

**Meeting Date:** 5/3/2016

**Report Type:** Consent

**Report ID:** 2016-00476

**Title:** FY 2015/16 Adjustments to the Department of Utilities Capital Improvement Program (CIP) and Multi Year Operating Project (MYOP) Budgets

**Location:** Citywide

**Recommendation:** Pass a Resolution 1) amending the FY2015/16 MYOPs to create two new projects; 2) authorizing the City Manager or City Manager's designee to make budget adjustments to the CIP and MYOP budgets to various projects; and 3) authorizing the City Manager or City Manager's designee to replace Wastewater fund appropriations with Wastewater Revenue Bond fund appropriations in identified projects through June 28, 2016.

**Contact:** Bill Busath, Director, (916) 808-1434; Susan Goodison, Business Services Manager (916) 808-8995; Daniel Choe, Supervising Financial Analyst (916) 808-5988; Penny Buchman, Administrative Analyst, (916) 808-1481, Department of Utilities

**Presenter:** None

**Department:** Department Of Utilities

**Division:** Fiscal Operations

**Dept ID:** 14001611

**Attachments:**

- 1-Description/Analysis
- 2-Attachment 1
- 3-Attachment 2
- 4-Resolution
- 5-Exhibit A
- 6-Exhibit B

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**City Attorney Review**

Approved as to Form  
Joe Robinson  
4/26/2016 12:26:13 PM

**Approvals/Acknowledgements**

Department Director or Designee: Bill Busath - 4/18/2016 12:32:35 PM

## Description/Analysis

**Issue Detail:** As part of the Department of Utilities' (DOU's) ongoing management of its Capital Improvement Program (CIP) and Multi-year Operating Projects (MYOPs), a periodic review is conducted and financial resources are reallocated to provide improvements in a timely and efficient manner. The review also enables financial resources to be allocated based on the priority as ranked in the DOU Capital Improvement Programming Guide. This process results in recommended budget adjustments to ensure progress continues on priority projects, including the establishment of projects.

In addition to the allocation of funding resources to various projects identified in Attachment 1, current wastewater funded project budgets may need to be replaced with the bond funds as the Wastewater Revenue Bond Series 2013 agreement requires 85% of the bond proceeds to be expended by June 28, 2016 in accordance with tax considerations. Staff is requesting authority to swap the funds in the projects identified in Attachment 2 to meet this deadline. The total project budgets will not change, only the funding source.

**Policy Considerations:** The recommendation to adjust the CIP and MYOP budgets that the DOU manages is consistent with the DOU 2013-2017 Strategic Plan goals and objectives to effectively manage infrastructure assets and deliver reliable services. Adjustments to projects more than \$100,000 and establishment of CIPs or MYOPs must be approved by City Council.

**Economic Impacts:** None.

**Environmental Considerations:** Environmental Planning Services has determined that the proposed activity is not a project pursuant to the California Environmental Quality Act (CEQA). CEQA Guidelines Section 15378(b). The fiscal management of the DOU's CIP is an ongoing administrative fiscal activity and is not subject to CEQA. CEQA Guidelines Section 15060(c)(3).

**Sustainability:** Not applicable.

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

**Rationale for Recommendation:** Reallocation of resources ensures that projects move forward in a timely manner and that financial resources are allocated based on the priority and necessity of the projects as well as expending 85% of the Wastewater Revenue Bonds Series 2013 by June 28, 2016 in accordance with tax considerations. The recommended budgetary adjustments are for 15 CIPs and 11 MYOPs to better align funding resources with project priorities.

The creation of following two new MYOPs is being recommended to conduct annual source water protection activities and for completing watershed sanitary surveys every five years for the Sacramento and American Rivers:

MYOP	Name
I14520300	Sacramento River Source Water
I14520400	American River Source Water

**Financial Considerations:** The reallocation of existing resources to priority projects will ensure progress continues on priority projects as ranked in the Department of Utilities' Capital Improvement Programming Guide as shown in Attachment 1.

