

October 19, 2018

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

**(11/27/18) Board Meeting  
CWSRF Policy Amendment  
Deadline: 10/19/18 by 12 noon**

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



**RE: Comment Letter – Clean Water State Revolving Fund (CWSRF) Policy Amendment**

Dear Chair Marcus 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 amendments to the Clean Water State Revolving Fund (CWSRF) Policy. We strongly support the State Water Resources Control Board’s (State Water Board) efforts to incorporate Resolution No. 2017-0012 (Climate Resolution) adopted last year. This incorporation serves as an important and critical opportunity to implement the goals of the Climate Resolution through the CWSRF. Below we offer comments and propose edits to the current draft CWSRF Policy to fully implement the explicit actions outlined in the Climate Resolution.

To sufficiently incorporate the objectives of the Climate Resolution and encourage project applicants to address climate change adaptation and mitigation in project plans and proposals, we recommend the following changes to the CWSRF Policy:

- (1) Include “Climate Change Mitigation” and “Climate Change Adaptation” as two primary scores to determine project eligibility under the CWSRF.
- (2) Include an additional secondary score to recognize and encourage projects that incorporate natural systems and/or natural infrastructure to promote adaptation and utilize existing natural features and ecosystem processes, or restoration of natural features and ecosystem processes.
- (3) Include a secondary score to recognize and encourage projects that complete a climate change vulnerability assessment.
- (4) Incorporate additional incentives and eligibility points for projects that actively mitigate and adapt to climate change.
- (5) Include the Climate Resolution as a separate Appendix to the CWSRF.
- (6) Include eligible project costs that reflect the actions listed in the Climate Resolution.
- (7) Include additional water conservation measures as eligible project costs.
- (8) Prohibit the use of CWSRF funds for seawater desalination facilities.
- (9) Include Executive Order B-37-16 and Executive Order 13690 in Appendix O, “State and Federal Cross-Cutting Requirements.”
- (10) Prioritize water recycling projects that demonstrate improvements in water supply or reduce pollutant load discharges when determining a project’s eligibility under the CWSRF.
- (11) Prohibit the use of CWSRF funds for infrastructure sited in coastal inundation zones that will be impacted by sea level rise and/or extreme weather events.
- (12) Require all applicants to the CWSRF and Drinking Water State Revolving Fund (DWSRF) demonstrate compliance with the Federal Flood Risk Management Standard (FFRMS).
- (13) Include climate change projections as an eligible project cost to demonstrate project viability and to build and enhance project resilience.

- (14) Ensure environmental reviews include development and analysis of at least one project alternative that utilizes existing natural features and ecosystem processes, or the restoration of natural features and ecosystem processes.
- (15) Explicitly ensure the Division of Financial Assistance evaluates the technical and financial viability of projects in the context of climate change when financing of each project.

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**I. THE STATE REVOLVING FUND SHOULD EXPLICITLY ENCOURAGE PROJECTS THAT SUPPORT CLIMATE CHANGE MITIGATION AND ADAPTATION TO IMPLEMENT THE OBJECTIVES OF 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: 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,” prioritize “actions that both build climate preparedness and reduce greenhouse gas emissions” and prioritize “[n]atural infrastructure solutions.”

As currently drafted, however, the CWSRF does not adequately include climate change and mitigation adaptation objectives or metrics to support implementation of the Climate Resolution. Climate change actions are referenced only in general terms in the draft CWSRF, which does not explicitly state any example actions that may be funded by the CWSRF to adapt to or mitigate climate change. Specifically, section 20 of the Climate Resolution expressly states 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). These objectives include greenhouse gas emission reduction, improvement of ecosystem resilience, and response to climate change impacts.

