



AGENDA REQUEST
Regular Meeting, September 11, 2024

TO: Board of Directors

FROM: Rebecca Guo, P.E., General Manager *RG*

DATE: September 6, 2024

SUBJECT: American Rescue Plan Act Project Contingency Plan

BACKGROUND/DISCUSSION:

The El Dorado Water Agency (Agency), as requested by the County of El Dorado, is responsible for administering American Rescue Plan Act of 2021 (ARPA) funding for water-related projects. At the August 14, 2024, Board of Directors (Board) meeting, the Board directed Agency staff to develop a contingency plan should any residual funds materialize prior to the first ARPA interim milestone which requires projects are fully obligated by December 31, 2024.

(Attachments: Attachment 1: Validation letters; Attachment 2: Projects submitted for contingency plan consideration; Attachment 3: GFCSD ARPA project schedule as of 9/5/24; Attachment 4: GFCSD ARPA contract Exhibit B milestones)

RECOMMENDATION:

Staff recommends the Board approve the recommended contingency plan and authorize staff to execute the recommended contingency plan should residual funds be identified, including a) coordinating with County for County Board of Supervisors to approve redistribution of funds, b) authorizing the General Manager to terminate or amend the existing ARPA funding agreements to implement the contingency plan; and c) after County Board of Supervisor approval, authorize the General Manager to enter into an agreement(s) to manage and distribute ARPA grant funding to the entity(ies) consistent with the contingency plan.

ACTION OF AGENCY ON: Motion by Director Turnboo, seconded by Director Thomas, the Board approved the following:

The Board approved the recommended contingency plan and authorized staff to execute the recommended contingency plan by October 31, 2024 if all bids are not out for public solicitation, should residual funds be identified, including a) coordinating with County for County Board of Supervisors to approve redistribution of funds, b) authorizing the General Manager to terminate or amend the existing ARPA funding agreements to implement the contingency plan if recipients have not obligated all funds by November 30, 2024; and c) after County Board of Supervisor approval, authorize the General Manager to enter into an agreement(s) to manage and distribute ARPA grant funding to the entity(ies) consistent with the contingency plan.

VOTE:

Unanimous_____or

I hereby certify that this is a true and correct copy of an action taken and entered into the minutes of the Board of Directors, El Dorado County Water Agency.

Ayes: Director Turnboo, Director Thomas,
Director Dwyer, Director Haven, Director Parlin

Date_____9/13/2024_____

Noes: none

Attest:

Abstentions: none

By_____Laini Scowcroft_____

Clerk of the Agency

Absent: none

BACKGROUND/DISCUSSION (continued):

In 2021 the County of El Dorado (County) received federal funding under the American Rescue Plan Act (ARPA) in the amount of \$37.46M. Of this amount, \$5.445M was awarded to water related projects. In coordination with the County, the Water Agency solicited, ranked, and recommended the projects funded under this program. For these water projects, the Water Agency is the acting administrator for distribution and reporting of the funding expenditures under the overall jurisdiction from the County of El Dorado. The current distribution of ARPA funds is shown in Figure 1.

