

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
JULY 17, 2012**

ITEM 6

SUBJECT

CONSIDERATION OF A RESOLUTION TO ALLOCATE \$1,121,593 FROM THE CLEANUP AND ABATEMENT ACCOUNT (CAA) TO THE SAN JERARDO CO-OPERATIVE (CO-OP) FOR THE SAN JERARDO WASTEWATER TREATMENT PLANT UPGRADE (PROJECT)

DISCUSSION

The Co-Op is a non-profit organization that owns and operates the San Jerardo Wastewater Treatment Plant (Plant) for a sixty-four unit farm-worker housing community, a small disadvantaged community located in Monterey County. The Co-Op was formed in the 1970s when it purchased an unused farm labor camp and rehabilitated it for farm-worker family housing. The onsite wastewater treatment facility dates to 1979 and has been operated by the Co-Op membership.

In the past, groundwater near the San Jerardo wastewater treatment ponds has produced concentrations of contaminants exceeding State and Federal regulations. The community of San Jerardo had been under a bottled water order for drinking water and in [Resolution No. 2010-0008](#), \$222,600 was allocated from the CAA to the County of Monterey for an Interim Treatment System to remove contaminants, mostly nitrates and 1,2,3-Trichloropropane, from the drinking water. Over a period of at least nine years, these contaminants have also accumulated in the treatment ponds and leachfields of the system and, due to the unlined ponds, pose a continuing risk to groundwater quality. The wastewater treatment ponds overlie the East Side Aquifer of the Salinas Valley Groundwater Basin, which provides drinking water to the residents of San Jerardo.

The Central Coast Regional Water Quality Control Board (Regional Water Board) has determined that the San Jerardo Wastewater Treatment System is out of compliance with their Waste Discharge Requirements (WDRs) Order No. R3-2003-0054, due to the lack of pond linings, inadequate aeration, and insufficient monitoring wells. The Regional Water Board has also issued a number of notices of violation (NOVs), a Notice to Comply, and staff enforcement letters.

In [Resolution No. 2011-0025](#), the State Water Resources Control Board (State Water Board) allocated \$1,994,490 from the CAA to the County of Monterey for the San Jerardo Waste Water Treatment Facility and Sanitary Sewer Improvement Program (C/A 330); however, the agreement was never executed by Monterey County and therefore, the funding should be rescinded. After Assembly Bill 1221 Chapter 517, Statutes of 2011 (October 2011) authorized the State Water Board to approve funding requests from the CAA to certain “not-for-profit organizations” (as defined) that serve disadvantaged communities, the Co-Op approached the State Water Board with a request for funding.

This new funding request by the Co-Op is different in scope and budget from the one proposed by the County because 1) the Co-Op is now the applicant and grant recipient (rather than the County of Monterey), and 2) additional funding from Department of Water Resources' (DWR's) Integrated Regional Water Management Grant Program is expected later this year.

The Co-Op is requesting \$1,121,593 from the CAA for the planning, design, and construction of wastewater treatment system improvements at the Plant. The CAA funds would be used to remove accumulated contaminated solids from the existing treatment ponds and to line and stabilize the ponds.

The funding would also be used for upgrades of the wastewater treatment facility to (1) increase efficiency through expanded drainfields and aeration, (2) expand capacity for better management of the wastewater treatment system, and (3) reduce maintenance and operating costs through improved filtration and solar aeration. The anticipated Project duration is two to three years.

The County became the lead agency under the California Environmental Quality Act (CEQA), and prepared an Initial Study which resulted in a Mitigated Negative Declaration (IS/MND) that addressed previous upgrades to the Plant and associated environmental impacts. The County is in the process of reevaluating the Project environmental conditions in an Addendum to the IS/MND (Addendum IS/MND). The Co-Op cannot proceed with Project construction until the County completes its CEQA process. The State Water Board is providing funding for the Project, and therefore, is a responsible agency under CEQA.

The requested allocation is consistent with the purposes of Water Code Section 13442. Section 13442 provides that the State Water Board may order monies to be paid from the CAA to "not-for-profit organizations" (as defined) serving a disadvantaged community with the authority to clean up or abate the effects of a waste in order "to assist it in cleaning up the waste or abating its effects on the waters of the state."

POLICY ISSUE

Should the State Water Board:

1. Rescind previously allocated funding to the County of Monterey in the amount of \$1,994,490 as approved by State Water Board Resolution No. 2011-0025?
2. Approve to set aside \$1,121,593 from the CAA to fund the Project?
3. Make funding - for the purpose of collecting information including testing/data collection, research, resource evaluation, and management activities in support of the Project - available to the Co-Op to complete the necessary studies and design for construction of the Project? Funding for such information gathering purposes is determined to be categorically exempt from CEQA provisions pursuant to California Code of Regulations, Title 14 Section 15306. The State Water Board will not release funding for the construction of the Project until the County, as lead agency, submits its CEQA documentation to the State Water Board for review, and the State Water Board or its delegee reviews and considers the documentation and issues findings in compliance with its role as a responsible agency under CEQA.

