



# County of Monterey

**Item No.**

## Board Report

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

**Legistar File Number: BC 24-032**

**March 28, 2024**

**Introduced:** 3/11/2024

**Current Status:** Agenda Ready

**Version:** 1

**Matter Type:** Budget Committee

Support the Public Works, Facilities and Parks recommendation to the Board of Supervisors, acting as the Board of Directors of the Boronda County Sanitation District to:

- a. 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 existing fund balance in the amount of \$69,316 and an operating transfer-in of \$121,828 from General Fund 001, Other Financing Uses Appropriation Unit CAO017 to be repaid per a loan agreement;
- b. Authorize and direct the Auditor-Controller to amend the Fiscal Year 2023-24 Adopted Budget, General Fund 001, Other Financing Uses Appropriation Unit CAO017, to increase appropriations by \$121,828 financed by either a release in Cannabis Tax Assignment (BSA 001-3132) or a decrease in appropriations in General Fund 001, Contingencies Appropriation Unit CAO020; and
- c. Authorize and direct the Auditor-Controller to transfer \$121,828 for the Fiscal Year 2023-24 from General Fund 001, Other Financing Uses Appropriation Unit CAO017, to Boronda County Sanitation District, Fund 156, Appropriation Unit PFP049.

**RECOMMENDATION:**

It is recommended that the Budget Committee support the Public Works, Facilities and Parks recommendation to the Board of Supervisors, acting as the Board of Directors of the Boronda County Sanitation District to:

- a. 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 existing fund balance in the amount of \$69,316 and an operating transfer-in of \$121,828 from General Fund 001, Other Financing Uses Appropriation Unit CAO017 to be repaid per a loan agreement;
- b. Authorize and direct the Auditor-Controller to amend the Fiscal Year 2023-24 Adopted Budget, General Fund 001, Other Financing Uses Appropriation Unit CAO017, to increase appropriations by \$121,828 financed by either a release in Cannabis Tax Assignment (BSA 001-3132) or a decrease in appropriations in General Fund 001, Contingencies Appropriation Unit CAO020; and
- c. Authorize and direct the Auditor-Controller to transfer \$121,828 for the Fiscal Year 2023-24 from General Fund 001, Other Financing Uses Appropriation Unit CAO017, to Boronda County Sanitation District, Fund 156, Appropriation Unit PFP049.

**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 State Waste

Discharge Requirements for Wastewater Discharge Order 3SS018097 issued by the California State Water Resources Control Board (CSWRCB).

BCSD will incur costs greater than the amount budgeted in FY 2023-24 due to higher than anticipated costs related to maintenance expenses, regulatory compliance, and consulting services to complete the rate study and Proposition 218 election that will establish new customer rates.

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. Finally, a Sewer System Management Plan (SSMP), mandated by the California State Water Resources Control Board must be prepared to meet regulatory requirements. The anticipated cost of this report is \$82,000.

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:

This item is scheduled for the Board of Supervisors and the Board of Supervisors, acting as the Board of the Boronda County Sanitation District's consideration at their regularly scheduled meetings on April 16, 2023.

#### FINANCING

As of June 30, 2023, the BCSD Unassigned Fund Balance is \$69,316. Fiscal Year 2023-24 revenue is estimated to total \$242,857, resulting in \$312,174 in available funding. Budgeted expenditures do not include additional maintenance, completion of a rate study and subsequent Proposition 218 Election, and an update to the BCSD Ordinance. The resulting shortfall is \$121,828. Potential General Fund financing sources include Cannabis Tax Assignment and Contingencies, which have balances of \$1,650,458 and \$903,758, respectively.

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 expenditure 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 one-twentieth (1/20) of the original principal amount.

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Approved by: Enrique Saavedra, PE, Chief of Public Works

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

DocuSigned by:  
Randell Ishii  
3/19/2024 11:27 AM PDT

Attachments:

Attachment A - BCSD FY 2023-24 Financial Summary

Attachment B - Sample Interfund Loan Agreement

Attachment C - Location Map