

LONG-TERM CAPITAL PROGRAM AND BIENNIAL CAPITAL BUDGET

FISCAL YEARS 2025-26 AND 2026-27

Board of Directors
March 24, 2025



DRAFT

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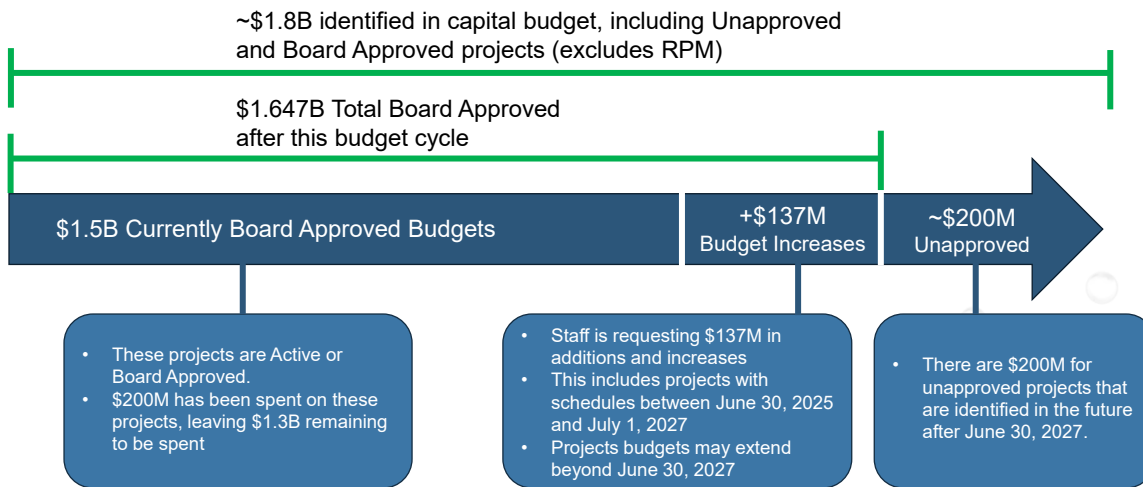
WORKSHOP GOALS

- Provide an update on the Long-Term Capital Program
 - Replacement Planning Model (RPM)
 - Biennial Capital Budget
 - Future Capital Projects
- Review and approve the Biennial Capital Budget



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CAPITAL BUDGET OVERVIEW



PRESENTATION OUTLINE

- Long-Term Capital Program (LTCP)
 - Give context and background for the LTCP
 - Discuss LTCP funding
 - Review projects transferred from RPM to Biennial Capital Budget
 - Update on new capital projects and budget increases
- Biennial Capital Budget
 - Review past two years' worth of capital earned value
 - Forecast FY 2025-26 & 2026-27 expenditures
 - Discuss funding for forecasted expenditures
- Conclusions and Recommendations

