

US EPA ARCHIVE DOCUMENT



# **OPPORTUNITIES TO ADVANCE SUSTAINABILITY IN CALIFORNIA'S CLEAN WATER STATE REVOLVING FUND PROGRAM: STEPS TOWARD IMPLEMENTATION**

---

**JANUARY 2013**



## Table of Contents

Background .....	1
Implementation Priorities .....	2
Appendix A: Potential Process Flowchart for Planning Financing .....	5
Appendix B: Draft Planning Financing Application .....	7
Appendix C: Draft Framework for a Localized Community Wastewater Treatment Funding Program .....	11
Appendix D: Draft Flowchart of the Program Structure for a Localized Community Wastewater Funding Program.....	14
Appendix E: Draft Funding Application for a Localized Community Wastewater Funding Program.....	15

## Background

On June 16, 2009, the U.S. Environmental Protection Agency (EPA) joined the Partnership for Sustainable Communities with the U.S. Department of Housing and Urban Development and the U.S. Department of Transportation to help improve access to affordable housing, provide more transportation options, and lower transportation costs while protecting the environment in communities nationwide. The Partnership coordinates actions, policies, and investments across the three agencies to achieve these goals.

Ensuring that communities make wise clean water infrastructure investments is an important part of the Partnership's work. Decisions about where to provide public wastewater infrastructure affect development patterns and influence where and how a community will grow. Regions are shaped by such decisions that ultimately affect the cost of all public infrastructure, including roads; utilities; schools; and police, fire, and ambulance service. By fostering cross sector cooperation in support of local goals, communities can focus resources in locations that best leverage public investments.

Beginning in 2010, EPA's Office of Wastewater Management and Office of Sustainable Communities jointly sponsored a pilot technical assistance program with three state Clean Water State Revolving Fund (CWSRF) programs to explore potential modifications that could encourage investments supporting sustainable communities and provide models for other states. EPA worked with the state CWSRF programs in Maryland, New York, and California to review their intended use plans, project priority systems, borrower application processes, and other funding guidelines. State limitations due to legislation, regulations, and policies were examined as well as potential avenues for change.

For California, the first product of the pilot project was a report that explored opportunities for the state to integrate community sustainability into their CWSRF Program, which in California is administered by the Division of Financial Assistance (DFA) at the California State Water Resources Control Board (Water Board).<sup>1</sup> This report focuses on the second phase of the pilot project in which EPA provided DFA assistance with implementing two of their top five priorities among the ideas explored in the first phase of the pilot project.

---

<sup>1</sup> EPA. "Opportunities to Advance Sustainability in California's Clean Water State Revolving Fund Program." 2012. [http://water.epa.gov/grants\\_funding/cwsrf/upload/CA-SRF-Pilot-Report-09-10-12.pdf](http://water.epa.gov/grants_funding/cwsrf/upload/CA-SRF-Pilot-Report-09-10-12.pdf).



## Implementation Priorities

DFA identified five priorities among the ideas explored in phase I of the pilot project. This phase of the project is focused on two of those five priorities:

1. Reexamine the SRF priority-setting and technical review processes to ensure that applicants have given thorough consideration to alternative, more sustainable projects for addressing water quality issues.
2. Reduce administrative hurdles to funding land conservation projects and decentralized systems by establishing frameworks for processing these types of projects.

The goal of this phase of the pilot project was to translate these ideas into program materials. DFA could use these documents as initial drafts to help advance implementation. Other states could use these documents as examples for how community sustainability could be incorporated into their own SRF programs. The documents developed to help DFA advance implementation are:

- **Application items.** DFA had previously initiated an effort to streamline the CWSRF application process and sought to incorporate these ideas into that work. Since DFA had an ongoing project to achieve this complementary goal, changes were incorporated into revisions of their application that would encourage sustainable projects:
  - Two line items were added to the proposed project budget section to allow the applicant to separate costs for repair and replacement of existing facilities from costs to expand facilities beyond existing service areas. DFA may use this information in the future to limit CWSRF loan funds or subsidy to projects that serve existing communities or existing facilities.
  - The project report guidelines (items required in the applicant's facility plan) were modified to include a more robust analysis of low-impact project alternatives.
  - A section was incorporated to allow applicants to express interest in acting as technical sponsors to other, lower-capacity CWSRF applicants by providing in-kind technical assistance in exchange for an interest rate reduction.
- **Planning Financing Flowchart and Application.** DFA wants to work more closely with applicants in the initial stages of project planning to ensure that applicants are considering the most appropriate and cost-effective solution to their water quality problem (including low-impact alternatives, if suitable). Many CWSRF applicants already have already designed their projects when they apply for funding, at which point DFA staff are reluctant to suggest alternatives. DFA recently began offering planning financing, which provides a promising opportunity for technical staff to discuss sustainable project solutions with the applicant in the early stages of project development. Only one planning loan has been provided so far, and the process has not yet been fully established. A process flowchart for the planning financing option includes new potential communication points for DFA

staff to encourage sustainable project design alternatives (see Appendix A). The flowchart also identifies opportunities where DFA might use a technical sponsorship program through which high-capacity CWSRF applicants could provide in-kind technical assistance to lower-capacity applicants in exchange for an interest rate reduction. A draft planning financing application is reduced to a simple, two-page form (see Appendix B). A completed application would provide enough detail for DFA staff to perform a preliminary credit review and assess the technical, managerial, and financial capacity of the borrower.

#### **Framework and Materials for a Localized Community Wastewater Treatment Financing Program.**

A number of local agencies and homeowners may need to take action to address failing onsite wastewater treatment systems since the approval of a recent policy on “Water Quality Control Policy for Siting, Design, Operation, and Maintenance of Onsite Wastewater Treatment Systems.”<sup>2</sup> For many communities with this problem, the capital outlay and long-term costs of centralized wastewater treatment would be financially unsustainable. Community wastewater treatment systems with advanced treatment technology and proper management can be a cost-effective, long-term solution in such cases. A decentralized solution can also allow communities to avoid the unplanned outward growth that can result from extending centralized infrastructure meant to address water quality impairments due to decentralized systems that have failed. Nevertheless, using decentralized systems to support new development outside of a comprehensive development plan can lead to the creation of isolated pockets of housing that break up large, contiguous agricultural or natural areas and are far from jobs, schools, stores, or other amenities. These systems are most effectively used to address failing onsite systems that serve existing development or to serve new development in areas a community has designated for growth.