**Local Business Enterprise (LBE):** Not applicable.

**Attachment 1**

Project	Project Description	Fund								Grand Total	
		Wastewater Impact (6002)	Water (6005)	Wastewater (6006)	Water Reimbursable (6205)	Stormdrain (6011)	Stormdrain Reimbursable (6211)	Water Revenue Bonds (6310)	Wastewater Revenue Bonds (6320)		
I14010200	FY10-14 NPDES Storm Water Program						(954,820)			(954,820)	
I14010300	Sac Rvr Source Water Reimbursable				18,604					18,604	
I14010800	Condition Assessment Program			(174,999)					174,999	0	
I14120300	SAFCA Levee Maintenance						462,000			462,000	
I14120400	Water Conservation				(762,000)					(762,000)	
I14520300 New	Sacramento River Source Water				42,000					42,000	
I14520400 New	American River Source Water				17,000					17,000	
I14610200	Separated Master Planning Program			(52,613)					52,613	0	
I14610300	Combined Master Plan Program			123,314					(13,957)	109,357	
I14630100	On-Call CCTV Program			(1,210)					1,210	0	
I14710100	Drainage Master Plan Program					60,000				60,000	
W14000200	Base CIP Contingency - Drainage					(60,000)				(60,000)	
X14000500	Base CIP Contingency - Wastewater			(657,238)					(11,745)	(668,983)	
X14010000	Combined Sewer Sys Capital	199,859							682,852	882,711	
X14110700	Pipebursting Sewer Mains 2011								(33,742)	(33,742)	
X14130600	Wastewater Collection Pipe Replacement Program	(199,859)	(165,000)	199,859						(165,000)	
X14130700	Wastewater Collection Pipe Line Program			400,000					(400,000)	0	
X14130800	Wastewater Collection Pipe Burst Program								(290,000)	(290,000)	
X14131500	Facility Rehab Program			35,000		(10,000)				25,000	
X14131600	Wastewater Plant Regulatory Improvement Program					10,000			(856)	9,144	
Z14003600	Information Technology			52,000				(14,846)	(85,487)	(48,333)	
Z14006000	Treatment Plant Rehab Deisgn		1,350,864					(1,350,864)		0	
Z14010000	Residential Metering Program		(1,220,494)		684,396			1,390,797		854,699	
Z14110100	Well Rehab Program		43,958							43,958	
Z14130100	Florin Res Back Up Engine		10,672					(10,672)		0	
Z14130200	FWTP Rehab							(34,415)		(34,415)	
Z14130500	Reservoir Rehab Program		(20,000)					20,000		0	
Z14140600	DOU Facilities Impr/Rehab			75,887					(75,887)	0	
Total Change by Fund:		\$0	\$0	\$0	\$0	\$0	\$0	(\$492,820)	\$0	\$0	(\$492,820)

Note: The 6205 and 6211 funds have revenue and expenditure budgets.

**Attachment 2**  
**Projects Authorized for Appropriation Adjustments**  
**through June 28, 2016**

<b>Project</b>	<b>Project Description</b>
I14010700	Asset Management Program
I14010800	Condition Assessment Program
I14020100	Arc Flash Hazard Analysis
I14040100	Information Technology Program
I14110100	Sewer System Management Plan
I14120600	CSS Regulatory Compliance
I14610100	Flow Monitoring/Hydrology Program
I14610200	Separated Master Planning Program
I14610300	Combined Master Plan Program
I14630100	On-Call CCTV Program
X14000100	Sewer System Rehab
X14000500	Base CIP Contingency - Wastewater
X14002300	Pocket AD 2 Sewer Improvement
X14002900	Lift Station Flow Meters
X14003500	Sewer Service Lining Program
X14010000	Combined Sewer System
X14110400	Sewer Manhole Rehab
X14110700	41st/42nd Sewer Replacement
X14120100	Root Control Program
X14120300	Miscellaneous Sewer Repairs
X14120500	Brick Main Preservation
X14130400	Wastewater Flow Meter Program
X14130600	Wastewater Collection Pipe Repair Program
X14130700	Wastewater Collection Pipe Line Program
X14130800	Wastewater Collection Pipe Bursting Program
X14130900	Wastewater Sump Rehab & Replacement Program
X14131000	Sump 1/1A Rehab & Replacement Program
X14131100	Sump 2/2A Rehab & Replacement Program
X14131200	CWTP Rehab & Replacement Program
X14131300	Pioneer Reservoir Rehab & Replacement Program
X14131400	Miscellaneous Facility Repair Program
X14131500	Facility Electric Rehab Program
X14131600	Wastewater Plant Improvement Program
X14160500	Separated Pipe Rehab & Replacement Program

**RESOLUTION NO. 2016 –**

Adopted by the Sacramento City Council

**May 3, 2016**

**APPROVING BUDGET ADJUSTMENTS TO THE  
FY2015/16 CAPITAL IMPROVEMENT PROGRAM & MULTI-YEAR OPERATING  
PROJECTS**

**BACKGROUND**

- A. As part of the Department of Utilities’ ongoing management of its Capital Improvement Program (CIP) and Multi-year Operating Projects (MYOPs), a periodic review is conducted and financial resources are reallocated to provide improvements in a timely and efficient manner. This process results in recommended budgetary adjustments to ensure progress continues on priority projects as ranked in the Department of Utilities’ Capital Improvement Programming Guide.
- B. As part of the periodic review process, the establishment of two new projects is recommended for the Sacramento River Source Water and the American River Source Water. These projects are being created to conduct annual source water protection activities and for completing watershed sanitary surveys every five years for the Sacramento and American Rivers.
- C. The Wastewater Revenue Bond Series 2013 agreement requires 85% of the bond proceeds to be expended by June 28, 2016 in accordance with tax considerations. This will result in the need to replace the Wastewater Funds (Fund 6006) currently in the active projects with the bonds funds (Fund 6320). The total project budgets will not change, only the funding source.

