



Wastewater Treatment



TRANSFORMING
WASTEWATER
TO RESOURCES



Recycled Water



Energy Production



Biosolids Reuse

Proposed FY25/26-FY29/30 Capital Improvement Program

Board of Directors Meeting
May 14, 2025

Overview

5-Year CIP Development



- ✓ **Infrastructure Investment**
 - Proposed 5-Year CIP = **\$238.1M (+\$51.0M)** from current \$187.1M CIP
 - Ensure renewal of **critical aging infrastructure** in **wastewater conveyance and treatment** systems—WWTP is over 43 years old
 - Expand WWTP capacity** to meet service area growth needs through 2050

- ✓ **New Regulatory Mandate**
 - In July 2024, SF Bay Regional Water Board implemented a **regulatory mandate** for all 37 Bay Area wastewater facilities to meet new **nutrient removal requirements**
 - District has identified a **\$145M in capital projects** to meet this **regulatory mandate** over next ten years

- ✓ **Fiscal Responsibility**
 - Maximize cash funding** of CIP to provide **lowest overall cost of capital** to customers—5-year CIP funding = **71% cash, 29% debt**
 - Incorporated **\$70M in debt issuance** in Year 2 of 5-year CIP

5-Year CIP Development Overview

Major Cost Impact Drivers



Description	Current CIP = \$187.1M	Proposed CIP = \$238.1M (+\$51M)	Key Drivers
Secondary Process Improvements (Phase 1)	\$104M	\$135.8M (+\$31.8M)	<ul style="list-style-type: none"> Total cost increase (\$110M to \$140.5M) due to design progress; supports regulatory mandate
Secondary Process Improvements (Phase 2)	\$0M	\$4.5M (+\$4.5M)	<ul style="list-style-type: none"> Total cost increase (\$100M to \$121M) due to design progress; meets regulatory mandate
Shore Acres Forcemain Repair	\$0M	\$9.0M (+\$9.0M)	<ul style="list-style-type: none"> Design and construction for permanent repair of Shore Acres Forcemain failure in Dec 2024
Cogeneration System Improvements	\$11.7M	\$17.3M (+\$5.6M)	<ul style="list-style-type: none"> Total cost increase (\$13.5M to \$20M); potential loss of federal IRA tax credits (\$6.5M)
Antioch Pump Station and Conveyance System Improvements	\$22.0M	\$22.3M (+\$0.3M)	<ul style="list-style-type: none"> Escalated construction cost estimate based on updated completion schedule (FY29/30)
Manhole, Gravity Interceptor, and Easement Road Improvements Phase 2	\$11.0M	\$13.7M (+\$2.7M)	<ul style="list-style-type: none"> Escalated construction cost estimate based on updated completion schedule (FY28/29)

These six critical, high-priority projects comprise 85% of proposed 5-year CIP

Critical, High Priority 5-Year CIP Projects Drive Revenue Needs



Critical, high-priority projects comprise 85% of the proposed 5-year CIP

- Four projects are in design, one is in construction

			Manhole, Gravity Interceptor, Easement Rd		All Other CIP Projects (50)
		Antioch Pump Station and Conveyance System	Cogen System	Shore Acres Forcemain	
Secondary Process					
\$140.3M	\$22.3M	\$17.3M	\$13.7M	\$9.0M	\$35.6M

Phase 1 (\$135.8M)

- Addresses critical aging infrastructure needs
- Expands WWTP capacity to meet service area growth needs
- Implements foundational infrastructure improvements to support future nutrient removal

Phase 2 (\$4.5M in 5-year CIP, \$116.5M in Years 6-10)

- Implements necessary WWTP infrastructure improvements to meet nutrient removal regulatory mandate from SF Bay Regional Water Quality Control Board (10-year compliance schedule)

- Three projects address critical aging infrastructure renewal needs in wastewater conveyance system
- Cogen Project provides energy resiliency, digester heating, regulatory compliance benefits at WWTP with 20-year payback period (in construction)

