

Lake Morena Views Mutual Water Company, Inc.
Public Water System No. CA3700924
Corrective Action Plan
Compliance Order No. 05_14_20R_001
May 19, 2021

INTRODUCTION

On December 3, 2020, the State Water Resources Control Board, Division of Drinking Water issued Compliance Order No. 05_14_20R_001(Compliance Order) to Lake Morena Views Mutual Water Company, Inc. (LMVMWC) for violations of the California Health and Safety Code and the California Code of Regulations. The Compliance Order documented that water provided by the LMVMWC to its customers is in exceedance of the maximum contaminant level (MCL) for nitrate. In addition, the Compliance Order notes a records, reporting, and recordkeeping violation; a failure to submit application for permit amendment; a failure to submit the 2019 Annual Report; a certified operator violation; and a direct additives violation. This document intends to fulfill the Compliance Order's requirements to develop a Corrective Action Plan and implementation schedule, as noted in Directive No. 03 in the Compliance Order.

The Compliance Order states that regulatory oversight was transferred to the Division of Drinking Water (Division) from the San Diego County Department of Environmental Health (DEH) effective May 1, 2020. The Compliance Order also notes the replacement and use of a new Purolite ion exchange treatment plant in place of the aging ISEP ion exchange treatment plant as an interim solution to provide safe drinking water while the LMVMWC undertakes efforts to consolidate into Lake Morena's Oak Shores Mutual Water Company, Inc. (LMOSMWC) as the long-term solution. At the time of the Compliance Order, LMVMWC acknowledges it had not submitted to the Division a permit amendment application and required permitting documents, such as a preliminary engineering report, treatment operations plan, and environmental documents for the new Purolite treatment plant, nor had it conducted a pilot study. The Purolite treatment plant remains unpermitted and not operational.

CORRECTIVE ACTION PLAN

The Compliance Order's Directive No. 03 directed the LMVMWC to provide the Division a Corrective Action Plan which 'may include both interim and long-term solutions and must include, at a minimum, a project schedule and proof of financing or commitment to apply to the State Water Board for funds'.

This Corrective Action Plan identifies operational, administrative, and capital improvements to the LMVMWC system to:

- Correct the issues contained in the Compliance Order, including the water quality problem of concern (exceedance of the nitrate MCL),

- Ensure the LMVMWC delivers water to consumers that meets primary drinking water standards, and
- Meet the Compliance Order's eleven directives.

This Corrective Action Plan describes the corrective steps in the following four categories.

- 1) Directives in Progress or Completed
- 2) Proposed Operational and Administrative Changes and Measures
- 3) Proposed Interim Solutions to Nitrate Exceedances
- 4) Proposed Long Term Solution

Proposed schedules for interim solutions and long term compliance measure are presented herein.

DIRECTIVES IN PROGRESS OR COMPLETED

LMVMWC has completed or partially completed several of the directives contained in the Compliance Order. Below is a summary of directives that are complete or partially complete. Other operational changes to address deficiencies are also outlined below.

Directive No. 01 – Sacramento State University's Office of Water Programs (OWP) and NV5, Inc. (consultant to OWP) are working together to execute the work and deliverables noted in the Division of Financial Assistance (DFA)'s Work Plan No. 6048-A. LMVMWC supported the development and objectives of the Work Plan, and will continue to assist with the execution of the Work Plan. On January 14, 2021, the General Application Package for construction phase funding of the consolidation project was submitted to OWP for uploading to DFA's FFAST system. OWP distributed a draft Preliminary Engineering Report for the consolidation project to the Division, DFA, RCAC, and other parties on 17 March 2021. LMVMWC will continue to make progress to draft the Consolidation Agreement with LMOSMWC in order to submit a draft to the Division for review by July 1, 2021. LMVMWC understands that the Consolidation Agreement is a requirement for the construction phase application to DFA, and a draft must also be submitted to DFA for review. The Consolidation Agreement will conform with required criteria delineated in DFA's Guidelines for Consolidation Projects (dated 06/2016), including identifying the obligations of LMVMWC and LMOSMWC, terms of transfer of LMVMWC's customers and assets, terms of service, operation and maintenance of facilities.

Directive No. 03 – This Corrective Action Plan aims to satisfy the Division's requirement. LMVMWC will review the CAP with the Division.

