

**SANTA YNEZ COMMUNITY SERVICES DISTRICT
MEMORANDUM**

TO: Board of Directors
FROM: Loch Dreizler, General Manager
DATE: November 15, 2023
SUBJECT: Capital Budget

Recommendation / Proposed Motion

Recommendation: Review and discuss the following Capital Improvement Projects.

Proposed Motion: Remove the previously budget-approved deferred maintenance projects and vehicle purchase to an active Capital Budget.

Alternative for Consideration:

- Continue discussing the deferred Capital Budget to the Finance Committee and return to the December meeting with a recommendation for the Board.
- Individually chose the items to be included in the Capital Budget

Policy Implications

The Budget approved by the board on June 21, 2023, approve the following Capital Projects:

Capital Projects (included in the Budget)

A summary of significant projects next year is as follows:

- Solvang's WWTP Capital Projects are more appropriately recognized in operating expenses and has a separate reserve fund.
- Sewer Main Repair Projects – Non-specified repairs \$ 50,000
 - Including but not limited to Manhole Rings and Covers
- Sewer Expansion (planning and outreach) \$ 45,000
- SUB-TOTAL \$ 95,000**

Deferred Capital Projects/Equipment (not included in the Budget)

- Cure-in-place pipe (CIPP) sewer line as needed \$375,000
- ~~Force Main Bracing Hwy 246 embankment stabilization \$250,000~~
- Force Main Embankment Stabilization Preparation \$ 45,000
- 2004 Truck Replacement (\$55,000) \$ 80,000
- Sewer Camera Replacement \$ 50,000
- SUB-TOTAL \$ 550,000**
- TOTAL \$ 645,000**

Fiscal Implications

We have adequate Reserves to fund these capital budget/projects. Sufficient funds are available in the *Replace/Expand Reserves* to fund the items approved in the budget and those not originally approved in the budget but recognized as Deferred Capital Projects / Equipment. While maintaining a balance of about \$3,100,000 dollars.

Discussion:

Many of these capital purchases listed have been deferred for many years:

- The utility truck that is the primary tow vehicle for the jetter is 20 years old and was indicated for replacement in the rate study of in 2015 and then again in the 2021 rate study. This depreciating asset is likely indirectly funded to purchase new using the *Replace/Expand Reserves*.
- The estimated 130 feet of chain & flail and then a cure-in-place liner at Tivola and Sagunto have been indicated for repairs for the previous two years. We have an engineering estimate to perform the work but suspect it will cost less. However, the price will remain an estimate until we clearly define the scope and get qualified estimates from licensed contractors.
 - There are likely other areas in the District that also need to be lined, and Staff will inspect the other Ductile Iron pipes and make appropriate assessments and Board recommendations based on our findings.
- The force main bracing at Highway 246 has been an area of concern over the span of multiple general managers. As a good intermediary solution, we are developing a plan to implement emergency plans in case the embankment erodes, including materials we will have available on site. This pre-preparation could minimize the impact on the collection system and the environment.
- Another manhole was scheduled for removal in 2009. Still, Staff and our District Engineer made some field observations and have determined that the manhole can remain but will need additional exterior coatings and rip rap installed. The staff has also determined that the rehabilitation can be done in-house.

The Total estimated costs are \$645,000 for these recommended capital purchases. The most recent 10-year Capital Improvement Plan that was developed for the rate study completed in 2021 included the following:

2019 to 2021 SYCSD Projects	Total Cost
Sewer Main Repair Projects	\$ 135,000
Trench Box	\$ 40,000
Backhoe	\$ 150,000 (Not necessary, can be rented when necessary)
Operations Vehicle	\$ 85,000
Generator	\$ 60,000
Camara Van	\$ 100,000 (Not necessary; can use another agency's)
Finance Software	\$ 36,000 (purchased)
Rate Study	\$ 20,000 (completed)
Total SYCSD Projects	\$ 626,000