

October 12, 2018



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

Dear Ms. Townsend:

Subject: Comment Letter – November 27, 2018 Board Meeting – Clean Water State
Revolving Fund (CWSRF) Policy Amendment

The Los Angeles Department of Water and Power (LADWP) would like to express appreciation to the State Water Resources Control Board and its staff for their thorough and thoughtful update of the Policy for Implementing the CWSRF.

LADWP staff reviewed the proposed amended policy that was released on September 10, 2018, and attended the public workshop at Irvine Ranch Water District's offices in Irvine, California, on September 25, 2018.

LADWP's comments on the proposed amended policy are provided below.

Section VII. Water Recycling and Small DAC/SDAC Projects

LADWP recommends clarification of the intent and contents of this section (clean copy, page 13). The title and organization leave it unclear as to whether provisions applying to small DAC and SDAC projects also apply to all water recycling projects.

LADWP recommends the development of separate sections on 1) DAC/SDAC projects and 2) on water recycling projects to ensure that project sponsors clearly differentiate between considerations for each project type.

Section VIII. Planning/Design Financing

Section VIII (clean copy, page 14) includes the following new provision:

Planning and design costs are eligible for reimbursement as part of a project financing agreement if not previously financed.

Ms. Jeanine Townsend
Page 2
October 12, 2018

LADWP requests clarification of this statement as follows, with the proposed addition shown in **bold**:

*Planning and design costs are eligible for reimbursement as part of a project financing agreement if not previously financed **by the CWSRF**.*

CWSRF financing is typically provided on a reimbursement basis. As such, project sponsors may initially fund eligible project costs, particularly pre-construction allowances, through tax-exempt municipal bonds before receiving an award and seeking reimbursement. This language would clarify that these costs are still eligible for eventual CWSRF reimbursement.

Section IX. Project Financing

Subsection C.2, Ineligible Costs, is currently labeled as C.1.

Subsection C.2.g indicates that

Motor vehicles used for employee transportation or for the transportation of materials generated or consumed by the treatment plant

are ineligible costs. LADWP requests clarification as to whether this provision refers to the purchase price of vehicles only or also includes chargebacks that represent the cost of actual vehicle usage directly related to project delivery.

Appendix N: Credit/Financial Guidelines

LADWP appreciates the changes made to Appendix N, which address several of our previous questions and concerns regarding existing financial obligations. We hope to see similar changes adopted in the Credit/Financial Guidelines for the Drinking Water State Revolving Fund.

If you have any questions or require additional information, please contact me at (213) 367-0896 or Ms. Samantha Yu, Loans & Grants Manager, at (213) 367-3781.

Sincerely,



Julie Spacht
Water Executive Managing Engineer – Water System

KAO/SY:kao
By e-mail