



June 5, 2017

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

Re: Comments on the draft 2017-2018 Drinking Water State Revolving Fund Intended Use Plan (DWSRF IUP)

Dear Ms. Townsend and State Water Board Members

On behalf of Community Water Center, Leadership Counsel for Justice and Accountability, Clean Water Action, and The Environmental Justice Coalition for Water we respectfully submit these comments on the draft 2017-2018 DWSRF IUP.

Our comments reflect areas we continue to commend the State Water Board for promoting (including the focus on DAC drinking water issues), areas of growth from last year's IUP (funding access to larger SDACs), and areas we feel can be improved upon. In general we support the adoption and implementation of principles and practices of integrated water management and drinking water resources to benefit public health and improve the quality of life for all Californians. In order to accomplish these goals, the IUP should be revised to put a greater emphasis on multiple benefit projects in order to maximize limited funds.

Comments on Structure of DWSRF/Prop 1 Drinking Water Program

B. Set-Aside Funding

We strongly support the set-aside of funding to help small systems establish eligibility for DWSRF funding. For far too many water systems, the lack of adequate TMF is a significant, if not the primary, barrier to resolving issues preventing the delivery of safe and clean drinking water at affordable rates. Without the ability to demonstrate adequate TMF, a water system often cannot access financing options such as state grants. This is why aid from State Water Board staff to help with aspects such as setting

rate structures, environmental documentation, and other projects to ensure enhanced TMF capacity is essential to ensuring systems can come into compliance with the Safe Drinking Water Act.

Comments on DWSRF Goals

A. Short-Term Goals

1. Work with DDW Consolidation Specialists to identify public health issues and evaluate solutions for SWSs, including technical assistance and consolidation where feasible.

Consolidations are an important tool to help small systems which are out of compliance with the Safe Drinking Water Act, but do not have the economies of scale to address the problems preventing compliance. Even if these systems obtain funding to cover the capital infrastructure costs of a new well or treatment plant, the operations and maintenance costs can quickly become unaffordable for the system's rate payers. Thus, providing TA or encouraging consolidations is an important goal.

2. Continue marketing and outreach efforts to PWSs, including Spanish translation services, newsletters, and social media to advertise the new application process and the availability of technical assistance to assist small, disadvantaged communities.

We strongly support translation services in providing technical assistance to DACs and encourage the SWRCB to hire technical staff that speak Spanish and can interact directly with impacted communities. However, while Spanish is the second most prevalent language spoken in California, there are communities who speak other languages, including Hmong, which also need assistance.

5. Prioritize all available DWSRF funding for PWSs serving fewer than 10,000 people to the maximum extent practicable and in consideration of all other federal and state authorities governing the prioritization of DWSRF funding.

We commend the SWRCB for including this goal in the 2017-2018 IUP. Small system funding must be used to get projects on the path toward permanent solutions. This goal must also include private well communities not served by public water systems.

Comments on Criteria and Method for Distribution of Funds

C. Priority System

We agree with the top ranking of immediate risk, DAC, and consolidation projects. We encourage staff to also prioritize multiple benefit projects in order to maximize limited resources. An example of a successful multi-benefit drinking water project is one that funds a treatment facility or related infrastructure for a community that lacks safe drinking water and simultaneously funds water meters so that communities improve their water conservation measures, and provides funding to ensure that communities can implement basic conservation measures.

G. Capacity Assessment

While we understand the need for systems to be able show they have adequate TMF in order to ensure the funds are used effectively, more needs to be done to help systems achieve the necessary TMF. As stated above, we commend the Board in its commitment to set aside funding to help increase TMF capacity, but there are still areas not covered by these criteria. In too many small systems, lack of knowledgeable or overworked operators, lack of access to technical consultants, and lack of adequate economies of scale within the rate base can all contribute to or cause drinking water crises. Further, lack of these resources can prevent access to valuable funding sources such as grants and principal forgiveness. One suggestion we propose is for staff to work on how utilize the authority granted to the Board through SB 552 (2016) to help systems who are struggling with managerial or technical issues. Sometimes a good operator can improve or solve drinking water issues without large expenditures of capital.

I. Fundable List

As we noted in previous years, it would be helpful to receive this list in a sortable format so stakeholders and the public can more easily find information that we consider a priority. We also would appreciate the inclusion of the final Fundable Lists from prior years in the same format so we can better understand whether the funding level committed to DACs at the beginning of the fiscal year represents the final funding total.

Comments on DWSRF and Prop 1 Financial Management

B. DWSRF and Prop 1 Financing Terms

We thank staff for the creation of the new term “Expanded Small Community Water System” (ESCWS) to describe a community water system that serves between 10,000 and 20,000 people or has between 3,300 and 6,600 connections. Water systems which fall within the definition of an ESCWS within SDACs are currently not eligible for grant/principal forgiveness funding, despite the fact that there are SDACs like Arvin which cannot cover the costs of pure loan funding to remedy their drinking water problems. Allowing these systems to apply for principal forgiveness funding opens up new solutions that previously were financial infeasible. Additionally, we appreciate the ability of an ESCWS that can demonstrate its rates are above 1.5% MHI, or that its rates will exceed 1.5% MHI upon repayment of the loan, to access 0% interest loans to cover construction costs. Increasing favorable financing options to SDACs is an important move to help ensure these communities are able to have safe, clean, and affordable drinking water.

One definition that is not included, and should be integrated into the IUP, is a “multiple benefit project.” While the IUP integrates the concept of “projects that provide regional benefits,” a project can have multiple benefits without being a region-wide project. We encourage staff to include both a definition of “multiple benefit project” as well as integrate the concept into the priority system.

DWSRF Small Community Drinking Water Grant Fee-in-Lieu of Interest

We commend staff for working to come up with creative solutions to address the fact that Prop 1 funding will soon run out, yet there is still be significant work to be done to ensure all Californians are able to realize the Human Right to Water.

Comments on Office of Sustainable Water Solutions

We thank the Office for all the work it has done so far in the two years it has been in existence. However, it is not very clear as to what projects are currently in development from the Office. For example, while the "Comprehensive List" has very few systems within the categories A and B, we know that there are hundreds of communities which fit within these categories. We understand that the comprehensive list is for systems which have applied for funding, yet systems currently on the Water Board's list of out-of-compliance systems should be incorporated into the IUP in order to estimate future demand on the fund. Identifying these systems and their estimated timelines for applying for capital funding would help the DWSRF plan its future funding.

Finally, we know that the OSWS is providing technical assistance to a number of systems, but it would be useful to know how many of these systems are actually close to being ready to apply for funding. This can also increase the number of systems in need of funding and further show the true need for adequate and sustainable funding sources for drinking water.

Thank you for the opportunity to comment on the draft IUP.

Sincerely,



Debi Ores
Attorney
Community Water Center



Michael Claiborne
Attorney
Leadership Counsel for Justice and Accountability



Jennifer Clary
Water Program Manager
Clean Water Action



Colin Bailey
Executive Director & Managing Attorney
The Environmental Justice Coalition for Water