



Capital Improvement Program's Preliminary FY 2025-29 Five-Year Plan and FY 2024-25 Groundwater Production Charges

Presented by:
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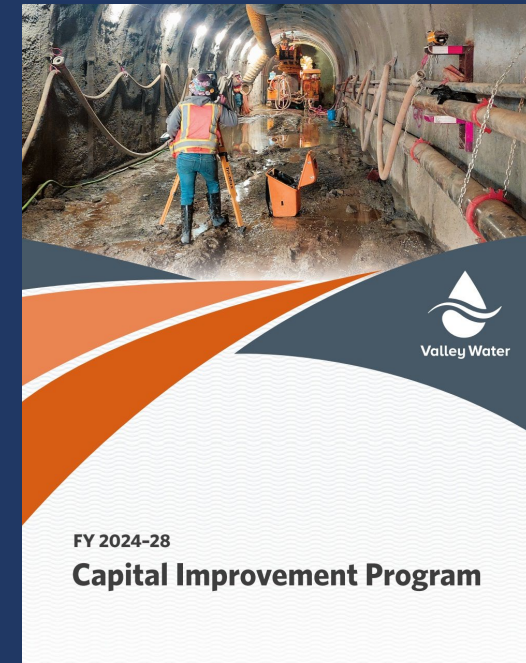
Board Actions Today

1. Review and approve the Capital Improvement Program (CIP) Evaluation Team's Recommendations to include four new capital projects in the Recommended CIP Preliminary Fiscal Year (FY) 2025-29 Five-Year Plan;
2. Review and approve the Recommended CIP Preliminary FY 2025-29 Five-Year Plan; and
3. Discuss and provide direction on the Preliminary FY 2024-25 (FY 25) Groundwater Production Charge analysis

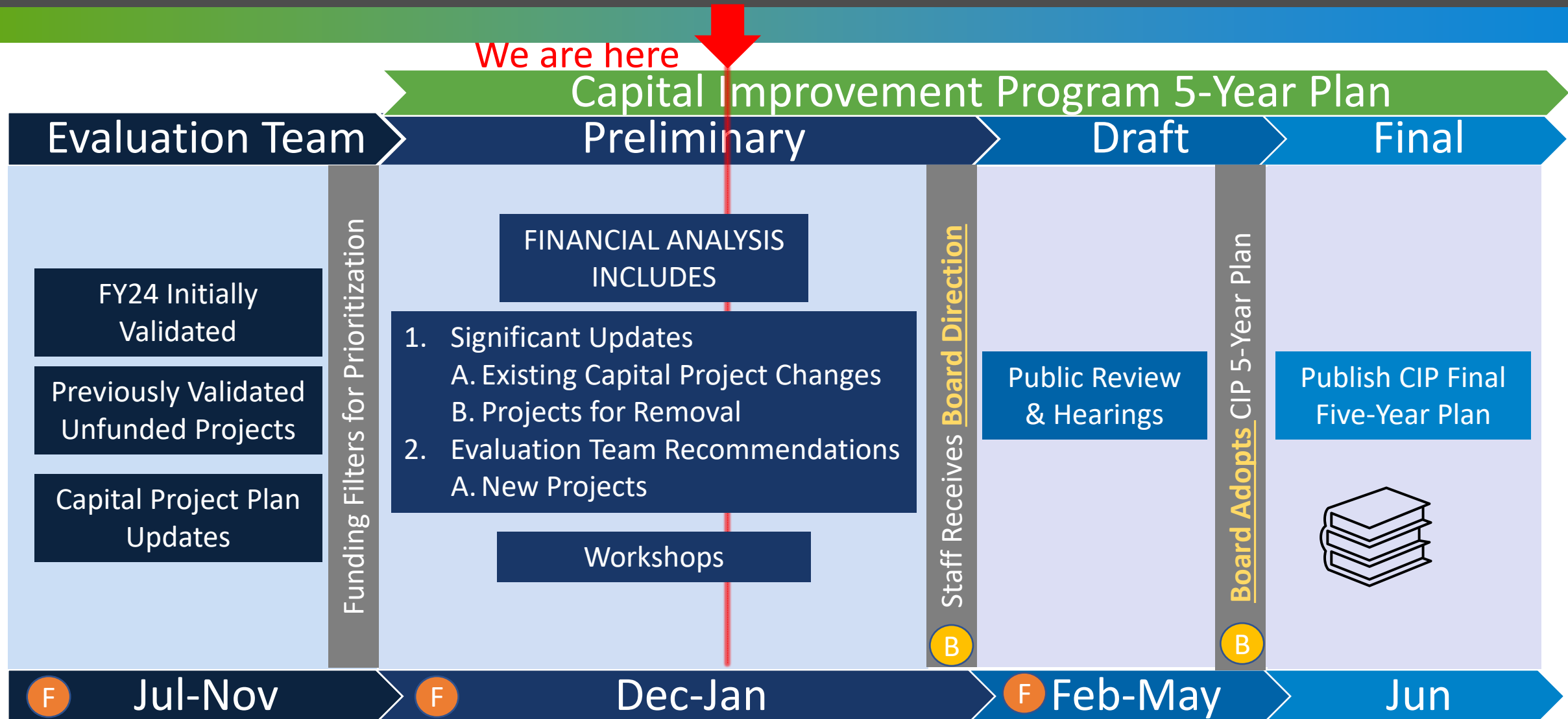


Presentation Outline

1. Annual CIP 5-Year Plan Development
 - A. Project Plan Updates Summary
 - B. CIP Evaluation Team Analysis and Recommendations
 - 1) Analysis and Recommendations by Fund
 - a. Baseline
 - b. Recommended
 - C. Initially Validated/Unfunded Projects
2. FY 25 Groundwater Production Charge Analysis
3. Next Steps



FY25 Annual CIP 5-Year Plan Timeline



F CIP Committee and/or Board Feedback: Ideally by 12/11/2023 & 1/9/2024 for inclusion in Draft CIP 5-Year Plan

B Key Decision Points for Board: 1/9/2024; 2/13/2024; Final Approval & Adoption 5/14/2024

Project Plan Updates Summary

Project Plan Updates from CIP Adopted Five-Year Plan

Overview of 41 Project Plan Updates*:

- **15 Projects** had changes to **Schedule and Cost**
- **8 Projects** had changes to **Cost Only**
- **5 Projects** had changes to **Scope, Schedule and Cost**
- **3 Projects** had changes to **Schedule – Cost changes due to inflation**
- **2 Projects** had changes to **Scope and Cost**
- **2 Projects** had changes to **Schedule Only**
- **5 Project** had changes due to **Small Capital Forecast Revisions**
- **1 Placeholder Project** had changes due to **Administrative Updates**

*See Attachment 2 for full details regarding project plan updates.

Project Plan Updates Fund Impacts

Changes from Adopted CIP FY 2024-28 Five-Year Plan

Impact, by fund, of the 41 project plan updates:

Fund	Cost Impact* (±)
General Buildings & Grounds (Fund 11)	-
Watersheds Stream Stewardship (Fund 12)	\$114.9M
Safe, Clean Water and Natural Flood Protection Program (Fund 26)	\$15.2M
Water Utility Enterprise (Fund 61)	\$1.129B
Information Technology (Fund 73)	\$6.5M

** Cost includes inflation.*

New Project Plan Updates

The following project plan updates were incorporated after the CIP Committee's review on December 11, 2023:

1. Almaden-Calero Canal Rehabilitation (91854003)
2. STWTP Filter Media Replacement (93284013)
3. South County Recycled Water Pipeline – Short-Term Phase 1B (91094009)
4. Software Upgrades & Enhancements (73274008)
5. Small Capital Improvement Projects Forecast Revisions
6. Administrative Project Plan Updates (Placeholder Projects)

(NOTE: Attachment 2 – Project Plan Updates includes a full description of these updates. The changes have been incorporated into the Baseline CIP Preliminary FY 2025-29 Five-Year Plan and models.)

Pending Project Plan Updates

Project plan updates are underway for the following projects:

1. Palo Alto Purified Water Project (91304001)
2. Coyote Creek Chillers (91864001)
3. Upper Llagas Creek Flood Protection – LERRDs (26174051)
4. Small Capital Improvement Projects Forecast Revisions
5. Administrative Project Plan Updates

(NOTE: The pending changes have not been finalized and therefore are not incorporated into the Baseline CIP Preliminary FY 2025-29 Five-Year Plan. The changes will be incorporated for the February 27, 2024, Board Meeting, along with any additional project plan updates.)

Projects Planned for Closure

Seven (7) projects in the Board Adopted CIP FY 2024-28 Five-Year Plan are anticipated to be completed and/or closed out by June 2024, as listed below:

1. Cross Valley Pipeline Extension (91864010)
2. Coyote Warehouse (91234011)
3. Almaden Lake Improvements (26044001)
4. RWTP Residuals Remediation (93294058)
5. Permanente Creek, SF Bay to Foothill Expressway (26244001)
6. Berryessa Creek, Lower Penitencia Creek to Calaveras Blvd.- Phase 1 (40174001)
7. IT Disaster Recovery (73274001)

(NOTE: The projects listed above are planned for removal from the CIP FY 2025-29 Five-Year Plan unless a project plan update occurs necessitating an extension of the schedule.)

