



COUNTY of VENTURA

COUNTY EXECUTIVE OFFICE

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November 7, 2023

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT: Public Hearing to Consider Approval of a Substantial Amendment to the Ventura County Entitlement Area FY 2023-24 Annual Action Plan
Reallocating \$800,000 in Community Development Block Grant Funds to Saticoy Sanitary District's Wastewater Treatment Plant Rehabilitation.

RECOMMENDATION:

Conduct a public hearing to consider approval of the Substantial Amendment to the FY 2023-24 Annual Action Plan to reallocate \$800,000 in Community Development Block Grant funds to Saticoy Sanitary District's Wastewater Treatment Plant Rehabilitation (Exhibit 1).

FISCAL/MANDATES IMPACT:

None.

DISCUSSION:

The County of Ventura ("County") is a recipient of Housing and Urban Development ("HUD") Community Development Block Grant ("CDBG") funds. As a condition of receiving these funds, the County was required to engage stakeholders and the public regarding the community's needs in developing the 2023-24 Annual Action Plan ("23-24 AP"). This process culminated in your Board's approval of the 23-24 AP on April 25, 2023. Consistent with the County's Citizen Participation Plan, Substantial Amendments ("SA") to the 23-24 AP require additional community outreach. The proposed SA (Exhibit 1) is posted online and has been available for public review since October 4, 2023.

Timeliness Requirement for the CDBG Program

As a CDBG program grantee, the County is required to use our funds in a timely manner. A grantee is considered in compliance if, 60 days prior to the end of its program year, the balance in the grantee's line of credit, plus the balance of program income on hand, is not more than 1.5 times the most recent entitlement grant. On September 13, 2023, HUD informed the County that we have been found to be out of compliance with this requirement for a second consecutive year, with a ratio of 1.94 (Exhibit 2). We were required to develop and submit a workout plan to HUD (Exhibit 3), describing the steps we will take to ensure we meet our next timeliness test on May 2, 2024. If we are once again found out of compliance, HUD may impose sanctions, including loss of funds and other corrective actions. After receiving our 2023-24 Program Year funds, and accounting for expenditures through September 2023, our current ratio is 2.50.

The workout plan describes efforts being taken to ensure the County CDBG program is brought into, and continues to maintain, compliance with timeliness expenditure of funds. A crucial element of this plan is to ensure rapid as well as programmatically compliant expenditure of these grant funds. To this end, the proposed SA reprograms \$800,000 previously reserved for a yet unidentified project for affordable housing to the Saticoy Sanitary District's ("SSD") Jose Flores Wastewater Treatment Plant Rehabilitation ("WWTP") project.

Analysis of Recommended Reprogramming

During development of the 23-24 AP, there were two potential sites in the City of Santa Paula being considered for purchase for affordable housing development. Near the end of the 23-24 AP process, the housing developer chose to not pursue either option at this point. Without time to react to other potential activities, staff chose to integrate the \$800,000 as a reserve in support of affordable housing in the Santa Paula area, rather than leaving the funds completely unallocated. To date, no new opportunities have been identified. Due to the requirement for all proposed activities to complete a National Environmental Policy Act ("NEPA") Review, and the typical length of the process (six months or more for large activities), staff determined the most feasible path to meet our expenditure deadline is to reprogram the unused allocation into an activity that has both completed the NEPA process *and* can expend funds in advance of the May 2024 deadline. After reviewing the funding needs of existing activities, the SSD WWTP project was identified as the best option.

The SSD WWTP is the sole service provider to the unincorporated Saticoy area. Over the past several years, SSD has experienced numerous permit violations, including a Cease-and-Desist Order from the State of California Regional Water Quality Control Board. The SSD completed extensive sewer system modifications and improvements as part of their need to comply with State requirements. In addition to County CDBG funds, they obtained funding via two private-sector loans totaling \$1.5M. However, even with these grants and loans, over the last four years the District has had to twice raise sewer service fees by 32% resulting in the highest rates within Ventura County (\$139.44 monthly or \$1,673 annually). In addition, the SSD is currently in the final design phase with the Clean Water State Revolving Fund ("CWSRF") Program to address remaining wastewater conveyance system deficiencies. The estimated construction cost of \$4.5M will be fully funded via the CWSRF award; that project is scheduled for final review with funding expected in September 2024.

CDBG-funded Phase 1 of the work was completed in April 2023; this Phase included installation of an asphalt pad for the geotube drying and rehabilitation of the odor controllers and water delivery system. Phase 2 includes the rehabilitation of two Sequencing Batch Reactor Units, recoating of the tanks, replacing/upgrading the decanter and diffuser systems, and rehabilitation of the headworks. The SSD has a remaining grant balance of approximately \$725,000. Based on the current engineering estimate for construction and the cost of compliance monitoring/inspection, they have a funding gap of approximately \$700,000. Due to uncertainty of the actual construction costs (bidding is anticipated to conclude in late November 2023) and the inclusion of only a minimal contingency cost in the estimates, we recommend allocating the entire \$800,000 available to ensure successful completion of Phase 2. Any excess CDBG funds will be reallocated in accordance with the County's Citizen Participation Plan.

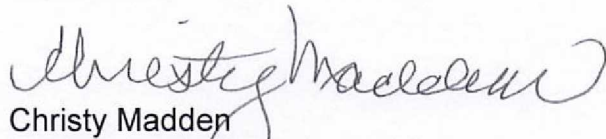
CONCLUSION:

Maintaining compliance with grant regulations is a primary responsibility of the Community Development Department. The workout plan submitted to HUD, addressing noncompliance with CDBG program timeliness, contains a variety of steps staff has taken, and will continue taking, to return to and maintain compliance. After exploring several options to address the immediate issue of meeting our expenditure deadline by May 2, 2024, increasing funding to the existing, active SSD project has been identified as the recommended course of action. Further strategies are detailed in the attached workout plan (Exhibit 3).

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This letter has been reviewed by the County Executive Office, the Auditor-Controller's Office and reviewed and approved as to form by County Counsel. If you have any questions, please contact Christy Madden at 805-654-2679 or Mary Ann Guariento at 805-654-2852.

Sincerely,



Christy Madden
Senior Deputy Executive Officer



Sevet Johnson, PsyD
County Executive Officer

- Exhibit 1: Substantial Amendment to the Ventura County Entitlement Area FY 2023-24 Annual Action Plan
- Exhibit 2: CDBG Timeliness Letter, September 13, 2023
- Exhibit 3: County of Ventura CDBG Timeliness Workout Plan