



Engineering, Operations, & Technology Committee

Appropriation of Capital Investment Plan Budget Funds for FYs 2026/27 and 2027/28

Item 8-2

April 13, 2026

Presented by: James Hong

Item 8-2

Appropriation of
Biennial CIP Budget
for FYs 2026/27 &
2027/28

Subject/Recommendation

Appropriate \$1.025 billion for projects identified in the Capital Investment Plan for FYs 2026/27 and 2027/28 and authorize the General Manager to initiate or proceed with work on capital projects identified in the Capital Investment Plan for FYs 2026/27 and 2027/28

Purpose

Appropriate CIP funds and allow the General Manager to authorize CIP work

Fiscal Impact

Fiscal Impact of \$1.025 billion

Appropriation
of Biennial
CIP Budget
FYs 2026/27
and 2027/28

CIP Implementation Process

- Pursuant to Admin. Code §5108(e)
- Appropriate the CIP budget
- Authorize the GM to manage projects identified in the CIP Appendix
- Quarterly reports identify projects underway & progress on these projects

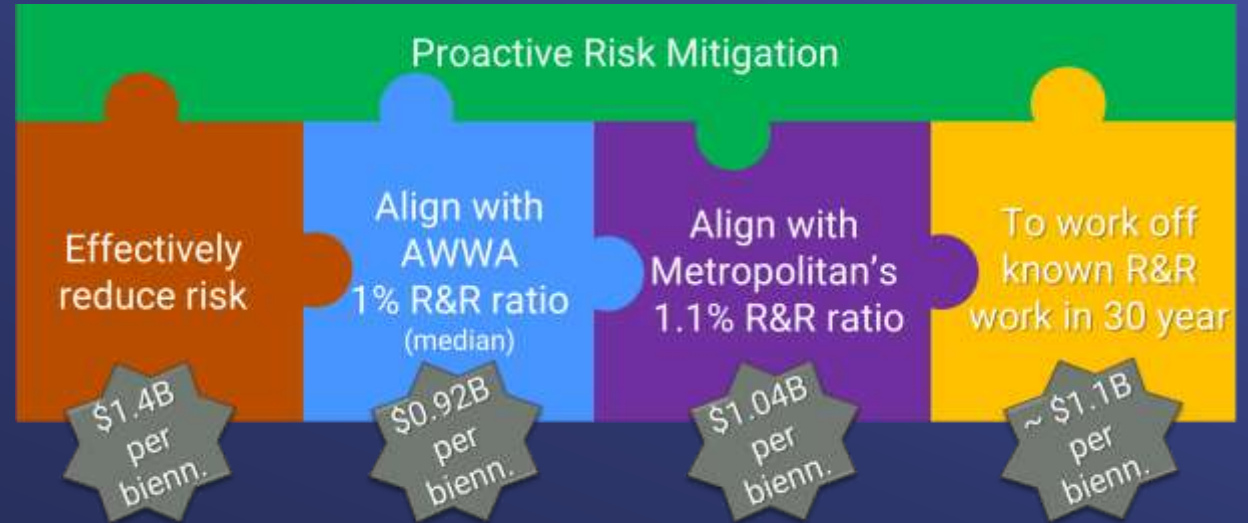
Appropriation of Biennial CIP Budget FYs 2026/27 and 2027/28

CIP Budget Development

- Rigorous system to assess & prioritize projects
 - Project proposals & risk information solicited from staff & reviewed by management
 - CIP Evaluation Committee reviews & scores
 - Projects prioritized with emphasis on system delivery reliability
- Maintains focus on refurbishment & replacement work while advancing new initiatives
 - Proposed budget based on projects most needed
- Adjusted based on Board's direction during budget workshops

