

SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors

AGENDA NO. V-A

FROM: Steve Mack, General Manager

Meeting Date: December 1, 2016

Subject: DISCUSSION/ACTION RE APPROVAL OF THE REVISED 2017-2024 CAPITAL IMPROVEMENT PROGRAM

RECOMMENDED ACTION: Receive a presentation on the review of the 2016-2023 Capital Improvement Program (CIP). adopt Resolution 16-12 approving the revised 2017-2024 CIP, and provide direction to staff.

FISCAL IMPACT: none

DISCUSSION:

Typically, every year we discuss the District's multi-year Capital Improvement Program (CIP) program at the December meeting including a discussion of what has happened in the past year and what changes, if any, are needed to the program approved the prior year. Last year in August 2015 after several months of review of the CIP process, we approved the 2016-2023 CIP which put the River Road/Old River Road at the top of the list. At that time we hoped to start construction in the summer of 2016, but realized at the time that we would need additional funding to make that happen.

Since then we have learned more about the estimated cost of the River Road/Old River Road Main Replacement Project, we have received approval from USDA for a loan/bond for the estimated \$2.5 million cost of the project, and we have looked into splitting the project into phases so that we could self-finance the construction. After these several meetings of discussions, we have decided to split the project into 3 phases to complete it over time. It is time to formalize that direction into a approved revised CIP.

The revised 2016-2023 CIP was the result of a comprehensive staff and Board review of the District's capital projects, augmented by the work of the ad hoc CIP Review Subcommittee. Items that the Subcommittee addressed included the selection criteria listed below:

- **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**

December 1, 2016

Table 1 shows the approved 2016-2023 CIP which includes the completed 2016 CIP. As stated above, after much discussion we have decided to split the River Road/Old River Road Project into 3 phases and self finance these separate projects. Table 2 shows what that looks like in a revised 2017-2024 CIP which starts with the 2017 fiscal year and deletes the completed 2016 CIP. We now have a much slower pace to our CIP but we end up with a better debt situation. Self financing future projects will mean the District is less burdened with annual debt payment amounts and free up future Boards to acquire debt if needed.

The revised FY 17-24 CIP includes construction of approximately \$4.1 million of scheduled projects and \$3.0 million of additional projects. This proposed CIP shows fewer projects being constructed but one must remember that the estimated cost of the River Road/Old River Road project increased approximately \$1.5 million once design efforts had better described the project and allowed a better cost estimate. Table 3 shows the financial planning model for the proposed CIP and shows the District's ability to self fund these projects.

Resolution 16-12 approves the 2017-2024 CIP which will be added to the District's website so our customers can know the general construction schedule of our needed capital projects.

Table 1. Sweetwater Springs Water District 2016-2023 CIP Projects by Year; Approved August 2015				
Year	Projects	Estimated Cost	Cost/Service	Comments
2016				
	Canyon 1 (Rio Nido) Replace approximately 3,900 ft of existing mainline and 75 services along Canyon 1 Rd., Memory Ln., Memory Park Rd.	\$890,000	\$11,867	Contract Awarded for \$915,433, Design, CMI \$175,000
	2016 Total	\$890,000		
2017				
	Replace approximately 3,500 ft of existing main and 70 services on Old River Rd at Morningside east to the eastern section of Foothill Drive. Include Orchard Rd and Foothill Drive and River Rd on river side of the road. Feeds Rio Nido.	\$985,000	\$14,071	Cost is rough estimate, will be refined during design
	2017 Total	\$985,000		
2018				
	Monte Rio Treatment Plant Green Sand Filter Replacement. Serves Monte Rio system (1100 services)	\$200,000	NA	
	2018 Total	\$200,000		
2019				

