

Agenda Item: Consider capital budget contingency transfer

Objective: For the Board to authorize the transfer of funds from the Capital Budget Project Contingency line item to cover unforeseen capital costs.

Background: Please reference the enclosed table regarding approved and proposed contingency transfers. A brief explanation of each item follows:

- Raw Water POMA Modifications: bidding is scheduled for January 17; reference the capital project report for updated information. The contingency transfer was approved in November 2011.
- Little Cottonwood Creek POMA Crossing: bidding is scheduled for January 17; reference the capital project report for updated information. The contingency transfer was approved in November 2011.
- Water Right Acquisition: this is a proposed transfer to complete the acquisition of a water right. The transaction was discussed in November 2011 and will be further discussed in closed session on January 23, 2012.
- OCIP: this is a proposed transfer to close out the Owner Controlled Insurance Program for the Metro Water Project. Reference the Engineering Committee agenda item for further details
- Little Cottonwood Conduit Repairs: In early January 2012, a leak was identified on the Little Cottonwood Conduit located on the Little Cottonwood Water Treatment Plant site near the anniversary garden. A contractor was brought in to initiate emergency repairs. Additional repairs for a permanent fix are needed and anticipated to take place in February 2012. In conjunction with this proposed transfer, authorization of the procurement of a contractor as an emergency procurement (P&P 6-410(1)(d)) and the authorization of the corresponding expenditure (total repair cost will exceed \$50,000) are requested.
- Repair and Rehabilitation: this proposed transfer is a new line item to provide additional resource for staff if one of the projects mentioned above requires additional funding or a new repair project is identified. There is some concern that a new variable frequency drive will be needed at the Point of the Mountain Water Treatment Plant prior to the end of the fiscal year (maintenance repairs have been made but may not last due to the condition of the drive)
- Future: It is anticipated that additional transfers may need to be made prior to the end of the fiscal year to keep pace with the Terminal Reservoir Replacement Project contractor schedule. The amount budget for this project was based on an estimated cost schedule. Now that a contractor is under contract, the actual cost schedule is available. The need for the future transfer or budget opening will likely be determined in May or June 2012.

Committee Activity: None.

Recommendation: Staff recommends the Board approve the transfer as outlined above.

Metropolitan Water District of Salt Lake & Sandy					
Capital Budget Project Contingency (Fiscal Year 2012)					
Last update: January 20, 2012					
Date	Description	Amount	Cumulative Transfers	Remaining Balance	Account Number
1-Jul-11	Project Contingency Budget	\$ 1,484,000.00	\$ -	\$ 1,484,000.00	
14-Nov-11	Raw Water POMA Modifications	\$ 475,000.00	\$ 475,000.00	\$ 1,009,000.00	1804-10
14-Nov-11	Little Cottonwood Creek POMA Crossing	\$ 100,000.00	\$ 575,000.00	\$ 909,000.00	1854-10
23-Jan-12	Water Right Acquisition	\$ 185,000.00	\$ 760,000.00	\$ 724,000.00	1591-10
23-Jan-12	OCIP	\$ 95,000.00	\$ 855,000.00	\$ 629,000.00	1834-10
23-Jan-12	Little Cottonwood Conduit Repairs	\$ 75,000.00	\$ 930,000.00	\$ 554,000.00	1827-10
23-Jan-12	Repair and Rehabilitation	\$ 50,000.00	\$ 980,000.00	\$ 504,000.00	1813-10