

California State Senate

SENATOR
BEN HUESO
FORTIETH SENATE DISTRICT



October 3, 2014

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



RE: Comments on the Draft Drinking Water State Revolving Fund Policy Handbook

Dear Ms. Townsend:

As the author and co-authors of Senate Bill 1292 (2014), we respectfully ask the State Water Resources Control Board (Board) to consider grant funding eligibility in the Drinking Water State Revolving Fund Policy Handbook (policy handbook) for disadvantaged communities that reflect the intent of SB 1292.

SB 1292, as approved by the Legislature, would have increased the maximum amount of a construction grant award authorized under the Safe Drinking Water State Revolving Fund (DWSRF) to each participating public water system serving a severely disadvantaged community (SDAC) for the system's share of the cost of a construction project from \$3 million to \$5 million. The goal of the bill was to make funding available to SDACs more commensurate with those communities that have higher construction financing costs. We understand that the Board is considering eliminating grant amounts altogether in the policy handbook to allow for more flexibility in determining the appropriate grant award amount for each DRSRF applicant. We are conceptually supportive of that approach, and hope that those SDACs with greater financing needs will be considered in any approach adopted in the final policy handbook.

The current statutory grant cap of \$3 million under the DWSRF does not reflect the needs and demands of current infrastructure costs. Construction, labor, and equipment costs are high and have risen since the grant cap was established in 2009. Local water utilities must make costly investments to install, upgrade, or replace equipment in order to deliver safe drinking water and protect public health. Some water districts serving SDACs struggle to maintain an acceptable ratio of the total outstanding debt to the value of water treatment plant assets while keeping the



water rates affordable. Having greater flexibility in the policy handbook to award tailored grant amounts would ensure adequate funding for SDACs with projects of high risk where \$3 million would be insufficient.

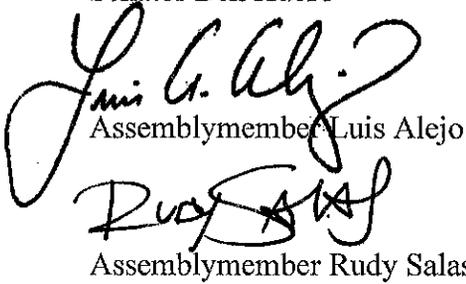
Governor Brown vetoed SB 1292 due to the Board's process to develop the policy handbook since it will replace current statute on January 1. However, he publicly endorsed greater financial assistance to SDACs and stated that he asked the Board to adjust the maximum grant to these communities. We respectfully request the Board to recognize the legislative intent of SB 1292 to make adequate grant funding available to SDACs striving to comply with the Safe Drinking Water Act, and fulfill the Governor's veto message to increase the financial assistance available to the state's SDACs.

If you have any questions, please do not hesitate to contact any of our offices. Thank you for your consideration.

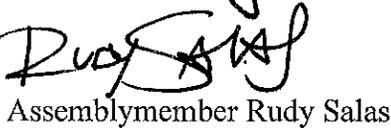
Sincerely,



Senator Ben Hueso



Assemblymember Luis Alejo



Assemblymember Rudy Salas

c.c. Felicia Marcus, Board Chair

c.c. Martha Guzman-Aceves, Office of Governor Jerry Brown