

Board of Directors Workshop



Proposed Biennial Budget for FYs 2024/25 and 2025/26; Proposed Water Rates and Charges for Calendar years 2025 and 2026; Overview of Rates and Charges; Ten-Year Forecast

Workshop #2

Item 5a.1

February 27, 2024

Budget Workshop #2

Item 5a.1

Subject

Proposed Biennial Budget for FYs 2024/25 and 2025/26; Proposed Water Rates and Charges for Calendar years 2025 and 2026; Overview of Rates and Charges; Ten-Year Forecast

Purpose

Provide information to enable April Board action on Proposed Biennial Budget for FYs 2024/25 and 2025/26, Proposed Water Rates and Charges for Calendar years 2025 and 2026, and Ten-Year Forecast

Next Steps

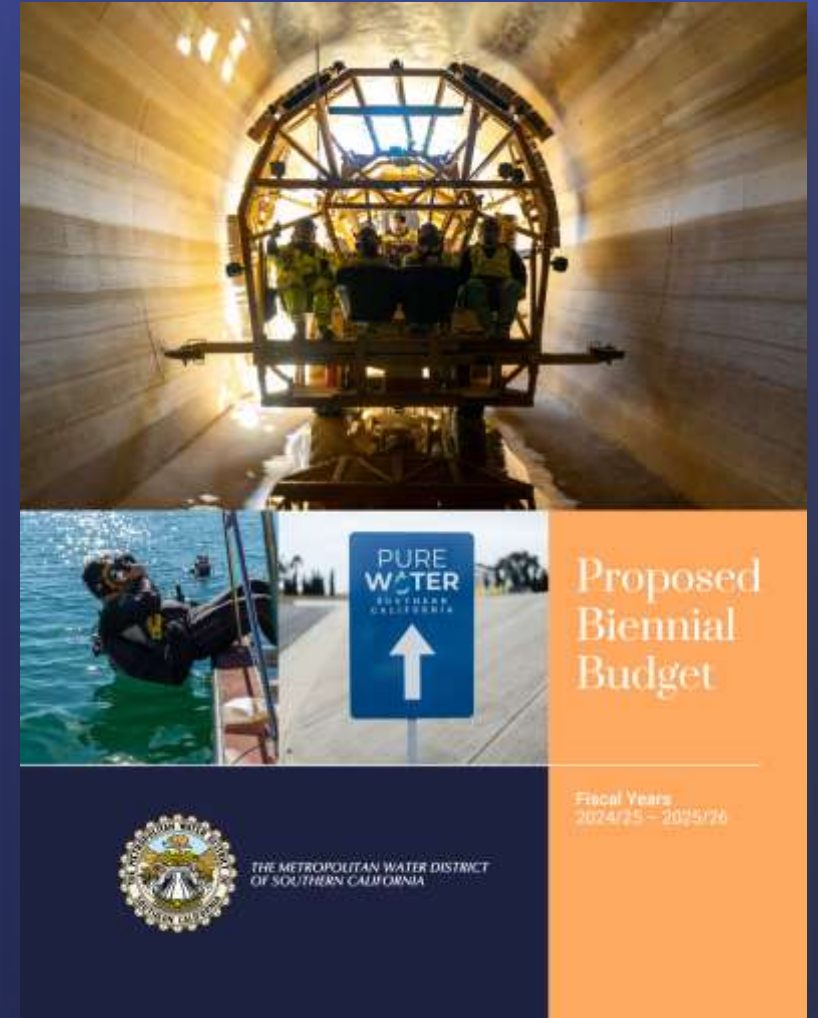
FAIRP Committee Workshop #3 March 12, 2024

Proposed Biennial Budget Workshop #2

Capital Investment Plan Follow-up from Workshop #1

- Budgeted Water Transactions
- Lower Water Sales Scenarios
- Staffing
- Treatment Questions
- Other Question and Information