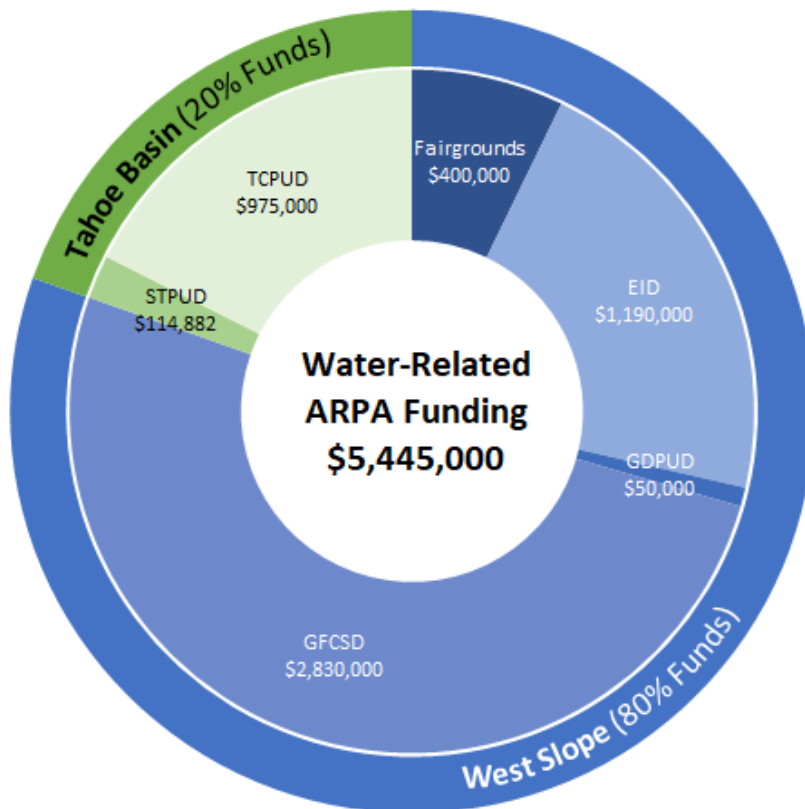


Figure 1. Current Distribution of ARPA Funds for Water-Related Projects

Status Towards Meeting the ARPA Interim Milestone on December 31, 2024

In accordance with ARPA funding requirements, projects are required to be fully completed by December 31, 2026. An additional key interim date for project funding is December 31, 2024, which is the deadline for all ARPA project funds to be fully obligated (i.e., all contracts must be fully executed). These contracts include any work that needs to be contracted or bids received such as consulting contracts, construction contracts, or equipment/materials purchases. With this interim deadline approaching, the Agency requested that the entities with ongoing ARPA projects submit letters validating that they will meet this deadline for their project. These validation letters were received and each of the ARPA funding recipients affirmed that all contracting will be fully executed by the December 31, 2024 deadline. The validation letters are provided as Attachment 1.

The information from the validation letters, last quarterly report, and recent communications are summarized in Table 1 which shows the current status of each of the projects being administered by the Agency.

Of the 11 awarded water-related projects, four are complete and fully reimbursed. Of the ongoing seven remaining projects, only one is fully obligated with the other six projects stating that they will be fully obligated before December 31, 2024. Their progress towards this interim milestone is in the last column of Table 1.

Table 1 - El Dorado County Water-Related ARPA Projects Status

ARPA Subrecipient	Project Name	Has Dec 31, 2024 Milestone Been Met to Date?	ARPA Funding Allocation	ARPA Funding Remaining as of June 30, 2024 ¹	Progress Towards Dec 31, 2024 Milestone
El Dorado County Fairgrounds	El Dorado County Fairgrounds Water Quality and Drainage Improvements Project	No	\$400,000.00	\$400,000.00	Design engineering contract awarded August 7, 2024. Engineering/design is underway but is behind schedule as it was identified that there are no public utility easements along the ditch. The design engineer should receive an updated report on property title findings on September 6 which is needed for design progress to continue and inform a realistic update of the schedule. As of today, it is unknown when the bids for construction will be released.
Grizzly Flats Community Services District	Clearwell and Water Treatment Plant Improvements ²	No	\$2,530,000.00	\$2,410,189.93	<p><u>For the Clearwell portion</u> of the project: Construction contracts have been awarded and is under construction, expected to be completed by March 2025.</p> <p><u>For the Water Treatment Plant portion</u> of the project there are two implementation-related contracts: 1) Equipment purchase contract: Awarded. The equipment bid process and review of the equipment following selection of the low bid vendor delayed the installation design. However, the installation design documents are nearly complete and will be advertised in the next few days. 2) Water treatment equipment installation contract: Bid is not yet released and is pending item 1 above.</p> <p>There is a schedule delay from what GFCSD is under contract for per Exhibit "B" of the GFCSD ARPA Subrecipient agreement with the Agency (see attachment 4 for excerpt of contract showing Exhibit</p>

