THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Committee Item
INFORMATION

Engineering, Operations, and Technology Committee

8/18/2025 Committee Meeting

6a

Subject

Increase of funding for the Capital Investment Plan for fiscal years 2024/25 and 2025/26

Executive Summary

In April 2024, Metropolitan's Board appropriated $636.48 million for projects identified in the Capital Investment Plan for fiscal years (FYs) 2024/25 and 2025/26. In the March 2025 Capital Investment Plan (CIP) Quarterly report, staff showed that CIP expenditures for the current biennium could exceed the $636.48 million biennial budget at the close of the biennium without careful management of construction contract awards.

An increase in funding for the current biennium would allow Metropolitan to address known vulnerabilities to Metropolitan's conveyance, distribution, and treatment systems by awarding additional construction contracts in the remainder of the current fiscal year. An upcoming board action will propose increasing the CIP budget for FYs 2024/25 and 2025/26. This action would be consistent with Metropolitan's Administrative Code, which states that the General Manager must request that the Board appropriate additional CIP funding if total expenditures are expected to exceed the appropriated amount. Also, it is noted that an increase in CIP for the current biennium will impact and essentially set a new baseline for CIP funding in the next biennium budget that is greater than what is currently shown in the 10-year CIP expenditure plan. Without the increase in funding for the CIP as described in this letter, work on critical infrastructure projects would be deferred until sufficient funding is available in subsequent budgets.

Fiscal Impact

Staff is currently evaluating the fiscal impact of increased CIP expenditures.

Applicable Policy

Metropolitan Water District Administrative Code Section 2431: Engineering and Operations Committee Duties and Functions

Metropolitan Water District Administrative Code Section 5108: Appropriations

Related Board Action(s)/Future Action(s)

By Minute Item 53598, dated April 9, 2024, the Board appropriated a total of $636.48 million for projects identified in the Capital Investment Plan for Fiscal Years 2024/25 and 2025/26.

Details and Background

Background

As part of Metropolitan's budget process, staff develop a recommended two-year budget expenditure plan for the CIP. At the time the two-year budget is adopted by the Board, projections for the 10-year CIP expenditure plan are also established. The budget and expenditure plan for the CIP are reflected in the CIP Appendix and included in Metropolitan's overall two-year budget and associated budget documents. Following approval of the biennial budget, the Board also takes action to appropriate the funds necessary to fund the CIP in the upcoming biennium.

In addition, the Board authorizes the General Manager to initiate or proceed with work on capital projects identified in the CIP Appendix, subject to the requirements of CEQA and the limits of the General Manager's authority. This approach to appropriating funds for the CIP and authorizing the General Manager to conduct work has been in effect since October 2018. Since then, staff have utilized the streamlined approach to efficiently perform work on the CIP, resulting in a higher percentage of planned CIP work being conducted in a biennium compared to the prior authorization practices.

Metropolitan's water infrastructure systems are aging and in need of rehabilitation. Left unaddressed, deferred refurbishment increases safety risks and the frequency of failures, potentially disrupting essential water delivery services. Investing in proactive replacement and rehabilitation helps prevent costly emergency repairs and unscheduled outages. In 2021, after a severe state-wide drought and resulting low allocation of State Water Project (SWP) supplies, Metropolitan initiated a series of projects to make supply availability improvements for service areas that depend exclusively on water deliveries from the SWP. Currently, the work to rehabilitate and refurbish critical infrastructure, as well as execute key initiatives like the response to the 2020-2022 drought, is funded by the CIP funds.

Before the 2020/2022 budget cycle, Metropolitan's CIP budget had been held constant at approximately $500 million per biennium for several budget cycles. In the FY 2022/23 and 2023/24 budget, the CIP was increased to $600 million. In the current FY 2024/25 and 2025/26 budget, the CIP was increased to $636.48 million with the expectation that the CIP for the current biennium would include a mix of projects that support Metropolitan's strategic plan and financial targets. Due to significant inflationary trends, supply chain disruptions, and the recognition of the significant backlog of critical infrastructure work needing refurbishment, an increase to the current CIP and future CIP budgets is recommended. At a June 2024 board workshop on the CIP, staff provided the background for this recommendation. The slides from that presentation are included in this letter as **Attachment 2**.

In October 2025, staff will recommend an increase to the current biennium budget so that core work on refurbishment and replacement (R&R) work can continue while simultaneously advancing work on key additional initiatives like drought resiliency and system flexibility.

Proposed Capital Investment Plan Increase for the Current Biennium

Metropolitan utilizes a best-in-class risk framework to better understand and manage the risk of its aging infrastructure. Approximately 80 percent of the 500 projects in the CIP aim to mitigate an undesirably high risk to reliable water delivery or safety. Due to CIP budget limitations and quickly escalating costs due to inflationary trends, a growing number of CIP projects have been deferred, resulting in increased risk to Metropolitan. An increase in capital investments is required to adequately implement needed CIP projects that will ultimately reduce Metropolitan's risk exposure and ensure the reliability of its aging critical systems.

Staff have identified several industry-wide metrics from the American Water Works Association and other asset management organizations to determine the appropriate level of increased CIP funding. These metrics indicate that Metropolitan should be investing in refurbishment and replacement (R&R) projects related to its existing infrastructure, at a minimum of 1-to-1.1 percent of its asset replacement value, which is estimated at approximately $46 billion. This equates to a biennial budget ranging from $920 million to $1.4 billion. Recently, Metropolitan's capital investments have been well below these ranges. The lack of progress on key R&R projects can result in reduced operational flexibility, increased costs due to urgent repairs, and an increased reliance on field staff to perform unplanned corrective maintenance. Increases in the CIP budgets should also include the funds needed to advance projects such as drought-resiliency and others that support Metropolitan's strategic priorities.

Per Metropolitan's Administrative Code Section 5108(e) "If, during the biennial budget period, the total Capital Investment Plan expenditures are expected to exceed the appropriated amount, the General Manager shall request that the Board appropriate additional funding and submit a report supporting said request."

An October board action will propose an increase of between $30-to-$50 million to the CIP for FYs 2024/25 and 2025/26 budget. With this level of funding, staff can move forward with approximately 75 percent of the critical refurbishment and rehabilitation projects highlighted in **Attachment 1**, Potential Contract Awards for Fiscal Year

2025/2026. Without a CIP increase, most of these projects will be deferred until they can be accommodated within future approved biennium budgets.

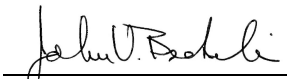
However, an increase in the current biennium will impact the next biennium CIP budget. Most of the contract costs for large projects awarded in the second year of the biennium will be accrued in the upcoming new biennium. As such, staff estimates that the anticipated recommended FYs 2026/27 and 2027/28 budget will be approximately $850 million to $950 million. This budget would be a significant increase from the currently planned next two-year CIP budget of $688 million. The recommended level of CIP funding will include approximately $40 million to $80 million for contracts, which will be awarded in FYs 2026/27 and 2027/28. The recommended CIP budget will be based on identified R&R needs in consultation with Metropolitan's Finance Group's development of budget options for the next biennium. The proposed increase does not include funding for Pure Water Southern California.

Project Milestone

October 2025 – Board action to increase CIP funding for the current biennium

7/28/2025

Mai M. Hattar *Date*
Interim Chief Engineer



7/28/2025

John Bednarski *Date*
Interim General Manager

Attachment 1 – Critical Contract Awards for Fiscal Year 2025/2026

Attachment 2 – June 2025 Workshop Presentation

Ref# es12704982

The Metropolitan Water District of Southern California

Critical Contract Awards for Fiscal Year 2025/2026

No.	Project	Approximate Contract Range
1	Cabazon Radial Gate Facility Rehabilitation	$7 M - $10 M
2	Copper Basin Discharge Valve Replacement	$15 M - $20 M
3	CRA Pumping Plants Sump Piping Rehabilitation	$30 M - $35 M
4	Diemer Chemical Tanks Improvements	$5 M - $6 M
5	Eagle & Hinds Pumping Plants Utilities Replacement	$18 M - $20 M
6	Foothill Pump Station/Inland Feeder Intertie	$30 M - $35 M
7	Garvey Reservoir Rehabilitation	$75 M - $90 M
8	Gene & Iron. Mountain Utilities Replacement	$20 M - $25 M
9	Jensen Security Upgrades	$22 M - $25 M
10	Lakeview Pipeline Stage 2 Rehabilitation	$30 M - $35 M
11	Mills Data Communication Conduits	$5 M - $7 M
12	San Jacinto Diversion Structure Slide Gates Replacement	$1.3 M - $1.6 M
13	San Diego Canal Radial Gates Replacement	$7.5 M - $10 M
14	Sepulveda PCCP Rehabilitation – Reach 2	$80 M - $90 M
15	Sepulveda Feeder Pump Stations	$210 M - $230 M ($103.36 of this was previously authorized)
16	Weymouth Administration Building Seismic Upgrade	$25 M - $30 M

Sp Jt BOD and Exec Committee and Wksp on EOT Comm

Capital Investment Plan Process

Item A

June 24, 2025

Item A
Capital Investment Plan Process

Subject

Capital Investment Plan (CIP) Process

Purpose

Provide an overview of the CIP process, asset management strategies to mitigate risk, and upcoming capital projects

Next Steps

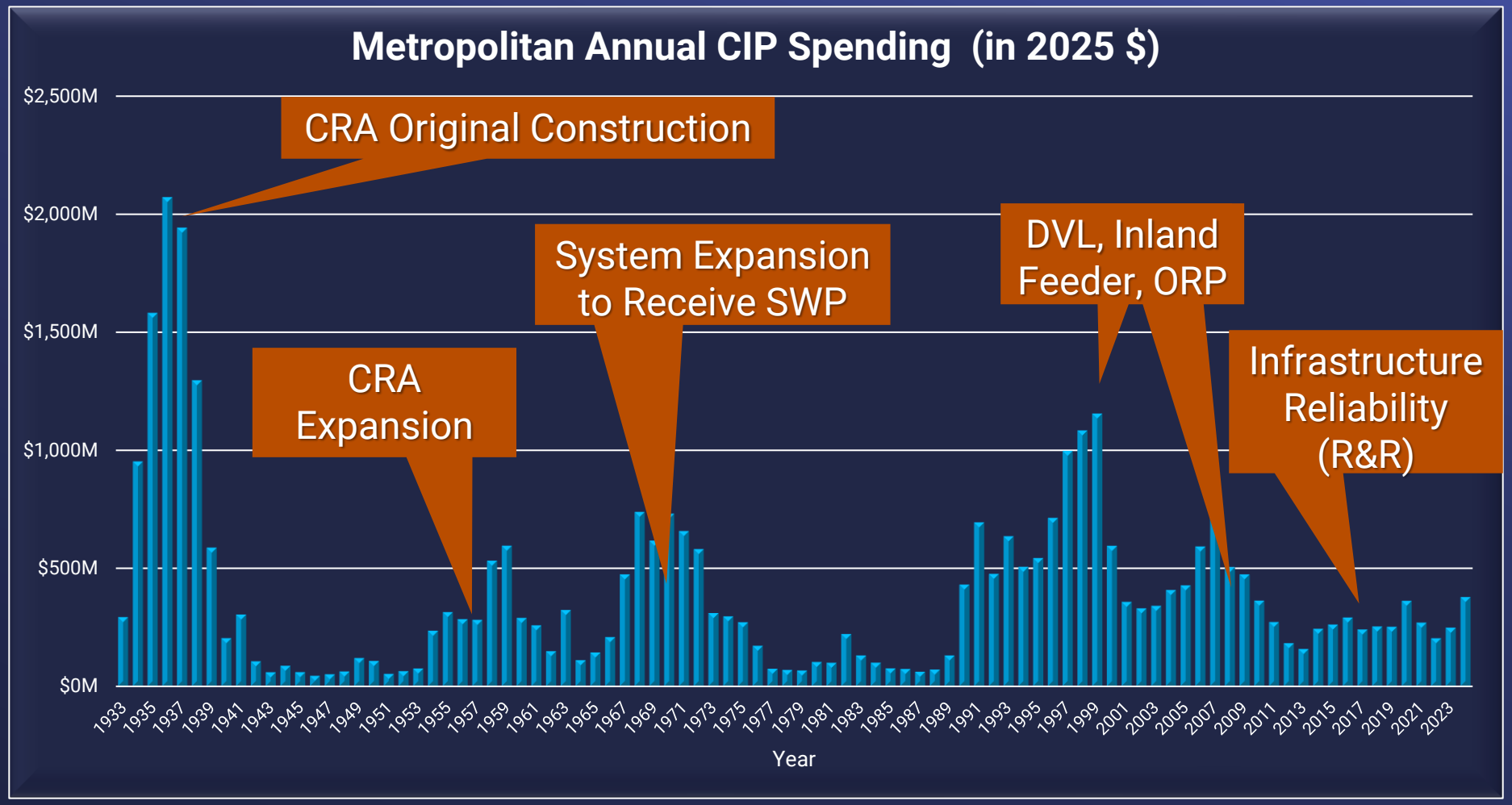
Seek Board input on CIP strategy and return with options later in 2025

Workshop Capital Investment Plan Process

Agenda

- Metropolitan's CIP – Overview, R&R Scale, Challenges, Big Picture
- Asset Management – Sizing the CIP to manage risk
- CIP Status – Current Biennium & Next Biennium
- Next Steps

Current Spending Moderate by Historic Comparison



Current Spending Driven by R&R

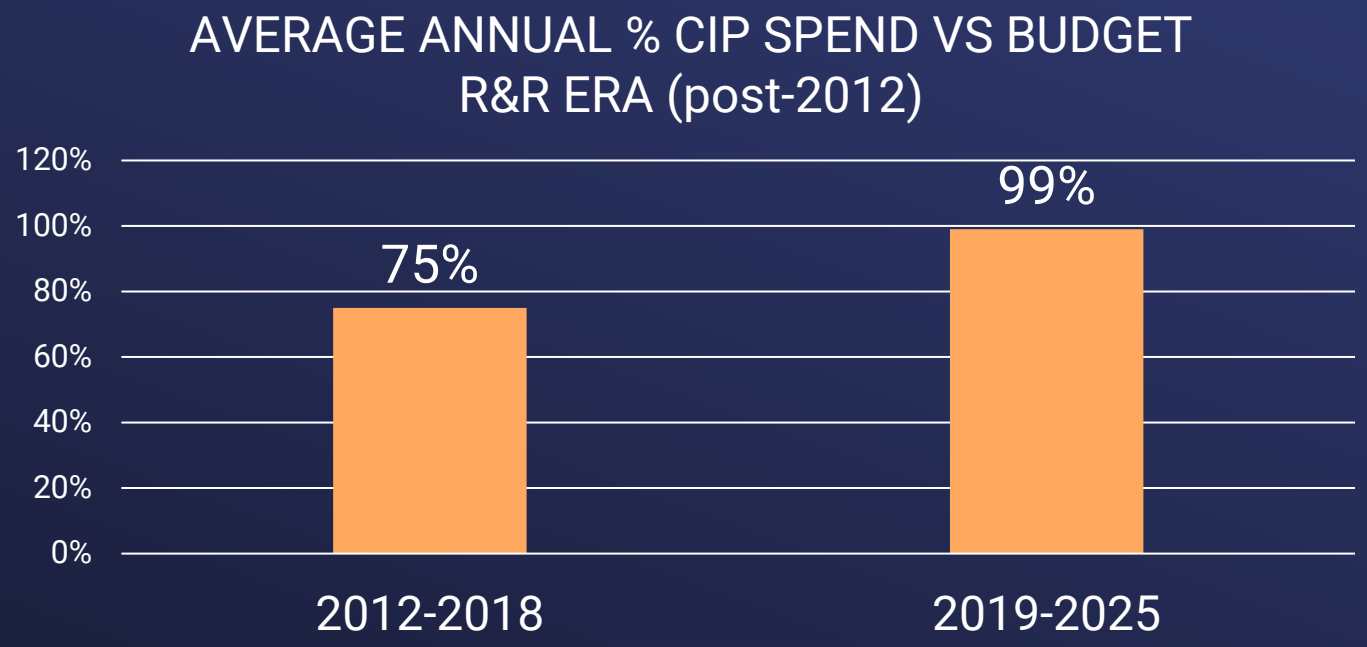
Metropolitan's Complex CIP

Driven by R&R, Constantly Changing, with Large Projects

- Running CIP – Includes all capital work without a sunset date
  - Call for projects every budget cycle
  - Re-prioritize and re-plan every cycle
  - Run budget scenarios with Finance
- Challenges
  - Organizational – Massive quantity of projects, over 500 non-minor cap projects in current CIP
  - Resources – Increasing ops support needed, urgent projects pull from capital work
  - Cost increases – Inflation, scope definition
  - Scale – Big infrastructure, big projects

2018 Process Change – Improved Efficiency

- CIP transition from approval by project phase to fully-appropriated CIP
- Any project in CIP Appendix to the budget can be worked at staff discretion