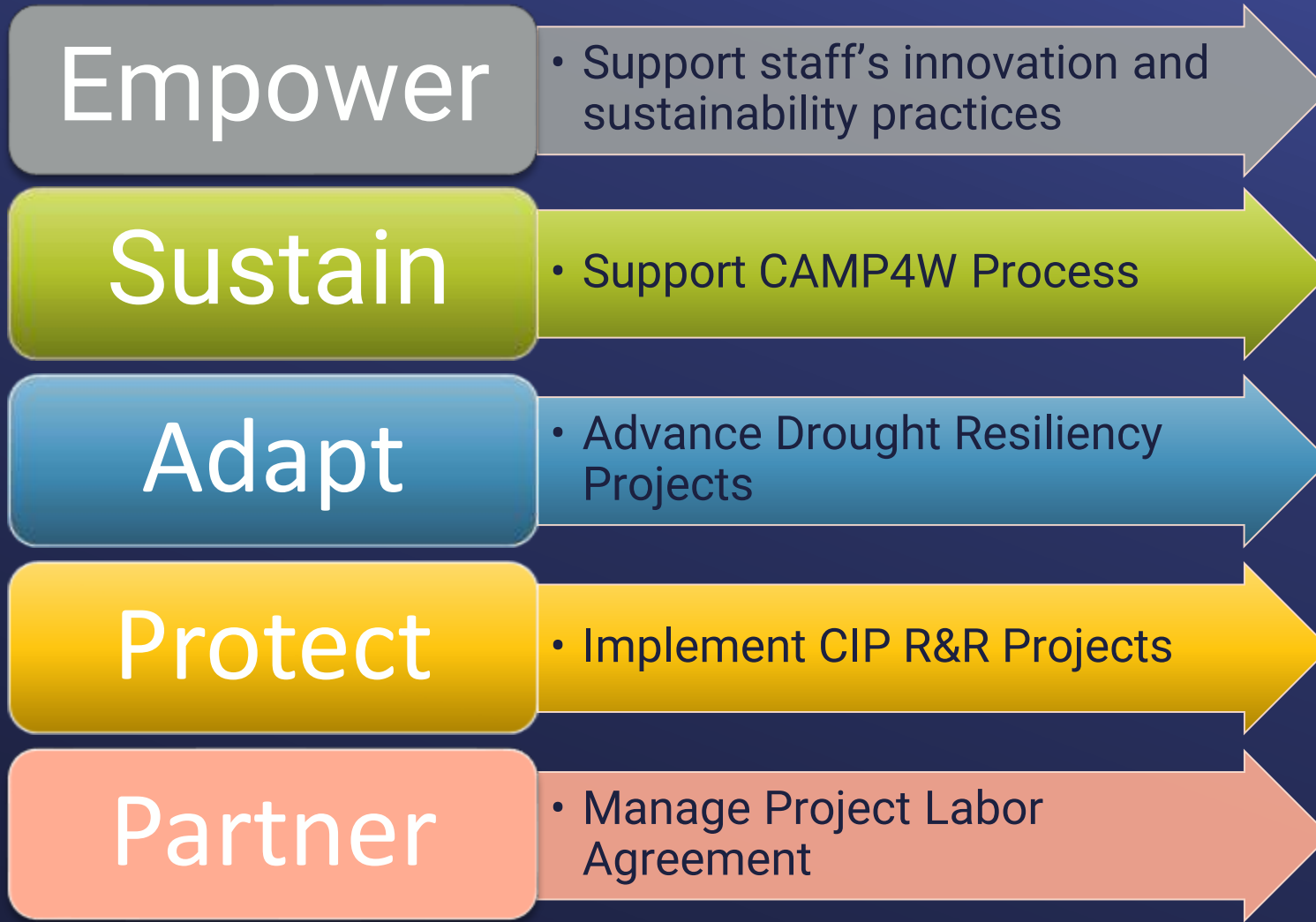
Next Steps



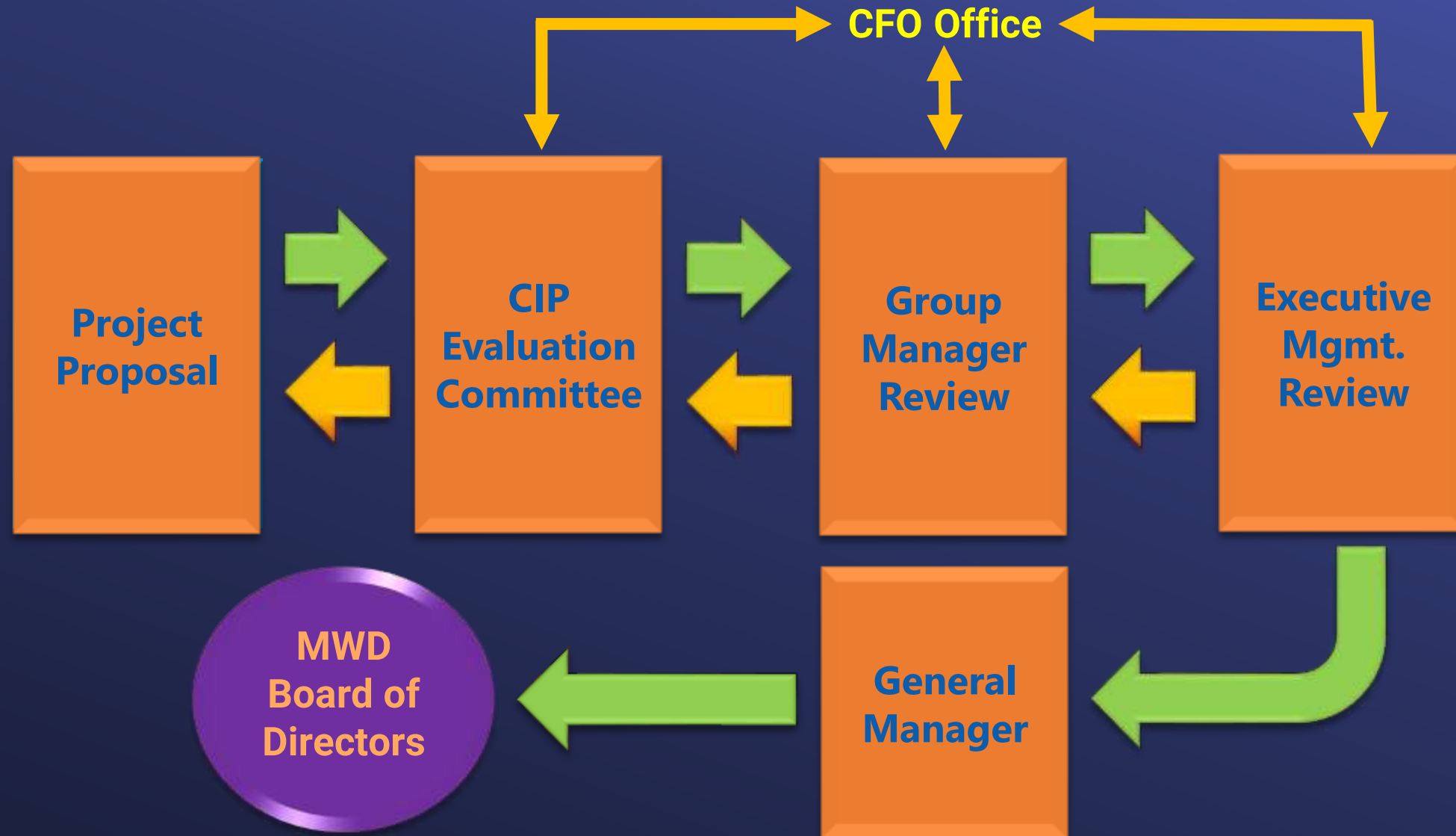
Capital Investment Plan Presentation Overview

