



Agenda Date: 4/12/2016
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Napa Sanitation District Long Term Planning Committee Board Agenda Letter

TO: NSD Long Term Planning Committee

FROM: Jeff Tucker - Director of Administrative Services/CFO
NS-Administration

REPORT BY: Andrew Damron, Senior Civil Engineer - 707-258-6000

SUBJECT: Consideration of Proposed FY 2016/17 Capital Project Appropriations Request and Update of FY 2016/17 - FY 2025/26 Ten-Year Capital Improvement Plan

RECOMMENDATION

Consider Proposed FY 2016/17 Capital Project Appropriation Request and Update of FY 16/17 - FY 25/26 Ten-Year Capital Improvement Program, and provide direction to staff.

EXECUTIVE SUMMARY

The proposed FY 16/17 Capital Project Appropriation and the Ten-Year Capital Plan constitute the proposed Capital Improvement Program for the District. Details of the Capital Improvement Plan and Ten-Year Financial Forecast are attached.

Consistent with Policy and Adopted Master Plans

The proposed Ten-Year Capital Plan includes most of the recommendations from the Treatment Plant Master Plan, Collection System Master Plan and Recycled Water Strategic Plan. However, there are some projects that have been postponed to match the cash flow projected from sewer service charges over the next several years.

Significant Projects

Browns Valley Trunk Interceptor - Planning efforts and design of this project (\$15,488,450) will occur in this fiscal year. The project will construct a trunk main from Browns Valley Road (Thompson Ave) to the West Napa Pump Station to bypass flows from existing pipes in the downtown area and reduce the potential for sewer overflows.

Basin L - I&I Reduction Project 5 - This project (\$2,400,000) will rehabilitate sewer mains and lower laterals in Basin L (north of Imola Ave, south of Napa Creek, and west of the Napa River). This is the final project in this area of Basin L, east of State Route 29. The project will be constructed during the summer of 2016 in advance of the planned City of Napa paving project in this area.

ACP CIPP Lining Project #2 - the District has discovered a trend of degrading asbestos cement pipe (ACP). This project (\$1,200,000), will rehabilitate ACP mains that are in immediate need of repair.

Upper Lateral Rehabilitation Basin L #2 - This pilot project (\$160,300) is the second of its kind in Basin L and will rehabilitate approximately 40 private laterals. A separate project will measure post-construction flows from this area to determine the impact of private lateral rehabilitation on I&I flows. This project will provide the District with additional data on upper lateral rehabilitation benefits.

Infiltration Rehab - SSMH and Pipelines (CI-) - This project (\$400,000) will rehabilitate existing pipelines and manholes to decrease infiltration of groundwater in high salinity areas that will decrease the chloride level in wastewater, improving recycled water quality.

Soscol Ave 8th to Oil Company Road - This project (\$1,017,500) will rehabilitate existing large diameter reinforced concrete pipe that is degraded and nearing the end of its useful life.

Rehab - Rancho De Los Robles - This project (\$1,600,000) will rehabilitate public sewer pipelines in a small area in Basin L.

Basin G I&I Reduction Project 1 - This project (\$2,442,000) will rehabilitate public sewer pipelines in an area in Basin G (Browns Valley).

Line Recycled Water Reservoirs - This project (\$1,365,000), recommended by the treatment plant master plan, will line the bottom of the existing recycled water reservoirs used for day storage and equalization of finished recycled water. The project will increase the storage of the reservoirs by 50% and is necessary to meet additional recycling demands from MST and LCWD.

FOG Strain Press - This project (\$200,000) will purchase and install a strainer that will block debris at the FOG receiving station. This project will solve a safety issue associated with operation of the facility.

AB Diffusers/Instrumentation and Control - This project (\$1,249,850) will replace the existing diffusers panels in the aeration basins and install instrumentation and control improvements to create annual energy savings.

