



S T A F F R E P O R T

DATE: **APRIL 27, 2009**

SUBJECT: **2009/2010 CAPITAL PROJECTS BUDGET**

FROM: **CAROLYN RYNDA, DIRECTOR OF FINANCE**

FISCAL IMPACT: **✓YES**

BACKGROUND: In last years capital budget process District staff worked with the District's Financial Advisor to develop a new process to prioritize the capital projects budget.

This new methodology had two parts. In the first part, the prior approved dollars for budgeted projects was eliminated. In prior years the District had carried a separate budget requirement for prior approved funds for projects that had not yet been completed. The prior approved amount was carried over from year to year and added to the new project requirement for the current year. This made for an unrealistic amount of projects to fund and complete in one budget year. By making this change, District staff and the Board were able to determine which projects needed to be funded in the current year and it allowed the District to develop a more accurate budget and capital spending projections.

The second part of the methodology implemented a rank order system which provided a framework for the decision-making process on prioritizing budgeted projects. The rank order system required that staff evaluate each project and place each project in one of four priorities:

1. Critical Facility
2. Significant Deferred Maintenance
3. Systematic Upgrade
4. Expansion/New Projects

This prioritization process helped the staff and Board identify the most critical projects and enabled the Board to make funding/allocation decisions based on the staffs needs assessment. In concept, staff should commence/complete work toward all priority 1 projects before moving on to the priority 2 projects and so forth.

NEW INFORMATION: The first draft of the District's Capital Projects for 2009/10 is attached. This was put together by District staff utilizing the prioritization process implemented last year and reflects staffs recommendations for the funding of projects. There are projects listed in this first draft with no budgeted dollars assigned for the coming year or out years. Staff is requesting Board direction for these projects.

The total financial requirement for the proposed 2009/2010 Capital Projects Budget is \$24,914,772. The breakout by project category is as follows:

Outside Agency Projects	\$ 2,448,629
Water Projects	\$ 8,455,143
Sewer Projects	\$ 8,250,000
San Juan Creek Property Development	\$ 2,500,000
Recycled Projects	\$ 1,285,000
Other Projects	\$ 1,241,000
Vehicle and Equipment	\$ 735,000
Total 2009/2010 Capital Projects Budget	<u>\$24,914,772</u>

It is important to note that approximately 68% of this total, or \$16,892,772, can be broken down further into four major categories:

- \$2,448,629 of Outside agency projects - The District contributes to but does not control the scheduling of these projects.
- \$7,000,000 of the total for the Sewer projects is designated for the Sewer Tunnel Repair Project
- \$4,944,143 of the water, sewer and other projects are projects that have been started in 2008/09 and will carryover and be completed in 2009/10.
- \$2,500,000 under San Juan Creek Property Development is designated for the Operations Center

District staff is prepared to review the 2009/2010 capital projects at the April 27th Board workshop.

RECOMMENDED ACTION: That the Board of Directors provides staff input and direction on the proposed 2009/2010 capital project budget.