



Proposed FY22/23-FY26/27 Capital Improvement Program

Board of Directors Meeting
May 11, 2022



TRANSFORMING WASTEWATER TO RESOURCES

Overview

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 5-year CIP



- **Proposed 5-year CIP (FY22/23-FY26/27) = \$135.9M**
 - 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
- **Current 5-year CIP (FY21/22-FY25/26) = \$127.0M**
 - Proposed 5-year CIP = +\$8.9M increase
- **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

Major Drivers Impacting Development of Proposed 5-yr CIP (Mar 2022 Update)



Wastewater Collection System

- Most of Bay Point system is in “fair to good” condition
- Address infrastructure needs via Bay Point Sewer Repair Phase 5 Project (**\$3.0M**) for ongoing compliance with 2013 River Watch Settlement Agreement

Wastewater Conveyance System

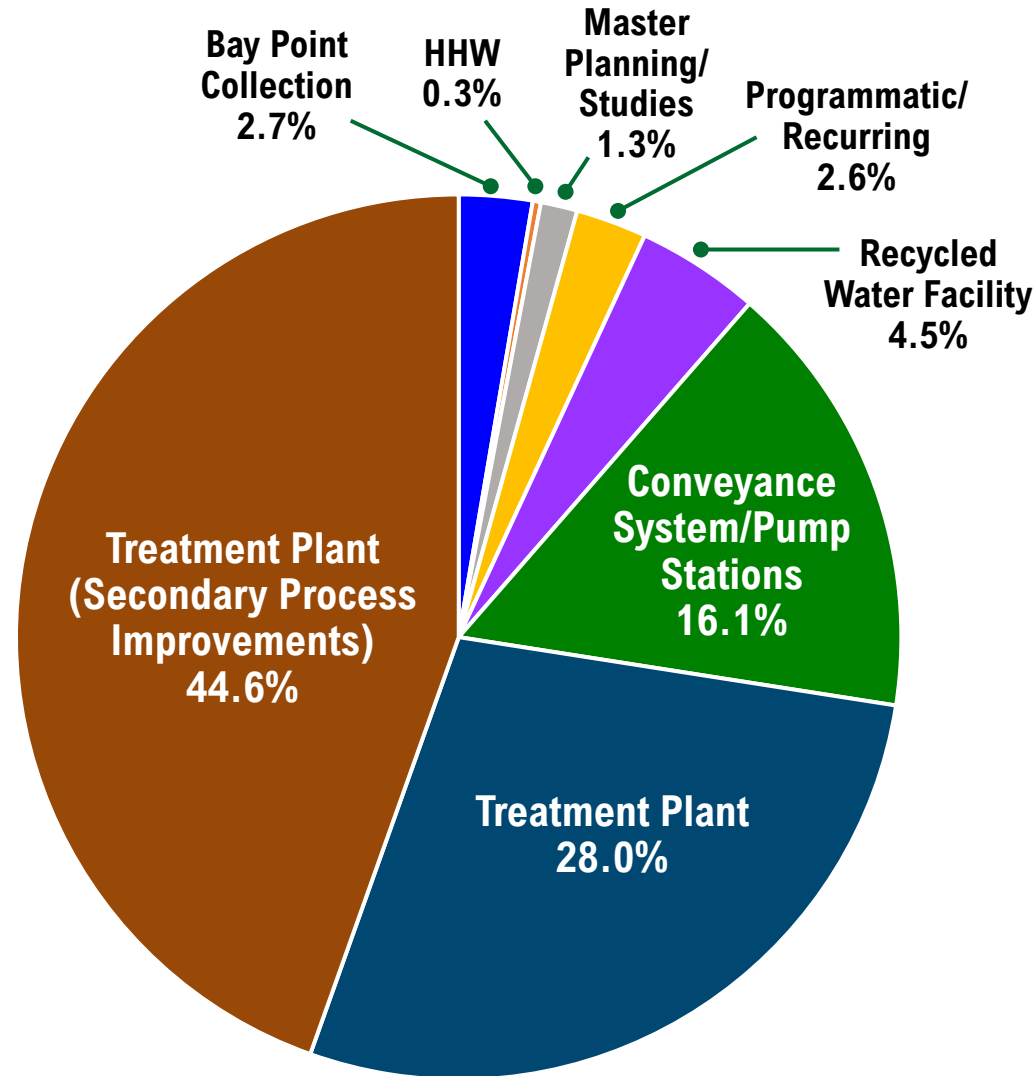
- Significant cost increase for Antioch PS and Conveyance System Improvements (**\$18.5M**, +\$9.5M increase)
- Bridgehead Pipeline Replacement (**\$3.5M**)
- Manhole, Gravity Interceptor, Easement Roadway Improvements (**\$1.5M**)—includes **condition assessment**

Wastewater Treatment Plant

- Complete Switchgear Replacement Project (**\$6.0M**)
- Initiate Digester Gas Handling and Cogeneration Engine Improvements (**\$7.0M**)
- Address significant regulatory compliance vulnerability via Secondary Process Improvements (**\$60M**)