- CIP budget development process
- Overview of proposed CIP
- CIP highlights for next biennium
- Proposed CIP budget and planned board actions
- Responses to Director questions

Development of CIP – Closely linked to Metropolitan’s Strategic Plan



CIP Development Process

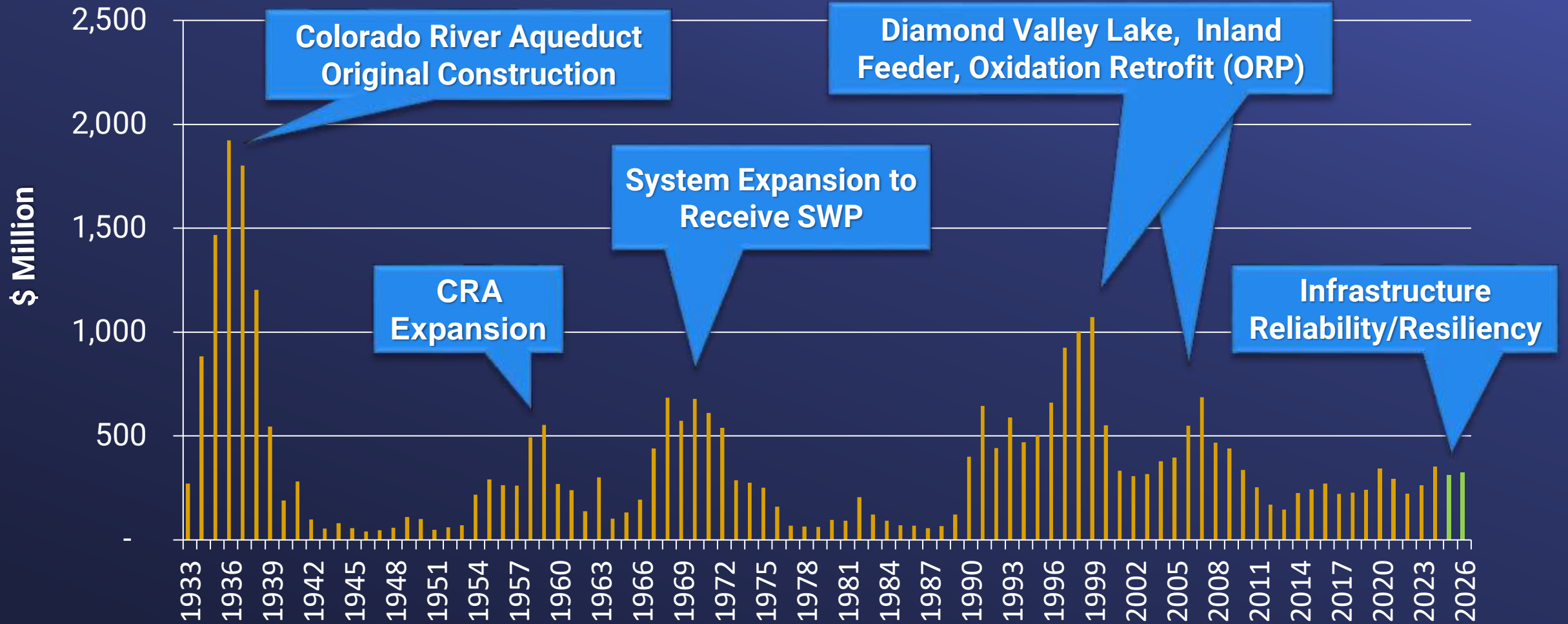


Project Evaluation & Scoring

- Prioritizing projects to enhance infrastructure resiliency
 - Infrastructure/process reliability, resiliency, and flexibility
 - Regulatory Compliance
 - Safety/Security
 - Equipment/Software Replacements
- Other projects
 - Sustainability (e.g., zero emissions fleet infrastructure)
 - Cost efficiency & productivity (e.g., supplier portal implementation)
 - Stewardship (e.g., DVL recreation)

Historical Capital Expenditures

(Adjusted to Current \$)



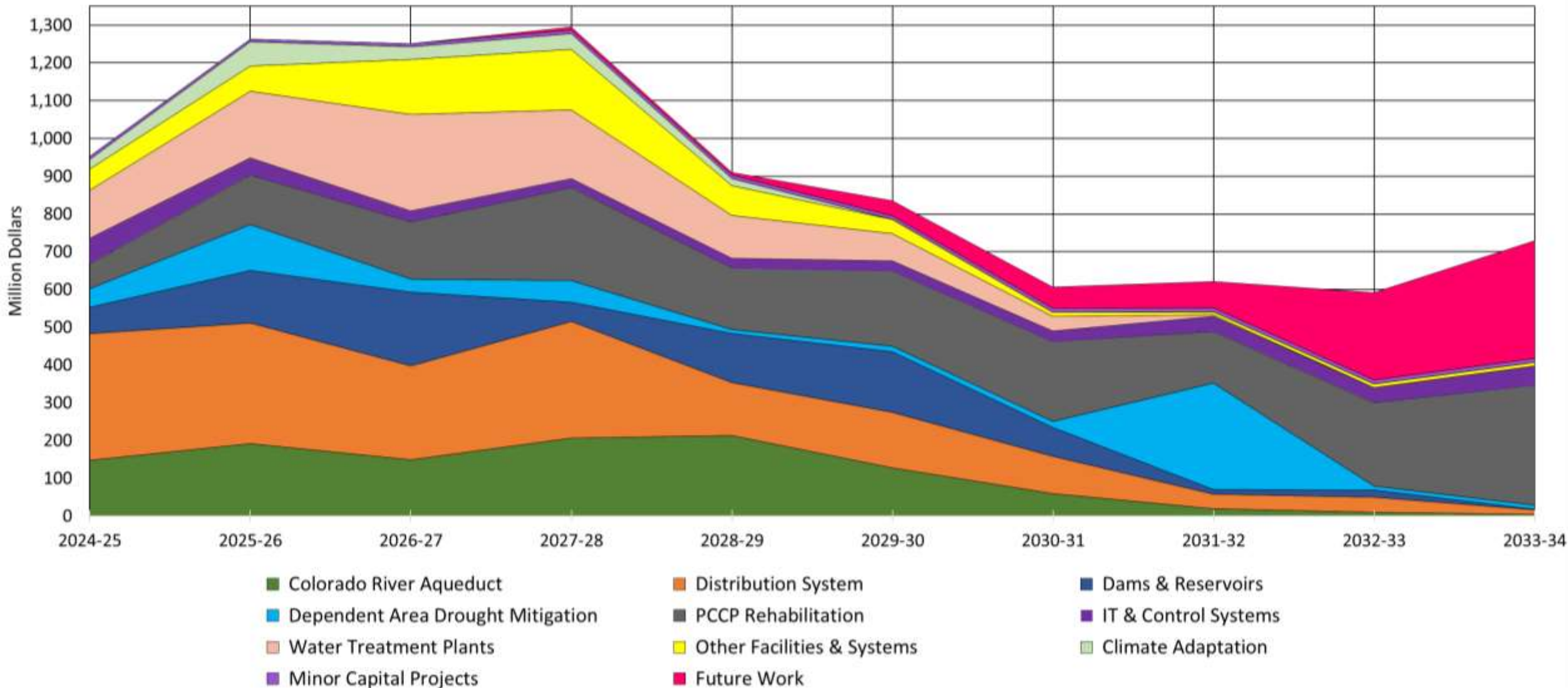
CIP Program Reorganization – 13 to 10 Programs

