



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** November 25, 2014

**TO:** Mayor and Councilmembers

**FROM:** Water Resources Division, Public Works Department

**SUBJECT:** Water Main Replacement Program Funding

### **RECOMMENDATION:**

That Council appropriate \$1,500,000 from Water Fund Reserves to the Water Capital Fund to address the need for ongoing water distribution system maintenance and repair projects.

### **DISCUSSION:**

#### **Background**

On May 13, 2014, Council approved the creation of a Drought Fund to track all drought-related costs under a single fund. The intention was to make it possible for the City to be reimbursed for some portion of drought-related costs, in the event of a federal and/or State declared emergency.

The Drought Fund includes both capital and operational costs related to the City's response to the drought. Expenditures within the Drought Fund include work related to the preliminary design for the desalination plant reactivation, groundwater well rehabilitation and replacements, supplemental water purchases, additional temporary staffing to assist with water conservation, and other miscellaneous operating costs.

The Drought Fund was created by making significant budget reductions within the Water Capital Fund. Many planned capital improvement projects and programs were either greatly reduced or postponed. The majority of the funding was diverted from the Water Main Replacement Program (Main Program), which is generally annually funded with approximately \$4,000,000 to keep pace with Council's goal of replacing one percent of the City's water mains each year. The Main Program also funds the Meter Replacement Program, water distribution system support and planning projects, as well as unanticipated water main replacements and roadway repairs in response to emergency water main breaks.

To create the Drought Fund, the Fiscal Year 2014 Main Program was reduced by 72-percent, from \$4,025,000 to \$725,000, with \$3,300,000 being directed to the Drought Fund. For continued support of the Drought Fund, the Fiscal Year 2015 Main Program was reduced by 87.5-percent, from \$4,000,000 to \$500,000, with \$3,500,000 being transferred to the Drought Fund.

### **Current Status**

After review of current and upcoming expenses at the end of the first quarter of Fiscal Year 2015, the majority of the reduced Main Program budget has been expended on the Meter Replacement Project and the Hydraulic Water Distribution Model calibration. The remaining Main Program budget has insufficient funding for planned projects and emergency work related to water main breaks. Planned expenditures include \$65,000 for the repairs and stabilization of a creek bank and a roadway section that resulted from a City fire hydrant failure in the Caltrans right of way; and \$275,000 for the development of an Asset Management Program for the City's water distribution system. This is the second phase of an ongoing Asset Management Program that is being developed for the water distribution system. The proposed work includes:

- Development of a Computer Maintenance Management System (CMMS) to create work orders for the optimization of work practices and to ensure assets are being properly maintained on a set schedule for the benefit of extending asset life cycles;
- CMMS configuration and establishment of a GEODATA connection between the CMMS and the City's Geographic Information System;
- Creation of a water main replacement program that ranks the City's water mains based on the risk of failure, fire protection needs, and water age; and
- Creation of a replacement and rehabilitation model for water distribution assets for long-term planning purposes that includes a Distribution System Risk and Cost of Failure Analysis.

As for emergency work, the water main on the 100 block of East Yanonali Street suffered a significant break on November 5, 2014. The resulting water flows severely damaged the roadway. City water crews responded and made the needed repairs to the water main. The main broke again, in a different location, on November 7, 2014. City water crews again responded and made the needed repairs to the main. To expedite repairs to the roadway, an Emergency Purchase Order was issued to Lash Construction (Lash). Lash was able to complete the roadway repair work prior to the weekend, which is generally a time of increased traffic and tourist activity in the area. Staff is concerned that the 500 feet of cast iron water main, installed in 1962, has outlived its useful life and is in need of replacement. Staff is planning to have the 500 feet of water main replaced by a contractor in January 2015. The estimated cost of the recent roadway repair work by Lash is \$50,000; and the upcoming main replacement work is estimated at \$150,000, for a total cost of \$200,000.

**Proposed Action**

The following table lists planned and emergency work in the Main Program that requires an additional \$540,000 in Fiscal Year 2015. Staff recommends transferring an additional \$960,000 into the Program, for a total transfer amount of \$1,500,000. This would increase the Fiscal Year 2015 Main Program funding to \$2,000,000, which is 50 percent of the budget levels planned for the Main Program prior to the drought

<b>Project</b>	<b>Amount</b>	<b>Reason</b>
Sycamore Canyon Roadway and Creek Bank Repair – planned	\$ 65,000	Damage resulting from a City fire hydrant failure
Distribution System Asset Management Program – planned	\$ 275,000	FY 2015 planned work
Emergency main replacement and repairs: 100 E Yanonali St. – planned for January 2015	\$ 200,000	Main has out lived its useful life
<b>Subtotal</b>	<b>\$ 540,000</b>	
Emergency water main work.	\$ 960,000	To address emergency water main repairs and replacements as they arise.
<b>Subtotal</b>	<b>\$ 960,000</b>	
<b>Total</b>	<b>\$1,500,000</b>	<b>From Water Fund Reserves</b>

There are sufficient Water Fund reserves to cover this transfer. Water Fund reserves for Fiscal Year 2014 ended approximately \$2,000,000 higher than projected as a result of operational savings related to the delayed operation of the Ortega Groundwater Treatment Plant, higher than anticipated revenues from water sales, and the restructuring of debt in the Water Fund.

The Board of Water Commissioners heard this item at their November meeting, held on November 10, 2014. They voted 5-0-0 in favor of staff’s recommendation.

**PREPARED BY:** Joshua Haggmark, Acting Water Resources Manager/mh

**SUBMITTED BY:** Rebecca J. Bjork, Public Works Director

**APPROVED BY:** City Administrator’s Office