



CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION

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June 15, 2016

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



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

Dear Ms. Townsend:

The California Municipal Utilities Association (CMUA), representing public water agencies that deliver water to over 70% of Californians, appreciates the opportunity to comment on the State Water Resources Control Board (SWRCB)'s draft Intended Use Plan (IUP) for the Drinking Water State Revolving Fund (DWSRF). This important document provides a comprehensive look at the structure and planned use of the DWSRF and Proposition 1 funds, both of which are essential for funding the infrastructure projects that advance the long-term sustainability of California's drinking water systems. CMUA acknowledges the efforts of SWRCB staff to accelerate the distribution of funds for these critical projects since the transfer of the program from the Department of Public Health and looks forward to working with the SWRCB to continue this progress.

In addition, we would like to offer the following specific comments on the draft IUP:

State Program Management Set-Aside

CMUA supports the SWRCB utilizing its full authority for the State Program Management Set-Aside. As outlined on page 38, this source of funding is a key component of the SWRCB Drinking Water Program along with the federally funded Public Water System Supervision Grant (PWSS Grant) and drinking water system fees. For this and future IUPs, CMUA strongly recommends that the SWRCB continue maximizing the federal funding available through this set-aside for drinking water program activities, rather than divert those funds to other programs and consequently require the regulated community to pay additional drinking

water fees. In addition, we request clarification of the \$1.5 million for the audit of the Environmental Laboratory Accreditation Program and how its impact on the Set-Aside may affect drinking water system fees.

Local Assistance Set-Aside

CMUA supports the allocation of \$3.2 million through the Local Assistance Set-Aside for a multi-year contract with the California-Nevada chapter of the American Water Works Association, which will fund technical assistance for urban water suppliers to conduct water loss audits in support of TMF capacity development. These audits will help identify and control real and apparent distribution system water losses, improving water-use efficiency in California's water systems and helping achieve one of the state's goals outlined in Governor Brown's Executive Order B-37-16 under *Eliminating Water Waste*.

Use of Revenue Bonds

On page 25 in Section V. *DWSRF and Proposition 1 Financial Management*, the draft IUP addresses the possible use of revenue bonds to leverage the Safe Drinking Water State Revolving Fund (DWSRF). Some recently issued agreements and previous discussions between CMUA members and SWRCB staff indicate that the use of revenue bonds will impose additional requirements upon DWSRF borrowers. CMUA requests additional clarification and discussion of those requirements as it would benefit prospective borrowers so they can determine whether compliance is feasible and/or whether any internal adjustments or changes are required for compliance.

DWSRF Funding Agreements

CMUA appreciates SWRCB's efforts to streamline the application process for DWSRF grants and loans including the integration of various loan and grant funding opportunities into the Financial Assistance Application Submittal Tool (FAAST). To further this progress, we recommend SWRCB establish a workgroup of existing and potential applicants, including large, medium, and small water agencies and disadvantaged communities, who can work with the Division of Financial Assistance on ways to enhance and wherever possible, streamline practices and procedures within the funding agreement submission process such as the revenue bond issue mentioned in the previous paragraph. We believe such an effort could assist both the applicants and the SWRCB in their efforts to maintain a healthy DWSRF program. And to further expedite grants and loans, we recommend that SWRCB consider prioritizing DWSRF applications proposing much-needed, shovel-ready projects.

Technical Assistance

On page 2, the Plan outlines new Proposition 1 Technical Assistance funding and states that the \$74 million will address unmet small, disadvantaged community drinking water and wastewater needs. CMUA supports efforts to ensure that all Californians have safe, reliable and affordable drinking water and we recommend that the SWRCB strategically focus these funds for reducing instances of

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noncompliance with drinking water standards and requirements by providing technical assistance to disadvantaged communities that have significant Safe Drinking Water Act violations.

Conclusion

Thank you for the opportunity to provide feedback on the draft DWSRF IUP. Should you have questions please contact me at dblacet@cmua.org or 916-326-5800.

Sincerely,

A handwritten signature in black ink, appearing to read 'Danielle Blacet', with a stylized flourish at the end.

Danielle Blacet
Director for Water

Cc: Tom Howard, Executive Director, State Water Resources Control Board
Cindy Forbes, Deputy Director, State Water Resources Control Board