LONG-TERM CAPITAL PROGRAM

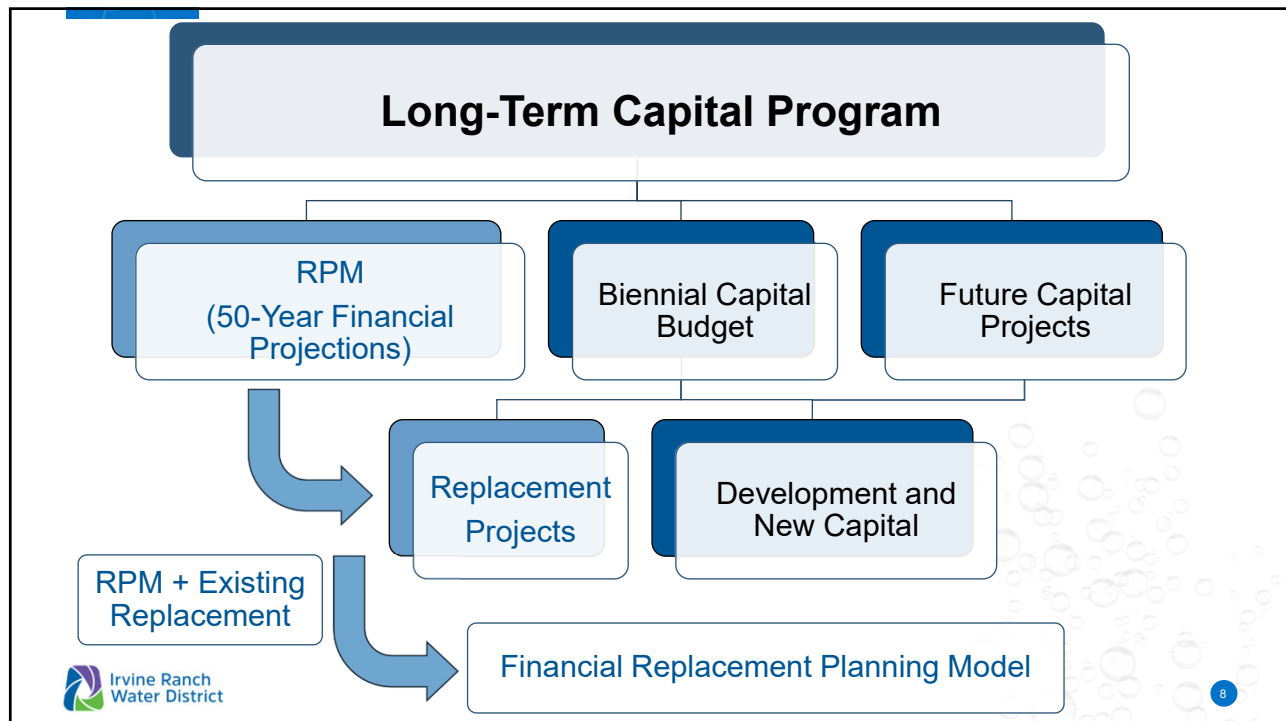
