



COUNTY OF NEVADA
COMMUNITY DEVELOPMENT AGENCY
DEPARTMENT OF PUBLIC WORKS
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Trisha Tillotson
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Trisha Tillotson
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NEVADA COUNTY BOARD OF SUPERVISORS
Board Agenda Memo

MEETING DATE: May 24, 2022

TO: Board of Supervisors

FROM: **Trisha Tillotson, Director of Community Development Agency,
and Acting Director of Public Works**

SUBJECT: Resolution Approving an Award of the American Rescue Plan Act (ARPA) for \$644,000 to the Nevada County Sanitation District No. 1 and Authorizing the Auditor Controller to Transfer the Funds and Amend the FY 2021/22 Budget (4/5 Vote Required)

RECOMMENDATION: Approve the attached Resolution.

FUNDING: Request to award ARPA funds for \$644,000 to the Nevada County Sanitation District No. 1 for Zone 8 and Zone 5. There is no impact on the General Fund. If approved, this Resolution will supplement the Nevada County Sanitation District No. 1 budget. A Resolution requesting acceptance of award follows this item.

BACKGROUND:

The American Rescue Plan Act of 2021 (“ARPA”) (H.R. 1319) is a \$1.9 trillion economic stimulus package passed by Congress and signed by President Joseph Biden on March 11, 2021, in response to the ongoing COVID-19 pandemic and associated economic challenges. Nevada County has been allocated \$19,376,239 in funding.

On April 27, 2021, staff brought a preliminary ARPA Expenditure Plan to the Board for direction. The plan included a recommendation to allocate 30% of ARPA funds (\$5.8M) to community and economic resiliency projects, and 70% (\$13.6M) for COVID-19 related county costs and revenue loss.

On June 22, 2021, the Nevada County Sanitation District No. 1 Board of Directors approved Resolution SD21-005 accepting the Wastewater Fee Study for all Zones. In this study, rate increases were recommended for each zone to reach or approach the target reserves to cover operating and capital needs. To keep rate increases palatable, not all zones would be able to achieve their reserve balances over the five-year period of the rate increases. The district continues to work on efficiencies to reduce operations and maintenance costs of our systems.

Zone 8 has the highest sewer rates in the Nevada County Sanitation District No. 1. Current rates in Zone 8 are \$2,494 per year and will increase to \$2,699 per year by fiscal year 25/26. Some fund balance was anticipated to be used over the next five fiscal years. Due to increasing costs along

with loss of grant revenues and other shortfalls, the zone's established 5-year rates cannot meet the increased operating costs over previous anticipated budgets. In FY20-21, the revenue shortfall was \$234K. The District anticipates a total shortfall of \$629K over the next few years based on approved rates.

In FY20-21, **Zone 5** had a revenue shortfall of \$13K and is anticipated to have an additional shortfall this FY 21-22 of \$2K. The fee study rate increases project the Zone will be able to cover their annual operations and maintenance costs by FY22-23.

The Nevada County Sanitation District No. 1 is requesting the Board of Supervisors to approve \$644,000 in ARPA funds to be awarded to the Nevada County Sanitation District No. 1 for immediate needs in Zone 8, Cascade Shores, and Zone 5, Gold Creek for revenue loss, and to guarantee the zones can continue to operate to protect the health and safety of the residents and the County. The Nevada County Sanitation District No. 1 plans to use \$629,000 in ARPA funds for Zone 8 and \$15,000 for Zone 5 to meet immediate operating needs and perform necessary repairs. A budget amendment is also requested to facilitate this transfer.

Acceptance of the funds for the Nevada County Sanitation District No. 1 Board of Directors follows this item.

Item Initiated by: Alicia Chaturvedula, Chief Fiscal Administrative Officer
Approved by: Trisha Tillotson, Director of Community Development Agency, and Acting Director of Public Works

Submittal Date: April 4, 2022
Revision Date: May 12, 2022