



Monterey County

Board Report

Legistar File Number: BCSD RES 19-005

Board of Supervisors
Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

November 5, 2019

Introduced: 8/21/2019

Version: 1

Current Status: Agenda Ready

Matter Type: BCSD Resolution

Acting as the Board of Directors for the Boronda County Sanitation District:

Authorize and direct the Auditor-Controller to amend the FY 2019-20 Adopted Budget for the Boronda County Sanitation District, Fund 156, Appropriation Unit RMA045, to increase appropriations by \$51,750, financed by Unassigned Fund Balance (Fund 156-Balance Sheet Account 3101) (4/5th vote required).

RECOMMENDATION:

It is recommended that the Board of Supervisors, acting as the Board of Directors for the Boronda County Sanitation District, adopt a resolution to authorize and direct the Auditor-Controller to amend the FY 2019-20 Adopted Budget for the Boronda County Sanitation District, Fund 156, Appropriation Unit RMA045, to increase appropriations by \$51,750, financed by Unassigned Fund Balance (Fund 156-Balance Sheet Account 3101) (4/5th vote required).

SUMMARY:

On March 12, 2019, the Board of Supervisors adopted a resolution to transfer \$37,410 from FY 2018-19 General Fund Contingencies to the Boronda County Sanitation District (BCSD), Fund 156, to be used toward completing a system condition assessment to define the assets and liabilities of the BCSD (Attachment B). The total cost of the BCSD assessment was estimated at \$51,750, where the financing sources would be \$14,340 from the FY 2018-19 Unassigned Fund Balance in Fund 156 and \$37,410 transfer in from General Fund Contingencies. Due to the timing of selecting a vendor, the system condition assessment was delayed and not started in FY 2018-19. Staff is requesting an increase in appropriations in the amount of \$51,750 to the FY 2019-20 Adopted Budget to complete the assessment, financed by BCSD Unassigned Fund Balance which includes the \$37,410 transfer from General Fund Contingencies. A vendor has been selected and is prepared to move forward with the assessment with an estimated completion date of March 2020.

DISCUSSION:

A system condition assessment will define the assets and liabilities of the BCSD. The information and data acquired from the completion of this report will describe the condition of the structural and operational elements of the system, provide information for operations and maintenance requirements, and assist in the formulation of capital improvement plans. This information will be used to support a rate study to establish new rates for the BCSD through a Proposition 218 rate increase. Staff recommends that the Board approve the proposed increase in appropriations to facilitate the system assessment.

OTHER AGENCY INVOLVEMENT:

The County recently entered into an Exclusive Negotiation Rights Agreement with California American Water Company (CalAm) to negotiate, execute, and implement the sale and transfer of County sanitation systems within the jurisdictional boundaries of the BCSD, the Pajaro County Sanitation District, and County Service Area 75-Chualar. The proposed assessment for BCSD should be completed regardless of the disposition of the BCSD sanitation system; however, completion of the assessment will define the assets and liabilities of the BCSD's sanitation system, provide useful information to facilitate negotiations, and support the necessary rate study. The Budget Committee supported the recommendation at their meeting on August 28, 2019.

FINANCING:

A budget appropriation in the amount of \$51,750 is required to complete the system assessment. Staff is requesting an increase in appropriations where the financing source is Unassigned Fund Balance. The estimated FY 2019-20 beginning Fund Balance for Fund 156 is \$69,740 and estimated revenues are \$174,300. With the recommended action, the financing requirements will increase from \$166,733 to \$218,483, and the remaining Fund Balance is estimated to be \$25,557. The fund balance is critically low and may be insufficient should the sanitation system require emergency repairs.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The requested appropriations for the sewer system assessment support Strategic Initiatives related to Health & Human Services, Infrastructure, and Public Safety by protecting public health and infrastructure ensuring that BCSD 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 A-Draft Resolution

Attachment B-BCSD Financial Summary for Fiscal Year Ending 6/30/2020

Attachment C-Board of Supervisors Resolution 19-078