

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
AUGUST 3, 2010**

ITEM 7

SUBJECT

CONSIDERATION OF A PROPOSED RESOLUTION EXTENDING THE NOTICE-TO-PROCEED (NTP) WITH CONSTRUCTION DEADLINE FOR THE CITY OF SHAFTER (CITY) NORTH SHAFTER WASTEWATER PROJECT (PROJECT)

DISCUSSION

The Project will serve the small disadvantaged community of North Park/North Shafter, approximately 18 miles northwest of Bakersfield. Households within the North Park/North Shafter area do not have sewer service, and the existing septic systems are not performing well due to age, neglect, small lots, and overloading. In the 1980's, seventy-five percent (75%) of the community's drinking water systems had nitrate concentrations in violation of Maximum Contaminant Levels. The City annexed the area in the early 1990's and installed water lines to bring in clean drinking water; however, the existing septic systems continue to impact groundwater. In 2005, seventy-one percent (71%) of properties in the community reported frequent septic tank pumping and/or widespread disposal of greywater into yards or streets.

In a letter to the Central Valley Regional Water Quality Control Board (Central Valley Water Board), the City declared that the failing septic systems, aboveground greywater disposal, and contamination of groundwater supplies pose a public health and safety hazard and a potential pollution problem. On September 16, 2005, the Central Valley Water Board issued [Resolution No. R5-2005-0124](#) approving and accepting the City's declaration of a potential pollution problem and time schedule for Project completion.

The Project consists of installing a wastewater collection system, which will serve approximately 1,000 persons. The new collection system will be connected to the City's existing wastewater collection system, which conveys wastewater to the North of River Sanitary District wastewater treatment plant.

State Water Resources Control Board (State Water Board) [Resolution No. 2009-0008](#), approved on February 3, 2009, committed up to \$2 million in grant funding from the Cleanup and Abatement Account (CAA) for the Project. That combination design and construction Preliminary Funding Commitment (PFC) requires that funding approvals, contracting, and disbursement of the CAA funds be conducted in accordance with the *Small Community Wastewater Grant (SCWG) Program Guidelines* (Guidelines), amended May 22, 2007.

In order to ensure that funds are utilized in a timely and effective manner, the Guidelines state that, in the case of a combination design and construction PFC, the construction grant commitment will expire if applicants do not issue the NTP with construction to the contractor within 18 months of the PFC date. Conditions placed on the City's PFC require that: (1) the City demonstrate financial capability to fund the remainder of Project costs prior to Final Plans and Specification Approval; and (2) unexpended CAA funds be withdrawn if the City does not issue the NTP with construction by August 3, 2010 (18 months from the February 3, 2009, PFC date).

As supported by [Resolution No. 2008-0048](#), adopted by the State Water Board on July 1, 2008, and the *Water Boards' Small Community Wastewater Strategy*, dated June 16, 2008, many small communities, particularly small disadvantaged communities, depend upon various sources of financial assistance to implement much needed wastewater projects.

The estimated total Project cost is \$2.5 million. The City is supplementing the \$2 million in CAA funds with Low and Moderate Income (LMI) Housing funds, which are administered by the City of Shafter's Community Development Department. To utilize LMI funds for the Project, the City is required to collect affordability covenants from benefiting property owners. Due to unforeseen delays in obtaining the signed covenants, the City may not meet the August 3, 2010, NTP deadline. If the City does not meet the NTP deadline and the CAA funds are withdrawn, the City will not be able to construct the Project, delaying implementation of this important water quality improvement Project.

The Project design is complete and the City is working diligently toward implementing Project construction. The City has already solicited bids, and will be prepared to award the Project and issue the NTP with construction to the contractor once the required affordability covenants are in place.

The proposed resolution will grant the City a 120-day extension of the NTP deadline, and authorize the Deputy Director of the Division of Financial Assistance (Division), or designee, to approve extensions beyond 120 days for good cause.

POLICY ISSUE

Should the State Water Board:

1. Authorize a 120-day extension of the NTP with construction deadline, thereby superseding the August 3, 2010, deadline established in Resolution No. 2009-0008?
2. Authorize the Deputy Director of the Division, or designee, to approve extensions beyond 120 days for good cause?

