



# Proposed FY22/23-FY26/27 Capital Improvement Program

Finance Committee Meeting  
May 4, 2022



TRANSFORMING WASTEWATER TO RESOURCES

# CIP Development Process

## Financial Sustainability Guiding Principles



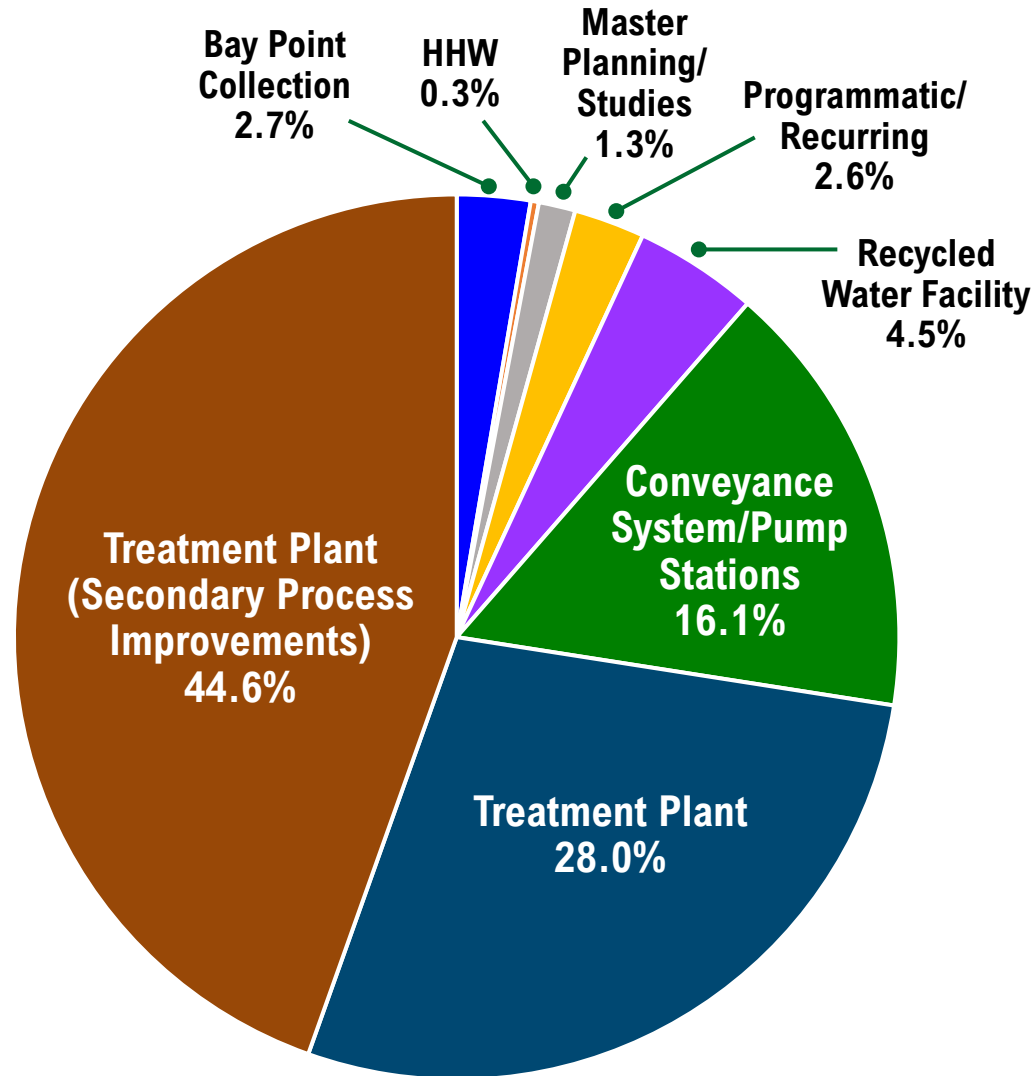
- Critically review operating budget each year to identify budget adjustment needs and opportunities
- **Ensure effective prioritization of a capital improvement program (CIP) that addresses critical infrastructure needs**
- Utilize a 5-year rate model to identify SSC revenue needed to meet cost projections without sharp rate increases
- **Maximize cash funding of CIP (vs. debt financing) to ensure lowest overall costs for District customers**
- Meet District policy to maintain minimum reserve balance
- Factor growth into SSC calculation each year to ensure equitable cost allocation across customers
- **Reserve future debt capacity for long-term nutrient management treatment plant upgrades**
- Maintain SSCs below average relative to peer agencies

