



# Capital Improvement Program

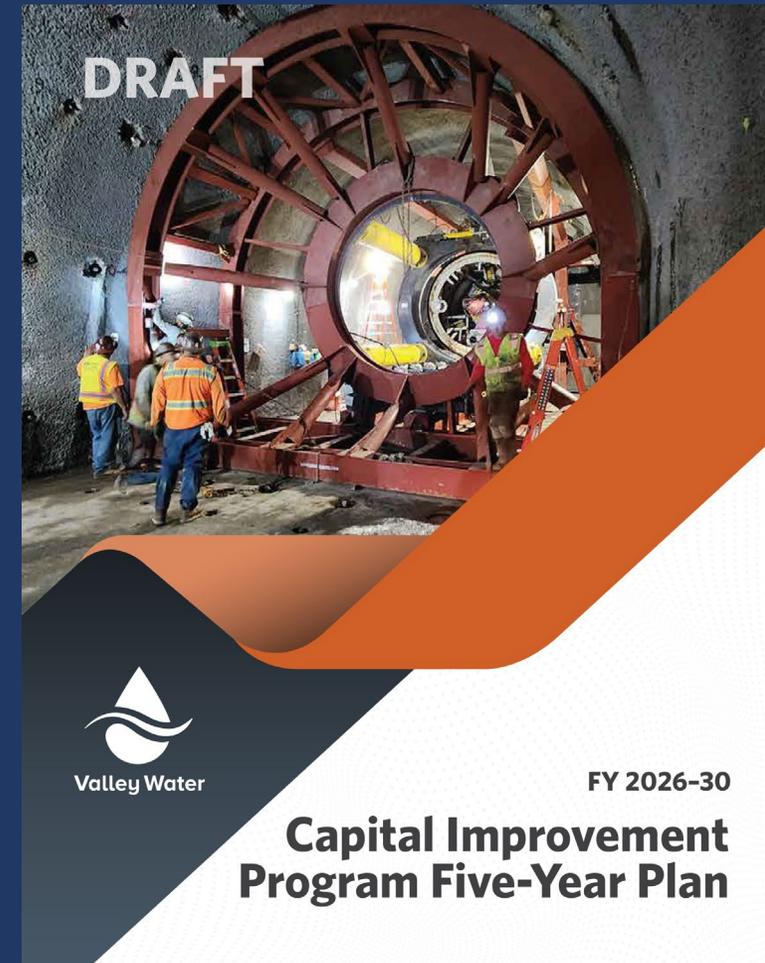
Final Fiscal Years 2026-30 Five-Year Plan

Presented by:

