

NOVATO SANITARY DISTRICT

Meeting Date: June 1, 2020

The Capital Improvements Committee of the Novato Sanitary District will hold a meeting at 3:00 PM, Monday, June 1, 2020.

NOTE: Consistent with the Governor's Executive Orders on the Brown Act, this Board Committee meeting will be held via Zoom® conferencing. To participate:

Join Zoom Meeting by clicking the following link or copy and paste it into your browser: <https://us02web.zoom.us/j/89362044374> when prompted, enter meeting ID: 893 6204 4374

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Public comments for this meeting can be submitted via email at info@novatosan.com. The public comment period opens when the agenda is posted online and will close two hours prior to the start of the meeting. Include your name and the item you'd like to provide written comment on. Written comments submitted will be read into the record during the Public Comment period of the Committee meeting.

To provide comments during the meeting:

1. If in the Zoom teleconference, use the "raise hand" feature in Zoom. The Host will notify and unmute you when it is your turn to speak.
2. If on a phone, press *9 ("star + 9"), and the Host will notify and unmute you when it is your turn to speak.

If you experience an issue providing comments during the meeting, please email those comments to the District's Administrative Secretary at julieh@novatosan.com

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. This agenda packet is also available on the District's website: www.novatosan.com. Note: All times and/or order of consideration for agenda items are for reference only. The Board of Directors may consider item(s) in a different order than set forth herein. ***There is no public access to District facilities currently due to the COVID-19 emergency.***

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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. 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) 20-22 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 1, 2020 AGENDA ITEM NO.: 3.a.
RECOMMENDED ACTION: Review Fiscal Years (FY) 20-22 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 11, 2020 Board meeting, staff presented the District’s preliminary Budget for Fiscal Years (FY) 20-22 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 20-22, 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 20-22, and subject to minor changes and edits, recommend the preliminary CIP Budget for adoption by the full Board at its June 8, 2020 meeting.</p>	
ATTACHMENTS: 1. Preliminary Capital Improvements Program (CIP) Budget for Fiscal Years 2020-22.	
DEPT. MGR.: eb, ssk	GENERAL MANAGER: SSK



**Preliminary Capital Improvements
Program (CIP) Budget
FOR
FISCAL YEARS 2020-22**

*Capital Improvements Committee
June 1, 2020*

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 1, 2020

SUBJECT: FY 20-22 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 20-22.

A copy of the draft preliminary two-year FY 20-22 capital improvement expenditures is included as Table 1: Capital Improvement Budget – CIP Expenditures.

Account No. 72112: Network and SCADA Upgrades

This new account was established to address the need for significant upgrades to the network and Supervisory Control and Data Acquisition (SCADA) systems. The account provides for an Information Technology (IT) Assessment/Master Planning study to commence in the first half of FY 20-21. Subsequently, computer network and SCADA upgrades will commence in the last half of FY 20-21, extending into FY 21-22.

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 had remained to be rehabilitated include the two Vintage Oaks Pump Stations and the Rowland Plaza Pump Station.

However, the District experienced a multiple day power outage in October 2019 due to the Public Safety Power Shutoffs (PSPS) implemented throughout the region. The PSPS events have highlighted the need for several short- and long-term projects to assure resiliency of District operations, including the following four major capital projects:

1. Rowland Plaza Pump Station: Project to convert the Gorman Rupp style wet well/dry well pump station to submersible pump-type station and new emergency generator. Engineering design work commenced in FY 19-20 with construction anticipated the first half of FY 20-21.
2. Marin Village Pump Station: Project to replace the existing wetwell/drypit type pump station with new submersible pump-type station. Engineering design work commenced in FY 19-20 with construction anticipated in the last quarter of FY 20- 21, extending into FY 21-22.
3. Ignacio Transfer Pump Station: Project to replace the generator and upgrade switchgear. Engineering design work will commence in FY 20-21 with construction anticipated in FY 21-22, extending into FY 22-23.
4. Olive Pump Station: Project to replace the existing natural gas generator with a new diesel generator and upgrade electrical switchgear and related electrical equipment. Engineering design work will commence in FY 19-20 with construction anticipated in FY 20-21, extending into FY 21-22.

The rehabilitation schedule for the Vintage Oaks 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.

Account No. 72508: North Bay Water Reuse Authority

The District is a member agency of the North Bay Water Reuse Authority (NBWRA). FY 20-21 will be the seventh 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.

