



CVCWA Central Valley Clean Water Association

Representing Over Sixty Wastewater Agencies

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Memorandum

Date: February 25, 2009
To: CVCWA Membership
From: Debbie Webster, Executive Officer

RE: Economic Stimulus Package Update

This memo contains recent information regarding the federal American Recovery and Reinvestment Act (ARRA) (aka Economic Stimulus package), proposals by the State Water Board as it relates to implementing clean water agency grants for treatment plant upgrades, collection system improvements and water recycling, and information on current websites, submitting projects, etc. that you may find helpful. The document contains hyperlinks to documents that provide additional information.

American Recover and Reinvestment Act (ARRA)

Under the [ARRA federal legislation](#), California will get \$280 M of the \$4B available for clean water projects. [Link to breakdown per state](#). Of this amount:

- 50 percent must be given out in grants (in the form of forgiveness of loan principal, negative interest rate loans, grants, or combination thereof). In order to give out grants, California must pass legislation that allows grants for wastewater infrastructure.
- 20 percent must be "targeted" to green infrastructure projects (green infrastructure, energy or water efficiency including water recycling, environmentally innovative activities, septic and decentralized infrastructure).
- 50 percent of the money must be spent on projects that go to construction within 120 days of February 16th (June 16th by my count).
- All the money must be spent within one year – either "under contract or construction".
- States can use up to 4% of the grant money to administer the program.
- Money not used will be given to other states with projects that are ready to go.
- ARRA money cannot be used for purchase of land or easements; casinos, zoos, aquariums, golf course, or swimming pools.
- Federal law authorizes use of ARRA money to refinance bridge-period financings where debt incurred on or after October 1, 2008.

- All iron, steel, and manufactured goods used in construction must be produced in US unless EPA Administrator waives this.
- Must pay at least [Davis Bacon](#), maybe state prevailing wage.

It is anticipated that ARRA money will include Congressional oversight requirements (see p. 173 of the [ARRA](#)). The primary expectation is that job creation really occurs and can be demonstrated.

The USEPA website has good information on the clean water and drinking water stimulus packages and updates are expected in the near future. This site is: <http://www.epa.gov/recovery/>. The general federal site for all programs under the ARRA is: www.recovery.gov. The [ARRA can be accessed using this link](#) and USEPA's portion begins at page 54.

State Water Board Proposals

Like other states, the State Water Resources Control Board will be using the Clean Water State Revolving Fund as the vehicle for federal distributing stimulus money. California's CWSRF Program currently provides low-interest loans and other financing mechanisms for construction of publicly-owned wastewater treatment facilities, local sewers, sewer interceptors, water recycling facilities, storm water treatment facilities, as well as, expanded use projects such as implementation of nonpoint source (NPS) projects or programs, and development and implementation of estuary Comprehensive Conservation and Management Plans (CCMPs). Historically, the State Water Board issues \$200 to \$300 million dollars annually of loans through the CWSRF Program at a rate of 2.5-3.5% over a 20-year financing period. The State Water Board is proposing to change its program to implement the Stimulus Package and streamline the process. CWSRF stimulus projects will be reported to www.recovery.gov. Some proposed changes include:

- Reducing interest rates
- Planning loans
- Allowing principal forgiveness/negative interest/grants (Requires change in State CWSRF law)
- Removing per year disbursement limit
- Further streamlining environmental review
 - TIER 2 across the board
 - Contract after preliminary funding commitment
 - Combine eligibility / final plans and specifications / Approval to Award
 - Change "Approval to Award" to "Approval of Award"
 - Value Engineering optional (still eligible)
- Combine Facility Plan Approval with Preliminary Funding Commitment
- New Application / Instructions
- Marketing / Technical Assistance

On February 23rd, the State Water Board released "[A proposed amendment to the Policy for Implementing the Clean Water State Revolving Fund for the Construction of Wastewater Treatment Facilities](#)". The Board will be considering the proposed amendment to the CWSRF Implementation Policy and other related stimulus package items (see below) at its March 17, 2009 Board Meeting. Written comments on the proposed amendments to the CWSRF

Implementation Policy are due at noon on March 4th at 12:00 noon. Some key provisions of the proposed amendment include:

- Allowing the State Water Board to provide the 20% matching financing required by the Clean Water Act.
- Credit review procedures
- Provide additional flexibility to implement a two-tiered environmental analysis to speed up the process.
- Allow State Water Board to execute a funding agreement prior to Prop 218 requirements, but hold disbursements until it is satisfied.
- Disadvantaged community incentives such as reduced interest rates, longer financing terms, etc.

