

**ANNUAL REPORT TO THE GOVERNOR
AND THE LEGISLATURE**

**Drinking Water Treatment and Research Fund
(Health and Safety Code Section 116367)**

**Division of Drinking Water and Environmental
Management
California Department of Health Services
Sacramento, California 95814**

January 2000

EXECUTIVE SUMMARY

DRINKING WATER TREATMENT AND RESEARCH FUND REPORT TO THE GOVERNOR AND LEGISLATURE CALENDAR YEAR 1999

INTRODUCTION

This report describing activities of the Drinking Water Treatment and Research Fund (DWTRF) is submitted to the Governor and the Legislature in response to Health and Safety Code Section 116367(e), which states:

"Notwithstanding Section 7550.5 of the Government Code, the department shall report annually to the Governor and to the Legislature on any money provided to a public water system pursuant to this section".

The California Department of Health Services (Department) is pleased to submit this first annual report to the Governor and the Legislature on the implementation of DWTRF (Senate Bill [SB] 2198, Statutes of 1998). This report addresses the program status and expenditures from the fund from the inception of the program on January 1, 1999 through December 31, 1999.

PROGRAM STATUS

In January 1999, the Department sent letters to approximately 3,300 public water systems regulated by the Department providing information regarding the availability of financial assistance from the DWTRF for corrective action projects to mitigate oxygenate contamination of drinking water supplies. The letter also included a Pre-Application Questionnaire for public water systems with oxygenate contamination to complete and submit to the Department.

The Department also distributed copies of the letter to the thirty-four (34) local primacy agency (LPA) counties, which have been delegated regulatory authority for approximately 5,500 public water systems with less than 200 service connections.

A. Corrective Action Projects

The Department received eighteen (18) Pre-Application Questionnaires from public water systems. The Department has conducted preliminary evaluations of the Pre-Application Questionnaires to determine the project eligibility for DWTRF financial assistance.

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The preliminary evaluation indicated that eight (8) projects may be eligible for DWTRF financial assistance. The Department is currently completing detailed evaluations of these eligible projects to determine the eligible claim amounts. In addition, the Department's evaluation of the ten (10) remaining Pre-Application Questionnaires is ongoing at this time.

The Department did not expend any DWTRF monies to public water systems for corrective action projects during the reporting period of January 1, 1999 through December 31, 1999. However, the Department has estimated that approximately \$4.6 million will be expended during the first six (6) months of Calendar Year 2000, for the identified eligible projects.

In addition, the Department will be distributing a supplemental notification letter in January 2000 to all public water systems in California, to promote the availability of the DWTRF financial assistance program. The Department will also make this letter available on the Department's Internet Website.

B. Research Advisory Committee

In January 1999, the Department solicited membership to the Research Advisory Committee established by SB 2198. Recommendations for membership were solicited from trade associations of water systems, gasoline manufacturers and distributors, environmental organizations, and consumer groups. However, the Department's efforts to identify a consumer group representative from the California Public Interest Group, the League of Women Voters and the Consumers Union has been unsuccessful to date despite several attempts. The Department will continue to attempt to fill this important position on the Research Advisory Committee

The Research Advisory Committee held its first meeting in May 1999, with subsequent meetings in September, November, and December 1999.

The Research Advisory Committee has developed an Ethics Policy and Research Proposal Evaluation Criteria. In addition, the Research Advisory Committee has reviewed and recommended approval of one (1) research proposal submitted by the Contra Costa Water District. The Department has approved funding for the Contra Costa Water District research proposal in the amount of \$150,000. This research project is scheduled to begin in the spring of 2000.

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The Research Advisory Committee has also developed a scope of work to conduct an oxygenate research evaluation study. The Department has approved \$50,000 for this study and is currently conducting the solicitation for professional services to complete this study. The completion of the study is tentatively scheduled for May 2000.

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REPORT TO THE GOVERNOR AND THE LEGISLATURE
CALENDAR YEAR 1999**

I. INTRODUCTION

The California Department of Health Services herein submits the first annual report to the California State Legislature and the Governor on the implementation of the Drinking Water Treatment and Research Fund (DWTRF). The completion of this report has been mandated by the enactment of Senate Bill (SB) 2198 (Chapter 997, Statutes of 1998) and cited in Health and Safety Code Section 116367(e) as follows:

"the department shall report annually to the Governor and to the Legislature on any money provided to a public water system pursuant to this section"

This report identifies the DWTRF Program activities completed by the Department and expenditures from the DWTRF during the period of January 1, 1999 through December 31, 1999.