FISCAL IMPACT

No fiscal impact. The City would retain the \$2 million in CAA grant funds previously committed to the Project for design and construction.

REGIONAL BOARD IMPACT

Yes. The Project will assist the community in achieving compliance with Central Valley Water Board requirements, and local water quality objectives.

STAFF RECOMMENDATION

The State Water Board should:

1. Authorize a 120-day extension of the NTP with construction deadline, thereby superseding the August 3, 2010, deadline established in Resolution No. 2009-0008; and

2. Authorize the Deputy Director of the Division, or designee, to approve extensions beyond 120 days for good cause.

State Water Board action on this item will assist the Water Boards in reaching Goal 2 of the Strategic Plan Update: 2008-2012 to improve and protect groundwater quality in high-use basins by 2030. In particular, approval of this item will assist in fulfilling Objective 2.1 to implement an integrated groundwater protection approach by 2012 to improve and protect groundwater in high-use basins.

DRAFT

STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2010-

EXTENDING THE NOTICE-TO-PROCEED (NTP) WITH CONSTRUCTION DEADLINE FOR THE CITY OF SHAFTER (CITY) NORTH SHAFTER WASTEWATER PROJECT (PROJECT)

WHEREAS:

1. The Project will serve the small disadvantaged community of North Park/North Shafter, where nearly three-quarters of the properties have reported problems with their existing septic systems, such as frequent pumping and/or disposal of greywater into their yards;
2. In the 1980's, three-quarters of the community's drinking water systems had nitrate concentrations in violation of Maximum Contaminant Levels. The City annexed the area in the early 1990's and installed new water lines to bring in clean drinking water; however, the existing septic systems continue to impact groundwater;
3. In a letter to the Central Valley Regional Water Quality Control Board (Central Valley Water Board), the City declared that the failing septic systems, aboveground greywater disposal, and contamination of groundwater supplies pose a public health and safety hazard and a potential pollution problem. On September 16, 2005, the Central Valley Water Board issued [Resolution No. R5-2005-0124](#), approving and accepting the City's declaration of a potential pollution problem and time schedule for Project completion;
4. The Project consists of installing a wastewater collection system, which will be connected to the City's existing wastewater collection system, with wastewater conveyed to the North of River Sanitary District wastewater treatment plant;
5. A combination design and construction Preliminary Funding Commitment (PFC) was approved on February 3, 2009, per State Water Resources Control Board (State Water Board) [Resolution No. 2009-0008](#), which committed up to \$2 million in grant funding from the Cleanup and Abatement Account (CAA) for the Project;
6. The PFC requires that funding approvals, contracting, and disbursement of the CAA funds be conducted in accordance with the *Small Community Wastewater Grant (SCWG) Program Guidelines* (Guidelines), amended May 22, 2007. The Guidelines state that the construction grant commitment will expire if the applicant does not issue the NTP with construction to the contractor within 18 months of the PFC date;
7. The estimated total Project cost is \$2.5 million. The City's PFC requires that: (1) the City demonstrate financial capability to fund the remainder of Project costs prior to Final Plans and Specification Approval; and (2) unexpended CAA funds be withdrawn if the City does not issue the NTP with construction within 18 months of the PFC date;
8. The City is supplementing the \$2 million in CAA funds with Low and Moderate Income (LMI) Housing funds, which are administered by the City's Community Development Department. Due to unforeseen delays in obtaining signed affordability covenants from benefiting property owners, which are required to utilize the LMI funds, the City may not meet the August 3, 2010, NTP deadline;
9. The Project design is complete and the City is working diligently toward implementing Project construction. The City has solicited bids, and will be prepared to award the Project and issue the NTP with construction once the covenants are in place; and

D R A F T

10. If the City does not meet the NTP deadline and the CAA funds are withdrawn, the City will not be able to construct the Project, delaying important water quality improvements.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Authorizes a 120-day extension of the NTP with construction deadline, thereby superseding the August 3, 2010, deadline established in Resolution No. 2009-0008; and
2. Authorizes the Deputy Director of the Division of Financial Assistance, or designee, to approve extensions beyond 120 days for good cause.

CERTIFICATION

The undersigned, Clerk to the Board, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Board held on August 3, 2010.

Jeanine Townsend
Clerk to the Board