

Tom Fayram, President
Lisa Palmer, Vice President
Julie Kennedy, Secretary
Mike Arme, Director
Brian O'Neill, Director



10-9-2019 IGM Notes

Informational Items

- WATER RECYCLING FUNDING PROGRAM GUIDELINES -October 15, 2019. See attached Excerpts
- CSDA White Paper-Laws Governing Special Districts Available: Last updated: December 23, 2015. 39 Pages. I can e-mail if desired.
- California Special Districts Magazine Sep-Oct 2019 feature "Hi Desert Wastewater System" from Ross Trindle.
- Updated Domain Payment method (GoDaddy) for losolivoscscd.com
- PO Box Renewed (Thanks Steve and Lisa Palmer!)

Correspondence

1. CSDA Financing: Cathrine Lemaire, Program Manager, CSDA Finance Corporation, 1112 I Street, Suite 200, Sacramento, CA 95814 & Saul Rosenbaum of Prager & Co. who acts as municipal advisor for CSDA. Scheduled Phone meeting to discuss CSDA Financing (I-Bank).
2. CRWA Financing: Dustin Hardwick and Marshall Locke. Can help with USDA Rural Guaranteed loans, Cooperative Bank Loans, 4% range

CSDA Events Calendar

1. **October 16, 2019 - "Essential Communications for Every Special District"** how to interview with the press, present public events, and develop your story for your audience, fundamentals for every district to successfully engage with its local legislators and the State legislative process. Monterey Regional Waste Management Authority, 14201 Del Monte Blvd, Marina 93933
2. **November 12 to 14 - Board Secretary/Clerk Conference and Certificate Program:** Monterey

Professional Development Catalogue available at: https://higherlogicdownload.s3.amazonaws.com/CSDA/b24702e8-8a42-4614-8c45-bc3cba37ea2c/UploadedImages/PDFs/2019_Pro_Dev_Catalog_Web_Version.pdf

WATER RECYCLING FUNDING PROGRAM GUIDELINES

Amended on October 15, 2019



**California State Water Resources Control Board
Division of Financial Assistance**

August 8, 2019

Table of Contents

LIST OF ACRONYMS AND ABBREVIATIONS.....	i
I. INTRODUCTION	1
II. DEFINITIONS	2
III. PLANNING GRANTS.....	3
A. Eligibility	3
B. Application and Grant Agreement	3
C. Project Report	4
D. Disbursement of Funds	5
IV. CONSTRUCTION FUNDING.....	5
A. Eligibility	5
B. Application and Funding Approval.....	8
C. Reporting.....	9
V. RESEARCH GRANTS	9
A. Eligibility	9
B. Research Proposal and Grant Agreement	10
C. Disbursement of Funds	10
VI. PILOT PROJECT GRANTS.....	10
A. Eligibility	10
B. Solicitation and Grant Agreement	11
C. Disbursement of Funds	11
VII. AUTHORITY TO EXECUTE.....	11
VIII. BOARD RESERVATION OF AUTHORITY	12
IX. OTHER REQUIREMENTS	12
Appendix A. Water Recycling Facilities Planning Grant Application and Instructions	1
Appendix B. Recommended Outline for Recycled Water Project Reports	1
Appendix C. Recycled Water Market Assurances.....	1
Appendix D. Annual Report Requirements.....	1

LIST OF ACRONYMS AND ABBREVIATIONS

DAC	Disadvantaged Community
Division	Division of Financial Assistance
CPUC	California Public Utilities Commission
CWSRF	Clean Water State Revolving Fund
IUP	Intended Use Plan
JPA	Joint Powers Authority
O&M	Operation and Maintenance
PM	Project Manager
RWQCB	Regional Water Quality Control Board
SDAC	Severely Disadvantaged Community
State Water Board	State Water Resources Control Board
WRFP	Water Recycling Funding Program
User	Existing and Future Users

I. INTRODUCTION

The Water Recycling Funding Program (WRFP) is administered by the Division of Financial Assistance (Division). It supports the State Water Resources Control Board's (State Water Board's) Water Recycling Policy and provides funding for water recycling projects that offset or augment state or local fresh water supplies and water recycling research. These Guidelines establish requirements to obtain WRFP funding; water recycling construction projects must also comply with the applicable requirements of the *Policy for Implementing the Clean Water State Revolving Fund* (CWSRF Policy).

The guidelines are divided into nine sections:

- Section I is an introduction;
- Section II is definitions of terms used in these guidelines;
- Section III describes the requirements for planning grants;
- Section IV describes the requirements for construction grants and loans;
- Section V describes the requirements for recycled water research funding;
- Section VI describes the requirements for recycled water pilot project grants;
- Section VII describes the authority to execute agreements;
- Section VIII describes the State Water Board's reservation of authority; and
- Section IX describes other requirements.