Directive No. 05 – LMVMWC included the nitrate public notice in the bi-monthly billing mailer to customers. The mailers were mailed out on December 11, 2020. The notice included was for October and November 2020. LMVMWC will continue to include the notices in the billing mailer. Prior to or at any time a new service begins, LMVMWC will provide the new customer with the most recent public notice and subsequent notices that may be issued.

Directive No. 06 – On December 14, 2020 the first Certification of Notification Form with a copy of the nitrate public notice was submitted to the Division. LMVMWC will continue to

submit the Certification of Notification Form and copies of accompanying public notices to the Division.

Directive No. 08 – Monthly nitrate samples from Wells 1, 2, and 3 have been taken and will continue to be taken. The analytical results will be submitted electronically to the Division by the certified laboratory that conducts the analysis, using the DDW assigned PS- Codes, no later than the tenth day of the month following completion of the analysis.

Directive No. 09 – LMVMWC submitted monthly production logs to the Division by the tenth day of December 2020 and of January 2021. LMVMWC will continue to submit monthly production logs of all the wells to the Division by the tenth day of the following month.

Directive No. 10 – If LMVMWC anticipates it will not meet a deadline for performance of any directives, the Division will be notified in writing no later than five (5) days prior to the deadline.

Directive No. 11 – The “Notification of Receipt” attached to Compliance Order No. 05-14-20R-001 as Appendix 4 was signed and emailed to the Division on December 16, 2020.

CCR, Title 22, Section 64591 (Non-NSF Approved Chemicals) – The Compliance Order notes LMVMWC’s previous use of and modification of a non-NSF approved disinfectant. LMVMWC is only using NSF-approved chemicals and will continue to do so (Hasachlor Mult-Chlor). See attached photograph of chlorine tub’s label and Hasachlor data sheet.

CHSC, Section 116555 (Certified Operators) – The Compliance Order notes LMVMWC’s previous use of non-certified water system operators for water system operation, including actions related to disinfectants, disinfectant application, and the use of LMVMWC’s Purolite treatment system to supply water to the LMVMWC distribution and storage system. LMVMWC is only using certified water system operators for system operation. Non-certified personnel will not conduct activities that are only to be performed by a certified operator. LMVMWC will also ensure that it will use certified water system operators that meet the minimum distribution (D1 class) certification pursuant to its Domestic Water Supply Permit No. DEH2002-LSDWS-380924, Permit Provision No. 8 and CCR, Title 22, Section 64413.3. If LMVMWC receives authorization from the Division to operate the Purolite treatment unit during pilot testing or full scale operations, LMVMWC will only use certified water system operators that have the minimum treatment certification grade required by the Division.

CCR, Title 22, Section 644556(a)(4) (Application for Amendment to Water Supply Permit) – The Compliance Order notes LMVMWC’s previous use of a Purolite treatment unit, which has neither been formally presented to nor approved for any use by the Division. LMVMWC also did not present the proposed use or received approval from LMVMWC’s previous drinking water regulatory body, the San Diego County Department of Environmental Health. LMVMWC has ceased operating its Purolite treatment unit. The Purolite treatment unit will remain offline until such time as the Division authorizes the Purolite treatment unit’s use during pilot testing or during full scale, ongoing operations. On 17 March 2021 LMVMWC contracted NV5, Inc. to prepare a protocol and budget for pilot testing the Purolite system. LMVMWC will review the draft pilot testing protocol with the Division, and will receive concurrence from the Division on the protocol, prior to initiating pilot testing efforts. See Proposed Interim Solutions to Nitrate Exceedances below for a proposed approach to initiate operation of the Purolite treatment unit, following approval from the Division.

PROPOSED OPERATIONAL AND ADMINISTRATIVE CHANGES AND MEASURES

Directives contained in the Compliance Order proposed to be met through operational and administrative measures are described below.

Directive No. 04 – LMVMWC will, by April 10, 2021 and every three months thereafter, submit a report to the Division in the form contained in Appendix 3 of the Compliance Order, Quarterly Progress Report, showing actions taken during the previous quarter to comply with the Division-approved Corrective Action Plan.

Directive No. 05 – LMVMWC will continue to include nitrate public notification, using the approved template provided in the Compliance Order's Appendix 1, to customers in the bi-monthly billing mailer until otherwise directed by the Division.

