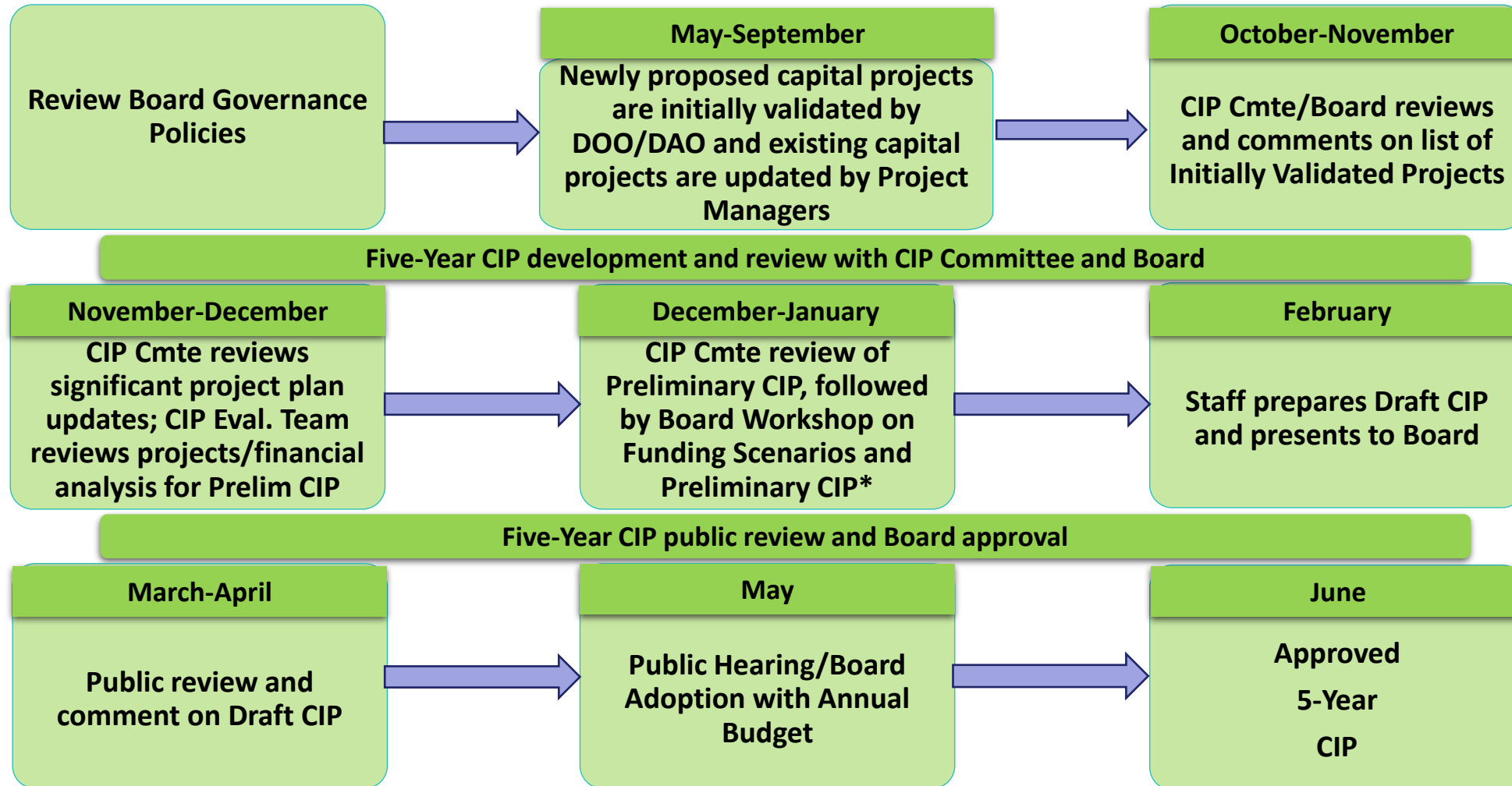


# Capital Improvement Program (CIP) Annual Process