

Norther Tulare County Water Alliance:

Information Pamphlet for Polling

DRAFT - May 21, 2016

Summary

The Northern Tulare County (NTC) Regional Project is a regional effort to develop a long-term solution to the current and future water needs of the seven unincorporated communities within the Northern part of the County of Tulare (Cutler, Orosi, East Orosi, Seville, Yettem, Sultana, and Monson). The goals of this project are to: 1) identify alternatives to help solve regional water needs, 2) identify adequate and community-supported governance structures and 3) implement a shared solution that is supported by the region and can deliver safe, sustainable and affordable drinking water in the long term.

Note: Six of the seven communities are currently working on individual water projects (1 – Seville & Yettem; 2 – East Orosi; 3 – Monson & Sultana; 4 – Cutler) to improve the reliability of their drinking water service. These individual projects are independent of the regional project. The proposed regional project should be considered IN ADDITION TO, rather than instead of, these local projects.

Statement of Need

The seven communities of the NTC region all rely exclusively on groundwater. For several reasons, there is a great deal of uncertainty about the future sustainability of groundwater wells to reliably supply drinking water to these communities.

1. Water Quality: Contaminants and Regulation

For years, the Northern Tulare County communities have struggled with providing potable water which meets existing regulatory standards due to groundwater contamination. Orosi and Cutler provide compliant drinking water, but both communities have had to deactivate wells due to rising contamination levels and replace those wells at great cost. East Orosi has been unable to provide safe drinking water for many years due to high levels of nitrates. Seville & Yettem have consistently struggled with providing water that meets nitrate standards. Sultana relies on a single well, with a back-up well contaminated with the pesticide DBCP. Monson is on private domestic wells, many of which are highly contaminated.

New contaminants and more protective standards are constantly being added to the list of drinking water regulations. The result is that there is no guarantee that groundwater wells will continue to be a reliable source of safe drinking water for the long term.

2. Water Quantity: Overdraft and SGMA

Groundwater overdraft refers to a situation where water is being pumped out of the ground at a rate faster than it is able to recharge. This is an unsustainable situation causing water tables to drop and wells to fail, particularly during the ongoing drought. The public well in Seville began to fail due to dropping water tables, and had to be replaced in August 2014 with an emergency well. In Monson, a quarter of the domestic wells in the community have failed. Due to the local geology in the NTC region,

newer deeper wells often produce less water and at greater cost than the older and shallower wells they replace.

To address the problem of overdraft, California passed the Sustainable Groundwater Management Act (SGMA) in 2014, requiring local agencies to develop plans to regulate the use of groundwater starting in 2020. While this new law will lead to future sustainability, there are many uncertainties about how much groundwater will be available to all users, including public water systems, as SGMA is implemented.

History of Project

In 2007, Orosi Public Utilities District (PUD), Cutler PUD, and Alta Irrigation District (AID) self-funded a preliminary study evaluate alternatives to solve their individual water needs for a sustainable future. This study recommended treated surface water. To implement the solution, a feasibility study was needed.

In order to access planning funds from the State, a collaborative effort was begun to include East Orosi, Sultana, Monson, Seville, and Yettem. A Memorandum of Understanding (MOU) was signed in 2012 between the 7 communities, with the County of Tulare representing Monson, Seville and Yettem, in an effort to develop a regional, long-term solution. To qualify for State funding, Tulare County became the project applicant under the Seville/Yettem project.

In late 2013, the State amended the Scope of Work for the Seville/Yettem planning project to include the evaluation of a regional project as an alternative, and also provided \$247,680 in grant funding from the Safe Drinking Water State Revolving Fund (DWSRF) for a feasibility study. Tulare County subcontracted with Orosi PUD for their District Engineer (Keller/Wegley) to evaluate the feasibility of a Regional Surface Water Treatment Plant (SWTP). Funding conditions required the 2007 preliminary engineering study to be updated to include a water supply and demand analysis for all proposed participants to a regional SWTP, identification of water rights and SWTP capacity, proposed location for the SWTP, identification of costs for the SWTP infrastructure and delivery system including the cost to each proposed project participant, operation & maintenance (O&M) cost estimates, and a sensitivity analysis of impact on water rates.

In order for any regional infrastructure to be constructed and administered, a regional agency would need to be created. The County secured a Legal Entity Formation Assistance (LEFA) grant in April 2015 in the amount of \$250,000 for a Governance Study. The County is the lead agency on the Governance Study and has contracted with Rural Community Assistance Corporation (RCAC) and Community Water Center (CWC) to facilitate a transparent inclusive stakeholder-driven process to evaluate the future governance of the NTC Regional Water Project.

To work out the details for a regional governance proposal, a group of local stakeholders was convened with representatives from each of the seven communities in August of 2015. This group, the Northern Tulare County Water Alliance (NTCWA) has met at least once a month, and has developed the following proposal.

Proposed Solution

1. Formation of Regional Agency

For any shared regional infrastructure, it is necessary to form a new regional agency to administer the planning, construction, and operation & maintenance (O&M) of that infrastructure.