Directive No. 06 – LMVMWC will submit to the Division within ten days of each public notification a copy of the Certification of Completion of Notification Form and accompanying nitrate notice. LMVMWC will continue to provide the Division this certification until otherwise directed by the Division.

Directive No. 07 - To meet the requirement of notification to all persons served by LMVMWC of all violations documented in the Compliance Order, LMVMWC will utilize the 2020 Consumer Confidence Report (CCR). The CCR will be issued prior to July 1, 2021. Furthermore, LMVMWC will utilize and issue the 2021 CCR by July 1, 2022 to meet the requirement that it will repeat notification to all persons served by LMVMWC annually for as long as the violation continues and comply with CCR, Title 22, Section 64463.7 (Tier 3 Public Notice). LMVMWC anticipates that the Purolite treatment unit will be approved and permitted for full scale operations to treat nitrate water quality levels below the MCL in November 2021, as presented below in the anticipated schedule for the proposed interim solutions to nitrate exceedances.

Directive No. 08 – LMVMWC will continue monthly sampling for nitrate from Wells 1, 2, and 3. Analytical results will be submitted by the certified laboratory to the Division electronically, using the DDW assigned PS-Codes, no later than the tenth day of the month following completion of analyses. LMVMWC has a field analyzer for nitrate (Hach Pocket Chlorimeter). LMVMWC will follow the manufacturer's guidelines regarding calibration, reagents, and proper use of the field analyzer.

Directive No. 09 – LMVMWC will continue recording the monthly production of all wells, and will submit a monthly production for each well to the Division by the tenth day of the following month.

Directive No. 10 – If LMVMWC is not able to meet a deadline for a directive set forth in the Compliance Order, LMVMWC will notify the Division no later than five days prior to such deadline.

PROPOSED INTERIM SOLUTIONS TO NITRATE EXCEEDANCES

Interim solutions to the nitrate exceedances aim to address Directive No. 02, compliance with the nitrate maximum contaminant level by December 3, 2021. LMVMWC will implement two solutions to meet the Division's Directive No. 02: 1) Pilot testing and permit amendment for the purchased nitrate treatment unit, and 2) procurement of nitrate analyzers.

LMVMWC purchased a treatment unit in 2020 for the removal of nitrate from its wells. As an interim solution, LMVMWC contracted a civil engineer (NV5) on 17 March 2021 to prepare a pilot testing protocol for the purchased nitrate treatment facility and to review the proposed protocol with the Division prior to initiating any pilot testing. Following concurrence from the Division, LMVMWC's Chief Operator and the engineer will execute the Division-approved pilot testing program, and to pursue an amendment to LMVMWC's water supply permit for the operation of the nitrate treatment facility as an interim solution to nitrate exceedances until the long term solution of consolidation into LMOSMWC is completed. Coordination and reviews with the Division will be an integral component of this effort. LMVMWC will continue to pursue financial assistance from DFA (Cleanup and Abatement Account, CAA) to complete these efforts. CAA funds may also be used for bottled water distribution to LMVMWC customers sensitive to nitrate exceedances (children and pregnant women) and to customers requesting bottled water.

Through DFA Technical Assistance, the California Rural Water Association (CRWA) prepared an Operations Plan and provided documentation of NSF compliance for the Purolite treatment unit. CRWA will need to incorporate operating criteria determined from the pilot study into that operations plan. The Division reviewed a first draft of the Operations Plan and provided comments. The Operations Plan addresses the current configuration of the treatment unit. It does not address any future system automation or alarm procedures or capabilities.

Through the San Diego Integrated Regional Water Management Program (IRWM), administered locally by the Rural Community Assistance Corporation (RCAC), funds have been allotted for LMVMWC's procurement of two nitrate analyzers. LMVMWC and RCAC aim to purchase and install the nitrate analyzers to measure and monitor the removal of nitrate pre- and post-treatment on a continuous basis. LMVMWC will present the proposed analyzers and their installation locations to the Division for approval prior to purchase. LMVMWC anticipates the analyzers will be of the same manufacturer, and the same or comparable model, as the analyzers in use at the LMOSMWC treatment facility. This would facilitate the integration and relocation of the analyzers, if appropriate and if approved by the Division, as part of the system consolidation into LMOSMWC. LMVMWC will need to adhere to the IRWM procurement requirements for the analyzers.