For FY 20-21, the District expects its future Phase 2 participation to be limited to a programmatic level, at least until further recycled water demands are identified by the North Marin Water District (NMWD). Also, any effort to transition the NBWRA program to a more comprehensive North Bay Water Program, would result in a limited role for the District. 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 20-22 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. Closeout work including final paving for the Redwood Blvd Sewer Rehabilitation Project. This Project included the rehabilitation of about 1,850 feet of 12-inch sewer main along Redwood Blvd. between Lamont Avenue and Diablo Avenue. The construction contract was completed in FY 19-20. However, the District decided to complete the final paving as a separate contract that will commence in late FY 19-20, extending into FY 20-21.
2. Continuing work on the rehabilitation of 10-inch sewer main in Bel Marin Keys Blvd. This project was bid in FY 18-19 and the lining work was completed in FY 19-20. Approximately 300 feet of the 10-inch sewer main was unable to be lined due to its condition. This account provides for the removal and replacement of this line with new PVC sewer main using traditional cut and cover construction.
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. Project design will commence in FY 20-21 with construction anticipated in FY 21-22.
4. Final paving for the Golden Gate Place to Rush Creek Place Sewer Replacement Phase II. The construction contract was completed in FY 19-20. However, the District decided to complete the final paving as a separate contract that will commence in late FY 19-20, extending into FY 20-21.
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 20-21, with construction potentially occurring in FY 21-22.
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 20-21 with construction potentially occurring in FY 21-22.
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. Construction commenced in FY 19-20 and will be completed in FY 20-21.
9. Follow up work associated with the Collection System Master Plan (CSMP) in the Project Verification and Implementation Planning effort.

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 19-20, the District budgeted an overall budget amount of \$60,000 for this program.

The level of participation for the lateral replacement program in FY 19-20 has been on track with and is likely to exceed participation for the previous year. It is expected that more than half of the budget funds will be expended in FY 19-20. As word continues to get out about the replacement program, staff expect the same or increased level of participation in FY 20-21. Therefore, the District's share, i.e. the maximum individual grant amount will remain at \$2,000 and the overall budget for the program will remain \$60,000 in FY 20-21.

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.

SCC has started construction on Phase I of the BMK Unit V Wetland Restoration Project (Project). The District has entered into an Agreement with SCC to provide reclaimed water for the purposes of soil moisture conditioning, compaction, dust control, and plant irrigation. While all funding to implement this project will be provided by the SCC, this account will continue to retain nominal budget amounts in FY 20-22 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 (battery storage and/or solar) and energy efficiency projects. The District also anticipates pursuing grant-funding opportunities for these projects, and the FY 20-21 budget includes funds for initial engineering studies and design, 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.

Cleaning of Digester 1 will be performed in FY 19-20. Cleaning of Digester 2 will be funded from the Solids Management Account No. 73007 in FY 20-21.

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 20-21, 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 20-21. Future work (beyond FY 20-21) 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 and Annex Buildings.

This account also includes funds for relocating the Admin building HVAC units from the roof to ground level, 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. Significant cleanup/removal of the District’s landscaping was completed in FY 19-20 and this work as well as odor bed management work will continue in FY 20-21.

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. No funds will be budgeted for this account in FY 20-21.

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.

One of the three UV channels was coated in FY 19-20. The two remaining channels will be coated in FY 20-21. Engineering design work for addressing corrosion issues at the Headworks Channels and Effluent Box will be completed in FY 19-20 with the corrective work budgeted in FY 20-21. Also, engineering design work for addressing corrosion of the metal work in primary clarifier No. 2 is budgeted for FY 20-21.

Account No. 73007: Solids Management

This new account includes funds to address major maintenance or capital projects associated with the District's solids processing.

Cleaning of Digester 2 will be funded in FY 20-21. Additionally, a "placeholder" amount will be budgeted for FY 21-22 to potentially initiate studies to investigate the feasibility of processing the District's biosolids further to create a Class A fertilizer or similarly marketable product.

Account No. 73090: Vehicle Replacement

This account includes a budget amount for the purchase a portable 100 kW generator, a portable bypass pump, 2 light-to-medium duty pickup trucks and 1 passenger vehicle. This account also includes an allowance for an overhaul of an existing combination vac/flusher. Replacement of additional portable generators, 1 light duty truck and a utility truck is anticipated in FY 21-22.

CAPITAL IMPROVEMENT BUDGET

***Tables Abstracted from
Preliminary Budget for Fiscal Years 2020-22
as presented to the District Board on May 11, 2020***

