

**STATE WATER RESOURCES CONTROL BOARD  
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE  
NOVEMBER 1, 2011**

**ITEM 5**

**SUBJECT**

CONSIDERATION OF A RESOLUTION TO ALLOCATE UP TO \$1,500,000 FROM THE CLEANUP AND ABATEMENT ACCOUNT (CAA) TO THE HI-DESERT WATER DISTRICT (DISTRICT), WASTEWATER TREATMENT AND RECLAMATION PROJECT (PROJECT)

**DISCUSSION**

The District requests CAA funding for planning and design of their Project which will provide wastewater collection and treatment for the Town of Yucca Valley (Town). The Town relies on septic systems which have contributed to nitrate contamination of the 19-square mile Warren groundwater subbasin (subbasin). Nitrate levels in the subbasin have been reported higher than the U.S. Environmental Protection Agency (U.S. EPA) maximum contaminant levels. The District is the water purveyor for the Town and relies on the subbasin as a source of drinking water. The District was also designated as the Water Master for the subbasin when the subbasin was adjudicated by the San Bernardino County Superior Court in 1977.

The Town is classified as a disadvantaged community (DAC). The Town contains approximately 20,700 residents and the Project area encompasses less than 20,000 residents. The Town's medium household income (MHI) is \$39,069, approximately 63% of the California MHI. The District is in the process of forming an assessment district. This will impose an approximately \$60 per month assessment fee for each household on top of the proposed monthly service charge, and the cost to connect to the sewer collection system.

The Colorado River Regional Water Quality Control Board (Regional Water Board) adopted [Resolution No. R7-2011-0004](#) amending the Water Quality Control Plan for the Colorado River Basin Region to prohibit septic tank discharges in the Town. In order to comply with the Regional Water Board's prohibition, the District is proposing to construct the first phase of the Project by May 19, 2016. The first phase includes: construction of a two (2) million gallon per day (MGD) wastewater treatment plant (WWTP) capable of tertiary treatment, and construction of a sewer collection system within the most densely populated area of the Town. The second and third phases, which includes expansion of the WWTP and sewer collection system, are to be completed by 2019, and 2022, respectively.

The total project costs for the first phase will be approximately \$125 million, including approximately \$9.1 million for planning and design. To minimize the financial impact on the Town's residents, the District is in the process of securing grant funds for the planning and design of the Project. The following table shows the status and proposed funding allocation for each funding source.

	Planning and Design	Construction	Total
<b>Secured Funding Sources:</b>			
USEPA	\$320,069	\$0	\$320,069
U.S. Bureau of Reclamation	\$1,500,000	\$0	\$1,500,000
Department of Water Resources Proposition 84 Integrated Regional Water Management (IRWM)	\$3,000,000	\$0	\$3,000,000
<b>Total Secured:</b>	<b>\$4,820,069</b>	<b>\$0</b>	<b>\$4,820,069</b>
<b>Unsecured Funding Sources<sup>1</sup>:</b>			
CAA	\$1,500,000	\$0	\$1,500,000
Town of Yucca Valley Redevelopment Agency (RDA)	\$2,365,682	\$0	\$2,365,682
CWSRF	\$479,000	\$115,835,249	\$116,314,249
<b>Total Unsecured:</b>	<b>\$4,344,682</b>	<b>\$115,835,249</b>	<b>\$120,179,931</b>
<b>Total:</b>	<b>\$9,164,751</b>	<b>\$115,835,249</b>	<b>\$125,000,000</b>

Note: 1 – Unsecured funding amounts are estimated and subject to change.

The requested \$1.5 million from the CAA would cover the “unfunded” balance for pre-construction activities including: formation of the Assessment District, engineering, and final design for the Project. The District must secure funding for the remaining planning and design as soon as possible to comply with the Regional Water Board’s prohibition. The District proposes to complete final design for the Project by January 2013.