In addition to the purchase of the analyzers, the IRWM program will fund the construction of a storage tank at the LMVMWC tank site, replacing three smaller tanks. Construction of the tank is anticipated be completed by April 30, 2022. Although the storage tank improvements are not directly related to nitrate compliance or to the directives of the Compliance Order, LMVMWC anticipates applying for a water supply permit amendment that addresses both the new storage tank and the utilization of the Purolite treatment unit. LMVMWC and its engineer, NV5, will review design documents with the Division and keep the Division abreast of the status of construction of the storage tank improvements.

IMPLEMENTATION SCHEDULE – PROPOSED INTERIM SOLUTIONS TO NITRATE EXCEEDANCES

LMVMWC will coordinate with the pertinent parties to the greatest extent possible to complete the documents and attain the milestones by their respective anticipated completion dates. Through the proposed interim solution, LMVMWC intends to meet Compliance Order Directive No. 02’s requirement to return to compliance with the nitrate MCL by December 3, 2021. Execution of the pilot testing is contingent upon obtaining funding assistance from DFA CAA.

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| 08 February 2021 | LMVMWC’s engineer provided the Division information on the nitrate analyzers currently in use at the LMOSMWC treatment facility. LMVMWC recognizes that the installation locations and process control integration need to be reviewed with the Division. |
| 12 May 2021 | Submit application and budget to DFA for Cleanup and Abatement Account financial assistance for pilot testing and treatment unit approval efforts. |
| 17 May 2021 | LMVMWC submitted the purchase order for two nitrate analyzers for the same manufacturer and model as are in use at the LMOSMWC treatment facility. LMVMWC will review the analyzers’ proposed installation locations and their integration with process control with the Division prior to their installation and prior to initiation of pilot testing efforts as part of the pilot study protocol review. |
| 28 May 2021 | Submit to the Division a draft protocol for pilot testing of the Purolite treatment unit. Review the analyzers’ proposed installation locations and their process control integration with the Division. |

- 11 June 2021
- Submit a revised protocol, if necessary, to the Division for pilot testing of the Purolite treatment unit.
- 09 July 2021
- LMVMWC receives Cleanup and Abatement Account funding agreement from DFA.
- Install nitrate analyzers as approved by the Division.
- Following approval by the Division, initiate pilot testing of the Purolite treatment unit. Modify site piping for pilot testing operation, matching approved protocol. Duration of pilot testing initially anticipated for 60 calendar days.
- July/Aug/Sept 2021
- Provide the Division interim laboratory data as they become available. Review status and interim results and findings of pilot testing with the Division every two weeks. Review correlations of water quality testing results between online analyzer, grab field test kit, and lab results.
- 30 September 2021
- Complete pilot testing of Purolite treatment unit. Commence data compilation and preparation of Pilot Testing Report. Compare water quality testing results between online analyzer, grab field test kit, and lab results.
- 15 October 2021
- Submit draft Pilot Testing Report to the Division.
- 29 October 2021
- Submit final Pilot Testing Report to the Division.
- 05 November 2021
- Submit water supply permit amendment application and associated documents to the Division. This permit amendment application may also include the incorporation of a proposed water storage tank at LMVMWC's existing tank site. The tank improvements would be funded by the IRWM program.
- 22 November 2021
- Division accepts Pilot Testing Report and water supply permit amendment application. Division grants approval for use of Purolite unit.
- 03 December 2021
- LMVMWC incorporates Purolite unit into water supply process.

PROPOSED LONG TERM SOLUTION

LMVMWC's preferred long term solution to compliance with nitrate concentration in drinking water is to consolidate into LMOSMWC. This is noted in LMVMWC's November 2, 2019, Board Resolution No. 2019-1015a. LMVMWC intends to consolidate into LMOSMWC. To advance consolidation, DFA approved Work Plan No. 6048-A under which various technical and environmental documents will be prepared to result in LMOSMWC's submittal of a construction phase funding application to the Division of Financial Assistance. DFA has contracted Sacramento State University's Office of Water Programs (OWP) to oversee the Work Plan's execution. OWP has subcontracted engineering and environmental documentation efforts to NV5, Inc. The engineering and environmental efforts commenced in December 2020. The initial General Application Package was submitted to OWP for upload to DFA's FAAST system on January 14, 2021. Land surveying and preliminary engineering report efforts commenced in December 2020.

