



Capital Improvement Program

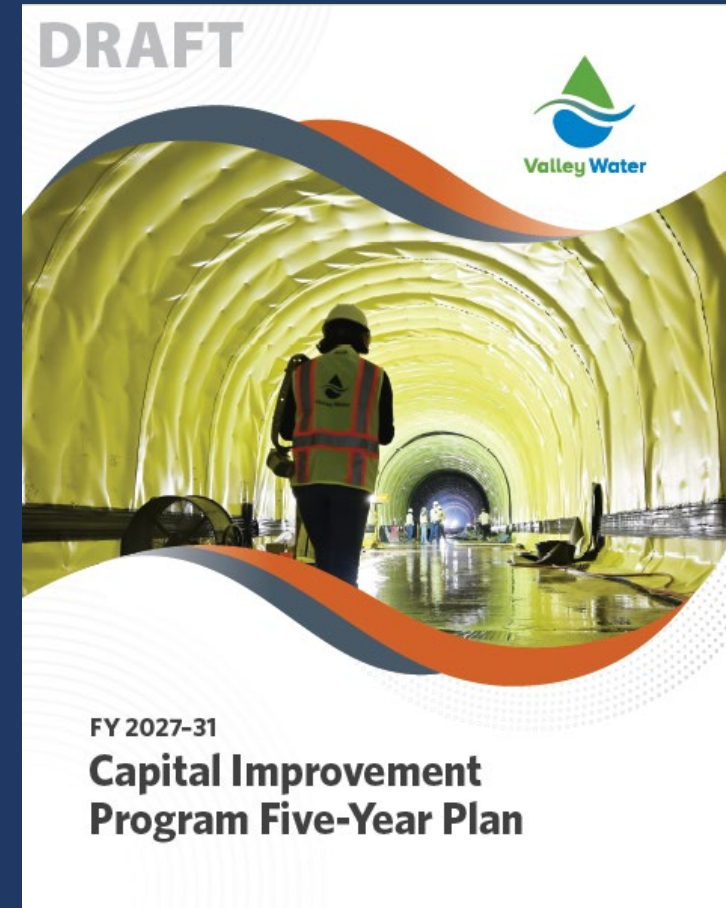
Final Fiscal Years 2027-31 Five-Year Plan

Presented by:

Jessica Collins, Unit Manager – Business Planning and Analysis

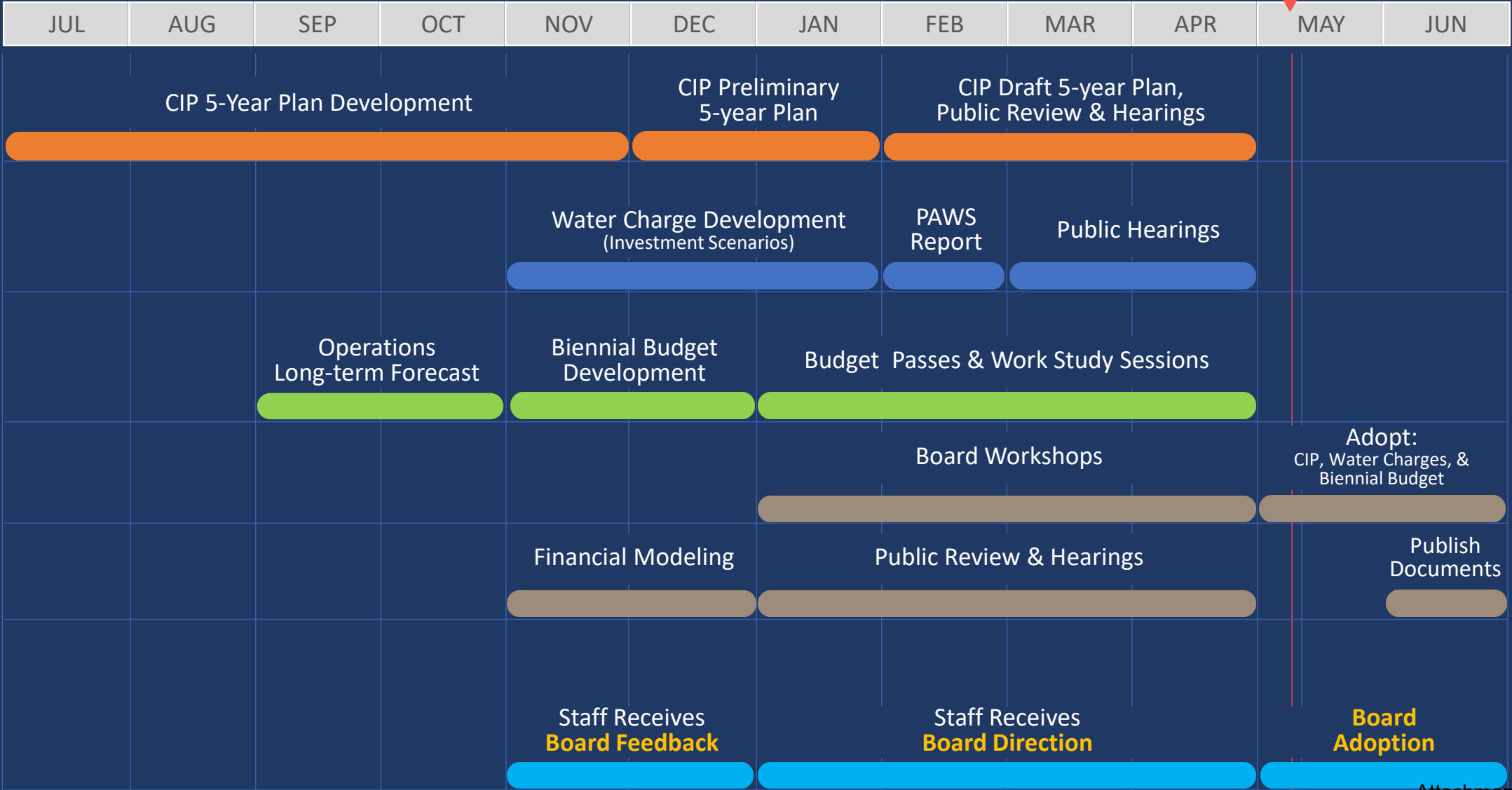
Presentation Outline

1. Annual CIP 5-Year Plan Development
 - A. CIP Final FY 2027-31 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



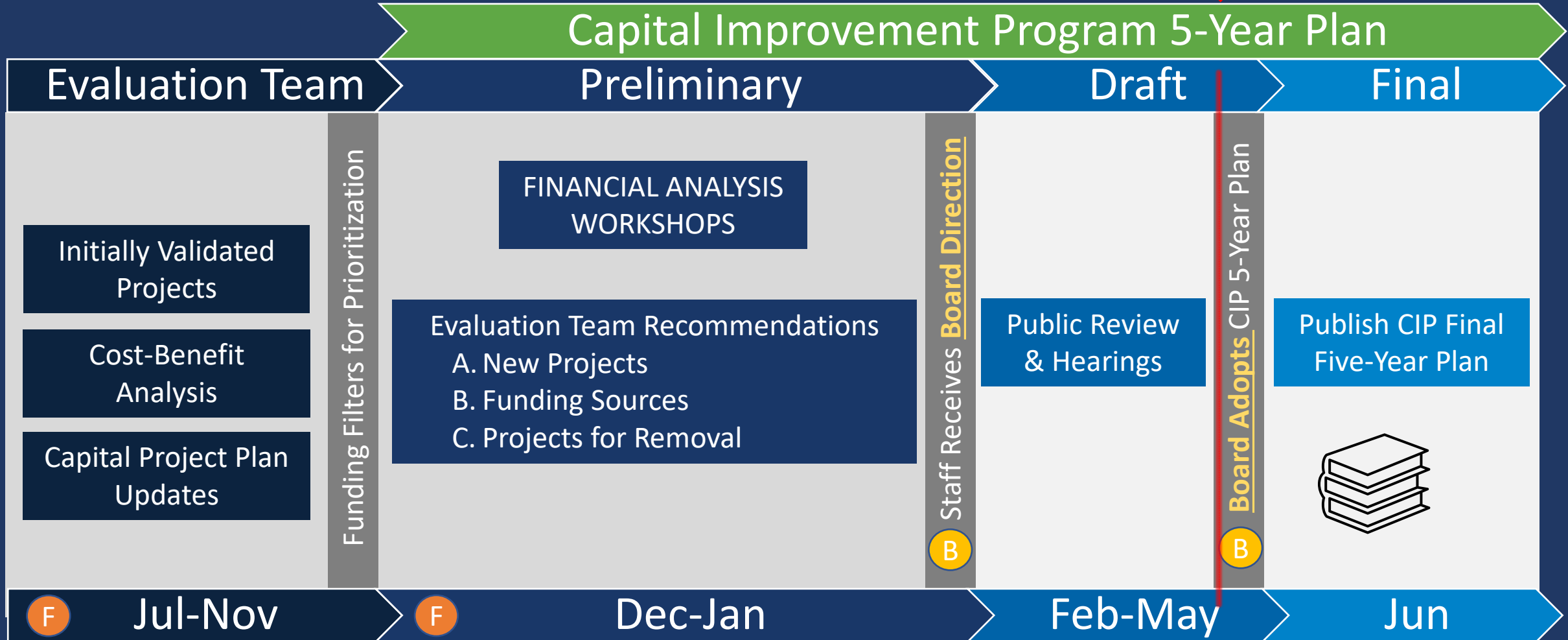
Annual CIP, Biennial Budget & Water Charges Development Timeline

We are here



Annual CIP 5-Year Plan Timeline

We are here ↓



F CIP Committee and/or Board Feedback; 10/20; 11/12; 12/15

B Key Decision Points for Board; 1/13; 5/12

Expenditure Projections

Expenditure Projections

Construction Cost Escalation Factors:

ESCALATION OUTLOOK						
<i>Year</i>	<i>FY27</i>	<i>FY28</i>	<i>FY29</i>	<i>FY30</i>	<i>FY31</i>	<i>FY32-41</i>
<i>Construction Cost Escalation Rate</i>	5.25%	5.55%	5.85%	6.25%	5.75%	5.15%

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

Project Plan Updates

Project plan updates incorporated after release of CIP Draft FY 2027-31 Five-Year Plan:

1. Upper Llagas Creek Flood Protection Project (E6) (26174055): The project is currently under construction and ahead of schedule due to the mild 2026–27 winter. As a result, the FY26 construction budget has been fully expended, and a budget adjustment was required to advance expenditures originally planned for future fiscal years. The total project cost remains unchanged, and no additional scope has been added.

*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.

