

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
AUGUST 16, 2016**

ITEM 5

SUBJECT

CONSIDERATION OF A RESOLUTION AUTHORIZING THE DEPUTY DIRECTOR OF THE DIVISION OF FINANCIAL ASSISTANCE TO PROVIDE GRANT FUNDING FOR THREE CITY OF MT. SHASTA PLANNING AND DESIGN PROJECTS (PROJECTS)

DISCUSSION

The City of Mt. Shasta (City) is a severely disadvantaged community located in Siskiyou County, California. The City serves approximately 3,300 residents and has a median household income of \$33,320. The City has requested \$700,000 in grant funding for 3 planning projects.

The City was issued Time Schedule Order (TSO) No. R5-2012-0087, which included a compliance schedule to bring ammonia, copper, zinc, BOD₅, Total Suspended Solids (TSS), and pH levels into compliance. The City is requesting \$200,000 in planning funding to evaluate the upgrades needed at the wastewater treatment plant to meet the TSO, prepare environmental documents, conduct a rate study, and apply for construction funding.

The City also wishes to assess how to correct deficiencies in the wastewater interceptor as well as address how to fix sewers in the downtown area that experience flows exceeding their hydraulic capacity. The City has requested a total of \$500,000 in planning funding for two collection system projects. The collection system planning projects will allow the City to prepare engineering reports, environmental documents, and apply for construction funding.

The City submitted planning applications for the Clean Water State Revolving Fund (CWSRF). The Small Community Grant (SCG) program is administered through the CWSRF program and allows the Division of Financial Assistance (Division) to provide grants to small disadvantaged communities. The SCG program has grant funds available through the CWSRF Program's SCG allocation, general obligation bond funds available as a result of Proposition 1, and any available residual general obligation bond funds. The 2016-2017 CWSRF/Proposition 1 Intended Use Plan states that a community may not receive more than \$1,000,000 in total planning costs (\$500,000 for treatment plant upgrades plus \$500,000 for collection system improvements).

The Clean Water State Revolving Fund (CWSRF) Policy gives the Deputy Director of the Division authority to approve and execute planning/design financing agreements for routine, noncontroversial projects. The City has received a great deal of public interest in the wastewater treatment plant upgrade project. The public is concerned that the City is upgrading the treatment plant and collection system to connect a large industrial user in the future. The Division has discussed this issue with the Central Valley Regional Water Quality Control Board (Central Valley Regional Board). The Central Valley Regional Board stated that the TSO was issued prior to any discussion of a new industrial user and that these projects will improve water quality in the Upper Sacramento River. The Division believes these projects are controversial, and therefore we are presenting it to the Board for approval.

ENVIRONMENTAL IMPACT

These projects are exempt from California Environmental Quality Act (CEQA), as the project scopes involve planning and feasibility studies (CEQA Guidelines, Section 15262), and/or data collection, research, experimental management and resource evaluation activities (CEQA Guidelines, Section 15306), which will not result in any significant adverse water quality impacts.

The scope of work for each project includes the completion of environmental documents consistent with CEQA and CWSRF requirements. During the CEQA process the public can review and comment on the project.

POLICY ISSUE

Should the State Water Resources Control Board (State Water Board) approve the resolution to authorize the Deputy Director of the Division to execute Proposition 1 grant financing agreements with the City for the following projects:

- a. State-Mandated Wastewater Treatment Plan Improvement Project (C-06-8174-110)
- b. Interceptor Sewer Replacement Project (C-06-8229-110)
- c. Downtown Collection System Improvements Project (C-06-8230-110)

FISCAL IMPACT

The funding breakdown for each project is:

- State-Mandated Wastewater Treatment Plan Improvement Project (C-06-8174-110): \$200,000
- Interceptor Sewer Replacement Project (C-06-8229-110): \$255,000
- Downtown Collection System Improvements Project (C-06-8230-110): \$245,000

The total cost for all three projects is \$700,000, all of which will be funded through Proposition 1 grant. The Division predicts the authority to spend \$234.2 million in State Fiscal Year 2016-17 from the SCG Fund.

