



COMMISSION FINANCE COMMITTEE
MEETING MINUTES
March 2, 2020

PRESENT: Commissioners Elofson, Glenn, Levenston, Lynch, Rodriguez, Taraski, (Glenn left early).

FISCAL YEARS 2021-2030 CAPITAL IMPROVEMENT PROGRAM BUDGET REVIEW

The Finance Committee (Commissioners Rodriguez, Lynch and Elofson), Commissioners Glenn, Levenston, Taraski, and staff reviewed all newly proposed and existing capital projects for FY 2021-2030.

A final review meeting is tentatively scheduled for Tuesday, March 31, 2020 at 9:00 a.m. to review and discuss all new projects not in the first draft CIP and/or other projects requiring substantial revisions, as well as a final review of the balanced 10-year CIP projection.

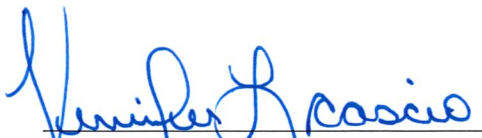
Attachments: [Presentation](#)

Public Comment: None

Next Finance Committee Meeting Date: April 16, 2020 Canceled on 03/24/2020

Meeting Adjourned: 2:30 p.m.

SUBMITTED:



Jennifer L. Cascio
Secretary

APPROVED:



Stephen C. Rodriguez
Committee Chair



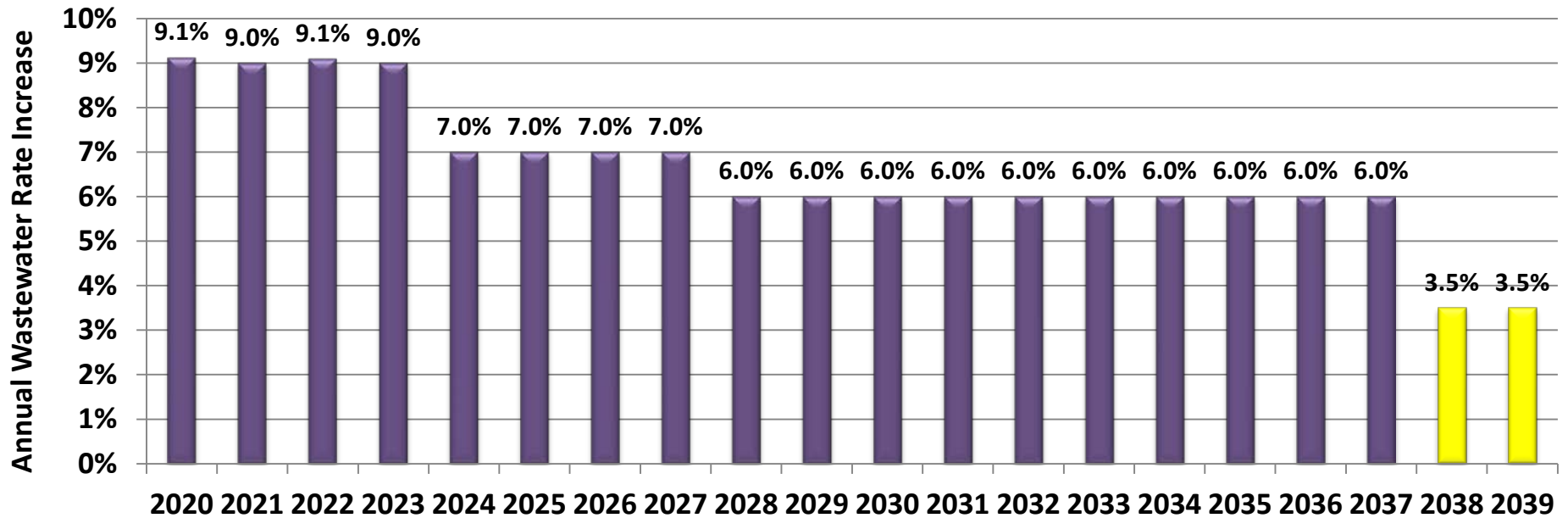
Capital Improvement Program
FY21 to FY30
First Draft Review

March 2, 2020

- Introductions
- Program Summary
- New Project Review
- Program Review
 - CE Offline
 - SWIFT
 - RWWMP High Priority Projects
 - Middlesex
- Lunch
- Existing Project Review

- Confirm that projects should be included in the CIP
- Review new projects thoroughly
 - Scope
 - Cost
 - Schedule
- Existing projects should have significant changes reviewed
 - Potential for delays, or need to not delay should be noted