- Colorado River Aqueduct Reliability
- Cost Efficiency & Productivity
- Dams & Reservoirs Improvements
- Distribution System Reliability
- District Housing & Property Improvements
- Minor Capital Projects
- PCCP Rehabilitation
- Regional Recycled Water
- Right-of-Way & Infrastructure Protection
- System Flexibility/Supply Reliability
- System Reliability
- Treatment Plant Reliability

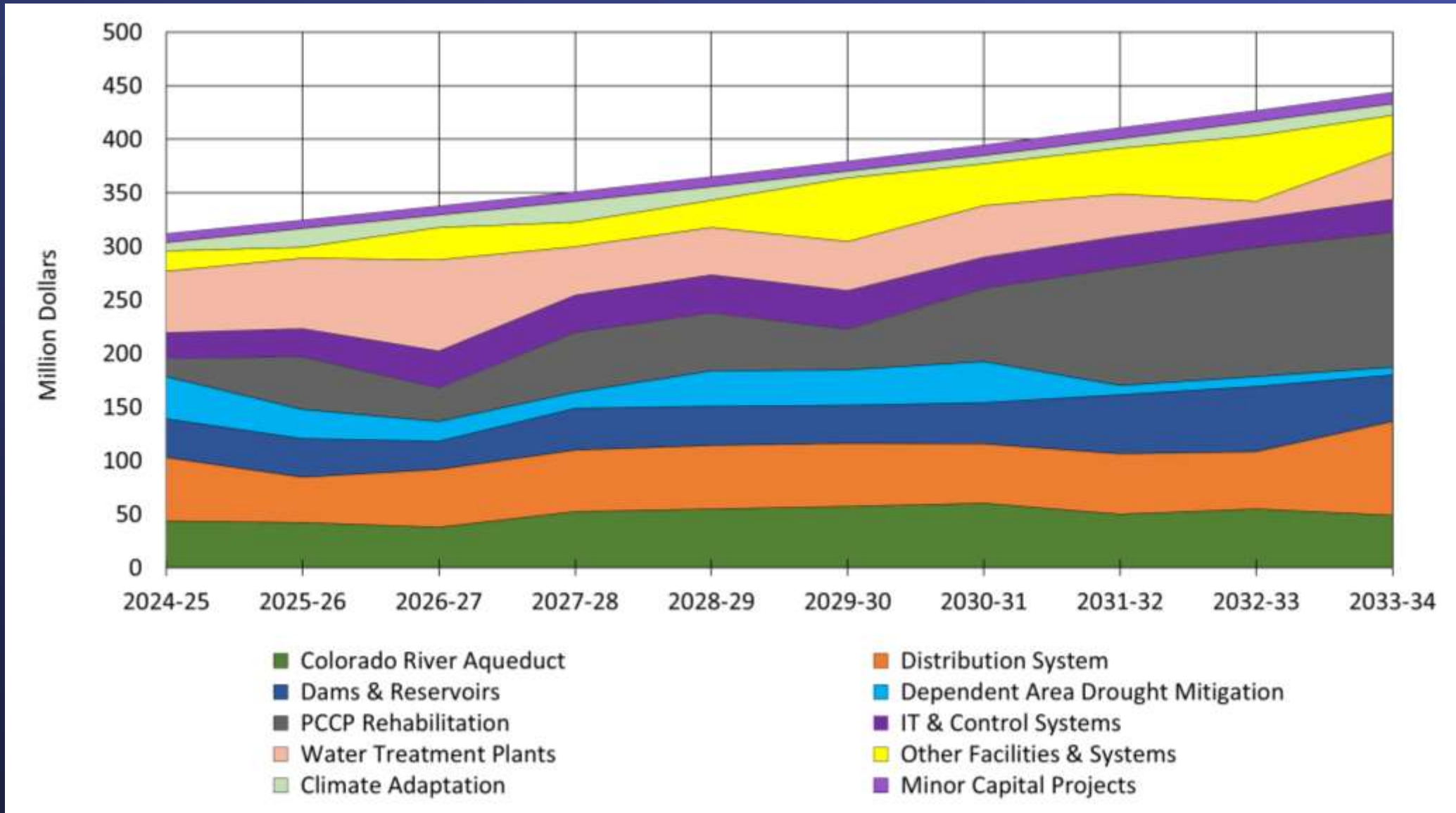


- Climate Adaptation
- Drought Mitigation – SWP Dependent Areas
- Information Technology & Control Systems
- Other Facilities & Systems
- Colorado River Aqueduct
- Dams & Reservoirs
- Distribution System
- Minor Capital Projects
- PCCP
- Water Treatment Plants

