



## CITY OF MORRO BAY

CITY HALL  
595 Harbor Street  
Morro Bay, CA 93442

Public Comment  
SFY 2019-20 (FFY 2019) CWSRF IUP  
Deadline: 5/28/19 by 12 noon



May 28, 2019

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

Subject: Comment Letter – June 18, 2019 Board Meeting – SFY 2019-20 (FFY 2019) CWSRF IUP

Dear Ms. Townsend:

The City of Morro Bay is undertaking the largest and most complex public works project in our history, with the Water Reclamation Facility (WRF) project. While prompted by the need to improve the water quality discharged by our wastewater treatment facility to the ocean, this project has given us the opportunity to create a new local, sustainable water source for our community through indirect potable reuse. With a project budget of \$126 million and a population of just over 10,000 people, the costs will have major impacts on our rate payers. With this in mind, one of the six tenants of the project is focused on minimizing these financial impacts. To meet this goal, we have pursued numerous grant and low-interest loan opportunities. In 2017, our project was selected as one of 12 projects in the country to submit an application for the EPA's WIFIA program. We are currently working with EPA staff to finalize review of our application and plan to have a signed loan agreement in late summer 2019. Receiving this loan has allowed us to fund the project with a \$41 surcharge for the average water and sewer customer resulting in a combined water and sewer rate of \$191 month.

Since starting the WRF project in 2013, funding from the State Water Board has always been envisioned as part of the solution for the Morro Bay. In 2017, the City received a \$10.3 million planning loan from the Clean Water State Revolving Fund (SRF) and a \$75,000 planning grant for preparation of our recycled water feasibility study.

Over the last several years, we have forged strong working relationships with State Water Board staff that continue to this day. They have been instrumental in helping us navigate the application process for these grants and loans, management, and reimbursements. When we learned last year that the State Water Board was changing the SRF application process we were worried about what this would mean for Morro Bay. However, due to these relationships and the transparency of the State Water Board's new application process, these worries were quickly dismissed. We were particularly pleased with the process and speed by which our project was scored. Soon after the December 31st application deadline, we received our initial priority scoring from our Project Manager on January 4th. Over the course of the following few weeks, we worked closely with our Project Manager to finalize our score. This collaborative approach ensured there were no surprises when the Draft Intended Use Plan was published.

We appreciate the opportunity to increase our participation in the SRF program. We strongly support the new scoring process, the selection of cut-off scoring Scenario C, which includes \$105,000,000 in funding for Morro Bay's WRF project, and the other projects placed on the draft fundable list. We look forward to continuing our work with your staff to quickly secure a SRF construction loan agreement. Doing so will allow us to deliver what will undoubtedly be a community asset for generations to come at the most affordable price for the citizens of Morro Bay.

Sincerely,

Mayor John Heading