Applicant and project eligibilities may vary based on the funding sources available at the time a project or research is approved for funding. Generally, the availability and limitations for WRFP funding will be described in the CWSRF's annual Intended Use Plan (IUP), but may also be described in a separate solicitation for applications.

Division staff will provide additional application assistance to small disadvantaged communities upon request. Staff may travel to provide one-on-one application assistance.

III. PLANNING GRANTS

This section discusses the requirements for recycled water planning grants. The purpose of the planning grant is to encourage Local Public Agencies to investigate the feasibility of recycling wastewater and assist them with completing planning for water recycling projects by supplementing local funds. Approval of a planning grant does not obligate the State Water Board to provide subsequent financial assistance.

A. Eligibility

1. Generally, all costs necessary to determine the feasibility of using recycled water and to select an alternative to offset or augment the use of fresh/potable water from state or local supplies may be eligible for the planning grant. The Plan of Study will be used to determine the costs eligible for grant funding.
2. The grant will generally cover 50 percent of the eligible planning costs up to the maximum established by the State Water Board in the CWSRF Intended Use Plan, or as otherwise limited by the State Water Board. A disadvantaged community (DAC) or severely disadvantaged community (SDAC) may receive 100 percent of the eligible planning costs up to the maximum established by the State Water Board.
3. Only Local Public Agencies are eligible to receive a planning grant.
4. Each proposed study must be distinct from previous WRFPP grant funded studies. The applicant should confer with Division staff before applying for additional planning grants to ensure that new studies are distinct and eligible.
5. The Division will establish an eligibility date in the planning grant agreement. Planning costs incurred after the eligibility date established in the agreement are eligible for reimbursement. Planning costs incurred prior to the eligibility date established in the agreement are ineligible for reimbursement.
6. A proposed study is not required to be on the CWSRF Fundable List to receive a planning grant.

B. Application and Grant Agreement

1. Applicants must submit a complete planning grant application to receive a planning grant. A Plan of Study must be included in each planning grant application. Applications for planning grants are accepted on a continuous basis. The application form and instructions are included in Appendix A.
2. After an application has been started, the Division will assign a Project Manager (PM) to assist the applicant with its planning grant application.
3. Division staff may request additional information from the applicant regarding the application to ensure that the requirements of the Guidelines are met.
4. After the Division determines that the application satisfies the requirements of these Guidelines, the Division may develop a planning grant agreement for execution.
5. The grant agreement will generally require that the final project report be submitted within two (2) years of the execution of the grant agreement.

- a. Grant agreements for studies considering potable reuse as an alternative will generally require that the final project report be submitted within three (3) years of the execution of the grant agreement.
 - b. For good cause, the Division may extend the deadlines or modify other conditions specified in the grant agreement.
6. The Division may include other appropriate conditions and expiration dates in the grant agreement.

C. Project Report

1. Draft Project Report

- a. The Plan of Study must include the development of a draft project report. The recipient must submit a draft project report to the Division for review and comment on or before the due date established in the grant agreement.
- b. Appendix B provides an outline for the project report which represents an appropriate level of analysis and due diligence for a thorough study.

2. Midcourse Meeting

- a. Planning grant recipients must conduct a mid-course meeting to review and discuss the progress of the study and the contents of the draft project report. The meeting should include applicant staff, the principal consultants, Division staff, and any other interested and appropriate persons.
- b. Division staff may provide comments on the draft project report and will acknowledge receipt of the draft project report after the mid-course meeting.

3. Final Project Report

- a. The recipient must submit a final project report to the Division for review on or before the due date established in the grant agreement. The contents of the report should be consistent with the Plan of Study. The final project report must be stamped by an Engineer registered in the State of California.
- b. The final project report must analyze all feasible project alternatives and recommend a project or determine that a water recycling project is not feasible.
 - i. If the alternatives analysis determines that water recycling is infeasible, the applicant must document this determination in the final project report.
 - ii. The uncertainty of future rate increases, political or public opinion, or other unpredictable factors are not acceptable bases for determining that water recycling is infeasible.
- c. The final project report must address comments provided by Division staff on the draft project report.

- d. Division staff may request additional information regarding the final project report to ensure that it meets the requirements of the Guidelines and the planning grant agreement.
- e. Once Division staff determines that the final project report meets the requirements of the Guidelines and the planning grant agreement, Division staff will acknowledge acceptance of the final report.