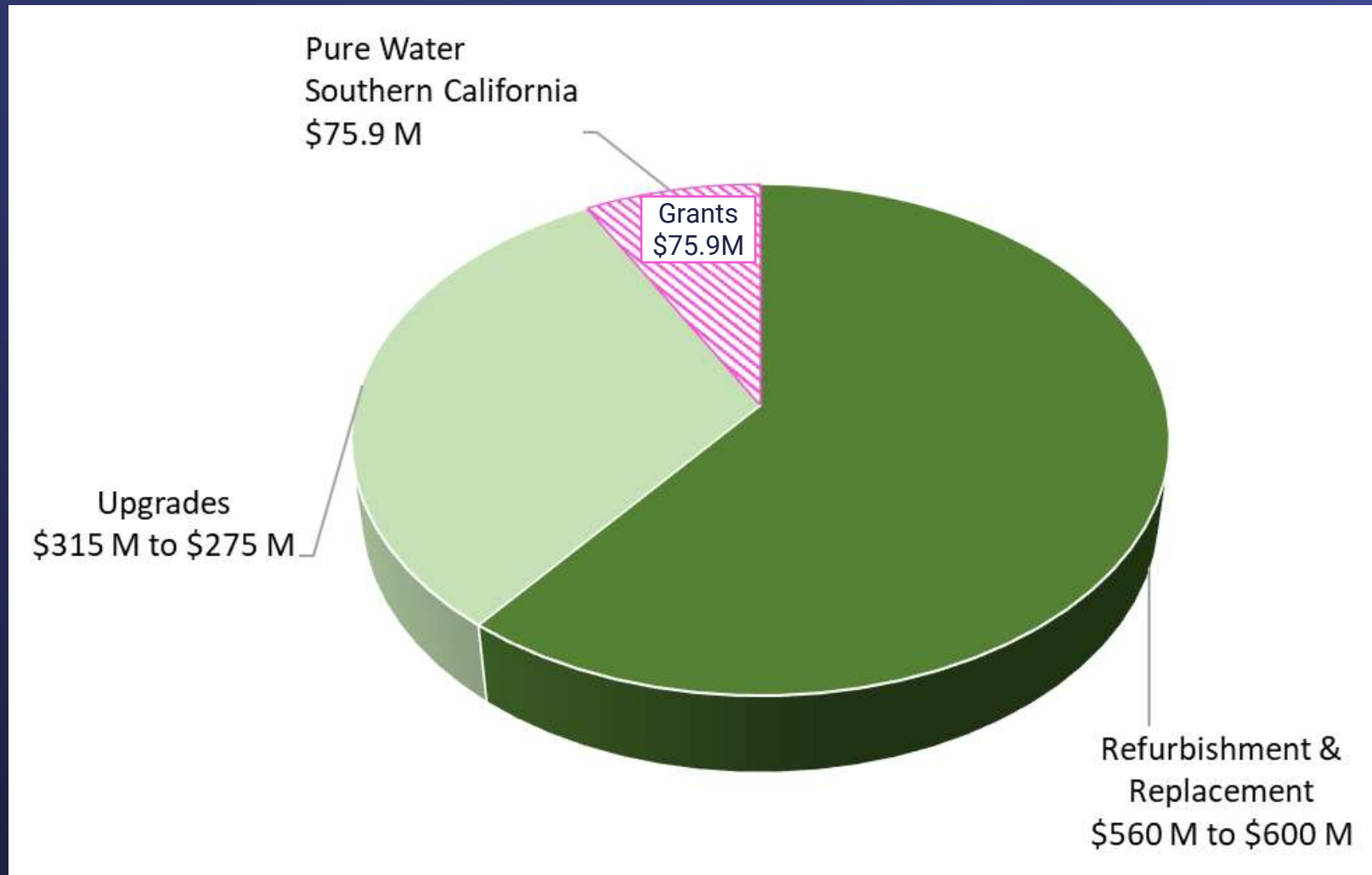
Alternatives Considered

- February Board Workshop - \$1.1 billion CIP budget recommended
 - Core CIP: \$950 million
 - R&R: \$638 million
 - Upgrades: \$312 million
 - PWSC: \$150 million
- Following March 24, 2026 Board Workshop, core CIP reduced \$75 million
 - Core CIP: \$875 million