In such circumstances, DFA hopes to encourage localized community wastewater treatment systems such as cluster systems, community aerobic tanks, small activated sludge plants, sub-surface flow constructed wetlands, engineered wetlands, and package plants, since these types of systems may be more conducive to establishing centralized management through a responsible management entity with formalized operations and maintenance procedures. Centralized management helps decentralized wastewater treatment systems to be more sustainable in the long term.

Rather than funding these projects on an ad hoc basis, a more effective approach would be to establish a sub-program within the California CWSRF to fund localized community wastewater projects. Preliminary materials to assist DFA in establishing such a program are loosely modeled after Minnesota’s Small Communities Wastewater Treatment Program, since the structure of that program most closely mirrors DFA’s goals for funding localized community treatment systems. The deliverables include the following:

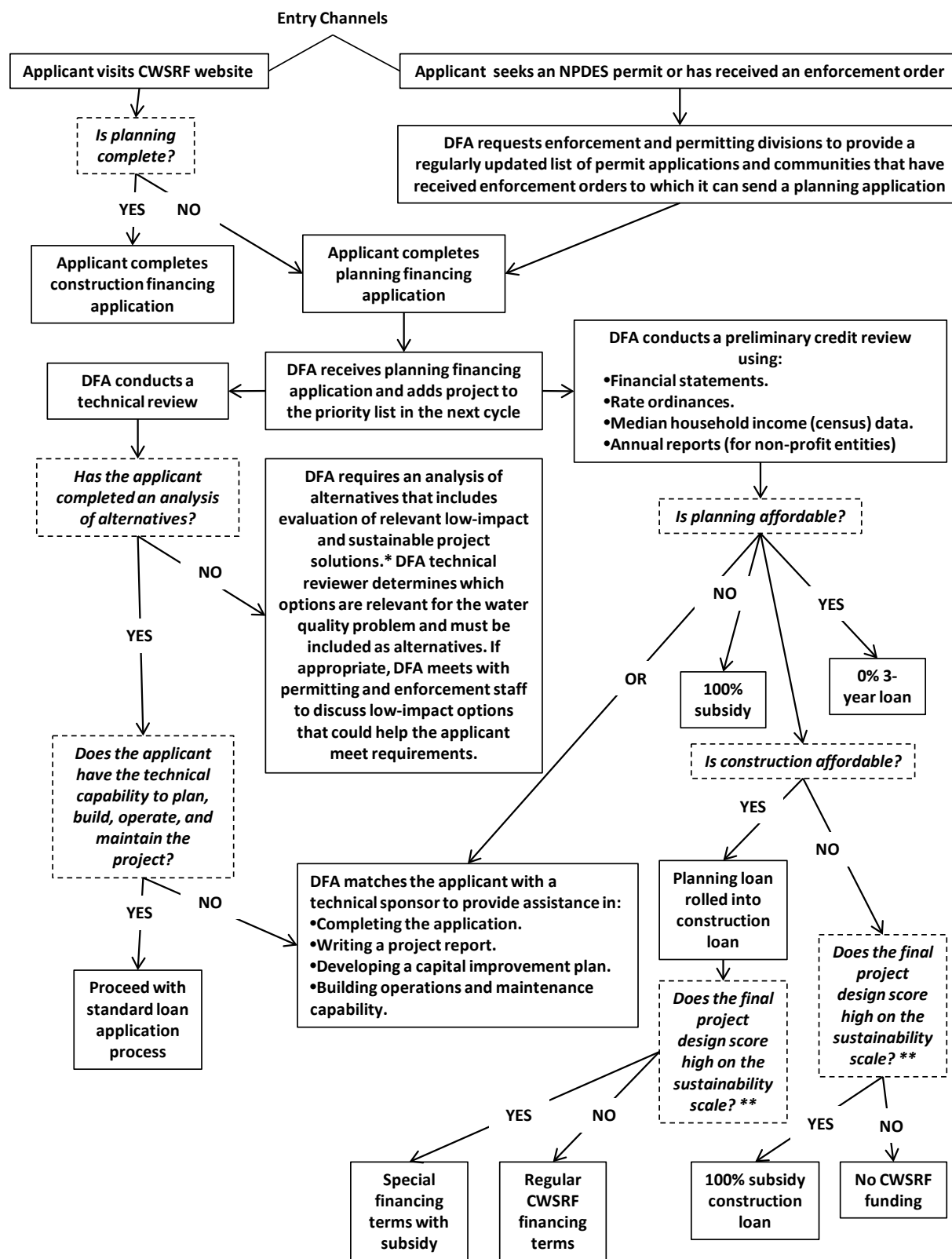
---

<sup>2</sup> California State Water Resources Control Board. “Water Quality Control Policy for Siting, Design, Operation, and Maintenance of Onsite Wastewater Treatment Systems” (2012)  
[http://www.waterboards.ca.gov/water\\_issues/programs/owts/policy.shtml](http://www.waterboards.ca.gov/water_issues/programs/owts/policy.shtml)

- A draft framework for the localized community wastewater funding program that establishes ideas for eligible applicants, eligible project types, delineation of a project area, establishment of a responsible entity, and application requirements, among other items. A key element of the proposed framework is the requirement for applicants to develop a management plan to implement an operations and maintenance schedule for the treatment system (see Appendix C).
- A flowchart of the program structure that demonstrates a bifurcated funding process beginning with technical assistance funding to allow the applicant to develop a feasibility plan, management plan, and other documents, followed by construction funding to implement the project (see Appendix D).
- A sample funding application for the localized community wastewater treatment program (see Appendix E), which includes a financial plan template, an authorizing resolution template (see Attachment A), management plan guidelines (see Attachment B), a responsible entity agreement (see Attachment C), feasibility study guidelines (see Attachment D), and an easement and consent to assessment template (see Attachment E).



## Appendix A: Potential Process Flowchart for Planning Financing



**\* Low impact and sustainable project solutions:**

- Decentralized wastewater systems with centralized management (versus centralized system expansion)
- Leak detection (versus centralized system expansion)
- Infiltration/inflow correction (versus centralized system expansion)
- Green infrastructure (versus combined sewer overflow correction or storm sewer expansion)
- Streambank restoration (versus advanced treatment)
- Land conservation or agricultural best management practices (versus advanced treatment)
- Regionalization of services
- Water recycling (versus treatment)
- Energy and water audits (versus centralized system expansion)
- Proper sizing with supplemental systems for peak-flow events (versus centralized system expansion)

**\*\* Sample sustainability scale (based on Section 65041.1 of the California Government Code)**

DFA could consider creating a standardized scoring system to award points for sustainable project characteristics. Scoring could eventually be incorporated into the priority ranking process and used to calculate the amount of subsidy that a project is qualified to receive.