To implement this provision, the CWSRF must, at minimum, include reference to specific climate change mitigation and adaptation objectives. In addition, projects that support the Climate Resolution should be explicitly encouraged and rewarded by the CWSRF through the use of information requirements and application scoring. As currently drafted, however, the only explicit factor that promotes climate change adaptation and mitigation in determining project funding eligibility is whether an applicant has adopted a “climate change action plan or policy” as an optional secondary score under the CWSRF. Unfortunately, this approach is not sufficient with respect to either mitigation or adaptation to ensure consistent identification and prioritization of projects that will reduce emissions and promote climate change resilience.

To sufficiently incorporate the objectives of the Climate Resolution and encourage applicants to seek projects that increase climate change adaptation and mitigation in water infrastructure, we recommend the inclusion of “Climate Change Mitigation” and “Climate Change Adaptation” as two separate primary scores to determine project eligibility under the CWSRF. We further recommend a preventative and improvement score of “7,” as the Climate Resolution directs the State Water Board to assign high priority to climate-related and low-impact projects, yet also identifies “the human right to water as a top priority.”

**Recommended Language** (new language indicated in red):  
(Draft CWSRF Policy, p. 8)

**Table 1 – Primary Score**

<u>Resource or Impact</u>	<u>Purpose</u>		
	<u>Corrective</u>	<u>Preventative</u>	<u>Improvement</u>
Drinking Water Source	9	8	7
Delta Water Quality	8	7	7
Water Recycling			7
Impaired Water Body	8	6	4
Water Quality Control Plan or Permit	8	6	4
Climate Change Mitigation		7	7
Climate Change Adaptation		7	7

**Recommended Language** (new language indicated in red):  
(Draft CWSRF Policy, p. 8)

**Primary Score Definitions**

...

**Resource or Impact**

...

Climate Change Mitigation: Applicants must demonstrate a direct connection between completion of the project and an objective(s) consistent with Resolution No. 2017-0012, including reduction of greenhouse gas emissions. Applicants must reference specific and measurable project design features or other measures for accomplishing such objectives. For example, applicants may reference an applicable California Air Resources Board methodology for calculating greenhouse gas emission reductions.

Climate Change Adaption: Applicants must demonstrate a direct connection between completion of the project and an objective(s) consistent with Resolution No. 2017-0012, including improving ecosystem resilience and/or response to climate change impacts. Applicants must reference specific and measurable project design features or other measures for accomplishing such objectives. For example, applicants may reference the California Air Resources Board’s Co-benefit Assessment Methodology for Climate Adaptation.

In addition to this primary score, an additional score should be added to encourage projects that explicitly support climate change mitigation and adaptation objectives of the Climate Resolution, regardless of whether the applicant has a climate change action plan or policy. While funding applicants should be encouraged to adopt a climate change action plan or policy, projects that will explicitly benefit statewide climate change mitigation and adaptation efforts should be encouraged equally alongside applicants with a climate change action plan or policy. For this reason, we propose an additional secondary score be added to recognize and encourage projects that incorporate natural systems and/or natural infrastructure to promote adaptation and utilize existing natural features and ecosystem processes, or restoration of natural features and ecosystem processes. This will incentivize projects with overlapping priorities, **such as using natural infrastructure to capture storm water, improve water quality, increase groundwater recharge, support flood management, and increase ecosystem protection**. We further recommend a secondary score to encourage and reward projects that complete a climate change vulnerability assessment, consistent with the directive of the Climate Resolution that the Division of Financial Assistance account for climate change impacts on the viability of projects funded under the CWSRF.<sup>1</sup>

<sup>1</sup> Please see full discussion *infra* Section III. of these comments.

