



Monterey Regional Water Pollution Control Agency

*"Dedicated to meeting the wastewater and reclamation needs
of our member agencies, while protecting the environment."*

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March 12, 2014

Ms. Felicia Marcus, Chair and Members
State Water Resources Control Board
1001 I Street
Sacramento, CA 95814



Submitted via electronic mail: commentletters@waterboards.ca.gov

Chair Marcus and Members:

**SUBJECT: Resolution to Provide Financial Incentives in
Response to the Governor's Drought Proclamation for Near-Term
Recycled Water Projects – Agenda Item #3, Board Meeting of
March 18, 2014**

Monterey Regional Water Pollution Control Agency (MRWPCA) is pleased to provide comments on the proposed resolution to provide funding incentives for the Clean Water State Revolving Fund (CWSRF) program directed to incentivize near-term recycled water projects.

MRWPCA is developing a Groundwater Replenishment Project (GWR) to replace water supplies of the Carmel River by Board action of Order 95-10 and the CDO. GWR is an indirect potable reuse project that would produce a minimum of 3,500 AFY of advanced treated water for injection into the Seaside Groundwater Basin for later extraction by the local water purveyors.

As you may know, MRWPCA applied for and received a Facilities Planning Grant from the Water Recycling Funding Program (WRFPP) in the amount of \$75,000 for its GWR project. The Facilities Plan Report is underway and anticipated to be submitted in draft to the SWRCB in September of this year.

On January 8 of this year, MRWPCA met with staff of the Division of Financial Assistance to review requirements for submitting a CWSRF loan application for

Joint Powers Authority Member Entities:

Boronda County Sanitation District, Castroville Community Services District, County of Monterey, Del Rey Oaks, Fort Ord, Marina Coast Water District, Monterey, Moss Landing County Sanitation District, Pacific Grove, Salinas, Sand City, and Seaside.

the GWR. MRWPCA is pursuing the necessary requirements to complete and submit an SRF application in 2014. GWR is on a fast-track development schedule and will be implemented before December of 2016.

MRWPCA supports the adoption of the proposed resolution, which will move recycled water projects forward more quickly to provide much needed water supply benefits. In addition to the financing terms, we ask the Board to exercise flexibility to address other loan terms and conditions that may constitute barriers to project applicants. These include:

- **Reduced SRF Interest Rate:** In response to California's most severe and ongoing drought, we believe that it is critical that the state's water supply reliability be addressed as a priority item. The recent State and Federal designations of California's drought emergency are a call-to-action to ensure that we are maximizing water sustainability through the development of financially affordable water recycling and conservation programs. The successful development and construction of the GWR and other recycled water projects throughout the State depend on funding support; much as the development of our potable infrastructure did. The SWRCB's consideration of zero or reduced interest rate loans, with the support from other Statewide and Federal programs, can be vital to their financial feasibility and affordability to affected ratepayers.
- **Repayment Schedules:** While already allowed by the CWSRF, it would be helpful to ensure that the program was promoting the tool of "customized" schedules based on unique circumstances. This would ensure that annual debt service payments are the same in each year.

We appreciate the State Water Board moving forward to incentivize new recycled water projects that will provide reliable, sustainable and drought-proof water supplies for our communities.

Sincerely,



Keith Israel
General Manager