



Ten Year Capital Improvement Program

For Fiscal Years 2011 - 2020



Contra Costa Water District

**Ten-Year Capital Improvement Program
For Fiscal Years 2011-2020**

February 17, 2010

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Section I

EXECUTIVE SUMMARY

Section I: Executive Summary

The Ten-Year Capital Improvement Program (CIP) and Financial Plan identifies and prioritizes the capital assets and financial tools required over the next ten years for Contra Costa Water District (CCWD or District) to successfully carry out the District's mission to "...strategically provide a reliable supply of high quality water at the lowest cost possible, in an environmentally responsible manner." The CIP includes the Ten-Year Financial Plan that projects revenue requirements and long-term rate impacts to fund the proposed projects and anticipated operating costs. The CIP and Financial Plan are updated annually as part of an ongoing financial planning cycle that includes bi-annual budgets and annual rate reviews.

2011 – 2020 CIP Update

The proposed CIP for fiscal years 2011 - 2020 (2011 CIP) includes 53 projects with a total estimated cost of approximately \$599.1 million. CIP projects are ranked in three priority levels. The Financial Plan assumes that priority level 1 and 2 projects totaling \$442.4 million are funded. This funded level is \$61.9 million higher than the 2010 CIP funded level (\$380.5 million). The primary drivers for the increase are additional outside funding for the Rock Slough Fish Screen and Canal Replacement Project and an updated cost estimate for the Los Vaqueros Reservoir Expansion. The District was successful in obtaining \$33 million from the American Recovery and Reinvestment Act (ARRA) through the Bureau of Reclamation for the fish screen project, which is scheduled to be completed in FY2011. The District is also seeking additional federal funding for the second phase of the Canal Replacement Project, which was authorized in the 2004 Water Resources Development Act to receive up to \$23 million. The 2011 CIP and Financial Plan assume 100% District funding for design and construction of a phased expansion of the Los Vaqueros Reservoir to 160 thousand acre-feet. The Final EIS/EIR is scheduled to be certified by the District in Spring 2010 at which time the Board will approve a project alternative. Permitting and initial design work began in FY2010 to maintain the flexibility to implement an expansion project on an immediate basis.

The CIP and Financial Plan continue to address the financial impacts associated with the continuing drought and economic downturn being experienced throughout the State. The District anticipates that the dry conditions will continue and there will be an impact on water sales for the next two years. The economic downturn and slow housing market, as well as the rebound from the drought will have a longer term effect on water sales growth and new connections and it is assumed these will not return to normal until 2014. The Financial Plan bridges the potential funding gap by financing the Alternative Intake Project with short-term debt. The use of short-term debt preserves flexibility for retiring the debt should outside funding become available, such as the \$30 million from the State. Short-term debt can also be refinanced as debt capacity becomes available and refinancing opportunities arise. This allows the District to maintain rate increases at or below the rate of inflation, consistent with the Board's rate and reserve policies.

This CIP and Financial Plan continue the District's progress toward sustainability through investments that diversify sources of water supply, improve water quality, encourage conservation of water and energy, and meet current and future infrastructure needs. These capital improvements are supported with a long-term Financial Plan based on fair rates and long-

term sustainability. Although the CIP planning period is ten-years, the Financial Plan was developed considering the long-term obligations of the District and it includes a plan to fund all retirement and other post retirement obligations such as retiree medical insurance premiums. Major projects that ensure the sustainability of the District's long-term water supply include the Los Vaqueros Reservoir Expansion project and the Rock Slough Fish Screen project. Over \$200 million of additional funding has been identified for improvements to untreated and treated water facilities and water treatment plants to maintain reliable service to existing customers and to provide for planned growth. This CIP also reflects increased investment in water conservation and energy use reduction projects such as the Los Vaqueros Energy Recovery Project, which will reduce the District's energy use through the creation of clean and renewable hydropower. By investing in sustainability in all areas of the organization, the District's CIP provides the means to meet the needs of today's customers without compromising the ability to meet the challenges of the future.

All of the priority level 1 and 2 projects in the 2011 CIP can be funded and all operating costs and debt service obligations met with revenue increases over the ten-year CIP planning period that are less than the assumed inflation rate. The proposed rate increases and reserve balances meet the Board's policies. Projected untreated water and treated water revenue increases do not exceed assumed inflation in any year, and the highest projected annual revenue increase over ten years is 3.75 percent. The District is able to achieve these consistently modest increases by reducing controllable operating costs, increasing competitiveness through expansion of service, investing in employee productivity through training, improved support facilities and equipment, and use of reserves to meet the Board's reserve policy levels over the ten-year CIP.

CIP Structure

The CIP is organized into ten separate program areas, each representing a different function of the District. Organizing projects by function allows the CIP to be viewed as a series of programs for improvements in specific areas of District responsibility. The ten programs are:

- Administrative, Support and Maintenance Facility Improvement
- Delta Projects
- Equipment and Other Capital Purchases
- Expansion of Services
- Future Water Supplies
- Los Vaqueros Watershed and Recreation
- Treated Water Distribution and Storage Facilities
- Untreated Water Supply and Transport
- Water/Energy Demand Reduction
- Water Treatment Facility Improvements

Significant elements of each of the ten program areas are summarized in the Program Highlights section later in this Executive Summary. A more detailed description of the programs is included in Section IV: Program Summary.

Within each program area, projects are prioritized according to a standard set of criteria that measure the relative importance of a project based upon factors such as protection of health and safety, legal requirements, relationship to District goals, and rate of return on the District's

investment. The priority levels provide a basis for deciding which projects should be done in any given year. They also provide a basis for scheduling projects over the ten-year span of the CIP.

The following three levels are used to reflect a range of priorities from high to low:

Priority Level 1 -- These are the highest priority capital projects. They include projects already under construction and those required by legislation, regulation, contract, or for protecting health and safety. Priority level 1 also includes applicant and grant-funded projects.

Priority Level 2 -- These are projects that provide measurable progress toward achieving the District's goals, but over which the District has a moderate level of control as to when they should be performed. Where return on investment is a determining factor, projects in this priority level will have a payback of less than five years.

Priority Level 3 -- These are projects that are projected to be needed, but over which the District has a significant level of control as to when they should be performed or the District is awaiting response to a grant application. Where return on investment is a determining factor, projects in this priority level will generally have a payback of greater than five years.

A more detailed description of the prioritization system is provided in Section III: CIP Context and Structure.

Program Highlights

Each of the ten programs addresses a specific area of capital investment. Highlights of each program, including the planning basis, significant projects or capital improvements, and expected contributions to meeting the District's goals, are presented below.

Administrative, Support and Maintenance Facility Improvement -- Buildings and facilities not directly involved in the treatment, transmission, or storage of water are organized within this program. The planning basis is the Facilities Master Plan. The Annual Building and Facility Improvements (priority level 1) project provides for capital replacement of and improvements to existing District buildings and grounds with an estimated funding requirement of \$9.1 million over the ten-year CIP period. This program includes a new \$4.6 million project to complete seismic improvements at the District Center. Preliminary design and permitting are scheduled to begin in FY2011.

Delta Projects -- This program includes water quality and reliability improvement projects being managed by the District under contract with State/Federal agencies, or projects that implement Delta improvement objectives. Estimated funding for this program is \$119 million over the ten-year CIP period. Sources of funding include State and Federal agencies, District revenues, and other local agencies. There are three projects in this program:

- Alternative Intake Project (priority level 1, \$1.5 million)
- Los Vaqueros Reservoir Expansion Implementation (priority level 2, \$109.3 million)

- Los Vaqueros Reservoir Federal/State Studies (priority level 2, \$8.1 million)

This CIP reflects completion of the Alternative Intake Project by July 2010. The project will be completed on schedule and within budget and will immediately improve the quality of water delivered to the District's customers. Chloride levels in Victoria Canal during the summer and fall are lower than the District's other Delta intakes, thereby reducing the need for Los Vaqueros blending and saving more water in the reservoir. The Los Vaqueros Reservoir Expansion project is fully funded to move forward on a phased expansion of the reservoir to 160 TAF, dependent on the Board's action to certify the EIS/EIR in Spring 2010. The project will increase water supply reliability and water quality benefits for the District's customers.

Equipment and Other Capital Purchases -- The District has an ongoing need to invest in new or replacement capital equipment. Equipment replacement schedules are based on useful life, or when it is most cost effective based on anticipated future operating and repair costs. This program includes nine projects for purchases of capital equipment totaling approximately \$17 million. Significant projects include:

- Fleet Vehicles and Heavy Equipment Replacement (priority level 2, \$8.1 million)
- Replacement/Upgrade of Computer Systems (priority level 2, \$3.1 million)
- Replacement/Upgrade of Lab Equipment (priority level 2, \$0.98 million)
- Replacement/Upgrade of Network Systems and Hardware (priority level 2, \$1.3 million)
- Replacement/Upgrade of SCADA Equipment (priority level 2, \$0.8 million)
- Replacement/Upgrade of Telecommunications Equipment (priority level 2, \$1.4 million)

The fleet vehicle and heavy equipment replacement program is funded from the Vehicle Replacement Fund. The Vehicle Replacement Fund is a sinking fund with consistent annual contributions reflected in the ten-year Financial Plan. The Replacement/Upgrade of Computer Systems (Financial, Customer Information, and Human Resources Information Systems; formerly referred to as the Mainframe Computer) needs to be completed every seven to eight years based on hardware and software life cycles. The next replacement is scheduled for FY2014.

Expansion of Services -- The purpose of this program is to increase the competitiveness of the District through expanding services. Service expansion diversifies revenue sources and increases efficiencies through improved utilization of existing assets (e.g., sharing treatment plant facilities). This program currently includes one project, a 15 MGD planned expansion of the CCWD/Brentwood Water treatment Plant (priority level 1, \$45 million) in the later years of the CIP. The expansion will serve the ultimate needs of the City of Brentwood and will be fully paid for by the City.

Future Water Supplies -- This program includes \$10.7 million in projects related to meeting future water supply requirements except conservation projects, which are in the Water/Energy Demand Reduction program. The program includes two projects: 1) periodic updates to the Future Water Supply Study (\$0.47 million), and 2) a placeholder for water supply projects (\$10.3 million). The water supply projects in this program will serve future growth and are fully funded from Facility Reserve Charge (FRC) revenues. These projects help meet the District's goals of increasing water supply reliability.

Los Vaqueros Watershed and Recreation -- The projects in this program total \$6.8 million and provide for renewal and replacement of recreation equipment and facilities (Recreation Facilities and Equipment, priority level 2, \$0.9 million), Watershed Improvements (priority level 2, \$5.1 million), and Land Acquisition and Real Property Management (priority level 2, \$0.8 million). Projects within this program are based on the Resource Management Plan and Recreation Plan for the Watershed. The Watershed projects are predominantly focused on meeting regulatory permit requirements and helping to maintain water quality in the reservoir and maintain access. This program also includes funding for projects that may increase revenues through leases of District lands for grazing, wind power, or other enterprises.

Treated Water Distribution and Storage Facilities -- This program is vital to maintaining the level of service, quality, and safety of the District's existing treated water system, as well as providing for expansion to meet future needs. The program relies on the following planning studies: 1) the Treated Water Master Plan (TWMP), approved in 2007; and 2) the Treated Water Renewal and Replacement Study (2005). Investments of \$87.8 million over the ten-year CIP period are projected for this program. Of this, approximately \$50 million is to upgrade existing facilities—investments that directly advance the goals of increasing system reliability and improving delivered water quality. These projects also improve efficiencies and customer satisfaction. The program also includes \$10 million in new treated water facilities and an additional \$21.7 million is estimated for applicant-funded projects. Significant projects within this program include the following:

- Distribution Facilities (applicant projects) (priority level 1, \$21.7 million)
- Pipeline Renewal/Replacement (priority level 2, \$24.2 million)
- Port Chicago Pipeline Phase II (priority level 1, \$8.7 million)
- TW Facilities Improvement Program (priority level 2, \$17.3 million)
- TW Reservoir Rehabilitation (priority level 2, \$8.5 million)

Funding for rehabilitation projects is from treated water rate revenues. Funding for new facilities is split between treated water rate revenues and FRC revenues, depending on whether the facility is for growth or to improve efficiencies.

Untreated Water Supply and Transport -- The projects in this program serve to improve source water quality and to replace, expand, and improve the District's untreated water facilities. The planning bases are diverse and include the Untreated Water Facilities Improvement Plan and the Seismic Reliability Improvement Plan. The funding estimate for this program is \$164.7 million. Significant projects within this program include the following:

- Canal Replacement Project (priority level 1, \$30.9 million; level 3, \$46.3 million)
- Rock Slough Fish Screen (priority level 1, \$23.8 million)
- Shortcut Pipeline Improvements (priority level 2, \$10.5 million)
- Untreated Water Facilities Improvement Program (priority level 2, \$21.6 million)
- Untreated Water Pipeline (priority level 2, \$21.6 million)

This program includes the Canal Replacement Project that improves source water quality, improves flood protection, and enhances public safety in areas adjacent to the unlined canal. Much of this project will be funded by others, including Army Corp of Engineers, Reclamation,

developers, State bond funds, and other State and federal funding programs. The District acquired funds from the ARRA for the construction of the Rock Slough Fish Screen and the District has completed construction of the initial phase of the project. The installation of the fish screen is scheduled to be completed in FY2011. The Untreated Water Facilities Improvement Program funds renewal and replacement of pumping and conveyance facilities and includes such activities as canal lining replacement and pump station rehabilitation. Construction of the Untreated Water Pipeline (the “Green Line”) is included in the latter portion of the ten-year CIP window. This project is scheduled to begin in FY2017 and will include a 36 MGD pump station and a four-mile untreated water pipeline to parallel the existing Canal and increase conveyance capacity and improve system reliability.

Water/Energy Demand Reduction – This program includes activities related to planning and implementation of water conservation and energy demand reduction projects in recognition of the significant linkages between water conservation and energy demand reduction. Energy is needed to pump, treat, transport, use (heat, cool, or pump) and to treat water again as wastewater. Water conservation programs results in significant energy savings and environmental benefits, including reductions of greenhouse gases such as carbon dioxide. Water conservation projects are being implemented to meet future water needs and the Best Management Practices (BMPs) required by the Central Valley Project Improvement Act (CVPIA) and the State Memorandum of Understanding regarding urban conservation. Conservation incentives are expected to produce cumulative water savings of over 16,000 acre-feet over the ten-year CIP period and will contribute to meeting the new 20% by 2020 state mandated water conservation goal. The funding estimate for this program is \$18.2 million. Significant projects within this program include the following:

- Water Conservation Incentives (priority level 1, \$9.4 million)
- Los Vaqueros Energy Recovery (priority level 2, \$4.8 million)

Water Treatment Facility Improvements -- This program contains capital improvements related to the District's water treatment facilities. The projects were identified in the Water Treatment Plant (WTP) Master Plan (2003). Estimated costs for the program are \$120.4 million, including \$19.4 million in priority level 2 projects to renew, replace, and enhance existing treatment facilities. These projects result in improved drinking water quality and increased system reliability. The priority level 3 costs are primarily related to the Membrane Filtration Placeholder (\$80 million), a water quality improvement project that may be necessary if Delta water quality degrades or if future new regulations require advanced treatment. Significant projects in this program include:

- Bollman WTP Improvements (priority level 2, \$9.7 million; priority level 3, \$5 million)
- City of Brentwood WTP Improvements (priority level 2, \$2.7 million; priority level 3, \$0.7 million)
- Membrane Filtration Placeholder (priority level 3, \$80 million)
- Randall-Bold WTP Improvements (priority level 2, \$7 million; priority level 3, \$6.6 million)

Operation and Maintenance Costs

The Financial Plan considers total District operating costs in its analysis, including current operating costs inflated over time, as well as future costs related to implementing the CIP projects. Projected operating costs for the first year of the 2011 CIP are \$71.7 million and are based on the adopted FY2010 budget with the exception that water costs have been adjusted to reflect reduced water sales associated with the drought program. Future operating costs are assumed to increase by 4% annually, with the exception of Central Valley Project (CVP) water costs that are assumed to increase by % annually. Operating cost impacts resulting from capital projects are incorporated into the operating cost projections in the year the facility comes on line. In addition, the Financial Plan anticipates an increase in water costs of \$1.5 million per year beginning in FY2014 as a result of the implementation of a water surcharge by the state to fund operating activities of the Delta Plan. This estimate is slightly reduced (\$300,000 per year) from the prior CIP and delayed three years because an \$11.14 billion water bond was passed as part of the 2009 water package legislation which, if passed by voters, will fund the general capital requirements of the Delta Plan.

Estimates of operating costs for each project are documented in the project summaries. CIP Section V: Operating Impacts of the Capital Improvement Program, includes an analysis of operating costs, including labor, related to implementing the CIP. In the tenth year of the CIP, the annual increase in operating costs related to implementing all of the priority level 1 and 2 projects in the CIP is estimated to be approximately \$750,000, including two additional full time employees.

Financial Plan Highlights

The financial information in the CIP has been updated to include operating and capital expenditures and reserve balances through FY2010, and revised revenue projections and anticipated costs projected for the ten-year CIP period. The Financial Plan reflects the District's continued commitment to provide outstanding customer service while controlling costs that impact water rates, consistent with Board policies on reserves and rates. It also reflects continued compliance with the District's bond covenants including maintaining a debt service coverage ratio of at least 1.25 times annual debt service. The average coverage ratio during the ten-year planning period is 1.5. All of the priority level 1 and 2 projects can be funded and all operating costs and debt service obligations will be met with minimal, orderly revenue increases over the ten-year CIP planning period. The proposed rate increases meet the Board's rate policy that all projected rate increases must be at or below the assumed annual rate of inflation. Projected untreated water and treated water revenue increases do not exceed assumed inflation in any year, and the highest projected revenue increase is 3.75 percent. Highlights of the ten-year Financial Plan follow.

Capital Projects and Funding Sources

The total cost of projects in the CIP is approximately \$599.1 million, an increase of \$16 million from the 2010 CIP. The increase in total CIP costs is the net result of inflation, adding new projects, and adjusting cost estimates to reflect new information and progress towards completion. The Financial Plan assumes priority level 1 and priority level 2 projects are funded. Priority level 1 and priority level 2 projects total approximately \$442.4 million in

Priority Level	2011 CIP Costs	2010 CIP Costs
1	\$145.1 million	\$ 118.7 million
2	\$297.3 million	\$ 261.8 million
Subtotal	\$442.4 million	\$ 380.5 million
3	\$156.7 million	\$ 202.6 million
Total	\$599.1 million	\$ 583.1 million

Table I-1 CIP Project Cost Comparison by Priority

the 2011 CIP. As shown in Table I-1, this total is \$61.9 million higher than the priority level 1 and 2 totals in the 2010 CIP. Priority level 3 projects have decreased by \$45.9 million. These changes are driven primarily by an updated cost estimate for the Los Vaqueros Reservoir Expansion and funding of the Rock Slough Fish Screen and Canal Replacement Project. The District was successful in obtaining \$33 million in ARRA funding for the Rock Slough Fish Screen and is seeking additional stimulus funding to begin the next phase of the Canal Replacement Project in FY2011. The Canal Replacement Project was authorized to receive \$23 million in federal funds under the Water Resources Development Act of 2004.

As shown in Table I-2, of the \$442.4 million in funded project costs, \$164.9 million are revenue funded (37%), \$134.6 million are funded by others (31%), and \$142.9 million (32%) are debt-funded. For comparison purposes, the funding sources for the 2010 CIP are also shown.

The increase in debt-funded of \$81.5 million reflects the assumption that the Los Vaqueros Reservoir Expansion (LVE) will be 100% funded by the District. The 2010 CIP assumed that approximately 70% of the project would be funded by

Funding Source	2011 CIP Costs	2010 CIP Costs
Debt-funded	\$142.9 million	\$ 61.4 million
Funded by others	\$134.6 million	\$148.6 million
Revenue-funded	\$164.9 million	\$170.5 million
Total	\$442.4 million	\$380.5 million

Table I-2 CIP Priority Level 1 and 2 Project Cost Comparison by Funding Source

others and the remaining 30% would be revenue funded. It is assumed that debt funding for LVE will be in the form of short-term financing utilizing commercial paper or Bond Anticipation Notes (BANs). BANs are promissory notes issued by the District with maturities ranging from one to five years. As debt capacity and refinancing opportunities become available beginning in 2021, the short-term financing will be retired with long-term bonds. This approach optimizes the District's cash flows and use of reserves and results in the overall lowest financing costs for the project. Funded by others has decreased by \$14 million and is the net result of the assumption to debt fund LVE and the additional ARRA and stimulus funding for the Rock Slough Fish Screen and Canal Replacement projects. It should be noted that but for the change between this year

and last year in the funding source for LVE, funded by others has actually increased significantly by over \$50 million.

The District is debt funding the Alternative Intake Project in a manner similar to LVE, with short-term financing using commercial paper or BANs and long-term bonds starting in 2021 or thereafter depending on refinancing opportunities to achieve the overall lowest cost of financing for the project. The \$30 million for the AIP that was identified in SBXX1 and Proposition 84 has not been included in the Financial Plan because the timing of the District receiving these funds is uncertain due to current economic conditions. The District continues to aggressively pursue this outside funding source for the AIP and will utilize the outside funds to pay down the AIP debt when it is received.

CIP funding by fiscal year for priority levels 1 and 2 projects is shown in Table I-3. For comparison purposes, the estimated costs from the 2010 CIP are also shown. The higher expenditures in the first two years of the 2011 CIP reflect the assumption that the design and construction of the Los Vaqueros Reservoir Expansion Project has been accelerated and funding of the Rock Slough Fish Screen and Canal Replacement Project has been added.

Table I-3 Priority Level 1 and 2 Project Costs by Fiscal Year
(in millions of dollars, current dollars)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOTAL
2011 CIP	NA	122.1	100.8	19.5	25.6	36.7	37.4	24.6	17.4	25.5	32.9	442.4
2010 CIP	60.4	25.6	17.4	21.6	28.0	55.0	69.7	55.6	31.2	15.9	NA	380.5

Projected Capital and Debt Service Expenditures

The District’s annual investment in capital facilities is the sum of revenue-funded capital costs and existing and future debt service costs. The District currently pays debt service for Los Vaqueros, Randall-Bold, the Bisso Administration Building, the Multi-Purpose Pipeline and other seismic projects. The District also has low interest State Revolving Fund (SRF) loans for the Bollman Safety and Water Quality (SWQ) Project, the Contra Loma Swim Lagoon, and the Bollman Sedimentation Basin project. Rates are set to meet capital and debt service costs as well as District operating costs. Table I-4 shows a comparison of District funded untreated and treated water capital and debt service costs by fiscal year between the 2011 CIP and the 2010 CIP for priority level 1 and 2 projects.

**Table I-4 Projected Capital and Debt Service Expenditures
Comparison by Fiscal Year for Untreated and Treated Water
Priority Level 1 and 2 Projects**
(in millions of dollars, inflated dollars)

a) Untreated Water

CIP	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOTAL
2011	N/A	63.2	47.6	46.7	48.7	63.4	48.2	48.4	49.5	50.0	45.4	511.1
2010	50.9	50.4	43.7	46.1	44.9	58.8	45.4	46.3	48.1	86.8	N/A	521.4

Note: Does not include projects funded by applicants or other agencies

The 2011 CIP reflects a decrease in untreated water revenue-funded projects and debt service of \$10.3 million (inflated) compared to the 2010 CIP. The change is the result of the prior CIP's assumption that the District revenue funded \$26 million of Los Vaqueros Reservoir Expansion. The project has been accelerated and will be funded using short-term debt during the ten-year planning period. This reduction is offset in part by the addition of approximately \$8 million in District funding for the second phase of the Canal Replacement Project. The District is seeking up to an additional \$23 million in federal and state grants to fund the next phase of the project.

b) Treated Water

CIP	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOTAL
2011	N/A	18.4	15.2	14.5	16.7	13.6	15.2	14.4	15.7	16.7	30.4	170.8
2010	17.0	16.8	14.9	13.0	14.5	13.7	14.7	14.3	15.1	17.7	N/A	151.7

Note: Does not include projects funded by applicants or other agencies

There was an increase in treated water revenue funded projects and debt service of \$19.1 million compared to last year's CIP. The primary driver for the increase was the beginning of construction of the Port Chicago Pipeline Phase II in 2020.

Revenue Increase Projections

The projected untreated and treated water revenue increases required to fund priority level 1 and level 2 projects, while covering operating costs and debt service and maintaining required reserve balances, are shown on Tables I-5 (a) and (b), respectively. For comparison purposes, projected water revenue increases from the 2010 CIP are also shown. These are preliminary projections only. The Board of Directors determines actual revenue increases at the time of each annual rate study.

**Table I-5(a) Projected Untreated Water Revenue Increases Comparison
Priority Levels 1 and 2 Projects**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2011 CIP	2.75%*	3.5%	3.5%	3.5%	3.5%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
2010 CIP	3.25%	3.5%	3.5%	3.5%	3.5%	3.75%	3.75%	3.75%	3.75%	3.75%	N/A

* Adopted by the Board in December 2009

**Table I-5(b) Projected Treated Water Revenue Increases Comparison
Priority Levels 1 and 2 Projects**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2011 CIP	2.75%*	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
2010 CIP	3.25%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	N/A

* Adopted by the Board in December 2009

The 2011 CIP and Financial Plan meets the Board’s rate and reserve policies while anticipating significant water sales revenue reductions. Projected untreated water and treated water revenue increases do not exceed assumed inflation in any year. Implementing the 2011 CIP will require annual untreated and treated water revenue increases ranging from 3.5% to 3.75%. These revenue increases are consistent with those projected in the 2010 CIP. The District is able to achieve these consistently modest increases by reducing controllable operating costs, increasing competitiveness through expansion of service, investing in employee productivity through training, improving support facilities and equipment, and using reserves to reach the Board’s reserve policy levels over the ten-year CIP.

Section II

BACKGROUND

Section II: Background

The Ten-Year Capital Improvement Program (CIP) and Financial Plan are annually updated as authorized under Contra Costa Water District (District) Code of Regulations Chapter 7.16.030.B. The CIP provides a comprehensive view of the asset investments required over the next ten years to meet the mission and goals of the District. The Financial Plan projects operating costs and reserve balances, and estimates revenue requirements necessary to fund the required projects and operate the District. This comprehensive approach provides an opportunity for the District to prioritize capital investments, monitor progress toward meeting its goals, manage cash flow, diversify revenue sources, and project rates and charges over ten years.

The 2011-2020 CIP is an update of the previous CIP covering fiscal years 2010-2019, adopted by the Board on February 18, 2009. Board adoption of the CIP establishes the scope and estimated costs of various capital projects designed to meet the long-term needs of the District. Adoption does not commit funds or authorize projects. Project approvals and funding are obtained through the budget process.

The District's mission and goals are set forth below. Also included is an overview of existing facilities and operations to provide context for the projects and programs in the CIP.

District Mission and Goals

The Mission Statement represents the District's statement of purpose. The statement includes a set of seven values that govern how the District will conduct itself in meeting its mission. Ten major goals were developed to measure the success of meeting the purpose as defined by the Mission Statement, and Key Performance Measures have been developed to assess the District's progress in meeting those goals. The Mission Statement and District Goals were established by the Board and guide the development of the CIP and Financial Plan and are explained in more detail below.

Mission Statement

The mission of the Contra Costa Water District is to strategically provide a reliable supply of high quality water at the lowest cost possible, in an environmentally responsible manner.

In fulfilling this mission, The District will:

- Responsibly serve the public
- Provide District employees a safe and healthy work environment
- Ensure fair and equitable rates and charges
- Work cooperatively with local, regional, state, and federal agencies
- Practice ethical behavior
- Ensure an open process
- Ensure equal opportunity and diversity in personnel matters and contracting

District Goals

The goals of the Contra Costa Water District are:

1. Ensure that the District delivers high quality and reliable water supplies for current and future needs.
2. Provide excellent customer service and high levels of customer satisfaction.
3. Plan, design, and construct high quality facilities consistent with District needs and industry standards.
4. Effectively manage the District's financial resources in conformance with Board policies.
5. Ensure that all District activities surpass all applicable laws and regulations.
6. Operate, maintain, and protect District facilities in a safe and cost-effective manner.
7. Provide leadership in water affairs.
8. Actively enhance effective community relations and public information.
9. Create and maintain a work environment that fosters teamwork and individual excellence.
10. Manage and maintain Reclamation and District natural and recreation resources, and protect public safety and water quality.

Key Performance Measures

The purpose of the Key Performance Measures is to provide the Board with a summary tool for assessing the District's progress in meeting its goals. The six measures are:

- Customer Service – Achieve sustained improvement in customer ratings of their satisfaction levels for contacts with District employees on a satisfaction scale from poor to excellent.
- Water Production – Hold increases in operating labor costs per equivalent connection at less than annual inflation.
- Employee Safety – Reduce the number of calendar year recordable accidents and lost workdays to achieve frequency and severity rates for industrial injuries below the District's five year rolling average.
- Water Quality/Reliability – Have no reportable Department of Health Services violations and no excesses of the Maximum Contaminant Level for substances listed in the Annual Water Report.
- Capital Projects – Ensure all District costs for administration, planning, design, and construction management on completed projects be less than the District's five year rolling average without reducing quality or performance.
- Productivity – Maintain increases in the average cost per operating labor hour at a level less than annual inflation.

Existing Facilities and Operations

The District provides water to approximately 550,000 people in Contra Costa County. In performing this service, the District operates and maintains a complex system of water transmission, treatment, and storage facilities to supply both treated and untreated (raw) water to its customers.

The Contra Costa County Water District was approved by the voters in 1936 as the legal entity to contract, purchase, and distribute water provided by the U.S. Bureau of Reclamation through the Contra Costa Canal. (In 1981, "County" was dropped from the name, leaving Contra Costa Water District.) The 48-mile canal conveys water from the Sacramento-San Joaquin Delta, through Rock Slough and Old River, to eastern and central Contra Costa County.

The District's service area encompasses most of central and northeastern Contra Costa County, a total area of more than 137,127 acres (including the Los Vaqueros watershed area of approximately 19,100 acres). Water is provided to a combination of municipal, residential, commercial, industrial, landscape irrigation, and agricultural customers. Major untreated water municipal customers are the Cities of Antioch, Pittsburg, and Martinez. Treated water is distributed to customers living in the following communities: Clayton, Clyde, Concord, Pacheco, Port Costa, and parts of Martinez, Pleasant Hill, and Walnut Creek. In addition, the District treats and delivers water to the City of Brentwood, Golden State Water Company (serving Bay Point), Diablo Water District (DWD), and the City of Antioch. The District recently entered into an agreement with the Golden State Water Company to meet 100% of the demands in the Community of Bay Point through a new treated water interconnection on the Multi-Purpose Pipeline.

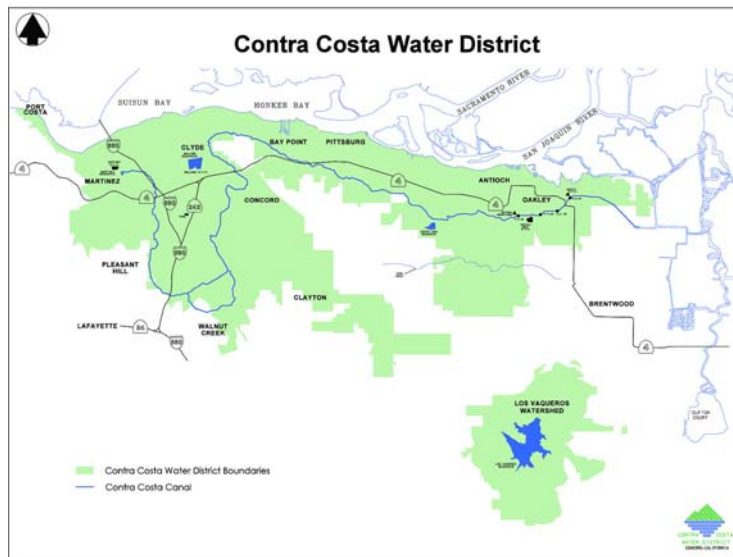


Figure II-1 District Service Area

For the first 25 years of its existence, the District's main responsibility was the purchase and distribution of untreated water through the Contra Costa Canal. The cities and other water utilities within the District were responsible for treating water used by their customers. However, in the late 1950s, many citizens and public officials became concerned about the quality and cost of the water in the central county area. To solve this problem, the District purchased the California Water Service Company's Concord-area treatment, pumping, storage, and distribution facilities. In 1968, the District replaced the old treatment facilities with the construction of its own Ralph D. Bollman Water Treatment Plant in Concord. The Bollman plant and the Randall-Bold Plant built in 1992 now provide treated water to approximately 265,000 people in the central county area and by contract to Bay Point. The Randall-Bold Water Treatment Plant in Oakley is jointly owned with DWD. The Randall-Bold plant provides treated water to DWD, and by contract, to the Cities of Antioch and Brentwood, Golden State Water

Company (Bay Point), and new growth in Central County. The Multi-Purpose Pipeline, constructed in 2003, transports treated water to new customers in Central County from the Randall-Bold plant.

