

NOVATO SANITARY DISTRICT

Meeting Date: June 3, 2019

The Capital Improvements Committee of the Novato Sanitary District will hold a meeting at 2:00 PM, Monday, June 3, 2019, at the District offices, 500 Davidson Street, Novato.

Materials related to items on this agenda that are public records, are available for public inspection in the District Office, 500 Davidson Street, Novato, during normal business hours. They are also available on the District's website: www.novatosan.com. Note: All times and order of consideration for agenda items are for reference only. The Committee may consider item(s) in a different order than set forth herein.

AGENDA

1. AGENDA APPROVAL:

2. PUBLIC COMMENT (PLEASE OBSERVE A THREE-MINUTE TIME LIMIT):

This item is to allow anyone present to comment on any subject not on the agenda, or to request consideration to place an item on a future agenda. Individuals will be limited to a three-minute presentation, and comments must be spoken into the microphone set up to receive public comment. No action will be taken by the Committee at this time as a result of any public comments made.

3. ANNUAL CAPITAL IMPROVEMENTS PROGRAM (CIP) BUDGET:

- a. Review Fiscal Years (FY) 19-21 proposed preliminary CIP budget, and subject to minor changes and edits, recommend its adoption by the Board of Directors.

4. ADJOURNMENT:

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District at (415) 892-1694 at least 24 hours prior to the meeting. Notification prior to the meeting will enable the District to make reasonable accommodation to help ensure accessibility to this meeting.

NOVATO SANITARY DISTRICT CAPITAL IMPROVEMENTS COMMITTEE AGENDA ITEM SUMMARY

TITLE: Capital Improvements Committee: Annual Capital Improvements Program (CIP) Budget.	MEETING DATE: June 3, 2019 AGENDA ITEM NO.: 3.a.
RECOMMENDED ACTION: Review Fiscal Year (FY) 19-21 proposed preliminary CIP Budget, and subject to minor changes and edits, recommend its adoption by the Board of Directors.	
SUMMARY AND DISCUSSION: <p>At the May 13, 2019 Board meeting, staff presented the District’s preliminary Budget for Fiscal Years (FY) 19-21 to the Board.</p> <p>The Capital Improvements Committee (Committee) is being presented the proposed preliminary CIP budget for the Committee’s review, and subject to minor changes and edits, requested to present its recommendation for adoption to the full Board. Similarly, the preliminary Solid Waste budget and the preliminary Operating Budget are being separately presented to the Solid Waste Committee and the Wastewater Operations Committee respectively, with the request that each Committee recommend adoption of their respective budgets to the full Board.</p> <p>The Preliminary CIP Budget for FY 19-21, including a memorandum summarizing the anticipated project work, is attached for the Committee’s review. Staff suggests that the Committee review the Preliminary CIP Budget for FY 19-21, and subject to minor changes and edits, recommend the Preliminary CIP Budget for adoption by the full Board at its June 10, 2019 meeting.</p>	
ATTACHMENTS: 1. Preliminary Capital Improvements Program (CIP) Budget for Fiscal Years 2019-21.	
DEPT. MGR.: eb, ssk	GENERAL MANAGER: SSK



**Preliminary Capital Improvements
Program (CIP) Budget
FOR
FISCAL YEARS 2019-21**

*Capital Improvements Committee
June 3, 2019*

Novato Sanitary District

MEMORANDUM

TO: District Board Capital Improvements Committee

FROM: Sandeep Karkal, General Manager-Chief Engineer
Erik Brown, Deputy General Manager

COMMITTEE

MEETING DATE: June 3, 2019

SUBJECT: Fiscal Year (FY) 19-21 Preliminary Capital Improvements Program (CIP) Budget - Summary of Anticipated Project Work.

Introduction

This memo presents a summary of the potential or anticipated scope of work for projects and project work included within the various Accounts of the Capital Improvements Program (CIP) budget for FY 19-21.

The proposed two-year FY19-21 CIP Summary of Revenues and CIP Expenditures from the Preliminary Budget for Fiscal Years 2019-21 as presented to the District Board at its May 13, 2019 meeting, are included as tables at the end of this memorandum.