**Requested Language** (new language indicated in red):  
(Draft CWSRF Policy, p. 9)

**Table 2 – Secondary Score**

<b><u>Secondary Characteristic</u></b>	<b><u>Score</u></b>
Applicant has adopted a “climate change” action plan or policy, and the plan or policy is applicable to the system being financed or the project will help implement the plan or policy actions.	3
Project addresses multiple water quality impairments, eliminates or reduces multiple sources of water pollution, or eliminates a discharge of waste regulated by a Regional Water Board or the State Water Board.	3
Project is cited in a multi-agency regional environmental management plan, increases the local supply of drinking water, or has multi-media environmental benefits.	2
The applicant agrees to provide funds to match federal capitalization grants by agreeing to the match financing option.	2
Project incorporates natural systems and/or natural infrastructure to promote adaptation and utilize existing natural features and ecosystem processes, or restoration of natural features and ecosystem processes.	2
Applicant has completed a climate change vulnerability assessment for the project.	2

Finally, California can learn from other states’ practices for incentivizing climate resilient water infrastructure through the CWSRF. Many states provide additional prioritization points, preferential interest rates, eligibility for additional loan subsidization or grants, and other actions designed to encourage municipal water infrastructure managers to make their systems more resilient to the impacts of climate change. For example, the State of Maine offers a standalone forgiveness loan to incentivize the development of Climate Adaptation Plans for wastewater treatment systems, and the State of Illinois provides additional low-interest loans and loan guarantees for green infrastructure, water efficiency, and storm water management programs that increase climate resilience. We encourage the State Water Board to consider additional incentives for projects to actively mitigate and adapt to climate change.

**II. THE STATE REVOLVING FUND SHOULD PROVIDE EXPLICIT ACTIONS TO ENCOURAGE IMPLEMENTATION OF RESOLUTION NO. 2017-0012.**

While we appreciate the State Water Board’s effort to incorporate the new objectives and requirements of the Climate Resolution into the CWSRF, climate change is only referred to generally throughout the document without specific reference to the various projects and project outcomes applicants may pursue to achieve the objectives of the Climate Resolution. This is a missed opportunity to notify project applicants of the specific projects and objectives of the Climate Resolution and encourage incorporation of the Climate Resolution objectives in project designs. The Climate Resolution should be included as an Appendix, at the very minimum, to allow project applicants to reference and consider incorporating the highlighted actions within the Climate Resolution in individual project designs and proposals.

**Recommended Language** (*new language indicated in red*):  
(Draft CWSRF Policy, p. 39)

C. Eligibility

...

1. Eligible Project Costs

- a. Treatment facilities, including new collection systems to serve existing homes or businesses or new development in infill areas within the existing service area, alternative treatment facilities such as leach fields, mound systems, and constructed wetlands, and equipment or systems to reduce energy use or reduce the effects of climate change (see Appendix [X]).

The CWSRF Policy, however, would best incorporate the objectives of the Climate Resolution by including specific projects highlighted within the Climate Resolution under eligible project costs, in addition to its inclusion as an appendix.

a. Reduce Greenhouse Gas Emissions

The Climate Resolution explicitly provides a list of sample actions to achieve greenhouse gas emission reductions. These include: reduction of methane emissions from landfills while achieving water quality objectives; opportunities to reduce methane emissions from dairies and concentrated animal feeding operations while achieving water quality objectives; storm water capture and use; and assistance to finance, construct, upgrade, and operate energy-efficient drinking water and wastewater treatment systems for disadvantaged communities. We request the project costs listed in the CWSRF Policy reflect these actions as stated in the Climate Resolution.

The CWSRF Policy should additionally have an expanded list of eligible project costs to promote water conservation, as significant greenhouse gas emissions reductions are associated with water conservation. Data compiled by the University of California, Davis Center for Water-Energy Efficiency has demonstrated that the state's approximate 25 percent reduction in water usage during the multi-year drought also reduced electricity usage throughout California. Water conservation-related greenhouse gas savings over the entire period of the drought mandate represented the equivalent of taking nearly 50,000 cars off the road for the duration of a year. Further, water conservation is already recognized as a tool to mitigate greenhouse gas emissions in various state guidance documents. For example, the California Air Resources Board found that a 4.8 million metric ton reduction of carbon dioxide-equivalent emissions can be attained through reducing embedded energy in the water sector. Additionally, the California Energy Commission has found that water conservation could save as much energy as some of the state's existing energy-efficiency programs – but at about half the cost – suggesting it is more cost effective to save energy through water conservation and efficiency measures than through current and planned energy efficiency programs. In California's *20x20 Water Conservation Plan*, the Governor called on California to achieve a 20 percent reduction in per capita water use statewide by 2020 in the hopes of reducing greenhouse gas emissions. The *20x20 Plan* was also discussed in the *AB 32 Scoping Plan*, noting that reducing per capita water use by 20 percent would achieve a corresponding 1.4 million metric tons of carbon dioxide reductions.

