

BY BOARD VICE CHAIRMAN ROBIE:

By letter dated June 20, 1974, the City of Kerman (petitioner) requested the State Water Resources Control Board (State Board) to review certain determinations of the Staff of the Division of Water Quality (Staff).

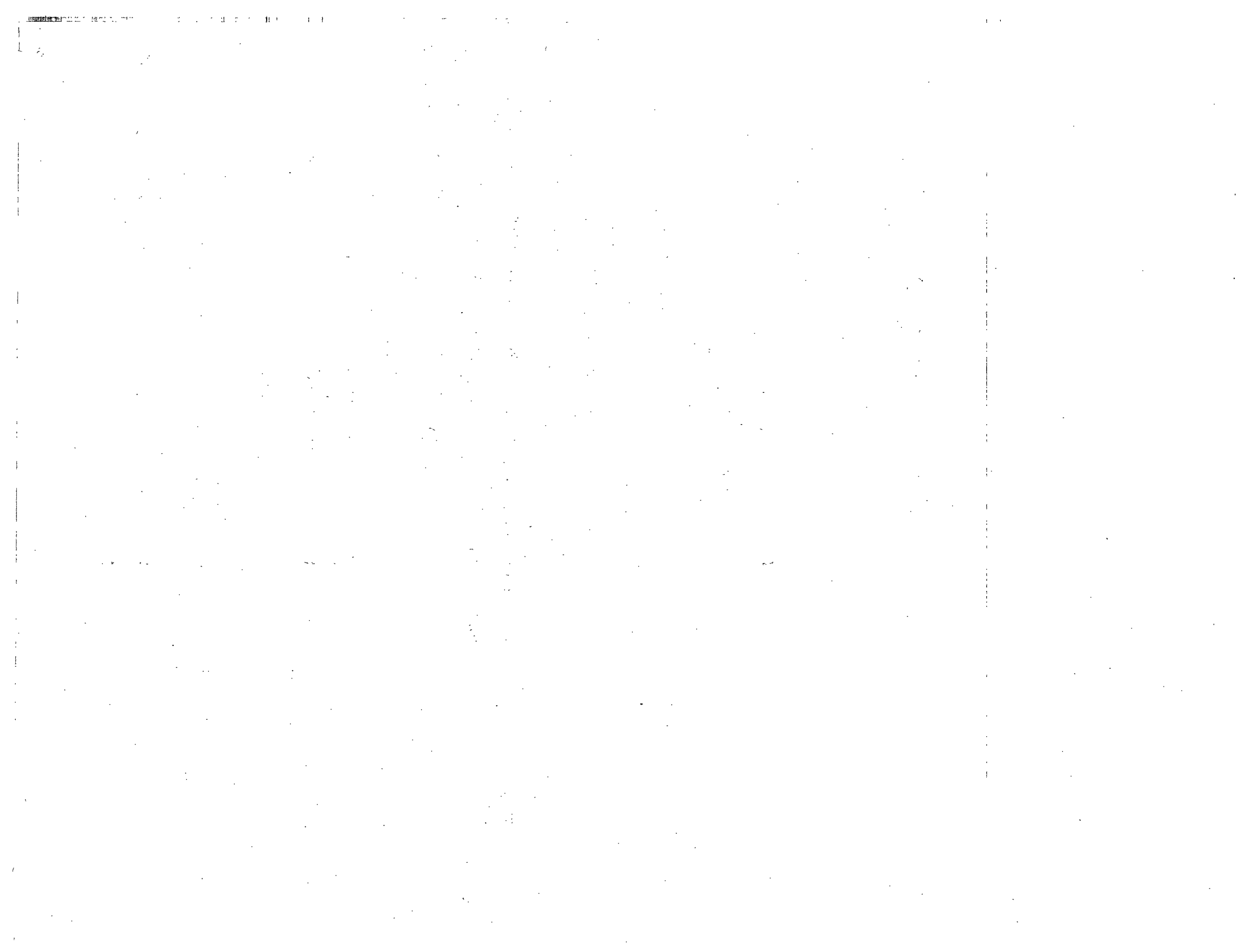
A hearing in this matter was held by the State Board on July 1, 1974.

