



Monterey County

Board Report

Legistar File Number: RES 20-108

Item No. 10

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

June 30, 2020

Introduced: 6/16/2020

Version: 1

Current Status: Agenda Ready

Matter Type: BoS Resolution

Acting as the Board of Directors of the Boronda County Sanitation District adopt a Resolution to:

- Authorize and the direct the Auditor-Controller to amend the Fiscal Year 2019-20 Boronda County Sanitation District Adopted Budget, Fund 156, Appropriation Unit RMA045, to increase appropriations and operating transfer in by \$64,740, financed by: 1) Boronda County Sanitation District Unassigned Fund Balance, Fund 156, Appropriation Unit RMA045, in the amount of \$17,990, and 2) a release from the Cannabis Tax Assignment, Fund 001, Balance Sheet Account 3132, as a loan, to Boronda County Sanitation District in the amount of \$46,750, where the Cannabis Tax Assignment, Fund 001, Balance Sheet Account 3132, has a sufficient balance available to fund the transfer (4/5th vote); and
- Authorize the Chair of the Board of Directors to sign the Interfund Loan Agreement between the Boronda County Sanitation District and County of Monterey.

RECOMMENDATION:

It is recommended the Board of Supervisors, acting as the Board of Directors of the Boronda County Sanitation District, adopt a Resolution to:

- Authorize and the direct the Auditor-Controller to amend the Fiscal Year 2019-20 Boronda County Sanitation District Adopted Budget, Fund 156, Appropriation Unit RMA045, to increase appropriations and operating transfer in by \$64,740, financed by: 1) Boronda County Sanitation District Unassigned Fund Balance, Fund 156, Appropriation Unit RMA045, in the amount of \$17,990, and 2) a release from the Cannabis Tax Assignment, Fund 001, Balance Sheet Account 3132, as a loan, to Boronda County Sanitation District in the amount of \$46,750, where the Cannabis Tax Assignment, Fund 001, Balance Sheet Account 3132, has a sufficient balance available to fund the transfer (4/5th vote); and
- Authorize the Chair of the Board of Directors to sign the Interfund Loan Agreement between the Boronda County Sanitation District and County of Monterey.

SUMMARY:

The Boronda County Sanitation District (BCSD) will incur costs greater than the amount budgeted in Fiscal Year (FY) 2019-20 due to higher-than-anticipated equipment repair/replacement costs and increased staff costs to respond to these unplanned operational needs. Specifically, the higher costs relate directly to the advanced age and deteriorated condition of the lift stations, which require greater preventive maintenance, more frequent electrical repairs, videoing of sewer lines to troubleshoot problems, and equipment replacement. Additional staff time costs were also incurred to inspect, monitor, and maintain the aging equipment on a more frequent basis. Most recently, the Boronda Oaks lift station experienced pump failure. This lift station requires two (2) pumps for optimal performance therefore, staff recommends the purchase of two (2) pumps: one (1) to replace the

inoperable pump and a second to be installed as a backup pump. Backup pumps are a recommended industry standard to limit the potential for sanitary sewer spills.

Resource Management Agency (RMA) staff has completed an initial review of a Draft Condition Assessment for BCSD, with final reports expected by the end of June 2020. The Final Condition Assessment will be used to develop a rate study to establish a rate structure that can provide fiscal sustainability to BCSD. Staff anticipates the Proposition 218 Rate Increase will be completed in time to implement during the first quarter of FY 2020-21.

The Board of Supervisors allocated \$51,750 and \$15,000 toward the condition assessment, rate study, and Proposition 218 rate increase. The requested action would preserve these funds from being eroded by the unplanned increases in operating and repair costs.

OTHER AGENCY INVOLVEMENT:

The Budget Committee voted to support the action at their meeting on May 28, 2020, with a recommendation to consider as a loan the \$46,750 release from the Cannabis Tax Assignment. Concurrently today, the Board of Supervisors will consider adopting a resolution to authorize and the direct the Auditor-Controller to approve an operating transfer out of \$46,750 from the Cannabis Tax Assignment, Fund 001, Balance Sheet Account 3132, to BCSD to fund increased operating costs and unplanned equipment procurement.

FINANCING:

On November 5, 2019, the Board approved an appropriation increase, in the amount of \$51,750, financed by Unassigned Fund Balance (Fund 156, Balance Sheet Account 3101) [Resolution 19-390]. This reduced the fund balance to \$17,990. A second budget appropriations increase, in the amount of \$64,740, is required to fund increased operations and maintenance costs. Staff requests an increase in appropriations where the financing sources are Unassigned Fund Balance (\$17,990) and fund release from the Cannabis Tax Assignment (\$46,750) as a loan to BCSD. The Loan Agreement stipulates repayment at simple interest at the County Treasury Investment Pool interest rate. Loan repayment will begin one (1) year after a sewer rate increase has been established and the District's cash balance is at least ten percent (10%) of its operating expenditure budget. With approval of the recommended action, the BCSD fund balance will be reduced to \$0. As of June 1, 2020, the Cannabis Tax Assignment balance was \$24,326,731.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:


The requested appropriation to fund higher-than-anticipated operations and maintenance costs supports the Health & Human Services and Infrastructure Strategic Initiatives by protecting public health and infrastructure by ensuring that BCSD facilities continue to function properly.

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

Prepared by: Lynette Redman, RMA Special Districts Management Analyst III (831) 796-6038

Reviewed by: Melanie Beretti, Property Administration/Special Programs Manager

Approved by: Shawne Ellerbee, RMA Deputy Director of Administrative Services

Approved by: Carl P. Holm, AICP, RMA Director 

Attachments

Attachment A-BCSD Financial Summary FY End 6/30/2020

Attachment B-Board of Supervisors Resolution 19-390

Attachment C-Loan Agreement

Attachment D-Draft Resolution

(Attachments are on file with the Clerk of the Board)

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