

Attachment B

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PCSD Sewer System Activity Report

Manhole Repair, Line Rupture Repair, and Generator Replacement

In February 2017, during a significant atmospheric river weather event, a sewer manhole adjacent to the Pajaro River Levee failed. A separate sewer line rupture also occurred in the vicinity. Both events resulted in a release of raw sewage into adjacent properties. Temporary repairs were completed that allowed the system to function, and a rental generator was procured to allow the lift station to function during power outages. In June 2017, a General Fund 001 Appropriation in the amount of \$370,000 was approved by the Board of Supervisors to cover the emergency costs incurred in FY 2016-17 of which \$359,264 was transferred to offset the actual expenditures incurred at that time. In January 2018, a loan in the amount of \$1,515,000 from FY 2017-18 Other Financing Uses, General Fund 001, was approved to fund permanent repairs to the manhole, line rupture, purchase of a new permanent generator for the Pajaro Lift Station, testing of soil impacted by the spill and hazardous cleanup/soil remediation. Soil testing costs were less than originally anticipated and hazardous cleanup/soil remediation was deemed unnecessary. Permanent repairs were completed in August 2019, at a total cost of \$1,140,894. After applying \$49,502 from fund balance, \$359,264 and \$1,515,000 from operating transfers, the unexpended loan monies total \$782,871.

Las Lomas Emergency Pumping, Check Valve Replacement, and Lift Station Pump Replacement

In November 2018, check valves failed at the Las Lomas Lift Station. This occurred during a heavy winter rainstorm which required round-the-clock sewer truck pumping for the duration of the storm. New check valves were installed, and the lift station became functional. However, the impact of the heavy rains on the aging pumps resulted in the need to replace both pumps to allow for optimum operation of the lift station. The cost for sewer pumping, repairs, and equipment replacement totaled \$212,418. Due to insufficient revenues, a General Fund 001 loan in the amount of \$67,397 was approved by the Board of Supervisors on June 18, 2019.

Condition Assessment and Rate Study

The County's goal is to divest its interests in all municipal (not parks) County sanitation and water systems. After a Request for Proposals (RFP) process seeking interested operators, a selection was made and an Exclusive Negotiating Agreement (ENA) between the County and California-American Water Company (CalAm) was executed in July 2019. A sewer system condition assessment is necessary to describe the structural and operational elements of the system, provide information for operations and maintenance requirements, and assist in the formulation of a capital improvement plan. Completion of this work will facilitate negotiations and should be completed regardless of any negotiations and disposition. Information from the assessment will also be used to support a rate study needed to establish new rates through a Proposition 218 rate increase. The FY 2018-19 PCSD budget did not have sufficient annual revenue or fund balance to fund the condition assessment, and a transfer from General Fund 001 Contingencies was approved in the amount of \$57,500 on March 12, 2019. Tasks necessary for the preparation of the Proposition 218 Rate Increase will be completed in-house by staff. An augmentation in the amount of \$20,000 was also received in FY 2019-20 to cover additional staff costs associated with the Condition Assessment, Rate Study, and Proposition 218 Sewer Rate Increase for a total contribution of \$77,500.

The Condition Assessment project was initiated in September 2019. The County also procured the services of an outside vendor to video selected portions of sewer lines and provide information to the consultant for use in the preparation of the assessment.

The initial step involved the gathering and review of system information and data. Initial visual inspections were completed in January 2020, and a draft Condition Assessment for each system is anticipated to be submitted to the County for review in February 2020. Selected portions of sewer lines have been videoed and provided to the consultant for use in the preparation of the condition assessment. Following acceptance of the final Condition Assessment, the Rate Study will be prepared. Once a final study is accepted by staff, it will be presented to the Board of Supervisors for final approval and the subsequent Proposition 218 Rate Increase process will move forward.

Additional Unanticipated Repairs and Sewer Pumping

Normal operations and maintenance of a sewer system include periodic repairs and emergency response. During FY 2018-19, several emergency repairs impacted the PCSD budget. These included a line break in the Bay Farms neighborhood and emergency line jetting along a section of sewer line on Las Lomas Road impacted by the continued movement of earth at the site of a former landslide. Regular line jetting is required to facilitate flow and limit backups into a homeowner's lateral sewer line. Emergency repairs and pumping for FY 2019-20 to date include a line break at Salinas Road & Bishop Street and sewer pumping at the Las Lomas Lift Station caused by a high level of infiltration and inflow during a winter rainstorm. Significant additional crew and administrative staff time has been expended to address these unanticipated needs.

General System Maintenance

Due to the age of the system and number of deferred projects, staff has experienced an increased level of callouts for minor repairs to equipment, particularly related to electronics and pumps at the lift stations. An increase in wet well cleaning has also been necessary for optimum operation of the system. While added cleaning increases general maintenance costs, it is necessary to reduce emergency repairs in known areas of concern, ultimately avoiding the cost of emergency response and clean-up time for even small spills.