

**FFY 2013 - Clean Water State Revolving Fund (CWSRF)
Intended Use Plan (IUP) Public Comments
September 24, 2012 to October 24, 2012**

Date Comment Received	Agency	Representative	Comments	Staff Recommendation
10/23/12	Kennedy Communications	Maria Elean Kennedy	The commenter expressed appreciation for the State Water Board's efforts to work cooperatively with disadvantaged communities and other funding providers to solve critical water quality problems. The commenter stated that she "applaud(s) the State Board for taking the leadership in supporting efforts like the one in Enchanted Heights. It is my hope that this cooperative stance will continue so that the residents of disadvantaged communities have an opportunity to better their lives."	Staff acknowledges and appreciates the comments.
10/23/12	Sacramento Regional County Sanitation District	Terrie Mitchell Manager, Legislative and Regulatory Affairs	<p>The commenter suggested changes to the description of the federal Davis-Bacon requirements applicable to CWSRF financing in 2013 found in "Section III. Program Capabilities, C. Overall Funding Approach, Item 4" to clarify that Davis-Bacon will not be applied if it is not a requirement of the 2013 federal appropriation.</p> <p>The commenter expressed its appreciation for the State Water Board's efforts to "offer extended term financing to regionalized projects."</p>	<p>Staff has modified the 2013 IUP to clarify that Congress made permanent the Davis-Bacon requirement starting with the 2012 federal CWSRF appropriation. Davis-Bacon rules "shall apply to the construction of treatment works carried out in whole or in part with assistance made available by a State water pollution control revolving fund," and the State Water Board, therefore, will require that applicants comply with Davis-Bacon until rescinded by Congress.</p> <p>Staff acknowledges the comment, but also wants to clarify that extended term financing is available to communities that are creating a regional facility by combining existing facilities or connecting an unsewered community to an existing wastewater facility. Existing regional facilities are not eligible for extended term financing.</p>
10/23/12	Self-Help Enterprises	Peter Carey President/CEO	<p>The recent changes to the CWSRF program and the adoption of the Small Community Strategy have made financing more available to disadvantaged communities. However, the current structure could still be improved. The commenter recommended the following.</p> <p>1) The commenter supports the Water Board's current policy of awarding principal forgiveness on a per community, rather than per project basis, to encourage regionalization; however, the commenter expressed concern that this policy may lead to higher long-term costs if far-flung communities regionalize their facilities. The commenter recommended changes to Footnote 4 on Table 5 to clarify what costs should be included in the calculation of rates.</p> <p>2) The smallest and most disadvantaged communities do not fare well in the planning stage because of the Board's approach of funding "ready to proceed" projects. There should be a much higher commitment of resources to assist small, disadvantaged communities.</p> <p>3) The goals, activities, and measurements under "Fund the Most Beneficial Projects" on page 19 do not recognize the benefits of investing in small disadvantaged communities. Goal 5 should be added under "Long Term Goals": "5. Promote short and long-term investment through the CWSRF in disadvantaged communities impacted by pollution and water contamination."</p> <p>4) As grant and principal forgiveness eligibility is broadened, the availability for small, severely disadvantaged communities is diluted. The share of principal forgiveness and grants in Category 1 should be increased from 60 percent to 75 percent.</p>	<p>1) Staff believes that Footnotes 4 and 7 for Table 5 along with the CWSRF Application's technical requirements to evaluate and choose the best project solution, provide sufficient guidance to ensure that applicants and Water Board staff take into account the full, long-term costs associated with the possibility of regionalizing wastewater facilities for small, disadvantaged communities.</p> <p>2) The Division of Financial Assistance maintains a technical assistance contract and has dedicated a unit of staff to assist small, disadvantaged communities. It also has flexibility to increase the resources to assist disadvantaged communities consistent with the program's other water quality priorities.</p> <p>3) Staff agrees with the comment. Staff recommends and has added Goal 5 under Section IV.B, "Fund the Most Beneficial Projects," on page 19 and moving the measurement of the number of small, disadvantaged communities financed each year from Section IV.C to Section IV. B in the IUP.</p> <p>4) Staff recommends keeping the 60/40 split between Categories 1 and 2. The 60/40 split only applies to principal forgiveness funds received from U. S. EPA. Although the total principal forgiveness from U. S. EPA has significantly decreased over the last 3 years, the lower amount of PF is offset for small, disadvantaged communities by the Small Community Grant Fund (\$12 million for fiscal year 2012/2013). The Small Community Grant Fund is only available to small communities (<20,000 population) with median household incomes less than 80% of statewide median household incomes. Preference is given to small, severely disadvantaged communities. Additional funding for SDACs may also be available as a result of deobligations from previous state bonds coming back to the Small Community Wastewater Grant (SCWG) Program.</p>

