

**STATE WATER RESOURCES CONTROL BOARD  
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE  
MAY 3, 2016**

**ITEM 2**

**SUBJECT**

CONSIDERATION OF A RESOLUTION AUTHORIZING THE DEPUTY DIRECTOR OF THE DIVISION OF FINANCIAL ASSISTANCE TO PROVIDE DRINKING WATER STATE REVOLVING FUND (DWSRF) AND/OR PROPOSITION 1 FUNDING TO THE CITY OF KERMAN (CITY) TO CONSOLIDATE DOUBLE L MOBILE RANCH PARK IN AN AMOUNT NOT TO EXCEED \$3,230,000

**DISCUSSION**

The City of Kerman (City) has requested grant financing for the consolidation of Double L Mobile Ranch Park (Double L) in the amount of \$3,230,000.

Double L is a severely disadvantaged small community water system serving 37 service connections, approximately 3.5 miles southeast of the City. Double L was issued a compliance order on August 1, 2011, for violation of the Uranium Maximum Contaminant Level (MCL). The City is a disadvantaged community water system serving over 3,600 service connections. The City applied for DWSRF/Proposition 1 funding on behalf of Double L in order to construct the necessary water main and appurtenances to provide a safe and reliable potable water source to its residents. In order to supply Double L with potable water, it was deemed that the City's proposed Well No. 18 was required to be developed and be included in the DWSRF/Proposition 1 construction grant application.

At the time of application, the City had already completed a test well for Well No. 18. The analysis of the water obtained from the test well showed constituent concentrations below established MCLs. In the time since the City submitted the application, the State adopted a new MCL for Hexavalent Chromium (Cr6). The water samples obtained from the test well were not analyzed for Cr6 at the time, as the new MCL had not been adopted. However, the City's existing groundwater wells have now shown Cr 6 concentrations above the MCL. As such, the City believes that the current design for Well No. 18 will result in a water supply with Cr6 concentrations above the MCL.

The 2015-2016 DWSRF/Proposition 1 Intended Use Plan limits the amount of grant or principal forgiveness that can be issued for construction projects at \$25,000 per service connection. The Double L Mobile Ranch Park has 37 connections, and the proposed project would have a cost of \$87,297 per connection. However, with all possible alternatives evaluated, and consolidation with the City deemed the only feasible alternative to solving the water quality issues in Double L, staff recommends funding the project in an amount not to exceed \$3,230,000.

**ENVIRONMENTAL IMPACT**

State Water Resources Control Board (State Water Board) staff conducted a California Environmental Quality Act (CEQA)-Plus environmental review, reviewed the environmental documents, and determined that the Project will not result in any potential significant adverse water quality impacts.

The City of Kerman is the Lead Agency under CEQA. The City of Kerman prepared two Negative Declarations (NDs), and an Addendum, titled: City of Kerman, Double L Mobile Ranch Park Water Service Project; City of Kerman, New Well Site No. 18; CEQA – Final Addendum with Biological Resources Assessment, City of Kerman, Double L Mobile Ranch Park Water Service Project; which were circulated through the State Clearinghouse (Nos. 2013061036 and 2013121030) for review and comment.

The City of Kerman adopted the NDs and the Addendum as follows:

- IS/ND, titled Final Negative Declaration, City of Kerman, New Well No. 18, SCH# 2013061036, August 2013; adopted by City Council on August 7, 2013; NOD filed with Fresno County Clerk on August 7, 2013, and filed with the State Clearinghouse on September 3, 2013.
- IS/ND, titled Final Negative Declaration, City of Kerman Double L Mobile Ranch Park Water Service Project, SCH# 2013121030, dated January 2014; adopted by City Council on January 15, 2014; NOD filed on January 16, 2014 with the Fresno County Clerk and NOD filed on January 21, 2014, and with the State Clearinghouse on January 21, 2014.
- Addendum (SCH# 2013121030): Both CEQA projects were combined into one through adoption of the Addendum (December 28, 2015). The final Addendum was adopted by the City Council on January 6, 2016; filed with the Fresno County Clerk on January 7, 2016; and filed with the State Clearinghouse on January 8, 2016.

The State Water Board is a Responsible Agency under CEQA. A responsible agency complies with CEQA by considering the NDs and the Addendum prepared by the lead agency and by reaching its own conclusions on whether and how to approve the Project involved.

