

This document was created using information obtained at:  
[https://leginfo.legislature.ca.gov/faces/codes\\_displayText.xhtml?lawCode=WAT&division=7.&title=&part=&chapter=6.5.&article](https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=WAT&division=7.&title=&part=&chapter=6.5.&article)

## **WATER CODE - WAT**

### **DIVISION 7. WATER QUALITY [13000 - 16104]**

*( Division 7 repealed and added by Stats. 1969, Ch. 482. )*

#### **CHAPTER 6.5. State Water Pollution Control Revolving Fund [13475 - 13485]**

*( Chapter 6.5 added by Stats. 1987, Ch. 1313, Sec. 1. )*

##### [13475.](#)

(a) The Legislature hereby finds and declares that since the federal Clean Water Act (33 U.S.C. Sec. 1251 et seq.) provides for establishment of a perpetual water pollution control revolving loan fund, which will be partially capitalized by federal contributions, it is in the interest of people of the state, in order to ensure full participation by the state under the federal Clean Water Act, to enact this chapter to authorize the state to establish and implement a state/federal water pollution control revolving fund in accordance with federal provisions, requirements, and limitations.

(b) The primary purpose of this chapter is to enact a statute consistent with the provisions and requirements of the federal Clean Water Act, as those provisions, requirements, and limitations relate to establishment, management, and operation of a state/federal water pollution control revolving fund. It is the intent of the Legislature that the terms of this chapter shall be liberally construed to achieve this purpose.

*(Added by Stats. 1987, Ch. 1313, Sec. 1. Effective September 28, 1987.)*

##### [13476.](#)

Unless the context otherwise requires, the following definitions govern the construction of this chapter:

(a) “Administration fund” means the State Water Pollution Control Revolving Fund Administration Fund.

(b) “Board” means the State Water Resources Control Board.

(c) “Federal Clean Water Act” or “federal act” means the Clean Water Act (33 U.S.C. Sec. 1251 et seq.) and acts amendatory thereof or supplemental thereto.

(d) (1) “Financial assistance” means assistance authorized under Section 13480. Financial assistance includes loans, refinancing, installment sales agreements, purchase of debt, and loan guarantees for municipal revolving funds, but excludes grants.

(2) Notwithstanding paragraph (1), financial assistance may include grants or other assistance directed by a federal grant deposited in the fund to the extent authorized and funded by that grant.

(e) “Fund” means the State Water Pollution Control Revolving Fund.

(f) “Grant fund” means the State Water Pollution Control Revolving Fund Small Community Grant Fund.

(g) “Matching funds” means money that equals that percentage of federal contributions required by the federal act to be matched with state funds.

(h) “Municipality” has the same meaning and construction as in the federal act and also includes all state, interstate, and intermunicipal agencies.

(i) “Publicly owned” means owned by a municipality.

(j) “Severely disadvantaged community” means a community with a median household income of less than 60 percent of the statewide median household income.

*(Amended by Stats. 2015, Ch. 673, Sec. 35. (AB 1531) Effective January 1, 2016.)*

#### 13477.

The State Water Pollution Control Revolving Fund is hereby created in the State Treasury, and, notwithstanding Section 13340 of the Government Code, all moneys in the fund are continuously appropriated without regard to fiscal years to the board for expenditure in accordance with this chapter. The board is the state agency responsible for administering the fund. In order to facilitate compliance with the federal Tax Reform Act of 1986 (Public Law 99-514), there is hereby established in the fund a Federal Revolving Loan Fund Account and a State Revolving Loan Fund Account. From time-to-time thereafter, the board may modify existing accounts in the fund and may establish other accounts in the fund, and in all other funds administered by the board, which the board deems appropriate or necessary for proper administration.

*(Added by Stats. 1987, Ch. 1313, Sec. 1. Effective September 28, 1987.)*

#### 13477.5.

(a) The State Water Pollution Control Revolving Fund Administration Fund is hereby created in the State Treasury.

(b) The following moneys shall be deposited in the administration fund:

(1) Moneys transferred to the administration fund to pay the costs incurred by the board in connection with the administration of this chapter.

(2) The amounts collected for financial assistance services pursuant to subdivision (c).

(3) Notwithstanding Section 16475 of the Government Code, any interest earned upon the moneys deposited in the administration fund.

(c) (1) For any financial assistance made pursuant to Section 13480, the board may assess an annual charge for financial assistance services with regard to the financial assistance, not to exceed 1 percent of the financial assistance balance computed according to the true interest cost method.

(2) Any amounts collected under this subdivision shall be deposited in the administration fund.

(3) The financial assistance service rate authorized by this subdivision may be applied at any time during the term of the financial assistance, and once applied, shall remain unchanged for the duration of the financial assistance and shall not increase the financial assistance repayment amount as set forth in the terms and conditions imposed pursuant to this chapter.

