

# City of Sacramento

## Legislation Text

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File #: 2020-01468, Version: 1

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**Title:**

**Fiscal Year (FY) 2020/21 Adjustments to the Department of Utilities Operating, Capital Improvement Plan (CIP), and Multi Year Operating Project (MYOP) Budgets**

File ID: 2020-01468

**Location:** Citywide

**Recommendation:**

Adopt a Resolution authorizing the City Manager or City Manager's designee to 1) make allocation adjustments to the FY 2020/21 Operating, CIP, and MYOP Budgets in the Water, Wastewater, 2019 Wastewater Revenue Bonds and Storm Drainage funds; 2) authorizing the City Manager or City Manager's designee to replace Wastewater fund appropriations with 2019 Wastewater Revenue Bond fund appropriations to meet spending requirements and tax compliance of the bonds; and 3) resetting the City Manager's administrative budget authority.

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**Presenter:** None.

**Attachments:**

- 1-Description Analysis
- 2-Attachment 1
- 3-Attachment 2
- 4-Resolution
- 5-Exhibit A - Allocation Adjustments
- 6-Exhibit B - Wastewater Projects

**Description/Analysis**

**Issue Detail:** As part of the Department of Utilities (DOU) ongoing management of its CIP and 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 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 2019 agreement requires 85% of the bond proceeds to be expended by April 9, 2022 in accordance with tax considerations. Staff is requesting authority to re-allocate the funds in the projects identified in Attachment 2 to meet this deadline. The total project budgets will not change, only the funding source.

Staff is also recommending resetting the City Council approved administrative budget authority to projects that have met or are close to meeting the \$250,000 threshold.

**Policy Considerations:** The recommendation to adjust the CIP and MYOP budgets that the DOU manages is consistent with the DOU 2020-2025 Strategic Plan goals and objectives to effectively manage infrastructure assets and deliver reliable services. Adjustments to projects more than \$250,000 and establishment of CIPs or MYOPs must be approved by City Council.

**Economic Impacts:** Not applicable.

**Environmental Considerations:** It has been determined that the proposed activity is not a project pursuant to the California Environmental Quality Act (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 pursuant to 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 or operating needs for the applicable fiscal year. Reallocation will also allow DOU to expend 85% of the Wastewater Revenue Bonds Series 2019 by April 9, 2022 in accordance with tax considerations. The recommended budgetary adjustments include one Operating Budget, 16 CIPs, and four MYOPs in the Water (6005), Wastewater (6006), 2019 Wastewater Revenue Bonds (6321), and Storm Drainage (6011) funds.

In addition, staff is requesting approval to reset the City Manager's administrative budget authority for the following CIP projects:

Project Number	Project Name
Z14000800	Backflow Prevention DEVICE3330

Z14120300	SRWTP Intake Sed Removal
Z14130200	FWTP Rehabilitation
Z14190100	Water Supply Expansion Program

**Financial Considerations:** The reallocation of existing resources to priority projects in the aforementioned funds will have a net zero effect within the funds as illustrated in Attachment 1.

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