



# County of Monterey

Item No.28

## Board Report

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

Legistar File Number: RES 24-210

January 14, 2025

**Introduced:** 12/18/2024

**Current Status:** Public Works, Facilities &  
Parks - Consent

**Version:** 1

**Matter Type:** BoS Resolution

Adopt a Resolution to:

- a. Authorize use of General Fund Strategic Reserve 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, and add to the Annual Work Program for Road Fund;
- b. Authorize the County Administrative Office and Auditor-Controller to make fund balance designations and fund balance changes, respectively in FY 2024-25:
  1. Transfer \$9,211,629 from the Strategic Reserve (BSA 001-3111) to the Disaster Assistance Assignment (BSA 001-3126) (4/5ths vote required);
- c. Authorize and direct the Auditor-Controller to amend the FY 2024-25 Adopted Budget and transfer funds as follows:
  1. Increase appropriations by \$9,211,629 in the County Administrative Office (CAO) General Fund 001, Other Financing Uses Appropriation Unit CAO017 financed by a release of \$9,211,629 in Disaster Assistance Assignment (BSA 001-3126) (4/5ths vote required);
  2. Increase appropriations by \$9,211,629 in the Road Fund 002, Appropriation Unit PFP004, financed by a \$9,211,629 operating transfer from General Fund 001, Other Financing Uses Appropriation Unit CAO017 (4/5ths vote required);
  3. Transfer \$9,211,629 from General Fund 001, Other Financing Uses Appropriation Unit CAO017 to Road Fund 002, Appropriation Unit PFP004 (4/5ths vote required);
  4. Increase revenue and appropriations in the Road Fund 002, Appropriation Unit PFP004 for any FEMA revenues received in FY 2024-25, where General Fund Strategic Reserve funds were advanced (4/5ths vote required); and
  5. Transfer FEMA revenues where General Fund Strategic Reserve funds were advanced to County Administrative Office (CAO) General Fund 001, Other Financing Uses Appropriation Unit CAO017 for reimbursement to the General Fund Strategic Reserve (BSA 001-3111) (4/5ths vote required).

### RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a Resolution to:

- a. Authorize use of General Fund Strategic Reserve 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, and add to the Annual Work Program for Road Fund;
- b. Authorize the County Administrative Office and Auditor-Controller to make fund balance

designations and fund balance changes, respectively in FY 2024-25:

1. Transfer \$9,211,629 from the Strategic Reserve (BSA 001-3111) to the Disaster Assistance Assignment (BSA 001-3126) (4/5ths vote required);
- c. Authorize and direct the Auditor-Controller to amend the FY 2024-25 Adopted Budget and transfer funds as follows:
  1. Increase appropriations by \$9,211,629 in the County Administrative Office (CAO) General Fund 001, Other Financing Uses Appropriation Unit CAO017 financed by a release of \$9,211,629 in Disaster Assistance Assignment (BSA 001-3126) (4/5ths vote required);
  2. Increase appropriations by \$9,211,629 in the Road Fund 002, Appropriation Unit PFP004, financed by a \$9,211,629 operating transfer from General Fund 001, Other Financing Uses Appropriation Unit CAO017 (4/5ths vote required);
  3. Transfer \$9,211,629 from General Fund 001, Other Financing Uses Appropriation Unit CAO017 to Road Fund 002, Appropriation Unit PFP004 (4/5ths vote required);
  4. Increase revenue and appropriations in the Road Fund 002, Appropriation Unit PFP004 for any FEMA revenues received in FY 2024-25, where General Fund Strategic Reserve funds were advanced (4/5ths vote required); and
  5. Transfer FEMA revenues where General Fund Strategic Reserve funds were advanced to County Administrative Office (CAO) General Fund 001, Other Financing Uses Appropriation Unit CAO017 for reimbursement to the General Fund Strategic Reserve (BSA 001-3111) (4/5ths vote required).

SUMMARY:

The Board of Supervisors (Board) authorized the use of \$23,620,00 in General Fund Strategic Reserve 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 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) completed 126 projects and used substantial Road Fund revenues to cash flow the projects. At the May 31, 2024 Budget Committee meeting, the Budget Committee supported PWFP's request 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 did not increase the overall request from Strategic Reserve for these winter storm events. The funds were already in the Road Fund and would be repurposed to complete other winter storm projects from the same period. PWFP also requested additional General Fund Strategic Reserve of \$13,888,897 to assist in cash flowing the remaining projects, which are eligible for reimbursement from FEMA and other federal and state agencies. These actions were approved at the June 4, 2024 Board of Supervisors' meeting.

