

FY 2026-27 and FY 2027-28 Capital Improvement Program Budget Expenditures

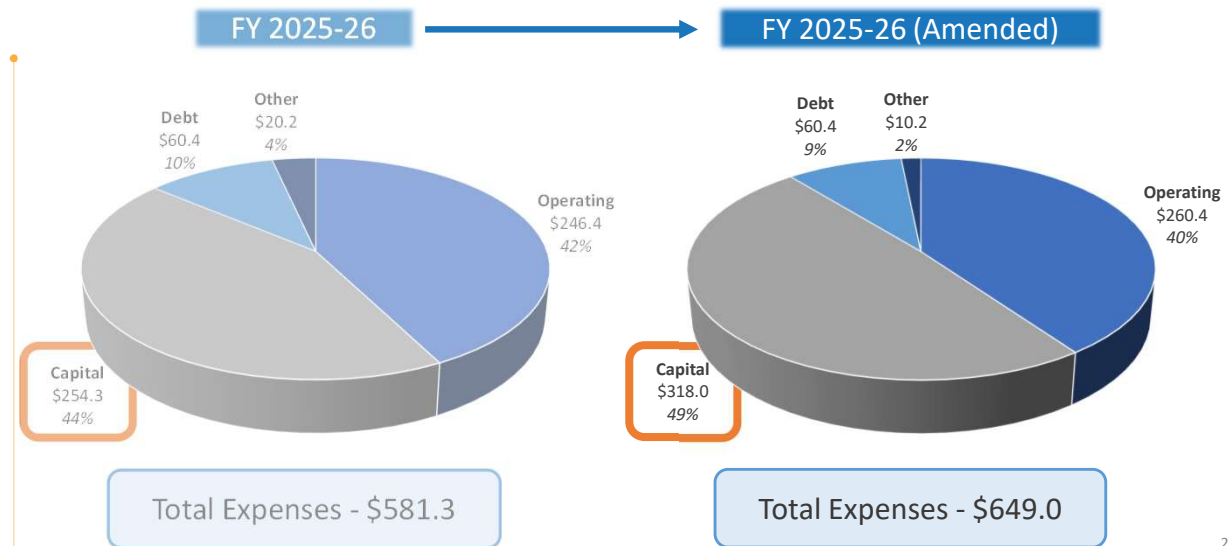
Presented by:
Justin Fenton
Engineering Manager

Administration Committee
May 13, 2026



1

All Budget Expenses (millions)



2

Capital Improvement Program (CIP)

The CIP includes all costs to plan, design, and construct capital facilities based on 4 key drivers:

- *Additional Capacity*
- *Regulations*
- *Strategic Initiative*
- *Rehabilitation & Replacement*

Projects are planned based on our Asset Management Program & validated annually



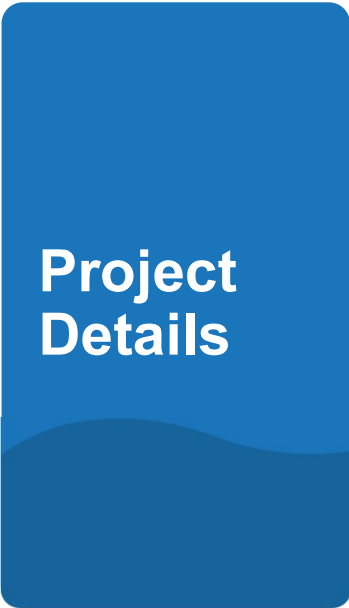
3

Detail Sheet for every project over \$7.5M

- **Category**
- **Status**
- **Description**
- **Justification**
- **Budget Projections**

