



County of Monterey

Item No.61

Board Report

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

Legistar File Number: RES 25-083

June 10, 2025

Introduced: 5/23/2025

Current Status: Public Works, Facilities &
Parks - Consent

Version: 1

Matter Type: BoS Resolution

- a. Approve submittal of a Financial Assistance grant application in the amount of \$959,752 to the U.S. Environmental Protection Agency (EPA) Community Grants Program for funding of the San Lucas Water District Clean Drinking Water Supply Project (Project) in San Lucas, California; and
- b. Adopt a Resolution authorizing the Director of Public Works, Facilities and Parks (PWFP), or designee, to act as agent for the County of Monterey in processing all documentation to secure these funds; and
- c. Direct PWFP staff to return to the Board of Supervisors for approval prior to acceptance of any grant award(s).

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve submittal of a Financial Assistance grant application in the amount of \$959,752 to the U.S. Environmental Protection Agency (EPA) Community Grants Program for funding of the San Lucas Water District Clean Drinking Water Supply Project (Project) in San Lucas, California; and
- b. Adopt a Resolution authorizing the Director of Public Works, Facilities and Parks (PWFP), or designee, to act as agent for the County of Monterey (County) in processing all documentation to secure these funds; and
- c. Direct PWFP staff to return to the Board of Supervisors for approval prior to acceptance of any grant award(s).

SUMMARY

Former President Biden signed the Fiscal Year (FY) 2024 Consolidated Appropriations Act (P.L. 118-42) into law on March 9, 2024. The Appropriations Act for FY2024 identified San Lucas Clean Drinking Water as an eligible project to be appropriated \$959,752 from the Community Grants projects program. Submitting a grant application to the EPA is required to obtain these appropriated funds. The Appropriations Act requires each Community Grant recipient to provide a cost share of 20% (\$191,950) from non-federal sources; however, County staff intends to apply for, and is hoping to receive, approval for a waiver of this 20% cost share requirement.

DISCUSSION:

San Lucas is a small, disadvantaged farming community located in the unincorporated area of the County of Monterey (County), immediately east of State Highway 101 approximately 8 miles south of King City and approximately 9.5 miles north of the small community of San Ardo. San Lucas County Water District (SLCWD) is an independent special district serving approximately 325 people through 85 active water service connections.

The Project concept was developed by the County to establish the best alternative for addressing ongoing water quality problems at the existing SLCWD water source (which have occurred since 2006), and to subsequently design and implement the selected alternative.

The Project has the overall objective of developing an affordable and reliable long-term water supply solution for the San Lucas community. The existing system has failed to meet the needs of the community, and the system's deficiencies have previously been thoroughly investigated and characterized.

BACKGROUND

In 2006, levels of total dissolved solids (TDS) at the SLCWD water source were reported above the regulatory limit and have remained elevated since 2006. In 2011, SLCWD water quality testing results indicated elevated levels of nitrates, and the County of Monterey, Department of Health, Environmental Health Bureau (EHB) issued a "Do Not Drink" order for San Lucas, an order that is still in effect for the community. These water quality issues have precipitated the need to establish a long-term solution for the SLCWD that will restore a high-quality potable water source for the community.

In 2015, the County retained a consulting firm to identify water supply alternatives and perform a feasibility analysis, along with preliminary engineering and environmental review. Five alternatives were developed and ranked as part of this Feasibility Study. Three of those involve new or improved groundwater sources, and two would (instead) involve connection to the public water system in King City. The preferred alternative (transmission waterline connection to King City) was identified based on key parameters, including physical, administrative, legal, operational, political, and economic feasibility, as well as long-term sustainability; however, next steps for design and implementation of that alternative (involving multiple local stakeholders) have not been completed. Further, the funding necessary for implementation has not yet been identified.

The estimated costs for the alternatives outlined in the 2015 Feasibility Study ranged from a little over \$2.5 million to \$7.2 million at that time, with implementation timeframes ranging from 2 to 5 years, depending on the alternative ultimately selected. A current rough estimate is that the total cost for the preferred alternative could range as high as \$18 million.

It is anticipated that the earmarked Grant funds will be utilized to:

- Prepare a preliminary design that can be used for meetings with stakeholders, and for preliminary State and Federal environmental review pursuant to the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA).
- Further develop and update detail (including costs) for the potential water supply alternatives outlined in the 2015 Study (part of CEQA alternatives review).
- Confirm or update alternatives feasibility analyses based on physical, administrative, legal, operational, political, economic, and long-term sustainability parameters.
- Engage local stakeholders at every step of the process (as the next steps will necessarily involve multiple local stakeholders, including the County, SLWCD, area

landowners/agriculture interests, and possibly King City and the public water system owner/operator).

- Complete the preliminary engineering design and environmental work necessary to comply with CEQA and NEPA and allow the preferred alternative project to proceed to final design and construction implementation when funds are available.
- Complete Grant Application(s) for subsequent funding for right of way and/or assets acquisition as well as construction implementation.

Grant Program Background

On March 9, 2024, President Biden signed the FY 2024 Consolidated Appropriation Act into law. In this law, Congress continued the practice of funding specifically named community infrastructure projects, referred to by the Senate as Congressionally Directed Spending items and in the House of Representatives as Community Project Funding items, both referred to as “Community Grants project.” Community Grants projects are designated for the planning, design, and construction of drinking water, wastewater, and stormwater infrastructure and for water quality protection. In FY2024, the US Congress appropriated \$959,752 from the Community Grants projects program for the San Lucas Clean Drinking Water project. Submitting a grant application to the U.S. EPA is required to obtain the appropriated funds.

The next steps for this project are:

1. Prepare and Submit Grant Application for Consideration by U.S. EPA (ASAP).
Time is of the essence, as the appropriated funds are subject to changes from the current federal administration, and the San Lucas community has needed a clean water supply for many years; and
2. Bring the Grant to the Board for Formal Action/Approval, if/when awarded.
Should the proposed Project be selected to receive EPA grant funding, staff will be bringing an item back to the Capital Improvement Committee, Budget Committee, and Board of Supervisors to accept the grant award and to add the project to the Capital Improvement Plan and Annual Work Program.

OTHER AGENCY INVOLVEMENT:

Coordinate with SLCWD, which will likely include entering into an intergovernmental agreement regarding Project Implementation.

FINANCING:

PWFP will use the funds for preliminary design and environmental engineering as outlined above. Staff anticipates that there will be no direct cost to the County to receive this grant as the pending request for a waiver for the 20% cost share requirement is expected to be approved by the U.S. EPA; however, if that changes, staff will return to the Board for further direction.

BOARD OF SUPERVISORS' STRATEGIC INITIATIVES:

The Project will construct 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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Reviewed by: Jessica Cordiero-Martinez, Finance Manager III

Approved by: Randell Ishii, MS, PE, TE, PTOE, Director of Public Works, Facilities and Parks

Attachments:

Attachment A - Resolution for San Lucas Clean Drinking Water Grant Application