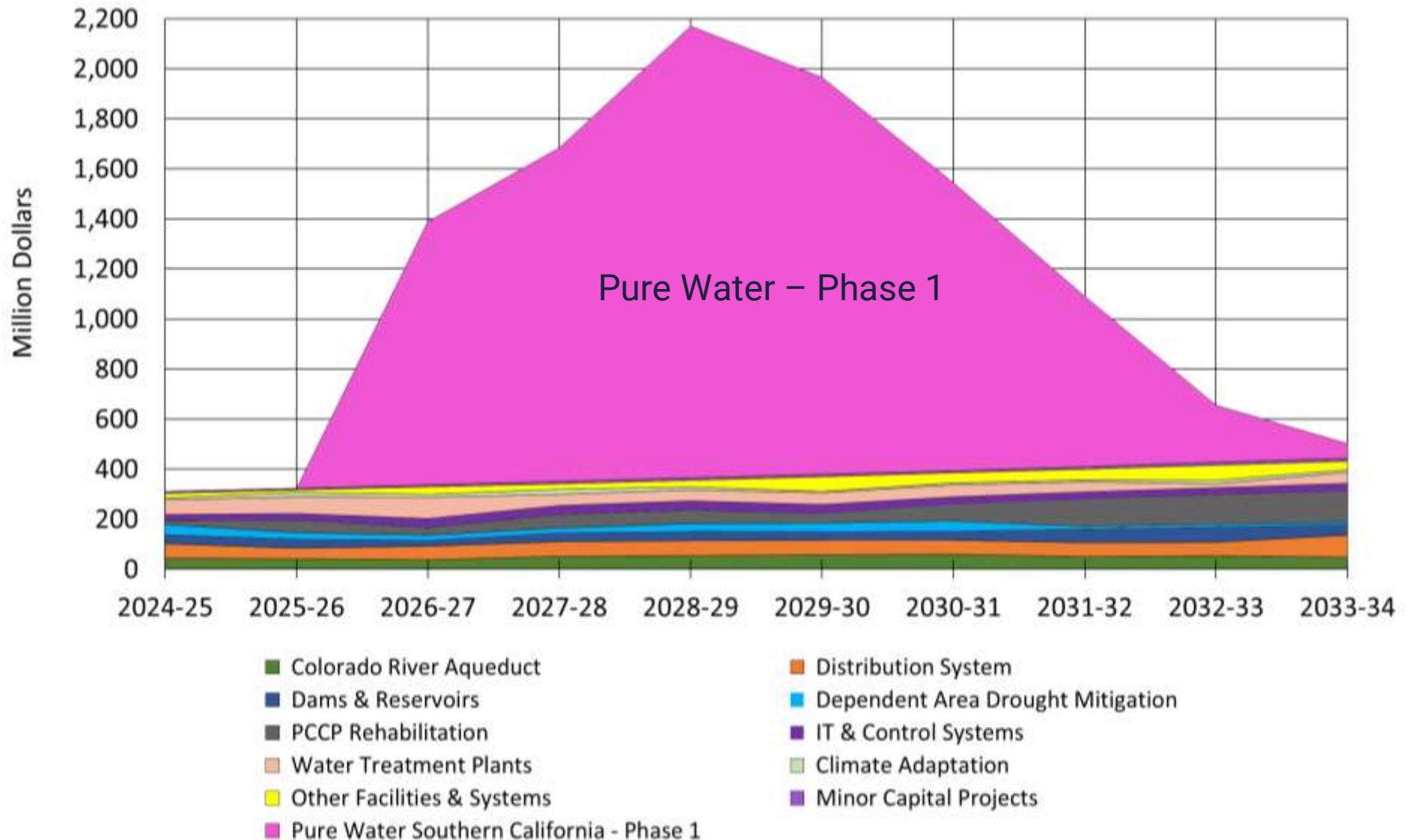
Projected CIP Expenditures by Program



Planned CIP Expenditures by Program



Planned CIP Expenditures by Program



Proposed CIP for FY 2024/25 - 2025/26

by Program

\$636.48 Million

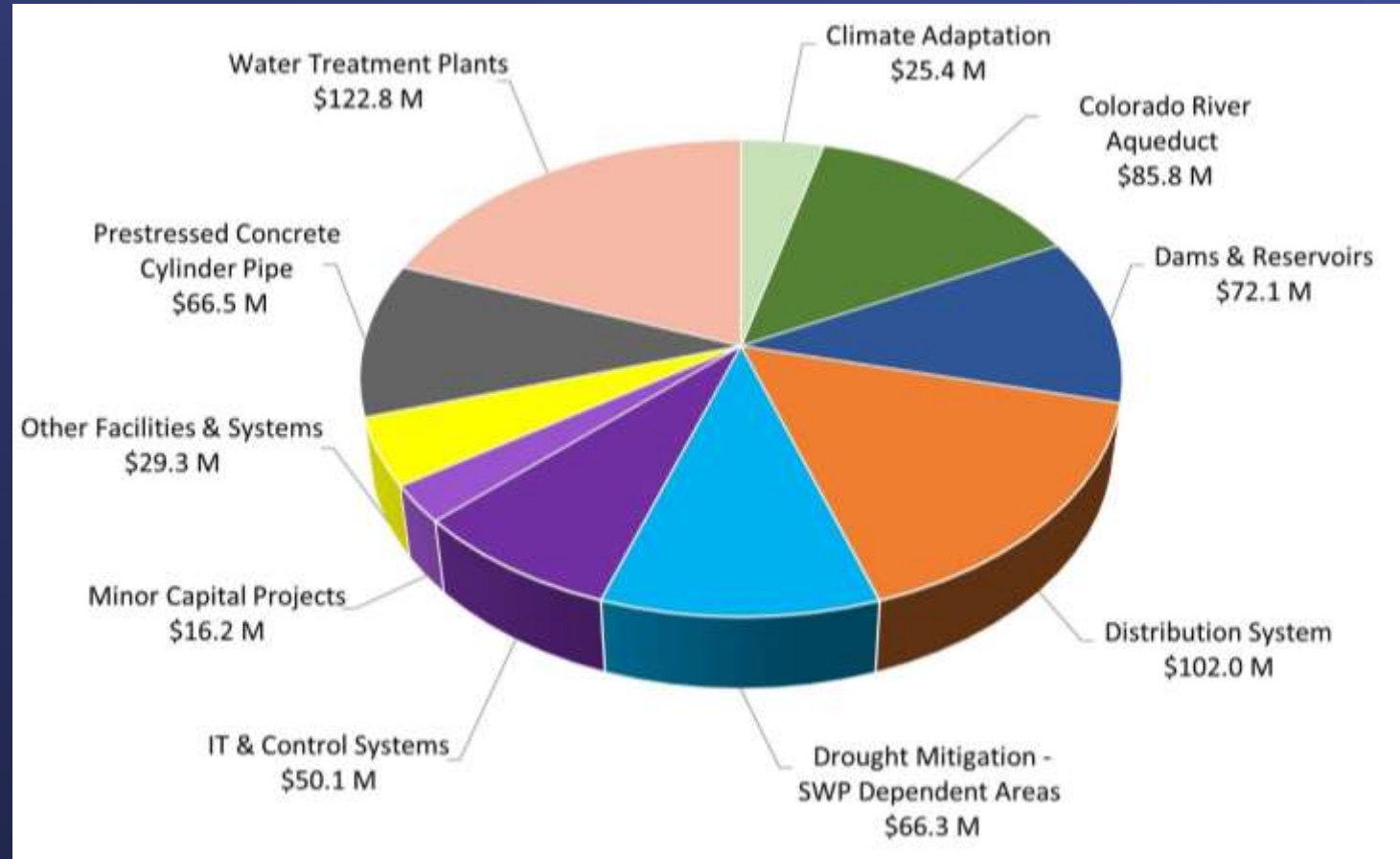
Programs

10

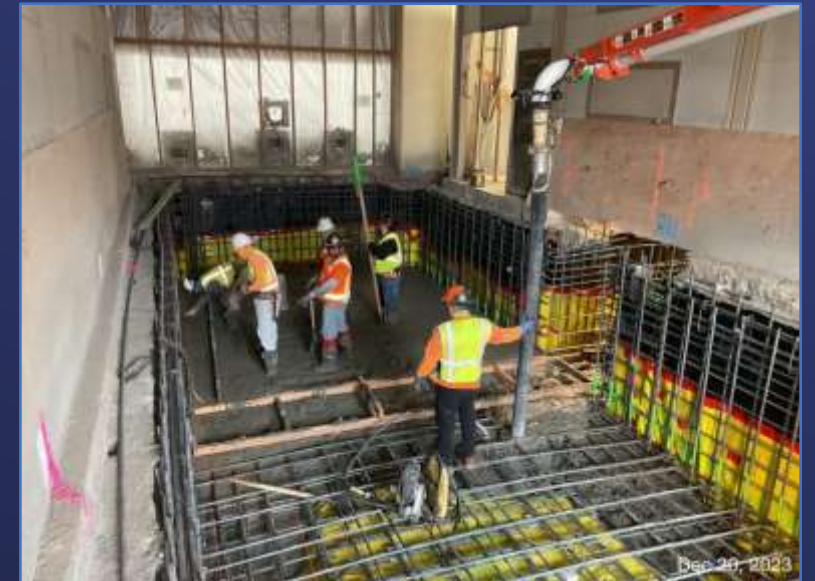
Projects

539*

* Excluding Minor Capital Projects



CIP Highlights for Next Biennium



Climate Adaptation

- 14 Projects
 - Direct Potable Reuse Demonstration Facility
 - Webb Tract Flooded Wetlands & Rice Field
 - Battery Energy Storage System – Jensen
 - Delta Islands Pump System
- Planned Expenditures:
 - \$25.4 M



Direct Potable Reuse Demo Facility



Colorado River Aqueduct

- 79 Projects
 - Main Pump Rehabilitation
 - Main Transformers Replacement
 - Pump Plant Water Treatment Systems Replacement
 - Physical Security Improvements
 - Pump Plant Electrical Switchrack Rehabilitation
- Planned Expenditures:
 - \$85.8 M

CRA Main Transformers



CRA Water Treatment System

Dams & Reservoirs

- 49 Projects
 - Lake Mathews Forebay Pressure Control Structure & Bypass
 - Copper Basin Discharge Structure Rehabilitation
 - Dam Monitoring System Upgrades – DVL, Garvey & Lake Mathews
 - Garvey Reservoir Rehabilitation
- Planned Expenditures:
 - \$72.1 M

Copper Basin Discharge Structure



Garvey Reservoir Rehabilitation

Distribution System

- 163 Projects
 - Perris Valley Pipeline Tunnels
 - Foothill Hydroelectric Plant Seismic Upgrades & Control System Upgrade
 - Auld Valley & Red Mtn. Control Structures Upgrades
 - Chloramine Booster Stations
 - Lakeview Pipeline Relining
 - Right of Way & Infrastructure Protection
- Planned Expenditures:
 - \$102.0 M



