



San Francisco Water Power Sewer

Services of the San Francisco Public Utilities Commission

(10/21/14) Board Meeting- Item 6
DWSRF Policy Handbook
Deadline: 10/6/14 by 12:00 noon
525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102
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October 6, 2014

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



RE: Comment Letter – October 21, 2014 Board Meeting – DWSRF Policy Handbook

Dear Ms. Townsend:

The San Francisco Public Utilities Commission (SFPUC) appreciates the opportunity to review and comment on the draft Policy for Implementing the Drinking Water State Revolving Fund (DWSRF Policy). The State Revolving Fund (SRF) program administered by the State Water Resources Control Board (SWRCB) was instrumental in providing financial support for our facilities which were constructed under the San Francisco Clean Water Program Master Plan between 1977 and 1997 and recent changes to the Clean Water SRF encouraged us to re-examine the benefits of participating in the program. We look forward to continuing to work with the Division of Financial Assistance (DFA) to secure Drinking Water SRF loan funding for our Water System capital improvements. Our only concern, as outlined below, is the need to incorporate an Extended Term Financing option with a repayment term of 30 years, rather than the 20 year limit in the current draft Policy.

We were pleased to see that the draft DWSRF Policy has been largely patterned after the Clean Water SRF policy. One area of concern is omission of an Extended Term Financing (ETF) option in the DWSRF Policy. Inclusion of a 30-year financing option is one of the main reasons for our renewed interest in the Clean Water SRF. The standard capital market term for new construction is 30 years, not 20 years. The new Water Enterprise assets which could be built with SRF funds are expected to have asset lives of 40 to 50 years (or longer). The SFPUC strongly recommends that the DWSRF policy incorporate an Extended Term Financing option with a repayment term of 30 years.

The SFPUC appreciates the opportunity to provide written comments on this important program. If you have any questions regarding our comments, please contact Alexandra Gunnell at agunnell@sfgwater.org or by phone at (415) 551-4505.

Sincerely,

Michael P. Carlin
Deputy General Manager

cc: Steven R. Ritchie, Water Enterprise Assistant General Manager
Todd Rydstrom, CFO & Assistant General Manager for Business Services

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