While LMVMWC is not a party to the agreements within Work Plan No. 6048-A, and while LMVMWC is not anticipated to be the applicant for DFA construction phase funding, LMVMWC will support the progress of the Work Plan through active participation in the project, including periodic telephone conferences with OWP, DFA, DDW, LMOSMWC and other parties. LMVMWC will support the consolidation process and will endeavor to undertake the following activities in a timely manner, including the provision of information, documentation, public meetings, access to facilities, document reviews, comment, and participation throughout the consolidation process.

The consolidation process includes several significant hurdles to accomplish consolidation, many of which are not within LMVMWC's control, such as the issuance of funding agreements, reviews by regulatory and permitting agencies, environmental documentation processes and permitting, and allocation of funds by state and/or federal agencies to provide the required capital. Other hurdles may not be known by the involved parties at this time.

IMPLEMENTATION SCHEDULE – PROPOSED LONG TERM SOLUTION

An anticipated schedule for full compliance with the Compliance Order is provided below. LMVMWC will assist to the greatest extent possible to help the pertinent parties to complete the documents and attain the milestones by their respective anticipated completion dates. A summary of the dates, submittals, and milestones from Work Plan No. 6048-A are noted below. The dates applicable to the execution of the Work Plan are through 2021. The Work Plan-related dates presented below are postponed by approximately three months to reflect a delayed authorization for commencement of preparation of technical and environmental efforts.

Dates presented below beyond 2021 are from the General Information Package that was submitted to OWP for upload to DFA’s FAAST system in January 2021, adjusted to reflect recent submittals.

Public outreach and public participation efforts may be hindered due to local, regional, and state-wide gathering restrictions imposed by health and governmental authorities due to the Covid-19 pandemic. Shareholder meetings and public presentations are therefore not shown in the schedule below. SWRCB Notice of Determination filing date may impact the date of USDA funding agreements and the pursuit of discretionary permits and approvals. See below.

25 January 2021	Commence biological and cultural resources surveys
12 March 2021	Submit draft Preliminary Engineering Report Memorandum on Anticipated Environmental Documentation Required Participate in Progress Meeting No. 1
01 March 2021	Complete Initial Land Surveying Efforts
20 May 2021	Submit revised draft Preliminary Engineering Report
28 May 2021	Submit draft Biological Resources Assessment Submit draft Cultural Resources Report Submit AB52 Consultation Letter text Submit SHPO Consultation Letter text Submit USFWS Consultation Letter text Commence 30% Design Drawings Commence geotechnical investigation

07 July 2021	Participate in Progress Meeting No. 2 Submit final Preliminary Engineering Report Submit final Biological Resources Assessment Submit final Cultural Resources Report Submit draft CEQA Initial Study/Mitigated Negative Declaration Submit draft NEPA Environmental Report Commence supplemental land surveying
1 July 2021	Submit a draft Consolidation Agreement with LMOSMWC for Division and DFA review
23 July 2021	Submit revised draft CEQA IS/MND for public review by DFA Submit revised NEPA Environmental Report Submit 70% design drawings, technical specifications, cost opinion Submit Report of Geotechnical Investigation
Sept/Oct 2021	Participate in CEQA Public Meeting in Lake Morena (as allowed)
12 November 2021	Responses to public comments on CEQA IS/MND Submit Environmental Package Submit 90% design drawings, technical specifications, cost opinion Submit Technical Package Submit final Consolidation Agreement with LMOSMWC
Spring 2022	LMOSMWC receives Conditions of Approval from USDA SWRCB files CEQA Notice of Determination* LMOSMWC pays CEQA filing fee to CA Dept. of Fish and Wildlife*
December 2022	SWRCB files CEQA Notice of Determination* LMOSMWC pays CEQA filing fee to CA Dept. of Fish and Wildlife* LMOSMWC receives construction phase funding agreement from DFA
March 2023	LMOSMWC advances design documents to 100% LMOSMWC pursues pre-construction discretionary permits (e.g. RWQCB and CDFW for stream crossing)** LMOSMWC pursues Department of Business Oversight and Secretary of State Approvals for Share Issuances to current LMVMWC shareholders**

