

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
DECEMBER 2, 2008**

ITEM 3

SUBJECT

CONSIDERATION OF A RESOLUTION APPROVING A WAIVER FROM THE SMALL COMMUNITY WASTEWATER GRANT (SCWG) PROGRAM GUIDELINES FOR VENTURA COUNTY WATERWORKS DISTRICT NO. 16 (DISTRICT) TO IMPLEMENT THE PIRU WASTEWATER TREATMENT PLANT DESIGN-BUILD UPGRADE/EXPANSION PROJECT (PROJECT); CLEAN WATER STATE REVOLVING FUND (CWSRF) PROJECT NO. C-06-4946-110 AND SCWG PROGRAM PROJECT NO. SCG-922

DISCUSSION

The unincorporated Piru community is a small, rural, agricultural community located in Eastern Ventura County. The community of approximately 2,250 people has a Median Household Income (MHI) of approximately \$21,000 per year, based on an MHI survey conducted in April 2004. The District provides wastewater service to the Piru community and is responsible for the collection, treatment, and disposal of wastewater generated from the service area. The Piru Wastewater Treatment Plant (WWTP) is located on the north side of State Route 126/Telegraph Road and east of Hopper Creek. The District is within the jurisdiction of the Los Angeles Regional Water Quality Control Board (Los Angeles Water Board).

Wastewater collected within the District's service area is comprised of domestic and commercial wastewater, and is treated at the WWTP. The WWTP was originally constructed in 1974 with an initial treatment capacity of 0.2 million gallons per day (MGD). The WWTP was expanded in 2003 to its current design capacity of 0.26 MGD. The treatment facilities include an influent lift pump station, one aeration tank, one clarifier, one aerobic digester, two decanters, a control building, an emergency generator, three sludge drying beds, and two percolation ponds. The current average influent flow to the WWTP is 0.24 MGD.

The Los Angeles Water Board's Waste Discharge Requirements (WDR) Order No. R4-2004-0032 requires the WWTP to reduce effluent Biochemical Oxygen Demand, Total Suspended Solids, and Nitrogen concentrations. WWTP wastewater flow records also indicate the WWTP is currently reaching its design capacity. The District decided to construct a new WWTP to accommodate increased wastewater flows and to replace aging infrastructure. The Los Angeles Water Board issued Time Schedule Order (TSO) No. R4-2007-0044 to the District on September 6, 2007. The TSO mandates that the District comply with the WDR Order and complete construction and startup of the new WWTP by February 28, 2009, with the possibility of two, six-month extensions at the discretion of the Los Angeles Water Board. Therefore, a new WWTP is needed immediately.

The purpose of this Project is to construct a new WWTP to meet the Los Angeles Water Board's WDR Order and TSO. The existing WWTP will be decommissioned except for those portions that will be utilized as part of the new WWTP. The new WWTP will be constructed on four acres of land adjacent to the existing WWTP, to be purchased by the District from a private property owner. The original design proposed a membrane bioreactor (MBR) facility, and design documents were prepared and issued in January 2006. At the issuance of the design documents, the engineer's estimate of probable construction cost was approximately \$9.9 million. In the summer of 2007, the Project was advertised and received five bids, with the responsible low bidder proposing \$17.7 million to construct the MBR Project. The District rejected all bids on the basis that the escalated MBR Project cost would result in financial hardship on the residents of the Piru community.

Following the rejection of the bids, the District expressed interest in evaluating treatment technologies other than MBR in an effort to identify more cost-effective alternatives to expand the WWTP's capacity, and comply with the Los Angeles Water Board orders. Subsequently, the District requested that the District's consultant re-evaluate secondary treatment technologies and recommend a design alternative within the District's budget. The consultant evaluated four different treatment alternatives, including the re-evaluation of MBR treatment. Based on the re-evaluation, the District decided to pursue extended aeration oxidation ditch treatment as the selected Project alternative.

On May 20, 2008, the Ventura County Board of Supervisors (County Board), whose members also serve as District board members, authorized District staff to proceed with constructing a new WWTP and to use a Design-Build process to bring Project costs within \$12 million. The County Board approved a contract with Boyle Engineering to assist the District with preparing the documents needed for the Design-Build process. These documents include the Request for Qualifications (RFQ) and Request for Proposal, which are issued to the public to solicit interested contractors. The RFQ for the Design-Build process contains a list of the facilities expected for the new WWTP including: influent flow measurement, control and operations building, influent lift station, mechanical screen, oxidation ditch secondary treatment, flow equalization/storage basins, secondary clarifiers, aerobic digesters, a sludge pump station, a sludge drying area, effluent pump station, splitter boxes, piping, electrical, controls, and other appurtenances. Upon completion of the Project, the expanded treatment capacity will be 0.50 MGD and the WWTP will be constructed to meet the final effluent limitations in the WDR Order.

The District's Project provides the following benefits related to the goals outlined in the State Water Resources Control Board's (State Water Board's) *Strategic Plan Update 2008-2012* (Strategic Plan), adopted September 2, 2008: (1) improvements to and restoration of groundwater quality (Goal 2 - Improve and protect groundwater quality in high use basins by 2030; and (2) compliance with Basin Plan beneficial uses and water quality objectives, including assisting with compliance of the total maximum daily load for nitrogen in the Santa Clara watershed (Goal 1 - Implement strategies to fully support the beneficial uses for all 2006-listed water bodies by 2030).

