



Legislation Details (With Board Report)

File #: RES 17-112 **Name:** San Jerardo Boronda CSD, Increase Appropriations
Type: BoS Resolution **Status:** Passed
File created: 6/20/2017 **In control:** Board of Supervisors
On agenda: 6/27/2017 **Final action:** 6/27/2017

Title: Adopt a Resolution to:
a. Authorize redirecting \$13,200 of the \$9,500,000 Board approved General Fund 001 operating transfer out, originally earmarked for the Road Fund 002, to the Boronda County Sanitation District - Zone 2 San Jerardo for immediate critical repairs in response to storm damages;
b. Authorize the Auditor-Controller to decrease the FY 2016-17 Road Fund 002, Appropriation Unit RMA012 budget appropriations and operating transfers in by \$13,200 (4/5th vote required); and
c. Authorize the Auditor-Controller to amend the FY 2016-17 Boronda County Sanitation District - Zone 2 San Jerardo Budget, Fund 157, Appropriation Unit RMA046 to increase appropriations and operating transfers in by \$13,200, financed by an operating transfer out of \$13,200 from the General Fund 001, Appropriation Unit CAO017, for immediate and critical repairs in response to winter storm damages (4/5th vote required).

Sponsors:

Indexes:

Code sections:

Attachments: 1. Board Report, 2. Attachment A - Resolution, 3. Attachment B - Budget Sheet, 4. Attachment C - Location Map, 5. Completed Board Order & Resolution

Date	Ver.	Action By	Action	Result
6/27/2017	1	Board of Supervisors	adopted	Pass

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a. Authorize redirecting \$13,200 of the \$9,500,000 Board approved General Fund 001 operating transfer out, originally earmarked for the Road Fund 002, to the Boronda County Sanitation District - Zone 2 San Jerardo for immediate critical repairs in response to storm damages;
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RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a Resolution to:
a. Authorize redirecting \$13,200 of the \$9,500,000 Board approved General Fund 001 operating transfer out, originally earmarked for the Road Fund 002, to the Boronda County Sanitation District - Zone 2 San Jerardo for immediate critical repairs in response to storm damages;
b. Authorize the Auditor-Controller to decrease the FY 2016-17 Road Fund 002, Appropriation Unit RMA012 budget appropriations and operating transfers in by \$13,200 (4/5th vote required); and
c. Authorize the Auditor-Controller to amend the FY 2016-17 Boronda County Sanitation District - Zone 2 San Jerardo Budget, Fund 157, Appropriation Unit RMA046 to increase appropriations and operating transfers in by \$13,200, financed by an operating transfer out of \$13,200 from the General Fund 001, Appropriation Unit CAO017, for immediate and critical repairs in response to winter storm damages (4/5th

vote required).

SUMMARY/DISCUSSION:

The Boronda County Sanitation District - Zone 2 San Jerardo (hereafter, "BCSD - Zone 2 SJ" or "District") operates the water system that provides water service to the residents of the San Jerardo Housing Cooperative, Inc. Cyclone strength winds from the storm that hit Monterey County on February 17, 2017 caused a tree to fall on the panel that houses the controls for the water system. This resulted in the immediate shut-down of the water system and caused the fire pump to malfunction. Drinking water was procured and the first shipment was delivered on Friday, February 17 and a second delivery was made on Saturday, February 18. By Tuesday, February 21, the control panel was bypassed and a manual control system was put in place. On Sunday, May 28 a problem with the bypass occurred, reducing pressure to the system. Bottled water was again procured and delivered to the residents of the San Jerardo Housing Cooperative, Inc. The water operator, MCSI Water Systems Management, working with a controls specialist, Telstar Instruments, was able to reprogram the system and bring it back online by 9:00 p.m. on Sunday, May 28.

A repair plan has been submitted by Telstar Instruments that includes a two-phase project. The first phase will be to install a temporary control system, allowing the main control panel to be transported to the Telstar facility, where it will be rebuilt. The quote to install the temporary control system is \$19,281. The "worst-case scenario" cost to rebuild and reinstall the permanent control panel is \$91,623. However, that amount may be less depending on the severity of the damage inside the panel. Coordination and management by the water operator is estimated to be approximately \$5,000. The lead time to install the temporary control system and remove the panel will be approximately two (2) to three (3) weeks. The lead time to rebuild the panel is dependent on the number of types of components required to be replaced and could take up to twelve (12) weeks.

The fire pump will need to be analyzed to determine repairs. Based on initial investigation, it may only need a new engine at the cost of \$30,000. Should full replacement be required, a budgetary estimate of \$65,000 has been provided by the vendor.

The emergency actions and repairs that occurred during the February 2017 storm event have been included in the Countywide report to the Monterey County Office of Emergency Services (OES) and have met the threshold of damage to seek state and federal funding. Federal and state funding is anticipated to cover eligible cost up to 75% and 18.75%, respectively, which leaves 6.25% for the District's local share.