D. Disbursement of Funds

1. Instructions and forms for requesting disbursement of funds will be provided after the planning grant agreement is executed.
2. Grant funds will be provided in two disbursements.
 - a. Up to 50 percent of the grant may be disbursed after Division staff acknowledges receipt of the draft project report.
 - b. The remainder of the grant amount may be disbursed after Division staff accepts the final project report.
3. Recipients qualifying as a DAC or SDAC may request disbursement as costs are incurred. The recipient must submit the final project report prior to disbursement beyond 90 percent of the financing amount.
4. Following final disbursement, the final grant amount will be adjusted to reflect the actual eligible planning costs. Any undisbursed grant funds will be de-obligated.

IV. CONSTRUCTION FUNDING

This section discusses the requirements for recycled water construction funding.

A. Eligibility

Project construction costs are eligible to the extent consistent with federal and state authority, requirements established by the State Water Board, and the availability of funding. The following are eligibility requirements for WRFPP construction funding.

1. General

- a. Projects seeking construction funding from the WRFPP shall comply with the CWSRF Policy in addition to the specific requirements of these Guidelines. These Guidelines and the CWSRF Policy are complementary and describe the complete funding requirements for water recycling construction projects.
- b. Depending upon the funding source, eligible applicants may include Local Public Agencies, 501(c)(3) nonprofit organizations qualified to do business in California, public utilities, federally and non-federally recognized Native American tribes on the Native American Heritage Commission's list, and mutual water companies.
 - i. A project proposed by a mutual water company, a JPA with municipal water company member(s), or a utility serving the public and regulated by the California Public Utilities Commission (CPUC), must

have a clear and definite public purpose, and must benefit the customers of the water system and not the investors.

- ii. A private, for-profit public water system applicant must be actively regulated by the CPUC in order to be eligible.
- c. Water recycling construction projects must offset or augment state or local fresh water supplies.
- d. A water recycling construction project may receive any combination of grant and loan financing available to the State Water Board for which it is eligible.
 - i. Water recycling construction projects may receive up to 100 percent funding of eligible costs, as limited by the State Water Board in the CWSRF IUP or a State Water Board resolution.
 - ii. Specific terms, limitations, and eligibilities of the WRFPP construction funding will generally be noted in the annual CWSRF IUP, but may also be described in a separate solicitation for applications.

2. Eligible Costs

The following costs are generally eligible for WRFPP funding. The applicant must separate the eligible and ineligible costs in application documents and its disbursement requests, as appropriate.

- a. Construction of recycled water treatment facilities, storage facilities, pumping facilities, and groundwater recharge facilities.
- b. Construction of recycled water distribution systems, including onsite improvements.
- c. Planning, design, construction management, value engineering, and administration directly related to project implementation.
- d. Development, construction, and monitoring of a pilot-scale or demonstration-scale plant as part of the construction of a full-scale treatment facility project. A pilot-scale or demonstration-scale plant is distinct from the pilot projects described in Section VI.
- e. Reasonable costs to provide an emergency backup water supply for the recycled water system.
- f. Contingency for change orders approved by the Division for increased costs, provided the costs are eligible and consistent with the original scope of the project.

3. Ineligible Costs

- a. Operation and maintenance costs;
- b. Project components not included in the application and original scope of the project.
- c. Costs previously reimbursed by the State Water Board or other funding sources.

4. Capacity Limitations

Eligible project capacity will be based on Recycled Water Market Assurances. A minimum of 50 percent of the eligible project capacity must serve Existing Users. Eligible component sizes or cost categories will be based on reasonable design criteria necessary to deliver the eligible project capacity. Costs associated with constructing pipelines or treatment capacity in excess of the eligible project capacity are ineligible for funding. When components or cost categories include a combination of eligible and ineligible costs, the ineligible costs will be estimated on an incremental basis.

5. Grant Funding Awards

- a. The grant amount will be established in the financing agreement.
 - i. The grant will be based on the reasonable, estimated construction cost¹ for the project unless the final construction cost for the project is known at the time the financing agreement is executed.
 - ii. The grant will be established as 35 percent of the reasonable, estimated construction cost for the project or the final construction cost for the project, if known at the time the financing agreement is executed, up to the maximum established by the State Water Board in the CWSRF IUP or as otherwise limited by the State Water Board.
 - iii. The grant amount will not be increased or decreased after it is established in the financing agreement, provided the project is completed.
- b. Grant funds may be disbursed for actual, eligible construction costs up to the grant amount in the financing agreement. Any undisbursed grant funds will be de-obligated.
- c. Unless otherwise established by statute, regulation, or State Water Board policy, construction grants will be disbursed according to the geographic location of the projects. Grant funds will be geographically disbursed to the following counties:
 - i. A minimum of 40 percent of the funds will be disbursed to projects within Los Angeles County, Orange County, Riverside County, San Bernardino County, San Diego County, or Ventura County.
 - ii. A minimum of 40 percent of the funds will be disbursed to projects within the remaining California counties.
 - iii. The remaining 20 percent will be disbursed to water recycling projects located in any California county.

