



A Nonprofit Housing and Community Development Organization



June 6, 2019

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 18, 2018 Board Meeting – SFY 2019-20 (FFY 2019) DWSRF IUP"

Dear Clerk and Members of the Board:

Thank you for the opportunity to comment on the 2019-29 DWSRF IUP. Self-Help Enterprises (SHE) has logged over forty-five years assisting small, rural communities to access funding to improve drinking water and wastewater systems. We believe that affordable infrastructure is essential to preserving and improving the quality of life for disadvantaged rural communities. The 2019-20 DWSRF IUP can be a useful tool to help communities and organizations to finance and install essential infrastructure to those who need it most, pursuant to the State's policy that safe drinking water is a human right.

We are pleased with the Board's continued commitment to and promotion of consolidation and regional projects. We support consolidation incentives that facilitate projects between small communities and larger water suppliers, encourage and reward receiving public water systems, particularly those that are DAC or SDAC who have funding needs. Consolidation projects are a proven way to improve economies of scale and reduce vulnerability, particularly in small rural communities. Of the current 121 water projects that SHE is assisting, at least 30 projects involve consolidation of multiple small water systems. Consolidation projects need rapid State funding and high priority so they can maintain strong community support and be completed as soon as possible.

We appreciate the Board's desire to continue reduced interest rates, extended term financing, principal forgiveness/grants for small Disadvantaged Communities (DACs) and Severely Disadvantaged Communities (SDACs). We further appreciate the Board's move to consider NTNCs owned by public school districts to be SDACs.

The State's commitment to advancing California's Climate Change leadership by continuing to fund green projects and innovative projects. This includes efforts to make water conservation a way of life by prioritizing funding for installation or replacement of water meters. In addition, we have the following recommendations:

1. **Green energy projects:** Promote the use of green energy projects by requiring SRF project applicants to evaluate the use of green energy, energy efficient design and equipment and water conservation, including meters, rates and water efficient household devices are included in the scope of feasibility studies. Requiring such analysis can help reduce high operation and maintenance (O&M) costs, enable DAC and SDAC communities to adopt affordable water rates and to reduce greenhouse gases.
2. **DAC and SDAC project funding:** Ensure rapid review and approval of completed DAC and SDAC project funding applications by reducing the current 12 to 30 month application review-to-funding agreement span to 6 months.
3. **Consolidation and Regionalization projects:**
 - a. **Eligibility of all participating SDAC and/or DAC Project participants** for the consolidated or regional water project funding in which they are included. This includes homes on individual wells, water wells serving 2 to 4 homes, Non-Community Water Systems, as well as, State Small Water Systems and Community Water Systems. All participants in a regional consolidation must be included in the project and funding. Excluding State Small, Non Transient Non Community water systems and others creates delays in project funding, increases costs to project users and is at odds with consolidation.
 - b. We support the **prioritization of community sponsored and willing Consolidation and Regionalization projects**. We recommend the State *reward* systems that have taken the initiative to consolidate by enabling them to move rapidly toward construction and consolidation. However, some consolidation/regional water projects have been waiting over 2 years for funds, even for planning funds. Consolidation projects are complex and take time, votes and commitments from multiple systems, individuals and entities. Delays in Project funding discourage systems and users that have committed to consolidation, must continue to deal with water contamination, significant operational issues and/or lack of water, while they wait for State project funding and ultimately consolidation.
 - c. **“Receiving” Public Water Systems** that are SDACs and/or DACs, and are consolidating SDAC and/or DAC water systems, need to receive grant funding for planning and construction for their overall water system needs. This would include Expanded Small Community Water Systems (ESCWS). We are working with CWS and ESCWS that are SDACs and have spent years working cooperatively with neighboring systems to consolidate. Some of these systems have significant infrastructure problems ranging from supply to storage to distribution system deficiencies that need affordable project financing, including grants. It makes sense to reward these systems that are also struggling to improve their water systems.
 - d. **Consolidation Project Maximum grant amounts:** Grant funding should be allowed to exceed \$20 million per project (and \$60,000 per connection) based on a project’s challenges (geography, topography, rural inaccessability, climate, etc) that can increase costs above the average.