CIP Preliminary FY 2025-29 Five-Year Plan (Baseline)

With changes from Adopted CIP FY 2024-28 Five-Year Plan

Fund	FY24-28 Adopted	FY25-29 Preliminary (Baseline)	Change in Cost (±)
General Buildings & Grounds (Fund 11)	\$98.112M	\$96.724M	-\$1.39M
Watersheds Stream Stewardship (Fund 12)	\$821.969M	\$856.036M	+\$34.07M
Safe, Clean Water and Natural Flood Protection Program (Fund 26)	\$1.243B	\$1.242B	- \$1.37M
Water Utility Enterprise (Fund 61)	\$7.362B	\$8.380B	+\$1.018B
Information Technology (Fund 73)	\$35.912M	\$42.370M	+\$6.458M
Totals:	\$9.561B	\$10.617B	\$1.056B

Baseline Includes:

1. *Capital project plan updates*
2. *Cost increases/decreases resulting from inflation*
3. *Board approved project closures in FY 24*

(Pause for Questions)

CIP Evaluation Team Analysis and Recommendations by Fund

Initially Validated and Currently Unfunded Projects

Project Name	Estimated Total Project Cost (\$ thousands w/inflation)	Phase	Potential Funding Source	FY 2023-24 Funding Category	CIP Evaluation Team Recommendations
FY 2023-24 Initially Validated Projects					
Regnart Creek Rehabilitation*	\$9,000	Design	Funds 12/26	Category 1 – Existing Infrastructure	Recommended for funding in the CIP Preliminary FY 2025-29 Five-Year Plan
Permanente & Hale Creek Concrete Replacement*	\$21,000	Design	Funds 12/26	Category 1 – Existing Infrastructure	Move to Unfunded List due to lack of staff resources
Supervisory Control and Data Acquisition Master Plan Implementation Project (SMPIP) Upgrades Phase 1	\$11,000	Design	Fund 61	Category 2 – Existing Infrastructure	Recommended for funding in the CIP Preliminary FY 2025-29 Five-Year Plan
Alamitos Dam Replacement and Automation	\$10,000	Planning	Fund 61	Category 3 – Existing Infrastructure	Move to Unfunded List for additional analysis
San Jose Purified Water Project – Phase 1** (Demonstration Facility)	\$50,000	Planning	Fund 61	Category 3 – NEW Infrastructure	Recommended for funding in the CIP Preliminary FY 2025-29 Five-Year Plan
Coyote 10B Freshwater Wetlands	\$9,000	Planning	Fund 12	Category 1 – Mandated (Mitigation for SMP3)	Recommended for funding in the CIP Preliminary FY 2025-29 Five-Year Plan (Mitigation Project)
Current Unfunded Projects					
South Babb Flood Protection (Long-Term)	\$23,000	Planning	Fund 12	Category 3 – Existing Infrastructure	Recommended to remain on Unfunded List
Pond A4 – Construction ONLY	\$34,000	Construction	Fund 12	Category 3 – NEW Infrastructure	Recommended to remain on Unfunded List

* Projects identified through planning under the Sustainable Creek Infrastructure Program (Safe, Clean Water – Project F8)

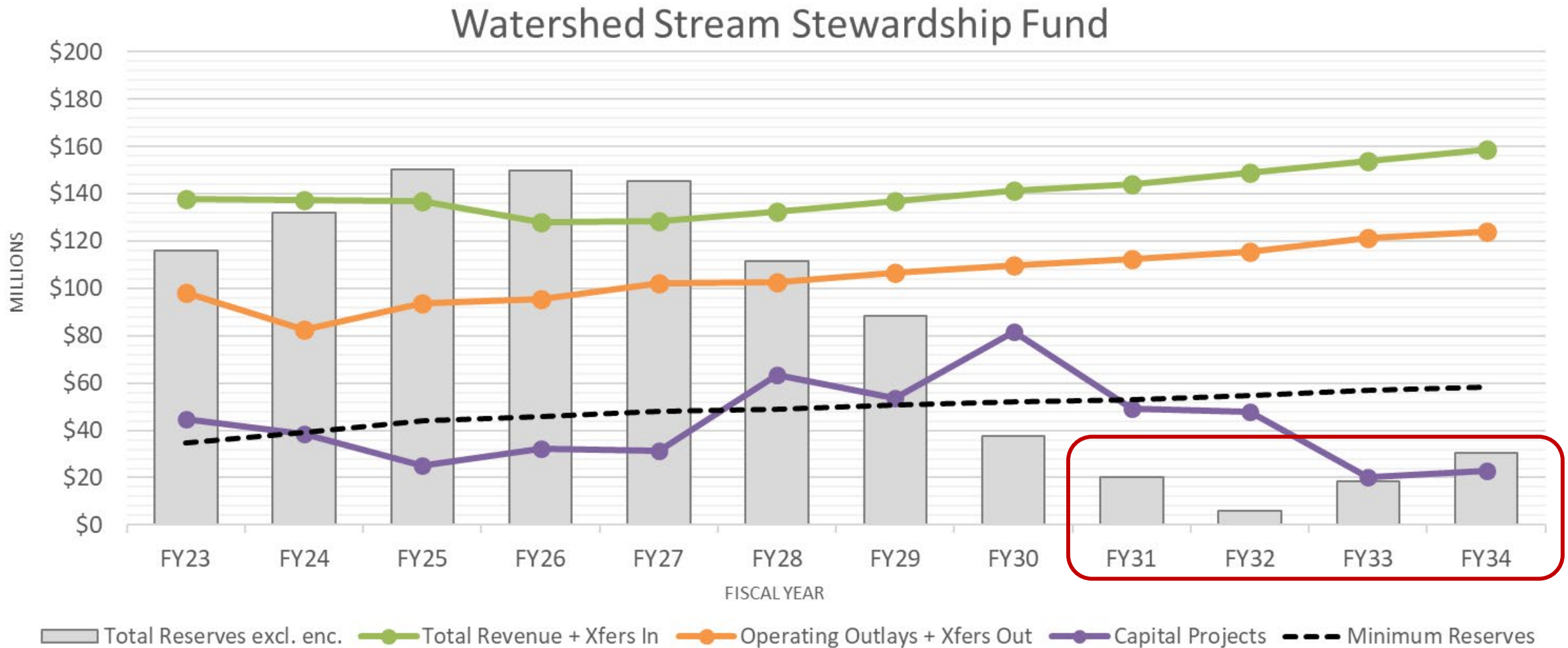
**Phase 2 San Jose Purified Water Project pending development of the Validation Study through the Phase 1 Demonstration Facility to meet Direct Potable Reuse requirements

Overview of Largest/Most Impactful Project Plan Updates:

Project Number	Project Name	Scope	Schedule Impact (±)	Cost Impact* (±)
50284010	Llagas Creek – Lower Capacity Restoration, Buena Vista Rd. to Pajaro River	-	+ 5 Years	+ \$92.9M
62084001	Watersheds Asset Rehabilitation Program (WARP): SMALL CAPITAL FORECAST REVISION	-	-	+ \$12.3M

* Cost includes inflation

Watershed Stream Stewardship Fund 12 - Baseline



CIP Evaluation Team Recommendations – Fund 12

Recommended Scenario = Baseline, with:

- (-) \$98.8M Reduction Removal of Lower Llagas Creek Capacity Restoration Project to Unfunded List in FY 25
- (+) \$2.2M Transfer Out Transfer into Fund 26 for F8: Sustainable Creek Infrastructure - Regnart Creek Rehabilitation Project
- (+) \$8.9M New Project Coyote 10B Freshwater Wetlands Project recommended for inclusion from the Initially Validated Project List

Coyote 10B Freshwater Wetlands

TPC: \$9 M

Funding: Fund 12

Duration: 3-4 Years

Location: South San Jose, CA

Project Location:

Metcalfe Road Area near HWY 101



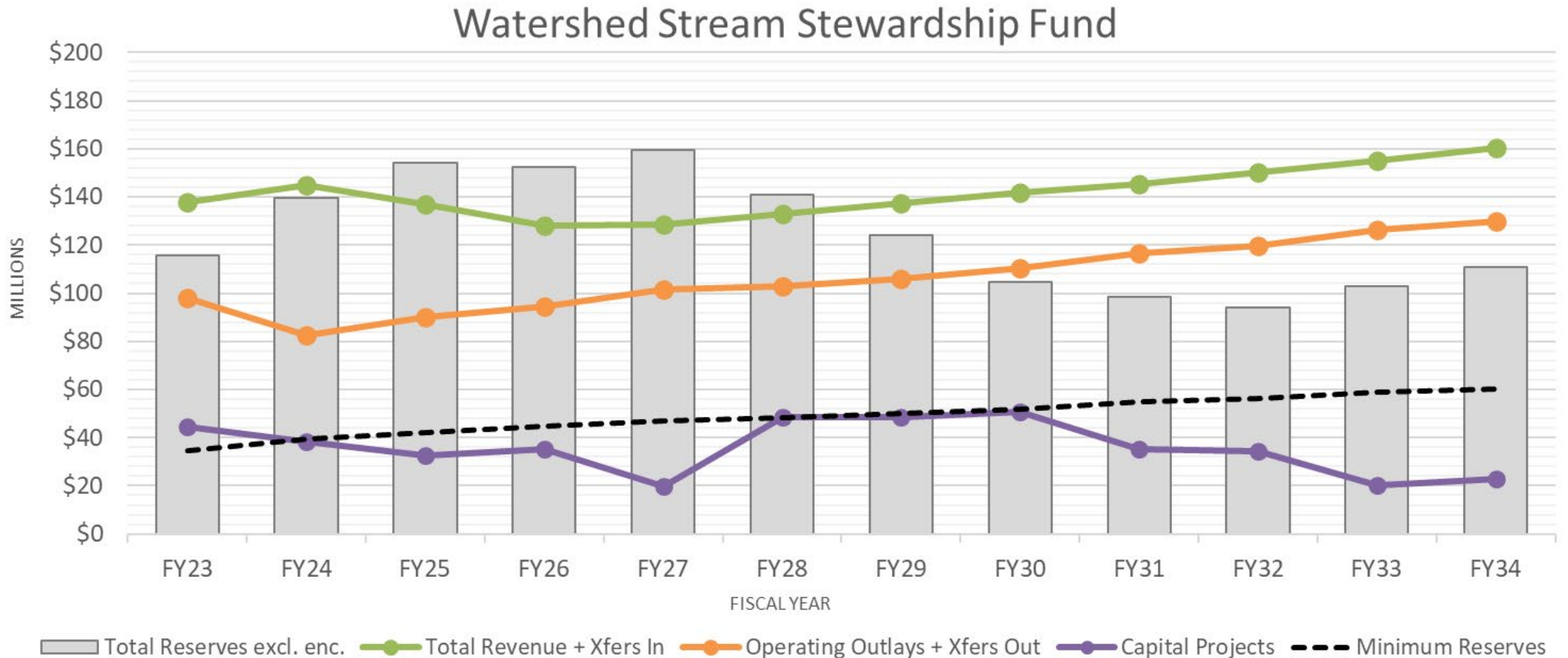
Project Site: Coyote 10B



Objectives:

1. Meet mitigation requirements for the multi-year Stream Maintenance Program (SMP-3) from 2027-2037 in the Santa Clara Basin.
2. Create 7 acres of freshwater wetland
3. Create 1 acre of upland habitat
4. Create 1.5 acres (1,430 linear feet) of channel with inclusion of fisheries habitat features

Watershed Stream Stewardship Fund 12 – Recommended Scenario



(Pause for Questions)

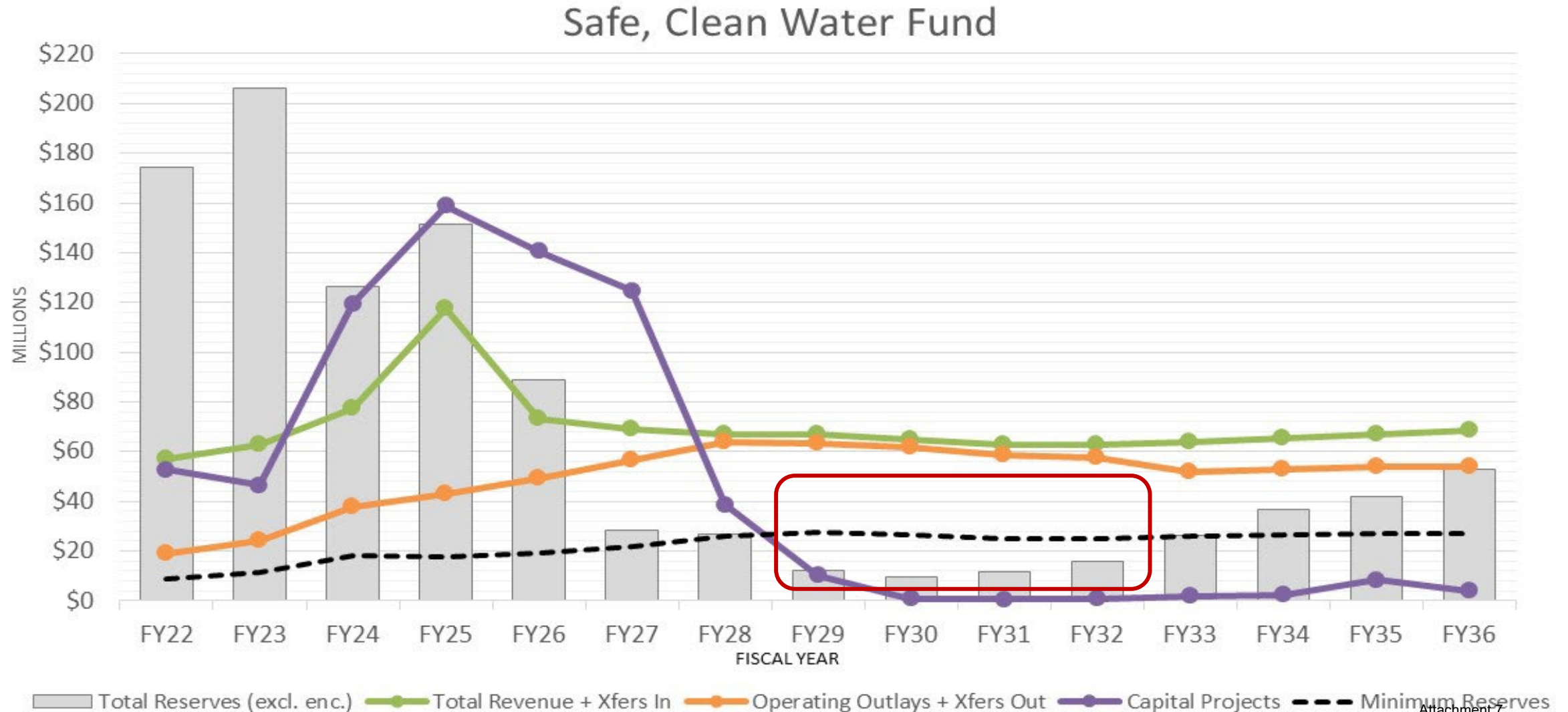
Overview of Largest/Most Impactful Project Plan Updates:

Project Number	Project Name	Scope	Schedule Impact (±)	Cost Impact* (±)
26764001	IRP2 Additional Line Valves (A3)	-	-	+ \$8.61M
26444004	San Francisco Bay Shoreline EIAs 5-10	-	+ 2 Years	+ \$2.32M
26174051	Llagas Creek – Upper Reimbursable (E6)	-	-	+ \$2.00M

* Cost includes inflation

Safe, Clean Water Fund 26 – Baseline*

* Includes removal of Almaden Lake Improvement Project to Unfunded List (prior Board decision); \$80M in NRCS funding for Upper Llagas Creek Flood Protection Project – Phase 2B; and \$6.8M placeholder for F8 project per SCW funding allocation.



CIP Evaluation Team Recommendations – Fund 26

Recommended Scenario = Baseline, with:

- (+) \$9.0M New Project F8: Sustainable Creek Infrastructure - Regnart Creek Rehabilitation Project recommended for inclusion from the Initially Validated Project List
- (-) \$2.2M Transfer In Transfer from Fund 12 into Fund 26 for F8: Sustainable Creek Infrastructure - Regnart Creek Rehabilitation Project
- (-) \$9.9M Transfer In Transfer from Fund 61 into Fund 26 for IRP2 Project A3 cost increases above funding allocation

Regnart Creek Rehabilitation Project

TPC: \$9 M

Funding: Funds 12/26

Duration: 2-3 Years

Location: Cupertino, CA

Project Limits: Festival Drive to Bubb Road



Bank Erosion & Creek Obstructions

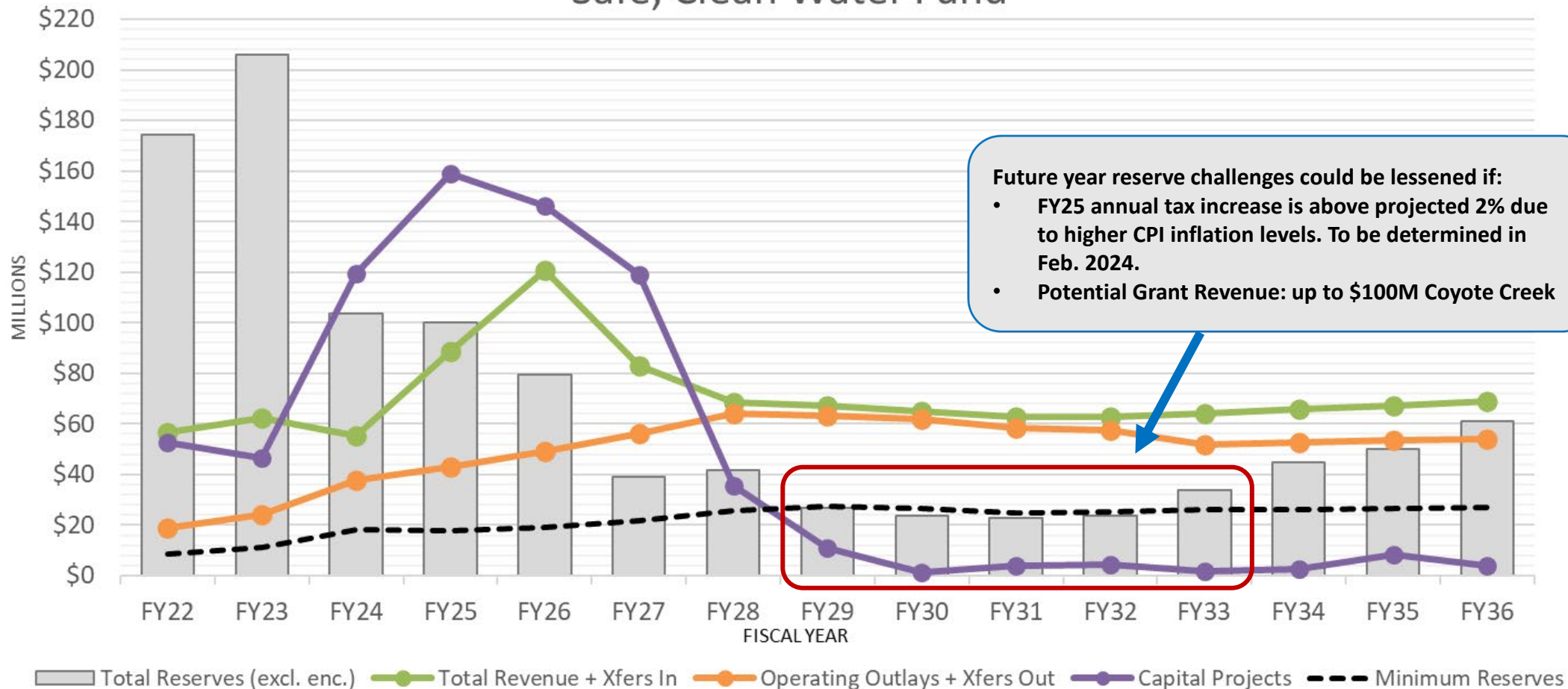


Objectives:

1. Execute SCW Project F8 work: Sustainable Creek Infrastructure for Continued Public Safety
2. Reduce the risk of bank failures that can impact adjacent properties
3. Apply geomorphic principles to reduce the frequency of erosion recurrence

Safe, Clean Water Fund 26 – Recommended Scenario

Safe, Clean Water Fund



Pending Grant Applications:

- Coyote Creek Flood Protection (\$50M BRIC & \$50M HMGP)
- Sunnyvale East Channel Flood Protection (\$23.5M HMGP) which would enable project construction

(Pause for Questions)

Water Utility Enterprise Fund (Fund 61)