¹ The estimated construction cost is limited to construction related activities and does not include planning, design, change orders, construction management, or engineering during construction.

B. Application and Funding Approval

1. Application

- a. Applicants for water recycling construction funding must submit a complete application. Receipt of an application is not a commitment to provide funding.
- b. The application forms and instructions incorporate those used to apply for CWSRF funding, and can be found at https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/srf_forms.shtml.

2. Additional WRF Application Requirements

- a. Applicants must submit Recycled Water Market Assurances. Recycled Water Market Assurances document the commitment of Existing and Future Users to use the recycled water produced by the project. Detailed descriptions of Recycled Water Market Assurances are contained in Appendix C.
- b. Applicants must submit a User connection schedule for the water recycling project that includes the following:
 - i. A description of each User, including whether the User is an Existing or Future User,
 - ii. the type of Market Assurance for each User,
 - iii. the beneficial use type for each User, consistent with use types described in Appendix D,
 - iv. the expected annual recycled water deliveries for each User, and
 - v. the planned dates each User will be connected.

3. Funding Approval

- a. All applications shall comply with and be evaluated consistent with the latest amendment of the CWSRF Policy and these Guidelines. Note that the applicant must submit a project report, or its equivalent, that contains the applicable information outlined in Appendix B of these Guidelines in lieu of the information outlined in the CWSRF Policy.
- b. Water recycling construction projects must be on the CWSRF Fundable List consistent with the CWSRF Policy to receive financing.
- c. Unless otherwise established by statute, regulation, or the IUP, the Division will prioritize Water Recycling Projects for financing as follows.
 - i. Projects that benefit or are submitted by a severely disadvantaged community (SDAC) or support the human right to water in California.
 - ii. Potable reuse projects that increase the drinking water supply.
 - iii. Projects that construct or extend Recycled Water distribution systems. Distribution systems include pumping, storage, pipeline

systems, and other associated appurtenances necessary to deliver Recycled Water to Existing and Future Users.

- iv. Projects that construct or expand Recycled Water treatment facilities.

C. Reporting

1. Annual Reports

- a. The recipient must annually report to the Division on the volumes of recycled water delivered to the Users identified on the User connection schedule. For guidance on preparing the annual report see Appendix D.
- b. The first report is due on February 28th following the first full calendar year of operations.

2. Reporting Period

- a. The recipient must continue to report annually until the earlier of the following:
 - i. at least 80% of the total eligible project capacity is delivered for at least one full calendar year, or
 - ii. five (5) full calendar years of operation.
- b. If the recipient has not delivered at least 80% of the total eligible project capacity after five (5) full calendar years of operation, then the final report must include a description of the action(s) the recipient intends to take to achieve the project's original goal.

V. RESEARCH GRANTS

This section discusses the requirements for recycled water research grants. The purpose of water recycling research grants is to identify and address the highest priority recycled water research needs to advance the production and use of recycled water in California.

A. Eligibility

1. Research costs are eligible to the extent consistent with federal and state authority, requirements established by the State Water Board, and the availability of funding. The applicant must separate the eligible and ineligible costs for disbursement requests or reporting matching funds.
2. Specific terms, limitations, and eligibilities for water recycling research grants may also be described in a separate solicitation for proposals.
3. Each research effort must be distinct from previous WRFP grant funded research. Research may build on previous WRFP grant funded research, but the scope of the research must be different from the previous research. Applicants and researchers should confer with State Water Board staff before applying for additional research grants to ensure that research proposals are distinct and eligible.

4. The Division will establish an eligibility date in the research grant agreement. Research costs incurred after the eligibility date established in the agreement are eligible for reimbursement.
5. Research is not required to be on the CWSRF Fundable List to receive a research grant.
6. Research is not limited to the uses of recycled water specified in California Code of Regulations, Title 22, and may include additional forms of reuse, such as onsite reuse, agricultural reuse, industrial reuse, and stormwater capture and use.
7. Indirect costs are ineligible for grant funds.
8. All travel is subject to the restrictions set forth in Section IX.C of these Guidelines and the grant agreement.

