



# City of Sacramento City Council

915 I Street, Sacramento, CA, 95814  
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**Meeting Date:** 3/5/2013

**Report Type:** Consent

**Title:** FY2012/13 Adjustments to the Utilities Capital Improvement Program (CIP) and Multi-year Operational Projects (MYOP) Budget

**Report ID:** 2013-00074

**Location:** Citywide

**Recommendation:** Pass a Resolution adjusting the Utilities' CIP and MYOP budgets to be consistent with the Department's goal of maintaining and improving its infrastructure and ensuring reliable delivery and collection of water resources.

**Contact:** Bill Busath, Engineering Manager (916) 808-1434; Cassy Vaioleti-Matu, (916) 808-8047, Department of Utilities

**Presenter:** None

**Department:** Department Of Utilities

**Division:** Fiscal and Administration Svcs

**Dept ID:** 14001611

## **Attachments:**

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1-Description/Analysis

2-Background

3-Resolution

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### **City Attorney Review**

Approved as to Form  
Joe Robinson  
2/27/2013 5:58:38 PM

### **City Treasurer Review**

Reviewed for Impact on Cash and Debt  
Janelle Gray  
2/26/2013 12:02:15 PM

### **Approvals/Acknowledgements**

Department Director or Designee: Dave Brent - 2/27/2013 11:46:24 AM

## Description/Analysis

**Issue:** As part of the ongoing management of the Department of Utilities' (DOU's) Capital Improvement Program (CIP) and the Multi-Year Operational Projects (MYOP), a periodic review and reallocation of the available financial resources are made to provide capital and operating 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 and MYOP budgets is consistent with the Department's goal of maintaining and improving its infrastructure and ensuring reliable delivery and collection of water resources.

**Environmental Considerations:** The Community Development Department, Environmental Services Manager has determined that the proposed project is exempt from the California Environmental Quality Act (CEQA) under Section Number 15061(b)(3) of the CEQA Guidelines. The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

**Sustainability:** Not applicable.

**Commission/Committee Action:** Not applicable.

**Rationale for Recommendation:** The reallocation of resources ensures that projects move forward in a timely manner and that resources are allocated to priority projects. The CIP changes recommended within this report will reallocate existing resources within the Water, Wastewater, and Storm Drainage Capital Improvement Programs to better manage existing resources. The MYOP transfers are technical adjustments that will reallocate existing resources currently in the approved operating budget to multi-year projects.

**Financial Considerations:** The Department is recommending the allocation adjustments to 17 CIP Budgets in the Water, Wastewater, and Storm Drainage funds; the creation of a new CIP project; the cancellation of three existing CIP projects; and, a technical adjustment to three of the MYOP budgets in the Water and Storm Drainage funds.

The recommended CIP changes will be supported by the Base CIP Reserves in the Water, Wastewater, and Storm Drainage programs and other CIP projects and will have no impact on the operational budget.

The MYOP transfers recommended within this report are technical adjustments that will reallocate existing resources within the Water, Wastewater and Storm Drainage operational budgets to the multi-year projects. There is sufficient funding in operations for these transfers.

The Department is recommending the creation of a new project for the current fiscal year. The project Z14130800 (Fairbairn Water Treatment Plant Intake 5KV Feeder Rehab) is for the electrical feeders to the City's E.A. Fairbairn Water Treatment Plant (EAFWTP) Intake Pump Station that is a critical

piece of infrastructure to supply drinking water to the City of Sacramento and the region. The electrical feeders have reached the end of their useful life and are requiring excessive maintenance and repairs. In order to avoid a potential electrical system failure at the intake structure and adverse impacts to the City's water distribution system, the Department will be replacing one of the electrical feeders to the EAFWTP intake structure. This project will be funded by the Water Base Reserve in the amount of \$200,000.

The Department is also recommending the cancellation of three existing projects due to new project alternatives and new assessment of the projects. Project X14110200 (Sewer Service Lining) was partially combined with another sewer service lining project in the amount of \$50,000, and the remaining funds of \$49,133 will be moved to the Wastewater base CIP Reserve (X14000500); Project W14120200 (Firehouse Channel Improvements), after a detailed analysis, was determined to be unnecessary, which \$100,000 will be returned to the Drainage base CIP reserve (W14000200); and Project Z14009100 (Lower American River Study Program) was incorporated into the Flow Management Standard Forum and completed. The remaining funds of \$230,000 will return to the Water CIP reserve (Z14000700).