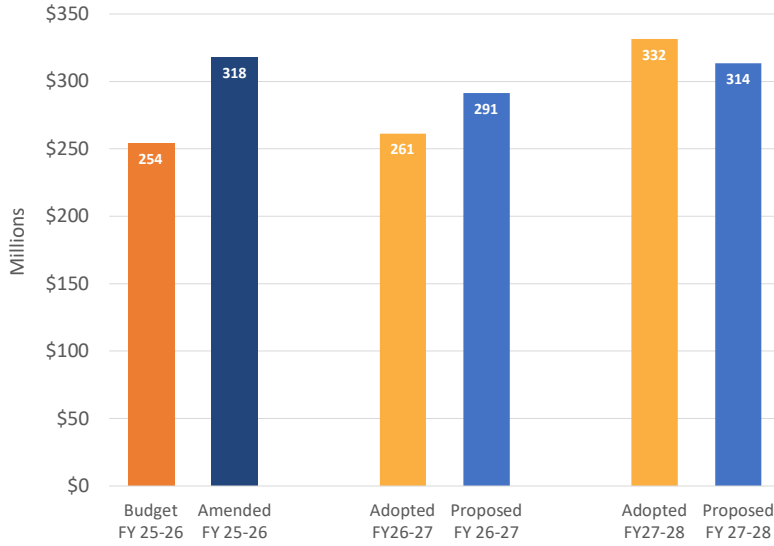
Tables utilized for remaining small projects

CIP PROJECT DETAIL SHEETS																																																																																										
Project Name & Number		Deep Well Biosolids Mgmt. Facility - J-143																																																																																								
Project Category		Solids Handling & Digestion			Project Status:					New																																																																																
Description This project will construct a deep well injection facility at Plant No. 1 for the storage and disposal of biosolids into porous underground geological formations. The facility will handle biosolids from Reclamation Plant No. 1 and No. 2. The major process equipment will include a receiving facility for hauled biosolids, biosolids screening facility, injection pumps, injection wells, flush water facility, and an electrical building.																																																																																										
Justification Currently OC San produces approximately 550 wet tons per day of Class B dewatered biosolids. The dewatered biosolids are trucked to Arizona and various composting facilities within California. The hauling cost budget for 2025 is approximately \$4,000,000. Potential future regulations could limit OC San's ability to beneficially reuse biosolids for land application and options for disposal of biosolids are not guaranteed. Deep well injection of biosolids will provide a reliable, long-term disposal option for biosolids and yield significant operational savings related to the dewatering and hauling of biosolids.																																																																																										
Financial Consideration The project's estimated construction contract cost is \$49,260,000.																																																																																										
Budget Projections <table border="1"> <thead> <tr> <th>Budget Phase</th> <th>Cost to Date</th> <th>2024-2025</th> <th>2025-2026</th> <th>2026-2027</th> <th>2027-2028</th> <th>2028-2029</th> <th>Thereafter</th> <th>Total Project Budget</th> </tr> </thead> <tbody> <tr> <td>Proj Dev</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Prelin Design</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Design</td> <td>-</td> <td>-</td> <td>\$10,315</td> <td>\$1,278,213</td> <td>\$1,596,567</td> <td>\$1,583,846</td> <td>\$71,059</td> <td>\$5,440,000</td> </tr> <tr> <td>Construction</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>\$8,393,000</td> <td>\$8,393,000</td> </tr> <tr> <td>Commissioning</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Close-out</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Contingency</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>\$4,730,000</td> <td>\$4,730,000</td> </tr> <tr> <td>Total</td> <td>-</td> <td>-</td> <td>\$10,315</td> <td>\$1,278,213</td> <td>\$1,596,567</td> <td>\$1,583,846</td> <td>\$73,794,059</td> <td>\$78,563,000</td> </tr> </tbody> </table>										Budget Phase	Cost to Date	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	Thereafter	Total Project Budget	Proj Dev	-	-	-	-	-	-	-	-	Prelin Design	-	-	-	-	-	-	-	-	Design	-	-	\$10,315	\$1,278,213	\$1,596,567	\$1,583,846	\$71,059	\$5,440,000	Construction	-	-	-	-	-	-	\$8,393,000	\$8,393,000	Commissioning	-	-	-	-	-	-	-	-	Close-out	-	-	-	-	-	-	-	-	Contingency	-	-	-	-	-	-	\$4,730,000	\$4,730,000	Total	-	-	\$10,315	\$1,278,213	\$1,596,567	\$1,583,846	\$73,794,059	\$78,563,000
Budget Phase	Cost to Date	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	Thereafter	Total Project Budget																																																																																		
Proj Dev	-	-	-	-	-	-	-	-																																																																																		
Prelin Design	-	-	-	-	-	-	-	-																																																																																		
Design	-	-	\$10,315	\$1,278,213	\$1,596,567	\$1,583,846	\$71,059	\$5,440,000																																																																																		
Construction	-	-	-	-	-	-	\$8,393,000	\$8,393,000																																																																																		
Commissioning	-	-	-	-	-	-	-	-																																																																																		
Close-out	-	-	-	-	-	-	-	-																																																																																		
Contingency	-	-	-	-	-	-	\$4,730,000	\$4,730,000																																																																																		
Total	-	-	\$10,315	\$1,278,213	\$1,596,567	\$1,583,846	\$73,794,059	\$78,563,000																																																																																		
BUDGET UPDATE - FISCAL YEAR 2025-26 A-12																																																																																										



