

Attachment B

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Monterey County

Item No. 02

Board Report

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

Legistar File Number: RES 20-107

June 30, 2020

Introduced: 6/23/2020

Version: 1

Current Status: Agenda Ready

Matter Type: BoS Resolution

Adopt a Resolution to:

- a. Authorize and direct the Auditor-Controller to release \$46,750 from the Cannabis Tax Assignment, Fund 001, Balance Sheet Account 3132, to Boronda County Sanitation District, Fund 156, Appropriation Unit RMA045, as a loan, where the Cannabis Tax Assignment has sufficient available balance (4/5th vote); and
- b. Authorize the Chair of the Board to sign the Interfund Loan Agreement between the County of Monterey and the Boronda County Sanitation District.

RECOMMENDATION:

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

- a. Authorize and direct the Auditor-Controller to release \$46,750 from the Cannabis Tax Assignment, Fund 001, Balance Sheet Account 3132, to Boronda County Sanitation District, Fund 156, Appropriation Unit RMA045, as a loan, where the Cannabis Tax Assignment has sufficient available balance (4/5th vote); and
- b. Authorize the Chair of the Board to sign the Interfund Loan Agreement between the County of Monterey and the Boronda County Sanitation District.

SUMMARY:

The Boronda County Sanitation District (BCSD) will incur costs greater than the amount budgeted in FY 2019-20 due to higher-than-anticipated equipment repair/replacement costs and increased staff costs to respond to these unplanned operational needs. Specifically, the higher costs relate directly to the advanced age and deteriorated condition of the lift stations, which require greater preventive maintenance, more frequent electrical repairs, videoing of sewer lines to troubleshoot problems, and equipment replacement. Additional staff time costs were also incurred to inspect, monitor, and maintain the aging equipment on a more frequent basis. Most recently, the Boronda Oaks lift station experienced pump failure. This lift station requires two (2) pumps for optimal performance; therefore, staff recommends the purchase of two (2) pumps: one (1) to replace the inoperable pump and a second to be installed as a backup pump. Backup pumps are a recommended industry standard to limit the potential for sanitary sewer spills.

Resource Management Agency (RMA) staff has completed an initial review of a Draft Condition Assessment for BCSD, with final reports expected by the end of June 2020. The Final Condition Assessment will be used to develop a rate study to establish a rate structure that can provide fiscal sustainability to BCSD. Staff anticipates the Proposition 218 Rate Increase will be completed in time to implement it during the first quarter of Fiscal Year 2020-21.

The Board of Supervisors allocated \$51,750 and \$15,000 toward the condition assessment, rate study, and Proposition 218 rate increase. The requested action would preserve these funds from being eroded by the unplanned increases in operating and repair costs.

OTHER AGENCY INVOLVEMENT:

The Budget Committee voted to support the action at their meeting on May 28, 2020, with a recommendation to consider as a loan a \$46,750 release from the Cannabis Tax Assignment. Concurrently today, the Board of Supervisors, acting as the Board of Directors for BCSD, will consider adopting a resolution to authorize and direct the Auditor-Controller to amend the FY 2019-20 Boronda County Sanitation District Adopted Budget, Fund 156, Appropriation Unit RMA045, to increase appropriations and operating transfers in by \$64,740, including a transfer out of \$46,740 from the Cannabis Tax Assignment.

FINANCING:

On November 5, 2019, the Board approved an appropriations increase, in the amount of \$51,750, financed by Unassigned Fund Balance (Fund 156, Balance Sheet Account 3101) [Resolution 19-390]. This reduced the fund balance to \$17,990. A second budget appropriations increase, in the amount of \$64,740, is required to fund increased operations and maintenance costs. Staff requests an increase in appropriations where the financing sources are: Unassigned Fund Balance (\$17,990) and a fund release from the Cannabis Tax Assignment (\$46,750) as a loan to BCSD. The Loan Agreement stipulates repayment at simple interest at the County Treasury Investment Pool interest rate. Loan repayment will begin one (1) year after a sewer rate increase has been established and the District's cash balance is at least ten percent (10%) of its operating expenditure budget. With approval of the recommended action, the BCSD fund balance will be reduced to \$0. As of June 1, 2020, the Cannabis Tax Assignment balance was \$24,326,731.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:


The requested appropriations to fund higher-than-anticipated operations and maintenance costs support the Health & Human Services and Infrastructure Strategic Initiatives by protecting public health and infrastructure ensuring that BCSD facilities continue to function properly.

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

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Reviewed by: Melanie Beretti, Property Administration/Special Programs Manager

Approved by: Shawne Ellerbee, RMA Deputy Director of Administrative Services

Approved by: Carl P. Holm, AICP, RMA Director 

Attachments

Attachment A-BCSD Financial Summary FY End 6/30/2020

Attachment B-Board of Supervisors Resolution 19-390

Attachment C-Loan Agreement

Attachment D-Draft Resolution

(Attachments are on file with the Clerk of the Board)