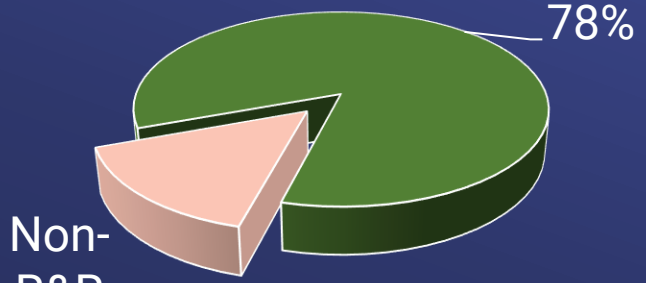


CIP is Composed Mostly of R&R Projects

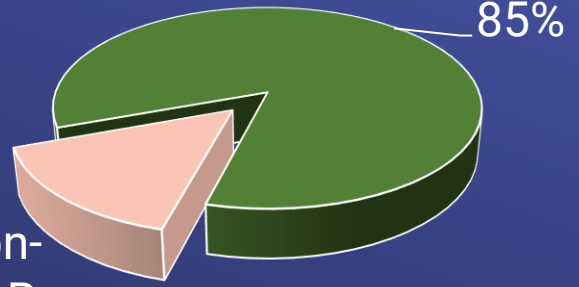
"R&R" Refurbishment and Replacement

Drought Projects Reduce R&R Spending

2022-24 Biennium



10-Year CIP



CRA Transformers (R&R)

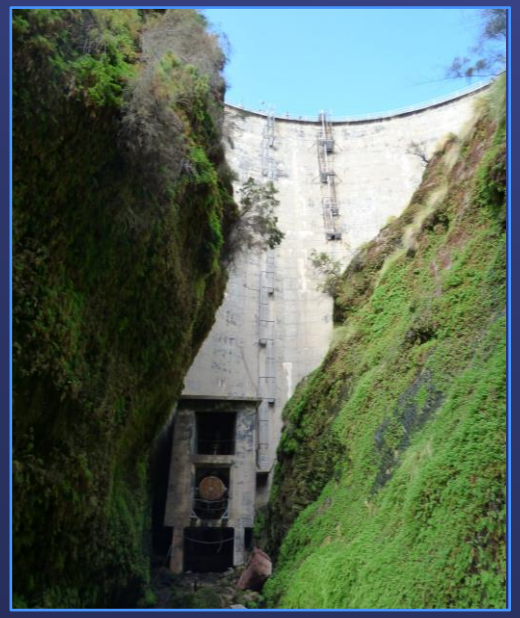
Sepulveda Pumping (non-R&R)

CIP is Constantly Changing

Urgent Projects Drive Priorities

- Primary influencer of dynamic plan
- Frequent replanning based on operational & condition data
- Deferrals caused by permitting

Garvey Reservoir Rehab (Prioritized)

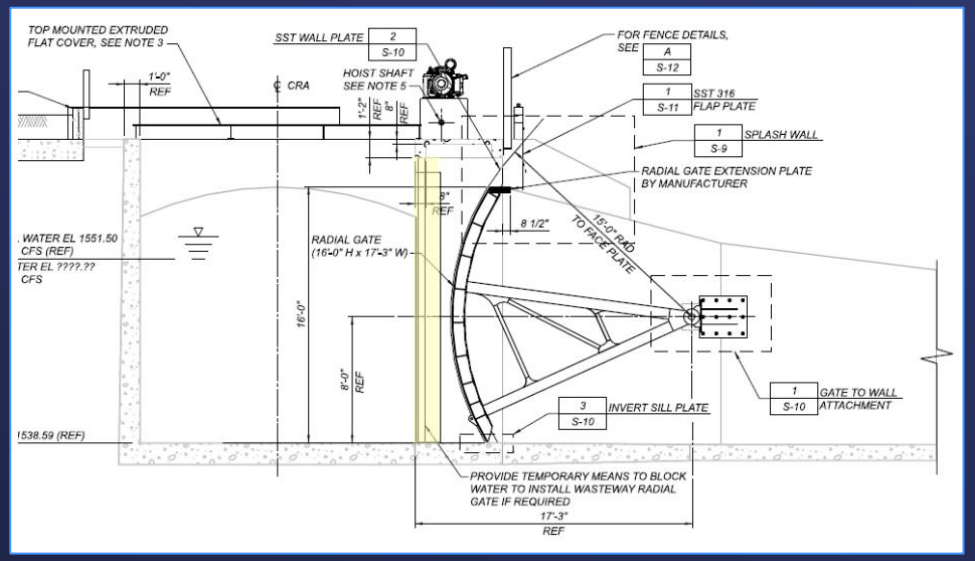


Copper Basin Discharge Valve (Permits)

CIP Budget Constraints Create Legacy Projects

Evolving CIP: New Projects Added to Old Projects Each Budget Cycle

- Although projects continuously proposed, call for projects each biennial budget cycle
  - Approx. 100 new projects each biennium
  - Some projects up to 30 years old

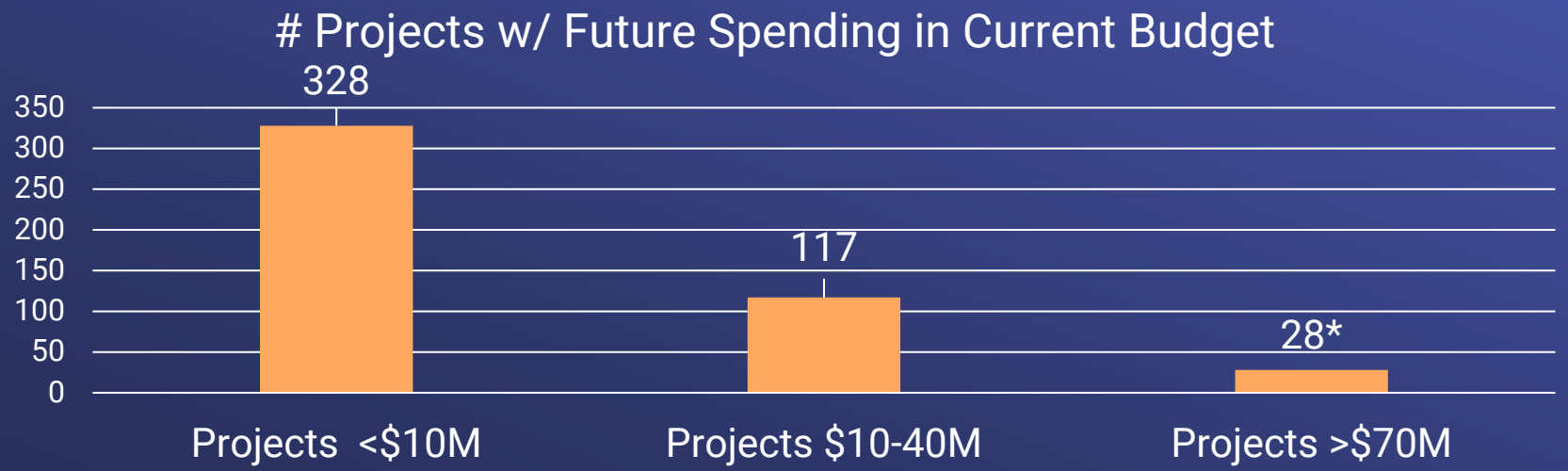


Cabazon Radial Gates (old)

Badlands Tunnel Surge Protection (new)

Large Projects/Programs vs. Small Projects

Big Infrastructure Means Big Projects
High $



PCCP Rehab Program ($50M+ each reach)

- Source: Planning Worksheet, spending years 2025-2064, esc. 4%/yr
- * Includes 4 PCCP feeders condensed to one entry

Jensen Control Room HVAC (~$1M)

Vast Amount of Work Dominated by R&R

Across Business Areas

$ in CIP (in M)*

Orange = R&R
Green = non-R&R

Jensen WTP Dewatering Facilities

Desert Housing/Security

- Source: Planning Worksheet, spending years 2025-2064, esc. 4%/yr

Mature CIP Evaluation Process

Well-Established Review/Prioritization Process – Improving Since Early 2000s

- Proposal Process – Every non-fully funded project proposed for review
- Cash Flow Process
- Risk Analysis/Framework
- CIP Evaluation Committee
- InVizion Software
- Prioritization Plan Formed Based On:
  - Budget constraints
  - Project mix

Every Proposed Capital Project is Necessary (and often needed immediately)

Proposals and Schedules

Project proposal

- Operations staff/plant engineers originate
- Includes scope, justification, alternatives analysis, customer need dates
- Reviewed by area managers and approved by group management

Cash Flow/Estimate-to-Complete

- Every project has a resource-load schedule and cash flow developed
- Cash flow estimated by phase

CIP Budget Process

CIP Evaluation – Diverse Reviewers and Scoring Criteria

- ALL projects reviewed by the CIP Evaluation Committee
  - Members represent all business areas
  - Each site/business area visited by committee
  - Scored on justification/driver, service impacts, Member Agency service, revenue generation, sustainability, project status, and RISK

CIP Data Management and Organization

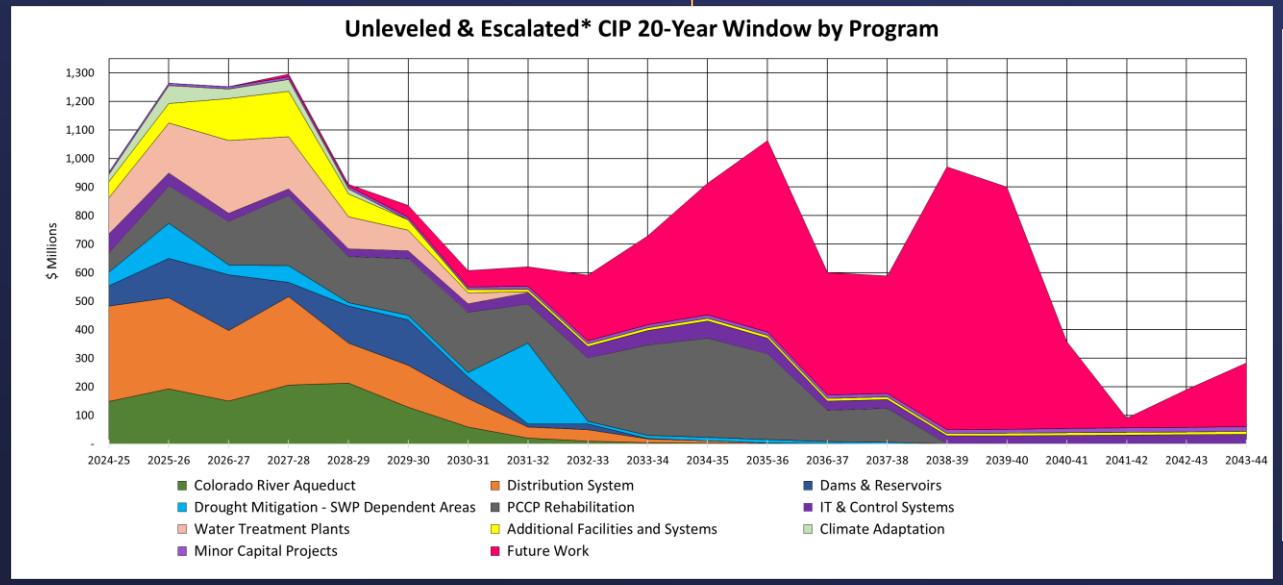
InVizion

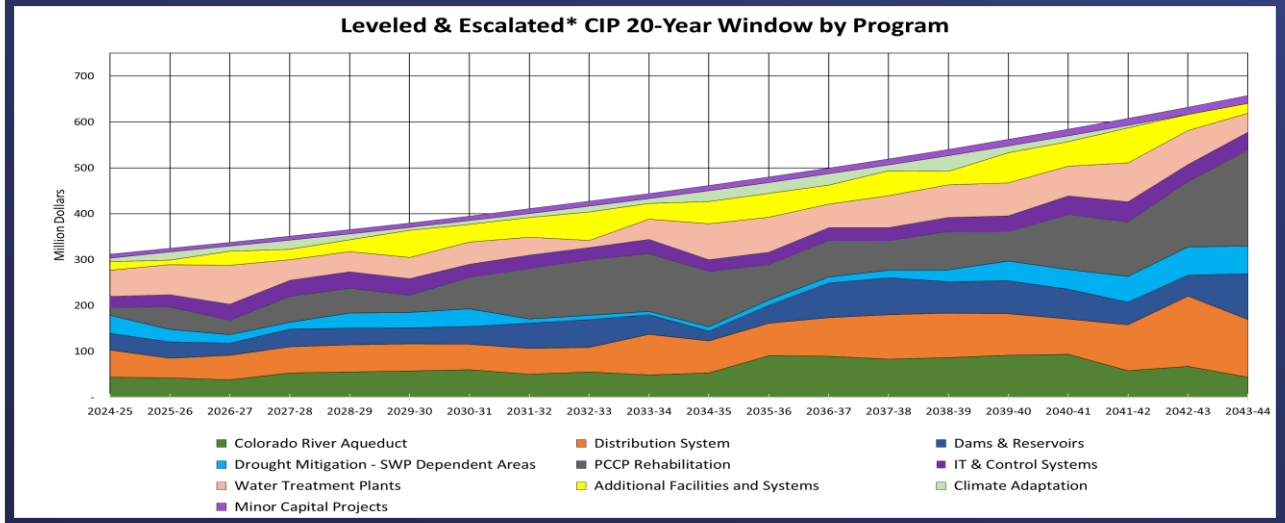
- InVizion Software integrates our project data (programs, scoring) with schedules (cash flows, phase)
  - Developed by some of the original architects of our scheduling software
  - Repository/inventory for current and historic project metadata
  - ‘Database with time’
  - Allows ‘sandboxing’ of multiple budget scenarios

InVizion – Budget Constraint Scenario

Plan 'Leveling' and 'Layering'

- Software automatically schedules projects based on budget ceiling and project scoring
- LEVELING pushes projects out one-by-one that don't fit within constraint
- LAYERING applies a project mix algorithm accounting for work across all programs

