



# County of Monterey

**Item No.**

## Board Report

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

**Legistar File Number: RES 25-027**

**February 18, 2025**

**Introduced:** 2/6/2025

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** BoS Resolution

Adopt a Resolution to:

- a. Approve acceptance of a \$2.5 million planning grant from the State of California - Clean Water State Revolving Fund (CWSRF) grant program for preliminary design and environmental work for the CSA-75 Chualar Wastewater System Consolidation Project (Project);
- b. Authorize the Director of Public Works, Facilities and Parks (PWFP), or designee, to execute the Grant Agreement and associated documents and act as authorized representative for the County of Monterey in processing all documentation to secure these funds and to satisfy the conditions associated with the grant on behalf of the County of Monterey;
- c. Find that this Project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15262, as the Project scope involves planning and feasibility and/or data collection, research, experimental management and resource evaluation activities which will not result in any significant adverse water quality impacts;
- d. Authorize the Director of Public Works, Facilities and Parks (PWFP), or designee, to represent the County of Monterey in carrying out the County's responsibilities under the financial assistance agreement, including certifying disbursement requests on behalf of the County and assuring compliance with applicable state and federal laws, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto; and
- e. Authorize the Director of PWFP or designee to submit this Resolution and any corresponding or necessary supporting materials to the State Water Resources Board.

**RECOMMENDATION:**

It is recommended that the Board of Supervisors adopt a Resolution to:

- a. Approve acceptance of a \$2.5 million planning grant from the State of California - Clean Water State Revolving Fund (CWSRF) grant program for preliminary design and environmental work for the CSA-75 Chualar Wastewater System Consolidation Project (Project);
- b. Authorize the Director of Public Works, Facilities and Parks (PWFP), or designee, to execute the Grant Agreement and associated documents and act as authorized representative for the County of Monterey in processing all documentation to secure these funds and to satisfy the conditions associated with the grant on behalf of the County of Monterey;
- c. Find that this Project is exempt from CEQA pursuant to CEQA Guidelines section 15262, as the Project scope involves planning and feasibility and/or data collection, research, experimental management and resource evaluation activities which will not result in any significant adverse water quality impacts;
- d. Authorize the Director of Public Works, Facilities and Parks (PWFP), or designee, to represent the County of Monterey in carrying out the County's responsibilities under the financial assistance

agreement, including certifying disbursement requests on behalf of the County and assuring compliance with applicable state and federal laws, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto; and

e. Authorize the Director of PWWP or designee to submit this Resolution and any corresponding or necessary supporting materials to the State Water Resources Board.

## SUMMARY/DISCUSSION

### ***Background***

The community of Chualar is an unincorporated census designated, disadvantaged community, within the unincorporated area of the County of Monterey which is within the jurisdictional boundaries of County Service Area 75 (CSA 75 - Chualar). The CSA-75 Chualar Wastewater System consists of a wastewater collection system within the community of Chualar and a wastewater treatment facility (WWTF) approximately two miles west of Chualar. The WWTF utilizes a series of unlined oxidation ponds to treat and dispose of wastewater. The ponds are adjacent to the Salinas River within the 100-year flood plain with no mechanism for reclaiming water for future reuse. CSA 75 is currently operating near capacity and cannot accept new wastewater connections.

For several years, PWWP staff has been interested in assessing the feasibility of connecting the Chualar wastewater collection system to the Monterey One Water (M1W) regional sewer system - through a potentially cost-effective, regulatory compliant, environmentally superior, and sustainable process referred to as consolidation. With consolidation, wastewater would be conveyed via a new approximately 8-mile long pipeline to and through the City of Salinas' wastewater system for treatment at the M1W Regional Wastewater Treatment Facility in Marina. Preliminary evaluations envision the pipeline running from Chualar along US 101 and connecting to the Salinas wastewater system near the Harris Rd./Abbott St. intersection. Consolidation would eliminate the treatment component from CSA 75 and provide benefits such as connecting and converting proximal septic systems to regional treatment, thus allowing for recycled wastewater reuse and facilitating the ability for the community of Chualar to expand.

In late May 2022, PWWP staff learned from State of California, State Water Resources Control Board (State Water Board) of a specific possible grant opportunity for financial assistance with upfront planning and design costs. In August of 2022, the Board authorized submittal of an application for funding to advance the Project through design and environmental review, which would significantly improve the likelihood of subsequently acquiring funding via a grant or loan from the State Water Board for actual construction through the Clean Water State Revolving Fund (CWSRF).

On August 30, 2022 the Board adopted Resolution No. 22-342 authorizing the Department of Public Works, Facilities and Parks (PWWP) to submit a grant application under the CWSRF program and directed staff to return to the Board of Supervisors for approval prior to acceptance of any grant award(s). The initial grant application was submitted on September 7, 2022, requesting a \$4.4 million planning grant. In June of 2024, the State Water Board staff requested that the County consent to modifying the proposed grant agreement to reduce the budget and also perform an analysis of an additional project alternative; specifically, a likely lower cost alternative for a possible 'Package Plant'.