<input type="checkbox"/>	Project supports infill development in previously developed areas	X points
<input type="checkbox"/>	Project rehabilitates, maintains or improves existing infrastructure	X points
<input type="checkbox"/>	Project reuses or redevelops previously developed land	X points
<input type="checkbox"/>	Project serves an area that is presently served by transit, streets, water, sewer and other essential services	X points
<input type="checkbox"/>	Project preserves cultural and historic resources	X points
<input type="checkbox"/>	Project protects environmental and/or agricultural resources such as farm, range and forest lands; wetlands and wildlife habitats; recreational lands such as parks, trails and greenbelts; and landscapes with locally unique features or areas identified by the state as deserving special protection	X points
<input type="checkbox"/>	Project supports new development that uses land efficiently, is built adjacent to existing developed areas, and/or serves an area appropriately planned for growth and is served by existing transportation and other essential utilities	X points
<input type="checkbox"/>	Project incorporates wastewater recycling, water conservation, and/or energy conservation	X points
<input type="checkbox"/>	Project utilizes low-impact development practices	X points

## Appendix B: Draft Planning Financing Application

### Clean Water State Revolving Fund

## PLANNING ASSISTANCE APPLICATION

Use this application to request financial assistance for planning activities in support of a water quality project. The following guidelines apply:

- The planning must be associated with a CWSRF-eligible project.
- Eligible costs include the preparation of water quality-related planning documents, including (but not limited to) sewer system evaluation surveys, feasibility studies, facilities plan/project reports, financial analyses, capital improvement plans, water conservation plans, environmental management systems, and asset management systems. Ineligible costs include design, value engineering, construction management, and administrative costs associated with construction.

### 1. Applicant Information

Applicant (Agency) Name:	<input type="text"/>		
Project Name:	<input type="text"/>		
Applicant's Street Address:	<input type="text"/>		
Agency Type:	<input type="checkbox"/> Public	<input type="checkbox"/> Nonprofit	<input type="checkbox"/> Native American Tribe
Mailing Address:	<input type="text"/>		
County:	<input type="text"/>	Federal ID Number:	<input type="text"/>
Contact Person(s):	<input type="text"/>		
Phone:	<input type="text"/>	Email:	<input type="text"/>

### 2. Project Information

Please provide a description of the water quality problem and the proposed solution (if known):

Estimated Planning Cost:

Amount of CWSRF Planning Financing Requested:

Has enforcement action occurred as a result of the water quality problem? ☐ Yes ☐ No

If Yes, please attach a copy of the enforcement order.

### 3. Planning and Design Status

*Note: Documents do not need to be complete before submitting an application for planning financing.*

Facilities Plan	Environmental Review and/or Environmental Consultation(s)	Permits (if applicable)
<input type="checkbox"/> Not Complete	<input type="checkbox"/> Not Complete	<input type="checkbox"/> Not Complete
<input type="checkbox"/> Complete (please attach)	<input type="checkbox"/> Complete	<input type="checkbox"/> Complete
<input type="checkbox"/> Need additional guidance to complete this item	<input type="checkbox"/> Need additional guidance to complete this item	<input type="checkbox"/> Need additional guidance to complete this item

Construction funding for the proposed project will be sought within the next: ☐ 6-12 months ☐ 12-18 months

**Does the applicant have the following:**

	No	Yes	We would like technical assistance to develop this item
Rate study?	<input type="checkbox"/>	<input type="checkbox"/> (please attach)	<input type="checkbox"/>
User charge system and sewer use ordinance?	<input type="checkbox"/>	<input type="checkbox"/> (please attach)	<input type="checkbox"/>
Financial Statements for the most recent 3 years?	<input type="checkbox"/>	<input type="checkbox"/> (please attach)	<input type="checkbox"/>
Sewer and/or Stormwater Capital Improvements Plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	No	Yes	Contact Information
Project Engineer	<input type="checkbox"/>	<input type="checkbox"/>	
Bond Counsel	<input type="checkbox"/>	<input type="checkbox"/>	
Financial Advisor	<input type="checkbox"/>	<input type="checkbox"/>	
Other Agencies involved in project planning or funding	<input type="checkbox"/>	<input type="checkbox"/>	

**4. Repayment**

Please indicate the proposed repayment method(s):

CWSRF Planning Financing:

- ☐ Net revenues of the district
- ☐ Net revenues of the wastewater enterprise fund
- ☐ Assessments
- ☐ Other:

Construction Financing (CWSRF or other source):

- ☐ Net revenues of the district
- ☐ Net revenues of the wastewater enterprise fund
- ☐ Assessments
- ☐ Other:

Have the proposed repayment source(s) been reviewed by the applicant's bond counsel or financial advisor?

☐ Yes ☐ No

Will new ordinances be adopted for financing the proposed project? ☐ No ☐ Yes (please attach)

If planned, please describe the planned new ordinances and the expected adoption date:

**5. Attachments**

**Item Attached?**

- ☐ Plan of Study including the following elements:
- Scope of planning work
  - Planning budget
  - Planning schedule (including deliverables and submittal dates)
- ☐ Authorizing Resolution (**Attachment A**)

The undersigned is duly authorized to request this loan on behalf of the Applicant. The Applicant declares under penalty of law that all facts given and information attached are true and correct. The Applicant authorizes the State Water Resources Control Board Division of Financial Assistance to verify all information.

Signature

Date

Printed Name and Title

**ATTACHMENT A  
Authorizing Resolution**

**RESOLUTION NO:**

**“A RESOLUTION OF**

**(GOVERNING BOARD OF THE ENTITY NAME) RELATING TO THE CALIFORNIA STATE REVOLVING FUND LOAN PROGRAM; MAKING FINDINGS; AUTHORIZING THE LOAN APPLICATION; AUTHORIZING THE LOAN AGREEMENT; ESTABLISHING PLEDGED REVENUES; DESIGNATING AUTHORIZED REPRESENTATIVES; PROVIDING ASSURANCE; PROVIDING FOR CONFLICTS, SEVERABILITY, AND EFFECTIVE DATE.”**

WHEREAS, California statutes provide for loans to municipal and non-municipal entities to finance the planning and construction of water pollution control facilities and water quality projects; and

WHEREAS, California State Revolving Fund policy requires authorization to apply for loans, to establish pledged revenues, to designate an authorized representative; to provide assurances of compliance with loan program requirements; and to enter into a loan agreement; and

WHEREAS, the California State Revolving Fund loan priority list designates

(Project name)  
as eligible for available funding; and

WHEREAS, the  (entity name), intends to enter into a loan agreement with the California State Water Resources Control Board under the State Revolving Fund for project financing.

