

## Board of Directors Workshop



Proposed Biennial Budget for FYs 2024/25 and 2025/26; Proposed Water Rates and Charges for Calendar years 2025 and 2026; Overview of Rates and Charges; Ten-Year Forecast

Workshop #2

Item 5a.1

February 27, 2024

# Budget Workshop #2

## Item 5a.1

### Subject

Proposed Biennial Budget for FYs 2024/25 and 2025/26; Proposed Water Rates and Charges for Calendar years 2025 and 2026; Overview of Rates and Charges; Ten-Year Forecast

### Purpose

Provide information to enable April Board action on Proposed Biennial Budget for FYs 2024/25 and 2025/26, Proposed Water Rates and Charges for Calendar years 2025 and 2026, and Ten-Year Forecast

### Next Steps

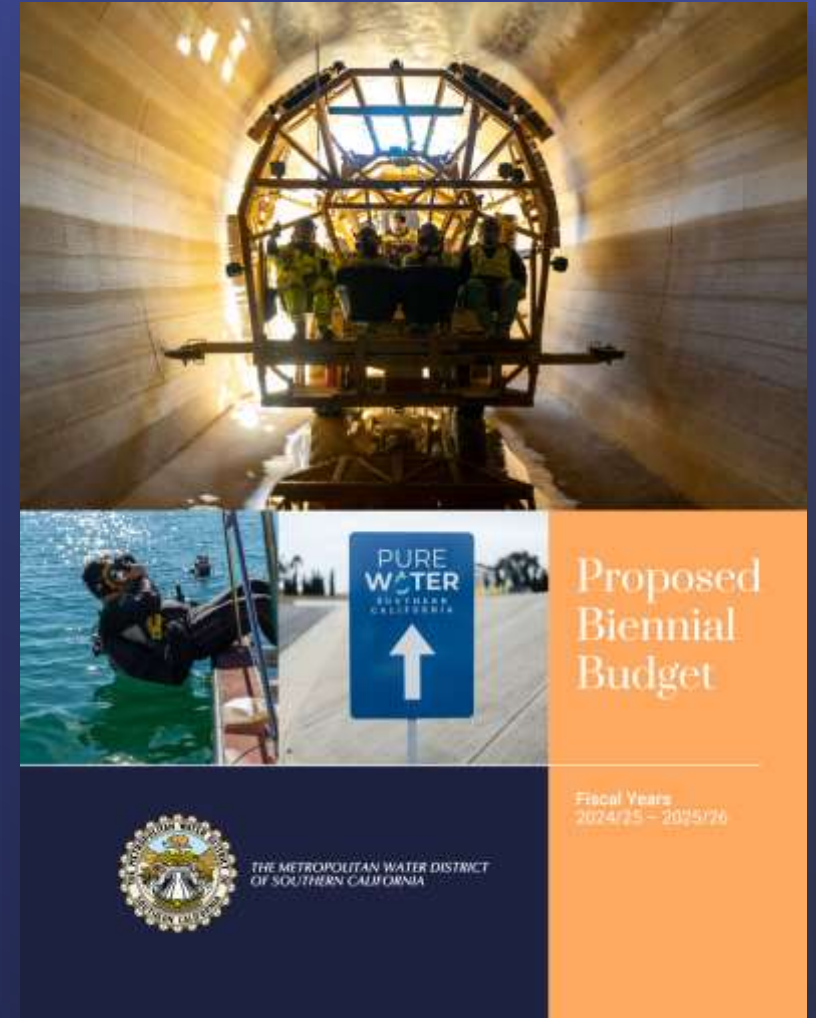
FAIRP Committee Workshop #3 March 12, 2024

# Proposed Biennial Budget Workshop #2

## Capital Investment Plan Follow-up from Workshop #1

- Budgeted Water Transactions
- Lower Water Sales Scenarios
- Staffing
- Treatment Questions
- Other Question and Information