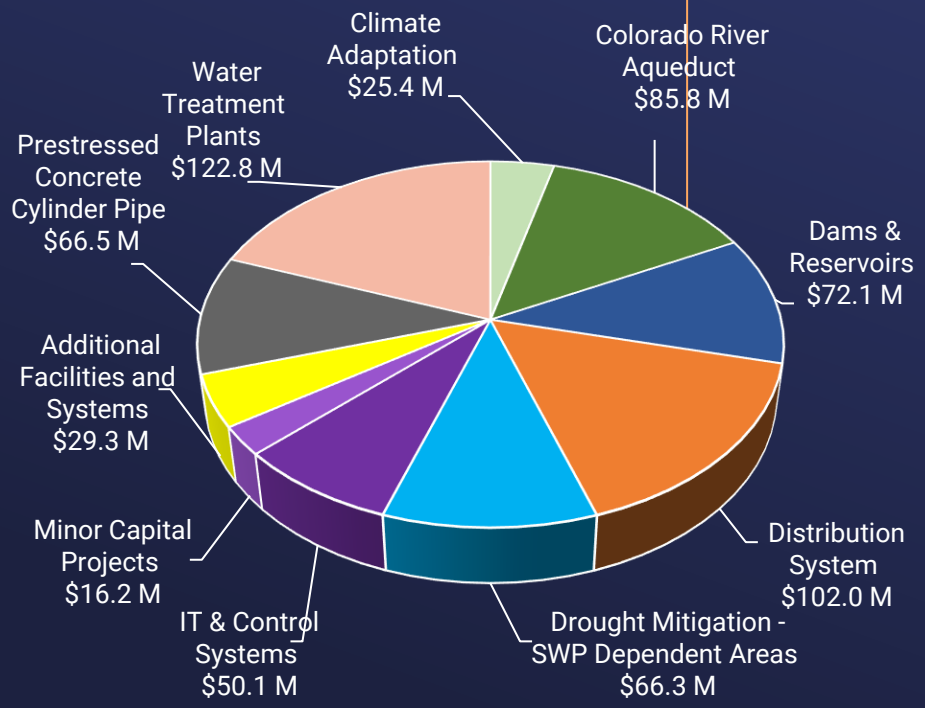


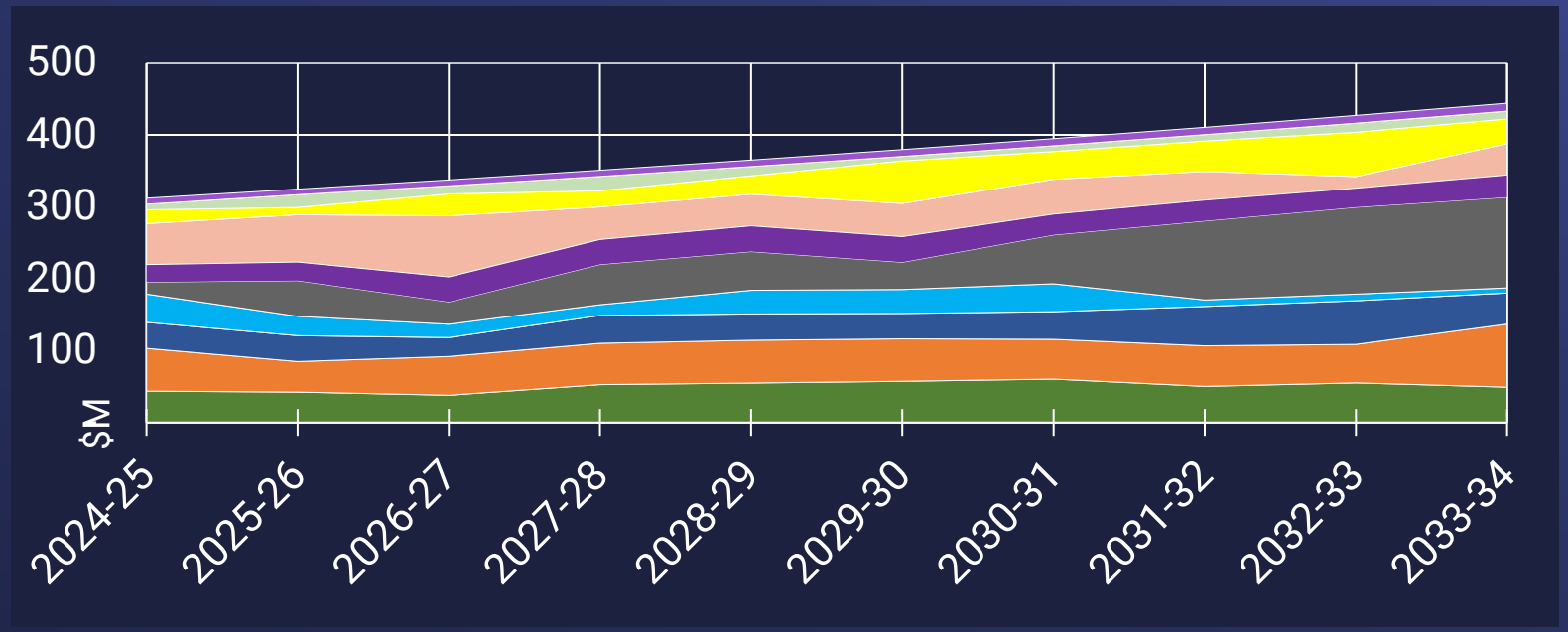


Results for Current Budget Cycle

- Budget set at $300M/yr in 2022, escalated at 4%
- Split amongst 10 Programs

2024/26 Biennium





Extending CIP Beyond 10 Years

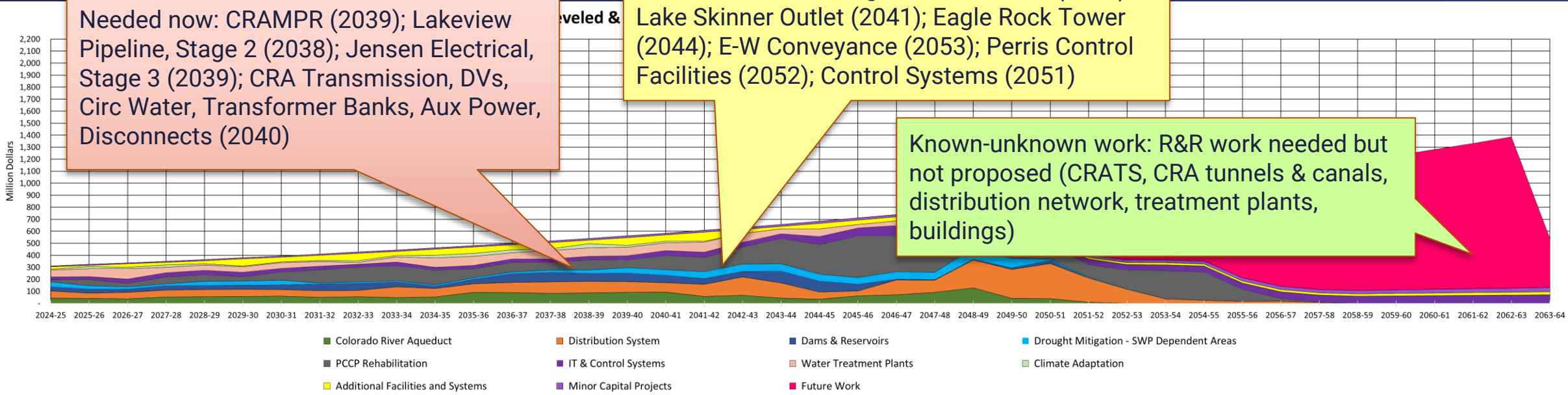
Pushing R&R Projects Out Increases Risk

- Projects prioritized by needed now, needed soon
- At current 4% escalation, projects will take 40+ years to work off
- Snapshot below, new projects added every 2 years
- Adding risk

Needed now: CRAMPR (2039); Lakeview Pipeline, Stage 2 (2038); Jensen Electrical, Stage 3 (2039); CRA Transmission, DVs, Circ Water, Transformer Banks, Aux Power, Disconnects (2040)

Needed soon: East region vault rehabs (2044); Lake Skinner Outlet (2041); Eagle Rock Tower (2044); E-W Conveyance (2053); Perris Control Facilities (2052); Control Systems (2051)

Known-unknown work: R&R work needed but not proposed (CRATS, CRA tunnels & canals, distribution network, treatment plants, buildings)

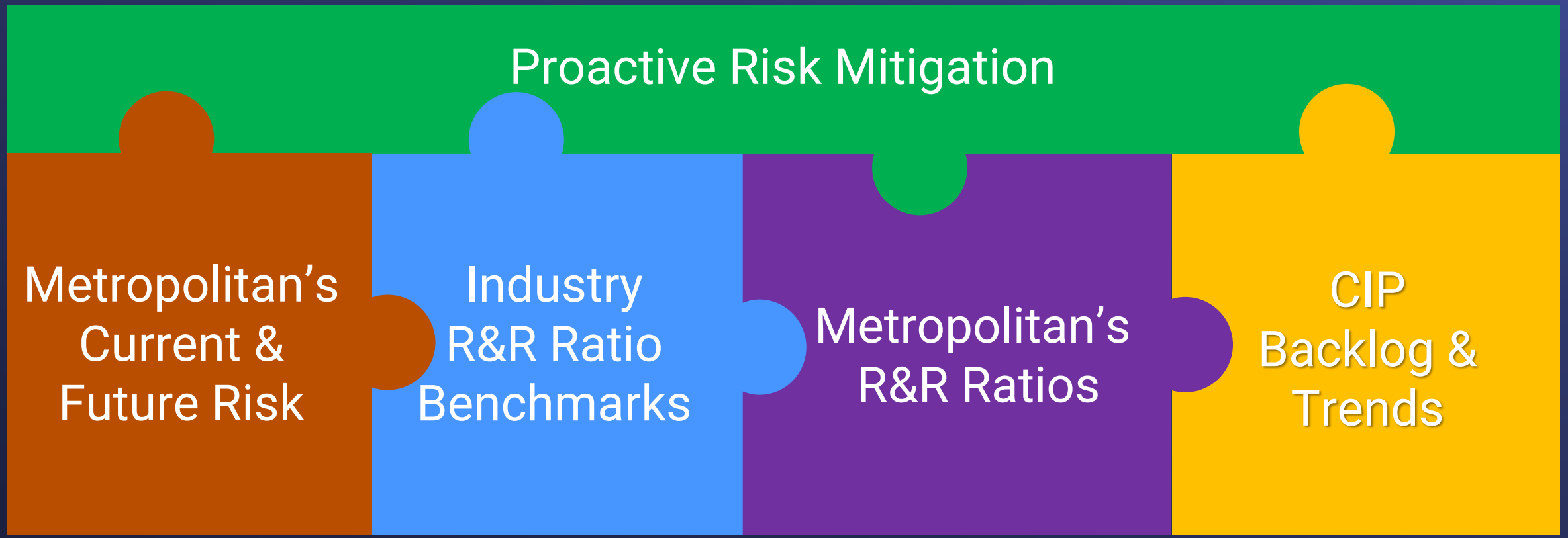


Asset Management

Ricardo Hernandez – Unit Manager
Operations Projects & Asset Management Unit

Best-in-Class Asset Management Approach

- Finding solutions by assessing inputs & data from various sources



Metropolitan's Infrastructure

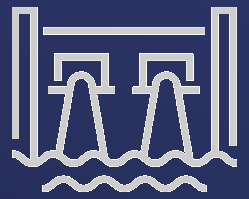
$31B
Repl. Cost New

Adjusted for inflation only

$46B
Est. Repl. Cost

Adjusted for code & environ. costs

5 Water Treatment Plants



15 Hydroelectric Facilities

6 Pumping Plants

24 Dams & Reservoirs

G.F. Napolitano Pure Water Demo Plant

830 mi. of Distribution Pipelines

79 mi. of Canals

218 mi. of Tunnels, Siphons, Conduits

450 Chemical/Auxiliary Storage Tanks

11,500 Water Regulating Valves (2 in. to 21 ft dia)

5,000 Motors & Pumps

308 mi. of Power Transmission Lines + 1,200 High Voltage Towers

500 Buildings, Shops, & Other Structures

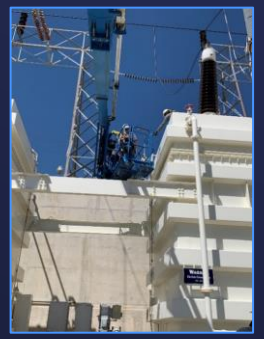
1,000 mi. of Unpaved Road

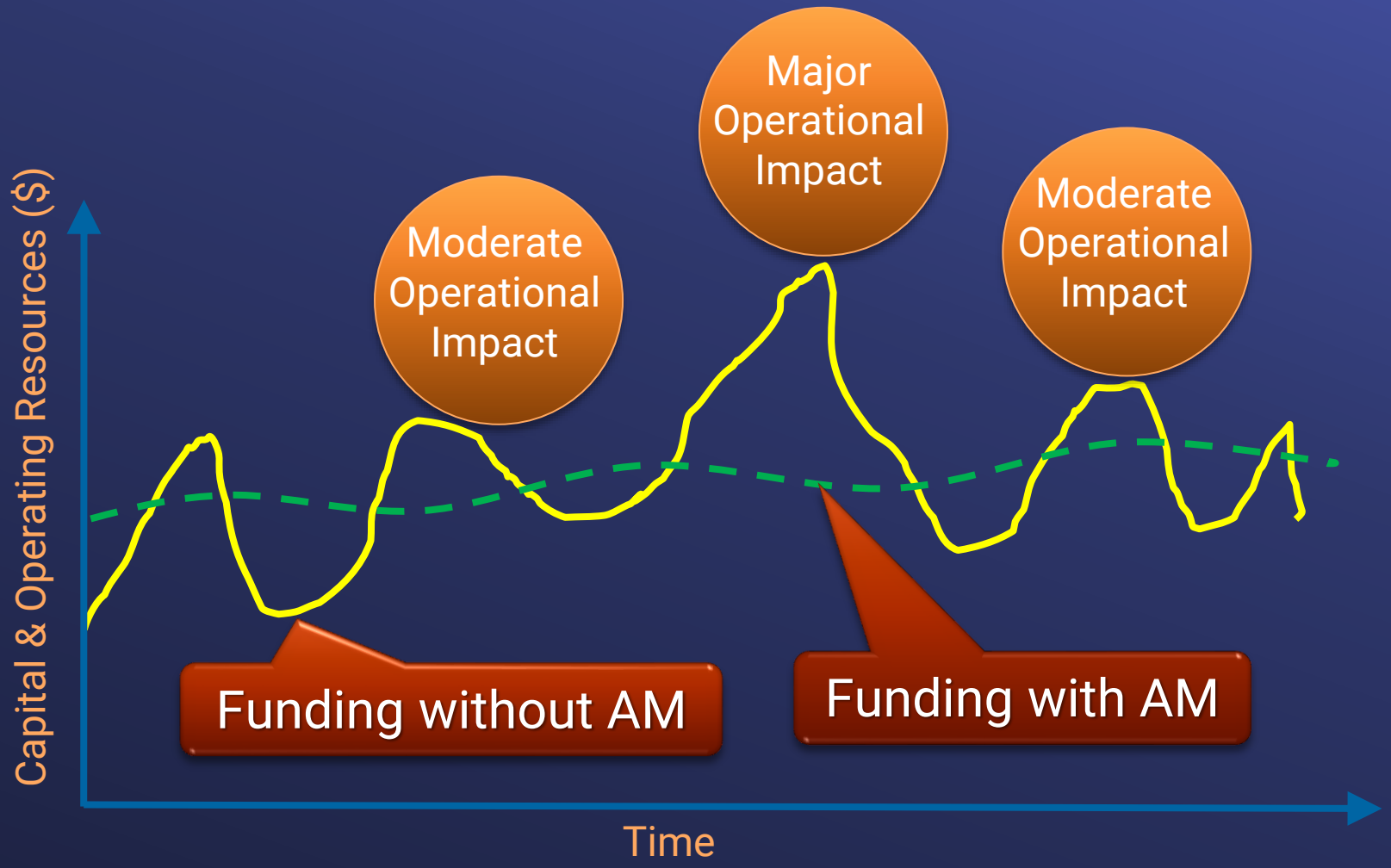
Achieve more stable funding over time

- Enhances generational equity for asset investments

AM Value Proposition

Transparent & defensible investments at the right time





Risk Framework

Metropolitan's best-in-class approach

- Proactively manage risk of aging infrastructure

Uniform definition of risk

Be aligned with best-in-class

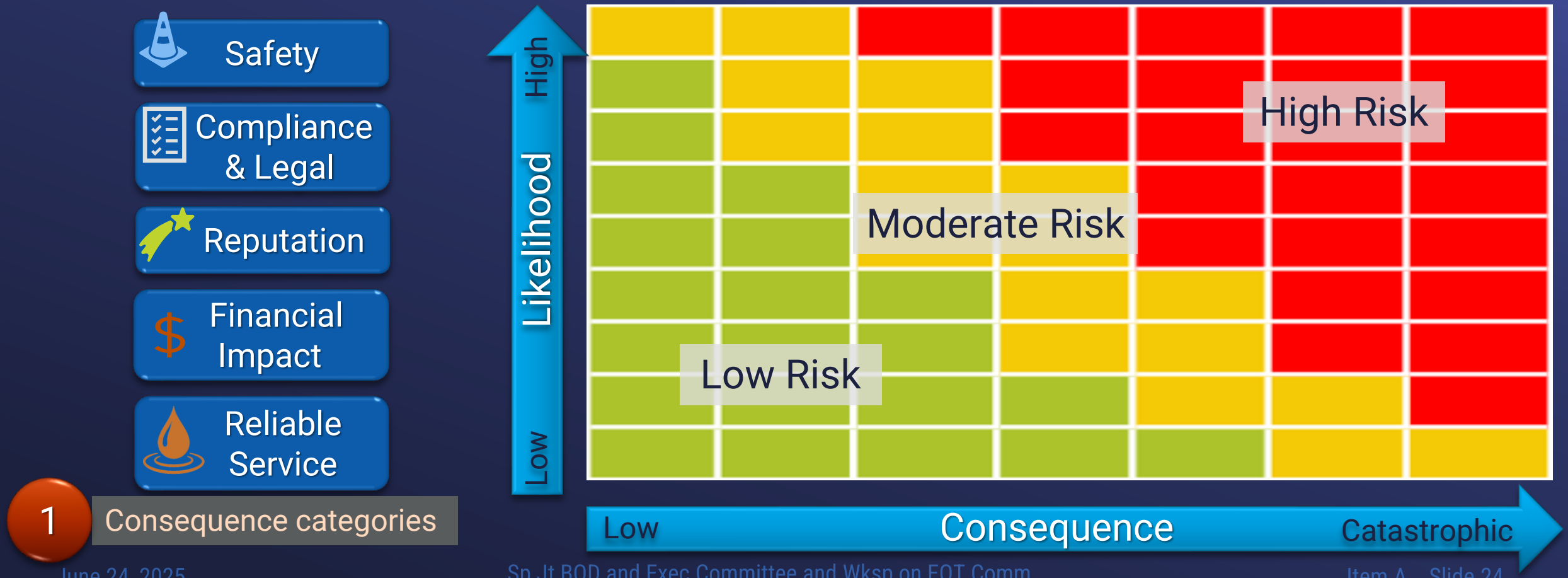
Capture expert knowledge

Repeatable & sustainable process

Risk Framework

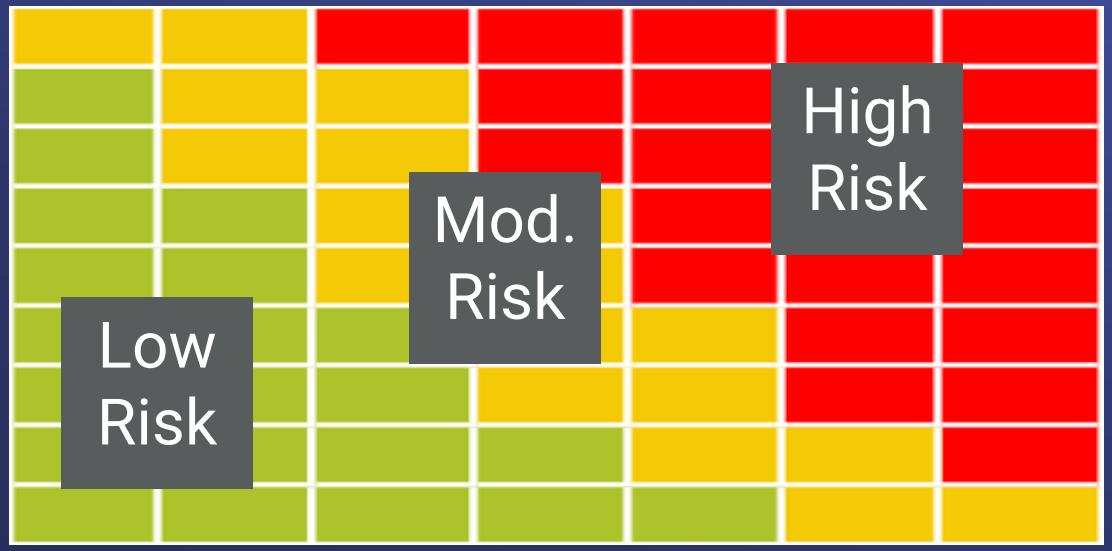
How does it work?