NOW, THEREFORE, BE IT RESOLVED BY THE

(name of governing board) OF THE  
 (entity name), AS FOLLOWS:

SECTION I. The foregoing finding are incorporated herein by reference and made a part hereof.

SECTION II. The  (entity name) is authorized apply for a loan to finance the Project.

SECTION III. The  (authorized representative title) is hereby designated as the authorized representative to provide the assurances and commitments required by the loan application.

SECTION IV. The [ ] (authorized representative title) is hereby designated as the authorized representative to execute the loan agreement which will become a binding obligation in accordance with its terms when signed by both parties. The [ ] (authorized representative title) is authorized to represent the [ ] (entity name) in carrying out the [ ]'s (entity name) responsibilities under the loan agreement. The [ ] (authorized representative title) is authorized to delegate responsibility to appropriate staff to carryout technical, financial, and administrative activities associated with the loan agreement.

SECTION V. The legal authority for borrowing moneys to construct this Project is [ ], California Statutes.

SECTION VI. Conflicts. All resolutions or part of Resolutions in conflict with any of the provisions of this Resolution are hereby repealed.

SECTION VII. Severability. If any Section or portion of a Section of this Resolution proves to be invalid, unlawful, or unconstitutional, it shall not be held to invalidate or impair the validity, force or effect of any other Section or part of this Resolution.

SECTION VIII. Effective Date. This Resolution shall become effective immediately upon its passage and adoption.

PASSED and ADOPTED this [ ] (day) [ ] (month) [ ] (year)

ATTEST APPROVED AS TO FORM AND LEGALITY

\_\_\_\_\_  
Board/Council Member

\_\_\_\_\_  
Attorney for the [ ] (entity name)

\_\_\_\_\_  
Authorized Representative



## Appendix C: Draft Framework for a Localized Community Wastewater Treatment Funding Program

### Eligibility

**Purpose:** The Localized Community Wastewater Treatment (LCWT) Funding Program is intended to help local agencies ensure local compliance with the “Water Quality Control Policy for Siting, Design, Operation, and Maintenance of Onsite Wastewater Treatment Systems”<sup>3</sup> by financing community-based wastewater treatment systems in areas with polluting onsite systems.

**Eligible Project Types:** Eligible projects must provide wastewater collection and treatment for more than three households. Eligible types of systems include cluster systems, community aerobic tanks, small activated sludge plants, sub-surface flow constructed wetlands, engineered wetlands, sequencing batch reactor systems, package plants, community drainfields, soil treatment mounds, sand filters, drip irrigation, and other small, localized wastewater treatment solutions. Repair or replacement of a small number of systems serving single households within the project area may be eligible if the management plan provides for monitoring, operation, maintenance, and replacement of these systems.

**Eligible Recipients:** Only local agencies are eligible to receive funding. A local agency is defined as any subdivision of state government that has responsibility for permitting, installation, and regulation of onsite wastewater treatment systems within its jurisdictional boundaries; typically a county, city, or special district.

**Project Area:** The project area must be defined in the feasibility study. All of the treatment systems constructed using LCWT financing must be located within the defined project area, although it is not necessary to use the same type of treatment system for all parcels within the project area. For example, an engineered wetland may be used where more open space is available, while a small cluster system serves a group of higher-density homes and a limited number of individual onsite systems serve homes that cannot be connected to a LCWT system. If participation is voluntary, it is not necessary for all homes within the project area to participate in the LCWT system.

### Application Process

**Pre-Application and Priority Ranking:** Local agencies interested in receiving funding must submit a financial assistance pre-application to DFA, which will place the project on the Project Priority List during the next scheduled update. Once this occurs, the local agency may submit a full funding application at any time.

### Management Plan

**Responsibilities:** The local agency is responsible for implementing and executing a management plan that provides a plan and schedule for system operations, maintenance, inspections, and routine repair and replacement through trained and licensed/certified service providers. The local agency must submit an executed agreement with a provider hired to execute the management plan. The management plan contract must be at least one year in length. If the local agency intends to execute the management plan using force account labor in lieu of a management plan contract, the local agency must provide a description of the force account management plan that identifies staffing, activities, and scheduling.

<sup>3</sup> California State Water Resources Control Board, *ibid.*

**Delegation of Responsibility:** The Local Agency may delegate responsibility for the management plan to another responsible entity, such as a developer, rural cooperative, Resource Conservation District, or other entity. In such cases a responsible entity agreement (**Attachment C**) must be signed by both parties and submitted with the application. The responsible entity must be a signatory on the management plan provider contract and will be responsible for managing and enforcing the contract. The local agency may choose to retain responsibility for implementation of the management plan and administration/collection of user charges, or may choose to delegate one or both activities to a responsible entity, but **may not** delegate implementation of the management plan and administration/collection of user charges to **two** separate responsible entities.

**Ordinance:** Prior to receiving a funding disbursement from the LCWT program, the local agency must submit to DFA an ordinance adopting the management plan and governing construction, ownership, and control of the system. The ordinance shall also include a provision for assessment of the costs for construction, management plan implementation, and all other expenses to be incurred now or in the future pertaining to the project.

### Financial Capability

**Financial Planning Requirements:** In order to receive construction LCWT construction funding, applicants must provide a financial plan documenting a source of revenue for loan repayment and ongoing inspection, operations and maintenance of the localized community wastewater treatment system. The source of revenue for loan repayment may be any source available to the local agency, such as general obligation revenues. However, the source of revenue for implementation of the management plan (for ongoing inspection, operations and maintenance of the LCWT system) must be a user-based source generated by homeowners participating in the LCWT system. Applicants should use the financial plan template that is provided as part of the funding application (see **Appendix E**).

**Delegation of Responsibility:** Administration and collections may be delegated by the Local Agency to another responsible entity, such as a homeowner's association. In such cases a responsible entity agreement (**Attachment C**) must be signed by both parties and submitted with the application. The local agency may choose to retain responsibility for implementation of the management plan and administration/collection of user charges, or may choose to delegate one or both activities to a responsible entity, but **may not** delegate implementation of the management plan and administration/collection of user charges to **two** separate responsible entities.

