

RESOLUTION 11-02-22

RESOLUTION OF THE PAJARO SUNNY MESA COMMUNITY SERVICES DISTRICT (PSMCSO) EXPRESSING INTEREST IN STUDYING COUNTY OF MONTEREY TRANSFER OF PAJARO COUNTY SANITATION DISTRICT AND APPROPRIATE DIRECTION TO GENERAL MANAGER

WHEREAS, the Pajaro County Sanitation District (PCSD) provides sanitary sewer collection services to the communities of Pajaro, Las Lomas, Bay Farms and Sunny Mesa, and

WHEREAS, The PCSD system has approximately 1,047 service connections; about 87,000 feet of gravity sewer pipe, six pump stations, and about 12,800 feet of force main.

WHEREAS, PCSD receives wastewater from its customers and pumps that wastewater to the City of Watsonville wastewater treatment plant for treatment pursuant to a contract with the City of Watsonville, and

WHEREAS, in 2014, payments to the City of Watsonville were \$40,000 per month (\$ 480,000 per year) which equates to \$38.20 per customer, and

WHEREAS, The County of Monterey on or about July 20, 2022, issued a Request for Qualifications (RFQ) to solicit and evaluate potential transfer of ownership and operation for the assets of PCSD and other systems described in the RFQ, and

Whereas RFQ requests proposals to purchase the PCSD system "as is," and

WHEREAS, Monterey County reports that it will spend \$2,000,000 to improve the PSCD system which includes cleaning and repairing sewer lines and repairing manholes and pump stations. Monterey County reports that this \$2,000,000 project is expected to be completed by mid-2023 before transfer of the PCSD system assets, and

WHEREAS, members of the public have recently expressed an interest in PSMCSO operating the PCSD system due to its local control and experience operating

the PCSD between 2007 and 2015 using equipment provided by the County of Monterey, and,

WHEREAS, in 2014, the County paid PSMCSD \$14,000 per month (\$168,000 per year) which equates to \$13.37/customer, and

WHEREAS, PSMCSD terminated its operation of the PCSD system because inter alia, vehicles provided by the County of Monterey did not work, major repairs to the PCSD system were needed and there were no funds to pay for repair and/or replacement, and the County of Monterey did not provide PSMCSD information about deficiencies in the system, and

WHEREAS, it is in the best interests of the public for PSMCSD to operate the PCSD, but, due to existing obligations PSMCSD has to its potable water, street lighting and public park customers, operation of the PCSD should be pursued only if certain conditions are met, to wit.

- a) PSMCSD operates but does not purchase PCSD for a period of time while certain conditions are satisfied,
- b) PSMCSD and the County of Monterey enter into an indemnity contract where the County of Monterey indemnifies PSMCSD for liability and damages arising out of the present condition of the PCSD system,
- c) PSMCSD secures adequate liability insurance for operation of the PCSD,
- d) The County of Monterey deposit of the funds with the PSMCSD sufficient for insurance and short term necessary or recommended repairs and improvements
- e) PSMCSD is furnished a comprehensive current engineer's report describing the present condition of the PCSD system and what repairs

have been completed with the \$2,000,000 of work by the County and what yet needs to be done and how much that will cost,

- f) A grant writer is hired or retained at no expense to PSMCSD, reporting to the County of Monterey and the PSMCSD to apply for a grant or grants to pay to bring the PCSD system up to commercially reasonable condition and acquire reasonably necessary equipment to operate maintain and repair the system,
- g) An engineer's report and a rate study are approved by PCSD rate payers adequate to pay to operate the PCSD system and pay for necessary or recommended repairs and improvements
- h) The City of Watsonville approves the assignment of the "Wastewater Services Agreement between the City of Watsonville and the Pajaro County Sanitation District" dated on or about May 1, 2001, as provided in section 7 of that Agreement
- i) Reach agreement on the form of a contract that incorporates the terms and conditions set forth in this Resolution
- j) Only after and until such conditions are satisfied would PSMCSD take control of PCSD

Now therefore the Board of Directors of the PSMCSD hereby directs PSMCSD's General Manager to immediately communicate the contents of this resolution to J. Erich Rauber, P.E., District Engineer who has been designated the primary contact for responses to the RFQ, and Monterey County Supervisor John Phillips.

PSMCSD's General Manager shall report back at the Board's December meeting or such other time as appropriate with the status of the District's expression of interest if any.

PASSED AND ADOPTED this 17th of November 2022, upon motion of Director Anderson, seconded by Director Miller, and carried by the following vote, to wit:

AYES: S. Coplin; D. Olsen; D. Chesterman; P. Anderson; C. Miller

NOES: None

ABSENT: None

ABSTAIN: None



Sanford Coplin, President of the Board of Directors

CERTIFICATE OF SECRETARY

I, Don Rosa, as the duly elected Secretary of the Board of Directors of the Pajaro/Sunny Mesa Community Services District, Monterey County, California, do hereby certify that the above resolution is a full, true and correct copy of said Resolution passed and adopted by the Board of Directors at a meeting held on the 17th of November 2022, and that said Resolution is now spread upon the minutes of said Board.



Secretary of the Board of Directors