To reduce the past Strategic Reserve Requests for the Road Fund, PWFP made the conscious decision to cash flow overages in 2023 Winter Storm and 2024 Winter Storm repairs, that exceeded the May/June 2024 request. PWFP used approximately \$9,211,629 of its Measure X revenue (1 of 4 funding sources for Road Fund) and reallocated it from planned Road Capital Projects, and impeding PWFP's own delivery of services to the public. At the time, it was thought that FEMA and CalOES would have already started reimbursing the County for the past damages. However, as of this time in FY 2024-25, it has been almost 2 years since the first storm damages and reimbursement is not imminent.

This cash flowing by the Road Fund is impeding the ability to deliver on planned capital projects in FY 2024-25. In order to deliver on projects such as the Elkhorn Road Rehabilitation, Old Stage Road from Iverson to Chualar Road, beginning resurfacing on portions of Jolon Road, and keep on track with the repaving of the 4-lane of Carmel Valley Road (from Carmel Rancho Blvd to almost Rancho San Carlos), PWFP is requesting approximately \$9,211,629 of Strategic Reserve to payback the Road Fund Measure X funds that are cash flowing these storm damages.

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 Reserve 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. PWFP 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 (PWFP \$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 the County of Monterey.

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. At the May 31, 2024 Special Budget Committee meeting, the Budget Committee supported the request. Accordingly, at the June 4, 2024 Board of Supervisors meeting, the Board approved the request.

Since that time, the actual costs for repairing road damages (such as slip outs or slide repair) have exceeded the cost estimates. To reduce the request from Strategic Reserve, PWFP attempted to cash flow these overages in damages by reallocating from planned Capital Projects and deferring until later

(potentially over 1 year). PWFP used approximately \$9,211,629 of its Measure X revenue (1 of 4 funding sources for Road Fund) and reallocated it from planned Capital Projects, which impeded PWFP's delivery of services to the public. At the time, it was thought that FEMA and CalOES would have already started reimbursing the County for the past damages. However, it has been almost 2 years since the first storm damages and reimbursement is not imminent.

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. In order to deliver on projects such as the Elkhorn Road Rehabilitation, Old Stage Road from Iverson to Chualar Road, beginning resurfacing on portions of Jolon Road, and keep on track with the repaving of the 4-lane of Carmel Valley Road (from Carmel Rancho Blvd to almost Rancho San Carlos), PWFP is requesting \$9,211,629 of Strategic Reserve to payback the Road Fund Measure X funds that are cash flowing these storm damages.

OTHER AGENCY INVOLVEMENT:

PWFP discussed this recommendation with the County Administrative Office Budget & Analysis Division. The request to bypass the Budget Committee was approved on December 12, 2024.

FINANCING:

There are 227 projects related to the January/March 2023 and February 2024 winter storms, of which 158 are complete, 63 are in progress and 2 were removed. The project costs from January/February 2023 of \$20,446,519 have already been submitted to FEMA, and the February 2024 project list with current cost of \$21,147,184 has been submitted as well. However, the final packets for the February 2024 projects are still pending, as FEMA is currently focusing on processing the January/March 2023 storm projects first. The status of all 2023 projects was verified, confirming that they are awaiting FEMA action. While there is confidence in receiving significant reimbursement, the process is subject to a detailed audit, and based on past experiences with similar projects, delays of up to four years may occur and project costs may be denied. The expected reimbursement split is 75% from FEMA, 18.75% from the State, and the County covering the remaining 6.25%.

The Road Fund used Measure X funds to cash flow \$9,211,629 for January/March 2023 and February 2024 winter storm projects in anticipation of reimbursements from FEMA and other agencies. With reimbursements still pending, other scheduled Road Fund capital projects will be delayed if another funding source is not identified to temporarily cash flow the storm projects. Staff identified \$1,735,604 in Strategic Reserve funds the Board previously allocated to the Road Fund, which could be redistributed to other storm projects. This would result in a balance of \$9,211,629, which staff is requesting additional General Fund Strategic Reserve funds. The Strategic Reserve balance is \$67.8 million and this action would decrease it to \$58.6 million.

Thus far, Strategic Reserve funding of \$37,508,898 has been provided for these storms and \$1,076,761 replenished, for a net outstanding amount of \$36,432,137. If approved, the additional

\$9,211,629 will bring the outstanding balance to \$45,643,766. PWFP will continue to closely monitor FEMA reimbursements and ensure the Strategic Reserve funds are replenished timely.

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.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Utilizing General Fund Strategic Reserve to advance fund the FY 2022-23 and FY 2023-24 Winter Storm repair projects, pending FEMA and other state and federal agency reimbursement, aligns with the County's Infrastructure and Public Safety initiatives which seeks to improve the quality of life for County residents and create safe environments.

- ☐ Economic Development
- ☐ Administration
- ☐ Health & Human Services
- ☒ Infrastructure
- ☒ Public Safety

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

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

The following attachments are on file with the Clerk of the Board:

Attachment A - Resolution

Attachment B - Winter Storm Projects, Strategic Reserve Request