



5-Year (FY21/22-FY25/26) Capital Improvement Program

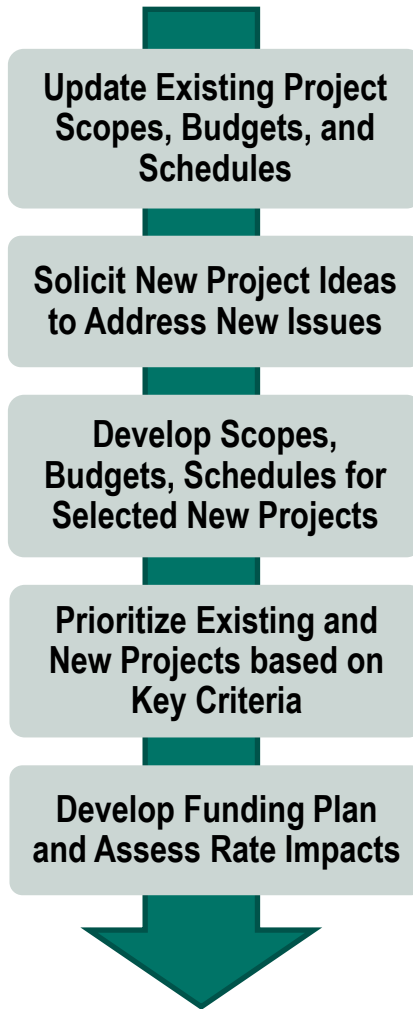
Board of Directors Meeting
June 9, 2021



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

Presented draft 5-Year CIP for review on May 12, 2021

CIP Overview

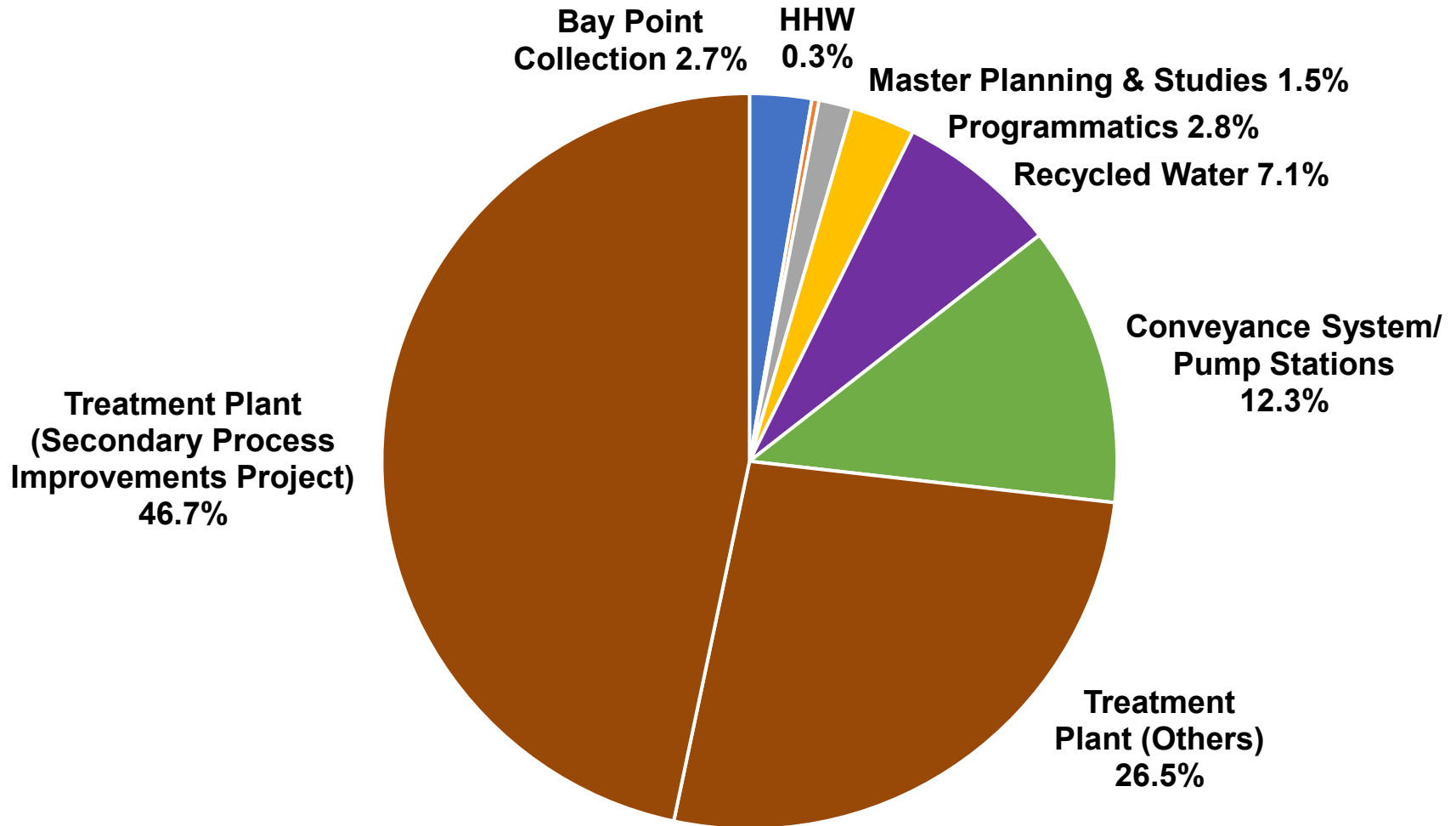
- Total planned 5-year CIP = \$127 million
 - ① Addressing New Infrastructure Needs
 - ② Investing in Existing Wastewater Infrastructure Renewal
 - ③ Incorporating Secondary Process Improvements Project
 - ④ Ensuring Integrity of Bay Point Collection System
 - ⑤ Planning for the Future

