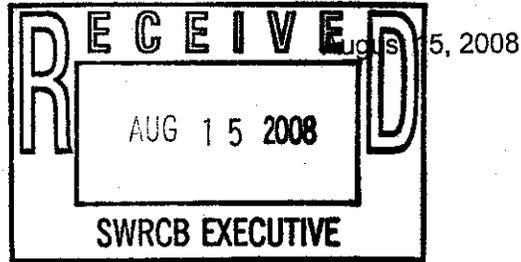


Ms. Jeannine Townsend, Clerk to the Board
State Water Resources Control Board
1001 "I" Street, 24th Floor
Sacramento, CA 95814



Dear Ms. Townsend:

COMMENTS ON AMENDMENT TO THE POLICY FOR IMPLEMENTING THE CWSRF

In response to the Notice of the Proposed Amendment to the Clean Water State Revolving Fund for the Construction of Wastewater Treatment Facilities, the following is offered:

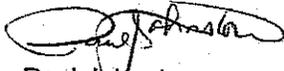
1. **COST EFFECTIVENESS OF WATER RECYCLING PROJECTS** (page 13, Section VIII A, 2nd paragraph).
The amendment proposes to delete the requirement that water recycling project be cost effective when compared to the development of new sources of water. Continuing to compare the cost of a water recycling project to the cost of developing a new water source makes fiscal sense. It provides a comparison and enables an applicant to choose the cost effective alternative, taking into account other overriding factors such as an over drafter groundwater table. Cost comparisons and cost effectiveness should be retained or be addressed in some manner.
2. **USEFUL LIFE OF THE PROJECT** (Definition page 6, page 15 item 3)
Useful life is has been redefined from a 20 year planning period to a period of time over which the funded facilities will serve their intended purposed in a cost-effective manner from the estimated Project Initiation of Operation date. The new definition, as it currently exists, should be reevaluated. Projects have been constructed, such as desalination plants, which, because of high operation and maintenance costs, were shut down within a few years because the agency felt they were not cost effective. With the current definition, the useful life of the desalination plant would be one to two years. Is the intent?
3. **BEST PRACTICABLE WASTEWATER TREATMENT TECHNOLOGY DELETED** (page 16)
Section 201(b) of the Clean Water Act, as amended 2002, requires that projects apply the best practicable waste treatment technology. This seems to be a reasonable requirement that should be retained in the Policy. If any federal money is involved in future CWSRF Projects, it would be required.
4. **ELIGIBLE PROJECT** (page 29)
This category states project components are intended to be completely eligible or ineligible. Item g of this section includes recycled water distribution and storage system capacities. Eligibility criteria between normal SRF projects and water recycling projects is not consistent, therefore, the all or nothing approach does not apply. Eligibility for SRF facilities is generally based on projected growth; eligibility for water recycling facilities is determined from approved annual recycled water demands/usage supported by user assurances. If recycled water

facilities, such as storage tanks, are oversized, they would not be entirely eligible. Eligibility would be based upon the approved recycled water demands, taking into account peaking factors and reasonable design criteria. Eligible costs for partially eligible capacities are then determined on an incremental cost rather than pro rata cost basis. The CWSRF Program is funding recycled water projects, however, eligibility is determined through the criteria listed in the Water Recycling Funding Program Guidelines.

5. VALUE ENGINEERING (page 36)

The proposed amendment increases the cost of a project requiring Value Engineering from \$10 million to \$35 million. Section 218 of the Clean Water Act requires Value Engineering for a project costing \$10 million or more. If funding for future CWSRF projects include federal dollars, the federal criteria limit would be required. If left as proposed, this might create a problem.

Sincerely,



Paul Johnston
6116 Laguna Villa Way
Elk Grove, CA 95758