SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-D**

FROM: Steve Mack, General Manager

Meeting Date: January 7, 2010

Subject: REVIEW OF 2010-2015 CAPITAL IMPROVEMENT PROGRAM

RECOMMENDED ACTION: Receive a report on the 2010-2015 Capital Improvement Program.

FISCAL IMPACT: none

DISCUSSION:

Capital improvements are an important element of the District's work effort. The District has an aging infrastructure, an unacceptable amount of unaccounted for water and District staff spend too much time reacting to leaks in the distribution system. The District has had a strong effort to improve its infrastructure. One year ago at the January 8, 2009 meeting the Board approved the 2010-2015 Capital Improvement Program (CIP) and at the September 3, 2009 meeting added the Bonita Terrace element to the program as shown in Table 1.

The capital projects in the 2010-2015 CIP are an outgrowth of the 2006-2011 CIP. The ranking criteria for the priority of capital projects are:

- Number of leaks.
- District time dedicated to repair the leaks.
- Costs per Customer.
- Potential Liability to the District.
- Storage and booster stations based upon system requirements for fire flow, and storage requirements.
- Impacts to the optimum operation of the system.
- Elimination of as many dead-end lines as possible, which affect both water quality and pressure.

Progress in improving District infrastructure in 2009 was marked by completing CIP IV-A Projects 1 and 2. This included replacement of over 12,000 feet of distribution lines on Monte Cristo Avenue, Riverside Drive, Guernewood Road, and the Monte Rio Terraces. Approximately half the funding for these projects was provided by a grant from the Sonoma County Redevelopment Agency (RDA) with support from the Russian River Redevelopment Oversight Committee (RRROC).

In embarking on the construction of the first two years of the 2010-2015 CIP, which we are calling CIP IV-B, Projects 1 and 2, District staff again approached the RRROC for funding assistance through the RDA. RRROC suggested and supported 75% funding for CIP IV-B, which on December 15, 2009, was approved by the Sonoma County Board of Supervisors acting as the Sonoma County Community Development Commission (CDC) which must approve all RDA funding.

Staff intend to advertise CIP IV-B, Project 1 for bids in late January or early February 2010 with award of contract at the March or April Board meeting. Project 2 funding is available for FY 2011 – starting in July 2010. It is conceivable that Project 2 could be started in July 2010 and finished prior to the winter rainy season. This would be an acceleration of the original schedule for Project 2. The originally anticipated construction start date was approximately April 2011. However, the types of construction projects in Project 1 – two tanks – would allow staff time to oversee the overlap of Projects 1 and 2 in calendar year 2010. Accelerating the construction schedule for CIP IV-B leaves open the question of what to do in later FY 2011 and early FY 2012 – the summer construction season following this year's construction season.

The 75% grant funding received from the CDC was based on a financial analysis that showed the 75% level funding assistance would allow the District to complete the remainder of the approved CIP using 100% District funds. A return to the RRROC and CDC may most effectively be based on a revised CIP which looks out two more years (i.e., FY 2012-2017) and would likely again show a need for funding assistance.

The approved CIP has less that $1 million in projects for the last two years (2014 and 2015). There are several needed infrastructure improvements which are not included in this CIP. An update of the current CIP a year from now would include more projects in total, and more projects for 2014 and 2015. Because District revenues are not sufficient to support $1 million plus in annual infrastructure projects and non-designated reserves are not large enough, an updated financial analysis would again show the need for financial assistance to complete the CIP. Staff anticipates coming back to the District Board in November-December 2010 to start that update of the CIP.

The 2012 CIP projects include work in Western, Eastern and Northern Avenues and Orchard Lane – those project areas are outside the Russian River Redevelopment area and it is unclear whether they would be eligible for RDA funding assistance. A second element is for main replacement on Foothill Avenue in Monte Rio which is inside the Redevelopment area.

Table 2 shows two proposed schedules for CIP-related actions for the next two years, the current schedule and an accelerated schedule. Following the

accelerated schedule will allow the District to move up the construction schedule and achieve the benefits that improved infrastructure brings sooner, and still stay within the District's financial and staffing constraints. It will also demonstrate the District's ability and willingness to use its own funds for these projects. Staying on the current schedule is still an aggressive approach to solving the District's inadequate infrastructure issues.