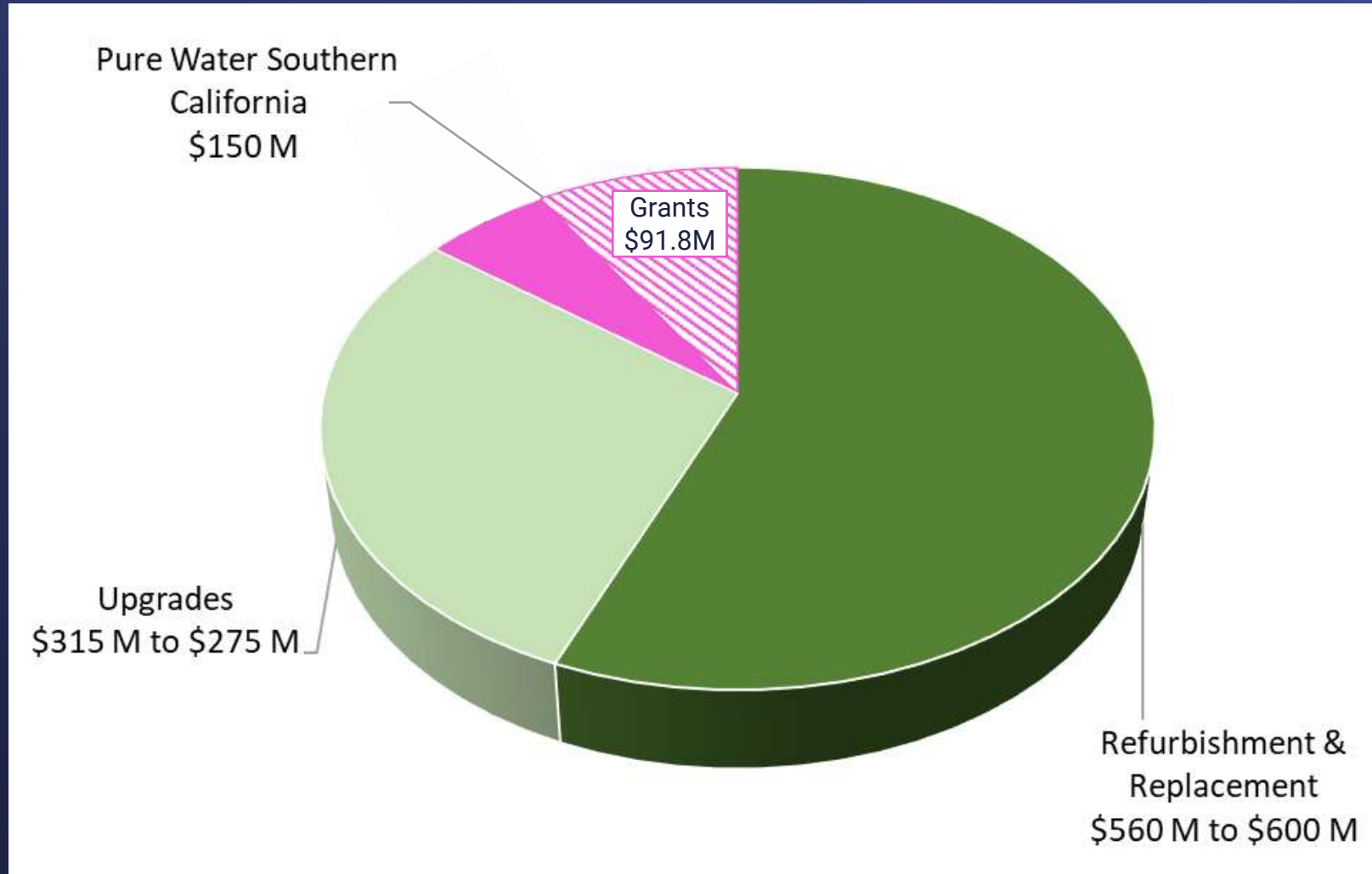
Option #1 CIP for FY 2026/27 - 2027/28 by Project Type