The State Water Board has independently considered the IS/NDs with associated Cultural Reports, and the Addendum with revised Biological Resource Assessments, and found that mitigation has been incorporated into the Project to reduce the environmental impacts of the Project to less-than-significant levels as described in the final NDs and Addendum. On October 2, 2015 the United States Environmental Protection Agency (U.S. EPA) was consulted requesting review and approval of the project as it is located in Fresno's sole source aquifer. U.S. EPA responded on October 9, 2015 with a no adverse effect to the sole source aquifer.

On October 13, 2015 a letter was sent to the Office of Historic Preservation requesting informal consultation. On October 29, 2015 a concurrence letter was received with a No Historic Properties Affected.

The proposed project will convert 0.12 acres of farmland for the well site. In addition the installation of the water main extension will require a 'stop' in farming during construction. Farming will resume upon completing of construction. The conversion of farmland by development is addressed in the Update of the Kerman General Plan, 2007.

On October 14, 2014 informal consultation was initiated with the U.S. Fish and Wildlife Services (USFWS) requesting concurrence of a 'may affect, unlikely to adversely affect' for the San Joaquin kit fox and the Fresno kangaroo rat. On November 24, 2015 a concurrence letter from the USFWS was received and included the following conservation measures for the San Joaquin kit fox:

1. A pre-construction survey shall be conducted by a qualified biologist no less than 14 calendar days and no more than 30 calendar days prior to the beginning of ground disturbance and/or construction activities on the project site, or prior to any project activity likely to impact the San Joaquin kit fox. The surveyor shall thoroughly check the project site for kit fox dens and, if found, exclusion zones shall be placed in accordance with the USFWS recommendations at the following radii:

Potential den: 50 feet

Known den: 100 feet

Natal/pupping den (occupied and unoccupied): Contact USFWS

Atypical den: 50 feet

2. When surveys identify potential dens (defined as burrows at least four inches in diameter which open up within two feet), potential den entrances shall be dusted for 3 calendar days to register and track activity of any San Joaquin kit fox present. If no kit fox activity is identified, the den may be destroyed. The City of Kerman shall initiate a formal consultation process with the Service immediately following the discovery of an active San Joaquin kit fox den that cannot be avoided; an incidental take statement may be required.
3. Project-related vehicles shall observe a 20 mph speed limit in all project areas during construction, except on county roads and State and federal highways; this is particularly important at night when kit foxes are most active. To the extent possible, nighttime construction should be avoided. Off-road traffic outside of designated project areas should be prohibited during construction.
4. All excavated steep-walled holes or trenches more than two feet deep shall be covered at the close of each working day by plywood or similar materials, or provided with one or more escape ramps constructed of earth fill or wooden planks. Before such holes or trenches are filled, they should be thoroughly inspected for trapped animals. Areas that are covered will be inspected daily for as long as they are covered, to ensure that no kit fox have become trapped despite the presence of covers. Before such holes or trenches are filled, they should be thoroughly inspected for trapped animals. If at any time a trapped or injured kit fox is discovered, the procedures under numbers 10, 11, and 12 must be followed.
5. All construction pipes, culverts, or similar structures with a diameter of 4 inches or greater that are stored at a construction site for one or more overnight periods shall be thoroughly inspected for kit foxes before the pipe is subsequently buried, capped, or otherwise used or moved in any way. If a kit fox is discovered inside a pipe, that section of pipe shall not be moved until the USFWS has been consulted. If necessary, and under the direct supervision of the biologist, the pipe may be moved once to remove it from the path of construction activity, until the fox has escaped.
6. All food-related trash items shall be disposed of in closed containers and removed at least once a week from a construction or project site.
7. No firearms shall be allowed on the project site.
8. To prevent harassment, mortality of kit foxes, or destruction of dens by dogs or cats, no pets shall be permitted on project sites during construction.

9. A representative shall be appointed by the City of Kerman who will be the contact source for any employee or contractor who might inadvertently kill or injure a kit fox or who finds a dead, injured, or entrapped individual. The representative's name and telephone number shall be provided to the USFWS.
10. In the case of trapped animals, escape ramps or structures shall be installed immediately to allow the animal(s) to escape, or the USFWS shall be contacted for advice.
11. Any contractor, employee(s), or military or agency personnel who inadvertently kills or injures a San Joaquin kit fox shall immediately report the incident to their representative. This representative shall contact the California Department of Fish and Wildlife (CDFW) immediately in the case of a dead, injured, or entrapped kit fox. The CDFW contact will contact the local warden or biologist.
12. The Sacramento Fish and Wildlife Office and CDFW shall be notified in writing within three working days of the accidental death or injury to a San Joaquin kit fox during project-related activities. Notification must include the date, time, and location of the incident or of the finding of a dead or injured animal and any other pertinent information.