- Considers impact of hazards to Metropolitan's mission
- Heatmap boundaries reflect Metropolitan's risk tolerance



High risk is undesirable & mitigation is high priority

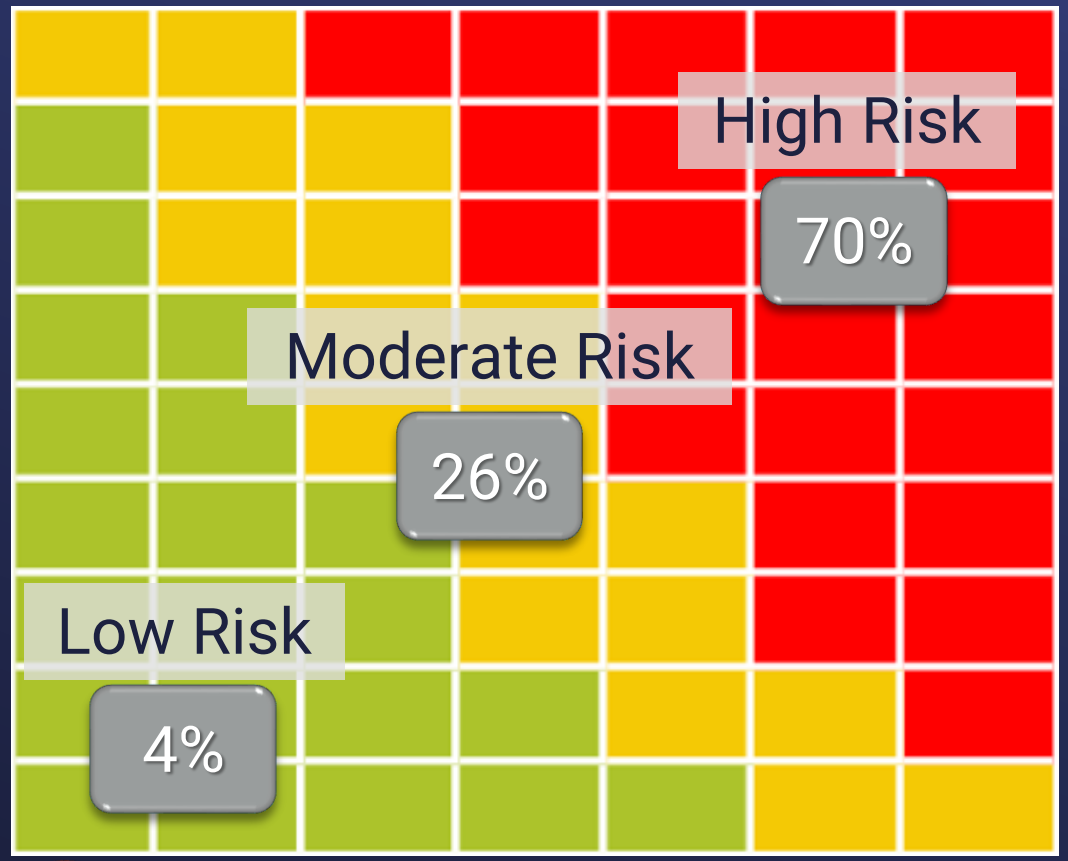
What does the "High Risk" zone mean?

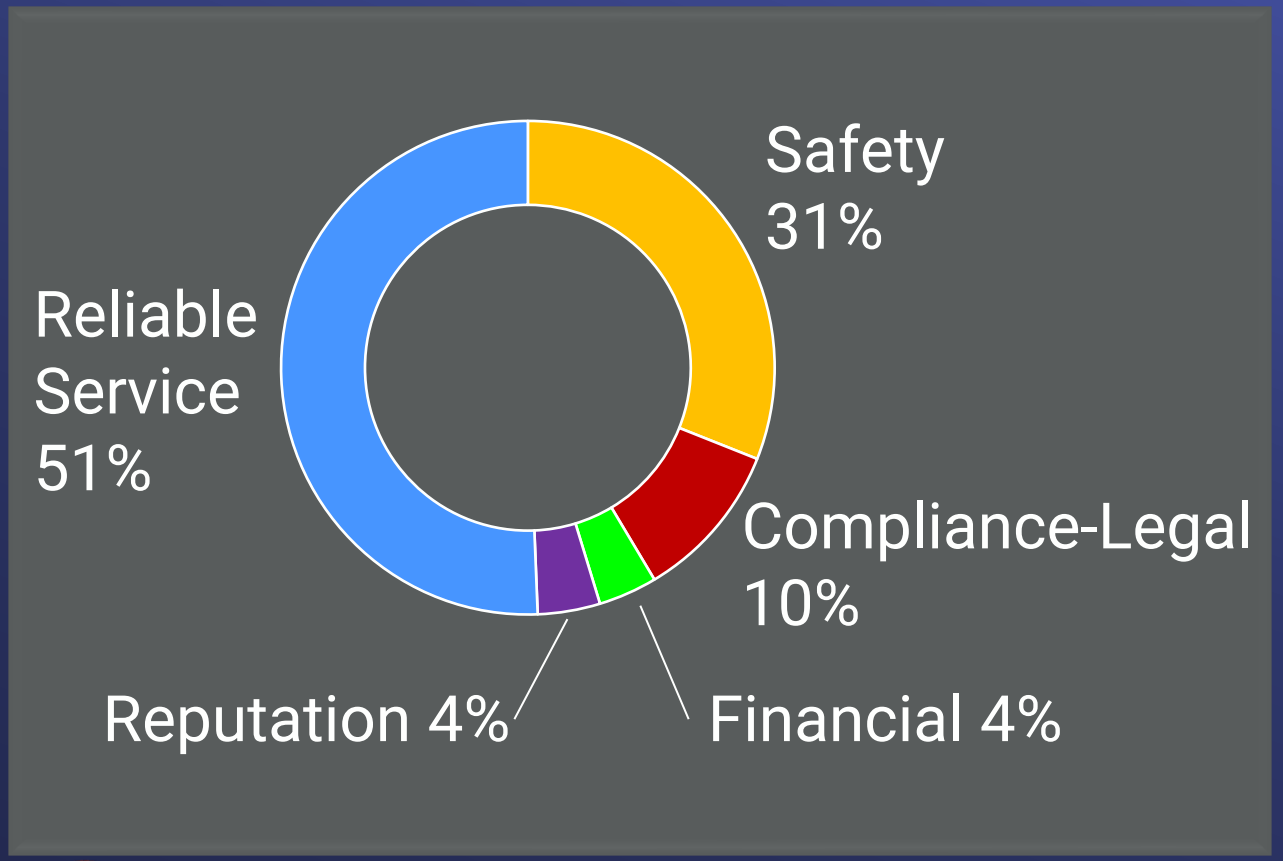


- Examples Consequences
  - Personnel Safety: Single injury requiring medical attention
  - Water Quality: Boil water advisory

Risk scores for more than 500 projects were collected last biennium

- Risk drivers gathered for each project
- Current risk will increase as R&R projects continue to be deferred





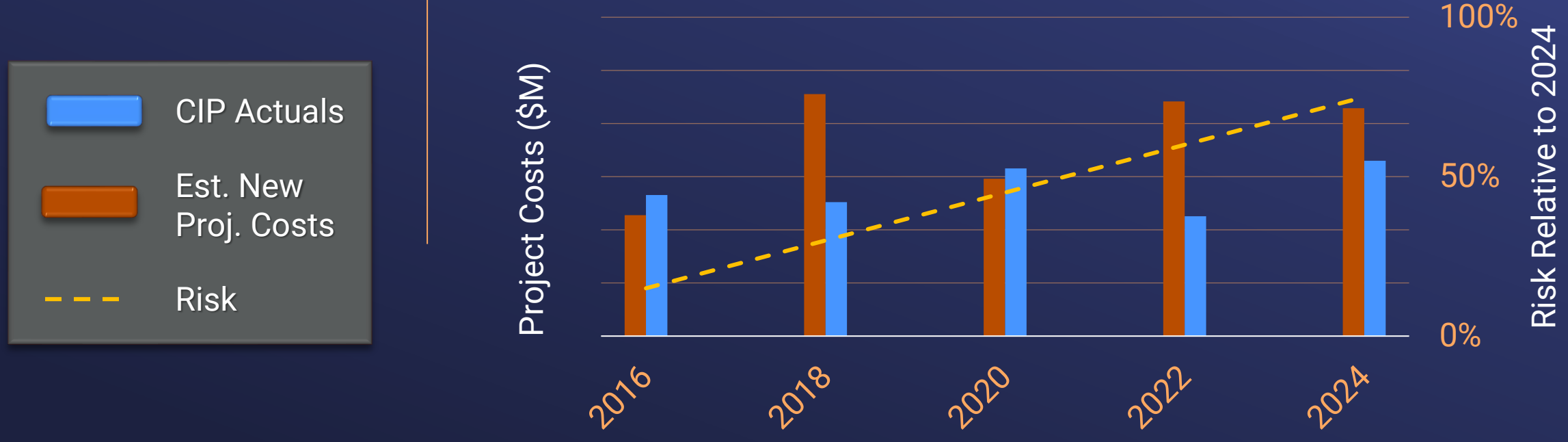
1 Risk exposure for known CIP projects

2 Risk drivers for known CIP projects

Risk increases each year as new projects identified

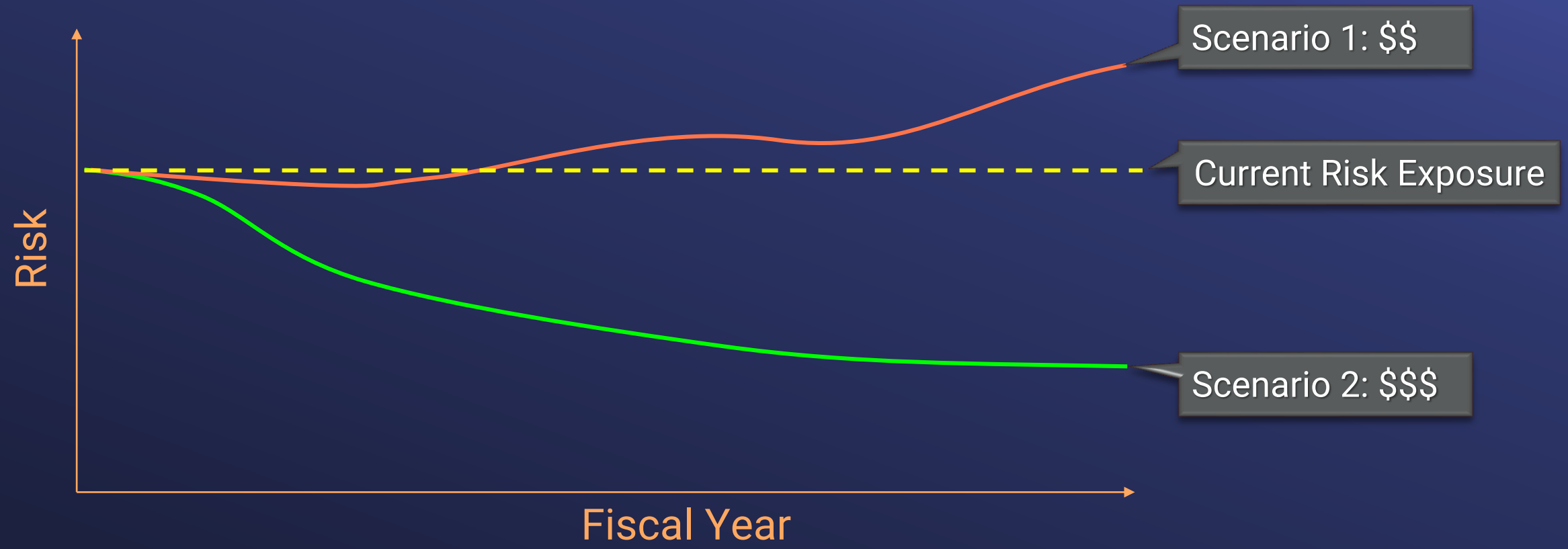
Expected Future Risk Trends

- Approx. 100 new projects per biennium added to backlog
- Avg. project duration: 10-yrs
  - Due to resource constraints



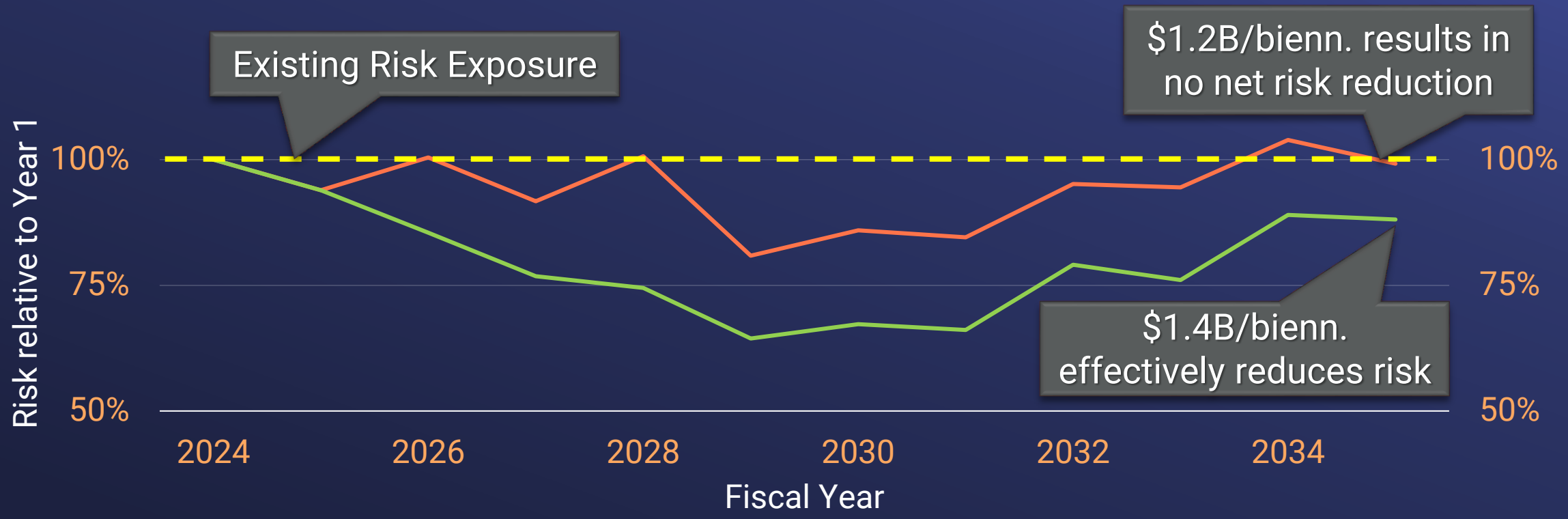
Capital investments should keep up with growing risk backlog

- Overall risk will increase if projects continue to be deferred
  - Results in future risk higher than present risk