4. **Appendices D, E & F:** We recommend that 100% PF/grant funding be given to DAC and SDAC communities with significant percentages of unemployed, farmworkers, elderly and/or households dependent on Social Security income. This can be achieved by waiving the requirement for rates to be above 1.5% of MHI in these specific categories. We also have the following added recommendations on Appendix D - G and the additional funding opportunities for Expanded Small Water Systems (ESWS):
 - a. **Appendix D, Planning Project:**
 - i. Allow additional planning grant to Consolidation projects and Disadvantaged /Severely Disadvantaged ESWS that serve and SDACs and/or DACs. We are working with low-income Community Water Systems that are actively involved with consolidation of other DAC and SDAC water systems. These larger DAC/SDAC systems need Planning grant funding to deal with water system issues of their own. We recommend the State have additional grant funding for these systems; not just loans.
 - b. **Appendix E, Construction Project Financing Limitations for SCWS or PWS**
 - i. Allow “Receiving” Public Water Systems that are SDACs or DACs, who are consolidating SDAC and/or DAC water systems, to receive grant funding for construction for their overall water system need. There are Small Community Water Systems and Expanded Small Community Water Systems that are DACs or SDACs. These systems are helping other SDAC and DAC systems by consolidating them. These SDAC and DAC “Receiving” systems need to be eligible for grant assistance for up to \$5 million of their overall water system needs as well as for their consolidation or regionalization project.
 - c. **Appendix F, Construction Project Financing Limitations for a ESCWS**
 - i. Expanded Small Community Water Systems (ESCWS) that are DACs or SDACs and serve SDACs and/or DACs; should be eligible for project grant funding of up to 100%; not restricted to 50% of eligible project costs. There are ESCWS that are DACs or even SDACs. These SDAC and DAC “Receiving” ESCWS need to be eligible for grant assistance on their project as well as for the consolidation or regionalization project.
5. **Emergency Water Grants:** We recommend Emergency Water Grant funding for SDAC and/or DAC water systems facing imminent failure of a water supply, rather than waiting for a complete failure and public health crisis. Many rural water systems are isolated in mountains, canyons and/or desert areas, far from urban water supplies. Their geographies, along with limited regional water and contractor availability and system limitations, often make water hauling extremely expensive or impractical. Emergency grant funding should be available to these communities before their community water supply fails, endangering the public health and increasing the costs to fix an emergency.
6. **Expedite DAC and SDAC Project development:** SDAC and DAC water systems are faced with extremely limited or no financial resources.
 - a. **Construction Project reimbursement:** Most SDAC and DAC water systems have water rates above 1.5% of their Median Household Income with no ability to pay for interim financing. Systems are required by the State to pay contractors within 30 days of an approved claim; yet it can take months for the claim to be

processed and the State check to be mailed to the system so they can pay the contractor.

- i. Construction projects need expedited payment by the State on approved construction pay requests,
or
- ii. Provide SDAC and/or DAC water systems with grant funds to repay interim construction financing costs. Interim construction financing is available but it can be beyond the water system's ability to pay for,
or
- iii. Provide electronic deposit of State funds into a project construction bank account to speed up contractor payments and added security

We thank the Board for striving to help California's most disadvantaged residents obtain access to safe and affordable drinking water sources and essential water infrastructure. We ask that these comments be taken into consideration to improve implementation of DAC and SDAC water projects.

Thank you again for the opportunity to comment. If you have any questions, please feel free to contact me at 559-802-1681 / paulb@selfhelpenterprises.org or Dave Warner at 559-731-9796 / davew@selfhelpenterprises.org.

Sincerely,

A handwritten signature in blue ink that reads "Paul Boyer". The signature is fluid and cursive, with the first name "Paul" being larger and more prominent than the last name "Boyer".

Paul Boyer
Program Director for Community Development