Total: \$950.9 M



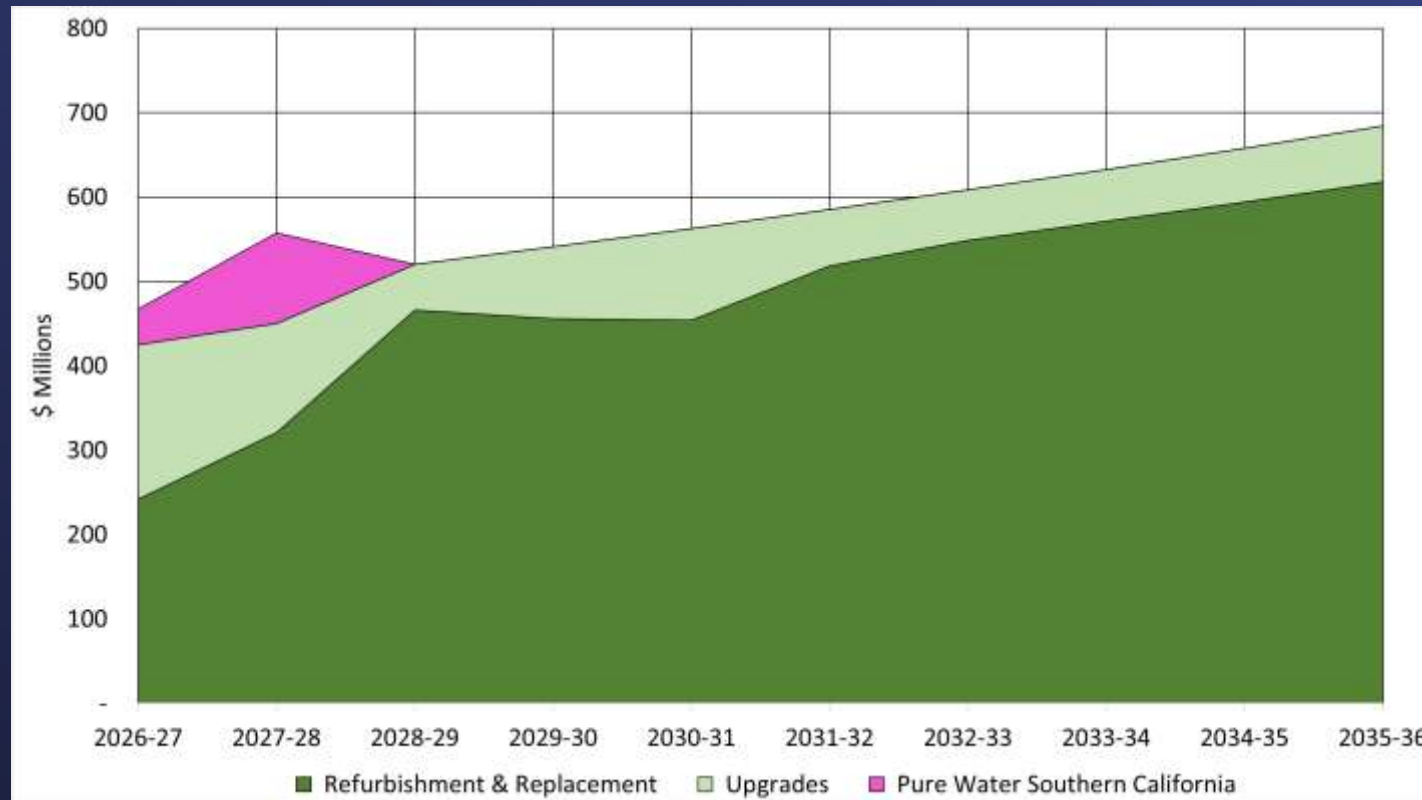
Option #2 CIP for FY 2026/27 - 2027/28 by Project Type