II. BACKGROUND

The Drinking Water Treatment and Research Fund (DWTRF) program was created under SB 2198 and identified the Department of Health Services (Department) as the state agency responsible for the administration of the DWTRF. The purpose of the DWTRF is to provide financial assistance to public water systems for (1) replacement and/or treatment of drinking water supplies contaminated by oxygenates at concentration levels exceeding a drinking water standard, (2) investigations to determine the responsible party for oxygenate contamination, and (3) conducting research to develop cost-effective treatment technologies to remove oxygenates from water to meet drinking water standards and develop strategies to protect drinking water sources from contamination by oxygenates.

SB 2198 appropriated \$5 million from the General Fund to the Department and the DWTRF to provide the referenced financial assistance. Additionally, the State Water Resources Control Board (SWRCB) is required to transfer \$5 million annually from the Underground Storage Tank Cleanup Fund to the DWTRF through fiscal year 2001-2002.

In February 1998, the Department adopted regulations requiring public water systems to monitor their drinking water sources for methyl-tertiary-butyl-ether (MTBE).

In January 1999, the Department adopted a secondary drinking water standard for MTBE of 5 parts per billion (ppb), to address taste and odor concerns related to its presence in drinking water. In September 1999, the Department proposed a primary

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drinking water standard for MTBE of 13 ppb to address human health concerns. The 45-day public comment period on the proposed primary drinking water standard regulation closed on November 1, 1999.

III. PROGRAM STATUS

In January 1999, the Department sent letters to approximately 3,300 public water systems regulated by the Department providing information regarding the availability of financial assistance from the DWTRF for corrective action projects to mitigate oxygenate contamination of drinking water supplies. The letter included a Pre-Application Questionnaire for public water systems with oxygenate contamination to complete and submit to the Department. The Department also distributed copies of the letter to the thirty-four (34) local primacy agency (LPA) counties, which have been delegated regulatory authority for approximately 5,500 public water systems with less than 200 service connections. These documents are available on the Department's Internet Website. Additionally, the Department is continuing the development of the administrative procedures and forms for the review and approval of financial assistance claims.

A. Corrective Action Projects

The Department has received eighteen (18) completed Pre-Application/Questionnaires from public water systems during the reporting period. Of the Pre-Application Questionnaires received, three (3) identified MTBE contamination of surface water and fifteen (15) identified groundwater contamination from MTBE. The Department has conducted follow up reviews and preliminary evaluations of the eighteen (18) Pre-Application Questionnaires and determined that eight (8) projects may be eligible for financial assistance. The Department's evaluation of the remaining ten (10) Pre-Application Questionnaires is ongoing at this time. The findings of the Department's preliminary evaluations for the potentially eligible projects are summarized below. A summary of the DWTRF projects is included in Appendix A.

Public Water Systems with Groundwater Sources

- (1) Fruitridge Vista Water Company (Sacramento, CA) – The public water system detected MTBE in one (1) drinking water well at concentrations exceeding the secondary drinking water standard. The affected well has been taken out of service and new wells are being installed to replace the contaminated water supply. The water system has received \$1.5 million from the SWRCB Drinking Water Response Fund (DWRF) for cost of the well replacement. The total cost of the project is expected to exceed \$1.5 million. The Department is currently evaluating financial assistance claims submitted by the Fruitridge Vista Water

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Company to determine eligibility for payment of the project costs exceeding \$1.5 million.

- (2) South Lake Tahoe Public Utility District: Gardner Mountain Wells (South Lake Tahoe, CA) – The public water system detected MTBE in three (3) wells serving the Gardner Mountain service area. The MTBE concentrations at two (2) of the Gardner Mountain wells have exceeded the secondary drinking water standard. The remaining well has detected MTBE at concentrations below the secondary drinking water standard. The two (2) wells with MTBE concentrations exceeding the secondary drinking water standard have been taken out of service and a new well will be installed to replace the contaminated water supply. The Department is currently evaluating the financial assistance claim for the Gardner Mountain well replacement project to determine eligibility for payment.
- (3) South Lake Tahoe Public Utilities District: Arrowhead Wells (South Lake Tahoe, CA) -The public water system detected MTBE in two (2) of the Arrowhead service area wells. The water quality monitoring data from the Arrowhead wells identifies MTBE contamination at concentrations below the secondary drinking water standard. The two (2) affected wells have been taken out of service and destroyed. A new well has been installed at the Arrowhead site to replace the contaminated water supply. The Department is currently evaluating the financial assistance claim for the Arrowhead well replacement project to determine eligibility for payment.
- (4) Riverview Water District (San Diego County) – The District has detected MTBE contamination in one (1) drinking water well at concentrations exceeding the secondary drinking water standard. The District has taken the contaminated well out of service and is purchasing additional water supplies to replace the contaminated supply. Additionally, the District has proposed installation of treatment facilities for the contaminated well. The Department is currently evaluating the financial assistance claims for the purchase of replacement water and installation of the treatment facilities, to determine eligibility for payment.
- (5) Citizen Utilities Company, Montara District (San Mateo County) – The public water system detected MTBE concentrations in one (1) drinking water well exceeding the secondary drinking water standard and one (1) drinking water well with MTBE concentration below the secondary drinking water standard. The District installed treatment facilities for the water produced at both wells. The Department is currently evaluating financial assistance claims submitted by Citizen Utilities Company to determine eligibility for payment.
- (6) Manana Woods Mutual Water Company (Santa Cruz County) – The water system has detected MTBE in two (2) wells at levels exceeding the secondary

