



Public Works Department
Engineering Division

MEMORANDUM

Date: January 17, 2007

To: Storm Drain Oversight Committee

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

Subject: Updated report on capital construction costs and potential impacts on future storm drain capital improvement program

At the December 13, 2006 meeting of the Storm Drain Oversight Committee, staff was asked to return to the Committee with updated cost information on the seven proposed storm drain capital improvement projects and the proposed 12-year CIP implementation program. Specifically, staff was asked to:

1. Reprioritize the seven storm drain projects and adjust the scope of selected projects in accordance with the input provided by the Committee.
2. Reassess the City's ability to implement projects based on two specific construction cost inflation scenarios and considering the constraints on future increases in the Storm Drainage Fee.
 - Scenario 4b: 30% cost increase from 2004 to present, future 10% annual construction cost inflation
 - Scenario 6: 50% cost increase from 2004 to present, future 15% annual construction cost inflation

Prioritization of Storm Drain Capital Improvements

Staff reprioritized the seven proposed storm drain capital improvement projects and adjusted the scope of some the projects in accordance with the input provided by the Committee at the December 13, 2006 meeting. The changes include the following items:

- The Alma Street Storm Drain Improvements project was moved to FY 2008-09 in order to coordinate with the planned resurfacing of the street and the scope of work was reduced by 2/3 to a new value of \$500,000 (2004 dollars). The improvements may include the use of vegetated swales and/or underground pockets of open-graded gravel to accommodate storm runoff in place of storm drain pipelines in order to reduce project costs. Project funding may be supplemented with street resurfacing funds and/or funds from the annual Innovative Storm Drain Improvements CIP.

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- The scope of the Channing/Lincoln Storm Drain Improvements project was reduced by 1/3 to a new value of \$3 million (2004 dollars) in order to free up money for other projects.
- The Matadero Pump Station/Trunk Line Improvements project was moved ahead of the Clara Drive Storm Drain Improvements project on the prioritization list due to its more critical nature and widespread benefits.

Table 1 (attached) presents the revised prioritization list reflecting the changes outlined above.

Reassessment of the City's Ability to Implement the Storm Drain Capital Improvements

Staff used the two construction cost increase scenarios recommended by the Committee at the December 13 Committee meeting to conduct an analysis of the City's ability to implement the proposed storm drain projects in light of the limited funding available. Under each scenario, the projects were implemented in the order of prioritization, using the funding available each year for capital expenditures, until the funds were exhausted at the sunset date for the increased Storm Drainage Fee (end of Year 12). The attached spreadsheets show the results of the analysis, which indicates that funding will not be available for some of the original seven projects under the two selected scenarios.

The spreadsheets will form the basis of the Committee's discussion at the January 17 meeting and the subsequent Committee memo to be drafted for the Council Finance Committee. If you have any questions or need further information, please contact me at 329-2129.

Table 1

Storm Drain Project Prioritization

(Based on consensus of Storm Drain Oversight Committee -- 12/13/06)

SF Creek Pump Station *

Gailen/Bibbits SD *

Alma Street SD

(scope reduced to \$500,000 & coordinated with street resurfacing)

Channing/Lincoln SD

(scope reduced by 1/3 [revised budget = \$3,000,000])

Matadero PS/SD

Clara Drive SD

Southgate SD

* Projects already underway.

Scenario 4b (30% increase to present, then 10% annual increases in construction costs)

Year	FY	SF Creek Pump Station	Gailen / Bibbits	Alma Street	Channing Lincoln Trunk	Matadero PS and Trunks	Clara Drive Area	Southgate Area	YEARLY PROJECT TOTAL
1	FY 2005-06	\$4,500,000	\$650,000	\$500,000	\$3,000,000	\$3,000,000	\$900,000	\$2,000,000	\$1,730,000
2	FY 2006-07	\$900,000	\$650,000				\$180,000		\$735,000
3	FY 2007-08	\$5,160,000					\$735,000		\$4,245,000
4	FY 2008-09			\$785,000	\$600,000		(\$915,000)		\$1,385,000
5	FY 2009-10				\$1,455,000				\$1,455,000
6	FY 2010-11				\$1,520,000				\$1,520,000
7	FY 2011-12				\$1,590,000				\$1,590,000
8	FY 2012-13				\$510,000	\$1,175,000			\$1,685,000
9	FY 2013-14					\$1,750,000			\$1,750,000
10	FY 2014-15					\$1,825,000			\$1,825,000
11	FY 2015-16					\$1,900,000			\$1,900,000
12	FY 2016-17					\$1,755,000			\$1,755,000
		\$6,060,000	\$650,000	\$785,000	\$5,675,000	\$8,405,000	\$0	\$0	\$21,575,000

NOTE: Under this scenario, neither Clara Drive nor Southgate Area projects are funded.

Scenario 6 (50% increase to present, then 15% annual increases in construction costs)

Year	FY	SF Creek Pump Station	Gailen / Bibbits	Alma Street	Channing Lincoln Trunk	Matadero PS and Trunks	Clara Drive	Southgate Area	YEARLY PROJECT TOTAL
1	FY 2005-06	\$4,500,000	\$650,000	\$500,000	\$3,000,000	\$3,000,000	\$900,000	\$2,000,000	\$1,730,000
2	FY 2006-07	\$900,000	\$650,000				\$180,000		\$735,000
3	FY 2007-08	\$5,160,000					\$735,000		\$4,245,000
4	FY 2008-09			\$990,000	\$390,000		(\$915,000)		\$1,380,000
5	FY 2009-10				\$1,460,000				\$1,460,000
6	FY 2010-11				\$1,520,000				\$1,520,000
7	FY 2011-12				\$1,600,000				\$1,600,000
8	FY 2012-13				\$1,665,000				\$1,665,000
9	FY 2013-14				\$1,755,000				\$1,755,000
10	FY 2014-15					\$1,835,000			\$1,835,000
11	FY 2015-16					\$1,900,000			\$1,900,000
12	FY 2016-17					\$2,005,000			\$2,005,000
		\$6,060,000	\$650,000	\$990,000	\$8,390,000	\$5,740,000	\$0	\$0	\$21,830,000

NOTE: Under this scenario, only 1/3 of Matadero Pump Station/Trunks is funded, and neither Clara Drive nor Southgate Area projects are funded.