



Where Life is Sweet

Mayor and Members of the City Council
STAFF REPORT
For the Meeting of January 30, 2025

Title/Subject

Water/Sewer/Street 5-Year Capital Improvement Plan Update

Summary and Background

This action will adopt the proposed Capital Improvement Plan (CIP) Update for the Water, Sewer, and Street Departments.

The CIP is an important tool which can be viewed as a long-term budget planning document. It does not relate directly to each annually approved budget, nor does it actually authorize any spending for any projects. Instead it provides significant high-level long-range policy direction to city staff who then use it for developing annual budget proposals. Therefore, it should be viewed similarly to a map & compass, rather than GPS-style turn-by-turn directions.

The CIP is a rolling 5-year future-looking document which tries to project available resources over that planning horizon and match them up with the most pressing infrastructure investment needs of each department. The document is reviewed and updated in-depth every two years, with two years (and completed projects) removed from the front-end, and two years (and additional projects) added to the back-end.

This is the 4th iteration of the CIP, with the first plan adopted in 2019. Prior to 2019 there was no over-arching strategy for infrastructure reinvestment beyond, “fix things when they break.” Unfortunately, that strategy required the City to borrow \$1.1M in 2017 in order to dredge the sewer lagoon to avoid an overflow; which is really an operational cost which could have been better planned for to avoid borrowing costs. That 2017 issue triggered a deep dive in to capital planning, and revealed a number of cost-efficiencies to be gained through proactive planning multiple needs together, rather than responding to each emergency in a vacuum.

Significant progress has been made since 2019, including:

Water (\$4,518,793 spent)

- 2.5 Miles of Water Main Replaced
- 1,200 Gallons-Per-Minute of expanded supply capacity
- Master Plan updated

Sewer (\$3,831,619 spent)

- 0.75 Miles of Sewer Main Replaced
- 3 Lift-Stations Re-Built
- Master Plan Updated

Street (\$5,033,509 spent)

- 3 Miles of Surface Repairs/Rebuilds/Infills
- 1 Mile of Sidewalk Infill
- 1 Bridge Replaced

CIP Process

The CIP process works by each department working with Anderson Perry Engineering to identify major infrastructure needs within their systems and refine those needs in to discrete project scopes which can be used to develop a cost estimate. Meanwhile, City Staff projects operational revenues and costs for the next 5 years to identify an estimate of resources available for capital projects. Finally, the most pressing needs are charted-out over the next five years within the projected resources available.

The draft CIP is presented to the Public Infrastructure Committee, with detail provided on projects included in the 5-year planning window. The CIP is then adopted by the City Council every other January. The approved CIP is then used to develop specific budget requests in March for the upcoming fiscal year. As projects are implemented throughout the year, the CIP is referred to again to make specific budget requests the following fiscal year. Then after another year of implementation, city operational and engineering staff begin a deep review of the CIP and any major capital needs to update the plan for another two year cycle.

Oversight

The City won the League of Oregon Cities' "Good Governance Award," in 2020 for the oversight and transparency provided by development of www.hermistonprojects.com. This site maintains a current copy of the adopted CIP, along with individual pages for each project included in the CIP. Each page is updated periodically during implementation, and always includes a final project summary and cost report.

Alternatives and Recommendation

Alternatives

1. Approve the CIP as presented
2. Request revisions.

Recommended Action/Motion

Motion to approve CIP as presented.

Submitted By:

Mark Morgan, Assistant City Manager