Spring 2023	LMVMWC/LMOSMWC system consolidation improvements construction project(s) placed out to bid
July 2023	LMOSMWC awards construction contract(s)
August 2023	Construction commences on LMVMWC/LMOSMWC consolidation improvements projects LMOSMWC receives construction phase funding from USDA
Mid 2024	Completion of LMVMWC/LMOSMWC consolidation improvements construction project(s)
Late 2024	LMVMWC relinquishes its water supply permit Final compliance achieved

*DFA typically files the CEQA Notice of Determination immediately prior to DFA's issuance of construction phase funding agreement. As USDA funding closing is anticipated to require filing of the CEQA Notice of Determination, LMVMWC will request that DFA accelerate the filing of the Notice of Determination to allow USDA's funding agreement to be executed in a timelier manner. See USDA discussion under Financial Resources below.

** LMOSMWC's pursuits of discretionary permits and of approvals from the California Department of Business Oversight and the California Secretary of State with regard to share issuance to current LMVMWC shareholders can commence in earnest following SWRCB's filing of a CEQA Notice of Determination. LMVMWC will request that DFA accelerate the filing of the Notice of Determination to allow these permits and approvals to be pursued and issued in a timelier manner. The schedule for these pursuits can be accelerated to before these dates if the CEQA Notice of Determination is filed sooner than December 2022.

FINANCIAL RESOURCES

LMVMWC anticipates utilizing five financial resources as capital for the development and implementation of interim and long term compliance improvements.

Division of Financial Assistance (Technical Assistance) – The Division of Financial Assistance (DFA) has approved Work Plan TA No. 6048-A that focuses on planning phase efforts to consolidate LMVMWC into LMOSMWC. LMVMWC supported the development of this Work Plan and its objectives. LMVMWC understands that DFA’s Technical Assistance provider, Office of Water Programs at Sacramento State University, has subcontracted engineering and environmental services to develop the technical, environmental, and general packages of the construction phase application to DFA. LMVMWC will be an active participant in and supporter of the Work Plan’s execution. LMVMWC will work with LMOSMWC to develop and execute a Consolidation Agreement.

San Diego Integrated Regional Water Management Program (IRWM) – The Rural Community Assistance Corporation (RCAC). Approximately \$506,000 remains of the allocation to LMVMWC, and are to be used for two principal improvements: 1) storage tank improvements, and 2) purchase of nitrate analyzers. The storage tank improvements, while they will not address the deficiencies and violations noted in the Compliance Order, aim to replace three of LMVMWC’s four existing storage tanks with a new storage tank. The purchase of the nitrate analyzers will help address the deficiencies and violations noted in the Compliance Order, as the analyzers will note pre- and post-treatment nitrate concentrations in the LMVMWC water supply sources. LMVMWC intends to procure analyzers of the same manufacturer as those in use at the LMOSMWC nitrate treatment facility so that the LMVMWC-procured analyzers will be compatible in a consolidated system and, if appropriate and as approved by the Division, relocated within the consolidated system.

Division of Financial Assistance (Cleanup and Abatement Account) – LMVMWC or LMOSMWC will continue to pursue Cleanup and Abatement Account funds to be used for the preparation of a pilot testing protocol for the purchased nitrate treatment facility, to execute a Division-approved pilot testing program, and to pursue an amendment to LVMWC’s water supply permit for the operation of the nitrate treatment facility as an interim solution to address nitrate exceedances until the long term solution of consolidation into LMOSMWC is completed. LMVMWC understands that DFA may prefer to contract with LMOSMWC for the Cleanup and Abatement Account funds. Coordination and reviews with the Division will be an integral component of this effort.

Division of Financial Assistance (Future Construction Phase Funds) – LMVMWC understands that as a result of the efforts and deliverables outlined in Work Plan TA 6048A noted above, DFA will issue a construction phase funding agreement to provide some or all capital to implement water system infrastructure improvements, legally consolidate LMVMWC into LMOSMWC, and commence operation of a consolidated water system. LMVMWC understands that LMOSMWC will be the applicant to DFA for these funds. LMVMWC welcomes DFA’s anticipated additional funding to improve the water supply to LMVMWC’s current customers, and will support the funding application’s development and the construction project’s execution.

United States Department of Agriculture, Rural Development (USDA) – LMVMWC understands that USDA funding may be sought to supplement construction phase funding from DFA. LMVMWC welcomes USDA’s participation in the construction of the improvements and will support LMOSMWC’s efforts to apply for funds from USDA for a consolidated system and associated improvements.

