



Opportunities to Improve Management of Metropolitan's Capital Investment Plan

Engineering & Operations Committee
Item 6c
May 7, 2018

Presentation Outline

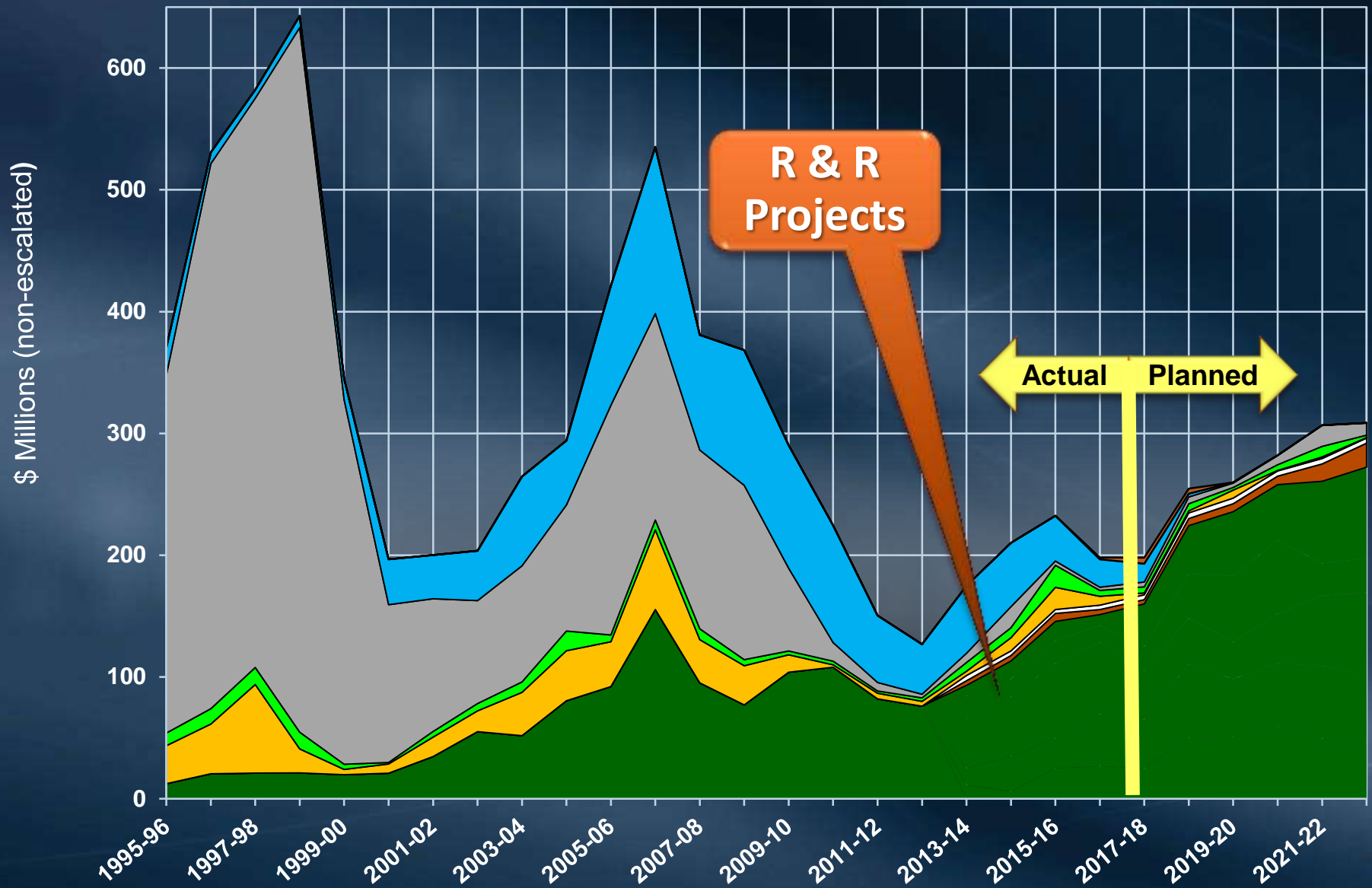
- Changing nature of the CIP
- Goals of process improvements
- Actions taken to date to manage the CIP
- Potential issues for discussion regarding enhanced management of the CIP
- Next steps

Changing Nature of the CIP

- Fewer very large projects
- Major increase in Refurbishment & Replacement (R&R) projects
- Challenging shutdown constraints
- Greater permitting requirements
- Increasing environmental restrictions
- Backlog of investments in infrastructure reliability projects – Increased capital expenditures planned
- Potential for urgent repair/replacement projects

