



ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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March 13, 2014

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



Via electronic mail: commentletters@waterboards.ca.gov

Subject: ***3/18-19/14 Board Meeting, Comments on Agenda Item #3, Consideration of Resolution to Provide Financial Incentives in Response to the Governor's Drought Proclamation for Near-Term Recycled Water Projects Funded Through the Clean Water State Revolving Fund (CWSRF)***

Dear Ms. Marcus:

Zone 7 Water Agency (Zone 7) is pleased to provide comments on the proposed resolution to provide financial incentives for near-term recycled water projects through the Clean Water State Revolving Fund (CWSRF) program. As a member of the Western Recycled Water Coalition, Zone 7 strongly supports the implementation of recycled water projects are part of the local water supply portfolio, especially those that result in a reduction in potable water demands for irrigation and, by extension, reduce future reliance on the Delta Watershed.

Zone 7 is the wholesale urban water supplier to businesses and over 220,000 residents in Livermore, Pleasanton, Dublin, and parts of San Ramon. Approximately 80 percent of Zone 7's supply comes from the State Water Project and 90 percent is ultimately conveyed through the Delta with the current infrastructure. Other regional demands for water are met by a combination of local runoff captured in Lake Del Valle, conjunctive use of the local groundwater basin, conservation, and regional use of recycled water for irrigation purposes. The continuing diversification of our water portfolio is critical to the sustainable management of water resources in the Livermore-Amador Valley. As a local and drought-resistant supply of irrigation water, recycled water is becoming an increasingly important asset to this portfolio; Zone 7 therefore supports the efforts of our retailers—Dublin San Ramon Services District, City of Pleasanton, and City of Livermore—to expand their recycled water programs.

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 Resources Control Board’s efforts to incentivize new recycled water projects that will provide reliable, sustainable and drought-proof water supplies for our community.

Sincerely,



G.F. Duerig
General Manager

cc: Gary Darling, DDS/WRWC
Bert Michalczyk, DSRSD
Daniel Smith, City of Pleasanton
Dan McIntyre, City of Livermore