Largest/Most Impactful changes from Adopted CIP FY 2024-28 Five-Year Plan

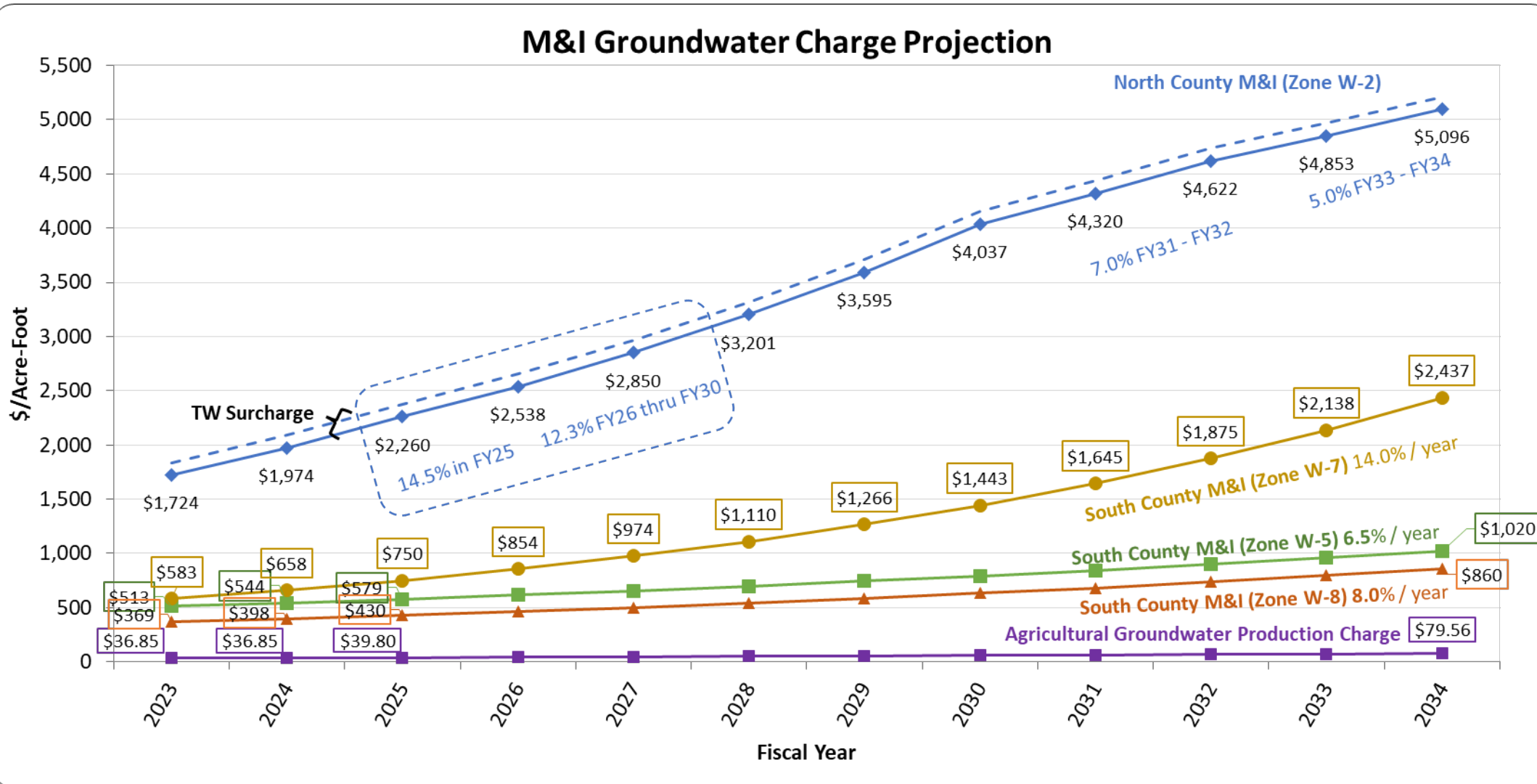
Overview of Largest/Most Impactful Project Plan Updates:

Project Number	Project Name	Scope	Schedule Impact (±)	Cost Impact* (±)
91864005	Anderson Dam Seismic Retrofit**	✓	+ 1.5 Years	+ \$894.39M
93294057	RWTP Reliability Improvement	-	-	+ \$94.69M
91234002	Coyote Pumping Plant ASD Replacement	-	+ 3 Years	+ \$36.98M
91874004	Calero Dam Seismic Retrofit (Design & Construction)	-	-	+ \$22.01M
93764004	Small Capital Improvements – Water Treatment			+ \$20.60M
95084002	10-Year Pipeline Rehabilitation	✓	-	+ \$15.97M

*Cost includes inflation

** The change to schedule does not impact the construction start date.

Water Utility Fund 61 – Baseline Rate Projections



Reflects baseline case water rate projections:

- FY25 Water Usage: 222kAF
- DCP, LVE
- Pacheco & Anderson w/WIFIA
- PAPWP via P3
- Ag set at or under 10% M&I
- Sisk Dam Raise (Staff recommends incorporating into baseline)

Baseline Rate Projection has been refined following the December 11, 2023 CIP Committee meeting.

CIP Evaluation Team Recommendations – Fund 61

Recommended Scenario = Baseline, with:

Updates to existing capital projects:

- | | |
|-------------------------|--|
| (+) \$20M Increase | \$20M for Palo Alto Purified Water Project – Project plan update pending* |
| (+) \$9.9M Transfer Out | Transfer from Fund 61 into Fund 26 for IRP2 Project A3 cost increases above funding allocation |

Initially validated capital projects recommended for funding in CIP:

- | | |
|-------------------------|--|
| (+) \$10.4M New Project | SMPIP Design Phase 1 recommended for inclusion from the Initially Validated Project List |
| (+) \$50M New Project | San Jose Purified Water Project – Phase 1 (Demonstration Facility) recommended for inclusion from the Initially Validated Project List |

** The costs are estimated and may also be distributed to the new San Jose Purified Water Project – Phase 1. This will be determined after the Board's direction on January 9, 2024, and will be updated to reflect the final processed project plan updates for the presentation of the CIP Draft FY 2025-29 Five-Year Plan on February 27, 2024.*

SMPIP Upgrades – Phase 1

TPC: \$11 M

Funding: Fund 61

Duration: 9 Years

Project Location



Control Center



Protect and Maintain Existing Water Infrastructure

Objectives:

1. Upgrade aging Supervisory Control and Data Acquisition System (SCADA) communications
2. Implement additional backup control center capabilities for SCADA

San Jose Purified Water Project – Phase 1

TPC: \$50 M

Funding: Fund 61

Duration: 5-6 Years

Location: San Jose, CA

Proposed Project Site



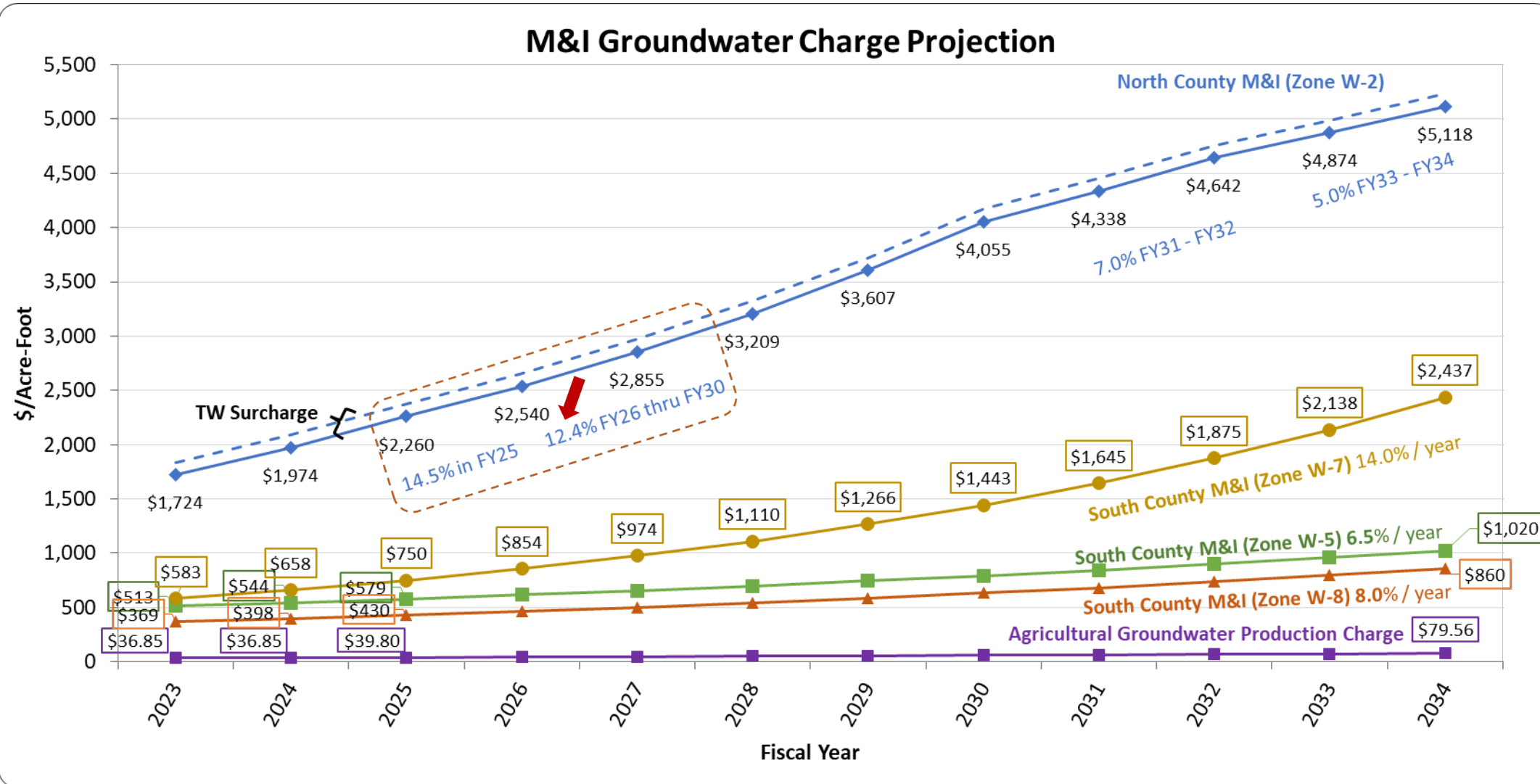
Future Facility



Objectives:

1. Construct San Jose Purified Water Project (SJPWP) – Phase 1 (Demonstration Facility)
2. Ensure successful implementation of a SJPWP – Phase 2 (Full-Scale Facility)
3. Ensure treatment train protects public health
4. Operator training
5. Public Outreach for Acceptance of DPR as a Reliable and Drought Resilient Water Supply

Water Utility Fund 61 –Recommended Baseline Rate Projections



Reflects baseline case water rate projections:

- FY25 Water Usage: 222kAF
- DCP, LVE
- Pacheco & Anderson w/WIFIA
- PAPWP via P3
- Ag at or under 10% M&I
- Sisk Dam Raise (Staff recommends incorporating into baseline)

Recommended Baseline Rate Projection has been refined following the December 11, 2023 CIP Committee meeting.