	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	
	2019 Total	\$914,000	\$18,280	
2020				
	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	
	2020 Total	\$675,000	\$15,000	
2021	Skip Capital Project			
2022				
	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 and includes Shoeneman Booster)	\$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		
	2021 Total	\$941,300	\$20,028	
2023				
	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	\$18,511	
	Natoma Tank – Replace the existing 10,000 gallon storage tank with a 30,000 storage tank. 2005 cost estimate	\$190,000		
	2023 Total	\$1,060,000	\$22,553	
	Total Cost of 2017-2023 Projects	\$4,675,300		
	Other Projects			
	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		wait for Dubrava Development?
	Total Approximate Cost of Future, Unapproved Projects	\$950,000		

Table 2. Sweetwater Springs Water District Proposed 2017-2024 CIP Projects by Year				
Year	Projects	Estimated Cost	Cost/Service	Comments
2017				
	Replace approximately 2200 ft of existing main and 17 services on River Rd from Rio Nido to Old River Road near Outlet Drive.	\$824,000	\$48,471	Supply line for Rio Nido, construction in summer 2017
	2017 Total	\$824,000		
2018				
	Skip Capital Project			
	2018 Total	\$0		
2019				
	Replace approximately 2700 ft of existing main and 26 services on Old River Rd from River Road near Outlet Drive to Morningside Drive.	\$845,000	\$32,500	Remainder of cast iron pipe along Old River Road, construction in summer 2019
	2019 Total	\$845,000		
2020				
	Skip Capital Project			
	2020 Total	\$0		
2021				
	Replace approximately 1350 ft of existing main and 33 services on Foothill Blvd and Orchard Rd and tie into new main on Old River Road	\$648,200	\$19,642	Construction in summer 2021
2022				
	Monte Rio Treatment Plant Green Sand Filter Replacement. Serves Monte Rio system (1100 services)	\$200,000	\$182	

	2021 Total	\$200,000	\$4,255	
2023				
	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	
	2023 Total	\$914,000	\$18,280	
2024				
	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	
	2024 Total	\$675,000		
	Total Cost of 2017-2024 Projects	\$4,106,200		
	Other Projects			
	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	
	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	\$18,511	
	Natoma Tank – Replace the existing 10,000 gallon storage tank with a 30,000 storage tank. 2005 cost estimate	\$190,000	\$4,043	
	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		wait for Dubrava Development?
	Total Approximate Cost of Future, Unapproved Projects	\$2,951,300		