### Participation

**Participation:** The local agency, working through its established permitting process, is responsible for establishing the parcels that must participate in the LCWT system. The local agency may set its own policies on whether homeowner participation is mandatory or voluntary.

**Easement and Consent to Assessment:** All homeowners participating in the LCWT system must donate an easement for access to the system and its components. Prior to receiving a disbursement of funds from the LCWT program, the local agency must provide documentation of utility easements for each parcel with an Easement and Consent to Assessment form (Attachment E).

### Permitting

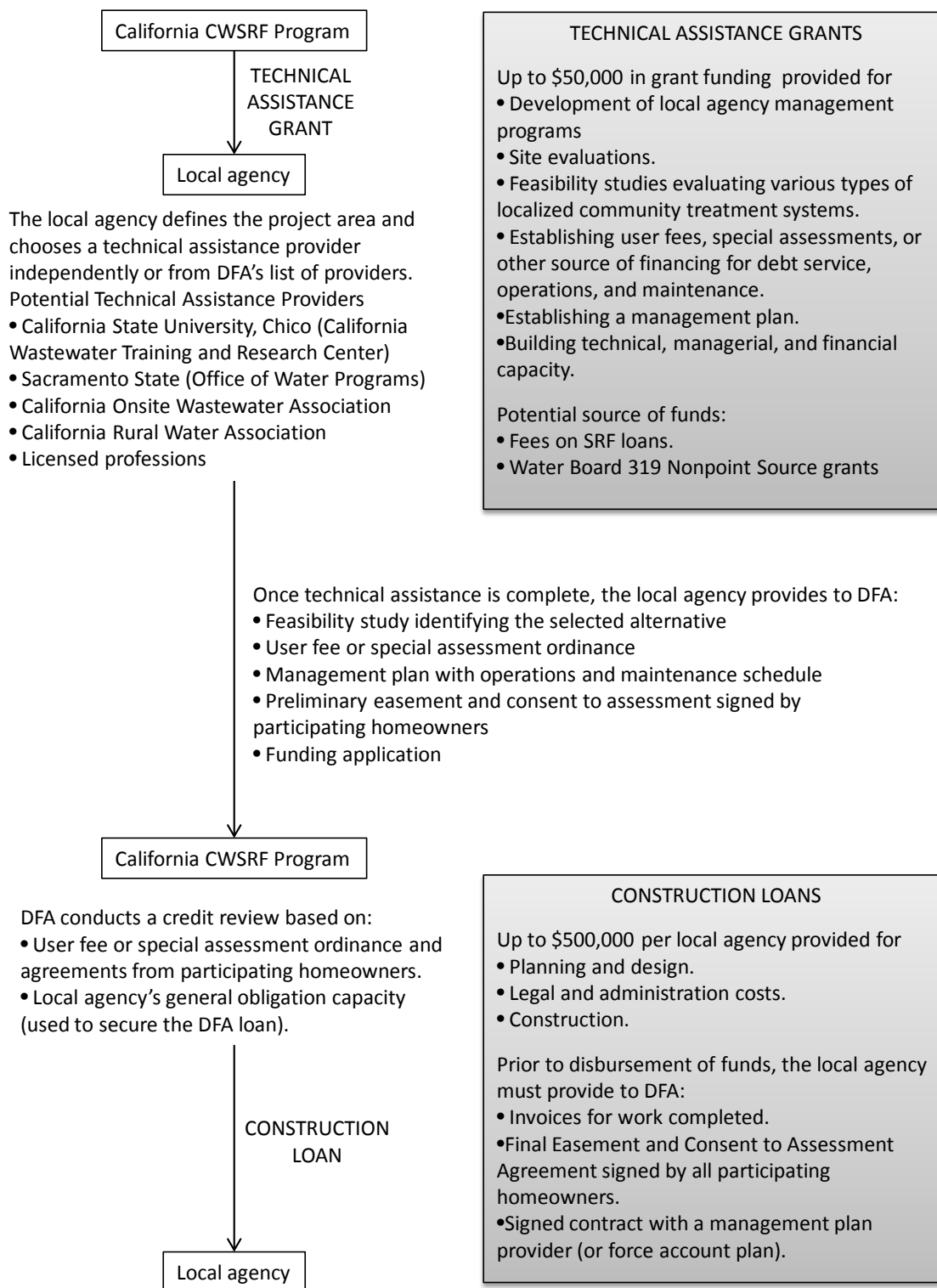
**Permits:** If the local agency's own codes, ordinances, and/or local agency management plan currently include conditions for localized community wastewater treatment systems serving three or more households, the local agency may follow its existing permitting process for the project. If the local

agency's own codes, ordinances, and/or local agency management plan **do not** currently include conditions for localized community wastewater systems serving three or more households, the local agency must revise the local agency management plan to incorporate a permitting process for these systems based on performance standards before applying for funding from the LCWT Program.

Discharges of wastewater to land, including but not limited to evaporation ponds, percolation ponds, or subsurface leach fields must apply to the applicable Regional Water Board for a Waste Discharge Requirement and/or a Water Recycling Requirement.

Systems serving 20 or more persons per day must submit a Class V injection well inventory form to EPA. The online form may be found at: <http://www.epa.gov/region09/water/groundwater/injection-wells-register.html>

## Appendix D: Flowchart of the Draft Program Structure for a Localized Community Wastewater Funding Program



## Appendix E: Draft Funding Application for a Localized Community Wastewater Funding Program

### Localized Community Wastewater Treatment Funding Program CONSTRUCTION APPLICATION

#### Applicant Information

Local Agency Name:			
Street Address:			
Mailing Address (if different from above):			
Federal ID Number:			
Authorized Representative, Title:			
Contact Person:		Phone:	
Congressional District(s) where the project will take place:			

#### Technical Assistance Contact

Contact Name:			
Organization Name:			
Phone:		Email:	

#### Bond Counsel Contact

Bond Counsel Name:		Firm:	
Phone:		Email:	

#### Project Description

Enter a brief description of the project:

--

Enter the approximate number of each type of onsite wastewater treatment systems (OWTS) in the project area. Refer to [http://www.swrcb.ca.gov/water\\_issues/programs/owts/docs/trifold.pdf](http://www.swrcb.ca.gov/water_issues/programs/owts/docs/trifold.pdf) for a definition of each type of system. An OWTS is considered to be in the project area if its proximity allows it to tie into the localized community system at some point in the future.