CIP Preliminary FY 2025-29 Five-Year Plan (Recommended)

With changes from Adopted CIP FY 2024-28 Five-Year Plan

Fund	FY24-28 Adopted	FY25-29 Preliminary (Recommended)*	Change in Cost (±)
General Buildings & Grounds (Fund 11)	\$98.112M	\$96.724M	-\$1.388M
Watersheds Stream Stewardship (Fund 12)	\$821.969M	\$766.105M	-\$55.864M
Safe, Clean Water and Natural Flood Protection Program (Fund 26)	\$1.243B	\$1.251B	+ \$8.000M
Water Utility Enterprise (Fund 61)	\$7.362B	\$8.438B	+\$1.076B
Information Technology (Fund 73)	\$35.912M	\$42.370M	+\$6.458M
Totals:	\$9.561B	\$10.594B	\$1.033B

Recommended CIP Preliminary FY 2025-29 Five-Year Plan Includes:

- 1. *CIP Evaluation Team Recommendations*
- 2. *Capital project plan updates*
- 3. *Cost increases/decreases resulting from inflation*
- 4. *Board approved project closures in FY 24*

* The totals do not include the Pending Project Plan Updates referenced on slide 9.

CIP Preliminary FY 2025-29 Five-Year Plan (Baseline vs. Recommended)

Fund	FY25-29 Preliminary (Baseline)	FY25-29 Preliminary (Recommended)*	Change in Cost (±)
General Buildings & Grounds (Fund 11)	\$96.724M	\$96.724M	-
Watersheds Stream Stewardship (Fund 12)	\$856.036M	\$766.105M	-\$89.931M
Safe, Clean Water Program (Fund 26)	\$1.242B	\$1.251B	+\$9.000M
Water Utility Enterprise (Fund 61)	\$8.380B	\$8.438B	+\$58.000M
Information Technology (Fund 73)	\$42.370M	\$42.370M	-
Totals:	\$10.617B	\$10.594B	-\$22.931M

**The totals do not incorporate all pending project plan updates reflected on slide 9. Once finalized, any new updates will be incorporated for the February 27, 2024, Board Meeting.*

Initially Validated and Currently Unfunded Projects

Project Name	Estimated Total Project Cost (\$ thousands w/inflation)	Phase	Potential Funding Source	FY 2023-24 Funding Category	CIP Evaluation Team Recommendations
FY 2023-24 Initially Validated Projects					
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Coyote 10B Freshwater Wetlands	\$9,000	Planning	Fund 12	Category 1 – Mandated (Mitigation for SMP3)	Recommended for funding in the CIP Preliminary FY 2025-29 Five-Year Plan (Mitigation Project)
Current Unfunded Projects					
South Babb Flood Protection (Long-Term)	\$23,000	Planning	Fund 12	Category 3 – Existing Infrastructure	Recommended to remain on Unfunded List
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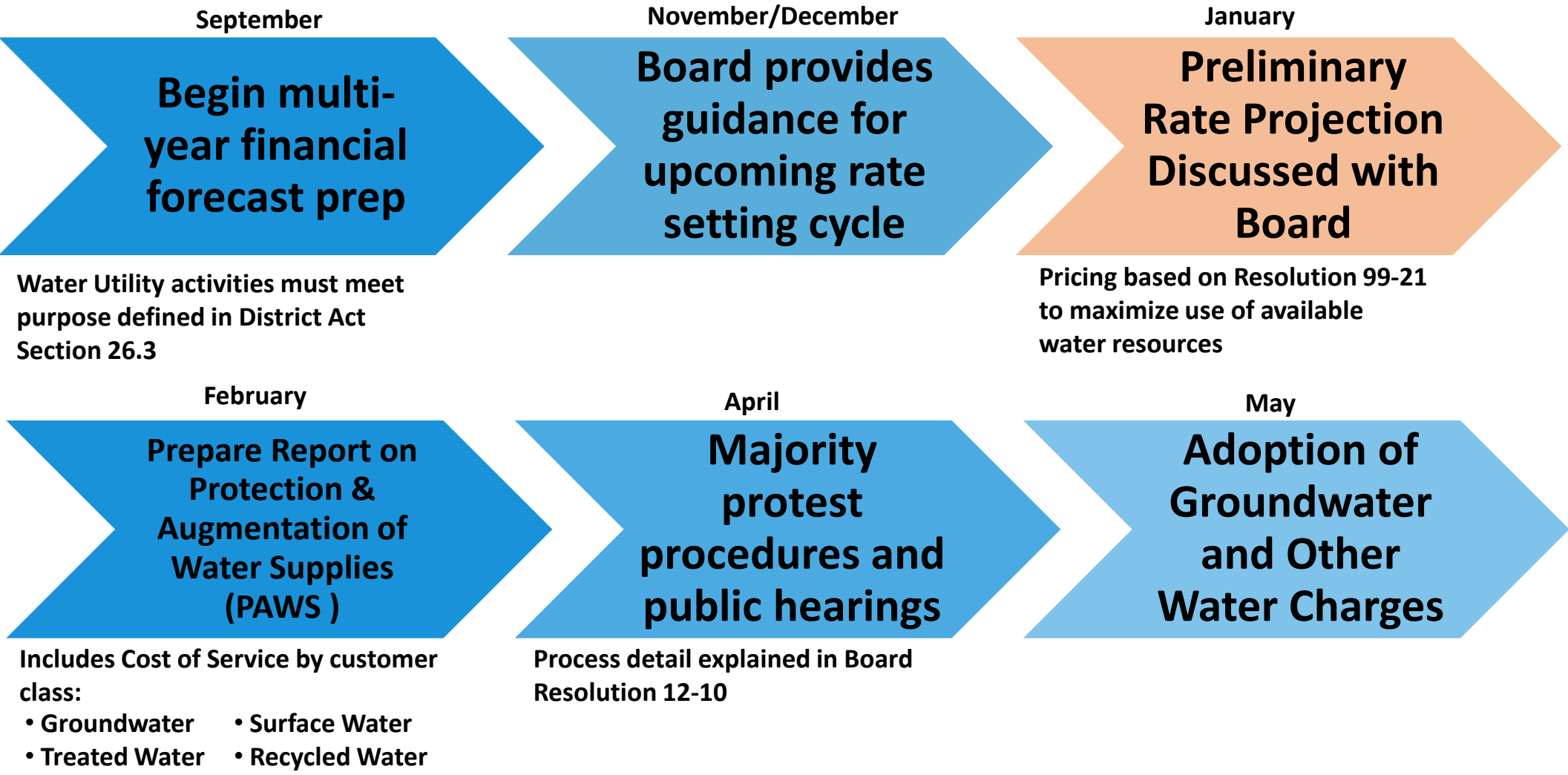
* Projects identified through planning under the Sustainable Creek Infrastructure Program (Safe, Clean Water – Project F8)

**Phase 2 San Jose Purified Water Project pending development of the Validation Study through the Phase 1 Demonstration Facility to meet Direct Potable Reuse requirements

Preliminary FY 2024-25 Groundwater Production Charge Analysis

- 1. Future Outlook**
- 2. Water Usage & Water Utility Cost Projections**
- 3. Scenario Assumptions: Baseline & Alternative Scenarios**
- 4. Preliminary Groundwater Charge Forecast (Baseline & Alt. Scenarios)**
- 5. Other Information**
- 6. Schedule & Summary**

