



Monterey County

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Board Report

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- a. Receive a report on repairs and associated costs resulting from damage to the control panel for the Boronda County Sanitation District - Zone 2 San Jerardo water system;
- b. Support authorizing the Auditor-Controller to amend the FY 2017-18 Boronda County Sanitation District - Zone 2 San Jerardo (BCSD - Zone 2 SJ) Adopted Budget, Fund 157, Appropriation Unit RMA046 to increase appropriations and operating transfers in by \$188,781, financed by an operating transfer out of \$188,871 from Other Financing Uses General Fund 001, Appropriation Unit CAO017, for immediate and critical repairs in response to winter storm damages; and
- b. Support authorizing the Auditor-Controller to transfer \$188,781 from the FY 2017-18 Other Financing Uses General Fund 001, Appropriation Unit CAO017 budget, to BCSD - Zone 2 SJ Fund 157, Appropriation Unit RMA046, where the General Fund has sufficient storm damage repair operating transfer appropriations available in their adopted budget to fund the transfer.

RECOMMENDATION:

It is recommended that the Capital Improvement Committee:

- a. Receive a report on repairs and associated costs resulting from damage to the control panel for the Boronda County Sanitation District - Zone 2 San Jerardo water system;
- b. Support authorizing the Auditor-Controller to amend the FY 2017-18 Boronda County Sanitation District - Zone 2 San Jerardo (BCSD - Zone 2 SJ) Adopted Budget, Fund 157, Appropriation Unit RMA046 to increase appropriations and operating transfers in by \$188,781, financed by an operating transfer out of \$188,871 from Other Financing Uses General Fund 001, Appropriation Unit CAO017, for immediate and critical repairs in response to winter storm damages; and
- b. Support authorizing the Auditor-Controller to transfer \$188,781 from the FY 2017-18 Other Financing Uses General Fund 001, Appropriation Unit CAO017 budget, to BCSD - Zone 2 SJ Fund 157, Appropriation Unit RMA046, where the General Fund has sufficient storm damage repair operating transfer appropriations available in their adopted budget to fund the transfer.

SUMMARY/DISCUSSION:

The Boronda County Sanitation District - Zone 2 San Jerardo (hereafter, "BCSD - Zone 2 SJ" or "District") operates the water system that provides water service to the residents of the San Jerardo Housing Cooperative, Inc. Cyclone strength winds from the storm that hit Monterey County on February 17, 2017 caused a tree to fall on the panel that houses the controls for the water system. This resulted in the immediate shut-down of the water system and caused the fire pump to malfunction. Drinking water was procured and two separate deliveries occurred on February 17 and February 21. By Tuesday, February 21, the control panel was bypassed and a manual control system was put in place. On Sunday, May 28, a problem with the bypass occurred, reducing pressure in the system. Bottled water was again procured and delivered to the residents of the San Jerardo Housing Cooperative, Inc. The water operator, MCSI Water

Systems Management, working with a controls specialist, Telstar Instruments, was able to reprogram the system and bring it back online by 9:00 p.m. on Sunday, May 28.

A repair plan has been submitted by Telstar Instruments that includes a two-phase project. The first phase will be to install a temporary control system, allowing the main control panel to be transported to the Telstar facility, where it will be rebuilt. The estimated cost to install the temporary control system is \$19,281. The “worst-case scenario” cost to rebuild and reinstall the permanent control panel is \$91,623. However, that amount may be less depending on the severity of the damage inside the panel. Coordination and management by the water operator is estimated to be approximately \$5,000. The lead time to install the temporary control system and remove the panel will be approximately two (2) to three (3) weeks. The lead time to rebuild the panel is dependent on the number and types of components required to be replaced and could take up to twelve (12) weeks.

The fire pump will need to be analyzed to determine repairs. Based on initial investigation, it may only need a new engine at the cost of \$30,000. Should full replacement be required, a budgetary estimate of \$65,000 has been provided by the vendor.

The emergency actions and repairs that occurred during the February 2017 storm event have been included in the Countywide report to the Monterey County Office of Emergency Services (OES) and have met the threshold of damage to seek state and federal funding. Federal and state funding is anticipated to cover eligible costs up to 75% and 18.75%, respective, which leaves 6.25% for the District’s local share.

A cost estimate detailing estimated expenditures is included as Attachment A. The costs associated with these repairs is beyond the FY 2017-18 budget appropriations for standard operations and there is insufficient fund balance to appropriate. BCSD - Zone 2 SJ cannot accommodate fronting the repair cost for the winter storms.

