



San Francisco
Water Power Sewer
Services of the San Francisco Public Utilities Commission

September 22, 2017



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

RE: Comment Letter – October 3, 2017 Board Meeting – SRF Debt Management Policy

Dear Chair Marcus and Members of the Board:

The San Francisco Public Utilities Commission (SFPUC) appreciates the opportunity to review and comment on the draft State Revolving Fund (SRF) Debt Management Policy. We support adoption of this new policy by the State Water Resources Control Board (State Water Board) and encourage the Division of Financial Assistance to continue efforts to address SRF resource constraints by revising existing SRF implementation policies to promote increased leveraging, streamlining of administrative processes, and use of complementary funding sources.

SFPUC understands that increased demand for low-interest financing has presented new challenges for California's SRF programs. We support implementation of this new SRF Debt Management Policy as a framework for future debt issuance; however, to address resource constraints, it will need to be coupled with revisions to your policies for implementing the Clean Water SRF (amended 2/17/2015) and Drinking Water SRF (effective 1/1/2015). SFPUC suggests evaluating strategies utilized by SRF programs in states that have a higher ratio of dollars of assistance per capitalization grant dollar. We encourage the State Water Board to consider how these states are able to maximize funding capacity while still ensuring long-term sustainability for their SRF programs by mitigating risks associated with leveraging. We also urge you to identify streamlined processes for loan approval and administration that can be incorporated into your implementation policies and annual intended use plans (IUPs).

Capitalizing on opportunities to combine SRF funds with complementary funding sources should also be explored. When SRF loans are paired with other state and federal sources, like the Water Infrastructure Financing and Innovation Act (WIFIA) program, borrowers still receive the benefits of subsidized financing but less SRF funding is required. We recommend that SRF implementation policies and IUPs designate priority approval to co-funded projects; this would encourage applicants to seek partial funding from programs that work in conjunction with the SRF.

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We commend the State Water Board for the changes you have implemented in recent years that have resulted in remarkable growth for California's SRF programs. The SFPUC has a long history of partnering with the State Water Board to provide reliable and affordable services to our community while protecting the health of the Bay. Although San Francisco has a high median income level, the SFPUC also serves water and wastewater customers in low income/disadvantaged communities. As we reinvest in our infrastructure, we are committed to working with you to ensure that all San Francisco residents and taxpayers continue to have access to the benefits of the SRF programs.

We appreciate the opportunity to provide written comments on this important program. If you have any questions regarding our comments, please contact Alexandra Gunnell at agunnell@sflower.org or by phone at (415) 551-4505.

Sincerely,



Eric L. Sandler
CFO and Assistant General Manager, Business Services

cc: Michael P. Carlin, Deputy General Manager
Tommy T. Moala, Assistant General Manager, Wastewater Enterprise
Steve Ritchie, Assistant General Manager, Water Enterprise
Kathryn How, Assistant General Manager, Infrastructure
Juliet Ellis, Assistant General Manager, External Affairs