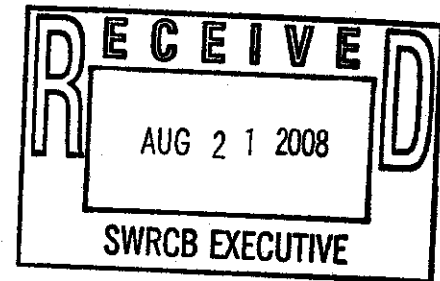


August 21, 2008

Tam Doduc
Chair, State Water Resources Control Board
1001 I Street
Sacramento, CA 95814



Re: Amendment to the Policy for Implementing the CWSRF

Dear Chairperson Doduc,

On behalf of Clean Water Action and the Environmental Justice Coalition for Water, we would like to express our appreciation of the efforts of staff to expand the usefulness of the Clean Water State Revolving Fund (CWSRF), in particular making it more accessible to disadvantaged communities. We understand that draft regulations will follow that more fully implement this policy document, and look forward to reviewing them as well.

While the changes to the amendment are by and large excellent, we do recommend some changes to ensure that funds are available to and accessible by small disadvantaged communities. We hope you will consider the following

III Definitions, "Disadvantaged Community"((f) Page 3). We understand and agree that communities that pay a disproportionate amount of their income for wastewater service require assistance. However, there is a large difference between low-income communities and those of higher income that pay high rates, and the two should not be commingled, as they are here. The lower the income level, the more that payment of any bill becomes a choice about which necessities to do without. At higher incomes, the choices tend to be less painful. Lumping these two very different types of community together sets up a competition between truly disadvantaged communities and communities that may have high bills, but also have with greater resources. Disadvantaged communities were defined in statute (Water Code 79505.5) specifically to avoid this kind of competition, in which poorer communities are almost always the loser.

We recommend instead creating a second category for communities with high wastewater bills.

IV. Priority Setting.

C. Priority Classes. Contamination of groundwater from polluted discharges is not explicitly listed. *Recommendation; add word "groundwater" to Class A, bullet b, after nonpoint source,*

D. Project Ranking (page 8-9) – recommended change in italics: Projects within fundable Priority Classes shall be funded based on readiness to proceed *and median household income.*

F. Funding of Projects (Page 10). If insufficient funds are available for all projects seeking funding, then the *a* project that ~~most effectively~~ *addresses the needs of a disadvantaged community* ~~global~~

~~Climate change~~ shall be funded first, followed by projects that most effectively address global climate change.

V. Local Match (Page 10-11). Suggested new paragraph 2.

We understand the key role played by large water agencies in providing the state match for the federal grant when state funding is not available. However, it is our understanding that the CWSRF has currently banked almost \$100 million in match funds. With the current federal award at \$48 million, this would provide matching funds for eight years. We recommend that a cap be placed on the state match program, and feel that five years of banked funds should be more than enough to cover unexpected changes in the federal award.

Recommended addition- new paragraph 2. *State match funds generated by local agencies can be banked up to five years in advance of projected federal grant awards*

VII. Refinancing Page 12-13. In many cases, disadvantaged communities are burdened with high wastewater rates to repay capital costs. *Recommendation: Add bullet 4; That refinancing existing debt is necessary to reduce wastewater rates that exceed 1.5% of MHI for a disadvantaged community or 4% of the MHI for other communities.*

Eligible Project (Page 29). The addition of the words "publicly-owned facilities" will disqualify many small communities from funding. *Recommended addition: publicly-owned and not-for-profit facilities.*

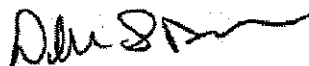
Bullet n., Page 30 – The specific exclusion of gray-water systems is inappropriate, particularly since the signing of SB 1258 by the Governor means that new standards for graywater use will be developed by the Department of Water Resources. We recommend deleting this addition.

Again, we would like to express our appreciation to the Executive Director, CWSRF staff and the Board for undertaking this much-needed revision of the CWSRF. We look forward to seeing funds go out to the most at-risk communities in the very near future.

Sincerely,



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