(d) Moneys in the administration fund, upon appropriation by the Legislature to the board, may be expended for payment of the reasonable costs of administering the fund.

(e) The board shall set the total amount of revenue collected each year through the charges authorized by subdivision (c) at an amount that is as equal as practicable to the revenue levels set forth in the annual Budget Act for this activity. At least once each fiscal year, the board shall adjust the financial assistance service rate imposed pursuant to subdivision (c) to conform with the revenue levels set forth in the annual Budget Act.

*(Amended by Stats. 2008, Ch. 609, Sec. 4. Effective January 1, 2009.)*

[13477.6.](#)

(a) The State Water Pollution Control Revolving Fund Small Community Grant Fund is hereby created in the State Treasury.

(b) The following moneys shall be deposited in the grant fund:

(1) Moneys transferred to the grant fund pursuant to subdivision (c).

(2) Notwithstanding Section 16475 of the Government Code, any interest earned upon the moneys deposited in the grant fund.

(3) Any moneys deposited pursuant to Section 79723.

(c) (1) For any financing made pursuant to Section 13480, the board may assess an annual charge to be deposited in the grant fund in lieu of interest that would otherwise be charged.

(2) The charge authorized by this subdivision may be applied at any time during the term of the financing, and, once applied, shall remain unchanged unless the board determines that the application of the charge is any of the following:

(A) No longer consistent with federal requirements regarding the fund.

(B) No longer necessary.

(C) Negatively affecting the board's ability to fund projects that support its water quality goals.

(3) The charge shall not increase the financing repayment amount as set forth in the terms and conditions imposed pursuant to this chapter.

(4) If the board ceases collecting the charge before the financing repayment is complete, the board shall replace the charge with an identical interest rate.

(d) (1) Moneys in the grant fund, upon appropriation by the Legislature to the board, may be expended, in accordance with this chapter, for grants for wastewater projects described in subdivision (c) of Section 1383 of Title 33 of the United States Code that serve small communities as defined in subdivision (a) of Section 30925 of the Public Resources Code. The board shall expend moneys appropriated from the grant fund within four years from the date of encumbrance.

(2) For the purpose of approving grants, the board shall give priority to projects that serve severely disadvantaged communities.

(3) In addition to the uses set forth in paragraph (1), moneys deposited in the grant fund pursuant to Section 79723, upon appropriation by the Legislature to the board, may be expended for technical assistance as authorized by Section 79725.

*(Amended by Stats. 2015, Ch. 673, Sec. 36. (AB 1531) Effective January 1, 2016.)*

13478.

(a) The board may undertake any of the following:

(1) Enter into agreements with the federal government for federal contributions to the fund.

(2) Accept federal contributions to the fund.

(3) Enter into an agreement with, and accept matching funds from, a municipality. A municipality that seeks to enter into an agreement with the board and provide matching funds pursuant to this subdivision shall provide to the board evidence of the availability of those funds in the form of a written resolution adopted by the governing body of the municipality before it requests a preliminary financial assistance commitment.

(4) Use moneys in the fund for the purposes permitted by the federal act.

(5) Provide for the deposit of matching funds and any other available and necessary moneys into the fund.

(6) Make requests on behalf of the state for deposit into the fund of available federal moneys under the federal act and determine on behalf of the state appropriate maintenance of progress toward compliance with the enforceable deadlines, goals, and requirements of the federal act.

(7) Determine on behalf of the state that publicly owned treatment works that receive financial assistance from the fund will meet the requirements of, and otherwise be treated as required by, the federal act.

(8) Provide for appropriate audit, accounting, and fiscal management services, plans, and reports relative to the fund.

(9) Take additional incidental action as appropriate for the adequate administration and operation of the fund.

(10) Charge municipalities that elect to provide matching funds a fee to cover the actual cost of obtaining the federal funds pursuant to Section 603(d)(7) of the federal act (33 U.S.C. Sec. 1383(d)(7)) and processing the financial assistance application. The fee shall be waived by the board if sufficient funds to cover those costs are available from other sources.

(11) Use money returned to the fund under clause (ii) of subparagraph (D) of paragraph (1) of subdivision (b) of Section 13480, and any other source of matching funds, if not prohibited by statute, as matching funds for the federal administrative allowance under Section 603(d)(7) of the federal act (33 U.S.C. Sec. 1383(d)(7)).

(12) Expend money repaid by financial assistance recipients for financial assistance service under clauses (i) and (ii) of subparagraph (D) of paragraph (1) of subdivision (b) of Section 13480 to pay administrative costs incurred by the board under this chapter.