Executive Order B-37-16 further directs the State Water Board to improve water system management and prioritize capital projects to reduce water waste. Eligible project costs listed under Section C, subsection (1)(s) of the CWSRF, which lists eligible project costs associated with water conservation, should be expanded to include additional water conservation projects beyond the installation of water supply meters, plumbing retrofits, landscaping, education, and gray water systems to explicitly list eligible project costs that support capital scale

improvements and design. This may include project costs to support water system upgrades, reduce water loss in conveyance systems, and storm water capture infrastructure. These additional water conservation measures will not only increase California’s resilience to future drought and water demand, but can result in greater reductions of greenhouse gas emissions.

**Recommended Language** (*new language indicated in red*):  
(Draft CWSRF Policy, p. 41)

C. Eligibility

...

1. Eligible Project Costs

...

s. Water conservation measures:

- i. Installation of water supply meters;
- ii. Plumbing fixture retrofits or replacements;
- iii. Efficient landscape irrigation equipment;
- iv. Public water conservation education programs;~~;~~**and**
- v. Gray water systems;
- vi. Water system upgrades;**
- vii. Water conveyance efficiency, and**
- viii. Storm water capture devices or natural infrastructure.**

We further recommend the inclusion of Executive Order B-37-16 in Appendix O “State and Federal Cross-Cutting Requirements” to inform applicants seeking to improve water system management and assist staff in prioritizing capital projects to reduce water waste.

The Climate Resolution highlights actions the State Water Board may take to reduce greenhouse gas emissions and recognizes that “[g]iven the magnitude of climate change impacts on California’s hydrology and water systems, our response to climate change must be comprehensive and integrated into all Water Boards’ actions. This resolution lays the *groundwork* for a robust response that will support California’s ongoing climate leadership” (emphasis added). To comprehensively address climate change in all State and Regional Water Board actions, the actions encouraged by and undertaken by the State Water Board are not thereby limited to those listed in the Climate Resolution.

For example, limiting the development of seawater desalination has significant potential to mitigate greenhouse gas emissions. The Los Angeles Economic Development Corporation found seawater desalination to emit more greenhouse gas emissions than any other water source, and the Inland Empire Utilities Agency 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<sup>3</sup>). 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<sup>3</sup>); wastewater reuse, depending on treatment levels, may require 1,000-8,300 kWh per million gallons (0.26-2.19 kWh/m<sup>3</sup>); and energy requirements for importing water through the State Water Project to Southern California range from 7,900-14,000 kWh per million gallons (2.09-3.70 kWh/m<sup>3</sup>). The energy needs of these 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. We urge the State Water Board to recognize the energy needs and implications of seawater desalination and prohibit the use of CWSRF funds for seawater desalination facilities.

**Recommended Language** (*new language indicated in red*):

(Draft CWSRF Policy, p. 42)

C. Eligibility

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1. Ineligible Project Costs

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**k. Seawater desalination.**

Lastly, we appreciate the inclusion of replacement equipment that increases energy efficiency as an exception under “Ineligible Project Costs.” The State Water Board, however, may encourage project applicants to consider not only the energy efficiency, but consider additional mitigation measures, such as the inclusion of renewable energy sources when updating a facility. We suggest adding language that highlights both greater energy efficiency and a reduction of greenhouse gas emissions to best implement the objectives of the Climate Resolution.

