



Legislation Details (With Board Report)

File #:	RES 17-109	Name:	Boronda CSD, Increase Appropriations
Type:	General Agenda Item	Status:	Passed
File created:	6/20/2017	In control:	Boronda County Sanitation District
On agenda:	6/27/2017	Final action:	6/27/2017

Title: Adopt a Resolution to:

- a. Authorize redirecting \$49,562 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 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 \$49,562 (4/5th vote required); and
- c. Authorize the Auditor-Controller to amend the FY 2016-17 Boronda County Sanitation District Adopted Budget, Fund 156, Appropriation Unit RMA045 to increase appropriations and operating transfers in by \$49,562, financed by an operating transfer out of \$49,562 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 - Map, 5. Completed Board Order & Resolution

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

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RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a Resolution to:

- a. Authorize redirecting \$49,562 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 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 \$49,562 (4/5th vote required); and
- c. Authorize the Auditor-Controller to amend the FY 2016-17 Boronda County Sanitation District Adopted Budget, Fund 156, Appropriation Unit RMA045 to increase appropriations and operating transfers in by \$49,562, financed by an operating transfer out of \$49,562 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 (BCSD) sewer operations performed well during the FY 2016-17 winter storm season and had minimal emergency callouts. However, the severe storm that brought cyclone level winds and heavy rain between February 17 and February 22, 2017 caused an extended power outage throughout the Boronda community. This power outage effectively shut down all lift stations in the sewer system. County crews, using a gas powered rental pump, worked around the clock in 12-hour shifts beginning February 17, 2017 at 7:30 a.m. through 7:30 p.m. on February 22, 2017 to ensure flows were maintained until electrical power was restored to the area. To assist in these efforts, it was necessary to employ a sewer pumping vendor during the heaviest rainfall periods. The crews successfully kept sewage levels down and prevented any sewage from overflowing out of the system.

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.

The costs associated with this work include an estimated \$38,000 in overtime staff charges, \$4,000 in pump rental, and \$7,562 in outside sewer pumping services. The total costs of \$49,562 exceeds the annual budget appropriations for standard operations. The District's estimated ending fund balance for FY 2016-17 is approximately \$83,500. At this time, it is necessary to maintain the current fund balance for the BCSD to fund updates to the existing rate study, incorporate costs associated with the 2017 winter storm response and fund a Prop 218 election. Additionally, the infrastructure is aging and it is necessary to maintain a contingency for unanticipated repairs and equipment replacement.

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 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 is requesting \$49,562 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 \$49,562 are eligible, BCSD anticipates federal and state reimbursement of \$46,464, which leaves a local share of \$3,098. BCSD will reimburse the General Fund up to \$49,562 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 service area/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 \$49,562 release of Disaster Assistance fund balance assignment to fund the increase in BCSD appropriations.

Due to the financial constraints within the BCSD, a rate study has been completed by the Rural Community Assistance Corp on behalf of the District and proposes a rate increase to meet the financial needs of the sanitation district. 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 sanitation fees.

OTHER AGENCY INVOLVEMENT:

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 \$49,562, which will allow for the partial redirection of the Board approved funding for winter storm cost to the BCSD. This action provides for a \$49,562 increase in FY 2016-17 adopted budget operating transfers in and appropriations in Fund 156, Appropriations Unit RMA045, which will be financed by an operating transfer in of \$49,562 from the General Fund 001, Appropriation Unit CAO017.

If all storm related costs are deemed eligible by federal and state agencies, BCSD would be responsible for 6.25% of the estimated 2017 expenditures of \$49,562, which is estimated at \$3,098. BCSD 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 \$49,562 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

Projects and expenditures funded by this appropriation meet initiatives related to Infrastructure, Health & Human Services, and Public safety as this emergency response was critical to ensure safe and effective collection of wastewater. The quick response and 24-hour operation prevented a sewerage overflow and protected the health and public safety of property owners and residents living within the jurisdictional boundaries of the BCSD area.

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

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)