SUMMARY OF PROJECT, CONTENTIONS  
OF PETITIONER AND STAFF DETERMINATION

Petitioner proposed a 1972-73 fiscal year project involving construction of a treatment plant, interceptor sewer, and a second sewer commonly known as the Del Norte Sewer Line. In July of 1972, the estimated cost of the entire project amounted to \$1,099,260. Petitioner's estimated share of costs at this point was \$298,560.<sup>1</sup> In August of 1972, petitioner submitted a project report to the State Board, and, in November of 1972, petitioner's bond issue in the amount of \$300,000

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1. All estimates of cost are based on evidence of the petitioner submitted at the hearing on July 1, 1974.



November 2, 1973. The LRA grant offer was not made until April 17, 1974. The project was put out to bid, and bids were received in May of 1974.

The cost of the project, and the estimated cost to petitioner, has dramatically increased since initially assessed in 1972, as illustrated by the following data:

<u>Date</u>	<u>Estimated Project Cost</u>	<u>Estimated Grant Funds</u>	<u>Petitioner's Estimated Share</u>
July, 1972	\$1,099,260	\$ 800,700 <sup>2</sup>	\$298,560
January, 1973	1,214,300	963,200 <sup>3</sup>	251,100
January, 1974	1,490,000	1,200,500	289,500
May, 1974	1,810,370 <sup>4</sup>	1,454,663	355,707

In approximately two years, since July of 1972, total project costs have increased from \$1,099,260 to \$1,810,370, an increase of almost 65%. While grant funding for the project has also increased substantially during the same period, the petitioner's

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2. Based on state and federal grant percentage of 80%.
  3. Based on state and federal grant percentage of 87.5%.
  4. The estimated amounts indicated for May of 1974 are based on actual bid amounts for the project.

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any change in project scope, but is rather attributable to inflationary trends of recent years. A significant portion of the inflationary increase occurred between January and May of 1974, when project cost escalated by almost 20%.

After receipt and review of the bids, the petitioner requested the Staff to classify the Del Norte Sewer Line as an interceptor. This would have increased eligible project cost by approximately \$97,000, would have resulted in additional grant funds for petitioner of approximately \$82,000, and would have reduced the cost of petitioner's share of the project to approximately \$271,000. Staff declined to make such a classification, and petitioner thereupon requested the State Board to provide additional funds for the project. At the hearing, the specific contention of the petitioner was that additional funding should be provided because the project was unduly delayed by the Staff and by EPA and because this delay has occasioned increased project cost which is not the fault of petitioner and for which funds are not available.

#### FINDINGS AND CONCLUSIONS

While the petitioner did not press its original contention that the Del Norte Sewer Line was an interceptor and

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The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry should be supported by a valid receipt or invoice. This ensures transparency and allows for easy verification of the data.

In the second section, the author outlines the various methods used to collect and analyze the data. This includes both manual and automated processes. The goal is to ensure that the information gathered is both reliable and comprehensive.

The third part of the document provides a detailed breakdown of the results. It shows that there has been a significant increase in certain areas, while other areas remain relatively stable. These findings are crucial for understanding the overall performance and identifying areas for improvement.

Finally, the document concludes with a series of recommendations based on the data. It suggests that certain strategies should be implemented to optimize the process and achieve the desired outcomes. The author also notes that ongoing monitoring and reporting will be necessary to track progress and make adjustments as needed.

sewer line in question is basically a part of the sewage collection system of the petitioner, and it in no sense fulfills any of the criteria for interceptor classification. It is, at most, a trunk sewer, and it is not a part of Group I projects eligible for funding during fiscal year 1972-73.<sup>5</sup>

