



Sent via ELECTRONIC MAIL to commentletters@waterboards.ca.gov

November 21, 2024

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

RE: ACWA Comment Letter regarding Drinking Water State Revolving Fund Policy Amendments

Dear Ms. Tyler:

The Association of California Water Agencies (ACWA) appreciates the opportunity to provide comments to the State Water Resources Control Board (State Water Board) on the draft Policy Amendments to the Drinking Water State Revolving Fund (DWSRF) released on October 22, 2024 (Draft Policy Amendments)¹. ACWA represents over 470 local public water agencies that supply water for domestic, agricultural, and industrial uses to over 90 percent of California's population. We submit the following comments for the State Water Board's consideration related to the Draft Policy Amendments.

1. Encourage broader eligibility for DAC designated funds in DAC neighborhoods.

ACWA encourages the State Water Board to consider broadening the Project Score criteria to include points for projects that are specifically undertaken to benefit disadvantaged communities (DACs) located within the service territory of medium and large agencies² that can benefit DACs through development of large scale, complicated projects with significant public health benefits to DAC residents and Californians more broadly. Confidence in the ability of a public water system (PWS) to successfully complete a project and deliver a return on investment could also be factor in determining medium and large PWS that should be eligible for DAC designated funds. ACWA suggests that eligibility for DAC designated funds, as written, be broadened to consider disparities within medium and large urban service areas, and thus enable communities or neighborhoods to qualify for DAC designated funds. The proposed

¹ Draft Policy Amendments to the Drinking Water State Revolving Fund were posted on October 22, 2024.

² [ACWA and CMUA previously commented on the need to further consider medium and large agencies that can benefit DACs in development of the 2024 Intend Use Plan.](#)

definition of disadvantaged community should include the entire service area or a community therein as eligible for DAC funding in the IUP because this aligns with the USEPA's Bipartisan Infrastructure Law State Revolving Fund Implementation Memo and the statutory definition in California Health and Safety Code section 116275.

2. Further consideration of proactive and mitigation projects in priority scoring.

ACWA encourages reconsideration of the points allocation to Categories E and F to recognize the importance of proactive and mitigation projects that prevent the emergence of projects required under Categories A-D. More specifically we would increase the points allocation of Category E to 3 and Category F to 1. Inability to address these risks on a timely basis could lead to more serious water quality and reliability problems requiring more expensive and complex solutions. Early identification and mitigation of water quality risks greatly benefits both public water systems and consumers and should be recognized as such in the scoring rubric.

Category E should include: (1) distribution of water that exceeds secondary drinking water standards, published chemical notification levels, or a primary drinking water standard in samples; (2) standby groundwater source exceeding a primary drinking water standard; or (3) violations of Waterworks Standards not otherwise specified in Categories A-D.

Category F should include: (1) non-metered service connections, replacement of defective water meters or water meters that have reached the end of their service lives, and installation of remote read equipment and (2) deficiencies attributable to the water system that address present or prevent future violations of health-based standards, including deficiencies associated with emerging contaminants.

3. Broaden what is considered rate assistance programs in affordability scoring.

ACWA encourages broadening the definition of rate assistance programs to include bill payment options for customers. The draft policy amendment currently defines the affordability score as "potentially the sum of three numbers: community size and MHI; Water Rates/MHI ratio; and whether the applicant has a rate assistance program." For example, a Level Pay payment option helps customers budget for their bills by smoothing out seasonal fluctuations utility usage across set monthly payments. The monthly payments are based on the customer's average annual utility service usage over the last 12 months. This allows customers to budget consistently for their utility bills, regardless of the time of year, and to potentially roll any arrearages into a payment plan that alleviates the impact of utility costs.

4. Remove readiness score point reductions resulting from changes following initial acceptance of a project.

ACWA has concern that, as written in the Draft Policy Amendments³, applicants can be penalized for initiating changes incorporated into a project agreement following initial acceptance using a prior template⁴ especially if changes are project-specific and result in a better project. Applicants are obligated to ensure that new debt obligations are in conformity with its unique governing authorities, including City Charters, local code, and/or other existing debt obligations. Doing its due diligence during development of the financing agreement is in the best interest of both the lender and borrower to prevent future conflicts and to ensure judicious use of public funds.

5. Clarify repayment requirements when projects extend past original completion date.

ACWA requests clarity on repayment requirements when projects extend past the original completion date. As currently written, the Policy Amendments do not appear to take any extensions beyond the original completion date into account.

6. Appreciate the work of the State Revolving Fund Advisory Group.

ACWA appreciates the ongoing efforts of the State Revolving Fund (SRF) Advisory Group (SAG), and think the SAG is essential to address SRF policy amendments that will improve the SRF and Intended Use Plan processes. We look forward to continued work with the SAG to address the Draft Policy Amendments and other issues that arise.

Conclusion

We appreciate the State Water Board's consideration of these comments, and we are ready to assist DFA in future IUP policy amendment discussions in the SAG. If you have any questions regarding these comments, please contact us at NickB@acwa.com or (916) 669-2377.

³ The draft Policy Amendments currently assign 1 point to applicants that consent to use of a Recent Deal (defined as executed or issued legal concurrence within 24 months) as the basis of the funding agreement template. Footnote 3 further notes, "The Applicant's certification that it agrees to use of either the posted template or a Recent Deal neither bars it from agreeing to Subsequent Updates nor precludes the Division from including Subsequent Updates in the Pending Deal or posting updates to the posted template. This certification in no way bars the Division from including new conditions, or modifying existing conditions, as it deems appropriate to address project-specific concerns."

⁴ We understand that DFA may need to modify the standard terms and conditions of an agreement to address project-specific concerns or to reflect new federal and state compliance obligations.

Sincerely,



Nick Blair
State Relations Advocate II

cc: The Honorable Joaquin Esquivel, Chair, State Water Resources Control Board
 The Honorable Dorene D'Adamo, Vice Chair, State Water Resources Control
 Board
 The Honorable Laurel Firestone, State Water Resources Control Board
 The Honorable Sean Maguire, State Water Resources Control Board
 The Honorable Nichole Morgan, State Water Resources Control Board
 Mr. Eric Oppenheimer, Executive Director, State Water Resources Control Board
 Mr. Michael Lauffer, Chief Counsel, State Water Resources Control Board
 Ms. Karen Mogus, Chief Deputy Director, State Water Resources Control Board
 Mr. Joe Karkoski, Deputy Director, State Water Resources Control Board
 Mr. Dave Eggerton, Executive Director, Association of California Water Agencies
 Ms. Cindy Tuck, Deputy Executive Director for Government Relations,
 Association of California Water Agencies