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(6/21/16) Board Meeting--Item 3  
Drink Water Revolving Fund (DWSRF)  
Deadline: 6/16/16 by 12:00 noon

June 16, 2016

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



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

**RE: Comment Letter — June 21, 2016 Board Meeting — 2016 SDWSRF IUP**

Dear Clerk and Members of the Board,

Thank you for the opportunity to comment on the 2016 SDWSRF IUP. Rural Community Assistance Corporation has provided training and technical assistance to small, rural communities to access funding to improve drinking water and wastewater systems since 1978. We are pleased at the evolution of the funding programs offered by the State of California and the State Water Resources Control Board. High-quality, affordable infrastructure is essential to preserve and improve the quality of life for disadvantaged rural communities. The 2016 SDWSRF IUP is a testament to the State's commitment to provide such essential infrastructure to those who need it most—pursuant to the State's policy that safe drinking water is a human right. We appreciate the set-asides described in the IUP, including the Local Assistance Set-Aside and the SWSTA Set-Aside, which are essential tools to help small communities understand and access the valuable resources set forth in the IUP and in related law.

**Referring to DWSRF Performance Metrics:**

We applaud these performance metrics, especially #2 where disbursement requests should be fulfilled in 30 days or less. Most of the SDWSRF /Prop 84 and Prop 1 Construction projects we work with must obtain costly interim construction financing to pay the contractors within the State mandated 30 day payment period. Meeting this performance metric will save communities, especially disadvantaged and severely disadvantaged communities without deep pockets, tens of

thousands of dollars. Timely State funding disbursement is especially critical for construction of systems for new Public Water Systems that have no source of revenue until after completion of the water system.

**Referring to Tables 11, 12, 13:**

We recognize and appreciate that the Board has made adjustments to the funding packages offered to disadvantaged communities whose median household income is less than 80% of the State median income. Basing the affordability threshold at 1.5% of MHI is, we believe, a reasonable benchmark in most cases.

Thank you for making available 100% grant funding for feasibility studies and planning projects that benefit disadvantaged and severely disadvantaged communities. Studies are an essential element of empowering communities to make informed decisions about their infrastructure. As a technical assistance provider, we have observed that community residents are often resistant to change if they do not know what it will cost them. Feasibility and planning studies give us the tools we need to conduct community outreach and work with governing boards to make good planning decisions.

We support the increased funding caps for projects that provide regional benefit. Since regional projects are often the most sustainable alternatives, this added incentive is a valuable tool to help community decision-makers see the benefit of collaborating with their rural neighbors. However, we believe that many of these benefits can be achieved via the collaboration of only two communities. We therefore recommend that the definition of regional projects be adjusted to include shared solutions between two or more participating PWSs, especially if both PWSs serve DACs or SDACs.

**Referring to the definition of eligible applicants:**

For-profit entities are eligible to receive State funds without the lengthy and expensive tax-exemption process that a nonprofit organization must go through to qualify for the same State

funding. We recommend flexibility by the State to allow entities that are operated on a not-for-profit basis, but do not have or are unable to achieve IRS Tax Exemption, to obtain SDWSRF funding.

We do support, however, that the definition of "Not-for-Profit Water Company" on page 29, section (e), is broad enough to include all types of 501(c) tax exemptions. If tax exempt status is to be required, then it is critical that it not be limited to only 501(c)(3) organizations, because, as is inferred in the IUP, many not-for-profit water systems are incorporated as mutual benefit organizations and if they receive a tax exemption, are often designated as 501(c)(12). We have been concerned that Proposition 1 could exclude mutual water companies from eligibility, as it contains the following language: "Nonprofit organization" means an organization qualified to do business in California and qualified under Section 501(c)(3) of Title 26 of the United States Code."

**From Page 35, Projects that Provide Regional Benefits:**

Community or Small Severely Disadvantaged Community-principal forgiveness/grant funding awarded for a Project that Provides Regional Benefit may only be allocated for the benefit of participating SCWSs serving a DAC/SDAC and/or NTNCs serving a Small Disadvantaged Community or Small Severely Disadvantaged Community.

Many large PWS provide regional consolidation with small systems, but incentives are often necessary to make these collaborations appealing to all players. We recommend that large PWS be eligible for some incentives such as limited infrastructure improvements for their existing system that would be available to SCWSs, and that the cost of the incentive be excluded from overall and per-connection funding caps.

We commend the Board for its thoughtful use of funds and its commitment to helping California's neediest residents obtain high-quality drinking water infrastructure, preserving our resources for future generations

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Thank you again for the opportunity to comment. If you have any questions, please feel free to contact Ari Neumann, Assistance Director, Community & Environmental Services [aneumann@rcac.org](mailto:aneumann@rcac.org), or (916) 588-0112.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stanley Keasling". The signature is stylized with a large initial "S" and a long horizontal stroke.

Stanley Keasling  
CEO, Rural Community Assistance Corporation