## Next Steps



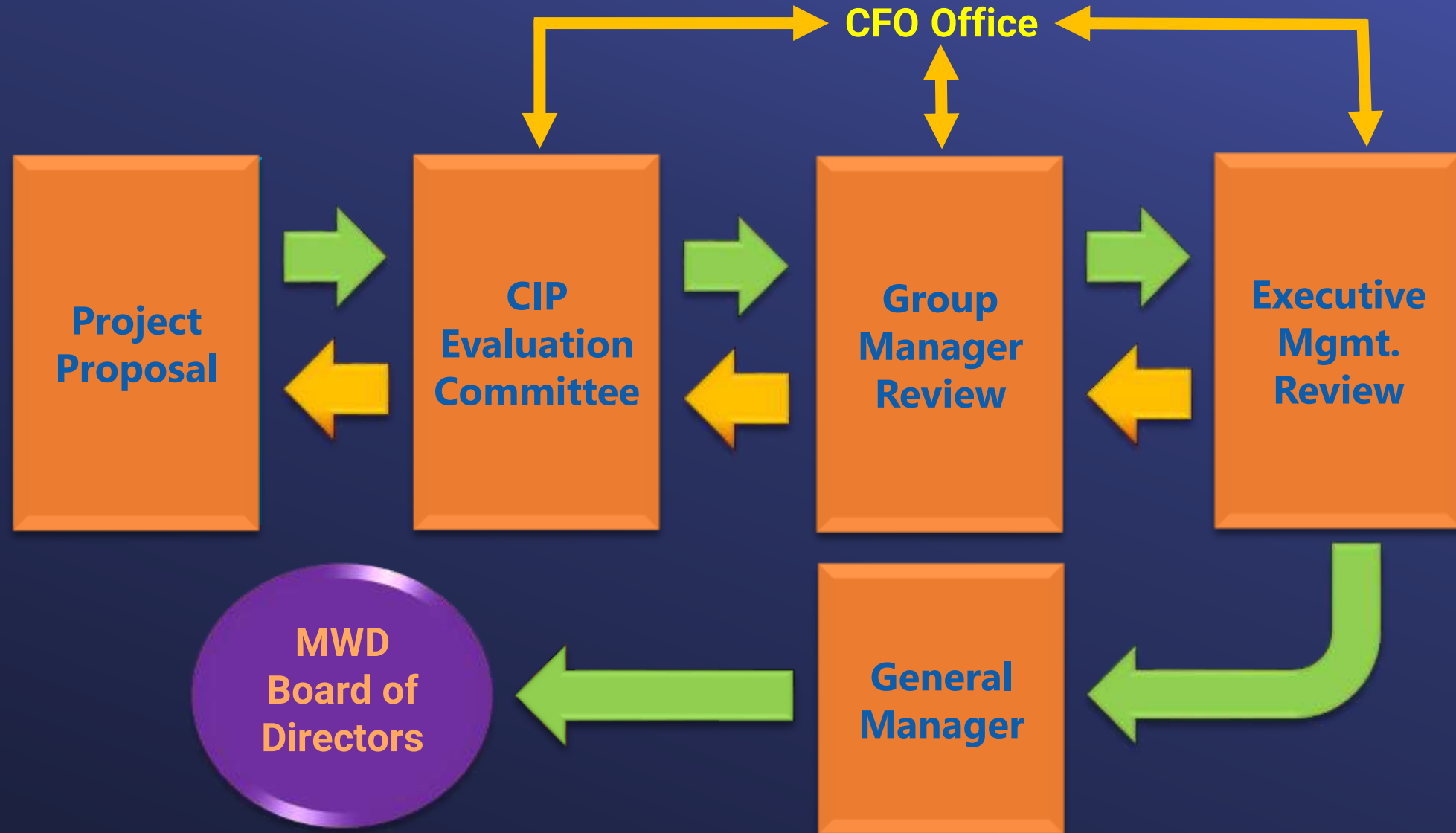
# Capital Investment Plan Presentation Overview

- CIP budget development process
- Overview of proposed CIP
- CIP highlights for next biennium
- Proposed CIP budget and planned board actions
- Responses to Director questions

# Development of CIP – Closely linked to Metropolitan’s Strategic Plan



# CIP Development Process



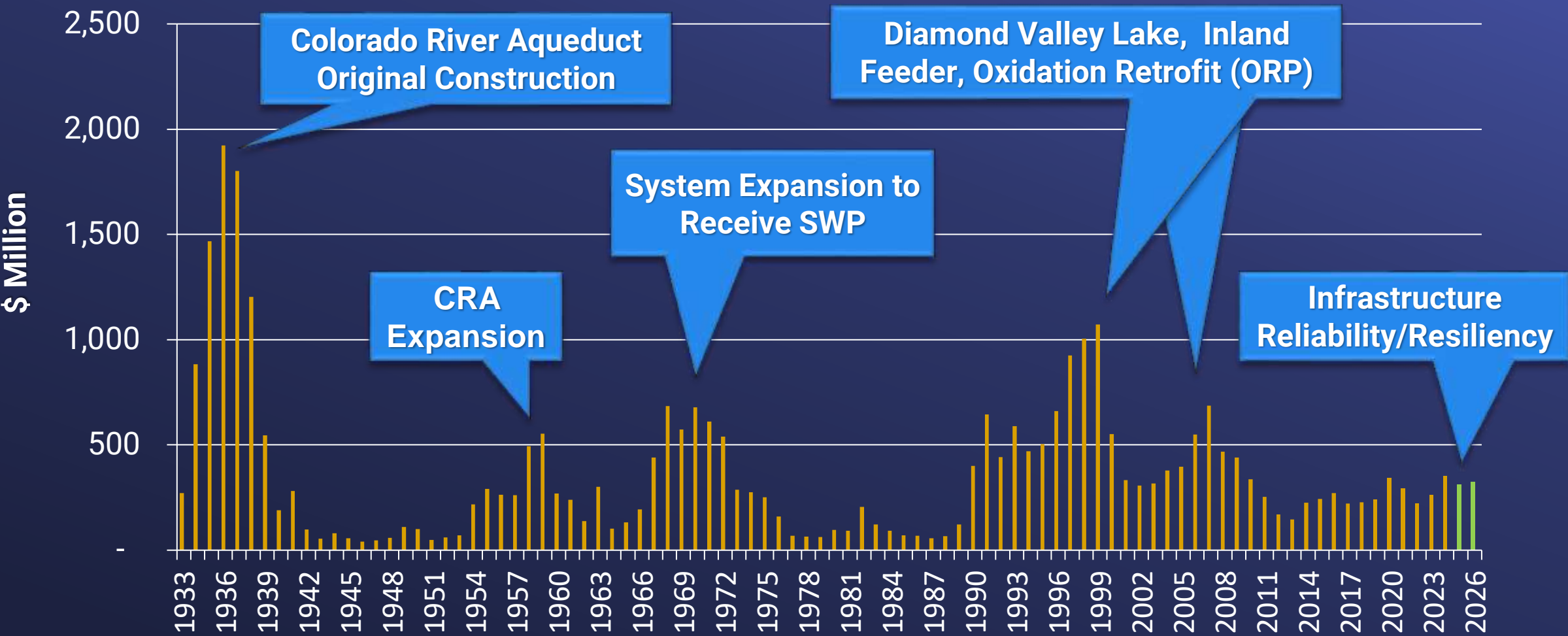


# Project Evaluation & Scoring

- Prioritizing projects to enhance infrastructure resiliency
  - Infrastructure/process reliability, resiliency, and flexibility
  - Regulatory Compliance
  - Safety/Security
  - Equipment/Software Replacements
- Other projects
  - Sustainability (e.g., zero emissions fleet infrastructure)
  - Cost efficiency & productivity (e.g., supplier portal implementation)
  - Stewardship (e.g., DVL recreation)