Total: \$1.025 B

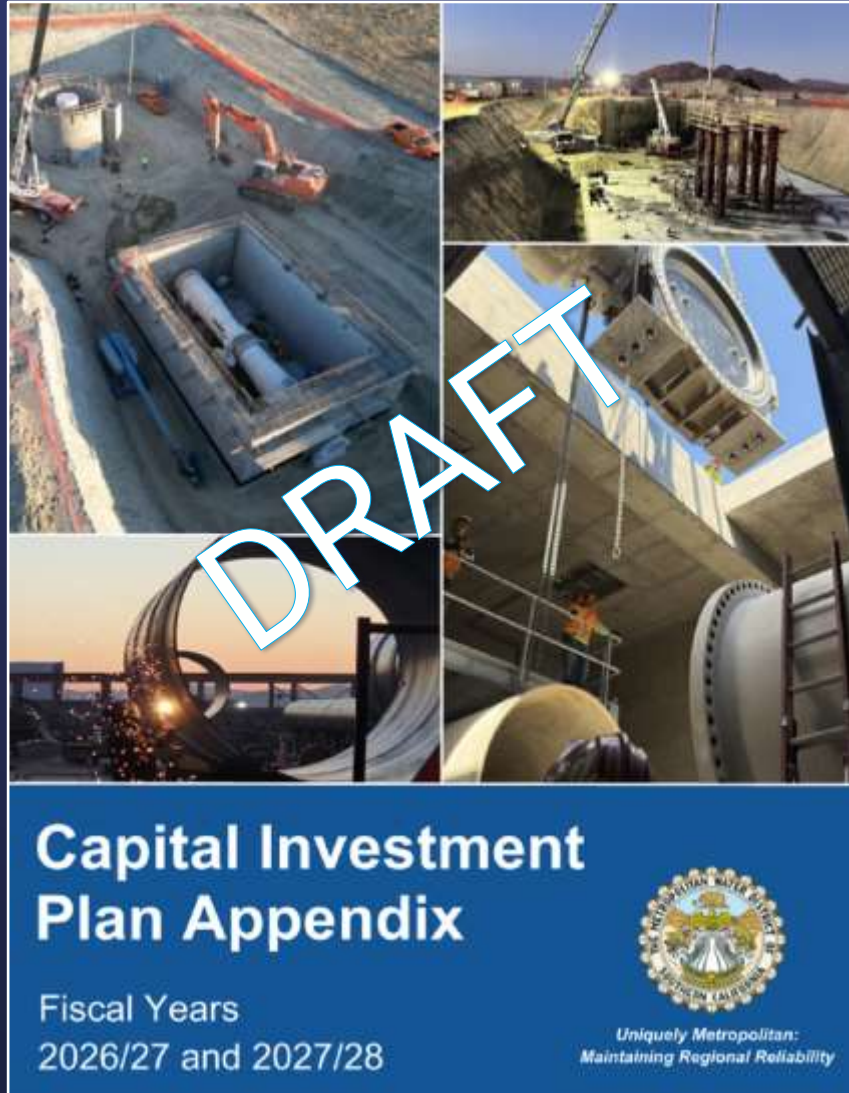


10-Year Plan for Option #2

- \$5.8 billion planned spending
 - Core CIP: Approximately \$5.67 billion for R&R and Upgrades
 - PWSC: \$150 million



Draft CIP Appendix Attached to Board Letter



- Biennial CIP budget based on Feb. assumptions
- Organized by program
- Project description for every project
- Key project objectives in upcoming biennium
- 10-year CIP projection
- Will update following board adoption of the budget

CIP Program Highlights

Colorado River Aqueduct Program

- Essential to maintain supply reliability
- Oldest portions of the system
- Key projects:
 - CRA High-Voltage Transformers Replacement
 - CRA Main Pump Motor Rehabilitation
 - Eagle Mountain & Hinds Utility Replacement
- Planned Expenditures:
 - \$191 M



