



City of Hesperia

(3/18/14) Board Meeting- Item 3
Near-Term Recycled Water Projects
Deadline: 3/13/14 by 12:00 noon

Incorporated, 1988

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

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:

The City of Hesperia is pleased 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 City of Hesperia is developing a recycled water project that would benefit from the proposed terms. The City is a member of the Victor Valley Wastewater Reclamation Authority (VWRA) joint powers authority, which is applying for funds to construct a Subregional Water Recycling Facility, or "Skimming Plant", in the City. This project will initially allow for use of 1 million gallons per day of reclaimed water to offset groundwater that is currently used to serve these water demands.

We support adoption of the proposed resolution, which will assist in moving recycled water projects forward more quickly to provide much needed water supply benefits. In addition to the financing terms, we ask the Board to exercise flexibility to address other loan terms and conditions that may constitute barriers to 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 drought proof water supplies for our community.

Very truly yours,

Scott Priester
Director of Development Services

Thurston Smith, Mayor
Eric Schmidt, Mayor Pro Tem
Russ Blewett, Council Member
Mike Leonard, Council Member
Bill Holland, Council Member

Mike Podgracz, City Manager

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