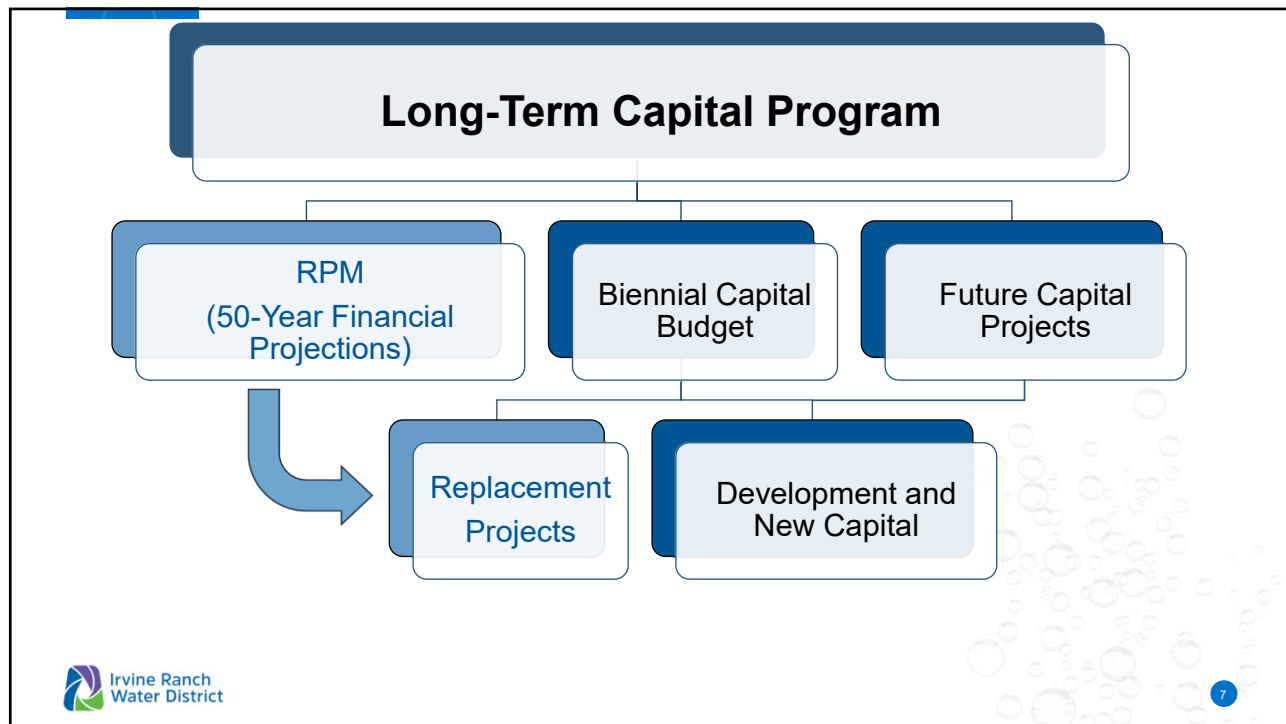