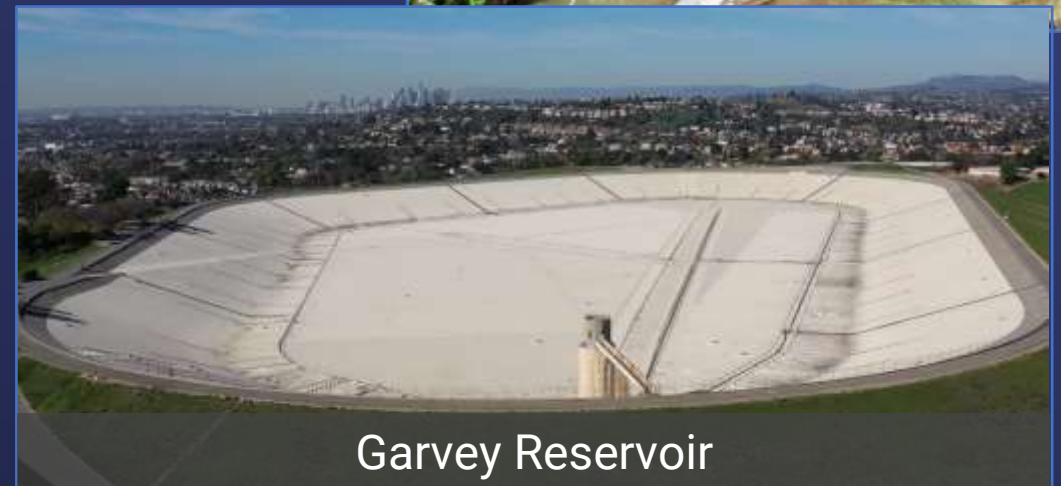
CRA Main Transformers

CIP Program Highlights

Dams & Reservoirs Program

- Reliably meet water storage needs and regulatory compliance
- Key Projects:
 - Copper Basin Reservoir Discharge Valve Structure Rehabilitation
 - Garvey Reservoir Rehabilitation
