



DATE: November 2, 2023
TO: Environmental Services Commission
FROM: Linda De Boldt, Assistant Director, Utilities Engineering
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SUBJECT: Utilities 2025-2031 Capital Investment Program (CIP) Plan - Budget Development Process

ACTION REQUIRED

No action is required by the Commission. This is an informational briefing on the 2025-2031 Utilities CIP Budget Development Process.

BACKGROUND / ANALYSIS

Bellevue Utilities (Utilities) delivers capital projects to support the delivery of drinking water, wastewater, and stormwater utility services. Typical projects in our three utilities include replacement or rehabilitation of water, wastewater and stormwater pipes, water and wastewater pump stations, drinking water reservoirs, culvert replacements, stormwater management facilities (such as detention ponds, vaults, and water quality facilities), and stream restoration projects.

The Capital Investment Program (CIP) Plan is a critical component of Utilities' ability to continue providing water, wastewater, and stormwater services to our customers. It is a 7-year plan updated every two years as part of the City's biennial budget process. The CIP includes water, wastewater and stormwater improvements projects that support the following needs:

- Asset renewal and replacement of aging infrastructure
- Regulatory mandates
- Environmental stewardship
- Capacity for growth
- Operational Efficiencies

Over time, as Utilities' system infrastructure has been extended to most of the service area, the CIP has become increasingly focused on the effective long-term management of the existing water, wastewater, and storm water utility systems. Although there is still a "system growth" component, it has become a smaller portion of the total CIP than in years past. Also, Utilities is currently working on several planning studies that will inform future CIP project proposals in the areas of watershed management, sewer Lakeline rehabilitation and replacement, and seismic resiliency for Utilities' infrastructure.

2025-2031 CIP Budget Development Process

The CIP Budget development process starts with identifying project proposals from several sources including:

- Utility system plans
- Engineering, environmental, and asset management studies and plans
- Infrastructure condition assessments
- Open stream surveys and assessments

- Utilities operations and maintenance experience
- Direct customer input

The development of the CIP budget incorporates prioritization of projects, inter-dependencies between programs and projects, cost and schedule estimates, and staff resource requirements.

Staff is initiating development of the 2025-2031 CIP budget with an anticipated schedule for adoption by the City Council concurrent with the 2025-2026 city budget in November 2024. Over the next several months, the ESC will have the opportunity to review the 2025-2031 CIP budget proposals. Later in the year, the ESC will be asked to evaluate the policy and budgetary implications of CIP proposals as part of the broader Utilities budget and rates proposal. Ultimately, the ESC will present a budget recommendation to the City Council. The ESC CIP budget review calendar is planned as follows:

- November 2, 2024 Introduce 2025-2031 CIP budget development process
- March 7, 2024 Review of Proposed 2025-2031 CIP
 - Proposed significant changes to existing programs
 - Policy issues for ESC consideration
 - CIP Open House results
- May 2, 2024 2025-2031 CIP budget proposals

POLICY ISSUES

No policy issues are included in this briefing; however, future ESC briefings on the proposed 2025-2031 CIP will include proposed policy considerations.

FISCAL IMPACT

The Utilities CIP represents a significant investment of resources for the next seven years. The proposed 2025-2031 Utilities CIP will be included in the development of the overall Utilities Department 2025-2026 budget and rates proposal.

ATTACHMENTS & AVAILABLE DOCUMENTS

None.