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					“B”). Per GFCSD’s ARPA agreement, GFCSD Board is to award construction contracts by October 10, 2024. The award of construction contracts is a month behind schedule, anticipated November 14, 2024. The anticipated schedule is to release bids on October 1, 2024, with bids due November 5, 2024, and award contracts on November 14, 2024. The vendor would be under contract approximately 1 week later around November 21, 2024.
Grizzly Flats Community Services District	Reservoir Lining Rehabilitation ²	No	\$300,000.00	\$290,772.68	Debris survey work is complete. Bids for debris removal are to be released September 12 for selection by GFCSD Board on October 10.
Tahoe City Public Utility District	Rubicon Tank 1 Water Feed Line Replacement	No	\$75,000.00	\$75,000.00	Professional Services Agreements for survey, design, permitting, and bid services are under contract. Construction bids will be released as planned in October for anticipated approval by TCPUD board in November.
Tahoe City Public Utility District	Lower Meeks Bay Pressure Reducing Station	No	\$200,000.00	\$200,000.00	Professional Services Agreements for survey, design, permitting, and bid services are under contract. Construction bids will be released as planned in October for anticipated approval by TCPUD board in November.
Tahoe City Public Utility District	Rubicon Wells 2&3 Backup Power Project	No	\$200,000.00	\$200,000.00	Professional Services Agreements for survey, design, permitting, and bid services are under contract. Construction bids will be released as planned in October for anticipated approval by TCPUD board in November.
South Tahoe	Fire Hydrant	Yes	\$114,882.10	\$114,882.10	Project to be completed in-house. Contracts for

ARPA Subrecipient	Project Name	Has Dec 31, 2024 Milestone Been Met to Date?	ARPA Funding Allocation	ARPA Funding Remaining as of June 30, 2024¹	Progress Towards Dec 31, 2024 Milestone
Public Utility District	Installation Project				equipment approved and awarded last month. All interim December 31 milestones have been met.
El Dorado Irrigation District	Sly Park Intertie Improvement	Yes	\$750,000.00	\$-	N/A - ARPA project complete
El Dorado Irrigation District	Outingdale Dam Rehabilitation	Yes	\$325,117.90	\$-	N/A - ARPA project complete
Georgetown Divide Public Utility District	Water System Conditions Assessment and Water System Reliability Study Update	Yes	\$50,000.00	\$-	N/A - ARPA project complete
Tahoe City Public Utility District	West Lake Tahoe Regional Water Treatment Plant	Yes	\$500,000.00	\$-	N/A - ARPA project complete
			\$5,445,000.00	\$3,690,844.71	

Notes:

1. ARPA funding recipients submit progress reports and reimbursement requests once a quarter. The next update will be received by Agency staff early October 2024.
2. Refer to Attachment 3 for project scheduled provided to Agency on September 5, 2024 by GFCSD.

Recommended Contingency Plan

It is imperative that this historic one-time federal funding to El Dorado County is fully used to benefit the residents in the county. As such, while all ARPA funding recipients confirmed they will meet the December 31, 2024 deadline, out of an abundance of caution, the Board requested staff develop a contingency plan at the August 14, 2024 Board meeting. This contingency plan will help ensure that funds will be fully utilized by creating a plan to reallocate ARPA funds should any residual funds be identified. Residual funds may be a result of (1) a project no longer being able to meet the December 31, 2024 full obligation deadline, or (2) a project coming in under budget and no longer needing all of the awarded funds. Without all contracts being executed, it is unknown at this time whether there will be any residual funds. Agency staff will continue to closely work with the ARPA subrecipients on this matter.

To prepare for this agenda item, Agency staff contacted the urban water purveyors in El Dorado County to identify whether they had projects that were recently completed, ongoing, or soon to be fully obligated that met (1) ARPA eligibility and deadlines, and (2) the criteria used by the County and Agency in the initial evaluation and ranking of the water-related projects. The list of projects provided by the urban water purveyors is in Attachment 2.