Account No. 72403: Pump Station Rehabilitation

This ongoing, long-term account provides for replacing the District's underground-type pump stations with submersible pump-type pump stations. The lift stations that remain to be rehabilitated include the two Vintage Oaks Pump Stations and the Rowland Plaza Pump Station. The rehabilitation schedule for these pump stations will be impacted by potential development in the Hanna Ranch and Vintage Oaks area, and work is being deferred until the development plans for the area become clearer.

Therefore, construction work is not anticipated during FY 19-20. However, design work on the remaining pump stations may be initiated depending on how development plans for these areas evolve, and a placeholder amount is included in the account to initiate any needed design work.

Account No. 72508: North Bay Water Reuse Authority

The District is a member agency of the North Bay Water Reuse Authority (NBWRA). FY 19-20 will be the sixth year of the multi-year Phase 2 NBWRA program, including continuing work for currently over \$75 million in recycled water projects across all NBWRA agencies for funding under the US Bureau of Reclamation Title XVI (WaterSMART) program.

At this time, the District expects its future Phase 2 participation to be limited to a more programmatic level, at least until further recycled water demands are identified by the North Marin Water District (NMWD). There are also ongoing discussions to transition the NBWRA program into a more comprehensive North Bay Water Program, where the District would have a limited role. Therefore, it is anticipated that the District's future participation in this expanded program will occur at a very modest level. Accordingly, the District's preliminary FY 19-21 CIP budget includes only a "placeholder" budget amount of \$25,000 for each of these years.

Account No. 72706: Collection System Improvements

This account includes budget amounts for continuing work on rehabilitating the District's collection system. This fiscal year's project work includes:

1. The rehabilitation of about 1,850 feet of 12-inch sewer main along Redwood Blvd. between Lamont Avenue and Diablo Avenue. This project was originally budgeted for construction in FY 18-19. It is anticipated that this project will be bid in FY 18-19 and constructed in the first half of FY 19-20.
2. Continuing work on the rehabilitation of about 900 feet of 10-inch and about 1,400 feet of 8-inch sewer main in Bel Marin Keys Blvd. This project was bid in FY 18-19. It is expected that construction will extend into FY 19-20.
3. The rehabilitation of about 150 feet of 6-inch sewer main between Midway Blvd. and Ridgeview Ct. and about 235 feet of 8-inch sewer between S. Novato Blvd. and Cambridge Street.
4. The installation of about 780 feet of new 10-inch sewer main that will result in rerouting the main sewer from Golden Gate Place to Rush Creek Place via Redwood Drive. The first phase of this project was completed in FY 18-19.
5. Replacement of about 1,500 feet of 10-inch sewer main with new 18-inch PVC sewer main on Center Road from Western Dr. to Eucalyptus Ave. This is the first phase of a multi-phase capacity improvement project identified in the preliminary Collection System Master Plan (CSMP) that will result in rerouting a portion of the sanitary sewer flow from Vineyard Road to Center Road via Eucalyptus Ave. Engineering design work will occur in FY 19-20, with construction potentially occurring in FY 20-21.
6. Replacement of about 560 feet of 6-inch sewer between Elm Drive and East Court. This is a structural rehabilitation project identified as a high priority rating in the preliminary CSMP. Engineering design work will occur in FY 19-20 with construction potentially occurring in FY 20-21.
7. The replacement of about 2,000 feet of sewer main in Del Mar Ave., Hotchkin Dr., and Diablo Ave., with new 10-inch PVC pipe from Hill Rd. to Center Rd. This is a capacity improvement project identified in the preliminary CSMP. Engineering design work will occur in FY 19-20 with construction potentially occurring in FY 20-21.

8. Replacement and modification of eleven (11) air-relief valve (ARV) structures at various locations throughout the District.
9. Closing out the study and follow up work associated with the Collection System Master Plan (CSMP) currently underway for the District.
10. An allowance for the initial design of the Novato Boulevard Trunk Sewer between Diablo Avenue and Grant Avenue (if the City of Novato revives the Novato Boulevard street widening project).

Account No. 72706-1: Lateral Replacement Program

The District established this program as a sub-account within Account No. 72706, as part of a long-term approach to reducing infiltration and inflow from private residential laterals into the District's collection system.

The program seeks to incentivize individual homeowners financially to replace the entire sewer lateral between their residence and the sewer main, and currently provides a grant for half of the replacement cost up to \$2,000 to replace a residential sewer lateral in the District's service area. In FY 18-19, the District budgeted an overall budget amount of \$80,000 for this program.

