



May 22, 2017

THE CITY OF SAN DIEGO



Sent via Electronic Mail: commentletters@waterboards.ca.gov

The Honorable Felicia Marcus, Chair
c/o Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

Subject: Comment Letter – June 20, 2017 Board Meeting – FFY 2017 CWSRF IUP

Dear Chair Marcus:

The City of San Diego (San Diego) is pleased to have this opportunity to provide comments on the draft Clean Water State Revolving Fund Intended Use Plan (CWSRF IUP) for federal fiscal year 2017 for your consideration.

As is stated in the introduction of the CWSRF IUP, the Clean Water State Revolving Fund program is intended to fund projects that are directly related to protecting or improving public health, water quality, or both. During California's epic drought, the State Water Resources Control Board (State Board) prioritized the intended uses of the CWSRF to expedite the construction of recycled water projects to offer drought relief options. The response to this prioritization was immediate as qualified projects applied for and were grant and loan funded at what must have been a record pace. The downside of the program's tremendous success is that the amount of remaining funding in this program is insufficient to meet the growing list of requests, resulting in "Group 3" project applications having an uncertain funding status unless additional funding of the program is secured.

San Diego has been fully responsive to the State Board's call for the development of new water supplies from reuse and recycling. Our Pure Water program is set to start delivering 30 million gallons per day of new water supplies by 2021 – water that would otherwise be lost to ocean discharge. Unfortunately, the size, complexity, and timing of our potable reuse project has precluded our ability to submit a grant and loan application as soon as smaller, less complex projects with smaller yields. As a result, our project funding requests are now represented in Group 3.

At the time of the recycled water program design, it was expected that limited grant funds would be given to shovel-ready projects (first come, first serve) and the expectation was that these grant funds would be exhausted within a couple of years. However, it was also expected that loan funds would be available well into the future for large, complex projects such as Pure Water that could not have possibly become shovel ready in the short term in time to compete for grant funds.

Page 2

Honorable Felicia Marcus, Chair, State Water Resources Control Board

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Given the continued importance of water supply reliability in California and the need to maintain efforts to protect public health, we believe it is critical that the State Board sell new bonds to fund all Group 3 recycled water, wastewater and water conservation programs (such as Advanced Metering Infrastructure or "Smart Meters"). The State Board has a responsibility to assure broad access to the CWSRF funds, not just those projects that were already in progress or able to mobilize quickly.

If additional funding is not forthcoming, San Diego requests that the State Board work with stakeholders to transparently prioritize funding requests within parameters that assure sound financial practices for the CWSRF and achieve the State's integrated water supply and wastewater treatment priorities. Communications with applicants will be key in assuring consistent and timely messaging regarding funding priorities, project status, and the remaining availability of funds.

Thank you for this opportunity to provide input on the draft CWSRF IUP. Please contact me at 858.292.6424 or cpieroni@sandiego.gov if you have any questions.

Sincerely,



Cathleen C. Pieroni
External Water Policy Program Manager

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cc: Members of the State Water Resources Control Board