





STAFF REPORT

Meeting Type: Board of Directors
Title: Capital Program Update
From: Alex Anaya, Director of Engineering 
Through: Ben Horenstein, General Manager 
Meeting Date: March 5, 2024

TYPE OF ACTION: Action X Information Review and Refer

RECOMMENDATION: Receive staff update on the status of the Capital Program

SUMMARY: Over the past year, staff has been working on various capital projects identified in the District’s adopted FY24-25 Budget. Most projects identified in the adopted budget will take place over two years and completion for these projects are on track within the two or more year timeframe. Construction of projects is a fluid process in which unanticipated issues may arise that are outside of the District’s control. For example, this past year throughout the industry water agencies have been dealing with materials supply chain issues. This has provided an opportunity to develop new solutions and expand District standards to allow capital work to continue. The District has also started construction and design on multiple key projects while looking forward to the District’s projected capital program and evaluating resourcing needs over the next four years and beyond. Staff has also evaluated the large capital projects identified for future bond financing and will bring a discussion of these as requested by the Board.

DISCUSSION: During this past year, staff has been diligently working on various capital projects identified in the District’s adopted budget for FY24-25. Staff has been designing a number of pipeline projects and has also obtained proposals from engineering firms for design assistance on pump station, tank and treatment plant projects. Most projects identified in the two year adopted budget cycle span a two-year period due to the size and timing of the projects. As projects are awarded and contract work starts, the FY 2024 budget allocations will be drawn down with some amounts carried over to the next fiscal year where it will be used to complete these projects.

In late 2022, unanticipated issues with manufacturing lead to industry wide shortages of various water system components, ranging from brass fittings, to copper pipes to gate valves. Recognizing this ongoing delay, staff developed a detail that installs polyethylene (PE) service laterals, which forgoes the need for the brass insulator and continues to provide protection to the distribution system. PE services are in line with industry standard across the United States and comply with American Water

Works Association (AWWA) standards. In addition, the District ordered the angle curb valves to allow the use of PE service laterals in July 2023 and those parts arrived in February, seven months after ordering them. Staff will be able to start advertising pipeline projects over the next few months for construction without the need of the brass insulator.

This past year staff has started designing or constructing key projects. This includes the start of construction of the Pine Mountain Tunnel Tank Project; design of the San Geronimo Treatment Plant Roof Replacement, Tocaloma Pump Station Rehabilitation and the Phoenix to Bon Tempe Connection project. In addition, staff has also been working on the watershed projects, water supply and conveyance projects as well as looking at the Districts SAP system improvements.

In line with the expanded capital program, staff has begun to evaluate resource needs and develop a plan that includes reallocation of posting leveraging staff resources with consultants. Staff expects to bring the assessment to the Board later this year.

As part of the FY24-25 budget adoption, there was a Board request to bring back discussion on the large capital projects for bond funding consideration. The four projects previously discussed include the North Marin Line, San Geronimo Treatment Plant Clarifiers, Ross Reservoir and Smith Saddle Tanks Replacement. Staff will review with the Board the four projects with a recommended priority, as we consider the timing and approach for these projects.

ENVIRONMENTAL REVIEW: Not Applicable.

FISCAL IMPACT: None.

ATTACHMENT(S): None.