Enhancing CIP Prioritization

Strategies for Risk-Informed and Sustainable Investment Decisions

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Valley Water

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 Risk • SCW 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

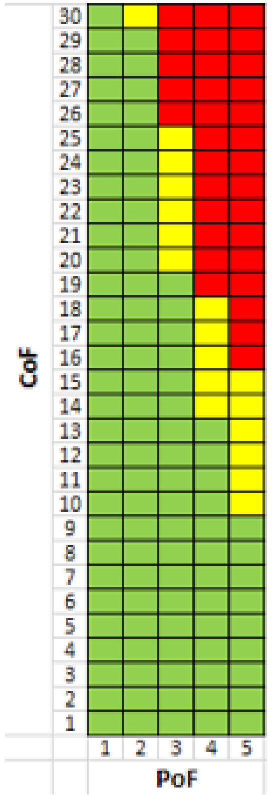
- Moderate Risk Exposure
  - Critical repair or replacement
  - Public health & safety driven

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*	=	*Risk Exposure*
Social (50% of CoF)	Service Delivery		1 = New or Recently Rehabiltated		
	Community Impacts		2 = Good Condition, Only Minor Defects		
	Workplace Safety		3 = Defects Requiring Monitoring, But Fully Functional		
Environmental (17% of CoF)	Environmental Impacts		4 = Requires Corrective Action, Functionality Threatened		
Economic (33% of CoF)	Financial Impacts		5 = Failed, Unable to Satisfy LOS, Requires Immediate Action		
	Impact to Reputation				



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

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Criteria for Further Project Evaluation

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

Capital Improvement Program 5-Year Plan

Evaluation Team		Preliminary		Draft		Final
Initially Validated Projects Cost-Benefit Analysis	Funding Filters for Prioritization	FINANCIAL ANALYSIS WORKSHOPS Evaluation Team Recommendations A. New Projects B. Funding Sources C. Projects for Removal	Staff Receives **Board Direction** (B)	Public Review & Hearings	**Board Adopts** CIP 5-Year Plan (B)	Publish CIP Final Five-Year Plan
(F) Jul-Nov		(F) Dec-Jan		(F) Feb-May		Jun

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

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