



County of Monterey

Item No.

Board Report

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

Legistar File Number: BCSD RES 24-002

April 16, 2024

Introduced: 3/29/2024

Current Status: Agenda Ready

Version: 1

Matter Type: BCSD Resolution

Acting as the Board of Directors of the Boronda County Sanitation District:

Authorize and direct the Auditor-Controller to amend the Fiscal Year 2023-24 Boronda County Sanitation District Adopted Budget, Fund 156, Appropriation Unit PFP049, to increase appropriations by \$184,840, financed by unassigned fund balance (156-3101) in the amount of \$62,750, increased revenue of \$262 and an operating transfer in of \$121,828 from General Fund 001, Other Financing Uses Appropriation Unit COA017 to be repaid per a loan agreement (4/5 vote required).

RECOMMENDATION:

It is recommended that the Board of Supervisors, acting as the Board of Directors of the Boronda County Sanitation District:

Authorize and direct the Auditor-Controller to amend the Fiscal Year 2023-24 Boronda County Sanitation District Adopted Budget, Fund 156, Appropriation Unit PFP049, to increase appropriations by \$184,840, financed by unassigned fund balance (156-3101) in the amount of \$62,750, increased revenue of \$262 and an operating transfer in of \$121,828 from General Fund 001, Other Financing Uses Appropriation Unit COA017 to be repaid per a loan agreement (4/5 vote required).

SUMMARY/DISCUSSION:

The Boronda County Sanitation District (BCSD) provides wastewater collection services to the community of Boronda. The operations and maintenance of the wastewater treatment and collection system must meet the regulatory requirements established under the Statewide Waste Discharge Requirements General Order for Sanitary Sewer Systems Order WQ 2022-0103-DWQ adopted December 6, 2022 by the State Water Resources Control Board (SWRCB) with an effective date of June 5, 2023.

BCSD will incur costs greater than the amount available in the current Fund Balance, Fund 156, by \$121,828. Additional costs are related to maintenance expenses, mandated regulatory compliance requirements, and consulting services to complete the rate study and Proposition 218 election that will establish new customer rates. Though there are additional mandatory regulatory documents that need to be produced, the Board granted funding for this regulatory document task at the September 19, 2023, Board Meeting for \$82,500.

Maintenance projects critical to the proper function of the sanitation system are necessary to be completed during the current fiscal year and include sewer line cleaning and generator repairs. The completion of these projects is outside the scope of sewer maintenance staff and must be completed

by outside vendors. The cost for sewer line cleaning and generator repairs are estimated at \$50,000 and \$40,000, respectively.

BCSD sewer rates have not been increased in several years and a rate study to establish new rates is required in order to move forward with a Sewer Rates Study and subsequent Proposition 218 process that will establish new rates. Additionally, the BCSD ordinance must be updated to allow the District to legally charge the new rates and collect them on the Assessor Tax Rolls. Completion of the Rate Study/Proposition 218 process and the Ordinance Update are estimated at \$64,000 and \$40,000 respectively.

Once funding is approved, it is estimated that the final rate study will be completed by the end of June 2024 and community outreach efforts can commence, allowing for the Proposition 218 process to be completed and new rates in place by the Beginning of the 2025-26 fiscal year.

OTHER AGENCY INVOLVEMENT:

At its March 28, 2024, meeting, the Budget Committee received and supported a report from staff regarding the BCSD's projected Fiscal Year (FY) 2023-24 budget deficit and request for a General Fund Loan.

FINANCING

If approved, the BCSD adopted budget for FY 2023-24 will be modified to increase appropriations by \$184,840 to fund additional expenditures for maintenance, regulatory compliance, completion of a rate study, and subsequent Proposition 218 Election, and an update to the BCSD Ordinance. The increased costs are proposed to be funded by BCSD's unassigned fund balance of \$62,750, additional investment income revenue of \$262 and a loan from the General Fund of \$121,828, which has a balance of \$1,650,458.

Staff recommends a loan from the General fund of \$121,828, to be paid back with interest. Borrower shall make payments each fiscal year beginning one year after a sewer rate increase has been established and the District's cash balance is at least 10% of its operating expenditures budget. Such payments are due within thirty (30) days following the final closing of the Borrower's Financial Books for each fiscal year. At a minimum, annual Scheduled Payments shall equal the amount of any accrued interest through June 30 of that fiscal year plus a principal payment equal to one-twentieth (1/20) of the original principal amount.

Prepared by: Lynette Redman, Management Analyst III, (831) 796-6038

Approved by: Enrique Saavedra, PE, Chief of Public Works, Facilities & Parks

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

DocuSigned by:
Randell Ishii
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Attachments:

Attachment A - Resolution

Attachment B - FY 2023-24 BCSD Financial Summary

Attachment C - Sample Interfund Loan Agreement

Attachment D - Location Map