

# SWEETWATER SPRINGS WATER DISTRICT

**TO:** Board of Directors

**AGENDA NO. V-B**

**FROM:** Steve Mack, General Manager

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**Meeting Date:** January 3, 2019

**Subject: DISCUSSION/ACTION RE ADOPTING RESOLUTION 19-01 APPROVING THE DISTRICT'S 2019-2024 CAPITAL IMPROVEMENT PROGRAM**

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**RECOMMENDED ACTION:** Receive a presentation on the review of the 2019-2024 Capital Improvement Program (CIP), adopt Resolution 19-01 approving the 2019-2024 CIP, and provide direction to staff.

**FISCAL IMPACT:** none

## **DISCUSSION:**

At the December Board meeting we discussed the current CIP reviewed our progress and compared the list of approved projects with the Financial Planning Model. The model showed that the District would need to use District Policy Reserves to complete the projects scheduled for 2020 and 2021. By not scheduling a capital project in 2020, the District can keep its reserves above the District Reserve Policy, better insuring sound financial health for the District. The Board agreed with this recommendation and we are recommending approval of Resolution 19-01 which adopts the revised 2019-2024 CIP. Some observations of the District's capital program:

- The completion of the 2018 CIP completes a large, multi-year project that protects water delivery to Rio Nido.
- Skipping a capital project in 2020 will allow two things (at least): the District will have more time to build up reserves and the new management (new GM and new Field Manager) will have a year to consider the District approach to capital projects.
- The FY 19-24 CIP includes construction of approximately \$2.8 million of new, scheduled projects and \$2.0 million of additional projects.
- We have cleared up where the Guerneville Park Resort (GPR) fits in this plan - it doesn't. Modeling of the District's Guerneville System last year demonstrated that the GPR, if constructed with fire-safe materials and methods, can be served by existing District facilities.

**Table 1. Sweetwater Springs Water District 2019-2024 CIP Projects by Year**

Year	Projects	Estimated Cost	Cost/Service	Comments
2018				
	Phase 2 and 3, Old River Road/River Road (GV) - replace approximately 4,600 ft of existing main and 58 services on Old River Rd at Morningside east to the eastern section of Foothill Drive and include Orchard Rd and Foothill Blvd.	\$1,488,000	\$25,655	Completed
	2018 Total	\$1,488,000		
2019				
	Monte Rio Treatment Plant Green Sand Filter Replacement. Serves Monte Rio system (1100 services)	\$250,000	\$227	
	2019 Total	\$250,000		
2020	<b>Skip Capital Project</b>			
2021				
	Park Ave. (GV) replace approximately 2900 lf of main line on Park Ave. and McLane, 37 services. Loop two deadend lines. Replace/repair Park Ave. Tank	\$788,000	\$21,297	
	Cherry St. (GV) replace approximately 440 lf of main line, 13 services.	\$126,000	\$9,692	
	2021 Total	\$914,000		
2022	<b>Skip Capital Project</b>			
2023				
	Wright Drive main pressure zone. – (GV) Replace approximately 1,120 ft of existing mainline and 18 associated services along Wright Dr. and Wright Ln.	\$275,000	\$15,278	
	Woodland Drive – mainline replacement. (GV) Replace approximately 1,900 ft of existing mainline and 27 associated services along Woodland Dr in the main pressure zone.	\$400,000	\$14,815	