Projected Wastewater Rate Increases

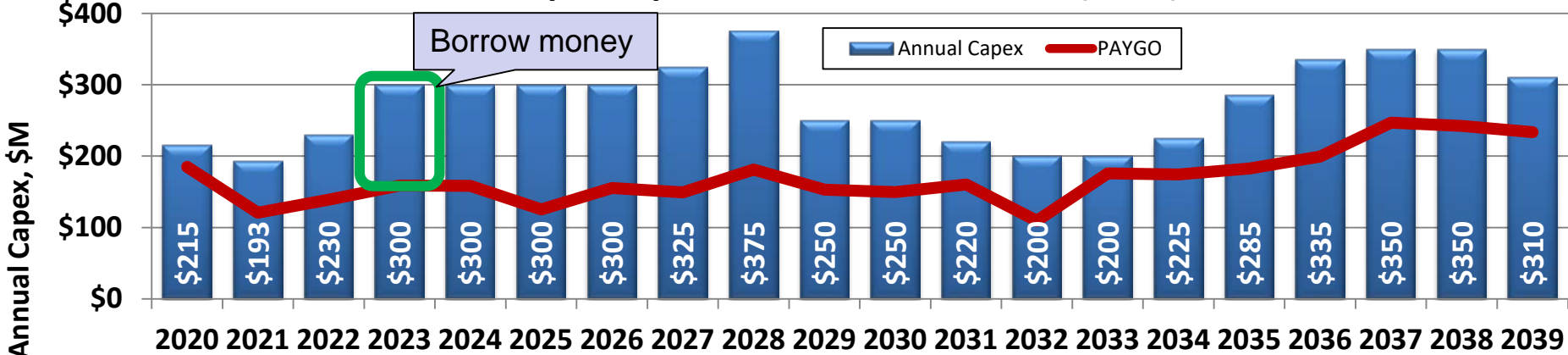


FY20 Budget At-A-Glance

- Revenue +\$338M
 - Operating - \$165M
 - Debt Service - \$64M
-
- PAYGO (Cash for CIP) = \$109M
-
- 10 year CIP = \$2.8B
 - 20 year CIP = \$5.5B
 - Debt Outstanding = \$891M

How the model works

Annual Capital Spend vs Available PAYGO (Cash)

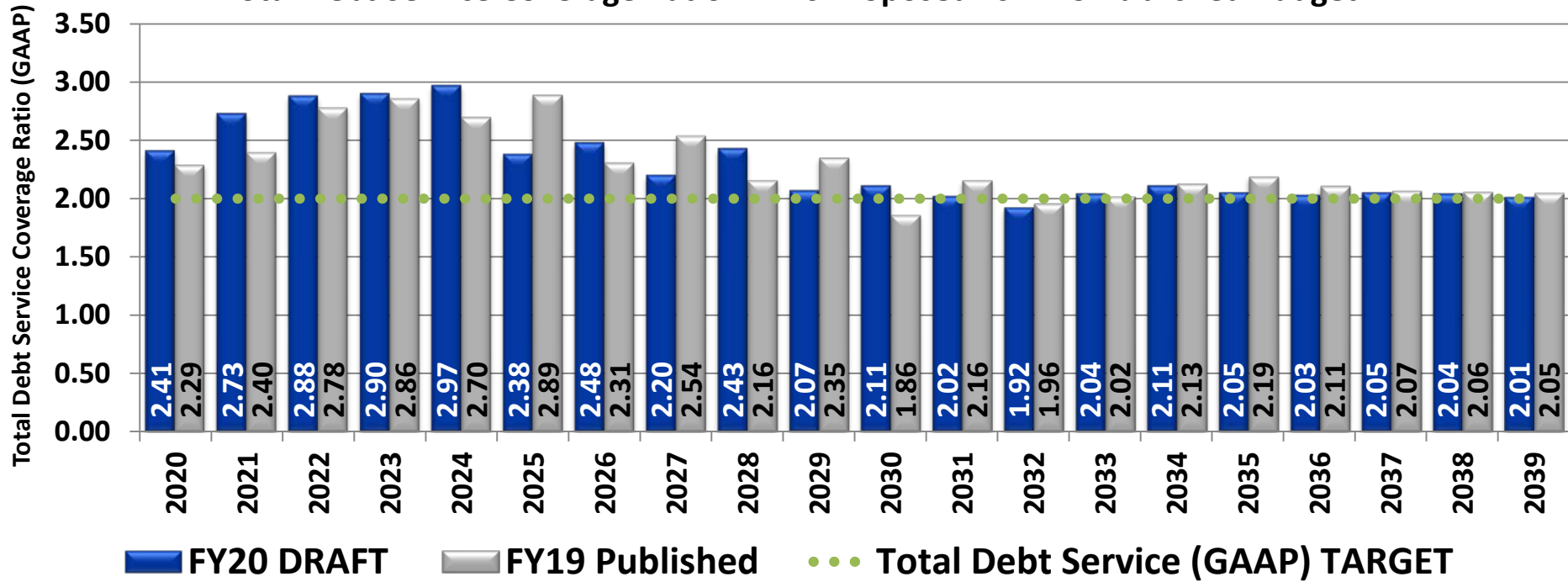


Projected Debt Issuance



20-Year Financial Forecast – Target 2.0x

Total Debt Service Coverage Ratio - FY20 Proposed vs FY19 Published Budget



- Each project has been reviewed by the responsible contact
- Projects are evaluated within each department to ensure best solutions are proposed
- CIP projects are validated and included for review by CIP Leadership
- CIP is balanced according to financial constraints, regulatory deadlines, priority, and many other factors
- Final CIP is submitted to the Commission
- CIP is a planning tool – the CIP does not authorize funding for individual projects

