



Developing the Capital Improvement Program

Board & Community Engagement Processes

Presented by:

Jessica Collins, Unit Manager – Business Planning and Analysis Unit

Agenda

1. CIP Development

- A. New project identification
- B. Adding/removing projects
- C. Tools to aid Board in decision-making

2. Next Steps

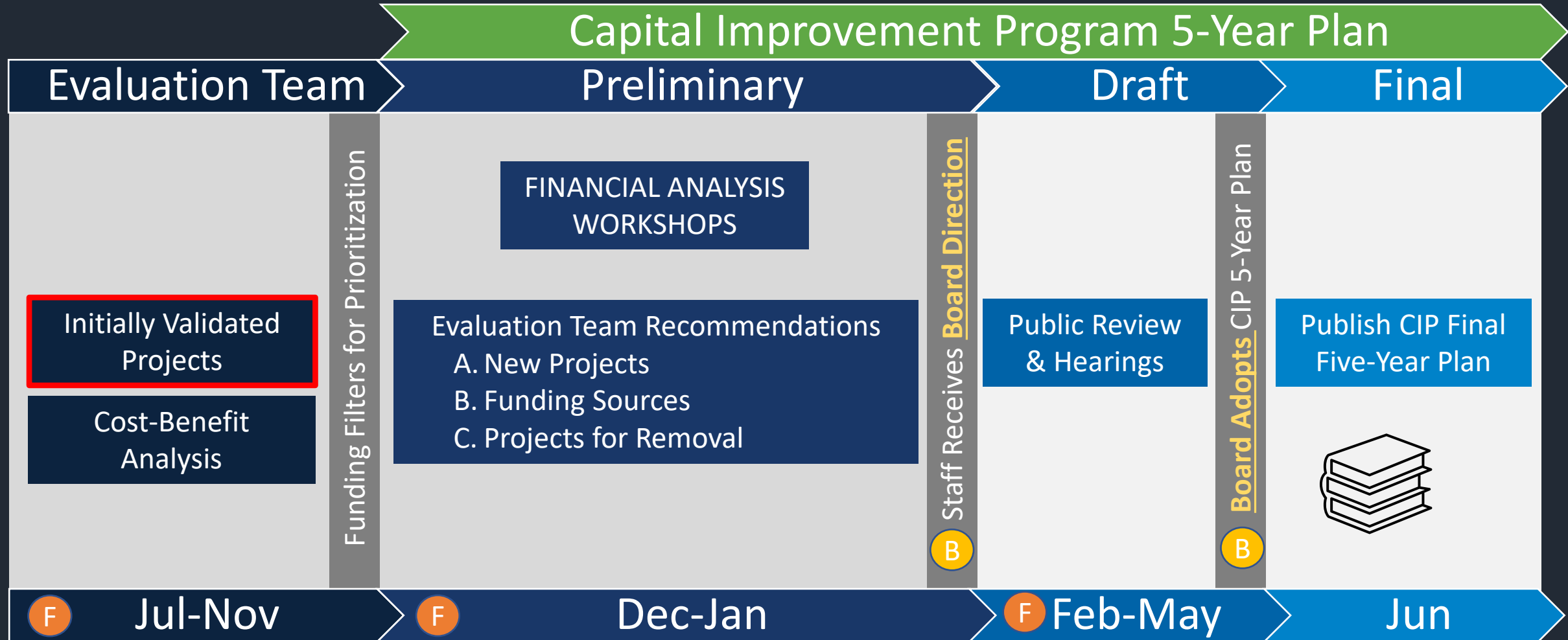
- A. Integrated Financial Planning Calendar



Identifying new projects for the CIP

How are new capital projects identified and initially validated?