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10/24/12	CA Rural Legal Assistance, Inc.	Veronica Garibay, Jennifer Clary, Laurel Firestone	<p>1) The IUP should specifically identify the means beyond just principal forgiveness, small community grants, and the currently identified financing methods to alleviate the challenges identified in the Small Community Strategy,</p> <p>2) The policy of funding projects on a "ready to proceed" basis negatively affects small, disadvantaged communities' ability to get ready to proceed. Greater technical resources and subsidy should be directed to meeting the needs of small, disadvantaged communities.</p> <p>3) The goals, activities, and measurements under "Fund the Most Beneficial Projects" on page 19 do not recognize the benefits of investing in small disadvantaged communities. Goal 5 should be added under "Long Term Goals": "5. Promote short and long-term investment through the CWSRF in disadvantaged communities impacted by pollution and water contamination."</p> <p>4) The IUP should include a section that specifically discusses the methods that the CWSRF will use to provide "good service with special emphasis" on disadvantaged communities.</p> <p>5) The IUP should include specific marketing and outreach strategies aimed at small, disadvantaged communities to increase the number of applications from those communities.</p> <p>6) The allotment of principal forgiveness to Category 1 should be increased from 60% to 75%.</p> <p>7) The CWSRF should consider implementing additional action to address drinking water needs in disadvantaged, unincorporated communities:</p> <ul style="list-style-type: none"> (a) identify water supply needs and opportunities and incentives for promoting sustainable local water supply solutions, (b) support and fund planning to foster local sustainable water solutions, (c) improve funding accessibility for shared services/facilities, (d) promote more investigation of shared solutions, (e) create an interagency team to assist small communities with funding and application requirements. <p>8) Existing guidelines for conducting community income surveys for communities with less than 3,300 connections, in the absence of other data, require that all households be contacted. This requirement is a significant burden for those communities; a more flexible approach should be implemented.</p>	<p>1) Staff believes this information is more appropriate for the Small Community Strategy than the IUP. The Small Community Strategy provides overall guidance, including funding, necessary to assist small, disadvantaged communities. The IUP incorporates the Small Community Strategy by reference in Section II.C.1.</p> <p>2) The Division of Financial Assistance maintains a technical assistance contract and has dedicated a unit of staff to assist small, disadvantaged communities. It also has flexibility to increase the resources to assist disadvantaged communities consistent with the program's other water quality priorities.</p> <p>3) Staff agrees with the comment. Staff recommends and has added Goal 5 under Section IV.B, "Fund the Most Beneficial Projects," on page 19 and moving the measurement of the number of small, disadvantaged communities financed each year from Section IV.C to Section IV. B in the IUP.</p> <p>4) Staff believes this information is more appropriate for the Small Community Strategy than the IUP. The Small Community Strategy provides overall guidance, including funding, necessary to assist small, disadvantaged communities. The IUP incorporates the Small Community Strategy by reference in Section II.C.1.</p> <p>5) Staff believes this information is more appropriate for the Small Community Strategy than the IUP. The Small Community Strategy provides overall guidance, including funding, necessary to assist small, disadvantaged communities. The IUP incorporates the Small Community Strategy by reference in Section II.C.1.</p> <p>6) Staff recommends keeping the 60/40 split between Categories 1 and 2. The 60/40 split only applies to principal forgiveness funds received from U. S. EPA. Although the total principal forgiveness from U. S. EPA has significantly decreased over the last 3 years, the lower amount of PF is offset for small, disadvantaged communities by the Small Community Grant Fund (\$12 million for fiscal year 2012/2013). The Small Community Grant Fund is only available to small communities (<20,000 population) with median household incomes less than 80% of statewide median household incomes. Preference is given to small, severely disadvantaged communities. Additional funding for SDACs may also be available as a result of deobligations from previous state bonds coming back to the Small Community Wastewater Grant (SCWG) Program (estimated at \$10 million).</p> <p>7) The State Water Board has a history of working cooperatively with Department of Public Health to look for common solutions to community problems. To the extent possible, staff agrees with the goal of looking for and promoting cross-sector solutions to water problems in coordination with the Department's Safe Drinking Water SRF.</p> <p>8) The CWSRF uses the community income survey guidelines developed by U. S. Department of Agriculture. These are the same guidelines used by the other members of the California Financing Coordinating Committee. Although the guidelines require that all households be contacted, the guidelines establish thresholds for actual responses based on a sliding scale, ranging from a low of 10% to a high of 98% of the community, to ensure a sufficient sample size for a valid survey.</p>