Risk Optimization Model – Preliminary 12-yr forecast

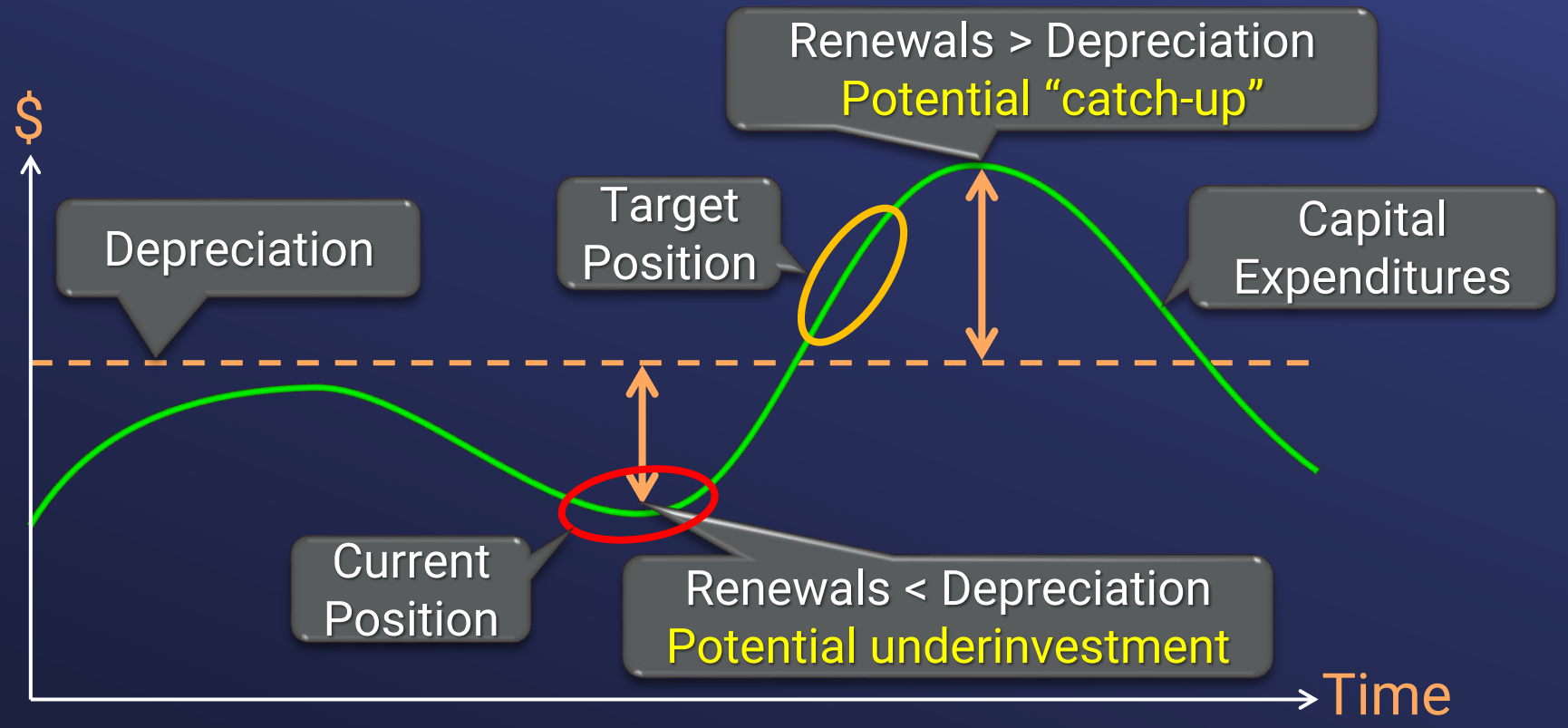
- Based on Metropolitan data from each project
- Considers both existing risk & potential future risks
- Low capital investments will not result in overall risk reduction



Common Financial Metrics

Asset Sustainability Ratio (ASR)

- Ratio of capital expenditures to depreciation over time
- Long-term Target ASR: 100%



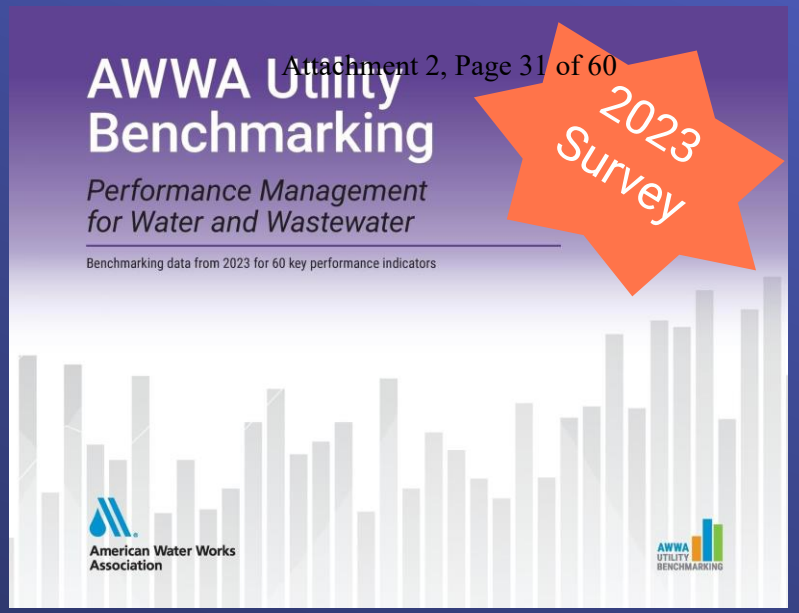
	Metropolitan 5-yr Avg ASR*
2019	89%
2020	97%
2021	86%
2022	72%
2023	74%
2024	82%

Decreasing

* 2024 Fitch Rating report: Water/Sewer Wholesale Medians – Overall

Industry Benchmarks
System R&R Ratios

- 2023 survey for water transmission & distribution pipe networks (aggregate)
- Values are for R&R only & $46B ERC
- ERC = Estimated replacement cost
- Independent literature search confirmed 0.9% to 2.3%



Percentile of Respondents	25th	Median	75th
Annual R&R Spend as % of ERC	0.6%	1%	2%
Equiv. Annual R&R Target	$276M	$460M	$920M
Equiv. Biennium R&R Target	$552M	$920M	$1.84B

Metropolitan's System R&R Ratio

R&R Ratio is the Inverse of Expected Useful Life

- Example: Electrical Equipment
  - Expected useful life: 50 years
  - Est. Annual R&R rate: 2% per year
  - Est. Repl. Costs (Electr Equip only): $850M

Range of Est. Annual R&R in CIP (Electrical Equipment Only) = $17M

Metropolitan's System R&R Ratio

Estimate for Metropolitan

- Est. min. R&R for Metropolitan: 1.1%
  - Based on expected useful life of current asset groups

Asset Group	Abbrev	Total 2024 Replac. Cost New ($M) RCN	Est. Repl Costs ($M) ERC	Est. Useful Life	R&R rate	R&R spend ($M) ERC
Pipeline - Major	PL	$ 8,299	$ 12,449	150	0.7%	$ 83.0
Water Treatment	WT	$ 4,587	$ 6,881	100	1.0%	$ 68.8
Reservoir - Raw	RR	$ 4,190	$ 6,286	100	1.0%	$ 62.9
Tunnel	TN	$ 4,983	$ 7,474	150	0.7%	$ 49.8
Chemical System	CH	$ 673	$ 1,010	30	3.3%	$ 33.7
Control System	CT	$ 168	$ 252	10	10.0%	$ 25.2
Building - Operations	BO	$ 1,243	$ 1,865	75	1.3%	$ 24.9
Roads and Fences	RD	$ 410	$ 615	25	4.0%	$ 24.6
Pumping Facility	PU	$ 1,166	$ 1,750	75	1.3%	$ 23.3
Electrical Equipment	EE	$ 567	$ 850	50	2.0%	$ 17.0
Structural	ST	$ 531	$ 796	60	1.7%	$ 13.3
Siphon	SP	$ 1,119	$ 1,678	150	0.7%	$ 11.2
Pipeline - Minor	PM	$ 308	$ 462	50	2.0%	$ 9.2
Communications	CM	$ 112	$ 167	20	5.0%	$ 8.4
Control Facility	CF	$ 415	$ 623	75	1.3%	$ 8.3
Conduit	CD	$ 771	$ 1,156	150	0.7%	$ 7.7
Instrumentation	IN	$ 50	$ 75	10	10.0%	$ 7.5
Power Plant	PP	$ 361	$ 541	75	1.3%	$ 7.2
Canal	CN	$ 686	$ 1,028	150	0.7%	$ 6.9
Metered Connection	MC	$ 219	$ 329	50	2.0%	$ 6.6
Mechanical Equipment	ME	$ 86	$ 130	20	5.0%	$ 6.5
Building - Shops	BS	$ 177	$ 266	50	2.0%	$ 5.3
Reservoir - Finished	RF	$ 268	$ 402	100	1.0%	$ 4.0
Operations Equipment	OE	$ 42	$ 64	25	4.0%	$ 2.5
Building - Residence	BR	$ 51	$ 76	40	2.5%	$ 1.9
HVAC	HV	$ 13	$ 19	15	6.7%	$ 1.3
Flow Meter	FM	$ 29	$ 43	50	2.0%	$ 0.9
Grand Total		**$ 31,524**	**$ 47,285**			**$ 522**
					Overall RR =	**1.10%**

Est. Range of Asset Repl. Cost	$46B
Min. Annual R&R Target (1.1%)	$522M
Min. Biennium R&R Target (1.1%)	$1.04B

Overall RR = 1.10%

Metropolitan's Historic R&R Ratios*

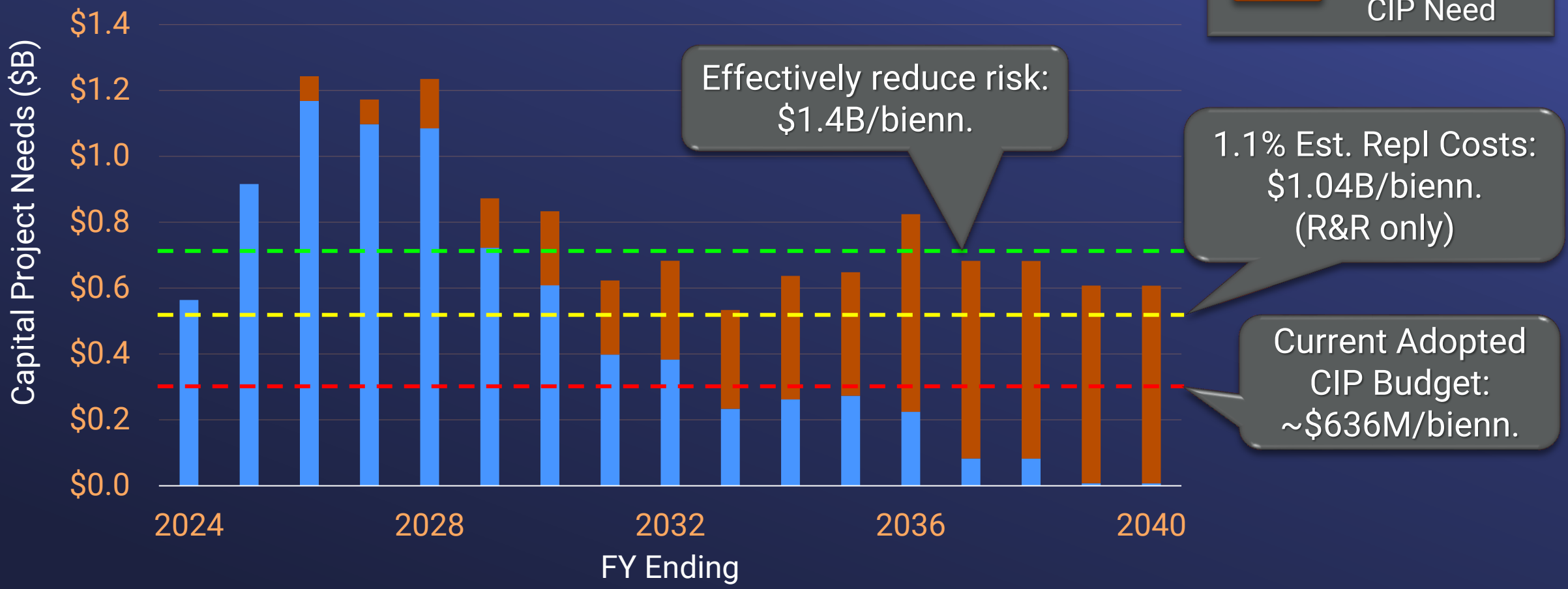
- Historic range of R&R ratios appear to be less than AWWA median
- Some adjustment to R&R moving forward may be needed

* 2024 dollars. Includes PCCP

Actual CIP Backlog & Future Trends

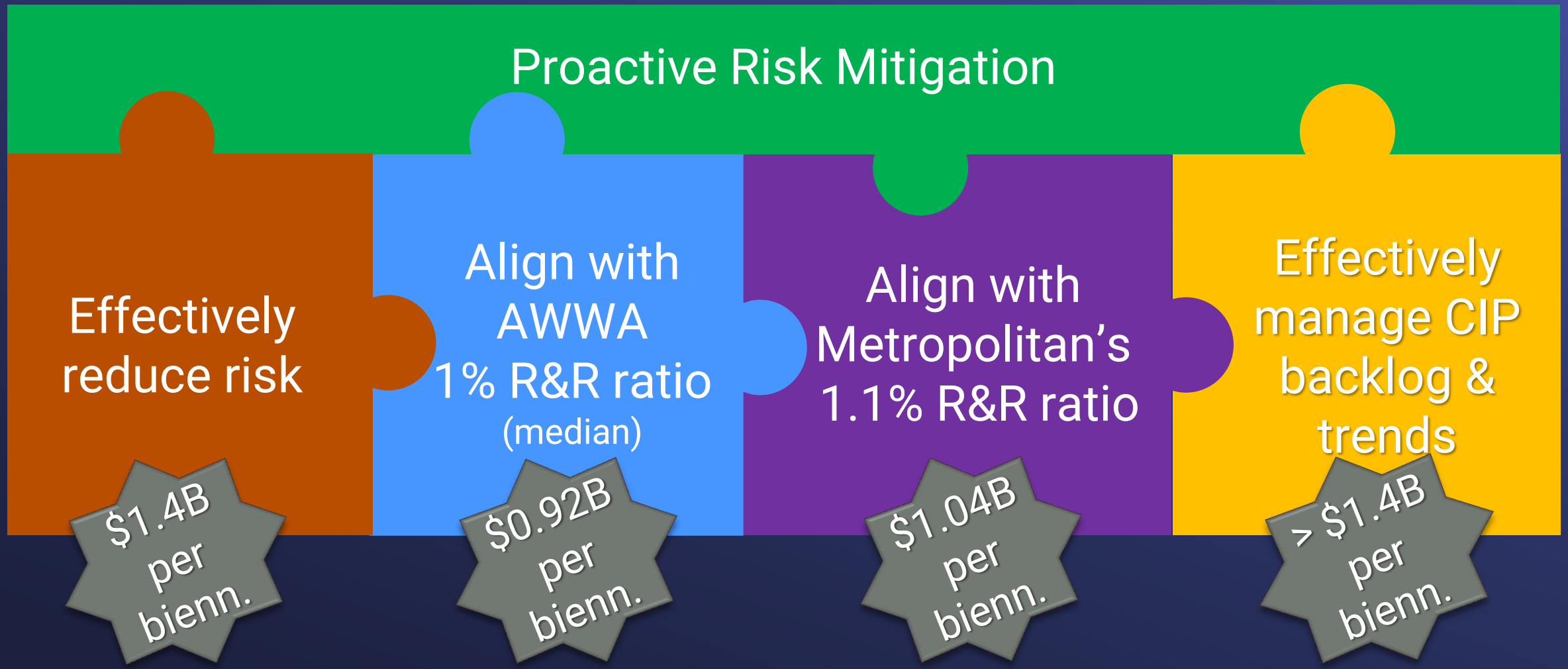
*2024 dollars unescalated

- Capital needs identified by staff*
- Includes all CIP projects (R&R, drought, etc.)