# Proposed CIP Overview

- **Total planned 5-year CIP = \$135.9 million**
  - Supporting Strategic Plan implementation
  - Investing in existing wastewater infrastructure renewal
  - Addressing new infrastructure needs
  - Adapting to shifting project priorities and changes
  - Integrating key asset management principles
  - Driving organizational improvement
  - Planning for the future
- **FY22/23 CIP Budget Request**
  - **Required FY22/23 CIP budget appropriation = \$9.1M**
  - Estimated carryover budget for FY22/23 = \$7.7M
  - **Estimated FY22/23 CIP expenditures = \$16.8M**

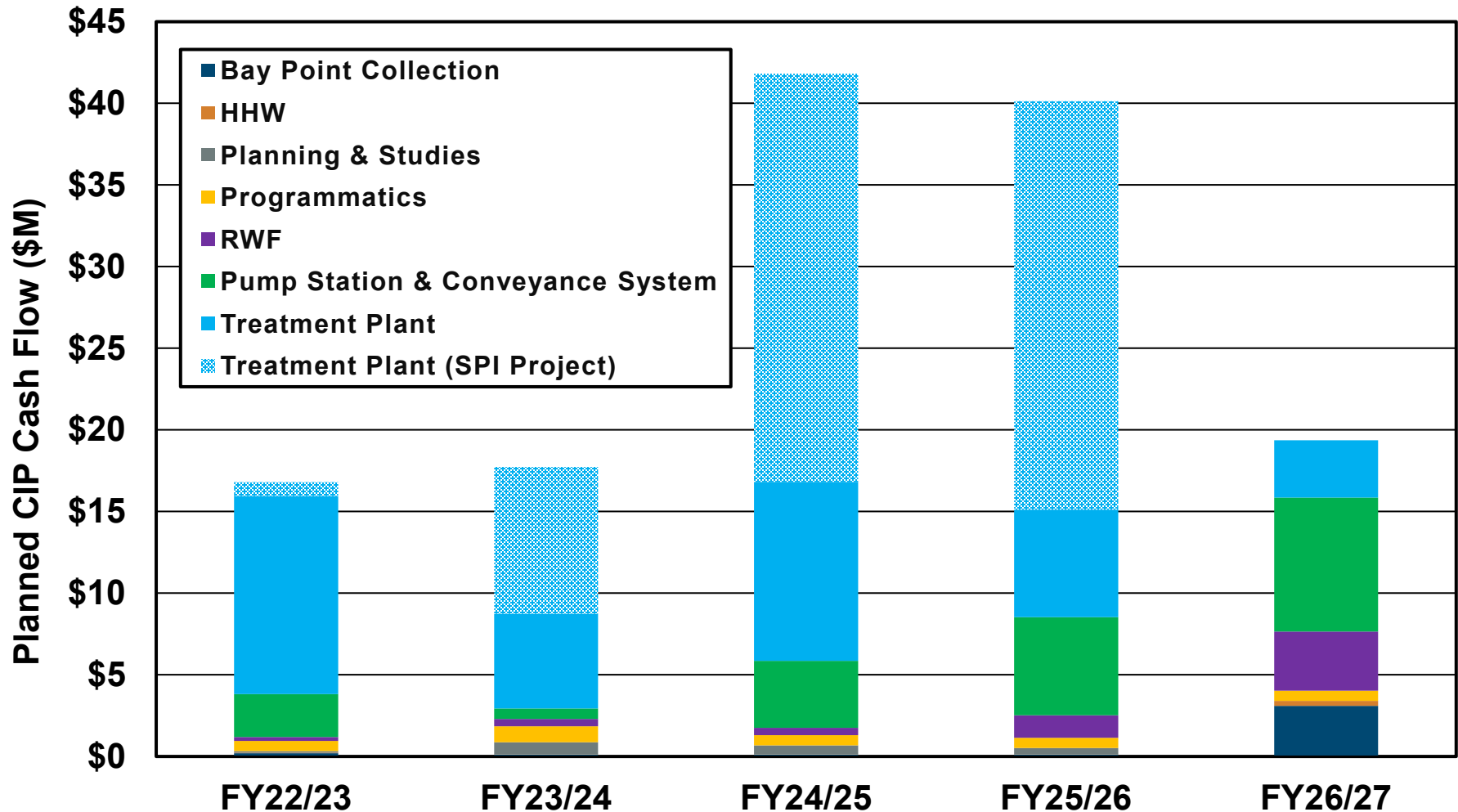
# Proposed 5-year CIP Overview

## Planned Expenditures by Major Area



# Proposed 5-year CIP Overview

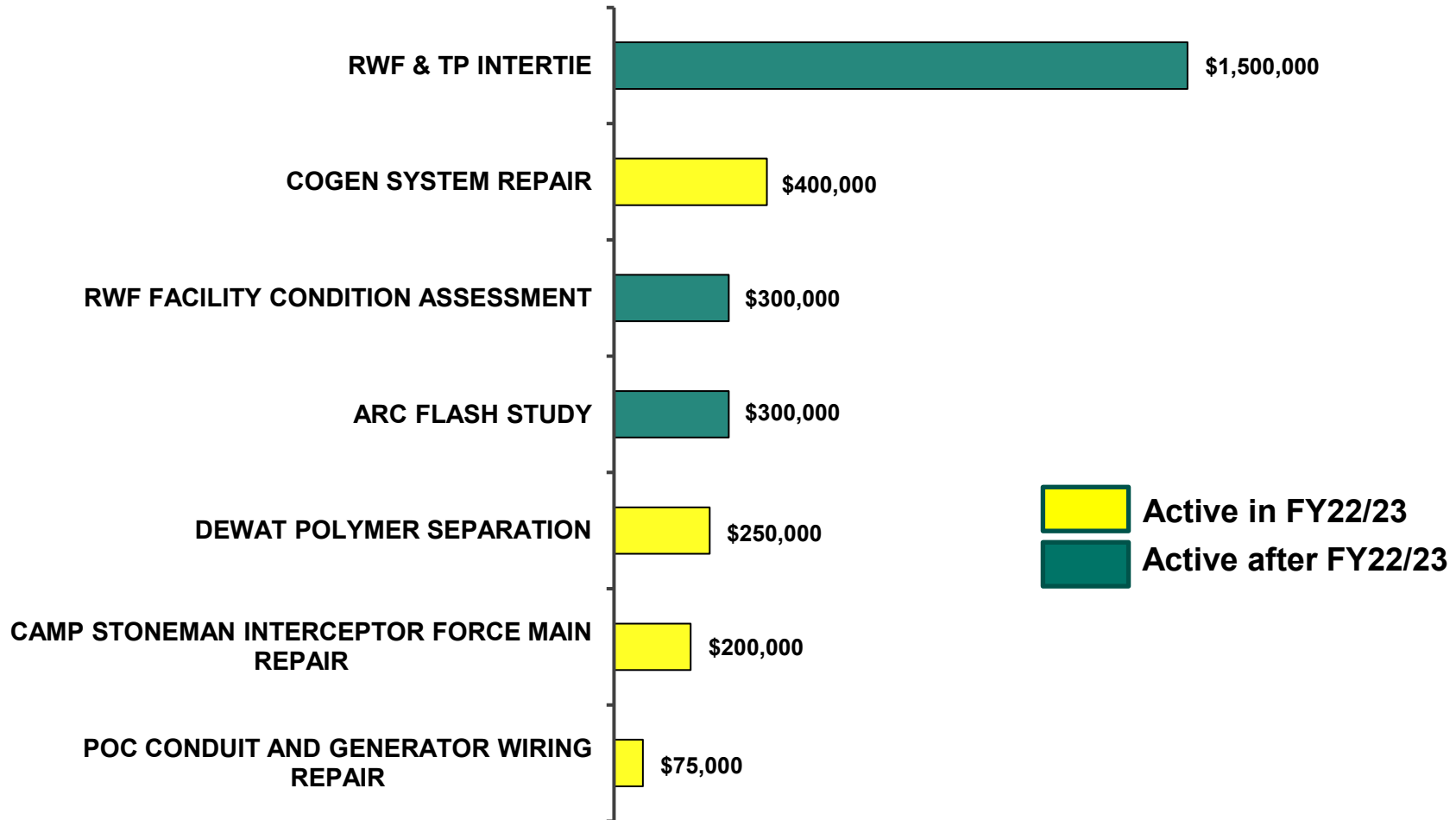
## Planned Expenditures by FY



# CIP Highlights

## *Addressing New Infrastructure Needs*

- Identified seven new projects within the 5-year CIP = \$3.0M