Overview

# Annual CIP Process Overview

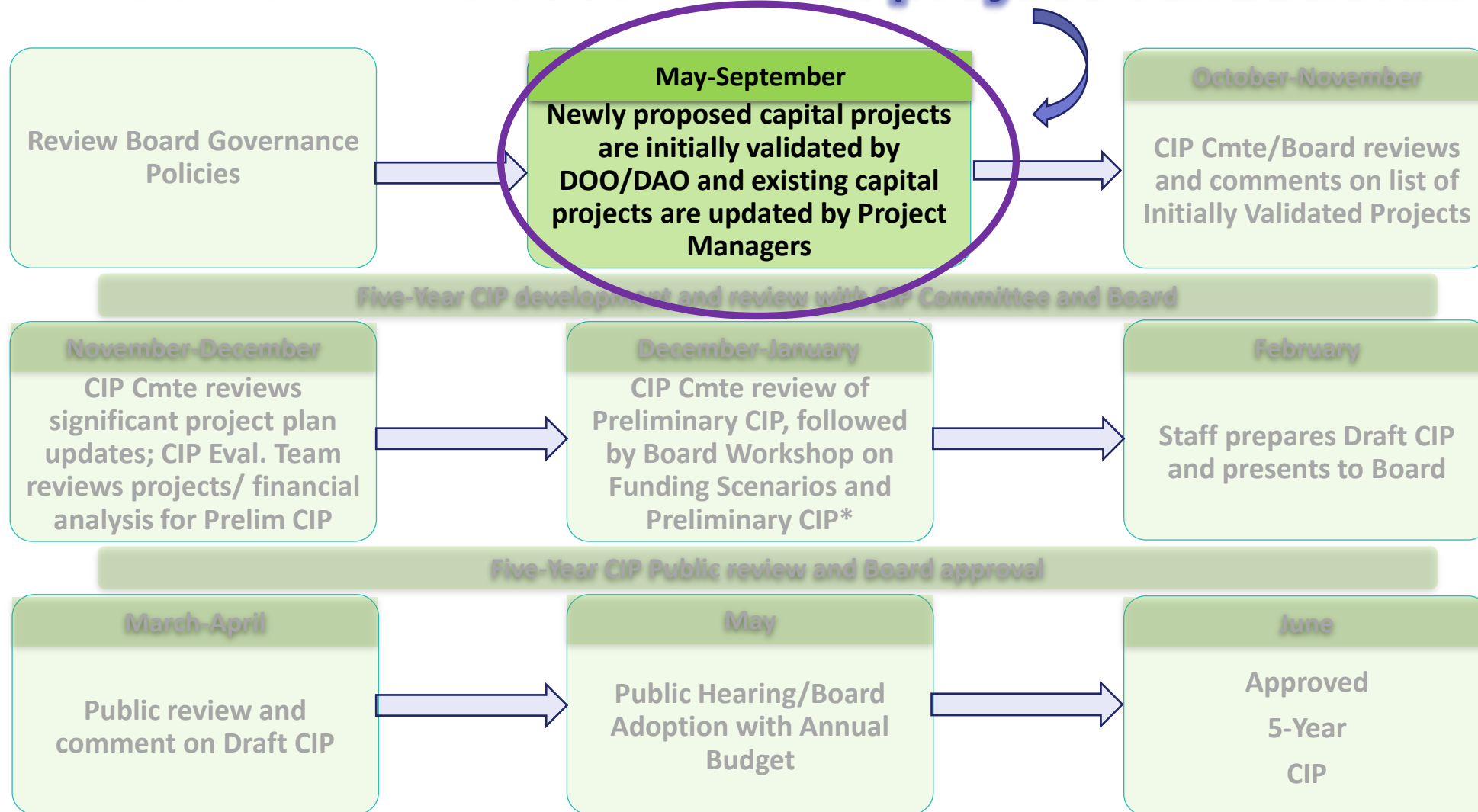
2