# Historical Capital Expenditures

(Adjusted to Current \$)





# CIP Program Reorganization – 13 to 10 Programs

Colorado River Aqueduct Reliability

Cost Efficiency & Productivity

Dams & Reservoirs Improvements

Distribution System Reliability

District Housing & Property Improvements

Minor Capital Projects

PCCP Rehabilitation

Regional Recycled Water

Right-of-Way & Infrastructure Protection

System Flexibility/Supply Reliability

System Reliability

Treatment Plant Reliability



Climate Adaptation

Drought Mitigation – SWP Dependent Areas

Information Technology & Control Systems

Other Facilities & Systems

Colorado River Aqueduct

Dams & Reservoirs

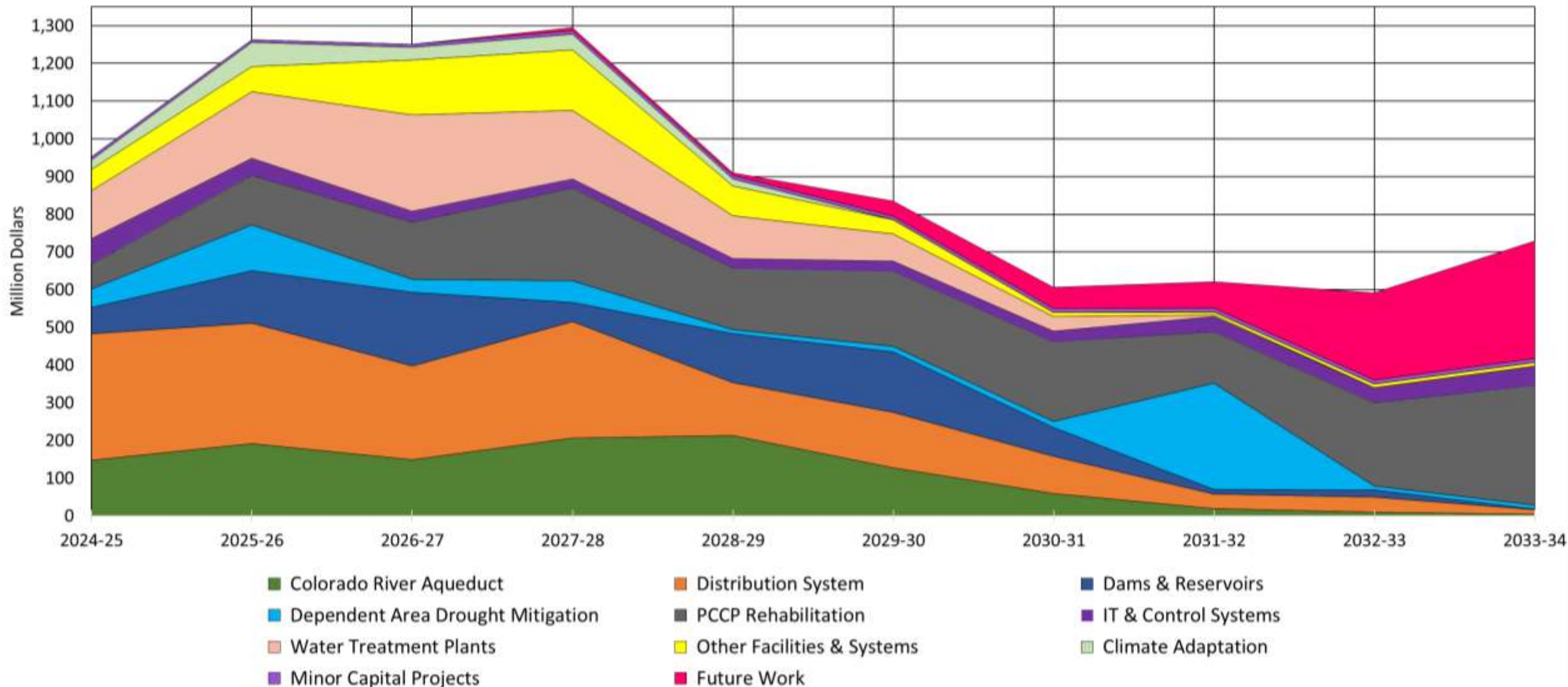
Distribution System