**Novato Sanitary District
2020-22 Preliminary Budget
Capital Improvement Budget - Summary of Revenues**

Capital Fund Revenue Center - 51000	Adopted Budget 2018-19	Adopted Budget 2019-20	Projected Revenue 2019-20	Proposed Budget 2020-21	Preliminary Budget 2021-22
Accounts					
Capital Improvement Income					
51010 · Sewer Service Charges(1)	7,940,160	8,422,128	8,422,128	7,932,272	8,592,648
51015 · Property Taxes	2,335,914	2,382,632	2,382,632	2,430,285	2,478,890
51015-1 · Redevelopment Agency(2)	0	0	51,000	0	0
51020 · Connection Charges(3)	461,200	475,200	775,000	489,600	504,400
51030 · Collector Sewer Charges	1,000	0	0	0	0
51040 · Special Equalization Chrg	1,000	1,000	77,223	1,000	1,000
51060 · Interest	125,000	120,000	214,000	20,000	21,000
51070 · Other Revenue	20,000	20,000	20,000	20,000	20,000
51072 · Grant Revenue - RWF	151,000	0	0	0	0
Total Capital Improvement Income	11,035,274	11,420,960	11,941,983	10,893,157	11,617,938
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 SSC allocations are as follows:					
- For 2020/21 the charge is \$657 split between operating (\$388) and capital (\$269).					
- For 2021/22 the charge is \$657, with no rate increase from prior year, split between operating (\$366) and capital (\$291).					
(2) Redevelopment Agency (RDA) revenues are being shown separately as the District continues to receive them from the dissolution and distribution of assets of these agencies. However, these RDA fund distributions are difficult to predict, and are set to zero for budget purposes.					
(3) Connection Charges projected at 40 new connections each year.					
- Per District Ordinance No. 119, the connection charge beginning July 1, 2020 is \$12,240 per EDU, and increases by 3% on July 1, 2021 to \$12,610 per EDU.					

**Novato Sanitary District
2020-22 Preliminary Budget
Table 1: Capital Improvement Budget - CIP Expenditures**

Capital Improvements Cost Centers - 72000 & 73000	Adopted Budget 2018-19	Adopted ⁽¹⁾ Budget 2019-20	Projected Exp 2019-20	Proposed Budget 2020-21	Preliminary Budget 2021-22
Accounts					
72112 · Network and SCADA Upgrades ⁽²⁾	0	0	0	225,000	75,000
72403 · Pump Station Rehabilitation	50,000	515,000	250,000	1,650,000	3,050,000
72508 · North Bay Water Reuse Authority (NBWRA)	80,000	25,000	25,000	25,000	25,000
72706 · Collection System Improvments	2,450,000	2,790,000	2,920,000	2,940,000	2,320,000
72706-1 · Lateral Replacement Program	80,000	60,000	50,000	60,000	60,000
72707 · Hamilton Wetlands/Outfall Integration	10,000	10,000	10,000	10,000	10,000
72708 · Cogeneration/Alt. Energy	350,000	1,010,000	85,000	1,075,000	1,500,000
72802 · Annual Sewer Adj. for City Proj	25,000	25,000	25,000	30,000	30,000
72803 · Annual Collection Sys Repairs	225,000	100,000	75,000	105,000	110,000
72804 · Annual Reclamation Fac Improvements	175,000	200,000	75,000	355,000	145,000
72805 · Annual Treatment Plant Improvements	300,000	350,000	215,000	100,000	100,000
72806 · Annual Pump Station Improvements	140,000	175,000	80,000	240,000	220,000
72807 · Annual Ignacio Facility Improvements	50,000	50,000	50,000	75,000	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	150,000	120,000	350,000	130,000
73004 · Odor Control and NTP Landscaping	100,000	50,000	30,000	50,000	50,000
73005 · RWF Expansion (2)	2,020,000	(295,000)	(293,979)	0	0
73006 · NTP Corrosion Control	233,000	55,000	50,000	380,000	100,000
73007 · Solids Management	0	0	0	175,000	10,000
73090 · Vehicle Replacement	140,000	605,000	580,000	330,000	265,000
Subtotal before Debt Service	6,803,000	5,900,000	4,346,021	8,200,000	8,300,000
78500 · Interest - SRF Loan	1,427,123	1,332,279	140,629	0	0
78500 · Principal - SRF Loan	3,951,833	4,046,677	0	0	0
78500 · Interest - 2017 Rev. Refunding Bond	670,500	631,000	631,000	590,000	547,500
78500 · Principal - 2017 Rev. Refunding Bond	790,000	820,000	820,000	850,000	890,000
78500 · Interest - 2019 Refunding Bond	0	0	1,091,536	2,084,350	1,934,100
78500 · Principal - 2019 Refunding Bond	0	0	3,480,000	3,005,000	3,155,000
Subtotal for Debt Service	6,839,456	6,829,956	6,163,165	6,529,350	6,526,600
Totals	13,642,456	12,729,956	10,509,186	14,729,350	14,826,600

Comments:

- ⁽¹⁾ As amended by Board action of 12/09/2019 to accommodate Public Safety Power Shutdown (PSPS) and Cogen/Alt Energy Related Projects.
- ⁽²⁾ New account.
- ⁽³⁾ Reflect disbursement of \$305,711 by North Marin Water District (NMWD) from joint District/NMWD RWF Capital Replacement and Expansion Fund.