Jessica Collins, Unit Manager – Business Planning and Analysis

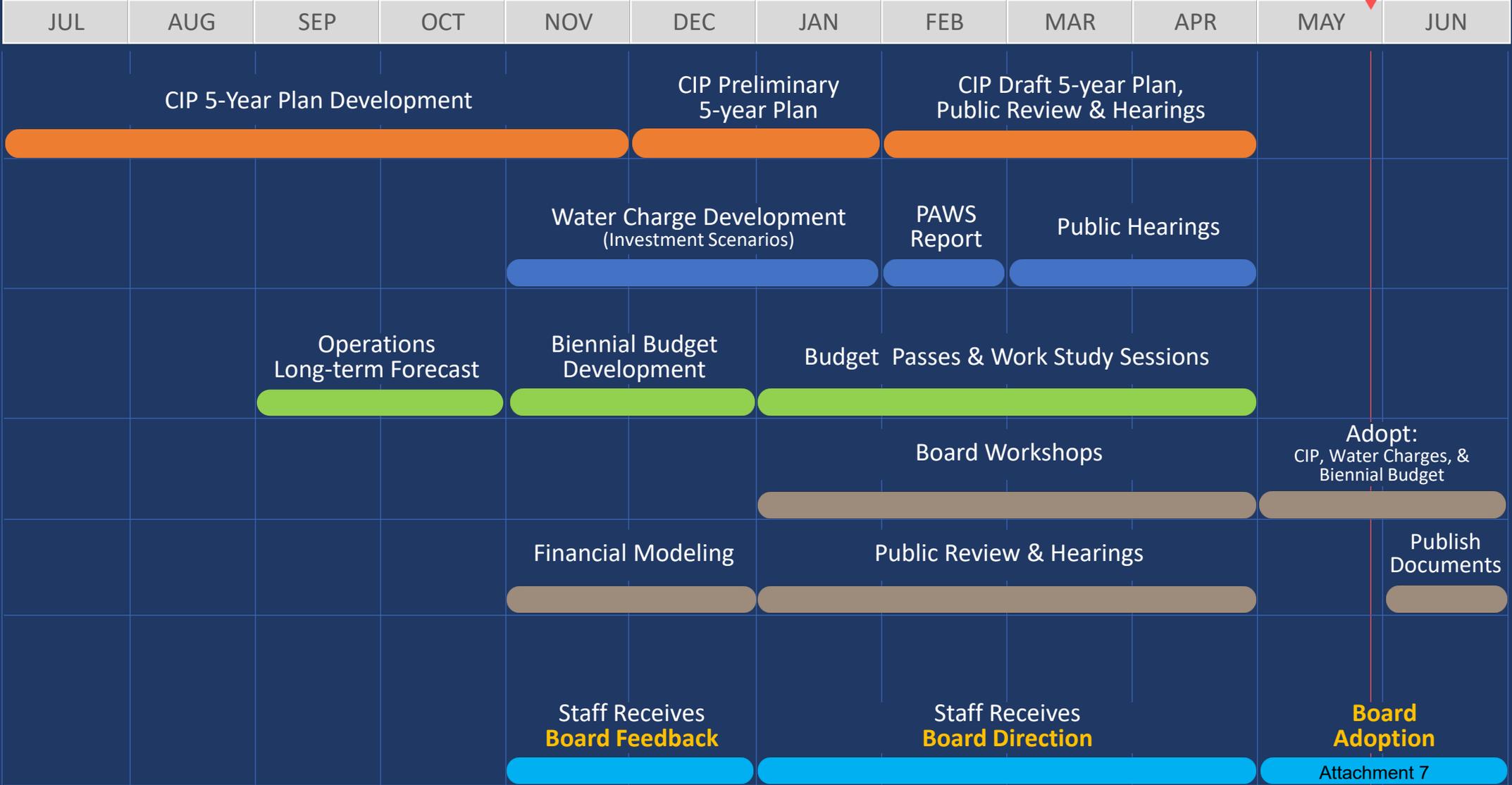
# Presentation Outline

1. Annual CIP 5-Year Plan Development
  - A. CIP Final FY 2026-30 Five-Year Plan
    - 1) Expenditure Projections
    - 2) Project Plan Updates Summary
    - 3) Investing in the Community
    - 4) Overview by Type of Improvement
    - 5) Leveraging External Funding
    - 6) Projects Planned for Closure
2. Next Steps