- Projects submitted – Feb. 1st
- Engineering Review
- First draft documents published – Feb. 25th
- **First draft meeting – March 2nd**
- Revisions Due – March 9th
- Second draft published (If needed) – Mar 24th
- CIP Final Review meeting – March 31st
- CIP sent to Commission – Apr 28th
- CIP presented to Commission – May 26th

- Receive all updates/revisions from first meeting
- Review new or significantly revised projects
- Review cost projections based on prioritization
 - All projects included in the program will have **planned** funding in the 10 yr CIP (or 20 yr)
 - Cost projections must meet Annual Capital Spend targets
 - Allocations will be made for future RWWMP projects
 - *May have funding scenarios to decide on

- Existing Projects already in CIP Program
 - 173 existing projects
 - 7.0% cost increase from FY20
 - 29 newly proposed projects
 - 10YR Program Total - \$2.88B (with program contingency)
- Completed
 - 20 Projects - \$183M

Completed Projects

Completed in FY20



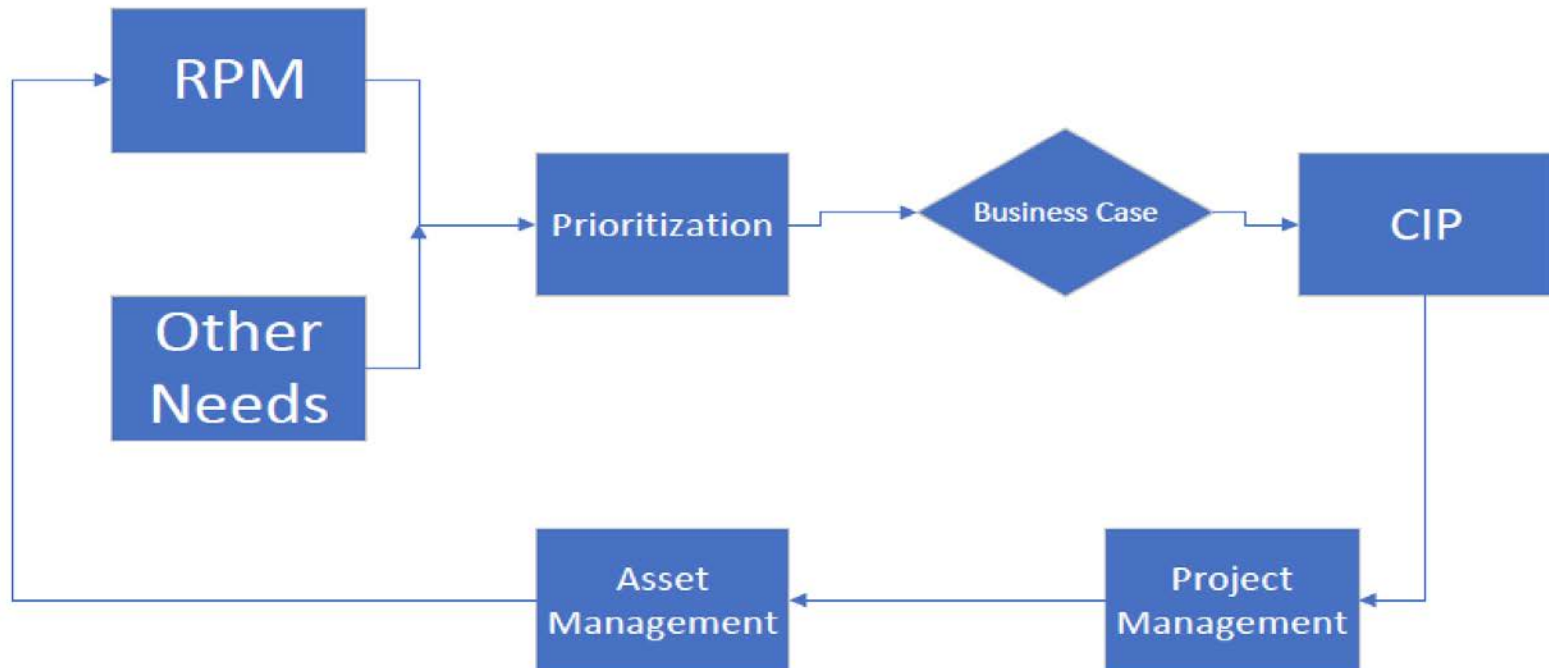
CAPITAL IMPROVEMENT PROGRAM PROJECTS COMPLETED IN FY20