Headworks Equipment Rehab/Replacement - This project (\$544,100) will rehabilitate or replace existing equipment in the headworks building that is at the end of its useful life.

MST RW Pipeline Extension - This project (\$1,900,000) will extend the MST pipeline in Coombsville Road from 2nd Avenue to Terrace Drive to serve Tulocay Cemetery and Silverado Middle School.

Funding the Capital Improvement Plan

The proposed Capital Appropriation for FY 2016/17 is \$17,180,700. This includes two projects that are being funded by other agencies: \$1,200,000 for the MST recycled water pipeline extension construction paid by Napa County, and \$1,050,000 for the Sarco Bridge sewer replacement being paid by CalTRANS.

The entire 10-Year Capital Improvement Plan is estimated at \$181,804,900. This includes the two projects noted above that are being financed completely by other agencies - the Sarco Bridge sewer replacement and an extension of the MST recycled water pipeline. It also includes a \$36.2 million project to build recycled water storage and other recycled water projects as part of the NBWRA Phase 2 program. The Ten-Year Financial Plan outlines the financial plan necessary to pay for these improvements.

Sewer service charges constitute a significant portion of the revenue needed for the capital plan. The FY 2016/17

budget and 10-Year Financial Plan are consistent with the sewer service charge increases approved by the Board in the Proposition 218 process. It has been assumed for planning purposes that the sewer service charges will increase in years six through ten at the rate of inflation. The balance of revenues used to fund the capital plan comes from debt proceeds, capacity charges, grant revenue, interest earnings, fund equity and from other agencies.

Capacity charges are a significant component of capital plan financing, accounting for over 25% of total capital spending in the next five years. Development is assumed to be a significantly higher in the next five fiscal years as several hotels and large development projects are anticipated to be built. The capacity charge fee is scheduled to increase by the San Francisco ENR-Construction Cost Index on July 1, 2016.

The 10-Year Financial Forecast is balanced. The plan shows that the changes made in sewer service charge revenues and the capital plan during the fall of 2015 and spring of 2016 can be financed based on current projections.

Use of Debt

The plan assumes that the Browns Valley Road Sewer Interceptor and associated improvements at West Napa Pump Station will be constructed using the proceeds from a new debt issuance of approximately \$18 million in the next fiscal year. The financial forecast has included the associated debt service in the 10-year forecast starting in FY 2018/19, as debt service payments are anticipated to begin after construction is complete. The 10-year forecast also assumes that debt will be issued in FY 2021/22 for the construction of the second digester, new aeration basin and clarifier, and associated improvements, and the plan also shows the issuance of debt in FY 2024/25 related to the NBWRA Phase 2 recycled water expansion and storage projects.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	Sewer service charges, capacity charges, federal grants, other agencies, interest earnings and other miscellaneous revenues.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The Capital Improvement Plan is necessary to replace infrastructure that has reached the end of its useful life, is of insufficient capacity, does not meet regulatory requirements or poses a hazard to the health and safety of the District's customers or employees. Projects are also necessary to meet anticipated capacity needs.
Is the general fund affected?	Yes
Future fiscal impact:	Appropriations for FY 2016/17 capital projects are proposed to be \$17,180,700. Also, current year unspent funding for incomplete projects as of June 30, 2016 are anticipated to be carried forward into FY 2016/17.
	Total Ten-Year Capital Plan projection, not including funds appropriated in FY 2015/16 that may be carried forward, is \$181,804,900.
	See attachments for further details.
Consequences if not approved:	The District will not have funded its capital program and its infrastructure will

no longer reliably meet the service levels required.

Additional Information: None.

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

None.

SUPPORTING DOCUMENTS

- A . FY 2016/17 CIP Project Descriptions
- B . Proposed 10-Year Capital Improvement Plan
- C . 10-Year Financial Forecast
- D . Allocation of Capacity Charges

Napa Sanitation District Long Term Planning Commit: Approve

Reviewed By: Jeff Tucker