



County of Monterey

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

Legislation Details (With Board Report)

File #: RES 17-108 **Name:** Pajaro 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 \$370,000 of the \$9,500,000 Board approved General Fund 001 operating transfer out, originally earmarked for the Road Fund 002, to the Pajaro 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 \$370,000 (4/5th vote required); and
c. Authorize the Auditor-Controller to amend the FY 2016-17 Pajaro County Sanitation District Adopted Budget, Fund 151, Appropriation Unit RMA040 to increase appropriations and operating transfers in by \$370,000, financed by an operating transfer out of \$370,000 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 A - Resolution-WORD, 4. Attachment B - PCSD Cost Estimate Sheet, 5. Attachment C - Location Map, 6. Completed Board Order & Resolution

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

Adopt a Resolution to:

- a. Authorize redirecting \$370,000 of the \$9,500,000 Board approved General Fund 001 operating transfer out, originally earmarked for the Road Fund 002, to the Pajaro 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 \$370,000 (4/5th vote required); and
- c. Authorize the Auditor-Controller to amend the FY 2016-17 Pajaro County Sanitation District Adopted Budget, Fund 151, Appropriation Unit RMA040 to increase appropriations and operating transfers in by \$370,000, financed by an operating transfer out of \$370,000 from the General Fund 001, Appropriation Unit CAO017, for immediate and critical repairs in response to winter storm damages (4/5th vote required).

RECOMMENDATION:

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

- a. Authorize redirecting \$370,000 of the \$9,500,000 Board approved General Fund 001 operating transfer out, originally earmarked for the Road Fund 002, to the Pajaro 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 \$370,000 (4/5th vote required); and
- c. Authorize the Auditor-Controller to amend the FY 2016-17 Pajaro County Sanitation District Adopted

Budget, Fund 151, Appropriation Unit RMA040 to increase appropriations and operating transfers in by \$370,000, financed by an operating transfer out of \$370,000 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 effects of rainstorms during the 2017 winter season greatly impacted operations of the Pajaro County Sanitation District (PCSD). Several storms between December 1, 2016 and February 9, 2017 resulted in the need for emergency staff response and outside sewer pumping at the Las Lomas Lift Station to keep up with the infiltration of storm water into that system and to avoid sewer overflow. During a power outage that affected much of the Pajaro community, additional staff support and rental of gas powered pumps was also necessary to keep sanitation district pump stations operational.

On Saturday, February 18, 2017 the failure of a manhole combined with a sewer line rupture resulted in a wastewater release along the Pajaro River levee near the Watsonville Wastewater Treatment Facility. To exacerbate the problem, a storm associated with the 2017 Atmospheric River weather event began on Sunday, February 19, 2017 and continued through early morning on Tuesday, February 21, 2017. The heavy rains resulted in high flows of stormwater infiltrating the sewer system. To reduce the flow of sewage and stormwater into the line, 24-hour septic pumping was initiated on the afternoon of February 19, 2017 and continued through the morning of February 25, 2017.

The line break has been repaired and the damaged manhole has been stabilized. A design for the repair has been completed and is pending review and permitting by the Army Corp of Engineers due to its proximity to the Pajaro River levee. A preliminary scope of work, including soil and water testing, has been established for remediation of the affected site.

In addition to expenses incurred due to weather and the wastewater release, the generator located at the Pajaro Lift Station stopped working on Friday, February 17, 2017 and as a temporary solution, a rental unit was installed. Based on observations by County staff and the generator failure during the winter storm, the damage is attributed to the winter storms. Upon initial investigation by the generator repair vendor it was found that replacement parts were unavailable due to the age of the generator and a replacement generator has been recommended.

The emergency actions and repairs that occurred during the January and February 2017 Atmospheric River storm events 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.

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 \$1,175,000 for storm damage and reimbursable costs of \$5,248,000 for the Soberanes Fire for a total of \$6,418,000.

Like the Road Fund, PCSD 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. Instead,

On May 23, 2017, PCSD recommended and the Board of Supervisors approved an appropriation increase of \$217,148 to fund expenditures incurred for emergency response associated with the 2017 winter storms. The appropriation increase was funded by using PCSD's entire unassigned fund balance. These funds have been exhausted and PCSD's current fund balance is negative \$42,860. To cover the negative fund balance and additional costs caused by the winter storms through the end of the fiscal year, PCSD has an immediate need of \$370,000.

For these reasons, PCSD is requesting \$370,000 of the \$9,500,000 be redirected from the Road Fund to PCSD in the form of an operating transfer in from the General Fund 001, CAO017 to assist with covering the remaining estimated federal and state share of cost to make immediate repairs. If all FY 2016-17 estimated costs of \$587,148 (\$217,148 plus \$370,000) are eligible, PCSD anticipates federal and state reimbursement of \$550,451, which leaves a local share of \$36,697. PCSD will reimburse the General Fund up to \$370,000 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 \$370,000 release of Disaster Assistance fund balance assignment to fund the increase in PCSD appropriations.

Given the financial constraints within the PCSD, a rate study will be prepared to determine the costs necessary to meet the district's financial needs, including 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 \$370,000, which will allow for the partial redirection of the Board approved funding for winter storm cost to PCSD. This action provides for \$370,000 increase in FY 2016-17 adopted budget appropriations in Fund 151, Appropriations Unit RMA040, which will be financed by an operating transfer in of \$370,000 from the General Fund 001, Appropriation Unit CAO017.

Additional expenditures of \$1,515,000 are estimated for FY 2017-18 in response to repairs and remediation activities associated with the Atmospheric River winter storm events and the resultant wastewater release adjacent to the Pajaro River levee. Staff will return next fiscal year to request additional appropriations.

If all storm related costs are deemed eligible by federal and state agencies, PCSD would be responsible for 6.25% of the estimated 2017 and 2018 expenditures of \$2,102,148, which is estimated at \$131,384. PCSD has exhausted fund balance of \$217,148 on emergency winter storm repairs, which more than covers the District's

local share of \$131,384. However, PCSD does not collect enough in customer sanitation fees to front the remaining estimated federal and state share. Thus, PCSD is requesting an operating transfer in from the General Fund of \$370,000 to cover the federal and state 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:

Projects and expenditures funded by this appropriation meet initiatives related to infrastructure as repairs and equipment replacement are critical to the proper operations of the wastewater system. Safe and effective collection of wastewater protects the health and public safety of property owners and residents living in the sanitation district.

☐ Economic Development

☐ Administration

☒ Health & Human Services

☒ Infrastructure

☒ Public Safety

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Approved by: Carl P. Holm, AICP, RMA Director

Attachments:

Attachment A - Resolution

Attachment B - Pajaro County Sanitation District Cost Estimate Sheet

Attachment C - Location Map

(Attachments on File with the Clerk of the Board)