On March 14, 2017, the Board of Supervisors approved mid-year modifications to the FY 2016-17 adopted budget related to the winter storms through February 16, 2017 and Soberanes Fire disasters. The modification included transfers from the Strategic Reserve to the Disaster Assistance fund balance assignment totaling \$16,812,500; which included \$8,487,500 for the County’s estimated share of cost and \$8,325,000 in working capital for the federal and state share of cost to make immediate repairs in FY 2016-17 in response to storm damages and the Soberanes Fire. The Board appropriated \$11.1 million within the RMA’s budget for work to be performed in FY2016-17. The majority, \$9.5 million, was targeted for damages sustained to roads and bridges while the remaining, \$1.6 million, was targeted for damages sustained to County Parks. RMA roughly estimates \$8.5 million of the \$11.5 million appropriated will be expended through June 30, 2017, which will leave an estimated balance of \$2.6 million in unused appropriations. This amount is subject to change as the County has not yet received all the vendor invoices for services rendered through June 30th and staff time charged to the disasters is still under review.

The mid-year modification included a priority project list, which reflected road related damages from January through February 16th storms and were estimated at \$20 million. The list did not include storm damages occurring for the remainder of February nor any damages in the County

Sanitation Districts, which is currently estimated at \$60 million. As a result, there are many projects with no funding source. RMA deems the critical nature of the damage at BCSD - Zone 2 SJ warrants requesting the Board appropriate funds from the unused estimated balance of \$2.6 million to fund damages occurring at the District in the latter part of February. In doing so, there are road projects identified in earlier reports that will no longer have adequate funding. Staff is scheduled to return to the Board in September to provide a status update and revised project priority list for consideration along with the CIP and Measure X/SB1 projects lists to provide a bigger picture update.

Currently staff estimates the total cost to repair damages at BCSD - Zone 2 SJ, as a result of February storms, at \$201,981, of which \$13,200 was appropriated and is expected to be spent by June 30, 2017. On June 27, 2017, the Board of Supervisors approved an appropriation increase of \$13,200 to fund expenditures incurred for emergency response associated with the 2017 winter storms, funded by an operating transfer in from the General Fund 001, Other Financing Uses Appropriation Unit CA CAO017, which was originally intended to go to the Road Fund. During the June 27th Board meeting, staff also reported to an additional estimated \$188,781 need in FY 2017-18 to complete the repairs related to the storm damage.

Staff is now bringing forth the request to increase appropriations in the amount of \$188,781 funded by an operating transfer in from the General Fund 001, CAO017. If all FY 2017-18 estimated costs of \$201,981 are eligible, BCSD - Zone 2 SJ anticipates federal and state reimbursement of \$189,537, which leaves a local share of \$12,624. BCSD - Zone 2 SJ will reimburse the General Fund up to \$201,981 after the federal and state shares are received. Due to the financial constraints within the BCSD - Zone 2 SJ, a rate study has been completed by the Rural Community Assistance Corporation - California as part of a TMF analysis required by the California State Water Resources Control Board. This rate study will be updated to include the storm related costs presented in this report that are not subject to reimbursement. Implementation of any rate increase is subject to voter approval through a Proposition 218 election, which is required to increase water fees.

OTHER AGENCY INVOLVEMENT:

The San Jerardo Housing Cooperative Inc. supports this recommendation.

FINANCING:

The recommended action provides for \$188,781 increase in FY 2017-18 adopted budget appropriations in Fund 157, Appropriations Unit RMA046, which will be financed by an operating transfer in of \$188,781 the General Fund 001, Appropriations Unit CAO017. As stated previously, allocating these funds to BCSD - Zone 2 SJ will reallocate funds earmarked for certain road projects that experienced storm damage. However, there are two (2) new funding sources, Measure X and SB1, which will provide funding for road maintenance and repairs in the Road Fund.

If all BCSD - Zone 2 SJ's storm related costs totaling \$201,981 are deemed eligible by federal and state agencies, BCSD - Zone 2 SJ would be responsible for 6.25%, or \$12,624, of the estimated FY 2016-17 and 2017-18 expenditures.

BCSD - Zone 2 SJ has an estimated fund balance of \$54 and does not collect enough in

customer water fees to front the remaining estimated federal and state share. Thus, BCSD - Zone 2 SJ is requesting an operating transfer in from the General Fund of \$188,781 to cover the federal and state share, anticipating reimbursing the General Fund once the federal and state share is received.

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

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

Attachments:

Attachment A - Budget Sheet

Attachment B - Location Map