4

Capital Expenses – 2 Years

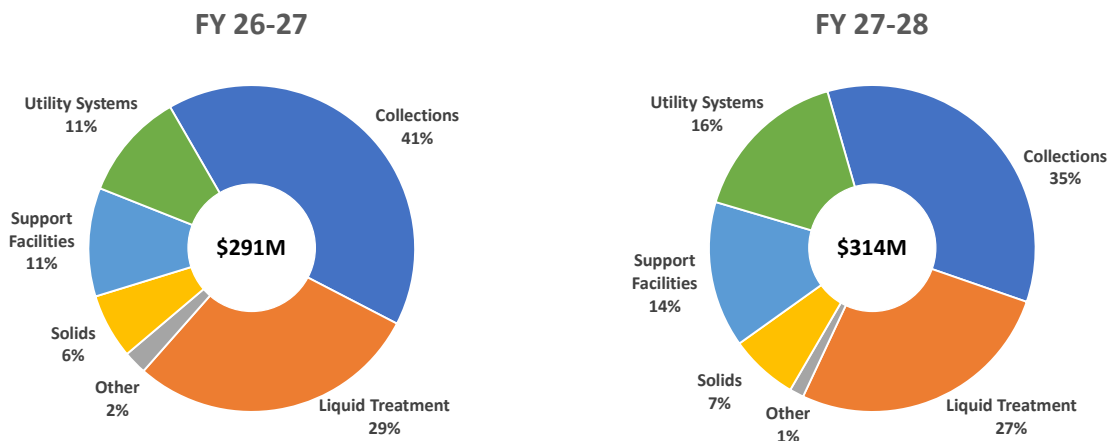


- FY 25-26 increase was addressed via April budget amendment
- Currently ~150 active projects valued at over \$4B