Secondly, there were no facts presented by the petitioner during the course of the hearing which require or justify increase of grant funds. It does not appear that there was in fact any undue delay on the part of the Staff in processing this project. A substantial volume of work is involved in review and evaluation of proposed projects. We have carefully reviewed the chronology of events related to this project and the other evidence introduced at the hearing. Nothing indicates any unusual or unnecessary delays caused by Staff action. As a matter of fact, evidence at the hearing indicated that the primary complaint of petitioner on unnecessary delay was directed against EPA. Petitioner noted that while the state grant offer was made on November 2, 1973, the federal grant offer was not made until April 17, 1974, some 5½ months

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5. See Sections 2101(h) and 2120(d)(1) of the grant regulations adopted February 17, 1972, and Section 2122 of the grant regulations adopted January 4, 1973.

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had in fact been processed by Staff more rapidly than the majority of 1972-73 fiscal year projects. No doubt this was primarily due to the diligence with which petitioner pursued its project.

The problem facing petitioner is one which may well be faced by a number of other grantees, and there are several comments we should make. Public interest requires adequate review of proposed projects where substantial amounts of state and federal contributions are involved. The magnitude, complexity, funding limits, legal requirements and institutional constraints involved in the review require substantial review time. This is a known fact and has been a known fact for a considerable period of time.

The problem being faced by petitioner stems primarily from rampant inflation in project costs. This inflation affects not only petitioner's costs, but, as can be seen from the previous data, it also has a gigantic effect on the amount of state and federal grant funds needed for the project. In view of the inflationary spiral occurring, the State Board has done

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6. Petitioner had no explanation for the delay of  $5\frac{1}{2}$  months between state and federal grant offers. Unfortunately, although invited to attend the hearing on July 1, 1974, EPA did not do so and the exact reason for the delay must remain a matter of conjecture.

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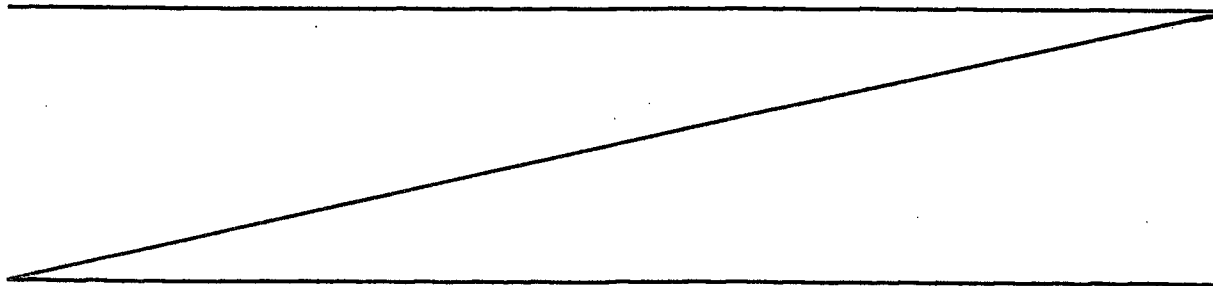
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must be prepared to defray their share of increased costs associated with inflation in the area of construction of treatment works just as they must meet inflationary costs in other aspects of their activities. It must be recognized that grant funds are limited, that 1972-73 fiscal year funds presently available have been committed, and that the increased demand on grant funds caused by inflationary increase of project costs may require that some very necessary projects be deferred to later fiscal years for funding. Acquiescence in the requests of petitioner would only compound this unfortunate situation.

Accordingly, having considered all of the contentions of the petitioner, we find and conclude as follows:

(1) The Staff determination that the Del Norte Sewer Line was not an interceptor was correct and should be affirmed.

(2) Additional grant funding should not be provided to defray any additional grantee share of project cost due to inflation.





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We Concur:

Ronald B. Robie  
Ronald B. Robie  
Vice Chairman

W. W. Adams  
W. W. Adams, Chairman

Roy E. Dodson  
Roy E. Dodson, Member

Mrs. Carl H. Auer  
Mrs. Carl H. (Jean) Auer, Member

W. Don Maughan  
W. Don Maughan, Member



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