- FY21/22 CIP Budget Request
 - **Required FY21/22 CIP budget appropriation =** **\$12.9M**

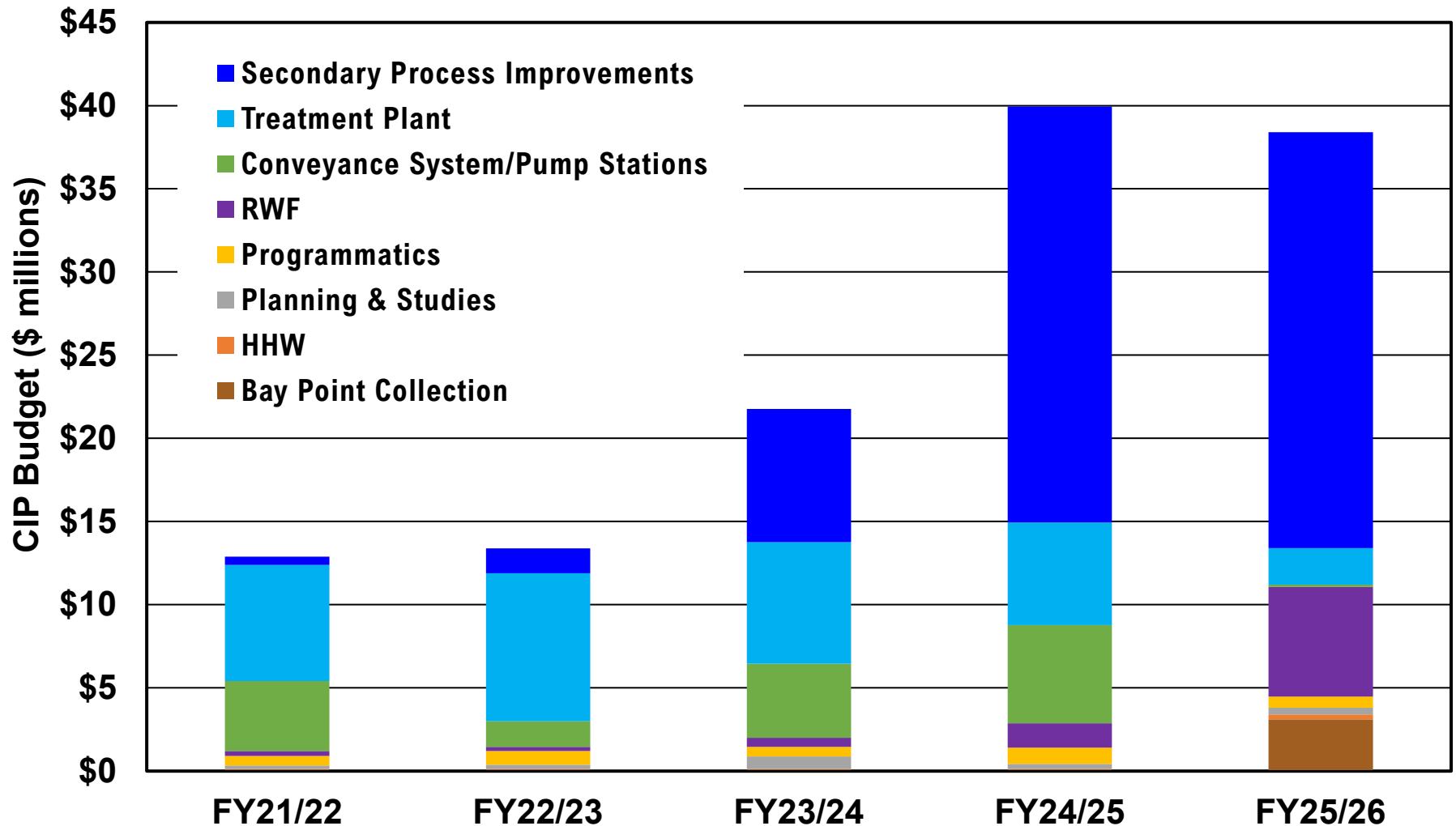
 - Available budget through FY20/21 = \$34.0M
 - Anticipated expenditures in FY20/21 = (\$27.5M)
 - Anticipated remaining budget at end of FY20/21 = \$6.5M
 - Estimated budget not carried forward to FY21/22 = (\$0.7M)
 - Estimated carryover budget for FY21/22 = **\$5.8M**
 - **Estimated FY21/22 CIP expenditures =** **\$18.7M**

