

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

July 10, 2007 Board Meeting

8-2

Subject

Appropriate \$5 million for projects costing less than \$250,000 for fiscal year 2007/08 under the Minor Capital Projects Program (Approp. 15448)

Description

The Minor Capital Projects Program authorizes the General Manager to move forward with capital projects costing less than \$250,000. These projects are located throughout Metropolitan's conveyance/distribution system and treatment plants. This program supports timely and essential repairs and upgrades for various equipment such as pumps and valves, structural components, plumbing, electrical systems, and air conditioning and heating units. Many of these 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 2006/07, the Board appropriated \$5.6 million under this program to support a total of 44 projects. Based on the continuing identification of numerous small projects during the year, staff estimates that the FY 2007/08 Minor Capital Projects Program will support 35 to 40 projects, requiring an appropriation of \$5 million. As in past years, progress on all projects under this program will be reported to the Board quarterly.

This action appropriates \$5 million for the Minor Capital Projects Program for FY 2007/08 and delegates authority to the General Manager to efficiently execute repair and rehabilitation capital projects costing less than \$250,000 that are identified during FY 2007/08. The total requested appropriation amount is \$5 million. 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 2007/08 capital budget.

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

Policy

Metropolitan Water District Administrative Code 5108: Capital Project Appropriation

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed actions are categorically exempt under the provisions of CEQA and the State CEQA Guidelines. The overall program will involve carrying out future preliminary studies and environmental analyses for proposed Minor Capital Projects that are unknown at this time. These preliminary studies and investigations would 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 Exemption (Section 15306 of the State CEQA Guidelines). The funding mechanism in support of the proposed program 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 staff will conduct CEQA review as applicable 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

Option #1

Adopt the CEQA determination and

- a. Appropriate \$5 million for the Minor Capital Projects Program for FY 2007/08 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 million of budgeted funds under Approp. 15448

Business Analysis: This option would increase 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 but approve each small project individually.

Fiscal Impact: None

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

Option #1

Roy L. Wolfe
 Roy L. Wolfe
 Manager, Corporate Resources

6/19/2007
 Date

Debra C. Man
 Debra C. Man
 for Jeffrey Kightlinger
 General Manager

6/20/2007
 Date

Attachment 1 – Financial Statement

Financial Statement for Minor Capital Projects Costing Less Than \$250,000 for Fiscal Year 2007/08

A breakdown of Board Action No. 1 for Appropriation No.15448 is as follows:

	New Total Appropriated Amount
Labor	
Studies and Investigations	\$ 41,000
Final Design	480,000
Owner Costs (Program management, permitting, environmental planning)	245,000
Construction Inspection and Support	80,000
Metropolitan Force Construction	2,720,000
Materials and Supplies	360,000
Incidental Expenses	9,000
Professional/Technical Services (Hazardous material testing and removal)	60,000
Contracts	640,000
Remaining Budget	365,000
Total	\$ 5,000,000

Funding Request

Program Name:	Capital Program for Projects Costing Less Than \$250,000 for Fiscal Year 2007/08		
Source of Funds:	Revenue Bonds, Replacement and Refurbishment or General Funds		
Appropriation No.:	15448	Board Action No.:	1
Requested Amount:	\$ 5,000,000	Capital Program No.:	07801-I
Total Appropriated Amount:	\$ 5,000,000	Capital Program Page No.:	E-9
Total Program Estimate:	\$ 5,000,000	Program Goal:	Reliability