The Design-Build process is outlined in Sections IX.L and M and Section X of the *Policy for Implementing the Clean Water State Revolving Fund for Construction of Wastewater Treatment Facilities* (Policy), as amended on September 16, 2008, and the Project will be implemented in accordance with these procedures. Additionally, the Project is subject to the procedures outlined in the *Small Community Wastewater Grant Program Guidelines* (Guidelines), as amended on May 22, 2007. Since the Guidelines do not contain provisions for Design-Build processes, the District is seeking a waiver from the Guidelines to implement the Project, in accordance with the Design-Build guidance contained in the Policy.

Delays have occurred in the Project's timeline as a result of the District's decision to pursue a Design-Build process for Project implementation. The previous MBR Project received a Division of Financial Assistance (Division) Preliminary Funding Commitment (PFC) on August 3, 2007. The PFC contains an expiration date of 18 months from the date of the PFC (per the Guidelines) for the grant funds, by which the District must issue Notice-to-Proceed (NTP) for the Project. Therefore, the District is required to issue NTP by February 3, 2009. The CWSRF financing identified in the PFC allows Division staff to approve an extension of up to 90 days, for good cause. To allow for flexibility in the current Design-Build Project schedule, the District is requesting an extension for the NTP date. While it is likely the District will meet the original February 3, 2009, NTP date, an extension may be necessary if unforeseen circumstances or further delays arise. In addition to the waiver from the Guidelines to implement the Design-Build Project, the District is requesting up to a 120-day extension on the NTP date, which is in accordance with Section IX.K of the Policy.

POLICY ISSUE

Should the State Water Board:

1. Grant the District a waiver from the Guidelines to implement the Project in accordance with the Design-Build guidance contained in the Policy?
2. Authorize the Deputy Director of the Division to approve up to a 120-day extension of the District's NTP date (February 3, 2009), for good cause?

FISCAL IMPACT

None.

REGIONAL BOARD IMPACT

The District's Project is necessary to comply with the Los Angeles Regional Water Board's WDR Order No. R4-2004-0032 and TSO No. R4-2007-0044.

STAFF RECOMMENDATION

The State Water Board should:

1. Grant the District a waiver from the Guidelines to implement the Project in accordance with the Design-Build guidance contained in the Policy; and

2. Authorize the Deputy Director of the Division to approve up to a 120-day extension, of the District's NTP date (February 3, 2009), for good cause.

State Water Board action on this item will assist the Water Boards in reaching Goals 1 and 2 of the Strategic Plan Update: 2008-2012 to: (1) Implement strategies to fully support the beneficial uses for all 2006 listed water bodies by 2030 (Goal 1); and (2) Improve and protect groundwater quality in high use basins by 2030 (Goal 2).

DRAFT

STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2008-

APPROVING A WAIVER FROM THE SMALL COMMUNITY WASTEWATER GRANT (SCWG) PROGRAM GUIDELINES FOR VENTURA COUNTY WATERWORKS DISTRICT NO. 16 (DISTRICT) TO IMPLEMENT THE PIRU WASTEWATER TREATMENT PLANT DESIGN-BUILD UPGRADE/EXPANSION PROJECT (PROJECT); CLEAN WATER STATE REVOLVING FUND (CWSRF) PROJECT NO. C-06-4946-110 AND SCWG PROGRAM PROJECTNO. SCG-922

WHEREAS:

1. The State Water Resources Control Board (State Water Board), on September 16, 2008, adopted the amended *Policy for Implementing the Clean Water State Revolving Fund (CWSRF) for Construction of Wastewater Treatment Facilities (Policy)*;
2. The State Water Board, on May 22, 2007, adopted the amended *Small Community Wastewater Grant (SCWG) Program Guidelines (Guidelines)*;
3. Sections IX.L and M and Section X of the Policy contain guidance for implementing Design-Build projects;
4. The Guidelines do not contain provisions for Design-Build projects;
5. The Guidelines state that the construction grant commitment will expire if the applicant does not award Notice-to-Proceed (NTP) to the contractor for construction of the Project within 18 months from the date of the combination design/construction Preliminary Funding Commitment (PFC) award;
6. The District's PFC, dated August 3, 2007, states the SCWG construction funds and CWSRF financing will expire if the District does not issue NTP to the contractor for construction of the Project within 18 months of the date of the commitment, which is February 3, 2009;
7. The Guidelines do not allow for an extension on the NTP date established in the PFC;
8. It is likely the District will meet the February 3, 2009, NTP date; however, any unforeseen circumstances or further delays could result in the District missing the NTP date;
9. The State Water Board, on September 2, 2008, adopted the State Fiscal Year 2008/2009 CWSRF Program Project Priority List which included the District's Project in the fundable Class C;
10. The State Water Board, on September 4, 2007, adopted the SCWG 2007 Statewide Competitive Project List, which included the District's Project in fundable Priority Class B; and
11. The Assistant Deputy Director of the Division of Financial Assistance (Division) approved the Amended Facilities Plan Approval (FPA) for the District's Project on October 17, 2008; the District agreed with the Amended FPA on October 20, 2008.

D R A F T

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Grants the District a waiver from the Guidelines to implement their Project in accordance with the Design-Build guidance contained in the Policy; and
2. Authorizes the Deputy Director of the Division to approve up to a 120-day extension of the District's NTP date (February 3, 2009), for good cause.

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 2, 2008.

Jeanine Townsend
Clerk to the Board