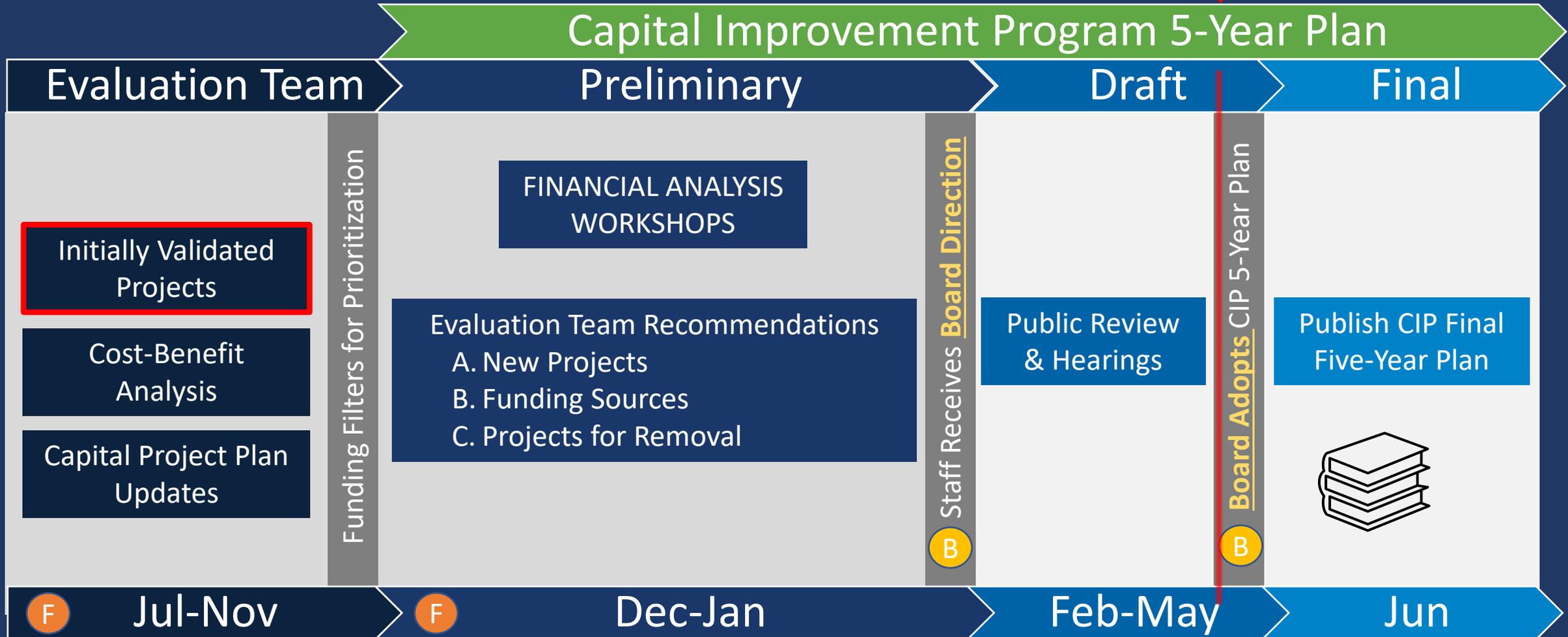
# Annual CIP, Biennial Budget & Water Charges Development Timeline

We are here



# Annual CIP 5-Year Plan Timeline

We are here ↓



**F** CIP Committee and/or Board Feedback; 11/1; 11/12; 12/16

**B** Key Decision Points for Board; 1/14; 5/27

# Expenditure Projections

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## Construction Cost Escalation Factors:

ESCALATION OUTLOOK						
<i>Year</i>	<i>FY26</i>	<i>FY27</i>	<i>FY28</i>	<i>FY29</i>	<i>FY30</i>	<i>FY31-40</i>
<i>Construction Cost Escalation Rate</i>	5.0%	5.5%	6.0%	5.5%	5.0%	4.8%

## Operations and Maintenance (O&M) Cost Forecast Revisions:

1. Capital projects impact future O&M forecasts.
2. Projections are regularly reviewed and updated.
3. Project managers utilize projections during long-term forecasting.

# Project Plan Updates

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Project plan updates incorporated after release of CIP Draft FY 2026-30 Five-Year Plan:

1. San Jose Purified Water – Phase 1 (91294001): There were changes to scope, schedule and cost. The overall schedule is extended by 1 year. The inflated Total Project Cost (TPC) increased by \$62.08M (inflation only).
2. Coyote Creek, Montague-Tully (26174043): There were changes to schedule and cost. The overall schedule is extended by 1 year. The inflated TPC increased by \$23.45M.
3. Headquarters Operations Building (60204032): There were changes to scope, schedule and cost. The overall schedule is reduced by 1 year and 11 months. The inflated TPC decreased by \$87K (inflation only).
4. ERP Replacement (73274013): There were changes to schedule and cost. The overall schedule is extended by 1 year. The inflated TPC increased by \$1.73M (inflation only).

\*For detailed explanations for all changes, see Attachment 3.