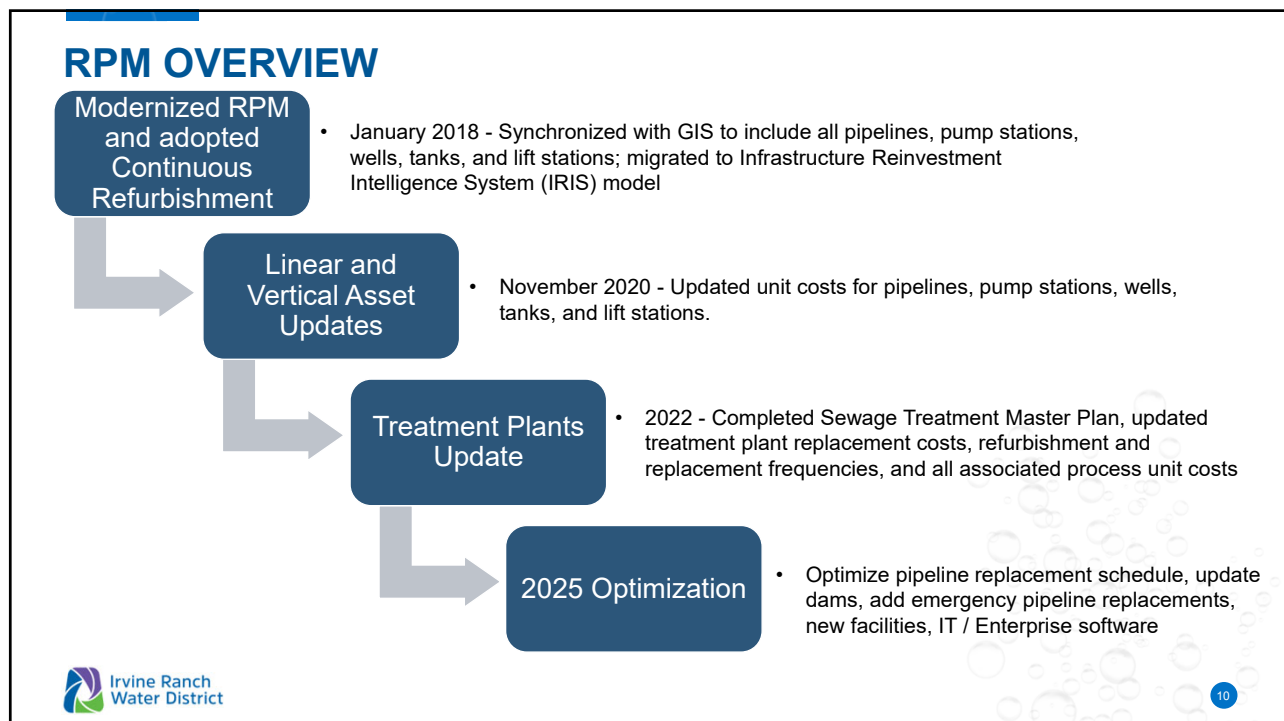
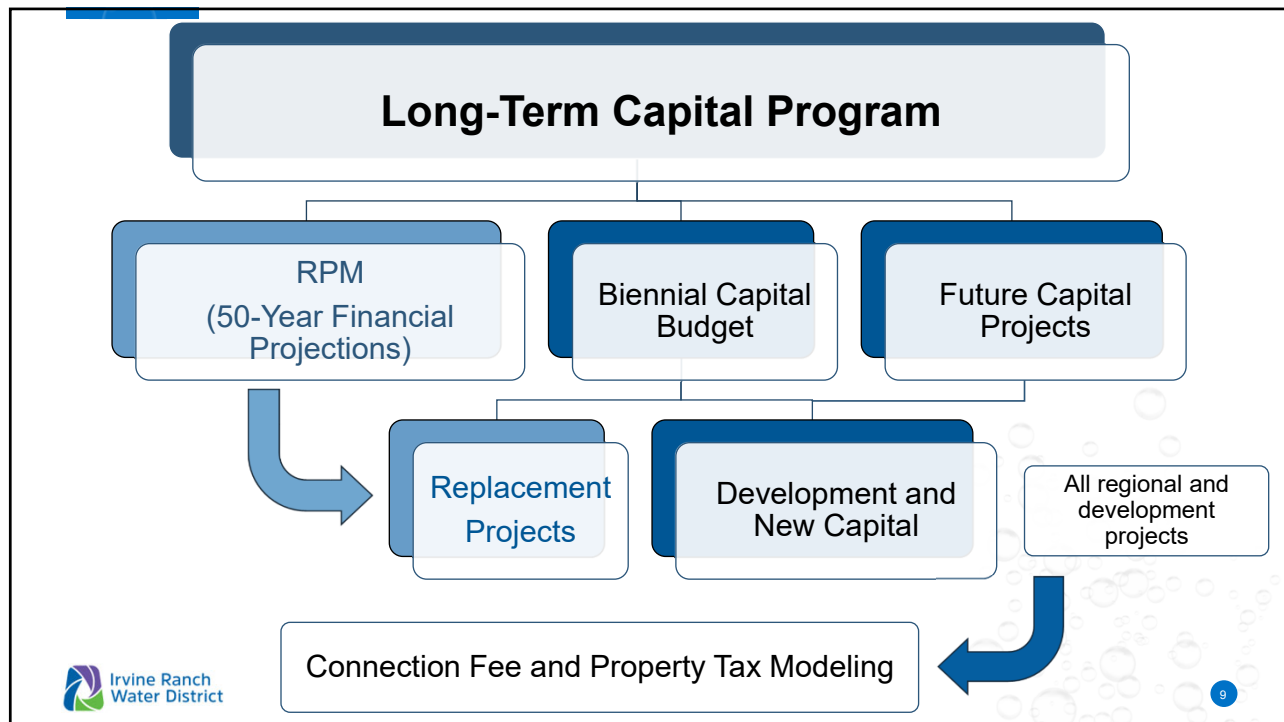
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DEFINITIONS