Water Supply

The District is a Central Valley Project (CVP) contractor, historically relying almost entirely on the federal government (the United States Bureau of Reclamation) to supply its water through the Sacramento-San Joaquin Delta. The 2005 Long-Term Renewal Contract with Reclamation provides for the operation of the Los Vaqueros Project, and for a maximum delivery of 195,000 acre-feet per year from the CVP, with a reduction in deliveries during water shortages including regulatory restricted and drought years. The Long-Term Renewal Contract was executed in May 2005 and is consistent with the Central Valley Project Improvement Act of 1992.

Other District supplies include water rights at Mallard Slough (License No. 10514 and Permit No. 19856) for a maximum diversion of Delta water of up to 26,700 acre-feet per year. This water is subject to quality degradation and can only be used intermittently. On June 2, 1994, the State Water Resources Control Board issued Water Rights Decision 1629 that gives the District additional rights to divert and store water for beneficial uses. The State Board subsequently issued Water Rights Permits No. 20749 and 20750 for filling Los Vaqueros Reservoir from the new intake at Old River near Highway 4 and diversion and storage of the water of Kellogg Creek. These rights are in addition to the contractual rights to divert and store water furnished through the CVP. Construction of the reservoir began in September 1994 and was completed in January 1998. Diversion from the Old River intake for delivery to the District's service area began in the summer of 1997. Up to 95,850 acre-feet annually may be diverted for storage between November 1 of each year to June 30 of the succeeding year under Water Rights Permit No. 20749. On January 28, 1999, the Los Vaqueros Reservoir was filled to 100,000 acre-feet for the first time. In February 1999, the District released water from the reservoir for the first time for use in the District's service area. Releases were scheduled in compliance with the project's Biological Opinions to allow the District to cease all diversions from the Delta and provide benefits to Delta fisheries. Additionally, releases of high quality reservoir water have been used to blend with Delta water to improve delivered water quality as needed.

Additionally, the District has a contract with the East Contra Costa Irrigation District (ECCID) for untreated water that can be used in areas in East County within the boundaries of both the District and ECCID, and for additional drought supplies available through groundwater exchange. The District has an ongoing program to obtain additional sources for use during drought and to provide for future demands.

An intertie connecting the Los Vaqueros Pipeline with East Bay Municipal Utility District's (EBMUD) Mokelumne Aqueducts in Brentwood has been completed and enables the wheeling of a portion of the District's CVP water via the Freeport project and the Mokelumne Aqueducts. The intertie also functions as an emergency connection between EBMUD and the District, enabling the districts to share water resources in an emergency.

In addition, the District is partnering with the East Bay Municipal Utility District, the San Francisco Public Utilities Commission, and the Santa Clara Valley Water District to jointly explore the development of regional desalination facilities that would benefit over 5.4 million Bay Area residents and businesses served by these agencies. The Bay Area Regional

Desalination Project could consist of one or more desalination facilities, with an ultimate total capacity of up to 71 million gallons per day. The project could potentially provide additional source of water during emergencies such as earthquakes or levee failures and supplemental water supplies during extended droughts. A pilot project was recently conducted at the District's Mallard Slough Pump Station site to collect data on technical feasibility (pretreatment options, membrane performance, design parameters) and the environmental impacts (brine disposal, marine life).

Water Quality

The District's mission is to "strategically provide a reliable supply of high-quality water at the lowest cost possible, in an environmentally responsible manner." The District obtains its water supply exclusively from the Sacramento-San Joaquin Delta (Delta) and serves treated and raw (untreated) water to approximately 550,000 people in central and eastern Contra Costa County. All of the District's intakes are subject to variations in water quality caused by salinity intrusion, Delta hydrodynamics, and discharges into the Delta and its tributary streams from both point and non-point sources. Since 1992, the District has spent over \$1 billion on capital improvements, including \$450 million on the Los Vaqueros Project, as well as over \$200 million on projects directly related to improving water quality and the security of the District's water delivery system (such as improvements at both Bollman and Randall-Bold Water Treatment Plants, construction of the Multi-Purpose Pipeline, improvements at Contra Loma Reservoir, and other District projects). Notwithstanding these efforts, Delta water quality at the District's intakes (as measured by chlorides) has declined significantly over the last twenty years, affecting the reliability of the District's supplies and its ability to consistently provide high-quality water to its customers. In addition, judicially-imposed restrictions on diversions from the Sacramento-San Joaquin Delta that started in 2007, and actions by regulatory agencies affecting such diversions in the future have the potential to further degrade water quality in the Delta. The increase in chlorides directly impacts the performance of the Los Vaqueros project by requiring additional blending releases from the reservoir to meet the District's delivered chloride goal of 65 milligrams per liter.

Untreated Water System

The Contra Costa Canal is the District's major water supply facility, with a four-mile earth lined channel starting at Rock Slough leading into the 44-mile concrete-lined facility. The canal passes through many of the cities and communities in the northeastern and central county areas before ending at the Martinez Reservoir. Water is supplied to the canal from Old River via the Los Vaqueros Project pipelines and from Mallard and Rock Slough. A fourth Delta intake (Alternative Intake Project) is currently under construction and is scheduled to begin operation by July 2010. A series of four pump stations (Pumping Plants One through Four) lift the water from Rock Slough to a height of 126 feet above sea level, after which gravity propels the water to its terminus in Martinez. Four reservoirs - Contra Loma Reservoir, Martinez Reservoir, Mallard Reservoir, and Los Vaqueros Reservoir - provide approximately 110,000 acre-feet of storage capacity.

The Los Vaqueros Project was completed in 1998 and includes a 100,000 acre-foot reservoir, intake and pump station at Old River, and transmission facilities. Water diverted from Old River can be stored in the Los Vaqueros Reservoir or conveyed by pipeline to the canal system. In addition to emergency storage, the Los Vaqueros Reservoir provides high quality water for

blending when Delta quality is degraded. Contra Loma Reservoir is used to provide emergency storage, to regulate flows in the Canal, to meet peak flows, and to provide back up during canal maintenance. Mallard Reservoir and Martinez Reservoir serve as terminal storage for flow regulation and emergency use.

An automated computer system called SCADA monitors and controls both the untreated and treated water systems, turning pump stations on and off, opening and closing valves, and regulating reservoir levels. The system uses microwave radio signals to communicate with instrumentation located throughout the untreated and treated water systems.

Treated Water System

The District operates three water treatment facilities, the 75 million gallons per day (MGD) Bollman Water Treatment Plant, the 40 MGD Randall-Bold Water Treatment Plant, and the 16.5 MGD City of Brentwood Water Treatment Plant. The Bollman plant serves the District's treated water customers in Central County, and under special agreement, provides treated water to Bay Point. The Randall-Bold Plant in Oakley, which came on line in July 1992, currently provides treated water to the Diablo Water District, Golden State Water Company (Bay Point), and the Cities of Brentwood and Antioch. The Randall-Bold plant also serves new growth in Central County. The Multi-Purpose Pipeline, constructed in 2003, is primarily intended to transport treated water from Randall-Bold to new customers in Central County, but can also transport treated water from Central County to Randall-Bold. In the event of a major emergency, the Multi-Purpose Pipeline can also pump untreated water for fire suppression.

Treated water distribution facilities include more than 800 miles of pipeline and 41 active storage reservoirs. Total treated water storage capacity is approximately 72 million gallons. Thirty pump stations are used to deliver the water and maintain water pressure within the distribution system. There are approximately 60,636 active service connections to the treated water system, servicing approximately 137,672 equivalent 5/8-inch connections. New facilities are regularly added to the treated water system to meet new demands, increase reliability, improve operating efficiencies, and ensure service standards are met. These new facilities are identified and prioritized in a Treated Water Master Plan (TWMP), which forms the planning basis for many of the treated water projects in the CIP.

In addition, the District has entered into an agreement with the City of Brentwood to serve the long-term treated water needs of the City through treatment of non-Los Vaqueros water, for use in the part of Brentwood that is outside the District's service area. A separate treatment facility on the Randall-Bold site was constructed and is operated by the District for the City of Brentwood. The new treatment plant began delivering water to the City of Brentwood in July 2008. All costs related to this facility are paid by the City.

Section III

CIP CONTEXT AND STRUCTURE

Section III: CIP Context and Structure

The CIP is part of the District's long-range capital investment and financial planning process. This section describes the CIP in relationship to other District planning efforts, the most important of which is the ten-year financial plan and rate model. This section also discusses CIP structure, how the CIP is developed, and key assumptions.

Financial Planning Context

The District undertakes three principle financial planning efforts starting with the annual CIP Update and ten-year Financial Plan, a two-year capital and operating budget, and an annual review of rates, fees, and charges. These processes are separate but inter-related. The District's need to construct new facilities and reinvest in existing infrastructure within a ten-year period is forecasted in the CIP. The CIP includes a ten-year Financial Plan that estimates ten years of capital and operating expenditures and the revenue requirements to meet the expenditures. This provides the basis for projecting ten-year rate impacts. The CIP is presented to the Board in February of each year. The budget is presented to the Board in May and June, every other year. Budget status is reviewed at approximately six-month intervals until the next two-year budget. Rates, fees, and charges are brought to the Board in November and December of each year, and adjustments are typically considered for Board action in January. This CIP update forms the basis of the next two-year budget, and the cycle repeats. The District's financial planning process is shown in the following figure.

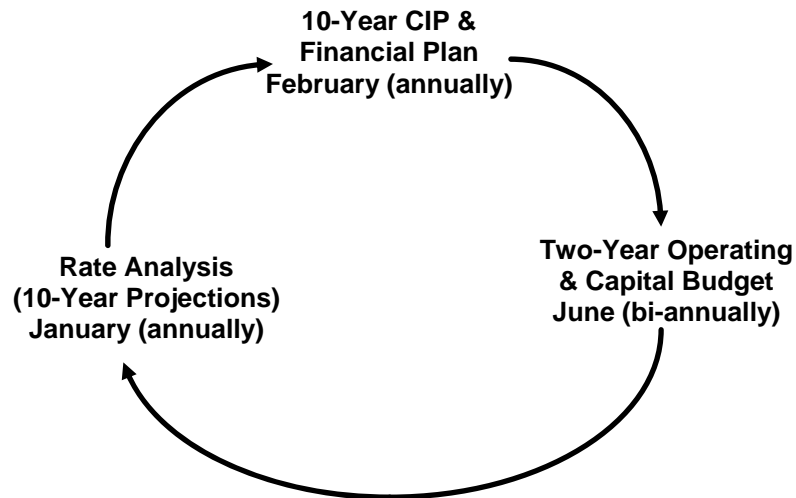


Figure III-1 District Financial Planning Process

All three financial planning efforts are integral to the overall financial integrity of the District. This integrated process ensures near-term financial decisions are made with an understanding of the long-term implications. Planning capital improvements over a ten-year period through the CIP provides flexibility to optimize capital investments while consistently adhering to the Board's rate policies. The approval and funding of projects through the two-year budget minimizes uncertainty in financial decision-making and maximizes control over financial resources.

CIP Structure

Two structural elements provide the framework for analysis and review of the CIP: the program configuration and the project priority system. Each element is described below.

Program Configuration

The basic unit of the CIP is the project. Projects are grouped by program and sub-program. There are ten program areas, each representing a different function of the District. Organizing projects by functional group allows the CIP to be viewed as a series of programs for improvements in specific areas of District responsibility. Sub-programs are groups of related projects within a program. The allocation of project costs between untreated and treated water funds also follows program divisions. Programs, sub-programs, and cost allocations in the 2011 CIP are listed on Table III-1 on the following page.

The untreated/treated allocations listed in Table III-1 are based primarily on the assessment of who benefits from a particular project. This assessment is usually done during master plan development or by financial audit. Allocation of costs between untreated and treated customers is used in the Financial Plan to project the rates and charges needed to fund the CIP.

Project Priority System

Each CIP project is assigned a priority level according to prioritization criteria. The priority system provides a method to rank or rate the relative importance of a project based on factors such as protection of health and safety, legal requirements, and rate of return on the District's investment. The priority levels provide a basis for determining which projects should be done in any given year, and how projects should be scheduled over the ten-year span of the CIP. Only those projects with a priority level 1 or 2 ranking are included in the ten-year Financial Plan and Rate Model.

A description of the three priority levels and the prioritization criteria used to rank projects in the CIP is provided on Page III-4.

Table III-1 PROGRAMS and SUB-PROGRAMS
Allocation of District Costs Between Untreated and Treated Water Funds¹

	Untreated/Treated
	(%)
Administrative, Support and Maintenance Facility Improvement Program	(38/62)
Sub-programs: Facilities Expansion Facilities Upgrades	
Delta Projects	(100/0)
Equipment and Other Capital Purchases Program²	(38/62)
Sub-programs: Equity Funded Equipment Vehicle Replacement Fund	
Expansion of Services Program³	(N/A)
Sub-program: Wholesale Treated Water	
Future Water Supplies Program	(100/0)
Sub-programs: Water Supplies Planning	
Los Vaqueros Watershed and Recreation Program	(100/0)
Sub-programs: Recreation Watershed	
Treated Water Distribution and Storage Facilities Program	(0/100)
Sub-programs: Corrosion Control Non-District Funded Projects Pipe Upgrades Pipes - New Pump Upgrades Pumps - New Site Upgrades Storage - New Facilities Storage Upgrades TWSA Planning	
Untreated Water Supply and Transport Program	(100/0)
Sub-programs: Untreated Water Facilities – SRIP Non-District Funded Projects Untreated Water Facilities - New Untreated Water Facilities - Planning Untreated Water Facilities - Upgrades	
Water/Energy Demand Reduction Program	(100/0)
Sub-program: Best Management Practices Implementation Sub-program: Energy Demand Reduction Program	
Water Treatment Facility Improvements Program	(0/100)
Sub-programs: Expansion Planning Upgrades	

1. A portion of untreated water costs is allocated to treated water customers based on consumption. Grant funds for projects affect District costs in the proportion shown.
2. The SCADA project is allocated 45% untreated / 55% treated per distribution of system components.
3. Allocations in this program are project specific.

Priority Level 1

These are the highest priority of all capital projects. Projects are ranked priority level 1 if they meet one or more of the following criteria:

- **Project is required for health and safety.** This includes projects needed to protect and preserve the health and safety of customers, employees, and the public.
- **Project is required by law, regulation, or contract.** This includes projects required to meet requirements imposed by federal, State, or local governments.
- **Project is under construction.**
- **Project is funded by applicants or outside funding source.**

As an example, an Untreated Water Reservoir Rehabilitation project would be ranked level 1 if it was required by the California Department of Safety of Dams or Reclamation to ensure dam safety.

Priority Level 2

Priority level 2 projects are those that provide measurable progress toward achieving the District's goals, but the District has a moderate level of control as to when these projects should be accomplished. Projects are ranked priority level 2 if they meet all of the following criteria:

- **Project has a defined scope and provides measurable progress toward achieving the District's goals.**
- **The District has a moderate level of control over the schedule.**
- **Funding is available such that rate increases are at or below inflation.**
- **When return on investment is a determining factor, projects have a payback period of less than five years.**

New reservoirs as recommended in the Treated Water Master Plan are examples of projects in priority level 2. Treated water reservoirs help achieve the strategic goals of improving water system reliability and increasing competitiveness.

Priority Level 3

Projects not meeting the criteria for priority level 1 or 2 are ranked as priority level 3. These are projects that are anticipated to be needed, but may not yet have defined scopes, schedules, or funding sources. In some cases where a project is defined but only a portion of the funding is available, the project will be phased with the funded portion in priority level 1 or 2 and the unfunded portion in priority level 3. Where return on investment is a determining factor, projects with a long-term payback of greater than five years are priority level 3 projects.

The three priority levels are consistent with those used in previous ten-year CIPs. Project priority rankings were re-evaluated during the project review process and changes were made where necessary to reflect changed circumstances.

Project Summaries

A project summary has been prepared for each project in the CIP. These are presented in program order in Section VII. The project summary form is similar to that used in previous CIPs. Each summary includes a project description, justification, benefits, estimates of cash flow and O&M impacts, and funding source information. Schedules in time line form are provided for all projects (except annual projects). The schedules show the relative duration of planning, design, and construction activities. A category called "Other" is used for projects that do not fit this traditional pattern such as some capital equipment purchases. The schedules are plus or minus three months. A comparison to the 2010 CIP is provided for all continuing projects.

Development of the CIP and Financial Plan

Assumptions

Long-range financial planning is dependent on the ability to forecast future expenditures and revenues. Assumptions are made where necessary to proceed with the planning process. The assumptions used in the 2011 CIP are listed on Figure III-2. The assumptions have been organized so that related assumptions, such as those referring to water consumption, are grouped together. Revenue assumptions for this update incorporate the impacts from the drought program and assume continuing drought and economic impacts. Assumptions specific to the rate model are described further in Section VI: Financial Plan.

There are many ways to project growth and many sources of information. Growth projections will vary depending on the methodology chosen and the base data used, which in turn depend on the purpose of the projections. Growth projections for financial planning are used in projecting revenues and are therefore usually conservative or at the lower end of an acceptable range. In contrast, growth projections for capacity planning are used for sizing and scheduling facilities, and are more appropriately at the high end of a range.

Growth projections are refined and modified as necessary to meet the needs for the projects using information from the Future Water Supply Study (FWSS) and the Seismic and Reliability Improvements Project (SRIP). The FWSS projected annual demands for an average year regardless of source of supply. The goal of the projections was to determine how much water would be needed on an annual basis. The SRIP, on the other hand, started with FWSS demands, and then analyzed them to project peak demands on the untreated water conveyance system. Its purpose was to design facilities that will meet the maximum required conditions. These and other differences in assumptions are documented in each study. The projections in the two studies use the same base, but are modified as appropriate for their respective purposes.

For this CIP, the growth and revenue assumptions have been modified to account for the potential impacts of the dry conditions and the economic downturn being experienced across the State. The District anticipates that the dry conditions will continue and there will be an impact on water sales in the near term. The economic downturn, slow housing market, and rebound from the drought will have a longer term effect on water sales growth and new connections. Key assumptions for this CIP are shown below.

Figure III-2 Key Assumptions

General

1. The ten-year CIP is a dynamic capital planning document that will be reviewed and revised annually.
2. CIP untreated and treated water costs for priority level 1 and level 2 projects will be held to a level that results in rate impacts at or below inflation. Cost containment is to be accomplished without impacting service levels.
3. Appropriations for capital improvements will be authorized by the Board as part of the budget process.
4. Facility reserve charges (FRCs) are a funding source for capital projects. A portion of the FRC will fund CIP projects related to growth or future water supplies. Allocations between existing and future customers will be consistent with the findings of the February 1998 FRC Report. The FRC methodology is used in the Financial Plan.
5. Capital projects with non-District funding sources (such as applicant funds and grants) are included in CIP cost estimate totals and the outside funding is included in revenue projections.
6. The Alternative Intake Project, MPP-Untreated Water Pipeline and the Los Vaqueros Reservoir Expansion are assumed to be debt-funded.
7. The District will utilize commercial paper or Bond Anticipation Notes (BANs) to provide short-term financing consistent with District policy. Short-term debt, other than that eligible for refinancing with low interest State Revolving Fund loans, will be converted to 30-year fixed bonds in the future, or paid off from reserves.
8. District policy and bond covenants require maintaining a debt coverage ratio of at least 1.25:1.

Revenue Forecasting

9. Consumption and water sales projections were reduced to reflect continued dry conditions. Municipal and retail treated water consumption are estimated to remain at levels similar to 2010, reflecting continuation of the District's drought program. Industrial untreated water consumption was adjusted based on projected FY2010 sales, returning to historic consumption levels by 2014. Rebound to pre-drought levels occurs gradually over the subsequent three years through 2014.
10. Economic downturn continues, the estimated number of new connections increased slightly in 2011 to 885 untreated water and 175 treated water connections, significantly reducing Facility Reserve Charge revenues. Connections and FRC revenues gradually recover to the pre-recession five year average by 2013.

11. Interest income on the District's investments is projected to be 5% per year.

Inflation

12. Inflation is projected at 4% per year for operating and maintenance expenditures (excluding purchased water) based on the historical average.
13. Inflation is projected at 4% per year for all capital costs in the Financial Plan.
14. CVP water costs are estimated to increase at 7% per year, beginning in FY2012.

Capacity Planning

15. Demand projections from the Future Water Supply Study update (2002) are used as the basis for sizing and scheduling construction of capital facilities.
16. Future Water Supply Study demands are adjusted to account for drought recovery trends, economic factors, peak period demands, sources of supply, and other project-specific conditions as appropriate. All such adjustments are noted as appropriate.

Cost Estimating

17. Project costs (capital and O&M) are expressed in current (FY2011) dollars unless otherwise noted. Costs in the Financial Plan are escalated by the appropriate inflation rates, as described above.
18. Cost estimates in the first year of the CIP do not include funds that could be re-budgeted to match cash flow from the current fiscal year's approved budget. For purposes of the CIP, it is assumed that budgeted funds are fully expended unless otherwise stated.
19. Components of capital cost estimates include land acquisition; construction; engineering services (planning, design, and construction management); direct costs (including legal fees and administrative support); indirect costs (such as office maintenance and utilities, accounting and other support services); and construction contingencies. Cost estimates include an allowance of 35% for engineering services and administrative support and up to 30% for construction contingencies depending on the characteristics of the project.
20. Estimates of O&M costs include labor, materials, equipment, and other expenses (such as power) required for all District operations, including operating and maintaining property and facilities.
21. Cost estimates for capital projects are accurate within plus and minus ranges that vary depending on project stage as follows:
 - a. Preliminary planning estimates (+50% to -30%)
 - b. Completion-of-planning estimates (+30% to -15%)
 - c. Design-level estimates (+15% to -5%)

22. Accuracy ranges provide guidelines for interpreting cost estimates. They do not represent project contingencies. Projects under construction do not have an accuracy range because it is assumed the project will be completed for the contract amount, which includes allowances for change orders and unforeseen circumstances consistent with District policy.
23. All cost estimates have been rounded to three significant figures, but in no case more refined than to the nearest thousand.

Identifying Capital Projects

Most of the projects in the CIP are identified in master planning documents, such as the Treated Water Master Plan. Most of these planning documents are periodically updated to ensure that project planning is based on current and reliable information. Table III-2 lists major master plans and studies and the next scheduled update, if applicable. Some CIP projects are based on maintenance reports, field inspection records, and customer complaints; others are required by legislation, regulation, agreement, or Board policy. The CIP update team also meets with staff responsible for specific District functions, such as water treatment, to facilitate identification of capital project needs.

Table III-2 – Master Plans and Planning Documents

Document	Completed	Next Update
Canal Drainage Study	1995	(a)
Delta Region Drinking Water Quality Management Plan	2005	(a)
Facilities Master Plan	1999	(a)
Facility Reserve Charge Analysis	1998/2002	(b)
Future Water Supply Study	1996/2002	2014
Seismic and Reliability Improvements Project	1997	(a)
Treated Water Master Plan Update	2007	2013
Treated Water Renewal/Replacement Study	2005	2011
Untreated Water Renewal/Replacement Study	2006	2012
Urban Water Management Plan	2005	2010
Water Treatment Plant Master Plan	2003	2011
Watershed Management Program	1997	(a)

(a) An update is not necessary or is not currently scheduled.

(b) Annual inflation adjustments are incorporated in construction-related elements of the FRC.

Estimating Costs

Capital costs are estimated for each project according to industry data and District experience, and are expressed in current dollars. Each cost estimate has a plus and minus accuracy range that varies depending on project planning stage. The accuracy of each cost estimate is noted as a dollar range on the project summary sheet. Unless stated otherwise, estimates include land acquisition, engineering services (planning, design, and construction management), construction, direct costs (including legal fees and administrative support), indirect costs (such as office maintenance and utilities, accounting, and other support services), and contingencies.

Cost estimates are expressed in current dollars, unless otherwise noted. According to the *Engineering News Record* (ENR), the Construction Cost Index for the Bay Area increased 2.9% from September 2008 (9,344.67) to September 2009 (9,723.92). Estimates of annual costs associated with operating and maintaining new capital facilities are based on unit costs developed in cooperation with the Operations & Maintenance Department. Estimates for costs related to maintaining land owned by the District are based on preliminary dollar per acre figures provided by the Watershed and Lands Division.

Capital, operating, and debt cost estimates are factored into the Financial Plan. The Financial Plan accounts for inflation over the ten-year CIP period for all costs except projected debt service, by escalating costs for each project year by year. Debt service for long-term debt is based on fixed payment schedules for each debt issue. Debt service for short-term commercial paper is assumed at 3.5%, BANS are assumed at 2%. Starting in 2012, CVP water costs are increased at 7% annually due to the volatility of Reclamation's rate setting methodology.

Sources of Funding

The CIP Financial Plan includes a ten-year analysis of revenues and reserves necessary to fund CIP projects and the operating costs of the District including debt service. In order to perform the analysis, the relative benefits to the untreated and treated water systems and to existing and future customers have to be determined for each project.

Project benefits to the treated and untreated water systems have been defined by program as indicated on Table III-1 found on page III-3. Projects related to water supply or components of the untreated water system, such as the canal, are funded from untreated water revenues and/or reserves. Untreated water revenues include the untreated water portion of the treated water rate; treated water customers currently account for approximately 35% of untreated water revenues. Projects related to facilities in the Treated Water Service Area are funded from treated water revenues and/or reserves. The benefits of facilities and equipment required for administrative purposes are allocated according to the proportion of District operating costs funded from untreated and treated water revenues, 38% and 62%, respectively.

The threshold question in allocating benefits between existing and future customers is whether a project is required irrespective of future development and growth, or only because of future development and growth. Once this has been established, it is necessary to determine whether a project directly or indirectly benefits the other category of customers. For example, an eight million gallon reservoir may be needed to meet current storage deficits, but in order to

accommodate future growth; a twelve million gallon facility is built. Costs would be apportioned two-thirds to existing customers and one-third to future customers. The FRC is used to fund the portion of projects required for growth; rate revenues, including reserves, are used to fund the portion benefiting existing customers. Allocations are determined in the plans and studies identifying capital projects, not in the CIP.

It is assumed for purposes of this CIP that allocations between existing and future customers will be consistent with those in the final February 1998 FRC analysis (Montgomery Watson, Facility Reserve Charge Analysis, February 1998). Funding information is provided for each project in the project summary section.

Section IV

PROGRAM SUMMARY

Section IV: Program Summary

This section provides a summary of each of the ten program areas of the 2011 CIP. Each summary contains a discussion of significant sub-programs and projects, the estimated funding required to accomplish the projects, and a comparison to the program costs estimated in the 2010 CIP. A table showing proposed annual funding levels for each project is included for each program. A separate Project Summary for each of the projects is included in Section VII: Project Summaries.

Table IV-1 provides a summary of total CIP expenditures by program over the ten-year period, along with a comparison to the 2010 CIP.

Table IV-1 2011 CIP by Program
(In millions of dollars, current dollars)

Program	2011 CIP	2010 CIP
Administrative, Support, and Maintenance Facility Improvements	9.1	4.3
Delta Projects	119.0	131.1
Equipment & Other Capital Purchases	17.0	16.4
Expansion of Services	45.3	45.3
Future Water Supplies	10.7	10.1
Los Vaqueros Watershed and Recreation	6.8	7.4
TW Distribution and Storage	87.8	69.8
Untreated Water Supply & Transport	164.7	161.8
Water/Energy Demand Reduction	18.2	18.4
Water Treatment Facilities	120.4	118.5
TOTAL	599.2	583.1

Though projects are organized by program, funding is determined by priority level. For reference while reviewing program expenditures, Tables IV-2 and IV-3 show funding by priority and by fiscal year for the 2011 CIP and 2010 CIP, respectively.

Table IV-2 2011 CIP by Fiscal Year and Priority
(In millions of dollars, current dollars)

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	TOTAL
Priority Level 1*	43.2	24.7	3.7	7.4	17.3	24.2	13.5	3.2	3.2	3.2	143.6
Priority Level 2*	23.7	16.4	15.1	15.3	18.8	10.8	10.5	12.4	13.3	19.7	156.0
Priority Level 3	0.0	0.0	2.9	17.2	7.1	45.7	26.6	34.3	22.5	0.5	156.7
Total	66.9	41.2	21.7	39.9	43.2	80.8	50.5	49.8	39.0	23.3	456.3
Debt-funded	55.3	59.6	0.7	2.9	0.5	2.3	0.7	1.8	9.1	10.1	142.9
Grand Total	122.2	100.8	22.4	42.7	43.7	83.1	51.2	51.6	48.0	33.4	599.2

* Excluding debt-funded projects

Table IV-3 2010 CIP by Fiscal Year and Priority
(In millions of dollars, current dollars)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	TOTAL
Priority Level 1*	11.2	3.2	3.0	6.8	13.6	27.6	13.4	3.1	3.1	3.1	88.1
Priority Level 2*	20.1	19.7	12.5	14.3	11.5	23.9	39.8	34.7	16.0	12.9	205.3
Priority Level 3	0.6	5.4	33.6	45.3	47.4	27.8	27.0	15.6	0.0	0.0	202.6
Total	31.9	28.3	49.1	66.3	72.5	79.3	80.3	53.4	19.1	15.9	495.9
Debt-funded	29.2	2.7	1.9	0.5	3.0	3.5	16.5	17.8	12.1	0.0	87.2
Grand Total	61.0	31.0	51.0	66.8	75.4	82.8	96.8	71.2	31.2	15.9	583.1

* Excluding debt-funded projects

Administrative, Support, and Maintenance Facility Improvement Program

In addition to water transmission, treatment, and storage facilities, the District operates a variety of buildings and facilities that support operation of the system and services to customers. The projects in this program provide capital improvements to these facilities, including maintenance shops and offices, the District Center, the Antioch Service Center buildings, and others. As District services expand, so must the infrastructure of facilities that support those services. The District must also continue to reinvest in its existing buildings and facilities to protect and maintain its capital investment.

The District Facilities Master Plan (FY1999) has been the key document guiding development of new facilities. The Master Plan assessed space requirements based on current and future personnel, equipment, and operational needs. With the completion of the O&M Building Upgrade in FY2004, the Bisso Administration Building in FY2003, and new maintenance facilities in Concord and Antioch in FY2002, the high priority projects identified in the plan have been constructed. There are no additional new administrative facilities included in this CIP.

The Annual Building and Facility Improvements project (priority level 1, \$4.5 million) provides for renewal and replacement of existing District buildings and grounds. Typical improvements funded under this project include re-roofing, replacement or upgrading of heating, cooling and electrical systems, and structural upgrades. A project to rewire the District Center’s communications systems is planned for FY2013.

Estimated expenditures in this program for the 2011 CIP are \$9.1 million. Estimated funding for this program, by fiscal year, is shown in Table IV-4. For comparison, 2010 CIP funding levels are also shown.

**Table IV-4 Administrative, Support and Maintenance Facility Improvement Program
By Fiscal Year**

(In millions of dollars, current dollars)

CIP	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	10-YR. TOTAL
2011	NA	0.8	0.7	1.1	3.9	0.4	0.4	0.4	0.4	0.4	0.4	9.1
2010	0.4	0.7	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	NA	4.3

There are two projects within this program:

- Annual Building and Facility Improvements (priority level 1, \$4.5 million).
- District Center Seismic Improvements (priority level 2 \$600,000; priority level 3, \$4 million)

Table IV-5 shows a comprehensive listing of projects within this program. The projects are grouped by sub-program and by priority within the sub-program. For comparison purposes, project costs as estimated in the 2010 CIP are also shown.