Table 3. OPERATING AND CAPITAL BUDGET SUMMARY - 3% Increase, Phased 2017 CIP, No USDA Loan		Water Rate, CDRC Increase =		3%		Sales Flat							
			FY16 Actual	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24		
1	REVENUE												
2	OPERATING REVENUE		Reduced WS	Flat	Flat...								
3	Water Bill Revenue												
4	Capital Debt Reduction Charge		261,565	270,375	278,486	286,840	295,446	304,309	313,438	322,841	404,300		
5	Total Water Sales		2,245,959	2,079,454	2,141,837	2,206,092	2,272,275	2,340,444	2,410,657	2,482,977	2,557,466		
6	Total OPERATING REVENUE		2,245,959	2,349,828	2,420,323	2,492,933	2,567,721	2,644,753	2,724,095	2,805,818	2,961,766		
7	Total NON-OPERATING REVENUE		126,559	114,846	110,788	112,702	114,655	116,647	118,679	120,751	122,865		
8	Total Income		2,372,518	2,464,674	2,531,111	2,605,635	2,682,376	2,761,399	2,842,774	2,926,569	3,084,631		
9	EXPENSES												
10	Total Salary		882,336	932,100	950,742	969,757	1,019,152	1,039,535	1,060,326	1,081,532	1,103,163		
11	Total Benefits		281,186	287,815	296,449	305,343	314,503	323,938	333,656	343,666	353,976		
12	SALARY & BENEFITS		1,163,522	1,219,915	1,247,191	1,275,100	1,333,655	1,363,473	1,393,982	1,425,198	1,457,139		
13	SERVICES & SUPPLIES		increase =										
14	SERVICES & SUPPLIES		440,732	527,910	533,189	538,521	543,906	549,345	554,839	560,387	565,991		
15	TOTAL OPERATING EXPENSES		1,604,254	1,747,825	1,780,380	1,813,621	1,877,561	1,912,818	1,948,821	1,985,585	2,023,130		
16	OPERATING SURPLUS/DEFICIT		\$768,264	\$716,850	\$750,731	\$792,015	\$804,815	\$848,581	\$893,953	\$940,984	\$1,061,501		
17	FIXED ASSET EXPENDITURES		62,633	67,000	40,000	11,000	40,000	11,000	40,000	11,000	40,000		
18	Tfers to CIRF for CDR Revenue		261,565	270,375	278,486	286,840	295,446	304,309	313,438	322,841	404,300		
19	Tfers to CIRF		320,000	330,000	390,000	450,000	420,000	490,000	500,000	560,000	570,000		
20	Total TRANSFERS TO OTHER FUNDS		621,565	640,375	708,486	776,840	755,446	834,309	853,438	922,841	1,014,300		
21	SURPLUS/DEFICIT		84,066	9,475	2,245	4,174	9,369	3,272	515	7,142	7,201		
22	Capital Budget												
23	REVENUE/SOURCES OF FUNDS												
24	Net Operating Revenues**		404,066	339,475	392,245	454,174	429,369	493,272	500,515	567,142	577,201		
25	Assessments		775,481	775,481	775,481	775,481	775,481	775,481	775,481	775,481	775,481		
26	Capital Debt Reduction Charge***		261,565	270,375	278,486	286,840	295,446	304,309	313,438	322,841	404,300		
27	Capital Interest		8,367	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
28	Transfers From CIRF/Reserves		772,515	570,000		360,000		105,000		130,000			
29	TOTAL REVENUE		2,221,994	1,965,331	1,456,212	1,886,496	1,510,296	1,688,062	1,599,434	1,805,465	1,766,982		
30	EXPENSES												
31	Total Debt Payments		1,035,961	1,099,017	1,013,550	995,550	995,550	995,550	848,811	848,811	848,811		
32			CIP 2016	CIP 2017-1		CIP 2017-2		CIP 2017-3		CIP 2023	CIP 2024		
33	Annual CIP		1,149,979	823,963		842,741		648,200	200,000	914,000	675,000		
34	In-House Construction Projects, etc.		36,042	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000		
35	TOTAL EXPENSES		2,221,982	1,962,980	1,053,550	1,878,291	1,035,550	1,683,750	1,088,811	1,802,811	1,563,811		
36	SURPLUS/DEFICIT		12	2,351	402,662	8,205	474,746	4,312	510,623	2,654	203,171		
37	FUND AND LOAN BALANCES (EOY)												
38	Ending Funds ab District Policy (DP)		1,070,574	502,925	905,586	553,791	1,028,537	927,849	1,438,473	1,311,126	1,514,297		
	Funds ab DP and Debt Payments		34,613	(596,092)	(107,964)	(441,759)	32,987	(67,701)	589,662	462,315	665,486		
39	NET CAPITAL FUNDING****		413,518	296,314	442,662	530,946	514,746	587,512	750,623	826,654	918,171		

* Starting values based on actual FY16 EOY
 ** =Transfer to CIRF plus net operating surplus
 *** =Transfers from CDRC
 **** =Net Operating Revenues + Assessments + CDRC + Capital Interest - Total Debt Payments

Resolution No. 16-12

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SWEETWATER SPRINGS WATER DISTRICT ADOPTING THE 2017-2024 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 2017-2024 Capital Improvement Program attached as Exhibit A hereto, effective December 1, 2016.

BE IT FURTHER RESOLVED, that this Resolution supercedes and replaces Resolution 15-15.

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 December 1, 2016, by the following vote.

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

Tim Lipinski
President of the Board of Directors

Attest: Julie Kenny
Clerk of the Board of Directors

Exhibit A

Sweetwater Springs Water District

**Capital Improvement Program
2017-2024**

Revised December 1, 2016

Board of Directors

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

General Manager

Steve Mack

2017-2024 Sweetwater Springs Water District Capital Improvement Program December 1, 2016

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. 2017-2024 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**
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