## **FISCAL IMPACT**

The total cost of the project is \$3,230,000 of which all will be funded through DWSRF principal forgiveness and/or Proposition 1 grant.

Double L is a severely disadvantaged small community water system serving 37 service connections, with a median household income (MHI) of only \$14,000. The City is a disadvantaged community water system serving over 3,600 service connections.

## **POLICY ISSUE**

Should the State Water Board approve the resolution to:

1. Authorize the Deputy Director of the Division of Financial Assistance to execute the DWSRF and/or Proposition 1 agreement with the City in an amount not to exceed \$3,230,000, provided that the Deputy Director of the Division of Financial Assistance may increase this amount by up to 15% for good cause?
2. Condition this approval with the following credit condition:
  - a. The City shall establish rates and charges sufficient to generate net revenues equal to at least 1.2 times the total annual debt service.
3. Condition this approval with the following environmental conditions:
  - a. The City shall implement the mitigation measures identified in the following documents (State Clearinghouse Numbers: 2013061036 and 2013121030) prepared for the Project:
    - Final Negative Declaration, City of Kerman, Double L Mobile Ranch Park Water Service Project; Prepared for the City of Kerman Public Works Department; Prepared by Yamabe & Horn Engineering, Inc; January 2014.

- Final Negative Declaration, City of Kerman, New Well Site No. 18; Prepared for the City of Kerman Public Works Department; Prepared by Yamabe & Horn Engineering, Inc; August 2013.
  - CEQA - Final Addendum with Biological Resources Assessment, City of Kerman, Double L Mobile Ranch Park Water Service Project; Prepared for Yamabe & Horn Engineering, Inc; October 2015 and Biological Resources Assessment, City of Kerman, New Well Site No. 18; Prepared by URS Corporation, 1360 E. Spruce Avenue, Suite 100, Fresno, CA 93720; Prepared for Yamabe & Horn Engineering, Inc; December 28, 2015.
  - Technical Report: Cultural Resources Assessment for the Double L Mobile Ranch Park Water Service Project; Kerman, Fresno County, CA; Prepared by URS Corporation, Sacramento, CA; December 2013.
  - Technical Report: Cultural Resources Assessment for the Proposed Construction of Well No.18; Kerman, Fresno County, CA; Prepared by URS Corporation, Sacramento, CA; December 2013.
- b. As a potential generator of hazardous waste, the City shall comply with all applicable regulations in CCR Title 22, Division 4.5 Environmental Health Standards for the Management of Hazardous Waste, regarding the appropriate handling, management and disposal of residuals from the treatment plant. As soon as practical and prior to operation, the City shall contact the local Certified Unified Program Agency (CUPA) regarding the specific requirements for the potential generation of liquid or solid waste. For more information contact the CalEPA website for programs within the county of operation.  
<http://www.calepa.ca.gov/CUPA/Directory/default.aspx>
- c. As a potential generator of radioactive material, the City shall comply with all applicable regulations in CCR, Title 17, Division 1, regarding the possession, use and disposal of radioactive material. The California Department of Public Health, Radiologic Health Branch oversees the issuance of General and Specific licenses authorizing the possession and use of source material for research, development educational, commercial or operational purposes and can be reached at (916) 327-5106.

**REGIONAL BOARD IMPACT**

None.

**STAFF RECOMMENDATION**

The State Water Board should adopt a resolution approving the City's request to provide Drinking Water State Revolving Fund (DWSRF) and/or Proposition 1 grant financing to consolidate Double L Mobile Ranch Park in the amount of \$3,230,000.

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.

