



# Monterey County

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## Capital Improvement Committee

Legistar File Number: 17-0850

August 16, 2017

**Introduced:** 8/8/2017

**Version:** 1

**Current Status:** Agenda Ready

**Matter Type:** General Agenda Item

- a. Receive a report on repairs and associated costs resulting from damaged manhole and resulting wastewater release in the Pajaro County Sanitation District;
- b. Support authorizing the Auditor-Controller to amend the FY 2017-18 Pajaro County Sanitation District (PCSD) Adopted Budget, Fund 151, Appropriation Unit RMA040 to increase appropriations and operating transfers in by \$1,515,000, financed by an operating transfer out of \$1,515,000 from Other Financing Uses General Fund 001, Appropriation Unit CAO017, for immediate and critical repairs in response to winter storm damages (4/5th vote required); and
- c. Support authorizing the Auditor-Controller to transfer \$1,515,000 from the FY 2017-18 Other Financing Uses General Fund 001, Appropriation Unit CAO017 budget, to PCSD Fund 151, Appropriation Unit RMA040, 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 damaged manhole and resulting wastewater release in the Pajaro County Sanitation District;
- b. Support authorizing the Auditor-Controller to amend the FY 2017-18 Pajaro County Sanitation District (PCSD) Adopted Budget, Fund 151, Appropriation Unit RMA040 to increase appropriations and operating transfers in by \$1,515,000, financed by an operating transfer out of \$1,515,000 from Other Financing Uses General Fund 001, Appropriation Unit CAO017, for immediate and critical repairs in response to winter storm damages (4/5th vote required); and
- c. Support authorizing the Auditor-Controller to transfer \$1,515,000 from the FY 2017-18 Other Financing Uses General Fund 001, Appropriation Unit CAO017 budget, to PCSD Fund 151, Appropriation Unit RMA040, where the General Fund has sufficient storm damage repair operating transfer appropriations available in their adopted budget to fund the transfer.

### SUMMARY/DISCUSSION:

On Saturday, February 18, 2017 the failure of a manhole combined with a sewer line rupture resulted in a wastewater release along the Pajaro River levee near the Watsonville Wastewater Treatment Facility. To exacerbate the problem, a storm associated with the 2017 Atmospheric River weather event began on Sunday, February 19, 2017 and continued through early morning on Tuesday, February 21, 2017. The heavy rains resulted in high flows of stormwater infiltrating the sewer system. To reduce the flow of sewage and stormwater into the line, 24-hour septic pumping was initiated on the afternoon of February 19, 2017 and continued through the morning of February 25, 2017.

The line break has been repaired and the damaged manhole has been stabilized. A design for the repair has been completed and is pending review and permitting by the Army Corp of Engineers due to its proximity to the Pajaro River levee. A preliminary scope of work, including soil and water testing, has been established for remediation of the affected site.

In addition to expenses incurred due to weather and the wastewater release, the generator located at the Pajaro Lift Station stopped working on Friday, February 17, 2017 and as a temporary solution, a rental unit was installed. Based on observations by County staff and the generator failure during the winter storm, the damage is attributed to the winter storms. Upon initial investigation by the generator repair vendor it was found that replacement parts were unavailable due to the age of the generator and a replacement generator has been recommended.

The emergency actions and repairs that occurred during the January and February 2017 Atmospheric River storm events 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 cost up to 75% and 18.75%, respectively, which leaves 6.25% for the District's local share.

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 FY 2016-17. The majority, \$9.5 million, was targeted for damages sustained to roads and bridges while the remaining, \$1.6 million, was targeted for damages to County Parks and the lakes. RMA roughly estimates \$8.5 million of the \$11.1 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 PCSD warrants requesting the Board appropriate funds 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 and remediate damages at PCSD, as a result of February storms, at \$2,102,148, of which \$587,148 was appropriated and is expected to be spent by June 30, 2017. On May 23, 2017, the Board of Supervisors approved an appropriation

increase of \$217,148 to fund expenditures incurred for emergency response associated with the 2017 winter storms, funded by utilizing PCSD's entire unassigned fund balance. Then again on June 27, 2017 the Board of Supervisors approved an additional \$370,000 for storm related emergency repair cost, funded by an operating transfer in from the General Fund 001, Other Financing Uses Appropriation Unit CAO017, which was originally intended to go to the Road Fund. During the June 27th Board meeting, staff also reported to an additional estimated \$1,515,000 need in FY 2017-18 to complete the repairs and remediation activities related to the storm damage.

Staff is now bringing forth the request to increase appropriations in the amount of \$1,515,000 funded by an operating transfer in from the General Fund 001, CAO017. If all FY 2017-18 estimated costs of \$1,515,000 are eligible, PCSD anticipates federal and state reimbursement of \$1,420,313, which leaves a local share of \$94,687. PCSD will reimburse the General Fund up to \$1,515,000 after the federal and state shares are received.

Given the financial constraints within the PCSD, a rate study will be prepared to determine the costs necessary to meet the district's financial needs, including 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 sanitation fees.

#### FINANCING:

The recommended action provides for \$1,515,000 increase in FY 2017-18 adopted budget appropriations in Fund 151, Appropriations Unit RMA040, which will be financed by an operating transfer in of \$1,515,000 from the General Fund 001, Appropriation Unit CAO017. The Adopted Budget includes \$7.3 million to address potential cash flow needs pending federal and State reimbursement in the RMA for critical repairs of damaged infrastructure caused by the Soberanes Fire and the winter storms. The \$7.3 million represents the estimated balance of the \$16.8 million previously authorized by the Board. As stated previously, allocating these funds to PCSD 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 PCSD's storm related costs totaling \$2,102,148 are deemed eligible by federal and state agencies, PCSD would be responsible for 6.25%, or \$131,384, of the estimated FY 2016-17 and 2017-18 expenditures.

PCSD has exhausted fund balance of \$217,148 on emergency winter storm repairs, which more than covers the District's local share of \$131,384. However, PCSD does not collect enough in customer sanitation fees to front the remaining estimated federal and state share. Thus, PCSD is requesting an operating transfer in from the General Fund of \$1,515,000 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 - Pajaro County Sanitation District Cost Estimate Sheet

Attachment B - Location Map