

MONTEREY COUNTY BOARD OF SUPERVISORS

MEETING: August 23, 2011 – Consent –	AGENDA NO.:
SUBJECT: a. Approve a transfer of \$1,400,000 from Capital Projects Fund, Fund 402, Unit 8174, Appropriation Unit RMA014, Account 7521 (Unspecified-Needs Board Approval) to the Boronda County Sanitation District - San Jerardo Distribution Project, Fund 157, Unit 8197, Appropriation Unit RMA046 to help meet the cash flow requirements for the San Jerardo Water System Improvement Project, Project No. 08-859967, in FY 2010-11 until grant reimbursement funds are received; and b. Authorize the Auditor-Controller to move appropriations in the amount of \$1,400,000 within Capital Projects Fund, Fund 402, Unit 8174, Appropriation Unit RMA014, from Account 7521 (Unspecified – Needs Board Approval) to Account 7614 (Operating Transfers Out).	
DEPARTMENT: RMA - Public Works	

RECOMMENDATIONS:

It is recommended that the Board of Supervisors:

- a. Approve a transfer of \$1,400,000 from Capital Projects Fund, Fund 402, Unit 8174, Appropriation Unit RMA014, Account 7521 (Unspecified-Needs Board Approval) to the Boronda County Sanitation District - San Jerardo Distribution Project, Fund 157, Unit 8197, Appropriation Unit RMA046 to help meet the cash flow requirements for the San Jerardo Water System Improvement Project, Project No. 08-859967, in FY 2010-11 until grant reimbursement funds are received; and
- b. Authorize the Auditor-Controller to move appropriations in the amount of \$1,400,000 within Capital Projects Fund, Fund 402, Unit 8174, Appropriation Unit RMA014, from Account 7521 (Unspecified – Needs Board Approval) to Account 7614 (Operating Transfers Out).

SUMMARY/DISCUSSION:

The recommended actions will approve a transfer of an allocation of \$1,400,000 in Capital Project funds (Fund 402) to the Boronda County Sanitation District (Fund 157) to cover the FY 2010-11 cash flow needs of the San Jerardo Water System Improvement Project until grant reimbursement funds are received. The Department of Public Works staff has been working with the California Department of Public Health (CDPH) to finalize the grant reimbursement requests. These grant funds are available and will reimburse all of \$1,400,000. Public Works is attempting to secure these funds before the end of the FY 2010-11 revenue accrual period (September 30). However, it is possible that these expected accruals will not be received in time to apply the revenues to FY 2010-11. The transfer of \$1,400,000 is needed to assure that the San Jerardo Fund does not close out the fiscal year in a deficit position should grant funds not be forthcoming in a timely manner. See attached “Cash Flow Spreadsheet”. Approval of this transfer of funds will result in these funds not being available for other Capital Improvement Projects. However, Public Works staff fully expects the Capital Project Fund loan to be fully reimbursed within a few months by the grant reimbursements. As a result, there should be no long-term adverse funding impact for the Capital Project Fund.

On February 26, 2008, the Board authorized a similar transfer of Capital Project funds in the amount of \$1,000,000 to provide the necessary cash flow for the project until grant funds were received. Then again, on January 12, 2010, the Board approved another transfer of an additional \$1,500,000 from Fund 402 for the project. With this latest action, a total of \$3,900,000 in Capital Project funds will have been utilized to cash flow this important project. It is expected

that previously secured grant funding will be received in the coming months and will reimburse the Capital Project Fund.

The San Jerardo Water System has a history of water quality problems including high nitrate levels and the presence of 1, 2, 3 Trichloropropane. In 2007, the County received grant approval for a \$1,000,000 Community Development Grant (CDBG) from the California Department of Housing and Community Development (HCD). In 2009, the CDPH approved Safe Drinking Water American Reinvestment and Recovery Funding grant funding in an amount of \$2,743,530 for the San Jerardo Water System Improvement Project. Additionally, \$300,000 in local Inclusionary Housing funds and Over-the-Counter grant funds totaling \$25,000, as well as a waiver of fees of \$5,000, for a local match of \$330,000 have been committed by previous Board action.

OTHER AGENCY INVOLVEMENT:

None.

FINANCING:

On September 1, 2009, the Board authorized a Project Budget not to exceed \$5,548,801. Bids for the project came in below the initial budget, therefore, Amendment No. 1 to the CDPH grant agreement reduced the Project Budget amount to the current estimate of \$4,900,000. This estimate is expected to be reimbursed by grants. The proposed action would result in authorization to transfer up to \$1,400,000 from Fund 402, Unit 8174, Appropriation Unit RMA014, Account 7521 (Unspecified-Needs Board Approval).

Prepared by:

Approved by:

Richard P. Sauerwein, P.E. 796-3071
Architectural Services Manager

Yazdan T. Emrani, M.S., P.E.
Director of Public Works

Dated: August 15, 2011

Attachments: Board Order; Cash Flow Spreadsheet; Location Map