



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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Consent
 May 20, 2008

Honorable Mayor and
 Members of the City Council

Title: FY2007/08 Adjustments to the Utilities Capital Improvement Program (CIP) Budgets

Location/Council District: All

Recommendation: Adopt a resolution to authorize the City Manager to amend the FY2007/08 (FY08) Utilities CIP budgets to (1) add a new project Inventory and O&M Management Center (PN: W14004200) in the amount of \$780,000; (2) appropriate \$3,720,000 from the Water Fund Contingency Reserve (Fund 6005, 413) to the Wholesale Wheeling and Connection Fee Improvement Project (Z14006700, ZM16); and (3) defund various projects and appropriate funds to the new project Inventory and O&M Management Center (W14004200) and to existing projects as listed in the attached resolution.

Contact: David L. Brent, Engineering Manager, 808-1420; Jamille Moens, Business Services Manager, 808-5988

Department: Utilities

Division: Engineering Services

Organization No: 3331(14001311)

Description/Analysis

Issue: As part of the ongoing management of the Department of Utilities Capital Improvement Program (CIP), a periodic review and reallocation of the available financial resources is made to provide capital improvements in a timely and efficient manner. This process results in recommended budget adjustments on a project-by-project basis to ensure progress continues on priority projects.

Policy Considerations: The recommendation to adjust the Utilities' CIP budget is consistent with the City's Strategic Plan goals of improving and expanding public safety and achieving sustainability and livability.

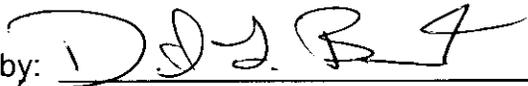
Environmental Considerations: There are no environmental impacts associated with the budgetary adjustments in the Water, Sewer, and Storm Drainage Fund

CIPs. The appropriate level of environmental review, under CEQA, will be performed in conjunction with the project planning and design stage of the capital improvement projects.

Rationale for Recommendation: The reallocation of resources ensure that projects move forward in a timely manner and are not allocated in projects that have stalled due to unforeseen circumstances.

Financial Considerations: The changes recommended within this report will reallocate existing resources within the Water, Sewer, and Storm Drainage Capital Improvement Programs to better manage existing resources. We are requesting additional funding from the Water Fund contingency reserves in the amounts of \$3,606,245 (Fund 6005, Dept ID 60001015) to provide funding for the new Inventory and O&M Management Center Project (W14004200) in the amount of \$780,000 to improve inventory control and for existing projects as reflected in Sections 2 and 3 of the resolution.

Emerging Small Business Development (ESBD): Not applicable. There are no goods or services being purchased as a direct result of this action.

Respectfully Submitted by: 
David L. Brent, Engineering Manager

Approved by: 
Gary A. Reents, Director of Utilities

Recommendation Approved:

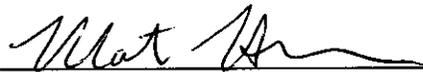

for Ray Kerridge
City Manager

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Attachment 1**Background Information:**

As part of the management of the Capital Improvement Program (CIP), the Department of Utilities periodically reviews project budgets and timelines. This review process results in recommended budget adjustments on a project-by-project basis to ensure financial resources are allocated such that progress continues on priority projects.

This year's (FY07/08) adjustments result in a proposed reallocation of approximately \$8.2 million. Of this amount, \$4.5 million is primarily due to projects being completed under the original project cost estimates, and \$3.7 million is from Wholesale Connection Fees. These fees are collected specifically to pay for capital facility costs and/or build improvements to the City's water system that allow for the delivery of treated water to surrounding water agencies purchasing water from the City on a wholesale basis.

With these funds, the Department is recommending (1) the creation of a new project, the Inventory and O&M Management Center, in the amount of \$780,000, that will centralize storage and provide inventory control; (2) the appropriation of \$3.7 million to the Wholesale and Wheeling Connection Fee Improvement Program for use on wholesale water projects; and (3) increasing funding on several existing priority projects to account for scope changes and/or cost increases.

The Water, Sewer, and Storm Drainage Enterprise Funds support the operations, maintenance, repair, rehabilitation, and improvements of the water, wastewater, and storm drainage systems, respectively. The projects in the Department of Utilities' CIP are selected using an asset management approach to systematically address infrastructure criticality, condition assessment, life cycle costing, and prioritized replacement timetables. Projects in the CIP are typically a mix of rehabilitation and replacement projects, and improvement and regulatory projects primarily funded by rate payers, connection fees, or mitigation fees, depending on the fund.

RESOLUTION NO.

