



A Nonprofit Housing and Community Development Organization



March 8, 2012

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

Re: Comment Letter – March 20, 2012 Board Meeting-2012 IUP

Dear Board Members:

Thank you for the opportunity to provide comments on the Draft Intended Use Plan for fiscal year 2012. 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 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 disadvantaged communities to enable them to address critical community facilities needs.

We appreciate that the SWRCB is working to target principal forgiveness and Small Community Grant assistance to small disadvantaged communities. The State Board has a long history of assisting needy communities with various funding programs. However, the current and proposed structure to assist needy communities, we feel, could be improved to better serve those communities that cannot resolve their wastewater issues without SWRCB assistance.

A SWRCB analysis of the SRF IUP Project List (Table 3) would be helpful to determine the dollars and percentage of Principal Forgiveness (PF) dollars that are slated for small severely disadvantaged communities. We suggest that the limited amount of principal forgiveness (PF) and Small Community Grant funds be more targeted to small severely disadvantaged communities. One way to move in this direction would be to increase the share of PF in Category 1 of Table 4 from 60 percent to 75 percent.

Also, under the current strategy of expediting projects as to their “readiness to proceed”, 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.

Many small severely disadvantaged communities are currently unsewered. We recommend targeting more affordable funding to these communities which are often in rural areas. Towards that end, we strongly support the proposed wording in the Draft IUP Table 4, Category 1, Exceptions: (v) which states,

For projects that connect previously unsewered areas or join communities to create or broaden a regional wastewater or storm water works, consistent with the CWSRF Policy's sustainability provisions, if the community that will be served by the project does not have wastewater rates and charges in place, but would otherwise qualify for "Category 1a," that community may receive 100 percent of eligible planning costs, not to exceed \$500,000 in PF/Grants, for planning activities.

In addition, these communities need assistance to obtain affordable construction funding due to the distance to existing sewer systems; difficulty in developing new WWTP sites (when consolidations are not an option); additional costs of abandoning existing septic systems and connecting homes to new community sewer systems; as well as the payment of capacity fees to existing systems.

The proposed wording in the Draft IUP Table 4, Category 1, Exceptions: (iii) refers to CWSRF Policy sustainability provisions. In keeping with these provisions, which are directed at "support[ing] water infrastructure in more efficient and sustainable locations to best support existing communities... [and] to pursue water infrastructure investments that are cost-effective over the course of their life cycle, are resource-efficient, and are consistent with community sustainability goals (<http://water.epa.gov/aboutow/upload/Sustainability-Policy.pdf>)," we recommend that funding ceilings be adjusted to encourage regional wastewater projects. We know that the most sustainable and cost-effective wastewater treatment projects are those with a broad rate-payer base that lend the facility greater economy of scale. Regional projects that incorporate two or more communities are more resource-efficient and typically have greater technical, managerial and financial capacity. To encourage regional projects and improve funding flexibility, we recommend allocating funding on a per-community, not per-project, basis. We suggest the following changes to Draft IUP Table 4, Category 1, Exceptions: (iii):

For projects that connect previously unsewered areas or join communities to create or boarded a regional wastewater or stormwater treatment works, consistent with the CWSRF Policy's sustainability provisions, "Category 1" projects may receive 100 percent PF/Grants, not to exceed \$2 million per community, and not to exceed \$8 million per regional project, and "Category 1a" projects with rates at least 2.0 percent of community MHI may receive 100 percent PF/grants, not to exceed \$2.5 million per community, and not to exceed \$10 million per regional project.

Also many of these previously unsewered areas will have higher operation and maintenance costs per user due to longer collection systems per user; pumping costs to regional WWTP or expense of operating a new WWTP due to lack of certified operators in rural areas; and the distance between WWTP that contract operators must serve. Towards that end, we recommend amending the wording in Table 4 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 storm water 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

**Using a documented average cost for septic system abandonment and connection as approved by State staff.

Our concern is that as the eligibility for Small Community Grants and PF is broadened, the relatively small amount of grant funds available are diluted to the point where fewer dollars are available to disadvantaged communities and in particular small severely disadvantaged communities. The old Small Community Wastewater Grant (SCWG) Competitive Project List is full of small disadvantaged communities needing funding well beyond the resources likely available for the foreseeable future.

Again, thank you for the opportunity to comment on the draft FY 2012 Intended Use Plan.

Sincerely,



Thomas J. Collishaw
Vice President