

West Orange County Water Board

General Manager, Engineer, Secretary, Fiscal Agent

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DATE: March 13, 2020

TO: Board of Directors

FROM: Brian A. Ragland, P.E., General Manager

SUBJECT: Fiscal Year 2020-21 Proposed Budget

At the January 15, 2020 regular meeting, staff presented the proposed operating budget for FY2020/21. Additionally, staff presented preliminary estimates of options to extend the lifespan of both the OC-9 and OC-35 transmission mains. Following the Board meeting, each Agency's Public Works Director or representative attended two meetings with City of Huntington Beach engineering staff and the WOCWB General Manager to review the options and associated costs. All were in agreement that the most cost effective solution would be to move forward with the installation of a Cathodic Protection (CP) system.

Staff estimates that OC-9 will cost \$3.8 million to apply CP; OC-35 would cost \$4.2 million for CP. Due to these costs, staff is recommending that the Member Agencies make an annual payment to a special fund over an eight-year period in order to finance both projects. The Board would accumulate funds for OC-9 based on agency ownership share for the first four years, with design to begin in year three and construction in year four. Likewise, the Board would accumulate funds for OC-35 in years five through eight, with design in year seven and construction in year eight. The attached table shows the annual breakdown by agency. The FY2020/21 proposed budget contains \$1,000,000 for the first installment for the project.

The total proposed budget, including regular Operations and Maintenance Costs, Cathodic Protection and Debt Service on the OC-35 relocation project is \$1,649,000. The attached spreadsheet shows the costs by activity.

Attachments:

1. Draft Fiscal Year 2020-21 Budget
2. Allocation of Costs By Agency
3. Estimated Annual Costs for OC-9 and OC-35 Cathodic Protection Systems