Capital Investment Plan – FY 1995/96 to FY 2022/23

Long-term Actual & Planned Expenditures by Program



Fewer Large Projects in CIP

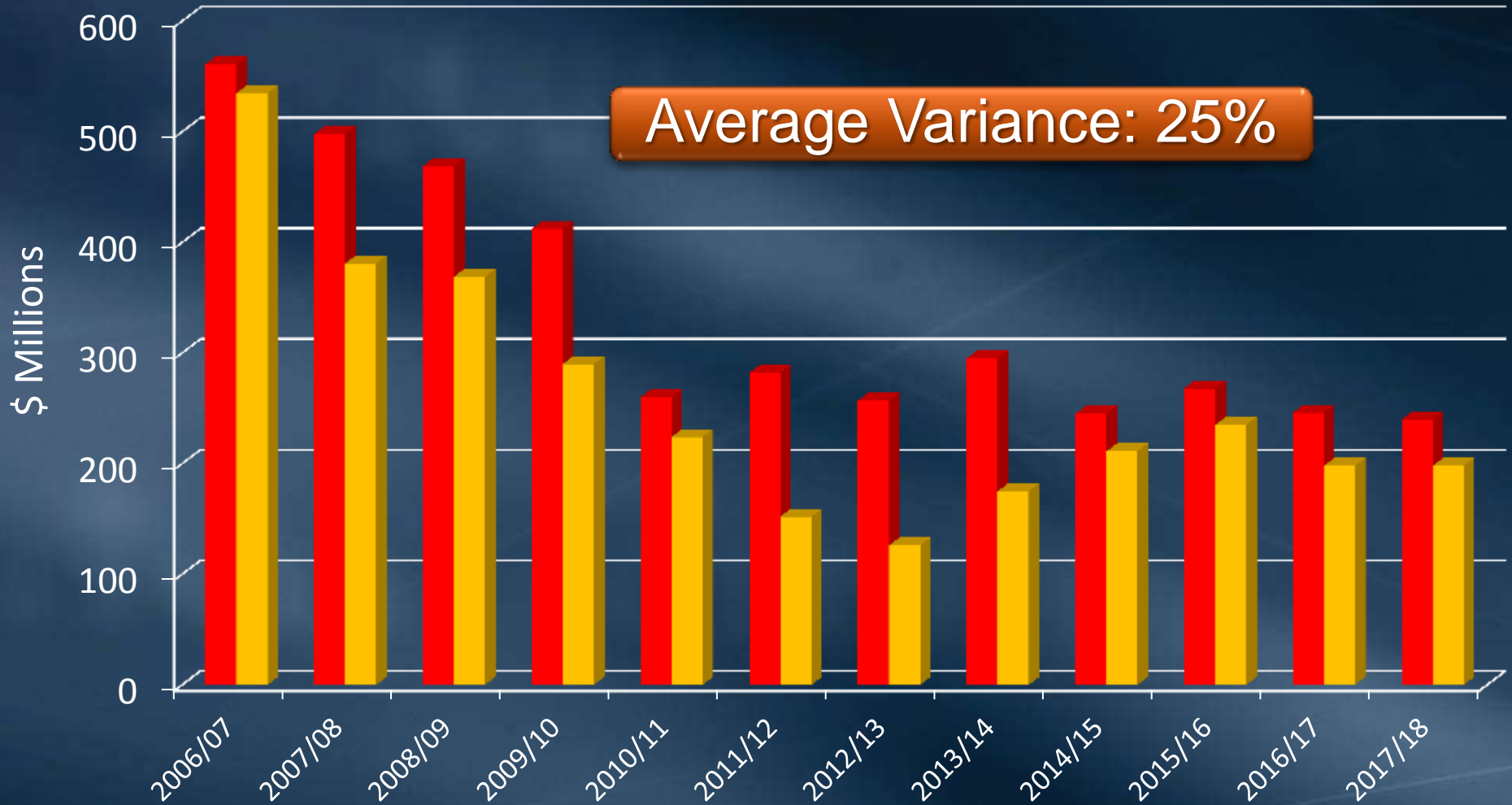
Comparison of FY 2000/01 to 2016/17

Based on Actual Expenditures

Fiscal Year	No. of Appropriations	No. of Projects	Fiscal Year Expenditures
2000/01	84	185	\$218 M
2016/17	64	340	\$198 M