Adopted by the Sacramento City Council

FY2007/08 ADJUSTMENTS TO THE UTILITIES CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET

BACKGROUND

- A. The City’s Strategic Plan established a goal of enhancing and preserving neighborhoods; the Department of Utilities supports this goal by providing high quality, reliable, and cost-effective water supply, sewer and drainage systems.
- B. The Department of Utilities evaluated the projects in the current programs for condition assessment and criticality to ensure that the current Capital Improvement Program is meeting the needs of its residential and commercial customers and is in conformance with the City’s Strategic Plan and the departmental goals.
- C. The Department of Utilities received Wholesale Connection fees which are collected specifically to pay for capital facility costs and/or build improvements to the City’s water system.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The FY08 Capital Improvement Program is hereby amended to add the Inventory and O&M Management Center Project (PN: W14004200).
- Section 2. The City Manager is authorized to reduce appropriations in the following capital improvement projects and contingency reserves as shown:

PROJECT TITLE	eCAPs CIP	FUND	BUDGET ADJUSTMENT
Base CIP Drainage	W14000200	6011	(136,163)
Sump 130 Electrical Rehab	W14001900	6011	(143,000)
Basin 67 Detention Basin	W14002000	6011	(100,000)
Sumps 33/90/157 Trash Rack	W14002900	6011	(113,557)
Storm Pump Station Failures	PSCL_WN31	6011	(180,000)
Sewer Pump Station Rehab	X14000300	6006	(130,000)
Base CIP Sewer	X14000500	6006	(391,742)
Economic Develop Prgm FY07	X14002406	6006	(140,000)
E/F Alley Swr,25th-27 th	X14010007	6006	(76,500)
E/F ALLEY Swr,25th-27 th	X14010007	6011	(25,500)
McKinley Sewer Construct	X14010008	6006	(64,420)
McKinley Sewer Construct	X14010008	6011	(74,675)

T St Sewer Rplc,19 th -21st	X14010028	6006	(108,000)
T St Sewer Rplc,19 th -21st	X14010028	6011	(12,000)
CSS Miscellaneous	X14010038	6006	(96,838)
CSS Miscellaneous	X14010038	6011	(53,162)
Water System Misc Improvmt	Z14000100	6005	(450,000)
Water Prod Misc Imp	Z14000300	6005	(383,718)
Well System Misc Improv	Z14000400	6005	(227,338)
Base CIP Reserve Water	Z14000700	6005	(599,657)
DOU Fiber Optics	Z14001400	6005	(50,000)
DOU Fiber Optics	Z14001400	6006	(25,000)
DOU Fiber Optics	Z14001400	6011	(50,000)
I St RS TM RPL Front-5 St	Z14002600	6005	(203,209)
So Land Park Steel Mn Ph 2	Z14004700	6005	(600,000)
RWM-Setting Mtrs Only FY07	Z14010004	6005	(150,994)
Water Fund Contingency Reserve	60001015	6005	(3,606,245)
TOTAL PROJECT/FUND REDUCTIONS			(8,191,718)

Section 3. The City Manager is authorized to appropriate funds to the following capital improvement projects as shown:

PROJECT TITLE	eCAPs CIP	FUND	BUDGET ADJUSTMENT
Airport Ditch Lining	W14001400	6011	122,000
Sump 157 Trash Racks	W14003300	6011	463,557
Inventory & O&M Mgmnt Ctr	W14004200	6005	500,000
Inventory & O&M Mgmnt Ctr	W14004200	6006	100,000
Inventory & O&M Mgmnt Ctr	W14004200	6011	180,000
Basin 55 I&I Reduction	X14000800	6006	500,000
J/K Alley Sewer 9TH-11 TH	X14010014	6006	135,000
J/K Alley Sewer 9TH-11 TH	X14010014	6011	45,000
Sump 2 MCC Replacement	X14010024	6006	90,000
Sump 2 MCC Replacement	X14010024	6011	10,000
Flow Meters CSS Facilities	X14010026	6006	157,500
Flow Meters CSS Facilities	X14010026	6011	17,500
Utility Energy Efficiency	Z14001900	6005	100,000
Utility Energy Efficiency	Z14001900	6006	50,000
Utility Energy Efficiency	Z14001900	6011	50,000
Sac Rvr Wtr Reliab Study	Z14002400	6005	100,000
Resident Water Meter Prgm	Z14003500	6005	151,161
T-Main Rpl 13th St H-Q St	Z14003800	6005	1,000,000
Whls Wheeling Conn Fee Impr	Z14006700	6005	3,720,000
RWM PR 4PR2B SLP PH3	Z14010009	6005	700,000
TOTAL PROJECT ADDITIONS			8,191,718