Table 1. Sweetwater Springs Water District 2010-2015 CIP by Year

Year	Projects	Estimated Cost
2010	**CIP IV-B, Project 1**	
	Schoolhouse Tank and Upper Schoolhouse Tank (MR) – Construct a storage tank with a capacity of approximately 65,000 gallons at the top of Bonita Terrace, install a booster station, and connect with replacement reservoir at Upper Schoolhouse site. This pro	$638,000
	Bonita Terrace (MR) - Replace 1,500 ft of existing main and appurtences on Bonita Terrace, including ties to Schoolhouse Tank and Delta Way (CIP IV-A), to create a loop.	$238,000
	Riverlands Road (GV) - Replace 1,600 lf of existing main and appurtenances in Riverlands Road, including two ties at Drake Road to create a loop.	$393,000
	Riverlands Road and Bonita Terrace Pavement Restoration (included above)	$86,500
	Handy Andy Booster Feed Line (GV) – Replace 300 lf of existing main between Hwy 116 and the booster pump at Old Monte Rio Road.	$59,000
	2010 - CIP IV-B, Project 1 Total	**$1,328,000**
	75% CDC Funding	**$899,250**
2011	**CIP IV-B, Project 2**	
	Alder Road, Pebble Way, & Heller Streets (MR) – On River Blvd, Alder Rd., Willow Rd., and Railroad Ave., replace existing mains and appurtenances with approximately 6,000 lf of 6-inch water main, to complete loop.	$1,515,000
	Alder Road, Pebble Way, & Heller Streets Pavement Restoration (included above)	$174,000
	2011 - CIP IV-B, Project 2 Total	**$1,515,000**
	75% CDC Project 2 Funding	**$1,095,000**
	Total 75% CDC Funding Amount	**$1,994,250**
2012		

	Western, Eastern and Northern Avenues and Orchard Lane (GV) - Replace 3,100 lf of existing main and appurtenances.	$684,000
	Foothill Drive (MR) – Install 1,000 lf of new 8 – inch main and appurtenances from B Street northwesterly to end of existing 8 – inch main and make connection to other side of Foothill where section of road is closed to through traffic.	$671,000
	2012 Total	**$1,355,000**
2013		
	Old Monte Rio Road (GV) – Replace 5,800 lf of existing main and appurtenances commencing at the Handy Andy Booster and proceeding westerly.	$936,000
	Canyon Seven Rd (GV) – Eliminate dead end mains and create loops by installing 1,950 lf of new main and appurtenances in Canyon Seven Rd between Sequoia Rd and Paradise Ln.	$329,000
	2013 Total	**$1,265,000**
2014		
	Hidden Valley Rd (GV) – Replace 3,900 lf of existing main and appurtenances on Hidden Valley Rd.	$656,000
	Guernewood Lane (GV) - – Replace 1,800 lf of existing main and appurtenances and abandon 200 lf of redundant 4 – inch main along Hwy 116.	$318,000
	2014 Total	**$974,000**
2015		
	Upper Summit Tank - Construct a storage tank with a nominal capacity of approximately 120,000 gallons at the District – owned site on McLane Avenue. Project to include relocation/ construction of the existing hydro-pneumatic pump station.	$490,000
	Natoma Tank – Replace the existing 10,000 gallon storage tank with a 30,000 storage tank. 2005 cost estimate	$190,000
	Schoeneman Tank– Replace the existing 10,000 gallon tank with a 30,000 gallon storage tank. 2005 cost estimate	$127,000
	2015 Total	**$807,000**
	Total CIP	**$7,244,000**

Table 2. Possible District CIP Schedules	
A. Current Schedule	
Date	Action
February 2010	Advertise CIP IV-B, Project 1
April 2010	Award Bid for CIP IV-B, Project 1, May start, September completion
November 2010	Start FY 2012-2017 CIP Approval Process
January 2011	Approve FY 2012-2017 CIP
February 2011	Advertise CIP IV-B, Project 2
April 2011	Award Bid for CIP IV-B, Project 2, May start, October completion
May-June 2011	Request funding assistance for FY 2012-2013 CIP projects (2 years)
February 2012	Advertise 2012 CIP
April 2012	Award Bid for 2012 CIP, May start, September completion (possibly assisted by RDA funding)
B. Accelerated Schedule	
Date	Action
February 2010	Advertise CIP IV-B, Project 1
April 2010	Award Bid for CIP IV-B, Project 1, May start, September completion
April 2010	Advertise CIP IV-B, Project 2
June 2010	Award Bid for CIP IV-B, Project 2, July start, November completion
November 2010	Start FY 2012-2017 CIP Approval Process
January 2011	Approve FY 2012-2017 CIP
March 2011	Advertise 2012 CIP
May 2011	Award Bid for 2012 CIP, June start, October completion (not assisted by RDA funding)
May-June 2011	Request funding assistance for FY 2013-2014 CIP projects (2 years)