Type of OWTS	Total Number in Project Area	Number to be Addressed by the Project
Tier 0		
Tier 1		
Tier 2		
Tier 3		
Tier 4		

Enter the approximate number of OTWS systems that are expected to tie into the localized community system each year:

Year 1	Year 2	Year 3	Year 4	Year 5

### Project Budget

	Estimated Start Date	Estimated End Date	Project Cost
Planning and Design			
Land Purchase			
Legal/Administrative			
Decommissioning Existing OWTS			
Construction Costs			
Contingencies (5% of construction)			
Other: <input type="text"/>			
Other: <input type="text"/>			
Total			

### Attachments

#### Item Attached?

- ☐ Adopted or tentative State Water Resources Control Board or Regional Water Quality Control Board Waste Discharge Requirements and Water Recycling Requirements (if applicable) or evidence that the Regional Water Board has waived the issuance.
- ☐ Authorizing Resolution (Attachment A)
- ☐ Management Plan (guidelines in Attachment B)
- ☐ Responsible Entity Agreement (Attachment C) if applicable
- ☐ Feasibility Study identifying the selected project alternative (guidelines in Attachment D)
- ☐ A preliminary copy of the Easement and Consent to Assessment Form (Attachment E), signed by participating homeowners. If all participants have not yet been identified, a final version of this document may be submitted at a later date. Please note on the form whether it is a preliminary or final version, and what changes are anticipated.
- ☐ A copy or citation of the relevant local code, ordinance or section of the local agency management plan that establishes conditions for localized community treatment systems serving three or more households.



## Financial Plan

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Estimated Construction Costs:										
Estimated Management Costs:										
Inspections										
Operations										
Maintenance										
Routine Repair and Replacement										
Management Plan Administration										
<b>Total Management Plan Costs:</b>										

### Loan Repayment

Provide a description of the source of revenue pledged to repay the proposed State Water Board financing agreement and method used to secure collection:

**Schedule of Debt Obligations:** For the revenue source identified above, please list all debt obligations currently being repaid by the same revenue source.

☐ None

Title of Debt	Amount	Interest Rate	Maturity Date

**Total Annual Debt Service:** Please provide an annual debt service summary, including principal retirement, for the total amount of the debt obligations identified above.

☐ None

	Fiscal Year Ending	Total Debt Service (Principal & Interest)
1.		
2.		
3.		
4.		
5.		
6.		
7.		

8.		
9.		
10.		

### Funding Source for Management Plan

Provide a description of the source of revenue that will be used for management of the LCWT system (including operations, maintenance, inspections, and routine repairs and replacement). Also describe the method used to secure collection:

	Fiscal Year	Planned Number of System Connections	Total User Charges	Other Charges (ie. connection fees)	Total Annual Revenues
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

Have user fees been established? ☐ Yes ☐ No

### Attachments

#### Item Attached?

- ☐ Copy of adopted/enacted user charge system or ordinance, or if user charges will be incorporated into homeowner association fees, a copy of the HOA resolution approving the new fee structure
- ☐ Audited financial statements for the local agency (most recent 3 years)
- ☐ Legal Option from bond counsel: Please submit a legal opinion with regard to repayment and management plan funding sources:
  - a. For all funds used for repayment, provide citations to the relevant laws authorizing the use of such funds and any conditions, and information about whether any pre-conditions to use (election, etc.) has occurred.
  - b. If user charges are to be used to fund the management plan, please submit letter from counsel certifying that the most recent rate setting proceedings were in compliance with the substantive and procedural requirements of Proposition 218.

**ATTACHMENT A**  
**Authorizing Resolution**

RESOLUTION NO:

**“A RESOLUTION OF**

(GOVERNING BOARD OF THE LOCAL AGENCY) RELATING TO THE CALIFORNIA STATE REVOLVING FUND LOAN PROGRAM; MAKING FINDINGS; AUTHORIZING THE LOAN APPLICATION; AUTHORIZING THE LOAN AGREEMENT; ESTABLISHING PLEDGED REVENUES; DESIGNATING AUTHORIZED REPRESENTATIVES; PROVIDING ASSURANCE; PROVIDING FOR CONFLICTS, SEVERABILITY, AND EFFECTIVE DATE.”

WHEREAS, California statutes provide for loans to municipal and non-municipal entities to finance the construction of water pollution control facilities and water quality projects; and

WHEREAS, California State Revolving Fund policy requires authorization to apply for loans, to establish pledged revenues, to designate an authorized representative; to provide assurances of compliance with loan program requirements; and to enter into a loan agreement; and

WHEREAS, the California State Revolving Fund loan priority list designates

(project name) as eligible for available funding; and

WHEREAS, the  (local agency name), intends to enter into a loan agreement with the California State Water Resources Control Board under the State Revolving Fund for project financing.

NOW, THEREFORE, BE IT RESOLVED BY THE

(name of governing board) OF THE  
 (local agency name), AS FOLLOWS:

SECTION I. The foregoing findings are incorporated herein by reference and made a part hereof.

SECTION II. The  (local agency name) is authorized apply for a loan to finance the Project.

SECTION III. The revenues pledged for the repayment of the loan are

SECTION IV. The revenues pledged for ongoing management of the system (including operations, maintenance, inspections, and routine repair and replacement) are

SECTION V. The [ ] (authorized representative title) is hereby designated as the authorized representative to provide the assurances and commitments required by the loan application.

SECTION VI. The [ ] (authorized representative title) is hereby designated as the authorized representative to execute the loan agreement which will become a binding obligation in accordance with its terms when signed by both parties. The [ ] (authorized representative title) is authorized to represent the [ ] (entity name) in carrying out the [ ]'s (local agency name) responsibilities under the loan agreement. The [ ] (authorized representative title) is authorized to delegate responsibility to appropriate staff to carryout technical, financial, and administrative activities associated with the loan agreement.

SECTION VII. The legal authority for borrowing moneys to construct this Project is [ ], California Statutes.

SECTION VIII. Conflicts. All resolutions or part of Resolutions in conflict with any of the provisions of this Resolution are hereby repealed.

SECTION IX. Severability. If any Section or portion of a Section of this Resolution proves to be invalid, unlawful, or unconstitutional, it shall not be held to invalidate or impair the validity, force, or effect of any other Section or part of this Resolution.

SECTION X. Effective Date. This Resolution shall become effective immediately upon its passage and adoption.

