



Board Agenda Item 34

DATE: March 28, 2023

TO: Board of Supervisors

SUBMITTED BY: Paul Nerland, County Administrative Officer

SUBJECT: State Local Fiscal Recovery Funds - Subrecipient Agreement with Caruthers Community Services District

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute Subrecipient Agreement for American Rescue Plan Act - State Local Fiscal Recovery Funds (ARPA-SLFRF) with Caruthers Community Service District to fund the design, environmental review, administration, and construction of a new water storage tank for the unincorporated community of Caruthers, total not to exceed \$3,130,100.

There is no Net County Cost associated with the recommended action, which will utilize ARPA-SLFRF to fund necessary improvements to water infrastructure in the unincorporated community of Caruthers. Approval of the recommended action will allocate \$3,130,100 to Caruthers Community Service District (Caruthers CSD) to fund the construction of a new 500,000-gallon water storage tank and associated site improvements that will increase water storage capacity and improve flow and pressure deficiencies in the west side of Caruthers CSD's distribution system. The Final Rule designates necessary investment in water infrastructure that meets the Environmental Protection Agency (EPA) Drinking Water State Revolving Fund (DWSRF) requirements as an eligible use of SLFRF. This project will improve a public infrastructure system related to potable water supply that serves a disadvantaged unincorporated community. This item pertains to District 4.

ALTERNATIVE ACTION(S):

If the recommended action is not approved, ARPA-SLFRF would not become available to Caruthers CSD for the construction of a new water storage tank in the community of Caruthers. The water infrastructure improvements would be delayed until another funding source is identified and secured by Caruthers CSD.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. Costs for the recommended agreement will be fully funded with ARPA-SLFRF. Sufficient appropriations in FY 2022-23 are included in Auditor-Controller/Treasurer-Tax Collector Org. 1033 - Disaster Claiming, Fund 0026, Subclass 91021, Account 7845.

DISCUSSION:

The United States Department of the Treasury's (Treasury) Title 31, Code of Federal Regulations, Part 35 Coronavirus SLFRF Interim Final Rule ("Interim Final Rule") and Final Rule ("Final Rule") establish a framework for determining the types of programs and services that are eligible under the ARPA. SLFRF may be used for eligible activities under the following general categories:

- A. Respond to the COVID-19 public health emergency or its negative economic impacts;
- B. Provide premium pay for essential workers;
- C. Replace public sector revenue loss, subject to certain limitations; and
- D. Make necessary investments in infrastructure such as in water, sewer, and broadband.

The Final Rule permits SLFRF to be used to cover costs for eligible activities within the four general categories for the period that begins March 3, 2021, and ends on December 31, 2024. Recipients and their subrecipients must return any funds to the Treasury which are not obligated by December 31, 2024, and any funds not expended to cover such obligations by December 31, 2026.

Under Section 602(c)(3) of the ARPA, the County may transfer SLFRF to a special-purpose district for eligible uses for the purpose of meeting ARPA's goals. The Subrecipients are special purpose districts under the ARPA.

On February 1, 2022, your Board approved the Ad-Hoc Committee's expenditure plan which earmarked funds for proposals that may be funded either in whole or in part by the County's \$194,063,657 allocation of SLFRF.

On October 25, 2022, during the Board of Supervisors' Committee Reports and Comments section of the Board agenda, your Board gave direction to staff to return to your Board with a brief report on the ARPA - SLFRF programs/projects, including identified remaining funds and a list of potential programs/projects that include County Service Areas (CSA) and CSD drinking water, storage, and sewer treatment projects for your Board's consideration, to be funded with identified remaining funds (approximately \$10 million).

On November 8, 2022, staff presented the ARPA-SLFRF progress report, and the Ad-Hoc Committee's recommended redistribution of identified remaining funds for CSA and CSD projects. At the end of staff's presentation, your Board authorized the redistribution of \$9,308,500 in ARPA-SLFRF funds for existing and new CSA and CSD projects. In particular, your Board set a maximum earmark of up to \$4,257,000 in ARPA-SLFRF to be made available to Caruthers CSD and Laton CSD for their water infrastructure projects. After November 8, 2022, County staff requested both special districts to complete a subrecipient application that details their respective scope of work, timeline, and proposed use of SLFRF. The following section summarizes the Caruthers CSD special district program. The Laton CSD program will be presented at a future board date.

Caruthers CSD, Water Storage Tank

Caruthers CSD provides domestic water supply and sewer treatment services in the Community of Caruthers, a disadvantaged unincorporated community of approximately 2,245 residents located in a census tract with a reported median household income of \$53,801 (census tract 06019007500). Caruthers CSD represents that a new water storage tank is necessary to comply with California Waterworks Standards for small water systems, will address flow and pressure deficiencies in the west side of the Caruthers CSD's distribution system, and will improve water delivery during peak demand.

The Caruthers CSD represents that construction of a new 500,000-gallon water storage tank will improve flow and pressure deficiencies for water delivery during peak demand and will help meet short-term demands in the event that one of its existing wells were to be out of service. Caruthers CSD represents that it recently purchased property on the west side of Caruthers, near the intersection of Seaman Avenue and Caruthers Avenue, where the new water storage tank is proposed to be installed which will provide improved flow and pressure for the entire water system, since the district's existing water sources are focused on the east side of the community.

Approval of recommended action item 1 would fund the design, environmental review, administration, and construction of the water storage tank, booster pumps, and pipeline, electrical and control facilities, and

associated site improvements, which will support the Community's resiliency to the effects of climate change, including drought.

The Final Rule has designated necessary investment in infrastructure to be one that meets the eligibility requirements of DWSRF, as implemented by EPA, including the DWSRF eligible category of water storage.

REFERENCE MATERIAL:

BAI #9, November 8, 2022

BAI #10, October 25, 2022

BAI #3, February 1, 2022

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement with Caruthers Community Service District

CAO ANALYST:

Gavin Harrison