

MONTEREY COUNTY BOARD OF SUPERVISORS' BUDGET COMMITTEE

MEETING: May 13, 2013	AGENDA NO:
SUBJECT: Support a request authorizing: a) The transfer of General Fund Contingency funds, in the amount of \$1,018,685, for costs related to the San Antonio and Nacimiento Lakes Fuel Spill; and b) The Auditor-Controller to increase FY 2012-13 revenue and appropriations by \$1,018,685 in the newly created Lakes Fuel Spill Budget Unit 8429, which is under County Counsel Risk Management. DEPARTMENT: County Counsel	

RECOMMENDATIONS:

It is recommended that the Board of Supervisors' Budget Committee support:

- a) The transfer of General Fund Contingency funds, in the amount of \$1,018,685, for costs related to the San Antonio and Nacimiento Lakes Fuel Spill; and
- b) The Auditor-Controller to increase FY 2012-13 revenue and appropriations by \$1,018,685 in the newly created Lakes Fuel Spill Budget Unit 8429, which is under County Counsel Risk Management.

SUMMARY/DISCUSSION:

The Monterey County Water Resource Agency (MCWRA) sought and received approval from the County Board of Supervisors on August 28, 2012 for the Fuel Spill Clean-Up Management Services Agreement (hereinafter "Agreement") requesting reimbursement from the County for \$335,557 for fuel spill clean-up expenses (net of reimbursements) paid with MCWRA funds prior to June 30, 2012. As noted in the Agreement, the County assumed liability for all costs related to the fuel spill clean-up at Nacimiento and San Antonio Reservoirs.

The agreement also directed the County to pay, beginning in FY 2012-13, ongoing costs to GeoRestoration, a geological firm for fuel spill clean-up, monitoring, fuel extraction, and regulatory reporting activities and to pay ongoing project management services costs to MCWRA.

The CAO-Budget and Analysis division requested Risk Management to assume responsibility for the payment, and tracking of the fuel spill costs on behalf of the County. In response:

- Risk Management established the new Lakes Fuel Spill Budget Unit 8429 under County Counsel Department 1210, Appropriation COU006.
- As the funding source was not identified in the Agreement, payments are temporarily being issued out of the General Liability ISF.
- The General Liability ISF will be reimbursed upon receipt of the appropriations in the Lakes Fuel Spill Budget Unit 8429.

The FY 2012-13 appropriations request totaling \$1,018,685 is comprised of:

- Costs before Transition to Risk Management (Exhibit A):
 - Reimburse MCWRA (FY2007-08 through FY2011-12) \$ 361,012
 - FY 2012-13 costs 647,673
 - FY 2012-13 Estimated Risk Management costs 10,000
- \$ 1,018,685

As part of the FY 2013-14 budget process, Risk Management submitted a budget request of \$662,385 for the Lakes Fuel Spill Budget Unit 8429. The total request includes the FY 2013-14 estimated costs of \$499,673 per Exhibit A (attached) and an additional \$162,712 for costs anticipated to be incurred by Risk Management.

Per Exhibit A (attached), the ten year cumulative fuel spill clean-up costs through FY 2016-17 totals \$2,598,712 before reimbursements. Risk Management is planning to utilize the services of a licensed engineering firm in FY2013-14 to evaluate whether a new updated clean-up plan is warranted to facilitate full remediation.

OTHER AGENCY INVOLVEMENT:

Risk Management met and reviewed this report with CAO – Budget & Analysis, Auditor-Controller, and County Counsel.

FINANCING:

FY 2012-13 budgeted General Fund Contingencies is \$4,550,162. Thus far, the Board in FY 2012-13 has approved transfers of \$83,300 (pro-rata share cost for the Monterey Peninsula Regional Authority, and \$52,500 (gang violence strategic plan and performance management program) for a total of \$135,800. With this requested action to transfer \$1,018,685 from Contingencies, the remaining General Fund Operational Contingencies budget would be \$3,395,677.

Nina DeMello 5/7/13
Prepared by: Nina DeMello, Management Analyst

Steve Mauck 5/7/13
Approved by: Steve Mauck, Risk Manager

Attachment:

Exhibit A – Estimated Fuel Spill Clean-Up Costs (Before Transition to Risk Management)

EXHIBIT A

**Estimated Fuel Spill Clean-Up Costs (Before Transition to Risk Management)
FY 2007-08 through FY 2016-17**

	2007-08 through 2011-12		2012-13		2013-14	2014-15	2015-16	2016-17	Grand Total
	(1) Board Report	(2) Adj.	(3) Adj.	(4) Adj.	(5)	(5)	(5)	(5)	
GeoRestoration	624,670	25,456	650,126						
MCWRA labor and overhead	147,428		147,428		464,673	231,106	138,046	138,046	2,254,670
Other vendors/costs	21,614		21,614		35,000	35,000	35,000	35,000	322,428
Total Costs before Reimbursements	793,712	25,456	819,168		499,673	266,106	173,046	173,046	2,598,712
Reimbursement received from State	(307,069)		(307,069)						(327,069)
Net Cost to County	486,643	25,456	512,099	(20,000)	499,673	266,106	173,046	173,046	2,271,643
Reimbursements received from County (Parks)	(151,087)		(151,087)						(151,087)
Net After Reimbursements	335,556	25,456	361,012	(20,000)	499,673	266,106	173,046	173,046	2,120,556

Notes:

- (1) Data obtained from the Fuel Spill Clean-Up Management Services Agreement ("Agreement") approved by Board Order on 8/28/12, Agreement# A-12305.
- (2) Additional invoice for \$25,456 (FY 07-08 Invoice# 7117) was submitted by MCWRA.
- (3) GeoRestoration Proposal ("Proposal") dated 8/13/12 reflects costs over 5 years with Year 1 costs totaling \$632,673. The Agreement amount for GeoRestoration reflected only \$330,000, therefore GeoRestoration costs are increased by \$302,673 to reflect the total \$632,673.
- (4) Additional reimbursement received from the State (check #08-530167 dated 12/21/2012).
- (5) GeoRestoration costs were obtained from Proposal. MCWRA labor and overhead costs (not to exceed amounts) were obtained from the Agreement.