

**SANTA YNEZ COMMUNITY SERVICES DISTRICT
MEMORANDUM**

TO: Board of Directors
FROM: Loch Dreizler, General Manager
DATE: December 20, 2023
SUBJECT: Capital Improvement Projects – Continue Capital Improvement Plan Discussion from the November 2023 Board Meeting based on observations and recommendations from the Finance Committee.

Recommendation / Proposed Motion

Recommendation: Review and discuss the Budget deferred Capital Improvement Plan (CIP).

Board Action: See Board Recommendation for each Capital Project

Alternative for Consideration:

- None

Policy Implications

The Board approved the Budget on June 21, 2023, and at the time, deferred some future Capital Projects. At the last regular meeting, the Board deferred a Capital Budget discussion to the Finance Committee for discussion with a request to return to the next meeting with recommendations.

Fiscal Implications

As discussed at the last meeting, the District has adequate Reserves to fund capital projects and purchase vehicles or equipment as necessary. Sufficient funds are available in the *Replace/Expansion Reserves* to fund the items approved in the Budget and those not initially approved in the Budget but recognized as Deferred Capital Projects and Equipment.

Discussion:

The Finance Committee recommends the District move from a Percentage Reserve in Lieu of Depreciation to an Asset/Depreciation-Based Reserve. Depreciation reserves establish that items over \$5,000 depreciate over time and are scheduled for replacement. The District would put funds into reserve according to the amount the item depreciates. The District has equipment and vehicles essential to operations that should be replaced at predetermined intervals. Specified Reserves will enable the District to support replacement costs as scheduled.

The Board approved the Budget on June 21, 2023, but deferred the following Capital Projects:

1. Replace some Ductile Iron Pipe (DIP)
2. Participate with other stakeholders in the stabilization process on Highway 246
3. Prepare an emergency plan and purchase materials if the Highway embankment fails.
4. 2004 Truck Replacement
5. Sewer Camera Replacement (likely within existing purchasing allowances; no comments necessary at this time).

1. Replace Ductile Iron Pipe (DIP) as Necessary

We recently assessed the condition of some of the Ductile Iron pipes in our system. We have an engineering estimate to develop bid documents and manage portions of the project. However, the initial price per foot will remain an estimate until we get qualified estimates from licensed contractors. We are looking at two methods of pipe replacement: 1). Cured in Place and 2). Pipe bursting and replacement with high-density polyethylene (HDPE) pipe. The cost for option two will likely be twice the price of option 1, but with a lifespan of up to 40 years longer.

There are other areas in the District that also need to be repaired or replaced. Staff will inspect other areas and make appropriate assessments and Board recommendations based on our findings.

Time estimates for the Board to approve a contractor will be determined based on additional input from Cannon Engineering.

Recommended Board Action: The Wastewater Committee and Staff will review forthcoming contractor bids and make recommendations to the Board for approval.

2. Participate with other stakeholders in the hillside stabilization process on Highway 246

The force main repair at Highway 246 has been a matter of interest for multiple general managers. The stakeholders for this project were highlighted in an environmental document written by Cal Trans in the 2015 *Highway 246 Bank Erosion* Environmental Study. The list is comprised of over 20 different stakeholders, including County Officials, Regulatory Agencies, Chumash, and other State and Local Agencies.

Bike Path – the Santa Barbara County Association of Governments SBCAG developed a Regional Bicycle and Pedestrian Plan – and an improved bike path might improve this portion of Highway 246.

Recommended Board Action: The Community Interface Committee via Staff will track progress on any plans for future bike paths or erosion repairs involving stakeholders.

3. Prepare an emergency plan and purchase materials for the potential highway embankment erosion that has the potential to impact our Force Main.

As a precautionary solution, we are developing an emergency plan in case the embankment impacts our Force Main, including having on-site materials to provide temporary solutions to continue sending wastewater to the Solvang Wastewater Treatment Plant. This preparation will minimize the impact on District resources.

Recommended Board Action: Not necessary at this time; review w/ Wastewater Committee

4. 2004 Truck Replacement

According to our rate studies, the 20-year-old utility truck and the District's primary tow vehicle for our jetter was scheduled for replacement in 2015 (at 10 years old) and 2021 (at 16 years old). This depreciating asset has been indirectly funded to purchase new using the *Replace/Expand Reserves*.

Staff will research the cost of a new truck; it will be available at comparatively discounted prices through cooperative purchase agreements. Staff will begin specifying a vehicle like the 2004 Chevy Truck but with added towing capacity for the District's jetter (10,000-pound jetter + 4,000 pounds of water = 14,000 pounds, minimum towing capacity).

Board Action: The Board will need to approve the purchase of the new truck.