**Recommended Language** (*new language indicated in red*):

(Draft CWSRF Policy, p. 42)

C. Eligibility

...

1. Ineligible Project Costs

...

j. Replacement of facilities previously funded by Clean Water grants or CWSRF financing except under one of the following circumstances:

(iii) Where replacement of equipment reduces the effects of climate change, such as greater energy efficiency **and reduction of greenhouse gas emissions**, or provides for more dependable or cost-effective operation of the facility; or

b. Improve Ecosystem Resilience

The Climate Resolution explicitly provides a list of sample actions to enhance ecosystem resilience to the impacts of climate change. These include: protecting headwaters, facilitating restoration, reducing vulnerability and impacts from fires to protect ecosystems and water supplies, and addressing water quality standards compliance, given that impacts of climate change contribute to or exacerbate degradation of water quality (e.g., increased surface water temperatures, altered surface water flows, changes in water chemistry, hydrology, and ecology). We request the project costs listed in the CWSRF Policy reflect these actions as stated in the Climate Resolution.

Additionally, the State Water Board should give preference to potable reuse projects that support drought resilience and permanently dedicate water to instream flows. To incorporate the benefits of water recycling in offsetting water supply needs and to improve drinking water quality, the State Water Board must provide priority for projects that verifiably result in improvements to instream flows. The same holds true for energy efficiency and greenhouse gas emissions. The State Water Board should not compare one water recycling projects’ greenhouse gas emissions to another’s, as this could have the unintended consequence of funding non-drought resilient projects such as purple pipe projects that irrigate non-essential applications (e.g., golf courses or lawns).

Nor should the State Water Board prioritize energy efficiency based on the presumption that the project will offset diversions and pumping from imported water. Rather, the State Water Board should prioritize water recycling projects that *actually* result in reductions of imported pumping. Only when actual improvements to instream flows exist does one see a reduction in greenhouse gas emissions resulting from less imported water. Therefore, the State Water Board needs to make it explicit that priority will be given to water recycling projects that *verifiably* result in improvements to water supply when determining a project’s eligibility under the CWSRF Policy.

The CWSRF should also explicitly reference recommendations made in the draft Ocean Acidification Action Plan, which is anticipated to be adopted on October 25, 2018. For example, recent studies have shown that, in nearshore regions associated with high urbanization, nitrogen loads from *wastewater effluent are roughly equivalent to nutrient loads from upwelling*.<sup>2</sup> This has effectively doubled the nitrogen loading off the California coast. As research regarding ocean acidification and ocean change continues, we can and should undertake no-regrets actions to minimize pollution inputs to the ocean. The CWSRF should highlight and encourage projects that reduce the amount of nutrients entering the ocean through wastewater treatment ocean outfalls, such as water recycling projects.

While water recycling reduces the volume of wastewater discharges, it does not eliminate the total pollutant load from wastewater discharges. This discharge load has the potential to exasperate climate change impacts, such as harmful algal blooms and ocean acidification hotspots. Therefore, eligible project points should be given to projects that reduce overall pollutant load in wastewater outfalls.

**Recommended Language** (*new language indicated in red*):

(Draft CWSRF Policy, p. 8)

**Primary Score Definitions**

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**Resource or Impact**

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Water Recycling: Projects must meet the requirements of the *Water Recycling Funding Program Guidelines* **and demonstrate either an actual reduction in imported water or actual reduction in pollutant load discharge.**

c. Respond to Climate Change Impacts

The CWSRF Policy should encourage projects that reduce water supply and wastewater treatment infrastructure vulnerability to flooding, storm surge, and sea level rise. The use of monitoring mechanisms to monitor inflow and the use of backflow devices and other upgrades to address sea level rise impacts to water and wastewater infrastructure are already in use throughout California. The CWSRF Policy should encourage the continued and expanded use of these monitoring methods to encourage projects to address sea level rise impacts. 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 therefore 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. The State Water Board should also prioritize nature-based adaptation measures and prohibit the distribution of funds for the development of water infrastructure at risk of coastal erosion or flooding when evaluating project eligibility to reduce infrastructure vulnerability from flooding, storm surge, and sea level rise.

