



County of Monterey

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

Board Report

File #: 16-651, **Version:** 1

- a. Support increasing appropriations in the amount of \$27,274 and an increase in revenues in the amount of \$14,228 to the Fiscal Year 2015-16 Adopted Budget for Boronda County Sanitation District - San Jerardo Water System, Fund 157-3000-8197-RMA046, where the financing source is \$13,046 from Fund 157 Unassigned Fund Balance and \$14,228 operating transfer in from Facilities Maintenance Projects, Fund 401-3000-8184-5940, to fund increased maintenance and emergency replacement and repair costs;
- b. Support authorizing the Auditor-Controller to amend the budget for Boronda County Sanitation District - San Jerardo Water System, Fund 157-3000-8197-RMA046, for Fiscal Year 2015-16 by increasing appropriations in the amount of \$27,274 and an increase in revenues in the amount of \$14,228, where the financing source is \$13,046 from Fund 157 Unassigned Fund Balance and \$14,228 operating transfer in from Fund 401-3000-8184-5940; and
- c. Support transferring \$14,228 as an Operating Transfer out from the Facilities Maintenance Unscheduled Maintenance Projects, Fund 401-3000-8184-8510-RMA004 to Boronda County Sanitation District - San Jerardo Water System, Fund 157-3000-8197-RMA046.

RECOMMENDATION:

It is recommended that the Budget Committee support a request to:

- a. Support increasing appropriations in the amount of \$27,274 and an increase in revenues in the amount of \$14,228 to the Fiscal Year 2015-16 Adopted Budget for Boronda County Sanitation District - San Jerardo Water System, Fund 157-3000-8197-RMA046, where the financing source is \$13,046 from Fund 157 Unassigned Fund Balance and \$14,228 operating transfer in from Facilities Maintenance Projects, Fund 401-3000-8184-5940, to fund increased maintenance and emergency replacement and repair costs;
- b. Support authorizing the Auditor-Controller to amend the budget for Boronda County Sanitation District - San Jerardo Water System, Fund 157-3000-8197-RMA046, for Fiscal Year 2015-16 by increasing appropriations in the amount of \$27,274 and an increase in revenues in the amount of \$14,228, where the financing source is \$13,046 from Fund 157 Unassigned Fund Balance and \$14,228 operating transfer in from Fund 401-3000-8184-5940; and
- c. Support transferring \$14,228 as an Operating Transfer out from the Facilities Maintenance Unscheduled Maintenance Projects, Fund 401-3000-8184-8510-RMA004 to Boronda County Sanitation District - San Jerardo Water System, Fund 157-3000-8197-RMA046.

SUMMARY/DISCUSSION:

Boronda County Sanitation District - San Jerardo Water System is located approximately 5.3 miles southeast of the City of Salinas. The system was transferred to the Boronda County Sanitation District in 2011 and currently provides domestic water service to 67 connections. The previous water source for the system was unable to meet State water quality standards due to high nitrates and the presence of trichloropropane. After the transfer the County was able to secure grant funding to drill a new well and establish a new water treatment plant. The water system currently meets all state water quality requirements.

The current rate structure includes a \$72 per month flat charge plus a charge of \$2.34 per 100 cubic feet (748 gallons) used per month. The average water cost per customer per month is \$90.00. The revenue generated by the rate structure does not allow for adequate funding for equipment replacement and capital improvement costs and the property owners in the San Jerardo community have not been supportive of a rate increase.

The system employs three booster pumps that increase the pressure of the water for proper system operations. Two of the pumps failed, however all three are required to be replaced since the original pumps were no longer available and the pumps are required to be matched. The vendor was issued an emergency purchase order to supply and install the pumps. During this transaction, it was brought to staff's attention that an invoice for a different pump replacement in May of 2014 had been short payment by \$5,248 due to lack of appropriations and fund balance at that time. In order to continue with the order for the new pumps, the vendor required payment of the outstanding balance. These equipment costs, along with additional administrative special district shared expenses have increased annual expenditures and are projected to exceed the budgeted revenue of \$80,100 by \$27,274. There is currently \$13,046 in Fund 157 unassigned fund balance, these funds are not sufficient to cover the emergency repairs and additional funds in the amount of \$14,228 are required to meet all financial expenditures for FY 2015-16.

Staff is recommending transferring \$14,228 out of the Facilities Maintenance Project Fund 401 from Unscheduled Maintenance Projects 8510. Unscheduled Maintenance Projects is used to fund emergency repairs or unplanned work for County owned Facilities.

OTHER AGENCY INVOLVEMENT:

The above actions will require a 4/5th vote by the Board of Supervisors acting as the Board of Directors for the Boronda County Sanitation District.

FINANCING:

There is an impact to the Facilities Maintenance Project Fund, 401-3000-8184-8510-RMA004 as a result of the requested actions in the amount of \$14,228. This may affect RMA facility maintenance staff's ability to respond to unscheduled emergencies through the end of this fiscal year.

However, these actions will increase appropriations in Fund 157, Unit 8197 (Boronda County Sanitation District - San Jerardo Water System) from \$80,100 to \$107,374. There will also be an increase in revenues in Fund 157, Unit 8197 of \$14,228 as an operating transfer in from Fund 401. The increase will fund equipment replacement costs, and increased operating and maintenance costs. As a result of the above actions the current unassigned fund balance for Fiscal Year 2015-16 will be fully eroded to \$0 as shown in Attachment 1. Staff has drafted a Request for Qualifications (RFQ) to transfer ownership of County owned sanitation districts including the San Jerardo Water System and is anticipating release of the RFQ in the beginning of Fiscal Year 2016-17.

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

Approved by: Benny J. Young, Interim Director of Public Works and Facilities

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

Date: May 15, 2016

Attachments: Attachment 1: 2015-16 Financial Summary; Attachment 2: Boronda County Sanitation District Location Map