



# Monterey County

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## Board Report

Legistar File Number: RES 17-210

January 09, 2018

**Introduced:** 12/22/2017

**Version:** 1

**Current Status:** Agenda Ready

**Matter Type:** BoS Resolution

Adopt a Resolution to:

- a. Authorize 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 \$188,781 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
- b. Authorize the Auditor-Controller to transfer \$188,781 from the FY 2017-18 Other Financing Uses General Fund 001, Appropriation Unit CAO017, as a loan to be repaid with interest at the County Treasury Investment Pool interest rate, to BCSD - Zone 2 SJ Fund 157, Appropriation Unit RMA046, where the General Fund has sufficient storm damage repair appropriations available in the adopted budget to fund the transfer (4/5th vote required).

### RECOMMENDATION:

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

- a. Authorize 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 \$188,781 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
- b. Authorize the Auditor-Controller to transfer \$188,781 from the FY 2017-18 Other Financing Uses General Fund 001, Appropriation Unit CAO017, as a loan to be repaid with interest at the County Treasury Investment Pool interest rate, to BCSD - Zone 2 SJ Fund 157, Appropriation Unit RMA046, where the General Fund has sufficient storm damage repair appropriations available in the adopted budget to fund the transfer (4/5th vote required).

### SUMMARY

As a result of the February storms, staff estimates the total cost to repair damages within the BCSD - Zone 2 SJ area at \$196,471. 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 utilizing 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. Actual FY 2016-17 costs were \$7,690. During the June 27th Board meeting, staff also reported an additional estimated \$188,781 need in FY 2017-18 to complete the repairs related to the storm damage.

Staff is requesting an increase appropriations in the amount of \$188,781 funded by an operating

transfer in from the General Fund 001, Appropriation Unit CAO017. If all FY 2016-17 and FY 2017-18 estimated costs of \$196,471 are eligible for reimbursement, staff anticipates federal and state reimbursement of \$184,192, which would leave a local share of \$12,279. BCSD - Zone 2 SJ will reimburse the General Fund up to \$196,471 after the federal and state shares are received.

Given the financial constraints within the BCSD - Zone 2 SJ, a rate study will be prepared to determine the funds necessary to meet the BCSD's financial needs, which shall include storm related costs presented in this report which 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.

#### 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 (2) separate deliveries occurred on February 17th and 21st. By Tuesday, February 21st, the control panel was bypassed and a manual control system was put in place. On Sunday, May 28th, 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 28th.

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 the 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). These repairs have met the threshold of damage to seek state and federal funding. Staff has submitted claims for federal and state funding to cover eligible costs up to 75% and 18.75%, respectively, which leaves 6.25% for the District's local share. A cost estimate detailing estimated expenditures is included as Attachment C.

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 modifications included transfers from the Strategic Reserve to the Disaster Assistance fund balance assignment totaling \$16,812,500. This amount 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 \$11.4 million within the County budget for work to be performed in FY 2016-17. The majority, \$8.3 million, was spent on damages sustained to roads and bridges, \$545,223 on Parks & the Lake Resort, \$359,264 on PCSD, \$260,753 on General Fund, \$49,562 on Boronda County Sanitation District, and \$7,690 on San Jerardo County Sanitation District. As of June 30, 2017, \$9.5 million was expended out of the \$11.4 million appropriated, which left a balance of \$1.9 million in unused appropriations.

Of the total \$16,812,500 in the Disaster Assistance fund balance assignment, \$7.3 million remained at the end of FY 2016-17. The \$7.3 million residual is included in the adopted FY 2017-18 budget for the County Administrative Office (CAO) to address potential cash flow needs pending potential Federal and State reimbursements caused by the Soberanes Fire and Winter Storms. RMA has continued its critical time-sensitive repair projects caused by storm damage, including preparations of two major permanent repair projects, with a cost of \$2.0 million. Then on July 11, 2017, RMA obtained the Board of Supervisor's approval to allocate \$1,615,460 from the Disaster Assistance fund for the Palo Colorado Road emergency repairs at Rocky Creek crossing. These costs have reduced the \$7.3 million residual balance to \$3.7 million.

The recommended action in this Board Report requests an additional \$188,781 for permanent repairs at BCSD - Zone 2 SJ, which will then bring the Disaster Assistance fund balance assignment down to \$3.5 million. In addition, RMA has pending Board Reports which are requesting \$1,996,362 for permanent repairs of Cachagua Road and \$1,515,000 for permanent repairs at Pajaro County Sanitation District. If all these requests are approved, it will deplete the balance in the Disaster Assistance fund.

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 costs for storm damages occurring for the remainder of February nor any costs for damages in the jurisdictional boundaries of County Sanitation Districts. Total damage costs are estimated at \$50 million. As a result, there are many projects without a funding source. RMA has determined that the critical nature within the BCSD - Zone 2 San Jerardo area warrants a request that the Board appropriate funds to cover costs related to damage with occurred within the BCSD area in February 2017. Since this was not part of the original project list, funding of this project would impact other projects identified in earlier reports. A report on the entire 2017 Winter Storm damage program will be presented to the Board on January 23, 2018, which will illustrate how the funding has been/will be assigned. While there are two (2) new funding sources, Measure X and SB1, that can provide funding for road maintenance and repairs in the Road Fund, there are other demands that impact our ability to use that funding (e.g. COWCAP increase).

OTHER AGENCY INVOLVEMENT:

The Capital Improvement Committee voted to support this action at their August 16, 2017 meeting. Similarly, the Budget Committee voted to support this action at their August 30, 2017 meeting with a recommendation that the \$188,781 transfer from the general fund be considered an interfund loan and staff to immediately move forward with a rate study for the district that creates a fee structure that will support day-to-day operations and scheduled maintenance, as well as pay off the loan for the repairs addressed in this report.

FINANCING:

The recommended action increases appropriations and revenue in Fund 157, Appropriation Unit RMA046 by \$188,781. This will be financed by an operating transfer in of \$188,781 from the General Fund 001, Appropriations Unit CAO017. Staff recommends the operating transfer in be repaid with simple interest at the County Treasury Investment Pool interest rate. If costs are eligible for reimbursement, BCSD - Zone 2 SJ will reimburse the General Fund after the federal and state storm cost reimbursements are received.

The costs associated with the necessary repairs are beyond the FY 2017-18 budget for standard operations and the current fund balance of \$7,881 is insufficient to cover the costs of the repairs.

Upon completion of the repair project, staff will initiate a water rate study to establish a rate structure that will adequately fund annual operations and maintenance expenditures, provide for annual contributions to create necessary reserves, and reimburse General Fund contributions that are not reimbursed by FEMA.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Projects and expenditures funded by this appropriation meet initiatives related to infrastructure as repairs and equipment replacement are critical to the proper operations of the water system. A safe and effective collection of wastewater protects the health and public safety of property owners and residents living within the BCSD - Zone 2 SJ area.

☐ Economic Development  
☐ Administration  
☒ Health & Human Services  
☒ Infrastructure  
☒ Public Safety

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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 - Resolution  
Attachment B - Interfund Loan Agreement  
Attachment C - Boronda County Sanitation District - Zone 2 Cost Estimate Sheet

Attachment D - Location Map  
(Attachments on file with the Clerk of the Board)