The Department is also proposing notable adjustments to two projects. Project Z14111100 (DOU Facility Rehab) is part of the EA Fairbairn Water Treatment project, which was partially funded to repair the roof. Based on the General Services cost estimate, the project requires additional funding of \$623,000. Project Z14110100 (Well Rehab Program) requires more funding due to rehabilitation of the next four wells on the priority list and requires additional funding of \$200,000.

**Emerging Small Business Development (ESBD):** There are no goods or services being purchased as a direct result of this action.

## **Background**

As part of the management of the Capital Improvement Program (CIP) and the Multi-Year Operational Project (MYOP) 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 (FY2012/13) review and proposed adjustments meet those objectives.

The Water, Wastewater, and Storm Drainage Enterprise Funds support the operations, maintenance, repair, rehabilitation of, and improvements to the water, wastewater, and storm drainage systems, respectively. The projects in DOU's CIP are selected using an asset management approach defined in the Capital Improvement Programming Guide to systematically address infrastructure criticality, condition assessment, life cycle costing, and prioritized replacement timetables. Projects in the CIP are typically a mix of rehabilitation, replacements, improvements, and regulatory projects, primarily funded by rate payers, connection fees, and mitigation fees, depending on the project type. The MYOPs are used for economic development assistance and development programs, planning, audit, and other consultant studies that will take more than one fiscal year to complete, and other projects and activities that are multi-year in nature and are not capital improvement projects.

The proposed CIP adjustments are to reallocate funding from the Base CIP Reserve projects and from some existing projects that have identified savings to projects that are ready to proceed but lack sufficient appropriations.

The proposed MYOP adjustments are a reallocation of resources from the operating budget. There is sufficient funding in the operating budget for these transfers.

## **RESOLUTION NO. 2013 –**

Adopted by the Sacramento City Council

**March 5, 2013**

### **APPROVING FY2012/13 ADJUSTMENTS TO THE UTILITIES CAPITAL IMPROVEMENT PROGRAM AND MULTI YEAR OPERATIONAL PROJECT BUDGETS**

#### **BACKGROUND**

- A. As part of the ongoing management of the Department of Utilities' Capital Improvement Program (CIP) and Multiyear Operational Projects (MYOP), a periodic review and reallocation of the available financial resources is performed to continue providing capital and operational improvements in a timely and efficient manner. This process results in recommended budget adjustments on a project-by-project basis to ensure that progress continues on priority projects.
- B. To ensure that financial resources are allocated based on the priority and necessity of the projects, new projects are created and/or existing projects are cancelled as needed.
- C. A technical adjustment reallocating existing resources within the Water, Wastewater, and Storm Drainage operational budgets to Multiyear Operating Projects is needed for enhanced management of operational projects.

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

- Section 1. The Utilities FY2012/13 CIP is amended to establish a new project:
  - Z14130800 Fairbairn Water Treatment Plant Intake 5KV Fedded Rehab. This project will be funded by the Water Base Reserve (Z14000700) in the amount of \$200,000.
- Section 2. Due to new project alternatives and a new assessment of the projects, the Utilities FY2012/13 CIP is amended to cancel the following projects:
  - X14110200 Sewer Service Lining
  - W14120200 Firehouse Channel Improvements
  - Z14009100 Lower American River Study Program

Section 3. The City Manager or City Manager's designee is authorized to adjust appropriations in the Water Fund (6005) CIP projects as shown below:

<b>Project</b>	<b>Description</b>	<b>Fund</b>		<b>Budget Adjustment</b>
Z14009100	LOWER AMER RVR STUDY PRGM	6005	Water Fund	(\$230,000.00)
Z14003400	ASSET MANAGEMENT WATER 3350	6005	Water Fund	\$100,000.00
Z14110100	WELL REHAB PROGRAM	6005	Water Fund	\$200,000.00
Z14111100	DOU FACILITY ROOF REHAB	6005	Water Fund	\$623,000.00
Z14130100	FLORIN RES BACK UP ENGINE	6005	Water Fund	\$50,000.00
Z14007900	WATER FACILITIES SECURITY	6005	Water Fund	\$100,000.00
Z14006100	PIPE COND ASESSMENT	6005	Water Fund	(\$100,000.00)
Z14000700	BASE CIP RESERVE - WATER	6005	Water Fund	(\$743,000.00)
<b>Total Net</b>	<b>Fund 6005</b>			<b>\$0.00</b>

Section 4. The City Manager or City Manager's designee is authorized to adjust appropriations in the Water Development Fund (6001) CIP projects as shown below:

<b>Project</b>	<b>Description</b>	<b>Fund</b>		<b>Budget Adjustment</b>
Z14000500	WATER SUPPLY MASTER PLAN 3110	6001	Water Dev. Fees	\$100,000.00
Z14004200	T MN CA AMRCA ROSEMONT-WATER	6001	Water Dev. Fees	(\$100,000.00)
<b>Total Net</b>	<b>Fund 6001</b>			<b>\$0.00</b>

Section 5. The City Manager or City Manager’s designee is authorized to adjust appropriations in the Wastewater Fund (6006) CIP projects as shown below:

<b>Project</b>	<b>Description</b>	<b>Fund</b>		<b>Budget Adjustment</b>
X14010000	WASTWATER CSS CAPITAL RESERVE	6006	WasteWater	(\$200,000.00)
X14000500	BASE CIP RESERVE - SEWER	6006	WasteWater	\$200,000.00
X14130500	WASTEWATER COND ASST PROG	6006	WasteWater	\$43,436.00
X14010000	WASTWATER CSS CAPITAL RESERVE	6006	WasteWater	(\$43,436.00)
X14110200	SEWER SERVICE LINING	6006	WasteWater	(\$49,133.00)
X14110700	PIPE BURSTING SEWER MAINS 2011	6006	WasteWater	\$80,000.00
X14003900	SUMP 85 INFLUENT REHAB	6006	WasteWater	\$72,000.00
X14120600	LAMPASAS AVE SEWER REP & REHAB	6006	WasteWater	\$85,000.00
X14000500	BASE CIP RESERVE - SEWER	6006	WasteWater	(\$187,867.00)
<b>Total Net</b>	<b>Fund 6006</b>			<b>\$0.00</b>

Section 6. The City Manager or City Manager’s designee is authorized to adjust appropriations in the Storm Drainage Fund (6011) CIP projects as shown below:

<b>Project</b>	<b>Description</b>	<b>Fund</b>		<b>Budget Adjustment</b>
W14120200	FIREHOUSE CHANNEL IMPROVEMENTS	6011	Drainage	(\$100,000.00)
W14000200	BASE CIP RESERVE- DRAINAGE	6011	Drainage	\$100,000.00
<b>Total Net</b>	<b>Fund 6011</b>			<b>\$0.00</b>

- Section 7. In order to appropriate funding identified in the operational budget for specific projects, the following MYOPs will receive budget transfers:
- I14010500 Water Meter Replacement Program
  - I14120400 Water Conservation Rebates
  - I06013143 Fleet Utilities Storm Drain

The City Manager or City Manager’s designee is authorized to adjust appropriations in the following MYOPs and operational budgets:

<b>Project</b>	<b>Description</b>	<b>Fund</b>		<b>Budget Adjustment</b>
I14010500	Water Meter Replacement Program	6005	Water	307,020
I14120400	Water Conservation Rebates	6005	Water	211,140
NA	DOU FUND LEVEL PROGRAMS(14001041-890040 )	6005	Water	(518,160)
<b>Total Net</b>	<b>Fund 6005</b>			<b>\$0.00</b>

<b>Project</b>	<b>Description</b>	<b>Fund</b>		<b>Budget Adjustment</b>
I06013143	Fleet Utilities Storm Drain	6011	Drainage	100,000
NA	DOU FUND LEVEL PROGRAMS(14001041-890040)	6011	Drainage	(100,000)
<b>Total Net</b>	<b>Fund 6011</b>			<b>\$0.00</b>