



Board Agenda Item 82

DATE: December 9, 2025

TO: Board of Supervisors

SUBMITTED BY: Steven E. White, Director
Department of Public Works and Planning

SUBJECT: Agreement with the Malaga County Water District for the Malaga Wastewater Treatment Plant Disposal Pond Rehabilitation, Phase I (CDBG 25451)

RECOMMENDED ACTION(S):

- 1. Approve and authorize the Chairman to execute Agreement with the Malaga County Water District for the Malaga Wastewater Treatment Plant Disposal Pond Rehabilitation, Phase I, Community Development Block Grant (CDBG) Project No. 25451, which consists of the preparation of design plans and specifications for improvements to the percolation capability of the disposal ponds, including the removal of percolation-inhibiting material in the soil of the disposal ponds, at the Malaga County Water District Wastewater Treatment Plant, effective upon execution through January 10, 2028, total CDBG funding amount not to exceed \$40,000; and**
- 2. Approve and authorize the Director of Public Works and Planning to evaluate and grant timeline extensions and scope modifications for completion of the Project, as requested by the Malaga County Water District, in compliance with the Federal CDBG regulations, and so long as the modifications do not change the fundamental nature of the Project.**

There is no Net County Cost associated with the recommended actions. Approval of the first recommended action will provide Community Development Block Grant (CDBG) funding for the Malaga Wastewater Treatment Plant Disposal Pond Rehabilitation, Phase I, Project (Project), included in the County's 2025-26 Annual Action Plan approved by your Board on August 5, 2025. The Project cost is estimated at \$40,000. If additional funding is necessary to complete the Project by January 10, 2028, the Malaga County Water District (District) will provide a local financial contribution. This item pertains to a location in District 3.

ALTERNATIVE ACTION(S):

Your Board may elect not to approve recommended action one and direct staff to identify another project for consideration. However, rejection of the recommended action may impact the County's ability to meet its CDBG expenditure timelines set by the U.S. Department of Housing and Urban Development (HUD). Your Board may also elect not to approve recommended action two, requiring any modifications to the timeline or scope to come to your Board for approval, resulting in delays to the Project. In such an event, the recommended agreement would need to be modified to delete those provisions.

FISCAL IMPACT:

There is no Net County Cost associated with the recommended actions. The total estimated Project cost is \$40,000 from the County's unincorporated area allocation included in the Department of Public Works and

Planning - CDBG Org 7205 FY 2025-26 Adopted Budget. The County provides the funds on a reimbursement basis. The District shall provide any and all local financial contribution in excess of the CDBG funds that may be necessary to complete the Project.

DISCUSSION:

On August 5, 2025, your Board approved the 2025-26 Unincorporated Area Projects list as part of the 2025-26 Annual Action Plan. The entire Malaga Wastewater Treatment Plant Disposal Pond Rehabilitation project, which was approved by your Board for inclusion in the 2025-26 Annual Action Plan, consists of improvements to the percolation capability of the District's disposal ponds, including the removal of percolation-inhibiting material in the soil of the disposal ponds at the Malaga County Water District Wastewater Treatment Plant. Due to delays in HUD's approval of the 2025-2026 Action Plan, the recommended agreement presented today for Phase I only consists of the preparation of design plans and specifications, to allow the District to start design work in a timely manner. Phase II of the Project will consist of the installation of improvements to the percolation capability of the disposal ponds, including the removal of percolation-inhibiting material in the soil of the disposal ponds at the Malaga County Water District Wastewater Treatment Plant; staff will return with an agreement for Phase II as soon as possible, following necessary approvals by HUD and funding availability. Completion of the improvements to the percolation capability at the disposal ponds will satisfy HUD's requirements that funded projects meet a national objective.

The recommended agreement includes a requirement that the District not receive CDBG project funding for other projects until an agreement is executed for the Malaga Wastewater Treatment Plant Disposal Pond Rehabilitation, Phase II, or the Project is terminated at the District's request. If the Project is terminated at the District's request, the recommended agreement requires the District to return to the County all CDBG funds paid by the County for the Project. Any CDBG funds not expended for design work covered by Phase I shall be made available to the District for use for construction activity in Phase II.

In addition to providing local funds in excess of the CDBG funds should it be necessary for the Project, the recommended agreement requires the District to prepare design plans and specifications that conform to Federal and State regulations governing Federally-assisted projects. The County agrees to review and approve the plans and specifications for compliance with Federal and State regulations. CDBG regulations 24 CFR 570.200(h) permit the District, as a subrecipient, to incur pre-award costs for the Project beginning on July 1, 2025, with the start of the 2025-26 CDBG program year, and submit such costs for payment under the agreement. As the payment of such incurred costs is dependent on the approval of the recommended agreement, the District incurs such costs at its own risk.

Environmental Review No. CD25Soft was completed for HUD-funded County-wide soft costs for planning, environmental review, and design engineering for Public Facility and Infrastructure projects during the 2025-2029 program years, which includes this phase of the Project. These soft costs have been determined to be exempt per Section 58.34(a)(12) of the National Environmental Policy Act (NEPA) Guidelines because these activities meet the requirements for a categorical exclusion. The Project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) Guidelines under Section 15061(b)(3), which exempts projects for which there is no possibility that the activity in question may have a significant effect on the environment, because the Project includes only the preparation of design plans and specifications. A project-specific environmental review will be completed prior to the County obligating funds for Phase II of the Project.

The Project is expected to be substantially completed by April 9, 2026, but if approved, the recommended agreement shall remain in effect until January 10, 2028, to provide the District time to complete the planned Malaga Wastewater Treatment Plant Disposal Pond Rehabilitation, Phase II project, which must be completed in order to meet the national objective requirement, per HUD regulations. In the event the District requires additional time to complete the Project for a reason beyond the control of either party to the agreement, your Board's approval of the recommended agreement and recommended action two authorize

the Director of the Department to grant such an extension. In the event the District requests to modify the scope of the Project, your Board's approval of the agreement and recommended action two authorize the Director of the Department to grant such a modification, so long as the modification complies with the Federal CDBG regulations and does not change the fundamental nature of the Project.

With your Board's approval, the recommended CDBG allocation of \$40,000 will be provided to the District for the Project, which was included in the County's 2025-26 Annual Action Plan.

REFERENCE MATERIAL:

BAI #16, August 5, 2025

ATTACHMENTS INCLUDED AND/OR ON FILE:

Location Map

On file with Clerk - Agreement with Malaga County Water District

CAO ANALYST:

Dylan McCully