



Wastewater Treatment



TRANSFORMING WASTEWATER TO RESOURCES



Recycled Water



Energy Production



Biosolids Reuse

# 5-Year (FY24/25-FY28/29) Capital Improvement Program

Board of Directors Meeting  
June 12, 2024

# 5-Year Capital Improvement Program (CIP) Development Schedule



**March 13, 2024**

Board received a staff report on Major Factors Impacting 5-year CIP Development

**May 8, 2024**

Board reviewed draft FY23/24-FY27/28 CIP

**June 12, 2024**

**CIP Public Hearing and Board Considers Final 5-year CIP Adoption**

Update Existing Project Scopes, Budgets, and Schedules

Solicit New Project Ideas to Address New Issues

Develop Scopes, Budgets, Schedules for Selected New Projects

Prioritize Existing and New Projects based on Key Criteria

Develop Funding Plan and Assess Rate Impacts

# District Strategic Plan (Aug 2021)

## Goal 1 Infrastructure Investment

Ensure the long-term effectiveness and reliability of critical District infrastructure through prioritized, cost-effective capital investment and maintenance

### Key Highlights

- Ensure effective capital project delivery (**engagement, lifecycle costs, risk assessments, lessons learned, defined roles and responsibilities**)
- Conduct and integrate **infrastructure condition assessment**, master planning, and CIP prioritization
- Develop **strategic, risk-based Asset Management Program**

### Goal 1 Infrastructure Investment (cont'd) DRAFT

Ensure the long-term effectiveness and reliability of critical infrastructure through prioritized, cost-effective capital investment and maintenance

#### STRATEGY NO. 3 Intero

##### Key Objectives

- Ensure the 5-yr infrastructure n
- Coordinate vari

#### STRATEGY NO. 4 Ens con

##### Key Objectives

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- Consider projec project alternat line" analyses,
- Conduct projec and design stuq, operational, and
- Integrate review including initial
- Ensure an effec
- Formalize roles and key statuq consistent with

#### Number of Master Pl

#### Meet Completion Scl

#### Actual Annual Capita

#### Construction Change

#### completed projects

#### Annual Number of M

### Goal 1 Infrastructure Investment DRAFT

Ensure the long-term effectiveness and reliability of critical infrastructure through prioritized, cost-effective capital investment and maintenance



**STRATEGY NO. 1** Identify existing infrastructure vulnerabilities and long-term planning considerations (e.g., service area growth, regulatory requirements, new technologies) that drive future investment in new and existing infrastructure

##### Key Objectives

- Conduct periodic infrastructure condition assessment activities and document findings in the wastewater conveyance ("linear assets," including pump stations, gravity sewers, and force mains) and treatment ("vertical assets," including WWTP, RWF) systems, using multi-faceted evaluation methods
- Prepare comprehensive master plans for major infrastructure focus areas that include infrastructure condition assessments, prioritized capital investment needs, service area growth considerations, and opportunities to improve operating effectiveness and efficiency through new processes or technology

**STRATEGY NO. 2** Meet operational needs, support reliability goals, and extend asset life through continued development and implementation of a formalized, risk-based Asset Management Program

##### Key Objectives

- Expand utilization of computerized maintenance management systems (CMMS) and formalized workflow changes to support reliability-based asset maintenance activities and data-driven decision making
- Utilize an action-based, strategic approach with clear goals, objectives, roles, and responsibilities to support successful Asset Management Program implementation



# Overview

## Proposed 5-year CIP

- **Current 5-year CIP (FY23/24-FY27/28) = \$139.1M**
- **Proposed 5-year CIP (FY24/25-FY28/29) = \$187.1M**
  - +\$48.0M increase
- **FY24/25 CIP Budget Request**
  - **Required FY24/25 CIP budget appropriation = \$19.5M**
  - **Estimated FY24/25 carryover expenditures = \$3.8M**
    - Note: Estimated carryover budget for FY24/25 = \$5.0M
  - **Estimated FY24/25 CIP expenditures = \$23.3M**