The District did not observe the level of participation for the lateral replacement program in FY 18-19 and the previous FY 17-18 compared with previous fiscal years, with approximately half of the budget funds being expended in FY 17-18 and an estimated half of the budget funds being expended in FY 18-19. Based on the District's experience with the program over the last FYs, the District's share, i.e. the maximum individual grant amount will remain at \$2,000 and the overall budget for the program will be reduced to \$60,000 in FY 19-20.

As in prior years, the District will continue to monitor and modulate the maximum individual grant and budget amounts on a yearly basis, based on its ongoing experience, and its goal of incentivizing lateral replacement.

Account No. 72707: Hamilton Wetlands/Outfall Integration

Previously, the District cooperated with the California State Coastal Conservancy (SCC) in a study to examine alternatives for a long-term SCC project to integrate the District's outfall into the SCC's Hamilton Wetlands project.

As noted in prior years, the SCC's goal for their project is to utilize the District's effluent as a reliable, long-term fresh water source to establish and maintain a brackish marsh habitat at the SCC's Wetlands project.

While all funding to implement this project will be provided by the SCC, this account will continue to retain a "placeholder" status with nominal budget amounts in FY 19-21 to meet any minor or unanticipated District expenses for coordination work with SCC staff.

Account No. 72708: Cogeneration/Alternative Energy

This account will fund the design and construction of a cogeneration project that will utilize digester gas produced in the anaerobic digestion process to produce power that may result in an offset to the District's utility power purchases. Additionally, this account will fund alternative energy (solar and battery storage) and energy efficiency projects.

The District also anticipates pursuing grant-funding opportunities for these projects, and the FY 19-20 budget includes funds for initial engineering studies and design, potential California Environmental Quality Act (CEQA) related work, and assistance with securing grant funding.

Note that the budgeted amounts do not include any potential grants that may be received through programs such as the Clean Water State Revolving Fund Green Project Reserve (GPR), or rebates through the California Public Utility Commission's Self Generation Incentive Program (SGIP).

Account No. 72802: Annual Sewer Adjustment for City Projects

The budget in this account is established annually to compensate the City of Novato or County of Marin for work performed on District facilities through City or County Capital Improvement Projects.

An example of work funded through this account would be a City or County street paving or repaving project, wherein District manholes are raised to grade.

Account No. 72803: Annual Collection System Repairs

This account is established annually primarily to fund smaller projects to repair District collection system facilities, primarily point and spot repairs, or to replace short reaches of sewer main(s).

The Collection system staff generates the repair list during routine maintenance activities including sewer cleaning and CCTV work. The Field Services Manager then tracks and prioritizes repair projects in conjunction with the Collection System Superintendent, the Deputy General Manager, and the Construction Inspector.

Account 72804: Annual Reclamation Facilities Improvements

The budget in this account is established annually to fund small projects to repair District facilities at the Reclamation Area.

The work typically includes irrigation system repairs for lines larger than 4-inch in diameter, parcel rehabilitation work, and other miscellaneous repairs.

Also included in the budget for this year is the removal of fallen eucalyptus trees, repairs to Drainage Pump stations nos. 3 and 7, and initial engineering studies for rehabilitating the access road from Deer Island Lane to Site 2.

Account No. 72805: Annual Treatment Plant Improvements

This budget account is established to fund small projects to repair District treatment related facilities at the Novato Treatment Plant.

This account is anticipated to fund minor mechanical & electrical work, water line repairs, pavement repairs, painting, and any other small repairs or improvements.

An allowance is also made this fiscal year for work associated with the cleaning of Digester No. 1. This allowance was originally budgeted for FY 18-19. Due to operational considerations, this work will be performed in FY 19-20.

Account No. 72806: Annual Pump Station Improvements

This budget account was established to fund small projects to repair District pumping facilities at the various pump stations throughout the District.

This account is anticipated to fund minor mechanical & electrical work, water line repairs, pavement repairs, painting, and any other small repairs or improvements at District pump stations. Additionally, this account will fund transitioning from flowchart recorders to SCADA monitoring, and installation of security cameras at various pump stations.