# Annual CIP Process Overview

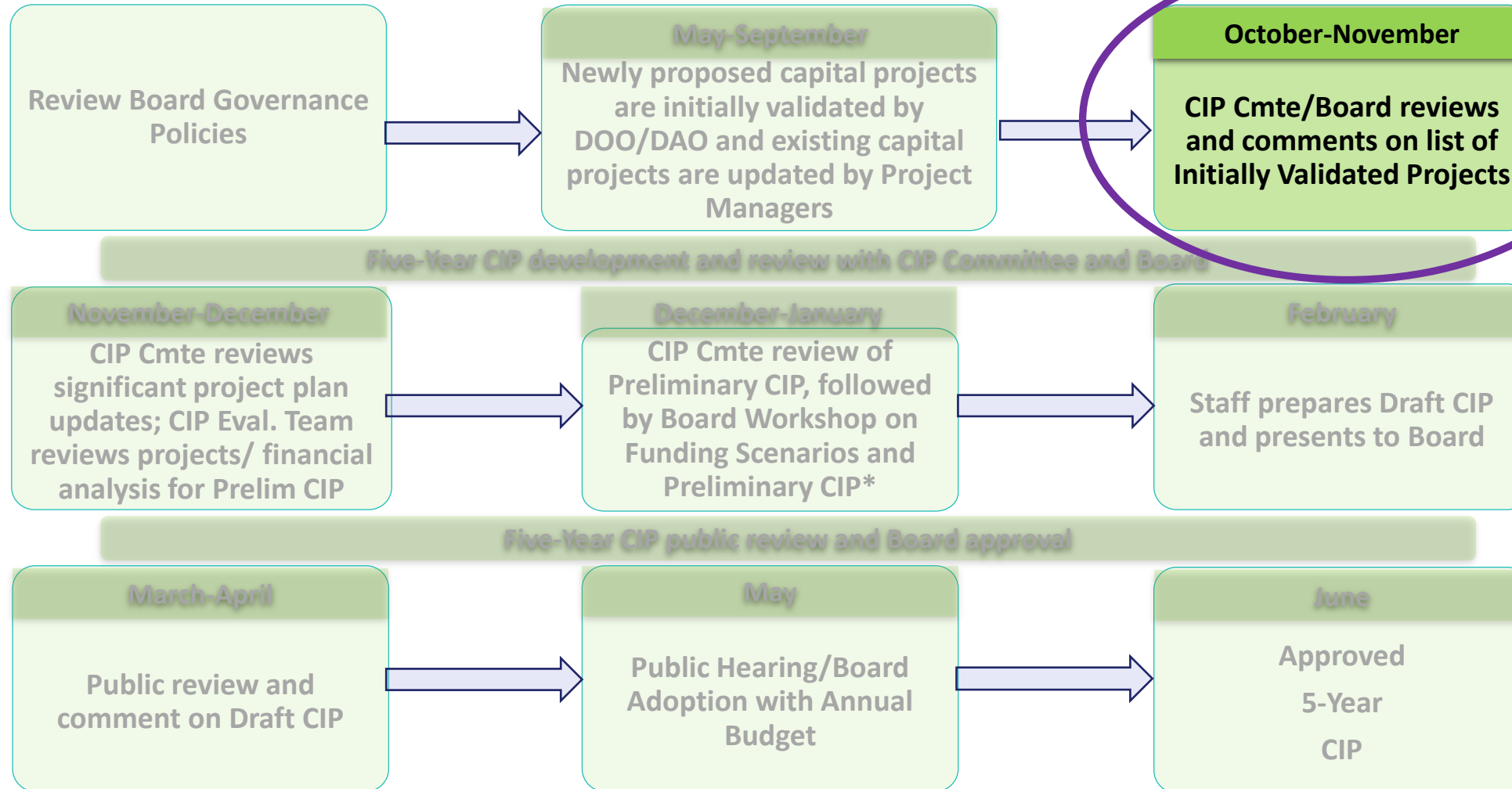
## Initial project Validation...

