

**STATE WATER RESOURCES CONTROL BOARD  
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE  
FEBRUARY 22, 2017**

**ITEM 2**

**SUBJECT**

CONSIDERATION OF A PROPOSED RESOLUTION APPROVING THE ALLOCATION OF UP TO \$121,000 IN ADDITIONAL FUNDS FROM THE CLEANUP AND ABATEMENT ACCOUNT (CAA) TO LAKE OF THE WOODS MUTUAL WATER COMPANY (LWMWC) FOR HAULED WATER (PROJECT)

**DISCUSSION**

The LWMWC is a community water system that serves 906 residents in the disadvantaged community of Lake of the Woods in south Kern County. LWMWC is requesting emergency drought funding for hauled water to offset low production from its existing groundwater wells. Some of the groundwater wells also have nitrate contamination. In an effort to address this emergency, the water system has instituted mandatory outdoor water restrictions, initiated water hauling from nearby water systems, begun fixing leaks in the distribution system, and rehabilitated some of the existing wells. LWMWC has used its own reserves and funds from various funding programs administered by the California Department of Public Health (CDPH) and the State Water Resources Control Board (State Water Board), as depicted in the table below:

Funding Source	Date Awarded	Funding Agency <sup>1</sup>	Project Description	Funding Amount
Proposition 84 Emergency Grant Funding	10/23/2013	CDPH	Hauled Water	\$10,000
Proposition 84 Emergency Grant Funding	1/3/2014	CDPH/ State Water Board	Planning and design of test wells and a production well, water quality testing, and hauled water.	\$240,000
Public Water System Drought Emergency Response Program (PWSDER)	1/9/2015	State Water Board	Land acquisition, additional hauled water, construction of the test wells and a production well, and a nitrate blending station	\$500,000

<sup>1</sup> On July 1, 2014, the administration of the CDPH Drinking Water Program, including the Proposition 84 and PWSDER programs, and other financial assistance programs, was transferred from the CDPH to the State Water Board.

The nitrate concentration in the new production well, funded by the State Water Board, currently exceeds the State's maximum contaminant level (MCL) for nitrate. To address the nitrate contamination, which is attributed to area septic systems and drought conditions, a water blending facility was approved for funding.

When the blending facility was completed, nitrate levels from one of the wells used to dilute the nitrate concentrations had risen to near the MCL. The new blending system could not be

operated since the desired blended effluent quality could not be achieved. As a result, the State Water Board's Division of Drinking Water (DDW) is allowing LWMWC to temporarily bypass the blending facility. DDW issued a compliance order that requires the water system to provide public notice of its inability to meet the nitrate MCL and to develop and comply with a corrective action plan in order meet the nitrate MCL by January 1, 2020.

The LWMWC's long-term solution to address its water supply and water quality issues has two phases. The first phase includes replacing the water system's distribution pipelines and installing individual water meters. The second phase includes consolidation of LWMWC with Frazier Park Public Utility District (Frazier Park PUD) as part of a regional project. The Integrated Regional Water Management Program, administered by the Department of Water Resources, and the United States Department of Agriculture have cumulatively awarded \$2.4 million dollars for the first phase, with an estimated completion date of September 2017. Frazier Park PUD is completing a Drinking Water State Revolving Fund planning application for the second phase of the long-term solution. Implementation of the second phase could take as long as five years.

The Budget Act of 2016, Senate Bill (SB) 826 (Stats. 2016, Ch. 23), appropriated \$15 million from the CAA for addressing drought-related drinking water emergencies or threatened emergencies. On July 19, 2016, the State Water Board adopted [Resolution No. 2016-0039](#), which approved and delegated authority for administering the \$15 million in SB 826 drought-related drinking water emergency funding. The Emergency Drinking Water Funding Guidelines, adopted by the State Water Board on August 16, 2016 in [Resolution No. 2016-0043](#), authorized the Division of Financial Assistance's (Division) Deputy Director or designee to approve or deny emergency drinking water projects of \$500,000 or less, but provide that the State Water Board may make project-specific exceptions. The State Water Board and the CDPH have cumulatively provided \$750,000 in grant funding to address LWMWC's system problems.

LWMWC is requesting an additional \$121,000 from the SB 826 drought-related drinking water emergency funding for the purpose of supplementing its water supply with hauled water for approximately eleven (11) months or until the first phase of the long-term solution is completed, whichever occurs first. The eleven (11) month timeframe would allow water hauling to continue if there are any unexpected delays in the completion of the first phase. Once the first phase is completed, LWMWC will reevaluate the need to continue hauling water until the second phase of the long-term solution is implemented.

Emergency drinking water funding for LWMWC's project has exceeded \$500,000. Therefore, any additional funding must be approved by the State Water Board.

## **POLICY ISSUE**

Should the State Water Board:

1. Approve the allocation of up to an additional \$121,000 from the SB 826 drought-related drinking water emergency funding for the Project?
2. Authorize the Deputy Director of the Division to execute and amend funding agreements for the Project?