# DRAFT

## STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2016-

AUTHORIZING THE DEPUTY DIRECTOR OF THE DIVISION OF FINANCIAL ASSISTANCE TO PROVIDE DRINKING WATER STATE REVOLVING FUND (DWSRF) AND/OR PROPOSITION 1 FUNDING TO THE CITY OF KERMAN TO CONSOLIDATE DOUBLE L MOBILE RANCH PARK IN AN AMOUNT NOT TO EXCEED \$3,230,000

### WHEREAS:

1. The State Water Board adopted the Policy for Implementing the Drinking Water State Revolving Fund Program (DWSRF Policy) on October 21, 2014;
2. On August 4, 2015, the State Water Board adopted the DWSRF/Proposition 1 Intended Use Plan (2015-16 IUP), which sets forth the plan for how funds will be used within the State Fiscal Year 2015-2016 and refines criteria set forth in the DWSRF Policy for the coming year;
3. The 2015-16 IUP authorizes the Deputy Director of the Division of Financial Assistance to provide grant or principal forgiveness financing at a maximum of \$25,000 per service connection to small community water systems where the system serves a small disadvantaged community;
4. On October 24, 2013, the City of Kerman (City) began submitting an application to receive DWSRF/ Proposition 1 grant financing for the consolidation of Double L Mobile Ranch Park (Double L);
5. Double L has median household income (MHI) of only \$14,000, serves 37 service connections and is considered a severely disadvantaged community;
6. On July 10, 2015, the City requested DWSRF/ Proposition 1 grant financing in the amount of \$3,230,000 on behalf of Double L for consolidation;
7. The technical review supports the project cost of \$3,230,000 as a preliminary estimate;
8. Exceeding the \$25,000 cap for grants or principal forgiveness will allow the City to fully consolidate and address the water quality violations in Double L;
9. Consolidation with the City has been deemed by the Division of Financial Assistance as the only long term sustainable solution for Double L;
10. The State Water Board has previously provided grant or principal forgiveness financing to disadvantaged communities that exceeded the cap of \$25,000 per service connection;
11. The Project is listed on the Comprehensive List;
12. The City is the Lead Agency under the California Environmental Quality Act (CEQA);

# DRAFT

13. The City prepared two Negative Declarations (NDs), and an addendum titled: City of Kerman, Double L Mobile Ranch Park Water Service Project; City of Kerman, New Well Site No.18; CEQA- Final Addendum with Biological Resources Assessments, City of Kerman, Double L Mobile Ranch Park Water Service Project; which were circulated through the State Clearinghouse (Nos. 2013061036 and 2013121030) for review and comment;

14. The City adopted the NDs and the addendum as follows:

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15. The State Water Board is a Responsible Agency under CEQA. A responsible agency complies with CEQA by considering the NDs and the Addendum prepared by the lead agency and by reaching its own conclusions on whether and how to approve the Project involved; and

16. The State Water Board has independently considered the IS/NDs with associated Cultural Reports, and the Addendum with revised Biological Resource Assessments, and found that mitigation has been incorporated into the Project to reduce the environmental impacts of the Project to less-than-significant levels as described in the final NDs and Addendum.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Authorizes the Deputy Director of the Division of Financial Assistance to execute a DWSRF/ Proposition 1 funding agreement with the City in an amount not to exceed \$3,230,000 to be provided as a grant or as principal forgiveness, provided that the Deputy Director of the Division of Financial Assistance may increase this amount by up to 15% for good cause.

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2. Conditions this approval, as determined by the City's credit reviews, with the following:
  - a. The City shall establish rates and charges sufficient to generate net revenues equal to at least 1.2 times the total annual debt service.
3. Conditions this approval, as determined by the City's environmental reviews, with the following:
  - a. The City shall implement the mitigation measures identified in the following documents (State Clearinghouse Numbers: 2013061036 and 2013121030) prepared for the Project:
    - Final Negative Declaration, City of Kerman, Double L Mobile Ranch Park Water Service Project; Prepared for the City of Kerman Public Works Department; Prepared by Yamabe & Horn Engineering, Inc; January 2014
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  - b. As a potential generator of hazardous waste, the City shall comply with all applicable regulations in CCR Title 22, Division 4.5 Environmental Health Standards for the Management of Hazardous Waste, regarding the appropriate handling, management and disposal of residuals from the treatment plant. As soon as practical and prior to operation, the City shall contact the local Certified Unified Program Agency (CUPA) regarding the specific requirements for the potential generation of liquid or solid waste. For more information contact the CalEPA website for programs within the county of operation:  
<http://www.calepa.ca.gov/CUPA/Directory/default.aspx>



# **D R A F T**

- c. As a potential generator of radioactive material, the City shall comply with all applicable regulations in CCR, Title 17, Division 1, regarding the possession, use and disposal of radioactive material. The California Department of Public Health, Radiologic Health Branch oversees the issuance of General and Specific licenses authorizing the possession and use of source material for research, development educational, commercial or operational purposes and can be reached at (916) 327-5106.

## **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 May 3, 2016.

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Jeanine Townsend  
Clerk to the Board