Account No. 72807: Annual Ignacio Facility Improvements

This budget account was established in FY 17-18 to fund small projects to maintain the Ignacio facility (excluding the Ignacio Transfer Pump Station), or perform demolition/site clean-up work related to some of the abandoned treatment units of the decommissioned Ignacio Treatment Plant (ITP).

Account No. 72808: Strategic Plan Update:

The District's Strategic Plan document was most recently updated in FY 16-17. While no specific updates have been identified or are expected for FY 19-20, this account is established to serve as a "placeholder" account if the need to make any potential updates to the District's Strategic Plan document arise during the fiscal year.

Account No. 72809: Novato Creek Watershed

This account and its budget was established as a result of an agreement with the Marin County Flood Control District.

Under this agreement, the District participates in a program with the County of Marin, the City of Novato, and the North Marin Water District to explore alternatives to reduce flooding potential in the lower Novato Creek portion where all of these agencies have facilities that are prone to flood damage.

The budgeted amounts are a minimal amount and function as a “placeholder”, or to meet minimal District commitments to potential, previously unidentified studies, through FY 19-20. Future work (beyond FY 19-20) arising out of these studies may require increased funding, but potential costs are unknown at this point.

Account No. 73003: Administration Building Upgrades/Maintenance Building

This account includes allowances for minor improvements to the Administration Building and work associated with providing a new temporary Maintenance Building.

In FY 18-19 the District procured a temporary modular maintenance building. For FY 19-20, this account includes funds for building appurtenance such as office furnishings and installation of communication lines. This account also includes funds for re-roofing the laboratory portion of the Administration Building and installing electronic FOB entry points to enhance building security.

Account No. 73004: Odor and Landscaping Improvements

This account budgets further work by District and operations staff and the District’s Odor Specialist consultant(s) to address and manage any odor issues raised by the District’s neighbors. It also includes an allowance to address any landscaping items.

It is anticipated that this account will see budgeting of funds on an ongoing basis. Removal of existing, and installation of new media, in two odor control beds was completed in FY 18-19 and this work will continue in FY 19-20.

Account No. 73005: RWF Expansion

This account funded the design and construction of an incremental capacity expansion to the existing Recycled Water Facility (RWF) at the Novato Treatment Plant site. The RWF expansion was needed due to the expansion by the North Marin Water District (NMWD) of its Central Area Project, which pushed NMWD’s recycled water distribution pipelines into the Central Novato/Ignacio geographic areas.

The expansion project achieved final completion in FY18-19. The FY 19-20 budget includes nominal funds for any follow-up tasks during the warranty period.

Account No. 73006: NTP Corrosion Control

This account includes funds for corrosion control projects at the Novato Treatment Plant site. As the recently constructed facilities age, the effects of the aggressive nature of wastewater corrosion start to appear and need to be addressed.

It is anticipated that this account will see budgeting of funds on an ongoing basis. The budgeted funds for FY 19-20 will focus on addressing corrosion issues at the Headworks Channels and Effluent Box as well as design work associated with coating of the UV channels.

Account No. 73090: Vehicle Replacement

This account includes a budget amount for the purchase a combination vac/flusher and a portable “Screwsucker” pump. This account also includes an allowance for an overhaul of an existing combination vac/flusher. Replacement of three additional light trucks and a utility truck is anticipated in FY 20-21.

CAPITAL IMPROVEMENT BUDGET

***Tables Abstracted from
Preliminary Budget for Fiscal Years 2019-21
as presented to the District Board on May 13, 2019***

