

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION -- DIVISION OF FINANCIAL ASSISTANCE
DECEMBER 13, 2006**

ITEM 8

SUBJECT

CONSIDERATION OF A RESOLUTION AUTHORIZING ISSUANCE OF A \$1,462,400 INSTALLMENT SALES AGREEMENT (ISA) CONTRACT AND AMENDMENTS THERETO FROM THE AGRICULTURAL DRAINAGE MANAGEMENT LOAN PROGRAM (ADMLP) TO THE PACHECO WATER DISTRICT (DISTRICT) FOR AN IRRIGATION SYSTEM IMPROVEMENT PROJECT (PROJECT)

DISCUSSION

The District has applied for \$1,462,400 in ADMLP financing assistance to fund the Project. Funds will be used to purchase high efficiency irrigation equipment that will be leased to growers converting sprinkler, furrow and siphon tube irrigation to drip, gated pipe, and micro sprinkler systems with water recycling systems and tailwater recirculation.

Irrigation operations within the District produce agricultural drainage that flows via a conveyance system into the San Joaquin River. By replacing less efficient irrigation systems with more efficient irrigation systems, the Project will reduce irrigation tailwater and contaminants (including selenium, boron, salt, and oxygen-consuming nutrients) that discharge to the San Joaquin River and the Sacramento-San Joaquin Delta. Monitoring will be conducted, and the water quality benefits resulting from implementing the Project will be assessed.

The Central Valley Regional Water Quality Control Board (Central Valley Regional Water Board) has adopted a Conditional Waiver of Waste Discharge Requirements for Discharges from Irrigated Lands (Conditional Agricultural Waiver) that addresses non-point source pollution from irrigated agricultural lands in the San Joaquin Valley. All of the District's acreage, is covered under the Conditional Agricultural Waiver through membership in the Westside San Joaquin River Watershed Coalition (Coalition).

The State Water Resources Control Board (State Water Board) supports the Central Valley Regional Water Board's goal of improved irrigation efficiency as described in the "Amendments to the Water Quality Control Plan (Basin Plan) for the San Joaquin Valley" (Regional Board Resolution No. 88-195, approved by State Water Board in Resolution No. 89-88). The Basin Plan recommends that best management practices, consisting principally of water conservation measures, be implemented for the control of agricultural drainage.

The Safe, Clean, Reliable Water Supply Act of 1996 (1996 Bond Law), provides funding assistance through the ADMLP for agricultural 'drainage water management units'. These units include surface impoundments, conveyance facilities, drainage treatment facilities, and any facilities or works to reduce the amount of agricultural drainage water discharged. The proposed Project will fund acquisition of agricultural drainage water management units, and may be funded under the 1996 Bond Law.

California Environmental Quality Act (CEQA)

The District filed a Notice of Exemption with the Merced County Clerk on January 30, 2006, for the proposed Irrigation Systems Improvement Project. A Categorical Exemption from CEQA requirements was applied to the District's Project because it consists of the purchase of high efficiency irrigation equipment [Class 2, Replacement of existing facilities on the same site having substantially the same purpose and capacity, CEQA Guidelines Section 15302b]. State Water Board staff has reviewed and considered the Notice of Exemption and has determined that the Project will not result in any significant water quality impacts.

Public Participation

The District has demonstrated that adequate opportunity for public participation regarding the ISA has been provided. Such opportunities include needs assessment and outreach to growers regarding their interest in participating in this program, and the District's public adoption of a resolution authorizing submittal of an application to request funds for the Project.

ADMLP Repayment

The dedicated source of repayment for the ADMLP funding assistance will come from Water District Assessments. Lease payments for equipment purchased with the ADMLP funds will also be dedicated for repayment.

POLICY ISSUE

Should the State Water Board authorize issuance of a \$1,462,400 ISA contract and amendments thereto from the ADMLP to the District for the Project that will include purchasing irrigation improvement equipment with water recycling systems and constructing tailwater recirculation systems?

FISCAL IMPACT

The total cost of the Project is \$1,462,400. The following table is a summary of the funding available in the ADMLP:

ADMLP (1996 Bond)	FUND AVAILABILITY – DECEMBER 2006
Initial Amount Available for Local Assistance	\$24,829,775
Previous Loan Project Expenditures and Commitments	\$(12,000,000)
Feasibility Study Loan Project Expenditures	\$(0)
Subtotal Currently Available Local Assistance	\$12,829,775
FUNDING APPROVAL REQUESTED	
Pacheco Drainage District	\$(1,462,400)
Remaining Available Local Assistance	\$11,367,376

REGIONAL WATER BOARD IMPACT

The Project will further the Central Valley Regional Water Board's goals and objectives relating to their Agricultural Waiver Program and Basin Plans.

STAFF RECOMMENDATION

That the State Water Board approve funding using authorized ADMLP funds for the District's Project which will include purchasing irrigation improvement equipment with water recycling systems and constructing tailwater recirculation systems.

**STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2006 -**

AUTHORIZING ISSUANCE OF A \$1,462,400 INSTALLMENT SALES AGREEMENT (ISA)
CONTRACT AND AMENDMENTS THERETO FROM THE AGRICULTURAL DRAINAGE
MANAGEMENT LOAN PROGRAM (ADMLP) TO THE PACHECO WATER DISTRICT (DISTRICT)
FOR AN IRRIGATION SYSTEM IMPROVEMENT PROJECT (PROJECT)

WHEREAS:

1. The Project is eligible for funding under the Safe, Clean, Reliable Water Supply Act of 1996;
2. The District will reduce agricultural drainage discharges to waters of the State through the Project by purchasing high efficiency irrigation equipment and leasing that equipment to growers, converting furrow and siphon tube irrigation to drip, gated pipe, and micro sprinkler systems with water recycling systems and tailwater recirculation.
3. The Project will help meet water quality objectives for sediment and other constituents of concern in the San Joaquin River by reducing agricultural drainage and will contribute to water conservation efforts in the San Joaquin Valley;
4. Water Quality Monitoring will be conducted and the benefits resulting from implementing the Project will be assessed;
5. The Central Valley Regional Water Quality Control Board's (Central Valley Regional Water Board) Water Quality Control Plan for the Sacramento and San Joaquin River Basins recommends that best management practices, consisting principally of water conservation measures, be implemented for the control of agricultural drainage;
6. The District has demonstrated that an adequate opportunity for public participation regarding the ISA has been provided;
7. The Project will help the District to achieve compliance with the Central Valley Regional Water Board's Conditional Waiver of Waste Discharge Requirements for Discharges from Irrigated Lands; and,
8. The District has filed a Notice of Exemption, which has been reviewed and considered, and State Water Board staff has determined that the Project will not result in any significant water quality impacts.

THEREFORE BE IT RESOLVED THAT:

The State Water Resources Control Board authorizes issuance of a \$1,462,400 ISA contract and amendments from the ADMLP to the District for the Project contingent on California Environmental Quality Act (CEQA) compliance.

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 December 13, 2006.

Song Her
Clerk to the Board