Groundwater Charge-Setting Approach

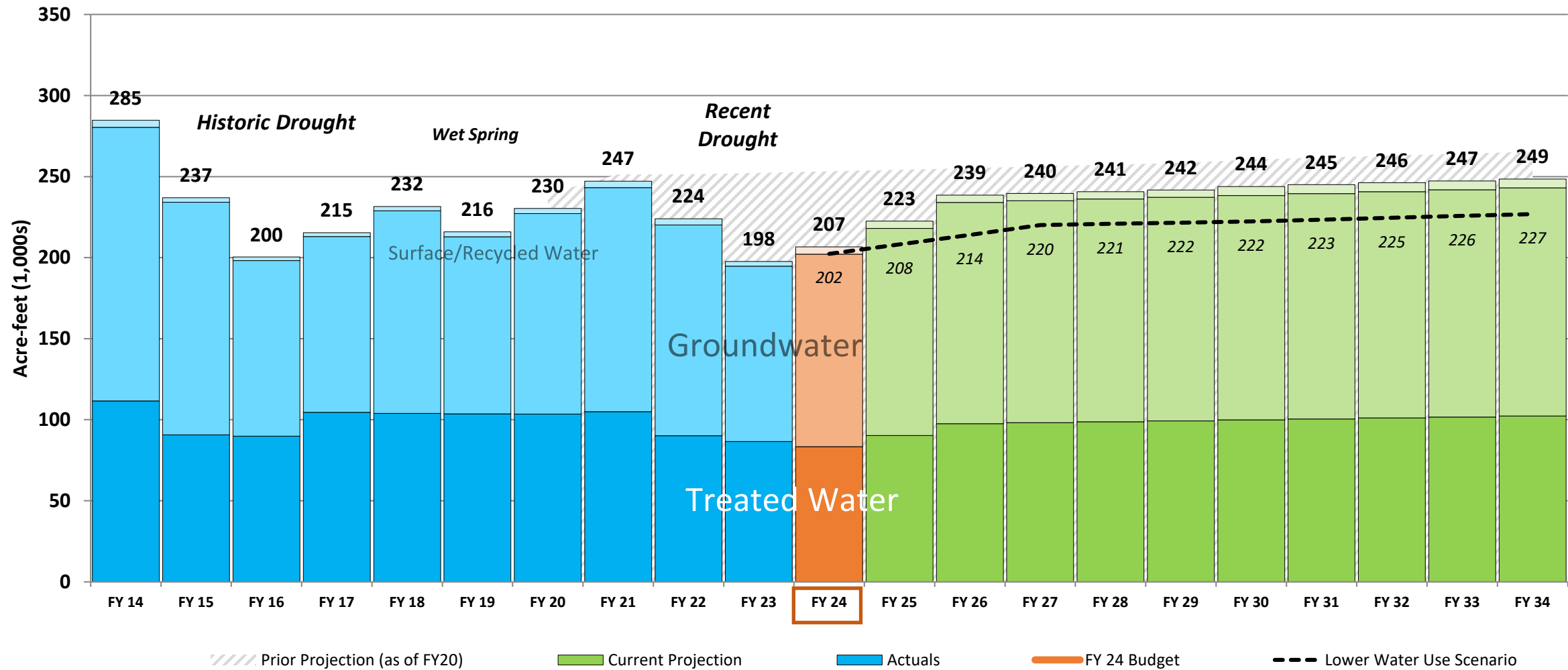


- **Recent inflation trends have put upward pressure on water rates**
- **Valley Water is in era of investment as existing water supply infrastructure was built decades ago**
 - **Fixing Anderson Dam** – Address public health and safety concerns and relieve operational restrictions
 - **Upgrading Rinconada Water Treatment Plant** – Extend service life of plant for next 50 years and expand plant capacity
 - **Address seismic deficiencies at Almaden, Calero, Coyote, and Guadalupe Dams** – DSOD requested expedited project implementation schedule
- **Climate change has brought need for new infrastructure investments**
 - **Building local storage with Pacheco Reservoir Expansion Project** – Add water storage to help face extended droughts
 - **Expanding Purified Water** – Provide incremental drought proof water supply
 - **Investing in out-of-county storage with Los Vaqueros Reservoir Expansion & Sisk Dam Raise** – Maintaining out-of-county storage is critical in securing water supply reliability and for storage diversification
- **Water Supply Master Plan 2050 will shed more light on what new infrastructure investments are recommended to be built**

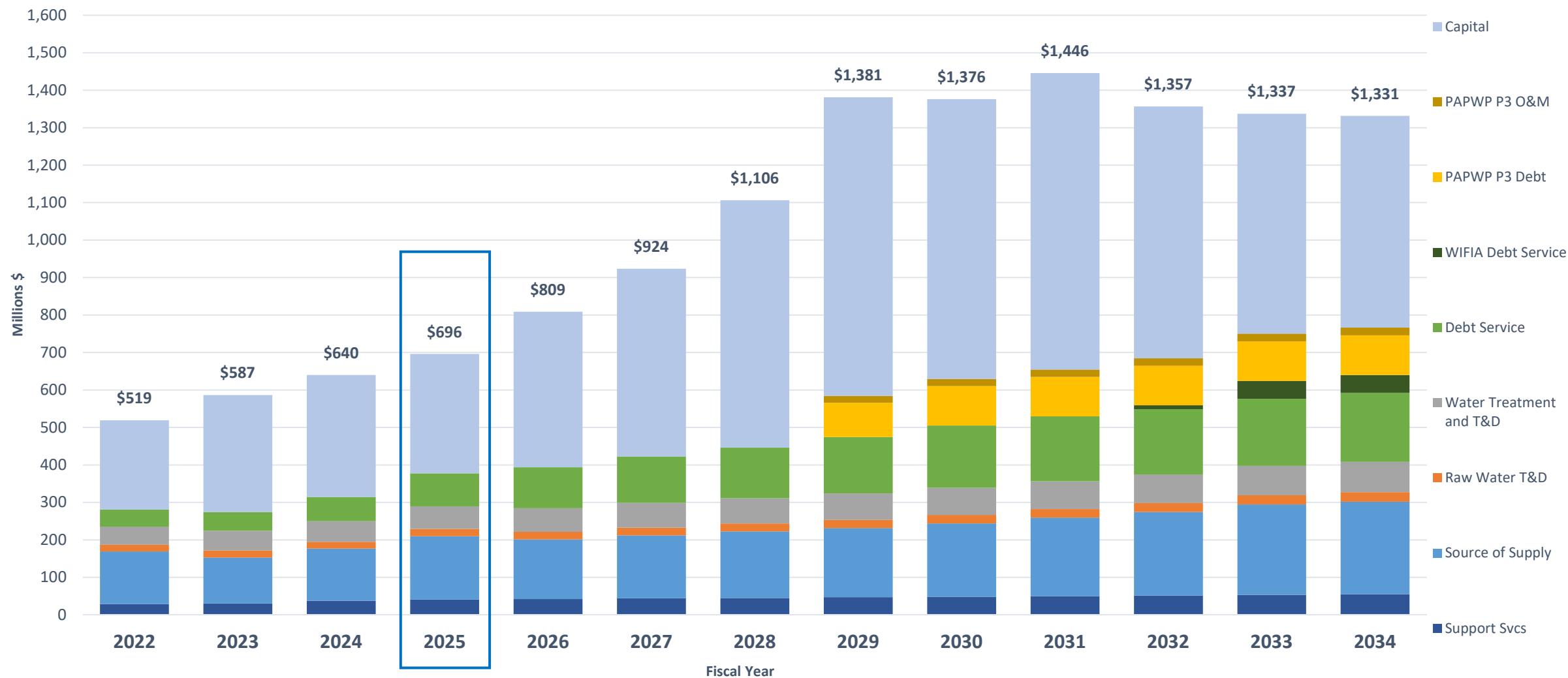
Planning
work

Water Usage (District Managed)

Water Usage (District Managed in TAF)



Preliminary Cost Projection



Rate setting strategy for FY 2024-25

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FY 25 BASELINE CASE ASSUMPTIONS: Incorporates CIP Evaluation Team Recommendations

Water Usage (District-Managed)

- Continued rebound from the drought – water use projected at 222 kAF (vs. 207 kAF in FY24)

Secure Existing Supplies and Infrastructure

- Baseline Projects ¹
- Anderson Dam Seismic Retrofit with WIFIA loan (up to 49% of TPC)
- Master Plan Projects Placeholder: Assumes \$326M from FY26-FY34 ²
- SWP Tax pays for 100% of SWP costs (excludes SWP portion of Delta Conveyance)
- Delta Conveyance SWP portion continues at 3.23% ^{3,4}

Expand Conservation and Reuse

- Palo Alto Purified Water Project (PAPWP) via P3 with operations beginning in FY28, assumes 100% debt financing through P3 entity ⁴

Increase System Reliability & Flexibility

- Pacheco Reservoir Expansion Project (PREP) with \$504M Proposition 1 grants, WIFIA loan (up to 49% of TPC) and Partnership Participation at 35% of TPC ⁴
- Los Vaqueros (Transfer Bethany Pipeline) with up to 50 kAF Storage ^{3,4}
- Sisk Dam Raise at San Luis Reservoir with up to 60 kAF Storage ^{3,4}

¹ Includes but not limited to dam seismic retrofits, Rinconada WTP reliability improvement, 10-year pipeline rehabilitation program.

² Master Plan Project Placeholder includes anticipated costs for new pipelines, pipeline rehabilitations, treatment plant upgrades & SCADA implementation projects.