Comparison to 2010 CIP

Total costs within this program have increased by \$4.8 million compared to the 2010 CIP due to the addition of a new project to complete seismic improvements to the District Center (priority level 2 \$600,000; priority level 3, \$4 million).

Table IV-5 Projects within the Administrative, Support, and Maintenance Facility Improvement Program

A. 2011 CIP

(In thousands of dollars, current dollars)

Sub-Prog	Project	Priority	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	TOTAL
Facilities Upgrades	Annual Bldg. & Facility Imp.	1	530	420	650	420	420	420	420	420	420	420	4,540
Facilities Upgrades	District Center Seismic Improvements	2/3	300	300	495	3,505							4,600
	PROGRAM TOTAL		830	720	1,145	3,925	420	420	420	420	420	420	9,140

B. 2010 CIP

(In thousands of dollars, current dollars)

Sub-Prog	Project	Priority	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	TOTAL
Facilities Upgrades	Annual Bldg. & Facility Imp.	1	435	723	398	398	398	398	398	398	398	398	4,342
	PROGRAM TOTAL		435	723	398	398	398	398	398	398	398	398	4,342

Delta Projects

This program includes Delta projects that improve the District’s source water quality and supply reliability. Sources of funding include outside agencies, District revenues, and other local agencies.

Estimated expenditures within this program over the next ten years are \$119 million and include three projects. The Alternative Intake Project, which is scheduled to be online by July 2010, is a pivotal initiative in meeting the District’s goal of improving water quality. Water quality objectives will be met 95% of the time with this project on line and both average and maximum delivered chlorides would be lower. The Los Vaqueros Reservoir Expansion project includes design and construction of a 160 TAF expansion to the reservoir to increase water quality, supply reliability, and emergency storage.

Estimated funding for this program, by fiscal year, is shown in Table IV-6. For comparison, program costs from the 2010 CIP are also shown.

**Table IV-6 Delta Projects Program
By Fiscal Year**

(In millions of dollars, current dollars)

CIP	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	10-YR. TOTAL
2011	NA	55.8	60.3	2.9								119.0
2010	34.0	4.5	0.5	2.2		8.2	41.0	33.6	7.2			131.1

The three projects proposed within this program are:

- Alternative Intake Project (priority level 1, \$1.5 million)
- Los Vaqueros Reservoir Expansion Implementation (priority level 2, \$109.3 million)
- Los Vaqueros Reservoir Federal/State Studies (priority level 2, \$8.1 million)

Table IV-7 shows a comprehensive listing of projects within this program. For comparison purposes, project costs as estimated in the 2010 CIP are also shown.

Comparison to 2010 CIP

Estimated program costs have decreased by \$12.1 million compared to the 2010 CIP. The primary driver for the decrease is construction progress on the Alternative Intake Project, which included \$33 million in construction services in the 2010 CIP. This reduction is offset in part by an increase in the cost estimate for the Los Vaqueros Reservoir Expansion. The cost estimate has been updated based on preliminary design and updated estimates to meet mitigation and permitting requirements. The project schedule has also been accelerated to provide immediate benefits to District customers in light of the continued threat of drought and water quality degradation in the Delta. The Los Vaqueros Operational Improvements project has been deleted because these improvements can be more effectively integrated into the larger reservoir expansion.

Table IV-7 Projects within the Delta Projects Program

A. 2011 CIP

(In thousands of dollars, current dollars)

Sub-Prog	Project	Priority	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	TOTAL
Delta Projects	Alternative Intake Project	1	1,510										1,510
Delta Projects	Los Vaqueros Expansion Implementation	2	52,235	56,935	140								109,310
Delta Projects	Los Vaqueros Reservoir Federal/State Studies	2	2,055	3,340	2,745								8,140
	PROGRAM TOTAL		55,800	60,275	2,885								118,960

B. 2010 CIP

(In thousands of dollars, current dollars)

Sub-Prog	Project	Priority	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	TOTAL
Delta Projects	Alternative Intake Project	1	31,955	1,511									33,466
Delta Projects	Los Vaqueros Expansion Implementation Placeholder	2						8,200	41,000	33,600	7,200		90,000
Delta Projects	Los Vaqueros Operational Improvements	2		500	500	2,200							3,200
Delta Projects	Los Vaqueros Expansion Studies	2	2,012	2,445									4,457
	PROGRAM TOTAL		33,967	4,456	500	2,200		8,200	41,000	33,600	7,200		131,123

Equipment and Other Capital Purchases Program

Prudent planning requires that the District consider its long-term capital equipment needs as part of its overall financial planning. This program provides a category within which to recognize these capital expenditures. Specific capital equipment designated for replacement is generally included in the two-year budget. Capital equipment expenditures for larger items with a long life are included within the context of the ten-year CIP.

This program includes two sub-programs, Equity Funded Equipment (\$8.9 million) and Vehicle Replacement Fund (\$8.1 million). Replacement of and upgrades to the District’s computer systems, telecommunications equipment, and SCADA are included in the first sub-program; replacement of the District’s fleet vehicles and heavy equipment are included in the second. Vehicles and heavy equipment are replaced when it is determined that they have reached the end of their serviceable life or when it is most cost-effective to replace based on anticipated future operating and repair costs. Replacements are funded from the Vehicle Replacement Fund, which is a sinking fund established by the Board for this purpose. New vehicles require a business justification before they are added to the fleet.

Estimated expenditures in this program over the ten-year CIP period are approximately \$17 million. Estimated funding for this program, by fiscal year, is shown in Table IV-8. For comparison, 2010 CIP funding levels are also shown.

Table IV-8 Equipment and Other Capital Purchases Program by Fiscal Year
(In millions of dollars, current dollars)

CIP	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	10-YR. TOTAL
2011	NA	3.0	1.8	1.3	2.6	1.2	1.9	1.3	1.5	1.2	1.2	17.0
2010	2.4	2.6	1.4	1.2	2.2	1.2	1.8	1.2	0.9	1.5	NA	16.4

Significant projects proposed in this program include the following:

- Fleet Vehicles & Heavy Equipment (priority level 2, \$8.1 million)
- Replacement/Upgrade of Computer Systems (priority level 2, \$3.1 million)
- Replacement/Upgrade of Network Equipment (priority level 2, \$1.3 million)
- Replacement/Upgrade of SCADA Equipment (priority level 2, \$0.8 million)
- Replacement of Lab Equipment (priority level 2, \$0.98 million)

Table IV-9 shows a comprehensive listing of projects included in this program. The projects are grouped by sub-program, and by priority level within the sub-program. For comparison purposes, project costs as estimated in the 2010 CIP are also shown.

Comparison to 2010 CIP

Total program costs have increased by approximately \$0.6 million from the 2010 CIP. The primary driver for this increase is the addition of a new \$0.7 million priority 3 project for GIS field deployment.

Table IV-9 Projects within the Equipment and Other Capital Purchases Program

A. 2011 CIP

(In thousands of dollars, current dollars)

Sub-Prog	Project	Priority	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	TOTAL
Equity Funded	GIS	2/3	140		240	460							840
Equity Funded	Repl/Upgrade of Radio Equipment	2									150	150	300
Equity Funded	Repl/Upgrade of Comp Systems	2	310	140	135	1,040	135	740	100	135	200	145	3,080
Equity Funded	Repl/Upgrade of Network Systems and Hardware	2	230	250	15	55	100	230	250	15	55	100	1,300
Equity Funded	Repl/Upgrade of SCADA	2	350	450									800
Equity Funded	Repl/Upgrade of Telecomm. Equip.	2	585		85				50	585	0	85	1,390
Equity Funded	Replacement of Lab Equipment	2	295	160	110	210	105	55			45		980
Equity Funded	Heavy Diesel Engine Retrofits	1	240										240
Vehicle Repl. Fund	Fleet Vehicles & Heavy Equipment	1	880	760	740	830	870	870	880	750	765	765	8,110
PROGRAM TOTAL			3,030	1,760	1,325	2,595	1,210	1,895	1,280	1,485	1,215	1,245	17,040

B. 2010 CIP

(In thousands of dollars, current dollars)

Sub-Prog	Project	Priority	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	TOTAL
Equity Funded	GIS	2/3	303	60	60								423
Equity Funded	Repl/Upgrade of Radio Equipment	2	55									150	205
Equity Funded	Repl/Upgrade of Comp Systems	2	135	405	89	127	999	127	711	89	127	190	2,999
Equity Funded	Repl/Upgrade of Network Systems and Hardware	2	94	221	237	12	51	94	221	237	12	51	1,230
Equity Funded	Repl/Upgrade of SCADA	2	699	103	103	138	138						1,181
Equity Funded	Repl/Upgrade of Telecomm. Equip.	2	49	460		80				31	46	460	1,126
Equity Funded	Replacement of Lab Equipment	2		280	150	105	200	100	50			40	925
Equity Funded	Heavy Diesel Engine Retrofits	1	210	240									450
Vehicle Repl. Fund	Fleet Vehicles & Heavy Equipment	1	819	846	732	710	794	836	839	842	720	735	7,873
PROGRAM TOTAL			2,364	2,615	1,371	1,172	2,182	1,157	1,821	1,199	905	1,626	16,412

Expansion of Services Program

The purpose of this program is to improve and expand services, increase the competitiveness of the District, diversify revenue, and increase efficiencies (through, for example, sharing treatment plant facilities). There is currently one project in this program related to the City of Brentwood. The CCWD/Brentwood WTP was recently completed by the District and began to serve water to the City in July 2008. There is a planned expansion of this facility in the latter portion of the CIP which will be sized to serve the ultimate demands of the City. Estimated funding for this program is shown in Table IV-10.

Table IV-10 Expansion of Services Program by Fiscal Year

(In millions of dollars, current dollars)

CIP	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	10-YR. TOTAL
2011	NA			0.2	3.7	10.0	21.0	10.3				45.3
2010			0.2	3.7	10.0	21.1	10.3				NA	45.3

Table IV-11 shows a comprehensive listing of the projects included in this program. For comparison purposes, project costs estimated in the 2010 CIP are also shown.

Comparison to 2010 CIP

Program costs have not changed from the 2010 CIP. The construction schedule for the CCWD/Brentwood WTP has been delayed one year due to the slow down in the housing market. The actual timing of the expansion project will depend on growth and the needs of the City.

Table IV-11 Projects within the Expansion of Services Program

A. 2011 CIP

(In thousands of dollars, current dollars)

Sub-Prog	Project	Priority	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	TOTAL
Wholesale TW	CCWD/Brentwood WTP Expansion	1			210	3,670	10,030	21,075	10,315				45,300
PROGRAM TOTAL					210	3,670	10,030	21,075	10,315				45,300

B. 2010 CIP

(In thousands of dollars, current dollars)

Sub-Prog	Project	Priority	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	TOTAL
Wholesale TW	CCWD/Brentwood WTP Expansion	1			210	3,670	10,030	21,075	10,315				45,300
PROGRAM TOTAL					210	3,670	10,030	21,075	10,315				45,300

Future Water Supplies Program

This program includes projects related to meeting future water supply requirements. These projects help meet the District’s goals of increasing water supply reliability. The program currently has two projects, the Future Water Supply Study (FWSS) Updates and a placeholder for water supply projects identified in the FWSS. The FWSS was adopted by the Board in August 1996 and updated in 2002.

The FWSS resulted in a long-range plan to ensure a reliable supply of high quality water for service to District customers. The Future Water Supplies Placeholder provides funding for projects, including purchases of water rights or other long-term supplies, required to implement this plan. The FWSS examines both water supply and demand reduction alternatives for meeting future water supply requirements. Funding to implement demand reduction recommendations is included in the Water Demand Reduction Sub-Program. The 2002 FWSS update did not result in a shift in the priorities among new supplies, demand reduction, and recycling, all of which combine to meet future demand.

The Future Water Supplies Placeholder includes annual funding for new supplies for growth (\$10.3 million). Water purchases for future growth will be made only as funds are available. This project is fully funded by FRC revenues consistent with the projection used in the Financial Plan.

Estimated funding for this program, \$10.7 million, is shown by fiscal year in Table IV-12. For comparison, the 2010 CIP cost estimates are also shown.

Table IV-12 Future Water Supplies Program by Fiscal Year
(In millions of dollars, current dollars)

CIP	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	10-YR. TOTAL
2011	NA	0.10	0.13	0.15	0.43	9.00	0.15	0.15	0.15	0.35	0.15	10.7
2010	0.10	0.09	0.12	0.15	0.33	8.47	0.15	0.15	0.15	0.43	NA	10.1

The two projects within this program are:

- Future Water Supplies Placeholder (priority level 2, \$10.3 million)
- Future Water Supply Study Updates (priority level 2, \$0.47 million)

Table IV-13 on page IV-12 shows a comprehensive listing of projects within this program. For comparison, 2010 CIP funding levels are also shown.

Comparison to 2010 CIP

Program costs are essentially the same as the 2010 CIP. There have been no significant changes to this program, other than adjustments for inflation.

Table IV-13 Projects within the Future Water Supplies Program

A. 2011 CIP

(In thousands of dollars, current dollars)

Sub-Prog	Project	Priority	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	TOTAL
Planning	Future Water Supply Study Updates	2				275						195	470
Water Supplies	Future Water Supplies Placeholder	1/2	95	125	150	150	9,000	150	150	150	150	150	10,270
	PROGRAM TOTAL		95	125	150	425	9,000	150	150	150	150	345	10,740

B. 2010 CIP

(In thousands of dollars, current dollars)

Sub-Prog	Project	Priority	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	TOTAL
Planning	Future Water Supply Study Updates	2	2				175					275	452
Water Supplies	Future Water Supplies Placeholder	1/2	94	94	123	150	150	8,473	150	150	150	150	9,684
	PROGRAM TOTAL		96	94	123	150	325	8,473	150	150	150	425	10,136

Los Vaqueros Watershed and Recreation Program

Projects within the Los Vaqueros Watershed and Recreation Program cover capital costs associated with owning and managing the Los Vaqueros watershed and related facilities. There are three projects in this program. The Los Vaqueros Recreation Facilities and Equipment Project provides for the renewal and replacement of Los Vaqueros recreation facilities and equipment, including docks, rental boats, picnic tables and benches, and other miscellaneous recreational improvements. The Watershed projects are predominantly focused on meeting permit requirements but do help maintain water quality in the reservoir and may increase revenues through leases of District lands for grazing, wind power, or other enterprises. The Recreation projects contribute to competitiveness by maintaining customer satisfaction with the recreation program. The Land Acquisition project is also included in this program.

Estimated expenditures for the program are shown in Table IV-14. The program total is \$6.8 million. For comparison, 2010 CIP funding levels are also shown.

Table IV-14 Los Vaqueros Watershed and Recreation Program by Fiscal Year
(In millions of dollars, current dollars)

CIP	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	10-YR. TOTAL
2011	NA	1.0	0.5	0.7	0.5	0.5	0.4	0.4	1.2	1.3	0.4	6.8
2010	0.6	1.1	0.6	0.7	0.5	0.5	0.4	0.4	1.2	1.3	NA	7.4

The three projects proposed in this program are the following:

- Los Vaqueros Recreation Facilities & Equipment (priority level 2, \$0.92 million)
- Land Acquisition (priority level 2, \$0.8 million)
- Los Vaqueros Watershed Improvements (priority level 2, \$5.1 million)

Table IV-15 shows a comprehensive listing of the projects in this program. For comparison purposes, project costs as estimated in the 2010 CIP are also shown.

Comparison to 2010 CIP

Project costs are projected to be lower by \$0.6 million versus the 2010 CIP primarily due to a reduction of \$715,000 in the land acquisition program. Funds were accelerated and utilized in FY2010 to purchase additional land near the Randall-Bold Water Treatment Plant.

Table IV-15 Projects within the Los Vaqueros Watershed and Recreation Program

A. 2011 CIP

(In thousands of dollars, current dollars)

Sub-Prog	Project	Priority	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	TOTAL
Recreation	LV Rec Facilities and Equipment	2	145	100	140	85	100	85	70	70	70	55	920
Watershed	Land Acquisition	2	70	70	70	70	70	70	70	70	70	155	785
Watershed	LV W/S Improvements	1/2	790	340	480	310	350	250	250	1,030	1,110	190	5,100
	PROGRAM TOTAL		1,005	510	690	465	520	405	390	1,170	1,250	400	6,805

B. 2010 CIP

(In thousands of dollars, current dollars)

Sub-Prog	Project	Priority	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	TOTAL
Recreation	LV Rec Facilities and Equipment	2	143	187	117	107	77	62	52	62	62	62	931
Watershed	Land Acquisition	2	168	148	148	148	148	148	148	148	148	148	1,500
Watershed	LV W/S Improvements	1/2	254	754	324	459	299	334	234	239	984	1,069	4,950
	PROGRAM TOTAL		565	1,089	589	714	524	544	434	449	1,194	1,279	7,381

Treated Water Distribution and Storage Facilities Program

The objective of this program is to maintain and improve the level of service, quality, and safety of the District's existing treated water system. Facilities organized under this program include treated water pipelines, reservoirs, and pump stations. Projects within this program provide for expansion of treated water facilities to meet future needs as well as replacement of water mains and other components of the treated water infrastructure. Investments identified within this program directly advance the District's goals of increasing system reliability and improving delivered water quality and indirectly help increase competitiveness by improving efficiencies and customer satisfaction. A key component of this program is the Treated Water Service Area Master Plan (TWMP), which was last updated in FY2008. The TWMP provides the planning basis for many significant projects proposed in the CIP, including new pipelines, pump stations, and reservoirs. The Treated Water Renewal and Replacement Study (updated in FY2005) provides a schedule for renewal, replacement, and upgrades to existing pump stations, pipelines, and reservoirs.

In the past five years, the District has invested \$45 million in capital improvements within this program, including approximately \$2.2 million annually in main replacements, two new treated water reservoirs, and rehabilitation of five existing reservoirs and seven treated water pump stations. New storage facilities increase system reliability for existing customers and provide storage capacity necessary to accommodate future growth. Pump station rehabilitations ensure continued reliable service and improve operational efficiencies by replacing older pumps and motors with more efficient models.

Future expenditures of approximately \$88 million are projected for this program over the next ten years. Significant investments are proposed for upgrades to existing facilities (approximately \$50 million) and installation of new facilities (\$10 million). The growth-related portion of new facilities is funded through the treated water FRC. The program also includes \$21.7 million in developer-funded projects. These investments directly advance the District's goals of increasing system reliability and improving delivered water quality and indirectly help increase competitiveness by improving efficiencies and customer satisfaction.

Proposed funding for this program, by fiscal year, is shown in Table IV-16. For comparison, 2010 CIP funding levels are also shown.

Table IV-16 Treated Water Distribution and Storage Facilities Program by Fiscal Year

(In millions of dollars, current dollars)

CIP	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	10-YR. TOTAL
2011	NA	11.5	9.7	6.5	7.4	6.4	9.2	5.9	7.5	7.4	16.4	87.8
2010	8.3	10.9	7.7	6.6	5.5	6.2	5.2	6.2	5.5	7.7	NA	69.8

Significant projects proposed within this program include the following:

- Pipeline Renewal/Replacement (Main Replacements) (priority level 2, \$24.2 million)
- Distribution Facilities - Developer Projects (priority level 1, \$21.7 million)
- Treated Water Facilities Improvement Program (priority level, 2 \$17.3 million)
- Treated Water Reservoir Rehabilitation Program (priority level 2, \$8.5 million)
- Port Chicago Pipeline Phase II (priority level 2, \$8.7 million)

Table IV-17 shows a comprehensive listing of projects proposed for this program. The projects are grouped by sub-program, and by priority level within the sub-program. For comparison purposes, project costs from the 2010 CIP are also shown.

Comparison to 2010 CIP

Total program costs have increased by approximately \$18 million from the 2010 CIP. The primary drivers for the increase are a \$7 million increase in Distribution Facilities – Developer Projects (Clayton Regency Mobile Home Project and Golf Club Drive Main Relocation) and the addition of \$8.7 million in FY2020 for the Port Chicago Pipeline and Subzone 34 Reservoir.

Table IV-17 Projects within the Treated Water Distribution and Storage Facilities Program

A. 2011 CIP

(In thousands of dollars, current dollars)

Sub-Prog	Project	Priority	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	TOTAL
Corrosion	Corrosion Control	2	80	80	80	80	80	80	80	80	80	80	800
Non-Dist Funded	Distribution Facilities - Developer Projects	1	5,345	3,805	1,565	1,565	1,565	1,565	1,565	1,565	1,565	1,565	21,670
Pipe Upgrades	Pipeline Renewal / Replacement	2	3,265	2,700	2,510	2,235	2,250	2,235	2,250	2,235	2,250	2,235	24,165
Pipes - New	MPP Pressure Sustaining Valve	2									150	825	975
Pipes - New	Port Chicago Pipeline - Phase II	2								180	1,140	7,380	8,700
Pipes - New	Treated Water Emergency Service Connections	3			105	395							500
Site Upgrades	Paso Nogal Pump Station Abandonment	3	465										465
Site Upgrades	TW Facilities Improvement Program	2	1,895	1,755	1,690	1,690	1,690	1,690	1,730	1,730	1,730	1,730	17,330
Storage – New	Subzone 34 Reservoir	2									210	1,210	1,420
Storage – Upgrades	TW Reliability Improvements	3					465	2,235					2,700
Storage - Upgrades	TW Reservoir Rehabilitation Program	2	300	1,395	300	1,395	300	1,395	300	1,395	300	1,395	8,475
TWSA Planning	TW Renewal/ Replacement Study	2	145							125			270
TWSA Planning	TWSA Master Plan Updates	2			230					140			370
	PROGRAM TOTAL		11,495	9,735	6,480	7,360	6,350	9,200	5,925	7,450	7,425	16,420	87,840

B. 2010 CIP

(In thousands of dollars, current dollars)

Sub-Prog	Project	Priority	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	TOTAL
Corrosion	Corrosion Control	2	88	80	80	80	80	80	80	80	80	80	808
Non-Dist Funded	Distribution Facilities - Developer Projects	1	1,650	1,098	1,294	1,520	1,520	1,520	1,520	1,520	1,520	1,520	14,682
Pipe Upgrades	Pipeline Renewal / Replacement	2	2,683	2,868	2,433	2,105	2,090	2,105	2,090	2,105	2,090	2,105	22,674
Pipes - New	MPP Pressure Sustaining Valve	2										139	139
Pipes - New	Port Chicago Pipeline - Phase II	2									130	1,064	1,194
Pipes - New	Treated Water Emergency Service Connections	3		100	400								500
Site Upgrades	Paso Nogal Pump Station Abandonment	3	180	1,720									1,900
Site Upgrades	TW Facilities Improvement Program	2	2,188	2,120	2,251	1,416	1,416	1,416	1,416	1,456	1,456	1,456	16,591
Storage - New	Subzone 34 Reservoir	2										200	200
Storage - Upgrades	TW Reliability Improvements	2/3	559	430	2,070								3,059
Storage - Upgrades	TW Reservoir Rehabilitation Program	2	1,625	215	1,185	215	1,185	215	1,185	215	1,185	215	7,440
TWSA Planning	TW Renewal/ Replacement Study	2		135						125			260
TWSA Planning	TWSA Master Plan Updates	2			215					140			355
	PROGRAM TOTAL		8,973	8,766	9,928	5,336	6,291	5,336	6,291	5,641	6,461	6,779	69,802

Untreated Water Supply and Transport Program

This program includes projects to improve source water quality and to enhance, renew, and expand the District's untreated water facilities. Facilities included in this program are diversion facilities, the Multi-Purpose Pipeline (MPP), the Los Vaqueros pipelines, the Contra Costa Canal, and improvements within the canal right-of-way such as fencing, bridges, drainage facilities, service roads, and other features. The program has been divided into five sub-programs including Untreated Water Facilities-Seismic Reliability Improvement Project (UWF-SRIP), Untreated Water Facilities-New (UWF-New), Untreated Water Facilities-Planning (UWF-Planning), Untreated Water Facilities-Upgrades (UWF-Upgrades), and Non-District Funded. The program directly advances the District's goal of increasing system reliability and increases competitiveness by ensuring capacity is available to meet the needs of new customers.

The District has invested approximately \$110 million under this program in the past five years to maintain and enhance the reliability and capacity of the untreated water conveyance facilities. Implementation of the capacity and reliability projects recommended in the SRIP study has been the focus of this program for several years, which included construction of the MPP and rehabilitation of the Mallard Slough Pump Station. These projects assist in meeting near-term and long-term demands and significantly improved the District's ability to continue water deliveries after a major earthquake. Other improvements completed include structural, electrical, and mechanical upgrades to the Rock Slough pumping plants and relining of high priority sections of the canal. The pump station rehabilitations improve the District's ability to reliably provide water service and improve operational efficiencies by replacing older, less efficient equipment. Canal lining repairs improved operational efficiencies by reducing water losses. The Canal Replacement Project, which will protect source water quality as well as provide flood protection and enhance public safety, is included in this program. The other area of significant investment is the Untreated Water Facilities-Upgrades sub-program. It contains six projects in addition to the Canal Replacement Project to renew, replace, and upgrade existing untreated water facilities for a total of approximately \$37 million.

Projects totaling approximately \$164.7 million for the ten-year CIP period are proposed for this program. Estimated funding for this program, by fiscal year, is shown in Table IV-18. For comparison, 2010 CIP funding estimates are also shown.

Table IV-18 Untreated Water Supply and Transport Program by Fiscal Year

(In millions of dollars, current dollars)

CIP	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	10-YR. TOTAL
2011	NA	39.4	24.5	3.0	8.9	6.7	4.7	4.6	26.7	33.6	12.6	164.7
2010	8.6	6.5	31.8	37.5	7.3	7.8	22.5	25.8	12.1	2.0	NA	161.8

Significant projects proposed within this program include the following:

- Canal Replacement Project (priority level 1, \$30.9 million; level 3, \$46.3 million)
- Los Vaqueros Pipeline Relocation – Balfour Road (priority level 1, \$4.6 million)
- Rock Slough Fish Screen (priority level 1, \$23.8 million)
- Shortcut Pipeline Improvements (priority level 2, \$10.5 million)
- Untreated Water Facilities Improvement Program (priority level 2, \$18.9 million)
- Untreated Water Pipeline (priority level 2, \$21.6 million)

Table IV-19 shows a comprehensive listing of projects within this program. The projects are grouped by sub-program and by priority level within the sub-program. For comparison purposes, project costs as estimated in the 2010 CIP are also shown.

Comparison to 2010 CIP

Total program costs in the 2011 CIP have increased by \$2.9 million from the 2010 CIP. Significant progress has been made within this program in improving the District’s water supply reliability. The first phase of the Canal Replacement Project was completed in FY2010 and the District secured ARRA funding for the Rock Slough Fish Screen and completed the first phase of construction. The fish screen is scheduled to be constructed in FY2012. A structural change to the program this year is the Shortcut Pipeline Improvements Project has been added as a stand alone project. This project was formerly a project within the Untreated Water Facility Improvement Program.

Table IV-19 Projects within the Untreated Water Supply and Transport Program

A. 2011 CIP

(In thousands of dollars, current dollars)

Sub-Prog	Project	Priority	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	TOTAL
Non-District Funded	Untreated Water Applicant Funded Projects	1	120	120	120	120	120	120	120	120	120	120	1,200
UWF – Planning	Untreated Water Facility Imp Plan Updates	2		375					245				620
UWF - SRIP	Untreated Water Pipeline	2							670	1,810	9,050	10,070	21,600
UWF - Upgrades	Canal Replacement Project	1/3	11,545	19,305					1,530	22,415	22,355		77,150
UWF - Upgrades	LVP Relocation @ Balfour	1				535	4,090						4,625
UWF - Upgrades	Mallard Slough Channel Rehabilitation	2/3	125		280	3,020							3,425
UWF - Upgrades	Rock Slough Fish Screen	1	23,756										23,756
UWF - Upgrades	Shortcut Pipeline Improvements	2	1,520	2,705	600	2,850	500	2,325					10,500
UWF - Upgrades	Untreated Water Facilities Improvement Program	2	1,955	1,845	1,900	1,900	1,840	1,840	1,900	1,900	1,900	1,900	18,880
UWF - Upgrades	Untreated Water Reservoir Rehab	2/3	265	140	140	460	140	460	140	460	140	460	2,805
UWF - Upgrades	Untreated Water Revenue Meter Data Logger Replacements	2	125										125
	PROGRAM TOTAL		39,411	24,490	3,040	8,885	6,690	4,745	4,605	26,705	33,565	12,550	164,686

B. 2010 CIP

(In thousands of dollars, current dollars)

Sub-Prog	Project	Priority	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	TOTAL
Non-District Funded	Untreated Water Applicant Funded Projects	1	229	120	120	120	120	120	120	120	120	120	1,309
UWF - Planning	Untreated Water Facility Imp Plan Updates	2		375					225				600
UWF - SRIP	Untreated Water Pipeline	2						650	1,810	8,220	10,020		20,700
UWF - Upgrades	Canal Replacement Project	1/2/3	4,998	1,422	19,499	19,296	0	1,422	15,649	15,579			77,865
UWF - Upgrades	LVP Relocation @ Balfour	1					483	3,417					3,900
UWF - Upgrades	Mallard Slough Channel Rehabilitation	2/3	127		280	2,820							3,227
UWF - Upgrades	Rock Slough Fish Screen	1/3	460	1,005	8,040	12,930	1,870						24,305
UWF - Upgrades	Untreated Water Facilities Improvement Program	2	801	3,405	3,692	2,363	4,813	2,209	4,659	1,863	1,863	1,863	27,531
UWF - Upgrades	Untreated Water Reservoir Rehab	1/3		205	195								400
UWF - Upgrades	Untreated Water Revenue Meter Data Logger Replacements	2	1,949										1,949
	PROGRAM TOTAL		8,564	6,532	31,826	37,529	7,286	7,818	22,463	25,782	12,003	1,983	161,786

Water/Energy Demand Reduction Program

This program includes the District’s water and energy conservation programs and is split into two sub-programs to reflect each function. Water conservation and energy demand reduction projects are grouped together in the same program in recognition of the significant linkages between water conservation and energy demand reduction. The Water Demand Reduction Program includes four projects including: 1) Residential Water Audits/Plumbing Retrofit, 2) Landscape Water Conservation Audits, 3) Commercial/Industrial and Institutional (CII) Water Conservation Audits, and 4) Water Conservation Incentives. The program meets the goals of the District’s Future Water Supply Study (FWSS) and conforms to the requirements of the U.S. Bureau of Reclamation (Reclamation) water supply contract.

The Energy Demand Reduction Program currently includes two projects aimed at reducing the District’s overall energy use and resulting carbon footprint. Energy is needed to pump, treat, transport, use (heat, cool, or pump) and to treat water again as wastewater. Energy and water conservation projects are grouped together in the CIP because water conservation programs also result in significant energy savings and environmental benefits, including reductions of greenhouse gases such as carbon dioxide.

Estimated funding for the capital portion of the program, by fiscal year, is shown in Table IV-20. For comparison, 2010 CIP funding levels are also shown.

Table IV-20 Water Demand Reduction Program by Fiscal Year

(In millions of dollars, current dollars)

CIP	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	10-YR. TOTAL
2011	NA	5.7	0.9	1.3	2.6	1.3	2.6	0.9	0.9	0.9	0.9	18.2
2010	4.2	3.3	2.6	1.2	2.6	0.9	0.9	0.9	0.9	0.9	NA	18.4

The only capital project proposed in this program is the following:

- Water Conservation Incentives (priority level 1, \$9.4 million)
- Energy Master Plan and Implementation Placeholder (priority level 3, \$4 million)
- Los Vaqueros Energy Recovery Project (priority level 2, \$4.8 million)

Table IV-21 shows a comprehensive listing of projects within this program. For comparison purposes, project costs as estimated in the 2010 CIP are also shown.

