



Monterey County

Item No.7

Capital Improvement Committee

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

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Receive a status report for the period ending December 31, 2020 on the negotiations regarding the sale of County Sewer Systems (Pajaro County Sanitation District, Boronda County Sanitation District, and CSA 75-Chualar) and 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 December 31, 2020, on the negotiations regarding the sale of County Sewer Systems (Pajaro County Sanitation District, Boronda County Sanitation District, and CSA 75 Chualar) and transfer of Boronda County Sanitation District-Zone 2 San Jerardo Water System.

SUMMARY:

The County has made slower than anticipated progress during 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 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 completion date of the sale of the Sanitation Systems to California American Water Company (CalAm) has been revised to October 2022. The transfer of the San Jerardo Water System to the San Jerardo Cooperative (Cooperative) is anticipated to occur by December 2021 (Attachment B), pending approval of an augmentation request for Fiscal Year 2021-22.

Key accomplishments since June 1, 2020 & upcoming activities:

Sanitation Systems

Discussion Summary

The effects of COVID-19 and staff/consultant workload were key to the delay of the timeline for the completion of the condition assessments, rate studies, and Proposition 218 rate increase. Final condition assessments were received in October 2020. Information from the final Condition Assessment, along with a recently completed draft Operations & Maintenance Cost Analysis, will be used to support a rate study for the PCSD and BCSD, which is required to establish new rates through a Proposition 218 rate increase. The Chualar system is starting its fourth year of a 5-year rate increase.

Accomplishments

October 2020	Final condition assessments received and reviewed by County staff.
February 2021	Draft Operations & Maintenance Cost Analysis Completed

Upcoming Activities

March 2021	Initial community outreach to present proposed sale of systems to Boronda CSD and Chualar sewer customers
May 2021	Completion Rate Studies for PCSD and BCSD
May 2021	Community outreach to present proposed rate increases
August 2021	Proposition 218 Rate Increase Public Hearing

San Jerardo Water System

Discussion Summary

The 2017 storm damage repairs and intertie pipeline projects must be completed prior to transfer of the water system.

2017 Storm Damager Repairs -Due to changes in staffing, the final repairs to the water system that occurred during the 2017 storms has been delayed. Insurance proceeds in the amount of \$209,137.73 have been received by the County. A final repair design is currently in progress and repairs will be completed using the County's Job Order Contracting (JOC) process. The target completion date for all work June 30, 2021.

Intertie Project - Pursuant to the 2008 Exercise of Option and Real Property Purchase Agreement with the Seller for a replacement well and the 2010 Intertie Agreement A-11846 (Agreement) with Foothill Estates, Inc. (Foothill) to construct a reciprocal secondary emergency water source for BCSD - Zone 2 San Jerardo, the County must complete modifications which would allow Foothill to provide a consistent water supply to the Seller and install two (2) water meters at the Seller's property. It is imperative to complete the Intertie to comply with the Agreement and Purchase Option terms and conditions. Fund 157 does not have adequate funds to complete this. An augmentation request will be submitted for FY 2021-22. If approved, it is anticipated the project can be completed by the end of December 2021.

Accomplishments

Ongoing	Preconstruction activities for remaining storm damage repairs/intertie pipeline
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Upcoming Activities

June 2021	Final completion of 2017 storm damage repairs
December 2021	Completion of intertie pipeline
January 2021	Initiate process to transfer system to Cooperative

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 the rate studies for the PCSD and BCSD is \$86,007. Estimated Staff costs to manage these projects and provide in-house support for the Proposition 218 election for PCSD and BCSD is \$30,000.

Currently, there are insufficient funds available to fund both the PCSD and BCSD Proposition 218 Election Costs. A budget augmentation will be submitted for each CSD requesting funding for the election.

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. Currently, \$173,994, remains from the 2018 General Fund loan, the remainder of which will be used to fund the remaining repairs. A revised cost estimate of \$276,000 was calculated to complete repairs to the computer control system and fire pump, leaving an unfunded difference of \$102,006. An insurance reimbursement has been received in the amount of \$209,137.73. A portion of the proceeds from this reimbursement, in addition to the balance from the 2018 General Fund Loan, will be used to complete these repairs.

The Intertie Project and installation of two metered connections is estimated at \$152,145. An augmentation request will be submitted for FY 2021-22.

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Approved by: Randy Ishii, MS, PE, TE, PTOE, Director of Public Works, Facilities and Parks



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