Sleeve Valve Refurbishment

Drought Mitigation – SWP Dependent Areas

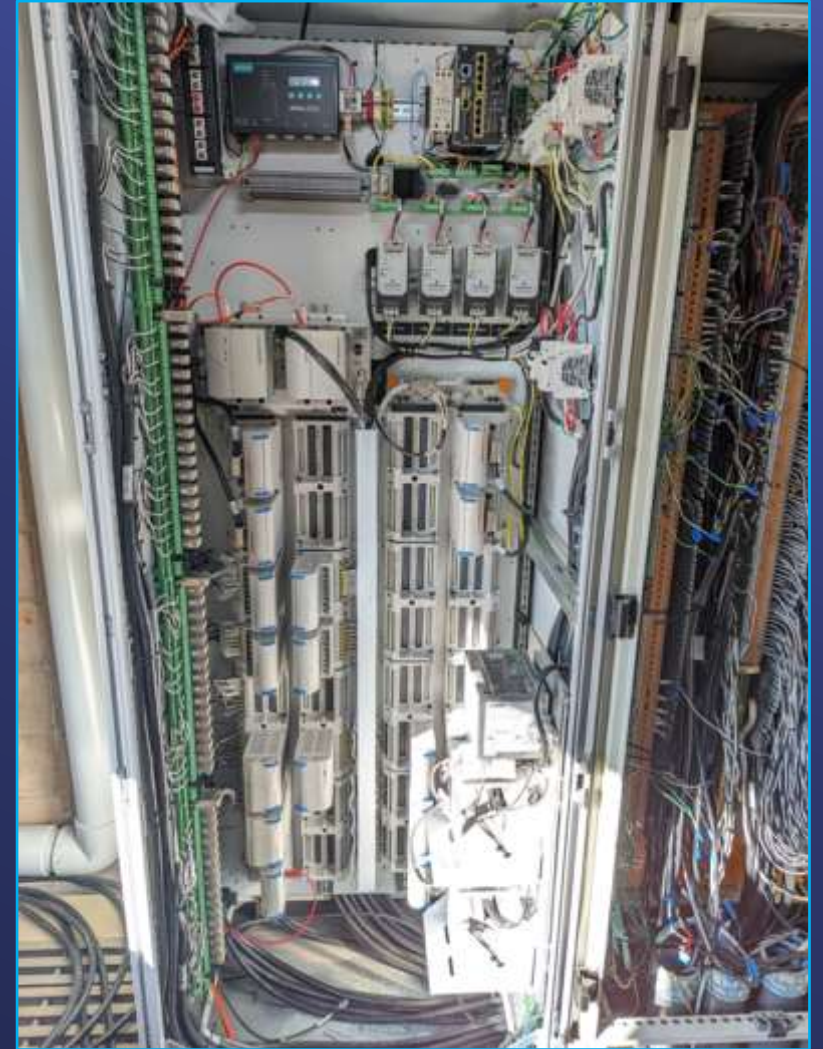
- 12 Projects
 - Sepulveda Feeder Pump Stations
 - Badlands Tunnel Surge Tank Facility
 - Inland Feeder-Rialto Pipeline Intertie
 - Wadsworth Pumping Plant Bypass Pipeline
- Planned Expenditures:
 - \$66.3 M



Wadsworth Bypass Pipeline

IT & Control Systems

- 55 Projects
 - System-wide Control System Upgrade
 - Emergency Radio Communication System Upgrade
 - Water Information System
 - Oracle EBusiness Suite EBS Upgrade
- Planned Expenditures:
 - \$50.1 M



Mills Control System Upgrades

Other Facilities & Systems

- 44 Projects
 - La Verne Water Quality Lab Building Upgrades
 - System-wide paving and roofing
 - Eagle Rock Security Upgrade
 - Security Camera System Upgrades
 - Headquarters Physical Security Improvements – Stage 3
- Planned Expenditures:
 - \$29.3 M



Skinner Area Paving



Water Quality Lab Upgrades

Minor Capital Projects

- Minor Capital Projects
 - Cost less than \$400,000
 - Identified after adoption of budget
 - Urgent nature
 - General Manager authorized to execute subject to Administrative Code limits
- Planned Expenditures:
 - \$16.2 M



Garvey Reservoir Hypochlorite
Tank Installation

Prestressed Concrete Cylinder Pipe (PCCP)

- 23 Projects
 - Allen-McColloch Pipeline PCCP Rehabilitation
 - Sepulveda Feeder PCCP Rehabilitation
 - Second Lower Feeder PCCP Rehabilitation
 - Electromagnetic PCCP Inspections
 - Foothill Feeder Acoustic Fiber Optic PCCP Monitoring
- Planned Expenditures:
 - \$66.5 M