5

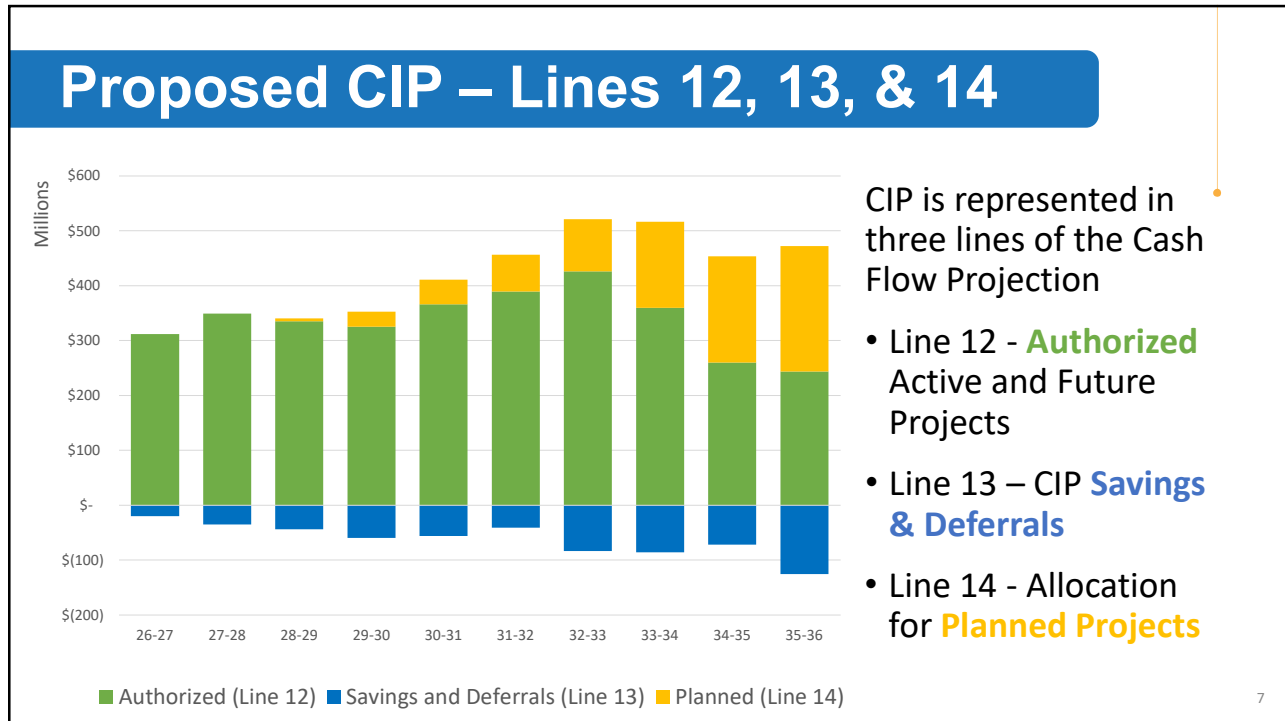
5

FY 26-27 & FY 27-28 Spending Detail

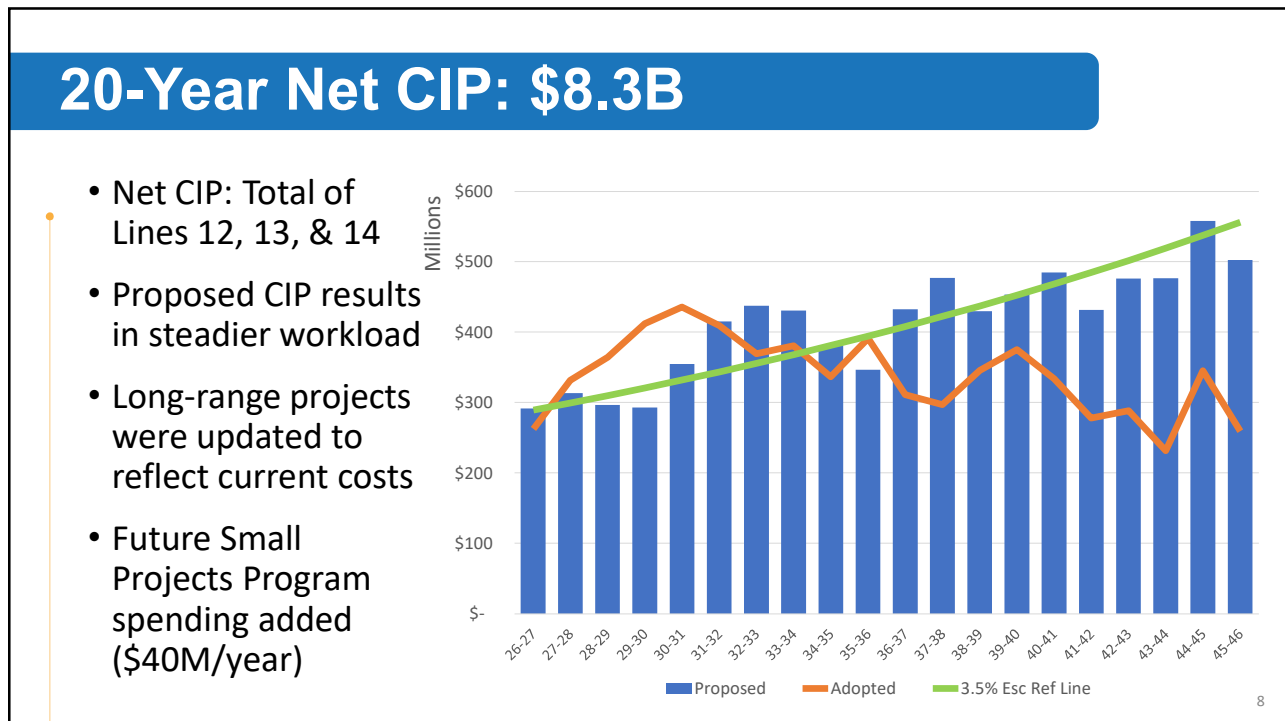


6

6



7



8

M-FE: Small Construction Projects Program [\$125M]

- As program projects closed, new projects could start
- Long-term spending forecast was limited
- Change to \$40M annual budgets: M-FE-FY26, M-FE-FY27, ...
**New M-FE-FYXX added for all 20 fiscal years*

M-STUDIES: Planning Studies Program [\$25M]

- Shifted to Operating Budget (Division 740)

M-RESEARCH: Research Program [\$10M]

- Shifted to Operating Budget (Division 740)

Program Budgets

9

Top 15 Project Changes

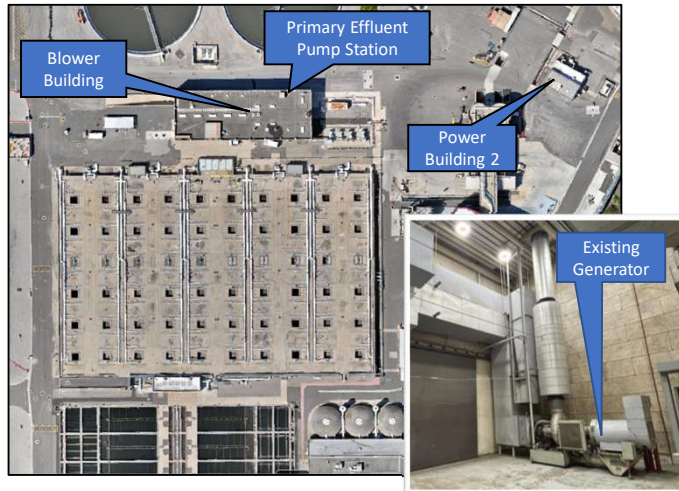
Project #	Project Name	Budget Change (M)	Proposed Budget (M)
P1-140	Blower Building 1 Standby Power Improvements at P1	(\$374) ↓	\$96
P1-126	Primary Sedimentation Basins No. 3-5 Replacement at P1	\$137 ↑	\$323
P2-145	Southern California Edison Substation Replacement at P2	\$122 ♻️	\$122
P2-128	Digester Replacement at P2	\$102 ↑	\$690
P1-144	Service Center & CenGen Electrical Replacement at P1	\$69 ♻️	\$69
J-142	Power Dist Syst and Power Building C Replacement at P1 & P2	(\$55) ⓧ	\$ -
P2-144	Power Building C Replacement at P2	\$53 NEW	\$53
P2-133	B Side Primary Sedimentation Basins Rehabilitation at P2	(\$42) ↓	\$264
J-124	Digester Gas Facilities Improvements	\$40 ↑	\$230
P2-137	Digesters Rehabilitation at P2	\$28 ↑	\$79
P1-138	Industrial Control System and IT Data Center Relocation at P1	\$24 ↑	\$40
J-143	Deep Well Biosolids Management Facility	\$23 ↑	\$102
P2-142	Oxygen Gas Generation Facility at P2	(\$20) ⓧ	\$ -
J-138	Central Generation Facilities and OOBs Seismic Upgrades	(\$17) ⓧ	\$ -
J-137	Ocean Outfalls Rehabilitation	\$17 ↑	\$127