 - Lake Mathews Pressure Control Structure & Electrical System Upgrades
- Planned Expenditures:
 - \$148 M

Copper Basin Discharge Structure



Garvey Reservoir

CIP Program Highlights

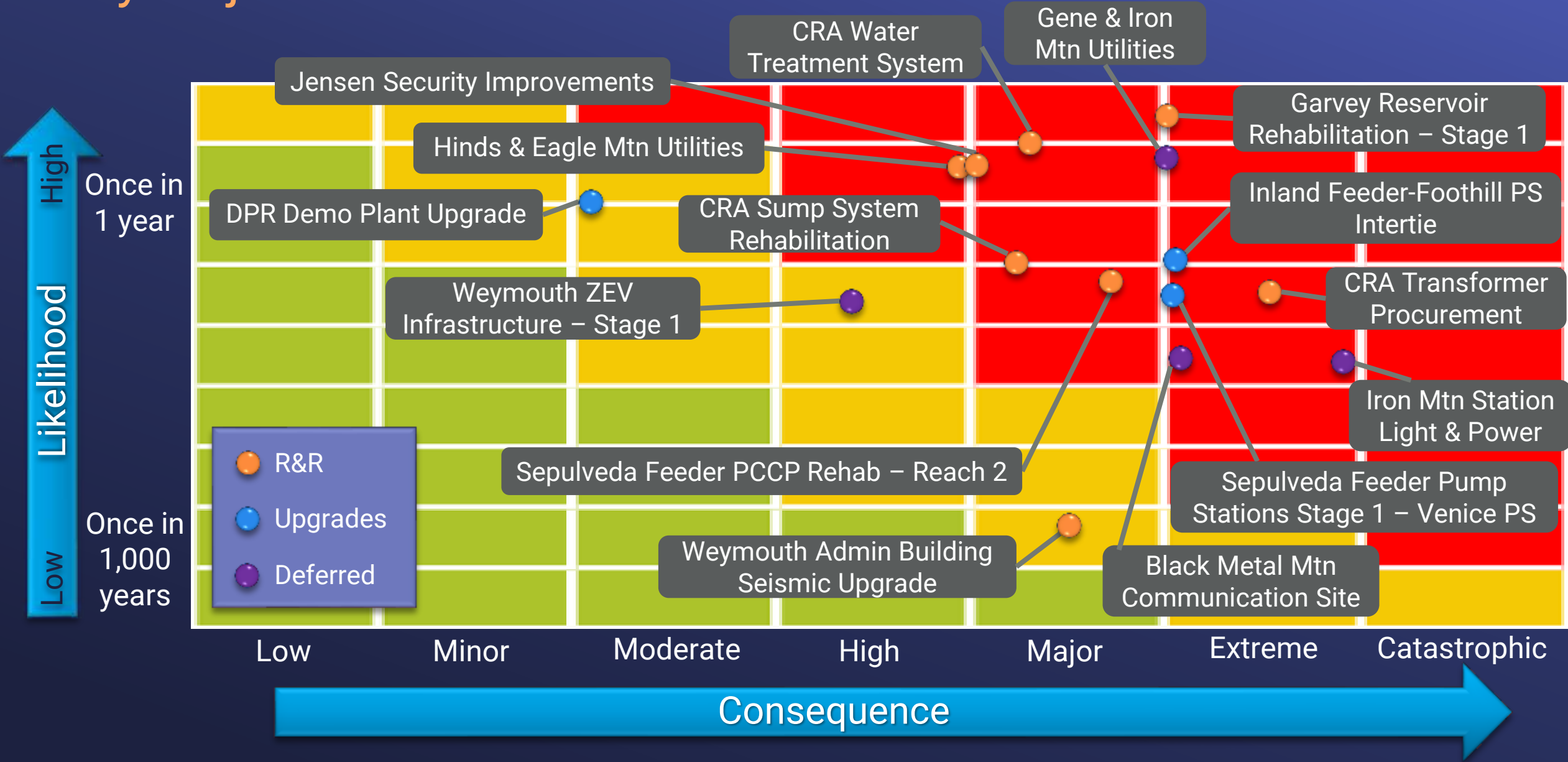
Drought Mitigation – SWP Dependent Area Program