CIP No	Project Name	Estimated Total Cost
PR_AD012400	Capital Program Management Improvements Phase I	\$2,640,000
PR_AT014400	Kempsville Road Interceptor Force Main Section II Emergency Repair	\$500,000
PR_CE011829	Laskin Road PRS Reliability Modifications	\$4,445,944
PR_CE011860	Virginia Beach Boulevard Force Main Phase VI Emergency Repairs	\$2,187,000
PR_GN012140	Pump Station Wet Well Rehabilitation Phase I	\$3,457,651
PR_GN016200	Sustainable Water Phase 3 – Demonstration Facility (SWIFT)	\$26,878,887
PR_GN016330	Well Services for SWIFT	\$2,800,000
PR_GN016500	JR and NTP Dewatering Building Mod and Centrifuge Replacement	\$2,088,865
PR_GN016900	Mobile Workforce Implementation	\$1,200,000
PR_GN017600	Fleet Management (FY20)	\$1,237,000
PR_MP012900	Mathews Nursing Home Line Vacuum Sewer Main Improvements	\$970,815
PR_MP013010	Small Communities Collection System Rehabilitation Phase II	\$613,080
PR_MP014000	King William Transmission Force Main Phase I	\$175,000
PR_NP014200	Nansemond Treatment Plant Secondary Clarifier Inlet Replacement Phase I	\$828,000
PR_NP014300	Smithfield Interim Pressure Reducing Station	\$1,460,000
PR_SU010000	Town of Surry Pump Station and Discharge Force Main	\$2,905,519
PR_SU010100	Surry County Treatment Plant Infrastructure Improvements	\$3,714,000
PR_VP016320	Virginia Initiative Plant Nutrient Reduction Improvements Contract B	\$121,509,431
PR_VP018600	Chesterfield Heights Sanitary Sewer System Improvements	\$1,500,000
PR_WB012200	North Trunk Force Main Part B Replacement	\$1,987,991
20 TOTAL PROJECTS	ESTIMATED TOTAL COST	\$183,099,182



- Rehab Plan
 - Phase One – May 2021
 - Phase Two – May 2025
- Integrated Plan - RWWMP
 - High Priority FY21-31 - \$203M
- Surry Consent Decree – 11/20 (pending 06/22)

Project Lifecycle



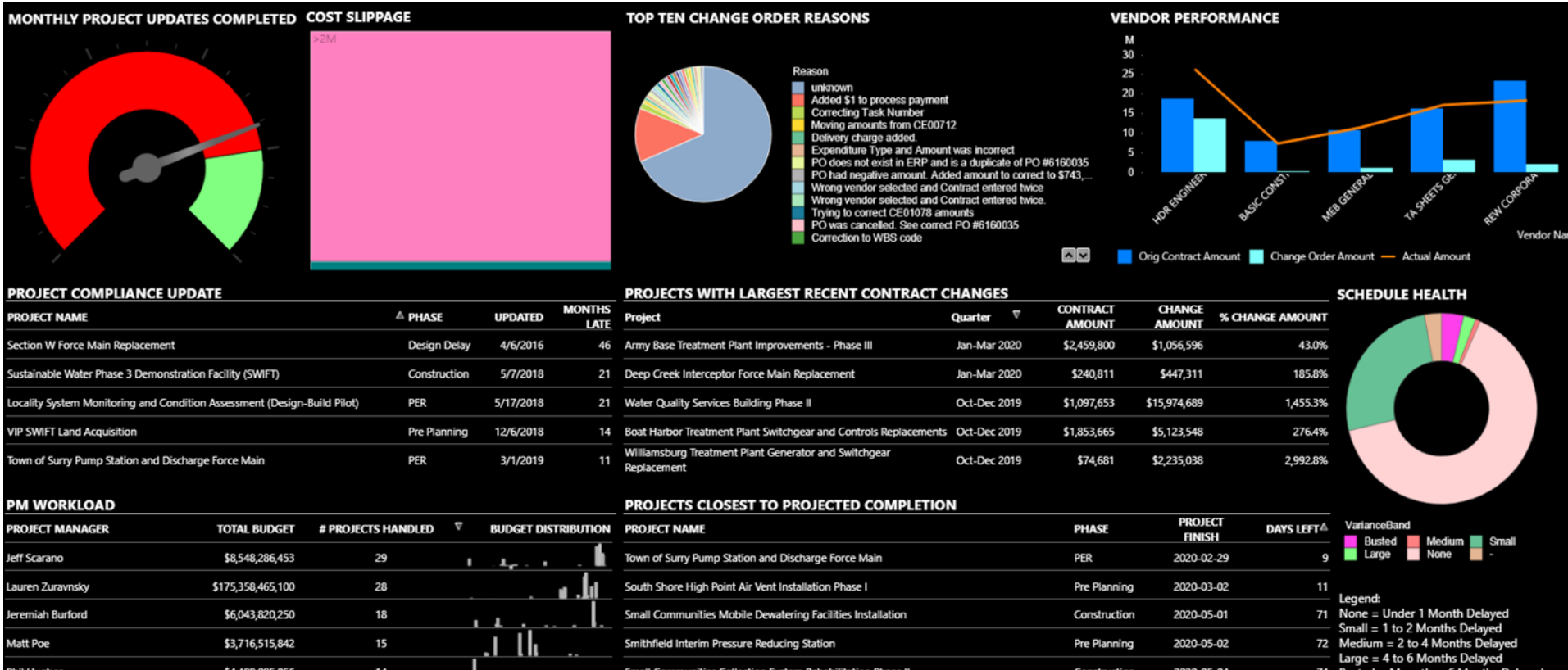
Guiding Principal - CIP Prioritization (new)