The District is applying to the State Water Board for CWSRF financing for the remaining construction cost not covered by the grants. CWSRF financing cannot be committed to the Project until a dedicated source of repayment is established.

The State Water Board established Program Preferences for CAA funds based on statewide priorities and Strategic Goals outlined in the Strategic Plan Update 2008-2012. The Project meets CAA Program Preferences 2 (Disadvantaged Communities – Environmental Justice), and 5 (Cleanup and/or abatement of pollution in high-use groundwater basins).

The requested allocation is consistent with the purposes of Water Code Section 13442. Section 13442 provides that the State Water Board may order monies to be paid from the CAA to a public agency with the authority to cleanup or abate the effects of a waste in order “to assist it in cleaning up the waste or abating its effects on the waters of the state.”

## ENVIRONMENTAL IMPACT

State Water Board staff determined the planning and design for the Project qualifies for Class 6 (Class 6: Basic data collection, research, experimental management, and resource evaluation activities) categorical exemption from California Environmental Quality Act requirements and will not result in any significant adverse water quality impacts.

## **REGIONAL WATER BOARD IMPACT**

The CAA funds will help the District complete planning and design for the Project and will allow the District to comply with Colorado River Basin Regional Water Quality Control Board's prohibition.

## **FISCAL IMPACT**

As of September 28, 2011, the uncommitted CAA balance is estimated to be no less than \$7.4 million.

## **POLICY ISSUE**

Should the State Water Board approve up to \$1,500,000 of CAA funds to the District for planning and design of the Project?

## **STAFF RECOMMENDATION**

Staff recommends the State Water Board approve up to \$1,500,000 of CAA funds to the District for planning and design of the Project.

State Water Board action on this item will assist the Water Boards in reaching Goal 2 of the Strategic Plan Update: Improve and protect groundwater quality in high-use basins by 2030.
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# DRAFT

## STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2011-

TO ALLOCATE UP TO \$1,500,000 FROM THE CLEANUP AND ABATEMENT ACCOUNT (CAA) TO THE HI-DESERT WATER DISTRICT (DISTRICT), WASTEWATER TREATMENT AND RECLAMATION PROJECT (PROJECT)

### WHEREAS:

1. The District is the water purveyor for the Town of Yucca Valley (Town) and is designated as the Water Master for the Warren Groundwater Subbasin (subbasin);
2. The Town relies on septic systems which have contributed to nitrate contamination of the subbasin;
3. The Town is classified as a disadvantaged community with a medium household income (MHI) of \$39,069, approximately sixty-three percent (63%) of the California's MHI;
4. The Colorado River Basin Regional Water Quality Control Board (Regional Water Board) adopted [Resolution No. R7-2011-0004](#) amending the Water Quality Control Plan (Basin Plan) for the Colorado River Basin Region;
5. The amended Basin Plan prohibits septic tank discharges in the Town;
6. In order to comply with Regional Water Board's prohibition, the District plans to construct wastewater collection and treatment facilities for the Town;
7. The District requests \$1.5 million in CAA funding for planning and design of the Project;
8. Water Code Section 13442 authorizes the State Water Board to use CAA funds to assist in cleaning up waste or abating its effects on the waters of the state;
9. State Water Board staff determined the Project meets CAA Program Preferences 2 (Disadvantaged Communities – Environmental Justice) and 5 (Cleanup and/or abatement of pollution in high-use groundwater basins); and
10. State Water Board staff determined the planning and design for the Project qualifies for Class 6 categorical exemption from California Environmental Quality Act requirements and will not result in any significant adverse effect on the environment.

# DRAFT

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Approves up to \$1,500,000 of CAA funds to the District for planning and design of the Project; and
2. Shall revert any unexpended funds to the CAA as of June 30, 2013, unless the Deputy Director or Assistant Deputy Director of the Division of Financial Assistance authorizes an extension. The funds will be available until March 31, 2013.

## 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 November 1, 2011.

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Jeanine Townsend  
Clerk to the Board