

# Information Technology

# Information Technology Capital Improvements

## INFORMATION TECHNOLOGY OVERVIEW

Valley Water relies on its software systems and technology infrastructure to help manage its core responsibilities of water supply, flood protection, and environmental stewardship. Recognizing the importance of Information Technology to its success, Valley Water regularly reviews its five-year strategic plan to focus on the changing workforce, innovation, data, and internal efficiencies.

In 2014, the Information Technology Capital Fund was created to account for the costs to acquire and install capital information technology projects with Valley Water-wide benefit. Projects include the acquisition and replacement of computers, networks, and communications systems as well as major investments in enterprise software systems and cybersecurity.

Costs are billed to user departments as Intra-District Computer Equipment Charges. Billing rates will be set to smooth charges over time by recovering current costs and accumulating reserves for major planned future projects. Current year charges or a combination of current year charges and reserves may be used to fund authorized projects. The purpose of this fund is to provide adequate resources while avoiding peaks and valleys in charges to user departments.

### *Major Capital Improvements Identified in the CIP*

- Data Consolidation
- ERP Replacement Project
- Small Capital Improvements, Software Upgrades & Enhancements
- Small Capital Improvements, Water Utility (WU) Computer Network Modernization

### *Operations and Maintenance Costs*

It is understood that new capital projects have an impact on future operations and maintenance, and this is included in the financial analysis. Throughout the various phases of a capital project, projections of this impact are regularly considered and updated as needed to reflect changes in project elements.

## CIP DEVELOPMENT PROCESS AND FINANCIAL ANALYSIS

The annual CIP Development Process starts with collecting information on proposed new capital projects in July, followed by the validation of proposed new projects, preliminary scoping, review, and financial analyses to produce a Draft CIP Five-Year Plan in March.

The Board then authorizes the release of the CIP Five-Year Plan to the public and local municipalities for review, conducts a public hearing, and approves the resolution to adopt the CIP Final Five-Year Plan in May.

A financial analysis of the Information Technology Capital Fund was conducted to determine if there are limitations to funding the planned capital projects.

Through the CIP Development Process and financial analysis, it was determined that funding needs for approved Information Technology projects can be met.

### *Significant Project Updates from the Prior Year*

Updates to capital project plans are considered to be significant if total project costs (TPC) increase or decrease by more than \$1 million (inflated), project completion is extended beyond one year, or if there are any changes to project scope. Listed below are the changes to projects from the CIP Adopted FY 2025-29 Five-Year Plan:

### *Small Capital Improvement Project Updates*

Small Capital project forecasts undergo annual revisions, adjusting asset rehabilitation projects based on asset condition and project requirements, and updating project costs according to market conditions. These revisions to both schedule and costs result in several minor changes in expected expenditures over the forecasted period.

- Small Capital Improvements, Software Upgrades & Enhancements Project decreased in cost by \$6.52 million.
- Small Capital Improvements, Water Utility Computer Network Modernization Project decreased in cost by \$1.16 million.

# Information Technology Capital Improvements

## *New Capital Improvement Project Included*

One new Information Technology project was approved by the Board for inclusion in the CIP FY 2026-30 Five-Year Plan. The ERP Replacement Project will provide an Enterprise Resource Planning system to eliminate inefficiencies and simplify usability for VW staff. The estimated project cost is \$31.50 million and the project duration is expected to last up to three years.

After the approval of the CIP Draft Five-Year Plan, the schedule for the ERP Replacement Project required an update. There is an anticipated delay of one year due to the postponed initiation of two other critical operational IT projects, which run parallel and are essential for accurately scoping and planning the ERP initiative. The revised project cost is \$33.23 million due to the reallocation of expenditures to match the updated schedule.

# Information Technology Capital Improvements

The following table is a project funding schedule for information technology capital improvements resulting from this year's financial analysis. Detailed information for each project can be found in this document on the following pages in the order presented in this table. The chart also identifies partially funded projects and estimated unspent appropriation from FY 2024-25.

