

MEMORANDUM

To: MCWD Board of Managers

From: Tiffany Schaufler

CC: James Wisker

Date: November 16, 2015

Re: November 19, 2015 Board of Managers Meeting: Operations & Maintenance Manual and Capital Reinvestment Plan Update

Purpose:

At the November 19, 2015 Board of Managers meeting, staff will provide an update on the progress made to date on the Operations & Maintenance (O&M) Manual and the Capital Reinvestment Plan.

Background:

In June 2015, the District contracted with Wenck Associates to update the District's O&M Manual and develop a Capital Reinvestment Plan. The current O&M Plan was developed by Wenck in 2000. The 2000 O&M Manual outlined the operations and maintenance requirements and responsibilities for the 32 capital projects the District had implemented at that time. Since the 2000 O&M Manual was developed, the District has implemented or plans to implement an additional 77 projects/infrastructure and has acquired over 25 properties through fee-title and easement. A list of all the capital projects and District infrastructure built to date and to be built over the next three years can be viewed in Attachment A.

Wenck's first task was to develop a series of standard O&M activities driven by project type. In total, Wenck has identified 32 basic O&M activities (Attachment B) that encompass all expected operation and maintenance needs for projects/infrastructure built to date. Wenck then determined the direct costs for each of the 32 O&M activities. Each project then had a cost estimate developed to determine the annual costs for each O&M activity associated with each project (see the Gray's Bay Dam example in Attachment C). This information was then used to compile a capital reinvestment plan and schedule which lists all of the District's projects/infrastructure built to date and to be built over the next three years (Attachment D). Long term, this capital reinvestment plan will dictate all the O&M activities and schedule their recurrence over a period

of 10 years. Using the capital reinvestment plan spreadsheet (Attachment D), annual costs can be tallied for the next 10 years to assist with long term budgeting.

Moving forward, when a new capital project is designed, the capital reinvestment plan will evaluate the maintenance requirements and their financial implications for the District's Project Maintenance & Land Management Program budget. Therefore, as each new capital project is being considered by the Board of Managers the Board will have a complete understanding of the initial project costs as well as the long-term maintenance costs necessary to protect the District's investment.

Next Steps:

Staff will facilitate a discussion with the Board of Managers at the November 19, 2015 Board Meeting on how the District can utilize the capital reinvestment plan to cyclically plan, budget and reinvest in the District's projects and infrastructure.

If there are questions in advance of the meeting, please contact Tiffany Schaufler at 952-641-4513 or tschaufler@minnehahacreek.org.

Attachments:

- Attachment A: Project List
- Attachment B: O&M Activity List
- Attachment C: Annual Cost Estimate Example – Gray's Bay Dam
- Attachment D: Capital Reinvestment Plan – Schedule & Estimated Annual Cost for the Period of 2016-2025