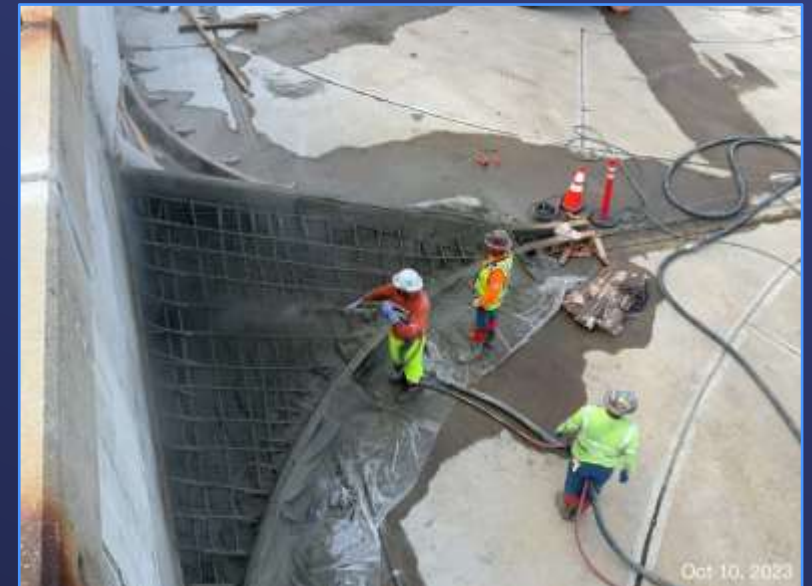
Second Lower Feeder Rehab

Water Treatment Plants

- 100 Projects
 - Weymouth Basins 5-8 Refurbishment
 - Weymouth Admin. Building Upgrades
 - Diemer Washwater Reclamation Facility Improvement
 - Diemer Filter Rehabilitation
 - Diemer Chemical Feed System Improvements
 - Jensen Solids Dewatering Facility
- Planned Expenditures:
 - \$122.8 M



Weymouth Basin Refurbishment



Proposed CIP for FYs 2024/25 - 2025/26

- 2-Year planned spending of \$636.48 million
 - \$312.00 M for FY 2024/25
 - \$324.48 M for FY 2025/26
 - Projects identified in the CIP Appendix
- April board actions
 - Approve Metropolitan's biennial budget
 - Appropriate \$636.48 M for CIP
- Authorize GM authority
 - Initiate or proceed with work on planned capital projects identified in CIP Appendix

Future Capital Investment Plan Board Actions

- Contract awards greater than \$250K & property acquisitions
- Professional services agreements greater than \$250K
- Certification of CEQA documents
- Change orders greater than 5% of contract or \$250K, whichever is greater
- Unplanned project authorization

Responses to Recent Director Requests

Additional CIP Related Information

- For Drought-related Projects
 - Relationship between CIP Budget and CAMP4W
 - Projected spending for biennium
 - Actual costs to-date
 - Grant funding status
 - Sepulveda Feeder Pump Stations incremental costs for related system improvements

Drought Projects in CIP – Baseline in CAMP4W Process

Project Type	Project Title	Estimated Capital Investment	Projected 24/26 Biennium Expenditure	Status
Conveyance: Access to Storage (DVL Storage to Rialto Pipeline Delivery)	Wadsworth Bypass	\$23 M	\$4.8M	In construction
	Inland Feeder-Rialto Pipeline Intertie	\$23 M	\$12.1M	In construction
	IF/ Badlands Tunnel Surge Protection Facility	\$26 M	\$14.5M	In construction
	Foothill Pump Station Intertie	\$26 M	\$7.6M	In final design
Conveyance: Operational Shift	Sepulveda Pumping Stage 1	\$110M	\$21.8M	In final design
	Burbank B-5 to B-5A Shift	\$7M	\$1.8M	Preparation for preliminary design
	TVMWD Miramar Pumpback Upgrade	\$10M	\$1.0M	Preparation for preliminary design
Total		\$225M	\$63.6M	

Drought Projects in CIP – Analyzed Under CAMP4W Process

Project Type	Project Title	Estimated Capital Investment	Projected 24/26 Biennium Expenditure	Status
Conveyance: Operational Shift	Sepulveda Pumping Stage 2	\$300M*	\$1.0M	Preparation for conceptual design
Conveyance: System Flexibility (Regional E-W Conveyance Improvements)	AVEK Conveyance to West Branch	\$190M	\$1.6M	Refining scope
	East Valley Feeder Parallel Pipeline	\$3.0B		Refining scope
	E-W Raw Water Conveyance (Foothill Alignment)	\$6.2B		Refining scope
Total		\$9.7B	\$2.6M	

* Includes system hardening for surge protection.

State Drought Mitigation Grant Summary*

Program Title	Project Title	Awarded Construction Contract	Current Contract Spending	Submitted Reimbursement	Estimated Completion	Remarks
Sepulveda Feeder Pumping	Sepulveda & Venice Pump Stations – Stage 1	\$9.8M	\$0.7M	-	2026	Phase 1 of design-build contract
DVL Storage to Rialto Pipeline Delivery	Wadsworth Bypass Line	\$14.8M	\$6.5M	\$2.2M	2024	On-site construction
	Inland Feeder-Rialto Pipeline Intertie	\$15.7M	\$0.3M	-	2025	On-site construction
	IF/ Badlands Tunnel Surge Protection Facility	\$18.8M	-	-	2025	On-site construction
	Foothill PS/Inland Feeder Intertie	\$20.0M [#]	-	-	2026/2027 ⁺	In final design
Total		\$79.1M	\$7.5M	\$2.2M		

* The \$50M state grant (including \$2.5M state administrative cost) can potentially pay for the construction of five near-term drought mitigation projects.

[#] Estimated construction cost

⁺ To be eligible for reimbursement, the construction needs to be completed in 2026.

Sepulveda Feeder Pumping Projects Detail

Phase	Project Components	Estimated Capital Investment ¹	Projected 24/26 Biennium Expenditure	Status
Stage 1 (30 cfs)	Pump Stations	\$110 M	\$21.8M	In final design
	System Hardening for Surge Protection	N/A		
Stage 2 (160 cfs)	Pump Stations	\$100M	\$1.0M ³	Preparation for design work
	System Hardening for Surge Protection	\$100M ~ \$200M ²		
Sepulveda Feeder PCCP Relining (North Reach)		\$990M	CIP funding as part of PCCP program	In preliminary design
Inglewood Lateral Upgrade		\$70M	Not in Drought Mitigation Program ⁴	Preparation for design work
Total		\$1,470M	\$22.8M	

¹ Updated estimate as of February 2024.

² Final cost dependent on selected protection scheme

³ Planning/design expenditure only, implementation to be evaluated in the CAMP4W process

⁴ Previously planned projects to remove system constraints in Central Pool