PASSED and ADOPTED this [ ] (day) [ ] (month) [ ] (year)

ATTEST APPROVED AS TO FORM AND LEGALITY

\_\_\_\_\_  
Board/Council Member

\_\_\_\_\_  
Attorney for the [ ] (entity name)

\_\_\_\_\_  
Authorized Representative

## ATTACHMENT B

### Management Plan Guidelines

The management plan should address the topics identified below. For each topic listed, the Management Plan should identify the entity responsible for completing the specified activities.

- **Performance Requirements.** Characterize the surface and groundwater quality and identify water resources in the project area. Which water resources receive treated effluent, and what are their uses and protection criteria? What allotments have been established for critical pollutants? What are the numeric and narrative performance requirements for the local community wastewater treatment system, based on water quality criteria and assimilative capacity of land and water resources?
- **Record Keeping.** What type of system will be used to keep inventory of the facility, including age, type, design capacity, location, site evaluations and servicing dates of system components; soil type, depth to groundwater, etc.? How will data on inspections, service calls and pumpouts be tracked and managed? Can the data be used to generate service reminders? How will billing and collections data be tracked? How will corrective actions be tracked?
- **Compliance Performance Reports to Regulatory Agencies.** Describe planned procedures for compliance reporting. What types of reports are required, and what is the reporting frequency?
- **Homeowner Education.** How will homeowners be educated on proper system use and care? What types of educational materials will be provided? Whom can homeowners contact with questions about their system?
- **Customer Service.** Who will provide customer service, and what level of service will be provided? How will inquiries such as odor complaints, service termination, and new service connections be addressed?
- **Billing and Collections.** Describe the established procedures for billing and collections. Who will provide billing and collection services? How will non-payment be addressed? What types of enforcement actions will be used for non-payment (i.e., property liens, service shut-off, civil action, etc.)?
- **Residuals Management.** Has a certified/licensed pumper/hauler been identified to remove, treat, and dispose of residuals? What is the schedule for residuals removal? Have available residuals handling/treatment capacities been inventoried? What is the contingency plan when available capacity is insufficient? Are there opportunities for land application of residuals?
- **Inspections.** When will inspections be conducted? In addition to periodic inspections, will inspections also be conducted at point-of-sale, change-in-use of properties, targeted areas, and/or systems reported to be in violation? Who will perform the inspections, and how will they be trained? How will inspection procedures be codified and communicated? How will inspections be documented? What system components will be inspected?

- **Sampling.** What is the schedule for periodic sampling? Who will conduct the sampling, and how will sampling be documented? What method will be used to identify sampling locations? What pollutants will be targeted in sampling (e.g., nutrients, bacteria, oxygen demand, solids)? What performance criteria will be used to indicate proper system operation, and what procedures will be followed if the initial sampling exceeds these criteria?
- **Monitoring.** Will remote monitoring systems be used? Will on-call personnel be available for system emergencies or homeowner problems? What are the emergency response procedures? Will SCADA systems be used (for larger facilities)? Will an intensive monitoring study (i.e., daily water use readings and weekly water quality sampling over a 1-2 month timeframe) be conducted on portions of the system? If so, what is the schedule for intensive monitoring studies?
- **Repair.** Will components be repaired as-needed, or will a preventative repair and replacement program be used? What level of repair and/or replacement is covered by the user fee system, and what activities must homeowners cover out-of-pocket? Who is responsible for coordinating repair and/or replacement to house connections and system components located on a homeowner's property? If homeowners are responsible for coordinating repair and/or replacement for system components located on their property, what procedures should they follow and how will they be reimbursed for expenditures?
- **Use Regulations.** Will special regulations on prohibited use and practices be adopted? If so, what items (e.g., certain disinfecting chemicals, floor cleaning products, etc.) will be prohibited from the system? How will these regulations be communicated to homeowners and enforced?
- **Corrective Action.** Describe the use of enforcement procedures such as levying fines, fees, assessments, or requiring service providers to correct system malfunctions. How will notices of violation, consent orders and court orders be implemented? In what situations will fines be issued, property condemned, or real estate transactions be restricted?
- **Contracts.** Describe all planned or executed contracts that the local agency has entered into for the purposes of carrying out management plan activities. Provide summary details of the contract(s) as well as the contract period(s).
- **Permits.** What types of permits will need to be obtained and maintained for the system? What are the conditions of the permits? Will a permit system be used for individual homeowners? If so, what procedures will be used to allot and update permits? How will permit records be maintained, and permit status tracked?
- **Schedule.** Provide a preliminary schedule for planned maintenance, inspection, and monitoring activities for the first year of system operation.
- **Budget.** Provide an estimated monthly budget to implement the management plan for the first year of system operation. Keep in mind that costs may fluctuate monthly due to the maintenance schedule, education efforts, or intensive monitoring. Be sure to budget for unexpected emergencies and repairs. Include an estimate of staff hours in the budget estimate.



## ATTACHMENT C Responsible Entity Agreement

WHEREAS, California statutes provide for Clean Water State Revolving Fund loans to Local Agencies to finance the construction of Localized Community Wastewater Treatment (LCWT) Systems; and

WHEREAS, California Clean Water State Revolving Fund policy requires implementation of a Management Plan for ongoing inspection, operations, maintenance and routine repair and replacement of LCWT systems financed by the Clean Water State Revolving Fund; and

WHEREAS, California Clean Water State Revolving Fund policy requires the adoption of user-based charges assessed on homeowners participating in the LCWT system to finance implementation of the Management Plan; and

WHEREAS, California Clean Water State Revolving Fund policy allow the Local Agency to delegate responsibility for Management Plan implementation and user charge administration and collection to a another responsible entity;

The  (Local Agency Name) hereby delegates the following responsibility to  (Responsible Entity Name):

- ☐ Implementation of the Management Plan for ongoing inspection, operations, maintenance and routine repair and replacement of the  (Name of LCWT System) submitted by the Local Agency as part of this funding application.
- ☐ Administration and collection of user charges assessed for the purposes of financing the Management Plan submitted by the Local Agency as part of this funding application for  (Name of LCWT System).

