



Public Works Department  
Engineering Division

## MEMORANDUM

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**Date:** April 23, 2008

**To:** Storm Drain Oversight Committee

**From:** Joe Teresi (x2129)  
Senior Engineer

**Subject:** Submittal of proposed conceptual Storm Drain Capital Improvement Program spending plan through FY 2016-17

Attached please find a matrix summarizing the proposed conceptual Storm Drain Capital Improvement Program spending plan through FY 2016-17. The matrix is based upon the following financial assumptions:

1. Annual Storm Drainage Fee rate increases of 3% for FY 2009-10 and beyond.
2. Salary and non-salary operational expenses increasing at a rate of 3% per year.
3. Construction costs continuing to escalate at a rate of 10% per year.
4. Sunset of the 2005 authorized Storm Drainage Fee increase on June 30, 2017.
5. No new funding sources.
6. Repayment of the \$1.7 million 2007 General Fund loan as shown on the attached schedule.

The major change since last year's long term Capital Improvement Program spending plan is the \$1.7 million loan from the General Fund which was required to provide the funds necessary to award the contract for the construction of the San Francisquito Creek Storm Water Pump Station. This loan is to be repaid in full (in accordance with the attached repayment schedule) with interest by July 1, 2010. This loan (and subsequent repayment) will delay the start of implementation of the Channing/Lincoln Storm Drain Improvement Project and the Matadero Pump Station and Trunk Storm Drain Project by at least one year. As a result of continuing construction cost escalation projections, the time delay is expected to result in a shortage of funds for the Matadero Creek Pump Station Project. Projected available funds will only cover two-thirds of the original project scope.

If you have any questions or need further information regarding the attached information, please contact me at (650) 329-2129.

**Proposed Storm Drain Capital Spending Plan (assuming 30% increase to 2006, then 10% annual increases in construction costs)**

Year	FY	SF Creek Pump Station \$4,500,000	Gailen / Bibbits \$650,000	Alma Street \$500,000	Channing Lincoln Trunk \$3,000,000	Matadero PS and Trunks \$3,000,000	Clara Drive \$900,000	Southgate Area \$2,000,000	YEARLY PROJECT TOTAL
1	FY 2005-06	\$900,000	\$650,000				\$180,000		\$1,730,000
2	FY 2006-07						\$735,000		\$735,000
3	FY 2007-08	\$7,535,000					(\$915,000)		\$6,620,000
4	FY 2008-09	\$700,000		\$785,000					\$1,485,000
5	FY 2009-10				\$820,000				\$820,000
6	FY 2010-11				\$895,000				\$895,000
7	FY 2011-12				\$1,590,000				\$1,590,000
8	FY 2012-13				\$1,680,000				\$1,680,000
9	FY 2013-14				\$1,430,000	\$315,000			\$1,745,000
10	FY 2014-15					\$1,840,000			\$1,840,000
11	FY 2015-16					\$1,915,000			\$1,915,000
12	FY 2016-17					\$1,990,000			\$1,990,000
		\$9,135,000	\$650,000	\$785,000	\$6,415,000	\$6,060,000	\$0	\$0	\$23,045,000

**NOTE: Under this scenario, neither Clara Drive nor Southgate Area projects is funded, and only \$2M worth of Matadero work is funded.**

**INTER-FUND LOAN PROPOSAL**

<u>BUDGET YEAR</u>	<u>PAYMENT DATE</u>	<u>LOAN BALANCE</u>	<u>PAYMENT</u>	<u>REMAINDER</u>
FY 2007-08	7/1/2007	\$1,100,000	--	--
FY 2008-09	7/1/2008	\$1,160,500	\$0	\$1,160,500
FY 2009-10	7/1/2009	\$1,224,328	\$628,000	\$596,328
FY 2010-11	7/1/2010	\$629,126	\$629,126	\$0
TOTAL PAYMENTS =			\$1,257,126	
TOTAL INTEREST =			\$157,126	

ASSUMED INTEREST RATE = 5.5%

ORIGINAL LOAN REQMT.	\$1,700,000
CHANGE ORDER	<u>-\$600,000</u>
NET LOAN AMOUNT	<b>\$1,100,000</b>