County of Fresno

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Legislation Details (With Text)

File #:	22-0433	**Name:**	Subrecipient Agreements - State and Local Fiscal Recovery Funds, Tranquillity Irrigation District, Malaga County Water District
		In control:	Administrative Office
On agenda:	5/3/2022	**Final action:**	
Enactment date:		**Enactment #:**	Agreement No. 22-171, Agreement No. 22-172

Title: Approve and authorize the Chairman to execute Subrecipient Agreement for American Rescue Plan Act State Local Fiscal Recovery Funds with Tranquillity Irrigation District in the amount of $1,100,000 to fund the design and construction of a groundwater well in the Community of Tranquillity; and approve and authorize the Chairman to execute Subrecipient Agreement for American Rescue Plan Act State Local Fiscal Recovery Funds with Malaga County Water District in the amount of $1,850,000 to fund the design and construction of a groundwater well in the Community of Malaga

Sponsors:

Indexes:

Code sections:

Attachments: 1. Agenda Item, 2. Agreement A-22-171 with Tranquillity Irrigation District, 3. Agreement A-22-172 with Malaga County Water District

Date	Ver.	Action By	Action	Result
5/3/2022	1	Board of Supervisors	Consent Agenda be approved	Pass

DATE: May 3, 2022

TO: Board of Supervisors

SUBMITTED BY: Paul Nerland, County Administrative Officer

SUBJECT: Subrecipient Agreements - State and Local Fiscal Recovery Funds
Tranquillity Irrigation District
Malaga County Water District

RECOMMENDED ACTION(S):

1) **Approve and authorize the Chairman to execute Subrecipient Agreement for American Rescue Plan Act State Local Fiscal Recovery Funds with Tranquillity Irrigation District in the amount of $1,100,000 to fund the design and construction of a groundwater well in the Community of Tranquillity; and**

2) **Approve and authorize the Chairman to execute Subrecipient Agreement for American Rescue Plan Act State Local Fiscal Recovery Funds with Malaga County Water District in the amount of $1,850,000 to fund the design and construction of a groundwater well in the Community of Malaga.**

Approval of the recommended actions will allocate $1,100,000 of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to Tranquillity Irrigation District (Tranquillity ID) to design and construct a new groundwater well in the unincorporated Community of Tranquillity, and $1,850,000 to Malaga County Water District (Malaga CWD) to design and construct a new groundwater well in the unincorporated community of Malaga. During the COVID-19 pandemic, California's severe drought has impacted San Joaquin Valley's rural

communities the most, in particular rural public water systems that solely rely on groundwater pumping to serve their residents. The Final Rule designates necessary investment in water infrastructure that meets the Environmental Protection Agency (EPA) Drinking Water State Revolving Fund (DWSRF) requirements as eligible use of SLFRF. The Programs are designed to support strong and equitable recovery from the COVID-19 pandemic and economic downturn by making necessary investments in water infrastructure that support impacted communities, improve the communities' drinking water source, and provide resiliency to the effects of climate change. This item pertains to Districts 1 and 4.

ALTERNATIVE ACTION(S):

If your Board were not to approve the recommended actions, SLFRF would not become available to Tranquillity ID or Malaga CWD to fund the design and construction of new underground wells, which are intended to replace aged, contaminated, and/or failing groundwater well systems in the unincorporated and disadvantaged communities of Tranquillity and Malaga.

FISCAL IMPACT:

There is no increase in Net County Cost associated with recommended actions. Costs for recommended actions will be funded through Auditor-Controller/Treasurer-Tax Collector Org. 1033 - Disaster Claiming, Fund 0026, Subclass 91021.

DISCUSSION:

The American Rescue Plan Act of 2021 (ARPA) established the SLFRF Program, which delivers $350 billion to state, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency.

The Department of the Treasury's 31 CFR Part 35 Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule ("Interim Final Rule") (for expenditures before April 1, 2022) 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 four 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 investments in water, sewer, and broadband.

