

# Attachment D



# County of Monterey

## Budget Committee Report

**Item No.**

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

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**Matter Type:** Budget Committee

Receive a report on financial status and recent developments for the Department of Public Works, Facilities and Parks (PWFP) American Rescue Plan Act (ARPA) Program.

**RECOMMENDATION:**

It is recommended that the Budget Committee:

Receive a report on financial status and recent developments for the Department of Public Works, Facilities and Parks (PWFP) American Rescue Plan Act (ARPA) Program.

**SUMMARY:**

PWFP staff is continuing to implement water and sewer infrastructure improvement projects funded under the ARPA program, and a detailed report on the progress of work will be provided to the Budget Committee (BC) in January 2023. This report is to provide the BC with a financial status update to inform the BC of additional water/sewer infrastructure funding needs that have been identified. Staff is providing this information to the BC if additional ARPA funds become available from other County programs, which could be re-allocated to support critical infrastructure needs as discussed in this report.

**DISCUSSION:**

***Background***

In Fiscal Year (FY) 2021/22 the Department of Public Works, Facilities and Parks (PWFP) was allocated \$15,887,607 of American Rescue Plan Act (ARPA) funding to implement a three-year water and sewer infrastructure improvement program. An overall expenditure plan, as approved by the Board of Supervisors, is included as **Attachment A**. Improvements fall into three main categories (plus contingency):

1. Parks and Lakes - \$7,656,221
2. Laguna Seca - \$3,355,000
3. CSD and CSA Projects - \$4,100,000
4. Program Contingency - \$776,386 (largely allocated to current projects)

***Current Status - Summary***

There are approximately 70 water and sewer infrastructure improvement projects combined within the facility categories listed above. PWFP is implementing a significant portion of the work utilizing the County's Job Order Contracting (JOC) process.

As of this report, 20 of the 30 planned JOC projects have been completed or are underway. Staff plans to issue about 10 more JOC assignments before the end of the current Fiscal Year. The remaining improvements will be completed as self-performed tasks (via County force account) and are at various stages of completion. Staff's target is to complete work or obligate all available funds by the end of calendar year 2023. To date, PWFP has expended or obligated over 55% (approximately \$9 million) of the programmed funds.

### ***Additional Project Funding***

When PWFP staff was first notified of the potential use of ARPA funds for water and sewer improvements, there was very little time available to develop or update accurate scopes of work or cost estimates. Staff largely relied on previous (dated) assessments and field crew working knowledge of historic areas of need to develop a list of potential improvement tasks and rough cost estimates for the County Administrative Office to be able to prepare an allocation for this program.

Work to date has included a significant and more in-depth system(s) inspection component to better understand water and sewer upgrade and improvement needs in County Parks and CSD/CSAs. Initial project(s) development work has also surfaced needs that were unknown at program inception. The inspection and assessment efforts have identified significant additional infrastructure needs, primarily in the CSD/CSAs and Lakes facilities as further discussed below. It is also important to note that inflation and COVID-19 pandemic issues have contributed to greater than anticipated costs compared to when original project budgets were estimated. The County has the potential to address additional critical infrastructure needs if additional funds could be allocated to this program.

### **CSD-CSA Projects**

Funding for CSD/CSA water and sewer projects has been limited in past years. While the general knowledge of a need for possible significant improvements existed, the County had limited resources to conduct detailed inspections and cost estimates of needed upgrades and improvements. Initial ARPA funding provided for much needed field inspections of sewer lines, manholes and lift station conditions. As a result of these inspections, staff can more accurately report on the condition and cost of critical repairs.

In addition to field surveys and updated cost estimates, current funding was utilized to address emergency responses such as reconstruction of sewer manhole B-02 in the Pajaro CSD. This manhole, located at the base of the Pajaro River levee, was found to be in danger of imminent collapse. It is located close to a manhole that did fail in 2017. Preventing a similar failure likely resulted in significant financial savings for the County.

To bring identified systems into proper operating condition and address extensive deterioration, approximately \$2.8 million in additional ARPA (or other) funding is desirable.