<sup>2</sup> Howard et al., *Anthropogenic nutrient sources rival natural sources on small scales in the coastal waters of the Southern California Bight*, 59 LIMNOLOGY AND OCEANOGRAPHY, 285 (2014)

**Recommended Language** (new language indicated in red):

C. Eligibility

...

1. Ineligible Project Costs

...

**k. Seawater desalination.\***

**1. Infrastructure sited in coastal inundation zones that will be impacted by sea level rise and/or extreme weather events.**

*\* Rationale for this recommendation is provided Section II.a of this comment letter.*

Further, the State Water Board should explicitly require that all applicants to the CWSRF and DWSRF demonstrate compliance with the FFRMS, set forth in Presidential Executive Order 13690, to support the development of more climate resilient water infrastructure systems. The FFRMS requires compliance for all projects that receive federal funding, which applies to the CWSRF and DWSRF, as both are capitalized annually with new federal funding. Specifically, the FFRMS requires that an additional margin of safety be factored into the design and siting of public infrastructure and that climate impacts, like sea level rise, be considered when appropriate. While currently referenced in California’s sea level rise programs, explicit recognition of Executive Order 13690 and compliance with FFRMS are essential to include in the CWSRF. At a minimum, we recommend the inclusion of Executive Order 13690 in Appendix O “State and Federal Cross-Cutting Requirements.”

The Climate Resolution explicitly states that the Division of Drinking Water “shall work with Division of Financial Assistance to provide technical assistance and financial support to protect drinking water systems that are highly vulnerable to climate change impacts, with emphasis on disadvantaged communities and vulnerable populations.” This includes funding for siting of new drinking water systems using climate change projections and increased operational flexibility to build and enhance resilience to the impacts of climate change. These goals and objectives should be reflected in the eligible project costs listed in the CWSRF Policy.

**Recommended Language** (new language indicated in red):

(Draft CWSRF Policy, p. 24)

C. Planning/Design Application Requirements

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1. Eligible Planning/Design Costs

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**o. Climate change projections.**

Finally, consistent with statewide guidance described in Section 71154 of the Public Resources Code, the Division of Financial Assistance “shall work to maximize, where applicable and feasible,” the use of natural systems and natural infrastructure when developing physical infrastructure to address adaptation and utilize existing natural features and ecosystem processes, or the restoration of natural features and ecosystem processes, to meet the project’s goals. We encourage the State Water Board to ensure project scoping and environmental reviews include development and analysis of at least one project alternative that utilizes existing natural features and ecosystem processes or the restoration of natural features and ecosystem processes to meet the project’s goals and mitigate the impacts of climate change.

**Recommended Language** (*new language indicated in red*):  
(Draft CWSRF Policy, p. 32)

IV. Project Financing

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B. Application Requirements

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3. Environmental Package

a. This package includes information and documentation necessary to evaluate applicable state and federal environmental requirements.

b. The applicants must provide complete and adequate project specific environmental documentation to allow the State Water Board to fulfill its responsibilities under the California Environmental Quality Act (CEQA) and to meet federal environmental review requirements. In accordance with the Operating Agreement, the State Water Board uses the State Environmental Review Process (SERP) to fulfill these requirements. (See Appendix I).