On December 23, 2024, the Director of PWFP received a formal grant offer and Agreement from the State Water Board for review and execution to provide for a \$2.5 million, 100% grant, to support Chualar, a disadvantaged community. The agreement was finalized on January 23, 2025 after appropriate internal and legal review (Attachment B).

### *Next Steps*

The funding will be used to evaluate options to repair/upgrade the Chualar Wastewater Treatment Plant by constructing a new wastewater treatment plant, and/or connecting the Chualar wastewater collection system with the City of Salinas collection system for treatment at the Monterey One Water Regional Treatment and Recycling Facility. The Project will also evaluate options for connecting additional parcels outside of the existing Chualar wastewater collection system. Necessary preliminary design, environmental documents, probable cost estimate, and inter-agency agreements will be completed for the selected construction project.

The first segment of work will consist of the preparation of a Project Report and Preliminary Design. The Project Report will document existing system conditions, evaluate project alternatives, identify required permits, and complete preliminary environmental and design work, schedule, and budget for two possible construction projects. The Project Report will also identify possible funding sources and include preliminary rate estimates for each alternative. 20-year life cycle costs are to be part of the financial analysis, and 10% design plans will be prepared for the two possible construction projects. The Project Report will identify a Selected Construction Project and will comply with the Project Report requirements for a subsequent CWSRF Financial Assistance Application for Construction. This is a major Project and additional grant funding will be essential for project implementation and construction, as a very preliminary range of costs for the complete project is \$15 to \$25 million.

Time is of the essence, as the Draft Project Report is scheduled to be submitted by the end of September 2025. Due to the short timeline for initiating this segment of work, PWFP has asked to be permitted to bypass both the Capital Improvement and Budget Committees so that this item could be presented to the Board of Supervisors at the earliest opportunity.

PWFP staff is reviewing and discussing the General Terms and Conditions contained in the Project Agreement (Attachment B) with State Water Board staff as part of developing an Implementation Plan for the Project. The preliminary schedule anticipates that plans, specifications, and environmental documents will be completed by the end of 2026. Subsequent or concurrent phases of work will refine/prepare governance structure and agency agreements, easement acquisition requirements, permits and related applications, and a financial assistance application for the cost of actual construction.

The anticipated work completion date for all work under this planning grant is June 30, 2028. Our intent is to fully comply with all of the grant conditions; however, some of those may necessitate changes from standard County practices or specifications. Staff will return to the Board for separate actions on those if/as necessary.

OTHER AGENCY INVOLVEMENT:

The City of Salinas and Monterey One Water will be essential partners in this effort. Close coordination and involvement with them will be necessary. Intergovernmental Agreements will eventually be required; however, staff believes that the additional information and data resulting from the design and environmental review work to be completed under this grant will help inform discussions with both entities.

The work under this grant may also need to be coordinated with other potential agency stakeholders/partners, including (but not limited to) Caltrans, Monterey County Water Resources Agency, Union Pacific Railroad, United States Environmental Protection Agency, and the Regional Water Quality Control Board. Agreements or permits may eventually be required with some or all those agencies. The planning, design, and environmental review work to be completed as part of the work contemplated under this grant will help inform discussions with all entities.

Due to the short timeline for initiating this work, PWFP has asked to be permitted to bypass both the Capital Improvement and Budget Committees so that this item could be presented to the Board of Supervisors at the earliest opportunity.

FINANCING:

There is already a project included in the current 5-Year Capital Improvement Program starting this Fiscal Year (FY 2024-25). Work on the Project Report and Preliminary Design phase is planned to commence as soon as possible and continue over the ensuing 3 years. Out of the \$2,500,000 total, staff anticipates spending the majority of the grant in the next two fiscal years. Funding needed for FY 2025-26 will be included in next year's CIP budget.

This Project is fully funded by the CWSRF grant, with no required matching funds from the County. However, since work under the grant is reimbursed after expenses are incurred, the County may need a temporary loan from the General Fund starting this year (FY 2024-25) to cover costs until the reimbursements are received. If this happens, staff will return to the Board of Supervisors for approval.

BOARD OF SUPERVISORS' STRATEGIC INITIATIVES:

The Project will construct a sustainable, physical infrastructure that improves the quality of life for County residents and visitors. The recommended action supports the following Board of Supervisors' Strategic Initiatives:

- ☒ Economic Development
- ☐ Administration
- ☐ Health & Human Services
- ☒ Infrastructure
- ☒ Public Safety

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Attachment A - Resolution SWRCB Grant Acceptance Chualar

Attachment B - County of Monterey Agreement