

**STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2016-0060**

TO APPROVE FUNDING FOR THE KETTLEMAN CITY COMMUNITY SERVICES DISTRICT
(DISTRICT) SURFACE WATER TREATMENT PLANT PROJECT (PROJECT), DRINKING
WATER STATE REVOLVING FUND (DWSRF) NO. 1610009-005C AND PROPOSITION 84
NO. P84C-1610009-010C

WHEREAS:

1. The State Water Resources Control Board (State Water Board) implements the DWSRF and Proposition 84 funds as successor to California Department of Public Health per Health and Safety Code Section 116271;
2. The Division of Financial Assistance implements the DWSRF pursuant to the DWSRF Policy and the DWSRF Intended Use Plan;
3. The District is a community water system that serves approximately 1,500 people through 354 service connections in Kettleman City. Kettleman City is a severely disadvantaged community with the median household income less than \$21,000;
4. On January 23, 2009, the Division of Drinking Water (DDW) issued a Compliance Order for violation of the arsenic maximum contaminant level to the District;
5. The selected construction Project is to construct a surface water treatment plant using membrane filtration with the water intake from the State Water Project;
6. The total cost of the Project is estimated at \$9,400,000;
7. The District intends to finance the Project through grant funding from the State Water Board and the United States Department of Agriculture Rural Development (USDA);
8. Kings County has established two secondary reserve funds for operations and maintenance;
9. The District is the lead agency under the California Environmental Quality Act (CEQA) for the Project. The District prepared a Mitigated Negative Declaration (MND) titled "Kettleman City Water Treatment Plant and Commercial Water Storage Tanks Project," which was circulated through the State Clearinghouse (SCH)(SCH #2007121098) for review and comment from October 24 through November 14, 2011. The District adopted the MND and Mitigation Monitoring and Report Program (MMRP) on December 20, 2011;
10. The Notice of Determination for the MND was filed with the Kings County Clerk's office and with the Office of Planning and Research (OPR), SCH on July 6, 2012;
11. The District prepared an Addendum to the MND (titled Addendum to the Initial Study/Mitigated Negative Declaration Kettleman City Water Treatment Plant and Commercial Water Storage Tanks Project), which was circulated through the SCH (SCH #2007121098) for review and comment, per DWSRF requirements;

12. The District adopted the Addendum on November 15, 2016;
13. The Notice of Determination on the Addendum was filed with the County Clerk's office on November 16, 2016 and with the OPR, SCH on November 16, 2016;
14. The State Water Board has considered the MND and the Addendum for the Kettleman City Water Treatment Plant and Commercial Water Storage Tanks project, respectively, and finds that neither the MND nor the Addendum identifies any potentially significant effects of the Project related to water quality or hydrology. Accordingly, any impacts to water quality or hydrology associated with the Project will be less than significant.
15. On February 6, 2015, State Water Board staff initiated informal consultation with the United States Department of the Interior, Fish and Wildlife Service (USFWS) for the federal Endangered Species Act. On October 26, 2016, the USFWS issued a letter of concurrence with the determination that the Project "may affect, but is not likely to adversely affect the San Joaquin kit fox, the Tipton kangaroo rat, the blunt-nosed leopard lizard, the San Joaquin woolly threads, and the California jewel flower" provided that the District implements all conservation measures listed in the USFWS concurrence letter of October 26, 2016.
16. On September 20, 2016, State Water Board staff contacted the office of the State Historic Preservation Officer (SHPO) to submit a more recent search of the California Historic Resources Information Search as well as to present documentation for more recent outreach to Native American Tribes. The State Water Board initiated consultation under Section 106 of the National Historic Preservation Act with the SHPO on May 4, 2012. On October 8, 2012, SHPO concurred with the State Water Board's determination of "no historic properties affected" by the Project. Following review of the more recent information, the SHPO offered the following comments in the October 18, 2016, letter:
 - a. No objections to the area of potential effects;
 - b. No objections to use of archaeological monitors during the proposed undertaking;
 - c. No objections to future involvement by the Tribe in this proposed undertaking;
 - d. No objection to the State Water Board considering the aqueduct to be eligible for listing on the National Register for Historic Places;
 - e. Believes that the proposed undertaking will have an effect on the aqueduct, but that effect will not be adverse;
 - f. Because the aqueduct is located within the Area of Potential Affect (APE), a finding of No Adverse Effect is more appropriate for this proposed undertaking; and
 - g. No objection to a finding of No Adverse Effect for the proposed undertaking.
17. The environmental documents provided for this Project present an adequate disclosure of the environmental relationships of all water quality aspects of the project. Mitigation measures have been incorporated into the Project's design or implementation to reduce any potentially significant environmental impacts. The Project will not result in any significant adverse water quality impacts.