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

Section 1. Two new projects are established for the Sacramento and American Rivers as shown below:

<b>MYOP</b>	<b>Name</b>
I14520300	Sacramento River Source Water
I14520400	American River Source Water

Section 2. The project budget adjustments for the CIP and MYOP projects in Exhibit A are authorized.

Section 3. Funding transfers for projects identified in Exhibit B are authorized to replace the Wastewater funds (6006) with the Wastewater Revenue Bond

Series 2013 funds (6320) through June 28, 2016 for the purposes of expending 85% of bond funding in accordance with tax considerations. The funding swap will result in no net change to the project budgets.

**Exhibit A  
FY 15/16 Allocation Adjustments**

Project	Project Description	Fund								Grand Total	
		Wastewater Impact (6002)	Water (6005)	Wastewater (6006)	Water Reimbursable (6205)	Stormdrain (6011)	Stormdrain Reimbursable (6211)	Water Revenue Bonds (6310)	Wastewater Revenue Bonds (6320)		
I14010200	FY10-14 NPDES Storm Water Program						(954,820)			(954,820)	
I14010300	Sac Rvr Source Water Reimbursable				18,604					18,604	
I14010800	Condition Assessment Program			(174,999)					174,999	0	
I14120300	SAFCA Levee Maintenance						462,000			462,000	
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I14520300 New	Sacramento River Source Water				42,000					42,000	
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I14610200	Separated Master Planning Program			(52,613)					52,613	0	
I14610300	Combined Master Plan Program			123,314					(13,957)	109,357	
I14630100	On-Call CCTV Program			(1,210)					1,210	0	
I14710100	Drainage Master Plan Program					60,000				60,000	
W14000200	Base CIP Contingency - Drainage					(60,000)				(60,000)	
X14000500	Base CIP Contingency - Wastewater			(657,238)					(11,745)	(668,983)	
X14010000	Combined Sewer Sys Capital	199,859							682,852	882,711	
X14110700	Pipebursting Sewer Mains 2011								(33,742)	(33,742)	
X14130600	Wastewater Collection Pipe Replacement Program	(199,859)	(165,000)	199,859						(165,000)	
X14130700	Wastewater Collection Pipe Line Program			400,000					(400,000)	0	
X14130800	Wastewater Collection Pipe Burst Program								(290,000)	(290,000)	
X14131500	Facility Rehab Program			35,000		(10,000)				25,000	
X14131600	Wastewater Plant Regulatory Improvement Program					10,000			(856)	9,144	
Z14003600	Information Technology			52,000				(14,846)	(85,487)	(48,333)	
Z14006000	Treatment Plant Rehab Deisgn		1,350,864					(1,350,864)		0	
Z14010000	Residential Metering Program		(1,220,494)		684,396			1,390,797		854,699	
Z14110100	Well Rehab Program		43,958							43,958	
Z14130100	Florin Res Back Up Engine		10,672					(10,672)		0	
Z14130200	FWTP Rehab							(34,415)		(34,415)	
Z14130500	Reservoir Rehab Program		(20,000)					20,000		0	
Z14140600	DOU Facilities Impr/Rehab			75,887					(75,887)	0	
Total Change by Fund:		\$0	\$0	\$0	\$0	\$0	\$0	(\$492,820)	\$0	\$0	(\$492,820)

Note: The 6205 and 6211 funds have revenue and expenditure budgets.

**Exhibit B**  
**Projects Authorized for Appropriation Adjustments**  
**through June 28, 2016**

<b>Project</b>	<b>Project Description</b>
I14010700	Asset Management Program
I14010800	Condition Assessment Program
I14020100	Arc Flash Hazard Analysis
I14040100	Information Technology Program
I14110100	Sewer System Management Plan
I14120600	CSS Regulatory Compliance
I14610100	Flow Monitoring/Hydrology Program
I14610200	Separated Master Planning Program
I14610300	Combined Master Plan Program
I14630100	On-Call CCTV Program
X14000100	Sewer System Rehab
X14000500	Base CIP Contingency - Wastewater
X14002300	Pocket AD 2 Sewer Improvement
X14002900	Lift Station Flow Meters
X14003500	Sewer Service Lining Program
X14010000	Combined Sewer System
X14110400	Sewer Manhole Rehab
X14110700	41st/42nd Sewer Replacement
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X14130900	Wastewater Sump Rehab & Replacement Program
X14131000	Sump 1/1A Rehab & Replacement Program
X14131100	Sump 2/2A Rehab & Replacement Program
X14131200	CWTP Rehab & Replacement Program
X14131300	Pioneer Reservoir Rehab & Replacement Program
X14131400	Miscellaneous Facility Repair Program
X14131500	Facility Electric Rehab Program
X14131600	Wastewater Plant Improvement Program
X14160500	Separated Pipe Rehab & Replacement Program