



Monterey County

Capital Improvement Committee Report

Legistar File Number: 20-156

Monterey Conference Room
MCGC Administration Building
168 W. Alisal St., 2nd Floor
Salinas, CA 93901

March 09, 2020

Introduced: 2/28/2020

Version: 1

Current Status: Agenda Ready

Matter Type: General Agenda Item

Receive a status report for the period ending January 31, 2020 on the negotiations regarding the sale of County Sewer Systems (Pajaro County Sanitation District, Boronda County Sanitation District, and County Service Area No. 75-Chualar) and the transfer of Boronda County Sanitation District-Zone 2 San Jerardo Water System.

RECOMMENDATION:

It is recommended that the Capital Improvement Committee receive a status report for the period ending January 31, 2020 on the negotiations regarding the sale of County Sewer Systems (Pajaro County Sanitation District, Boronda County Sanitation District, and County Service Area No. 75-Chualar) and the transfer of Boronda County Sanitation District-Zone 2 San Jerardo Water System.

SUMMARY/DISCUSSION:

The County is in the initial phase of divesting its interests in all County municipal (not parks) sanitation and water systems, which includes the Pajaro County Sanitation District (PCSD), Boronda County Sanitation District (BCSD), CSA 75-Chualar (Chualar) sewer system, collectively referred to as Sanitation Systems, and the Boronda County Sanitation District-Zone 2 San Jerardo (San Jerardo) water system. The Capital Improvement Committee has requested quarterly reports on the Resource Management Agency's efforts.

The sale of the Sanitation Systems to California American Water Company (CalAm) is scheduled to be completed by December 2021 (Attachment A). The timeline is approximately six months behind the original schedule due to delays in contracting and data compilation for the condition assessments; however, staff and CalAm anticipate some latter tasks conservatively scheduled consecutively may be completed concurrently. The San Jerardo Water System transfer to the San Jerardo Cooperative (Cooperative) is anticipated to occur by September 2021 (Attachment B).

Key accomplishments since July 1, 2019 & upcoming activities:

Sanitation Systems

Accomplishments

July 2019	Exclusive Negotiating Agreement (ENA) between County and CalAm finalized
August 2019	Consultant contract executed for condition assessments and rate studies
January 2020	Field investigation for condition assessment

Upcoming Activities

February 2020 Draft condition assessment for County review
April 2020 Final condition assessment

San Jerardo Water System

Accomplishments

Fall 2019 County reinitiated discussions with Cooperative to transfer water system.
Ongoing Preconstruction activities to complete 2017 storm damage repairs
Finish intertie pipeline project pursuant to 2010 Intertie Agreement A-11846

Upcoming Activities

Spring 2020 Partial completion of 2017 storm damage repairs
Fall 2020 Initiation of Intertie pipeline repair designs

DISCUSSION:

Attachment C provides background and detailed discussion on the 2017 storm damage repairs and intertie pipeline project.

FINANCING:

Sanitation Systems

Costs for the preparation of the sewer condition assessments for the Sanitation Systems and PCSD and BCSD rate studies is \$86,007. Estimated Staff costs to manage these projects and provide in-house support for the Proposition 218 elections for PCSD and BCSD is \$30,000.

San Jerardo Water System

Due to repair costs resulting from the 2017 winter storm damage exceeding the BCSD-Zone 2 San Jerardo fund balance, the Board of Supervisors approved a General Fund loan in 2018 in the amount of \$188,781, of which \$14,787 was expended to complete site repairs to the fence, roof, and lighting. Outstanding repairs are estimated at \$276,000. The current loan balance of \$173,994 will be appropriated to fund repair costs through the end of FY 2019-20. The difference, \$102,006, will be funded by the anticipated insurance reimbursement. An insurance claim is in process, and it is anticipated that all costs of the storm damage repairs will be reimbursed. Costs for engineering for the completion of the Intertie and contingency are estimated not to exceed \$119,900 and will be scheduled as a funded project in FY 2020-21. Both the 2017 storm damage repairs and Intertie project are anticipated to be completed by December 31, 2020.

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Attachments:

Attachment A-Sanitation Systems ENA Sale Schedule of Performance
Attachment B-San Jerardo Water System Transfer Schedule of Performance
Attachment C-Background and Detailed Discussion