Capital Prioritization & Optimization

Risk ID	Project Details				Current Funding		Current Funding Optimized
	Risk Name	Regulatory Type	Capital Costs	Risk Reduction Ratio	Install Year (FY)	Install Year (FY)	Schedule Impact Current CIP
PR_AT013200	Doziers Corner Pump Station and Washington District Pump Station Flooding Mitigation	Rehab Plan Phase Two	\$ 270,000	0.0	2023	2023	No Change
PR_AT013500	Atlantic Treatment Plant Thermal Hydrolysis Process	None	\$ 5,200,000	479.8	2020	2020	No Change
PR_AT013700	Atlantic Trunk Interceptor Force Main Relocation (VDOT Laskin Road Betterment)	None	\$ 150,000	6.4	2020	2020	No Change
PR_AT013900	Atlantic Treatment Plant Influent Screen Expansion	None	\$ 970,000	323.3	2020	2020	No Change
PR_AT014000	Lynnhaven-Great Neck IFM (SF-021) Relocation	None	\$ 1,270,000	0.0	2020	2035	Delayed 15 Years
PR_AT014100	Suffolk Regional Landfill Transmission Force Main	None	\$ 13,240,000	2338.2	2020	2020	No Change
PR_AT014301	Atlantic Service Area I-I Reduction Phase I (CHES)	Integrated Plan-HPP	\$ 10,970,000	1058.8	2024	2026	Delayed 2 Years
PR_AT014302	Atlantic Service Area I-I Reduction Phase II (CHES)	Integrated Plan-HPP	\$ 9,340,000	865.2	2022	2026	Delayed 4 Years
PR_AT014303	Chesapeake Pump Station Capacity Improvements (AT-HPP-01C)	Integrated Plan-HPP	\$ 850,000	182.2	2027	2026	Accelerated 1 Years
PR_AT014500	Atlantic Treatment Plant Influent Screens (1-3) Replacement	None	\$ 3,440,000	0.0	2021	2020	Accelerated 1 Years
PR_BH013020	Willard Avenue Pump Station Replacement	None	\$ 9,390,000	820.4	2020	2021	Delayed 1 Years
PR_BH014000	West Avenue and 35th Street Interceptor Force Main Replacement	Rehab Plan Phase Two	\$ 3,660,000	219.2	2020	2020	No Change
PR_BH014220	Hampton Trunk Sewer Extension Divisions I and J Relocation Phase II	None	\$ 14,630,000	766.9	2020	2021	Delayed 1 Years
PR_BH014500	Ivy Home-Shell Road Sewer Extension Division I Replacement	Rehab Plan Phase Two	\$ 2,010,000	1088.5	2021	2020	Accelerated 1 Years



Program Management



Variance Band

- Busted
- Large
- Medium
- None
- Small

Legend:

- None = Under 1 Month Delayed
- Small = 1 to 2 Months Delayed
- Medium = 2 to 4 Months Delayed
- Large = 4 to 6 Months Delayed

Program Summary

Preliminary Projection FY21- FY30

- CIP Summary Report by service area
 - Large cost differentials highlighted
- Sorted by Treatment Plant service area
- Map (if applicable)





Water Quality Services Building Phase II

PR_AD012200

s, Etc.

System: Administration
Type: Facilities, Buildings and Capital Equipment

Driver Category: Relocation
Project Status: Design
Regulatory: None

Prog Cost	Exp to Previous Year	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
\$20,027	\$10,873	\$9,154	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

PROJECT DESCRIPTION

The project includes demolition of the existing Meekins building and construction of a new building, on the same site, to host the Technical Services Division (TSD) and Pretreatment & Pollution Prevention (P3) Division.

PROJECT JUSTIFICATION

The Water Quality Department commissioned an April 2017 Preliminary Engineering Report (PER) with the HRSD on-call architectural firm of Guemsey Tingle. The purpose of the PER was to identify the need for current and future space for the TSD, P3 and Central Environmental Laboratory (CEL) divisions. All three divisions have outgrown their existing spaces and have both current and future additional space needs. The selected outcome from the study was Option "E", as described in the PER. Option E recommended the demolition of the existing Meekins building and construction of a new building on the same site to house TSD and P3. Existing space occupied by TSD and P3 will be renovated to accommodate additional space requirements presented by the CEL.

