

Metropolitan Water District of Salt Lake & Sandy
Board Packet Information
Last Update: September 14, 2009

Agenda Item: Consider approval of timing of Terminal Reservoir Replacement Project

Objective: Seek Board approval with timing and approach to the replacement of Terminal Reservoir.

Background: In June 2009, a preliminary design report for the Terminal Reservoir Replacement Project was submitted to the District. Since then, staff worked to develop an implementation plan giving consideration to budget schedule, risk mitigation, impacts with other facilities, ability to provide reliable service, funding allocation, and competing capital expenditures. The plan proposed by staff recommends beginning the design phase of this project this fiscal year with the plan to begin the construction phase in fiscal year 2016 (5 years). The following bullets provide background in support of this plan:

- **Timing** – The Provo Reservoir Canal Enclosure Project (PRCEP) is to begin construction within this fiscal year and take up to 3 years to complete. The PRCEP has its own set of risks that compel this project to be of high priority and importance to the District. The District’s financial obligation to the PRCEP limits our ability to embark on the Terminal Reservoir Project – Construction Phase within established budgets. Further, completing a final design at this time would position the District favorably for taking advantage of favorable bidding climates or funding opportunities.
- **Funding allocation** – Before this project proceeds, a letter of understanding from each member city’s public utilities director will be sought for the purpose of committing to the costs for the “new” or “additional” storage. Staff has recommended a 14/58 ratio to all design and construction related expenditures.
- **Further scope refinement** – Further evaluations are needed in order to refine the final design scope of work. These evaluations include a site evaluation for the additional storage and a risk mitigation study. Salt Lake City will look further into their needs for additional storage and confirm with District the desired volume and location. The District will evaluate risk mitigation efforts that could be implemented for the short duration before the construction phase begins.

Recommendation: Staff recommends implementing the final design of the Terminal Reservoir Replacement Project this fiscal year and embark on the construction phase by fiscal year 2016.