The State Water Board will also be considering additional measures for adoption on March 17th to implement the stimulus package, including a revised Intended Use Plan and a Resolution. These have not yet been released and a formal staff proposal is anticipated during the latter part of the first week of March. Informally, State Water Board staff has put forth these preliminary proposals for implementing the stimulus package. (Note: these are only preliminary and may change.)

- 50% (\$140 M) to grants for disadvantaged communities. To qualify for a disadvantage community would not require meeting a population threshold, just criteria for disadvantaged.
- The 20% for green infrastructure would be zero interest loans. The 20 percent is not a separate category, so any grant or loan projects could qualify toward the "soft target".
- The remainder of the stimulus money would go to loans with a reduced interest rate - probably about 1 percent.

Getting Your Projects on the SRF List

The State Water Board will be using the Priority SRF List to implement the stimulus package money. To be eligible, your project must be on the priority list. The State Water Board is strongly urging all to get your project(s) on the Priority List now. The State Water Board suggests:

- Submit a Financial Application if your project is ready-to-proceed, even if your project is not on the Priority List. When you do, you will be assigned a Project Manager to assist in the application process. This can be done using the Financial Assistance Application Submittal Tool ([FAAST](#))
- Get on Project Priority List.
- Work closely with your Project Manager to ensure all documents are submitted for funding commitment.
- Stay tuned for further news
 - [Sign up for Lyris](#)
 - Watch the State Water Board website ([Main Page](#) or [SRF Page](#))
- Attend workshops. Some near-future workshops in/near Region 5 include:
 - 2009 Regional/Public SRF Workshops ([Flyer](#))
 - March 11, 2009 – Fresno – Central Valley Regional Water Board
 - March 18, 2009 – Santa Rosa – North Coast Regional Water Board
 - March 19, 2009 – Oakland – San Francisco Bay RWB
 - April 1, 2009 – South Lake Tahoe – Lahontan RWB

- 2009 California Financing Coordinating Committee (CFCC) Funding Fairs ([Flyer/Registration Form](#))
 - February 5, 2009 – Bakersfield – UC Merced, Bakersfield Center
 - April 2, 2009 – Merced – University of California Cooperative Extension
 - May 7, 2009 – Sacramento – California Environmental Protection Agency Headquarters Building

If you have any questions regarding the SRF loans, contact the State Water Board SRF section at: CleanWaterSRF@waterboards.ca.gov or (916) 327-9978.

Current Projects with Suspended Loans

On December 18, 2008, the Department of Finance suspended grant and loan projects financed through General Obligation (GO) Bonds. This suspension remains in effect even though the state budget has been resolved. The State Water Board does not know when the bond projects and programs will be restarted. State Board staff is exploring whether it can direct some of the stimulus money to the grant funded projects that already have contracts where the disbursements are frozen. The money would then be backfilled when the state sells bonds. If you have questions, please contact your grant manager. You may also email questions to DFA_grants@waterboards.ca.gov.

CVCWA Involvement:

CVCWA is working with CASA and its other Clean Water Partners to disseminate Economic Stimulus Package information related to Clean Water Programs to our member agencies as it becomes available. Together, we are working with the State Water Board in the implementation of this program, identify impediments to the program, and strategize solutions for the maximum benefit of our member agencies, their customers, the economy and the environment.

If you have suggestions regarding State Water Board proposals for implementation of the stimulus package and/or streamlining of the SRF process, please feel free to email me at eofficer@cvcwa.org or call me at (530) 268-1338.