



Bay Area Biosolids to Energy

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May 28, 2015

Sent via email to: commentletters@waterboards.ca.gov



The Honorable Felicia Marcus, Chair
and Members of the State Water Resources Control Board
c/o Jeanine Townsend
Clerk to the Board
State Water Resources Control Board
1001 I Street
Sacramento, CA 95814

SUBJECT: 6/2/2015 BOARD MEETING ITEM 8: CONSIDERATION OF A PROPOSED RESOLUTION TO ADOPT THE STATE FISCAL YEAR 2015-16 CLEAN WATER STATE REVOLVING FUND INTENDED USE PLAN

Dear Chair Marcus and Members of the Board:

The Bay Area Biosolids to Energy Coalition appreciates the opportunity to comment on the State Water Resources Control Board’s potential adoption of the State Fiscal Year 2015-2016 Clean Water State Revolving Fund Intended Use Plan (IUP). We support the proposal to promote efforts to address climate change by directing principal forgiveness funds toward projects addressing water and energy efficiency, mitigation of stormwater runoff, or sustainable project planning, design, or construction. One change we would like the Board to consider is an increase in the principal forgiveness cap from \$2.5 million up to \$5 million. We understand that the overall principal forgiveness funds are limited (estimated \$30 million for the Federal Fiscal Year 2015 Grant), and we also understand that there are projects with significant funding needs. We believe that raising the cap does not obligate this amount in principal forgiveness for projects, but rather gives flexibility to provide additional subsidization that may be needed for eligible projects.

The Bay Area Biosolids to Energy Coalition is comprised of 19 wastewater agencies working together to implement a regional biosolids management solution that maximizes the renewable energy potential in biosolids and minimizes greenhouse gas emissions. The Coalition has selected an innovative hydro thermal water oxidation technology to implement and has been exploring financing options and seeking grants. Unfortunately, this new technology is not a good fit for existing state or federal grant funding opportunities. Without adequate financial assistance, implementing this cutting-edge project will result in biosolids management costs that are two to three times higher than current options, and therefore, not likely to get approval from the public agency decision makers. The Coalition needs both good financing terms and grants in order to implement this project. A Clean Water State Revolving Fund (CWSRF) loan and \$5 million in principal forgiveness could allow the Coalition to implement this technology, and pave the way for a new and beneficial approach to biosolids management for agencies throughout California.

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6/2/2015 BOARD MEETING ITEM 8

Page 2

The current principal forgiveness proposal in Table 4b in the IUP offers up to 50% of total project costs with a \$2.5 million cap. While 50% sounds significant, there are only 5 of 39 Green Project Reserve (GPR) projects identified in Table 2 of the IUP that are less than \$5 million in total financing costs. Twelve of the 39 GPR projects are \$10 million or less. We frequently see a desire by funding agencies to try to spread limited grant funds to many projects, which is admirable from an equitable allocation perspective, but may not be effective from a financial need perspective for implementing innovative GPR projects.

The CWSRF is a critical financial tool for public agencies, and we are pleased by the additional authorities and subsidization options now available to the State Water Resources Control Board. Please consider maximizing these opportunities for projects that can provide new innovation and help California meet its water and energy efficiency goals and address climate change issues. Thank you for your consideration of these comments.

Sincerely,



Gary W. Darling
General Manager, Delta Diablo
Lead Agency for the Bay Area Biosolids to Energy Coalition

JS/GWD:dj

cc: District File No. P.10089.03.04
Chron File