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May 28, 2019

Chair E. Joaquin Esquivel and Members of the Board
c/o Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

Re: Comment Letter – June 18, 2019 Board Meeting – FFY 2019 CWSRF IUP

Thank you for the opportunity to provide comments on the Draft Fiscal Year 2019-20 Clean Water State Revolving Fund Intended Use Plan (FY19-20 CWSRF IUP). The low-interest funding opportunities provided by the CWSRF program have been instrumental in financial and resource planning at the Inland Empire Utilities Agency (IEUA) and we look forward to a continued successful relationship with the State Water Resources Control Board (SWRCB). Our comments on the Draft FY19-20 IUP are as follows:

- 1) IEUA has four projects (Project Nos. 8173-210, 8260-110, 8414-110, and 8415-110) on the SFY 19-20 Fundable List that were not awarded Principal Forgiveness (PF). During the application process, some of these projects appeared to qualify as Green Project Reserve projects, which would make them eligible to receive PF. Will these projects only be awarded PF if there are remaining PF funds following the SFY 18-19 PF awards? Further, if the amount of remaining PF funds is less than the total PF eligibility for SFY 19-20 projects, how will the remaining PF funds be allocated? Lastly, if IEUA's four projects were determined to be ineligible to receive PF funding, how can we receive an explanation for that determination?
- 2) IEUA's RP-5 Expansion Construction Project, No. 8173-210, is estimated to receive \$101.5 million in the SFY 19-20 CWSRF IUP. The project costs total \$325 million, and although we will also be pursuing federal loans through the WIFIA program, there is still approximately \$85 million in project costs that would not be currently covered by a funding agreement. IEUA is interested in pursuing additional CWSRF loans to cover the balance of the project costs, but it is unclear how to proceed. It would be helpful to know which of the following scenarios describe IEUA's course of action to increase the SRF loan funding.

Water Smart – Thinking in Terms of Tomorrow

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- a. IEUA will need to re-apply in FY 20-21 to be eligible to receive funding for the remaining project cost balance.
 - b. The project will not need to re-apply in FY 20-21. The project information will be rolled over automatically to the FY 20-21 Fundable List and the project will be allocated funds assuming the project score still makes it eligible for the Fundable List.
 - c. The funds allocated for Project No. 8173-210 in the SFY 19-20 Fundable List represent the cap that the project is eligible to receive. No further loans will be awarded in future SFYs.
 - d. The WIFIA loan requires a large application fee and higher interest rate than the CWSRF program. However, with the understanding that the difficulties that the CWSRF is facing, five agencies have made great efforts to pursue the WIFIA program to help alleviate the CWSRF program burden, which enabled more eligible projects to receive SRF funding this year. Considering the benefits that WIFIA funding has brought to the CWSRF program, is it possible for the Division of Financial Assistance to consider some incentive measures for those who also applied for the WIFIA loan to receive more than 31.5% funding in the future years to foster a stronger federal, state and local funding relationship?
- 3) Projects also pursuing federal loans are marked “yes” under the Proposed Equivalency & FFATA Projects column. Are there any special compliance or reporting requirements that the applicants should be concerned about?

If you have questions regarding these comments, please feel free to contact me at (909) 993-1636 or by e-mail at jgu@ieua.org.

Sincerely,
Inland Empire Utilities Agency



Jason Gu
Manager of Grants