## Information Technology Funding Schedule (\$K)

Project Number	PROJECT NAME	Through FY24	FY25*	FY25 Unspent	FY26	FY27	FY28	FY29	FY30	FY31-40	TOTAL
73274009	Data Consolidation	1,249	36	-	-	-	-	-	-	-	1,285
73274013	ERP Replacement	-	-	-	-	8,743	12,241	12,241	-	-	33,225
73274008	Small Capital Improvements, Software Upgrades & Enhancements	n/a	642	-	609	687	705	743	780	10,192	14,358
95274003	Small Capital Improvements, WU Computer Network Modernization	n/a	2,028	-	2,365	-	540	417	652	16,755	22,757
<b>TOTAL</b>		<b>1,249</b>	<b>2,706</b>	<b>-</b>	<b>2,974</b>	<b>9,430</b>	<b>13,486</b>	<b>13,401</b>	<b>1,432</b>	<b>26,947</b>	<b>71,625</b>

\*FY 2025 Adjusted Budget includes adopted budget plus budget adjustments

 FY 2024-25 Funds to be reappropriated

The following table shows funding requirements from each funding source for information technology capital improvements.

## Information Technology - Funding Sources (\$K)

Fund Number	FUND NAME	Through FY24	FY25*	FY25 Unspent	FY26	FY27	FY28	FY29	FY30	FY31-40	TOTAL
73	Information Technology Fund	1,249	678	-	609	9,430	12,946	12,984	780	10,192	48,868
61	Water Utility Enterprise Fund	n/a	2,028	-	2,365	-	540	417	652	16,755	22,757
<b>TOTAL</b>		<b>1,249</b>	<b>2,706</b>	<b>-</b>	<b>2,974</b>	<b>9,430</b>	<b>13,486</b>	<b>13,401</b>	<b>1,432</b>	<b>26,947</b>	<b>71,625</b>

 FY 2024-25 Funds to be reappropriated

<b>PROJECT</b>	<b>Data Consolidation</b>		
<b>PROGRAM</b>	Information Technology	<b>CONTACT</b>	Cecil Lawson
<b>PROJECT NO.</b>	73274009		clawson@valleywater.org



Data consolidation will reduce Valley Water's data footprint



Location Map

## PROJECT DESCRIPTION

This project implements improvements to data management to accomplish the following objectives:

- Provide and gain rapid insights using data analytics to solve complex business problems
- Reduce the overall data footprint

This project is anticipated to be completed and closed by June 30, 2025.

## OPERATING COST IMPACTS

See Appendix D for operating cost impacts.

**USEFUL LIFE:** 3-5 Years

SCHEDULE & STATUS

July 2015 to June 2025

Phase	Cost	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	FY 33	FY 34	FY 35
Plan												
Design												
Construct	1,285											
Closeout												
1,285		Total project cost may include expenditures not yet allocated to a specific phase.										

EXPENDITURE SCHEDULE

(in thousands \$)

	Actuals Thru	Planned Expenditures							Total
Project	FY24	FY25	FY26	FY27	FY28	FY29	FY30	Future	
73274009-Data Consolidation	1,017	268	0	0	0	0	0	0	1,285
with inflation	1,017	268	0	0	0	0	0	0	1,285
Actuals include project expenditures and encumbrances.									

FUNDING SCHEDULE

(in thousands \$)

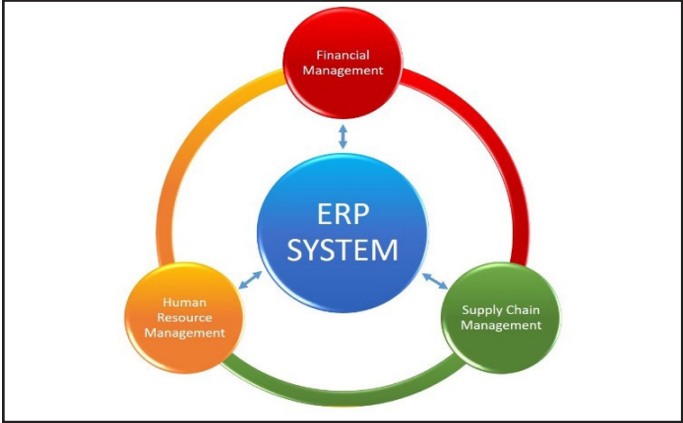
	Budget Thru	Adj. Budget	Est. Unspent	Planned Funding Requests						Total
Project	FY24	FY25		FY26	FY27	FY28	FY29	FY30	Future	
73274009-Data Consolidation	1,249	36	0	0	0	0	0	0	0	1,285
Adjusted Budget includes adopted budget plus approved budget adjustments.										