Project categories in need of additional funds are (in priority order):

- Manhole Upgrades in Pajaro - \$500,000
- Sewer Line Upgrades in Pajaro - \$1,000,000

- Lift Station Upgrades in Pajaro - \$500,000
- Chualar Treatment System - \$300,000
- Lift Station Upgrades in Boronda CSD - \$500,000

**Sub-Total: \$2,800,000 (additional)**

The most urgent supplemental funding need for the entire ARPA Program is for CSD/CSA water and sewer projects. In order to keep critical work moving forward, staff has adjusted funding between projects within the CSD/CSA group and placed a temporary hold on some projects. As an example, lift station upgrades in the Boronda CSD are ready to be implemented but are being held to allow even more urgent upgrades to proceed in the San Jerardo Water System Project. Similarly, lift station upgrades in the Pajaro CSD have been paused to permit work to be completed on a greatly needed sewer main replacement in Las Lomas (in the vicinity of active slope creep where a landslide occurred in the late 1990s). If additional funds cannot be secured, then these 'held' projects will likely need to be eliminated from the current ARPA program, and funded some other way (e.g., via updated customer service rates).

Engineering evaluations of the manholes and sewer lines in the Pajaro CSD wastewater system were recently finished. Although some critical work has already been completed or is underway on severely compromised sewer lines and manholes, the evaluations have identified the need for approximately \$1,000,000 of additional investment in other urgently needed sewer line improvements, along with \$500,000 in additional manhole upgrades. If additional funding is not available, then these critical upgrades cannot be implemented under this (ARPA) program.

**Parks and Lakes Projects**

Staff has identified approximately \$2 million of additional water and sewer infrastructure improvements needed at Lake San Antonio and Lake Nacimiento. As with the CSD-CSA projects, this is principally attributable to infrastructure degradation worse than anticipated when budgets were established (e.g., urgently needed upgrades to the principal water system intake line and storage tank at Lake Nacimiento). Also, emergency responses (including two water main breaks on the intake line to Lake Nacimiento) and inflation have contributed to the projected increased needs.

Key water projects at both Lake San Antonio and Lake Nacimiento may have to be substantially reduced if additional funds are not available. The only other option would be to consider cutting other projects from the Program to free up capacity for the Lake work.

The major project in this category is a revamped/improved water system at Lake San Antonio South Shore (\$3.3 million budgeted). The funding available for this project is almost fully allocated to the first two phases of this project (which are currently underway) to replace the water intake pipes and water storage tank. Project categories in need of additional funds are:

- Lake San Antonio Water System- \$1,000,000 (treatment plant upgrades)
- Lake Nacimiento Water System - \$1,000,000 (reconstruct failing intake water line)

**Sub-Total: \$2,000,000 (additional)****Laguna Seca Water and Wastewater Element**

At this point, the funds currently programmed for Laguna Seca appear to be adequate to cover the projected costs for water and sewer system improvements.

**Total Estimated Additional Need**

As explained above, there is a need for up to an additional \$4.8 million allocation to the ARPA water and sewer infrastructure improvement program should ARPA or other funds become available. As the Budget Committee is aware, there are other components of the overall County ARPA program. If ARPA funds become available from the other programs, those remaining funds could be re-allocated to the water/sewer infrastructure to address critical needs and help the County maximize and make timely use of its entire ARPA allocation. PWFP is continuing to experience long lead times for needed equipment, therefore, it would be ideal to re-allocate additional ARPA funds, if available, as soon as practicable so that project implementation can occur within prescribed ARPA funding deadlines.

PWFP will continue to implement and complete as much water and sewer infrastructure work as existing ARPA allocations allow. If additional funding cannot be identified, the added work identified above will remain incomplete and the water and sewer systems may remain at a higher risk for failure. For the CSD/CSAs, the cost of needed remaining improvements would be incorporated into proposed updated and increased customer service rates to accomplish the repairs. For the water and sewer system infrastructure at the Lakes, funds to support those improvement projects would be requested via the annual budget process.

**OTHER AGENCY INVOLVEMENT:**

PWFP discussed this report with the County Administrative Office Budget and Analysis Division.

**FINANCING:**

If additional funds are made available, they will be added to the FY 2022-23 Adopted Budget for the PWFP ARPA Water/Sewer Infrastructure Improvement Program. The current allocation is in FY 2022/23 Fund 404.

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Attachments:

Attachment A - ARPA Program Budget Funding Summary