THEREFORE BE IT RESOLVED THAT:

The State Water Board:

1. Authorizes the Deputy Director of the Division of Financial Assistance to:

- Execute a financing agreement in an amount not to exceed \$7,500,000 in principal forgiveness and grant funding to the District for this Project, and
 - Increase the financing agreement amount for good cause, subject to determination that such increase is consistent both with the financing limit determined by subsequent financial review and with the funding cap in this year's DWSRF Intended Use Plan
2. Conditions this approval, as determined by the District's environmental reviews, with the following:
- The District shall implement the mitigation measures identified in the IS/MND (SCH 2007121098) prepared for the Project. These mitigation measures are consolidated in a MMRP adopted by the District Board on December 20, 2011.
 - The District shall implement the mitigation measures recommended in the Archaeological Report Survey (Negative Archaeological Survey Report for the Kettleman City Water Treatment Project; Kettleman City, Kings County, California; May 2012) and supported by the SHPO (letters dated October 8, 2012 and October 18, 2016). These include:
 - In all subsurface disturbances, monitoring by a qualified archaeologist to identify potentially significant archaeological resources;
 - If prehistoric or historic-period materials are encountered, work is to stop in the immediate vicinity until a qualified archaeologist can evaluate the finds and make recommendations; and
 - If human remains are discovered, work shall halt and specific protocol, guidelines, and channels of communication (as outlined by the Native American Heritage Commission and in accordance with Section 7050.5 of the Health and Safety Code and Section 5097.98 of the Public Resources Code) shall be followed. Should human remains be encountered during ground disturbing activities, the County Coroner shall be notified.
 - The District shall allow tribal monitoring by the Santa Rosa Rancheria Tachi-Yokut Tribe.
 - The District shall implement the USFWS revised conservation measures for the San Joaquin kit fox, the Tipton Kangaroo Rat, and the blunt-nosed leopard lizard. These conservation measures are presented in the October 26, 2016 letter from Jennifer Norris (USFWS) to Carol E. Atkins (State Water Board).
 - The District shall implement conditions in the Project Permit from DWR (DWR project name: Kettleman City Community Services District Turnout located at Milepost 173.12 of the California Aqueduct).
3. Conditions this approval, as determined by the District's financial reviews, with the following:
- The District shall establish and maintain rates and charges sufficient to generate Revenues in the amounts necessary to cover Operating and Maintenance costs.
4. Conditions this approval, as determined by the District's technical reviews, with the following:
- The District shall submit a detailed operations plan for the treatment plant and submit a permit amendment application to the DDW, Visalia District Office.

- The District shall complete the Technical, Managerial and Financial Assessment to the satisfaction of the Division prior to completion of 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 Resources Control Board held on December 6, 2016.

AYE: Vice Chair Frances Spivy-Weber
Board Member Steven Moore
Board Member Dorene D'Adamo

NAY: None

ABSENT: Chair Felicia Marcus
Board Member Tam M. Doduc

ABSTAIN: None



Jeanine Townsend
Clerk to the Board