FUNDING SOURCES

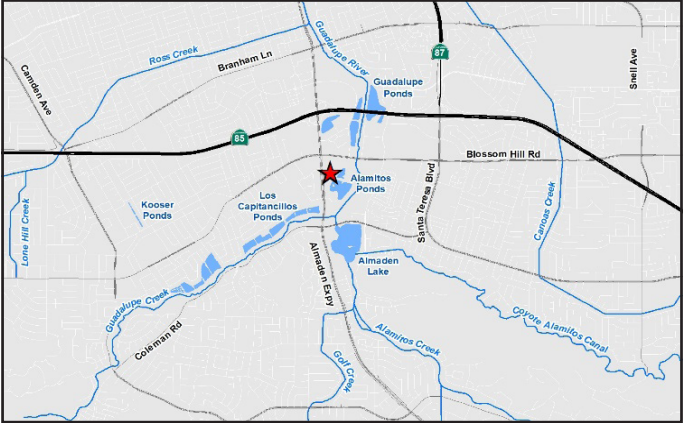
(in thousands \$)

SCVWD Information Technology Fund	1,285
Other Funding Sources	0
Total	1,285

<b>PROJECT</b>	<b>ERP Replacement</b>	
<b>PROGRAM</b>	Information Technology	<b>CONTACT</b> Cecil Lawson
<b>PROJECT NO.</b>	73274013	Clawson@valleywater.org



The new ERP system aims to increase operational efficiency



Location Map

★ Project Location

## PROJECT DESCRIPTION

The new Enterprise Resource Planning (ERP) system will enhance efficiency, improve usability, and support business operations. The project includes planning, system implementation, and integration. The new system will streamline processes, ensure regulatory compliance, and provide a stable, long-term solution for financial and operational management.

## OPERATING COST IMPACTS

See Appendix D for operating cost impacts.

**USEFUL LIFE:** 10 Years

SCHEDULE & STATUS

July 2026 to June 2029

Phase	Cost	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	FY 33	FY 34	FY 35
Plan	500											
Permits												
Design												
Construct	29,500											
Closeout												
30,000	Total project cost may include expenditures not yet allocated to a specific phase.											

EXPENDITURE SCHEDULE

(in thousands \$)

	Actuals Thru	Planned Expenditures								Total
Project	FY24	FY25	FY26	FY27	FY28	FY29	FY30	Future		
73274013-ERP Replacement	0	0	0	7,900	11,050	11,050	0	0		30,000
with inflation	0	0	0	8,743	12,241	12,241	0	0		33,225
Actuals include project expenditures and encumbrances.										

FUNDING SCHEDULE

(in thousands \$)

	Budget Thru	Adj. Budget	Est. Unspent	Planned Funding Requests							Total
Project	FY24	FY25		FY26	FY27	FY28	FY29	FY30	Future		
73274013-ERP Replacement	0	0	0	0	8,743	12,241	12,241	0	0		33,225
Adjusted Budget includes adopted budget plus approved budget adjustments.											

FUNDING SOURCES

SCVWD Information Technology Fund	33,225
Other Funding Sources	0
Total	33,225



<b>PROJECT</b>	<b>Small Capital Improvements, Software Upgrades &amp; Enhancements</b>		
<b>PROGRAM</b>	Information Technology	<b>CONTACT</b>	Cecil Lawson
<b>PROJECT NO.</b>	73274008		clawson@valleywater.org



Upgrade and enhancement of existing systems



Location Map

## PROJECT DESCRIPTION

This project provides upgrade and enhancement services to existing Valley Water systems, including the enterprise resource planning system, geographic information system, enterprise asset management software Maximo, the Oracle database management system, internal and external Valley Water websites, and related databases. Previously, software upgrades were budgeted to their individual respective maintenance and support projects. This new project aims to consolidate activities into a single project for better organization, planning and budgeting purposes.

The objective of this project is to regularly upgrade existing software packages to:

- Stay in compliance and reduce risks associated with being on a version that is no longer supported
- Leverage new functionalities of up-to-date software

## OPERATING COST IMPACTS

See Appendix D for operating cost impacts.

**USEFUL LIFE:** Not Applicable

SCHEDULE & STATUS

July 2015 to June 2040

Phase	Cost	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	FY 33	FY 34	FY 35
Plan	-											
Design												
Construct	9,671											
Closeout	-											
9,671	Total project cost may include expenditures not yet allocated to a specific phase.											

