

Accountability Counts

DOU Quarterly Update- Fall 2012

Accountability Plan Update

- Financing
- Public Outreach
- Utilities Rate Assistance Program
- Capital Improvement Programming Guide

Financing Team Members

| Interested Party | Role |
|----------------------------------|---|
| City Attorney's Office | Issuer (Legal Guidance) |
| City Manager's Office | Issuer (Management and Project Support) |
| City Treasurer's Office | Issuer (Debt Issuance and Management; Debt Project Oversight) |
| City Department of Utilities | Issuer (Water/Wastewater SME's) |
| City Accounting and Budget Staff | Issuer (Financial Support) |
| Goldman, Sachs & Co. | Lead Managing Underwriter |
| Orrick, Herrington & Sutcliffe | Bond Counsel |
| Nixon Peabody | Underwriters Counsel |
| Stradling Yocca Carlson & Rauth | Disclosure Counsel |
| Moody's, S&P, Fitch | Rating Agencies |
| Carollo Engineers | Feasibility Consultants |

Financing Strategy Update

Financing Schedule Milestones

| Milestone | Date |
|---|-----------------------------------|
| Financing Team Kickoff Meeting | June 6, 2012 |
| 1 st Draft of Preliminary Official Statement | August 7, 2012 |
| Implementation of Enterprise Revenue Bond Ordinance | September 27, 2012 |
| 1 st Draft of Feasibility Report | October 3, 2012 |
| Receive Bond Ratings | December 2012 (subject to change) |
| Receive Construction Bids on Water Projects | January 2013 |
| Issue the Bonds | January/February 2013 |

Public Outreach

- Website updates
- Stakeholder communications
- Increased public engagement planned for Winter/Spring 2013

Utility Rate Assistance

| Milestone | Date |
|------------------------------|-----------------------|
| Stakeholder Kick-off Meeting | 8/22/2012 |
| Survey of Agencies | 8/28/2012 |
| Recommendations | 10/1/2012 |
| Council Presentation | 11/13/2012 |
| Community Outreach | 11/19/2012 – 1/6/2013 |
| Billing System Configuration | 11/19/2012 |
| Implement | 1/3/2013 |

Capital Improvement Programming Guide

- Introduction
- Approach and Methodology
- Asset Ranking and Prioritization
- Implications/Future Direction
- Financial Plan/Rates
- Appendices

Approach and Methodology

- Asset Management Approach
 - Identify Assets
 - Criticality Assessment/Scoring
 - Condition Assessment/Scoring
 - Prioritize, or rank projects based on condition, criticality and other inputs

Approach and Methodology (cont)

- Program Drivers
 - Design Life/Best Replacement Practices
 - Regulatory/Legislation Compliance
 - System Improvement
- 30, 5 & 3 year strategy
- Research and Development
- Funding Sources/Strategies

Asset Ranking and Prioritization

- CIP Categories
 - Regulatory
 - Rehab and Replacement
 - Improvement/Development
 - O&M
 - IT

Asset Ranking and Prioritization (cont)

- Asset Scoring and Ranking
 - Condition (Likelihood of Failure)
 - Criticality (Consequence of Failure)
 - Scoring/Ranking

LOW RISK**MEDIUM RISK****HIGH RISK****1 to 4****5 to 15****16 to 24****25 to 34****35 to 50****Immediate
Attention****5****5****10****15****20****25****30****35****40****45****50****Poor****4****4****8****12****16****20****24****28****32****36****40****Fair****3****3****6****9****12****15****18****21****24****27****30****Good****2****2****4****6****8****10****12****14****16****18****20****Excellent****1****1****2****3****4****5****6****7****8****9****10****1****2****3****4****5****6****7****8****9****10****Negligible****Moderate****Critical****Catastrophic****CONSEQUENCE OF FAILURE****LIKELIHOOD OF FAILURE**

Asset Ranking and Prioritization (cont)

- Asset Scoring and Ranking Status
 - Water
 - Wastewater
 - Storm Drainage

Water Design Life

| Components | Years of design life |
|--|----------------------|
| Reservoir and Dams | 50-80 |
| Treatment Plants – Concrete Structures | 60-70 |
| Treatment Plants – Mechanical and Electrical | 15-25 |
| Transmission Mains | 65-95 |
| Pumping Stations – Concrete Structures | 60-70 |
| Pumping Stations – Mechanical and Electrical | 25 |
| Distribution Mains | 60-95 |

Water Ranking

| Risk Factors | Weight |
|-----------------------------|--------|
| <u>Condition</u> | 50% |
| Age | |
| <u>Criticality</u> | 50% |
| 6 Organizational Categories | |
| <u>TOTAL</u> | 100% |
| | |
| <u>Other Criteria</u> | |
| Leak History – CMMS | |
| Material Type | |
| Pipe Coupons | |

Wastewater/Drainage Design Life

| Components | Years of design life |
|--|----------------------|
| Collections | 80-100 |
| Treatment Plants – Concrete Structures | 50 |
| Treatment Plants – Mechanical and Electrical | 15-25 |
| Force Mains | 25 |
| Pumping Stations – Concrete Structures | 50 |
| Pumping Stations – Mechanical and Electrical | 15 |
| Interceptors | 90-100 |

Wastewater/Drainage Ranking

| Model | Weight (100%) |
|-----------------------------|---------------|
| <u>Defect</u> | 50% |
| PACP Defect Codes | |
| <u>Vulnerability</u> | 30% |
| SSO's | |
| Inspection / CMMS | |
| Age | |
| Material | |
| Length | |
| <u>Criticality</u> | 20% |
| 6 Organizational Categories | |
| <u>Other Criteria **</u> | |
| PACP Quick Rating Scores | |
| Sonar | |
| Laser | |
| Depth | |
| Surface conditions | |
| Type of Soil | |