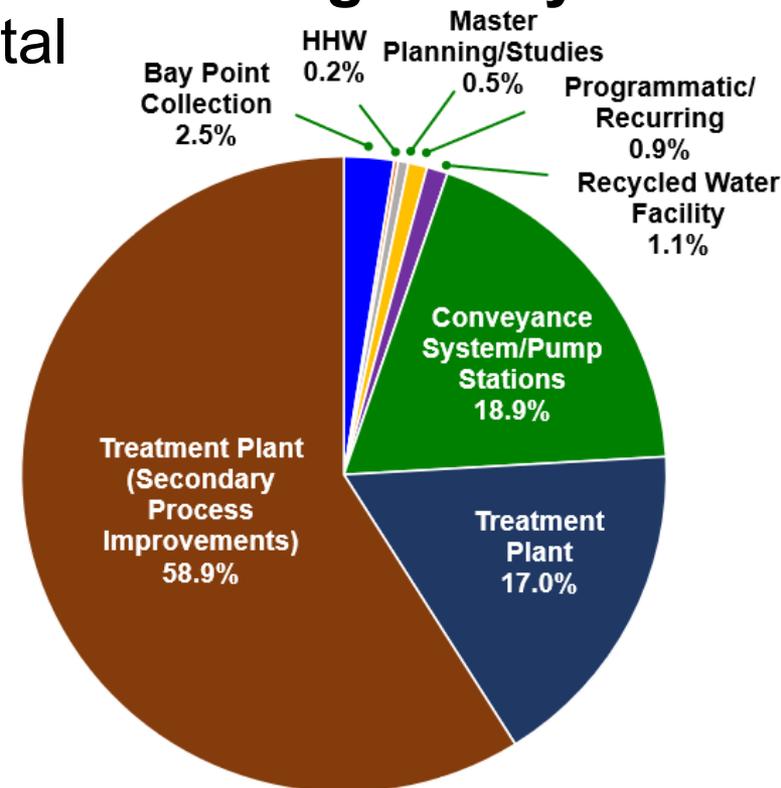
Deferred some lower priority projects outside 5-year CIP window

