



November 8, 2023

*Submitted via email*

Christopher Stevens, Assistant Deputy Director, Division of Financial Assistance and  
Mike Downey, P.E., Supervising Engineer, Division of Financial Assistance  
State Water Resources Control Board  
1001 I Street  
Sacramento, CA 95814

**RE: Comment Letter – Clean Water State Revolving Fund Policy Amendments**

Dear Mr. Stevens and Mr. Downey:

WaterReuse California (WRCA) thanks you for the opportunity to submit comments on the Clean Water State Revolving Fund (CWSRF) policy amendments that have been presented by the State Water Resources Control Board (State Board's) Division of Financial Assistance (DFA) at the Stakeholder Advisory Group (SAG). WRCA represents 220 wastewater and water agencies, consulting firms and companies committed to expanding water recycling in California.

We share the Governor's robust vision as outlined in his August 2022, [California's Water Supply Strategy: Adapting to a Hotter, Drier Future](#) (*Water Supply Strategy*) which identifies increasing the use of recycled water as a key strategy: *Recycle and reuse at least 800,000 acre-feet by 2030 and 1.8 million acre feet by 2040*. Under the header of 1. Developing New Water Supplies – Implementation Steps, it specifically identifies consideration of increasing funding for these projects.

**Recommendations**

Below are some recommendations that would improve our ability to access the funding and your proposed amendments.

- **Recycled water projects must remain a high priority to receive funding:**  
We understand that there are a number of competing water quality priorities, all important, however, recycled water/potable reuse projects need to remain competitive for receiving funding with these new policy changes. Historically, over the past 25 years, the State Board has placed a high priority on funding for water recycling, making California a national leader in water reuse. However, to achieve the goals in the

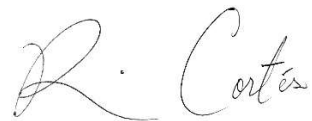
Governor's *Water Supply Strategy* for additional water recycling, the State Board must continue – if not expand – the funding it provides to the next generation of water recycling projects.

- **Clarify that these changes are for 2026/27:**  
It is unclear when these policy amendments would take place. As agencies are working on their 2024 applications and a “gap year” for the program is planned for 2025/26, **WRCA recommends that these changes be implemented in the 2026/27 funding year.** That will give agencies time to adjust their projects, applications, and funding mechanism appropriately.
- **Corrective projects:**  
We understand the importance of nutrient removal and **support a continued higher prioritization of corrective projects which would include those addressing nutrient removal.**
- **Appeals process:**  
**WRCA supports allowing the DFA Deputy Director to remove a project that has missed the Intended Use Plan deadlines; however, an appeals process should be included to ensure that there are not extenuating circumstances that have not been considered before a project is removed from the list.** Applicants should be able to explain the delay and through this appeals process ensure the State Board can ensure that an action or inaction from DFA or other divisions of the State Board is also not responsible for the delay.
- **Contract:**  
We appreciate DFA looking for ways to expedite projects through the process, but we cannot support giving extra points to projects that take the standard contract. The type of projects to help ensure water supply reliability that the Governor's *Water Supply Strategy* targets are complicated. Most agencies will or have incurred debt outside of the SRF loan program, which may necessitate deviation from a standard contract to conform with their other legal obligations and/or that could otherwise increase the cost of issuing non-SRF debt. Agencies should not be penalized for requesting reasonable changes. WRCA looks forward to working with DFA to put in place other tools to move projects through the contracting process in a timely manner.
- **Remain focused on Governor's *Water Supply Strategy*:**  
We recognize that the CWSRF faces several financial challenges, and that loans may be limited to \$50 million for the foreseeable future. As funding is very limited, we think it is important to remain focused on overarching priorities for the state as set forth in the *Water Supply Strategy*. The *Water Supply Strategy* sets aggressive goals for recycled water in 2040 and specifically states that more funding is needed for recycled water/potable reuse projects.

WRCA looks forward to working with the State Board and specifically, DFA on increasing available California CWSRF funding to meet the unprecedented demand and need for future funding. This should be the highest priority for the State Board and DFA. Additionally, we look forward to continuing to work through the operational issues identified by the SRF Program Review through the SRF Advisory Group.

For questions or additional information, please contact me at [rcortes@watereuse.org](mailto:rcortes@watereuse.org).

Sincerely,

A handwritten signature in black ink that reads "R. Cortés". The signature is written in a cursive style with a large, stylized "R" and a smaller "Cortés" following it.

Rosario Cortés, Manager of Regulatory Affairs  
WaterReuse California

cc: Joe Karkoski, Deputy Director, DFA  
Sunny Kals, P.E., Senior Engineer and Water Recycling Funding Program Manager, DFA