Minor Capital Projects

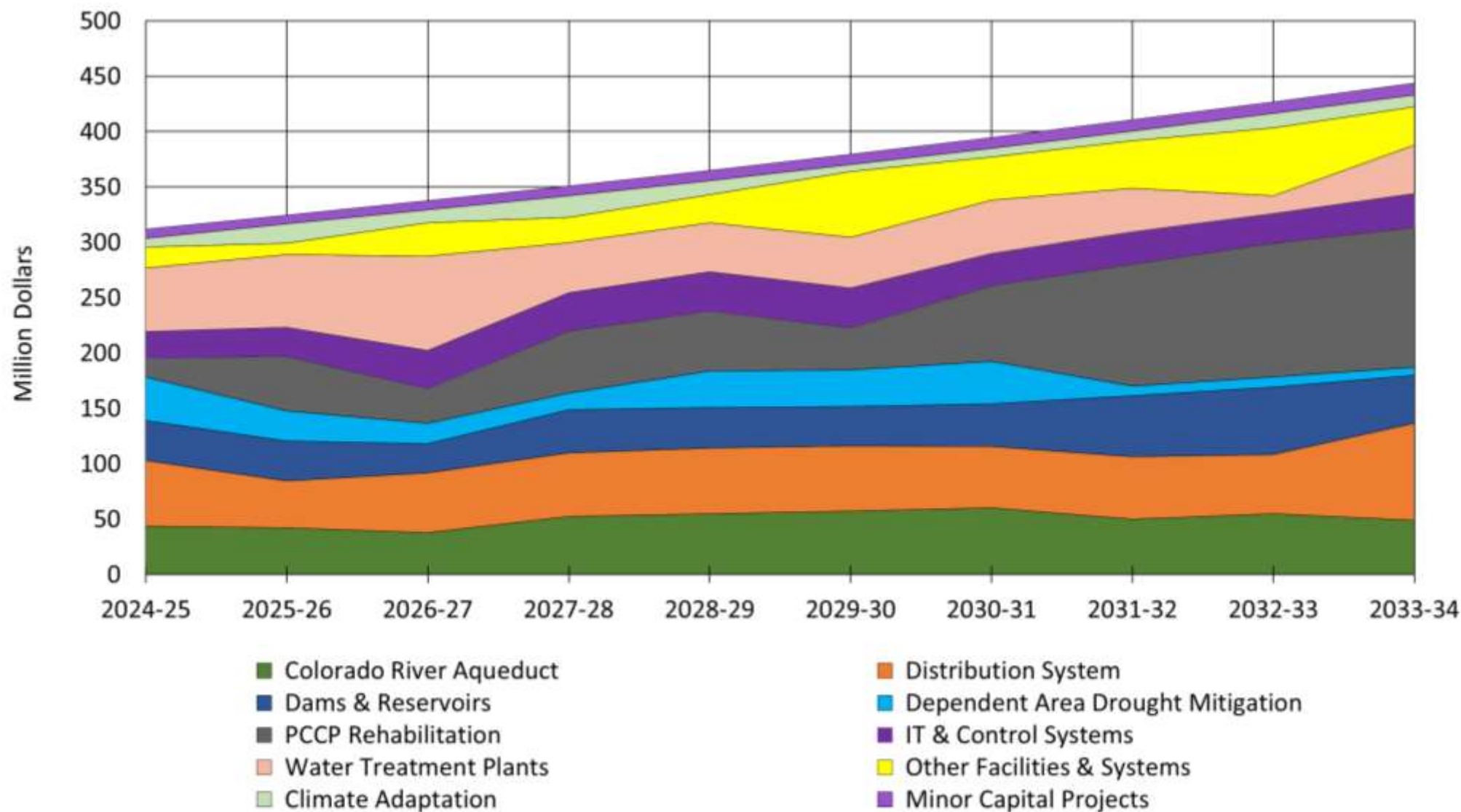
PCCP

Water Treatment Plants

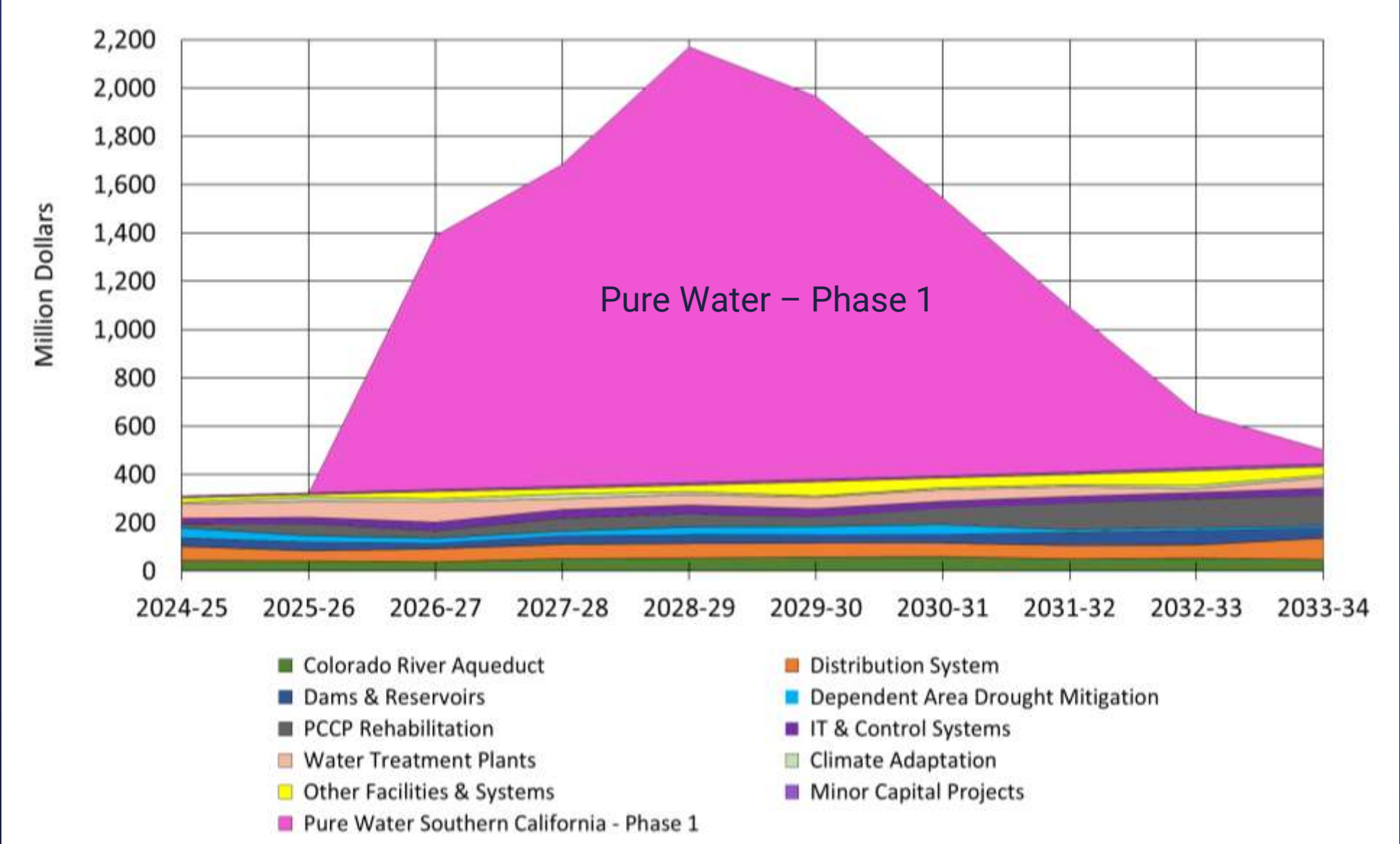
# Projected CIP Expenditures by Program



# Planned CIP Expenditures by Program



# Planned CIP Expenditures by Program





# Proposed CIP for FY 2024/25 - 2025/26

by Program

\$636.48 Million

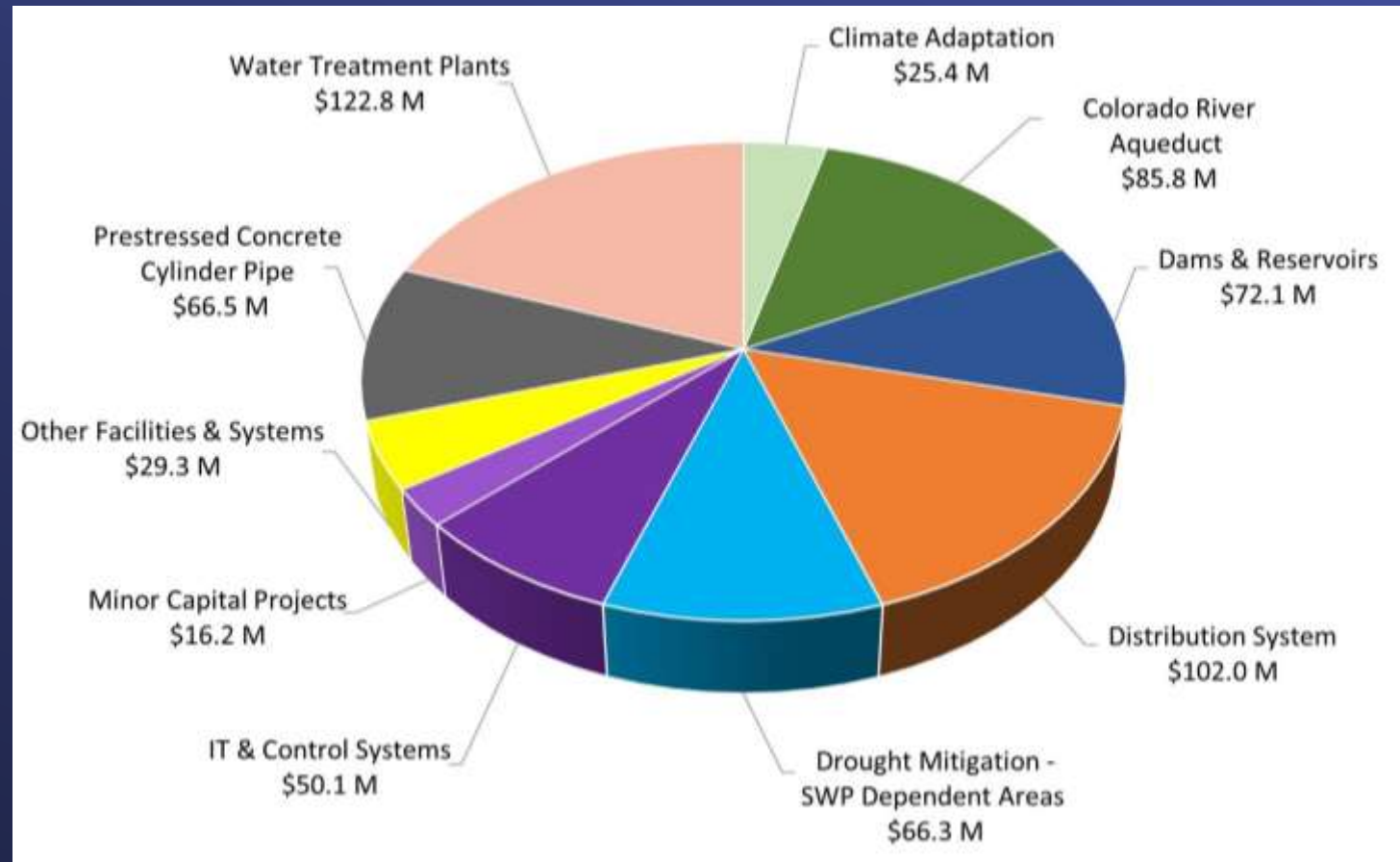
Programs

10

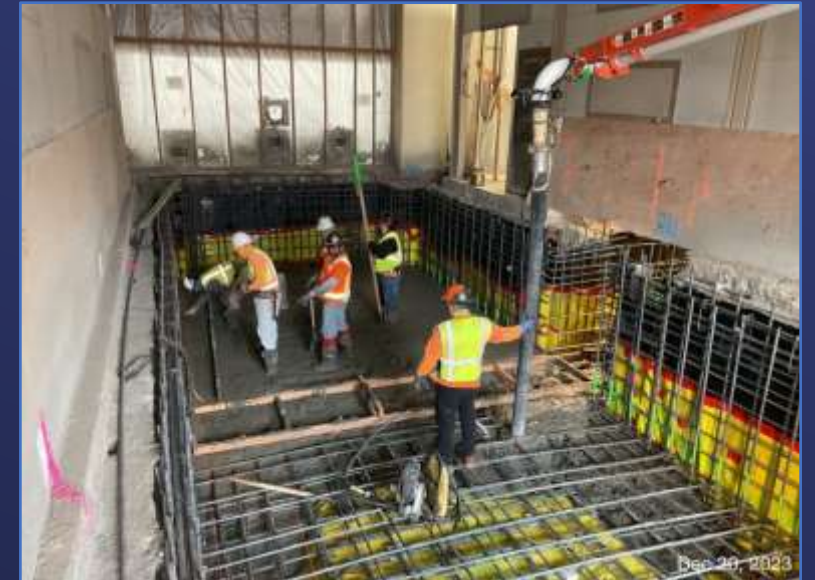
Projects

539\*

\* Excluding Minor Capital Projects



# CIP Highlights for Next Biennium





# Climate Adaptation

- 14 Projects
  - Direct Potable Reuse Demonstration Facility
  - Webb Tract Flooded Wetlands & Rice Field
  - Battery Energy Storage System – Jensen
  - Delta Islands Pump System