	2023 Total	\$675,000		
2024				
	Schoeneman pressure zone- main line replacement. (GV) Replace approximately 3,000 ft of existing mainline and 47 associated services along Highland Way, Sunset Ave, Woodland Dr, Laurel Way and Morningside Drive. (requires completion of Schoeneman Tank	\$814,300	\$17,326	
	Schoeneman Tank– Replace the existing 10,000 gallon tank with a 30,000 gallon storage tank. 2005 cost estimate	\$127,000	\$2,702	
	2024 Total	\$941,300		
	<b>Total Cost of 2019-2024 Projects</b>	<b>\$2,780,300</b>		
2025				
	Wright Drive upper pressure zone. – (GV) Replace approximately 3,280 ft of existing mainline and 47 associated services along Wright Dr, Glenda Dr, Natoma Dr. (requires completion of Natoma Tank and includes Edgehill Booster)	\$870,000		
	Natoma Tank – Replace the existing 10,000 gallon storage tank with a 30,000 storage tank. 2005 cost estimate	\$190,000		
	2025 Total	\$1,080,000		
	<b>Other Projects</b>			
	Highway 116 (MR) Replace approximately 850 ft of main line.	\$280,000		
	Main St (MR) Replace approximately 800 ft of mainline along Main St.	\$180,000		
	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		
	<b>Total Approximate Cost of Future, Unapproved Projects</b>	<b>\$2,010,000</b>		

Table2. OPERATING AND CAPITAL BUDGET SUMMARY <b>Skip CIP in FY20</b>			3%	Sales Flat					
			FY18 Actual	FY19	FY20	FY21	FY22	FY23	FY24
1	<b>REVENUE</b>								
2	OPERATING REVENUE		Flat....						
3	Water Bill Revenue								
4	Capital Debt Reduction Charge		279,369	287,751	296,383	305,275	314,433	323,866	404,300
5	Total Water Sales		2,427,235	2,212,301	2,278,670	2,347,030	2,417,441	2,489,965	2,564,664
6	Total OPERATING REVENUE		2,427,235	2,500,052	2,575,053	2,652,305	2,731,874	2,813,830	2,968,964
7	Total NON-OPERATING REVENUE		164,124	166,054	168,022	170,029	172,076	174,165	176,295
8	Total Income		2,591,359	2,666,105	2,743,075	2,822,334	2,903,951	2,987,995	3,145,259
9	<b>EXPENSES</b>				New GM				
10	Total Salary		877,373	894,920	942,819	961,675	980,909	1,000,527	1,020,537
11	Total Benefits		320,503	370,118	381,222	392,658	404,438	416,571	429,068
12	SALARY & BENEFITS		1,197,876	1,265,039	1,324,041	1,354,334	1,385,347	1,417,098	1,449,606
13	Unfunded Liability Increase		112,000	100,000	100,000	100,000	100,000	100,000	100,000
14	SERVICES & SUPPLIES increase =		2%						
15	SERVICES & SUPPLIES		472,335	497,059	502,029	507,049	512,120	517,241	522,413
16	TOTAL OPERATING EXPENSES		1,782,211	1,862,097	1,926,070	1,961,383	1,997,467	2,034,339	2,072,019
17	OPERATING SURPLUS/DEFICIT		\$809,148	\$804,008	\$817,005	\$860,951	\$906,484	\$953,656	\$1,073,239
18	FIXED ASSET EXPENDITURES		61,223	60,000	20,000	60,000	20,000	60,000	20,000
17	TRANSFERS TO OTHER FUNDS								
19	Tfers to CIRF for CDR Revenue		278,615	287,751	296,383	305,275	314,433	323,866	404,300
20	Tfers to CIRF		320,000	340,000	380,000	380,000	460,000	450,000	530,000
21	Total TRANSFERS TO OTHER FUNDS		638,615	667,751	716,383	725,275	814,433	813,866	974,300
22	SURPLUS/DEFICIT		109,310	76,258	80,622	75,676	72,051	79,790	78,939
23	<b>Capital Budget</b>								
24	<b>REVENUE/SOURCES OF FUNDS</b>								
25	Net Operating Revenues**		429,310	416,258	460,622	455,676	532,051	529,790	608,939
26	Assessments		764,552	764,552	764,552	764,552	764,552	764,552	764,552
27	Capital Debt Reduction Charge***		278,615	287,751	296,383	305,275	314,433	323,866	404,300
28	Capital Interest		17,075	10,000	10,000	10,000	10,000	10,000	10,000
29	Transfers From CIRF/Reserves		320,000		590,000		110,000	370,000	
30	USDA Loan		1,535,000	get loan funds FY19					
31	TOTAL REVENUE		3,344,552	1,478,561	2,121,558	1,535,503	1,731,036	1,998,208	1,787,792
32	<b>EXPENSES</b>						State Loan Done		
33	Total Debt Payments		1,010,758	1,072,758	1,072,758	1,072,758	926,019	926,019	926,019
34			CIP 2018	rpl GSF	No Project	2021 CIP	No Project	2023 CIP	2024 CIP
35	Annual CIP		1,535,000	250,000		914,000		675,000	941,300
36	In-House Construction Projects, etc.		40,000	40,000	40,000	40,000	40,000	40,000	40,000
37	TOTAL EXPENSES		2,585,758	1,362,758	1,112,758	2,026,758	966,019	1,641,019	1,907,319
38	SURPLUS/DEFICIT		758,793	115,802	1,008,799	-491,255	765,017	357,189	-119,528
39	<b>FUND AND LOAN BALANCES (EOY)</b>								
40	Ending Funds ab District Policy (DP)		1,078,532	1,194,334	1,613,134	1,121,879	1,776,895	1,764,084	1,644,557
41	Funds ab DP and Debt Payments		67,774	121,576	540,375	49,120	850,876	838,065	718,537
42	NET CAPITAL FUNDING****		478,793	405,802	458,799	462,745	695,017	702,189	861,772

