

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

|  |   |  |                      |
|--|---|--|----------------------|
| (1) DEPARTMENT<br>Public Works   | (2) MEETING DATE<br>12/4/2012                     | (3) CONTACT/PHONE<br>Jill Ogren, Utilities Division Project Manager<br>(805) 781-5263  |                      |
| (4) SUBJECT<br>Request approval to use remaining USDA grant funds on the recommended work items, County Service Area 23 Santa Margarita; authorize the Director of Public Works to execute a USDA Grant Agreement; and authorize a budget adjustment in the amount of \$250,000 to increase the appropriation and associated funding. District 5.  |   |  |                      |
| (5) RECOMMENDED ACTION<br>It is our recommendation that your Honorable Board:<br><ol style="list-style-type: none"> <li>1. Approve staff's recommendation to utilize remaining USDA grant funds on County Service Area 23 work items shown on Exhibit "B;" and</li> <li>2. Authorize the Director of Public Works to execute a grant agreement with the United States Department of Agriculture (USDA); and</li> <li>3. Authorize a budget adjustment, by a 4/5<sup>th</sup>'s vote, in the amount of \$250,000, for a total budget of \$300,000.</li> </ol> |   |  |                      |
| (6) FUNDING SOURCE(S)<br>USDA Grant  | (7) CURRENT YEAR FINANCIAL IMPACT<br>\$300,000.00 | (8) ANNUAL FINANCIAL IMPACT<br>N/A   | (9) BUDGETED?<br>N/A |
| (10) AGENDA PLACEMENT<br><input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)  |   |  |                      |
| (11) EXECUTED DOCUMENTS<br><input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A   |   |  |                      |
| (12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR)<br>N/A   |   | (13) BUDGET ADJUSTMENT REQUIRED?<br>BAR ID Number: 1213061<br><input checked="" type="checkbox"/> 4/5th's Vote Required <input type="checkbox"/> N/A |                      |
| (14) LOCATION MAP<br>Attached  | (15) BUSINESS IMPACT STATEMENT?<br>No             | (16) AGENDA ITEM HISTORY<br><input checked="" type="checkbox"/> N/A    Date  |                      |
| (17) ADMINISTRATIVE OFFICE REVIEW<br><br><i>Nikki J. Schmidt</i>   |   |  |                      |
| (18) SUPERVISOR DISTRICT(S)<br>District 5 -  |   |  |                      |

Reference: 12DEC04-C-5

# County of San Luis Obispo



TO: Board of Supervisors  
FROM: Public Works  
Jill Ogren, Utilities Division Project Manager  
VIA: Dean Benedix, Utilities Division Manager  
DATE: 12/4/2012

SUBJECT: Request approval to use remaining USDA grant funds on the recommended work items, County Service Area 23 Santa Margarita; authorize the Director of Public Works to execute a USDA Grant Agreement; and authorize a budget adjustment in the amount of \$250,000 to increase the appropriation and associated funding. District 5.

## **RECOMMENDATION**

It is our recommendation that your Honorable Board:

1. Approve staff's recommendation to utilize remaining USDA grant funds on County Service Area 23 work items shown on Exhibit "B;" and
2. Authorize the Director of Public Works to execute a grant agreement with the United States Department of Agriculture (USDA); and
3. Authorize a budget adjustment, by a 4/5<sup>th</sup>'s vote, in the amount of \$250,000, for a total budget of \$300,000.

## **DISCUSSION**

In 2008, County Service Area (CSA) 23 received a USDA loan and grant package for \$3,000,000. Of that amount, approximately \$2.3 million, was used to fund water system improvements and install a new water tank. A smaller portion was designated to fund construction of a physical connection to the State Water Project for drought reliability. In March of 2012, a Proposition 218 property assessment vote was undertaken to establish funding to repay the USDA loan for the state water connection. The Prop 218 vote did not pass. As a result, there is approximately \$300,000 in remaining grant funds.

The USDA has approved our request to spend the remaining grant funds on water system improvements and equipment. A list of potential needs was developed and the top priorities were identified. Exhibit "B" shows the system improvements CSA 23 is recommending for grant funding. It is staff's recommendation that you approve expenditure of grant funds for these items and authorize the Director to execute a new grant agreement with the USDA for this work.

The majority of the projects listed on Exhibit "B" qualify for exemptions from review under the California Environmental Quality Act (CEQA) as maintenance of existing public facilities, construction of new small facilities, or mobile equipment purchases which do not require construction of new facilities. If your Board approves these projects staff will process and file a Notice of Exemption for the actions included in the funding recommendation. Item No.13 on Exhibit "B" (not currently recommended for funding) does pose potential environmental impacts, however, these were already evaluated in the EIR for the proposed State Water connection in 2011; therefore, further review under CEQA would not be required.

### **OTHER AGENCY INVOLVEMENT/IMPACT**

In September staff approached the USDA with a request to expend the remaining grant funds on water system improvements since the Proposition 218 vote failed. On October 10, 2012, the USDA approved our list of potential items for grant funding via letter (See Exhibit "C"). On Nov. 1, 2012, the CSA 23 advisory group unanimously endorsed the recommended list of improvements for USDA grant funding.

County Counsel has approved the attached Grant Agreement as to legal form and effect.

### **FINANCIAL CONSIDERATIONS**

The USDA awarded CSA 23 a total **grant** amount of \$1,000,400. On April 9, 2009, your Board approved a grant agreement of \$820,328 with the USDA to fund the waterline improvements and new water tank. Of that \$820,328 approximately \$120,000 remains and is available to spend on the items in Exhibit "B". The attached grant agreement will provide an additional \$180,072 in grant funds (from the original \$1,000,400) and in combination with the \$120,000 will bring the remaining grant total to approximately \$300,000 which will be used on the items in Exhibit "B".

Currently, the CSA 23 Water Fund FY 2012-13 Budget includes \$50,000 for USDA funded projects. It is necessary for your Honorable Board to authorize a budget adjustment in the amount of \$250,000, by a 4/5<sup>th</sup>s vote, to increase the appropriation and associated funding for these projects.

### **RESULTS**

Approval of today's recommended actions will ensure that the grant opportunity that has been provided to CSA 23, via the USDA, is fully taken advantage of with the best interest of the community in mind. This will provide for needed water system improvements for the enhancement of health, safety, and quality of life.

File: CF 320.580.01

Reference: 12DEC04-C-5

L:\UTILITY\DEC12\BOS\CSA 23 USDA Remaining Grant Funds brd ltr.doc.JO:lc

### **ATTACHMENTS**

1. Vicinity Map
2. Exhibit A - Project Cost Estimates
3. Exhibit B - List of Priority Needs for CSA 23
4. Exhibit C - Approval letter from the USDA
5. Grant Agreement