- Planned Expenditures:
  - \$25.4 M



Direct Potable Reuse Demo Facility



# Colorado River Aqueduct

- 79 Projects
  - Main Pump Rehabilitation
  - Main Transformers Replacement
  - Pump Plant Water Treatment Systems Replacement
  - Physical Security Improvements
  - Pump Plant Electrical Switchrack Rehabilitation
- Planned Expenditures:
  - \$85.8 M

CRA Main Transformers



CRA Water Treatment System



# Dams & Reservoirs

- 49 Projects
  - Lake Mathews Forebay Pressure Control Structure & Bypass
  - Copper Basin Discharge Structure Rehabilitation
  - Dam Monitoring System Upgrades – DVL, Garvey & Lake Mathews
  - Garvey Reservoir Rehabilitation
- Planned Expenditures:
  - \$72.1 M

Copper Basin Discharge Structure



Garvey Reservoir Rehabilitation

# Distribution System

- 163 Projects
  - Perris Valley Pipeline Tunnels
  - Foothill Hydroelectric Plant Seismic Upgrades & Control System Upgrade
  - Auld Valley & Red Mtn. Control Structures Upgrades
  - Chloramine Booster Stations
  - Lakeview Pipeline Relining
  - Right of Way & Infrastructure Protection
- Planned Expenditures:
  - \$102.0 M



Sleeve Valve Refurbishment



# Drought Mitigation – SWP Dependent Areas

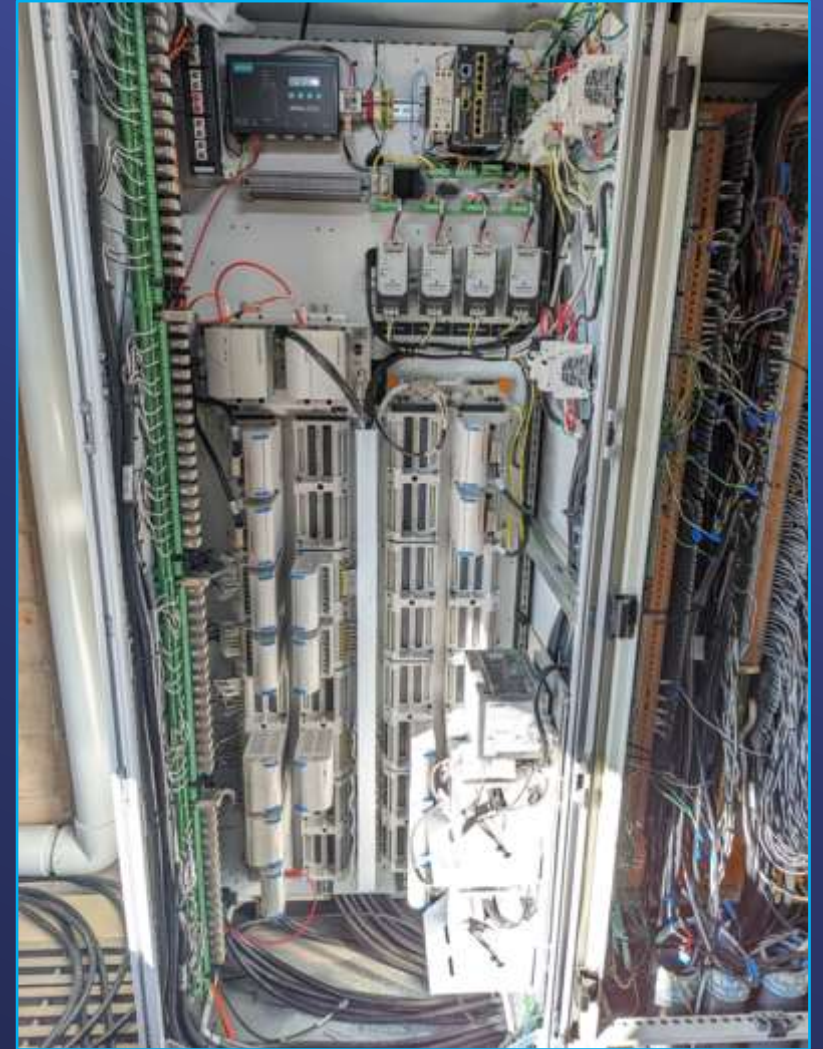
- 12 Projects
  - Sepulveda Feeder Pump Stations
  - Badlands Tunnel Surge Tank Facility
  - Inland Feeder-Rialto Pipeline Intertie
  - Wadsworth Pumping Plant Bypass Pipeline
- Planned Expenditures:
  - \$66.3 M