# Major Factors Impacting Proposed 5-year CIP Development



| Description   | Current CIP = \$139.1M | Prop. CIP = \$187.1M (+\$48.0M) | Key Drivers   |
|---|------------------------|---------------------------------|---|
| Secondary Process Improvements ( <b>Phase 1</b> )       | \$60M                  | <b>\$110M</b> (+\$50M)          | <ul style="list-style-type: none"> <li>Developed “Phase 1” with revised scope and cost to <b>support future nutrient removal</b></li> </ul>                                 |
| Cogeneration System Improvements                        | \$7M                   | <b>\$13.5M</b> (+\$6.5M)        | <ul style="list-style-type: none"> <li><b>Updated cost</b> based on detailed design activities, assumes <b>IRA tax credits</b> (\$6.5M)</li> </ul>                          |
| Antioch Pump Station and Conveyance System Improvements | \$18.5M                | <b>\$22.0M</b> (+\$3.5M)        | <ul style="list-style-type: none"> <li>Incorporating “alternative project delivery” (e.g., progressive design build); corridor study needed; <b>updated cost</b></li> </ul> |
| Debt Financing Assumption                               | \$30M                  | <b>\$53.9M</b> (+\$23.9M)       | <ul style="list-style-type: none"> <li>Mitigate rate impacts via <b>WIFIA loan</b> (favorable terms), potential bond issuance</li> </ul>                                    |

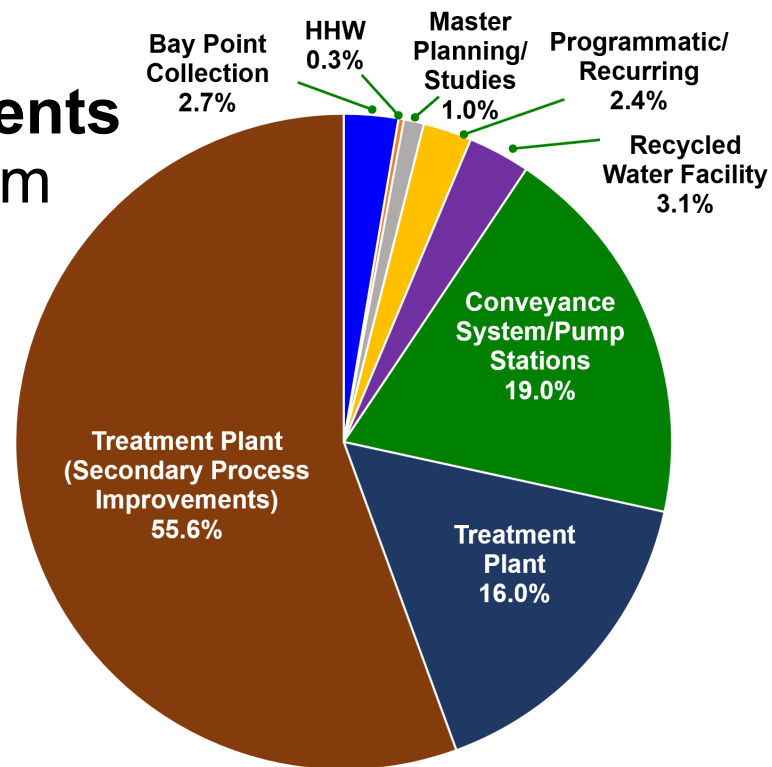
Staff has incorporated significant capital (+\$100M) into long-term term financial planning assumptions (Years 6-10) for **Secondary Process Improvements Phase 2** to meet **nutrient removal regulations**