\* Starting values based on actual FY17 EOY

\*\* =Transfer to CIRF plus net operating surplus

\*\*\* =Transfers from CDRC

\*\*\*\* =Net Operating Revenues + Assessments + CDRC + Capital Interest - Total Debt Payments

## Resolution No. 19-01

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SWEETWATER SPRINGS WATER DISTRICT ADOPTING THE 2019-2024 CAPITAL IMPROVEMENT PROGRAM

**WHEREAS**, the Board of Directors has reviewed the overall Capital Improvement Program and has established priorities for the upcoming eight year period;

**NOW THEREFORE BE IT RESOLVED**, that the Board of Directors of the SWEETWATER SPRINGS WATER DISTRICT, Sonoma County, California, hereby adopts the Revised 2019-2024 Capital Improvement Program attached as Exhibit A hereto, effective January 3, 2019.

**BE IT FURTHER RESOLVED**, that this Resolution supercedes and replaces Resolution 17-20.

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I hereby certify that the foregoing is a full, true, and correct copy of a Resolution duly and regularly adopted and passed by the Board of Directors of the SWEETWATER SPRINGS WATER DISTRICT, Sonoma County, California, at a meeting held on January 3, 2019, by the following vote.

<b>Director</b>	<b>Aye</b>	<b>No</b>
Sukey Robb-Wilder	_____	_____
Tim Lipinski	_____	_____
Rich Holmer	_____	_____
Gaylord Schaap	_____	_____
Pip Marquez de la Plata	_____	_____

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Tim Lipinski  
President of the Board of Directors

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Attest: Julie Kenny  
Clerk of the Board of Directors

**Exhibit A**

**Sweetwater Springs Water District**

**Capital Improvement Program  
2019-2024**

**Revised January 3, 2019**

**Board of Directors**

*Sukey Robb-Wilder  
Rich Holmer  
Tim Lipinski  
Gaylord Schaap  
Pip Marquez de la Plata*

**General Manager**

*Steve Mack*

## 2019-2024 Sweetwater Springs Water District Capital Improvement Program January 3, 2019

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. Table 1. 2019-2024 Capital Improvement Program (CIP) lists needed District projects by year and includes estimated costs. The ranking criteria for the priority of capital projects are:

- **Improved water quality**
- **Water losses**
- **Potential Liability**
  - **Age of Pipe**
  - **Pipe Material**
  - **Terrain**
  - **Difficulty of Repair/Maintenance**
- **Storage and pressure zone requirements**
- **Costs per service**

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