Wadsworth Bypass Pipeline

# IT & Control Systems

- 55 Projects
  - System-wide Control System Upgrade
  - Emergency Radio Communication System Upgrade
  - Water Information System
  - Oracle EBusiness Suite EBS Upgrade
- Planned Expenditures:
  - \$50.1 M



Mills Control System Upgrades

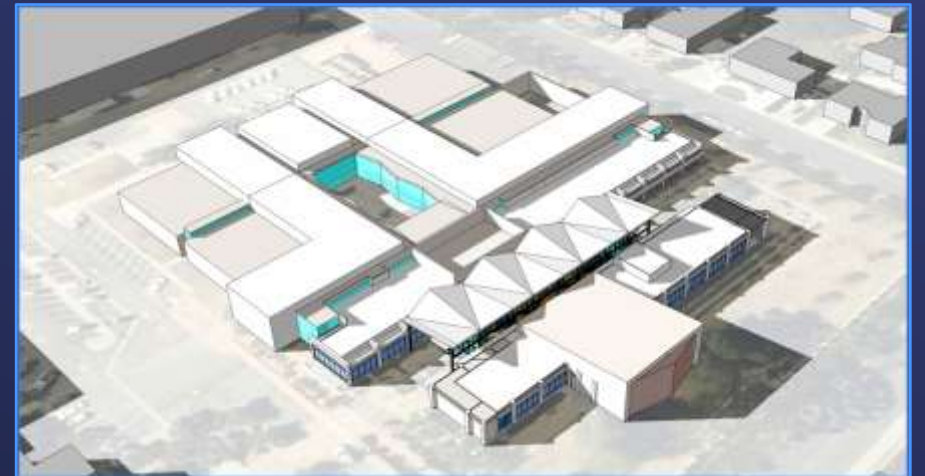


# Other Facilities & Systems

- 44 Projects
  - La Verne Water Quality Lab Building Upgrades
  - System-wide paving and roofing
  - Eagle Rock Security Upgrade
  - Security Camera System Upgrades
  - Headquarters Physical Security Improvements – Stage 3
- Planned Expenditures:
  - \$29.3 M



Skinner Area Paving



Water Quality Lab Upgrades

# Minor Capital Projects

- Minor Capital Projects
  - Cost less than \$400,000
  - Identified after adoption of budget
  - Urgent nature
  - General Manager authorized to execute subject to Administrative Code limits
- Planned Expenditures:
  - \$16.2 M



Garvey Reservoir Hypochlorite  
Tank Installation

# Prestressed Concrete Cylinder Pipe (PCCP)

- 23 Projects
  - Allen-McColloch Pipeline PCCP Rehabilitation
  - Sepulveda Feeder PCCP Rehabilitation
  - Second Lower Feeder PCCP Rehabilitation
  - Electromagnetic PCCP Inspections
  - Foothill Feeder Acoustic Fiber Optic PCCP Monitoring
- Planned Expenditures:
  - \$66.5 M



Second Lower Feeder Rehab

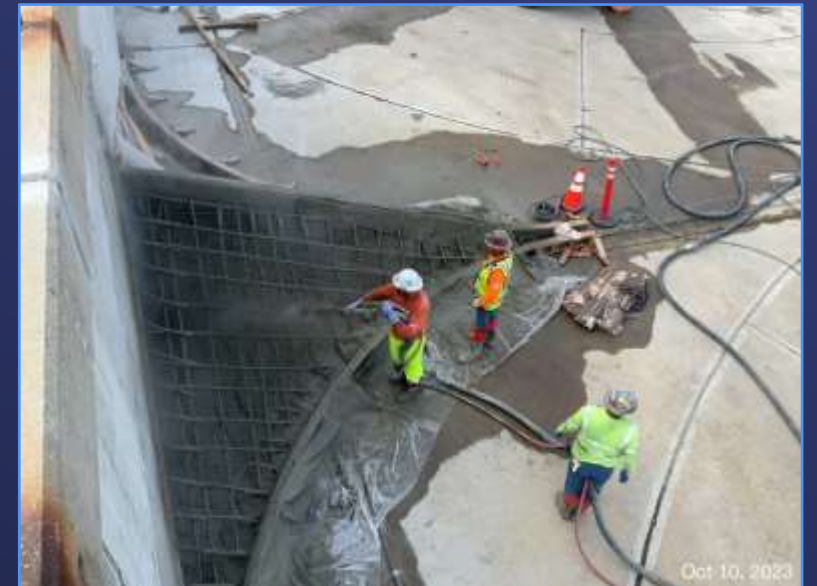


# Water Treatment Plants

- 100 Projects
  - Weymouth Basins 5-8 Refurbishment
  - Weymouth Admin. Building Upgrades
  - Diemer Washwater Reclamation Facility Improvement
  - Diemer Filter Rehabilitation
  - Diemer Chemical Feed System Improvements
  - Jensen Solids Dewatering Facility
- Planned Expenditures:
  - \$122.8 M



