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March 12, 2014

Felicia Marcus, Chair and Members  
State Water Resources Control Board  
1001 I Street  
Sacramento, CA 95814



Via electronic mail: [commentletters@waterboards.ca.gov](mailto:commentletters@waterboards.ca.gov)

**SUBJECT: Resolution to Provide Financial Incentives in Response to the Governor's Drought Proclamation for Near-Term Recycled Water Projects—Agenda Item #3, Board Meeting of March 18, 2014**

Chair Marcus and Members:

Thank you for the opportunity to provide comments on the proposed resolution to provide funding incentives for the Clean Water State Revolving Fund (CWSRF) program directed to incentivize near term recycled water projects. The Del Puerto Water District, with the City of Modesto and the City of Turlock, have partnered to develop the North Valley Regional Recycled Water Project (NVRWP), a recycled water project that would most likely be the largest in the State of California when completed, and one which would benefit greatly from the proposed terms.

The Del Puerto Water District is an agricultural water service contractor serving over 45,000 acres of highly productive farmland on the Westside of the Central Valley in San Joaquin, Stanislaus, and Merced Counties. Our Federal Central Valley Project (CVP) water service contract is our sole source of supply, which in the current year provides us with 0% allocation, as we know you are aware. The NVRWP will afford the landowners and food-producers of Del Puerto Water District with a highly reliable source of supply which will be beneficially used on a variety of permanent and annual crops. The Project could further provide environmental benefits by making water available to the Central Valley Project Improvement Act designated wildlife refuges for wetlands. At build out, the NVRWP will provide over 50,000 acre feet of recycled water each year to Del Puerto Water District via the Delta Mendota Canal. Currently the NVRWP is in the early phases of the EIR/EIS process and expects to begin design early in 2015, with the project completion scheduled for March 2018. Upon completion, this will be a first-of-its-kind recycled water project for the Central Valley, benefiting both agriculture and the environment. We appreciate this new funding opportunity and the direct benefit these funds will provide to make this project feasible.

As an agency that has had one CWSRF loan and another similar SWRCB program loan, we support adoption of the proposed resolution, and look forward to the SWRCB's

continued support. In addition to the financing terms, we ask the Board to exercise flexibility to address other loan terms and conditions that will further assist all project applicants. These include:

- Senior Lien Debt: Consider the overall credit-worthiness of a given agency rather than a strict standard that new CWSRF loans be senior to other agency debt.
- Repayment Schedules: Allow agencies to request and justify "customized" schedules based on their unique circumstances rather than amortize the loan over the repayment period so that annual debt service payments are the same in each year.
- Refinancing: Allow agencies with current 20-year CWSRF loans to be refunded with the longer term loans and allow open market "bridge loans" to initiate a needed project while awaiting approval of a CWSRF loan.

We appreciate the State Water Board moving forward to incentivize new recycled water projects that will provide reliable, sustainable and affordable water supplies for our Region. If you have any questions or would like additional information on the NVRWP, please feel free to contact me directly at (209) 892-4470.

Sincerely,



Anthea G. Hansen  
General Manager  
Del Puerto Water District