FUNDING TYPE

Funding Type: Revenue Bond

CONTACTS

Contacts-Requesting Dept: Water Quality
Contacts-Dept Contacts: Tim Marsh
Contacts-Managing Dept: Engineering

PROPOSED SCHEDULE START DATE

PrePlanning	11/01/2017
PER	11/02/2017
Design Delay	11/03/2017
Design	11/04/2017
Bid Delay	03/02/2018
PreConstruction	03/01/2019
Construction	03/01/2019
Closeout	12/01/2020

COST ESTIMATE

Cost Estimate Class:	Class 1
PrePlanning	\$33,149
PER	\$93,797
Design	\$1,276,464
PreConstruction	\$10,000
Construction	\$18,613,585
Closeout	\$0
Est. Program Cost	\$20,026,995
Contingency Budget	\$822,250
Est. Project Costs	\$20,849,245



New Project Review

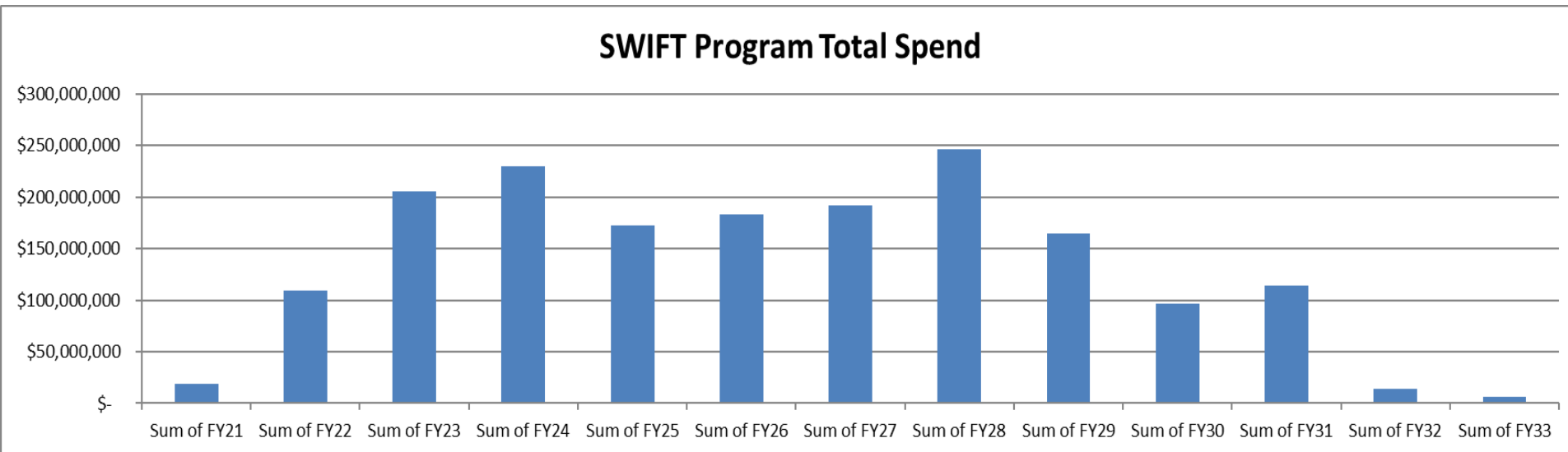
Program Review

Ches-Eliz Offline Program

		FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
PR_CE011700	Western Trunk Force Main Replacement	\$ 1,454,282	\$ 311,385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PR_CE011810	Chesapeake-Elizabeth Treatment Plant Decommissioning	\$ -	\$ 200,000	\$ 2,016,436	\$ 1,390,705	\$ 2,086,058	\$ 2,086,058	\$ 2,086,058	\$ 1,216,867
PR_CE011821	Elbow Road Pressure Reducing Station	\$ 4,388,567	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PR_CE011822	Providence Road PRS Upgrades and Interconnect Force Main	\$ 4,799,541	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PR_CE011823	Virginia Beach Boulevard Force Main Phase VI	\$ 12,131,138	\$ 5,057,641	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PR_CE011825	Salem Road Interconnect Force Main	\$ 1,110,340	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PR_CE011826	Providence Road Off-Line Storage Facility	\$ 17,964,420	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PR_CE011827	Atlantic PRS Reliability Modifications	\$ 2,565,374	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PR_CE011828	Kempsville PRS Reliability Modifications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PR_CE011830	Little Creek Pump Station Modifications	\$ 316,667	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PR_CE011835	Virginia Beach City Pump Station Upgrades, Phase V	\$ -	\$ 1,510,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PR_CE011840	Oceana Off-Line Storage Facility	\$ 733,333	\$ 61,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PR_CE011850	Atlantic Service Area Automated Diversion Facilities Phase I	\$ 1,181,429	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PR_CE012200	Pine Tree PRS Reliability Modifications	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	FY Total	\$ 46,650,090	\$ 7,892,636	\$ 2,016,436	\$ 1,390,705	\$ 2,086,058	\$ 2,086,058	\$ 2,086,058	\$ 1,216,867
	Total Program Remain	\$ 64,208,041							

