

# CITY OF WATSONVILLE

*"Opportunity through diversity; unity through cooperation"*



State Water Resources Control Board  
Attn: Jeanine Townsend, Clerk to the Board  
1001 I St., 24<sup>th</sup> Floor  
Sacramento, CA 95814



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

June 7, 2016

Thank you for the opportunity to provide comments on the State Water Resources Control Board Proposition 1 Intended Use Plan (IUP).

The City of Watsonville is a State recognized disadvantaged community (DAC) based on population and median household income. Due to this designation, the City has received State funding for critical infrastructure projects that address water supply, water quality, and habitat. However, given the long-term drought conditions and the state mandated Chromium VI treatment standards, the City is faced with water supply improvements that cannot be financed by our DAC.

As specified in the IUP, the City supports the short term goal of ensuring that at least 20 percent (20%) of the 2016 Capitalization Grant is provided to eligible recipients in the form of additional subsidy (i.e., forgiveness of principal). **However, the City would like to recommend increasing the minimum to the allowed 30 percent (30%) cap.** Given the current drought conditions and increasing regulatory standards, communities are faced with implementing more expensive projects to ensure a safe and reliable drinking water supply.

**While the City meets all other criteria to be considered for grants, this program automatically excludes DACs larger than 10,000 from receiving grant funding.** The State Board is making an effort to make grant funds and principal forgiveness available to "small community water systems". Other grant programs don't have this grant requirement and it is hurting our community. The City is not considered a small community water system based on serving approximately 66,000 residents.

The City would like to suggest the following for SWRCB consideration before finalizing the IUP and utilizing the critically needed Proposition 1 Funds:

- **All State recognized disadvantaged communities should be eligible for grant funding based on median household income (less than 80% State MHI).** This method has been effective in distributing funds to communities that need the resources and should not be completely discarded to determine grant eligibility. **The City recommends an allowance of 50% principal forgiveness for all eligible DACs.**

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- The proposed water rate affordability factor could be used to increase the principal forgiveness above 50% as specified in the draft IUP.

Again, thank you for this opportunity to provide comments. If you need have any questions please contact, Jackie McCloud , Environmental Projects Manager at (831) 768-3172.

A handwritten signature in blue ink, appearing to read "S Palmisano".

Steve Palmisano  
Director of Public Works & Utilities  
City of Watsonville