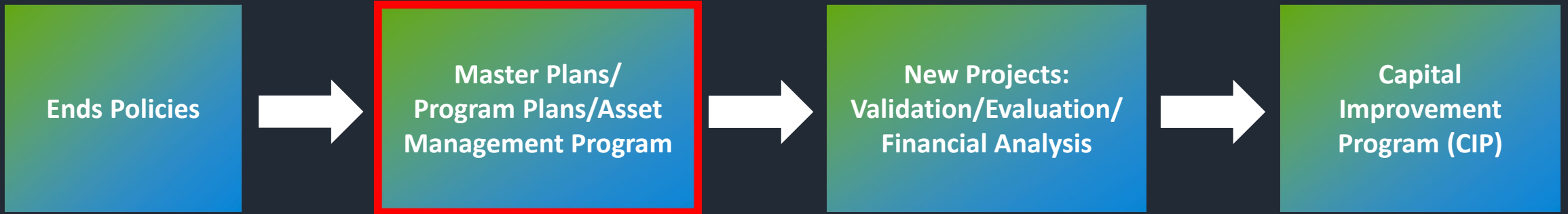
Annual CIP 5-Year Plan Timeline



F CIP Committee and/or Board Feedback

B Key Decision Points for Board

Drivers for New Capital Projects



Minimizing asset life-cycle costs while sustainably delivering the levels of service that meet customer expectations at an acceptable level of risk as expressed through the Board. (I-EL-6.4.a)



Initial Project Validation for CIP Preliminary Five-Year Plan

1. Business Case Report*
 - A. Life-cycle Cost
 - B. Risk
 - C. Options
 - D. Costs: Capital, O&M, Benefits
2. Initially Validated Project
3. Evaluation Team
 - A. Prioritization
 - 1) Funding Filters & Categories
 - B. Resource Analyses
 - 1) Funding (Internal/External)
 - 2) Staff

* Staff evaluates the lifecycle costs of different capital, non-capital, or non-asset-based solutions

BUSINESS CASE REPORT FOR <Project Title>

III. OPTIONS ANALYSIS

Complete the table below with a brief description of each option. The Status Quo Option should be analyzed for all projects. Besides the Status Quo, not all options will apply to every project. It is possible to have more than one alternative for each type of option. For example, there may be two options for "operate differently", and the "maintain differently" option may not apply.

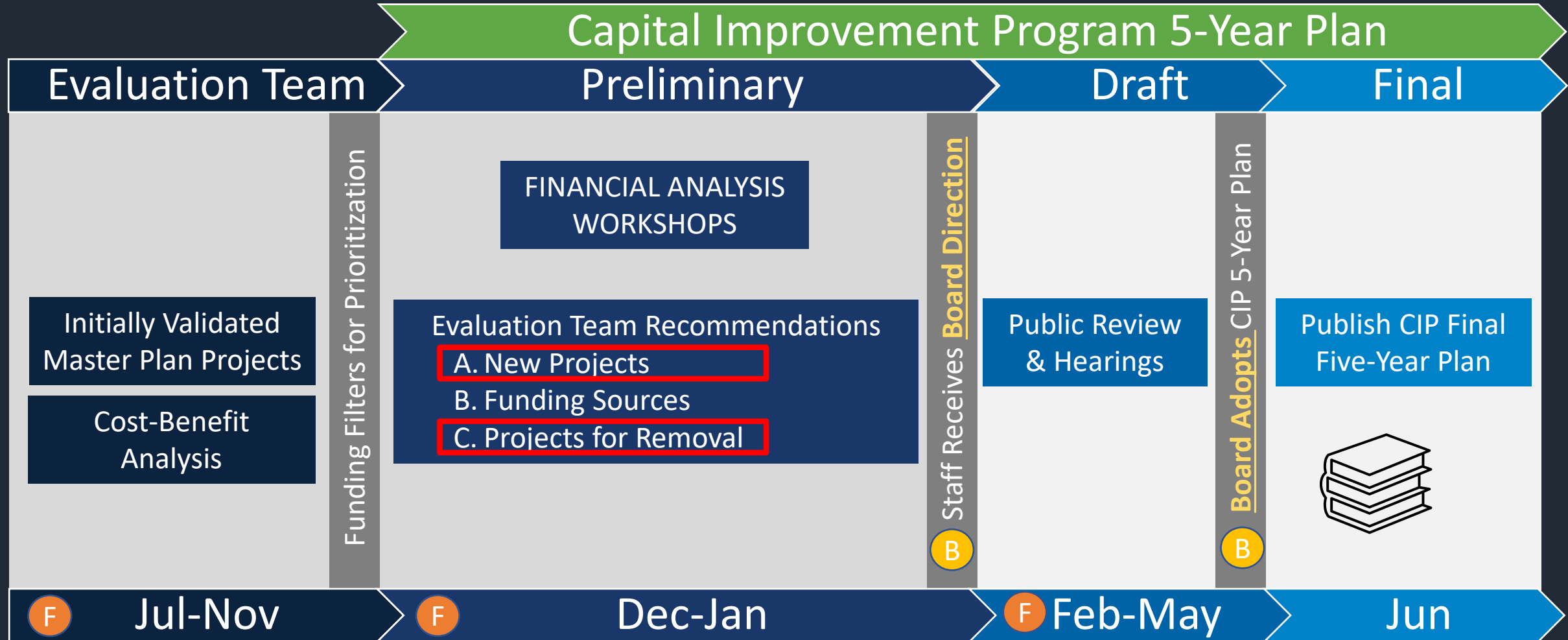
Option	Brief Description
1. Status Quo / Baseline	Continue operating and maintaining the asset as it is currently being done. This is the base case and should be analysed for all projects with existing processes or assets.
2. Do Nothing / Run to Fail	Running an asset to failure. It involves not spending any money on planned maintenance or refurbishments unless required to maintain a minimum level of service to the customer.
3. Operate Differently	Changing operations to meet the project objectives. Examples include running a pump at lower speeds or releasing lower flows into a channel.
4. Maintain Differently	Changing the maintenance program to meet the project objective. Examples include increasing the frequency of planned maintenance.
5. Refurbish / Rehabilitation	Transforming the asset to "as new" condition. It includes replacement of a component part or parts, or equivalent intervention sufficient to return the asset to as-new condition.
6. Replace	Substitution of an entire asset with a new or equivalent asset
7. New Asset or Augmentation	Augmenting an asset or adding a new asset, typically to meet new level of service or capacity requirements.
8. Decommission	Retiring the asset at the end of its useful life
9. Non Asset Solutions	A solution that meets the project objective(s) without changing the asset or its operations and maintenance plans. Examples include changing policies, contracts, or permit requirements to decrease demand on the asset, such as conservation.
10. (Other options)	Identify any other feasible alternatives.