Weymouth Basin Refurbishment



# Proposed CIP for FYs 2024/25 - 2025/26

- 2-Year planned spending of \$636.48 million
  - \$312.00 M for FY 2024/25
  - \$324.48 M for FY 2025/26
  - Projects identified in the CIP Appendix
- April board actions
  - Approve Metropolitan's biennial budget
  - Appropriate \$636.48 M for CIP
- Authorize GM authority
  - Initiate or proceed with work on planned capital projects identified in CIP Appendix

# Future Capital Investment Plan Board Actions

- Contract awards greater than \$250K & property acquisitions
- Professional services agreements greater than \$250K
- Certification of CEQA documents
- Change orders greater than 5% of contract or \$250K, whichever is greater
- Unplanned project authorization



# Responses to Recent Director Requests

## Additional CIP Related Information

- For Drought-related Projects
  - Relationship between CIP Budget and CAMP4W
  - Projected spending for biennium
  - Actual costs to-date
  - Grant funding status
  - Sepulveda Feeder Pump Stations incremental costs for related system improvements

# Drought Projects in CIP – Baseline in CAMP4W Process

Project Type	Project Title	Estimated Capital Investment	Projected 24/26 Biennium Expenditure	Status
Conveyance: Access to Storage (DVL Storage to Rialto Pipeline Delivery)	Wadsworth Bypass	\$23 M	\$4.8M	In construction
	Inland Feeder-Rialto Pipeline Intertie	\$23 M	\$12.1M	In construction
	IF/ Badlands Tunnel Surge Protection Facility	\$26 M	\$14.5M	In construction
	Foothill Pump Station Intertie	\$26 M	\$7.6M	In final design
Conveyance: Operational Shift	Sepulveda Pumping Stage 1	\$110M	\$21.8M	In final design
	Burbank B-5 to B-5A Shift	\$7M	\$1.8M	Preparation for preliminary design
	TVMWD Miramar Pumpback Upgrade	\$10M	\$1.0M	Preparation for preliminary design
Total		\$225M	\$63.6M	

# Drought Projects in CIP – Analyzed Under CAMP4W Process

Project Type	Project Title	Estimated Capital Investment	Projected 24/26 Biennium Expenditure	Status
Conveyance: Operational Shift	Sepulveda Pumping Stage 2	\$300M*	\$1.0M	Preparation for conceptual design
Conveyance: System Flexibility (Regional E-W Conveyance Improvements)	AVEK Conveyance to West Branch	\$190M	\$1.6M	Refining scope
	East Valley Feeder Parallel Pipeline	\$3.0B		Refining scope
	E-W Raw Water Conveyance (Foothill Alignment)	\$6.2B		Refining scope
Total		\$9.7B	\$2.6M	

\* Includes system hardening for surge protection.

# State Drought Mitigation Grant Summary\*

Program Title	Project Title	Awarded Construction Contract	Current Contract Spending	Submitted Reimbursement	Estimated Completion	Remarks
Sepulveda Feeder Pumping	Sepulveda & Venice Pump Stations – Stage 1	\$9.8M	\$0.7M	-	2026	Phase 1 of design-build contract
DVL Storage to Rialto Pipeline Delivery	Wadsworth Bypass Line	\$14.8M	\$6.5M	\$2.2M	2024	On-site construction
	Inland Feeder-Rialto Pipeline Intertie	\$15.7M	\$0.3M	-	2025	On-site construction
	IF/ Badlands Tunnel Surge Protection Facility	\$18.8M	-	-	2025	On-site construction
	Foothill PS/Inland Feeder Intertie	\$20.0M <sup>#</sup>	-	-	2026/2027 <sup>+</sup>	In final design
<b>Total</b>		<b>\$79.1M</b>	<b>\$7.5M</b>	<b>\$2.2M</b>		

\* The \$50M state grant (including \$2.5M state administrative cost) can potentially pay for the construction of five near-term drought mitigation projects.

<sup>#</sup> Estimated construction cost

<sup>+</sup> To be eligible for reimbursement, the construction needs to be completed in 2026.

# Sepulveda Feeder Pumping Projects Detail

Phase	Project Components	Estimated Capital Investment <sup>1</sup>	Projected 24/26 Biennium Expenditure	Status
Stage 1 (30 cfs)	Pump Stations	\$110 M	\$21.8M	In final design
	System Hardening for Surge Protection	N/A		
Stage 2 (160 cfs)	Pump Stations	\$100M	\$1.0M <sup>3</sup>	Preparation for design work
	System Hardening for Surge Protection	\$100M ~ \$200M <sup>2</sup>		
Sepulveda Feeder PCCP Relining (North Reach)		\$990M	CIP funding as part of PCCP program	In preliminary design
Inglewood Lateral Upgrade		\$70M	Not in Drought Mitigation Program <sup>4</sup>	Preparation for design work
<b>Total</b>		<b>\$1,470M</b>	<b>\$22.8M</b>	

<sup>1</sup> Updated estimate as of February 2024.

<sup>2</sup> Final cost dependent on selected protection scheme

<sup>3</sup> Planning/design expenditure only, implementation to be evaluated in the CAMP4W process

<sup>4</sup> Previously planned projects to remove system constraints in Central Pool