(13) Engage in the transfer of capitalization grant funds, as authorized by Section 35.3530(c) of Title 40 of the Code of Federal Regulations and reauthorized by Public Law 109-54, to the extent set forth in an Intended Use Plan, that shall be subject to approval by the board.

(14) Cross-collateralize revenue bonds with the Safe Drinking Water State Revolving Fund created pursuant to Section 116760.30 of the Health and Safety Code, as authorized by Section 35.3530(d) of Title 40 of the Code of Federal Regulations.

(b) This section shall become operative on July 1, 2014.

*(Repealed (in Sec. 187) and added by Stats. 2014, Ch. 35, Sec. 188. (SB 861) Effective June 20, 2014. Section operative July 1, 2014, by its own provisions.)*

[13479.](#)

(a) The board may enter into an agreement with the federal government for federal contributions to the fund only if both of the following conditions have been met:

(1) The state has identified any required matching funds.

(2) The board is prepared to commit to the expenditure of any minimum amount in the fund in the manner required by the federal act.

(b) Any agreement between the board and the federal government shall contain those provisions, terms, and conditions required by the federal act, and any implementing federal rules, regulations, guidelines, and policies, including, but not limited to, agreement to the following:

(1) Moneys in the fund shall be expended in an expeditious and timely manner.

(2) All moneys in the fund as a result of federal capitalization grants shall be used to assure maintenance of progress toward compliance with the enforceable deadlines, goals, and requirements of the federal act, including any applicable municipal compliance deadlines.

*(Amended by Stats. 1995, Ch. 370, Sec. 3. Effective August 4, 1995.)*

[13480.](#)

(a) Moneys in the fund shall be used only for the permissible purposes allowed by the federal act or a federal grant deposited in the fund, to the extent authorized and funded by that grant.

(b) Consistent with expenditure for authorized purposes, moneys in the fund may be used for the following purposes:

(1) Loans that meet all of the following requirements:

(A) Are made at or below market interest rates.

(B) Require annual payments of principal and any interest, with repayment commencing not later than one year after completion of the project for which the loan is made and full amortization not later than 30 years after project completion unless otherwise authorized by a federal grant deposited in the fund to the extent authorized and funded by that grant. Loan forgiveness is permissible to the extent authorized by a federal grant deposited in the fund to the extent authorized and funded by that grant.

(C) Require the loan recipient to establish an acceptable dedicated source of revenue for repayment of a loan.

(D) (i) Contain other terms and conditions required by the board or the federal act or applicable rules, regulations, guidelines, and policies. To the extent permitted by federal law, the combined interest and loan service rate shall be set at a rate that does not exceed 50 percent of the interest rate paid by the state on the most recent sale of state general obligation bonds and the combined interest and loan service rate shall be computed according to the true interest cost method. If the

combined interest and loan service rate so determined is not a multiple of one-tenth of 1 percent, the combined interest and loan service rate shall be set at the multiple of one-tenth of 1 percent next above the combined interest and loan service rate so determined. A loan from the fund used to finance costs of facilities planning, or the preparation of plans, specifications, or estimates for construction of publicly owned treatment works shall comply with Section 603(e) of the federal act (33 U.S.C. Sec. 1383(e)).

(ii) Notwithstanding clause (i), if the loan applicant is a municipality, an applicant for a loan for the implementation of a management program pursuant to Section 319 of the federal act (33 U.S.C. Sec. 1329), or an applicant for a loan for nonpoint source or estuary enhancement pursuant to Section 320 of the federal act (33 U.S.C. Sec. 1330), and the applicant provides matching funds, the combined interest and loan service rate on the loan shall be 0 percent. A loan recipient that returns to the fund an amount of money equal to 20 percent of the remaining unpaid federal balance of an existing loan shall have the remaining unpaid loan balance refinanced at a combined interest and loan service rate of 0 percent over the time remaining in the original loan contract.

(2) To buy or refinance the debt obligations of municipalities within the state at or below market rates if those debt obligations were incurred after March 7, 1985.

(3) To guarantee, or purchase insurance for, local obligations where that action would improve credit market access or reduce interest rates.

(4) As a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the state, if the proceeds of the sale of those bonds will be deposited in the fund.

(5) To establish loan guarantees for similar revolving funds established by municipalities.

(6) To earn interest.

(7) For payment of the reasonable costs of administering the fund and conducting activities under Subchapter VI (commencing with Section 601) of the federal act (33 U.S.C. Sec. 1381 et seq.). Those costs shall not exceed 4 percent of all federal contributions to the fund, four hundred thousand dollars (\$400,000) per year, or one-fifth of 1 percent per year of the current valuation of the fund, whichever amount is greatest, plus the amount of any fees collected by the state for this purpose regardless of the source.