LEGEND

- NEW New Project
- ♻️ Converted Project
- ↑ Budget Increase
- ↓ Budget Decrease
- ⓧ Cancelled Project

10

P1-140: Blower Building 1 Standby Power Improvements at P1



- Blower Building modifications
 - Standby power requirements
 - HVAC & roof replacement
 - Seismic retro-fit
- Primary Effluent Pump Station demolition work
- Major Aeration Basin & Secondary Clarifier elements deferred
- Results in \$374M decrease to this project

11

11

P1-126: Primary Sedimentation Basins No. 3-5 Replacement at P1

- Replace 3 Circular Primary Clarifiers
- Replace Primary Odor Control
- Gravity flow from Headworks to AS-1
- \$137M increase due to:
 - Revised & expanded project elements
 - Longer construction schedule / added work restrictions
 - Updated cost estimate



12

12

P2-128: Digester Replacement at P2



- 6 new Digesters
- Seismic resilience
- Digester Complex Master Plan
- \$107M increase due to:
 - Schedule change & cost escalation
 - Updated cost estimate

13

13

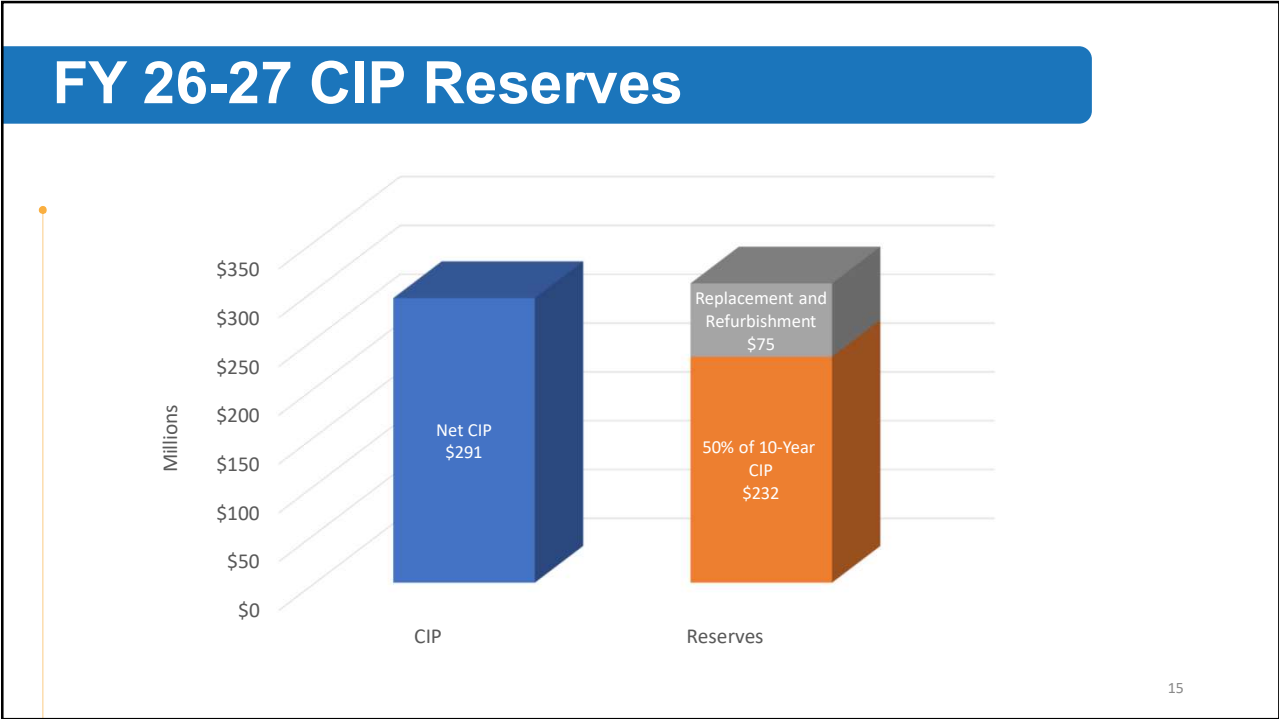
Summary

Capital Expenses (Millions)