4. Delegate authority to the Deputy Director of the Division of Financial Assistance to approve CEQA documentation prior to the release of funds, issue any findings required by CEQA prior to the release of Project construction funds, and approve the release of necessary Project construction funds?
5. Approve the funding with the expectation that if the agreement has not been executed by November 15, 2012, the Executive Director will bring this item back to the State Water Board in December 2012 for possible rescission of funding?
6. Make the funds available until March 31, 2015, and revert any unexpended funds to the CAA as of July 30, 2015, unless the Deputy Director or Assistant Deputy Director of the Division of Financial Assistance authorizes an extension?

FISCAL IMPACT

According to the most current data, the uncommitted CAA balance is estimated to be no less than \$9.5 million.

REGIONAL BOARD IMPACT

The Co-Op's Project is necessary to comply with WDRs Order No. R3-2003-0054 issued by the Regional Water Board.

STAFF RECOMMENDATION

The State Water Board should adopt the proposed Resolution.

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.

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STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2012-

TO ALLOCATE \$1,121,593 FROM THE CLEANUP AND ABATEMENT ACCOUNT (CAA) TO THE SAN JERARDO CO-OPERATIVE (CO-OP) FOR THE SAN JERARDO WASTEWATER TREATMENT PLANT UPGRADE (PROJECT)

WHEREAS:

1. The San Jerardo Co-Op is requesting \$1,121,593 from the CAA to fund the Project;
2. The Co-Op is a non-profit organization that owns and operates the San Jerardo Wastewater Treatment Plant (Plant) for a sixty-four unit farm-worker housing community, a small disadvantaged community;
3. The Central Coast Regional Water Quality Control Board has recommended upgrades to the wastewater treatment plant system in order to comply with Waste Discharge Requirements (WDRs) Order No. R3-2003-0054. The Central Coast Regional Board has also issued a number of notices of violation and staff enforcement letters as a result of the Co-op's non-compliance;
4. Over the period of at least nine years, contaminants in the wastewater effluent have accumulated in the unlined treatment ponds and leachfields of the system and pose a risk to groundwater quality. The wastewater treatment ponds overlie the East Side Aquifer of the Salinas Valley Groundwater Basin which provides drinking water to the residents of San Jerardo;
5. The CAA funds would be used for the planning, design, and construction of wastewater treatment system improvements at the Plant, to remove the accumulated contaminated solids from the existing treatment ponds, and to upgrade the system for increased efficiency;
6. The requested allocation is consistent with the purposes of Water Code Section 13442. Section 13442 provides that the State Water Resources Control Board (State Water Board or Board) may order monies to be paid from the CAA to a "not-for-profit organization" (as defined) with authority to clean up or abate the effects of a waste "to assist it in cleaning up the waste or abating its effects on the waters of the state"; and
7. The State Water Board previously approved \$1,994,490 from the CAA to the County of Monterey (County) to fund the San Jerardo Wastewater Treatment Plant and Sanitary Sewer Improvement Program (State Water Board [Resolution No. 2011-0025](#)), but the agreement with the County of Monterey was never executed.
8. The County became the lead agency under the California Environmental Quality Act (CEQA) and prepared an Initial Study which resulted in a Mitigated Negative Declaration (IS/MND) that addressed previous upgrades and associated environmental impacts. The County is in the process of reevaluating the Project environmental conditions in an Addendum to the IS/MND (Addendum IS/MND). The Co-Op cannot proceed with the Project construction until the County completes its CEQA process.

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9. The State Water Board is providing funding for the Project and therefore is a responsible agency under CEQA.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Rescinds previously allocated funding to the County of Monterey in the amount of \$1,994,490 as approved by State Water Board Resolution No. 2011-0025.
2. Approves to set aside \$1,121,593 from the CAA to fund the Project.
3. Makes funding for the purpose of collecting information - including testing/data collection, research, resource evaluation, and management activities in support of the Project - available to the Co-Op to complete the necessary studies and design for construction of the Project. Funding for such information gathering purposes is determined to be categorically exempt from CEQA provisions pursuant to California Code of Regulations, Title 14 Section 15306. The State Water Board will not release funding for the construction of the Project until the County, as lead agency, submits its CEQA documentation to the State Water Board for review, and the State Water Board or its delegee reviews and considers the documentation and issues findings in compliance with its role as a responsible agency under CEQA.
4. Delegates the authority to the Deputy Director of the Division of Financial Assistance to approve CEQA documentation prior to the release of Project construction funds, issue any findings required by CEQA prior to the release of Project construction funds, and approve the release of funds necessary for Project construction.
5. Approves the funding with the expectation that if the agreement has not been executed by November 15, 2012, the Executive Director will bring this item back to the State Water Board in December 2012 for possible rescission of funding.
6. Shall make the funds available until March 31, 2015, and shall revert any unexpended funds to the CAA as of July 30, 2015, unless the Deputy Director or Assistant Deputy Director of the Division of Financial Assistance authorizes an extension.

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 July 17, 2012.

Jeanine Townsend
Clerk to the Board