CALIFORNIA COASTKEEPER ALLIANCE

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

May 28, 2019

Chair Joaquin Esquivel and Board Members
c/o Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
1001 I Street
Sacramento, CA 95814

RECEIVED
5-28-19
SWRCB Clerk

Sent via electronic mail to: commentletters@waterboards.ca.gov

RE: Comment Letter – State Fiscal Year 2019-20 (Federal Fiscal Year 2019) Intended Use Plan (IUP) for the Clean Water State Revolving Fund (CWSRF)

Dear Chair Esquivel and Members of the Board:

California Coastkeeper Alliance (CCKA) is a network of California Waterkeeper organizations working to protect and enhance clean and abundant waters throughout the state for the benefit of Californians and California ecosystems. We appreciate the opportunity to comment on the proposed Clean Water State Revolving Fund (CWSRF) Intended Use Plan (IUP) for the coming fiscal year.

We strongly support the State Water Resources Control Board's (State Water Board) efforts to incorporate Resolution No. 2017-0012 (Climate Resolution) in the CWSRF IUP. This incorporation serves as an important and critical opportunity to implement the goals of the Climate Resolution, and to meet its explicit requirements. Specifically, the Climate Resolution requires the Division of Financial Assistance (DFA) to include climate change adaptation and mitigation objectives in the CWSRF and DWSRF IUPs.

Despite statements within the CWSRF IUP that it was developed in consideration of "objectives and requirements of the Comprehensive Response to Climate Change Resolution [Resolution No. 2017-0012]," we have concerns regarding the distribution of these funds. Specifically, the CWSRF IUP lists a single seawater desalination project with the highest priority score, despite lacking an explanation of how this project will promote water quality and despite its negative impacts on California's greenhouse gas emission reduction objectives. Given the number of competing projects on the fundable list, including projects to improve sewer systems in disadvantaged communities that directly threaten water quality and face considerable infrastructure challenges due the increasing oscillation of wet and dry years caused by climate change, we urge the DFA to make its analyses of each project's score publicly available. We further urge the State Water Board to reconsider the percentage of CWSRF and DWSRF funds that are applied to the single seawater desalination project to provide funding for a greater number of projects on the fundable list.

We must emphasize that these comments are not provided in opposition of the California American Water desalination project – in fact, this is a project that should serve as a model for seawater desalination in California. The California American Water desalination project, however, should not receive such a high score for funding under the CWSRF, nor be ranked as the highest priority project due to its lack of water quality improvements and its climate impacts.

I. THE CWSRF IUP LACKS TRANSPARENCY AND IT REMAINS UNCLEAR HOW THE CALIFORNIA AMERICAN WATER DESALINATION PROJECT QUALIFIES FOR FUNDING UNDER THE CWSRF.

First, it is unclear how the California American Water Monterey Peninsula Water Supply project qualifies for funding under the CWSRF. Under federal and state law, the primary purpose of the CWSRF program is to "provide financing for eligible projects to restore and maintain water quality in the state." Despite the listing of a

numeric score, it remains unclear how the California American Water Desalination project promotes water quality under the CWSRF.

As listed under Appendix C ("CWSRF Project Financing Forecast of SFY 2019-20") of the CWSRF IUP, the California American Water project received a primary score of 9 – a score that is used exclusively for "Corrective" drinking water source projects. Under the CWSRF Policy, a project may qualify as corrective if the applicant identifies the specific plan, policy, or permit criteria that are violated or exceeded and "must demonstrate a direct connection between completion of the project and correction of the problem." Given that there are more projects to be funded than funds available under the CWSRF, it is critical that the analyses and rationale of these scores be made publicly available to ensure both compliance with the CWSRF Policy and to inform project applicants of the scoring process. We respectfully request that the scoring process be more transparent and the analyses for the project scoring results be publicly available.

II. THE CALIFORNIA AMERICAN WATER DESALINATION PROJECT IS NOT CONSISTENT WITH CLIMATE CHANGE MITIGATION AND ADAPTATION PRINCIPLES PURSUANT RESOLUTION NO. 2017-0012.