Signed this  Day of ,

\_\_\_\_\_  
(Local Agency Representative)

\_\_\_\_\_  
(Print Name and Title)

\_\_\_\_\_  
(Responsible Entity Representative)

\_\_\_\_\_  
(Print Name and Title)

## **ATTACHMENT D**

### **Feasibility Study Guidelines**

The following should be included in the Feasibility Study:

- Map with project area identified.
- Description of the operating condition of existing onsite wastewater treatment systems.
- Analysis of existing flows (if applicable), future flows based on the project area, and long-term flows based on developable land and growth projections.
- Review of soil survey data, site inspections, soil borings, plat maps and other local records to determine the feasibility of treatment alternatives.
- An evaluation of the following alternatives, in the priority order given:
  1. Combine all properties with malfunctioning onsite systems into clustered, soil-based wastewater treatment systems with centralized management.
  2. Combine most properties with malfunctioning onsite systems into clustered, soil-based wastewater treatment systems with centralized management. Replace existing malfunctioning onsite systems with new individual systems with centralized management on a supplemental basis for properties within the project area that cannot be combined into a clustered system.
  3. Replace malfunctioning onsite systems with new individual systems under centralized management to provide monitoring, operation, maintenance and replacement.
  4. Connect properties with malfunctioning systems to an existing treatment facility with centralized management that requires additional capacity through expansion.
- A description of effluent and sludge disposal alternatives.
- A description of the selected alternative determined to be most feasible for the site conditions.
- An analysis of collection system layout alternatives for the selected alternative.
- An estimated cost summary for the selected alternative, identifying planning/design and construction costs separately from cost estimates for ongoing operations, maintenance, inspections, repair, and replacement over a 20-year timeframe.
- Recommendations (if applicable)

## ATTACHMENT E

### Easement and Consent to Assessment

THIS AGREEMENT made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between the parties identified in the attached Exhibit A as Grantors (“Grantor”) and \_\_\_\_\_, (“Local Agency”) pertaining specifically to the real estate described in the attached Exhibit A (the “Parcels”), owned by the Grantors:

A. The Local Agency is engaged in a project (“the Project”) establishing a Subordinate Service District in which all wastewater treatment systems in the parcels in the Subordinate Service District will come into compliance with the requirements of the Local Agency and California regulations, which project will consist of the construction of a new localized community wastewater system, and other activities, all herein referred to as the Project. The name of the Project is \_\_\_\_\_.

B. The Grantors desire to convey an easement to the Local Agency for construction, operation and maintenance, now and in the future, of the wastewater treatment system serving the dwelling or other structures on the property of the Grantor.

C. The Local Agency will adopt an Ordinance governing the ownership, construction, operation, maintenance, and control of the septic systems for the lots identified in this document, which Ordinance will include a provision for assessment of the costs of construction, operations and maintenance, repair, reserve funding, and all other expenses to be incurred now or in the future pertaining to the Project. The Management Plan submitted as Attachment B to the Localized Community Wastewater Treatment application shall be incorporated into the Ordinance.

D. The Grantors consent to the enactment of said Ordinance and the establishment of the Subordinate Service District and the provisions thereof and agree that their Parcel will be subject to assessment now and in the future, by the Local Agency for costs of construction, operations and maintenance, repair, reserve funding and any other expenses to be incurred for the use, operation and maintenance of the system constructed as part of the Project.

NOW THEREFORE, for and in consideration of the Agreement and intent of the Local Agency to own and operate the Project, for the agreement of the Grantors to participate in the Project, for the benefit of the Parcels owned by the Grantors which will accrue as a result of the Project and for the benefit of the Local Agency and its citizens in having wastewater treatment facilities available that are in compliance with the government regulations,

IT IS HEREBY AGREED as follows:

1. Grantors hereby grant, transfer and convey to \_\_\_\_\_ (Local Agency), an easement over, under and across the Parcels, for purpose of constructing, operating, managing, maintaining, repairing, controlling, governing, and assessing for a localized community wastewater treatment system serving structures on the Parcels, consisting of, but not limited to

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (facility description)  
and all other equipment and appurtenances necessary for the proper existence and maintenance of a localized community wastewater system that will serve the dwellings of other structures located upon the Parcels, in a manner that is and remains in compliance with Local Agency and California regulations. The easement established herein shall run with land.

2. The Grantors, as owners of the Parcels, for themselves, their personal representatives, successors and assigns, hereby consent to the authority of the Local Agency and or Subordinate Service District to assess against the Parcels, as part of tax assessments against the Parcels or otherwise, all of the costs incurred by the Local Agency or Subordinate Service District in constructing, maintaining, operating, repairing, and controlling the septic treatment system to which the easement pertains, all in a manner necessary and appropriate for the establishment and continuance of the local community wastewater treatment system serving the Parcels to be in compliance with current and future regulations of the Local Agency and California government.

3. The undersigned acknowledges the authority of the Local Agency in enacting and thereafter amending the Ordinance pertaining to the system constructed pursuant to the Project, as will be deemed necessary and appropriate by the governing authority of the Local Agency.

4. The parties to this Agreement understand that originally, the construction will be undertaken and the costs of construction will be assessed against the Parcels, the cost of construction being specific to each Parcel. In addition, an annual assessment necessary for operation and maintenance, including regular inspections and maintenance of the system, will be enacted and said costs will be assessed against each Parcel. The anticipated annual costs of operation, maintenance, inspections, and pumping will be on a per-lot basis. These two assessments will include all lots that are a party to this agreement and on which a portion of the local community wastewater treatment system is located all in accordance with the Ordinance to be adopted by the Local Agency, as amended thereafter from time to time.

The parties agree that the Local Agency will be authorized, by adoption and future amendment of the Ordinance pertaining to the Project to alter the method of assessment and types of matters that may be assessed, specifically on lots on which portions of the local community wastewater treatment system are located.

IN WITNESS WHEREOF the Parties have hereunto set their hands the day and year first above written.

\_\_\_\_\_ (Local Agency)

By: \_\_\_\_\_ (Signature)

\_\_\_\_\_ (Title)

By: \_\_\_\_\_ (Signature)

\_\_\_\_\_ (Title)

NOTARY STATEMENT AND SEAL:

GRANTORS:

1. \_\_\_\_\_ (Signature) \_\_\_\_\_ (Signature) NOTARY STATEMENT AND SEAL:  
 (Type Name) (Type Name)

2. \_\_\_\_\_ (Signature) \_\_\_\_\_ (Signature) NOTARY STATEMENT AND SEAL:  
 (Type Name) (Type Name)

3. \_\_\_\_\_ (Signature) \_\_\_\_\_ (Signature) NOTARY STATEMENT AND SEAL:  
 (Type Name) (Type Name)





**EXHIBIT A**

	<b>Parcel Number</b>	<b>Property Owner</b>	<b>Legal Description</b>
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

