



County of Monterey

Item No.

Board Report

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

Legistar File Number: RES 24-063

April 16, 2024

Introduced: 3/29/2024

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Resolution

Authorize and direct the Auditor-Controller to:

- a. Amend the Fiscal Year 2023-24 Boronda County Sanitation District Adopted Budget, Fund 156, Appropriation Unit PFP049, to increase appropriations by \$184,840, financed by unassigned fund balance (156-3101) in the amount of \$62,750, increased revenue of \$262 and an operating transfer-in of \$121,828 from General Fund 001, Other Financing Uses Appropriation Unit CAO017 to be repaid per a loan agreement (4/5th Vote Required);
- b. Amend the Fiscal Year 2023-24 Adopted Budget, General Fund 001, Other Financing Uses Appropriation Unit CAO017, to increase appropriations by \$121,828 financed by a decrease in appropriations in General Fund 001, Contingencies Appropriation Unit CAO020 (4/5th Vote Required); and
- c. Transfer \$121,828 for the Fiscal Year 2023-24 from General Fund 001, Other Financing Uses Appropriation Unit CAO017, to Boronda County Sanitation District, Fund 156, Appropriation Unit PFP049 (4/5th Vote Required).

RECOMMENDATION:

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

- a. Amend the Fiscal Year 2023-24 Boronda County Sanitation District Adopted Budget, Fund 156, Appropriation Unit PFP049, to increase appropriations by \$184,840, financed by unassigned fund balance (156-3101) in the amount of \$62,750, increased revenue of \$262 and an operating transfer-in of \$121,828 from General Fund 001, Other Financing Uses Appropriation Unit CAO017 to be repaid per a loan agreement (4/5th Vote Required);
- b. Amend the Fiscal Year 2023-24 Adopted Budget, General Fund 001, Other Financing Uses Appropriation Unit CAO017, to increase appropriations by \$121,828 financed by a decrease in appropriations in General Fund 001, Contingencies Appropriation Unit CAO020 (4/5th Vote Required); and
- c. Transfer \$121,828 for the Fiscal Year 2023-24 from General Fund 001, Other Financing Uses Appropriation Unit CAO017, to Boronda County Sanitation District, Fund 156, Appropriation Unit PFP049 (4/5th Vote Required).

SUMMARY/DISCUSSION:

The Boronda County Sanitation District (BCSD) provides wastewater collection services to the community of Boronda. The operations and maintenance of the wastewater treatment and collection system must meet the regulatory requirements established under the Statewide Waste Discharge Requirements General Order for Sanitary Sewer Systems, Order WQ 2022-0103-DWQ adopted December 6, 2022, by the State Water Resources Control Board (SWRCB) with an effective date of June 5, 2023.

BCSD will incur costs greater than the amount available in the current Fund Balance, Fund 156, by \$121,828. These additional costs are primarily related to maintenance expenses, and consulting services to complete the rate study and Proposition 218 election that will establish new customer rates. Though there are additional mandatory regulatory documents that need to be produced, the Board granted funding for this regulatory document task at the September 19, 2023, Board Meeting for \$82,500.

Maintenance projects critical to the proper function of the sanitation system are necessary to be completed during the current fiscal year and include sewer line cleaning and generator repairs. The completion of these projects is outside the scope of sewer maintenance staff and must be completed by outside vendors. The cost for sewer line cleaning and generator repairs are estimated at \$50,000 and \$40,000, respectively.

BCSD sewer rates have not been increased in several years and a rate study to establish new rates is required in order to move forward with a Sewer Rate Study and subsequent Proposition 218 process that will establish new rates. Additionally, the BCSD ordinance must be updated to allow the District to legally charge the new rates and collect them on the Assessor Tax Rolls. Completion of the Rate Study/Proposition 218 process and the Ordinance Update are estimated at \$64,000 and \$40,000, respectively.

Once funding is approved, it is estimated that the final rate study will be completed by the end of June 2024 and community outreach efforts can commence, allowing for the Proposition 218 process to be completed and new rates in place by the beginning of the 2025-26 fiscal year.

OTHER AGENCY INVOLVEMENT:

At its March 28, 2024, meeting, the Budget Committee received and supported a report from staff regarding the BCSD's projected Fiscal Year (FY) 2023-24 budget deficit and request for a General Fund Loan.

FINANCING

If approved, the BCSD adopted budget for FY 2023-24 will be modified to increase appropriations by \$184,840 to fund additional expenditures for maintenance, regulatory compliance, completion of a rate study and subsequent Proposition 218 Election, and an update to the BCSD Ordinance. The increased costs are proposed to be funded by BCSD's unassigned fund balance of \$62,750, additional investment income revenue of \$262 and a loan from the General Fund of \$121,828, which has a balance of \$1,650,458.

Staff recommends a loan from the General Fund of \$121,828, to be paid back with interest. Borrower shall make payments each fiscal year beginning one year after a sewer rate increase has been established and the District's cash balance is at least 10% of its operating expenditure budget. Such payments are due within thirty (30) days following the final closing of the Borrower's Financial Books for each fiscal year. At a minimum, annual Scheduled Payments shall equal the amount of any accrued interest through June 30 of that fiscal year plus a principal payment equal to one-twentieth (1/20) of the original principal amount.

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Approved by: Enrique Saavedra, PE, Chief of Public Works

Approved by: Randell Ishii, MS, PE, TE, PTOE, Director of Public Works, Facilities and Parks

DocuSigned by:
Randell Ishii
4/3/2024 | 2:23 PM PDT

The following attachments are on file with the Clerk of the Board:

Attachment A - Resolution

Attachment B - BCSD FY 2023-24 Financial Summary

Attachment C - Interfund Loan Agreement

Attachment D - Location Map