# Administrative Project Plan Updates

## Budget Reconciliation:

1. Planned expenditures for the Five-Year Plan have been reconciled and aligned with the proposed budget.

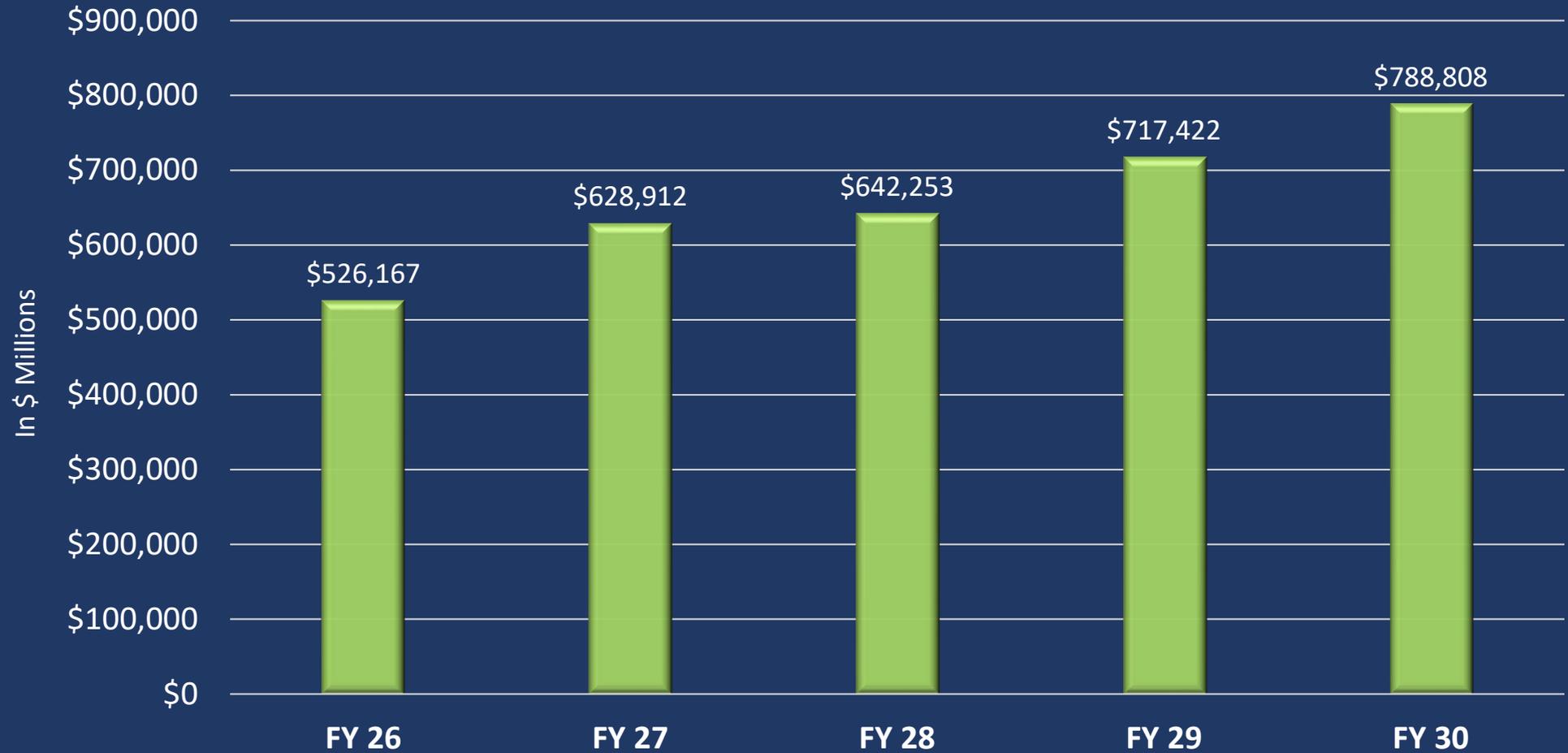
## Small Capital Improvement Projects Forecast Revisions:

1. 91214010s San Felipe (Reaches 1-3)
2. 92764009 Raw Water Transmission
3. 94764006 Treated Water Transmission
4. 93764004 Water Treatment
5. 60204016 Facility Management
6. 73274008 Software Upgrades & Enhancements
7. 95274003 Water Utility Network Modernization

