



May 28, 2019

Sent via Electronic Mail: commentletters@waterboards.ca.gov

The Honorable E. Joaquin Esquivel, Chair, and Members
c/o Jeanine Townsend, Clerk to the Board
State Water Resources Control Board, Division of Financial Assistance
1001 I Street, 24th Floor
Sacramento, CA 95814

Subject: Comment Letter – June 18, 2019 Board Meeting – SFY 2019–20 (FFY 2019) DWSRF IUP

Dear Chair Esquivel:

The City of San Diego (City) is pleased to have this opportunity to provide input on the Draft Drinking Water State Revolving Fund Intended Use Plan (DWSRF IUP) for State Fiscal Year (SFY) 2019–20, and offers the following comments regarding the IUP:

Adoption of the Draft SFY 2019–20 DWSRF IUP

The City of San Diego (City) is supportive of adoption of the draft SFY 2019–20 DWSRF IUP as presented. The City understands that the State Water Resources Control Board (SWRCB) has sought changes to the DWSRF Program to make the financing process more predictable and manageable. The prioritization and scoring mechanism used for development of the Fundable List of applications for SFY 2019–20 is recognized as a critical initiative for the SWRCB given the increasing demand for DWSRF funding. The City is supportive of the SWRCB's ongoing efforts to increase availability of cost-effective financing in support of water quality initiatives and is supportive of the newly implemented application scoring system for creation of the Fundable List.

Increasing Program Impact Through Flexibility and Partial Financing

The City is supportive of the SWRCB's goal of funding both large and small projects throughout the State of California. The IUP evidences creativity in maximizing impact of SRF program funds by co-funding larger projects with CWSRF and DWSRF program funds. Additionally, providing partial financing, particularly for projects also receiving funding from other sources such as the U.S. Environmental Protection Agency WIFIA Program, will increase impact to agencies across the State. The City reached financial close for a \$614M WIFIA loan to provide complementary funding for the Pure Water Program projects in November 2018.

The Pure Water Program Phase 1 North City Projects (Projects 8419 110–810)

As previously shared with the Board in the comment letter dated May 10, 2018 regarding the SFY 2018–19 CWSRF IUP, the Pure Water Program and its goal of creating a new sustainable and reliable local drinking water supply is a critical initiative for the City and greater San Diego region. The support and partnership of the SWRCB is essential to the City in realizing this initiative. For the City's Water and Wastewater Utilities and their ratepayers, receiving low cost financing solutions such as SRF loans is imperative to generate an affordable and cost-efficient financing plan to implement a large project such as Pure Water.

The Pure Water Program Phase 1 Projects

Pure Water is the City's phased, multi-year program that produces a safe, reliable and sustainable water supply for the City. Each of the City's Pure Water Program Phase 1 projects (Projects 8419–110 to –810) are required to generate 30 million gallons per day of potable water by 2024. At full, final build-out by 2035, Pure Water will provide 83 million gallons per day.

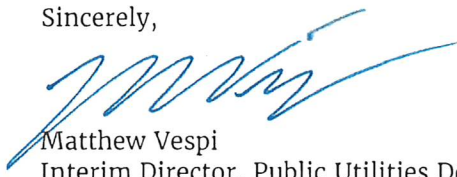
Pure Water supports the goals of the State Water Board's Strategic Plan Update and the California Water Action Plan. Pure Water creates a reliable, drought-proof water supply for San Diego while focusing on sustainability and environmental protection.

- Pure Water will provide more than 50% reduction in ocean discharges via the Point Loma Wastewater Treatment Plant by maximizing the amount of water that is reused.
- One-third of the City's water supply will be provided, reducing reliance on imported water.
- Implementation of the Pure Water Program will benefit 1.4 million residents in the City of San Diego and will be the first City to leverage the new surface water regulation in the State of California.
- Renewable energy production will be leveraged to power a substantial portion of Phase 1 facilities, supporting the City's Climate Action Plan Targets.
- San Diego's environmental community, including San Diego Coastkeeper, Surfrider Foundation, San Diego Audubon Society and the Environmental Rights Foundation are all supporters of Pure Water San Diego.
- Availability of Pure Water, regardless of drought or rain, will make it a consistent water source for San Diego.
- Potential limitations of supplies due to natural disasters, such as earthquakes, will be lessened by local water production.

The City will issue the first Notice to Proceed for Phase I Pure Water construction on May 28, 2019. The remaining Phase 1 projects are expected to be constructed mostly concurrently with substantial completion for the projects estimated by Summer 2023 and full operation by early 2024.

Thank you for this opportunity to provide input on the Draft DWSRF IUP and placement of Pure Water Program Phase 1 projects (Projects 8419-110 to -810) on the Fundable List for SFY 2019-20. Please contact Brian Mandell, Debt Manager, at (619) 533-4519 or bmandell@sandiego.gov with any questions or requests for further information.

Sincerely,



Matthew Vespi
Interim Director, Public Utilities Department
Department



John J. Helminski
Assistant Director, Public Utilities



Lakshmi Kommi
Director of Debt Management



Brian Mandell
Debt Manager

cc: Patrick Bouteller, Director of Government Relations, Office of the Mayor, City of San Diego