



Legislation Details (With Board Report)

File #: 15-0919 **Name:** CSA-72 Las Palmas Loan
Type: General Agenda Item **Status:** Agenda Ready
File created: 8/13/2015 **In control:** Budget Committee
On agenda: 9/2/2015 **Final action:**

Title: a. Support Board of Supervisors approval of a loan, to be repaid with interest, in the amount of \$255,000 from the Capital Projects Fund, Fund 402-3000-8174-7614-RMA014 as an Operating Transfer Out to CSA 72-Las Palmas Ranch, Fund 091-3000-8198-RMA087 for a non-budgeted storm drain maintenance and cross connection projects (4/5th vote);
b. Support the Board of Supervisors approval of an increase in appropriations in the amount of \$255,000 in Capital Projects Fund, Fund 402-3000-8174-7614-RMA014 Operating Transfer Out where the financing source is from Uncommitted Fund Balance (4/5th vote);
c. Support the Board of Supervisors acting as CSA 72-Las Palmas Ranch to increase appropriations in the amount of \$300,512 with a corresponding increase in estimated revenues consisting of \$255,000 as an Operating Transfer In from the Capital Projects Fund, Fund 402-3000-8174-7614-RMA014 and \$45,512 from Unassigned Fund Balance in the FY 2015-16 Adopted Budget for CSA 72-Las Palmas Ranch, Fund 091-3000-8198-6311-RMA087 to fund storm drain maintenance and cross connection projects (4/5th vote), and;
d. Support authorizing the Auditor-Controller to incorporate approved appropriations and estimated revenue modifications to the Fiscal Year 2015-16 Budget.

Sponsors: Public Works / RMA

Indexes:

Code sections:

Attachments: 1. Project Budget, 2. Location Map

Date	Ver.	Action By	Action	Result
9/2/2015	1	Budget Committee		

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d. Support authorizing the Auditor-Controller to incorporate approved appropriations and estimated revenue modifications to the Fiscal Year 2015-16 Budget.

RECOMMENDATION:

It is recommended that the Budget Committee:

- a. Support Board of Supervisors approval of a loan, to be repaid with interest, in the amount of \$255,000 from the Capital Projects Fund, Fund 402-3000-8174-7614-RMA014 as an Operating Transfer Out to CSA 72-Las Palmas Ranch, Fund 091-3000-8198-RMA087 for a non-budgeted storm drain maintenance and cross connection projects (4/5th vote);
- b. Support the Board of Supervisors approval of an increase in appropriations in the amount of \$255,000 in Capital Projects Fund, Fund 402-3000-8174-7614-RMA014 Operating Transfer Out where the financing source is from Uncommitted Fund Balance (4/5th vote);
- c. Support the Board of Supervisors acting as CSA 72-Las Palmas Ranch to increase appropriations in the amount of \$300,512 with a corresponding increase in estimated revenues consisting of \$255,000 as an Operating Transfer In from the Capital Projects Fund, Fund 402-3000-8174-7614-RMA014 and \$45,512 from Unassigned Fund Balance in the FY 2015-16 Adopted Budget for CSA 72-Las Palmas Ranch, Fund 091-3000-8198-6311-RMA087 to fund storm drain maintenance and cross connection projects (4/5th vote), and;
- d. Support authorizing the Auditor-Controller to incorporate approved appropriations and estimated revenue modifications to the Fiscal Year 2015-16 Budget.

SUMMARY/DISCUSSION:

CSA 72-Las Palmas Ranch (CSA 72) was formed in 1984 to provide Storm Drain Maintenance/Surface Water Disposition and Sewage Collection and Disposal. This report addresses the financing needs of two separate projects:

Storm Drain Repairs: Storm water runoff from the development is collected and diverted under River Road to an open concrete swale that carries the water to the Salinas River. The metal culvert piping structure that carries the water through the levee has failed, causing significant erosion to the levee. If the levee fails, it will likely cause flooding to the adjacent farmland. Weather forecasts are predicting an El Nino weather pattern for the upcoming rainy season. This poses a potential liability for crop damage and soil contamination to all or a portion of the 80 acres adjacent to the storm drain channel. The total project cost to repair the storm drain channel and levee is \$277,712.

Cross Contamination Plan: Additionally, the County is responsible for the cross contamination program related to the use of recycled wastewater that comes from the water treatment plant for Las Palmas. An initial investigation has been completed by Bestor Engineers which identifies the process necessary to complete a Cross Connection Control Plan that will bring the system into compliance with State Requirements. The cost to develop the Cross Contamination Plan is \$9,800.

Proposition 218 Election: It is estimated that the process will cost \$13,000.

The projects are not included in the Adopted Budget for Fiscal Year 2015-16 (FY 2015-16). Due to changes in management for the Special Districts, staff identified this work item as a priority for this fiscal year. CSA 72 currently collects assessments totaling approximately \$4,945 per year with approximately \$45,512 available in the Unassigned Fund Balance. These amounts are insufficient to fund the total cost of these two projects. Therefore, a loan of \$255,000 from the Capital Projects Fund, Fund 402, along with an appropriation from CSA 72 Unassigned Fund Balance of \$45,512 is necessary.

Staff will work with property owners and the various homeowners associations in CSA 72 to hold a Proposition 218 election that will increase assessments sufficient to support the loan payback and future maintenance of the storm drain structure and cross connection program. There are currently 1,039 assessed properties in this CSA.

Ninety-one percent are currently only assessed \$3.66 annually for storm drain maintenance. The assessment on the remaining 91 properties is between \$7.32 to \$234.24. An engineer's report will be required to determine the amount of the new assessment, however, if the loan payment were to be assessed equally among all parcels, the annual assessment to cover the loan payment portion of the fee would be approximately \$50. Should the Proposition 218 election be unsuccessful it is possible that the Capital Projects Fund, Fund 402 will not be reimbursed, or reimbursed over a longer period of time due to the low assessments that are collected annually.

OTHER AGENCY INVOLVEMENT:

The Cross Connection Control Plan is needed to meet regulatory requirements to Waste Discharge Requirements (WDR) established by the Regional Water Quality Control Board. Although the wastewater treatment plant for Las Palmas is owned and operated by a private utility company, the WDR still lists the County as a responsible entity for the distribution of recycled water to various users for irrigation purposes until the Las Palmas Ranch Irrigation Association is formed.

FINANCING:

There is an impact to future Capital Projects resulting from the diversion of Uncommitted Fund Balance in the amount of \$255,000 as a loan to CSA 72 to be repaid over five years. The \$300,512 in costs associated with these projects will be financed by CSA 72-Las Palmas (Fund 091, Unit 8198) with a supplemental contribution/loan from the Capital Projects Fund (Fund 402). The term of the loan will be five (5) years at the applicable interest rate established by the Treasurer-Tax Collector. Additionally, approximately \$45,512 from the CSA 72-Las Palmas Unassigned Fund Balance will be appropriated, reducing the Unassigned Fund Balance from \$46,243 to \$731.

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

Approved by: Robert K. Murdoch, P.E., Director of Public Works

Approved by: Carl P. Holm, RMA Acting Director

Prepared Date: August 12, 2015

Attachments: Project Budget; Location Map