



June 15, 2016

Felicia Marcus
Chair, State Water Resources Control Board
1001 I Street
Sacramento, CA 95814
Via electronic mail

Re: Comment Letter – June 21, 2016 Board Meeting – 2016 CWSRF IUP

Dear Chair Marcus and board members,

On behalf of the above-listed organizations, we would like to offer the following comments on the draft Intended Use Plan for the Clean Water State Revolving Fund and Proposition 1, Chapter 5 (section 79723). Our organizations work on behalf of disadvantaged communities in California, and therefore focus these comments on the collection and disbursement of funds in the Small Community Wastewater Grant program, which has been significantly augmented by funding from Proposition 1, as well as other investments that include Principal Forgiveness. We're happy to see in Table 2 the dramatic increase in the number of projects on the Project List accessing these funds.

While we appreciate the significant amount of groundwork laid by the Board's other planning documents, namely the Small Community Wastewater Strategy, the CWSRF Policy and the 2015 TA Policy, having so much information in other places does make this Plan more difficult to evaluate, and we think that repeating some information here would be helpful.

By section, we have the following specific questions or comments:

II.C.1. State Water Quality Guidance for small and/or DACs.

We are equal parts pleased to see that the Office of Sustainable Water Solutions has developed a framework for a strategy to address drinking water and wastewater system capacity in DACs and dismayed that we were not aware of this process until our review of this IUP. We will engage with the Office of Sustainable Water Solutions and others within the State Water Board to provide feedback on the strategy framework. In short, this IUP and the identified strategy document fail to include programs and activities that will effectively identify DACs in need of targeted support, ensure technical assistance for those communities, and target investments and

programs to address wastewater deficiencies in those communities. Notably, the draft strategy focuses on improving capacity of wastewater systems, but does not include strategies, such as consolidation, with respect to communities reliant on septic systems or cesspools.

III.A.2.a. Program Capacity, Proposition 1 Small Community Grant Fund

According to the CWSRF Policy “Each year in the IUP, the State Water Board sets any administrative service charge, Small Community Grant (SCG) funding charge, and incentives.” While the administrative fee is set in this IUP, no mention is made of the SCG funding charge for the coming year, nor can we find a table or other references that identifies the expected income from the SCG funding charge. While the influx of Proposition 1 funding is welcome, it is far from sufficient to satisfy all funding needs, and is not renewable. Failure to implement the SCG charge this year impacts funding in future years, when Proposition 1 dollars have been expended.

V. Outcomes, Goals, Activities, and Measures

We appreciate the inclusion of this section in the plan, as well as a specific citation to “Invest in DACs disproportionately affected by pollution and water contamination.” Unfortunately, the Plan identifies no activities or performance measures linked to this goal. May we suggest the following:

Activities:

1. Collect, aggregate and map information related to communities with failing septic systems or otherwise inadequate wastewater treatment and disposal facilities. Potential sources of information include regional boards, city and county general plans, county health departments, LAFCO analyses, integrated water management studies, and other analyses.
2. Work with regional boards to identify and contact communities with failing septic systems or otherwise inadequate wastewater treatment and disposal facilities;
3. Work with regional boards to identify opportunities to address the needs of a DAC through consolidation;
4. Prioritize funding for DACs and SDACs facing a potential health threat due to inadequate wastewater treatment and disposal;
5. Prioritize funding for consolidations of DACs and SDACs reliant on failing septic systems or otherwise inadequate wastewater treatment and disposal facilities;
6. Incentivize consolidations by applying applicable grant and principal forgiveness standards to the community that is being consolidated, not the city or district that will be taking on a new system (e.g. if a city of 100,000 consolidates a SDAC with 2,000 connections, the project should be eligible for 100% grant funding)
7. Incentivize consolidations by conditioning funding on an applicant’s initiation of a consolidation project, if a consolidation project is feasible.

Performance Measures

1. Provide technical assistances to 50 communities;
2. Provide planning grants to 40 communities;
3. Move at least 20 projects from planning to construction.

4. Identify at least 100 communities with inadequate wastewater treatment and disposal facilities.
5. Fund at least 5 consolidation projects that increase the sustainability of DACs

VII. Tables

Table 2 provides a great snapshot of CWSRF activities and provides an abundance of information. We would appreciate, to reduce confusion, if the header row were repeated on each page and a footnote added with the definition of each Project Class. It would also be helpful if projects were divided into planning and construction projects. Finally, because the Small Community Wastewater Grant Fund has a unique definition of small DACs that includes communities above the 80% MHI threshold, it would be helpful to differentiate each of the DAC projects according to whether it benefits severely disadvantaged communities, disadvantaged communities, or communities impacted by high wastewater rate

We would also appreciate an additional table in this section that identifies projects dropped due to nonresponsiveness in the past year. In comparing this year's Project List to last year's and to the Prop 1 funding list, we find four DAC projects from last year's list that appear not to have received funding, but are not on this year's list. We would like to understand whether their problems have been resolved.

Table 4a and 4b indicate the Board's continuation of a policy with which we strongly disagree; requiring DACs to take a partial loan to complete their project. We appreciate the exceptions identified in the footnotes, but feel that requiring a percentage loan for a project regardless of ability to pay is inequitable. In every case, these communities are already agreeing to pay higher rates to maintain their upgraded system. In addition, the Board should, as a matter of sound policy, ensure that that the projects are cost effective. The logic behind requiring a community to also pay disproportionately higher rates is unsound.

Thank you for providing us with an opportunity to comment in this plan. We look forward to working with you to make good projects happen.

Sincerely,



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