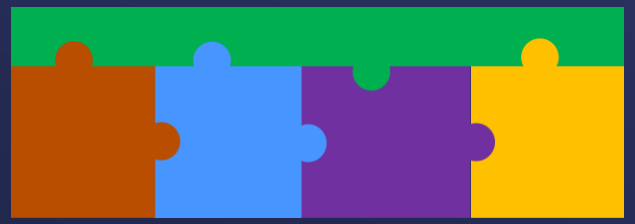


Summary of Various Perspectives

- All signs point to an increase in capital investments to mitigate risk



Key Takeaways



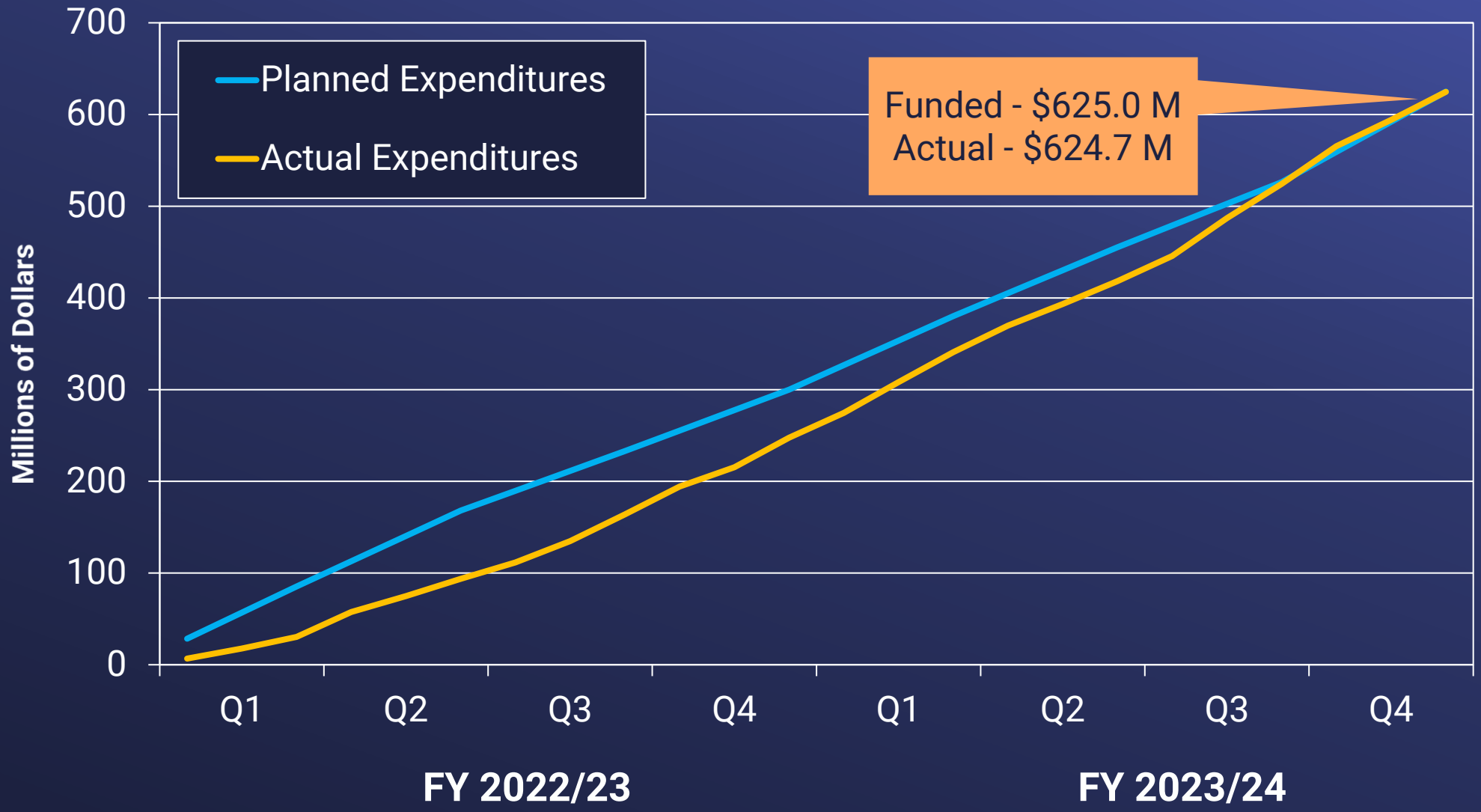
Elevated risk due to deferring R&R needs

- Planned Adopted CIP Budget
  - Insufficient to keep up & may impact reliability
- Benchmarks & metrics
  - Potentially underinvesting in R&R
- Increased investment is needed to reduce risk over time
  - Keeping up with R&R requires more staff
- Considerations point to an aspirational R&R biennial spend over $1 billion
  - Developing strategy for increased ramp-up

Update on Capital Investment Funding

Francisco Becerra – Section Manager
Program Management Section

Last Biennium CIP Cashflow

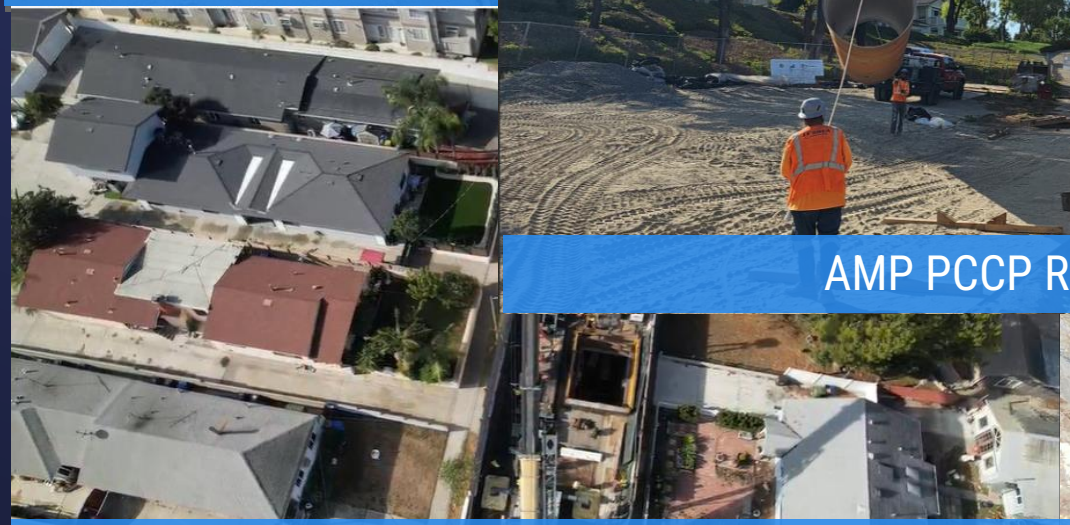


Current Biennium – R&R Projects in Construction

CRA Domestic Wate

ns 5-8 - $95 M

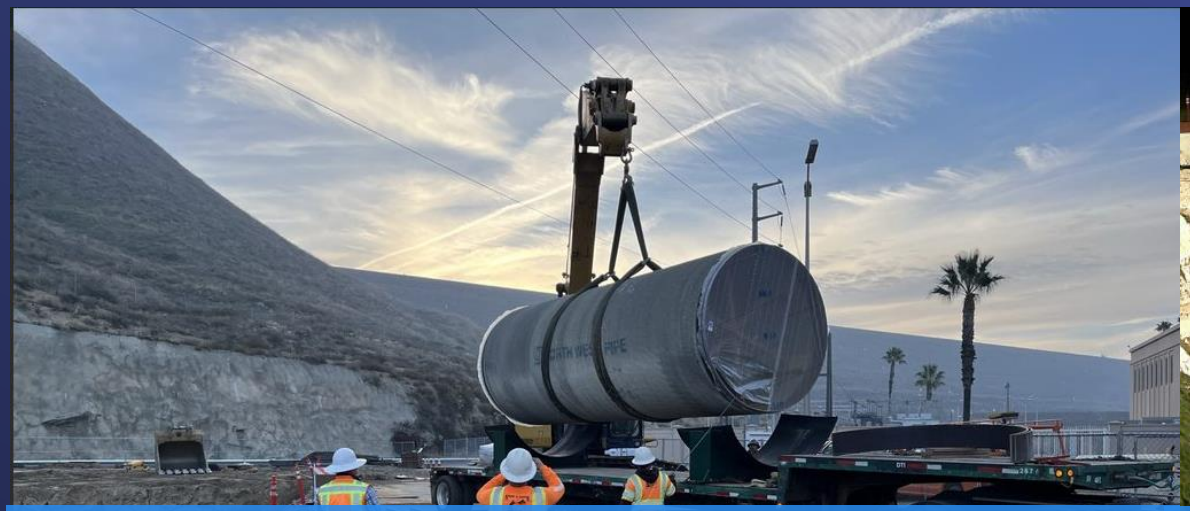
AMP PCCP Rehab.- $46 M



Second Lower Feeder 3B - $70 M

Perris Valley Pipeline - $60 M

Drought Projects in Construction



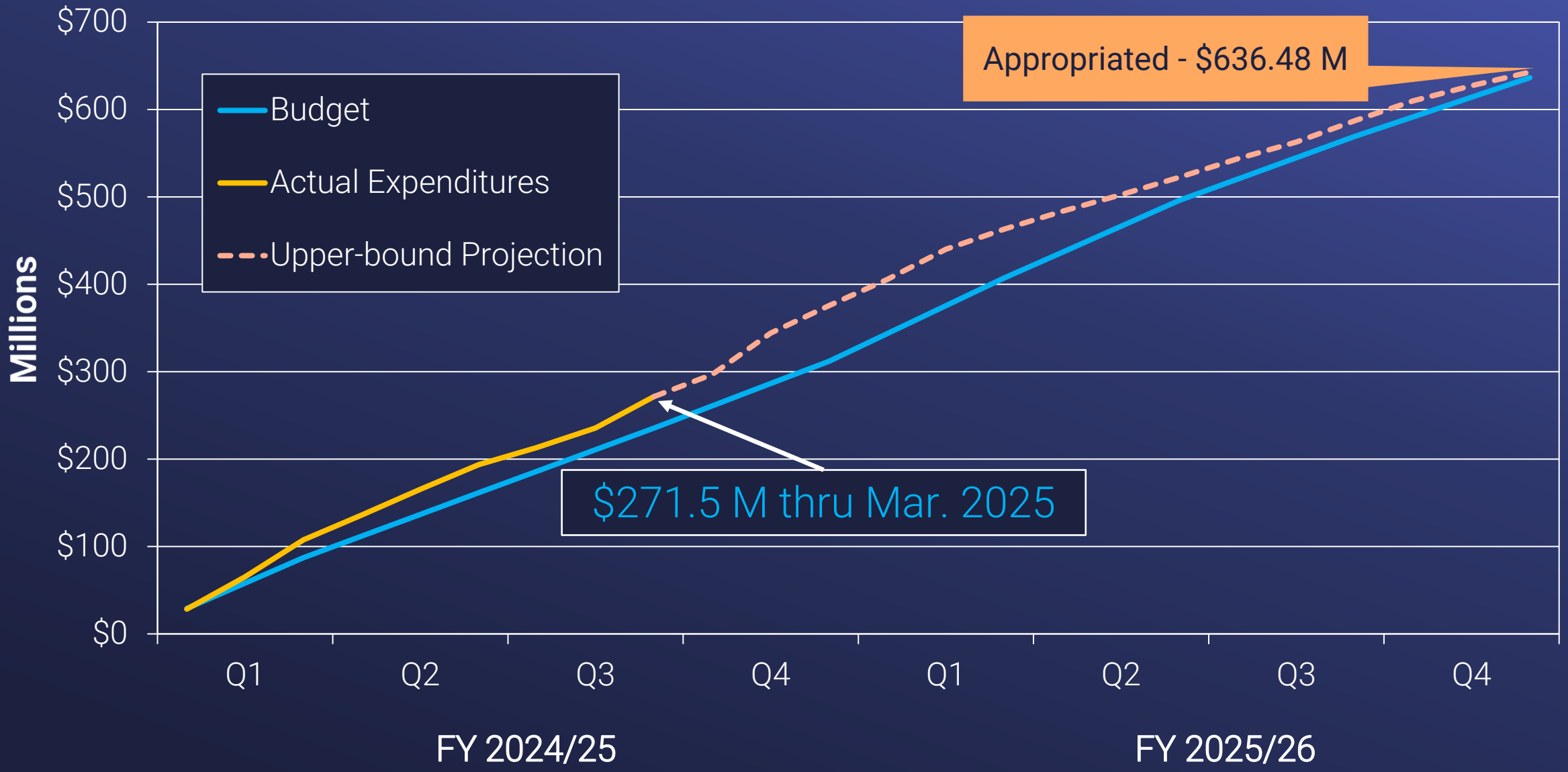
Wadsworth Bypass - $16 M

Badlands Surge Protection - $19 M

Sepulveda P.S. Phase 1 - $50 M

IF/Rialto Intertie - $16 M

Managing the Current Biennium CIP



Additional Critical Project Awards For This Biennium

Contracts under $10 Million

- Diemer Chemical Tanks Improvements
- Mills Plant Data Communications Conduits
- San Jacinto (S.J.) Diversion Structure Slide Gates Replacement

Contracts $10 to $40 Million

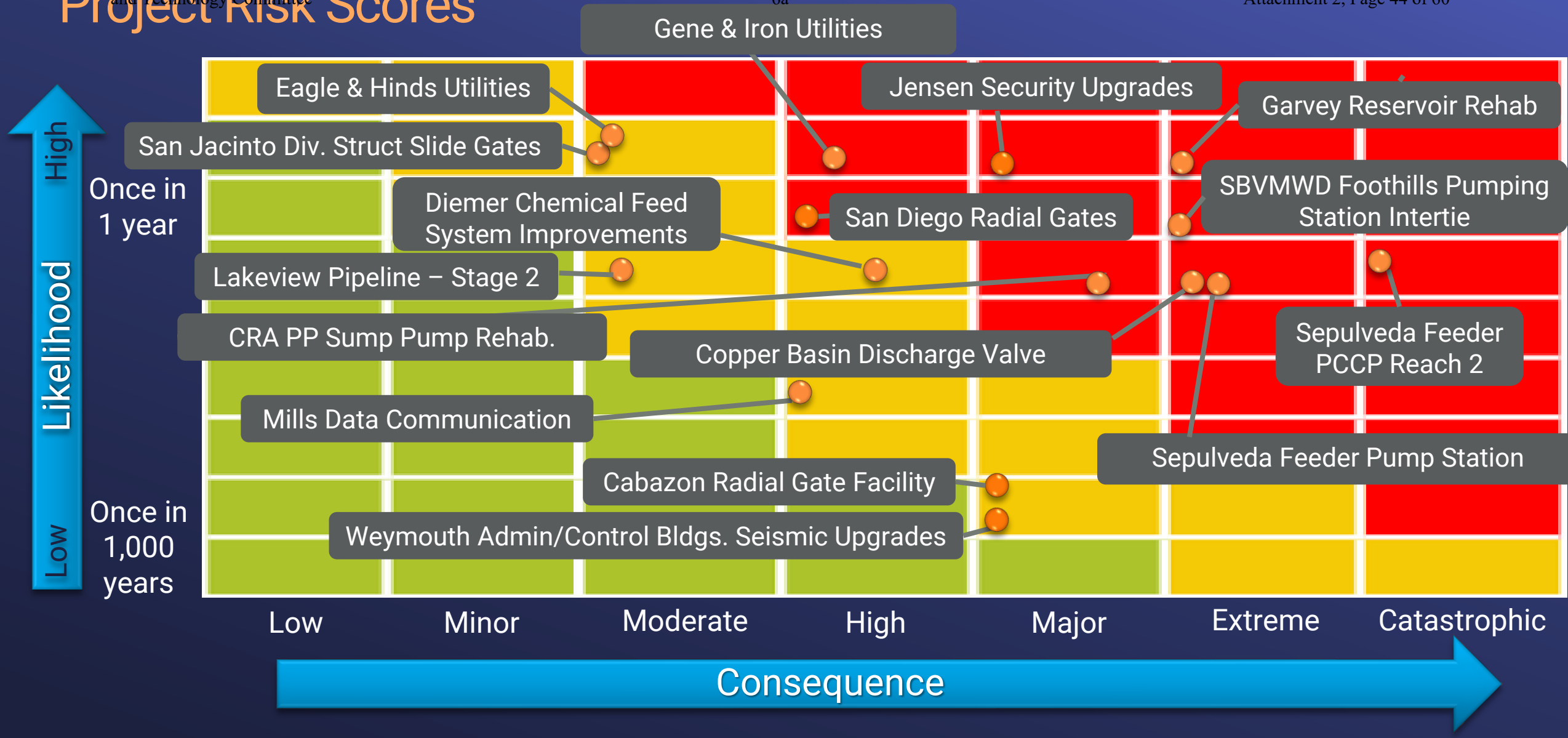
- Cabazon Radial Gate Facility Rehabilitation
- Copper Basin Discharge Valve Replacement
- Eagle & Hinds Pumping Plants Utilities Replacement
- Foothill Pump Station/Inland Feeder Intertie**
- Gene & Iron Mtn. Utilities Replacement
- Jensen Security Upgrades
- Lakeview Pipeline Stage 2A Relining
- San Diego Canal Radial Gates Rehabilitation
- Weymouth Admin. Bldg. Seismic Upgrade
- CRA Pumping Plants Sump Rehabilitation

Contracts over $70 Million

- Garvey Reservoir Rehabilitation
- Sepulveda Pump Stations PDB**
- Sepulveda PCCP Reach 2

**Drought Projects

Project Risk Scores



Option 1 – Biennium CIP Expenditure Consistent with Budget

- FY 2024/26: No additional CIP funding this biennium
  - Proceed with 6 high-priority contracts this biennium
  - Proceed with smaller contracts (approx. 12) under $1 M
  - Defer remaining projects

SWP-Dependent Area Drought Project

- Sepulveda Pump Stations

R&R Projects

- Mills Plant Data Communication Conduits
- S.J. Diversion Structure Slide Gates Replacement
- Eagle & Hinds P.P. Utilities Replacement
- Diemer Chemical Tanks Improvements
- Garvey Reservoir Rehabilitation

Sepulveda Feeder Pump Stations

- Scope
  - Construct pump stations at Sepulveda & Venice Pressure Control Facilities
  - Reverses flows to deliver 30 cfs to the western SWP dependent areas
- Purpose
  - Improves drought mitigation
  - Improves redundancy
- Current Approach - Progressive Design-Build
  - Stage board award of construction packages
    - July 2025 – Venice Pump Station
    - Sepulveda Pump Station
  - Constr. Contract Estimate - $55 M to $65 M (Venice)
    - Total contract cost - $190 M to $240 M

Rendering of
Venice Pump Station

Garvey Reservoir Rehabilitation

- Scope
  - Rehabilitate reservoir including replacement of floating cover, liner & strengthening of outlet tower
- Purpose
  - Improves seismic performance
  - Provides operational flexibility during drought operations
  - Complies with Division of Drinking Water regulations
- Constr. Contract Estimate – $75 M to $90 M
- Board Award – October 2025

Garvey Reservoir

Eagle Mountain & Hinds Utilities Replacement

- Scope
  - Replace potable & non-potable water distribution piping systems, & wastewater piping
- Purpose
  - Replaced deteriorating water distribution pipe
    - Replaces broken & clogged wastewater pipes & odor issues
  - Reduces repair costs & allows staff to focus on maintenance of CRA system
- Contract Cost: $18 M to $20 M
- Planned Board Award: Aug. 2025