Comparison to 2010 CIP

Project costs have decreased by approximately \$200,000 compared to the 2010 CIP. The change is the result of inflation, progress on the Los Vaqueros Energy Recovery Project, and an updated cost estimate. The District has been successful in obtaining grants for conservation activities. Of the \$9.4 million costs indicated in the CIP for conservation incentives, approximately \$2 million is anticipated to come from grants and other outside sources. The four additional operating budget conservation projects are included to give an overview of the cost of the Water Conservation Sub-Program but they

are not included in the total CIP cost. The greywater demonstration project was completed in FY2010.

Table IV-21 Projects within the Water Demand Reduction Program

A. 2011 CIP

(In thousands of dollars, current dollars)

Sub-Prog	Project	Priority	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	TOTAL
Water Conservation	Water Conservation Incentives	1	940	940	940	940	940	940	940	940	940	940	9,400
Energy Demand Reduction	Energy Master Plan and Implementation	3			330	1,670	330	1,670					4,000
Energy Demand Reduction	Los Vaqueros Energy Recovery Project	2	4,800										4,800
	PROGRAM TOTAL		5,740	940	1,270	2,610	1,270	2,610	940	940	940	940	18,200
Water Conservation	Commercial/Indust. Conservation	NA	165	165	165	165	165	165	165	165	165	165	1,650
Water Conservation	Landscape Conservation	NA	220	220	220	220	220	220	220	220	220	220	2,200
Water Conservation	Res. Audits/Plumbing Retrofit	NA	375	375	375	375	375	375	375	375	375	375	3,750
	OPERATING BUDGET TOTAL*		760	760	760	760	760	760	760	760	760	760	7,600

B. 2010 CIP

(In thousands of dollars, current dollars)

Sub-Prog	Project	Priority	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	TOTAL
Water Conservation	Water Conservation Incentives	1	875	900	900	900	900	900	900	900	900	900	8,975
Energy Demand Reduction	Energy Master Plan and Implementation	2/3	35	330	1,670	330	1,670						4,035
Energy Demand Reduction	Los Vaqueros Energy Recovery Project	2	3,306	2,038									5,344
	PROGRAM TOTAL		4,216	3,268	2,570	1,230	2,570	900	900	900	900	900	18,354
Water Conservation	Commercial/Indust. Conservation	NA	200	200	200	200	200	200	200	200	200	200	2,000
Water Conservation	Landscape Conservation	NA	250	250	250	250	250	250	250	250	250	250	2,500
Water Conservation	Res. Audits/Plumbing Retrofit	NA	450	450	450	450	450	450	450	450	450	450	4,500
Water Conservation	Greywater Demonstration Project	NA	300										300
	OPERATING BUDGET TOTAL*		1200	900	900	900	900	900	900	900	900	900	9,300

Water Treatment Facility Improvements Program

The District's water treatment facilities are an essential element in providing high-quality water to its treated water customers. This program involves projects for replacing, improving, and enhancing these facilities to maintain and enhance water quality and system reliability. The projects are organized into three sub-programs: Treatment Plant Upgrades, Treatment Plant Expansion, and Planning. The Water Treatment Plant (WTP) Master Plan, completed in FY2004, provides the planning basis for both renewal and replacement projects and new facilities related to reliability and regulatory requirements at both treatment plants. The WTP Master Plan will be updated in FY2011 to re-assess needs and priorities for capital improvements at the District's water treatment plants.

The District has invested over \$20 million dollars in the last five years to improve and maintain water treatment facilities, including completion of a third sedimentation basin at the Bollman Water Treatment Plant. Other upgrades to the plant include enhanced electrical power systems, seismic improvements, a new ozone generator, and safer facilities for the storage and use of chemicals.

The District has also completed construction of treatment facilities for the City of Brentwood to serve the City's customers outside of the Los Vaqueros service area under the Expansion of Services program. That project was substantially completed in July 2008, six months ahead of schedule. An expansion of the plant to up to 30 MGD is scheduled to begin in FY2014, delayed one year from the 2010 CIP. The actual timing will depend on growth in the City.

Program funding for the next ten years is estimated at \$120.4 million and includes \$9.7 million, \$7.0 million, and \$2.7 million in priority level 2 WTP improvements at the Bollman, Randall-Bold, and City of Brentwood treatment facilities, respectively. These improvements include renewal and replacement of WTP facilities, media replacement, ozone generator replacement, and treatment plant restoration activities. Additionally, the program includes an \$80 million priority level 3 membrane filtration project that could be necessary to meet increasingly stringent treatment regulations with increasingly degraded source water. This is a priority level 3 project because the scope and timing is uncertain at this time. Estimated funding for this program, by fiscal year, is shown in Table IV-22. For comparison, 2010 CIP funding levels are also shown.

Table IV-22 Water Treatment Facility Improvements Program by Fiscal Year

(In millions of dollars, current dollars)

CIP	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	10-YR. TOTAL
2011	NA	4.7	2.2	5.2	12.8	8.3	42.6	27.2	13.3	2.8	1.3	120.4
2010	1.9	3.5	3.5	14.4	45.8	28.9	13.0	3.1	2.0	2.6	NA	118.5

Significant projects proposed in this program include the following:

- Water Treatment Plant Improvements - Bollman (priority level 2, \$9.7 million; level 3, \$5 million)
- Water Treatment Plant Improvements - Randall-Bold (priority level 2, \$7.0 million; level 3, \$6.6 million)
- Water Treatment Plant Improvements - City of Brentwood (priority level 2, \$2.7 million; level 3, \$0.7 million)
- Membrane Filtration Placeholder (priority level 3, \$80 million)

Table IV-23 shows a comprehensive listing of projects within this program. The projects are grouped by sub-programs and by priority level within sub-program. For comparison purposes, project costs as estimated in the 2010 CIP are also shown.

Comparison to 2010 CIP

Total funding for this program has increased by approximately \$2 million from the 2010 CIP. This is the net result of inflation, elimination of the priority level 3 Drinking Water Lab Placeholder, and the addition of new seismic improvements at the Randall-Bold Water Treatment Plant (WTP Improvements - Randall-Bold).

Table IV-23 Projects within the Water Treatment Facility Improvements Program

A. 2011 CIP

(In thousands of dollars, current dollars)

Sub-Prog	Project	Priority	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	TOTAL
Planning	WTPMP Updates and Placeholder	2	385	470	1,815	1,980	1,005	180	1,005	180	1,005	180	8,205
Upgrades	WTP Improvements - Bollman	1/2/3	3,750	1,255	760	3,300	2,390	880	880	235	335	880	14,665
Upgrades	WTP Improvements - City of Brentwood	1/2/3	55	125	535	535	170	640	190	570	565	50	3,435
Upgrades	Membrane Filtration	3					4,300	39,400	24,900	11,400			80,000
Upgrades	WTP Improvements - Randall-Bold	1/2/3	550	390	1,990	6,555	390	1,520	220	935	935	155	13,640
Upgrades	Randall-Bold WTP Capacity Upgrades	3			100	400							500
	PROGRAM TOTAL		4,740	2,240	5,200	12,770	8,255	42,620	27,195	13,320	2,840	1,265	120,445

B. 2010 CIP

(In thousands of dollars, current dollars)

Sub-Prog	Project	Priority	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	TOTAL
Expansion	Drinking Water Lab	3			400	1,600							2,000
Planning	WTPMP Updates and Placeholder	2		230	280	1,570	280	1,570	280	1,570	280	1,570	7,630
Upgrades	WTP Improvements - Bollman	2/3	1,677	2,903	1,133	718	3,653	2,253	803	218	803	803	14,964
Upgrades	WTP Improvements - City of Brentwood	2/3		50	535	975	50	50	435	500	85	80	2,760
Upgrades	Membrane Filtration	3				4,300	39,400	24,900	11,400				80,000
Upgrades	WTP Improvements - Randall-Bold	2/3	190	168	708	5,258	2,418	98	98	783	783	98	10,602
Upgrades	Randall-Bold WTP Capacity Upgrades	3		100	400								500
	PROGRAM TOTAL		1,867	3,451	3,456	14,421	45,801	28,871	13,016	3,071	1,951	2,551	118,456

Section V

OPERATING COST IMPACTS OF THE CAPITAL IMPROVEMENT PROGRAM

Section V: Operating Cost Impacts of the Capital Improvement Program

Implementation of the CIP affects District operating costs. Adding new facilities can result in increases in operating costs as additional labor or materials are needed to operate and maintain the facilities. Other capital facilities, such as the CCWD/Brentwood Water Treatment Plant, generate payments from the City of Brentwood, which will completely offset the District's costs to operate and maintain the plant. Some capital projects yield improved efficiency and productivity resulting in reduced operating costs. To be an effective long-range financial planning tool, the CIP must consider the capital costs of constructing facilities, income generated by facilities, and the resulting impacts on operating costs.

This section provides background on District operating costs, an overview of the operating impacts of the CIP, and a discussion of specific impacts on labor and energy. The operating impacts are factored into the Financial Plan along with capital costs, debt-service, and overall operating costs. The operating impacts of individual projects are described in Section VII: Project Summaries.

Background

Current Operating Costs

Projected operating costs for the first year of the 2011 CIP are \$71.7 million and are based on the adopted two-year budget. Significant operating costs include labor, power, purchased water, and chemicals. In the Financial Plan, operating costs are assumed to increase by 4% annually, with the exception of CVP water costs that increase at 7% annually. Operating cost impacts resulting from capital projects are incorporated into the operating cost projections in the year the facility comes on line. In addition, the Financial Plan anticipates an increase in operating costs resulting from fees assessed by State and Federal agencies to implement Delta improvements that result from the Bay Delta Conservation Plan. It is anticipated that the District may be required to contribute to the funding of projects and programs aimed at fixing the Delta. As a proactive measure to ensure the financial impacts of this additional expense are minimized, this CIP includes approximately \$1.5 million in annual revenues beginning in FY2014 to cover these costs.

Operating Cost Impacts Assumptions

Operating cost impacts are determined for each project based on current costs to operate similar facilities, industry standards, or market trends. Operating costs include labor, materials, supplies, equipment, and administrative costs. Total operating cost impacts as shown are net of savings that might also result from the project. The two operating cost components most affected by capital projects are labor and energy, both of which are discussed later in this section. Impacts on labor operating costs are net only of labor savings and not savings in other operating costs to ensure the full impact on labor is identified. For example, savings in energy or chemicals due to a more efficient facility would not reduce the need for staff to maintain the facility. Energy impacts presented are net increases or savings in energy usage for each project. Operating costs are assumed to start in the year scheduled for the project's completion, and are pro-rated by half-year.

The impact of capital projects on operating labor costs differs by type of facility. Operating labor costs reflect current proportions of labor to total operating costs by type of facility or activity. To estimate full time equivalent employees, the operating labor cost is divided by an assumed cost of employment. For purposes of the CIP, the assumed cost of employment is set at \$100,000 per year per new employee, reflecting salaries and benefits, plus equipment, supplies, training, administrative support, and other District costs of support. Other costs of employment may be used if specific staffing plans have been completed. Actual salaries would vary depending on classification, hours worked, etc. Because of the uncertainty surrounding this assumption, the number of full time equivalents related to implementation of this CIP is presented as a range of plus or minus 25 percent.

Summary of Operating Cost Impacts

The following tables show the increase in total operating costs (Table V-1), labor costs (Table V-2) and energy costs (Tables V-3) resulting from CIP projects by fiscal year. Projects and sub-programs with significant impacts have been individually listed. A discussion of the significance of the increase to rates or staffing needs follows each table as appropriate. Significant operating impacts from priority level 3 projects are shown separately because they are not included in the CIP Financial Plan.

Annual Total Operating Cost Increases - The net increase in total operating costs related to capital projects is shown in the following tables.

Table V-1 Net Increase in Total O&M by Fiscal Year

(In thousands of dollars, current dollars)

PROJECT	PROG	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	TOTAL
Applicant Funded	TW	70	80	90	100	110	120	130	140	150	160	1,150
Alternative Intake Project	UW	200	200	200	200	200	200	200	200	200	200	2,000
Applicant Funded	UW	10	15	17	19	21	23	25	27	29	31	217
EBMUD Intertie	UW	240	480	480	480	480	480	480	480	480	480	4,560
LV Energy Recovery	UW		(185)	(370)	(370)	(370)	(370)	(370)	(370)	(370)	(370)	(3,145)
Rock Slough Fish Screen	UW		75	150	150	150	150	150	150	150	150	1,275
LVE Adjustments	UW	(1,700)	(1,000)	2,550	2,550	100	100	100	100	100	100	3,000
TOTAL PRIORITY 1&2		(1,180)	(335)	3,117	3,129	691	703	715	727	739	751	9,057
Membrane Filtration	WTP						3,300	6,600	6,600	6,600	6,600	29,700
Energy Reduction Projects	ADM		(55)	(110)	(110)	(110)	(110)	(110)	(110)	(110)	(110)	(935)
TOTAL PRIORITY 3		-	(55)	(110)	(110)	(110)	3,190	6,490	6,490	6,490	6,490	28,765

A measure of the potential impact on rates is the increase in annual operating costs as a result of bringing new capital facilities online. By FY2020, the annual increase reaches approximately \$750,000. As shown in Table V-1, annual operating costs for individual projects tend to be consistent from year to year while costs for sub-programs increase over time. This increase is a result of new facilities being added on a continuous basis throughout the CIP period.

The projects with the most significant operating impacts are Alternative Intake, EBMUD Intertie, Los Vaqueros Energy Recovery Project, and the Los Vaqueros Reservoir Expansion project, all of which are more fully described below. The cumulative total operating impact of applicant-funded projects (untreated and treated water) is also significant, adding \$190,000 per year by the last year of the CIP. Applicants pay only for capital costs; however, because applicant projects result in growth to the system, these additional operating costs are generally covered by the rates paid by the added customers.

Alternative Intake Project (FY2010): \$200,000/year

Operating costs associated with this project are predominantly related to new pumping and conveyance facilities and include incremental power and other activities such as fish monitoring, site maintenance and levee maintenance. Additional labor costs were included in the FY2010 adopted budget.

EBMUD Intertie Project (FY2011): \$480,000/year

Although construction of the intertie has been completed, the District will not incur additional operational costs until the Freeport Regional Water Authority Project comes online in December 2010. The estimated costs to wheel water through the intertie are \$480,000 per year beginning in FY2011. EBMUD wheeling charges will be funded by rates and from reserves dedicated for this purpose. For the purposes of the District's Financial Plan, it is assumed that the District's operational impact is \$100,000 per year.

Los Vaqueros Energy Recovery Project (FY2012): (\$370,000/year)

Power generate from this facility will reduce the District's purchases of energy by approximately \$420,000 per year beginning in FY2012. Operating labor is estimated to increase by \$50,000 per year for maintenance of the new facility.

Los Vaqueros Reservoir Expansion Implementation (FY2011):

The following adjustments will occur to the District's operating budget assuming the Los Vaqueros Reservoir Expansion proceeds in 2011. A reduction of approximately \$1.7 million in the District's water and power costs will occur in FY2011 due to the drawdown of the reservoir prior to construction. A reduction of approximately \$1 million will occur in FY2012 in the District's energy costs because filling of the reservoir will not occur during construction. Water and power costs are estimated to increase by \$2.55 million each in FY2013 and FY2014 as the reservoir is refilled to its new capacity of 160 TAF. Annual power costs are estimated to increase by \$100,000 thereafter due to the higher elevation of the reservoir.

The potential future impact on operating costs related to the priority level 3 projects, if implemented, is significant. By FY2020, the annual increase reaches approximately \$6.5 million.

Annual Operating Labor Cost Impacts

The portion of the projected increase in operating costs related to labor is presented in Table V-2.

Table V-2 Net Increase in Operating Labor by Fiscal Year

(in thousands of dollars, current dollars)

PROJECT	PROG	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	TOTAL
Applicant Funded	TW	35	40	45	50	55	60	65	70	75	80	575
Alternative Intake Project	UW											0
Applicant Funded	UW	5	8	9	10	11	12	13	14	15	16	113
EBMUD Intertie	UW	5	10	10	10	10	10	10	10	10	10	95
LV Energy Recovery	UW		25	50	50	50	50	50	50	50	50	425
Rock Slough Fish Screen	UW		50	100	100	100	100	100	100	100	100	800
LVE Adjustments	UW											
TOTAL PRIORITY 1&2		45	133	214	220	226	232	238	244	250	256	3,058
Additional Staff			1	1								2
Membrane Filtration	WTP							80	160	160	160	560
Energy Reduction Projects	ADM											
TOTAL PRIORITY 3								80	160	160	160	560
Additional Staff									1			1

By the tenth year of the CIP, operating and maintaining District facilities will require an increase in annual labor expenditures of approximately \$256,000. The analysis of impact on labor assumes current operating parameters such as frequency and standard of maintenance are maintained.

If all the priority level 1 and 2 projects were built as described, based on the assumptions noted above, the District would need approximately two additional full-time employees (+/- 25%) over the ten-year CIP period. The distribution of these staff needs is shown on the bottom line of Table V-2.

If all priority level 3 projects identified within the ten-year CIP schedule were implemented, the increase in annual operating labor expenditures by FY2020 would be approximately \$160,000. This equates to one additional employee by year ten of this CIP.

Energy Impacts

The portion of the projected increase in operating costs related to energy is presented in Table V-3. By the tenth year in the CIP, operating District facilities is projected to result in a net decrease in energy costs of approximately \$220,000 per year. Projects with significant energy impacts include the Alternative Intake Project, Los Vaqueros Energy Recovery Project, and the Los Vaqueros Reservoir Expansion.

There are two priority level 3 projects that would have impacts to the District’s energy costs, if implemented. The Energy Demand Reduction projects are estimated to lower energy costs by approximately \$110,000 per year by installing alternative energy generation facilities or through the completion of energy efficiency projects. The Membrane Filtration placeholder would

increase the District's energy costs by approximately \$6 million if new regulations or further degradation of Delta water quality require the installation of membranes at the District's water treatment plants.

Table V-3 Net Increase in Energy Costs by Fiscal Year
(in thousands of dollars, current dollars)

PROJECT	PROG	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	TOTAL
Applicant Funded	TW											
Alternative Intake Project	UW	50	50	50	50	50	50	50	50	50	50	500
Applicant Funded	UW											
EBMUD Intertie	UW											
LV Energy Recovery	UW		(210)	(420)	(420)	(420)	(420)	(420)	(420)	(420)	(420)	(3,570)
Rock Slough Fish Screen	UW		25	50	50	50	50	50	50	50	50	425
LVE Adjustments	UW	(1,000)	(1,000)	1,500	1,500	100	100	100	100	100	100	1,600
TOTAL PRIORITY 1&2		(950)	(1,135)	1,180	1,180	(220)	(220)	(220)	(220)	(220)	(220)	(1,045)
Membrane Filtration	WTP							3,220	6,440	6,440	6,440	22,540
Energy Reduction Projections	ADM			(55)	(110)	(110)	(110)	(110)	(110)	(110)	(110)	(825)
TOTAL PRIORITY 3				(55)	(110)	(110)	(110)	3,110	6,330	6,330	6,330	21,715

Section VI
FINANCIAL PLAN

Section VI: Financial Plan

The Ten-Year CIP and Financial Plan estimates operating and capital expenditures, projects revenues from sources other than rates and estimates future revenue increases from rates to fund ten years of capital and operating costs, while remaining in compliance with Board policies on rate increases, reserve balances and bond coverage ratios. The 2011 CIP and Financial Plan provides a funding plan that supports the District's focus on maintaining excellent customer service while operating as a sustainable utility. Funding and expenditures are projected at \$1.8 billion over the ten-year planning period of 2011-2020. A summary of the sources and uses of funds is shown in Table VI-1. Highlights of the Ten-Year Financial Plan include 100% District funding of the 160 thousand acre-foot Los Vaqueros Reservoir Expansion project, construction of the Rock Slough Fish Screen using \$33 million of American Recovery and Reinvestment Act funds obtained through the Bureau of Reclamation and design and construction of the Canal Replacement Project Phase 2 which is 75% Federally funded.

This Financial Plan continues to anticipate a reduction in water sales revenue and Facility Reserve Charge (FRC) revenues through 2014 associated with the drought and economic downturn. The District will use a variety of financial tools to offset the potential funding shortfall, including increasing outside funding sources, expenditure control, use of reserves, and debt financing. The Financial Plan concludes that CIP priority level 1 and 2 projects can be funded, and all operating costs and debt service obligations can be funded while keeping annual revenue increases within the Board's rate policy of rate increases at or below inflation, which is assumed to be 4% for the CIP.

Table VI-1 2011 CIP - Projected Sources and Uses of Funds
(in millions of dollars)

Source of Funding	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Rate Revenues	90.1	99.1	113.3	123.3	128.3	132.9	138.5	143.6	149.6	157.7	1,276.3
Rate Increases	3.2	3.5	4.0	4.3	4.1	4.8	4.3	5.2	5.4	5.7	44.3
Facility Reserve Charges	7.4	9.9	12.5	12.6	12.7	12.9	13.0	13.1	13.3	13.4	120.7
City of Brentwood	4.3	4.5	4.6	4.8	4.9	5.1	5.2	5.4	5.5	5.5	49.8
DWD Revenue	2.4	2.4	2.4	2.5	2.5	2.6	2.6	2.6	2.6	2.6	25.2
Other Revenues	2.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	13.1
Interest Income	7.3	5.5	4.9	4.8	4.7	4.6	4.5	4.4	4.3	3.4	48.4
Property Taxes	2.4	2.4	2.4	2.4	2.5	2.5	2.6	2.6	2.6	2.6	25.0
Land Levy Taxes	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	7.0
Capital Funded by Others	36.2	27.5	6.9	9.3	15.3	29.6	17.1	4.4	5.0	3.2	154.6
Reserve Use	<u>33.3</u>	<u>11.0</u>	<u>2.5</u>	<u>3.5</u>	<u>11.5</u>	<u>(3.0)</u>	<u>(4.0)</u>	<u>(2.9)</u>	<u>(2.6)</u>	<u>7.0</u>	<u>56.2</u>
Total	189.5	167.7	155.3	169.3	188.4	193.8	185.7	180.3	187.5	202.9	1,820.6
Uses of Funds	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Operating & Maintenance	71.7	77.4	87.3	94.6	96.1	100.8	105.7	110.7	115.8	123.9	984.1
Capital Funded by Others	36.2	27.5	6.9	9.3	15.3	29.6	17.1	4.4	5.0	3.2	154.6
District Funded Capital	32.2	15.3	14.1	17.5	29.1	15.2	14.7	17.0	18.6	31.0	204.7
Debt Service Short-Term *	5.6	3.7	3.3	4.1	4.1	4.1	4.1	4.2	4.7	4.7	42.6
Debt Service Long-Term	<u>43.8</u>	<u>43.8</u>	<u>43.8</u>	<u>43.8</u>	<u>43.8</u>	<u>44.1</u>	<u>44.0</u>	<u>44.0</u>	<u>43.4</u>	<u>40.1</u>	<u>434.6</u>
Total	189.5	167.7	155.3	169.3	188.4	193.8	185.7	180.3	187.5	202.9	1,820.6

* Short-term Debt service for Alternative Intake Project, Los Vaqueros Expansion, Short-cut Pipeline and UW Pipeline Improvements Program

Key Planning Assumptions

The CIP and Ten-Year Financial Plan serves as the District's primary planning document for funding capital projects, operating costs and debt service and, together with the adopted budget, provides the basis for the ten-year rate projections.

The following key planning assumptions were used in the preparation of the Ten-Year Financial Plan for the 2011 CIP

Cost and Revenue Assumptions

- District funding of the 160 thousand acre-foot phase of the Los Vaqueros Reservoir Expansion Project (LVE).
- LVE and Alternative Intake project (AIP) are funded with short-term financing during the ten-year planning period with conversion to long-term bonds as debt capacity becomes available and refinancing opportunities arise. The short-term funding is assumed provided by commercial paper or Bond Anticipation Notes (BANs) whichever provides a lower cost of financing based on market conditions. BANs are further explained under the Debt/Bond Financing section on page VI-4.
- Continuation of the drought results in reduced consumption with a gradual return to three-year average consumption by 2014.
- Increased investment in conservation programs to progress towards achieving the 20% reduction by 2020 water consumption per capita goal.
- Consistent with the prior CIP, the continuation of the economic downturn reduces the number of new FRC connections in 2011 from 2,000 to 885 untreated water and from 290 to 175 treated water connections, significantly reducing FRC revenues. Connections and FRC revenues gradually recover to the five-year average by 2013.
- A \$10.5 million increase in the cost of water resulting from of the Delta Vision and Bay Delta Conservation Plan processes. Costs are revenue funded.
- The operating budget is based on the adopted FY10 budget with assumed 4% inflationary adjustments for the ten-year planning period. The cost of water continues to be escalated at 7% per year consistent with previous CIPs and Financial Plans.
- Because of the uncertainty surrounding the extent and timing of State and Federal funding, this CIP does not include funding identified in SBXX1 and Proposition 84 for the AIP. When these funds become available, debt associated with AIP will be reduced by the amount received.

Consumption

Consumption estimates are updated annually by the Planning Department for each customer class. Consumption estimates have generally represented the average actual usage for the prior three years with 2011 as the base-year in the rate analysis.

California is in the midst of both a severe drought and an economic downturn. California continues to face a significant water crisis. On June 5, 2008, the Governor declared a statewide drought, which is still in effect. California water agencies are particularly impacted because a declining housing market has also resulted in lower than planned growth in water sales and fewer new connection fees. The previous CIP projected a reduction in water consumption in 2010 of 25% from the prior CIP three year average. Results for 2010 are projected to be about 15% lower than the three year average because the District implemented a 15% Drought Management Program.

The 2011 consumption estimate has incorporated impacts of an extended drought condition as well as the declining housing market. The previous CIP assumed growth based on historical consumption trends with a balanced rebound from the drought to a return to the three-year consumption average by 2014. The current CIP continues to project a return to the three-year consumption average by 2014; however, the rebound from the drought has been adjusted to reflect results in 2009, projected results in 2010 and lower consumption in 2011 compared to the prior CIP.

The consumption estimates also reflect recent legislation requiring a continued focus on conservation with a goal to reduce consumption 20% by the year 2020. The current CIP reflects increased investment in conservation and progress towards achieving the 20% by 2020 goal.

Total annual consumption levels assumed in the 2011 CIP compared to the prior year 2010 CIP are shown below in Table VI-2.

**Table VI-2 – Assumed Annual Consumption (1)
(000's Acre-feet)**

<u>CIP</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
2011	NA (2)	90.5	96.2	105.5	110.5	111.2	111.9	112.6	113.3	113.9	114.6
2010	87.7	92.0	96.6	105.6	110.5	111.2	111.9	112.6	113.3	113.9	NA
Difference		-1.5	-0.4	-0.1	-	-	-	-	-	-	

(1) Does not include City of Brentwood consumption, estimated at 8,325 acre feet in 2010

(2) Current estimate for 2010 is 87,744 acre feet

Inflation

Inflation is projected at 4% per year for operating and maintenance expenditures and capital improvement projects consistent with the long-term historical average. Central Valley Project (CVP) water costs are estimated to increase by approximately 7.0% annually beginning in 2011 given historical increases and continued cost volatility.

Debt/Bond Financing

Short-Term Financing – The District has used commercial paper to provide short-term financing for capital projects since 1997, which has historically provided the lowest overall financing costs compared to other forms of short-term debt. A key component of the commercial paper program is the underlying line of credit agreement. The line of credit provides a guarantee of liquidity and is required to make the commercial paper marketable to investors. Due to the ongoing credit crisis coupled with the cost of the District’s line of credit rising from 0.16% to 0.95% annually, the overall costs of the commercial paper program have significantly increased over what had been assumed in the prior Financial Plan.

In response, the District has evaluated other forms of short-term financing and has determined that Bond Anticipation Notes (BANs) should be added as an alternative short-term financing tool. BANs are promissory notes issued by the District with maturities ranging from one to five years. BANs carry higher interest rates than commercial paper because they rely solely on the issuer’s underlying credit rating and are not guaranteed by a line of credit. Because of the District’s strong credit ratings, BANs can be issued at interest rates only slightly higher (0.10%) than commercial paper with similar maturities. Even though the interest rate is slightly higher, the District avoids the 0.95% line of credit fee, which currently results in an overall lower cost of financing. Also, BANs unlike commercial paper don’t require remarketing upon maturity, which generates an additional 0.10% of annual savings. Under current market conditions, the use of BANs would reduce the interest rate on short-term debt by up to 1% compared to commercial paper.

The District anticipates issuing BANs toward the end of FY10 to meet its short-term financing needs. The existing commercial paper will be refinanced with BANs and the line of credit agreement will be terminated. Projects anticipated to be financed with BANs include the Alternative Intake Project (AIP), the Los Vaqueros Reservoir Expansion project, and the Short-Cut Pipeline Refurbishment project.

Long-Term Financing – The District has traditionally used revenue bonds to provide long-term financing for capital projects such as the Los Vaqueros Reservoir and the Multipurpose Pipeline. The prior year 2010 CIP explored the use of Capital Appreciation Bonds (CABs) to debt fund the AIP as an option to deal with the financial impacts of the economic downturn and drought to keep rate increases at or below the rate of inflation.

In developing the 2011 CIP and Financial Plan, the District has reevaluated the cost of financing for the AIP, and for the first time incorporated the cost of financing for a 100% District-funded phase of the Los Vaqueros Expansion Project (LVE). The District has determined that the lowest overall cost of financing for these projects is achieved by the combined use of short-term debt in the form of commercial paper or BANs, and revenue bonds for long-term financing. The use of short-term financing keeps financing costs low during the ten-year planning period, and allows the District to meet the Board’s rate policy requirement to keep rates at or below inflation. The use of short-term debt also provides flexibility to retire the debt should outside funding become available, such as the receipt of the \$30 million from the State for the AIP. As debt capacity becomes available beginning in 2021, and refinancing opportunities arise, the short-term debt will be refinanced with long-term revenue bonds. The use of revenue bonds as opposed to CABs results in lower long-term financing costs because the revenue bonds do not defer principle and interest to a future date and thereby carry a lower interest rate.

Debt Ratings

The District's long-term debt rating is Aa3 from Moody's and AA+ from Standard and Poor's (S&P). The District received a ratings upgrade from S&P in FY08 from AA to AA+ due to its continued strong financial performance. The District's commercial paper ratings were reaffirmed during FY08 at the highest quality levels of P-1 from Moody's and A-1 from S&P. The 2011 CIP and Financial Plan assumes that the current ratings will be maintained.

Debt Service Coverage

The District's bond covenants as well as Board policy require the District to maintain a debt service coverage ratio of 1.25 on water revenue bonds and other parity debt. The 2011 CIP and Financial Plan meets this requirement and provides for an average coverage ratio of 1.50 over the ten-year planning period. The rate projections included in Financial Plan are driven by planned expenditures adjusted for inflation, and not by the debt service coverage requirement. The District does not need to raise rates to meet coverage requirements.

Reserve Funds

The District's reserve funds include a combination of unrestricted, legally restricted and Board restricted reserves. Those reserves that are restricted by contractual or legal requirements are considered to be legally restricted; those that are Board restricted required some previous action by the Board to limit their usage to specific purposes.

The District has a Board policy setting the minimum reserve balance at the total of six months' debt service and operating expense. The six months' operating expense requirement will be met by a combination of unrestricted reserves and the Board restricted Rate Stabilization Fund. The six months of debt service requirement will be met by the legally restricted Bond Reserve Funds. A breakdown of the District's reserves as of December 31, 2009, including those reserves used to smooth rate increases, is provided on Table VI-3. Earnings from interest are assigned to the reserve balances that earn the interest, both restricted and unrestricted, and are used for the purposes of those reserves.

