



# Monterey County

Monterey Room  
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Salinas CA 93901

## Budget Committee Report

Legistar File Number: BC 19-045

May 30, 2019

**Introduced:** 5/8/2019

**Version:** 1

**Current Status:** Agenda Ready

**Matter Type:** Budget Committee

- a. Receive a report on the emergency repair expenditures of the Pajaro County Sanitation District.
- b. Support authorizing the Auditor-Controller to amend the FY 2018-19 Pajaro County Sanitation District Adopted Budget, Fund 151, Appropriation Unit RMA040, increasing appropriations and operating transfers in by \$67,397, financed by an operating transfer out of \$67,397 from FY 2018-19 General Fund Contingencies (001), Appropriation Unit CAO020, for emergency repairs completed at the Las Lomas Lift Station (4/5th Vote);
- c. Support authorizing the Auditor-Controller to transfer \$67,397 from FY 2018-19 General Fund Contingencies (001), Appropriation Unit CAO020, to Pajaro County Sanitation District, Fund 151, Appropriation Unit RMA040, where the FY 2018-19 General Fund Contingencies (001), Appropriation Unit CAO020, has sufficient appropriations available in the adopted budget to fund the transfer (4/5th Vote).

### RECOMMENDATION:

It is recommended that the Budget Committee support the Board of Supervisors, acting as the Board of Directors for the Pajaro County Sanitation District:

- a. Receive a report on the emergency repair expenditures of the Pajaro County Sanitation District.
- b. Authorize the Auditor-Controller to amend the FY 2018-19 Pajaro County Sanitation District Adopted Budget, Fund 151, Appropriation Unit RMA040, increasing appropriations and operating transfers in by \$67,397, financed by an operating transfer out of \$67,397 from FY 2018-19 General Fund Contingencies (001), Appropriation Unit CAO020, for emergency repairs completed at the Las Lomas Lift Station (4/5th Vote);
- c. Authorize the Auditor-Controller to transfer \$67,397 from FY 2018-19 General Fund Contingencies (001), Appropriation Unit CAO020, to Pajaro County Sanitation District, Fund 151, Appropriation Unit RMA040, where the FY 2018-19 General Fund Contingencies (001), Appropriation Unit CAO020, has sufficient appropriations available in the adopted budget to fund the transfer (4/5th Vote).

### SUMMARY/DISCUSSION:

In November 2018, emergency repairs were required at the Pajaro County Sanitation District (PCSD) Las Lomas Lift Station. A memorandum was provided to the Board of Supervisors on December 17, 2018, providing details on the emergency repair project and indicating staff would return to the Budget Committee and Board of Supervisors with final accounting (Attachment 1). Total cost of the project was \$243,852. As a result, the PCSD Fiscal Year (FY) 2018-19 estimated expenditures are projected to exceed anticipated revenues by \$67,397 by fiscal year end.

Staff continues to monitor the Las Lomas Drive sewer line that backed up twice in October 2018, and there have been no reports of back-ups since then. As part of the sanitation system condition

assessment that will be conducted over the upcoming months, the Las Lomas Drive sewer line will be evaluated and included in the resulting capital improvement prioritization plan for the PCSD system. Staff will evaluate this project along with other potential needs of the system and bring forward options to the Board as appropriate. Should conditions change along Las Lomas Drive necessitating repairs to the section of sewer line sooner, then staff will return to the Board at that time.

On January 9, 2018, a General Fund loan in the amount of \$1,515,000, to be repaid with interest, was made to the PCSD to cover costs associated with the failure of a manhole next to the Pajaro Levee and adjacent sewer spill as well as the replacement generator at the Las Lomas Lift Station. This damage occurred during the 2017 Winter Storms. Special Districts staff anticipated the repairs would qualify for FEMA reimbursement and submitted a claim to FEMA. Communications since received from FEMA have deemed the repair costs ineligible. Subsequently, a claim was made with the County's property insurance carrier and is pending final review. Should this claim be approved, reimbursement would be for the replacement value.

The loan funds and expenditures for the manhole repair/general replacement projects are tracked separately in Fund 151, Appropriation Unit RMA040. After a recent investigation of the project site, the repairs are estimated to be extended to early FY 2019-20 due to high groundwater levels. Staff will provide updated reports to the Board through the appropriate committees as the project progresses.

#### OTHER AGENCY INVOLVEMENT:

County Counsel-Risk Management has submitted an insurance claim for the emergency repairs and a determination is pending.

#### FINANCING:

Current annual revenue and fund balance levels for the PCSD are insufficient to fund a portion of the completed emergency repairs to the PCSD Las Lomas Lift Station. Excluding the \$1.5 million in funds the Board approved for emergency repairs to the manhole and generator replacement, it is anticipated that there will be insufficient funds in PCSD's FY 2018-19 Adopted Budget to cover the full cost of the repairs. The anticipated difference between the cost of this work and anticipated revenues is \$67,397. A transfer of \$67,397 from FY 2018-19 General Fund Contingencies (001), Appropriation Unit CAO020, to PCSD, Fund 151, Appropriation Unit RMA040, and associated increases in appropriations and revenue to the PCSD, Fund 151, is requested to cover this budget shortfall. Claims have been submitted to the County's insurance provider for the Pajaro manhole repair and generator replacement as well as the Las Lomas emergency repair project. These claims are pending final determination. Any payment from the insurance claims will go to the General Fund. As of the writing of this report, the appropriation balance for contingencies is \$658,532.

#### BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The requested appropriations for sewer system repairs support Strategic Initiatives related to Health & Human Services by protecting public health and Infrastructure and Public Safety by ensuring PCSD facilities continue to function properly.

☐ 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 1 - Memo Regarding Pajaro County Sanitation District (December 17, 2018)

Attachment 2 - PCSD Financial Summary for Fiscal Year 2018-19