EXPENDITURE SCHEDULE

(in thousands \$)

	Actuals Thru	Planned Expenditures							Total
Project	FY24	FY25	FY26	FY27	FY28	FY29	FY30	Future	
73274008-Small Capital Improvements, Software Upgrades & Enhancements	n/a	642	609	620	600	600	600	6,000	9,671
with inflation	n/a	642	609	687	705	743	780	10,192	14,358
Actuals include project expenditures and encumbrances.									

FUNDING SCHEDULE

(in thousands \$)

	Budget Thru	Adj. Budget	Est. Unspent	Planned Funding Requests						Total
Project	FY24	FY25		FY26	FY27	FY28	FY29	FY30	Future	
73274008-Small Capital Improvements, Software Upgrades & Enhancements	n/a	642	0	609	687	705	743	780	10,192	14,358
Adjusted Budget includes adopted budget plus approved budget adjustments. Small Capital Improvement projects do not carry forward unspent funds from one fiscal year to the next. Unspent funds are returned to fund reserves at the close of each fiscal year and new funding is provided in the next fiscal year.										

FUNDING SOURCES

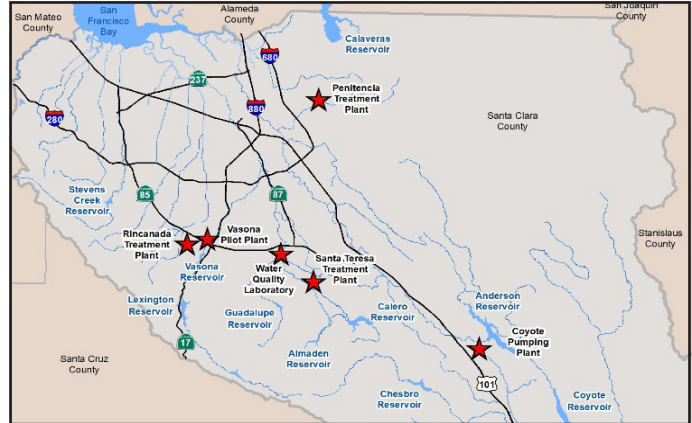
(in thousands \$)

SCVWD Information Technology Fund	14,358
Other Funding Sources	0
Total	14,358

<b>PROJECT</b>	<b>Small Capital Improvements, WU Computer Network Modernization</b>		
<b>PROGRAM</b>	Information Technology	<b>CONTACT</b>	Cecil Lawson
<b>PROJECT NO.</b>	95274003		clawson@valleywater.org



Replace and upgrade existing network structures



Location Map

★ Project Location

## PROJECT DESCRIPTION

This project plans, designs, and implements upgrades to the existing network to ensure that Valley Water has a current and robust computer network to accomplish the following objectives:

- Deliver greater access speeds
- Restore vendor maintenance
- Improve software application performance
- Provide a path to meet future data communications needs

## OPERATING COST IMPACTS

See Appendix D for operating cost impacts.

**USEFUL LIFE:** Not Applicable

## SCHEDULE & STATUS

July 2014 to June 2040

Phase	Cost	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	FY 33	FY 34	FY 35
Plan	-											
Design												
Construct	15,845											
Closeout												
	<b>15,845</b>	Total project cost may include expenditures not yet allocated to a specific phase.										

## EXPENDITURE SCHEDULE

(in thousands \$)

	Actuals Thru	Planned Expenditures							Total
Project	FY24	FY25	FY26	FY27	FY28	FY29	FY30	Future	
95274003-Small Capital Improvements, WU Computer Network Modernization	n/a	2,028	2,365	0	473	350	523	10,106	15,845
with inflation	n/a	2,028	2,365	0	540	417	652	16,755	22,757
Actuals include project expenditures and encumbrances.									

## FUNDING SCHEDULE

(in thousands \$)

	Budget Thru	Adj. Budget	Est. Unspent	Planned Funding Requests						Total
Project	FY24	FY25		FY26	FY27	FY28	FY29	FY30	Future	
95274003-Small Capital Improvements, WU Computer Network Modernization	n/a	2,028	0	2,365	0	540	417	652	16,755	22,757
Adjusted Budget includes adopted budget plus approved budget adjustments. Small Capital Improvement projects do not carry forward unspent funds from one fiscal year to the next. Unspent funds are returned to fund reserves at the close of each fiscal year and new funding is provided in the next fiscal year.										

## FUNDING SOURCES

(in thousands \$)

SCVWD Water Utility Enterprise Fund	22,757
Other Funding Sources	0
<b>Total</b>	<b>22,757</b>