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drinking water standard. The source of the contamination has been identified as a leaking underground storage tank. The Department has requested water quality monitoring information but has not received any information from the water system. The Department will determine the funding eligibility once the requested information is received.

- (7) Santa Clara Valley Water District, Great Oaks Water Company (Santa Clara County) – The Santa Clara Valley Water District conducted an investigation of the groundwater basin in the vicinity of Great Oaks Water Company after MTBE was detected in one (1) Great Oaks Water Company drinking water well at concentrations below the secondary drinking water standard. The Department has requested additional documentation from Santa Clara Valley Water District to support the funding request.
- (8) Santa Clara Valley Water District, Loma Prieta School District (Santa Clara County) – The District conducted an investigation of the groundwater basin after the Loma Prieta School District detected MTBE contamination in one (1) drinking water well. The Department has requested additional information from Santa Clara Valley Water District to determine the eligibility of the funding request.

The Department did not expend any DWTRF monies to the water systems identified above, during the reporting period. However, the Department has estimated that approximately \$4.6 million will be expended from the DWTRF during the first six months of Calendar Year 2000 to provide financial assistance for the identified eligible projects.

In addition, the Department will be distributing a supplemental notification letter in January 2000 to all public water systems in California, to promote the availability of the DWTRF financial assistance program. This notification letter will also be available on the Department's Internet Website.

B. Research Advisory Committee

Background

SB 2198 also requires the Department to establish a Research Advisory Committee to review research proposals for projects to develop cost-effective treatment technologies to remove oxygenates from drinking water and develop strategies to protect drinking water sources from oxygenate contamination. The Department is authorized to expend up to \$1 million annually for research projects.

Program Status

In January 1999, the Department solicited recommendations for membership to the Research Advisory Committee established by SB 2198. Recommendations for membership were solicited from trade associations of public water systems, gasoline manufacturers and distributors, environmental organizations, and consumer groups. The Department appointed the members to the Research Advisory Committee based on the recommendations received during the solicitation process. However, the Department's efforts to identify a consumer group representative from the California Public Interest Group, the League of Women Voters and the Consumers Union has been unsuccessful to date despite several attempts. The Department will continue to attempt to fill this important position on the Research Advisory Committee.

The Research Advisory Committee conducted meetings in May, September, November, and December 1999. As a result of these meetings, the Research Advisory Committee has developed an Ethics Policy document as an operating guideline for the Research Advisory Committee members and a Research Proposal Evaluation Criteria for use in reviewing research proposals.

The Research Advisory Committee has received a research proposal from the Contra Costa Water District. The Research Advisory Committee has reviewed and recommended approval of the Contra Costa Water District research proposal. The Department has approved funding for the Contra Costa Water District research project in the amount of \$150,000, pursuant to the Research Advisory Committee recommendation.

The Research Advisory Committee has also developed a scope of work to conduct an oxygenate research evaluation study. The purpose of this study will be to identify deficiencies in the current research for oxygenate treatment/removal and source protection. The results of this study will be used as the basis for soliciting and approving research proposals. The Department has approved \$50,000 to complete this

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research evaluation study, and is currently conducting the solicitation for professional services to complete the study. The completion of this study is tentatively scheduled for May 2000.

Appendix A

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Corrective Action Projects

Water System Name	Water Source
1) Fruitridge Vista Water Company	Groundwater
2) South Tahoe Public Utility District – Gardner Mountain Well Replacement	Groundwater
3) South Tahoe Public Utility District – Arrowhead Well Replacement	Groundwater
4) Riverview Water District	Groundwater
5) Citizen Utilities Company, Montara District	Groundwater
6) Manana Woods Mutual Water Company	Groundwater
7) Santa Clara Valley Water District – Great Oaks Water Company	Groundwater
8) Santa Clara Valley Water District – Loma Prieta School District	Groundwater

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Research Advisory Committee

Approved Research Projects

Project Sponsor	Project Description	Funding Approved	Funding Expended
Contra Costa Water District	Prevention of oxygenate leakage into lakes and reservoirs by recreational motor water crafts.	\$150,000	\$0
Oxygenate Research Evaluation	Evaluate deficiencies in the current research to determine researches necessary in the future	\$50,000	\$0
Total		\$200,000	\$0