

**STATE OF CALIFORNIA
REGIONAL WATER QUALITY CONTROL BOARD
CENTRAL COAST REGION**

STAFF REPORT FOR REGULAR MEETING OF OCTOBER 23, 2009

Prepared on September 18, 2009

ITEM NUMBER: 12

SUBJECT: Resolution in Support of County of Monterey and San Jerardo Housing Cooperative, Inc. Requests for Funding From the State Water Pollution Cleanup and Abatement Account for San Jerardo Interim Drinking Water Treatment and Wastewater Treatment System Improvement Projects

SUMMARY

At the July 10, 2009 Board Meeting, the Environmental Justice Coalition for Water (EJCW) made a presentation to the Central Coast Water Board on environmental justice and water quality issues in the Central Coast Region. In addition, Horacio Amezcuita from the San Jerardo Housing Cooperative, Inc. presented how water quality impacts related to high levels of nitrate and 1,2,3- Trichloropropane have affected the small rural community of San Jerardo (Monterey County). Mr. Amezcuita described the community's need for funding to continue interim drinking water treatment and to complete necessary wastewater treatment system upgrades. At that time, Board Members directed staff to work with the San Jerardo Housing Cooperative, Inc. and EJCW to identify and pursue potential funding sources such as State Water Pollution Cleanup and Abatement Account (CAA) and Pacific Gas and Electric Company (PG&E) Settlement Funds.

The County of Monterey is requesting grant funding from the CAA in the amount of \$543,826 to continue interim drinking water treatment for residents of the San Jerardo Housing Cooperative until a long-term drinking water treatment system is complete (Summer 2010). In addition, the San Jerardo Housing Cooperative, Inc. is requesting grant funding from the CAA in the amount of \$630,500 to complete wastewater treatment system improvements. Currently, staff is assisting the San Jerardo Housing Cooperative, Inc. and County of Monterey in the finalization of their CAA funding request applications. Item 12 provides an opportunity for the Board to consider their support for these funding requests. If Resolution RB3-2009-0065 (Attachment 1) is adopted, the Executive Officer will submit the Resolution of support to the State Water Resources Control Board (State Water Board) for consideration during their evaluation of the Monterey County and San Jerardo Cooperative, Inc. CAA funding requests.

RECOMMENDATION

Staff recommends that the Central Coast Water Board adopt Resolution RB3-2009-0065 in support of the County of Monterey and the San Jerardo Housing Cooperative, Inc. requests for CAA funding to continue interim drinking water treatment for residents of the San Jerardo Housing Cooperative and to complete wastewater treatment system upgrades, respectively.

DISCUSSION

State Water Pollution Cleanup and Abatement Account (CAA)

California Water Code Sections 13440 through 13443 established the CAA to be administered by the State Water Board. The CAA receives monies from court judgments, administrative civil liabilities (ACLs), and other specified sources. With certain statutorily-defined exceptions, funds obtained by Regional Water Boards from ACL assessments and other enforcement actions are deposited in the CAA. Grants to public agencies are available from the CAA. The State Water Board has discretion to approve the expenditure of CAA funds to assist public agencies in cleaning up waste or abating its effects on waters of the State.

Water Quality Impacts to Community of San Jerardo

The San Jerardo Housing Cooperative is a small rural community located in an agricultural area southeast of Salinas on 33 acres. It was the first housing cooperative in California developed to provide housing for low-income farmworker families. All surrounding properties are in agricultural production with some residential uses within 2 miles of the area. The San Jerardo Housing Cooperative consists of 64 dwelling units, a community room, HeadStart facility and soccer field supporting approximately 250 full-time residents of the San Jerardo farm worker housing cooperative and an additional 80 children who attend local child care during the agricultural season. Residents rely on groundwater for drinking and have been adversely impacted by poor water quality since at least 2001. Due to income levels and lack of community resources, the residents of San Jerardo are not able to afford necessary treatment to provide clean drinking water and complete necessary improvements to the wastewater treatment system.

The primary water quality contaminants impacting the community of San Jerardo are high levels of nitrate and 1,2,3 Trichloropropane (1,2,3-TCP) in groundwater. Long-term agricultural production on nearby and adjacent properties may have contributed to groundwater contamination. Nitrate is commonly associated with fertilizers used in agricultural production. 1,2,3-TCP is a suspected carcinogen and was used historically as a paint and varnish remover, cleaning and degreasing agent, and a cleaning and maintenance solvent, and more currently as a chemical intermediate. In addition, its use as a pesticide was in formulations with dichloropropenes in the manufacture of D-D, a soil fumigant. The existing drinking water well has been reported to produce water that is more than double the drinking water standard for nitrate (10 mg/l NO₃ as Nitrogen or 45 mg/l NO₃ as Nitrate) and approximately 13 times the California Department of Public Health (CDPH) drinking water notification level for 1,2,3-TCP (.005 micrograms per liter (µg/L)). In addition to being unable to use the untreated well water for drinking water purposes, residents have reported skin rashes and hair loss due to skin contact with the well water upon bathing or showering.

