



# Board Agenda Item 25

DATE: April 25, 2023

TO: Board of Supervisors

SUBMITTED BY: Paul Nerland, County Administrative Officer

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

## RECOMMENDED ACTION(S):

**Approve and authorize the Chairman to execute Subrecipient Agreement for ARPA-SLFRF with Laton Community Services District to fund the replacement of dated water meters, boxes, and lids in the unincorporated community of Laton, total not to exceed \$1,032,000.**

There is no Net County Cost associated with the recommended action, which will utilize \$1,032,000 of ARPA-SLFRF for Laton Community Services District (Laton CSD) to fund necessary improvements to water infrastructure through the replacement of aged water meters that are beyond their useful life and are in need of replacement as the District begins to implement water conservation strategies in the community of Laton. 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 Laton CSD to replace water meters in the community of Laton. The water infrastructure improvements would be delayed until another funding source is identified and secured by Laton 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 Laton CSD program.

#### **Laton CSD, Water Meter Replacement**

Laton CSD provides domestic water supply and sewer treatment services in the Community of Laton, a disadvantaged community of approximately 1,967 residents, located in a census block group with a reported median household income of \$46,654 (census tract 06019007400). Laton CSD represents that it tracks and monitors water usage from its rate payers with water meters that have been in use for over twenty-five years. The water meters are beyond their useful life and need replacement due to age, poor conditions, and outdated features that limit the District's ability to retain more detailed water meter readings from each of its service connections. Laton CSD represents that it has identified the water meter replacement program as a necessary investment as the District begins to implement water conservation strategies to effectively conserve, protect, and reduce its vulnerability during drought years, and to accurately charge customers for their water use by volume. New meters would allow for automated readings and more detailed reading of water use for each service, resulting in cost savings for the community.

Approval of the recommended action item would fund the replacement of dated water meters, including meter boxes and lids in the Community of Laton, while also keeping cost reasonably low for the residents of the Community of Laton.

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

#### **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 Laton Community Services District

CAO ANALYST:

Gavin Harrison