



September 16, 2013

Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814
Via electronic mail

Re: Comment Letter – October 22, 2013 Board Meeting - 2014 IUP

Dear Ms. Townsend and Board Members:

On behalf of Clean Water Action, Community Water Center, California Rural Legal Assistance Foundation, and Leadership Counsel for Justice and Accountability, we respectfully submit these comments on the 2014 draft Intended Use Plan (IUP) for the Clean Water State Revolving Fund (CWSRF). As organizations that work with and for disadvantaged communities that lack safe wastewater treatment facilities, we are interested in assuring that the CWSRF maximizes its ability to provide assistance to such communities across the state.

We appreciate the focus that the Board has placed on this subject, specifically in the development and implementation of its Small Community Wastewater Strategy. We support the Board's continuing efforts to provide resources and assistance to the state's most vulnerable communities.

B.1 Resources

As we stated in our comments on last year's Intended Use Plan, we remain concerned at the small number of staff allocated to processing applications from small, disadvantaged communities – just 1 PY Water Resources Control Engineer out of 18 total PYs assigned to the program. In response to the same comment about last year's IUP, staff stated: "The Division of

Financial Assistance maintains a technical assistance contract and has dedicated a unit of staff to assist small, disadvantaged communities. It also has flexibility to increase the resources to assist disadvantaged communities consistent with the program's other water quality priorities.” While we appreciate this statement, we request that more specific information about the level of staff dedicated to technical assistance for small disadvantaged communities be included in either or both of the IUP or the annual Small Community Wastewater Strategy report.

B.2. Administrative Funding

It appears that staff proposes using the 4% administrative allowance from the federal capitalization grant for local assistance financing, but the document does not indicate where or how that funding will be spent in the funding year. As such, our organizations request information as to where and how that funding will be spent in the funding year.

B.3. Small Community Grant Fund

Our organizations wish to express our strong support for this fund and our appreciation to staff for its aggressive pursuit of eligible projects. The mix of planning and construction grants allows the fund to be fully utilized in current and future years. Our support is predicated on the continued availability of full principle forgiveness for projects serving disadvantaged communities using a blend of federal capitalization grants and available funding from the Small Community Grant Fund.

Appendix B, Table 2 Project Financing Forecast for FFY2014

This very helpful table provides a list of projects slated for Principle Forgiveness that adds up to over \$51 million. This total dollar value represents the most optimistic estimate for the FFY 2014 federal capitalization grant; the actual grant, according to this plan, will almost certainly be smaller, so not every project eligible for principle forgiveness on this list can be funded. Therefore, it would be helpful to understand how limited principle forgiveness funds will be allocated.

In order for us to provide meaningful comments, we request more information about how project funding – specifically principle forgiveness funding - will be prioritized. At the moment, we are concerned that under a lower federal grant scenario, projects benefitting the most vulnerable communities will not be funded. Neither the IUP narrative nor this Table identify how funding shortages will be handled. If fewer projects can be funded, will a project like the Parklawn sewer project – which serves a severely disadvantaged community – be bypassed because it is listed on page three of the four-page project list? Or will projects be required to fund a portion of the project through a loan? Or will funding be allocated on a first-come, first-serve basis, regardless of priority? We strongly recommend that the IUP identify priority projects for principle forgiveness based upon categories 1a and 1b established in the SCG fund.

Table 3.B. SCG Fund Balances

Please clarify the high unused balance in this Fund. It is unclear why estimated disbursements are less than the amount collected in the FFY 14 period, and why the SCG Fund maintains a balance that is four times the annual amount collected.

Sustainable Solutions

The State Board has effectively facilitated some regional wastewater solutions - such as the service extension project in Parklawn. Such regional solutions are an integral component of creating sustainable and affordable wastewater solutions for small communities and we anticipate working closely with staff to ensure that funding supports regional projects such as consolidation and extension of services.

Thank you for providing the opportunity to comment.

Sincerely,



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