Capital Investment Plan – FY 2006/07 to FY 2017/18

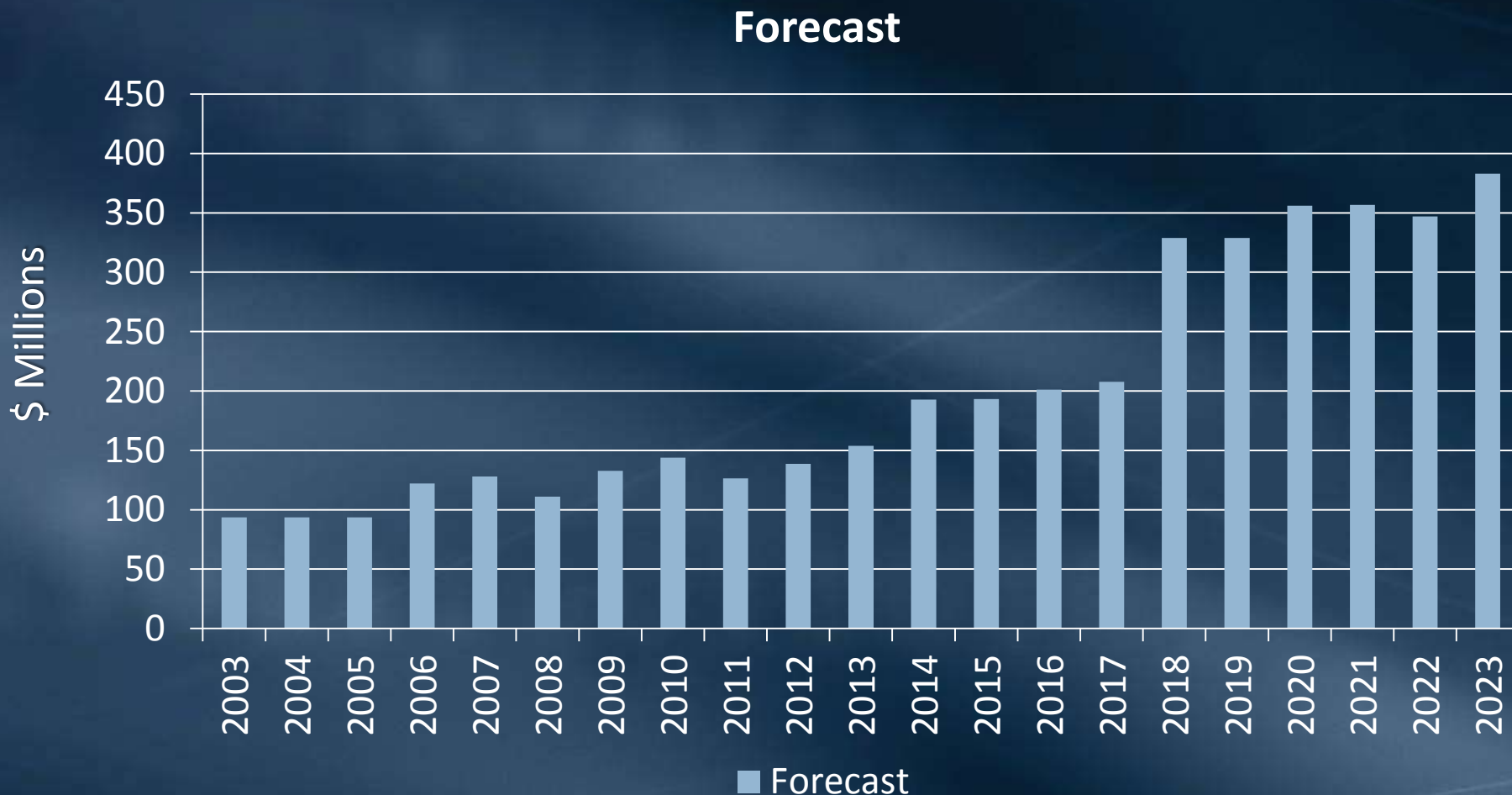
Actual Expenditures vs. Planned Spending



* Actual costs do not include PVID
& Delta Island land purchases

■ Budget ■ Actual *

Replacement Planning and Asset Valuation Model



Forecasted R&R expenditures are based on periodic refurbishment followed by replacement at the end of the asset category service life.

Goals of Process Improvements

- Enable staff to proceed with an increasing number of planned projects quickly & efficiently
- Provide flexibility to react to changing conditions
- Reduce project delivery times
- Take advantage of new tools for program reporting & controls
- Enhance visibility & Board reporting on capital programs

Actions Taken to Date to Manage the CIP

- Reorganization of Engineering Services Group underway to:
 - Enhance span of control
 - Dedicate teams to focus on long-term capital programs & small projects
 - PCCP Rehabilitation
 - CRA Reliability
 - Minor Capital Projects
 - Service Connections/Reimbursables
- Optimization of resources
 - Leverage consulting agreements to meet changing workload
- Expanded use of new technologies

Potential Issues for Discussion Regarding Enhanced Management of the CIP

- Increase in max. amount for Minor Capital Projects
 - Would not require amendment to the Admin. Code
- Comparison of Metropolitan's procedures to those of other agencies
- Review of authority levels for professional services agreements & procurement contracts
- Review of steps in the appropriation process, focusing on major programs & ways to streamline initiation of planned projects

Next Steps

June 2018

- Action to authorize Minor Capital Projects Program for FY 2018/19 & 2019/20
- Oral Presentation
 - Metropolitan's current appropriation & approval process for capital projects
 - Practices of other water agencies

Following Months

- Discussion of Metropolitan's practices

