

- **Board of Directors**  
**Engineering and Operations Committee**

June 13, 2006 Board Meeting

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**8-7**

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**Subject**

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Appropriate \$5.6 million for projects costing less than \$250,000 for fiscal year 2006/07 under the Minor Capital Projects Program (Approp. 15433)

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**Description**

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The Minor Capital Projects Program authorizes the General Manager to execute capital projects costing less than \$250,000. These projects are located throughout Metropolitan's conveyance/distribution system and treatment plants. This program supports repairs and upgrades for high-maintenance equipment such as pumps, motors, and valves, and for structural components, plumbing, electrical systems, and air conditioning and heating units. Many projects require fast response due to safety or regulatory concerns, unanticipated failures, construction crew availability, and shutdown opportunities. Projects are required to be implemented under a capital program rather than as operations and maintenance activities when they are estimated to cost more than \$25,000.

In past years, the Minor Capital Projects programs were authorized for amounts varying between \$3 million and \$4 million. In fiscal year 2005/06, the Board appropriated \$3 million under this program and the General Manager authorized a total of 23 projects. Based on the numerous small projects identified during the current year, staff estimates that the FY 2006/07 Minor Capital Projects Program will support between 40 and 50 projects, and staff recommends increasing the appropriation to approximately \$5.6 million. As in past years, all projects under this program will have their status reported quarterly.

This action authorizes the Minor Capital Projects Program for FY 2006/07 to efficiently execute repair and rehabilitation capital projects costing less than \$250,000 identified during FY 2006/07. The total requested amount is \$5.6 million, which is approximately one percent of Metropolitan's proposed capital budget for FY 2006/07. All projects implemented under the Minor Capital Projects Program are required to be evaluated and recommended by Metropolitan's Capital Investment Plan Evaluation Team. The requested funds have been included in the FY 2006/07 capital budget.

See [Attachment 1](#) for the Financial Statement.

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**Policy**

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Metropolitan Water District Administrative Code Section 5108: Appropriation

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**California Environmental Quality Act (CEQA)**

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CEQA determination for Option #1:

The proposed actions are categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The overall activities will involve carrying out future studies and environmental analyses for proposed projects that consist of basic data collection and resource evaluation activities, which do not result in a serious or major disturbance to an environmental resource. This may be strictly for information gathering purposes, or as part of a study leading to an action that a public agency has not yet approved, adopted, or funded. Accordingly, the proposed actions qualify as a Class 6 Categorical Exemption (Section 15306 of the State CEQA Guidelines). The funding mechanism in support of the proposed actions is not defined as a project under CEQA and is therefore not subject to the CEQA process (Section 15378(b) of the State CEQA Guidelines).

Metropolitan, as the Lead Agency, will be responsible for complying with the requirements of CEQA and the State CEQA Guidelines for each project that meets the program's criteria prior to approval of such project. As specific projects are proposed Metropolitan will conduct CEQA review and prepare the appropriate environmental documentation for each project. Generally, the decision-making body responsible for approving Metropolitan projects is the Board (Section 15356 of the State CEQA Guidelines). With the proposed actions, the Board will designate the General Manager as the decision-making body for purposes of reviewing, approving, and certifying any environmental documentation that may be required for such projects that fall within this program.

The CEQA determination is: Determine that the proposed actions are exempt from CEQA pursuant to Sections 15306 and 15378(b) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

## **Board Options/Fiscal Impacts**

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### **Option #1**

Adopt the CEQA determination and

- a. Appropriate \$5.6 million for the Minor Capital Projects Program for FY 2006/07 for projects costing less than \$250,000;
- b. Authorize the General Manager to initiate capital projects costing less than \$250,000 and perform all work including the preparation of necessary environmental documentation; and
- c. Designate the General Manager as the decision-making body for purposes of reviewing, approving, and certifying any environmental documentation that may be required for such projects.

**Fiscal Impact:** \$5.6 million of budgeted funds under Approp. 15433

**Business Analysis:** Increased efficiency in the execution of small repair and rehabilitation capital projects that require fast response due to safety or regulatory concerns, unanticipated failures, construction crew availability, and shutdown opportunities

### **Option #2**

Do not authorize this appropriation and approve each small project individually.

**Fiscal Impact:** \$5.6 million of budgeted funds under Approp. 15433

**Business Analysis:** Approval of each project individually will impair staff's ability to respond quickly to urgent project needs, comply with regulatory requirements, and maintain service without disruptions.

## **Staff Recommendation**

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Option #1

  
 Roy L. Wolfe  
 Manager, Corporate Resources

5/25/2006  
 Date

  
 Jeffrey Kightlinger  
 General Manager

5/26/2006  
 Date

## **Attachment 1 – Financial Statement**

BLA #4467

**Financial Statement for Minor Capital Projects Costing Less Than \$250,000 for Fiscal Year 2006/07**

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A breakdown of Board Action No. 1 for Appropriation No. 15433 for minor capital projects costing less than \$250,000 during fiscal year 2006/07 is as follows:

	<u><b>Total Appropriated Amount</b></u>
Labor	
Studies and Investigations	\$ 46,000
Final Design	540,000
Owner Costs (Program management, permitting, environmental)	270,000
Construction Inspection and Support	90,000
Metropolitan Force Construction	3,050,000
Materials and Supplies	402,000
Incidental Expenses	10,000
Professional/Technical Services	68,000
Contracts	718,000
Remaining Budget	406,000
<b>Total</b>	<u><u><b>\$ 5,600,000</b></u></u>

**Funding Request**

<b>Program Name:</b>	Minor Capital Projects Costing Less Than \$250,000 for Fiscal Year 2006/07		
<b>Source of Funds:</b>	Revenue Bonds, Replacement and Refurbishment or General Funds		
<b>Appropriation No.:</b>	15433	<b>Board Action No.:</b>	1
<b>Requested Amount:</b>	\$ 5,600,000	<b>Capital Program No.:</b>	N/A
<b>Total Appropriated Amount:</b>	\$ 5,600,000	<b>Capital Program Page No.:</b>	N/A
<b>Total Program Estimate:</b>	\$ 5,600,000	<b>Program Goal:</b>	Reliability