SWIFT Program

SWIFT Program Total Spend

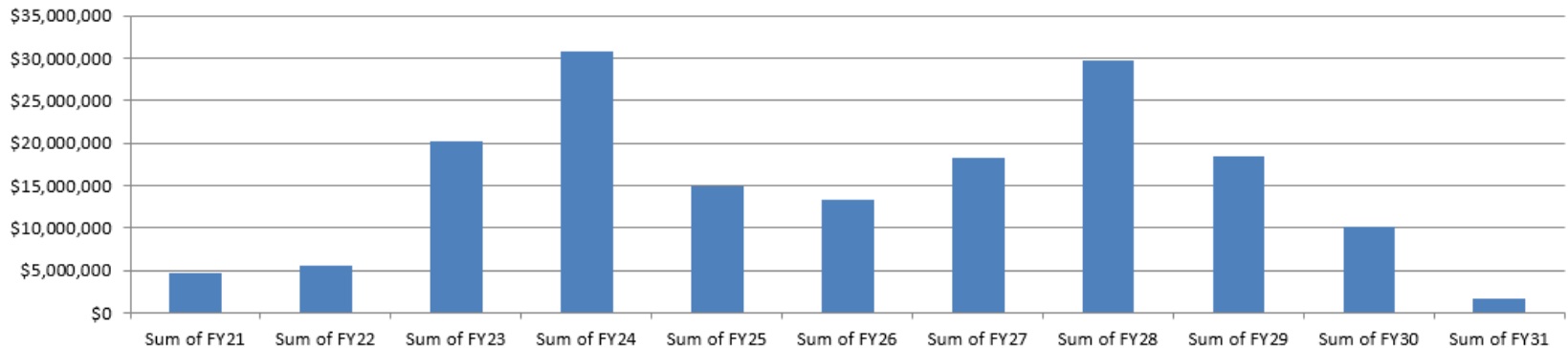


- FY21-FY33 Total \$1.75B
- Alternative scenarios are under development

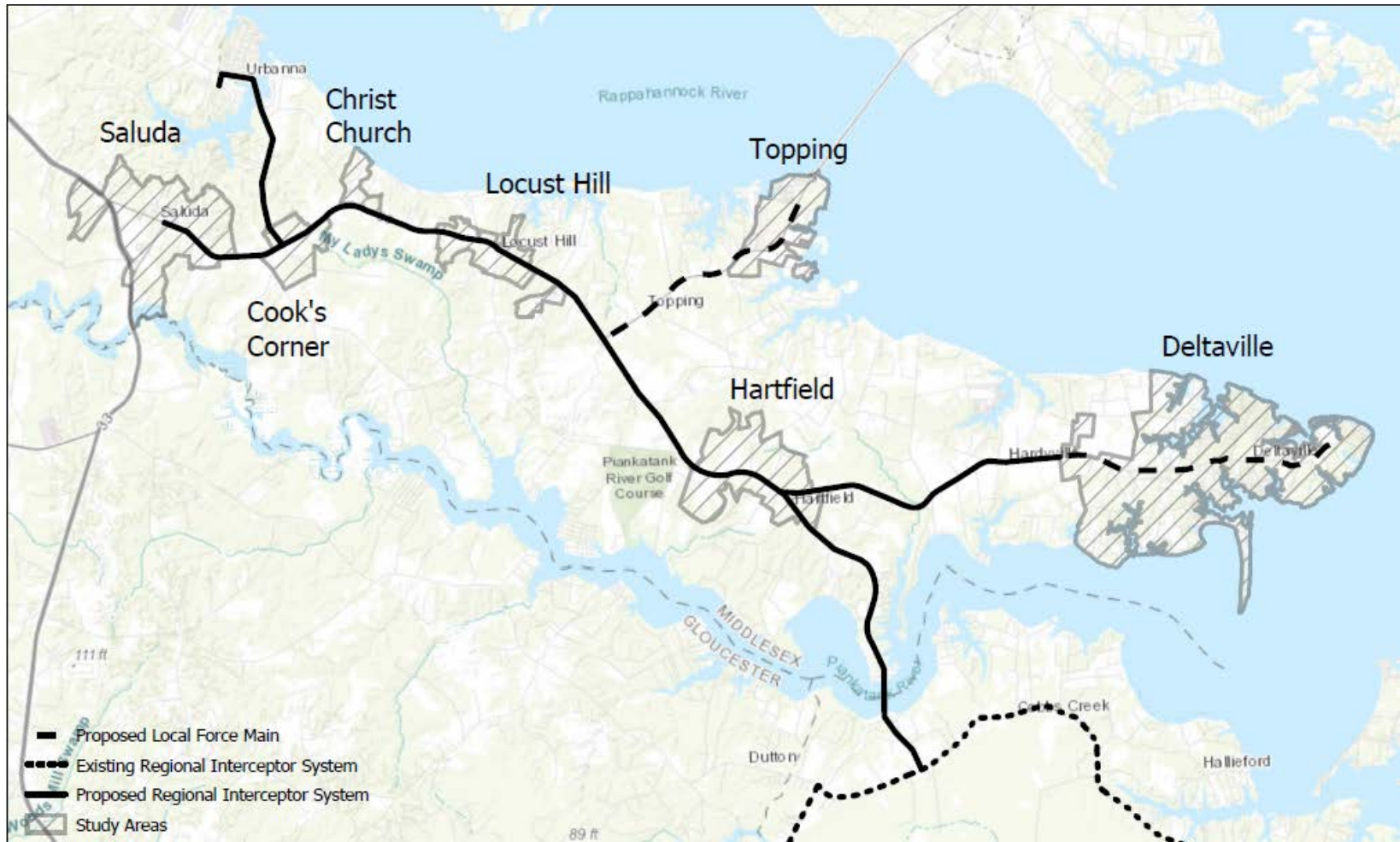
Integrated Plan – High Priority Projects