3



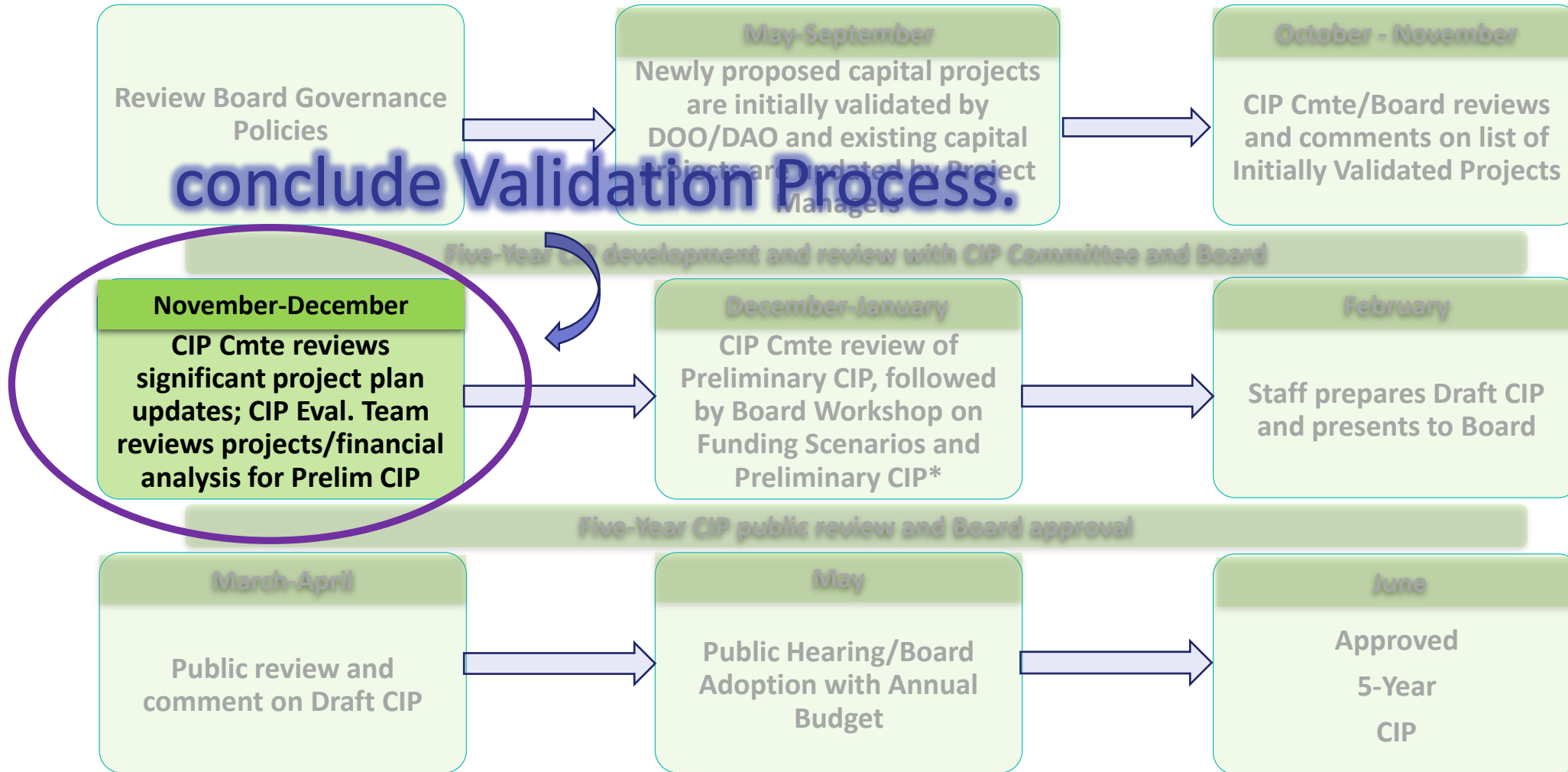
# Annual CIP Process Overview

...Board comment...  
4



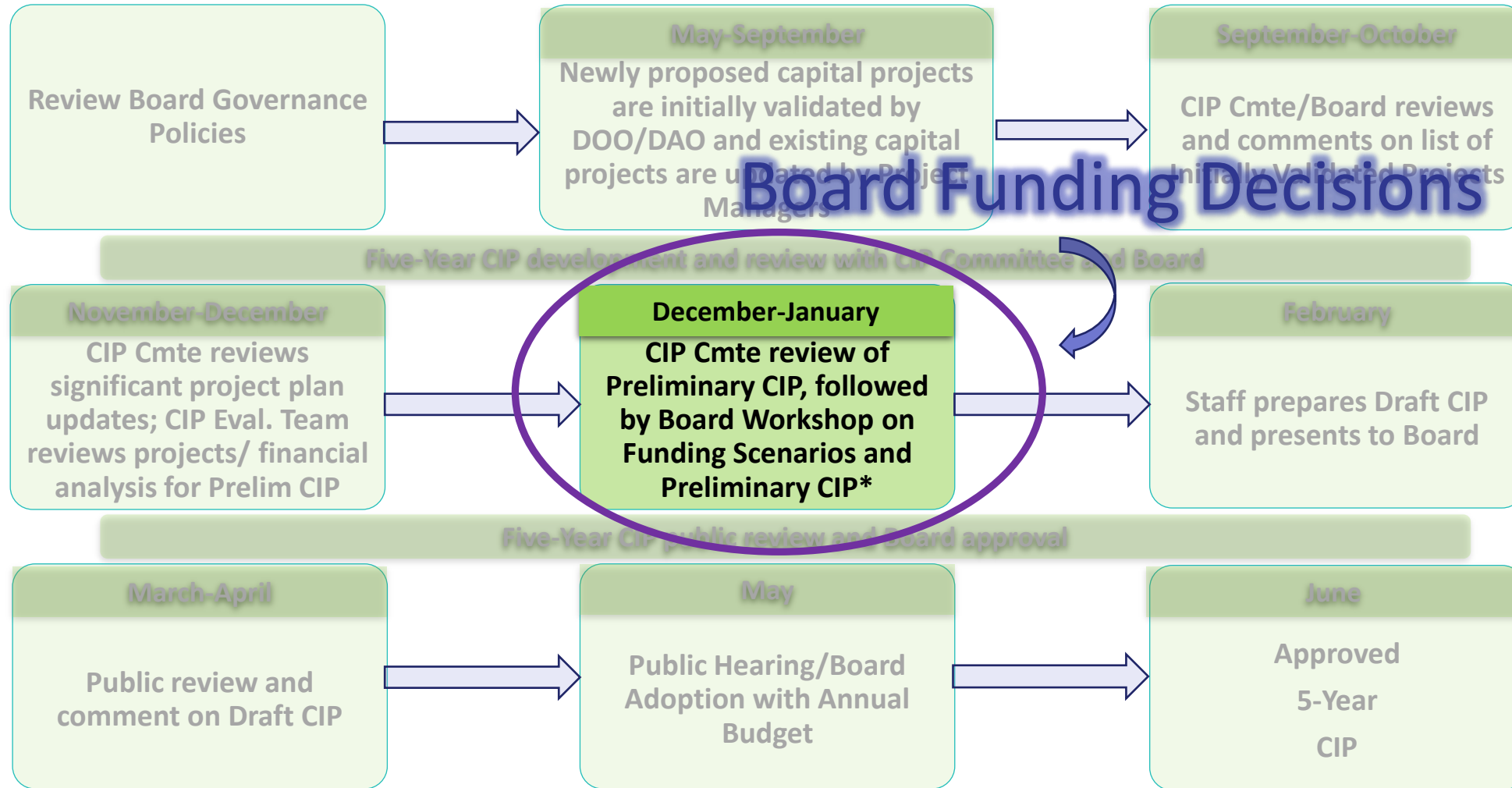
# Annual CIP Process Overview

5



# Annual CIP Process Overview

6



# Integrated Financial Planning Schedule

## VALLEY WATER FINANCIAL PLANNING SCHEDULE

Budget  
Water Rates  
CIP

WU/WS O&M 5-Yr Plans  
WSS/SCW Fund Analysis  
All Other/Combined

| Ref | Internal Date | Brd Cmte Date | Brd Mtg Date | Milestone   |
|-----|---------------|---------------|--------------|---|
| 1   | 8/30/21       |               |              | Kick off Long-Term Operations Cost Forecast process   |
| 2   | 10/1/21       |               |              | Financial planning discussion with Chiefs #1 (Issues, strategy, schedule, reorgs, headcount, Board concerns, big projects) and CIP Discussion Re: Significant Project Plan Updates and Newly Validated, Unfunded Projects   |
| 3   |               | 10/18/21 CIP  |              | Overview of Annual CIP Process and Integrated Financial Planning Calendar & Review list of Newly Validated, Unfunded Capital Projects   |
| 4   |               |               | 10/26/21     | Biennial budget update BAM  |
| 5   | 10/29/21      |               |              | Financial planning discussion with Chiefs #2 - Review CIP Significant Project Plan Updates (IF NECESSARY - Issues, strategy, schedule, reorgs, headcount, Board concerns, big projects)   |
| 6   | 11/2/21       |               |              | Internal Budget Kickoff meeting   |