# 5-Year CIP Highlights

## Planned Expenditures by Major Area

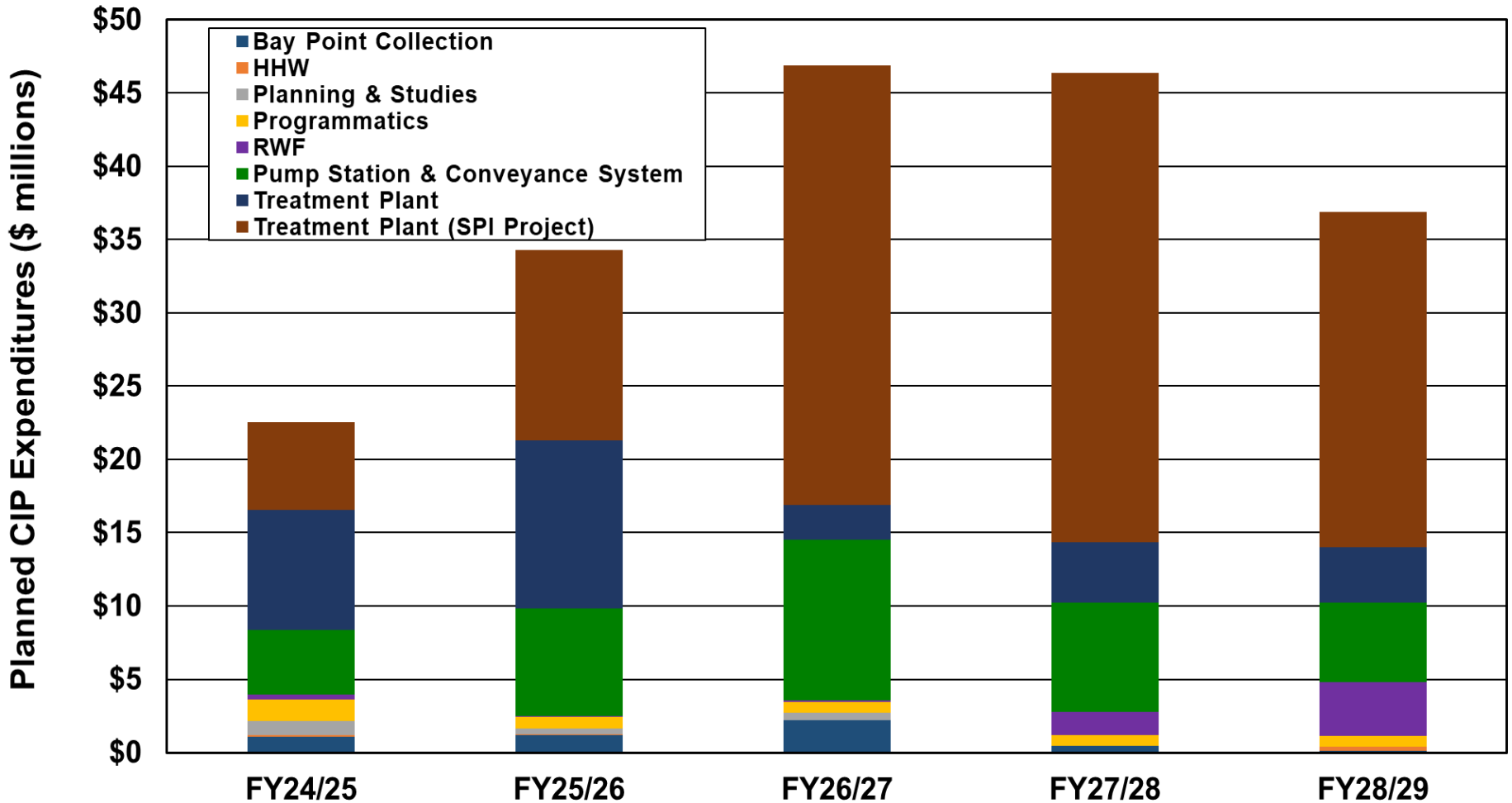


- Majority of CIP addresses **critical aging infrastructure needs** at WWTP (>72%) and conveyance system (19%)
- Progressing toward meeting new **regulatory requirements for nutrients** via \$20.7M in foundational, near-term investments (Secondary Process Improvements Phase 1)
- Added **six new projects** (\$6.7M)
- Continuing prioritized investment in **Bay Point collections** (\$5.0M)
- Planning for the future via five **master planning** efforts (\$1.9M)



# Proposed 5-year CIP Overview

## Planned Expenditures by Fiscal Year



# Recommended Board Actions

- Conduct and close public hearing on FY24/25-FY28/29 CIP, and consider testimony received
- Adopt a Resolution approving FY24/25-FY28/29 CIP
- Authorize General Manager to file a California Environmental Quality Act (CEQA) Notice of Exemption

