treatment, and disposal of waste and wastewater recycling. An information item was presented to the SWRCB at its November 12, 2000, Workshop on how the staff planned to seek and fund water recycling research. Briefly, the following was proposed to be done:

1. Staff would issue a call for conceptual study proposals.
2. A Technical Advisory Committee (TAC) would be formed and assist in the review of these proposals.
3. Staff and the TAC would develop a short list of the highest ranking proposals with an estimated cost slightly exceeding the amount of funds to be allocated.
4. Staff would request refined proposals with a detailed scope of work, cost estimate, funding sources, and qualifications of study participants.
5. Based on a review of the refined proposals, a list of recommended studies would be created for presentation to the SWRCB for approval.
6. This procedure would be repeated periodically (no more frequently than annually).
7. Study proponents would be a funding partner or obtain other funding participants.

No comments in opposition to this concept were received.

WateReuse Foundation Water Recycling Research Funding Proposal

Prior to our advertising for conceptual study proposals, the WateReuse Foundation submitted a research funding proposal. The WateReuse Association created the WateReuse Foundation, an educational, non-profit public benefit corporation, to fund water recycling research. The WateReuse Foundation has signed a cooperative agreement with the U.S. Bureau of Reclamation

(USBR) under which the USBR will provide $1,000,000 to fund the WateReuse Foundation's research program. The WateReuse Foundation has proposed a similar arrangement to the SWRCB using $1,000,000 from the 2000 Bond Law.

The process by which the WateReuse Foundation's research program would choose research projects for funding where 2000 Bond Law funds would be used would include the following steps:

1. Set research priorities.
2. Prepare the key elements of a scope for research projects that would fulfill the needs identified in the prioritization.
3. Request pre-proposals.
4. Screen, prioritize and select pre-proposals for funding.
5. Appoint a Project Advisory Committee for each research project.
6. Develop and send final proposal preparation instructions to the researcher.
7. Receive and approve final research proposals.
8. Present the project to the SWRCB for approval.
9. Issue notices to proceed.
10. Track the project through its term.
11. Review and comment on the draft report, and give final approval for publication.
12. Publish the final reports.

Under the WateReuse Foundation's proposal, SWRCB staff would participate in the review of research proposals and work products.

The WateReuse Foundation's research program generally involves the following areas:

Public Health: Perform long-term health effects monitoring programs and develop testing protocols for emerging pathogens (such as endocrine disrupters, cryptosporidium, giardia) and to understand the risk associated with all exposures.
Water Quality: Develop techniques to manage discharge locations through the use of new indicator compounds, such as total organic carbon, fecal coliform and indigenous coliphage, and develop modeling techniques to analyze the fate of contaminants in surface and groundwater. Analyze various options and techniques for managing brine obtained from membrane filtering processes.
System Design and Operation: Develop, test, and obtain certification of unit process equipment, monitoring methods, operator training programs, analytical protocols, and cost-effectiveness ratings to support innovative designs and validity of regulatory permit compliance. Perform independent third party review and research on specific equipment or processes.
Natural Systems: Understand the mechanisms by which natural systems, such as wetlands, receiving recycled water are impacted by contamination or improved through restoration programs.
Public Involvement: Transmit scientific and research data through educational programs, workshops, and the media.

Economics: Develop economic analysis techniques to compare the total cost of water reuse to other sources of supply.

The WateReuse Foundation is one of the preeminent water recycling research funding organizations. They have an established research funding program, including a business plan, and ties to the academic community, other funding organizations, and those actively involved in water recycling. Their proposal also includes significant cost sharing from federal funds. The WateReuse Foundation would also continue to seek other sources of funds. Additionally, their request does not consume the entire amount available to the SWRCB that may be used to fund research, will reduce the staff effort in identifying good research projects, and is ready to go quickly. Lastly, the SWRCB will be collaborating with the WateReuse Foundation and the USBR and will share in the credit for the results of the research.

POLICY ISSUE

Should the SWRCB adopt a resolution authorizing the Executive Director or his designee to negotiate, execute, and amend, as necessary, agreements with the WateReuse Foundation or the U.S. Bureau of Reclamation or both regarding implementation of a proposed joint water recycling research program for an amount not to exceed $1,000,000?

RWQCB IMPACT

None.

FISCAL IMPACT

A total of three percent of the amount deposited in the Water Recycling Subaccount may be used for the purposes of studies, research and demonstration activities. The current Subaccount balance is approximately $105 million. The proposal requests $ 1 million, leaving $104 million in the Subaccount.

STAFF RECOMMENDATION

That the SWRCB adopt a resolution authorizing the Executive Director or his designee to negotiate, execute, and amend, as necessary, agreements with the WateReuse Foundation or the U.S. Bureau of Reclamation or both regarding implementation of a proposed joint water recycling research program for an amount not to exceed $1,000,000.

Policy Review _____
Legal Review _____
Fiscal Review _____

STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2001____

AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE, EXECUTE, AND AMEND, AS NECESSARY, AGREEMENTS WITH THE WATEREUSE FOUNDATION OR THE U.S. BUREAU OF RECLAMATION OR BOTH REGARDING IMPLEMENTATION OF A PROPOSED JOINT WATER RECYCLING RESEARCH PROGRAM

WHEREAS:

1. The Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act (2000 Bond Law) established the Water Recycling Subaccount, and authorizes the State Water Resources Control Board (SWRCB) to use a portion of it to fund water recycling research.

2. The WateReuse Foundation, an educational non-profit public benefit corporation, to fund water recycling research, is one of the preeminent water recycling research funding organizations.

3. The WateReuse Foundation has signed a cooperative agreement with the U.S. Bureau of Reclamation (USBR) under which the USBR will provide $1,000,000 to fund the WateReuse Foundation's research program, and has proposed a similar arrangement to the SWRCB using $1,000,000 from the 2000 Bond Law. The WateReuse Foundation would also continue to seek other sources of funds.

4. The proposal will benefit the SWRCB by reducing the staff effort in identifying good research projects, and by funding good projects quickly.

THEREFORE BE IT RESOLVED THAT:

The SWRCB authorizes the Executive Director or his designee to negotiate, execute, and amend, as necessary, agreements with the WateReuse Foundation or the U.S. Bureau of Reclamation or both regarding implementation of a proposed joint water recycling research program for an amount not to exceed $1,000,000 and a term not to exceed five years in length.

CERTIFICATION

The undersigned, Administrative Assistant 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 May 17, 2001.

_____
Maureen Marché
Administrative Assistant to the Board