

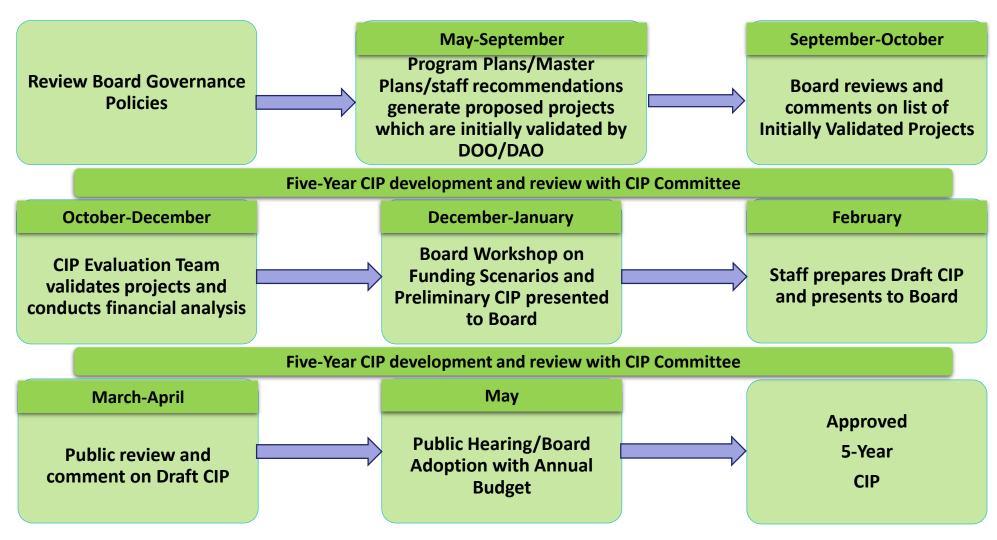
Valley Water

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Capital Improvement Program (CIP) Annual Validation Process Overview



Annual CIP Process Overview

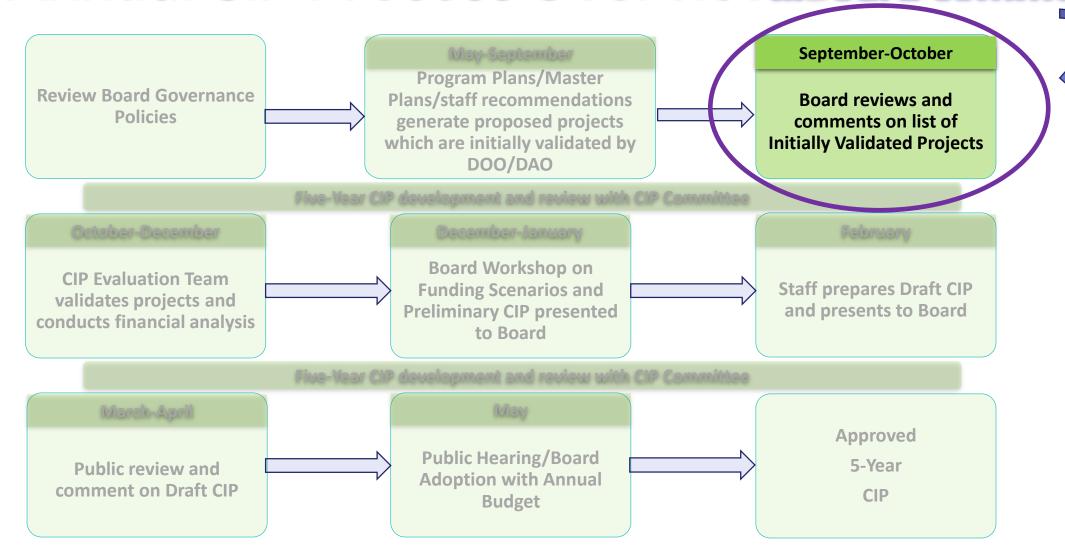




Annual CIP Procesinitial/project Validation... **May-September** Program Plans/Master **Review Board Governance** Plans/staff recommendations **Board reviews and Policies** generate proposed projects comments on list of which are initially validated by **Initially Validated Projects** DOO/DAO October-December **Board Workshop on CIP Evaluation Team Staff prepares Draft CIP Funding Scenarios and** validates projects and and presents to Board **Preliminary CIP presented** conducts financial analysis to Board Five-Year CIP development and review with CIP Committee March-April May **Approved Public Hearing/Board** 5-Year **Public review and Adoption with Annual** comment on Draft CIP CIP **Budget**

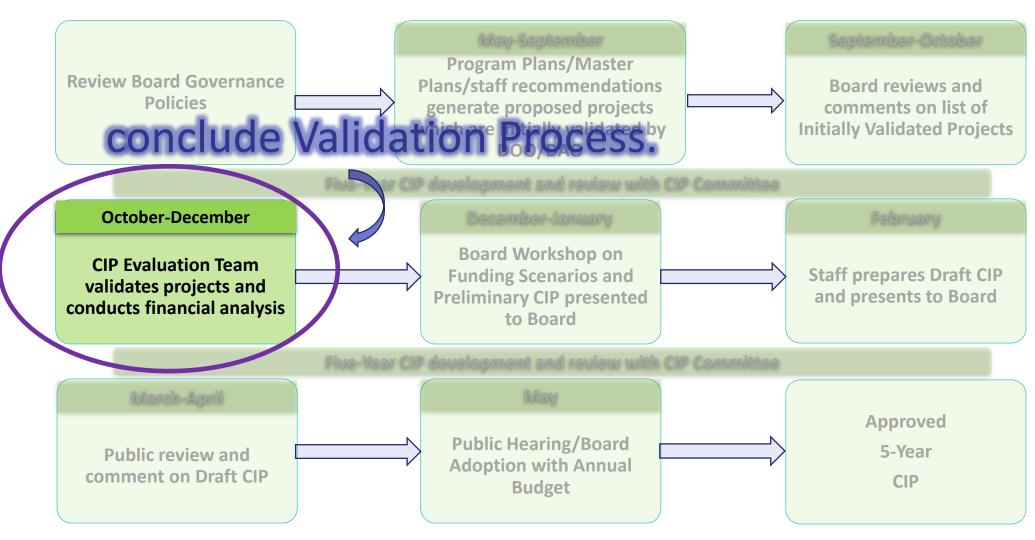


Annual CIP Process Overview..Board comment...