Row Labels	Sum of FY21	Sum of FY22	Sum of FY23	Sum of FY24	Sum of FY25	Sum of FY26	Sum of FY27	Sum of FY28	Sum of FY29	Sum of FY30	Sum of FY31
No	\$ 1,945,920	\$ 3,569,060	\$ 11,862,904	\$ 15,144,480	\$ 8,389,194	\$ 4,494,280	\$ 5,789,728	\$ 24,254,899	\$ 11,173,812	\$ 8,000	\$ 12,000
PR_AT014301	\$ -	\$ -	\$ -	\$ 1,608,947	\$ 8,119,288	\$ 1,241,924	\$ -	\$ -	\$ -	\$ -	\$ -
PR_AT014302	\$ -	\$ 936,167	\$ 2,159,923	\$ 6,218,298	\$ 13,333	\$ 6,667	\$ -	\$ -	\$ -	\$ -	\$ -
PR_AT014303	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,343	\$ 297,392	\$ 497,870	\$ -	\$ -
PR_NP013901	\$ -	\$ -	\$ -	\$ -	\$ 256,573	\$ 1,569,308	\$ 2,902,499	\$ 8,092,681	\$ 2,717,560	\$ -	\$ -
PR_NP013902	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,349,094	\$ 1,850,057	\$ 8,163,211	\$ 4,081,605	\$ 8,000	\$ 12,000
PR_VP018301	\$ 1,020,795	\$ 1,545,756	\$ 5,713,054	\$ 4,304,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PR_VP018302	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 282,931	\$ 746,878	\$ 6,057,303	\$ 3,233,168	\$ -	\$ -
PR_VP018303	\$ 925,125	\$ 1,087,138	\$ 3,989,927	\$ 3,012,445	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PR_VP018305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,356	\$ 236,952	\$ 1,644,312	\$ 643,609	\$ -	\$ -
Yes	\$ 2,656,919	\$ 1,982,046	\$ 8,350,689	\$ 15,569,146	\$ 6,444,046	\$ 8,909,769	\$ 12,551,515	\$ 5,483,694	\$ 7,295,593	\$ 10,155,556	\$ 1,712,593
PR_BH015801	\$ -	\$ 868,019	\$ 822,133	\$ 8,259,781	\$ 4,877,849	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PR_BH015802	\$ -	\$ -	\$ -	\$ 535,497	\$ 751,288	\$ 6,264,654	\$ 3,386,563	\$ -	\$ -	\$ -	\$ -
PR_BH015803	\$ -	\$ -	\$ -	\$ -	\$ 814,909	\$ 2,438,461	\$ 8,641,870	\$ 2,880,623	\$ -	\$ -	\$ -
PR_NP014000	\$ 954,540	\$ 959,266	\$ 7,528,556	\$ 6,773,869	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PR_VP018304	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206,654	\$ 248,683	\$ 2,054,272	\$ 2,861,179	\$ -	\$ -
PR_VP018400	\$ 1,702,378	\$ 154,762	\$ -	\$ -	\$ -	\$ -	\$ 274,399	\$ 548,798	\$ 4,434,414	\$ 10,155,556	\$ 1,712,593
Grand Total	\$ 4,602,839	\$ 5,551,106	\$ 20,213,593	\$ 30,713,627	\$ 14,833,241	\$ 13,404,049	\$ 18,341,243	\$ 29,738,593	\$ 18,469,405	\$ 10,163,556	\$ 1,724,593

Total per FY



Middlesex



Existing Project Review