



Board Agenda Item 79

DATE: December 17, 2024

TO: Board of Supervisors

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

SUBJECT: Agreement with the Malaga County Water District (CDBG 21451)

RECOMMENDED ACTION(S):

- 1. Approve and authorize Chairman to execute Agreement with the Malaga County Water District for the Malaga Wastewater Treatment Plant Nitrogen Reduction, Community Development Block Grant Project No. 21451, effective upon execution through September 15, 2025, total Community Development Block Grant funding amount not to exceed \$542,825; 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 Community Development Block Grant Regulations, and so long as the modifications do not change the fundamental nature of the Project.**

Approval of the recommended actions will provide Community Development Block Grant (CDBG) funding for the Malaga Wastewater Treatment Plant Nitrogen Reduction Project (Project), included in the County's 2021-22 Annual Action Plan approved by your Board on May 11, 2021, and as Phase II in the County's 2022-23 Annual Action Plan approved by your Board on June 21, 2022. The estimated cost to complete the Project is \$578,125; the Malaga County Water District (District) will provide a local financial contribution of \$35,300 to complete the Project by September 15, 2025. This item pertains to a location in Districts 3 and 4.

ALTERNATIVE ACTION(S):

Your Board may reject the first recommended action, and direct staff to identify another project from the 2024-25 Back-Up list for consideration. However, rejection of the recommended action would not allow for the completion of construction of the Project and may impact the County's ability to meet its CDBG expenditure timelines set by the U.S. Department of Housing and Urban Development. Additionally, rejection of the recommended action would also require the Malaga County Water District to repay the County's CDBG program \$87,175 in CDBG funds expended so far for design engineering costs, as failure to complete construction of the Project would result in those design expenditures not meeting CDBG program requirements. Your Board may also elect not to approve action item 2, in which event any modifications to the timeline or scope would need 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 action. The total estimated Project cost to complete the Project is \$578,125 which includes construction, design and construction engineering, and

contingency and permits. CDBG funds in the amount of \$542,825 from the County's unincorporated area allocation are included the Department of Public Works and Planning - CDBG Org 7205 FY 2024-25 Adopted Budget. The County provides the funds on a reimbursement basis. The District shall provide any and all local financial contributions in excess of the CDBG funds that may be necessary to complete the Project.

DISCUSSION:

On May 11, 2021, the Board approved the 2021-22 Unincorporated Area Projects list as part of the Annual Action Plan, which included the Project on the Back-Up list should funding become available. Due to year-end cost savings from other CDBG activities, in September 2021, there were sufficient funds available for the Project.

On June 7, 2022, the Board approved Agreement No. 22-236 for the Project, then estimated at \$250,000. The agreement provided \$250,000 in CDBG funds to the District, on a reimbursement basis, for the installation of various aeration, flow, and control system modifications, upgrades and improvements at the Malaga Wastewater Treatment Plant. The Project will improve treatment efficiency and reduce the effluent nitrogen content to meet new regulatory requirements and reduce groundwater contamination. The Project is located at the Malaga wastewater treatment plant, located northwest of the intersection of E. Central and S. Maple Avenues, in the community of Malaga.

On June 21, 2022, the Board approved the 2022-23 Unincorporated Area Projects list as part of the Annual Action Plan, which included Phase II on the Back-Up list should funding become available. Phase II includes additional treatment efficiency and nitrogen reduction improvements at the Malaga Wastewater Treatment Plant. Due to year-end cost savings from other CDBG activities, in August 2022, there were sufficient funds available for Phase II.

On November 8, 2022, the Board approved Amendment I to Agreement No. 22-236, to provide \$250,000 in additional CDBG funds to the Project to include the cost of additional work to be completed in Phase II of the Project. With the addition of Phase II, the total Project cost was estimated at \$500,000.

Design work for the Project has been completed, and the Project has gone through three rounds of formal bidding. Bids received during the first two rounds exceeded available funding and required adjustments to the bidding process. Agreement No. 22-236 for the Project was allowed to expire, and a third round of formal bidding was completed. Based on the bids received during the third round of formal bidding, the District has requested additional CDBG funding to reflect Projects costs which significantly exceed the original estimated cost for the Project.

The total estimated Project cost is \$665,300, which includes \$87,175 in costs previously incurred and paid from CDBG funds under Agreement No. 22-236. The estimated cost to complete the Project is \$578,125. The new recommended Agreement with the District would provide \$542,825 in CDBG funding which, with the \$87,175 in CDBG expenditures under Agreement No. 22-236, would bring total CDBG funding for the Project to \$630,000, an increase of \$130,000 in total CDBG funding. The District will provide \$35,300 in local funds in excess of the CDBG funds needed to complete the Project.

Project Funding Summary

CDBG Funds - Agreement No. 22-236 (Expended Amount)	\$ 87,175
CDBG Funds - New Agreement (Funded Amount)	\$542,825
Malaga County Water District	<u>\$ 35,300</u>
Total Estimated Project Cost	\$665,300

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 District will also be responsible for advertising and awarding of the Project to the lowest responsible bidder, and completion of the necessary construction engineering. The District agrees to maintain the Project after project completion.

Environmental Assessment No. 8161 was completed for the Project under the provisions of the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). Based on the environmental review, the Project is categorically exempt from the provisions of CEQA Guidelines under Section 15302, Class 2(b) - Existing Facilities. Under Section 15302, a Class 2(b) exemption includes minor alterations of existing utility systems and/or facilities involving negligible or no expansion of capacity. It has also been determined that the Project is exempt per Section 58.34 (a)(12) of the NEPA Guidelines, because the Project meets the requirements for a categorical exclusion under Section 58.35(a)(3)(iii).

The Project is expected to be completed by September 15, 2025. In the event the District requires additional time to complete the Project for a reason beyond the control of either party to the recommended agreement, your Board's approval of the Agreement authorizes the Director of the Department of Public Works and Planning 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 actions authorizes 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 \$542,825 will be made to the District for the Project, which was listed on the Back-Up list of the County's 2021-22 and 2022-23 Annual Action Plans.

OTHER REVIEWING AGENCIES:

The Malaga County Water District has reviewed and approved the recommended agreement. On October 16, 2024, the Housing and Community Development Citizens Advisory Committee reviewed and approved the request for the additional \$130,000 in CDBG funds.

REFERENCE MATERIAL:

BAI #38, November 8, 2022
BAI #11, June 21, 2022
BAI #64, June 7, 2022
BAI #8, May 11, 2021

ATTACHMENTS INCLUDED AND/OR ON FILE:

Location Map
On file with Clerk - Agreement with Malaga County Water District

CAO ANALYST:

Salvador Espino