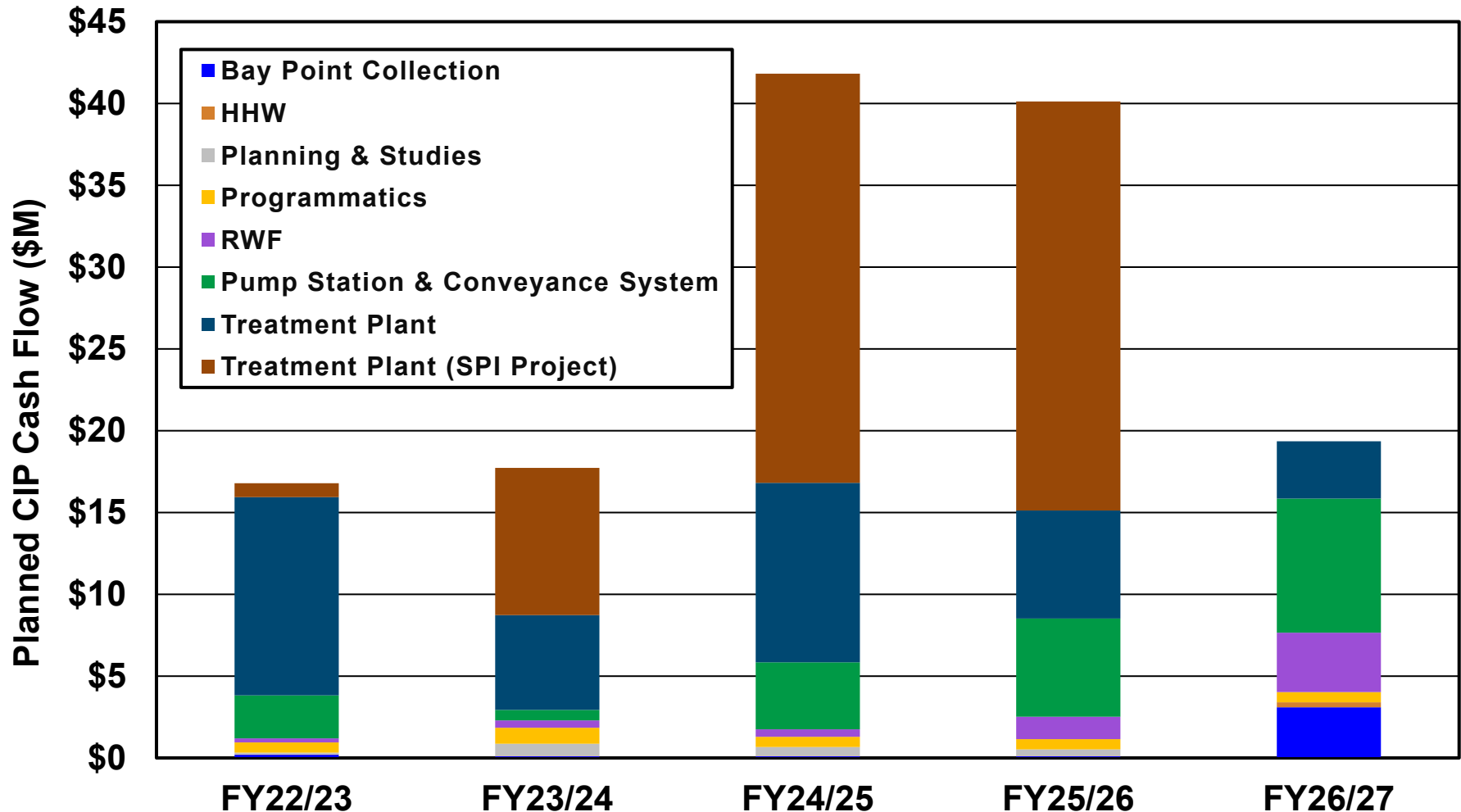
Proposed 5-year CIP Overview

Planned Expenditures by Major Area



Proposed 5-year CIP Overview

Planned Expenditures by FY



5-Year CIP Highlights

- ***Investing in Existing Wastewater Infrastructure Renewal***
 - 78% of the total CIP total is allocated to rehabilitation and/or replacement of **critical wastewater infrastructure**
- ***Addressing New Infrastructure Needs***
 - CIP includes seven new, prioritized projects totaling \$3.0M
 - \$1.5M for Recycled Water Facility and WWTP interconnection to support **regulatory compliance** objectives during potential WWTP process upset events
 - \$0.4M for overhaul of existing cogeneration engine to support **resource recovery** via on-site power generation (meets ~60% of WWTP needs)
- ***Planning for the Future***
 - CIP includes **five master plans** totaling \$1.8M to identify strategic considerations and guide prioritized infrastructure investment in recycled water, process control, electrical, and biosolids focus areas

Recommended Board Actions

- Receive and provide comments on proposed FY22/23-FY26/27 CIP
- Set Public Hearing for June 22, 2022 at 5:30 p.m. to consider approval of the final FY22/23-FY26/27 CIP