Table VI-3

Reserve Balances December 31, 2009				
(\$ in thousands)	Untreated	Treated	Other	TOTAL
Legally Restricted Funds				
Los Vaqueros Bond Reserves			38,135	38,135
Randall-Bold Bond Reserves			3,788	3,788
State Revolving Loan Reserves			1,008	1,008
Commercial Paper	15,030		-	15,030
Rate Stabilization Fund (1)	38,640	18,240		56,880
MPP/FWSS Reserve (2)	25,577			25,577
Canal Replacement			1,713	1,713
Wetlands Mitigation Endowment	1,167			1,167
USBR Reserve - CVP Operations Agreement	1,169			1,169
Subtotal	81,584	18,240	44,644	144,468
Board Restricted Reserves				
Capital Improvement Fund (1)	21,306	24,733		46,040
Sacramento/EBMUD Mitigation Reserve	5,708			5,708
Vehicle Replacement Fund			2,298	2,298
Self Insurance Reserve		1,321		1,321
Workers' Compensation Deductible Reserve			899	899
Clean Water Act Funds (1)		468		468
Drought Relief Fund			4,599	4,599
Las Vaqueros Commitment Reserve	3,483			3,483
Subtotal	30,497	26,522	7,796	64,815
Unrestricted Funds				
Unrestricted Reserves (1)	7,682	29,476	-	37,156
Subtotal	7,682	29,476	-	37,156
TOTAL	119,763	74,238	52,439	246,439

(1) Reserve Funds drawn down to Smooth Rate Increases

(2) Applied to growth's share of MPP-SRIP debt service

Projected Revenues

The District generates revenue from several sources, including water sales, Facility Reserve Charges, interest earnings, property taxes, state and federal funding, grants and miscellaneous other sources. The primary sources of revenue are described below.

Water Sales

Water sales, on average, generate approximately 70% of the District's total revenue. For the 2011 CIP and Financial Plan, it is assumed that treated water sales, including wholesale treated water and the untreated water component of the treated water rate, will provide approximately 62% of the total water sales revenue during the ten-year planning period, with the remaining 38% generated by the sale of untreated water to untreated water only customers.

Projected Revenue Increases

Table VI-4 compares the projected untreated water revenue increases necessary to fund untreated water only customers' share of all priority level 1 and 2 projects in the 2011 CIP, as well as projected operating costs and debt service. These revenue increase projections are consistent with the prior 2010 CIP. As with the prior CIP, no annual increase exceeds the assumed rate of annual inflation in the ten-year planning period, which is assumed to be 4%. An increase of 3.75% is projected for the newly added year of 2020.

Table VI-5 compares the projected treated water revenue increases necessary to fund all priority level 1 and 2 projects in the 2011 CIP, as well as treated water operating costs, debt service and treated water's share of untreated water costs. The revenue increase projections are consistent with the 2010 CIP. These projected increases provide funding for new or increased treated water projects as well as treated water customers' share of the source water quality improvement projects. An increase of 3.5% is projected for the newly added year of 2020.

Table VI-4 Projected Untreated Water Revenue Increases - Priority Level 1 and 2 Projects
Comparison of 2011 and 2010 CIPs

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2011 CIP	3.5%	3.5%	3.5%	3.5%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
2010 CIP	3.5%	3.5%	3.5%	3.5%	3.75%	3.75%	3.75%	3.75%	3.75%	NA

Table VI-5 Projected Treated Water Revenue Increases - Priority Level 1 and 2 Projects
Comparison of 2011 and 2010 CIPs

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2011 CIP	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
2010 CIP	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	N/A

Facility Reserve Charges

The Facility Reserve Charge (FRC) is a one-time charge for system capacity paid prior to a customer connecting to the District's water system. All new connections pay the untreated water FRC, and new connections in the Treated Water Service Area (TWSA) also pay the treated water FRC. Both the untreated and treated water FRCs include a "reimbursement" component and a "future facilities" component. The reimbursement component is based on the value and remaining capacity of existing facilities. This component reimburses existing customers for the portion of the costs of "oversizing" facilities to accommodate future growth. The future facilities component recognizes the cost of future water supply and facilities that are necessary to serve new connections. As FRC revenue is received the reimbursement component is used to fund costs in the year received and the future facilities component is apportioned to the appropriate reserve accounts for application to future and existing capital projects, consistent with the FRC methodology.

The estimated FRC reserve balances at the end of each fiscal year, summarized by major component, are identified in Table VI-6. The reimbursement component of the FRCs accumulates in the unrestricted reserve accounts. It is assumed that the reimbursement component of the untreated and treated water facility reserve charges will be expended in the year received, so no balances are included on the chart below. The negative balances identified in Table VI-7 represent those years where expenditures exceed accumulated revenues. FRC revenues will continue to accrue over a longer period than the ten-year CIP planning period. The balances in the Untreated Water Future Supply Component continue to grow in anticipation of a large water right purchase projected in 2015. The balances in the Untreated Water Future Capacity component reflect the difference between collected amounts and debt service for growth's share of the Multi-Purpose Pipeline Project. Current projections show sufficient fund balances to pay for growth's share of Multi-Purpose Pipeline debt service through 2020.

Table VI-6 Projected FRC Reserve Balances (cumulative)

(\$ in millions)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Untreated Water										
- Future Supply Component (1)	6.6	8.1	10.2	12.2	3.3	5.3	7.3	9.3	11.3	13.3
- Future Capacity Component (2)	17.7	16.3	15.8	15.1	14.6	14.2	13.7	13.3	12.8	12.3
Treated Water										
- Future Facilities Component	(4.9)	(3.6)	(2.0)	(0.3)	1.5	3.3	5.2	6.9	8.0	4.3

(1) Funds used for Long-term Future Water Purchases

(2) Funds used for qualified amount of Multi-Purpose Pipeline Project debt

The Future Facilities Component of the Treated Water FRC reflects how continued collections over time reduce the negative balance resulting from prior years' expenditures for growth exceeding FRC collections. Current projects identified to serve "future" facility needs, or a percentage of current projects applicable to "future" needs, should be fully FRC funded by 2015. Until that time, the FRC balances will be negative.

Table VI-7 shows the last five years of new connections as compared with the assumption used in the 2010 CIP. The number of new connections assumed in this ten-year period reflects the same housing downturn driven by the slumping economy. The five-year average has dropped and the 2011 CIP assumes the number of new connections will remain lower than the current five-year average until 2013. A return to more normal growth, using the 5 year average from the 2010 CIP is assumed from 2013 through the remainder of the ten-year CIP period.

Table VI-7 New Connections

Annual New Connections	Five Year Historical Results					5 Year Average	Annual Projection 2010 CIP
	2005	2006	2007	2008	2009		
Untreated Water	1,502	2,236	1,547	1,076	470	1,366	520
Treated Water	270	236	376	139	82	221	140
2011 CIP Projections	2011	2012	2013-2020				
Untreated Water	885	1,250	1,620				
Treated Water	175	210	250				

Revenue Projections

Table VI-8 below shows projected revenues for the period 2011 through 2020. These projections are based on the required funding of all priority level 1 and 2 projects; funding for discretionary projects (priority level 3) is not included. Rate revenues are adjusted for projected growth and estimated revenue increases. FRC revenues are computed by multiplying the FRC rate by the projected growth in connections. It has been assumed that the FRC components subject to inflation will be increased by the Engineering News Record (ENR) index on an annual basis consistent with Board direction. Other revenues and property taxes are adjusted for inflation. Land Levy taxes are assumed to continue through the ten-year period to fund the District's obligation to the Bureau of Reclamation under its CVP water supply contract to refurbish the Short-Cut Pipeline. Interest income is computed on fund balances (including debt reserve funds whose interest is used to pay related debt service) at 5% annually, consistent with the long-term historical average. Interest income declines in the later years as reserve balances are drawn down.

This CIP breaks out the estimated revenue from Brentwood related to the long-term treated water service agreements. The revenues from Brentwood include all estimated costs related to treated water delivered from the Randall-Bold treatment plant and treated water delivered from the new CCWD/Brentwood treatment plant. This CIP assumes Brentwood will use approximately 6,600 acre feet in 2011 treated in the new treatment plant and an additional 1,770 acre feet from the Randall-Bold treatment plant. Revenues from Brentwood over the ten-year planning period total \$49.8 million, slightly higher than in the previous CIP. Finally, Diablo Water District (DWD) revenue includes DWD's contractual share of debt service, and DWD's share of projected inflated operating expenses for the Randall-Bold water treatment plant.

Table VI-8 shows the revenue projected in this CIP, and Table VI-9 shows the revenue projected in the 2010 CIP. Changes in rate revenues and FRC revenues reflect the dropping of 2010 and the addition of 2020 to the ten-year planning period. The recovery in water sales revenue is projected to take place by 2014 and FRC new connections are projected to be back to the previous three year average by 2013. Other revenues are lower in the 2011 CIP driven by a one time payment assumed in 2010 associated with the new long-term treated water agreement with

Golden State Water Company (GSWC). GSWC is paying interest on the amount owed until the Public Utilities Commission (PUC) approves the agreement with the District. Other GSWC revenue projections are consistent with the prior CIP. Interest income is slightly lower over the ten year planning period as reserves are used to pay debt service associated with the BANs on both the AIP and LVE. The Land Levy taxes are assumed to be renewed and collected throughout the ten-year planning period to be used to cover annual payment obligations for the refurbishment of the Short-Cut Pipeline under the District’s CVP water service contract.

Funding received from others is lower over the two ten-year periods by \$35.9 million primarily due to the District fully funding the Los Vaqueros Reservoir Expansion Project. The 2010 CIP assumed that approximately 70% of the project would be funded by others, and the remaining 30% would be District funded. This decrease in funding by others is partially offset by increases in the first two years of the CIP. Projected funding from the Bureau of Reclamation for the Rock Slough Fish Screen, Federal funding for the Canal Replacement Project Phase 2 and applicant funding for the Clayton Regency Pipeline drive 2011 higher by \$31.6 million and 2012 by \$21.2 million.

Table VI-8 2011 CIP Projected Revenues
(in millions of dollars)

Source	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Rate Revenues	90.1	99.1	113.3	123.3	128.3	132.9	138.5	143.6	149.6	157.7	1,276.3
Rate Increases	3.2	3.5	4.0	4.3	4.1	4.8	4.3	5.2	5.4	5.7	44.3
Facility Reserve Charges	7.4	9.9	12.5	12.6	12.7	12.9	13.0	13.1	13.3	13.4	120.7
Capital Funded by Others	36.2	27.5	6.9	9.3	15.3	29.6	17.1	4.4	5.0	3.4	154.8
City of Brentwood	4.3	4.5	4.6	4.8	4.9	5.1	5.2	5.4	5.5	5.5	49.8
DWD Revenue	2.4	2.4	2.4	2.5	2.5	2.6	2.6	2.6	2.6	2.6	25.2
Other Revenues	2.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	13.1
Interest Income	7.3	5.5	4.9	4.8	4.7	4.6	4.5	4.4	4.3	3.4	48.4
Property Taxes	2.4	2.4	2.4	2.4	2.5	2.5	2.6	2.6	2.6	2.6	25.0
Land Levy Taxes	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	7.0
Total	156.2	156.7	152.8	165.9	176.9	196.8	189.7	183.2	190.2	196.2	1,764.6

Table VI-9 2010 CIP Projected Revenues
(in millions of dollars)

Source	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Rate Revenues	83.8	91.2	99.5	113.4	122.6	126.9	131.4	136.2	141.2	146.9	1,193.1
Rate Increases	2.7	3.1	3.3	3.2	3.5	3.7	4.1	4.1	4.9	4.9	37.5
Facility Reserve Charges	5.0	7.5	10.0	12.6	12.7	12.8	13.0	13.1	13.2	13.4	113.2
Capital Funded by Others	12.0	4.2	2.9	9.6	15.5	37.6	55.8	37.9	11.2	3.8	190.5
City of Brentwood	4.2	4.3	4.5	4.6	4.8	4.9	5.1	5.2	5.4	5.5	48.5
DWD Revenue	2.4	2.4	2.4	2.4	2.5	2.5	2.6	2.6	2.6	2.6	25.0
Other	2.9	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	13.7
Interest Income	5.8	6.2	5.2	5.0	4.9	5.1	5.2	5.3	5.3	4.5	52.4
Property Taxes	2.3	2.4	2.4	2.4	2.4	2.5	2.5	2.6	2.6	2.6	24.7
Land Levy Taxes	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	7.0
Total	121.8	123.1	132.1	155.1	170.9	197.9	221.6	208.9	188.3	186.1	1,705.6

Projected Expenditures

The Financial Plan considers estimated expenditures for District-wide operations and maintenance activities as well as completion of the priority level 1 and 2 capital projects included in the CIP. Estimates are presented both in current and inflated dollars at 4% for the ten-year planning period.

Operations and Maintenance Expenditures

Estimated operating and maintenance (O&M) costs are lower in 2011 than the previous CIP due primarily to the anticipated drawdown of the Los Vaqueros Reservoir for the expansion project and the associated water and power cost reductions. O&M expenses have been increased in 2013 and 2014 to reflect the additional expense to refill the reservoir after the expansion project is completed. This CIP also anticipates an increase in water costs of \$1.5 million per year beginning in 2014 as a result of the implementation of a water surcharge by the state to fund activities such as the Delta Vision and Bay Delta Conservation Plan implementation. Other costs, such as general and administrative costs are consistent with the 2010 CIP. The O&M impacts of planned improvements are detailed in Section V. Operating Impacts of the CIP are shown in Table V-1 (current dollars) and Table V-2 (inflated dollars). These O&M impacts are also included in the projections below, and include maintenance costs for the AIP, which is assumed to be operational by 2011.

Table VI-10 summarizes projected total District O&M expenses in current dollars compared to the estimates in the 2010 CIP, Table VI-11 summarizes O&M expenses in inflated dollars at 4% annually for the ten-year planning period.

Table VI-10 Total District Operating & Maintenance Expenses
(in millions of dollars, current dollars)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2011 CIP	71.7	74.3	80.3	83.3	80.8	80.7	80.4	79.7	78.7	79.3
2010 CIP	72.1	74.5	77.7	79.7	80.1	80.4	80.6	80.5	80.6	

Table VI-11 Total District Operating & Maintenance Expenses
(in millions of dollars, inflated dollars)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
2011 CIP	71.7	77.4	87.3	94.6	96.1	100.8	105.7	110.7	115.8	123.9
2010 CIP	74.3	79.3	85.4	91.6	96.6	101.7	107.5	113.4	114.4	

Capital Projects

The Financial Plan assumes that all priority level 1 & 2 projects are funded for a ten-year total of approximately \$442.4 million in current dollars and \$521.6 million in inflated dollars. Priority level 3 projects are assumed to be unfunded. Only the capital costs of priority level 1 and 2 projects have been included for the purpose of developing projected adjustments.

Capital Funding Sources

The District's primary revenue source is the sale of untreated and treated water. Rate revenues, along with other District revenues and reserves, cover the costs of O&M expenses, debt service and equity funded (pay-as-you-go) capital expenditures. The 2011 CIP and Financial Plan

assumes the use of short-term financing for construction of the AIP, LVE and Short-Cut Pipeline Refurbishment projects over the ten-year planning period. The short-term financing for the AIP and LVE projects will be retired with long-term revenue bonds beginning in 2021, or with other outside sources of revenue should they become available. The short-term financing for the Short-Cut Pipeline Refurbishment project will be retired using Land Levy Tax revenues.

Another significant revenue source comes from funding by others as shown in Table VI-14a. Projects funded by other agencies or applicants total \$154.6 million lower than in the prior CIP by \$35.9 million. The majority of the change in funded by others is the change to District funding for the LVE which included approximately \$86.8 million in the prior CIP as funded by others (Delta Project agencies). This decrease is partially offset by the new funding for the Rock Slough Fish Screen as the District was successful in obtaining outside funding from the American Recovery and Reinvestment Act through the Bureau of Reclamation and additional Federal funding for the Canal Replacement Project Phase 2. Total revenue funded projects in this CIP increased by \$26 million (inflated dollars) compared to last year's CIP primarily due to addition of new projects for water quality and supply reliability .

The Board restricted Rate Stabilization Fund, Capital Improvement Fund and Unrestricted Reserves will also be used during this ten-year period to partially fund the proposed priority level 1 and 2 capital expenditures as well as debt service for previously completed debt-funded capital projects. The Rate Stabilization fund balance was established in accordance with the Master Bond Resolution adopted by the Board in October 1987. The purpose of the fund is to assist in smoothing rates to pay Los Vaqueros Project debt service and to assure that minimum debt service coverage ratios required by the District's bond covenants are met. Funds deposited into this reserve were treated as operating costs in the year of deposit and will be treated as revenue in years of use for the purpose of computing the District's debt service coverage ratio. Initial use of this reserve is projected to occur in 2011 with the entire reserve used by the end of the ten-year planning period, consistent with the District's reserve policy.

Other reserve balances are used to smooth the District's cash flow needs from year to year. This allows an orderly progression of single-digit rate increases at less than the rate of assumed inflation. However, as minimum reserve balances and debt coverage levels are approached, it will be necessary to plan for water rates that, when combined with other revenue sources, will fully cover annual costs. Reserve balance projections are provided on page VI-17.

This financial plan reflects a conservative view of required revenues, and it assumes all of the capital expenditures in the FY10 budget occur on schedule. This assumption sets the beginning reserve balances consistent with the recently completed rate review, and adds a year (FY20) of additional capital expenditures and other costs to this analysis.

Capital Project Impacts on Revenue Requirements

Priority Level 1 and 2 Projects (District Funded)

The following two tables show how the priority level 1 and 2 Projects impact District funded capital expenditures by program. District funded projects are funded by water rates, FRC revenues, and reserves. Tables VI-12 and VI-13 include all projects designated as priority level 1 and 2 that are not debt, developer or grant funded, such as funds received by outside agencies. Tables VI-12a and VI-12b show program estimates in current dollars for the 2011 CIP and 2010 CIP, respectively, while Tables VI-13a and VI-13b display the estimates for both CIPs in inflated dollars. During the common years of the 2010 and 2011 CIPs (2011 through 2019), the District funded portion is \$18.7 million higher in the 2011 CIP in current dollars. This is the result of the 4.1% Engineering News Record Index (ENR) adjustment and cash flow adjustments that increase the common year expenditures. The change during the common years of the 2010 and 2011 CIPs in inflated dollars total approximately \$14.2 million, representing the approximate increase in the common year's cash flows plus the applicable inflation.

**Table VI-12a District Funded Capital Expenditures by Program - Current dollars
- Priority Level 1 and 2 Projects
2011 CIP (in millions of dollars)**

Program	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	TOTAL
Administrative Support Facilities	0.8	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4	0.4	5.1
Delta Projects	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment & Capital Purchases	3.0	1.8	1.1	2.1	1.2	1.9	1.3	1.5	1.2	1.2	16.3
Expansion of Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Future Water Supplies excl. Future Water Purchase	0.1	0.1	0.2	0.4	9.0	0.2	0.2	0.2	0.3	0.2	10.7
Los Vaqueros	1.0	0.5	0.7	0.5	0.5	0.5	0.4	1.2	1.3	0.4	6.9
Untreated Water Supply & Transport	10.2	2.4	1.9	2.4	5.9	1.8	2.1	1.9	1.9	1.9	32.6
Treated Water Distribution & Storage	6.2	5.9	4.8	5.4	4.3	5.4	4.4	5.9	5.9	14.9	63.0
Water Demand Reduction	5.5	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	12.2
Water Treatment Facilities	4.1	1.8	2.4	2.8	1.6	1.0	1.6	0.6	1.2	1.0	18.1
Total	31.0	14.0	12.4	14.9	23.7	11.9	11.1	12.3	12.9	20.7	165.0

Note: Does not include projects funded by applicants, debt or other agencies

**Table VI-12b District Funded Capital Expenditures by Program - Current dollars
- Priority Level 1 and 2 Projects
2010 CIP (in millions of dollars)**

Program	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	TOTAL
Administrative Support Facilities	0.4	0.7	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	4.3
Delta Projects	0.0	0.5	0.5	2.2	0.0	0.0	0.0	0.0	0.0	0.0	3.2
Equipment & Capital Purchases	2.4	2.6	1.3	1.2	2.2	1.2	1.8	1.2	0.9	1.6	16.3
Expansion of Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Future Water Supplies excl. Future Water Purchase	0.1	0.1	0.1	0.2	0.3	8.5	0.2	0.2	0.2	0.4	10.1
Los Vaqueros	0.6	1.1	0.6	0.7	0.5	0.5	0.4	0.4	1.2	1.3	7.4
Untreated Water Supply & Transport	2.9	2.6	1.8	1.9	2.3	5.1	1.9	1.9	1.9	1.9	24.1
Treated Water Distribution & Storage	7.1	5.4	6.2	3.8	4.8	3.8	4.8	4.1	4.9	5.3	50.2
Water Demand Reduction	4.0	2.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	12.3
Water Treatment Facilities	1.7	3.1	1.4	1.9	1.2	1.9	1.0	1.5	1.2	1.9	16.7
Total	19.2	18.8	13.0	12.9	12.4	22.1	11.2	10.3	11.3	13.4	144.7

Note: Does not include projects funded by applicants, debt or other agencies

**Table VI-13a District Funded Capital Expenditures by Program - Inflated dollars
- Priority Level 1 and 2 Projects
2011 CIP (in millions of dollars)**

Program	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	TOTAL
Administrative Support Facilities	0.9	0.8	0.7	0.5	0.5	0.5	0.6	0.6	0.6	0.6	6.3
Delta Projects	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment & Capital Purchases	3.2	1.9	1.2	2.5	1.5	2.4	1.7	2.1	1.7	1.9	20.1
Expansion of Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Future Water Supplies excl. Future Water Purchase	0.1	0.1	0.2	0.5	11.1	0.2	0.2	0.2	0.5	0.2	13.3
Los Vaqueros	1.1	0.6	0.8	0.5	0.6	0.5	0.5	1.6	1.8	0.6	8.6
Untreated Water Supply & Transport	10.4	2.7	2.2	2.9	7.3	2.4	2.9	2.6	2.7	2.8	38.7
Treated Water Distribution & Storage	6.5	6.5	5.5	6.4	5.3	6.9	5.8	8.1	8.4	22.2	81.5
Water Demand Reduction	5.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.1	1.1	14.4
Water Treatment Facilities	4.3	2.0	2.7	3.3	1.9	1.3	2.1	0.8	1.7	1.5	21.7
Total	32.2	15.3	14.1	17.5	29.1	15.2	14.7	17.0	18.6	31.0	204.7

Note: Does not include projects funded by applicants, debt or other agencies

**Table VI-13b District Funded Capital Expenditures by Program - Inflated dollars
- Priority Level 1 and 2 Projects
2010 CIP (in millions of dollars)**

Program	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	TOTAL
Administrative Support Facilities	0.4	0.8	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	5.4
Delta Projects	0.0	0.5	0.6	2.6	0.0	0.0	0.0	0.0	0.0	0.0	3.7
Equipment & Capital Purchases	2.4	2.8	1.5	1.4	2.7	1.5	2.4	1.7	1.3	2.4	20.0
Expansion of Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Future Water Supplies excl. Future Water Purchase	0.1	0.1	0.1	0.2	0.4	10.8	0.2	0.2	0.2	0.6	13.0
Los Vaqueros	0.6	1.2	0.7	0.8	0.6	0.7	0.6	0.6	1.7	1.9	9.5
Untreated Water Supply & Transport	2.9	2.8	2.1	2.2	2.9	6.5	2.6	2.6	2.7	2.8	30.0
Treated Water Distribution & Storage	7.1	5.9	7.0	4.5	5.9	4.9	6.3	5.7	7.1	7.9	62.3
Water Demand Reduction	4.0	3.0	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.0	14.3
Water Treatment Facilities	1.7	3.4	1.6	2.2	1.5	2.4	1.3	2.0	1.7	2.8	20.6
Total	19.2	20.5	14.7	15.2	15.3	28.2	14.9	14.3	16.3	20.1	178.7

Note: Does not include projects funded by applicants, debt or other agencies

Revenue and Debt Funded, Priority Level 1 and 2 Projects

Comparison of the 2010 CIP (Table VI-14a) and 2010 CIP (Table VI-14b) identifying the projected capital expenditures by their untreated and treated water funding sources shows the overall impacts of the adjustments discussed in this document. Specifically, the changes are as follows:

Untreated Water Revenue Funded Projects - The untreated water revenue funded projects in the 2011 CIP is higher than the prior CIP, with a increase of only \$8.3 million (inflated) dollars in the first nine years, the years in common with the prior CIP and increased \$5.7 million (inflated) dollars for the additional year in this analysis, 2020. The increase of \$8.3 million over the first nine years of the ten-year planning period is primarily the result of the addition of \$7.7 million of District funds used for the Canal Replacement Project Phase 2. This represents the District's approximate 25% contribution towards this project, with the remaining 75% of the project Federally funded.

Untreated Water Debt Funded Projects - A major component of the Untreated Water Debt Funded Projects is the AIP and LVE Projects. Debt funding for the AIP is \$85 million, and for LVE is \$120 million, for a total of \$205 million of debt outstanding for the two projects. It is

assumed that these projects will be funded with short-term financing through 2020 and then long-term bonds beginning in 2021. See Debt/Bond Funding on page VI-4 for further details.

Untreated water debt service decreased by approximately \$13.4 million compared to the prior CIP. This decrease is the result of the revised funding plan for the LVE project. The prior CIP assumed that the District funded a portion of LVE with Commercial Paper in an amount of \$34.9 million, which was assumed to be retired in full in 2019. This decrease is partially offset by the addition of short-term financing assumed in the current CIP for the \$120 million Los Vaqueros Expansion Project and the \$85 million of AIP project, for a net decrease in debt service of \$13.4 million.

Treated Water Revenue Funded Projects - The 2011 CIP shows an increase of \$5.7 million over the common years of the two CIPs and the addition of \$25.3 million in the final year of this 2011 CIP. The increase in the common years is driven by the addition of new projects for water quality and supply reliability. The addition of \$25.3 million in 2020 is the result of continuing treated water programs and the beginning of construction on the Port Chicago Highway Pipeline Project.

Untreated and Treated Projects Funded by Others - The 2011 CIP shows a decrease of \$35.9 million (inflated) in Delta Projects primarily in the shift from substantial outside funding for the LVE project to full District funding. This decrease is partially offset by increases of approximately \$23.8 million for the Rock Slough Fish Screen, \$23.0 million for the Canal Replacement Phase 2 and \$6.0 million for the Clayton Regency Pipeline projects as funded by outside parties.

**Table VI-14a Projected Capital and Debt Service Expenditures
- Priority Level 1 and 2 Projects
(in millions of dollars, inflated dollars)**

2011 CIP	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Untreated Water (a)										
Revenue Funded Projects	18.9	5.2	4.7	5.9	20.6	5.1	5.4	6.4	7.0	5.7
Debt Service (b)	5.6	3.7	3.3	4.1	4.1	4.1	4.1	4.2	4.7	4.1
Debt Service (c)	38.6	38.7	38.7	38.7	38.7	38.9	38.9	38.9	38.4	35.5
Total Untreated Water	63.2	47.6	46.7	48.7	63.4	48.2	48.4	49.5	50.0	45.4
Treated Water (a)										
Revenue Funded Projects	13.3	10.1	9.4	11.6	8.5	10.1	9.3	10.6	11.6	25.3
Debt Service (b)										
Debt Service (c)	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Total Treated Water	18.4	15.2	14.5	16.7	13.6	15.2	14.4	15.7	16.7	30.4
Funded by Others										
Delta Projects	2.1	3.3	2.7							
Funded by Other Agencies (d)	28.4	19.9	2.2	7.3	13.2	27.4	14.9	2.1	2.6	0.9
Funded by Applicants	5.7	4.3	1.9	2.0	2.1	2.2	2.2	2.3	2.4	2.5
Total Funded by Others	36.2	27.5	6.9	9.3	15.3	29.6	17.1	4.4	5.0	3.4
Total District	117.7	90.4	68.0	74.7	92.3	92.9	80.0	69.7	71.8	79.2

- (a) Approximately 38% of Untreated Water Expenditures are paid by Treated Water Rates (as the Treated Water Service Area is also an Untreated Water Customer)
- (b) Debt Service, Short-term - Seismic and Reliability Improvement and Alternative Intake Projects, Los Vaqueros Reservoir Expansion, Short-Cut Pipeline Refurbish
- (c) Existing debt service (Los Vaqueros, Randall-Bold, Canal, Bollman, and issued SRIP long term debt)
- (d) Funded by other agencies, includes estimated funds for Rock Slough Fish Screen, WRD and from R-B partners and the City of Brentwood

Table VI-14b Projected Capital and Debt Service Expenditures - Inflated dollars
- Priority Level 1 and 2 Projects
(in millions of dollars)

2010 CIP	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Untreated Water (a)											
Revenue Funded Projects	8.5	8.9	4.9	7.3	5.9	19.7	5.3	5.2	6.3	7.4	79.4
Debt Service Short-term (b)	2.8	2.9	0.1	0.1	0.3	0.4	1.2	2.3	3.0	41.1	54.2
Debt Service Long-term (c)	39.6	38.6	38.7	38.7	38.7	38.7	38.9	38.8	38.8	38.3	387.8
Total Untreated Water	50.9	50.4	43.7	46.1	44.9	58.8	45.4	46.3	48.1	86.8	521.4
Treated Water (a)											
Revenue Funded Projects	10.7	11.7	9.8	7.9	9.4	8.6	9.6	9.2	10.0	12.6	99.5
Debt Service Short-term (b)	1.2										1.2
Debt Service Long-term (c)	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	51.0
Total Treated Water	17.0	16.8	14.9	13.0	14.5	13.7	14.7	14.3	15.1	17.7	151.7
Funded by Others											
Delta Projects	9.0	2.4				7.5	38.8	33.1	7.4		98.2
Funded by Other Agencies (d)	1.1	0.5	1.3	7.7	13.5	28.0	14.8	2.5	1.4	1.3	72.1
Funded by Applicants	1.9	1.3	1.6	1.9	2.0	2.1	2.2	2.3	2.4	2.5	20.2
Total Funded by Others	12.0	4.2	2.9	9.6	15.5	37.6	55.8	37.9	11.2	3.8	190.5
Total District	79.9	71.4	61.5	68.7	74.9	110.1	115.9	98.5	74.4	108.3	863.6

(a) Approximately 38% of Untreated Water Expenditures are paid by Treated Water Rates (as the Treated Water Service Area is also an Untreated Water Customer)

(b) Debt Service, Short-term - Seismic and Reliability Improvement Projects, Alternative Intake Project, Los Vaqueros Reservoir Expansion, Short-Cut Pipeline Refurbishment Project.

(c) Existing debt service (Los Vaqueros, Randall-Bold, Canal, Bollman, and issued SRIP long term debt)

(d) Funded by CALFED agencies, includes estimated funds from others for Los Vaqueros Expansion Project

Reserve Balances – Reserves are utilized as necessary through the ten-year rate projection period to enable small and consistent revenue increases for both untreated and treated water customers. Reserve balances used to smooth rates will be drawn down to the Board established minimum level of six months of projected operating expense by the end of the ten-year rate analysis.

The reserves shown in Table VI-15 and Figures VI-1 and VI-2 primarily consist of untreated and treated water unrestricted reserves, the Capital Improvement Reserve Fund and the Rate Stabilization Reserve Fund. The minimum balance requirements reflect six months of projected operating expense consistent with Board Policy. The District also maintains six months of debt service obligation in the bond reserve funds. However, because the bond reserve funds are restricted, they are not included in the reserve balances to offset revenue increases.

Table VI-15 Treated and Untreated Water Reserve Balances by Fiscal Year

<i>(\$ in millions)</i>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Untreated Water	58.7	50.3	45.8	41.8	37.3	34.0	31.2	28.3	25.2	20.1
Minimum Required	12.1	12.9	13.9	14.8	15.5	16.3	17.1	17.9	18.8	19.9
Treated Water	40.0	32.9	33.5	34.7	36.6	38.1	40.1	41.3	42.4	41.8
Minimum Required	25.6	27.3	29.4	31.3	32.7	34.3	35.9	37.6	39.3	41.1

Note: Includes Unrestricted and Board Restricted Capital Improvement and Rate Stabilization Funds. Does not include legally restricted and other Board restricted reserves.