| 7   | 11/5/21       |               | 11/9/21      | CIP data (data-details) to FP (CN & JA) for Long Term Financial Modeling  |
| 8   |               | 11/15/21 CIP  |              | Overview of Annual CIP Process and Integrated Financial Planning Calendar & Review list of Newly Validated, Unfunded Capital Projects   |
| 9   | 11/18/21      |               |              | CIP Committee Presentation on Significant Project Plan Updates  |
| 10  |               |               | 11/23/21     | CIP Evaluation Team (Deputy/Chiefs/ACEO/CEO) reviews preliminary financial models and recommends projects to be funded in FY23-27 CIP   |
|     |               |               |              | Water Rate Planning BAM   |
| 11  | 12/3/21       |               |              | CEO/Chiefs set operations budget targets by fund  |
| 12  |               | 12/13/21 CIP  |              | CIP Committee Presentation: Preliminary CIP funding discussion w/ financial modeling & major changes vs FY 22-26 CIP and discuss need for   |
| 13  |               |               | 12/14/21     | Board Workshop prior to presentation of Prelim CIP  |
|     |               |               |              | Budget Process Planning BAM   |
| 14  |               |               | 1/3-1/7/22   | TENTATIVE Special Brd Mtg: Multi-day Workshop on CIP Funding Scenarios based upon significant changes to prior CIP (Review scenarios and CIP Committee Recommendations)   |
