
OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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State Water Resources Control Board Updating Resolution to Apply for Financial Assistance

Item 104 on the Council Docket of Tuesday, October 28 seeks Council approval of an updated resolution authorizing the Mayor or designee to apply for financial assistance, including State Revolving Fund loans, from the State Water Resources Control Board (SWRCB).

The 1987 Amendments to the Federal Clean Water Act created the Clean Water State Revolving Fund (CWSRF) Program, which provides low-interest loans and other financial assistance for the construction of municipal wastewater facilities and implementation of nonpoint source pollution control and estuary protection projects. The program is funded through Federal grants, State matching funds, and other funding sources. Since 1999, the Metropolitan Wastewater Department has received approximately \$120 million in low-interest loans under the CWSRF program.

In order to receive CWSRF loan funding, the City is required to submit an application and provide certain planning and financial documentation, including a project report, environmental documents, water conservation requirement compliance documents, and credit analysis documents. One required element of this documentation is an agency resolution authorizing the application. **It should be noted that this resolution only authorizes the Mayor to apply for funding, and subsequent Council approval will be required to enter into a funding agreement.**

The State has advised that an update to the City's resolution, originally approved in 1997, is required for the City to continue applying for CWSRF loan funding. The updated

resolution includes language that would grant authorization to apply for loans *and other financial assistance* from the SWRCB. This new language provides the State flexibility in determining which sources of funding will be used to provide financial assistance under the CWSRF program. In addition, the State requires that an authorized representative be designated to certify compliance with all applicable state and federal statutory and regulatory requirements related to loans and other financial assistance from the SWRCB. Language to this effect is also included in the updated resolution.

Once the application for financial assistance has been submitted, the State will issue a preliminary funding commitment, which will then be brought back for final Council approval. This will provide the Council the opportunity to review the terms of the proposed financing agreement. It is anticipated that the financing agreement will be brought back for Council approval in mid-2009.

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