5-Year CIP Highlights

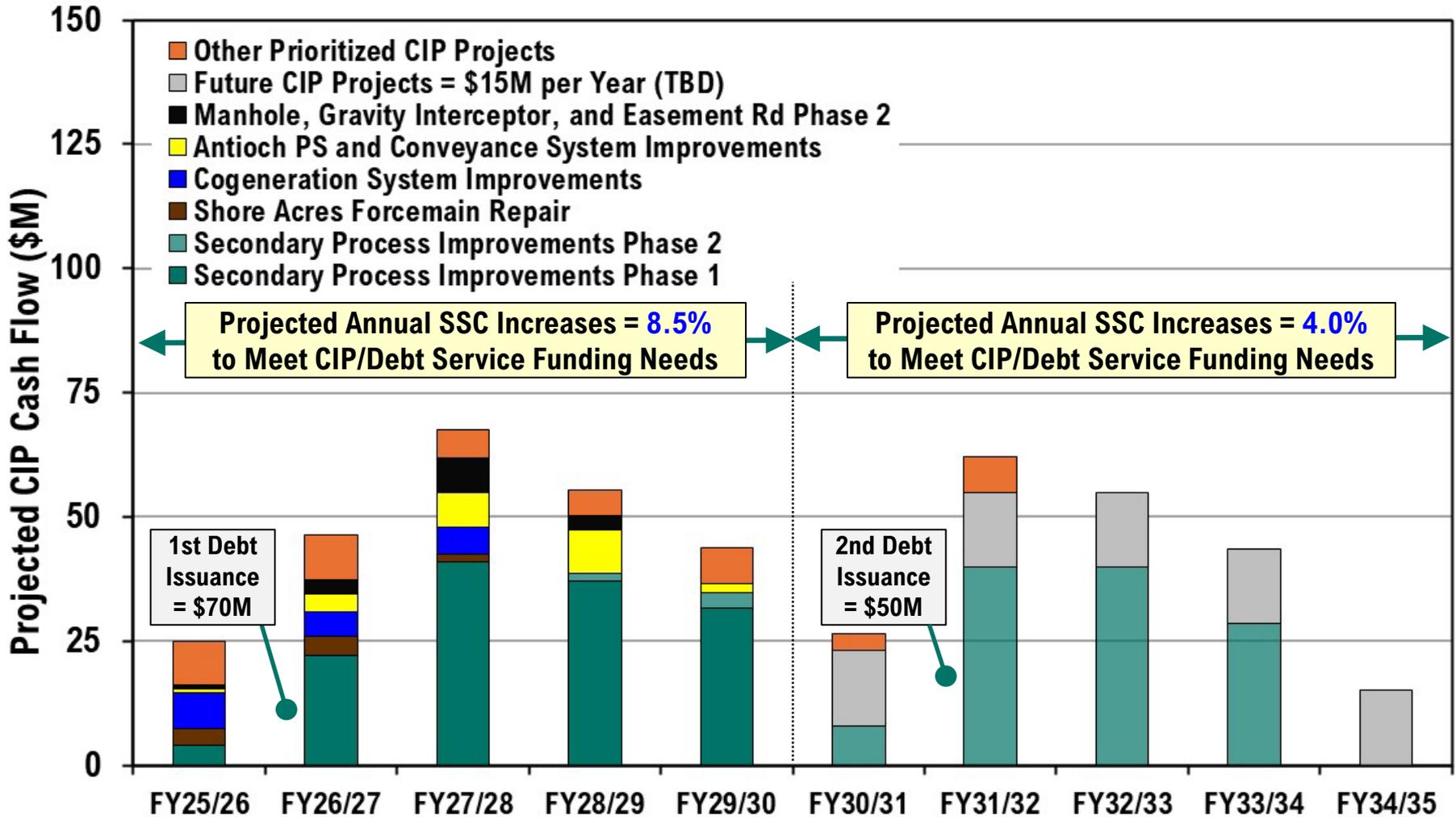
Planned Expenditures by Major Area



- CIP addresses critical aging infrastructure and capacity needs at WWTP (~76%) and conveyance system (~19%)
- Meeting challenge of new **nutrient removal regulatory mandate**—identified \$145M in capital projects over next ten years with foundational improvements in near term (\$24.4M)
- Only **five new projects** (\$1.1M)
- Continuing prioritized investment in **Bay Point collections** (\$6.0M)
- Planning for future via five **master planning** efforts (\$1.2M)



5-Year CIP Planned Expenditures (w/Estimates for Years 6-10)



Overview

Proposed 5-year CIP Budget



- District is implementing a two-year budget development and approval process
 - Biennial FY25/26-FY26/27 Budget will be submitted to Board this year, including Operating and Capital Budget needs
- FY25/26 CIP Budget Appropriation Request = \$20.4M
 - Estimated FY25/26 CIP expenditures = \$24.9M
- FY26/27 CIP Budget Appropriation Request = \$46.4M
 - Estimated FY25/26 CIP expenditures = \$46.4M

Upcoming Board Meetings SSC, CIP, and Budget Development



March 2025	<ul style="list-style-type: none">• 3/5 Fin Comm: Major Factors Impacting 5-Year CIP Development and SSC Financial Assumptions• 3/12 Review Major Factors Impacting 5-year CIP Development and SSC Financial Assumptions
April 2025	<ul style="list-style-type: none">• 4/9 Review Update to Major Factors Impacting SSC Financial Assumptions• 4/23 Review Proposed SSCs, Set Public Hearing, Approve Prop. 218 Notice
May 2025	<ul style="list-style-type: none">• 5/7 Fin Comm: Review Draft 5-Year CIP, FY25/26-26/27 Operating Budget Assumptions• 5/14 Review Draft 5-year CIP, Set Public Hearing Review FY25/26-26/27 Operating Budget Assumptions
June 2025	<ul style="list-style-type: none">• 6/26 Conduct 5-year CIP Public Hearing, Consider Approval Conduct SSC Public Hearing, Consider Approval, Authorize Collection Consider FY25/26-26/27 Budget Approval



Recommended Board Actions

- Provide comments on proposed FY25/26-FY29/30 CIP
- Set Public Hearing for June 26, 2025, at 5:30 pm to consider approval of FY25/26-FY29/30 CIP