REGIONAL BOARD IMPACT

Approval of the planning projects will not have a direct impact on the Central Valley Regional Board. However, the planning projects are needed for the City to move forward with the construction of the upgrades to the wastewater treatment plant and the collection system. These construction projects will allow the City to comply with TSO No. R5-2012-0087 and prevent sanitary sewer overflows.

STAFF RECOMMENDATION

The State Water Board should adopt a resolution approving Proposition 1 grant funding for the City's projects.

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.

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STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2016-

AUTHORIZING THE DEPUTY DIRECTOR OF THE DIVISION OF FINANCIAL ASSISTANCE
TO PROVIDE GRANT FUNDING FOR THREE CITY OF MT. SHASTA PLANNING AND
DESIGN PROJECTS (PROJECTS)

WHEREAS:

1. The State Water Resources Control Board's (State Water Board) Division of Financial Assistance (Division) administers the Small Community Grant (SCG) program to provide grant funding to small disadvantaged communities through "Policy for Implementing the Clean Water State Revolving Fund (CWSRF)" (Policy), last amended by the State Water Board on February 17, 2015;
2. The Policy authorizes the Deputy Director of the Division to approve and execute planning/design financing agreements for routine, noncontroversial projects;
3. The SCG program has grant funds available through several sources, including Proposition 1;
4. The City of Mt. Shasta (City) is a severely disadvantaged community located in Siskiyou County, California;
5. The City owns and operates the municipal wastewater treatment plant (WWTP) and wastewater collection systems;
6. The City is currently discharging waste pursuant to Waste Discharge Requirement Order (WDR) No. R5-2012-0086 and National Pollutant Discharge Elimination System (NPDES) Permit No. CA0078051 issued by the Central Valley Regional Water Quality Control Board (Central Valley Water Board);
7. The Central Valley Water Board issued the City Time Schedule Order (TSO) No. R5-2012-0087 on 4 October 2012. The TSO requires the City to comply with the final effluent limitations for ammonia, copper, zinc, BOD₅, Total Suspended Solids (TSS), and pH levels by 1 June 2017;
8. The City wishes to assess alternative methods for correcting deficiencies in the wastewater treatment plant, wastewater interceptor, and sewers in the downtown area that experience flows exceeding their hydraulic capacity and has applied for SCG funding to complete the planning/design work necessary to correct these deficiencies;
9. The Division is aware of controversy associated with the projects;
10. The cost for the State-mandated WWTP Improvements Plan is expected to be \$200,000. The cost for the Interceptor Sewer Replacement Plan is expected to be \$255,000. The cost for the Downtown Collection System Improvements Plan is expected to be \$245,000. The total cost for all three planning projects is expected to be \$700,000, all of which are anticipated to be funded through Proposition 1 SCG monies;

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11. These projects are exempt from California Environmental Quality Act (CEQA), as the project scopes involve planning and feasibility studies (CEQA Guidelines, Section 15262), and/or data collection, research, experimental management and resource evaluation activities (CEQA Guidelines, Section 15306), which will not result in any significant adverse water quality impacts; and
12. The scope of work for each project includes the completion of environmental documents consistent with CEQA and CWSRF requirements.

THEREFORE BE IT RESOLVED THAT:

The State Water Board authorizes the Deputy Director of the Division to execute SCG agreements with the City for the following planning/design projects, consistent with the Policy:

- a. State-Mandated Wastewater Treatment Plan Improvement Project (C-06-8174-110)
- b. Interceptor Sewer Replacement Project (C-06-8229-110)
- c. Downtown Collection System Improvements Project (C-06-8230-110)

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 August 16, 2016.

Jeanine Townsend
Clerk to the Board