

**STATE OF CALIFORNIA
REGIONAL WATER QUALITY CONTROL BOARD
CENTRAL COAST REGION**

STAFF REPORT FOR REGULAR MEETING OF AUGUST 22-23, 2024

Prepared on August 5, 2024

ITEM NUMBER: 15

SUBJECT: Executive Officer's Report to the Board

STAFF CONTACTS: Ryan Lodge
[805/549-3140 ryan.lodge@waterboards.ca.gov]

ACTION: Information/Discussion

KEY INFORMATION: This item presents a brief overview of issues that may interest the Board. Upon request, staff can provide more detailed information about any item.

BIG BASIN WOODS SUBDIVISION WASTEWATER TREATMENT PLANT UPDATE

[Jennifer Epp, (805) 594-6181, Jennifer.Epp@waterboards.ca.gov]

Background

On April 20, 2023, the Central Coast Water Board adopted [Resolution R3-2023-0030](#), *Authorizing Referral to the Office of Attorney General for Judicial Civil Enforcement of Alleged Violations of Waste Discharge Requirements Order 97-26, Cleanup and Abatement Order R3-2022-0077, Water Code Section 13260 Directive, and Water Code Section 13267 Reporting Requirements*. The resolution was the result of an ongoing enforcement case against the failed Big Basin wastewater treatment plant, located in the Fallen Leaf community near Boulder Creek in Santa Cruz County. For detailed background information, see the [April 20, 2023 staff report](#).

This report provides an update on the following milestones that have been reached since the Central Coast Water Board's referral: The Central Coast Water Board entered into a settlement with Big Basin Water Company, Inc. and its owners; a receiver was appointed to assume control over the wastewater treatment plant; the Central Coast Water Board secured emergency funding; the wastewater treatment plant became operational; the county of Santa Cruz (County) lifted building restrictions; the Fallen Leaf community approved transfer of the wastewater treatment plant to the County; and the County took operational control over the facility.

Settlement in Superior Court

On November 9, 2023, a settlement between the Central Coast Water Board, Big Basin Water Company, Inc. (Big Basin Water Company), and Big Basin Water Company's owners, Thomas and Shirley Moore (the Moores), was approved in Santa Cruz County Superior Court. As a term of settlement, Serviam by Wright LLP (formerly Silver & Wright LLP), was appointed receiver over Big Basin Water Company's wastewater treatment plant.¹ The settlement further imposed civil penalties totaling \$750,000 against the Moores and prohibited them from owning and/or operating a wastewater system. The Moores, and not Big Basin Water Company, are responsible for payment of the civil penalties.

Financial Support from the Water Boards

In addition to the significant staff costs incurred by the Central Coast Water Board, State Water Resources Control Board, and Attorney General's Office, the Central Coast Water Board has allocated approximately \$310,000 towards the successful transfer of the wastewater treatment plant to the County. Sources of these funds include emergency funding from the State Water Board's Cleanup and Abatement Account and funds obtained from a settlement with Central States Water Resources, a private utilities company that considered purchasing the facility. These funds have been used to pay for a rate study needed by the County in its process of taking control of the facility and the receiver's costs to operate the facility, including necessary repairs, system redundancy improvements, and operational expenses.

Operational Wastewater Treatment Plant

The receiver hired Cypress Water Services to repair and operate the wastewater facility. In August 2023, the Central Coast Water Board received data from Cypress Water Services demonstrating that the wastewater treatment plant was treating wastewater and progressing toward permit compliance. On August 25, 2023, the Central Coast Water Board authorized the connection of additional homes to the plant as long as the plant remained operational. With the functioning plant, the County also lifted building permit restrictions. Currently, the wastewater treatment plant is meeting most permit requirements and minor improvements to the treatment system are being implemented to improve effluent water quality.

Community Approval of Transfer to County of Santa Cruz

For the County to assume ownership and operations of the wastewater treatment plant, it needed to follow the Proposition 218 process to add the Fallen Leaf community wastewater customers into Santa Cruz County Community Services Area 7 (CSA 7). Central Coast Water Board staff participated in several public meetings with community members to present and explain the County's proposal and to explain how homeowners in the Fallen Leaf community could support or protest the County's proposal. On April

¹ Serviam by Wright LLP is also serving as a court-appointed receiver over Big Basin Water Company's drinking water assets under a separate court order.

30, 2024, the County announced a successful Proposition 218 process to add the Fallen Leaf community into CSA 7.

Operations and Ownership Agreement with County of Santa Cruz

On May 29, 2024, Santa Cruz County and the receiver executed a purchase agreement through which the County could assume operational control and eventual ownership of the wastewater treatment plant. On June 17, 2024, Santa Cruz County Superior Court approved, confirmed, and ratified the purchase agreement. As of July 1, 2024, the County is the facility operator. The County submitted a Report of Waste Discharge on May 14, 2024, to enroll the wastewater treatment plant in Order WQ 2014-0153-DWQ, *General Waste Discharge Requirements for Small Domestic Wastewater Treatment Systems*. Central Coast Water Board staff drafted a facility-specific monitoring and reporting program, issued a notice of applicability on June 28, 2024, and terminated individual permit Order 97-26.

California Public Utilities Commission Approval

On August 1, 2024, the California Public Utilities Commission approved the transfer of the wastewater treatment plant to the County.

Next Steps

The receiver and the agencies involved in the project, including the county of Santa Cruz, California Public Utilities Commission, and the Central Coast Water Board, will continue to coordinate and work on remaining steps to complete the full transition of wastewater treatment plant ownership to the County (e.g., completion of the remaining physical infrastructure needs for County operations). In addition, Central Coast Water Board staff will continue to work with the County on the successful operation of the facility and compliance with the new permit.

STATE WATER RESOURCES CONTROL BOARD FUNDING INFORMATION

The State Water Board Division of Financial Assistance (DFA) administers a number of funding programs supporting wastewater and drinking water infrastructure projects in addition to other water quality protection and restoration projects. See the [DFA website](#)² for information regarding available loan and grant programs administered by the State Water Board.

State Water Board DFA maintains the following online dashboards tracking project funding applications and funded projects:

[Application Status Search Tool](#),³ allows users to search for the status of State Water Board drinking water and clean water State Revolving Fund (SRF) project applications

² DFA website: https://www.waterboards.ca.gov/water_issues/programs/grants_loans

³ Application Search Tool: <https://public.waterboards.ca.gov/dfaAppSTAT/>

that have been submitted for funding consideration and are currently under review (this portal does not include approved projects).

[Program funding dashboard](#),⁴ documents funded projects and descriptions via pull down menu options and graphics by funding program and geographic area for the most recent fiscal year for which the funding cycle has ended.

PROGRAM PERFORMANCE MEASURES

Please see the following standard attachments.

ATTACHMENTS

1. [Table 1](#) - 401 Water Quality Certification Applications Received
2. [Table 2](#) - 401 Water Quality Certifications Issued
3. [Table 3](#) - Groundwater Section, Case Closure Performance Scoreboard
4. [Table 4](#) - Groundwater Case Closures
5. [Table 5](#) - Enrollments in General Orders/Waivers

⁴ State Water Board Division of Financia Assistance project funding dashboard:
<https://app.powerbigov.us/view?r=eyJrIjoieZjk1ZjM5ZWQ0OTFkYi00OGFjLTlhMjUtMjJmZmYTI1ZTEwliwiZCI6ImZIMTg2YTI1LTdkNDktNDFINi05OTQxLTA1ZDIyODFkMzZjMSJ9>