# CIP Highlights

## *Investing in Existing WW Infrastructure Renewal*



- 78% of the CIP total is allocated to support rehabilitation and/or replacement of existing critical wastewater infrastructure (WW Capital Asset Replacement Fund)

<b>Project</b>	<b>5-Year CIP Cost (\$M)</b>	<b>FY22/23 Budget (\$M)</b>
Antioch Pump Station and Conveyance System Improvements	17.6	-
WWTP Electrical Switchgear Replacement	6.0	6.0
Cogeneration Engine Improvements	5.0	0.3
Bridgehead Pipeline Replacement	1.3	1.3
Manhole, Gravity Interceptor, and Easement Road Improvements	1.5	1.5



# CIP Totals by Major District Fund

Fund	5-year CIP Total (\$M)	% of 5-year CIP Total
Wastewater		
Capital Asset	2.4	1.8
Capital Asset Replacement	<b>105.5</b>	77.6
Expansion	<b>13.1</b>	9.6
Advanced Treatment	<b>4.2</b>	3.1
Recycled Water		
Capital Asset	1.6	1.2
Capital Asset Replacement	4.2	3.1
Expansion	0.2	0.1
Bay Point Collection	4.2	3.1
HHW	0.5	0.4
<b>Total</b>	<b>\$135.9M</b>	<b>100%</b>



# CIP Highlights

## *Ensuring Integrity of BP Collection System*



- District owns/operates 43 miles of gravity sewers
  - Bay Point Sewer Repairs Phase 5 Project
    - \$3.0M included in FY26/27 to support inspection, repair, and rehabilitation of prioritized segments for ongoing compliance with 2013 River Watch Settlement Agreement
  - Unanticipated Bay Point Repairs and Manhole Adjustments Project
    - \$0.5M included for unanticipated failure(s) in collection system

# CIP Highlights

## *Planning for the Future*

- Five master planning efforts are included in proposed CIP to identify near- and long-term strategies, needs, and priorities

Description	Cost (\$M)	Schedule
Recycled Water Master Plan Update	0.3	FY23/24
Supervisory Control and Data Acquisition (SCADA) Master Plan	0.5	FY23/24
Arc Flash Study	0.3	FY24/25
Electrical System Master Plan	0.3	FY24/25
Biosolids Management Master Plan	0.4	FY25/26

# Next Steps

- Receive any comments from Finance Committee Today
- Present proposed CIP to Board and set Public Hearing date 5/11/22
- Conduct Public Hearing to consider CIP adoption 6/22/22