Over the course of 10 months of regular meetings, the NTCWA stakeholder group has developed a proposal for the formation of a Northern Tulare County Regional Joint Powers Agency (JPA) to oversee the development and administration of the proposed regional water project. The proposed JPA would have a Board of Directors with 5 (or 7) seats, and representation on that Board from each of the individual water districts which would be a party to the proposed JPA. The composition of that Board would be the following:

- 1 (or 2) representative(s) from Orosi Public Utilities District
- 1 (or 2) representative(s) from Cutler Public Utilities District
- 1 representative from East Orosi Community Services District
- 1 representative from Sultana Community Services District (representing Sultana and Monson)
- 1 representative from Seville and Yettem (initially appointed by Tulare County, later to form a consolidated water district)

The proposed JPA and its Board of Directors would be tasked with the primary goal of providing a source of safe and affordable drinking water to each of the communities participating in the JPA. By inter-agency agreement, the JPA would be able to oversee capital improvement projects to supply drinking water to the participating communities. To accomplish this task, the JPA would have a number of powers, including (but not limited to) the following: entering into contracts; hiring staff; owning property; building, operating, and maintaining infrastructure; incurring debts; applying for grants and loans; and levying and collecting revenue. A service area would be established to include, at minimum, the participating communities. Each of the parties to the JPA would be responsible for paying its respective costs to the Agency, and those revenues would be collected from the rate-payers of the communities served by the individual water districts.

At this time, no agreement has been finalized to form the JPA. Provisions have been included which would allow a participating community water district to leave the JPA prior to the development of the initial capital improvement project if the community decides the project would not be in their best interests based on the final project plans and specifications. The community would still be responsible for its respective costs to the agency up to that date, but not for projects in which it does not participate.

2. Surface Water Project

At this time, the preferred alternative for the initial capital improvement project being proposed by the NTCWA stakeholder group is the Regional Surface Water Treatment Plant (SWTP) which was the subject of the feasibility study completed in September of 2015 by Keller/Wegley Engineering.

The SWTP project would obtain surface water from Alta Irrigation District (AID) from Kings River water to which AID holds senior rights and stores in Pine Flat Reservoir. Meeting the annual demands of the

seven NTC communities would require an estimated 2530 Acre-Feet (AF), or 824 million gallons, of raw water per year. AID has secure water rights, and has indicated that they would be capable of providing a “firm supply” of this amount of water each year. Delivery of this surface water would be guaranteed by a negotiated contractual agreement, even in critically dry years.

The water would be released from Pine Flat Reservoir and transported via the Friant-Kern Canal to the site of the proposed treatment plant on Ave 400. The treated water would then be transported through a series of pipelines to each of the participating community water systems. Homes along these pipeline routes not currently served by existing water systems would likely have the opportunity to connect to these lines. (map could be added here)

However, the Friant-Kern Canal is taken out of operation for maintenance during winter months approximately every 1-4 years. This would mean that the community wells would need to remain operational as a secondary water source to supply the communities during these periodic canal outages.

The total estimated construction cost of the proposed project would be \$27,291,217. This includes \$15,485,100 for the SWTP, and \$11,806,117 for the pipelines. It is anticipated that the project would qualify for up to \$20 million in State grants from Proposition 1 funds, leaving the remainder to be covered by loans to be paid back by the water customers over 30 or more years.

Pros and Cons

1. Pros

- By entering into this JPA, the participating communities combine their resources and qualify for more grant funding to achieve large-scale shared projects which would likely be impossible for any individual community. With this increased economy of scale, there is great potential that reliability of service can be improved at a lower per-capita cost compared to smaller scale projects.
- There is an advantage to entering the JPA from its inception. Entering into the initial agreement guarantees a participating community’s representation on the JPA’s Board of Directors, and entitles them to receive benefits from any project developed by the JPA on negotiated terms.
- By developing a surface water supply for the communities that is backed up by groundwater wells, the proposed project would provide a more secure source of water with adequate quantity and quality to meet the needs of the NTC communities for the long-term future.

2. Cons

- For communities which join into the JPA, there would be some administrative costs. Development of the SWTP project would also require significant recurring costs for Operation and Maintenance (O&M) and loan repayment. What this means is that the entire scope of joining into the regional JPA and developing the project would require an increase in water rates paid by customers of the seven NTC communities.
- By joining into a regional JPA, some (but not all) decisions which impact the drinking water supply and the costs of that service would be made at the regional level rather than the individual community level. Each participating community would be represented on the regional

JPA Board of Directors, but decisions would be made collectively, possibly including Proposition 218 water rate increases, so local community autonomy over region-wide decisions would be limited.

- Depending on how inter-agency agreements are negotiated, the relative cost for the surface water supply may be different for different communities. Sultana and Monson, for example, are located the farthest from the proposed SWTP site, and if their costs to participate are determined based on distance, their costs for the treated surface water supply would be higher per household than for other communities.

How Would this Affect Local Water Rates?

Disclaimer: Water customers should be aware that the final impact on water rates may be different than the estimates provided here. The figures below are best estimates based on the information available to date. These are not the final numbers, which will not be available until a future date when final project plans and specifications have been developed, and all inter-agency agreements have been negotiated. These figures are provided so that residents can make an informed decision based on preliminary estimates about whether this investment in improved water security will be affordable.

Insert table of current versus estimated water rates: To Be Determined...