# Investing in the Community

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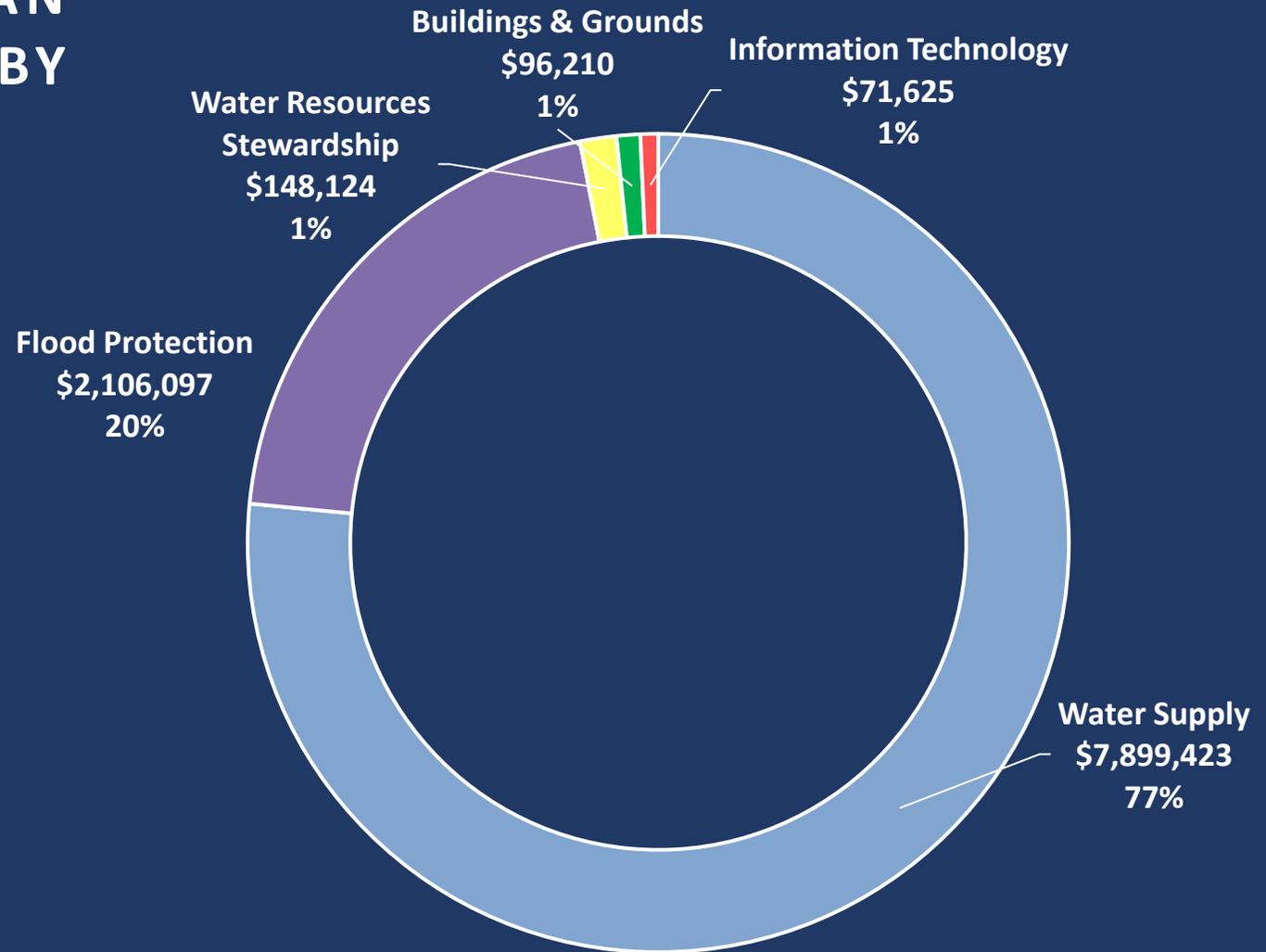
## PLANNED ANNUAL CAPITAL EXPENDITURES



# Investing in the Community

## FY 2026-30 FIVE-YEAR PLAN PLANNED EXPENDITURES BY TYPE OF IMPROVEMENT

(Values in thousands \$)



# Overview by Type of Improvement

# Overview by Type of Improvement

## CIP Final FY 2026-30 Five-Year Plan



### Water Supply

43 projects

\$7.9B



### Water Resources Stewardship

12 projects

\$148M



### Flood Protection

14 projects

\$2.1B



### Buildings and Grounds

3 projects

\$96M



### Information Technology

4 projects

\$72M

\* Projects that fall into multiple categories are only counted once. \$ are rounded and reflect total planned funding.

# Summary of Project Costs by Type of Improvement\*

CIP Final FY 2026-30 Five-Year Plan

Type of Improvement	Appropriated/ Actuals thru FY25	Remaining Cost to Completion	Total Project Cost (TPC)
Water Supply	\$1.672B	\$6.227B	\$7.899B
Flood Protection	\$1.128B	\$978M	\$2.106B
Water Resources Stewardship	\$47.5M	\$100.5M	\$148M
Buildings and Grounds	\$13M	\$83M	\$96M
Information Technology	\$4M	\$68M	\$72M
<b>Totals:</b>	<b>\$2.865B</b>	<b>\$7.457B</b>	<b>\$10.321B</b>

\*These are inflated TPCs and sums reflected rounded totals.

