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## **Tri-TAC**

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June 4, 2001

Arthur G. Baggett, Jr., Chair  
State Water Resources Control Board  
Division of Clean Water Programs  
P.O. Box 944212  
Sacramento, CA 94244-2120

Dear Mr. Baggett:

**FY 2001-02 State Revolving Fund (SRF)**  
**Loan Program Priority List**

This letter is submitted on behalf of Tri-TAC and the California Association of Sanitation Agencies (CASA), which are California-based organizations comprised of members from public agencies responsible for wastewater collection, treatment, disposal and reclamation. Tri-TAC is a technical advisory group that includes representatives from CASA, the California Water Environment Association, and the League of California Cities. The constituent base for Tri-TAC and CASA collectively treats and reclaims more than 2 billion gallons of wastewater each day, and serves most of the sewered population of California. We are writing with respect to the recent notice of public hearing on the proposed FY 2001-02 SRF Project Priority List. Tri-TAC and CASA appreciate the opportunity to review the proposed list and to comment on the key issues and staff recommendations.

Issue 1: Should a cap on the loan amount per agency be imposed for SFY 2001/02?

Staff Recommendation: The Division, based on an analysis of project schedules and costs, recommends that the cap be set at \$25 million for SFY 2001/02.

Comments: Tri-TAC and CASA agree with the staff recommendation. The historic implementation of a cap has insured that all agencies, both small and large, have an opportunity to receive funding for their most critical needs.

Issue 2: Should the SWRCB set aside SRF loan funds in SFY 2001/02 for major sewer rehabilitation projects?

Staff Recommendation: The draft Priority List contains over \$1 billion for sewer rehabilitation projects. Since the draft Priority List contains over \$1 billion for projects in the remaining categories scheduled for loan assistance in SFY 2001/02, the staff proposes that the SWRCB not fund major sewer rehabilitation projects in SFY 2002/02.

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Comments: On the surface, the fact that there are approximately \$1.3 billion worth of major sewer rehabilitation projects that have been submitted would appear to argue in favor of eliminating them from funding eligibility. However, it should be noted that over \$1.1 billion of those projects have been submitted by three large agencies. Because of the per agency cap, the combined funding for these three agencies' projects would be limited to \$75 million per year (significantly less than the \$1.1 billion). Additionally, these large agencies typically have other fundable projects on the Priority List which, when coupled with the per agency cap, would further reduce the funding they could seek for sewer rehabilitation projects. Thus, only the remaining \$200 million worth of sewer projects ( a far more manageable number than the over \$1 billion cited in the staff recommendation) submitted by smaller agencies with significantly fewer financial resources would be eligible for funding. By proposing to not fund the entire category of sewer rehabilitation projects as a blanket policy, all agencies, but particularly the small agencies, will be denied State and federal assistance to address collection system needs.

Historically, the State Water Resources Control Board has made funding available for projects that address problems for which either the state or regional boards have sought sanctions against agencies. On a national level, the U.S. Environmental Protection Agency is preparing regulations to address Sanitary Sewer Overflows, which would impose stringent requirements on owners/operators of collection systems. As a result of these regulations, many local agencies will be preparing Capacity, Management, Operations and Maintenance (CMOM) plans and may be required to upgrade their collection systems to comply with the new regulations. Furthermore, regional boards have taken an aggressive stance in recent years on levying significant fines for sewer spills. In fact, in the Governor's Clean Beaches Initiative, sewer spills are recognized as a high priority contributor to beach closures which must be addressed as expeditiously as possible. In conformance with the Board's past policy of providing funding for projects to address compliance issues, funding should be made available for major sewer rehabilitation projects to assist agencies in addressing collection system issues

Therefore, Tri-TAC and CASA strongly recommend that major sewer rehabilitation projects be included as a fundable category.

Issue 3: Should the SWRCB adopt the SFY 2002/02 SRF Loan Program Priority List?

Staff Recommendation: The staff recommends approval of the SFY 2001/2002 SRF Loan Program Priority List.

Comments: Tri-TAC and CASA agree with the staff recommendation.

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In conclusion, Tri-TAC and CASA support the adoption of a per agency cap and adoption of the proposed SRF priority list, but strongly believe that the time has come for the SWRCB to reconsider its prohibition on funding for sewer rehabilitation projects, and bring SRF funding policies in line with water quality protection policies. We would be pleased to discuss our comments with you should you have any questions.

Sincerely,

Phil Bobel, Chair  
Tri-TAC

Roberta Larson, Director of Legal and Regulatory Affairs  
CASA

cc: Richard Katz, Member  
Peter S. Silva, Member  
Celeste Cantu, Executive Officer, SWRCB  
Jim Kuykendall, Div. of Clean Water Programs  
Christopher Stevens, Div. of Clean Water Programs

bcc: Jim Colston, Co-Chair, Tri-TAC Water Committee  
Monica Oakley, Co-Chair, Tri-TAC Water Committee  
Wendell Kido, Chair, CASA Water Issues Forum  
Jim Grattueau, Chair, Tri-TAC Finance Subcommittee