Domestic Water Line Failure

Option 2 – Request Additional CIP Funds

FY 2024/26: Appropriate $40 M additional CIP funding

- Proceed with key drought project
- Proceed with contracts identified in Option 1 & four additional R&R contracts
- Defer remaining projects

SWP-Dependent Area Drought Project

Foothill/Inland Feeder Intertie

Additional R&R Projects

Copper Basin Reservoir Discharge Valve Replacement

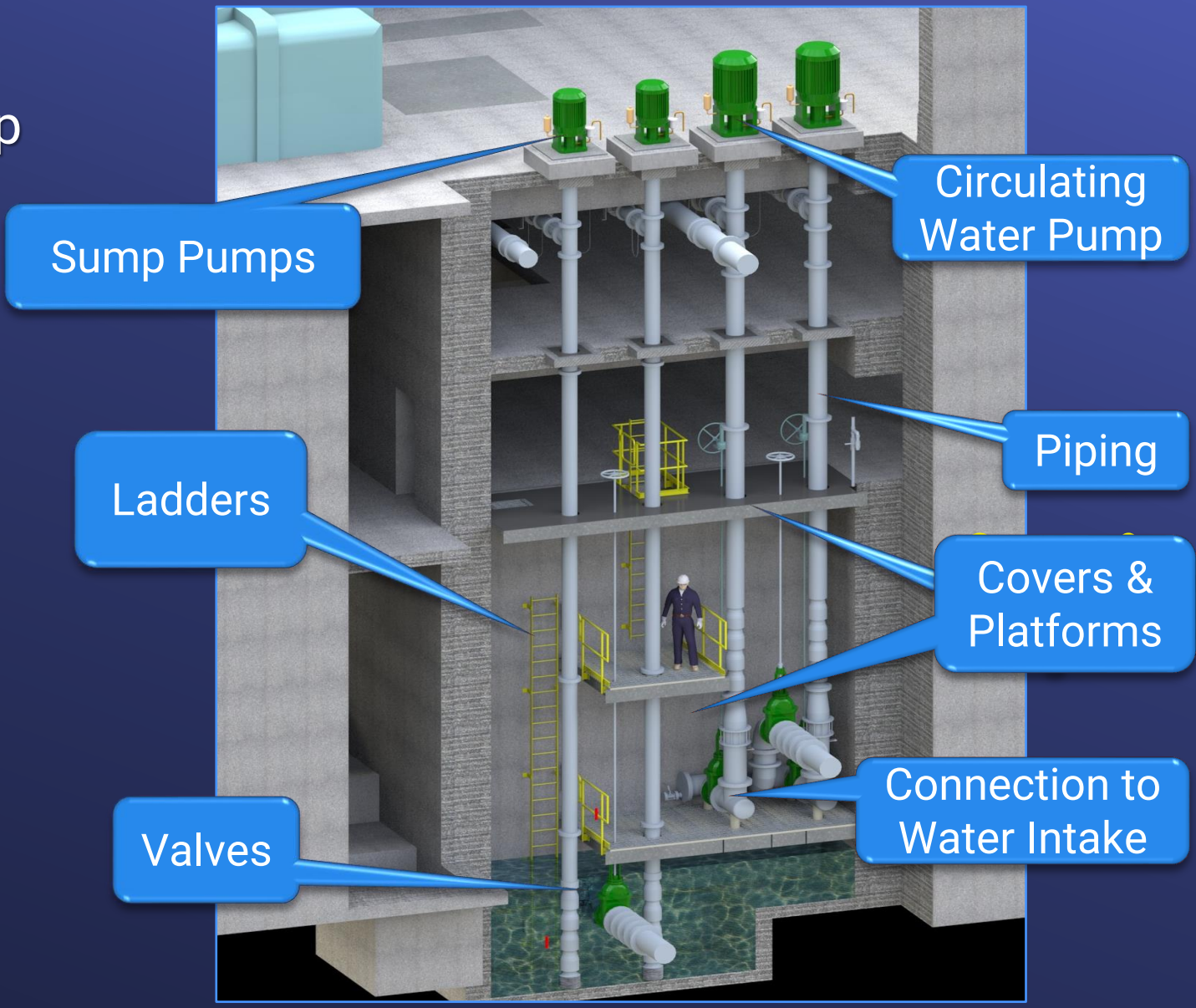
Gene & Iron Utilities Replacement

CRA Sump Piping Replacement

Sepulveda Feeder PCCP Rehab. – Reach 2

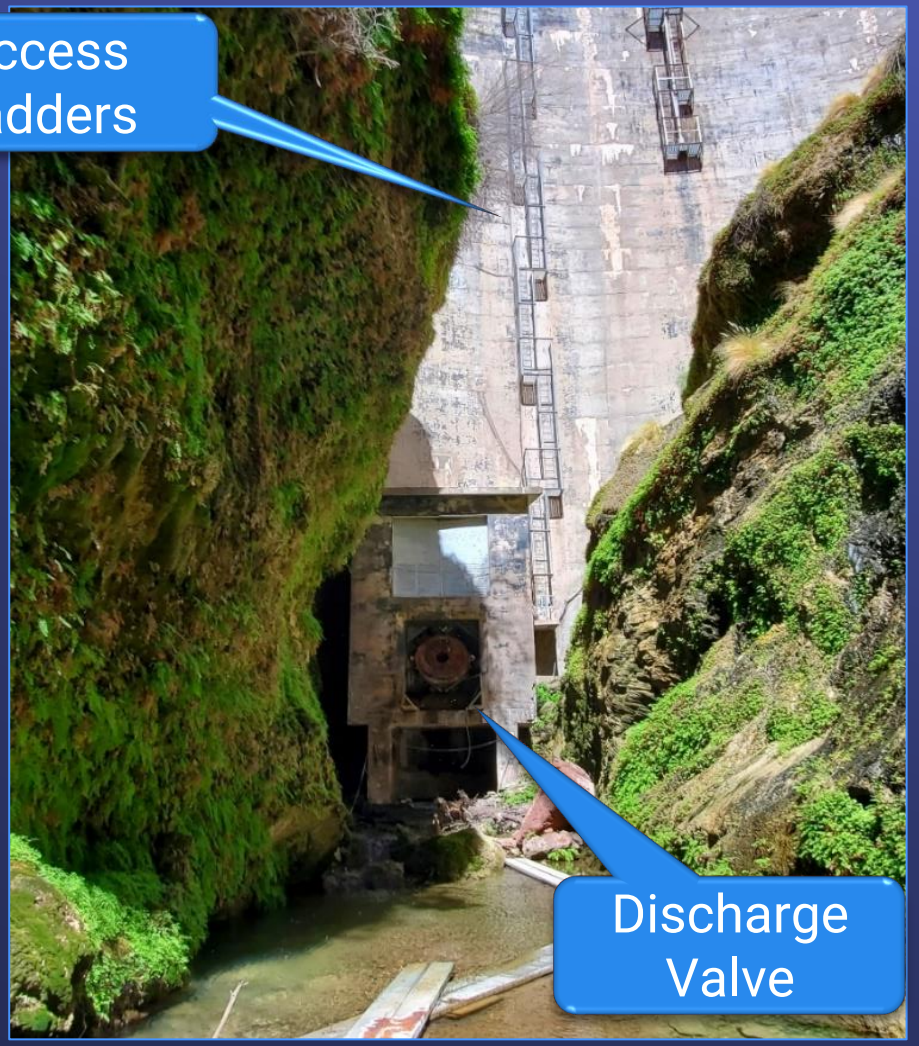
Circulating Water/Sump Discharge Systems – Scope of Work

- Scope
  - Replace circulating water & sump discharge systems
- Purpose
  - Enhances CRA water reliability
  - Reduces costly repairs
  - Allows staff to focus on maintenance activities
- Constr. Contract Estimate - $30 M to $35 M
- Board Award – Nov. 2025



CRA Copper Discharge Valve Replacement

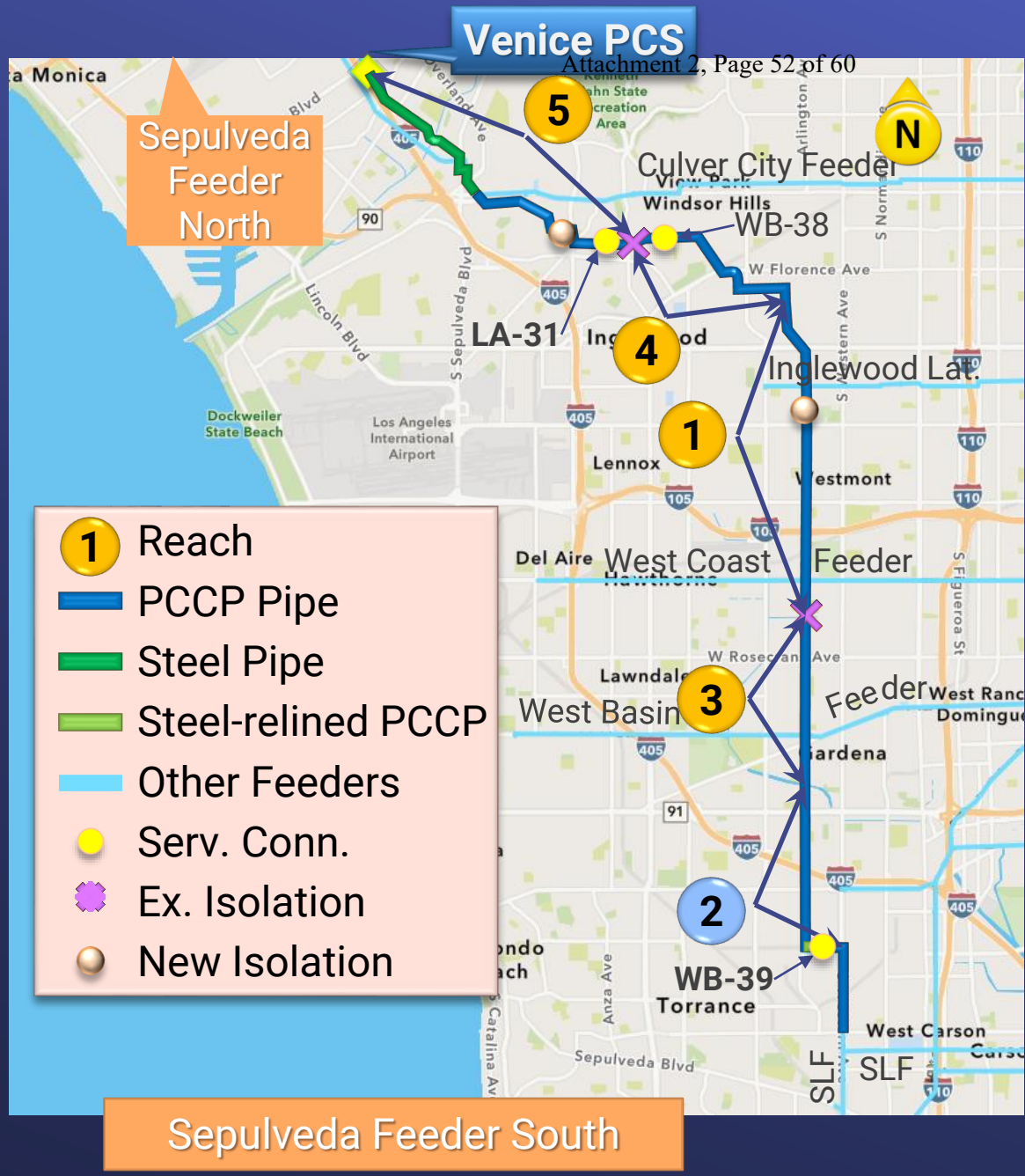
- Scope
  - Replaces emergency discharge valve, upstream gate valve, corroded catwalk & ladders
  - Makes safety improvements to access road
- Purpose
  - Enhances ability to drain reservoir in emergencies
    - Maintains compliance with Division of Safety of Dams
  - Improves safety by improving road & replacing ladders
- Constr. Contract Estimate - $15 M to $20 M
- Board Award – Dec. 2025



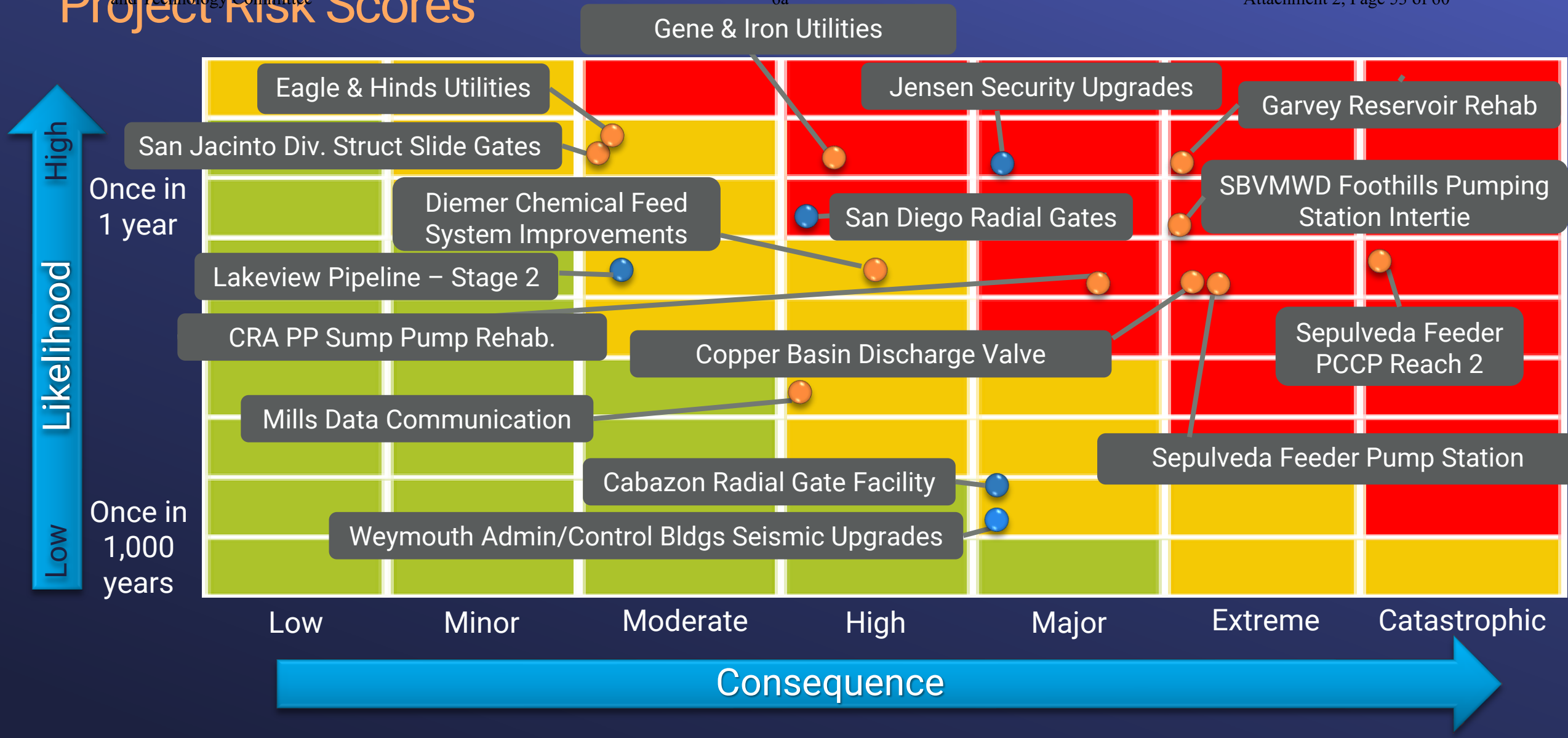
Copper Basin Discharge Structure

Sepulveda Feeder Reach 2

- Scope
  - Steel line 3.8 miles of PCCP
- Purpose
  - Extends lifespan of pipeline
  - Mitigates PCCP vulnerability
    - Risk of stray current from cathodically protected oil pipelines
    - Addresses 58 pipe segments with wire breaks
- Constr. Contract Estimate
  - $80 M to $90 M
- Board Award – Fall 2025



