



# County of Monterey

## Budget Committee Report

Legistar File Number: BC 24-067

Item No.

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

May 31, 2024

**Introduced:** 5/17/2024

**Version:** 1

**Current Status:** Agenda Ready

**Matter Type:** Budget Committee

- a. Support use of General Fund Strategic Reserves to provide advance funding to the Public Works, Facilities and Parks Department's (PWFP) Road Fund to complete the Fiscal Year (FY) 2022-23 January/March and FY 2023-24 February Winter Storm Repair Projects to be repaid with reimbursements from the Federal Emergency Management Agency (FEMA) and other federal and state agencies;
- b. Support authorizing and directing the Auditor-Controller to amend the FY 2023-24 adopted budget as follows:
  1. Transfer \$13,888,897 from the Strategic Reserve (BSA 001-3111) to the Disaster Assistance Assignment (BSA 001-3126);
  2. Increase appropriations by \$13,888,897 in the County Administrative Office (CAO) General Fund 001, Other Financing Uses Appropriation Unit CAO017 financed by a release of \$13,888,897 in Disaster Assistance Assignment (BSA 001-3126);
  3. Increase appropriations by \$19,735,761 in the Road Fund 002, Appropriation Unit PFP004, financed by \$13,888,897 operating transfer from General Fund 001, Other Financing Uses Appropriation Unit CAO017 and \$5,846,864 from Road Fund Restricted Fund Balance (002-3044-STRM); and
- c. Transfer \$13,888,897 from General Fund 001, Other Financing Uses Appropriation Unit CAO017 to Road Fund 002, Appropriation Unit PFP004.

### RECOMMENDATION:

It is recommended that the Budget Committee:

- a. Support allocating General Fund Strategic Reserves to provide advance funding to the Public Works, Facilities and Parks Department's (PWFP) Road Fund to complete the Fiscal Year (FY) 2022-23 January/March and FY 2023-24 February Winter Storm Repair Projects to be repaid with reimbursements from the Federal Emergency Management Agency (FEMA) and other federal and state agencies;
- b. Support authorizing and directing the Auditor-Controller to amend the FY 2023-24 adopted budget as follows:
  1. Transfer \$13,888,897 from the Strategic Reserve (BSA 001-3111) to the Disaster Assistance Assignment (BSA 001-3126);
  2. Increase appropriations by \$13,888,897 in the County Administrative Office (CAO) General Fund 001, Other Financing Uses Appropriation Unit CAO017 financed by a release of \$13,888,897 in Disaster Assistance Assignment (BSA 001-3126);

3. Increase appropriations by \$19,735,761 in the Road Fund 002, Appropriation Unit PFP004, financed by \$13,888,897 operating transfer from General Fund 001, Other Financing Uses Appropriation Unit CAO017 and \$5,846,864 from Road Fund Restricted Fund Balance (002-3044-STRM); and
- c. Transfer \$13,888,897 from General Fund 001, Other Financing Uses Appropriation Unit CAO017 to Road Fund 002, Appropriation Unit PFP004.

SUMMARY:

The Board of Supervisors (Board) authorized the use of \$23,620,00 in General Fund Strategic Reserves to provide advanced funding to the Road Fund for FY 2022-23 (\$18,620,000) and FY 2023-24 (\$5,000,000) Winter Storm Projects. After the initial reports to the Board of Supervisors, additional repair projects and changes to existing projects have increased cost to \$49,346,969 for the January/March 2023 (\$40,646,969) and February 2024 (\$8,700,000) storms. The Public Works, Facilities and Parks Department (PWFP) has completed 126 projects and used substantial Road Fund revenues to cash flow the projects. To complete the remaining projects, PWFP is requesting to modify the distribution of the unused General Fund Strategic Reserve funds totaling \$5,846,864 that were previously allocated by the Board of Supervisors in FY 2022-23. This action would not increase the overall request from Strategic Reserves for these winter storm events. The funds are already in the Road Fund and would be repurposed to complete other winter storm projects from the same period. PWFP is also requesting additional General Fund Strategic Reserves of \$13,888,897 to assist is cash flowing the remaining projects, which are eligible for reimbursement from FEMA and other federal and state agencies.

