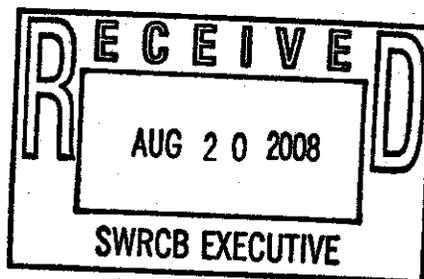




A Nonprofit Housing and Community Development Organization

June 10, 2008

Ms. Jeanine Townsend, Clerk of the Board
State Water Resources Control Board
1001 "T" Street, 24th Floor
Sacramento, CA 95814



Re: Comments on Policy for Implementing the Clean Water State Revolving Fund for Construction of Wastewater Treatment Facilities

Dear Ms. Townsend:

We appreciate the opportunity to comment on the Clean Water State Revolving Fund (CWSRF) as proposed in the "September 2, 2008 Amendment". We support the State's efforts to clarify CWSRF policy issues and target affordable rates to economically Disadvantaged Communities (DACs).

A higher degree of assistance should be made available to small disadvantaged (defined as communities with a median household income below 80 percent of statewide median) and small severely disadvantaged communities (defined as communities with a median household income below 60 percent of statewide median).

We share the concern for any community's residents that must pay more than 4 percent of their median household income for wastewater service and agree that preferred financing rates and terms should be available to them. However, we recommend that communities in this situation not be included within the DAC grouping. We propose a new category for such communities to be called "financially overburdened communities" (FOBCs).

Our concern is that if the definition of DACs is broadened, the relatively small amount of grant funds available would be diluted to the point where fewer dollars are available to current DACs. The Small Community Wastewater Grant (SCWG) Competitive Project List is full of small DACs needing funding well beyond the resources likely available for the foreseeable future. Another reason not to include higher income communities as DACs is that the current DACs have historically had more difficulty in competing for funds with more affluent communities, often losing out in the competition when "readiness to proceed" is a criteria for funding.

We suggest some reference to limiting user rates down below 1.5 percent of MHI for DACs. We also suggest that local match of the federal Capitalization Grant be banked to match up to 5 years of projected federal grant awards. Lastly, we have the following recommendations and suggested changes to the draft policy:

Page 3 III Definitions

(f) "Disadvantaged Community" means a community with a population of less than 20,000 and a median household income (MHI) less than eighty percent (80%) of the statewide MHI.

() "Severely Disadvantaged Community" means a community with a population of less than 20,000 and a median household income (MHI) less than sixty percent (60%) of the statewide MHI.

() "Financially Overburdened Community" means a community with a sewer rate of more than four percent (4%) of the community's MHI

Page 8 C. Priority Classes 1, Class A, after Board of Supervisors add "City Councils"

Page 8 C. Priority Classes 1, Class A, b) after storm drainage pollution add "groundwater pollution"

Page 9 D. Project Ranking "Projects within fundable priority classes shall be funded based on readiness to proceed and financial need. (This addition is requested to encourage efforts to expand CWSRF funding to DACs).

Page 10 F. Funding Projects, last sentence should be amended to " If insufficient funds are available for all projects seeking funding, then the project that most effectively addresses global climate change shall be funded first or the project should fund a disadvantaged community.

Page 13 VII. Refinancing, Add at end of (3), or (4) That refinancing an existing CWSRF and/or USDA loan to a disadvantaged community where user rates exceed 1.5% of MHI will reduce the user rate.

Page 14, B. Multipurpose Projects, 2. Would effluent irrigation of an agricultural crop that reduces groundwater pumping or diversion of surface water where crops uptake nutrients from effluent, be considered a multipurpose project?

Page 18 10 m. Is there a way to resolve situations where tentative waste discharge requirements are prepared, but the Regional Water Board has not finalized them in a timely manner?

Page 30 2. Ineligible (a) All land, easements and rights-of-way, except for disadvantaged communities (funds for land purchase of treatment plant and disposal area are critical part of project and other sources of financing for land are often not available to DACs).

Thank you for considering our comments.

Sincerely,



Thomas J. Collishaw
Vice President
Self-Help Enterprises