



- Board of Directors  
*Engineering and Operations Committee*

6/14/2011 Board Meeting

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**8-3**

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## **Subject**

Appropriate \$3 million; and authorize capital program for projects costing less than \$250,000 for fiscal year 2011/12 (Approp. 15470)

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## **Description**

This action provides funding and authorizes the General Manager to proceed with a program to execute capital projects costing less than \$250,000 for fiscal year 2011/12. Most of these projects are categorized as Infrastructure Rehabilitation and Upgrade projects within Metropolitan's Capital Investment Plan (CIP), and funds have been included within the fiscal year 2011/12 budget. This action will enable staff to expeditiously address rehabilitation issues that arise during the year.

### **Timing and Urgency**

The Minor Capital Projects Program enables staff to expedite smaller capital projects that require rapid response to address unanticipated failures, urgent safety or regulatory compliance concerns, or to take advantage of shutdown opportunities. The inability to quickly respond and expeditiously complete these small projects could result in increased risk of costly emergency repairs and the potential for service interruptions to the distribution system and treatment plants.

This program has been reviewed with Metropolitan's updated CIP prioritization criteria, and staff recommends authorization of the program at this time to enhance reliability of the existing conveyance/distribution system and treatment plants.

### **Minor Capital Projects Program – Design and Construction (\$3,000,000)**

This program supports essential repairs and upgrades for facilities located throughout Metropolitan's conveyance/distribution system and treatment plants. Examples of infrastructure to be refurbished, repaired, or replaced include pumps and valves, structural components, plumbing, electrical systems, and water treatment equipment. These projects typically 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 \$50,000 and have an expected life exceeding five years.

The requested appropriation of \$3 million for fiscal year 2011/12 is less than the amounts appropriated in previous fiscal years due to the prioritization of capital expenditures under a reduced CIP. In fiscal years 2010/11, 2009/10, and 2008/09, the amounts appropriated for the Minor Capital Projects Program were \$3.5 million, \$4.15 million, and \$4.825 million, respectively. Examples of projects identified in fiscal year 2010/11 and currently underway include: installation of a sodium hypochlorite injection system at the Lake Mathews Outlet Tower for quagga mussel control; replacement of a corroded cast iron slide gate frame at Eagle Mountain Reservoir; and installation of a water line to provide fire protection to Lake Mathews during plant shutdowns. Over the past several years, staff has found that execution of small projects such as these through the Minor Capital Projects Program has allowed necessary work to be addressed in a timely manner with reduced administrative costs.

This action appropriates \$3 million in budgeted funds to address capital projects costing less than \$250,000 that are identified during fiscal year 2011/12, and delegates authority to the General Manager to efficiently execute the work. This program will support 20 to 30 capital projects. Each project executed under the Minor Capital Projects Program is required to be evaluated and recommended by Metropolitan's CIP Evaluation Team. As in past years, progress on this program will be reported quarterly to the Board.

The requested funds have been included in the fiscal year 2011/12 capital budget. See [Attachment 1](#) for the Financial Statement. The cost breakdown for the Financial Statement was developed from historical information on previous capital projects.

This program is consistent with Metropolitan's goals for sustainability by enhancing reliability of the existing conveyance/distribution system and treatment plants.

## Policy

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Metropolitan Water District Administrative Code Section 5108: Appropriations

### 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 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

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### Option #1

Adopt the CEQA determination and

- a. Appropriate \$3 million for capital projects costing less than \$250,000 for fiscal year 2011/12;
- 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:** \$3 million of budgeted funds under Approp. 15470

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

**Option #2**

Do not appropriate funds and seek board approval for 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**

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Option #1

  
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Gordon Johnson  
Manager/Chief Engineer,  
Engineering Services

5/20/2011  
Date

  
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Jeffrey Kightlinger  
General Manager

6/1/2011  
Date

**Attachment 1 – Financial Statement**

Ref# es12611145

**Financial Statement for Capital Projects Costing Less Than \$250,000 for Fiscal Year 2011/12**

A breakdown of Board Action No. 1 for Appropriation No.15470 is as follows:

	<b>New Total Appropriated Amount (June 2011)</b>
Labor	
Studies and Investigations	\$ 26,000
Final Design	291,000
Owner Costs (Program mgmt., permitting, envir. planning)	149,000
Construction Inspection & Support	44,000
Metropolitan Force Construction	1,607,000
Materials and Supplies	194,000
Incidental Expenses	5,000
Professional/Technical Services (Hazardous material testing & removal)	37,000
Contracts	387,000
Remaining Budget	260,000
<b>Total</b>	<b>\$ 3,000,000</b>

**Funding Request**

<b>Program Name:</b>	Capital Program for Projects Costing Less Than \$250,000 for Fiscal Year 2011/12		
<b>Source of Funds:</b>	Revenue Bonds, Replacement and Refurbishment or General Funds		
<b>Appropriation No.:</b>	15470	<b>Board Action No.:</b>	1
<b>Requested Amount:</b>	\$ 3,000,000	<b>Capital Program No.:</b>	07801-I
<b>Total Appropriated Amount:</b>	\$ 3,000,000	<b>Capital Program Page No.:</b>	E-10
<b>Total Program Estimate:</b>	\$ 3,000,000	<b>Program Goal:</b>	Reliability