SUBJECT

CONSIDERATION OF A PROPOSED RESOLUTION TO APPROVE DRINKING WATER PLANNING GRANT FUNDING TO THE CITY OF WEED (CITY) FOR TWO PLANNING AND DESIGN PROJECTS (PROJECTS)

DISCUSSION

The City is located along the Interstate 5 corridor, approximately 78 miles north of Redding and about 40 miles south of the Oregon border, in Siskiyou County, California. The City provides potable water service to approximately 1,208 connections, serving a population of approximately 2,937 people, and is a small severely disadvantaged community with a median household income (MHI) of $27,900 (45% of the statewide MHI). Water supply has been historically provided by two primary water sources: Beaughan Spring serving the northern half of Weed, and Mazzei Well serving the southern half of Weed. In 2015, the City constructed a new water supply well in South Weed to mitigate a water supply shortage in the area. There is also one back-up water well (Gazelle Well) in the South Weed area that has taste and odor issues, although water quality levels are under California water quality thresholds.

The City has historically used Beaughan Spring water as part of its water supply, based on a 50-year lease agreement with Roseburg Forest Products (RFP), which expired June 30, 2016. This agreement allowed the City to utilize up to 2 cubic feet per second (CFS) of spring water for municipal purposes, which was enough to serve half of the needs of the City, for $1 a year. In May 2016, the City entered into a Water Lease Agreement (WLA) with RFP to continue utilizing Beaughan Spring water for a term of up to ten (10) years, while the City pursues an alternative long-term water supply. Under the current WLA the City will pay $97,500 for the first five (5) years. After 5 years there is an annual escalation fee of 2%. The WLA also contains an option to renew for an additional 5-year period upon the City demonstrating use of its best efforts to obtain an alternative water supply.

On June 23, 2016, the Weed Area Water Alliance and citizens of the City filed a lawsuit in federal court against the City and RFP in response to the execution of the WLA. The plaintiffs alleged in their initial complaint that the City’s approval of the WLA failed to satisfy California Environmental Quality Act (CEQA) requirements.

The City is seeking planning grant funds to perform a water supply feasibility study and preliminary engineering report to secure a long-term water supply for the northern half of the City. As part of the project, the City will conduct groundwater well evaluations and testing of three potential well sites in the northern portion of the City that were identified in the findings of a 2015 hydrogeological analysis. This work will consist of performing aquifer pump tests, water quality tests, well site feasibility analysis, and the drilling of test wells. The City also intends to conduct an Initial Study and if necessary, an Environmental Impact Report (EIR), for any selected construction arising out of the feasibility study. The anticipated total planning project cost is $542,000. This amount includes a contingency of
$160,000 for completion of the EIR and would require approval from the Division of Financial Assistance’s (DFA) Environmental Review Unit before moving forward with preparation of the EIR.

The City is also seeking additional planning grant funds to evaluate the existing distribution system and to address its inability to convey water from the supply surplus in the southern half of the City to the northern half. The selected project intends to act as a supplementary water supply to Beaughan Spring, which will be insufficient in meeting northern Weed’s current maximum day demand due to the WLA restrictions of 1.5 CFS, and will act as a back-up supply to the long-term water supply selected as part of the feasibility study. As part of the project, the City intends to conduct an engineering project report, CEQA documents, site surveying and mapping, right-of-way acquisition, plans and specifications, and the construction funding application. The anticipated total planning project cost is $500,000.

The 2016-2017 Drinking Water State Revolving Fund (DWSRF) Intended Use Plan (IUP) states that severely disadvantaged communities may receive a maximum $500,000 grant per project for their proportional share of a planning project. It also states that on a case-by-case basis, for good cause, the Deputy Director of the DFA may approve more than $500,000 in grant funds for the public water system’s proportional share of a planning project.

The DWSRF Policy gives the Deputy Director of the DFA authority to approve and execute planning/design financing agreements for routine, noncontroversial projects. Charges have been filed by the Siskiyou County District Attorney’s Office against an employee of the City for allegedly failing to report positive findings of bacteria in public water systems. An investigation is being conducted by the State Water Resources Control Board’s (State Water Board) Office of Enforcement and Division of Drinking Water.

Due to the ongoing investigation and litigation, the Project is considered not routine and controversial. Therefore, DFA staff are presenting this project to the State Water Board for approval.