USDA’s funding process consists of two significant milestones. The first milestone is the issuance of a Letter of Conditions. The second is the closing of funding documents and the ensuing provision of funds to the applicant. These milestones are discussed further here.

USDA issues a Letter of Conditions to the applicant following USDA’s approval of the Preliminary Engineering Report and completion of the environmental documentation process (NEPA only). Per the enclosed schedule for the Long Term Solution, the Preliminary Engineering Report will be finalized in May 2021. The environmental documentation is scheduled to be completed in October 2021. The Letter of Conditions would outline approximately 20 required actions and approvals prior to USDA’s provision of funding. These actions and approvals typically include the confirmation(s) of the number of connections served by the water systems, establishment of a dedicated bank account for USDA funds, certification of right of way acquisition, counsel’s opinion with regard to right of way acquisition, acquisition of some permits, approval of design documents by USDA’s engineer, review of project budget following opening of construction bids, and execution of a construction contract, among other items. The most significant of the anticipated items would likely be the approval of design documents by USDA’s engineer. Current funding by DFA/OWP provides for the completion of design documents to a 90% level. Therefore, completion of the tasks contained in the DFA Work Plan No. 6048-A could satisfy nearly all of the requirements of the Letter of Conditions.

The closing of USDA funding documents can occur following the completion of all items contained in the Letter of Conditions. USDA generally does not disburse funds until the execution of a construction contract. Following the pre-construction meeting with the contractor, USDA can provide funds for costs incurred by the applicant (LMOSMWC) through that date.

Note that a CEQA Notice of Determination will likely be required prior to issuance of a construction contract. As SWRCB is anticipated to be the lead agency for CEQA, LMVMWC will request that SWRCB accelerate the Notice of Determination filing to be considerably prior to DFA's typical filing arrangement, which is immediately prior to the issuance of a DFA construction phase funding agreement. USDA provides funds on a reimbursement basis, with reimbursement requests submitted approximately monthly, following contractor pay requests. LMVMWC will work with LMOSMWC and OWP's engineer, NV5, to review the progress of completing the requirements in the Letter of Conditions, and will provide requested materials and information in a timely manner. DFA (P. Stamas) indicated that a DFA construction phase funding agreement would likely contain a provision that an executed funding agreement between USDA and LMOSMWC be provided prior to DFA's disbursement of funds for construction, or prior to a similar milestone as determined by DFA.



Photograph of Lake Morena Views Chlorine Container (Hasachlor)

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Lake Morena Views Mutual Water Company, Inc.

Resolution No. 2021-612

Whereas Lake Morena Views Mutual Water Company, Inc. received Compliance Order No. 05_14_20R_001 dated 03 December 2021 for failure to comply with domestic water supply permit provisions and certified water operator requirements, and failure to submit the 2019 electronic annual report, and

Whereas the Notification of Receipt attached to Compliance Order No. 05-14-20R-001 as Appendix 4 was signed and provided to the Division of Drinking Water of the State Water Resources Control Board on 16 December 2020, and


Whereas Lake Morena Views Mutual Water Company, Inc. has prepared the enclosed Corrective Action Plan dated 19 May 2021 to comply with the Compliance Order's Directive No. 2, and

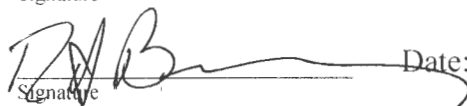
Whereas the Division of Drinking Water has reviewed this Corrective Action Plan and provided concurrence to Lake Morena Views Mutual Water Company, Inc. on its content, and


Whereas Lake Morena Views Mutual Water Company, Inc. continues to pursue compliance with all directives contained in the Compliance Order,

Therefore, be it resolved that the Board of Directors of Lake Morena Views Mutual Water Company, Inc. hereby adopts the Corrective Action Plan dated 19 May 2021.

Adopted at a regular Board of Directors meeting on the 5 day of June, 2021 in Lake Morena, California

Trevor Dougherty, Board Member  Date: 6/5/2021
Signature

Richard Bradbury, Board Member  Date: 6/5/2021
Signature

Harold O'Neal, Board Member  Date: 6-5-2021
Signature

