



County of Monterey

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

Board Report

File #: 14-521, **Version:** 1

Acting on behalf of County Service Area No. 75 Chualar:

- a. Ratify the use of J.G.P.G. dba Greenline Underground Plumbing Video to perform emergency repairs to the Chualar Sanitary Sewer Collection and Treatment System in the amount of \$166,329.
- b. Approve a report on the financial condition of County Service Area 75 Chualar;
- c. Authorize a transfer \$258,093 from the Capital Projects Fund 402-3000-8174-RMA014 to the Chualar County Service Area 75, Fund 093-3000-8198-RMA088, as a loan to be repaid with Interest (4/5 vote required);
- d. Approve an increase the FY 2013-14 Capital Projects 402-3000-8174-7614 appropriations by \$258,093, Chualar CSA 75 093-3000-8198-6311 appropriations by \$298,850, and Chualar CSA 75 093-3000-8198-5940 revenues by \$258,093 (4/5 vote required); and
- e. Authorize the Auditor-Controller to incorporate approved appropriations and estimated revenue modifications in the FY 2013-14 Budget.
- f. Authorize the Director of Public Works to release a Request of Expressions of Interest (REI #PW01) for the possible sale of the Chualar Sanitary Sewer Collection and Treatment System.

RECOMMENDATION:

It is recommended that the Board of Supervisors acting on behalf of County Service Area No. 75 Chualar:

- a. Ratify the use of J.G.P.G. dba Greenline Underground Plumbing Video to perform emergency repairs to the Chualar Sanitary Sewer Collection and Treatment System in the amount of \$166,329;
- b. Approve a report on the financial condition of County Service Area 75 Chualar;
- c. Authorize a transfer \$258,093 from the Capital Projects Fund 402-3000-8174-RMA014 to the Chualar County Service Area 75, Fund 093-3000-8198-RMA088, as a loan to be repaid with Interest (4/5 vote required);
- d. Approve an increase the FY 2013-14 Capital Projects 402-3000-8174-7614 appropriations by \$258,093, Chualar CSA 75 093-3000-8198-6311 appropriations by \$298,850, and Chualar CSA 75 093-3000-8198-5940 revenues by \$258,093 (4/5 vote required); and
- e. Authorize the Auditor-Controller to incorporate approved appropriations and estimated revenue modifications in the FY 2013-14 Budget.
- f. Authorize the Director of Public Works to release a Request of Expressions of Interest (REI #PW01) for the possible sale of the Chualar Sanitary Sewer Collection and Treatment System.

SUMMARY/DISCUSSION:

On January 30, 2014, the Resource Management Agency - Public Works Director notified the Board by memorandum of emergency repairs related to a sanitary sewer overflow (SSO) at the pump station of the Chualar Sanitary Sewer System on January 26, 2014. An emergency purchase order was issued to J.G.P.G. dba

Greenline Underground Plumbing Video to perform emergency repairs to the pump station. The SSO clean-up was conducted by RMA-PW, and coordinated with the inspector from Monterey County Environmental Health Department. Proper reporting was performed for the incident.

The problem was investigated and determined to be a structural failure in the force main. Repair costs of the structural failure include the following:

1. Replacement of 140' of 6" sanitary sewer force main includes sidewalk replacement costs previously associated with item 3 below: \$125,329

Additional costs associated with the emergency repair of the force main include:

2. Sanitation Crew Emergency Call-out, Clean-up on 1/26/14 and Investigation & Project Management costs (estimate): \$15,000
3. Air Relief Valve (ARV) replacement (estimate): \$26,000

The ARV was temporarily repaired during the FY 2012-13 emergency repairs. Additional repairs were made during item 1) above. Final repairs are pending completion of the encroachment permit process with Caltrans. It is unknown at this time whether Caltrans will require design modifications that would affect the cost. Caltrans has not responded for the past 2 months to bi-weekly emails regarding the permit status.

Total estimated additional costs: \$166,329

In the January 30, 2014 memo, the Public Works Director informed the Board that County Service Area 75 - Chualar (CSA 75) lacked sufficient funding to pay for the emergency work, as well as ongoing operations. The annual operation and maintenance costs of CSA 75 have exceeded the annual revenues for most of the last eleven years and CSA 75 continues to operate with a funding deficit.

CSA 75 was first established as a consolidation of prior agencies that served the community and currently provides the following services: 1) Lighting, 2) Storm Drain and Surface Water Disposal, and 3) Wastewater Collection and Treatment. The operations and maintenance of the wastewater collection and treatment system must meet the regulatory requirements established for it by Water Discharge Requirements Order No. 01-038 issued by the Regional Water Quality Control Board.