**Novato Sanitary District
2019-21 Preliminary Budget
Capital Improvement Budget - Summary of Revenues**

Capital Fund	Adopted	Adopted	Projected	Proposed	Preliminary
Revenue Center - 51000	Budget	Budget	Revenue	Budget	Budget
	2017-18	2018-19	2018-19	2019-20	2020-21
Accounts					
Capital Improvement Income					
51010 · Sewer Service Charges(1)	7,753,152	7,940,160	7,753,152	8,422,128	8,728,448
51015 · Property Taxes	2,188,693	2,335,914	2,335,914	2,382,632	2,430,285
51015-1 · Redevelopment Agency(2)	0	0	50,000	0	0
51020 · Connection Charges(3)	447,600	461,200	200,000	475,200	489,600
51030 · Collector Sewer Charges	1,000	1,000	0	0	0
51040 · Special Equalization Chrg	1,000	1,000	4,230	1,000	1,000
51060 · Interest	40,000	125,000	214,000	160,000	168,000
51070 · Other Revenue	20,000	20,000	20,000	20,000	20,000
51072 · Grant Revenue - RWF	475,000	151,000	150,149	0	0
Total Capital Improvement Income	10,926,445	11,035,274	10,727,445	11,460,960	11,837,333
Comments:					
(1) Sewer Service Charge (SSC) revenue is based on rate increase approved on June 13, 2016 and actual revenue received in prior year. The Sewer Service Charges allocations are as follows:					
- For 2019/20 the charge is \$636 split between operating (\$350) and capital (\$286).					
- For 2020/21 the charge is \$657 split between operating (\$361) and capital (\$296).					
(2) Redevelopment Agency(RDA) related revenues are being shown separately as they have increased over the past few years from the dissolution and distribution of assets of these agencies. Also, projections for future RDA fund distributions are not available at this time.					
(3) Connection Charges projected at 40 new connections each year.					
- Per District Ordinance No. 119, the connection charge beginning July 1, 2019 is \$11,880 per EDU, and increases by 3% on July 1, 2020 to \$12,240 per EDU.					

**Novato Sanitary District
2019-21 Preliminary Budget
Capital Improvement Budget - CIP Expenditures**

Capital Improvements	Adopted	Adopted	Projected	Proposed	Preliminary
Cost Centers - 72000 & 73000	Budget	Budget	Exp	Budget	Budget
	2017-18	2018-19	2018-19	2019-20	2020-21
Accounts					
72403 · Pump Station Rehabilitation	150,000	50,000	0	50,000	250,000
72508 · North Bay Water Reuse Authority (NBWRA)	100,000	80,000	80,000	25,000	25,000
72706 · Collection System Improvements	1,700,000	2,450,000	1,152,000	2,200,000	1,900,000
72706-1 · Lateral Replacement Program	80,000	80,000	44,000	60,000	60,000
72707 · Hamilton Wetlands/Outfall Integration	10,000	10,000	5,000	10,000	10,000
72708 · Cogeneration/Alt. Energy	350,000	350,000	75,000	400,000	550,000
72802 · Annual Sewer Adj. for City Proj	40,000	25,000	0	25,000	30,000
72803 · Annual Collection Sys Repairs	200,000	225,000	100,000	100,000	110,000
72804 · Annual Reclamation Fac Improvements	175,000	175,000	110,000	600,000	830,000
72805 · Annual Treatment Plant Improvements	300,000	300,000	250,000	300,000	100,000
72806 · Annual Pump Station Improvements	100,000	140,000	140,000	175,000	175,000
72807 · Annual Ignacio Facility Improvements	50,000	50,000	45,000	50,000	75,000
72808 · Strategic Plan Update	20,000	20,000	0	20,000	20,000
72809 · Novato Creek Watershed	5,000	5,000	0	5,000	5,000
73003 · Admin Building Upgrade/Maint. Building	350,000	350,000	400,000	150,000	50,000
73004 · Odor Control and NTP Landscaping	50,000	100,000	100,000	50,000	52,000
73005 · RWF Expansion (1)	1,460,000	2,020,000	1,500,000	10,000	0
73006 · NTP Corrosion Control	150,000	233,000	25,000	300,000	100,000
73090 · Vehicle Replacement	390,000	140,000	140,000	580,000	230,000
Subtotal before Debt Service	5,680,000	6,803,000	4,166,000	5,110,000	4,572,000
78500 · Interest - SRF Loan	1,519,744	1,427,123	1,427,123	1,332,279	1,235,159
78500 · Principal - SRF Loan	3,859,212	3,951,833	3,951,833	4,046,677	4,143,797
78500 · Interest - COP Bond/Rev. Refunding Bond	739,548	670,500	670,500	631,000	590,000
78500 · Principal - COP Bond/Rev. Refunding Bond	925,000	790,000	790,000	820,000	850,000
Subtotal for Debt Service	7,043,504	6,839,456	6,839,456	6,829,956	6,818,956
Totals	12,723,504	13,642,456	11,005,456	11,939,956	11,390,956