**c. The applicants must provide the information and documentation necessary for environmental review to account for climate change impacts on the project, including potential current and future effects of climate change over the expected lifecycle of the proposed project.\***

**d. The applicants must provide, if applicable, at least one project alternative that utilizes existing natural features and ecosystem processes or the restoration of natural features and ecosystem processes to meet the project's goals.**

*\* Discussion of this recommendation is provided in Section III. of this comment letter.*

**III. THE STATE REVOLVING FUND MUST ACCOUNT FOR THE IMPACTS OF CLIMATE CHANGE ON THE VIABILITY OF FUNDED PROJECTS.**

The Climate Resolution directs the Division of Financial Assistance to “ensure that applications and environmental review for potential projects account for impacts related to climate change, including potential effects of climate change on the viability of funded projects.” As recognized in *Safeguarding California* and codified in Public Resource Code sections 71154<sup>3</sup> and 71155<sup>4</sup> and Government Code sections 65302(g)(4) and (g)(5),<sup>5</sup> effective adaptation requires an understanding of climate change vulnerabilities and its impacts on societal infrastructure. Vulnerabilities and risks must be assessed through decision-support tools and analyses, then implemented in project design. Further, section 15126.2 of the California Environmental Quality Act Guidelines requires lead agencies to “analyze potentially significant impacts associated with placing projects in hazardous locations.” The State Water Board must therefore consider climate change impacts when financing a project under the CWSRF.

For example, all infrastructure sited within the Coastal Zone, tidal inundation zones, or floodplains should include analysis of the project sites’ vulnerability to extreme weather events, storm surge, sea level rise, erosion, and flooding. This analysis must not be overlooked when considering the eligibility of project funding under the CWSRF. Further, projects sited in high risk areas should not be funded by the CWSRF to ensure critical

<sup>3</sup> Pub. Res. Code, § 71154 (directs state agencies to ensure “state investments consider climate change impacts, as well as promote the use of natural systems and natural infrastructure”).

<sup>4</sup> *Id.*, § 71155 (provides “state agencies shall take into account the current and future impacts of climate change when planning, designing, building, operating, maintaining, and investing in state infrastructure”).

<sup>5</sup> Gov. Code, §§ 65302(g)(4) and (g)(5) (requiring local governments to undertake “a vulnerability assessment that identifies the risks that climate change poses” and locate “new essential public facilities” “outside of at-risk areas”).

infrastructure – and taxpayer dollars to retrofit or relocate these facilities – are not vulnerable to increased risk caused by predicted changes in the environment. Additionally, the energy requirements of new or existing facilities should be considered when approving a project for funding under the CWSRF to mitigate and reduce greenhouse gas emissions. A complete analysis of the environmental and energy landscape of projects funded by the CWSRF, specifically project viability in the context of climate change, must be included in the CWSRF.

The CWSRF as drafted, however, fails to mention an accounting for climate change impacts on the viability of funded projects. To meet this requirement, encourage long-term planning by project applicants, and ensure the longevity of the projects funded by CWSRF, the Division of Financial Assistance shall ensure it evaluates the technical and financial viability of projects when financing of each project.

**Recommended Language** (*new language indicated in red*):

(Draft CWSRF Policy, p. 32)

IV. Project Financing

...

B. Application Requirements

...

3. Environmental Package

a. This package includes information and documentation necessary to evaluate applicable state and federal environmental requirements.

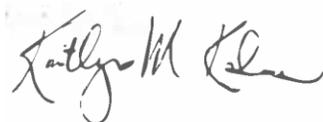
b. The applicants must provide complete and adequate project specific environmental documentation to allow the State Water Board to fulfill its responsibilities under the California Environmental Quality Act (CEQA) and to meet federal environmental review requirements. In accordance with the Operating Agreement, the State Water Board uses the State Environmental Review Process (SERP) to fulfill these requirements. (See Appendix I).

**c. The applicants must provide the information and documentation necessary for environmental review to account for climate change impacts on the project, including potential current and future effects of climate change over the expected lifecycle of the proposed project.**

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The Climate Resolution adopted by the State Water Board served as an important step to enhance its capacity to address climate change and 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 throughout the CWSRF Policy to achieve the goals and objectives of the Climate Resolution, and to implement on-the-ground reforms to mitigate climate change and ensure resilient water infrastructure and natural ecosystems.

Sincerely,



Kaitlyn Kalua  
Policy Analyst  
California Coastkeeper Alliance