



May 28, 2019

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



Re: Comment Letter SFY 2019-2020 CWSRF IUP

Dear Ms. Townsend,

On behalf of the above-listed organizations, we are pleased to offer the following comments on the draft Intended Use Plan for the Clean Water State Revolving Fund, Proposition 1 and Proposition 68. Our organizations work on behalf of disadvantaged communities in California, and therefore focus our comments on those parts of the program that impact them.

II. WATER QUALITY FINANCING NEEDS

B. State Water Board Guidance

1. Small and/or Disadvantaged Communities

As we have mentioned previously, we think this document provides insufficient information about how the Board's current Capacity Development Strategy is being implemented and how the Office of Sustainable Water Solutions identifies and reports its accomplishments. We think the proposal to update the Strategy and integrating the role of the Office is a great idea. However, we do not think such an update is needed to provide more substantial performance measures for the delivery of services to DAC/SDAC communities. At a minimum, this document should use the 6 strategic goals of the Strategy document to identify quantifiable goals for this Plan.

III. FUNDING CAPACITY AND DISTRIBUTION OF FUNDS

C. Financial Outlook

3. Prop 1, Prop 68 and other Appropriate State Funds

a. Small Community Grant Fund

We would like some clarification about the administration and funding of the Small Community Grant Fund.

- For at least the third year in a row, the draft IUP states its intention of reinstating the fee in-lieu of interest charge to generate revenue for the Fund. Rather than continually repeating this statement, it might be more helpful to provide information on the trigger (at what level below the \$10 million annual cap would you restart the program) for resuming the program.
- This section refers to a multi-disciplinary technical assistance program funding through Prop 1 and states that the Plan refers to a “general process to administer Prop 1 TA funds. Unfortunately, we can find no such reference in the document. It would be helpful to provide information about what level of technical assistance will be available for DAC/SDAC systems in the coming year.

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

Again this year, available grant funding for DAC/SDAC projects is less than the anticipated demand. The IUP anticipates filling the gap with CWSRF loan funds. It would be helpful to understand whether this option deterred any DAC/SDAC applications in the 2018/2019 funding year, so we can understand the potential impact this year.

F. Future Financing Trends

We continue to be disappointed in the failure of this document to provide a forecast of future DAC/SDAC projects. At minimum this report should identify systems that are receiving technical assistance through the Office of Sustainable Water Solutions and those that have received planning grants. We note that the 2017/18 program report identifies 34 DAC/SDAC projects, 18 of which received planning grants. We were unable to find any of those projects on the Fundable list in this IUP. We know that the Board’s policy is to fund all shovel-ready DAC/SDAC projects but do not understand how that policy intersects with the shortfall in available grant funding already identified. We would appreciate some clarification.

As we have stated in prior comment letters, we think it is critically important to create a DAC/SDAC project pipeline that identifies systems out of compliance, those receiving technical assistance and those administering planning grants. We think this would enable better programming of available funding and staff resources and reduce the timeline for project delivery. Perhaps this list is already in existence, in which case we request that it be made public in this document.

G. CWSRF Resources and Workload

3. Administrative Funding

We appreciate the commitment to use the administrative allowance from the capitalization grant for local assistance. It would be helpful to understand what exactly is being funded from that allowance and what is eligible for funding. For instance, is this fund available for emergency projects?

IV. FINANCING AND PROGRAMMATIC REQUIREMENTS

E. Fiscal Sustainability Plan (FSP)

Can the Board clarify that preparation of the FSP is an eligible cost for both planning and construction funding for DAC and SDAC projects?

V. OUTCOMES, GOALS, ACTIVITIES, AND MEASURES

B. (Fund the Most Beneficial Projects)

We strongly support Long-Term Goal #2, “Achieve sustainable water resource management consistent with the Human Right to Water.”

- Include as short-term activities;
 - Update the State Board’s Clean Water and Drinking Water Capacity Development Strategy?
 - Work with local water boards to develop a list of out-of-compliance DAC and SDAC systems and determine their technical assistance needs, if any.
- Include as performance measures
 - 100% of systems that have requested technical assistance have received it;
 - For 90% of systems, the time between first technical assistance request and project completion is no more than 5 years;
 - The Office of Sustainable Water Solutions maintains an inventory of DAC/SDAC systems and their clean water infrastructure needs.

C. Efficient Service, Up-to-Date Policies and Procedures and Recognizable Products

We are disappointed to see that pledge to process reimbursements within 30 days, made in last year’s IUP, has been scaled back to 45 days. We understand that technical difficulties that have faced the Division of Financial Assistance with the new Fi\$Cal program, but request that the Board make a commitment to maintain that 30-day reimbursement window for DAC/SDAC projects, since the delay can create significant hardships.

APPENDIX B: CWSRF Project Financing Forecast for SFY 2019-20 – Fundable List

It would be helpful to list whether a listed project is for planning or construction.

APPENDICES F & G: SCG Construction Grant Eligibility Criteria; Construction Grant Eligibility Criteria for Septic to Sewer and Regional Projects

In our comments on the 2018-2019 CWSRF IUP, we noted concern that the limitations, including maximum grant amounts, “may have prevented needed projects from moving forward” and requested “information about how these limits were developed and to what extent they may

have prevented projects from moving forward.” We also requested that these “limits be waived for consolidation projects.”

Unfortunately, it appears that the footnotes added to the draft 2019-2020 IUP have compounded our concerns. In particular, we are concerned with new language that appears to limit the SWRCB’s discretion to increase SCG grants above the limits contained in Appendices F & G, and also reducing that limit by any principal forgiveness received. (See Footnote 54 [“To ensure that available funds are distributed to a large cross-section of communities throughout California, a single community may not receive cumulatively more than \$8 million in SCG and PF funding in any given five-year period.”].) We would appreciate clarification regarding how these limits will be applied.

Septic-to-sewer projects are both critical and often expensive. An example is the septic-to-sewer project in Fairmead, which the draft IUP lists as requiring estimated total funding in the amount of \$9,594,837. This estimated funding need exceeds the maximum grant amount listed in Appendix G.1 In order to ensure that projects like the one in Fairmead move forward, the maximum grant limit should increase, and the IUP should not limit the SWRCB’s flexibility and discretion to award grants above the limit.

* * * * *

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

Sincerely



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Leadership Counsel for Justice and Accountability



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Jennifer Clary
Water Policy Analyst
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¹ Additionally, recent estimates provided by consultants retained by the City of Chowchilla are that the septic-to-sewer project in Fairmead will exceed the estimate in the draft IUP.