| 15  |               |               | 1/11/22      | Present 5-Year WS and WU O&M Plans to Brd (for information only)<br>Watersheds prelim 10 year financial analysis BAM (show prelim WSS and SCW fund graphs and discuss funding issues)<br>Prelim Water Rate Analysis BAM (Prelim water rate scenarios)<br>Prelim CIP BAM (Approve Project List and Prelim CIP) |
| 16  |               |               | 1/25/22      | 1st pass budget update BAM  |
| 17  | 2/2/22        |               |              | CEO decision on water rate recommendation for PAWS report [Critical Path]   |
| 18  | 2/3/22        |               |              | Chiefs review of unfunded needs   |
| 19  |               |               | 2/22/22      | Draft CIP BAM (Authorize to distribute for public review)   |
| 20  | 2/25/22       |               |              | File PAWS report & mail well owner notices  |
| 21  |               |               | 3/8/21       | 2nd pass budget update BAM  |
| 22  |               |               | 4/12/22      | GW charge public hearings begin<br>CIP Public hearing begin (or this could happen on 4/26)  |
| 23  |               |               | 4/14/22      | GW charge public hearing in South County (Gilroy)   |
| 24  |               |               | 4/26/22      | GW charge public hearings close   |
| 25  |               |               | 4/27/22      | Budget Workstudy session  |
| 26  |               |               | 5/10/22      | Board adoption of Water Rates, CIP, Budget, Investment and Debt Resolutions (w/Final CIP and Budget Reports completed by 6/30/2022)   |
| 27  |               |               | 6/30/22      | FY23 rate notifications: website and mailers (retailers and all customers)  |

