



Corporate Office:
3120 Freeboard Drive, Suite 201
West Sacramento, CA 95691
(916) 4

(6/21/16) Board Meeting--Item 4
Clean Water State Revolving Fund (CWSRF)
Deadline: 6/16/16 by 12:00 noon

June 16, 2016

Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814
Via email to: commentletters@waterboards.ca.gov



Re: Comment Letter — June 21, 2016 Board Meeting — 2016 CWSRF IUP

Dear Clerk and Members of the Board:

Thank you for the opportunity to comment on the 2016 CWSRF IUP. Rural Community Assistance Corporation has provided training and technical assistance to rural communities to access funding to improve drinking water and wastewater systems since 1978. We are pleased at the evolution of the funding programs offered by the State of California and the State Water Resources Control Board. High-quality, affordable infrastructure is essential to preserve and improve the quality of life for disadvantaged rural communities. The 2016 CWSRF IUP is a testament to the State's commitment to provide such essential infrastructure to those who need it most.

Referring to Tables 4a, 4b, and 4c:

We recognize and appreciate that the Board has made adjustments to the funding packages offered to disadvantaged communities whose median household income is less than 80% of the State median income. Basing the affordability threshold at 1.5% of MHI is, we believe, a reasonable benchmark in most cases. We further support the notation in footnote 47 that small DACs and those with other economic stressors (such as a higher than average unemployment rate) may warrant special consideration and 100% grant funding. However we recommend that additional grant funding be allowed if the rates are equal to or above 1.5% of MHI instead of the

proposed 2% of MHI.

Thank you for making available 100% grant funding for feasibility studies and planning projects that benefit disadvantaged communities. Studies are an essential element of empowering communities to make informed decisions about their infrastructure. As a technical assistance provider, we have observed that community residents are often resistant to change if they do not know what it will cost them. Feasibility and planning studies give us the tools we need to conduct community outreach and work with governing boards to make good planning decisions. Small communities who are un-sewered can be especially difficult to "sell" on wastewater projects, since in many cases the prevailing opinion is that "septic tanks cost us nothing."

Although we know onsite septic systems have an environmental cost, and although many households do in fact bear a high cost burden to maintain poorly functioning septic tanks, communities are often reluctant to take on a new monthly bill for sanitary sewer service. It is important to keep that monthly cost as low as possible, for reasons of sustainability and community acceptance, and regional projects can help to increase economy of scale by adding more ratepayers to the revenue base. We therefore support the higher grant caps and higher per-connection limits described in Table 4c for septic-to-sewer projects and regional projects.

Referring to Table 4d:

We support the availability of PF for water or energy conservation audits or assessments. This will be a helpful tool for small communities whose tight budgets do not usually allow for such audits.

We would encourage 75-100% grant or PF funding be available to disadvantaged or severely disadvantaged communities who wish to pursue Green projects as described in Table 4d.

Referring to the definition of eligible applicant:

While it may be uncommon, there may be circumstances in which a non-profit organization that possesses a tax exemption other than a 501(c)(3) may be the best applicant for funds. This is especially true in the case of feasibility studies. By way of an example, many communities are served with domestic drinking water by mutual water companies, which would most appropriately be designated 501(c)(12) organizations by the IRS, similar to that given to homeowners' associations. Where a mutual water company exists, it is safe to assume that there is no Public Utility District, Community Services District, or other local agency that could apply for funds. While it would not operate a sewer system, a mutual water company might be the only local legal entity that could apply for planning funds to initiate a wastewater project. We recommend that the definition of eligible applicants be expanded to include other 501 tax exempt organizations as defined by the Internal Revenue Service.

We commend the Board for its thoughtful use of funds and its commitment to helping California's neediest residents obtain high-quality wastewater infrastructure to preserve our resources for future generations.

Thank you again for the opportunity to comment. If you have any questions, please feel free to contact Ari Neumann, Assistant Director, Community & Environmental Services, aneumann@rcac.org, or (916) 588-0112.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stanley Keasling".

Stanley Keasling
CEO, Rural Community Assistance Corporation