Several steps have been taken to identify and implement a long term structural and financial solution for the Chualar Community and Sanitary Sewer System. Community Development Block Grant (CDBG) funds have been awarded during the current fiscal year to facilitate some rehabilitation work. The project includes installation of a replacement monitoring well and valves in the piping at the wastewater treatment facility, as well as an emergency generator and wet well cover at the pump station. The monitoring well replaces an existing, failed well, and the valves replace existing, failed valves, required to stay in compliance with regulatory requirements. The wet well cover improves worker safety and efficiency resulting in reduced costs to the County on a weekly basis; each time the pumps are serviced. The emergency generator improves the safety and efficiency in times of emergencies, also resulting in reduced costs to the County, though on a less frequent basis.

Six funding agencies have also been contacted regarding potential grant funding of a comprehensive solution. RMA-Public Works staff has met with representatives of the Rural Community Assistance Corporation (RCAC) to investigate assistance available through a SWRCB grant to supplement RMA-Public Works staff efforts. RCAC's technical assistance will be used to identify the most appropriate structural solution, obtain

grant funding, and to establish a viable and sustainable rate structure for the community. Part of the work plan being developed with RCAC is outreach to property owners in the Community of Chualar as part of developing a sustainable rate structure for the community is identified. Feedback received from property owners would be provided to the Board. RMA-PW staff has pursued grants, but the community does not qualify due to low service fees. The funding with SWRCB requires monthly rates equal to 1.5% of \$43,125 Median Household Income (MHI); an increase from the current monthly rate of \$13.92 to \$53.91. RCAC's contract with the SWRCB is currently being established, and a timeline for the technical assistance will be established as part of the work plan being developed, but is currently unavailable.

Deferred maintenance has also led to sanitary sewer overflows (SSO) in the community. Several SSO have been mitigated without significant economic impact.

CSA 75 has a history of recent emergency repairs. Previous actions and expenditures approved by the Board are included in Attachment B, Summary of Loans.

Funding in FY 2011-12 included \$65,000 for the completion of a rate study, Capital Improvement Plan (CIP) and Sanitary Sewer Master Plan (SSMP). The FY 2012-13 force main emergency began August 2012, before the rate study, CIP, and SSMP were initiated, and consumed this portion of the budget. RMA-PW staff has drafted an update to the SSMP without additional input from consultants.

In light of the ongoing and anticipated financial struggles of CSA 75 and its adverse impact on the County's General Fund, a possible solution would be to seek a public or private entity to take ownership of the system. This entity would be responsible for the operations and maintenance of the sanitary system, compliance with all regulatory requirements, and provision of an acceptable level of service at a reasonable rate for the customers of the system. To that end, a Request for Expression of Interest has been developed and is attached for review and consideration.

OTHER AGENCY INVOLVEMENT:

Water Discharge Requirements Order No. 01-038 issued by the Regional Water Quality Control Board establishes regulatory requirements which must be met by CSA 75 in its wastewater collection and treatment operations. The SSO clean-up was coordinated with Monterey County Environmental Health Department staff. Caltrans has provided the permit for the emergency repair work within that agency's Right of Way, though the encroachment permit for the final repairs are still pending their approval. This report was presented to the Budget Committee on May 28, 2014 and the Capital Improvement Committee on June 2, 2014.

FINANCING:

Staff recommends a loan from the Capital Projects Fund 402-3000-8174-RMA014 up to \$258,093 to cover the cost of the emergency repairs (\$166,329), monthly operating expenses (\$132,521), as well as using the remaining fund balance of \$40,757 in 093-3000-8198-RMA088 to reduce the projected shortfall as outlined in Attachment A. There is an impact on two projects in the Capital projects Fund 402 as a result of this loan as the funding identified in the FY 2013-14 Capital Projects will need to be redirected in whole and in part in order to loan CSA 75 the \$258,093. The entire amount of \$205,000 identified for the Demolition of Abandoned Facilities - 1220 Natividad Road and taking \$53,093 from the Monterey Courthouse Chiller Replacement Project reducing the available funds for this project from \$250,000 to \$196,907. These two projects would be put on hold until the loan is repaid from CSA 75 or new funding sources are identified in the future.

Staff recommends that the loan be paid back if and when rates have been adjusted by the Board of Supervisors to fully cover costs of operation, maintenance and capital replacement. Further, staff anticipates additional

future loans will be expected to cover unforeseen emergencies and annual operating costs until a sustainable rate structure can be established for the community and sufficient reserves are established.

Additional funds in the amount of \$200,000 were requested as an augmentation for FY 2014-15 to address the continuing operational funding shortfall.

Prepared by: Dirk J. Medema, P.E., Special Services Areas Manager, (831) 784-5647

Date May 16, 2014

Approved by:

Robert K. Murdoch, P.E., Director of Public Works

Benny J. Young, RMA Director

Attachments: Attachment A: Summary of Funding Deficit; Attachment B: Summary of Loans; Attachment C: Request for Expressions of Interest; Location Map (Attachments on file with the Clerk of the Board)