



March 4, 2004

Gary Yamamoto
Department of Health Services
Drinking Water Technological Programs Branch
601 North 7th Street
P.O. Box 942732
Sacramento, CA 94234-7320
VIA FACSIMILE

Re: Comment on DHS Proposition 50 Proposed Ranking Criteria

Dear Mr. Yamamoto:

Thank you for allowing us the opportunity for continued input on the Department's criteria for expending the Proposition 50 bond funds. We appreciate the changes made to date in response to our January 19th comments, particularly in applying current standards for system growth in the criteria, and in clarifying the deadlines of the funding process.

With this final input into the process, Clean Water Action hopes to clarify some of our concerns and offer suggestions to address them.

Accessibility of funding to disadvantaged communities

We continue to have concerns that small systems will have problems accessing this funding. We know that the Department has been among the most proactive of state agencies in reaching out to disadvantaged communities, and we applaud the Department for setting a goal of 25% funding for disadvantaged communities. But the Department knows from its history with the Drinking Water State Revolving Fund and other grant programs that new funding opportunities are not discovered immediately, particularly by small systems. The current criteria allows no provision for rolling over the funding to subsequent years, or for reviewing the outreach process prior to returning the fund to the general pot for redistribution. This raises the very real possibility that this 25% set aside will not achieve its intended goal. *We urge the Department to, at minimum, to review its criteria, outreach, and awards system through a public process before it transfers funds from any of the disadvantaged communities set asides.*

We also have a concern that the reimbursement nature of the grants will make it difficult for cash-strapped communities to take advantage of the

funding, even with the matching fund waiver. *We recommend that the Department establish a fund to issue bridge loans to communities that do not have the financial capacity to take advantage of reimbursement grants. In addition, the Department should establish a maximum date for reimbursement of invoices, for instance 45 days after submittal.*

Funding for private water systems

There is some confusion in the February 6th draft criteria over which funds will be available to private water systems, and which will be restricted to public water systems. *We recommend that any funding for private water systems be limited to non-profit and not-for-profit systems.*

Chapter 4(b)

Clean Water Action is very much opposed to the 2 new criteria added to this section at last week's public meetings. The 5,000 acre-foot per project minimum savings eliminates small systems from accessing the funds in this chapter, with no regard for a project's value. Even more worrisome is the overarching criteria that the funds in this chapter must reduce Colorado River demand by at least .9 million acre-feet. We have numerous concerns about these proposals:

- ❖ The derivation of these numbers seems arbitrary. If the Department feels that maximum or minimum volumes need to be stated in this chapter (a sentiment with which we disagree), it is their responsibility to provide substantial data to justify the numbers.
- ❖ The selection of the .9MAF number seems to imply that the funds in this chapter represent the only funding available to meet the terms of the Colorado River Agreement. This is certainly not the case.
- ❖ It is unclear how the .9MAF criteria could be applied over a multi-year funding stream. Will each funding cycle be given a proportionate cap, or will the final year of funding be used to make up whatever shortfall in volume remains from prior years?
- ❖ In the case of a shortfall in total volume, other criteria will need to be discarded to fulfill the .9 MAF requirement. But no explanation is given as to how criteria will be revised or re-prioritized in that very likely event. How will otherwise qualified projects be eliminated, and what criteria (other than volume) will be used to determine the eligibility of projects to replace them? Will the same public process that developed these criteria be employed to destroy them?
- ❖ Using volume as the overriding criteria for this section violates AB1747, Sec. 30 (2) (f) which orders the Department to develop a program that gives priority to "projects that reduce public and environmental exposure to contaminants that pose the most significant health risks, and that will bring water systems into compliance with safe drinking water standards". This legislation

clearly establishes contaminant remediation and improvement of drinking water quality as the overriding criteria of this chapter – not volume.

In addition to reinstituting Proposition 50's primary goal of improving drinking water quality and remediating contaminants in local water sources, Clean Water Action recommends that the Department clarify its definition of Colorado River use. The interrelationship of Southern California water agencies is such that reduction in use of any imported water source, such as the State Water Project, will assist in meeting the 4.4 million acre-feet Colorado River reduction goal. That should be clearly stated in the criteria for this section.

Chapter 6 (b)

The general criteria in this section contain no provision for small or economically disadvantaged communities. Nor does Table 1 contain any ranking criteria that would address projects aimed at small systems. *We recommend that the Department develop bonus points for technology that is applicable to small systems.* We're concerned that the criteria as currently written will result in a lack of investigation into technologies and treatments that could be useful to such communities.

Ranking Criteria

We have already expressed our wish that the disadvantaged communities set aside include subdivisions by income level (similar to the DWSRF bonus point system), to allow extremely disadvantaged communities to take advantage of these funds. In that vein, we also urge you to use data by census tract, not by city, to determine the median household income for purposes of grant eligibility. Finally, we remain concerned about the general criteria giving preference to large populations over small. We renew our request that this criteria be reversed.

Thank you for allowing us the opportunity to comment on this document. We look forward to continued participation in this process.

Sincerely,



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