DISCUSSION:

California experienced winter atmospheric river events beginning on December 26, 2022, and continuing into January 2023. The storms damaged vital infrastructure and facilities in the County of Monterey and other agencies. On January 10, 2023, the Board ratified a Proclamation of a Local Emergency issued by the County Administrative Officer (CAO) on January 4, 2023. The Board approved using \$21,752,475 from the Strategic Reserve on February 14, 2023 for advanced funding of winter storm repair projects; \$14,752,475 for PWFP and \$7,000,000 for Water Resource Agency (WRA). The Road Fund received \$11,505,000 of PWFP's share.

Another series of winter storms began on March 9, 2023, and continued into mid-March 2023, exacerbating the damages from December 2022/January 2023 and causing new damages. Then on March 10, 2023, the Pajaro River Levee failed, causing interior flooding of homes and businesses in the unincorporated community of Pajaro and surrounding homes and agricultural properties. A Local Emergency was proclaimed by the CAO on March 9, 2023, and ratified by the Board on March 14, 2023. PWFP estimated repair costs of \$20,131,960 and on May 23, 2023, the Board approved advance funding using Strategic Reserves to complete these repairs. Of that amount, the Road Fund received \$7,115,000.

In early February 2024, another severe series of winter storms caused an estimated \$5,000,000 in damages to County roads. PWFPP partnered with the Department of Emergency Management (DEM) and Water Resources Agency (WRA), to request Strategic Reserve funding from the Board, which was approved on March 26, 2024 for \$6,900,000 (PWFPP \$5,000,000, DEM \$1,050,000, and WRA \$850,000). At the time the report was written, the California state proclamation and Federal disaster declaration were pending; it was uncertain if State or Federal funding would be made available. However, on April 13, 2024, FEMA declared the February 2024 event an emergency, authorizing Public Assistance for Monterey County.

After the initial reports to the Board, additional repair projects identified after the previous initial damage estimates and changes in project scope and cost estimates has increased the amount required to cash flow the January/March 2023 and February 2024 storm projects (Attachment A). Many of these projects required immediate attention and were completed to restore roads to their pre-storm condition, using the General Fund Strategic Reserve advance and Road Fund revenues that were allocated for other planned capital projects or operational needs. The storm projects have significantly diminished the Road Fund's fund balance, as reimbursements from FEMA and other federal and state agencies lag significantly behind. This puts other Board approved projects at risk, including those in the Annual Road Fund Work Plan (such as the Community Road Maintenance Program, the Local Road Rehabilitation Program v2.0, Measure X campaign projects like Alisal Road Reconstruction and Elkhorn Road Rehabilitation, traffic safety projects, etc.).

OTHER AGENCY INVOLVEMENT:

PWFPP coordinated this recommendation with the County Administrative Office Budget & Analysis Division.

FINANCING:

Winter storm projects costs from January/March 2023 and February 2024 have increased, resulting in an unmet need of \$19,735,761. Staff identified \$5,846,864 in Strategic Reserve funds the Board previously allocated to the Road Fund, which could be redistributed to other storm projects. This would leave a balance of \$13,888,897, which staff is requesting additional General Fund Strategic Reserve funds. The Strategic Reserve balance is \$53,744,359 and this action would decrease it to \$39,855,462. Staff will continue to file reimbursement claims with FEMA and other state agencies, which will be used to replenish the General Fund Strategic Reserve Fund Balance.

Prepared by: Jessica Cordiero-Martinez, Finance Manager III (831) 755-4824

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

DocuSigned by:  
*Randell Ishii*  
C09779208FE94F3...

5/21/2024 | 5:37 PM PDT

Attachment A:

Attachment A - Winter Storm Projects, Strategic Reserve Request