The Climate Resolution lists clear objectives to support implementation of Assembly Bill 32 (AB 32), the state's adaptation strategy document entitled *Safeguarding California*, and Executive Order B-30-15. These objectives explicitly include greenhouse gas emission reduction, improvement of ecosystem resilience, and response to climate change impacts. Specifically, Executive Order B-30-15 directs state agencies to "integrate climate change into [all] planning and investment decisions" and prioritize "actions that both build climate preparedness and *reduce greenhouse gas emissions*" (emphasis added). Further, section 20 of the Climate Resolution expressly states that the "Division of Financial Assistance (DFA) shall, by July 1, 2017, include *climate change mitigation* and adaptation objectives in the Clean Water State Revolving Fund (SRF) and Drinking Water SRF Intended Use Plans" (emphasis added).

Despite the explicit directive that the DFA must include climate change mitigation objectives in the CWSRF and DWSRF IUPs, the proposed CWSRF IUP lists the California American Water desalination project as the highest scoring project. Preventing and limiting the use of seawater desalination has significant potential to mitigate greenhouse gas emissions and the prioritization of this project in the CWSRF IUP derails the objectives of the Climate Resolution and statewide greenhouse gas reduction goals.

Seawater desalination is a notoriously energy-intensive process and these facilities have the potential to undermine California's climate goals due to associated greenhouse gas emissions. Specifically, the Los Angeles Economic Development Corporation has found seawater desalination to emit more greenhouse gas emissions than any other water source. The Inland Empire Utilities Agency has similarly reported that desalination uses "over ten times more energy" in its service area than recycled water. A recent Pacific Institute analysis further shows energy requirements for seawater desalination average about 15,000 kWh per million gallons of water produced (3.96 kWh/m^3). By comparison, the least energy-intensive options of local sources of groundwater and surface water require 0-3,400 kWh per million gallons (0-0.90 kWh/m^3), and critically, wastewater reuse require 1,000-8,300 kWh per million gallons (0.26-2.19 kWh/m^3) depending on treatment requirements. The energy needs of seawater desalination facilities have the potential to significantly increase demand on the existing electric grid, thereby threatening California's renewable energy targets by increasing out-of-state importation of electricity from non-renewable sources. <u>We urge the State Water Board to recognize the energy needs and implications of seawater desalination when assigning project scores under the CWSRF, and to limit the allocation of CWSRF funds to project components that are consistent with statewide greenhouse gas emission reduction goals</u>.

Additionally, the Climate Resolution requires the DFA to ensure that applications and environmental reviews for potential projects account for impacts related to climate change, including potential effects of climate change on the viability of funded projects. The CWSRF IUP must reflect this object by evaluating the vulnerability of

projects to flooding, storm surge, sea level rise, and other environmental challenges posed by climate change. The State Water Board should ensure that any major capital investments or funding provided through the CWSRF to improve water quality account for sea level rise projections provided by the Ocean Protection Council and are not in conflict with coastal hazards guidance and determinations by the Coastal Commission, where applicable. We urge the State Water Board to require applicants to provide documentation that sea level rise and coastal erosion have been considered in accordance with CCC and OPC guidance, and prohibit the distribution of funds for the development of water infrastructure at risk of coastal erosion or flooding.

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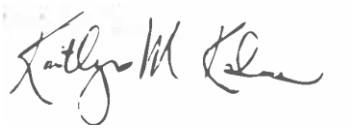
Of the 109 new projects that applied for CWSRF funding, DFA staff have only offered scenarios that will fund 29-40 new projects this coming fiscal year. This does not take into account those projects that remain on the fundable list from prior years, and may not be subject to funding due to the lack of funding available. Given the demand and importance of this fund, the State Water Board must carefully evaluate the components of a project to ensure it meets all statewide objectives – particularly those outlined in the State Water Board's Climate Resolution. The Climate Resolution adopted by the State Water Board has the potential to enhance its capacity to address climate change and to encourage adaptation and mitigation in all State and Regional Water Board functions, including the issuance of permits, development of policies and regulations, and project financing. We applaud the State Water Board's effort thus far and encourage explicit and robust incorporation of the Climate Resolution in the allocation of CWSRF funds to mitigate climate change and ensure resilient water infrastructure throughout the state.

Sincerely,



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