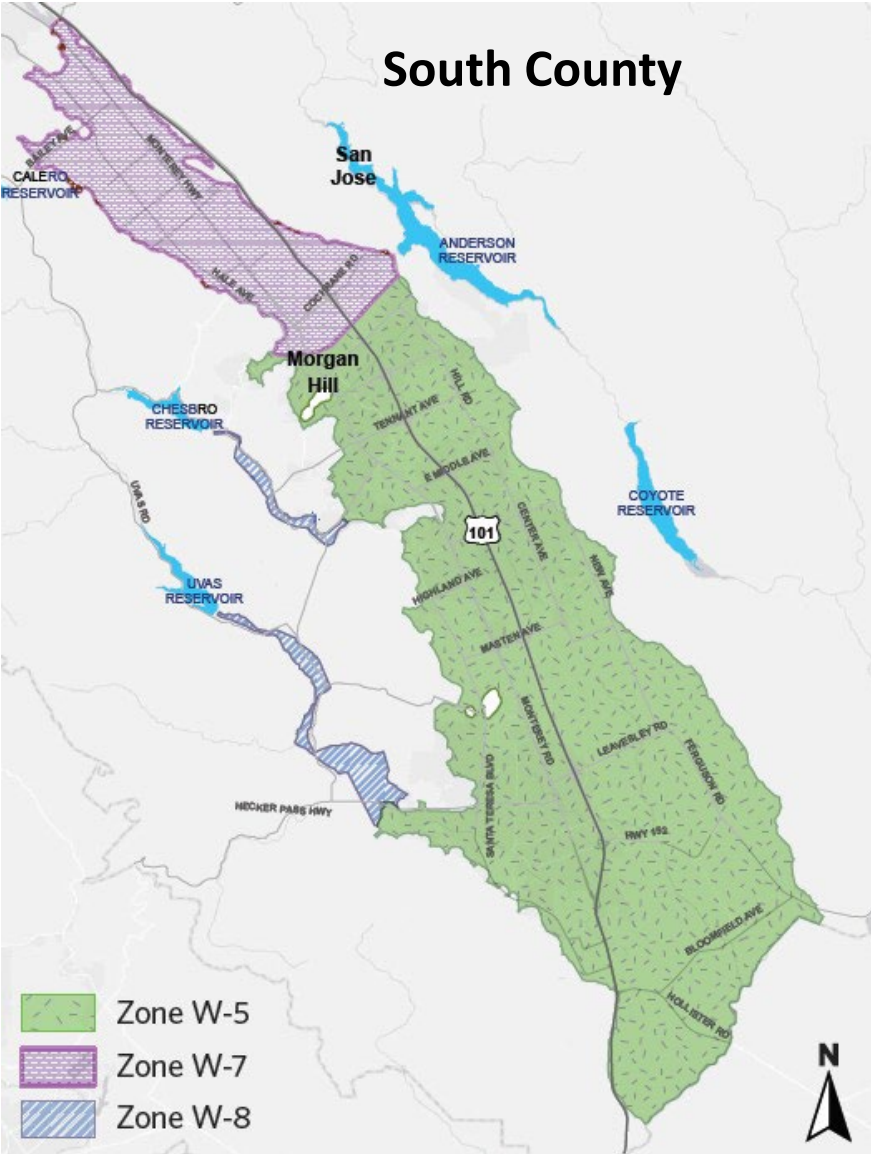
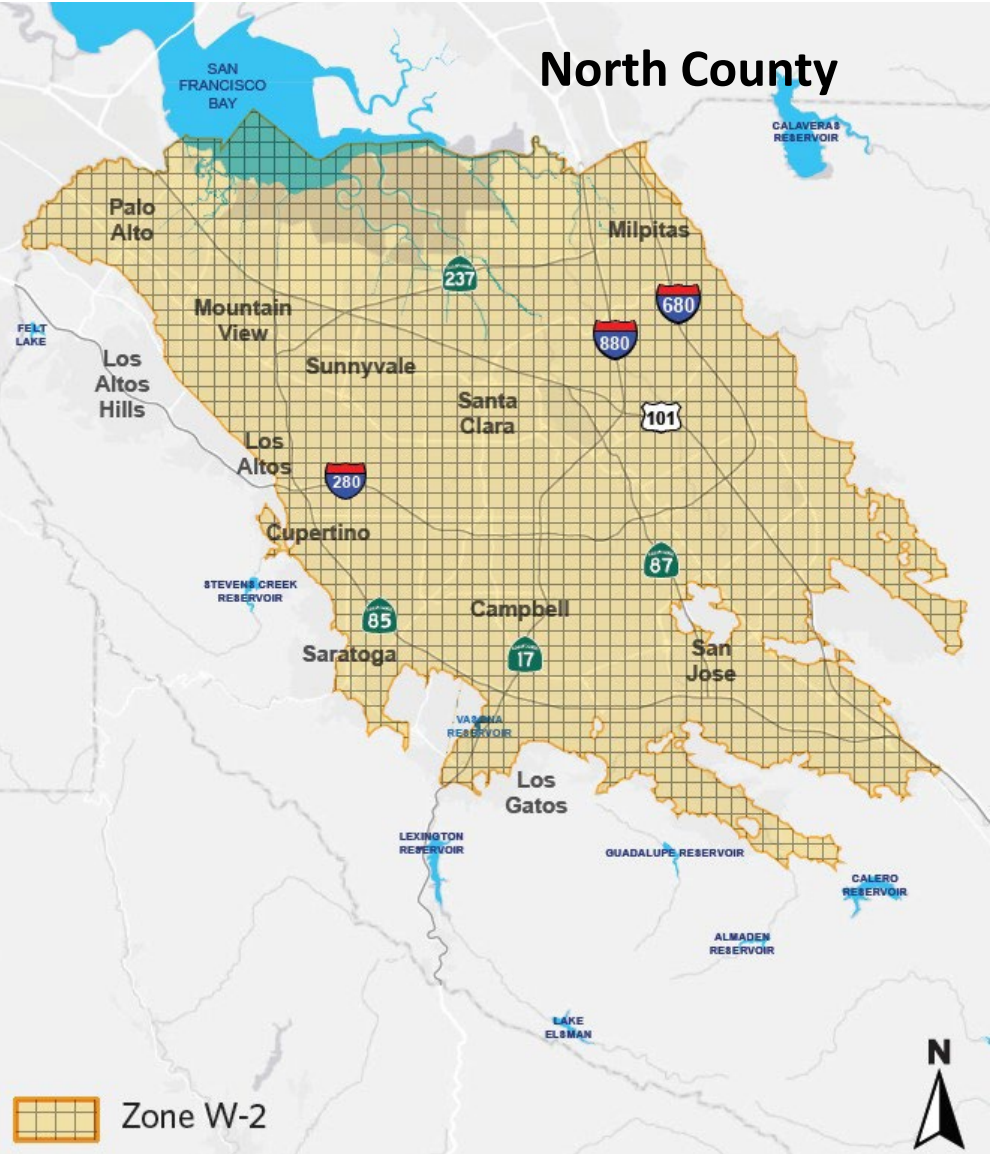
³ Project costs are reflected as Operations & Maintenance.

⁴ Project is included in Water Supply Master Plan 5050 Update analysis.

TPC: Total Project Cost

kAF: Thousand Acre-Feet

Groundwater Benefit Zones



Preliminary Groundwater Charge Increase Projection

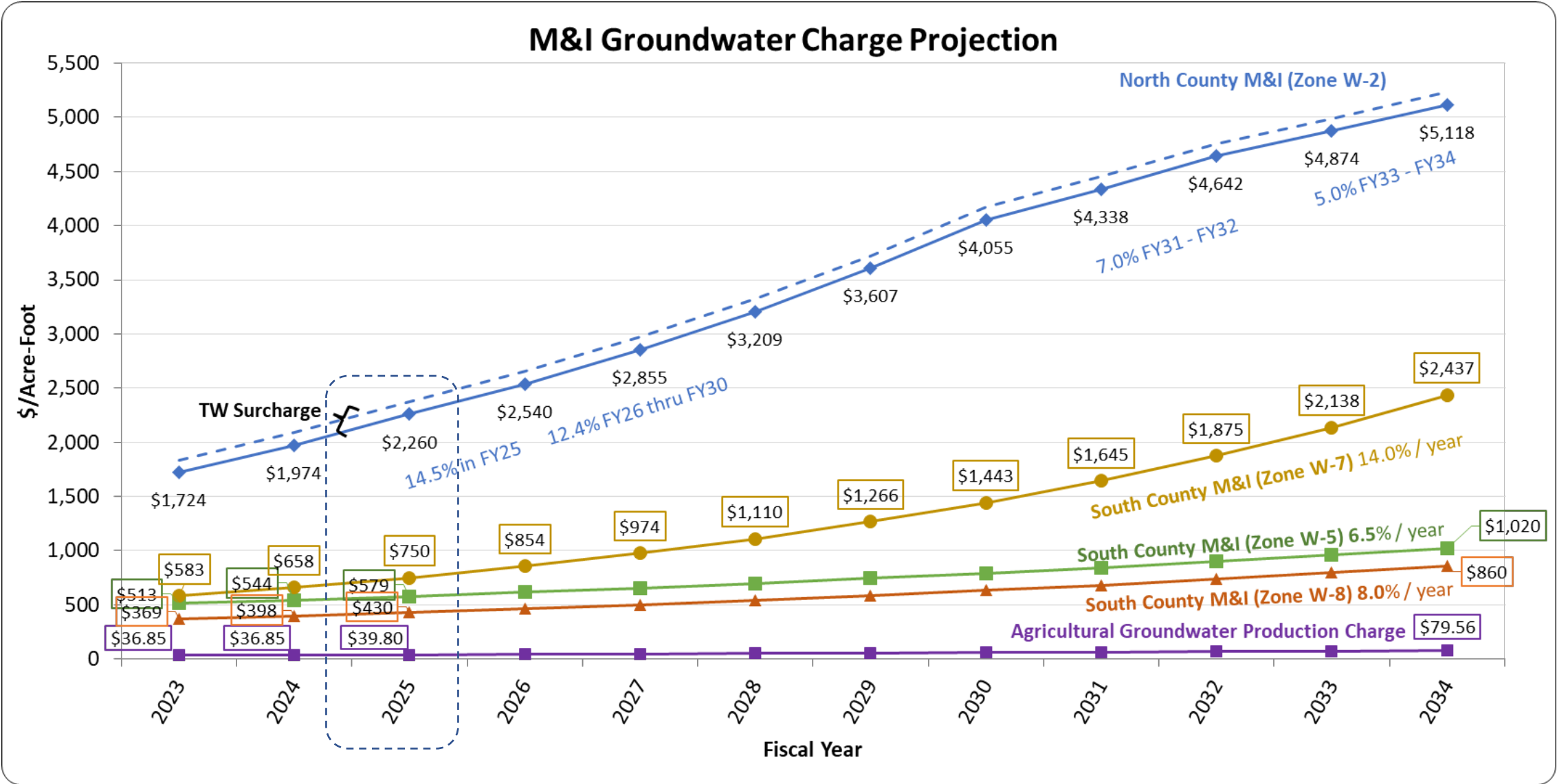
Baseline Scenario

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M&I Groundwater Charge Year to Year Growth %

Baseline Scenario 1	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
North County Zone W-2	14.5%	12.4%	12.4%	12.4%	12.4%	12.4%	7.0%	7.0%	5.0%	5.0%
<i>Prior Year</i>	14.5%	9.9%	9.9%	9.9%	9.9%	9.9%	6.3%	6.3%	6.3%	
South County Zone W-5	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
<i>Prior Year</i>	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
South County Zone W-7	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
<i>Prior Year</i>	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	
South County Zone W-8	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
<i>Prior Year</i>	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	

Preliminary Groundwater Production Charge Projection



Rate setting strategy for FY 2024-25 – additional scenarios

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ADDITIONAL FY 25 SCENARIOS:

- | | |
|-------------------|--|
| Scenario 2 | Baseline with Lower Water Use: Water use projection does not rebound as planned; around 202 kAF in FY24 (vs. 207 kAF budgeted) and 208 kAF in FY25 (vs. 222 kAF) |
| Scenario 3 | Baseline excluding Pacheco Reservoir Expansion Project |
| Scenario 4 | Baseline with 0% Partnership Participation Funding for Pacheco Reservoir Expansion |
| Scenario 5 | Baseline excluding Palo Alto Purified Water Project (PAPWP) delivered via P3;
Plus preliminary projection for Dam Safety Program (Almaden, Calero, Coyote & Guadalupe) |
| Scenario 6 | Baseline excluding PAPWP delivered via P3;
Plus preliminary projection for San Jose Purified Water Project (SJPWP) – Phase 2 (Full-Scale Facility);
Plus preliminary projection for Dam Safety Program (Almaden, Calero, Coyote & Guadalupe) |