# Leveraging External Funding

# Leveraging External Funding – Capital Reimbursements

CIP Final FY 2026-30 Five-Year Plan

## Reimbursements anticipated to be received between FY 2026-30: ~\$272.8M

1. Grants and Agreements: ~\$197.2M
2. Unsecured Funding: ~\$75.6M

\*Does not include pending grant applications: ~\$98.2M



# Leveraging External Funding – Secured Grants & Agreements

CIP Final FY 2026-30 Five-Year Plan

## FY 2026-30 Secured Grants and Agreements: ~\$197.2M

### 1. California Water Commission Grant

A. ~\$89.3M - Pacheco Reservoir Expansion Project

### 2. San Benito Water District Reimbursement Agreement

A. ~\$5.6M - San Felipe Small Caps Improvements, Reach 1

### 3. National Resources Conservation Service

A. ~\$60M – Upper Llagas Flood Protection, Phase 2B

### 4. State Subvention Reimbursement

A. ~\$200K - Upper Llagas Flood Protection

### 5. City of Morgan Hill

A. ~\$5.1M - Upper Llagas Flood Protection

### 6. San Francisco Bay Restoration Authority Grant

A. ~\$28.7M - San Francisco Bay Shoreline

### 7. State Coastal Conservancy Grant

A. ~\$795K – San Francisco Bay Shoreline, EIA 11 (Reaches 1-3)

B. ~\$7.4M – San Francisco Bay Shoreline, EIA 11 (Reaches 4-5)

\*Note: See Appendix A of the CIP for a complete list of Planned Capital Reimbursements.



# Leveraging External Funding– Unsecured Funding

CIP Final FY 2026-30 Five-Year Plan

## Safe, Clean Water and Natural Flood Protection Program: Flood Protection Projects relying on unsecured funding to be completed on schedule\*