For each viable option in the table above, attach a detailed description to this report. A template is provided in Appendix A as an example of the type of information that should be included in the description. The template is not required. Any reasonable description can be attached.

Adding/removing projects from the CIP

How are capital projects added or
removed from the CIP?

Annual CIP 5-Year Plan Timeline



F CIP Committee and/or Board Feedback

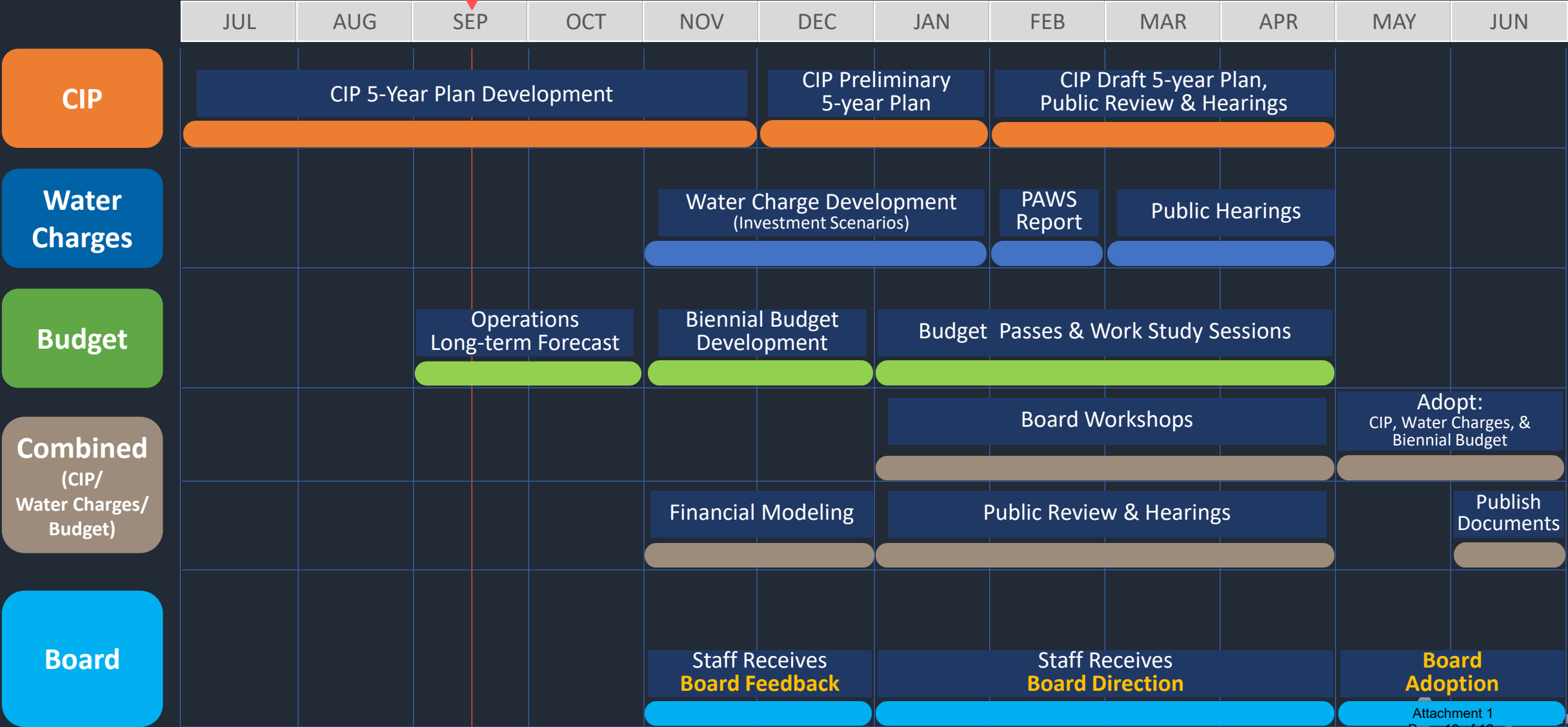
B Key Decision Points for Board

Next Steps

Upcoming CIP Committee and Board Meetings

Annual CIP, Biennial Budget & Water Charges Development Timeline

We are here



Next Steps

Integrated Financial Planning Schedule for the FY 2026-27 CIP, Water Rates and Budget Development Cycle

Ref	Board Cmte Date	Board Mtg Date	Milestone
1	9/15/2025 CIP ★		Annual CIP Development Process/Integrated Financial Planning Schedule
2		10/14/25	Annual CIP Development Process/Integrated Financial Planning Schedule
3	10/20/25 CIP		Review of Initially Validated & Unfunded Projects
4			Review Proposed Improvements to CIP Prioritization; and 'Review of Initially Validated & Unfunded Projects
5		11/12/25	Water Rate Planning Overview
6			Biennial Budget Process Review
7	12/15/2025 CIP		Review Significant Project Plan Updates; List of Re-Prioritized Capital Projects; and CIP Preliminary Five-Year Plan (w/funding discussion focused on financial modeling & major changes) Initiate SCW Public Hearing Process (if required)
8		1/13/26	CIP Preliminary Five-Year Plan to Board (Provide direction regarding project list for development of Draft Five-Year Plan)
			Watersheds prelim 10 year financial analysis (show prelim WSS and SCW fund graphs and discuss funding issues)
			Prelim Water Rate Analysis to Board (Prelim water rate scenarios)
			Set time and place for SCW Public Hearing (if required)
9		1/27/26	1st pass budget update
10			Open SCW Public Hearing and Cont. (if required)
11		2/10/26	Cont. or Close SCW Public Hearing (if required)
12		2/24/26	Close SCW Public Hearing (if required)
13		3/10/26	2nd pass budget update
14			CIP Draft Five-Year Plan to Board
15		4/14/26	GW charge public hearings begin
16		4/16/26	GW charge public hearing in South County (Gilroy)
17			GW charge public hearings close
18		4/28/26	CIP Public Hearing begins
19			Budget Work-study session
20		4/29/26	CIP Public Hearing continues
21			Close CIP Public Hearing
22		5/12/26	Board adoption of Water Rates, CIP Five-Year Plan, Budget, Investment and Debt Resolutions (final documents to be published by 6/30/26)

Last Updated: 08/28/2025

Budget SCW
Water Rates All Other/Combined
CIP

Updates
Available
Online

SCAN THE QR CODE:



Or visit this website:
delivr.com/24wqn

END OF PRESENTATION

Questions & Answers