A cost estimate detailing estimated expenditures is included as Attachment B. The costs associated with these repairs is beyond the FY 2016-17 budget appropriations for standard operations. Additionally, the District began the fiscal year with a fund balance of \$54 and is expected to be in a similar position at the end of this year. BCSD - Zone 2 SJ cannot accommodate fronting the repair cost for the winter storms.

On March 14, 2017, the Board of Supervisors approved mid-year modifications to the FY 2016-17 adopted budget related to the winter storms and Soberanes Fire disasters. The modification included a \$9,500,000 increase in the General Fund 001, Other Financing Uses appropriation unit CAO017 budget from the Disaster Assistance fund balance assignment to reimburse the Road Fund for immediate, current year, critical repairs in response to storm damages through February 16, 2017 and the Soberanes Fire. To date, the Road Fund has incurred and encumbered estimated reimbursable costs of \$5,243,000 for storm damage and \$1,175,000 for the Soberanes Fire for a total of \$6,418,000.

Like the Road Fund, the BCSD - Zone 2 SJ also incurred damages and has a need for critical repairs resulting from the winter storm events; however, the estimated costs of repairs were not included in the mid-year

modifications.

For this reason, the BCSD - Zone 2 SJ is requesting \$13,200 of the \$9,500,000 be redirected from the Road Fund to the District in the form of an operating transfer in from the General Fund 001, CAO017 to assist with covering the estimated federal, state, and local share of cost to make immediate repairs. If all FY 2016-17 estimated costs of \$13,200 are eligible, BCSD - Zone 2 SJ anticipates federal and state reimbursement of \$12,375, which leaves a local share of \$825. BCSD - Zone 2 SJ will reimburse the General Fund up to \$13,200 after the federal and state shares are received.

The mid-year modification in March included a priority project list. Projects reflected damages from January storms that were estimated to be about \$20 million. The list did not include February storm damage, which is now estimated to be about \$60 million. As a result, there are many more projects than we have funding so this redirect would use funds that may otherwise have been used on another project. It is unknown at this time what impact the redirection of these funds will have on Road Fund projects, but staff feels that the critical nature of this project and the financial condition of this District warrant making this a higher priority. Staff will return to the Board July 2017 to provide a status update and revised project priority list for consideration.

As an alternative to reducing the appropriations earmarked for the Road Fund, which were financed by releasing Disaster Assistance fund balance assignment, the Board may want to consider authorizing an additional \$13,200 release of Disaster Assistance fund balance assignment to fund the increase in BCSD - Zone 2 SJ appropriations.

Due to the financial constraints within the BCSD - Zone 2 SJ, a rate study has been completed by the Rural Community Assistance Corporation - California as part of a TMF analysis required by the California Environmental Protection Agency State Water Resources Control Board. This rate study will be updated to include the storm related costs presented in this report that are not subject to reimbursement. Implementation of any rate increase is subject to voter approval through a Proposition 218 election, which is required to increase water fees.

OTHER AGENCY INVOLVEMENT:

The San Jerardo Housing Cooperative Inc. supports this recommendation. Due to timing constraints, this report was not presented to the Budget Committee.

FINANCING:

The recommended action will decrease the FY 2016-17 Road Fund 002, Appropriation Unit RMA012 budget appropriations and operating transfers in by \$13,200, which will allow for the partial redirection of the Board approved funding for winter storm cost to the BCSD - Zone 2 SJ. This action provides for \$13,200 increase in FY 2016-17 adopted budget operating transfers in and appropriations in Fund 157, Appropriations Unit RMA046, which will be financed by an operating transfer out of \$13,200 from the General Fund 001, Appropriation Unit CAO017.

Additional expenditures of \$188,781 are estimated for FY 2017-18 in response to repairs associated with winter storm. Staff will return next fiscal year to request additional appropriations.

If all storm related costs are deemed eligible by federal and state agencies, BCSD - Zone 2 SJ would be responsible for 6.25% of the estimated 2017 and 2018 expenditures of \$201,981, which is estimated at \$12,624. BCSD - Zone 2 SJ does not have sufficient fund balance nor does the District collect enough in customer sanitation fees to front the remaining estimated federal, state, and local share. Thus, the District is requesting an operating transfer in from the General Fund of \$13,200 to cover the federal, state and local share, anticipating reimbursing the General Fund once the federal and state share is received.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Check the related Board of Supervisors Strategic Initiatives:

Economic Development

Administration

Health & Human Services

Infrastructure

Public Safety

Expenditures funded by this appropriation meet initiatives related to Infrastructure, Health & Human Services, and Public Safety. It is critical to the health and safety of the residents living at the San Jerardo Housing Cooperative, Inc. that the community have a dependable and safe water system. Infrastructure repairs are important to maintain the system and avoid future failures.

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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 - Resolution

Attachment B - Budget Sheet

Attachment C - Location Map

(Attachments on file with the Clerk of the Board)