Figure VI-1

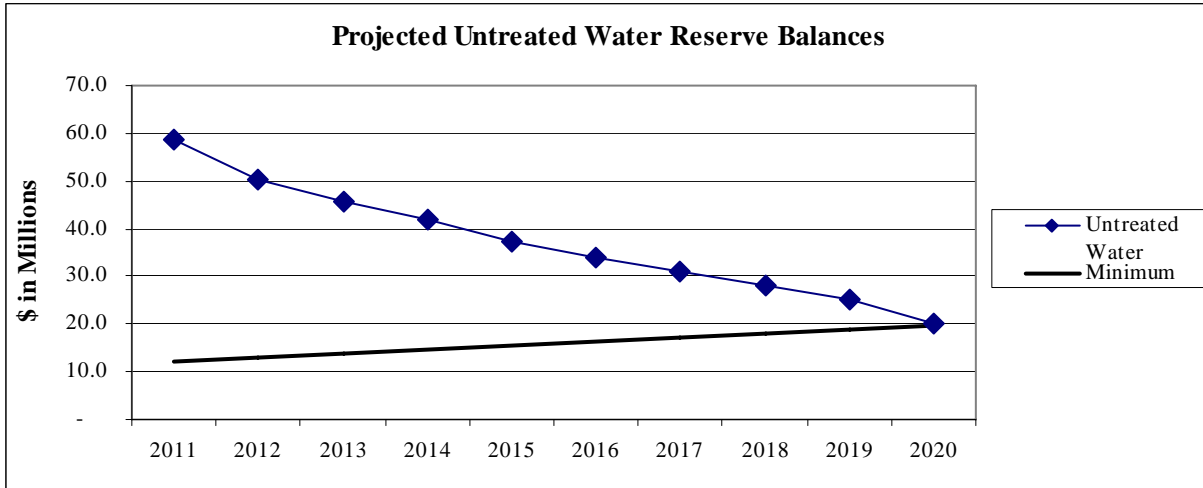
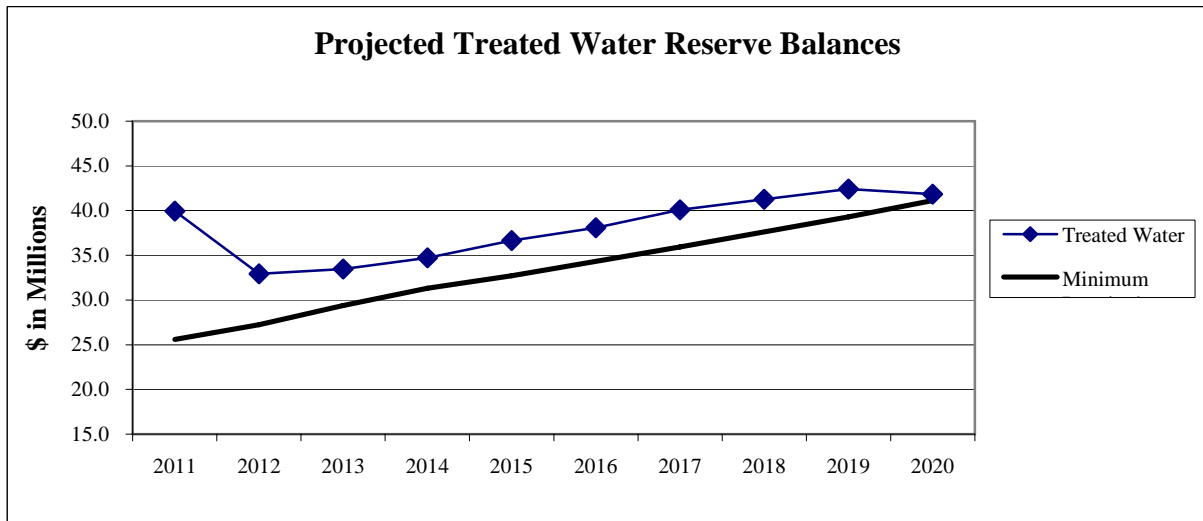


Figure VI-2



Note: Includes Unrestricted and Board Restricted Capital Improvement and Rate Stabilization Funds. Does not include legally restricted and other Board restricted reserves.

Section VII

PROJECT SUMMARIES

**Administrative, Support and Maintenance Facility
Improvement Program**

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Administrative, Support and Maintenance Facility Improvement
Sub-Program: Facilities Upgrades
Project: Annual Building and Facility Improvements
Priority: 1

The purpose of this project is to protect the health and safety of employees and customers and to comply with codes and regulations related to building health and safety through capital improvements to existing District buildings and grounds.

Examples of types of improvements include roof replacement; replacement or upgrading of heating and cooling systems; electrical systems or equipment; plumbing and other mechanical components; and major structural, interior, and site improvements. Improvement projects are initiated based on findings reported on maintenance and field inspection reports. Re-keying of District buildings is scheduled for FY2011 and a District Center communications re-wiring project has been identified for FY2013.

This program was included in the FY2010 CIP at a ten-year cost of \$4,342,000. The cost has been adjusted for inflation.

Total Project: N/A
Cost to Date through FY2010: N/A
CIP Total: \$4,540,000
Cost Estimate Accuracy Range: \$6,810,000 to \$3,178,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$530	\$420	\$650	\$420	\$420	\$420	\$420	\$420	\$420	\$420
o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o

P = Planning D = Design C = Construction O = Other

Project Funding: 38% of the cost of this project will be funded by untreated water rates and 62% by treated water rates as described in Section III, Table III-1.

Operational Impacts: These improvements will serve to reduce operation and maintenance costs or to keep these costs from rising through replacement or upgrades to facility systems and components. Improvements will also serve to extend the useful life of facilities.

Basis for Priority: This project has been ranked as Priority Level 1 based on the need to continually reinvest in the District's support facilities and buildings in order to protect the health and safety of employees and customers and to comply with codes and regulations related to building health and safety.

Budgeting Department/Division: Operations and Maintenance

Delta Projects Program

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Delta Projects

Sub-Program:

Project: Alternative Intake Project

Priority: 1

The purpose of this project is to protect and improve water quality delivered to the District’s customers. The project includes the planning, design, and construction of a new intake on Victoria Canal where higher quality source water is available. Because of water quality degradation in the Delta and increasingly stringent drinking water regulations, the District needs this alternative intake to continue meeting its water quality objectives. This project is key to ensuring CCWD’s Board-adopted water quality objectives continue to be met.

Major features of the project include a 72-inch diameter pipeline, a tunnel beneath Old River connecting to the existing Old River Pipeline on Byron Tract, and a new pump station with a capacity of 250 cubic feet per second. Construction began in FY2008, and is anticipated to be completed in early FY2011.

This project was included in the FY2010 CIP at a total project cost of \$100,880,000.

Total Project: \$101,889,000
Cost to Date through FY2010: \$100,379,000
CIP Total: \$1,510,000

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$1,510									
C C									

P = Planning

D = Design

C = Construction

O = Other

Project Funding: The District has secured \$6 million in outside funding and is seeking an additional \$30 million in SBXX1 and Proposition 84 funding.

Operational Impacts: The District’s operations and maintenance costs are estimated to increase by \$200,000 per year starting in FY2011. Included in this estimate are additional power cost and levee maintenance for the new facility.

Basis for Priority: This project has been ranked as Priority Level 1 because it is currently under construction.

Budgeting Department/Division: Construction

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Delta Projects
Sub-Program:
Project: Los Vaqueros Reservoir Federal/State Studies
Priority: 2

The purpose of this project is to enhance the Delta environment and improve Bay Area water supply reliability and water quality

Completion of the Draft EIS/EIR is planned for FY2010. A final decision on the staging of the expansion of the reservoir is expected to occur in FY2010, depending on the level of participation by other Bay Area water agencies, Reclamation and the Department of Water Resources. Project implementation will also consider the CCWD Board Principles and the additional assurances, commitments, and requirements adopted by the Board on June 25, 2003.

The scope and timing of the planning studies are dependent on future federal and state funding. Activity in FY2011 and beyond will include completion of a Federal Feasibility Study, a State Feasibility Study, and updates as required to the environmental and engineering studies previously completed.

This project was included in the FY2010 CIP at a total cost of \$28,437,000. The cashflow and total project cost has been adjusted to reflect the updated project schedule and current and projected future federal and state funding.

Total Project: \$36,458,000
Cost to Date through FY2010: \$28,318,000
CIP Total: \$8,140,000
Cost Estimate Accuracy Range: \$38,900,000 to \$35,237,000 (+30%/-15%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$2,055	\$3,340	\$2,745							
P P P P	P P P P	P P P P							

P = Planning D = Design C = Construction O = Other

Project Funding: The planning phase of this project is funded entirely by the California Department of Water Resources and the United States Department of the Interior, Bureau of Reclamation, including CCWD staff labor and overhead.

Operational Impacts: These planning activities will not result in O&M impacts. The extent of O&M impacts of an enlarged Los Vaqueros Reservoir will be dependent on the scale of the project.

Basis for Priority: This project is ranked as Priority Level 2 because the District has flexibility in conducting and implementing recommendations from the studies, and funding is provided by outside sources.

Budgeting Department/Division: Delta Projects

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Delta Projects
Sub-Program:
Project: Los Vaqueros Reservoir Expansion Implementation
Priority: 2

The purpose of this project is to enhance the Delta environment and improve water supply reliability and water quality.

The Los Vaqueros Reservoir expansion environmental and planning studies are nearing completion and this project has been included for design and construction of an expanded reservoir. The project considers a phased expansion of the reservoir from 100,000 acre-feet to 160,000 acre-feet.

Preliminary design activities commenced in FY2010. Construction is assumed to begin in early 2011, subject to Board adoption of environmental permitting and the receipt of permits.

This project was included in the FY2010 CIP at a total placeholder cost of \$90,000,000. The cost has been adjusted to reflect a detailed project cost estimate.

Total Project: \$114,200,000
Cost to Date through FY2010: \$4,890,000
CIP Total: \$109,310,000
Cost Estimate Accuracy Range: \$168,855,000 to \$81,407,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$52,235	\$56,935	\$140							
D D C C	C C C C	C C C C							

P = Planning

D = Design

C = Construction

O = Other

Project Funding: This project will be 100% District funded using short-term financing until debt capacity becomes available in 2021 with the retirement of Los Vaqueros Revenue Bonds, when long-term conventional bonds will be issued to pay off the short-term debt. This approach allows the project to move forward without raising rates by taking advantage of rate capacity that will become available with retirement on other bonds

Operational Impacts: The District's operations and maintenance costs are estimated to increase by \$100,000 per year starting in FY2013 as pumping costs will increase for the higher reservoir elevation.

Basis for Priority: This project is ranked as Priority Level 2 because the District has flexibility in implementing recommendations from the studies.

Budgeting Department/Division: Engineering

Equipment and Other Capital Purchases Program

CONTRA COSTA WATER DISTRICT

TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY

Program: Equipment and Other Capital Purchases
Sub-Program: Equity Funded Equipment
Project: District-Wide Geographic Information System
Priority: 2/3

The purpose of this project is to improve operating efficiencies by establishing a centralized data source for the District’s drawings, maps, and other operational and planning data. A Geographic Information System (GIS) ensures data consistency and integrity by avoiding errors and eliminating duplication of effort and improves the sharing of planning information with other agencies and utilities.

Implementation of the District’s GIS was completed in FY2009. The next phase is the development of GIS-based site facility and emergency response maps, scheduled for FY2011. Future phases such as field deployment and custom application enhancements are included as a Priority Level 3 placeholder, subject to funding availability.

This project was included in the FY2010 CIP at a total cost of \$1,842,000. Costs have been adjusted for inflation and additional District staff project support efforts.

Total Project: \$2,557,000
Cost to Date through FY2010: \$1,717,000
CIP Total: \$840,000
Cost Estimate Accuracy Range: \$2,977,000 to \$2,305,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule: Priority 2

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$140									
o o o o									

Annual Cost Distribution (in 000's) and Schedule: Priority 3

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
		\$240	\$460						
		o o o o	o o o o						

P = Planning D = Design C = Construction O = Other

Project Funding: 38% of the cost of this project will be funded by untreated water rates and 62% by treated water rates.

Operational Impacts: Emergency response maps will improve the overall response time during an emergency and the site facility maps will improve District facilities management by using one comprehensive mapping system.

Basis for Priority: FY2011 activities have been ranked as Priority Level 2, because the District has a moderate level of control over the scope and implementation. Subsequent activities have been ranked as Priority Level 3 because the District has a significant level of control over the scope and implementation of these activities.

Budgeting Department/Division: Engineering

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Equipment and Other Capital Purchases
Sub-Program: Equity Funded Equipment
Project: Replacement/Upgrade of Computer Systems
Priority: 2

The purpose of this annual program is to ensure that the District’s financial, customer billing, and Human Resources information system needs continue to be met in an efficient manner.

New hardware was acquired and installed in FY2001 and a new, Oracle-based financial information system was brought on line in FY2002. An upgraded customer billing system and a new Human Resources Information System were implemented during FY2005. These systems are scheduled for replacement in FY2014 and FY2016. The program also includes annual software and hardware upgrades.

This program was included in the FY2010 CIP at a ten-year cost of \$2,999,000. The cost has been adjusted for inflation.

Total Project: NA
Cost to Date through FY2010: NA
CIP Total: \$3,080,000
Cost Estimate Accuracy Range: \$4,004,000 to \$2,618,000 (+30%/-15%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$310	\$140	\$135	\$1040	\$135	\$740	\$100	\$135	\$200	\$145
o o o o o	o o o o o	o o o o o	o o o o o	o o o o o	o o o o o	o o o o o	o o o o o	o o o o o	o o o o o

P = Planning D = Design C = Construction O = Other

Project Funding: 38% of the cost of this project will be funded by untreated water rates and 62% by treated water rates as described in Section III, Table III-1.

Operational Impacts: Operating efficiencies are anticipated to increase as the new enhancements are implemented.

Basis for Priority: The District’s computer systems are required for efficient operation of the District, and must be replaced periodically to ensure that the District’s financial and customer billing information systems needs continue to be met in an efficient manner. The project has been ranked as Priority Level 2 because the District has a moderate level of control as to when upgrades need to occur.

Budgeting Department: Finance

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Equipment and Other Capital Purchases
Sub-Program: Equity Funded Equipment
Project: Replacement of Laboratory Equipment
Priority: 2

The purpose of this project is to ensure the District’s laboratory is equipped with well-maintained laboratory equipment that is capable of providing reliable test results for regulatory compliance and process control.

The water quality laboratory requires sophisticated instruments to maintain the analytical capabilities needed to meet regulatory requirements. The laboratory also provides services to outside agencies under contract, which requires a high degree of accuracy and reliability from the equipment.

Equipment is replaced as it reaches the end of its useful life, or spare parts are no longer available because of obsolescence. Current plans include the replacement of chromatographs, microscopes, spectrometers, analyzers, incubators, ovens and lab refrigerators.

This project was included in the FY2010 CIP at a total cost of \$925,000. Costs have been adjusted for inflation

Total Project: \$980,000
Cost to Date through FY2010: NA
CIP Total: \$980,000
Cost Estimate Accuracy Range: \$1,274,000 to \$833,000 (+30%/-15%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$295	\$160	\$110	\$210	\$105	\$55			\$45	
o o o o	o o o o	o o o o	o o o o	o o o o	o o o o			o o o o	

P = Planning D = Design C = Construction O = Other

Project Funding: 38% of the cost of this project will be funded by untreated water rates and 62% by treated water rates as described in Section III, Table III-1.

Operational Impacts: This project will not increase operating and maintenance costs. As replacements occur, the District will evaluate opportunities for efficiencies and cost reduction

Basis for Priority: The project has been ranked as Priority Level 2 because the District has a moderate level of control as to when upgrades need to occur.

Budgeting Department: Operations & Maintenance

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Equipment and Other Capital Purchases
Sub-Program: Equity Funded Equipment
Project: Replacement/Upgrade of Network Systems and Hardware
Priority: 2

The purpose of this annual program is to ensure that the District’s core network hardware, which is essential to supporting District operations, continues to be replaced or updated in an efficient manner.

Core network hardware includes switch-hubs and routers that provide for transmission of email, access to electronic data files, and staff access to key business systems including the Financial Information System and Customer Billing Information System. Upgrades are scheduled on a five-year cycle to ensure network reliability.

This program was included in the FY2010 CIP at a ten-year cost of \$1,230,000. The cost has been adjusted for inflation.

Total Project: NA
Cost to Date through FY2010: NA
CIP Total: \$1,300,000
Cost Estimate Accuracy Range: \$1,690,000 to \$1,105,000 (+30%/-15%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$230	\$250	\$15	\$55	\$100	\$230	\$250	\$15	\$55	\$100
o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o

P = Planning D = Design C = Construction O = Other

Project Funding: 38% of the cost of this project will be funded by untreated water rates and 62% by treated water rates as described in Section III, Table III-1.

Operational Impacts: This project reduces operating and maintenance costs by replacing equipment when it is most cost-effective to do so.

Basis for Priority: The District’s network hardware systems are required for efficient operation of the District, and must be replaced periodically to ensure that the District’s financial and customer billing information systems needs continue to be met in an efficient manner. The project has been ranked as Priority Level 2 because the District has a moderate level of control as to when upgrades need to occur.

Budgeting Department: Finance

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Equipment and Other Capital Purchases
Sub-Program: Equity Funded Equipment
Project: Replacement/Upgrade of Radio System Equipment
Priority: 2

The purpose of this project is to ensure effective and reliable communications among District’s personnel. Replacement of the radio system entails the purchase of new communication equipment for District vehicles, base stations, and portable units. Replacement of the District’s previous 40-year old radio system was completed in FY2010.

Future upgrades or system replacements will ensure reliability of the critical communication system and could allow the District to establish networks allowing interfacing with other local agencies, including police and fire departments. It is anticipated that the next system upgrade will occur in FY2019 and FY2020.

This future replacement cycle was included in the FY2010 CIP at a total cost of \$325,000. The cost has been adjusted for inflation.

Total Project: \$300,000
Cost to Date through FY2010: \$0
CIP Total: \$300,000
Cost Estimate Accuracy Range: \$667,000 to \$532,000 (+30%/-15%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
								\$150	\$150
								o o o o	o o o o

P = Planning D = Design C = Construction O = Other

Project Funding: 38% of the cost of this project will be funded by Untreated Water funds and 62% by Treated Water funds as described in Section III, Table III-1.

Operational Impacts: No significant change in operating cost is anticipated.

Basis for Priority: This project has been ranked as Priority Level 2 because the District has a moderate level of control as to when upgrades need to occur.

Budgeting Department/Division: Operations and Maintenance

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Equipment and Other Capital Purchases
Sub-Program: Equity Funded Equipment
Project: Replacement/Upgrade of SCADA Equipment
Priority: 2

The purpose of this project is to ensure continued capability to remotely monitor and control the District's operational system. Supervisory Control and Data Acquisition (SCADA) system hardware and software manufacturers continually upgrade their products, making older systems obsolete and expensive to maintain. In addition, system capacity is expanded as the District grows.

This project provides for the upgrade and replacement of the District's SCADA system, including hardware and software approximately every 10 years and will extend the life of the system while allowing for anticipated expansion.

Installation of a new digital radio system, new control center equipment, new remote site computer equipment at all District facilities, and control room modifications to allow the relocation of the SCADA controls to the Bollman Water Treatment Plant were completed in FY2002. The upgrade work started in FY2010 and will be based on a phased approach. The workstation and host computers will be replaced in FY2010. Upgrades at the remote sites will be completed by FY2012.

This project was included in the FY2010 CIP with a total project cost of \$1,392,000. The cost has been adjusted for inflation and the addition of Multiple Address System (MAS) radio replacement to the project scope.

Total Project: \$1,732,000
Cost to Date through FY2010: \$932,000
CIP Total: \$800,000
Cost Estimate Accuracy Range: \$2,132,000 to \$1,492,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$350	\$450								
o o o o	o o o o								

P = Planning

D = Design

C = Construction

O = Other

Project Funding: 38% of the cost of this project will be funded by untreated water funds and 62% by treated water funds as described in Section III, Table III-1.

Operational Impacts: This project has no operational impacts.

Basis for Priority: This project has been ranked as Priority Level 2 because the District has a moderate level of control as to when upgrades need to occur.

Budgeting Department: Operations and Maintenance

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Equipment and Other Capital Purchases
Sub-Program: Equity Funded Equipment
Project: Replacement/Upgrade of Telecommunications Equipment
Priority: 2

The purpose of this project is to ensure that the District’s telecommunications needs are being met in an efficient and cost-effective manner by periodically re-assessing and upgrading the District’s telecommunications system, including telephones services, the Internet, and computer network. The initial master plan was completed in FY2004 and its recommendations have been implemented through FY2010. The next re-assessment is scheduled for FY2011, and subsequently in FY2018.

This project was included in the FY2010 CIP at a ten-year cost of \$1,126,000. The cost has been adjusted for inflation and for additional upgrades to increase system robustness.

Total Project: N/A
Cost to Date through FY2010: N/A
CIP Total: \$1,390,000
Cost Estimate Accuracy Range: \$1,807,000 to \$1,182,000 (+30%/-15%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$585		\$85				\$50	\$585		\$85
o o o o		o o o o				o o o o	o o o o		o o o o

P = Planning

D = Design

C = Construction

O = Other

Project Funding: 38% of the cost of this project will be funded by untreated water rates and 62% by treated water rates as described in Section III, Table III-1.

Operational Impacts: This project is not anticipated to have any operational impacts.

Basis for Priority: This project has been ranked as Priority Level 2 because the District has a moderate level of control as to when upgrades need to occur.

Budgeting Department/Division: Finance

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Equipment and Other Capital Purchases
Sub-Program: Vehicle Replacement
Project: Replacement of Fleet Vehicles & Heavy Equipment
Priority: 2

The purpose of this project is to provide safe, reliable, and cost-efficient operations and transportation for employees in the performance of their duties.

When each vehicle or piece of equipment reaches a specified level of mileage or years of service, it is reviewed for replacement. Each is evaluated based on current condition, maintenance and repair history, and other factors. Vehicles or equipment are recommended for replacement when it is determined that they have reached the end of their serviceable life, or when it is more cost-effective to replace them based on anticipated future operating and repair costs.

This program was included in the FY2010 CIP at a ten-year cost of \$7,873,000. The cost has been adjusted for inflation.

Total Project: N/A
Cost to Date through FY2010: N/A
CIP Total: \$8,110,000
Cost Estimate Accuracy Range: \$10,543,000 to \$6,894,000 (+30%/-15%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$880	\$760	\$740	\$830	\$870	\$870	\$880	\$750	\$765	\$765
o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o

P = Planning D = Design C = Construction O = Other

Project Funding: This project is funded by the Vehicle Replacement Fund.

Operational Impacts: This project reduces operating and maintenance costs by replacing vehicles when it is most cost-effective to do so. For purposes of the CIP, operational impacts are assumed negligible.

Basis for Priority: This project has been ranked as Priority Level 2 because it maintains and enhances existing assets.

Budgeting Division: Finance

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Equipment and Other Capital Purchases
Sub-Program: Equity Funded Equipment
Project: Heavy Diesel Engine Retrofits
Priority: 1

The purpose of this project is to comply with the December 8, 2005 State of California regulations to decrease diesel engine emissions by requiring diesel engines to have control devices for emissions of particles by December 2010. The District has thirty large diesel engines that are subject to this regulation.

Engine retrofits began in FY2008 and will be completed by the December 2010 deadline.

This program was included in the FY2010 CIP at a ten-year cost of \$710,000. The cost has been adjusted to reflect retrofits completed through FY2010.

Total Project: \$641,000
Cost to Date through FY2010: \$401,000
CIP Total: \$240,000
Cost Estimate Accuracy Range: \$761,000 to \$569,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$240									
o o o o									

P = Planning D = Design C = Construction O = Other

Project Funding: This project is funded by untreated water and treated water rates.

Operational Impacts: This project has no operational impacts.

Basis for Priority: This project has been ranked as Priority Level 1 because it is a regulatory requirement.

Budgeting Division: Operations & Maintenance

Expansion of Services Program

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Expansion of Services
Sub-Program: Wholesale Treated Water
Project: CCWD/Brentwood Water Treatment Plant Expansion
Priority: 1

The purpose of this project is to expand the City of Brentwood’s Water Treatment Plant to meet the anticipated water demands of its growing population. The District completed constructing a 16.5 million-gallon-per-day (MGD) treatment plant for the City on the Randall-Bold campus in FY2009.

Expansion of the treatment plant is anticipated to begin in FY2013 and be completed in FY2017. This project includes costs to expand the City of Brentwood Water Treatment Plant from its initial capacity to 30 MGD. The expansion schedule depends on the pace of development within the City of Brentwood, which may modify the schedule.

This project was included in the FY2010 CIP at a total project cost of \$45,300,000.

Total Project: \$45,300,000
Cost to Date through FY2010: \$0
CIP Total: \$45,300,000
Cost Estimate Accuracy Range: \$67,950,000 to \$31,710,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
		\$230	\$3,700	\$10,030	\$21,045	\$10,295			
		P P	D D D D	C C C C	C C C C	C C C C			

P = Planning D = Design C = Construction O = Other

Project Funding: This project is entirely funded by the City of Brentwood.

Operational Impacts: Operating impacts for the future expansion of the CCWD/Brentwood Water Treatment Plant have not been included in the CIP due to the uncertainty in the timing of the project. Operational costs will be paid by the City of Brentwood.

Basis for Priority: This project has been ranked as Priority Level 1 because it is funded by others.

Budgeting Department/Division: Engineering

Future Water Supplies Program

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Future Water Supplies
Sub-Program: Planning
Project: Future Water Supply Study Updates
Priority: 2

The purpose of this project is to enable the District to implement economically and environmentally sound options to ensure high quality, reliable water supplies for the next fifty years.

The Future Water Supply Study (FWSS) is the District’s long-term water supply plan, and was first completed in August 1996. Updates are needed to ensure the action plan accurately reflects current demand and supply conditions, technological advances, and regulatory changes.

This project was included in the FY2010 CIP at a total cost of \$452,000. The cost has been adjusted for inflation.

Total Project: N/A
Cost to Date through FY2010: N/A
CIP Total: \$470,000
Cost Estimate Accuracy Range: \$956,000 to \$745,000 (+30%/-15%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
			\$275					\$195	
			P P P P					P P P P	

P = Planning D = Design C = Construction O = Other

Project Funding: Updates of the FWSS have been allocated entirely to untreated water with 10% to existing customers and 90% to future customers, based on the allocation of implementation costs for the Future Water Supply Program. The share allocated to existing customers is sub-allocated to untreated water and treated water rates based on consumption.

Operational Impacts: As a study, there are no direct operations and maintenance costs associated with this project. Operational impacts for each project recommended in the study would be evaluated as projects are implemented.

Basis for Priority: This project has been ranked as Priority Level 2 because the District has a moderate level of control over scope and timing. This study is necessary to determine water supply needs of existing and future customers during times of increasing supply uncertainty.

Budgeting Department/Division: Planning

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Future Water Supplies
Sub-Program: Water Supplies
Project: Future Water Supplies Placeholder
Priority: 2

The purpose of this placeholder is to help the District meet water supply reliability criteria and future service obligations, as recommended in the Future Water Supply Study (FWSS).

The project consists of investments from FY2011 through FY2020 consistent with the FWSS recommendations of securing water for shortages (as a first priority) and for future growth. Purchases for growth are funded from the untreated water Facility Reserve Charge (FRC). Increased conservation efforts from the FWSS are assumed in all years and are included in the Water Demand Reduction Program in the CIP.

New supplies for both growth and shortage are assumed. Purchases for drought reliability (and a fraction for growth) commenced in FY1999 (ECCID purchase). This project includes the annual buy-in for ECCID water and a placeholder for additional supplies in FY2015. The focus is on identifying sustainable solutions to mitigate future water supply needs including reducing water use as opposed to just replacing one source of water with another. This approach provides multiple benefits and serves to advance the State’s water conservation target (20% by 2020), greenhouse gas reduction targets (AB32 climate change), wastewater discharges to the Delta, and can be achieved within the District’s investment criteria. The water purchase plan for the CIP follows the approved FWSS, but is adjusted to the actual demand growth. Water purchases for future growth will not affect rates.

This program was included in the FY2010 CIP at a ten-year cost of \$9,684,000. The cost has been adjusted for inflation.

Total Project: N/A
Cost to Date through FY2010: N/A
CIP Total: \$10,270,000
Cost Estimate Accuracy Range: \$11,811,000 to \$9,757,000 (+15%/-5%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$95	\$125	\$150	\$150	\$9,000	\$150	\$150	\$150	\$150	\$150
o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o

P = Planning D = Design C = Construction O = Other

Project Funding: Water supplies acquired under this project are necessary to serve the needs of future customers and are fully funded from the untreated water FRC.

Operational Impacts: None. Costs for pumping water for future growth are included in the Financial Plan.

Basis for Priority: This project has been ranked as Priority Level 2 because it is required to meet future service obligations and the District has some control over the timing.

Budgeting Department/Division: Planning

Los Vaqueros Program

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Los Vaqueros
Sub-Program: Recreation
Project: Los Vaqueros Recreation Facilities and Equipment
Priority: 2

The purpose of this program is to provide rehabilitation of existing and future recreation facilities and infrastructure necessary to meet the District’s commitments to operating the Los Vaqueros Recreation Program. The first recreation facilities were completed and opened for public use in 1999. Subsequent public use will result in routine deterioration and incidental vandalism of the facilities. Prompt and timely replacement or restoration of the facilities will insure that they are safe for public use and maintain a positive image to the public, which helps to minimize future vandalism.

Facilities included are public buildings and bathrooms, marina structures, fishing docks, paved and unpaved internal site access roads and parking areas, internal site trails and staging areas, water supply and waste water systems, emergency communications facilities, electrical power and telephone utilities, and other related facilities and equipment for public access and use.

This program was included in the FY2010 CIP at a ten-year cost of \$931,000. The cost has been adjusted based on a needs assessment.

Total Project: N/A
Cost to Date through FY2010: N/A
CIP Total \$920,000
Cost Estimate Accuracy Range: \$1,380,000 to \$644,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$145	\$100	\$140	\$85	\$100	\$85	\$70	\$70	\$70	\$55
o o o o o	o o o o o	o o o o o	o o o o o	o o o o o	o o o o o	o o o o o	o o o o o	o o o o o	o o o o o

P = Planning D = Design C = Construction O = Other

Project Funding: This project is funded entirely by untreated water rates.

Operational Impacts: The operational impacts of this project are anticipated to be negligible. These improvements will extend the useful life of facilities and help deter vandalism.

Basis for Priority: This project has been ranked as Priority Level 2 in order to maintain the recreation functions and a positive public image of the Los Vaqueros Recreation Program.

Budgeting Department/Division: Watershed and Lands

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Los Vaqueros
Sub-Program: Watershed
Project: Land Acquisition and Real Property Management
Priority: 2

The purpose of this program is to protect the District’s investment and real property rights in the Los Vaqueros Project and other District-owned lands by acquiring property rights needed for watershed protection or protection and enhancement of other District-owned properties and operating facilities. Acquisitions may include real property, easements, licenses, land leases, or development rights.

This program was included in the FY2010 CIP at a ten-year cost of \$1,520,000. The cost has been adjusted to reflect a funding acceleration to FY2010 for land acquisitions adjacent to the Randall-Bold Water Treatment Plant.

Total Project: N/A
Cost to Date through FY2010: N/A
CIP Total: \$785,000
Cost Estimate Accuracy Range: \$1,178,000 to \$550,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$155
o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o

P = Planning

D = Design

C = Construction

O = Other

Project Funding: This project is funded entirely by untreated and/or treated water rates, depending on the nature and purpose of the property.

Operational Impacts: There may be minimal impacts related to maintaining or leasing out acquired property.

Basis for Priority: This project has been ranked as Priority Level 2 based on the need to protect water quality and to facilitate District operations. There is a moderate level of control over when land acquisitions and other interests in land can occur.

Budgeting Department/Division: Watershed and Lands

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Los Vaqueros
Sub-Program: Watershed
Project: Los Vaqueros Watershed Improvements
Priority: 2

The purpose of this program is to improve the District’s capability to protect, manage, and maintain the 19,100-acre LV watershed area for its primary water quality and natural resource management purposes and to meet the District’s commitments for Los Vaqueros project-related environmental mitigation.

The watershed improvements include roads, fences, oak tree plantations, sediment control basins, project-related replacement ponds and wetlands, remote water resource facilities for project-related replacement, wetland and pond maintenance, fire prevention and suppression, public safety, communications equipment and facility improvements, and demolition and removal of unsafe structures.

