



Board Agenda Item 41

DATE: May 12, 2026

TO: Board of Supervisors

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

SUBJECT: Amendment I to Agreements with Tranquillity Public Utility District for the Tranquillity Emergency Generator (CDBG 25711) and Tranquillity Wastewater Treatment Plant Headworks (CDBG 21711)

RECOMMENDED ACTION(S):

- 1. Approve and authorize the Chairman to execute Amendment I to Agreement No. 26-021 with Tranquillity Public Utility District for the Tranquillity Emergency Generator, Community Development Block Grant (CDBG) Project No. 25711, effective upon execution, renaming the project as the Tranquillity Emergency Generator, Phase I, Project No. 25711, extending the term through January 10, 2028, and decreasing the maximum CDBG funds provided by \$275,000, to a total CDBG funding amount not to exceed \$25,000; and**
- 2. Approve and authorize the Chairman to execute Amendment I to Agreement No. 23-340 with Tranquillity Public Utility District for the Tranquillity Wastewater Treatment Plant Headworks, CDBG Project No. 21711, effective upon execution with no change in term through December 31, 2026, increasing the maximum CDBG funds provided by \$514,048, due to increased construction costs, to a total CDBG funding amount not to exceed \$755,548.**

There is no Net County Cost associated with the recommended actions. Approval of the first recommended action will decrease CDBG funding for the Tranquillity Emergency Generator (Generator) project, adjust the project scope to include only the design phase of the project, and extend the term of the project through January 10, 2028.

Approval of the second recommended action will provide additional CDBG funding for the Tranquillity Wastewater Treatment Plant Headworks (Headworks) project. These additional funds are necessary due to construction costs which have increased after the Headworks project was initially developed and scoped in 2020. The total project cost is now estimated at \$755,548; if additional funding is necessary to complete the project by December 31, 2026, Tranquillity Public Utility District (District) will provide a local financial contribution for project costs in excess of the CDBG funds. This item pertains to locations in District 1.

ALTERNATIVE ACTION(S):

Your Board may elect not to approve recommended action one, leaving the Generator project fully funded for both design and construction of the Generator. Rejection of recommended action one will necessitate rejection of recommended action two, as there will be insufficient CDBG funds available for that action.

Your Board may also choose not to approve recommended action two. The District has indicated that due to the increase in projected construction costs, it will be unable to provide sufficient District funding to complete

the project and would need to cancel the Headworks project and return previously expended funds. Rejection of recommended action two may impact the County's ability to meet its CDBG expenditure timelines set by the U.S. Department of Housing and Urban Development (HUD).

FISCAL IMPACT:

There is no Net County Cost associated with the recommended actions. The recommended amendments will decrease CDBG funding for the Generator project by \$275,000, from \$300,000 to \$25,000, and increase CDBG funding for the Headworks project by \$514,048 (\$275,000 from the Generator project and \$239,048 from other uncommitted CDBG funds), from \$241,500 to \$755,548. The additional CDBG funds are included in the Department of Public Works and Planning - Community Development Block Grant Org 7205 FY 2025-26 Adopted Budget. CDBG funds are provided on a reimbursement basis.

Uncommitted CDBG funds, including program income received and savings from completed CDBG projects, combined with the reduction in CDBG funding commitments from recommended action one, are sufficient to fund the increased CDBG funding included in recommended action two.

DISCUSSION:

On June 20, 2023, the Board approved Agreement No. 23-340 (Headworks Agreement) for the Headworks project, then estimated at \$241,500. The Headworks Agreement provided \$241,500 in CDBG funds to the District, on a reimbursement basis, for the installation of a package headworks at the existing Tranquillity Wastewater Treatment Plant (WWTP). The package headworks includes screens to remove inorganic material, wipes, and other materials that do not decompose or decompose very slowly and prevent their discharge into the existing treatment ponds. The WWTP is located on the east side of Levee Road, between James Road and Morton Avenue alignment in the unincorporated community of Tranquillity.

On January 6, 2026, your Board approved Agreement No. 26-021 (Generator Agreement) for the Generator project. The Generator Agreement provided \$300,000 in CDBG funds to the District, on a reimbursement basis, for the installation of an emergency generator and associated modifications to the site, such as surface restoration and adding a chain link fence to accommodate the new equipment at the Silveria Avenue Sewer Lift Station. Fuel sources for the generator will be limited to containers that are not considered a hazard as defined in 24 CFR 51.201.

The District's contracted engineering firm for the Headworks project experienced several delays in preparation of the design plans, and the District eventually terminated its contract and contracted with a new engineering firm to provide design and construction engineering services for the Headworks project. The District has since completed the Headworks project design, and the Headworks project has been put out to bid, but the project engineer identified that the estimated project cost is significantly higher than the estimate developed by the prior engineering firm at the time the Headworks project was initially developed in 2020.

The award of the construction contract for the Headworks project by the District is expected in May 2026, following your Board's decision on the recommended actions. The District has delayed award of the Headworks project as it will be unable to provide sufficient District funding to complete the Headworks project without the additional CDBG funding provided by recommended action one and will otherwise need to cancel the Headworks project and return previously expended CDBG funds.

If approved, Amendment I to the Headworks Agreement will increase the total CDBG funds allocated to the Headworks project from \$241,500 to \$755,548. All remaining provisions of the Agreement will remain in full force and effect.

Pursuant to the authority previously delegated to him under Section VII of the Headworks Agreement, the Director of the Department approved an extension to the completion date of the Headworks project in recognition of project barriers outside of the District's control, which extended the completion date to

December 31, 2026. The District anticipates that no additional extensions will be necessary.

If approved, Amendment I to the Generator Agreement will decrease funding for the Generator project from \$300,000 to \$25,000 and adjust the project scope to include only the design phase of the project. The construction of the project would be funded under a separate project agreement in a future CDBG program year based on funding availability and would be brought to your Board for approval. Amendment I to the Generator Agreement will also extend the term of the project through January 10, 2028, to provide the District time to complete the planned Tranquillity Emergency Generator, Phase II project, which must be completed to meet the national objective requirement, per HUD regulations.

OTHER REVIEWING AGENCIES:

On February 18, 2026, the Housing and Community Development Citizens Advisory Committee reviewed and approved the request for the additional \$514,048 in CDBG funds for the Headworks project.

REFERENCE MATERIAL:

BAI #44, January 6, 2026
BAI #16, August 5, 2025
BAI #77, June 20, 2023
BAI #8, May 11, 2021

ATTACHMENTS INCLUDED AND/OR ON FILE:

Location Map
On file with Clerk - Amendment I to Tranquillity Emergency Generator Agreement
On file with Clerk - Amendment I to Tranquillity Headworks Agreement

CAO ANALYST:

Dylan McCully