B. Research Proposal and Grant Agreement

1. Specific evaluation criteria and deadlines for water recycling research grants may additionally be developed and described in a solicitation for proposals.
2. Division staff may request additional information from applicants to ensure that the requirements of the Guidelines and/or a solicitation are met.
3. A Recommended Funding List will be developed consistent with the Guidelines and/or a solicitation and presented to the State Water Board for approval.
4. After the State Water Board approves the Recommended Funding List, the Division will develop grant agreements for execution.
5. The Division may include appropriate conditions and expiration dates in the grant agreements.

C. Disbursement of Funds

1. Instructions and forms for requesting disbursement of funds will be provided after the research grant agreement is executed.
2. Following final disbursement, the final grant amount will be adjusted to reflect the actual eligible research costs. Any undisbursed grant funds will be de-obligated.

VI. PILOT PROJECT GRANTS

This section discusses the requirements for recycled water pilot project grants. The purpose of water recycling pilot project grants is to increase the body of knowledge regarding technologies, processes, or methods to provide recycled water through the innovative application of current and new technologies.

A. Eligibility

1. Project costs are eligible to the extent consistent with federal and state authority, requirements established by the State Water Board, and the availability of funding. Division staff will determine eligible and ineligible project costs. The applicant must separate the eligible and ineligible costs for

disbursement requests or reporting matching funds.

2. Specific terms, limitations, and eligibilities for water recycling pilot project grants will generally be described in a separate solicitation for proposals.
3. Each pilot project must be distinct from previous WRFP grant funded pilot projects. The applicant should confer with Division staff before applying for additional grants to ensure that the pilot project is distinct and eligible.
4. Pilot projects eligible for grant funding are distinct from a pilot-scale or demonstration-scale plant developed as part of the construction of a water recycling treatment facility project.
5. The Division will establish an eligibility date in the solicitation or grant agreement. Project costs incurred after the eligibility date are eligible for reimbursement.
6. Pilot projects are not required to be on the CWSRF Fundable List to receive a grant agreement.

B. Solicitation and Grant Agreement

1. Specific evaluation criteria and grant calculations, limitations, deadlines, and availability will generally be described in a separate solicitation for proposals.
2. Division staff may request additional information from applicants regarding their proposals to ensure that the requirements of the Guidelines and the solicitation are met.
3. A Recommended Funding List will be developed consistent with the solicitation and presented to the State Water Board for approval.
4. After the State Water Board approves the Recommended Funding List, the Division will develop grant agreements for execution.
5. The Division may include appropriate conditions and expiration dates in the grant agreements.

C. Disbursement of Funds

1. Instructions and forms for requesting disbursement of funds will be provided after the grant agreement is executed.
2. Following final disbursement, the final grant amount will be adjusted to reflect the actual eligible costs. Any undisbursed grant funds will be de-obligated.

VII. AUTHORITY TO EXECUTE

For routine, noncontroversial applications subject to these guidelines, the Executive Director, Deputy Director of the Division, or designee, is authorized to approve and execute financing agreements and amendments. Non-routine or controversial applications will be considered by the State Water Board at a State Water Board meeting.

VIII. BOARD RESERVATION OF AUTHORITY

- A. Prior to execution of any agreement, the State Water Board reserves the right to modify these WRFP Guidelines as necessary to provide for effective and equitable use of WRFP funds, including:
 - 1. Reducing the eligible funding amount for any project for due cause;
 - 2. Conforming to applicable state and federal laws, rules, regulations, or agreements, including but not limited to agreements related to any bonds.
- B. The Deputy Director of the Division may update and amend the WRFP Guidelines Appendices and create new Appendices, as necessary for administrative or procedural changes not in conflict with these Guidelines.

IX. OTHER REQUIREMENTS

A. State Cross-Cutters

State financial assistance may be conditioned on a variety of state laws. Recipients will be expected to make representations and warrant compliance with state cross-cutting requirements including, but not limited to, those listed in Appendix O of the CWSRF Policy.

B. CEQA Decisions

Public agencies must comply with CEQA when making a discretionary decision on a project. As the lead agency under CEQA, the applicant must comply with CEQA prior to carrying out, approving, permitting, and/or funding a project. If the applicant is not a public agency, the State Water Board will coordinate with other public agencies with responsibility regarding the project to identify a lead agency, if necessary. The State Water Board will review information provided by the applicant and determine independently how to comply with CEQA.

C. Work Outside the State

Travel and work outside the state is subject to prior approval by the State Water Board. Please see the State Attorney General's website: <https://oag.ca.gov/ab1887>.