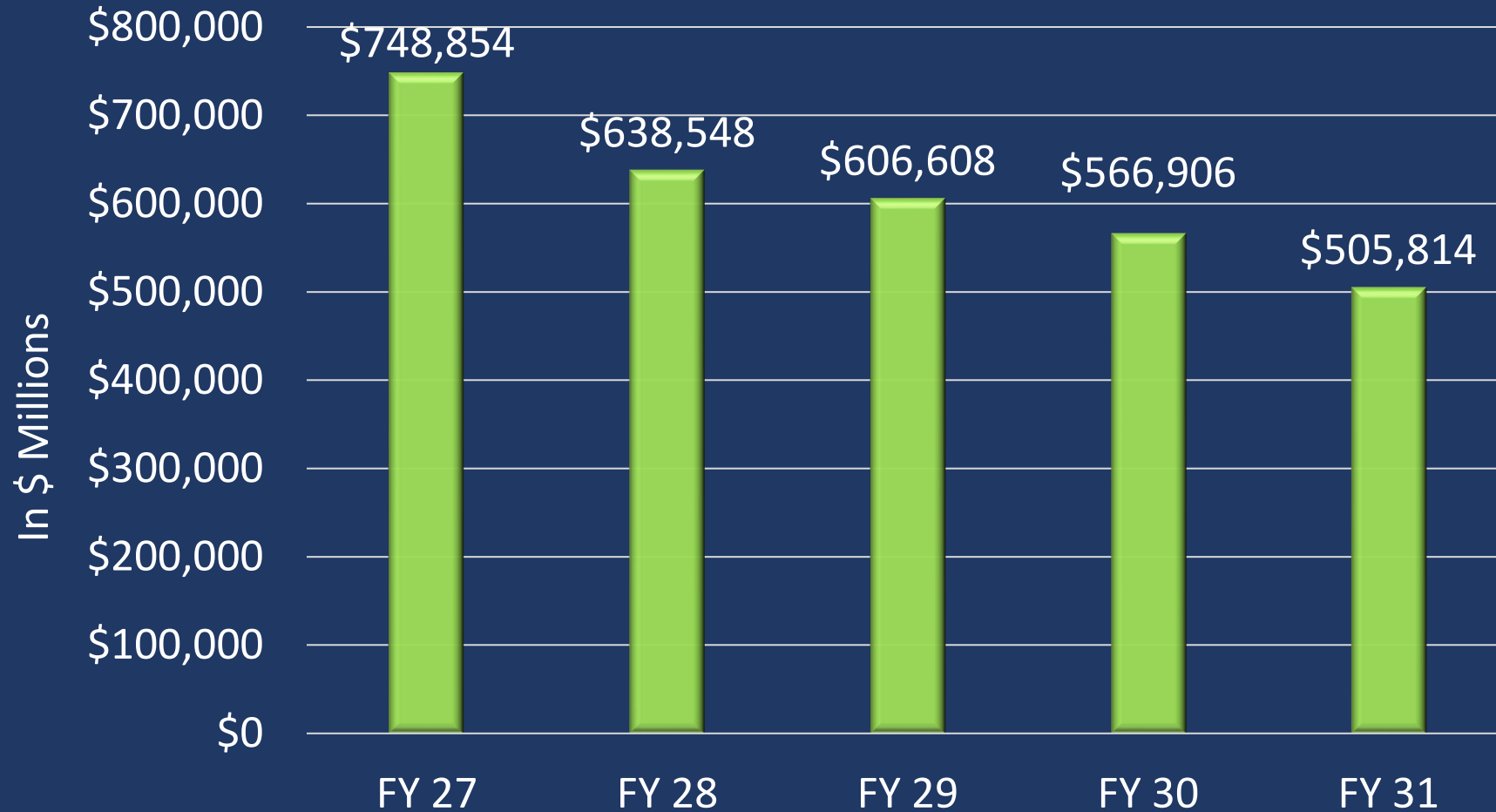
Small Capital Improvement Projects Forecast Revisions:

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

Investing in the Community

ANNUAL CAPITAL PLANNED EXPENDITURES

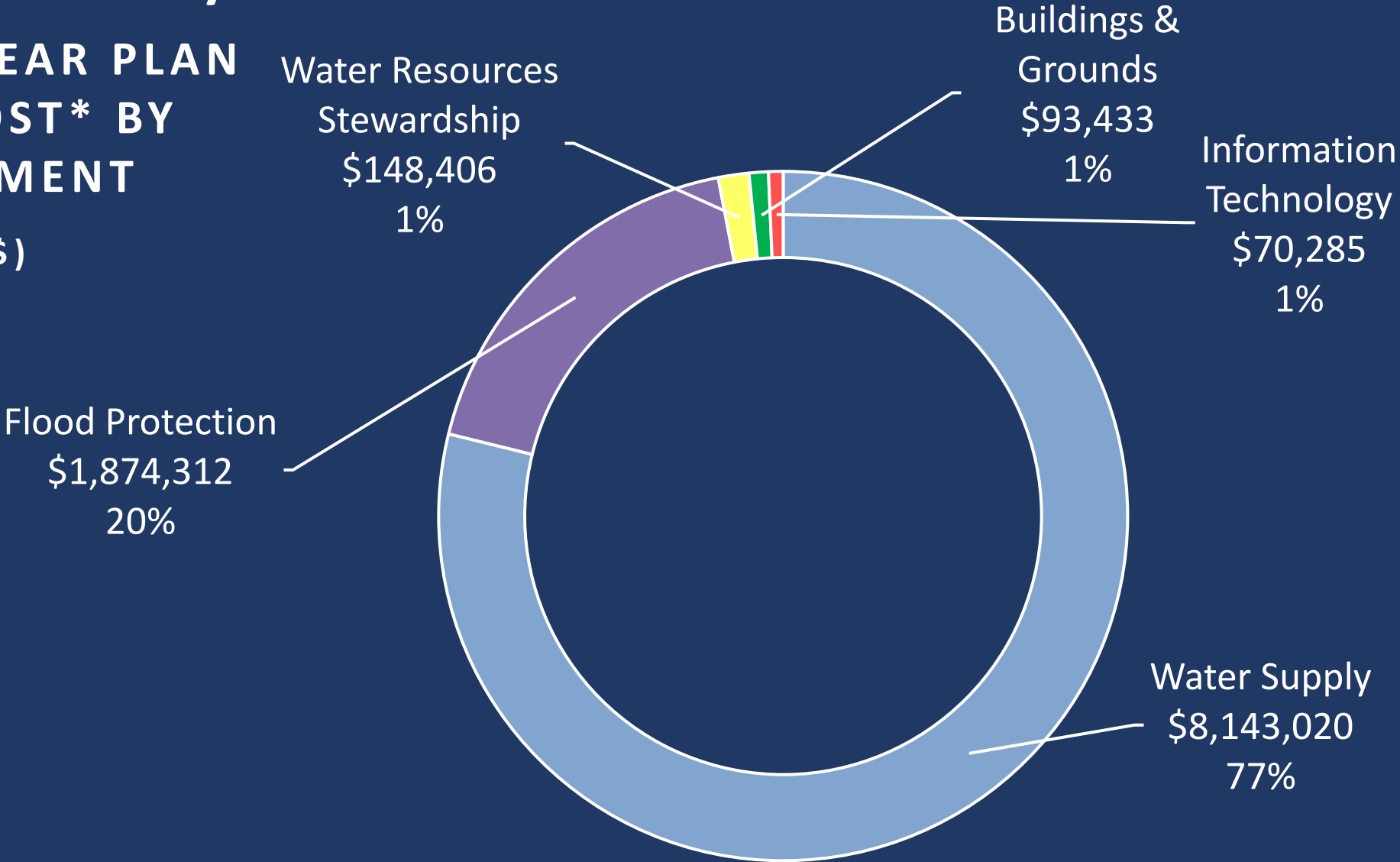


Overview by Type of Improvement

Investing in the Community

FY 2027-31 FIVE-YEAR PLAN TOTAL PROJECT COST* BY TYPE OF IMPROVEMENT

(Values in thousands \$)



*Total project cost includes prior year actuals and future planned expenditures.

Overview by Type of Improvement

CIP Final FY 2027-31 Five-Year Plan



Water Supply

42 projects

\$8.14B



Water Resources Stewardship

12 projects

\$148M



Flood Protection

13 projects

\$1.87B



Buildings and Grounds

3 projects

\$93M



Information Technology

3 projects

\$70M

- Projects that fall into multiple categories are only counted once.
- Totals are rounded and include prior-year actuals and future planned expenditures.

