



County of Monterey

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

Board Report

File #: 13-0654, Version: 1

- a. Receive a report on the Toro Area Wastewater Service Feasibility Study, dated May 14, 2013, prepared by Wallace Group, a California Corporation; and
- b. Direct the Director of Public Works to return to the Board of Supervisors when the Community of Toro has secured a minimum 67 percent vote from the homeowners in support of the formation of a Community Services District.

RECOMMENDATIONS:

It is recommended that the Board of Supervisors:

- a. Receive a report on the Toro Area Wastewater Service Feasibility Study, dated May 14, 2013, prepared by Wallace Group, a California Corporation; and
- b. Direct the Director of Public Works to return to the Board of Supervisors when the Community of Toro has secured a minimum 67 percent vote from the homeowners in support of the formation of a Community Services District.

SUMMARY:

On October 23, 2012, the Board of Supervisors received a report from Resource Management Agency - Public Works (RMA-PW) on Board Referral No. 2012.05 regarding a feasibility study of various alternatives for wastewater treatment for the Toro Community and approved the RMA-PW's recommendation to conduct a feasibility study.

RMA-PW engaged Wallace Group, a California Corporation, a firm with expertise in managing wastewater treatment systems, to undertake a feasibility study to determine potential entities suitable for administration, operations, and maintenance of the Toro Area Sanitary Sewer System; evaluate the condition of the existing collection system and wastewater treatment plant; expand on a technical memorandum they prepared for the Monterey Regional Water Pollution Control Agency (MRWPCA) to determine the feasibility and costs to send all effluent from the Toro Area to the MRWPCA wastewater treatment plant; provide an in-depth analysis of Local Agency Formation Commission (LAFCO) and other requirements, costs, and steps necessary to convert from a private to public utility for collection system operations and potentially treatment operations; evaluate annual costs for several alternatives to operate and maintain a public system; and develop a schedule that identifies the timeline for buy-out of the current sewer provider, California Utilities Service, Inc. (CUS) and creation of a public entity. A copy of the Wallace Report is included as Attachment A.

DISCUSSION:

Based on the evaluation of five alternatives and in consideration of the long-range goals expressed by the TASCSC for the community to maintain local "control," the study identified the preferred approach for management of the Toro Area's sewage would be for the Toro Area Sewer Coalition Steering Committee (TASCSC) to form a Community Services District (CSD) and contract the administrative and operations services for the first five years until the CSD is established. Presently, users pay CUS \$122 per month for sewage services. Based on the Wallace Group study findings, the estimated cost per equivalent customer

through a CSD will range between \$86 and \$131 per month.

The study recommends that the Board of Supervisors require the TASCSC to develop a petition for circulation to the Community of Toro to assess support for formation of a CSD. The petition would explain the following: 1) the process of forming a CSD; 2) the required assessment of a Special Tax to generate funding for the necessary buy-out of CUS and the first year's administrative and operating expenses; and 3) the time frame involved to create the new entity. Conducting this survey as the first step will determine the level of support for the formation of a CSD before expending County staff time and additional financial resources. Survey results need to reflect at least a two-thirds homeowner approval, similar to that needed for passage of a Special Tax vote, before the Board is asked to consider supporting the formation of a CSD.

The study also outlines the specific step sequence in forming a CSD, including required Regulatory Agency approvals, detailed financing alternatives and cost estimates, and average processing times for execution of the various steps to assist TASCSC and the County should the effort to form a CSD move forward.

OTHER AGENCY INVOLVEMENT:

RMA-PW staff worked collaboratively with TASCSC and the Office of the County Counsel. The TASCSC formalized their acceptance of the report's basic conclusions and data presented without changes in a letter to the County, dated May 9, 2013.

FINANCING:

There is no impact to the General Fund related to receiving the study. Previously approved study costs of approximately \$10,000 were fully funded in FY 2012-13 from Facilities Maintenance Projects Budget, Fund 401, modified by the Board on February 26, 2013. If the outcome of this study results in the TASCSC creating a CSD, costs incurred for the study would be recovered through the rate structure established. If the community does not form a CSD, the County's costs for the completed study are not recoverable.

Based on the Study recommendations to form a CSD, the estimated cost to create a CSD is \$335,000. This cost includes a LAFCO application, conducting a Proposition 218 hearing, and administrative costs to buy-out the current sewer service provider, CUS. The report estimates that expenses for running the administrative functions of a similar-sized CSD are between \$290,000 and \$506,010