

Enhancing CIP Prioritization Strategies for Risk-Informed and Sustainable Investment Decisions

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Agenda

- > Prioritization Enhancements
 - Background
 - > Funding Categories
 - > Evaluation Criteria
- > Strategies for Financial Feasibility & Effective Partnerships
- **➢ Next Steps**



Background

Potential Enhancements To CIP Prioritization Criteria (Aug 2025 Workshop)

Criteria for Consideration

1. Fund-Specific Prioritization:

	Water Supply Projects	Watersheds Flood Protection Projects	Safe, Clean Water Flood Protection Projects	
•	Alignment with Strategic Plans • e.g., Water Supply Master Plan	• Flood Risk	Flood RiskSCW Voter Commitments	

2. Financial Viability:

- Funding Availability (internal or external)
- Cost Certainty

3. Feasibility of Phasing:

• Lower Cost, Alternative Solutions (e.g., interim repairs or upgrades in lieu of full replacement)

4. Operational Impacts and Sustainability



Capital Improvement Program (Funding Filters Categories/Criteria)

Funding Categories

Category 1 Projects

- High Risk Exposure
 - Urgent repair/replacement
 - Regulatory/Mandated or public health & safety driven
- Under construction

Category 2 Projects

- Moderate Risk Exposure
 - Critical repair or replacement
 - Public health & safety driven

Category 3 Projects

- Low Risk Exposure
- New infrastructure or placeholder project
- Alignment with long-term plans

Asset Management Program Risk Exposure (SAMPLE)

Consequence of Failure		x	Probability of Failure	п	Risk Exposure
CoFl	Service Delivery				30 29 28 27
Social (50% of C	Community Impacts		1 = New or Recently Rehabiltated		26 25 24
(50	Workplace Safety		2 = Good Condition, Only Minor Defects		23 22 21 20
Environmental (17% of CoF)			3 = Defects Requiring Monitoring, But Fully Functional 4 = Requires Corrective Action, Functionality Threatened		19 18 17 16 15 14 13 12 11 10 9 8
Economic 3% of CoF)	Financial Impacts		5 = Failed, Unable to Satisfy LOS, Requires Immediate Action		7 6 5 4
Econ (33% (Impact to Reputation				2

Factors assessed vary and depend on the type of asset evaluated and the complexity of the system



Criteria for Further Project Evaluation

Criteria **PUBLIC HEALTH & SAFETY / REGULATORY** A Includes Public Health and Safety and SCW/VW Commitments **IMPLICATIONS OF DEFERRAL** В Evaluates operational, financial, or compliance impacts if delayed ALIGNMENT WITH STRATEGIC AND MASTER PLANS* Assesses consistency with Valley Water's Watersheds Master Plans, Water Supply Master Plan, and regional objectives **FUNDING AND PARTNERSHIP OPPORTUNITIES** Assesses financial feasibility, partnerships, and cost certainty

^{*} Master Plan projects are assessed against a wide range of needs and criteria that depend on the complexity of the system and assets, including environmental, social, and economic risk evaluations.

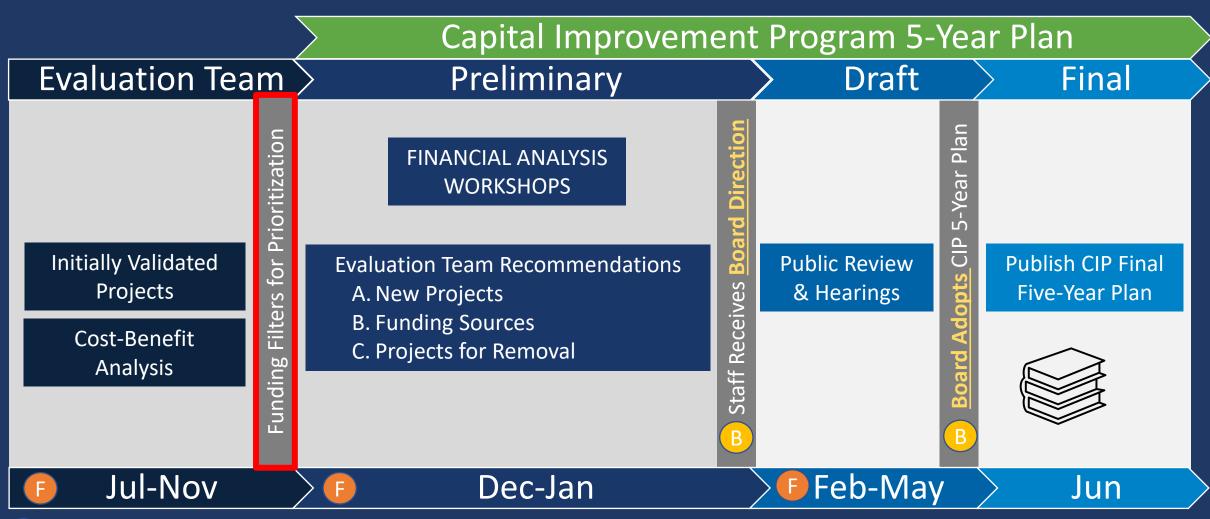
Strategies for Addressing Financial Feasibility Issues

- Explore Alternative Options for Consideration:
 - Phased Implementation
 - Prioritize Key Areas (e.g., flooding/failure "hotspots")
 - Rescope Project Goals
 - Consider Deferring

Building Effective Strategic Partnerships

- Foster a Collaborative and Committed Partnership
- Align Efforts to Reach Shared Objectives
- Leverage Each Partner's Unique Strengths and Resources
- Acknowledge Budget Constraints in Independent Project Execution

Next Steps



- F CIP Committee and/or Board Feedback
- B Key Decision Points for Board

CIP Five-Year Plan Available Online

SCAN THE QR CODE:



Or visit this website: delivr.com/24wqn

END OF PRESENTATION

Questions & Answers