This program was included in the FY2010 CIP at a ten-year total of \$4,950,000. The cost has been adjusted for inflation.

Total Project: N/A
Cost to Date through FY2010: N/A
CIP Total: \$5,100,000
Cost Estimate Accuracy Range: \$7,650,000 to \$3,570,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$790	\$340	\$480	\$310	\$350	\$250	\$250	\$1,030	\$1,110	\$190
o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o

P = Planning D = Design C = Construction O = Other

Project Funding: The project is funded by untreated water rates.

Operational Impacts: The operational impacts of this project are anticipated to be minimal.

Basis for Priority: The project has been ranked as Priority Level 2 because it is a Los Vaqueros Project requirement to effectively maintain District watershed lands and comply with the terms and conditions of the *LVP Biological Opinions*.

Budgeting Department/Division: Watershed and Lands

Treated Water Distribution and Storage Facilities Program

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Treated Water Distribution and Storage Facilities
Sub-Program: Corrosion Control
Project: Corrosion Control Program
Priority: 2

The purpose of this project is to protect and prolong the service life and system reliability of the District’s existing treated water facilities. By providing cathodic protection, the District extends the service life of its metallic water treatment, storage, transmission, and distribution facilities. Since corrosion is an ongoing destructive process with water system components, postponement of the planned projects may result in the lack of protection to the steel pipelines and structures and may lead to future corrosion-related problems and failures.

This project implements measures identified in the 1991 Corrosion Control Management Report, the 1996 Treated Water Renewal and Replacement Study, and the 1999 and 2004 Facility Corrosion Control Program Assessments.

Specific projects are defined annually based on monitoring, inspection, and evaluation of the District’s existing facilities. Future projects include the replacement of deep well anode beds and installation of new corrosion control systems on non-protected mains, pumps, and reservoirs.

This program was included in the FY2010 CIP at a total ten-year cost of \$808,000.

Total Project: N/A
Cost to Date through FY2010: N/A
CIP Total: \$800,000
Cost Estimate Accuracy Range: \$1,200,000 to \$560,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80
0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0

P = Planning D = Design C = Construction O = Other

Project Funding: This project is funded entirely by treated water rates.

Operational Impacts: This project will result in operational cost reductions due to lower maintenance requirements and reduced corrosion-related failures. For the purposes of the CIP, operational impacts are assumed negligible.

Basis for Priority: This project has been ranked as Priority Level 2 because it is necessary to maintain existing capital facilities.

Budgeting Department/Division: Operations and Maintenance

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Treated Water Distribution and Storage Facilities
Sub-Program: Non-District Funded Projects
Project: Distribution Facilities
Priority: 1

The purpose of this program is to install water service and distribution facilities, as requested and funded by developers and other applicants. The facilities typically include service requests and main extensions, but may include pipelines, pump stations, and storage reservoirs. These projects are usually handled jointly between the District and the applicant.

Specific projects generally cannot be identified until an applicant presents development plans and requests service. The cost estimates are based on experience, but may be significantly lower or higher in any given year depending upon applicant requests.

This program was included in the FY2010 CIP at a ten-year cost of \$14,682,000. The cost has been adjusted for inflation and to reflect the addition of the Clayton Regency Emergency Pipeline Extension and Golf Club Bridge 24-in Relocation projects.

Total Project: N/A
Cost to Date through FY2010: N/A
CIP Total: \$21,670,000
Cost Estimate Accuracy Range: \$32,505,000 to \$15,169,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$5,345	\$3,805	\$1,565	\$1,565	\$1,565	\$1,565	\$1,565	\$1,565	\$1,565	\$1,565
o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o

P = Planning D = Design C = Construction O = Other

Project Funding: This project is fully applicant funded.

Operational Impacts: The operational impact of this project depends on the actual facilities built.

Basis for Priority: This project has been ranked as Priority Level 1 as it is applicant funded. This could include funding from applicants requesting water service, other governmental agencies, special loan arrangements, governmental grants, or assessment districts. The relocation of pipelines and other District facilities must be performed to avoid conflicts with new construction.

Budgeting Department/Division: Engineering

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Treated Water Distribution and Storage Facilities
Sub-Program: Upgrades
Project: Multi-Purpose Pipeline Pressure Sustaining Valve
Priority: 2

The purpose of this project is to ensure reliable service to the District’s existing and future customers by installing a pressure-sustaining valve in the Multi-Purpose Pipeline (MPP). The MPP was reconfigured shortly after start-up to serve Zone 2 to maintain adequate operating pressures in the pipeline and to operate more efficiently. As demands grow in the TWSA and more water needs to come from Randall Bold, a means to redirect flow in the MPP from Zone 2 to Zone 1 is required.

The recommended solution is to install a pressure-sustaining valve in the MPP downstream of the Antioch turnout that would allow the return of the Port Chicago Pipeline and MPP to Zone 1 service during periods of high demand. This will allow the District to maintain adequate pressures in the MPP under low flow conditions and still meet future demands of Bay Point and the Treated Water Service Area.

This project was included in the FY2010 CIP at a total project cost of \$937,000. The cost has been adjusted for inflation.

Total Project: \$975,000
Cost to Date through FY2010: \$0
CIP Total: \$975,000
Cost Estimate Accuracy Range: \$1,463,000 to \$683,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
								\$150	\$825
								D D D D	C C C C

P = Planning D = Design C = Construction O = Other

Project Funding: This project is funded by treated water rates.
Operational Impacts: Impacts to total annual O&M costs are anticipated to be negligible.

Basis for Priority: This project has been ranked Priority Level 2 because it will enable the District to maintain water pressure and flow standards as demands grow.

Budgeting Department/Division: Planning

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Treated Water Distribution and Storage Facilities
Sub-Program: Pipe Upgrades
Project: Pipeline Renewal and Replacements
Priority: 2

The purposes of this program are to: 1) ensure reliable, cost efficient delivery of treated water through replacement of pipelines that have experienced significant leak repair incidents or are undersized for fire flow and distribution capacity, 2) improve water quality circulation by creating interties between existing pipelines, and 3) relocate existing pipelines as legally required.

The Treated Water Master Plan updates prioritize pipeline replacements. In addition, pipelines are relocated as requested by agencies or property owners, or when pipeline location conflicts with the construction work of other agencies.

Projects planned for construction in FY2011 and FY2012 include main replacements in Concord and transmission valve rehabilitations at strategic locations.

This program was included in the FY2010 CIP at a ten-year cost of \$22,674,000. The cost has been adjusted for inflation.

Total Project: N/A
Cost to Date through FY2010: N/A
CIP Total: \$24,165,000
Cost Estimate Accuracy Range: \$36,248,000 to \$16,916,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$3,265	\$2,700	\$2,510	\$2,235	\$2,250	\$2,235	\$2,250	\$2,235	\$2,250	\$2,235
C C D D	C C D D	C C D D	C C D D	C C D D	C C D D	C C D D	C C D D	C C D D	C C D D

P = Planning D = Design C = Construction O = Other

Project Funding: This project is entirely treated water rate funded.

Operational Impacts: These projects provide increased reliability and improved circulation, and eliminate conflicts with other utilities. Failure to replace aging pipelines would increase operating costs. For the purpose of the CIP, operating cost impacts are assumed negligible.

Basis for Priority: This project has been ranked as Priority Level 2 because pipeline upgrades are necessary to ensure reliable treated water system performance and minimize a source of unscheduled maintenance demands upon the Operations and Maintenance Department.

Budgeting Department/Division: Engineering

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Treated Water Distribution and Storage Facilities
Sub-Program: Site Upgrades
Project: Paso Nogal Pump Station Abandonment
Priority: 2

The purpose of this project is to ensure reliable service to the District’s treated water customers. The Paso Nogal Pump Station is located on unstable soils and needs to be removed from service.

The pumping capacity of the Country Club Pump Station was expanded in FY2010 to replace the capacity lost at the Paso Nogal site. Site abandonment began in FY2010 with the replacement of the inlet/outlet pipeline. The remaining work in this project is the removal of the electrical and SCADA equipment, followed by the demolition of all above-ground equipment and re-grading of the site.

This project was included in the FY2010 CIP as a Priority Level 3 at a project cost of \$1,900,000. The cost has been adjusted based on a new cost estimate and funds are available from surplus Country Club Pump Station Expansion project budget

Total Project: \$982,000
Cost to Date through FY2010: \$517,000
CIP Total: \$465,000
Cost Estimate Accuracy Range: \$1,215,000 to \$843,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$465									
c c c c									

P = Planning

D = Design

C = Construction

O = Other

Project Funding: This project is funded with treated water rates.

Operational Impacts: Operational impacts will be minimal.

Basis for Priority: This project has been ranked as Priority Level 2 because the District has a moderate level of control over the scope and implementation of this project.

Budgeting Department/Division: Engineering

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Treated Water Distribution and Storage Facilities
Sub-Program: Storage – New Facilities
Project: Subzone 34 Reservoir
Priority: 2

The purpose of this project is to ensure reliable service to the District’s existing and future treated water customers by providing a new water storage facility to alleviate emergency storage and operational deficiencies in Subzone 34, as identified and prioritized in the 2007 Treated Water Master Plan update.

This project consists of the design and construction of a 1.0 million gallon buried concrete reservoir at an undetermined site in Subzone 34 in the Northgate area of Walnut Creek and an interconnection between subzones 34 and 35. The reservoir is sized to mitigate existing storage deficiencies in subzones 34 and 35, and to accommodate future growth.

Design of the reservoir is scheduled to begin in FY2019 and construction will be completed outside of the current CIP window.

This project was included in the FY2010 CIP at a cost of \$4,800,000. The cost has been adjusted for inflation.

Total Project: \$5,000,000
Cost to Date through FY2010: \$0
CIP Total: \$1,420,000
Cost Estimate Accuracy Range: \$7,500,000 to \$3,500,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
								\$210	\$1,210
								P P	D D D D

P = Planning D = Design C = Construction O = Other

Project Funding: This project is funded by treated water rates (86.7%) and treated water FRCs (13.3%) per the 2007 TWSA Master Plan update.

Operational Impacts: The operational impact of this project is estimated to be \$14,000 per year and will begin in FY2021, which is outside of the current CIP window. The costs include routine inspection of instrumentation, exercising of valves, response to alarms, and periodic cleaning and inspection of the interior.

Basis for Priority: This project has been ranked as Priority Level 2 because its completion is needed to satisfy the District’s emergency storage criteria. Adhering to these criteria will increase or maintain the reliability of the TWSA system.

Budgeting Department/Division: Planning

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Treated Water Distribution and Storage Facilities
Sub-Program: Storage - Upgrades
Project: Treated Water Reliability Improvements
Priority: 3

The purpose of this project is to improve the emergency response capability of the Treated Water Service Area (TWSA) to ensure reliable service to the District’s existing and future treated water customers. The 2002 TWSA Master Plan update recommended a combination of pumping, pipeline, and storage improvements as a cost-effective means to achieve an equivalent level of reliability that storage alone would provide.

Installation of standby generators and seismic valves at key backbone facilities was completed in FY2010. Pipeline seismic improvements at Concord Fault Crossings (Priority Level 2) were constructed in FY2007. The second phase of the seismic improvements and purchase of additional fault crossing hose and deployment and retrieval equipment (Priority Level 3) would be designed in FY2015 and implemented in FY2016, subject to receipt of grant funding.

This project was included in the FY2010 CIP at a total project cost of \$7,528,000. The cost has been adjusted for inflation.

Total Project: \$7,701,000
Cost to Date through FY2010: \$5,001,000
CIP Total: \$2,700,000

Cost Estimate Accuracy Range: \$9,051,000 to \$6,891,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
				\$465	\$2,235				
				D D D D	C C C C				

P = Planning

D = Design

C = Construction

O = Other

Project Funding: The Priority Level 3 activities would be funded by grant funds.

Operational Impacts: The operational impacts of this project are assumed negligible.

Basis for Priority: The remaining phase of the project has been ranked as Priority Level 3 because it is dependent upon outside funding sources.

Budgeting Department/Division: Engineering

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Treated Water Distribution and Storage Facilities
Sub-Program: Storage Upgrades
Project: Treated Water Reservoir Rehabilitation Program
Priority: 2

The purpose of this program is to ensure reliable operation of the District’s treated water storage reservoirs (steel tanks and concrete reservoirs). Previous inspections of interiors and exteriors have identified significant corrosion and structural degradation in some reservoirs, and these reservoirs have been prioritized for repair. Additionally, water quality impacts experienced in the distribution system have identified operational constraints inherent in the older tank and reservoir designs. Ten reservoirs have been replaced or rehabilitated since the program was initiated in FY2002.

Improvements may include rehabilitation, replacement, abandonment, or relocation of some water storage capacity, and would include addition of state-of-the-art corrosion protection, seismic reinforcement, water quality improvements, reservoir mixing systems and operational enhancements.

FY2011 efforts include the design of improvements at Canterbury, Nob Hill, Cowell Ranch, Kirker Pass and East reservoirs for construction in FY2012. In addition, five new mixing systems will be added to improve reservoir water quality.

This program was included in the FY2010 CIP at a ten-year cost of \$7,440,000. The cost has been adjusted for inflation and to reflect the addition of five reservoir mixers.

Total Project: NA
Cost to Date through FY2010: NA
CIP Total: \$8,475,000
Cost Estimate Accuracy Range: \$12,713,000 to \$5,933,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$300	\$1,395	\$300	\$1,395	\$300	\$1,395	\$300	\$1,395	\$300	\$1,395
D D D D	C C C C	D D D D	C C C C	D D D D	C C C C	D D D D	C C C C	D D D D	C C C C

P = Planning D = Design C = Construction O = Other

Project Funding: This project is funded entirely by treated water rates.

Operational Impacts: This program will help to reduce the amount of maintenance required to keep the current reservoirs operational. For purposes of the CIP, the operational impact is assumed negligible.

Basis for Priority: This project is ranked as Priority Level 2 because upgrades are required to maintain operation of the existing treated water reservoirs.

Budgeting Department/Division: Engineering

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Treated Water Distribution and Storage Facilities
Sub-Program: TWSA Planning
Project: Treated Water Service Area Master Plan Update
Priority: 2

The purpose of this project is to ensure timely, cost-effective, and environmentally sound improvement to the District's treated water service area facilities. The current Treated Water Service Area (TWSA) Master Plan was completed in FY2008. Periodic updates are needed to ensure that the plan accurately reflects changes in the communities to which treated water service is provided.

This project was included in the FY2010 CIP at a ten-year cost of \$355,000. The cost has been adjusted for inflation.

Total Project: N/A
Cost to Date through FY2010: N/A
CIP Total: \$370,000
Cost Estimate Accuracy Range: \$481,000 to \$315,000 (+30%/-15%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
			\$230					\$140	
			P P P P					P P P P	

P = Planning D = Design C = Construction O = Other

Project Funding: This project is funded by treated water rates (46.5%) and treated water FRCs (53.5%) per the 1998 Facility Reserve Charge Analysis.

Operational Impacts: There are no operations and maintenance costs associated with the plan. Operational impacts for each capital improvement recommended in the plan will be evaluated as the improvements are implemented.

Basis for Priority: This project is ranked as Priority Level 2 because it ensures that the District will meet water service and reliability commitments. The plan ensures an integrated approach for meeting the supply and distribution needs of the TWSA.

Budgeting Department/Division: Planning

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Treated Water Distribution and Storage Facilities
Sub-Program: TWSA Planning
Project: Treated Water Renewal/Replacement Study Update
Priority: 2

The purpose of this project is to ensure timely, cost effective, and environmentally sound improvement to the District’s treated water service area through periodic updates of the Treated Water Renewal/Replacement Study.

The Study presents the technical planning basis for many of the projects included in the CIP’s Treated Water Distribution and Storage Facilities Program. An update was completed in FY2005. This project will update the study in FY2011 and FY2017 to reflect changes in the condition of the treated water facilities including pumping stations, concrete reservoirs, and steel tanks.

This project was included in the FY2010 CIP at a ten-year cost of \$260,000. The cost has been adjusted for inflation.

Total Project: \$270,000
Cost to Date through FY2010: \$0
CIP Total: \$270,000
Cost Estimate Accuracy Range: \$351,000 to \$230,000 (+30%/-15%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$145							\$125		
P P P P							P P P P		

P = Planning D = Design C = Construction O = Other

Project Funding: This project is funded by treated water rates.

Operational Impacts: There are no operations and maintenance costs associated with the plan. Operational impacts for each capital improvement recommended in the plan will be evaluated as the improvements are implemented.

Basis for Priority: This project is ranked as Priority Level 2 because it ensures that the District will meet water service and reliability commitments.

Budgeting Department/Division: Planning

CONTRA COSTA WATER DISTRICT

TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY

Program: Treated Water Distribution and Storage Facilities

Sub-Program:

Project: Treated Water Emergency Service Connections

Priority: 3

Description: The purpose of this project is to provide enhanced reliability for the City of Martinez and to provide the City with alternative sources of water in the event of a disruption in service of the city's water system or the Martinez Reservoir.

The project includes the design and installation of emergency connections between the District's distribution system and the City of Martinez. The new emergency interconnections would allow the agencies to share water resources in the event of an emergency.

This project was included in the FY2010 CIP at a ten-year cost of \$500,000.

Total Project: \$500,000
Cost to Date through FY2010: \$0
CIP Total: \$500,000
Cost Estimate Accuracy Range: \$750,000 to \$350,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
			\$105	\$395					
			D D D D	C C C C					

P = Planning

D = Design

C = Construction

O = Other

Project Funding: Potential funding sources for this project are treated water rates, the City of Martinez and grants.

Operational Impacts: Operational impacts are expected to be minimal.

Basis for Priority: This project has been ranked as Priority Level 3 because it is dependent upon outside funding sources.

Budgeting Department/Division: Planning/Engineering

Untreated Water Supply and Transport Program

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Untreated Water Supply and Transport
Sub-Program: Non-District Funded Projects
Project: Untreated Water Applicant Funded Projects
Priority: 1

The purpose of this program is to relocate untreated water facilities as requested and funded by developers and other applicants. Specific projects cannot be identified until an applicant presents development plans and requests service. The cost estimates are based on experience, but may be significantly lower or higher in any given year depending upon applicant requests.

Ongoing development in East County causes the continued need for the type of untreated water facility relocations and modifications provided by this project. Anticipated future projects include relocation of portions of laterals.

This program was included in the FY2010 CIP at a ten-year cost of \$1,309,000. The cost has been adjusted based on a program re-evaluation.

Total Project: N/A
Cost to Date through FY2010: N/A
CIP Total: \$1,200,000
Cost Estimate Accuracy Range: \$1,800,000 to \$840,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120
o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o

P = Planning D = Design C = Construction O = Other

Project Funding: The project is fully applicant funded.

Operational Impacts: The operational impact of this project depends on the actual facilities built.

Basis for Priority: This project has been ranked as Priority Level 1 as the funding is from non-District sources. The relocation of pipelines and other District facilities must be performed to avoid conflicts with new construction.

Budgeting Department/Division: Engineering

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Untreated Water Supply and Transport
Sub-Program: Untreated Water Facilities - Planning
Project: Untreated Water Facility Improvement Plan Update
Priority: 2

The purpose of this project is to ensure timely, cost effective, and environmentally sound improvements to the District's untreated water facilities. The Untreated Water Facilities Improvement Plan (UWFIP) evaluates future needs of the untreated water facilities including such items as required capacity improvements, structural upgrades, renewal/replacement needs, and evaluation of alternatives to reduce canal loop maintenance costs.

Periodic updates are needed to ensure that the plan accurately reflects current improvement priorities. The plan was last updated in FY2006. Future updates of the UWFIP will be completed in FY2012 and FY2017.

This project was included in the FY2010 CIP at a cost of \$600,000. The cost has been adjusted for inflation.

Total Project: \$620,000
Cost to Date through FY2010: \$0
CIP Total: \$620,000
Cost Estimate Accuracy Range: \$806,000 to \$527,000 (+30%/-15%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
	\$375					\$245			
	P P P P					P P P P			

P = Planning D = Design C = Construction O = Other

Project Funding: The project is funded by untreated water rates.

Operational Impacts: As a study, there are no direct operations and maintenance costs associated with this project. Operational impacts for each project recommended in the study would be evaluated as projects are implemented.

Basis for Priority: This project has been ranked as Priority Level 2 because the integrity of the untreated water system depends on a comprehensive plan to ensure timely and cost effective improvements. The Untreated Water Facility Improvement Plan will prioritize projects necessary to meet future needs of the District.

Budgeting Department/Division: Planning

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Untreated Water Supply and Transport
Sub-Program: Untreated Water Facilities - New
Project: Untreated Water Pipeline Placeholder
Priority: 2

The purpose of this project is to supplement the District’s untreated water conveyance system, to meet near-term and long-term water demands, and to improve fire-fighting flows after a major earthquake. The project was identified in the Seismic and Reliability Improvements Project (SRIP), which was adopted by the Board on January 8, 1997.

The project, tentatively scheduled to be started in FY2017 and completed in FY2020, includes a 4-mile long untreated water pipeline and a 36 million gallon per day untreated water pump station in Antioch. The timing for the project will depend on demand growth in the service area. Canal demands are analyzed as part of the Future Water Supply Study.

This project was included in the FY2010 CIP at a total project cost of \$20,700,000. The cost has been adjusted for inflation.

Total Project: \$21,600,000
Cost to Date through FY2010: NA
CIP Total: \$21,600,000
Cost Estimate Accuracy Range: \$32,400,000 to \$15,120,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
						\$670	\$1,810	\$9,050	\$10,070
						P P D D	D D D D	C C C C	C C C C

P = Planning D = Design C= Construction O = Other

Project Funding: The project would be debt-funded with debt service being funded by untreated and treated water rates and untreated water FRCs.

Operational Impacts: The additional cost of operating the untreated water pump station will be determined during project design. Operating impacts will begin after project completion in FY2018.

Basis for Priority: This project has been ranked as Priority Level 2 because the District has a moderate level of control over the scope and implementation of this project.

Budgeting Department/Division: Planning

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Untreated Water Supply and Transport
Sub-Program: Untreated Water Facilities -Upgrades
Project: Canal Replacement Project
Priority: 1/3

The purpose of this project is to improve source water quality at the District’s Rock Slough Intake by hydraulically isolating the high saline groundwater from the Canal. The project will also increase public safety, flood control, and reduce District liability by eliminating an open canal adjacent to planned urban development.

The project consists of replacing approximately four miles of canal from Pumping Plant No. 1 to Rock Slough with a buried pipeline within the USBR right-of-way. The project will be phased, with each phase of the project spanning a specific reach of the canal with unique project partners, funding sources, and benefits. The phased approach allows the District to focus on areas of the canal exhibiting the greatest water quality degradation and the highest liability relating to development of the adjacent lands in the short term with funding that is being secured from a variety of sources.

Construction of the 1,900-foot initial phase was completed in FY2010. The District is currently pursuing outside funding for the second phase of the project, which could begin construction as early as FY2011. The remaining portions of the project will proceed as funding is secured.

This project was included in the FY2010 CIP at a total cost of \$91,000,000. The cost has been adjusted for inflation.

Total Project: \$96,511,000
Cost to Date through FY2010: \$19,361,000
CIP Total: \$77,150,000
Cost Estimate Accuracy Range: \$135,086,000 to \$73,366,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule: Priority 1

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$11,545	\$19,305								
D C C C	C C C								

Annual Cost Distribution (in 000's) and Schedule: Priority 3

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
						\$1,530	\$22,415	\$22,355	
						P D D D	C C C C	C C C C	

P = Planning D = Design C = Construction O = Other

Project Funding: The District’s share of the second phase of the project is anticipated to be up to \$7.7 million, which is needed to satisfy cost-sharing requirements for various grants. The balance of the project cost would be funded by developers’ contributions and various State and Federal grants, including 2007 WRDA 219.

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Untreated Water Supply and Transport
Sub-Program: Untreated Water Facilities -Upgrades
Project: Canal Replacement Project - *continued*
Priority: 1/3

Operational Impacts: The operational costs of this project are anticipated to be significant due to new activities required to maintain and clear debris from the new pipeline. However, these costs will be offset by a reduction of activities associated with the open waterway (such as levee maintenance, application of herbicides, dredging, etc.) that will no longer be needed. Therefore, net operating impacts are assumed negligible.

Basis for Priority: The second phase of the project is ranked as Priority Level 1 because the schedule would be dictated by grant funding agreements. The final phase of the project is ranked as Priority Level 3 because the District has significant control as to when to implement these portions of this project, and developer and federal funding sources are uncertain at this time.

Budgeting Department/Division: Engineering

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Untreated Water Supply and Transport
Sub-Program: Untreated Water Facilities - Upgrades
Project: Los Vaqueros Pipeline Relocation – Balfour Road
Priority: 1

The purpose of this project is to comply with the 1994 Agreement between the District and the State Route 4 Bypass Authority (Authority) for construction of the original Los Vaqueros Pipeline (LVP) at Balfour Road in Brentwood, by relocating the pipeline to accommodate State Route 4 Bypass (Bypass) construction at this location.

To accommodate original construction of the LVP and avoid possible unnecessary costs for accommodating a then proposed Bypass interchange at Balfour Road, the District entered into an agreement with the Authority to allow the LVP to be constructed straight through the future proposed interchange that connects Balfour to the new Bypass. This approach saved initial construction costs, while avoiding expending LVP project funds for a future Bypass project that might not occur.

The Authority has recently budgeted for this specific interchange at Balfour Road. Additionally, the Authority has prepared preliminary designs for this interchange indicating the LVP will be required to be relocated to allow for Bypass construction. This project provides the design and construction funding necessary to meet the District’s obligation to relocate the LVP at this location in 2015.

This project was included in the FY2010 CIP at a cost of \$3,900,000. The cost has been adjusted for inflation and updated cost projections.

Total Project: \$4,625,000
Cost to Date through FY2010: \$0
CIP Total: \$4,625,000
Cost Estimate Accuracy Range: \$6,938,000 to \$3,238,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
			\$535	\$4,090					
			D D D D	C C C C					

P = Planning D = Design C = Construction O = Other

Project Funding: If the Authority awards construction for the interchange prior to June 2015, the relocation will be funded from the Los Vaqueros Commitments Reserve Fund and untreated water rates; otherwise the Authority will fund it.

Operational Impacts: Operational impacts of the relocation are expected to be minimal.

Basis for Priority: This project has been ranked a Priority Level 1 because it is a contractual obligation of the District.

Budgeting Department/Division: Engineering

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Untreated Water Supply and Transport
Sub-Program: Untreated Water Facilities - Upgrades
Project: Mallard Slough Channel Rehabilitation
Priority: 2/3

The purpose of this program is to enable the District to operate the Mallard Slough Pump Station as originally designed without operational restrictions due to suction water re-charge issues.

The Mallard Slough is forty feet wide and twenty-five hundred feet long and was acquired by CCWD in 1961 to draw water from Suisun Bay to the Mallard Slough Pump Station in Bay Point. The District performed a bathymetric survey of the slough in October 2006 and determined there is five feet of sediment buildup since 1987, when the bottom of the slough was last dredged. The buildup of sediment can reduce the capacity of the pump station by up to 15 percent.

This project will dredge the slough to its original design depth and remove the sediment spoils to a designated disposal site, as well as re-shape the walls of the intake channel. The permitting phase of the project is Priority Level 2, and is scheduled to occur in FY2010 and FY2011. Design and construction are Priority Level 3, subject to funding availability.

This project was included in the FY2010 CIP at a cost of \$3,331,000. The cost has been adjusted for inflation

Total Project: \$3,552,000
Cost to Date through FY2010: \$127,000
CIP Total: \$3,425,000
Cost Estimate Accuracy Range: \$5,265,000 to \$2,525,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule: Priority 2

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$125									
P P P P									

Annual Cost Distribution (in 000's) and Schedule: Priority 3

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
		\$280	\$3,020						
		D D D D	C C C C						

P = Planning D = Design C = Construction O = Other

Project Funding: This project would be funded entirely by untreated water rates.

Operational Impacts: Operational impacts for this project are expected to be minimal.

Basis for Priority: The permitting phase has been ranked as Priority Level 2, because the District has a moderate level of control over the scope and implementation. Subsequent activities have been ranked as Priority Level 3 because the District has a significant level of control over the scope and implementation of these activities.

Budgeting Department/Division: Planning/Engineering

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Untreated Water Supply and Transport
Sub-Program: Untreated Water Facilities - Upgrades
Project: Rock Slough Fish Screen
Priority: 1

The purpose of this project is to provide support to Reclamation’s efforts to construct a fish screen at the Rock Slough intake to the Contra Costa Canal. The fish screen is required by the Central Valley Project Improvement Act (CVPIA) and the U.S. Fish and Wildlife Service’s Los Vaqueros Project Biological Opinion on Delta Smelt.

Reclamation’s project activities began in FY1996, and were suspended at the 50 percent design phase in 1998 due to lack of funding from the CVPIA cost sharing agencies. In FY2010, the District acquired funding from the American Recovery and Reinvestment Act (ARRA) for the construction of the project. The District has completed the construction of the initial phase of the project, and installation of the fish screen is scheduled to be completed in FY2011.

This project was included in the FY2010 CIP at a total project cost of \$24,547,000. The cost has been adjusted to reflect updated project cost estimates.

Total Project: \$34,102,000
Cost to Date through FY2010: \$10,346,000
CIP Total: \$23,756,000
Cost Estimate Accuracy Range: \$45,980,000 to \$26,975,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$23,756									
c c c c									

Project Funding: All project costs incurred after August 4, 2009, up to \$33 million, are funded from the ARRA. Prior costs are funded with untreated water rates.

Operational Impacts: It is assumed that the District would take responsibility for the operations and maintenance of this federal facility, as it has for the Contra Costa Canal and related facilities. The District’s O&M costs are estimated to increase by \$150,000 per year starting in FY2012 (first full year of operation). Labor costs account for two-thirds (\$100,000) of this estimate.

Basis for Priority: This project has been ranked as Priority Level 1 because it is part of the CVPIA and Los Vaqueros Project Delta Smelt Biological Opinion requirements.

Budgeting Department/Division: Engineering

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Untreated Water Supply and Transport
Sub-Program: Untreated Water Facilities - Upgrades
Project: Shortcut Pipeline Improvements
Priority: 2

The purpose of this project is to ensure reliable long-term water supply to the City of Martinez and the Shell Refinery. The Shortcut Pipeline is a 42 to 60-inch pipeline that is approximately 5 miles long and is the main source of water supply for Martinez and Shell. The pipeline was constructed in 1971 and is in need of immediate rehabilitation, in particular the portion in the vicinity of Pacheco Slough, which is experiencing differential settlement and leaks.

An initial Shortcut Pipeline evaluation was conducted that included a risk assessment of the entire pipeline to confirm where immediate repairs are needed. The risk assessment included evaluations of geotechnical and structural conditions, corrosion protection, and valves that are needed to isolate and maintain the pipeline.

A phased approach to design, permitting, providing access and rehabilitating the pipeline is recommended. FY2011 and FY2012 activities include the replacement of air relief valves, blow off valves, and isolation valves and the permitting for, and construction of, access roads to the pipeline to allow an interior inspection. The inspection will determine the physical condition of the pipeline interior and identify necessary repairs, which will be designed and implemented during the FY2013 to 2016 timeframe.

This program was included in the FY2010 CIP as part of the Untreated Water Facilities Improvement Program at a cost of \$10,000,000. The cost has been adjusted for inflation.

Total Project: \$10,500,000
Cost to Date through FY2010: \$0
CIP Total: \$10,500,000
Cost Estimate Accuracy Range: \$15,750,000 to \$7,350,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$1,520	\$2,705	\$600	\$2,850	\$500	\$2,325				
D D D D C C C C	D D D D C C C C	D D D D C C C C	D D D D C C C C	D D D D C C C C					

P = Planning D = Design C = Construction O = Other

Project Funding: This project is debt-funded, with the debt being retired using canal land levy tax revenues.

Operational Impacts: This project will require several shutdowns of the Shortcut Pipeline during construction of improvements. The Loop Canal will be used during these shutdowns. There will be long term benefits for operation and maintenance as a result of the project.

Basis for Priority: This project has been ranked as Priority Level 2 because the District has a moderate level of control over the scope and implementation of this project.