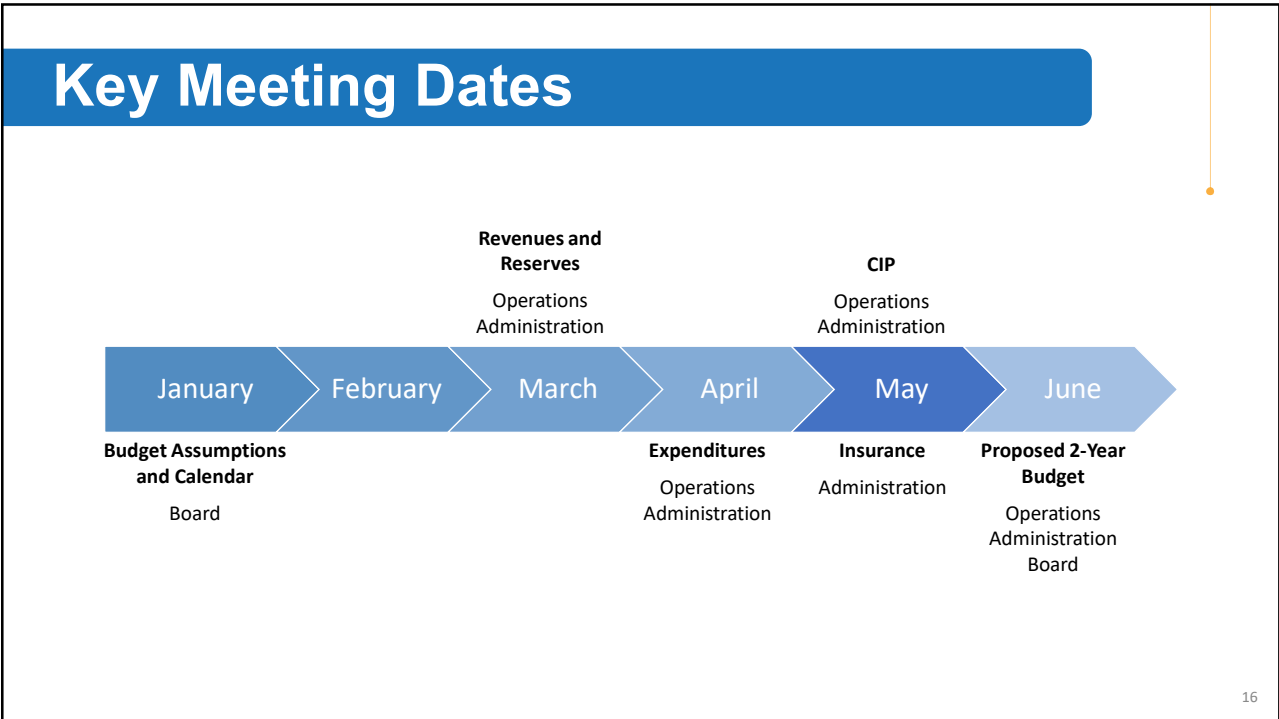
	Revised Budget FY 25-26	Estimated FY 25-26	Proposed FY 26-27	Proposed FY 27-28
Capital Improvement Program (CIP)	\$306.0	\$306.0	\$311.4	\$349.1
CIP Savings and Deferrals	-	-	(20.0)	(35.5)
Future Rehabilitation	-	-	-	-
Net Capital Expenses	\$306.0	\$306.0	\$291.4	\$313.6
<i>Change from Adopted Budget</i>		\$0	\$(14.6)	\$22.2
		0.0%	(4.8)%	7.6%

14

14



15



16

Recommendation

Information Item.