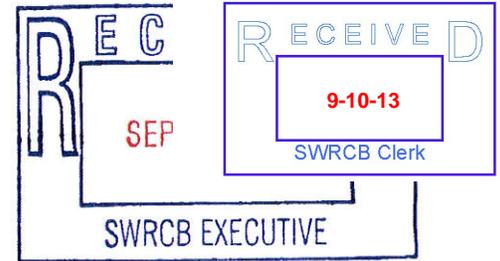


DFA



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September 5, 2013

Thomas Howard
Executive Director
State Water Resources Control Board
1001 I St.
Sacramento, CA 95814

Re: Hi-Desert Water District CWSRF 2014 IUP Participation

Dear Mr. Howard,

The State Water Resources Control Board (Water Board) is preparing the annual Clean Water State Revolving Fund Intended Use Plan (IUP) for submission to the US EPA in October, as you know. The IUP draft identifies our Hi-Desert Water District (HDWD) as an "A" priority.

We write to express our strong support for this urgently needed project, and we also strongly support the HDWD's financing plan for the loan funds.

We believe by HDWD forming an assessment district within the next 6 months is the best option to guarantee repayment of the Clean Water State Revolving Fund loan over the next 30 years. This option is an ideal way for their disadvantaged community to afford this necessary water infrastructure project.

We also write to express our appreciation to both the Water Board headquarters staff and to the Colorado River Basin Regional Water Quality Board (CRBRWQCB) members and staff. You have all worked diligently together for several years with their community and HDWD to ensure their groundwater will be protected. This, in turn, protects their public health and helps drive their local economy.

Thank you.

A few salient details for the record:

- HDWD is 99% septic, the highest in California and well above the highest state, Vermont at 55% as well as the California average, at 10%, according to the US EPA.
- The US EPA in 2011 found the septic percolation violated drinking water safety standards for nitrates and other materials. The underlying soil is coarse, which accelerates percolation of the septic effluent.
- Monitoring well data shows the pollution is spreading toward ground water, which has resulted in a formal regional water board Cease & Desist Order.

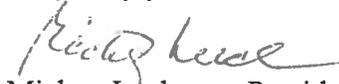
The complex regulatory heavy lifting is done, and the project is shovel ready. The Basin is adjudicated and HDWD is the Water Master. Engineering studies and phased project budgets are complete. A local ratepayer survey and community meetings have been held, and there is a memorandum of agreement among major local entities.

The project is designed in 3 phases, each encompassing a small disadvantaged community.

Furthermore, this project fits the spirit and letter of revisions underway in California water policy to encourage nitrate groundwater contamination remediation in small disadvantaged communities.

We would be glad to answer any board or staff questions.

Very truly yours,



Mickey Luckman, President

cc:

Felicia Marcus, SWRCB Chair
Liz Haven, SWRCB Deputy Director
Robert Perdue, CRBRWQCB Executive Officer
Jackson R. Gualco, The Gualco Group, Inc.

