



MEMORANDUM

Action
 Discussion
 Information

DATE: January 16, 2020

TO: Environmental Services Commission

FROM: Linda De Boldt, Assistant Director, Engineering
Brian Landau, Water Resources Planning Manager, Engineering

SUBJECT: Utilities 2021-2027 CIP Budget - Development Process Overview

Action Required at this Time

No action by the Commission is required at this time. This is an informational briefing on the development process for the proposed 2021-2027 Utilities CIP Budget.

At this meeting, staff will:

- Review the calendar for future ESC briefings on the CIP Budget
- Review the CIP objectives and drivers
- Briefly review existing funded programs and proposed program changes
- Provide an overview about the process and approach to developing this CIP Budget Proposal.

Background

Projects and programs included in the 2019-2025 Utilities CIP Plan were adopted by Council as part of the 2019-2020 city budget. These projects and programs were developed from several sources including utilities system plans, engineering and asset management studies, assessments of open streams and constructed utilities infrastructure, direct customer input, and utilities operations and maintenance experience.

Utilities CIP programs fall into one or more of the following categories:

- System renewal and replacement
- Service expansion (for growth and development)
- Customer enhancement
- Mandates (legal obligation or to meet environmental or regulatory requirements)

Over time as the 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 stormwater 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 be informing future CIP project proposals in the areas of environmental stewardship and watershed management, sewer Lakeline rehabilitation and replacement, and seismic resiliency for Utilities infrastructure. Projects in these areas will be included as proposals during the upcoming 7-year CIP.

CIP Budget Development Process

Staff is initiating development of the 2021-2027 Utility CIP Budget, which will be adopted by the City Council concurrent with the 2021-2022 City Budget in December 2020. Over the next several months, the ESC will have the opportunity to review the existing CIP and the proposed changes to it. 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 operation budget. Ultimately, ESC will make a comprehensive budget recommendation to the City Council. The ESC CIP budget review calendar is planned as follows:

- January 16, 2020: Introduce 2021-2027 CIP development process and proposed program changes
- March 5, 2020: Proposed 2021-2027 CIP (including changes to prior CIP)
- April 2, 2020: CIP Open House Results and Public Meeting
- March 5, 2020: 2021-2027 Proposed CIP (including changes to prior CIP)

Fiscal Impact

The Utilities CIP represents a significant investment of utility resources for the next seven years. New investments or changes to existing funded investments may impact utility rates during and beyond that period. Any secured funding resources from sources other than rates (such as grants) will be identified. The Utility may pursue additional grants to supplement or supplant rate resources during CIP implementation.

Policy Issues

No policy issues are included in this briefing; however, future ESC briefings on the proposed 2021-27 CIP will include proposed policy considerations.