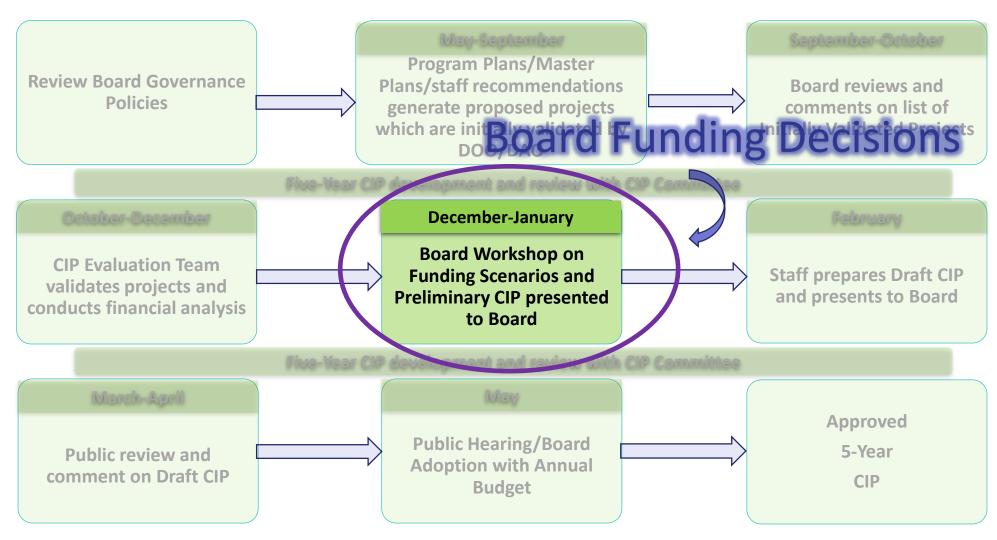


Annual CIP Process Overview



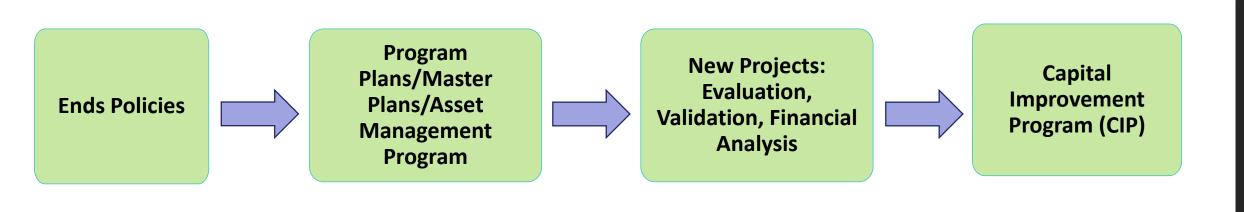


Annual CIP Process Overview





Drivers for New Capital Projects:



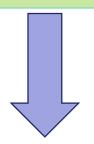


Proposed Project Evaluation

(Operations)

Evaluation: June-July

Staff proposes new projects, reviewed by Asset Management and respective DOO/DAO



- Staff compares alternative solutions
- Staff evaluates the lifecycle costs of different capital, non-capital, or non-asset based solutions
- Staff identifies a solution with the lowest lifecycle cost



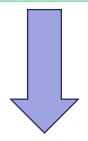
Initial Project Validation Process

(Operations)

Validation: July-Sept.

Staff validates projects and prepares Business Case Report

(approved by respective DOO/DAO)



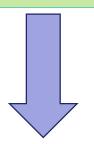
- Purpose of Validation process: to ensure the District invests in the right solutions or projects at the right time for the right costs for the right reasons
- Validation process considers:
 - Project objectives
 - Probability/timing of asset failure
 - Consequence of failure
 - Non-asset solutions
 - Cost effectiveness
- Validation process yields the business case for a capital investment – DOO/DAO approval required



Board comments on Initially Validated Projects and CIP Evaluation Team Begins Validation

Sept.-October

on Initially Validated
Projects and staff refines
projects' estimated
schedule and cost and
prepares financial models



(Capital and Finance)

- Financial models prepared based on continuing capital projects and operations targets (Baseline Scenario)
- Financial models reviewed by CIP Evaluation Team (composed of DOOs/DAOs)
- CIP Evaluation Team propose projects to be funded or unfunded in Preliminary CIP List:
 - Board Priorities
 - Asset's remaining lifespan
 - Available funding
 - Urgency of investment

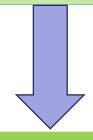


Preliminary CIP List and Funding Allocation



October-December

Preliminary CIP List reviewed by CEO/Chiefs, Board CIP Committee and Board



January

Project funding allocations decided by Board



- Board CIP Committee reviews/discusses
 Preliminary CIP List and recommends
 presentation to <u>Board in January</u>
- Board Workshop to review funding scenarios and provide direction for incorporation into Preliminary CIP
- Board decision on funding allocation through approval of Preliminary CIP





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