## **FISCAL IMPACT**

As of January 23, 2017, \$2,578,196 has been committed from the CAA SB 826 emergency drinking water funding. In addition to this funding request, the Division is currently evaluating \$5,832,000 in pending projects. Assuming funds will be committed for these pending projects, the remaining emergency drinking water funding balance is approximately \$6,589,804. The remaining balance will be further reduced to approximately \$6,468,804 if this funding request is approved by the State Water Board.

## **REGIONAL WATER BOARD/DISTRICT OFFICE IMPACT**

The DDW (Tehachapi District Office) is supportive of the Project.

## **HUMAN RIGHT TO WATER**

The Project activities proposed under this funding request are consistent with the established policy of the state recognizing the human right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes (human right to water; Water Code section 106.3). The proposed Project activities are also consistent with [Resolution No. 2016-0010](#), in which the State Water Board adopted the human right to water as a core value and top priority. As directed by the State Water Board in Resolution No. 2016-0010, staff has determined that the Project will support the human right to water by providing the LWMWC customers with an interim solution to address their water supply shortage.

## **STAFF RECOMMENDATION**

Staff recommends that the State Water Board adopt the proposed Resolution.

<p>State Water Board action on this item will assist the Water Boards in reaching Goal 4 of the Strategic Plan Update: 2008-2012, to comprehensively address water quality protection and restoration, and the relationship between water supply and water quality, and describe the connections between water quality, water quantity, and climate change, throughout California's water planning processes.</p>
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## STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2017-

APPROVING THE ALLOCATION OF UP TO \$121,000 IN ADDITIONAL FUNDS FROM THE CLEANUP AND ABATEMENT ACCOUNT (CAA) TO LAKE OF THE WOODS MUTUAL WATER COMPANY (LWMWC) FOR HAULED WATER (PROJECT)

### WHEREAS:

1. LWMWC serves a disadvantaged community and operates a community water system in south Kern County that has low water production as a result of the drought, nitrate contamination in the groundwater, and leaks in its water distribution system;
2. In an effort to meet the demands of its water system customers, LWMWC has instituted mandatory outdoor water restrictions, initiated water hauling, begun fixing leaks in the distribution system, and rehabilitated some of its existing wells;
3. Previously, LWMWC has received a total of \$750,000 in funding from various funding programs administered by the California Department of Public Health (CDPH) and the State Water Resources Control Board (State Water Board) to address the water supply and contamination issues;
4. On July 1, 2014, the administration of the CDPH Drinking Water Program was transferred from the CDPH to the State Water Board;
5. The water quality in the new production well, funded by the State Water Board, exceeded the nitrate maximum contaminant level (MCL). To address the nitrate contamination, which is attributed to area septic systems and the drought conditions, a water blending facility was approved for funding;
6. When the blending facility was completed, nitrate levels from one of the wells used to dilute the nitrate concentration had risen to near the MCL. The new blending system could not be operated since the desired blended effluent quality could not be achieved;
7. The State Water Board's Division of Drinking Water (DDW) is allowing LWMWC to temporarily bypass the blending facility;
8. The DDW issued a compliance order that requires the water system to provide public notice of its inability to meet the nitrate MCL and to develop and comply with a corrective action plan in order meet the nitrate MCL by January 1, 2020;
9. The Budget Act of 2016, Senate Bill (SB) 826 (Stats. 2016, Ch. 23), appropriated \$15 million from the CAA for addressing drought-related drinking water emergencies or threatened emergencies;
10. On July 19, 2016, the State Water Board adopted [Resolution No. 2016-0039](#), which approved and delegated authority for administering the SB 826 drought-related drinking water emergency funding;

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11. On August 16, 2016, in [Resolution No. 2016-0043](#), the State Water Board adopted new Emergency Drinking Water Funding Guidelines (Funding Guidelines) for administration of the funds it had approved in Resolution No. 2016-0039;
12. The Funding Guidelines include a general \$500,000 limit on emergency funding per project but provide that the State Water Board may make project-specific exceptions;
13. Funding previously provided by the CDPH and the State Water Board exceeds the \$500,000 limit on emergency funding per project, and additional funding requested by LWMWC would further exceed the limit;
14. In [Resolution No. 2016-0010](#), the State Water Board adopted the human right to clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes (human right to water) as a core value and top priority, and directed its implementation in State Water Board programs; and
15. As directed by the State Water Board in [Resolution No. 2016-0010](#), staff has determined that the Project supports the human right to water by providing the LWMWC customers with an interim solution to address their water supply shortage.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Approves the allocation of up to an additional \$121,000 from the SB 826 drought-related drinking water emergency funding for the Project; and
2. Authorizes the Deputy Director of the Division to execute and amend funding agreements for the Project.

## 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 February 22, 2017.

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Jeanine Townsend  
Clerk to the Board