Project Risk Scores



Funding Options for FY 2024/26 Biennium

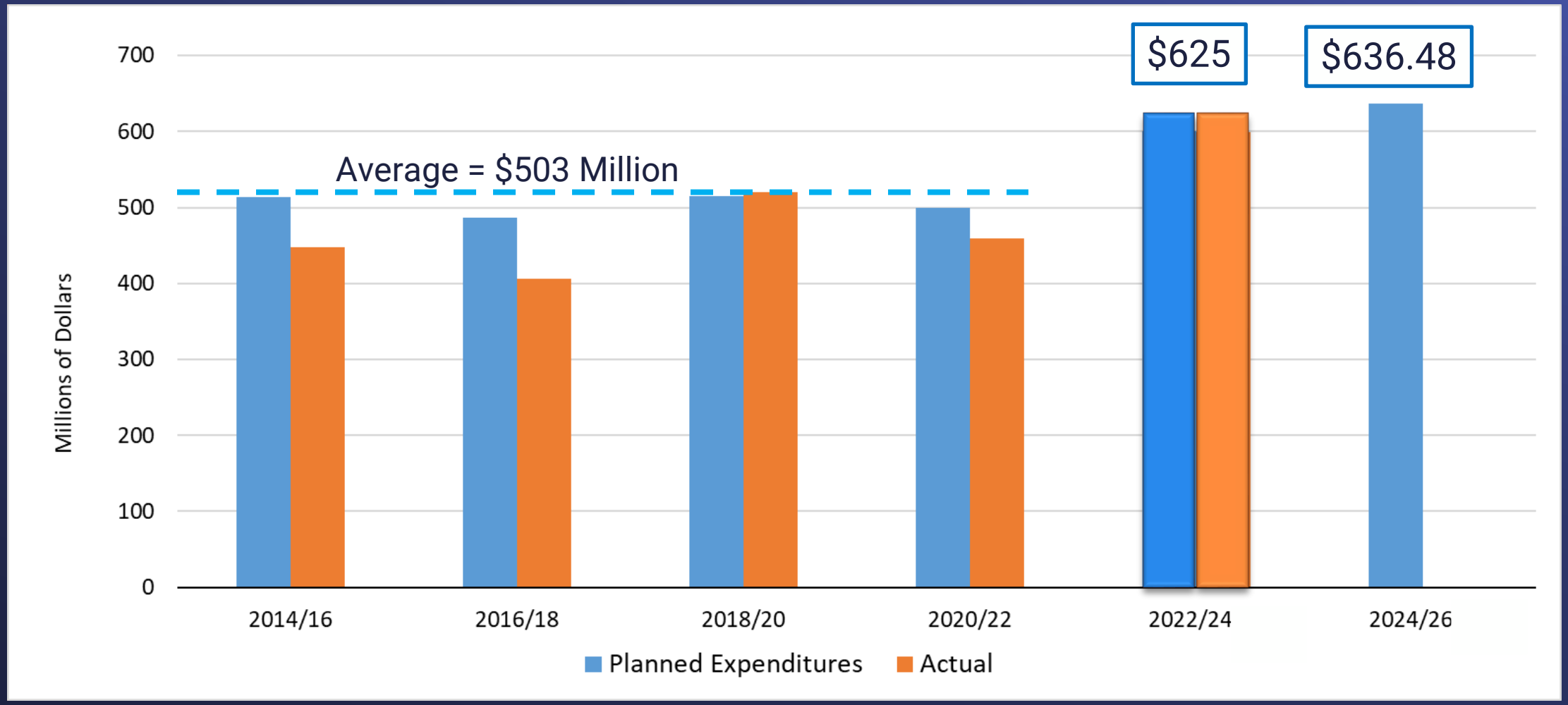
- Planned – April 2024 CIP plan
- Option 1 - No additional CIP funding
  - Proceed with 6 high-priority contracts
  - Proceed with smaller contracts (approx. 12) under $1 M
  - Defer at least 10 projects
- Option 2 - Appropriate $40 M additional CIP funding
  - Proceed with 11 high-priority contracts
  - Proceed with smaller contracts (approx. 12) under $1 M
  - Defer at least 5 projects
  - Allows construction of critical R&R projects

Construction Awards this Biennium

- Sepulveda Pump Stations
- Mills Plant Data Communication Conduits
- S.J. Diversion Structure Slide Gates Replacement
- Eagle & Hinds P.P. Utilities Replacement
- Diemer Chemical Tanks Improvements
- Garvey Reservoir Rehabilitation
- Foothill/Inland Feeder Intertie
- Copper Basin Reservoir Discharge Valve Replacement
- Gene & Iron Utilities Replacement
- CRA Sump Piping Replacement
- Sepulveda Feeder PCCP Rehab. – Reach 2

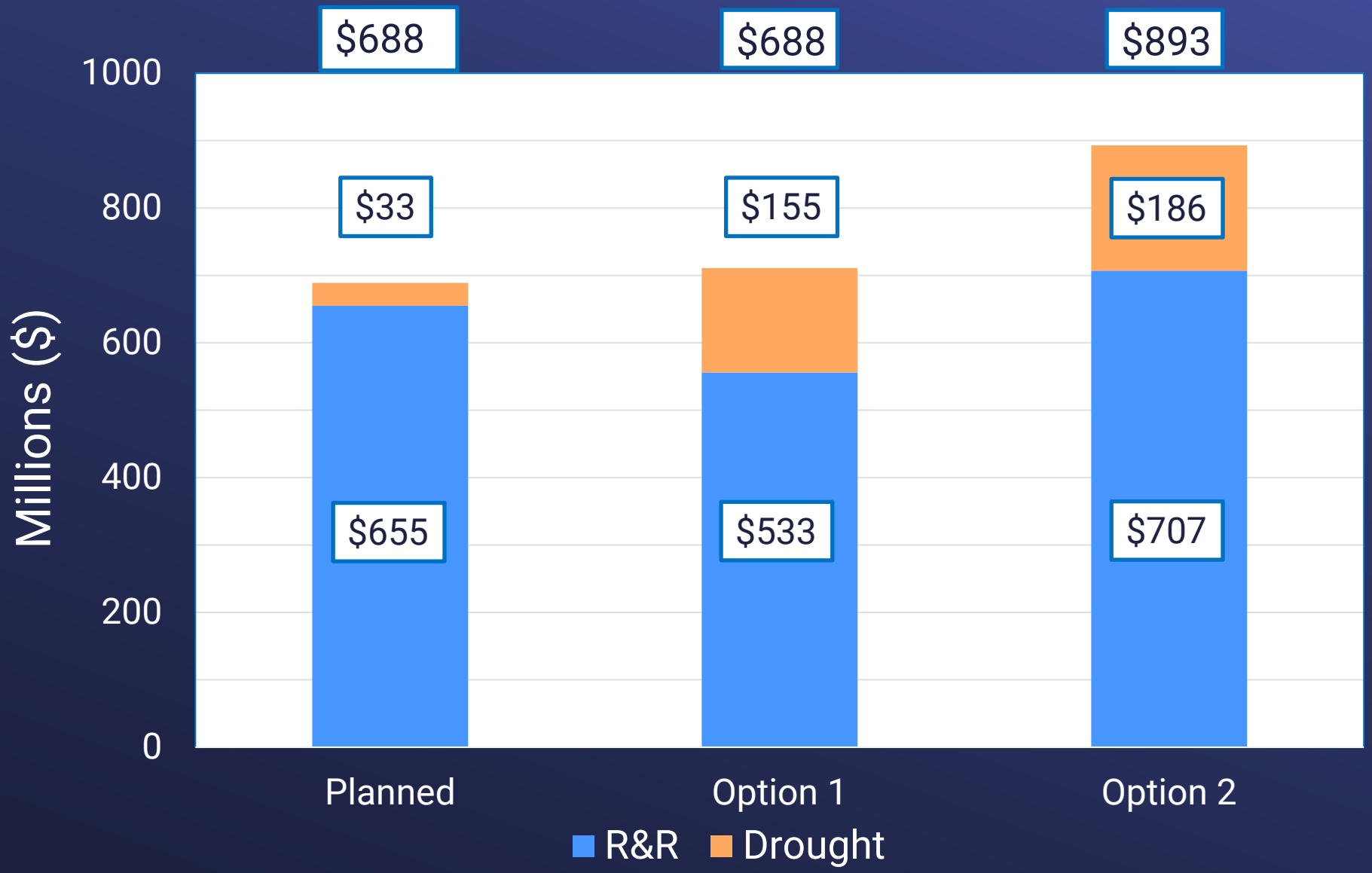
- Option 1 = Projects in Blue
- Option 2 = Projects in Blue & Orange

Planned & Actual CIP Expenditures

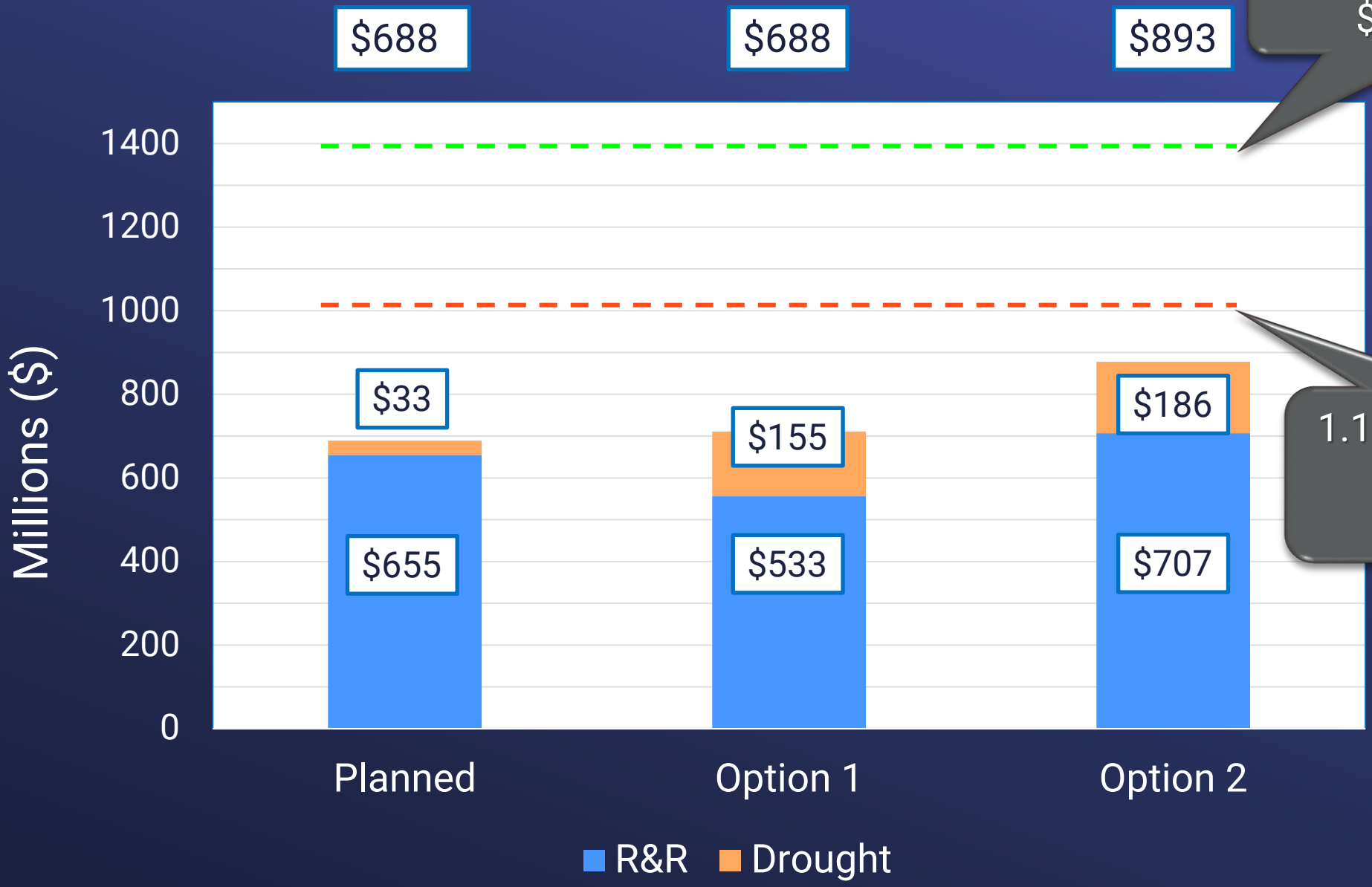


Considerations for CIP Budget for FY 2026/28

Decisions in current biennium affect next biennium



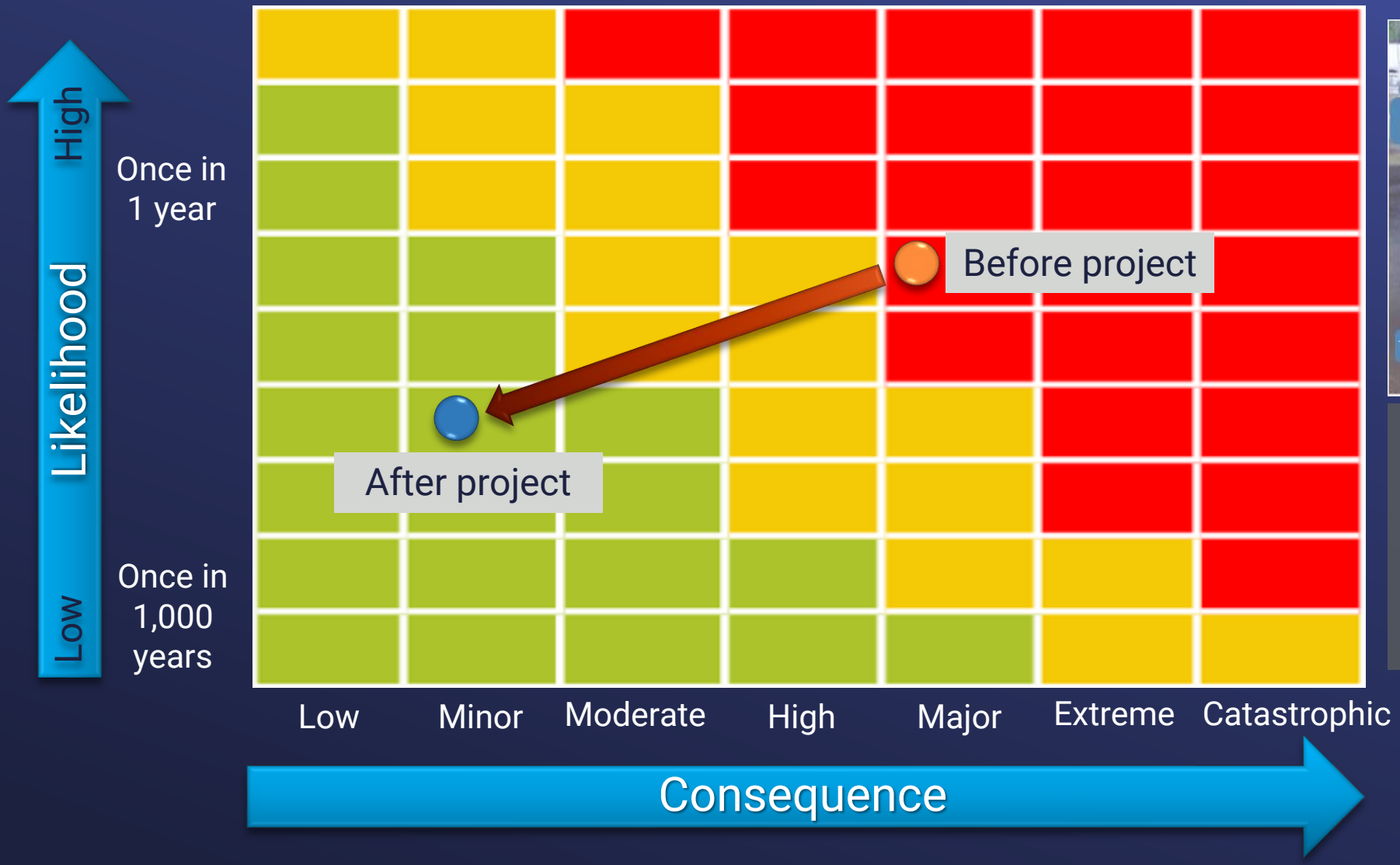
Projected CIP Budget Next Biennium

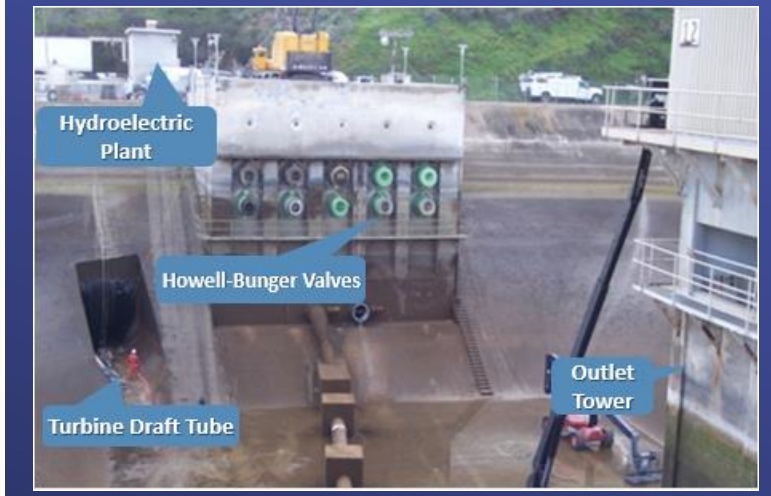


Next Steps

- Continue to manage current biennium budget
- Board Actions for this biennium
  - July – Action to award GMP#1 for the Sepulveda Pump Stations Project
  - August – Information item on CIP funding & fiscal impacts
  - September – Action item to increase CIP funding for this biennium
- Develop CIP and R&R funding strategy for subsequent biennia

2426-111 Lake Mathews Forebay Pressure Control Structure & Electrical Upgrades





Hazard #1:
Failure of a single valve leading to inability to deliver water to Upper Feeder & Lower Feeder