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ENVIRONMENTAL PROTECTION

State Water Resources Control Board

Division of Drinking Water

November 7, 2014

System No.: 1010007

Mr. Martin Querin, P.E.
Water Division Manager
1910 E. University Avenue
Fresno, CA 93703

Dear Mr. Querin,

RE: City of Fresno Infrastructure Improvement Projects and Recharge Fresno Plan

The purpose of this letter is to provide the City of Fresno (City) with support from the State Water Resources Control Board – Division of Drinking Water (Division) for the planned infrastructure improvement projects. Specifically, the Division supports and encourages the City to proceed with the raw water pipeline conveyance system and the construction of the Southeast Surface Water Treatment Plant (SE SWTP) to ensure the reliability of the City's domestic water supply system.

As you know, the State of California, especially the Central Valley, is experiencing unprecedented drought conditions which has impacted many public water supply systems statewide. The Governor recently signed legislation into law which was designed to better manage the groundwater basins and protect the groundwater that remains. The Sustainable Groundwater Management Act becomes effective in January 2015, and requires water systems to demonstrate a balance between what is pumped out of the ground and what is replenished through groundwater recharge efforts. The City will be required to provide a plan to the State that provides the details on how the City plans to accomplish the balance between what is pumped and what is replenished. This plan will have to include modifications to the way the City currently operates their groundwater supply system.

The introduction of surface water is one way that the City can limit the demand on the groundwater system. The City has surface water rights to water from the Friant-Kern Canal and the Kings River but has only used a small portion of the allocated water because the infrastructure necessary to transport the water to the City is missing as well as the treatment facility necessary to treat the water prior to delivery has not been constructed. The Division strongly supports the construction of the SE SWTP to provide an alternate source of water in a portion of the City that currently relies strictly on groundwater.

The City presented a discussion of the raw water conveyance alternatives in a report prepared by Carollo Engineers (*Conveyance Alternative Evaluation for the Southeast Surface Water Treatment Facility*) dated December 2013. The Division, formerly California Department of Public Health, provided comments on the report in which the selected project alternative was the use of a pipeline

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for conveyance of the water to the SE SWTP. Specifically, the Division expressed concerns about conveying the water to the SE SWTP in any way other than a pipeline. The Division strongly supports the construction of the raw water pipeline to convey water from the Kings River to the SE SWTP. In fact, the Division has concerns about whether or not a permit could be issued to allow the use of the Kings River water as an active source of supply without a pipeline to convey the water given the sanitary hazards that have been identified along the canal route.

The need for the SE SWTP in the City's domestic water supply system will be further increased with upcoming changes in the regulation of drinking water. Specifically, the Division is working on the development of a regulation package which will include the proposal for a maximum contaminant level (MCL) to be established for 1,2,3-trichloropropane (1,2,3-TCP). Many of the City's groundwater wells produce water with a range of detections for 1,2,3-TCP. The Division has not published a draft MCL for 1,2,3-TCP but it is likely that approximately 20 percent of the City's wells could be impacted by the adoption of an MCL for 1,2,3-TCP. Many of the wells that will be impacted are located in the southeast portion of the City. Wellhead treatment or replacement wells will have to be provided once an MCL is adopted. The City will be required to conduct initial monitoring for 1,2,3-TCP and a compliance determination will be made. The City will be issued a compliance order for any source that exceeds the MCL for 1,2,3-TCP which will require a plan and time schedule for getting into compliance with the drinking water standard. The Division typically requires that the system be back in compliance within a three year period. It is anticipated that an MCL will be proposed and adopted before the end of 2015.

The City has submitted an application for Drinking Water State Revolving Funds (DWSRF) for the SE SWTP. The Division is in the process of reviewing the application and expects to be able to provide a zero interest loan for the construction of the SE SWTP. Awarding of the DWSRF funds is contingent upon a review of the City's audited financial statements and an investigation of the water rates that are being charged. The City has to demonstrate that the water rates are sufficient to cover the repayment of the loan and the operations and maintenance of the SE SWTP. A preliminary investigation into the water rates revealed that the City cannot afford to fund the SE SWTP without the 4-year rate increase schedule that the City implemented in 2013. The current water rate is not sufficient to fund a project of \$250 million and that does not include the operations and maintenance costs. If the City can keep the water rate increases on schedule, as they were originally implemented in 2013, the water rate by 2016/2017 would likely be a close match for generating enough revenue to cover the loan repayment and the operations and maintenance costs. The Division strongly supports the City's efforts to establish rates that are set to enable the City to make the necessary infrastructure improvement such as the SE SWPT and the raw water pipeline conveyance system.

In summary, the Division is supportive of the City's efforts to diversify the water portfolio for the City to expand upon the use of available surface water, while minimizing the use of groundwater so that a groundwater balance can be achieved. Future regulations such as the adoption of an MCL for 1,2,3-TCP will heavily impact the City's groundwater supply system in the southeast portion of the City. The adoption of the Strategic Groundwater Management Act will change the operation of the City's groundwater wells to be able to comply with the need to balance the pumping of groundwater with the recharge efforts. Lastly, the City needs to establish rates that will enable the City to take advantage of various funding options including the DWSRF.

If you have any questions regarding the content of this letter, please contact me at (559) 447-3316.

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Sincerely,



Kassy D. Chauhan, P.E.
Senior Sanitary Engineer
Merced District
Central California Section
SOUTHERN CALIFORNIA BRANCH
DRINKING WATER FIELD OPERATIONS

cc: Mr. Brock Buche, P.E. – City of Fresno Water Division
Fresno County Division of Environmental Health – Mr. Wayne Fox