The Final Rule permits SLFRF to be used to cover costs for eligible activities within those four general categories for the period that begins March 3, 2021, and ends on December 31, 2024. Recipients, including the County, and its subrecipients, must return any funds to the U.S. Department of the Treasury which are not obligated by December 31, 2024, and any funds not expended to cover such obligations by December 31, 2026.

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. The approved expenditure plan included $1,100,000 for the Tranquillity ID to fund the design and construction of a groundwater well in the Community of Tranquillity, and $1,850,000 for the Malaga CWD to fund the design and construction of a groundwater well in the Community of Malaga.

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. Tranquillity ID and Malaga CWD are both special purpose districts under the ARPA.

In the Final Rule, the U.S. Department of the Treasury (Treasury) interprets "necessary" investment in

infrastructure in the Final Rule to mean: 1) responsive to an identified need to achieve or maintain an adequate minimum level of service, which for some eligible project categories may include a reasonable projection of increased need, whether due to population growth or otherwise and, 2) a cost-effective means for meeting that need, taking into account available alternatives. The Final Rule designates necessary investment in water infrastructure that meets the EPA DWSRF requirements as eligible use of SLFRF.

Tranquillity ID represents that in January of 2022, two of its underground wells failed and became inactive due to issues with Well 7 pumping pea gravel and the complete loss of water production in Well 6. Because of the failures of these two wells, the Tranquillity ID was granted permission to gain emergency access to a previously inactive well (Well 4), by the State Water Resources Control Board (SWRCB). Tranquillity ID represents that Well 4, which has previously tested positive for high levels of arsenic in its water, is currently the primary source of drinking water supply available to the Community of Tranquillity, and Tranquillity ID is working to connect an irrigation well (Well 11A) as an emergency water supply source to Tranquillity ID's public water system, pending the approval of the SWRCB.

The Community of Tranquillity is a Disadvantaged Community of approximately 1,000 residents, located in a census tract with a reported median household income of $35,368. The recommended agreement provides to Tranquillity ID $1,100,000 to fund the design and engineering, construction review, and management for the construction of a new groundwater well that will replace inactive Well 6, which will replace a contaminated source that is an existing threat to public health, is necessary to maintain adequate service levels, and improve drinking water capacity in the Disadvantaged Community of Tranquillity. County staff has determined that it appears that this proposal meets the eligibility requirements of the DWSRF, under the category of source projects, as it is the development of a new water source to replace a contaminated drinking water source, and increases drought resilience. SLFRF provided under the recommended agreement is designed to support a strong and equitable recovery from the COVID-19 pandemic and economic downturn by making necessary investment in water infrastructure that supports impacted communities and also improves the community's resiliency to the effects of climate change.

Malaga CWD represents that operates three underground wells to supply potable drinking water to the Community of Malaga. Malaga CWD represents that the existing wells are not sufficient to meet the Community of Malaga's maximum day demand if one well were to go out of service. Malaga CWD represents that it owns one inactive well location that has been studied, and Malaga CWD has determined that the location of the inactive well is a feasible location to reconstruct a new well site location. Malaga CWD seeks from the County $1,850,000 to fund the final engineering design, environmental review, Department of Drinking Water permitting, construction and administration, construction review, operation and maintenance manual, and project management, and construction of a new groundwater well in the Community of Malaga, a Disadvantaged Community of approximately 1,337 residents, located in a census tract with a reported median household income of $41,321.

County staff has determined that it appears that Malaga CWD's proposal meets the eligibility requirements of the DWSRF under the category of source projects, as it would provide an alternative supply in case of emergency or drought. SLFRF provided under the recommended agreement is designed to support a strong and equitable recovery from the COVID-19 pandemic and economic downturn by making necessary investment in water infrastructure that will maintain adequate and stable service levels, improve drinking water capacity, and provide an alternative supply in case of emergency or drought, thereby improving the community's resiliency to the effects of climate change in the impacted Community of Malaga.

REFERENCE MATERIAL:

BAI #3, February 1, 2022
BAI #7, August 24, 2021
BAI #7, July 13, 2021
BAI #36.1, May 25, 2021

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement with Tranquillity Irrigation District
On file with Clerk - Agreement with Malaga County Water District

CAO ANALYST:

Yussel Zalapa