POLICY ISSUE

Should the State Water Board authorize the Deputy Director of the DFA to execute financing agreements with the City to provide DWSRF and/or Proposition 1 (Prop 1) grant funding for the following planning and design projects?

a. North Weed Water Supply Project (4710009-001P) in an amount not to exceed $542,000.

b. Bypass Water Supply Pipeline Project (4710009-002P) in an amount not to exceed $500,000.

ENVIRONMENTAL IMPACT

State Water Board staff have reviewed the environmental documents provided by the City and determined that the Projects are exempt from CEQA Guidelines, Title 14, California Code of Regulations, Chapter 3, Article 18, Section 15262 for feasibility and planning study and Article 19, Section 15306, Class 6 for information collection and resource evaluation activities.
The Projects will not have any significant water quality impacts. Adequate public participation was provided through the CEQA review process for the Projects.

The State Water Board staff will file a Notice of Exemption for the Projects following funding approval.

**FISCAL IMPACT**

The funding breakdown for each project is:

- North Weed Water Supply Project (4710009-001P): $542,000
- Bypass Water Supply Pipeline Project (4710009-002P): $500,000

The total cost for both projects is $1,042,000, which will be funded using DWSRF and/or Prop 1 grant funding.

**REGIONAL BOARD IMPACT**

None.

**HUMAN RIGHT TO WATER ANALYSIS**

DFA staff have considered Section 106.3 of the Water Code (added by Assembly Bill 685 (Stats. 2012, ch. 524). This proposed action supports the Human Right to Water because it will assist disadvantaged communities with improving access to a reliable, long term drinking water supply.

**STAFF RECOMMENDATION**

Approve the proposed resolution to authorize the Deputy Director of the DFA to execute financing agreements with the City to provide DWSRF and/or Prop 1 grant funding for the following planning and design projects:

a. North Weed Water Supply Project (4710009-001P) in an amount not to exceed $542,000.

b. Bypass Water Supply Pipeline Project (4710009-002P) in an amount not to exceed $500,000.

State Water Board action on this item will assist the Water Boards in reaching Goal 6 of the Strategic Plan Update: 2008-2012 to enhance consistency across the Water Boards, on an ongoing basis, to ensure our processes are effective, efficient, and predictable, and to promote fair and equitable application of laws, regulations, policies, and procedures.
TO APPROVE DRINKING WATER PLANNING GRANT FUNDING TO THE CITY OF WEED (CITY) FOR TWO PLANNING AND DESIGN PROJECTS (PROJECTS)

WHEREAS:

1. The State Water Resources Control Board (State Water Board) adopted the Policy for Implementing the Drinking Water State Revolving Fund Program (DWSRF Policy) on October 21, 2014, delegating authority to the Deputy Director of the Division of Financial Assistance (DFA) to approve routine and non-controversial projects;

2. 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 the State Fiscal Year 2016-2017 and refines criteria set forth in the DWSRF Policy for the coming year;

3. The IUP states that severely disadvantaged communities may receive a maximum $500,000 grant per project for their proportional share of a planning project. It also states that on a case-by-case basis, for good cause, the Deputy Director of the DFA may approve more than $500,000 in grant funds for the public water system’s proportional share of a planning project;

4. Proposition 1 (Prop 1), the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Assembly Bill 1471, Rendon) 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;

5. Prop 1 Drinking Water funds are administered consistent with the IUP and the DWSRF Policy;

6. The State Water Board determined that the Projects are exempt from California Environmental Quality Act (CEQA) Guidelines, Title 14, California Code of Regulations, Chapter 3, Article 18, Section 15262 for feasibility and planning study and Article 19, Section 15306, Class 6 for information collection and resource evaluation activities;

7. The Projects will not have any significant water quality impacts;

8. Adequate public participation was provided through the CEQA review process for the Projects;

9. The State Water Board will file a Notice of Exemption for the Projects following funding approval;

10. The City has requested $542,000 in DWSRF and/or Prop 1 grant funding for the North Weed Water Supply Project, and $500,000 in DWSRF and/or Prop 1 grant funding for the Bypass Water Supply Pipeline Project; and

11. DFA staff have completed technical, financial, and environmental reviews for the Projects with a total cost of $1,042,000.
THEREFORE BE IT RESOLVED THAT:

The State Water Board authorizes the Deputy Director of the DFA to execute financing agreements with the City to provide DWSRF and/or Prop 1 grant funding for the following planning and design projects:

   a. North Weed Water Supply Project (4710009-001P) in an amount not to exceed $542,000.
   b. Bypass Water Supply Pipeline Project (4710009-002P) in an amount not to exceed $500,000.

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 June 20, 2017.

_________________________________________
Jeanine Townsend
Clerk to the Board