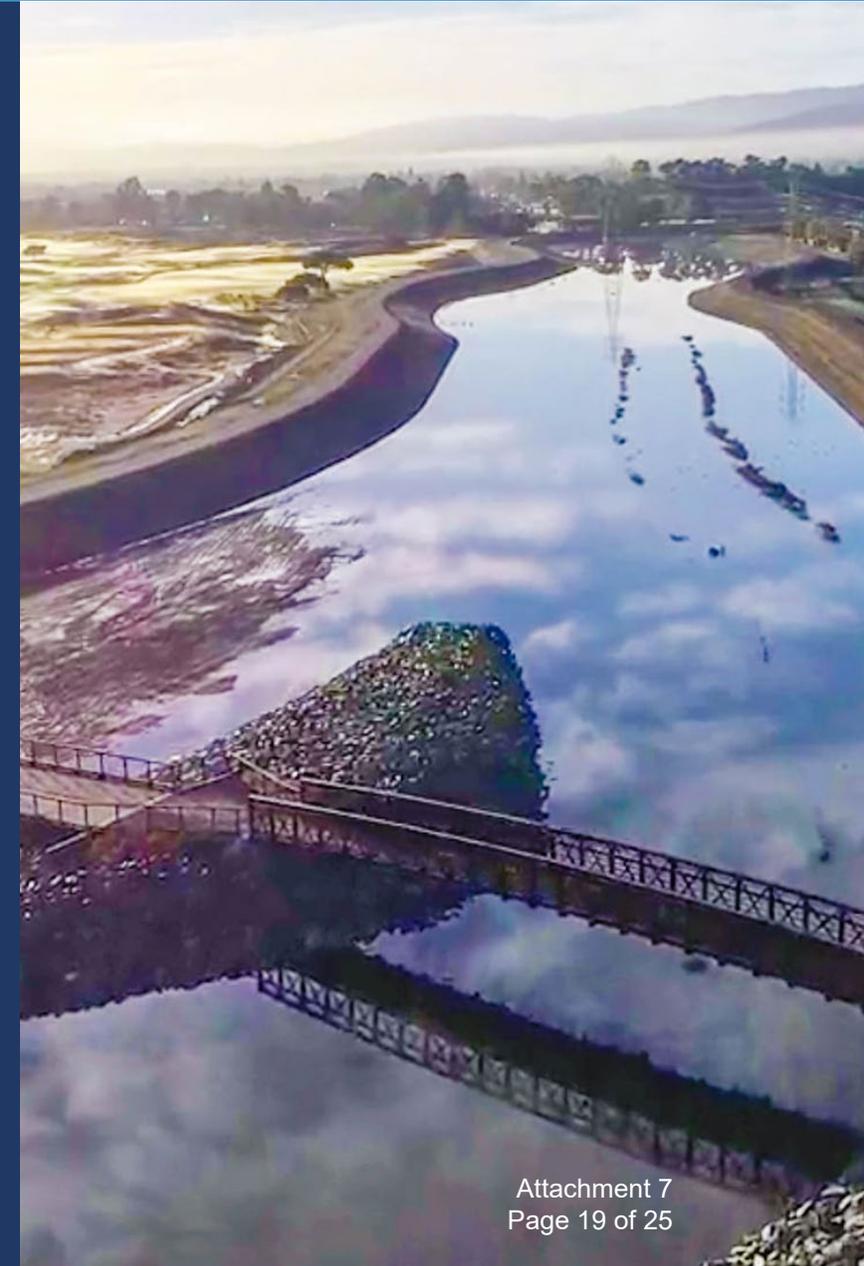
### 1. San Francisquito Creek

A. Partnership/Grants funding through Joint Powers Authority: ~\$34.6M

### 2. San Francisco Bay Shoreline, EIA 11

A. State Subvention Reimbursements: ~\$41M

\*Staff will bring key decisions regarding Safe, Clean Water Program funding to the Board, as required.



# Leveraging External Funding – Grant Applications Submitted

CIP Final FY 2026-30 Five-Year Plan

## Pending Grants Applications: ~\$98.2M

### 1. Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant

A. ~\$24.2M – Sunnyvale East and West Channels Flood Protection Project

### 2. Federal Emergency Management Agency (FEMA) Flood Mitigation Assistance Grant

A. ~\$50M – Coyote Creek Flood Protection Project (CCFPP)

### 3. Department of Water Resources (DWR) Dam Safety and Climate Resilience Local Assistance Grant

A. ~\$24M – Anderson Dam Stage 2 Diversion System Project



# Projects Planned for Closure/ Removal from the CIP

# Projects Planned for Closure

Eight (8) projects in the Board Adopted CIP FY 2025-29 Five-Year Plan are anticipated to be completed and/or closed out by June 2025, as listed below:

1. Coyote Percolation Dam Replacement (91864009)
2. Cross Valley Pipeline Extension (91864010)
3. Santa Teresa Water Treatment Plant Filter Media Replacement (93284013)
4. Rinconada Water Treatment Plant Residuals Remediation (93294058)
5. Permanente Creek, SF Bay to Foothill Expressway (10244001)
6. Permanente Creek, SF Bay to Foothill Expressway (26244001)
7. SCW Fish Passage Improvements (D4.3) (26044002)
8. Data Consolidation (73274009)

*(NOTE: The projects listed above are planned for closure but will remain in the CIP FY 2026-30 Five-Year Plan to allow for close-out reporting of FY 2025 actuals. The projects will be removed from the CIP FY2027-31 Five-Year Plan unless a project plan update occurs necessitating an extension of the schedule.)*

# Board Actions and Next Steps



1. Direct staff to incorporate the identified changes to the CIP Draft FY 2026-30 Five-Year Plan and finalize the CIP FY 2026-30 Five-Year Plan by June 30, 2025;
2. Adopt the Resolution APPROVING THE CAPITAL IMPROVEMENT PROGRAM FINAL FISCAL YEARS 2026-30 FIVE-YEAR PLAN; and
3. Staff will publish the Board approved CIP Final FY 2026-30 Five-Year Plan by June 30, 2025.



# CIP Five-Year Plan Available Online

SCAN THE QR CODE:



Or visit this website:  
[delivr.com/24wqn](https://delivr.com/24wqn)

# END OF PRESENTATION

## Questions & Answers





# Valley Water

Clean Water • Healthy Environment • Flood Protection

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