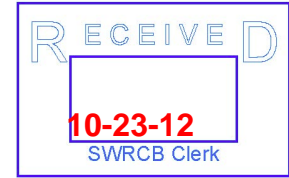




*A Nonprofit Housing and Community Development*



October 23, 2012

Jeanine Townsend, Clerk to the Board  
State Water Resources Control Board  
1001 I Street, 24<sup>th</sup> Floor  
Sacramento, CA 95814  
Via email to: [commentletters@waterboards.ca.gov](mailto:commentletters@waterboards.ca.gov)

Re: Comments on CWSRF Draft Intended Use Plan, FFY 2013

Dear Board Members:

Thank you for the opportunity to comment on the proposed Draft CWSRF Intended Use Plan for FFY 2013.

Over the past 35-plus years, Self-Help Enterprises (SHE) has assisted small disadvantaged communities develop over 100 water and wastewater projects for over 26,000 people in San Joaquin Valley counties. Such disadvantaged communities (DAC)s are recognized as having critically high rates of poverty and unemployment, with many having an urgent need for investment in water and wastewater infrastructure. SHE has provided technical assistance to the water and/or sewer providers in these DACs to enable them to address critical community facilities needs.

In general, we would like to commend the Board's efforts to make CWSRF funding available to small, disadvantaged communities. For many years, CWSRF funding was virtually unavailable to the communities with whom we work, due to the unaffordability of loan obligations. The changes that have been made in recent years, including the development of Principal Forgiveness (PF), improved capitalization of the Small Community Grant fund (SCG) and the adoption of the Small Community Wastewater Strategy all contribute to a funding program that is more accessible to small, disadvantaged communities. However, the current and proposed structure to assist needy communities, we feel, could still be improved to better serve those communities that cannot resolve their wastewater issues without SWRCB assistance.

We strongly support the proposed wording in Table 5, Category 1, Exception (iii), which provides for PF to be allocated on a per-community, not per-project, basis. This approach encourages regional projects which are more resource-efficient and which can typically support increased technical, managerial and financial capability, leading to more successful and sustainable projects serving low-income rural areas. It should be noted, however, that regional projects in previously unsewered areas will have higher operation and maintenance costs per user due to longer collection systems per user; pumping costs to a regional wastewater treatment plant (WWTP) or the expense of operating a new WWTP due to lack of certified operators in rural areas; and the distance between WWTPs that operators must serve. Toward that end, we recommend amending the wording in Table 5 Footnote 4 as follows:

Rates as a percentage of MHI are used to demonstrate a community's investment in water quality. For wastewater projects, only wastewater rates and related loan fees, taxes and the 1%, 20-year amortization of the average costs\* of abandoning the septic system and connection of an unsewered home, will be used to calculate the community's rates as a percentage of MHI. For other types of water quality improvement projects, wastewater rates plus stormwater rates, if applicable may be used to calculate the community's rate as a percentage of MHI. Projects qualifying in Category 1.b must receive approval from the State Water Board, and are not eligible for the SCG fund.

*\*Based on USDA 504 Program, which can be utilized in rural areas. Average costs would be determined based upon documentation approved by State Water Board staff.*

We also support the availability of planning funding via PF/Grants to disadvantaged communities. Planning funding is a critical component in getting projects off the ground and making them eligible for design/construction funding. However, under the current strategy of expediting projects on an "as-ready basis (Page 9, Overall Funding Approach)," we know that the smallest and most severely disadvantaged communities do not fare well. We recommend more resources be targeted towards assisting these needy communities in moving their projects ahead. Under the current technical assistance program, only 25 hours is allotted per community. There should be a much higher commitment of hours and resources to assist small severely disadvantaged communities in navigating the CWSRF program. Technical assistance is needed far beyond the application preparation stage, and if adequately funded, can help small communities secure financing, retain appropriate and qualified consultants, identify and acquire necessary land and facilities, administer CWSRF funding and improve community outreach regarding wastewater rates and community needs.

Despite the clear and critical need for technical assistance, pre-construction and construction funding to improve water quality and public health in small and disadvantaged communities, the IUP's stated outcome and measurement under the heading "Fund the Most Beneficial Projects (page 19)" does not include investment in disadvantaged communities as among the most beneficial projects as a short or long term goal. We suggest the addition of a bullet point 5: "Promote short and long-term investment through the CWSRF in disadvantaged communities impacted by pollution and water contamination."

We are concerned that as the eligibility for SCG and PF is broadened, the relatively small amount of grant/PF funds available will be diluted to the point where fewer dollars are available to disadvantaged communities and especially small, severely disadvantaged communities. One way to improve this circumstance would be to increase the share of PF in Category 1 of Table 5 from 60 percent to 75 percent.

Again, thank you for the opportunity to comment on the draft IUP. We recognize and commend the State Board's efforts to improve CWSRF funding, and we look forward to helping small communities access these funds.

Sincerely,



Peter N. Carey  
President/CEO