



## THE CITY OF SAN DIEGO

March 13, 2014

Felicia Marcus, Board 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)

Dear Board Chair Marcus and Members:

**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**

The City of San Diego's Public Utilities Department (SDPUD) 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. SDPUD has an ongoing Recycled Water Program and Potable Reuse Projects that would benefit from the proposed terms. Potable Reuse may satisfy up to 40% of San Diego's future water supplies.

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.

Sincerely,



Halla Razak

Director of Public Utilities

CP:slc

