



**Department of Public Utilities**

Wastewater Management Division  
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March 11, 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:

The City of Fresno, Wastewater Management Division (COF-WMD) 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. COF-WMD is developing a recycled water project that would benefit from the proposed terms. The COF adopted a Recycled Water Master Plan (Master Plan) which examines urban and agricultural reuse, groundwater recharge and institutional exchanges of recycled water to potable water. The Master Plan includes projects for installation and operation of treatment, storage and distribution infrastructures to serve proposed areas with recycled water. COF-WMD intends to apply for CWSRF incentives to implement the Master Plan and to meet the goals as stated in the City's Urban Water Management Plan of recycling 25,000 acre-feet each year by 2025.

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:


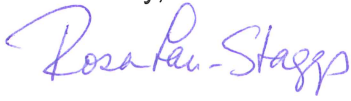
- Senior Lien Debt: Consider the overall credit-worthiness of a given agency rather than a strict standard that new CWSRF loans be senior to other agency debt.
- Repayment Schedules: Allow agencies to request and justify "customized" schedules based on their unique circumstances rather than amortize 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.



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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.

Sincerely,



Stephen A. Hogg  
City of Fresno  
Assistant Director Department of Public Utilities