Budgeting Department/Division: Engineering

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Untreated Water Supply and Transport
Sub-Program: Upgrades
Project: Untreated Water Revenue Meter Data Logger Replacements
Priority: 2

The purpose of this project is to improve the accuracy and reliability of revenue metering sites of major untreated water customers. The electrical power system and data collection/telemetry equipment are approaching the ends of their useful lives and are becoming increasingly unreliable. In addition, the physical sites are in need of refurbishment. These meters account for annual revenues in excess of \$36 million.

This project consists of the development and installation of systems using cellular telemetry to directly communicate real-time revenue data, reducing the need for District staff to manually read these meters, at twenty-four untreated water metering sites. The project also includes security, power, and safety and access improvements at each site.

This project was included in the FY2010 CIP at a total cost of \$2,193,000. The cost has been adjusted based on updated cost projections.

Total Project: \$2,200,000
Cost to Date through FY2010: \$2,095,000
CIP Total: \$125,000
Cost Estimate Accuracy Range: \$2,283,000 to \$2,183,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$125									
c c c c									

P = Planning

D = Design

C = Construction

O = Other

Project Funding: This project is funded by untreated water rates.

Operational Impacts: Operational impacts of this project are anticipated to be minimal. Any additional operating cost, i.e., cellular costs, would be more than offset by decreased labor effort (equipment maintenance and meter reading), which would be re-directed to other activities.

Basis for Priority: The project is ranked as Priority Level 2 because unreliable metering results in inequitable revenue collection.

Budgeting Department/Division: Engineering

Water/Energy Demand Reduction Program

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Water/Energy Demand Reduction
Sub-Program: Best Management Practices Implementation
Project: Water Conservation Incentives
Priority: 1

The purpose of this program is to reduce water demands by providing water conservation incentives for the Residential, Commercial/Industrial/Institutional and Landscape customer classes. Incentives are consistent with the Future Water Supply Study (FWSS) and the Best Management Practices (BMP's).

The program includes incentives for the installation of efficiency toilets, clothes washers, smart irrigation timers and various commercial devices and irrigation equipment.

This program was included in the FY2010 CIP at a ten-year cost of \$8,975,000. Costs have been adjusted for inflation.

Total Project: N/A
Cost to Date through FY2010: N/A
CIP Total: \$9,400,000
Cost Estimate Accuracy Range: \$10,810,000 to \$8,930,000 (+15%/-5%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$940	\$940	\$940	\$940	\$940	\$940	\$940	\$940	\$940	\$940
o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o

P = Planning D = Design C = Construction O = Other

Project Funding: This project is funded by untreated water rates and supplemented with grant funds. Annual grant income is estimated to be \$200,000.

Operational Impacts: This project has no operational impact.

Basis for Priority: This project has been ranked as Priority Level 1 because it is a BMP program required to be implemented in the Conservation Section of the District's USBR Contract.

Budgeting Department/Division: Finance

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Water/Energy Demand Reduction
Sub-Program: Best Management Practices Implementation
Project: Commercial/Industrial Conservation
Priority: N/A

The purpose of this program is to reduce water demands by providing conservation audits to commercial customers to evaluate water uses on site and to provide suggestions for improved water use efficiency. The program also provides the pre-inspection at commercial establishments for the water conservation incentive program.

This is an operating budget program and is not included in program or CIP cost estimate totals. It is included here to provide a comprehensive picture of the District's Water Demand Reduction program.

This program was included in the FY2010 CIP at a ten-year cost of \$1,600,000. The cost has been adjusted for inflation.

Total Project: N/A
Cost to Date through FY2010: N/A
CIP Total: \$1,650,000
Cost Estimate Accuracy Range: \$1,900,000 to \$1,550,000 (+15%/-5%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165
o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o

P = Planning D = Design C = Construction O = Other

Project Funding: This program is funded by untreated water rates.

Operational Impacts: This is an operating budget program. There are no O&M impacts beyond administering the project.

Responsible Department/Division: Finance

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Water/Energy Demand Reduction
Sub-Program: Best Management Practices Implementation
Project: Landscape Conservation
Priority: N/A

The purpose of this program is to reduce water demands by providing landscape surveys in business parks, homeowner association’s common landscape areas, city parks and other areas that have irrigation meters and large areas of turf. It also provides an annual follow-up to those surveyed sites in order to assure continued savings. In addition, this program involves developing landscape water budgets for all dedicated irrigation accounts.

This is an operating budget program and is not included in program or CIP cost estimate totals. It is included here to provide a comprehensive picture of the District’s Water Demand Reduction program.

This program was included in the FY2010 CIP at a ten-year cost of \$2,100,000. The cost has been adjusted for inflation.

Total Project: N/A
Cost to Date through FY2010: N/A
CIP Total: \$2,200,000
Cost Estimate Accuracy Range: \$2,530,000 to \$2,090,000 (+15%/-5%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220
o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o

P = Planning D = Design C = Construction O = Other

Project Funding: This program is funded by untreated water rates.

Operational Impacts: This is an operating budget program. There are no O&M impacts beyond administering the project.

Responsible Department/Division: Finance

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Water/Energy Demand Reduction
Sub-Program: Best Management Practices Implementation
Project: Residential Water Audits/Plumbing Retrofit
Priority: N/A

The purpose of this program is to reduce water demands by providing water audits to single-family and multi-family residential customers. The Residential Water Audit Program works with District customers at their homes to improve water efficiency. Trained surveyors test for leaks in toilets, install showerheads and conduct comprehensive landscape water use evaluations. The Program makes water saving devices (showerheads, faucet aerators, etc.) available to customers free of charge.

This is an operating budget program and is not included in program or CIP cost estimate totals. It is included here to provide a comprehensive picture of the District's Water Demand Reduction program.

This program was included in the FY2010 CIP at a ten-year cost of \$3,600,000. The cost has been adjusted for inflation.

Total Project: N/A
Cost to Date through FY2010: N/A
CIP Total: \$3,750,000
Cost Estimate Accuracy Range: \$4,315,000 to \$3,565,000 (+15%/-5%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375
o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o	o o o o

P = Planning D = Design C = Construction O = Other

Project Funding: This program is funded by untreated water rates.

Operational Impacts: This is an operating budget program. There are no O&M impacts beyond administering the project.

Responsible Department/Division: Finance

CONTRA COSTA WATER DISTRICT
**TEN-YEAR CAPITAL IMPROVEMENT PLAN
 PROJECT SUMMARY**

Program: Water/Energy Demand Reduction
Sub-Program: Energy Demand Reduction
Project: Energy Master Plan and Implementation Placeholder
Priority: 3

The purpose of this project is to identify and implement strategies to reduce consumption of energy and associated greenhouse gas emissions, ensure the District is well positioned to meet new regulations, and to conform to the District’s mission of delivering service in an environmentally responsible manner.

A master plan completed in FY2010, identified energy use reduction projects in the areas of fleet management, water conservation, buildings and facilities, and capital projects. A study has been conducted and a prioritized list of capital projects, including solar, hydropower, pump replacements, and facility improvements has been developed. However, these projects currently do not meet the District’s investment criteria and outside sources of funds are being sought. The project includes \$4 million as a Priority Level 3 placeholder for the implementation of these projects.

This program was included in the FY2010 CIP at a project cost of \$4,158,000.

Total Project: \$4,129,000
Cost to Date through FY2010: \$129,000
CIP Total: \$4,000,000
Cost Estimate Accuracy Range: \$6,129,000 to \$2,929,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
		\$330	\$1,670	\$330	\$1,670				
		c c c c	c c c c	c c c c	c c c c				

P = Planning D = Design C = Construction O = Other

Project Funding: Funding for the Priority Level 3 implementation phase is undetermined at this time. The District will pursue grants as they become available.

Operational Impacts: The master plan does not have an operational impact. Operational impacts for projects recommended in the plan will be evaluated as they are developed.

Basis for Priority: Implementation has been ranked Priority Level 3 because the District has a significant level of control the scope and schedule.

Budgeting Department/Division: Planning

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Water/Energy Demand Reduction
Sub-Program: Energy Demand Reduction
Project: Los Vaqueros Energy Recovery
Priority: 2

The purpose of this project is to reduce energy costs by implementing a hydroelectric generation facility capable of producing approximately 1,000 kilowatts of electricity to offset energy purchased from outside sources.

Water with high hydraulic energy potential will be diverted from the Los Vaqueros Pipeline to the generation facility, to be located near Pumping Plant 4. That water currently passes through energy dissipation valves before it enters the Contra Costa Canal.

Preliminary design and cost estimates completed to date conclude that constructing a hydropower generation facility at the Los Vaqueros Pipeline has a payback of approximately fifteen to twenty years, based on current costs of power.

This project was included in the FY2010 CIP at a total project cost of \$6,177,000. The cost has been adjusted to reflect a detailed cost estimate.

Total Project: \$8,698,000
Cost to Date through FY2010: \$3,898,000
CIP Total: \$4,800,000
Cost Estimate Accuracy Range: \$11,098,000 to \$7,258,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$4,800									
c c c c									

Project Funding: The project is funded by untreated water rates. The District will pursue grants as they become available.

Operational Impacts: Annual operating cost savings are estimated to be approximately \$370,000 beginning in FY2011.

Basis for Priority: This project has been ranked as Priority Level 2 because the District has a moderate level of control over scope and timing.

Budgeting Department/Division: Engineering

Water Treatment Facility Improvements Program

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Water Treatment Facility Improvements
Sub-Program: Planning
Project: Water Treatment Plant Master Plan Update and Implementation Placeholder
Priority: 2

The purpose of this project is to ensure timely, cost effective and environmentally sound improvements to the District’s water treatment facilities through periodic updates of the FY2004 Water Treatment Plant Master Plan (WTPMP). The WTPMP also provides a review of upcoming regulatory requirements possibly affecting the water treatment plants so the District can continue to be proactive on regulatory compliance.

The next plan update is scheduled for FY2011. This project also includes approximately \$8,900,000 for the implementation of improvements recommended by the study.

This project was included in the FY2010 CIP at a cost of \$7,630,000. The cost has been adjusted for inflation.

Total Project: \$9,210,000
Cost to Date through FY2010: \$0
CIP Total: \$8,205,000
Cost Estimate Accuracy Range: \$13,817,000 to \$6,448,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
365	\$470	\$1,815	\$1,980	\$1,005	\$180	\$1,005	\$180	\$1,005	\$180
P P P P	D D D D	C C C C	C C C C	C C C C	D D D D	C C C C	D D D D	C C C C	D D D D

P = Planning D = Design C = Construction O = Other

Project Funding: This District’s share of the project is funded by treated water rates. Partners in the Randall-Bold facility pay a share based on capacity rights.

Operational Impacts: Plan updates do not have operational impact. Operational impacts for projects recommended in the plan will be evaluated as they are developed.

Basis for Priority: This project has been ranked as Priority Level 2 because master plan updates are required to ensure that new regulations, capacity requirements, and other factors are addressed in a timely manner.

Budgeting Department/Division: Planning

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Water Treatment Facility Improvements
Sub-Program: Upgrades
Project: Membrane Filtration Placeholder
Priority: 3

The purpose of this project is to ensure the District’s water quality objectives will continue to be met through advanced treatment process improvements. Future increases to water demands from the Delta, in the absence of definite projects to protect the District and other Bay Area users of Delta water, will likely lead to degraded water quality. There is also a trend to increasing regulations to ensure high quality water is delivered to urban water users. These regulations are targeting areas now unregulated, including new viral, bacterial and protozoan pathogens, more stringent disinfection by-product regulations and regulations on currently unregulated chemicals. This trend also leads to an increasing likelihood of a need for advanced treatment.

If the State proceeds with options for the Delta that create degraded water quality at the District’s intakes, then the District must consider the potential need for the implementation of advanced treatment technologies such as membrane filtration and multiple barriers (including multiple disinfectants, UV disinfection, and higher filtration levels). If implementation were deemed necessary, this project would be potentially initiated in FY2015 with an estimated completion date in FY2018.

This project was included in the FY2010 CIP at a total cost of \$80,000,000. Project commencement has been delayed two years pending the outcomes of the Delta Vision and other ongoing Delta studies.

Total Project: \$80,000,000
Cost to Date through FY2010: \$0
CIP Total: \$80,000,000
Cost Estimate Accuracy Range: \$120,000,000 to \$56,000,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
				\$4,300	\$39,400	\$24,900	\$11,400		
				D D D D	C C C C	C C C C	C C C C		

P = Planning

D = Design

C = Construction

O = Other

Project Funding: This project would be funded by treated water rates.

Operational Impacts: For purposes of planning, the total annual O&M costs are estimated to be \$6.6 million per year, of which \$160,000 is attributable to labor costs.

Basis for Priority: This project has been ranked as Priority Level 3 because the District has maximum flexibility in implementing this project, and the outcome of the CALFED Program is uncertain.

Budgeting Department/Division: Planning

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Water Treatment Facility Improvements
Sub-Program: Upgrades
Project: Water Treatment Plant Improvements - Bollman
Priority: 1/2/3

The purpose of this program is to continue meeting District water quality objectives by providing a programmatic approach to addressing water quality, renewal and replacement and solids handling needs at the District’s Bollman Water Treatment Plant (WTP). Bollman WTP was constructed in 1968 and has facilities and equipment that are in need of renewal and replacement due to age and normal wear and tear. Recommended improvements were identified in the FY2004 Water Treatment Plant Master Plan (WTPMP).

Priority Level 1 projects include safety improvements required to meet OSHA standards. Priority Level 2 projects include sedimentation basin and clearwell seismic improvements, clearwell caulking rehabilitation, replacement of filter media and filter valves as well as smaller rehabilitation projects. There is a Priority Level 3 placeholder project to implement on-site solids handling if required by Central Contra Costa Sanitary District.

The projects identified in this program were included in FY2010 CIP at a ten-year cost of \$14,964,000. The costs have been adjusted for inflation and to reflect the passing of FY2010 and the addition of FY2020.

Total Project: NA
Cost to Date through FY2010: NA
CIP Total: \$14,650,000
Cost Estimate Accuracy Range: \$21,975,000 to \$10,265,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule: *Priority 1*

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$250									
D D C C									

Annual Cost Distribution (in 000's) and Schedule: *Priority 2*

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$3,485	\$1,255	\$235	\$335	\$880	\$880	\$880	\$235	\$335	\$880
O O O O	O O O O	O O O O	O O O O	O O O O	O O O O	O O O O	O O O O	O O O O	O O O O

Annual Cost Distribution (in 000's) and Schedule: *Priority 3*

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
		\$525	\$2,965	\$1,510					
		D D D D	C C C C	C C C C					

P = Planning D = Design C = Construction O = Other

Project Funding: This program is funded by treated water rates.

Operational Impacts: The total operational impacts for this program are minimal.

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Water Treatment Facility Improvements
Sub-Program: Upgrades
Project: Water Treatment Plant Improvements – Bollman - *continued*
Priority: 1/2/3

Basis for Priority: The safety components of the program have been ranked as Priority Level 1, as they protect employee health and safety. The remainder of the program has been ranked as Priority Level 2 for components that have been defined and Priority Level 3 for components that are pending the outcome of investigations.

Budgeting Department/Division: Planning/Engineering/Operations & Maintenance

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Water Treatment Facility Improvements
Sub-Program: Upgrades
Project: Water Treatment Plant Improvements - City of Brentwood
Priority: 1/2/3

The purpose of this program is to provide a programmatic approach to addressing water quality, renewal and replacement, and solids handling needs at the City of Brentwood’s Water Treatment Plant (CBWTP). Construction of the CBWTP was completed in FY2010. Per the agreement with the City of Brentwood for the design, construction, and operation of CBWTP, the District has developed a capital improvement program for the new facilities.

Priority Level 1 projects include safety improvements required to meet OSHA standards. Priority Level 2 projects include various small upgrades that are anticipated to be needed beginning in FY2011 and filter media is assumed to be replaced on a five-year cycle beginning in FY2012. There is a Priority Level 3 placeholder project to line the wash water lagoons if required by the Regional Water Quality Control Board.

The projects identified in this program were included in FY2010 CIP at a ten-year cost of \$2,760,000. The costs have been adjusted for inflation and to reflect revised filter media replacement cost estimates.

Total Project: NA
Cost to Date through FY2010: NA
CIP Total: \$3,435,000
Cost Estimate Accuracy Range: \$5,135,000 to \$2,405,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule: Priority 1

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$45									
D D C C									

Annual Cost Distribution (in 000's) and Schedule: Priority 2

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$10	\$125	\$535	\$535	\$55	\$55	\$190	\$570	\$565	\$50
O O O O	O O O O	O O O O	O O O O	O O O O	O O O O	O O O O	O O O O	O O O O	O O O O

Annual Cost Distribution (in 000's) and Schedule: Priority 3

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
				\$115	\$585				
				D D D D	C C C C				

P = Planning D = Design C = Construction O = Other

Project Funding: This program is funded by the City of Brentwood.

Operational Impacts: The total operational impacts for this program are minimal.

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Water Treatment Facility Improvements
Sub-Program: Upgrades
Project: Water Treatment Plant Improvements - City of Brentwood - *continued*
Priority: 1/2/3

Basis for Priority: The safety components of the program have been ranked as Priority Level 1, as they protect employee health and safety. The remainder of the program has been ranked as Priority Level 2 for components that have been defined and Priority Level 3 for components that are pending the outcome of investigations.

Budgeting Department/Division: Planning/Engineering/Operations & Maintenance

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Water Treatment Facility Improvements
Sub-Program: Upgrades
Project: Water Treatment Plant Improvements – Randall-Bold
Priority: 1/2/3

The purpose of this program is to continue meeting District water quality objectives by providing a programmatic approach to addressing water quality, renewal and replacement and solids handling needs at the District’s Randall-Bold Water Treatment Plant (WTP). Randall-Bold WTP was constructed in 1992 and has facilities and equipment that are in need of renewal and replacement due to age and normal wear and tear. Recommended improvements were identified in the FY2004 Water Treatment Plant Master Plan (WTPMP).

Priority Level 1 projects include seismic improvements identified on the 2009 Seismic Assessment as well as safety improvements required to meet OSHA standards. Priority Level 2 projects include Distributed Control System replacement, filter media replacement, and groundwater monitoring and alternatives analysis for lagoon operations at the site. There are Priority Level 3 placeholder projects to line the wash water and solids lagoons if required by the Regional Water Quality Control Board, and to convert the plant to hypochlorite if required by legislation. A Priority Level 3 project to address seismic retrofitting has been added.

The projects identified in this program were included in FY2010 CIP at a 10-year cost of \$10,602,000. The costs have been adjusted for inflation and to reflect the addition of the seismic retrofit project.

Total Project: NA
Cost to Date through FY2010: NA
CIP Total: \$13,640,000
Cost Estimate Accuracy Range: \$20,464,000 to \$9,551,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule: *Priority 1*

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$290									
D D C C									

Annual Cost Distribution (in 000's) and Schedule: *Priority 2*

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
\$260	\$390	\$1,275	\$2,270	\$155	\$155	\$220	\$935	\$935	\$155
O O O O	O O O O	O O O O	O O O O	O O O O	O O O O	O O O O	O O O O	O O O O	O O O O

Annual Cost Distribution (in 000's) and Schedule: *Priority 3*

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
		\$715	\$4285	\$235	1,365				
		D D D D	C C C C	D D D D	C C C C				

P = Planning D = Design C = Construction O = Other

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Water Treatment Facility Improvements
Sub-Program: Upgrades
Project: Water Treatment Plant Improvements – Randall-Bold - *continued*
Priority: 1/2/3

Project Funding: A portion of this program is funded by Diablo Water District, the cities of Brentwood and Antioch, and Golden State Water Company. The remainder of the program is funded by treated water rates.

Operational Impacts: The total operational impacts for this program are minimal.

Basis for Priority: The seismic and safety components of the program have been ranked as Priority Level 1, as they protect employee health and safety. The remainder of the program has been ranked as Priority Level 2 for components that have been defined and Priority Level 3 for components that are pending the outcome of investigations or potential legislation.

Budgeting Department/Division: Planning/Engineering/Operations & Maintenance

CONTRA COSTA WATER DISTRICT

**TEN-YEAR CAPITAL IMPROVEMENT PLAN
PROJECT SUMMARY**

Program: Water Treatment Facility Improvements
Sub-Program: Upgrades
Project: Randall-Bold Water Treatment Plant Upgrades for Increased Capacity
Priority: 3

Description: The purpose of this project is to upgrade the Randall-Bold Water Treatment Plant to increase treatment capacity at the facility. A filter assessment study has been completed that demonstrates that the plant’s filtration rates can be increased from 40 MGD to 54 MGD. Additional upgrades for greater storage and higher treatment capacity may be needed to reliably meet a 35% production increase. Examples of upgrades possibly needed are additional chemical tanks and chemical feeders, higher waste discharge capacity, greater capacity for solid waste handling, and modifications to influent piping to alleviate hydraulic constrictions.

A placeholder of \$500,000 has been included in this CIP for implementation of projects necessary to increase capacity at the Randall-Bold Water Treatment Plant.

This project was included in FY2010 CIP at a total cost of \$500,000.

Total Project: \$500,000
Cost to Date through FY2010: \$0
CIP Total: \$500,000
 +
Cost Estimate Accuracy Range: \$750,000 to \$350,000 (+50%/-30%)

Annual Cost Distribution (in 000's) and Schedule:

FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
		\$100	\$400						
		D D D D	C C C C						

P = Planning

D = Design

C = Construction

O = Other

Project Funding: This project would be funded by treated water rates and FRCs.

Operational Impacts: Impacts to total annual O&M costs are anticipated to be negligible.

Basis for Priority: This project has been ranked Priority Level 3, as the project scope and schedule have been defined only on a conceptual level.

Budgeting Department/Division: Planning

Section VIII
EXHIBITS

List of Abbreviations

ABAG	Association of Bay Area Governments
AB32	Assembly Bill 32, Global Warming Solutions Act of 2006
ARRA	American Recovery and Reinvestment Act
BANs	Bond Anticipation Notes
BDCP	Bay Delta Conservation Plan
BMP	Best Management Practice
CABs	Capital Appreciation Bonds
CCWD	Contra Costa Water District
CEQA	California Environmental Quality Act
CII	Commercial, Industrial, and Institutional
CIP	Capital Improvement Program
COE	United States Army Corps of Engineers
CTC	Competitive Transition Charges
CVP	Central Valley Project
CVPIA	Central Valley Project Improvement Act
CUWCC	California Urban Water Conservation Council
DCS	Distributed Control System
DOHS	California Department of Health Services
DSOD	California Division of Safety of Dams
DWD	Diablo Water District
DWR	California Department of Water Resources
EBMUD	East Bay Municipal Utility District
ECCID	East Contra Costa Irrigation District
EIR	Environmental Impact Report
EIS	Environmental Impact Statement
ENR	Engineering News Record
EOC	Emergency Operations Center
ERAF	Education Revenue Augmentation Fund
ET	Evapo-transpiration
FMP	Facilities Master Plan
FRC	Facilities Reserve Charge
FTE	Full-Time Equivalent
FWSS	Future Water Supply Study
FY	Fiscal Year
GAC	Granular Activated Carbon
GIS	Geographic Information System
JPA	Joint Powers Authority
LVP	Los Vaqueros Project
MGD	Million Gallons per Day
M&I	Municipal and Industrial
MOU	Memorandum of Understanding
MPP	Multi-Purpose Pipeline
NEPA	National Environmental protection Act
O&M	Operations and Maintenance
OCAP	Operations Criteria and Plan

List of Abbreviations

(continued)

POE/POU	Point of Entry/Point of Use
PUC	Public Utilities Commission
RBWTP	Randall-Bold Water Treatment Plant
ROD	Record of Decision
SCADA	Supervisory Control and Data Acquisition
SRIP	Seismic Reliability Improvement Project
SWQ	Safety and Water Quality
TW	Treated Water
TWFIP	Treated Water Facility Improvement Program
TWMP	Treated Water Master Plan
TWSA	Treated Water Service Area
ULFT	Ultra-Low Flush Toilet
USBR	United States Bureau of Reclamation
UV	Ultra-violet
UW	Untreated water
UWFIP	Untreated Water Facility Improvement Program
WQ	Water Quality
WRDA	Water Resources Development Act
WRIF	Water Resources Investment Fund
WTP	Water Treatment Plant
WTPMP	Water Treatment Plant Master Plan

Glossary

Acre-Foot - The volume of water that will cover one acre to a depth of one foot. One acre-foot of water equals 325,828.8 gallons.

Annual Rate Analysis - Rates, fees, and charges are examined annually and are brought to the Board in November and December of each year, and adjustments are typically considered for Board approval in January. CIP cost estimates are among several factors used in the annual rate analysis.

Assembly Bill 32 - In 2006, California enacted AB32, the Global Warming Solutions Act of 2006, which established a statewide level of greenhouse gas emissions equal to 1990 levels to serve as the emissions limit to be achieved by 2020. It directed the California Air Resources Board to begin developing discrete early actions to reduce greenhouse gases while also preparing a scoping plan to identify how best to reach the 2020 limit. The reduction measures to meet the 2020 target are to be adopted by the start of 2011.

Bay Delta Conservation Plan - An applicant-driven effort to provide for the conservation and management of Delta aquatic species and regulatory assurances related to water supply reliability and water quality. It is a voluntary mechanism to provide Delta water users compliance with Federal Endangered Species Act, California Endangered Species Act, and/or the Natural Community's Conservation Plan Act.

Bond Anticipation Notes - Promissory notes with maturities ranging from one to five years. BANs rely solely on the issuer's underlying credit rating and are not guaranteed by a line of credit.

CALFED - The California Bay-Delta Authority (formerly CALFED) oversees the 25 state and federal agencies working cooperatively to improve the quality and reliability of California's water supplies while restoring the Bay-Delta ecosystem.

Capital Appreciation Bonds - CABs are similar to the long-term bonds with the exception that the payment of principal and interest does not begin at the time the bonds are issued, but is deferred to a future date.

Central Valley Project - California water project owned by the United States and managed by the Bureau of Reclamation for diversion, storage, carriage, distribution and beneficial use of waters of the Sacramento River, the American River, the Trinity River, and the San Joaquin River and their tributaries. The CVP is composed of some 20 reservoirs with a combined capacity of more than 11 million acre-feet, 11 power plants, and more than 500 miles of major canals and aqueducts. The CVP delivers about 7 million acre-feet of water annually for agricultural, urban, and wildlife use. The Contra Costa Canal is a CVP facility. CCWD's CVP water service contract is for 195,000 acre-feet annually.

Central Valley Project Improvement Act - Multi-purpose water legislation that was signed into law October 30, 1992. The Central Valley Project Improvement Act mandated changes in management of the Central Valley Project, particularly for the protection, restoration, and enhancement of fish and wildlife. The Rock Slough Fish Screen is a requirement of the CVPIA.

CIP Programs - Projects in the CIP are organized by program and sub-program. There are ten program areas, each representing a different function of the District. Sub-programs are groups of related projects within a program.

Debt Service - The obligation to pay the principal and interest of bonds and other debt instruments according to a predetermined payment schedule.

Debt Service Coverage Ratio - Revenues net of operating costs divided by maximum annual debt service.

Delta - The Delta is the largest estuary on the west coast and the hub of California's water system. It is formed by California's two largest rivers, the Sacramento and San Joaquin. The Delta has increasingly become a center of controversy as federal, state, and local governments and private entities have sought to make use of its resources.

Delta Vision - Governor Arnold Schwarzenegger appointed the Delta Vision Blue Ribbon Task Force to develop a long-term sustainable vision for the Delta by December 2007 and an implementation plan by October 2008. The task force recommended a significant increase in conservation and water system efficiency, new facilities to move and store water, and likely reductions in the amount of water taken out of the Delta watershed. The task force also recommended a new governing structure for the Delta that would have secure funding and the ability to approve spending, planning and water export levels.

Facility Reserve Charge - A one-time up-front fee paid by each new customer when they connect to the system. The fee covers the new customer's share of the facilities required to provide service. Such fees are commonly referred to as connection fees, capacity fees, system development fees, or impact fees. There are separate Facility Reserve Charges for untreated and treated water customers. The current fees are contained in Chapters 5.12 and 5.16 of the District Code of Regulations.

Fiscal Year - The period from and including July 1 of each calendar year through June 30 of the following calendar year.

Funded by Others - Funding received from non-District agencies or entities. Other sources of funding include CALFED, Proposition 50 and 84, grants, Brentwood, developers, and other entities either benefiting from District actions or mitigating for impacts to the District.

M&I Deficit - This M&I deficit was largely comprised of compound interest on capital costs computed retroactively back to 1949. A large component of the deficit was eliminated by the passage of two pieces of Federal legislation that resulted in the transfer of the Sly Park and Sugar Pine dams and reservoirs to the respective local beneficiary agencies.

Minimum Reserve Balances - The District has a minimum reserve balance policy of the total of six months of debt service and operating expenses.

Operations Criteria and Plan - Plan developed by the Bureau of Reclamation for operation of the Central Valley Project in conjunction with the State Water Project. The plan includes numeric and nonnumeric operating criteria and strategies for all CVP divisions, including the Trinity River Division, Shasta and Sacramento County Divisions, American River Division, Delta Division, West San Joaquin Division, and Friant Division.

Prioritization System - A method to rank or rate the relative importance of a project in the CIP based upon factors such as protection of health and safety, legal requirements and rate of return on the District's investment. The priority levels provide a basis for deciding which projects should be done in any given year.

Priority Level 1 - Projects in this priority level are the highest priority of all capital projects. They include projects already under construction and those required by legislation, regulation, contract or for protecting health and safety. Priority level 1 also includes applicant funded projects.

Priority Level 2 - Projects in this priority level need to be done, but the District has a moderate level of control as to when they should be performed. Where return on investment is a determining factor, projects in this priority level will have a short-term payback of less than five years.

Priority Level 3 - Projects in this priority level are needed, but the District has a significant level of control as to when they should be performed. Where return on investment is a determining factor, projects in this priority level will have a long-term payback of greater than five years.

Proposition 50 - Authorized general obligation bonds, to be repaid from state's General Fund, to fund a variety of water projects including: specified Bay-Delta Program projects including urban and agricultural water use efficiency projects; grants and loans to reduce Colorado River water use; purchasing, protecting and restoring coastal wetlands near urban areas; competitive grants for water management and water quality improvement projects; development of river parkways; improved security for state, local and regional water systems; and grants for desalination and drinking water disinfecting projects.

Proposition 84 - Authorized \$5.4 billion in general obligation bonds to fund projects to provide safe drinking water, improve local water supply reliability, strengthen flood protection, and preserve California's natural landscapes, including parks, lakes, rivers, beaches, bays, ocean and coastline.

Rate Policy - The Board's rate policy limits annual rate increases to levels at or below inflation.

Restricted Reserves - Reserve funds whose use is constrained by Board action or by contractual or legal requirements.

Revenue - Moneys that the District receives as income. It includes such items as water sales, fees for services, contributions, interest income and other miscellaneous receipts. Estimated revenues are those expected to be collected over the planning period.

Ten-Year Capital Improvement Program - The Ten-Year Capital Improvement Program and Financial Plan (CIP) provides a comprehensive view of the asset investments required over the next ten years to ensure adequate water resources, maintain high quality water, and meet the service needs of present and future customers.

Treated Water Service Area - Portion of the service area that receives treated water from the District's Bollman Water Treatment Plant in Concord and supplemental supply from Randall-Bold Treatment Plant via the Multi-Purpose Pipeline. The treated water service area encompasses all or part of the cities and communities of Concord, Clayton, Clyde, Pleasant Hill, Walnut Creek, Martinez, and Port Costa.

Two-Year Budget - The District's budget is presented to the Board in May and June every other year. Budget status is reviewed at approximately six-month intervals until the next two-year budget.

Unrestricted Reserves - Reserve funds that are not constrained by Board action or by contractual or legal requirements.

Untreated Water Service Area - Portion of the District's service area that receives untreated water from the Contra Costa Canal for municipal, industrial, landscape irrigation, and agricultural purposes. The District's municipal customers include the Diablo Water District; Cities of Antioch, Pittsburg, and Martinez; and the Golden State Water Company (Bay Point).