5-year CIP Overview

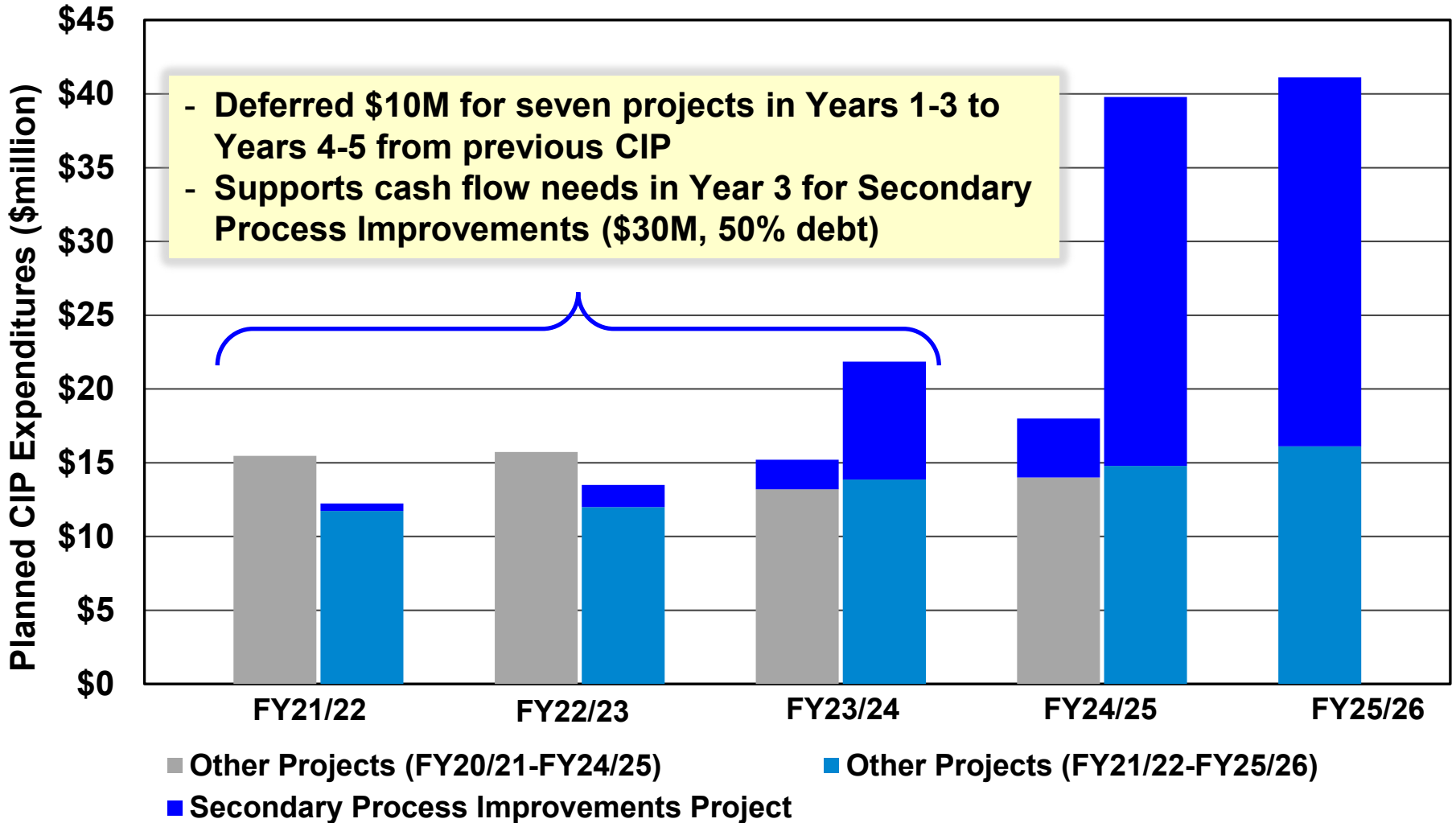
Planned Expenditures by Major Area



5-year CIP Planned Budget by Area/Year



Existing Project Deferral and New \$60M Secondary Process Improvements



5-Year CIP Highlights

① Addressing New Infrastructure Needs

- Identified 16 new RRFMP projects within the 5-year CIP = \$10M



5-Year CIP Highlights (cont'd)



Focus Areas	Key Actions
<p>② <i>Investment in Existing Wastewater Infrastructure Renewal</i></p>	<p>✓ 79% of the CIP total is allocated to support rehabilitation and/or replacement of existing critical wastewater infrastructure (WW Capital Asset Replacement [WW CAR] Fund)</p>
<p>③ <i>Incorporating Secondary Process Improvements</i></p>	<p>✓ \$60M project to address regulatory compliance vulnerability associated with potential loss of critical infrastructure and treatment capacity, ensure compatibility with future nutrient management, and accommodate service area growth through 2040</p> <ul style="list-style-type: none"> • Cost allocation: WW CAR (78%), WW Expansion (16%), Advanced Treatment (6%)
<p>④ <i>Ensuring Integrity of Bay Point Collection System</i></p>	<p>✓ District owns/operates 43 miles of gravity sewers</p> <ul style="list-style-type: none"> • \$0.75M for unanticipated collection system failure(s) • \$3.0M to support prioritized inspection, repair, and rehab and continued compliance with 2013 River Watch Settlement Agreement
<p>⑤ <i>Planning for the Future</i></p>	<p>✓ Five master planning efforts (\$1.8M) to continue identifying strategies, needs, and priorities</p>

Recommended Board Actions

- Conduct a Public Hearing on FY21/22 – FY25/26 CIP
- After Receiving Public Comments, Consider:
 - Approving FY21/22 – FY25/26 CIP, and
 - Authorizing General Manager to File a California Environmental Quality Act (CEQA) Notice of Exemption