- Reduce water supply vulnerability in western service area during shortages of State Water Project supplies
- Key Projects:
 - Sepulveda Feeder Pump Stations
 - Inland Feeder-SBVMWD Foothill PS Intertie
- Planned Expenditures:
 - \$264 M



Sepulveda Feeder Pump Stations – Venice PS

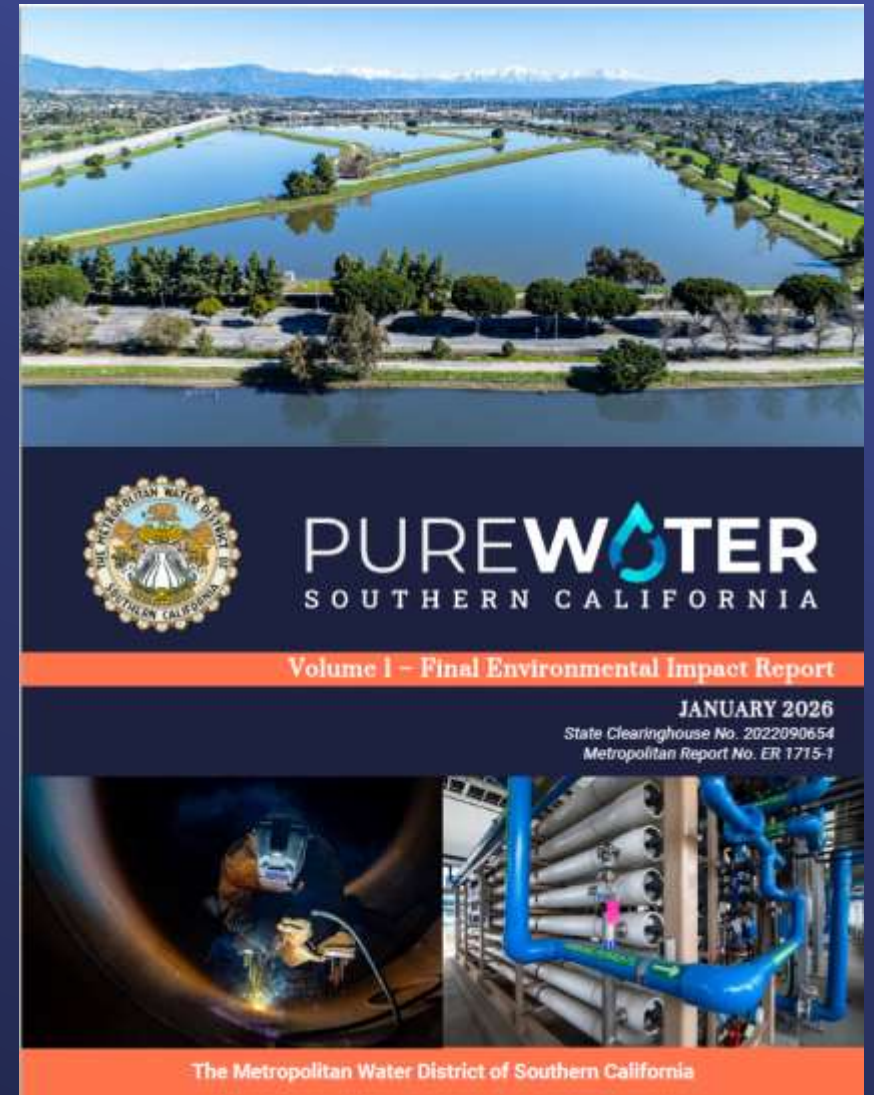
Key Projects – Next Biennium



Program Highlights

Pure Water Southern California (planning & design of initial stage)

- New local source of safe & reliable drinking water
- Key Projects:
 - Advanced Water Purification Facility
 - Initial Pipeline Reaches
- Planned Expenditures:
 - Option #1: \$75.9 M
 - \$75.9 M in grants and external sources
 - Option #2: \$150.0 M
 - \$91.8 M in grants and external sources
 - \$58.2 M in PAYGO & Debt




Proposed PWSC Activities for FYs 2026/27 & 2027/28

- For both options
 - Solicit for AWPf Progress Design Builder & complete Basis of Design Report
 - Permitting
- Option #1 (\$75.9 M: Grants & other external sources only)
 - Develop facility designs
 - AWPf (~30%)
 - Reach 1 & Reach 2 (~50%)
- Option #2 (\$150 M: Grants, PAYGO, & Debt)
 - Solicit CM/GCs for Reach 1 & Reach 2
 - Further progress designs for greater certainty of cost & schedule
 - AWPf (~50%)
 - Reach 1 & Reach 2 (~80%)

CIP Quarterly Report

- Board actions
- Actuals vs. planned expenditures
- Program & key project updates
- Status of construction & procurement contracts
- Actions taken to authorize & fund projects
- Performance metrics



The Metropolitan Water District of Southern California

Capital Investment Plan Quarterly Report

October - December 2025




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CIP Budget Summary

- Spending plan with flexibility to accommodate changing conditions
- Prioritizes projects to meet GM's strategic priorities
 - Maintaining reliability by rehabilitating aging infrastructure
 - Adding system flexibility to reduce drought impacts
- Start design and permitting of the initial stage of PWSC, subject to board approval
- Defer other significant projects to later years

Board Options

- Option #1
 - a. Appropriate \$950.9 million for projects identified in the CIP Appendix for FYs 2026/27 and 2027/28; and
 - b. Authorize the General Manager to initiate or continue work on the capital projects described in the CIP Appendix for FYs 2026/27 and 2027/28, subject to any limits on the General Manager's authority and CEQA requirements.
- Option #2
 - a. Appropriate \$1.025 billion for projects identified in the CIP Appendix for FYs 2026/27 and 2027/28; and
 - b. Authorize the General Manager to initiate or continue work on the capital projects described in the CIP Appendix for FYs 2026/27 and 2027/28, subject to any limits on the General Manager's authority and CEQA requirements.

Board Options

- Option #3
 - Do not appropriate funds. Seek individual authorizations and appropriations for each project.

Staff Recommendation

- Option #2