Based on the list of received projects, the Agency General Manager and Board Chair, recommend the following contingency plan for Board consideration:

Table 2 – Recommended Contingency Plan for Board Consideration

Amount of Residual Funds	Action
\$0	<ul style="list-style-type: none">• No action needed
Up to \$500,000	<ul style="list-style-type: none">• Award residual funds to STPUD's Apache Avenue Waterline Improvements
\$500,000 to \$2,400,000	<ul style="list-style-type: none">• Split residual funds evenly between STPUD's Apache Avenue Waterline Improvements and EID's Sly Park Intertie Improvement
Above \$2,400,000	<ul style="list-style-type: none">• Award \$200,000 to GDPUD's Water System Conditions Assessment and Water System Reliability Study Update• Award \$1,200,000 to STPUD's Apache Avenue Waterline Improvements• Award remainder of residual funds to EID's Sly Park Intertie Improvement

STPUD's Apache Avenue Waterline Improvements project is recommended as part of this contingency plan. STPUD initiated the Apache Avenue Waterline Improvements project to support the County's Apache Avenue Pedestrian Safety and Connectivity Project. While this project was not originally scheduled to occur until future years, STPUD accommodated the County's schedule by moving up their timeline to align with the County's timeline. Additionally, due to technical problems, STPUD did not initially receive ARPA funds. Their projects were submitted but not received for evaluation and ranking when the County and Agency distributed the initial water-related ARPA funds. They later received some ARPA funds this year due to the Outingdale Dam Rehabilitation project coming in under budget, but it is a small amount considering STPUD serves the second largest number of customers in El Dorado County. The contracts for this project have already been obligated and STPUD already has an ARPA agreement for another project, thus executing a new agreement can occur expeditiously before the December 31, 2024 deadline.

EID's Sly Park Intertie Improvement is recommended as part of this contingency plan as the intertie is a vital link between the EID's Reservoir 1 and Reservoir A water treatment plants, jointly providing two-thirds of the EID's total water supply to their customers. EID serves the largest number of customers compared to other purveyors in this county. EID received \$1,190,000 in ARPA funds, of which this project received \$750,000. Since initial submittal for ARPA funds, the intertie project costs have greatly increased. Any additional funds will help offset inflation costs for this imperative project. The contracts for this project have already been obligated and this project already received ARPA funds, thus amending their agreement or entering into a new agreement can occur expeditiously before the December 31, 2024 deadline.

It is also recommended to include GDPUD's Water System Conditions Assessment and Water System Reliability Study Update as part of this contingency plan. This study initially received \$50,000 in ARPA funds, and the recommended \$200,000 additional funds, should funds become available, would enable the full cost of the study to be covered by ARPA funds. This study assessed the district's water system reliability and future needs to maintain and improve reliability. Understanding their water system is imperative to proactively plan for future improvements and needs. Since the study is complete and this project already received ARPA funds, amending their agreement or entering into a new agreement can occur expeditiously before the December 31, 2024 deadline.

In order to implement the contingency plan and ensure that all ARPA funds are obligated prior to the December 31, 2024 ARPA interim milestone deadline, it is requested that the General Manager be provided the direction and authority to actively pursue implementation of the contingency plan no later than October 31, 2024 if the existing recipients have not publicly advertised all solicitations necessary to fully obligate the ARPA funding. In addition, it is requested that the General Manager be provided authority to implement the contingency plan should the cumulative obligated amount from the awarded contracts be less than the ARPA available funding for that project. This includes authorizing the General Manager to terminate or amend the existing ARPA recipient agreements to allow for the unobligated or residual ARPA funding to be reallocated to new recipients by providing fifteen day written advance notice of termination to the recipient pursuant to the existing ARPA agreements. The General Manager would be authorized to facilitate the approval of the contingency plan by the County Board of Supervisors. Following County approval, the General Manager would be authorized to enter into new or amended ARPA funding agreements consistent with the contingency plan in sufficient time to allow for the new funding recipients to meet the December 31, 2024 deadline to obligate all ARPA funds.

Policy Considerations

Management of the ARPA water related projects is in alignment with the Agency's Policy WRDMP-04 to collaborate and develop partnerships with resource management agencies, utilities, purveyors and stakeholders who share resource management responsibilities and to create mutual benefits.

Fiscal

No financial impact other than Agency staff time to administer the grant. ARPA funds for distribution of approved water-related projects have been obtained from the County of El Dorado and are available for distribution for this project.