Summary of Project Costs by Type of Improvement*

CIP Final FY 2027-31 Five-Year Plan

Type of Improvement	Appropriated/ Actuals thru FY26	Remaining Cost to Completion	Total Project Cost (TPC)
Water Supply	\$1.891B	\$6.252B	\$8.143B
Flood Protection	\$1.129B	\$745M	\$1.874B
Water Resources Stewardship	\$49M	\$99M	\$148M
Buildings and Grounds	\$24M	\$69M	\$93M
Information Technology	\$4M	\$66M	\$70M
Totals:	\$3.097B	\$7.232B	\$10.33B

*Totals are rounded and include prior-year actuals and future planned expenditures.

Leveraging External Funding

Leveraging External Funding – Capital Reimbursements

CIP Final FY 2027-31 Five-Year Plan

Reimbursements anticipated to be received between FY 2027-31: ~\$119.6M

1. Grants and Agreements: ~\$119.6M*

*Does not include pending grant applications: ~\$49.1M



Leveraging External Funding – Secured Grants & Agreements

CIP Final FY 2027-31 Five-Year Plan

FY 2027-31 Secured Grants and Agreements: ~\$119.6M

1. San Benito Water District Reimbursement Agreement

A. ~\$5.5M - 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. ~\$4.6M - Upper Llagas Flood Protection

6. San Francisco Bay Restoration Authority Grant

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

7. State Coastal Conservancy Grant

A. ~\$22K – San Francisco Bay Shoreline, EIA 11 (Reaches 1-3)

B. ~\$7M – San Francisco Bay Shoreline, EIA 11 (Reaches 4-5)

8. State Subvention Reimbursements

A. ~\$13.6M – San Francisco Bay Shoreline

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



Leveraging External Funding – Grant Applications Submitted

CIP Final FY 2027-31 Five-Year Plan

Pending Grants Applications: ~\$49.1M

1. **Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant**
 - A. ~\$25.1M – Sunnyvale East and West Channels Flood Protection Project
2. **Department of Water Resources (DWR) Dam Safety and Climate Resilience Local Assistance Grant**
 - A. ~\$24M – Anderson Dam Stage 2 Diversion System Project
 - B. Amount may be updated with re-submission under Proposition 4



Seeking Funding Opportunities (Ongoing)

- **State and Federal Grants**
 - **Federal Nexus**
- **Local and Regional Grants**
- **Non-profits and Foundations**
- **Corporate Donors**



Projects Planned for Closure/ Removal from the CIP

Projects Planned for Closure

Five (5) projects in the Board Adopted CIP FY 2026-30 Five-Year Plan are anticipated to be completed and/or closed out by June 2026, as listed below:

1. Coyote Percolation Dam Replacement (91864009)
2. Pacheco Reservoir Expansion (91954002)
3. South County Recycled Water Pipeline, Short-term Phase 2 (91094010)
4. San Francisco Bay Shoreline, EIAs 1-4 (E7) (26444002)
5. Hale Creek Enhancement Pilot (D6) (26164001)
6. San Francisquito Creek Flood Protection (E5) (26284002)

(NOTE: The projects listed above are planned for closure but will remain in the CIP Final FY 2027-31 Five-Year Plan to allow for close-out reporting of FY 2026 actuals. The projects will be removed from the CIP FY 2028-32 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 2027-31 Five-Year Plan and finalize the CIP FY 2027-31 Five-Year Plan by June 30, 2026;
2. Adopt the Resolution APPROVING THE CAPITAL IMPROVEMENT PROGRAM FINAL FISCAL YEARS 2027-31 FIVE-YEAR PLAN; and
3. Staff will publish the Board approved CIP Final FY 2027-31 Five-Year Plan by June 30, 2026.



CIP Five-Year Plan Available Online

SCAN THE QR CODE:



Or visit this website:
delivr.com/24wqn

END OF PRESENTATION

Questions & Answers





Valley Water

Clean Water • Healthy Environment • Flood Protection

THIS PAGE INTENTIONALLY LEFT BLANK