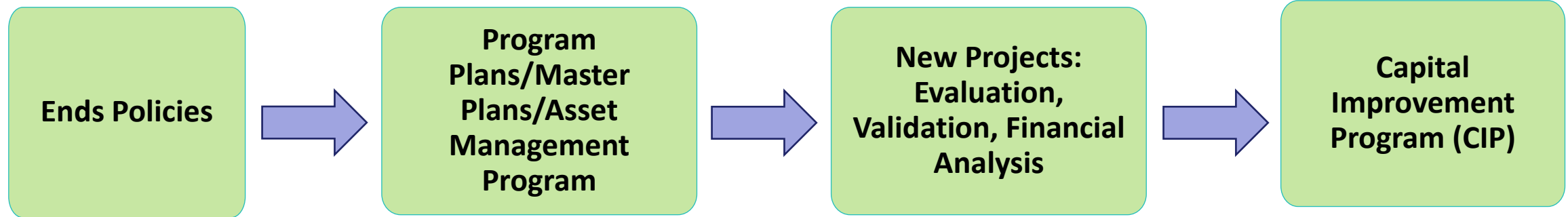
Combined  
Presentation like  
prior year

# FY22 Unfunded Projects Recommended for Removal/Revalidation

| Project Name   | Total Project Cost<br>(In \$ thousands) | Remaining Cost (FY23<br>to completion)<br>(In \$ thousands) | Phase      | Notes   |
|--|---|---|------------|---|
| <b>Unfunded Projects Recommended for Removal in FY22</b> |   |   |            |   |
| Dam Seismic Retrofit at 2 Dams (Chesbro & Uvas)          | \$7.5M                                  | \$7.5M  | N/A        | Staff recommends removal of this project from the unfunded list in FY22 for revalidation. Last business case/project proposal update was pre-2012.  |
| So. County Recycled Water Reservoir Expansion            | \$10.2M                                 | \$10.2M   | N/A        | Staff recommends removal of this project from the unfunded list in FY22 for revalidation. Last business case/project proposal update was 9/2016.  |
| Alamitos Diversion Dam Improvements                      | \$4.2M                                  | \$3.4M  | N/A        | Staff recommends removal of this project from the unfunded list in FY22 for revalidation. Last business case/project proposal update was 7/2012.  |
| Fleet and Facility Annex Improvements                    | \$6.4M                                  | \$6.4M  | N/A        | Staff recommends removal of this project from the unfunded list in FY22 for revalidation. The project team plans to re-submit the Validation package in next year's cycle. The last Business case/project proposal was 10/2012. |
| <b>Total:</b>  | <b>\$28.3M</b>                          | <b>\$27.5M</b>  | <b>N/A</b> |   |



# Drivers for New Capital Projects:



# FY23 Initially Validated and Currently Unfunded Projects

| Project Name   | Total Project Cost<br>(In \$ thousands) | Remaining Cost (FY23<br>to completion)<br>(In \$ thousands) | Phase | Notes  |
|--|---|---|-------|--|
| FY23 Initially Validated Projects (Proposed for Addition to Unfunded List) |   |   |       |  |
| South Babb Flood Mitigation Project  | \$1.3M                                  | \$1.3M  | N/A   | All initially validated projects TPC's are approximate (no Capital Project Plan developed, only Business Case and Request form submitted). |
| South Babb Flood Protection Project  | \$12.0M                                 | \$12.0M   | N/A   |  |
| San Tomas Aquino Project   | \$35.0M                                 | \$35.0M   | N/A   |  |
| Randol Creek Levee Rehab Project   | \$2.0M                                  | \$2.0M  | N/A   |  |
| CPP Isolation Valves & Actuators Replacement Project                       | \$3.2M                                  | \$3.2M  | N/A   |  |
| Tepid Water System for Emergency Shower/Eyewash Stations at WTPs           | \$2.8M                                  | \$2.8M  |       |  |
| Security Upgrades and Enhancements   | \$14.0M                                 | \$14.0M   | N/A   |  |
| Currently Unfunded Projects  |   |   |       |  |
| Long-Term Purified Water Program Elements                                  | \$190.5M                                | \$190.5M  | N/A   | Recommended to <b>REMAIN</b> on the unfunded list - for Phase 2 EPWP (with City of Sunnyvale).   |
| RWTP Ammonia Storage & Metering Facility Upgrade                           | \$5.8M                                  | \$5.8M  | N/A   | Recommended to <b>REMAIN</b> on the unfunded list. Business case/project proposal 9/2019 for last year’s CIP.                              |
| Total:   | \$266.6M                                | \$266.6M  | N/A   |  |



# Valley Water

Clean Water • Healthy Environment • Flood Protection

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