Interim Drinking Water Treatment

The County of Monterey is requesting CAA funding in the amount of approximately \$542,826 to continue interim treatment of drinking water for residents of San Jerardo until long term plans for a new drinking water system can be completed in Fall 2010 (Attachment 2). The San Jerardo water system has been under a bottled water order for drinking water since 2001. In 2002, the water system serving the San Jerardo community was placed under receivership in federal court for violations of the federal Clean Water Act after a lawsuit was filed by the U.S. Environmental Protection Agency (USEPA). In October 2006,

the County of Monterey contracted with the court appointed receiver to install and operate an interim drinking water treatment system after residents reported rashes and hair loss from contact with well water. The receiver's engineer, in consultation with Monterey County Environmental Health, selected a filtration treatment system from Seimens Water Technologies to address the high levels of nitrate and 1,2,3-TCP in the well water. The federal court ordered partial reimbursement from Alco Water, the owner of the water system. Concurrently, the County of Monterey assumed a lead role in pursuing a permanent solution to San Jerardo's water quality problem.

Recently, the Monterey County Board of Supervisors approved a long-term solution that includes a new well, a transmission pipeline, and water storage. However, implementation of the permanent well and pipeline system has been delayed due to State fiscal constraints resulting in a freeze on bond financing for the project. Other financing has now been secured and construction is scheduled to begin by November or December 2009. Construction of the new water system is projected to finish during the summer of 2010 and the County of Monterey is requesting CAA funds to continue operating the interim drinking water treatment until August 2010.

Wastewater System Improvement

The San Jerardo Housing Cooperative, Inc. is requesting CAA funding in the amount of approximately \$630,500 to complete wastewater system repairs and improvements (Attachment 3). Although a plan is in place to provide a new, long-term source of water supply for the residents, the San Jerardo Housing Cooperative has been unable to proceed with wastewater system repairs due to funding constraints. Many funding programs are inaccessible because of the legal structure of the San Jerardo Housing Cooperative (for-profit corporation). Others require debt service payments which are not within the means of the community because the residents are unable to afford rate increases at current income levels.

The purpose of the project is to address wastewater system deficiencies in order to prevent potential discharge of additional contaminants into the groundwater. Wastewater treatment system improvements are necessary to address high levels of nitrate and 1,2,3-TCP and to implement water quality monitoring in compliance with current regulatory requirements. The proposed scope of work consists of waste removal, treatment system upgrades (including , monitoring well installations, and planning for water conservation and reuse measures.

PG&E Settlement Funds

On July 11, 2003, the Central Coast Water Board approved criteria for evaluating supplemental environmental projects (SEPs) to be funded by PG&E through a court settlement agreement. The purpose of these funds is primarily to improve water quality via projects that reduce pollution from agricultural sources and to monitor the effectiveness of these projects. In general, criteria specify that the settlement funds shall be used to fund projects to reduce sediment, nutrients, pesticides, and other pollutants primarily in Elkhorn Slough or Moss Landing Harbor and watersheds tributary to the Slough and Harbor including the Salinas River, Moro Cojo Slough and Tembladero Slough. The criteria included a provision for Board review of awards greater than \$50,000. Historically, the Board has funded projects to conduct agricultural water quality education and outreach, best management practice implementation and practice-effectiveness monitoring, and watershed-scale monitoring of agricultural water quality. The current balance of the PG&E

Settlement Fund is approximately \$335,000 and staff is evaluating priorities for the remaining PG&E Settlement Funds. If the CAA funding request is not successful, staff will further evaluate the PG&E Settlement Fund as a potential funding source for the San Jerardo projects, as it relates to other funding priorities.

Agricultural Regulatory Program

Agricultural Regulatory Program staff has prioritized regulatory efforts in the San Jerardo area of the Salinas Watershed to address the impacts from nitrate in groundwater due to current agricultural land uses. Staff will work with landowners and growers in the area to ensure the effective implementation of irrigation efficiency and nutrient management practices to reduce nitrate loading and protect beneficial uses from the pollution that may occur as a result of agricultural waste discharges.

ATTACHMENTS

1. Draft Resolution RB3-2009-0065
2. Draft Monterey County CAA Request for Interim Drinking Water Treatment
3. Draft San Jerardo Housing Cooperative, Inc. CAA Request for Wastewater System Improvements.