

**STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2017-0015**

AUTHORIZING THE DEPUTY DIRECTOR OF THE DIVISION OF FINANCIAL ASSISTANCE (DIVISION) TO PROVIDE FUNDING TO THE CALIFORNIA DEPARTMENT OF WATER RESOURCES (DWR) TO IMPLEMENT THE CONSTRUCTION OF THE EAST PORTERVILLE EMERGENCY WATER SUPPLY PROJECT, PHASE 2 (PROJECT), IN THE AMOUNT NOT TO EXCEED \$35 MILLION

WHEREAS:

1. The State Water Resources Control Board (State Water Board) adopted the Policy for Implementing the Drinking Water State Revolving Fund (DWSRF) Program (Policy) on October 21, 2014;
2. Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014 allocated \$260 million for drinking water grants and loans for public water system infrastructure improvements and related actions to meet safe drinking water standards, to ensure affordable drinking water, or both. Priority shall be given to projects that provide shared solutions for multiple communities, at least one of which is a disadvantaged community that lacks safe, affordable drinking water and is served by a small community water system, state small water system, or private well;
3. On June 21, 2016, the State Water Board adopted the 2016-2017 DWSRF Intended Use Plan (IUP), which sets forth the plan for how funds will be used within State Fiscal Year 2016-2017 and refines the criteria set forth in the Policy for the coming year;
4. Proposition 1 Drinking Water funds are administered consistent with the IUP and the Policy to the extent allowed by federal regulations and state law;
5. The IUP authorizes the Deputy Director of the Division to provide grant or principal forgiveness financing of up to \$20 million for construction projects that provides regional benefit;
6. There are approximately 1,800 homes in East Porterville and Vandalia that rely on private domestic wells. Many of these wells are shallow and varying from 20 feet to 100 feet below ground surface. Due to the severe drought condition in California, many of these wells have gone dry or otherwise left residents without adequate water since 2014;
7. Approximately 1,100 homes are disadvantaged and eligible for waiver of connection costs;
8. The Tulare County (County), the DWR and the State Water Board have been providing assistance to the residents affected by the drought through household tank and bottled water programs. These programs are temporary, expensive, and are not sustainable;
9. Phase 1 construction was funded and implemented by the DWR to connect homes that have dry wells and are on the household tank program. It is anticipated that 330 homes will be connected to the City of Porterville's (City) water system by the end of Phase 1;

10. The current cost estimate for Phase 2 construction is \$33.3 million; and
11. The construction of Phase 2 will be implemented by the DWR and funded by the State Water Board in the form of a grant from Proposition 1 and a principal forgiveness loan from the DWSRF to connect the remaining 770 eligible homes to the City's water system.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Authorizes the Deputy Director of the Division to execute a financing agreement providing funding to the DWR for the Project in a total amount not to exceed \$35 million, of which no more than \$20 million may be Proposition 1 grant funding and the remainder shall be provided as a DWSRF loan with all principal forgiven;
2. Authorizes the Deputy Director of the Division to include any conditions deemed necessary and appropriate on such funding, so long as not inconsistent with the State Water Board's Policy for Implementing the DWSRF, including but not limited to such conditions as may be developed in consultation with State Historical Preservation Office and United States Department of the Interior, Fish and Wildlife Service; and
3. Determines that this action is exempt from the California Environmental Quality Act as an emergency project under Public Resources Code section 21080, subdivision (b)(4), and California Code of Regulations section 15269, subdivision (c), and the Governor's Proclamation of a State of Emergency Due to Drought, Executive Orders B-26-14, B-28-14, B-29-15, and B-36-15. Division staff is directed to prepare and file an appropriate notice of exemption.

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 Resources Control Board held on April 4, 2017.

AYE: Chair Felicia Marcus
 Vice Chair Steven Moore
 Board Member Tam M. Doduc
 Board Member Dorene D'Adamo
 NAY: None
 ABSENT: None
 ABSTAIN: None



 Jeanine Townsend
 Clerk to the Board