



May 10, 2018

Jeanine Townsend, Clerk to the Board  
State Water Resources Control Board  
1001 I Street, 24th Floor  
Sacramento, CA 95814

Sent via email to [commentletters@waterboards.ca.gov](mailto:commentletters@waterboards.ca.gov)

**Re: Comment Letter – June 19, 2018 Board Meeting – FFY 2018 CWSRF IUP**

Dear Ms. Townsend,

On behalf of the above-listed organizations, we would like to offer the following comments on the draft Intended Use Plan for the Clean Water State Revolving Fund and Proposition 1, Chapter 5 (section 79723). Our organizations work on behalf of disadvantaged communities in California, and therefore focus these comments on the collection and disbursement of funds in Small Community Wastewater Grant program, which has been significantly augmented by funding from Proposition 1.

**I. INTRODUCTION**

**B. Connections to Other Plans, Goals, and Programs of the State Water Board and the California Environmental Protection Agency (CalEPA)**

We appreciate the reference to the Water Code 106.3, the Human Right to Water. This reference should be augmented by reference to the State Board's Resolution #2016-0010 "ADOPTING THE HUMAN RIGHT TO WATER AS A CORE VALUE AND DIRECTING ITS IMPLEMENTATION IN WATER BOARD PROGRAMS AND ACTIVITIES." In particular, the resolution directs staff to take specific actions to implement the Human Right to Water. Of special importance for inclusion in this document is the resolved clause directing State Board staff to "work with relevant stakeholders and develop performance measures for the evaluation of the board's progress towards the realization of the human right to water, evaluate that progress, and explore ways to make that information more readily available to the public." We believe that this requires that the IUP identify performance measures and metrics to identify and address Californians that lack basic sanitation, particularly where that lack impacts safe drinking water.

**II. WATER QUALITY FINANCING NEEDS**

**C. State Water Board Guidance**

### **3. Disadvantaged Communities**

We think this section could be improved by providing more specific information about how the Capacity Development Strategy is being implemented, particularly Goal #2, *identify systems with low TMF capacity*. We recommend that this report include information from the Office of Sustainable Water Solutions about their findings related to the goals of the Capacity Development Strategy, and how their efforts are incorporated into the IUP. We also notice that the Capacity Development Strategy is scheduled to expire this year, and would welcome the opportunity to participate in its update.

## **III. PROGRAM CAPACITY**

### **C. Financial Outlook**

#### **2. CWSRF Principal forgiveness**

The IUP identifies a shortfall in funding for DAC and SDAC projects, yet does not anticipate using any of the principal forgiveness funding from the capitalization grant to address that shortfall. We disagree with this decision, and do not see any underlying policy guidance that would support it.

#### **3. Proposition 1**

##### **a. Small Community Grant Fund**

This section provides little information about how Proposition 1 funding is allocated to planning versus capital projects. This is important because it gives us some idea about how many projects might be ready for project funding in the next 2-4 years, and allows staff to predict both dollar and staffing needs to process those proposals.

We also appreciate the language indicating that staff will reinstate the statutorily permitted fee-in-lieu-of-interest charge in the coming year. We would note, however, that this exact paragraph was included in last year's IUP, but apparently was never implemented. Meanwhile, this IUP projects a shortfall in funding in the coming year to address DAC projects. We would appreciate an explanation. Given the high level of need for funding for DAC and SDAC projects, we strongly recommend that this fee be applied continually.

#### **E. Analysis of Financial Impacts and Development of a Fundable List**

We appreciate the intent to fund all DAC and SDAC projects on the fundable list, but because of the limited availability of grant funding two-thirds of that funding will be offered in the form of a loan. We question the reality of funding scenarios that assume that these communities will be able to qualify for a loan.

#### **G. Future Financing Trends**

The over-subscription of the Fund is healthy and we welcome the opportunity to participate in the development of a fund prioritization system. We recommend that, before that effort begins, staff work with the Office of Sustainable Water Solutions to identify long-term funding needs for DAC communities.

## **V. OUTCOMES, GOALS, ACTIVITIES, AND MEASURES**

### **B. Fund the Most Beneficial Projects**

We appreciate this goal and the accompanying objectives, particularly the commitments that 25% of funded projects will be DACs and that reimbursements will be processed within 30 days. We think more specificity could be applied to outreach efforts and project prioritization and that think this section could be significantly improved by actually identifying activities that would achieve the listed goals.

Some activities could include: prioritization of DAC projects based on actual or potential threats to public health; incentivizing system consolidation to address the wastewater needs of DAC communities; developing outreach programs to fund septic system upgrades; committing to and developing a pipeline of DAC projects that will be shovel ready over the next 3 years. Measurement could include the number of anticipated DAC projects funded, the number completed, consolidations accomplished, and septic programs funded.

### **APPENDIX B: CWSRF Project Financing Forecast for SFY 2018-19 – Fundable List**

### **APPENDIX C: CWSRF Project Financing Forecast for SFY 2018-19 – Comprehensive List**

These are very long tables. It would be easier to read if the column headings were repeated on each page.

### **APPENDIX E: SCG Construction Grant Eligibility Criteria for Septic to Sewer and Regional Projects**

This table shows limitations eligible projects costs, maximum grant sizes and maximum cost per household for DACs and SDACs. We are concerned that these limitations may have prevented needed projects from moving forward, and would appreciate it if this plan would provide information about how these limits were developed and to what extent they may have prevented projects from moving forward. Also, we recommend that these limits be waived for consolidation projects.

Thank you for the opportunity to comment on this document. We look forward to working with you to continue to improve the program.

Sincerely



Michael Claiborne  
Staff Attorney  
Leadership Counsel for Justice and Accountability



Deborah Ores  
Attorney  
Community Water Center



Jennifer Clary  
Water Policy Analyst  
Clean Water Action