(8) For financial assistance toward the nonfederal share of the costs of grant-funded treatment works projects, to the extent permitted by the federal act.

(9) Grants, principal forgiveness, negative interest rates, and any other type of, or variation on the above types of, assistance authorized by a federal grant deposited in the fund, to the extent authorized and funded by that grant.

*(Amended by Stats. 2015, Ch. 673, Sec. 37. (AB 1531) Effective January 1, 2016.)*

#### 13481.

The fund shall be used to provide financial assistance only for projects which are (a) consistent with plans, if any, developed under Sections 205(j), 208, 303(e), 319, and 320 of the federal act, and (b) on the approved state priority list adopted under Section 216 of the federal act.

*(Added by Stats. 1987, Ch. 1313, Sec. 1. Effective September 28, 1987.)*

#### 13481.5.

The board, for the purposes of administering the fund, shall give favorable consideration to the following types of eligible projects: projects that address public health problems or the pollution of impaired water bodies, projects necessary to comply with regulatory requirements, water recycling projects, projects undertaken to prevent or minimize water quality degradation, and projects undertaken in response to an administrative enforcement order.

*(Added by Stats. 2004, Ch. 559, Sec. 1. Effective January 1, 2005.)*

[13481.6.](#)

(a) As a condition of receiving financial assistance under this chapter for work performed at the City of San Diego's North City Water Reclamation Plant, North City Pure Water Facility, or any other portion of the Pure Water San Diego Program, an applicant shall ensure that any construction contract awarded on or after January 1, 2020, for any phase of the Pure Water San Diego Program, including, but not limited to, expanding or modifying wastewater conveyance, detention, or treatment processes at the North City Water Reclamation Plant, work on the North City Pure Water Facility or the adjacent Pure Water Pump Station, or work on any other portion of the Pure Water San Diego Program, requires the contractor to enter into a project labor agreement that meets the requirements of Section 2500 of the Public Contract Code.

(b) The condition on receiving financial assistance imposed pursuant to this section shall remain in effect only until completion of all phases of the Pure Water San Diego Program.

*(Added by Stats. 2019, Ch. 755, Sec. 2. (AB 1290) Effective January 1, 2020.)*

[13481.7.](#)

Subject to all applicable constitutional restrictions, a municipality may borrow money and incur indebtedness pursuant to this chapter.

*(Added by Stats. 2011, Ch. 513, Sec. 8. (SB 244) Effective January 1, 2012.)*

[13482.](#)

(a) In accordance with the Clean Water Bond Law of 1984 (Chapter 13 (commencing with Section 13999)), the board, with the approval of the Clean Water Finance Committee, may transfer funds from the Clean Water Construction Grant Account to the fund for the purpose of meeting federal requirements for matching moneys in the fund.

(b) Any repayment of fund moneys, including interest payments, and all interest earned on, or accruing to, any moneys in the fund, shall be deposited in the fund and shall be available, in perpetuity, for expenditure for the purposes and uses authorized by the federal act.

(c) A municipality that elects to provide matching funds shall do all of the following:

(1) Establish an account or other funding mechanism permitted by law for the deposit and use of those funds.



(2) Pay the state's share of the amount of money owed to any contractor for services rendered to that municipality and transmit evidence of payment to that contractor to the board before the federal matching funds become available pursuant to the federal act.

(3) Grant to the state access to the financial records of the account or other funding mechanism established pursuant to paragraph (1).

*(Amended by Stats. 1995, Ch. 370, Sec. 5. Effective August 4, 1995.)*

13483.

(a) To the extent permitted by federal and state law, moneys in the fund may be used to rebate to the federal government all arbitrage profits required by the federal Tax Reform Act of 1986 (Public Law 99-514), or any amendment thereof or supplement thereto. To the extent that this use of the moneys in the fund is prohibited by federal or state law, any rebates required by federal law shall be paid from the General Fund or other sources, upon appropriation by the Legislature.

(b) Notwithstanding any other provision of law or regulation, the board may enter into contracts, or may procure those services and equipment, which may be necessary to ensure prompt and complete compliance with any provisions relating to the fund imposed by either the federal Tax Reform Act of 1986 (Public Law 99-514) or the federal Clean Water Act.

*(Added by Stats. 1987, Ch. 1313, Sec. 1. Effective September 28, 1987.)*

13485.

(a) The board may adopt rules and regulations necessary or convenient to implement this chapter and to meet federal requirements pursuant to the federal act.

(b) The board may implement this chapter through a policy handbook that shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of the Government Code.

(c) This section shall become operative on July 1, 2014.

*(Repealed (in Sec. 189) and added by Stats. 2014, Ch. 35, Sec. 190. (SB 861) Effective June 20, 2014. Section operative July 1, 2014, by its own provisions.)*