



Board Agenda Item 48

DATE: August 22, 2023

TO: Board of Supervisors

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

SUBJECT: Financial Assistance Agreement to the State Water Resources Control Board; Grant Funding for County Service Area 30 - El Porvenir and County Service Area 32 - Cantua Creek

RECOMMENDED ACTION(S):

- 1. Adopt a Resolution amending authorization to submit a Financial Assistance Application to the State Water Resources Control Board (SWRCB), for improvements to the drinking water facilities serving County Service Area 30 - El Porvenir and County Service Area 32 - Cantua Creek, which authorizes the Director of the Department of Public Works and Planning (Director) to execute, subject to the review and approval of County Counsel as to legal form and the Auditor-Controller/Treasurer-Tax Collector as to accounting form, a Financial Assistance Application including any required instruments, assurances, certifications, and commitments to complete that application, an amended funding agreement with the SWRCB, and any further amendments or changes to that funding agreement that the Director deems necessary for the consummation and continuing administration of the Fresno County Westside Groundwater Project, which increases the maximum authority to obtain financial assistance by \$3,000,000 to a total of \$15,000,000; and**
- 2. Adopt a Resolution authorizing the Director or his or her designee to execute a Funding Agreement with the SWRCB for Operations and Maintenance grant funding assistance for County Service Area 30 - El Porvenir, subject to the review and approval of County Counsel as to legal form and the Auditor-Controller/Treasurer-Tax Collector as to accounting form, required assurances, certifications, and commitments, and any agreement amendments that the Director deems necessary for the consummation and continuing administration of the project. (Total not to exceed \$1,000,000).**
- 3. Adopt Budget Resolution increasing FY 2023-24 appropriations and revenue for County Service Area 30 - El Porvenir in the amount of \$61,324 for increased operational costs. (4/5 vote)**
- 4. Adopt Budget Resolution increasing FY 2023-24 appropriations and revenue for County Service Area 32 - Cantua Creek in the amount of \$3,000,000 for increased project construction costs. (4/5 vote)**

Approval of the first recommended action will increase the maximum principal amount and authority to obtain financial assistance stated in Resolution No. 20-384, adopted on December 15, 2020, from \$12,000,000 to \$15,000,000. The recommended resolution also provides continuing authorization for the Director of the Department of Public Works and Planning (Director) to serve as the Authorized

Representative for purposes of signing the Funding Agreement, and any amendment, including the anticipated State Water Resources Control Board (SWRCB) amendment to the Funding Agreement, and for the Director, or designee, to be the Authorized Representative for all other purposes, including providing the assurances, certifications, and commitments required for the financial assistance application. The recommended resolution will supersede the previously adopted Resolution No. 20-384. This recommended action does not commit your Board to obtain additional financial assistance, and only authorizes the Department of Public Works and Planning (Department) to seek additional financial assistance, if needed, for the Fresno County Westside Groundwater Project (Project), from the SWRCB.

Approval of the second recommended action authorizes the Director, or his or her designee, as the County's authorized representative, to execute a funding agreement with the SWRCB for grant funding for direct operations and maintenance (O&M) assistance for County Service Area 30 - El Porvenir (CSA 30). This resolution will also authorize the Director to execute, subject to the review and approval of County Counsel and the Auditor-Controller/Treasurer-Tax Collector, any amendments that the Director deems necessary for the consummation and continuing administration of the agreement. This recommended action does not commit your Board to obtain additional financial assistance, and only authorizes the Department to seek additional financial assistance, if needed for the O&M, from the SWRCB.

Approval of the third recommended action will increase appropriations and revenue for CSA 30 for FY 2023-24 by \$61,324 in order to be able to pay for increased operational and maintenance costs.

The fourth recommended action will increase appropriations and revenue for CSA 32 - Cantua Creek (CSA 32) for FY 2023-24 by \$3,000,000 in order to be able to pay for increased project construction costs for the Project.

This item pertains to locations in District 1.

ALTERNATIVE ACTION(S):

The Board may choose not to approve the recommended actions.

If the first recommended action is not approved, the Director would be unable to effectuate amendments to the Funding Agreement beyond your Board's existing delegated authority to obtain financial assistance from the SWRCB not to exceed \$12,000,000. The amendment may exceed the \$12,000,000 limit, therefore the Department would not have sufficient authority to execute the amendment and it would have to return to your Board for requested approval, which would cause delay.

If the second recommended action is not approved, CSA 30 will not be able to receive financial assistance from the SWRCB for O&M costs and an emergency reserve. The cost of the O&M and to build the emergency reserve will be borne solely by the residents living within CSA 30.

If the third recommended action is not approved, there will be insufficient anticipated revenues and appropriations to pay for the district's operation and maintenance expenditures.

If the fourth recommended action is not approved, there will be insufficient anticipated revenues and appropriations to complete the Project.