Preliminary Groundwater Charge Increase Scenarios

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M&I Groundwater Charge Year to Year Growth %

North County Zone W-2		FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Scenario #1	Baseline	14.5%	12.4%	12.4%	12.4%	12.4%	12.4%	7.0%	7.0%	5.0%	5.0%
Scenario #2	Baseline with Lower Water Use	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%	6.5%	6.5%	5.0%	5.0%
Scenario #3	Baseline excluding Pacheco	14.5%	12.4%	12.4%	12.4%	12.4%	12.4%	4.5%	4.5%	4.5%	4.5%
Scenario #4	Baseline with 0% PREP Partnership Funding	14.5%	13.0%	13.0%	13.0%	13.0%	13.0%	8.0%	8.0%	5.0%	5.0%
Scenario #5	Baseline excluding PAPWP via P3 Plus prelim. projection for Dam Safety Program	14.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	5.0%	5.0%
Scenario #6	Baseline excluding PAPWP via P3; Plus prelim. projection for SJPWP – Phase 2; Plus prelim. projection for Dam Safety Program	14.5%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%	7.0%	7.0%

Preliminary Monthly Impact to Average Household Scenarios

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M&I Groundwater Charge – Monthly impact to Average Household

North County Zone W-2		FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Scenario #1	Baseline	\$9.85	\$9.65	\$10.85	\$12.19	\$13.71	\$15.40	\$9.77	\$10.46	\$7.99	\$8.39
Scenario #2	Baseline with Lower Water Use	\$10.81	\$12.53	\$14.52	\$16.83	\$19.51	\$22.61	\$10.71	\$11.41	\$9.35	\$9.81
Scenario #3	Baseline excluding Pacheco	\$9.85	\$9.65	\$10.85	\$12.19	\$13.71	\$15.40	\$6.28	\$6.57	\$7.62	\$8.01
Scenario #4	Baseline with 0% PREP Partnership Funding	\$9.85	\$10.12	\$11.43	\$12.92	\$14.60	\$16.50	\$11.47	\$12.39	\$8.36	\$8.78
Scenario #5	Baseline excluding PAPWP via P3 Plus prelim. projection for Dam Safety Program	\$9.85	\$9.85	\$5.84	\$6.28	\$6.75	\$7.25	\$7.80	\$8.38	\$9.01	\$6.46
Scenario #6	Baseline excluding PAPWP via P3; Plus prelim. projection for SJPWP – Phase 2; Plus prelim. projection for Dam Safety Program	\$9.85	\$7.71	\$8.47	\$9.31	\$10.23	\$11.24	\$12.35	\$13.58	\$10.55	\$11.29

(Pause for Questions)

Preliminary Groundwater Charge Increase Scenarios

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M&I Groundwater Charge Year to Year Growth %

South County Zone W-5	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Scenario #1 – Baseline	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Scenario #2 – Baseline with Lower Water Use	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%
Scenario #3 – Baseline excluding Pacheco	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
Scenario #4 – Baseline with 0% PREP Partnership Funding Scenario #5 – Baseline excluding PAPWP via P3 Plus prelim. projection for Dam Safety Program Scenario #6 – Baseline excluding PAPWP via P3; Plus prelim. projection for SJPWP – Phase 2; Plus prelim. projection for Dam Safety Program	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%

Preliminary Monthly Impact to Average Household Scenarios

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M&I Groundwater Charge – Monthly impact to Average Household

South County Zone W-5	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Scenario #1 – Baseline	\$1.21	\$1.30	\$1.38	\$1.47	\$1.56	\$1.67	\$1.77	\$1.89	\$2.01	\$2.14
Scenario #2 – Baseline with Lower Water Use	\$1.24	\$1.34	\$1.43	\$1.52	\$1.62	\$1.73	\$1.85	\$1.97	\$2.11	\$2.25
Scenario #3 – Baseline excluding Pacheco	\$1.10	\$1.17	\$1.24	\$1.31	\$1.39	\$1.47	\$1.56	\$1.65	\$1.75	\$1.85
Scenario #4 – Baseline with 0% PREP Partnership Funding										
Scenario #5 – Baseline excluding PAPWP via P3										
Plus prelim. projection for Dam Safety Program										
Scenario #6 – Baseline excluding PAPWP via P3;	\$1.22	\$1.32	\$1.40	\$1.50	\$1.59	\$1.70	\$1.81	\$1.93	\$2.06	\$2.19
Plus prelim. projection for SJPWP – Phase 2;										
Plus prelim. projection for Dam Safety Program										

Preliminary Groundwater Charge Increase Scenarios

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M&I Groundwater Charge Year to Year Growth %

South County Zone W-7	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Scenario #1 – Baseline	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
Scenario #2 – Baseline with Lower Water Use	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%
Scenario #3 – Baseline excluding Pacheco	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Scenario #4 – Baseline with 0% PREP Partnership Funding Scenario #5 – Baseline excluding PAPWP via P3 Plus prelim. projection for Dam Safety Program Scenario #6 – Baseline excluding PAPWP via P3; Plus prelim. projection for SJPWP – Phase 2; Plus prelim. projection for Dam Safety Program	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%

Preliminary Monthly Impact to Average Household Scenarios

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M&I Groundwater Charge – Monthly Impact To Average Household

South County Zone W-7	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Scenario #1 – Baseline	\$3.17	\$3.61	\$4.12	\$4.70	\$5.35	\$6.10	\$6.96	\$7.93	\$9.04	\$10.31
Scenario #2 – Baseline with Lower Water Use	\$3.36	\$3.87	\$4.45	\$5.11	\$5.88	\$6.75	\$7.76	\$8.91	\$10.24	\$11.77
Scenario #3 – Baseline excluding Pacheco	\$2.82	\$3.18	\$3.58	\$4.03	\$4.53	\$5.10	\$5.74	\$6.45	\$7.26	\$8.17
Scenario #4 – Baseline with 0% PREP Partnership Funding Scenario #5 – Baseline excluding PAPWP via P3 Plus prelim. projection for Dam Safety Program Scenario #6 – Baseline excluding PAPWP via P3; Plus prelim. projection for SJPWP – Phase 2; Plus prelim. projection for Dam Safety Program	\$3.20	\$3.67	\$4.19	\$4.79	\$5.47	\$6.24	\$7.13	\$8.14	\$9.30	\$10.62

Preliminary Groundwater Charge Increase Scenarios

M&I Groundwater Charge Year To Year Growth %

South County Zone W-8	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Baseline and all Scenarios	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

M&I Groundwater Charge – Monthly Impact To Average Household

South County Zone W-8	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Baseline and all Scenarios	\$1.10	\$1.18	\$1.28	\$1.38	\$1.49	\$1.61	\$1.74	\$1.88	\$2.03	\$2.19

Agricultural Groundwater Charge Increase & Prior Direction

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District Act limits Agricultural Water Charges to 25% of M&I Water charges

- Board Pricing Policy (Resolution 99-21) further limits Agricultural Water Charges to 10% of M&I Water Charges

Board Direction in FY 22

- Maintain full Open Space Credit, keeping Ag rates set at [or under] 10% of lowest M&I charge

Agricultural Groundwater Charge Year To Year Growth %

Agricultural Rate	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Baseline and all Scenarios	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

M&I Groundwater Charge – Monthly Impact To Average User*

Agricultural Rate	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Baseline and all Scenarios	\$0.49	\$0.53	\$0.57	\$0.62	\$0.67	\$0.72	\$0.78	\$0.84	\$0.91	\$0.98

* Assumes 2 acre-feet of water usage per acre per year

Other Charges, Taxes, Reserves Information

	FY 2024	FY 2025	FY 2026
<u>Other Charges</u>	<u>Budget</u>	<u>Projection</u>	<u>Projection</u>
Contract TW Surcharge (\$/AF)	\$115.00	\$115.00	\$115.00
Non-contract TW Surcharge (\$/AF)	\$200.00	\$200.00	\$200.00
Surface Water Master Charge (\$/AF)	\$54.00	\$61.90	\$69.60
Agricultural Groundwater Charge (\$/AF)	\$36.85	\$43.30	\$47.11
<u>SWP Tax</u>			
Revenue	\$27M	\$28M	\$28M
Cost per average household	\$41/Yr.	\$42/Yr.	\$42/Yr.
<u>Reserves</u>			
Supplemental Water Reserve	\$5.3M	\$5.3M	\$8.7M
Drought Reserve	\$0M	\$0M	\$1.0M
Rate Stabilization Reserve	\$6.0M	\$40.5M	\$43.7M
Operating and Capital Reserve	\$62.0M	\$61.6M	\$61.6M

2024 Schedule

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Jan 8	Agricultural Water Advisory Committee: Preliminary Groundwater Charge Analysis
Jan 9	Board Meeting: Preliminary Groundwater Charge Analysis
Jan 17	Water Retailers Meeting: Preliminary Groundwater Charge Analysis
Jan 24	Water Commission Meeting: Preliminary Groundwater Charge Analysis
Feb 13	Board Meeting: Set time & place of Public Hearing
Feb 23	Mail notice of public hearing and file PAWS report
Mar 12	Board Meeting: Budget development update
Mar 13	Water Retailers Meeting: FY 25 Groundwater Charge Recommendation
Mar 26	40-Year Financial Forecast Review
Apr 1	Agricultural Water Advisory Committee
Apr 9	Open Public Hearing
Apr 10	Water Commission Meeting
Apr 11	Continue Public Hearing in South County
Apr 23	Conclude Public Hearing
Apr 24-25	Board Meeting: Budget work study session
May 14	Adopt budget & groundwater production and other water charges

Board Actions and Next Steps

1. January 2024 – Board reviews and provides direction regarding:

- A. Recommended CIP Preliminary FY 2025-29 Five-Year Plan for incorporation into the CIP Draft FY 2025-29 Five-Year Plan; and
- B. Groundwater production charges to be incorporated into Report on Protection and Augmentation of Water Supplies (PAWS)



2. February 2024 – Next Steps for the Board

- 1. Set the time and place for the public hearing on the Protection and Augmentation of Water Supplies; and
- 2. Approve the CIP Draft FY 2025-29 Five-Year Plan and authorize release for a 60-day public review period