FISCAL IMPACT:

There will be no Net County costs associated with the recommended actions. Both the communities of CSA 30 and CSA 32 meet the criteria to qualify for grant funding as severely disadvantaged communities, with median household incomes below 60% of the State average. Grant funding for direct O&M assistance for CSA 30 will all be provided by SWRCB and will be included in the FY 2023-24 Budget Resolution for CSA 30, Org 9170.

Increased funding for the Project is being provided by under the existing construction grant and has been included in the FY 2023-24 Proposed Budget for CSA 32, Org 9172.

DISCUSSION:

The County formed CSA 30 in 1980 to provide water, sewer, garbage collection, street lighting and recreational facilities services for the 54-lot El Porvenir farm labor housing development, located at Derrick Avenue, east of Clarkson Avenue, approximately 30 miles southwest of Fresno. CSA 30 also provides water service to two residences outside the CSA 30 boundaries.

The County formed CSA 32 in 1981 to provide water, sewer, garbage collection, street lighting and recreational facilities services for the 73-lot Cantua Creek farm labor housing development, located at Clarkson Avenue west of San Mateo Avenue, approximately 30 miles southwest of Fresno and 3.5 miles from El Porvenir. CSA 32 also provides water service to Cantua Creek Elementary School, Cantua Creek school homes, a mobile home park, and three additional residences, and will provide water to Cantua Creek Vineyard once that project is completed.

CSA 30 and CSA 32 each have surface water treatment facilities located within their respective service areas which the County operates and maintains. Those treatment facilities are outdated and are not capable of reliably producing water that meets current drinking water standards.

The SWRCB has issued compliance orders to the County because the drinking water produced by the CSA 30 and CSA 32 water systems exceeds Disinfection byproducts (DBP) maximum contaminant levels. To reduce the amount of DBP in the drinking water, the County is in the process of constructing new water supply wells and distribution infrastructure to replace the existing surface water treatment plant facilities with grant funds secured from SWRCB.

On December 15, 2020, the Board adopted Resolution No. 20-384, authorizing amendment of a Financial Assistance Application not to exceed \$12,000,000. Resolution No. 20-384 also authorized the Director to execute related documents or agreements necessary to participate in the Drinking Water State Revolving Fund program, subject to the approval of County Counsel as to legal form and the Auditor-Controller/Treasurer-Tax Collector as to accounting form. With recent inflation and increases in construction costs, the Department is anticipating the total project cost will exceed \$12,000,000; however, the final cost will not be known until the last phase of the project is bid. SWRCB and Department Staff are currently working on an amendment of the Financial Assistance Agreement to cover the cost of the entire project. The agreement with the SWRCB will be amended once bid results are obtained. With your Board's approval of the first recommended action, the existing authorization will be amended by the recommended resolution, which will supersede Resolution No. 20-384, to allow the Director to increase the maximum by \$3,000,000 to \$15,000,000 to accommodate the potential increase in funding of the Project and avoid further delays. For administrative purposes, the Department is tracking grant proceeds and expenditures for both the CSA 30 and CSA 32 water systems under the CSA 32 accounts. Therefore, these appropriations and revenues are denoted in the Budget Resolution for CSA 32.

The SWRCB requires, as a condition of funding, that CSA 30 and CSA 32 adopt rates sufficient to operate and maintain the water system, including the Project. On February 28, 2023, a Proposition 218 Protest hearing was held for CSA 32 where the Board of Supervisors did not find a majority protest, and new water rates were adopted. On June 20, 2023, a Proposition 218 Protest hearing was held for CSA 30 where the Board of Supervisors did not find a majority protest, and water rates were increased. The proposed fees were implemented beginning on March 1, 2023 for CSA 32 and on July 1, 2023, for CSA 30.

Due to the higher water rates being adopted by CSA 30, the SWRCB Division of Financial Assistance (DFA) approved Safe and Affordable Drinking Water (SADW) funds for direct O&M assistance for the community. DFA worked to develop a formal grant agreement (funding agreement) for execution with the

County to provide financial assistance to CSA 30 for direct O&M assistance. The Department and the DFA are working to finalize the amount of funding, the total of which will not exceed \$1,000,000. Initiating the process as soon as is practicable will enable the Department and SWRCB to rapidly work towards assisting CSA 30 in having affordable rates.

Your Board's approval of the second recommended action allows the Director to execute a funding agreement for SADW funds. If that agreement is executed, the SWRCB will allow the Department to retroactively apply the subsidy for CSA 30 to the date the new rates were implemented (July 1, 2023).

REFERENCE MATERIAL:

BAI #41 November 15, 2016
BAI #74 December 15, 2020
BAI #8 June 20, 2023

ATTACHMENTS INCLUDED AND/OR ON FILE:

Location Map
On file with Clerk - Amending Authorization Resolution
On file with Clerk - Resolution
On file with Clerk - Budget Resolution (Org 9170)
On file with Clerk - Budget Resolution (Org 9172)

CAO ANALYST:

Salvador Espino