- **Long-Term Capital Program (LTCP)**
 - Identifies all future planned replacement, regional, and development projects
 - Includes actual projects from the Biennial Capital Budget
 - Includes **all** replacement costs in the RPM
- **Replacement Planning Model (RPM)**
 - Estimates 50-year timing and replacement costs for all vertical and linear facilities
 - Provides input to Financial Replacement Model (FRPM) for developing replacement funding policies
- **Biennial Capital Budget**
 - Provides a vehicle to approve forecast RPM expenditures per IRWD's Capital Expenditure Procurement Policy by creating specific replacement funded projects through Board Resolution
 - Provides a vehicle to approve specific capital projects per IRWD's Capital Expenditure Procurement policy by creating and updating specific new capital funded projects through Board Resolution
- **Financial Replacement Planning Model (FRPM)**
 - Combines output from RPM and revenue streams to develop replacement funding strategies
- **Connection Fee and Property Tax Modeling**
 - Combines all regional and development projects and revenue streams to develop connection fees and property taxes: paid for by existing (Developed areas) and future customers (Developing areas)

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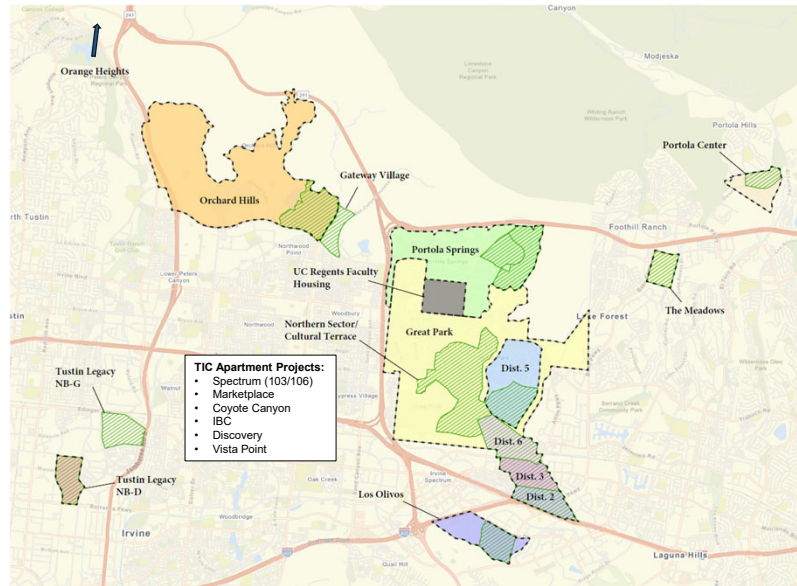
PROJECTED DEVELOPMENT THROUGH FY 2026-27

• Projected Development Areas:

- Portola Center
- Orchard Hills
- Portola Springs
- Great Park Neighborhoods (2,3,5,6)
- Los Olivos
- The Meadows
- Tustin Legacy
- UC Regents Faculty Housing
- TIC Marketplace & Spectrum Apartments
- Orange Heights

• Projected Dwelling units:

- FY 2025-26: 1,500-2,000
- FY 2026-27: 1,500-2,000



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LONG-TERM CAPITAL PROGRAM CHANGES

Component	Total
RPM to Biennial Capital Budget Transfers	\$30.5 M
Biennial Capital Budget Changes	
- New Capital Project Additions	\$75.8 M
- Existing Capital Budget Increases	\$30.9 M
Subtotal	\$106.7 M
Total	\$137.2 M

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RPM TO BIENNIAL CAPITAL BUDGET TRANSFERS

Description	Current Approved Budget (\$ Millions)	Proposed Budget (\$ Millions)	Project Increases (\$ Millions)
Pump Station Rehab - Coastal DW & RW	3.1	8.8	5.7
Tank Rehab - El Toro	0.5	4.3	3.8
Pipeline Relocations	0.0	3.4	3.4
Pump Station Rehab - Manning	0.0	3.0	3.0
Pipeline Replacement - San Joaquin Hills Road	0.0	2.8	2.8
Tank Rehab - Chapman	0.5	3.1	2.6
Pipeline Replacement - Park Plaza	0.0	1.4	1.4
PLC Upgrades	0.0	1.3	1.3
General System Mods	0.0	1.1	1.1
Well Rehab - OPA 1 and DRWF 7	0.6	1.6	1.1
Pipeline Replacement - Silverado Canyon	0.0	1.1	1.1
Pipeline Replacement - Turtle Rock / Concordia	0.0	0.8	0.8
Pump Station Rehab - Turtle Rock	0.8	1.5	0.7
RW PRV Decommissioning	0.0	0.7	0.7
Pump Station Rehab - IIC East	1.9	2.5	0.6
Pump Station Rehab - Lake Forest	2.2	2.5	0.3
Total			30.5



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BIENNIAL CAPITAL BUDGET - NEW PROJECT ADDITIONS

Description	Project Increases (\$ Millions)
Business Software	26.6
General System Mods	20.3
General Plant	7.3
Biosolids Gas Modifications	6.2
Howler Pump Station	5.8
Water Resources	2.6
San Joaquin Dam Drainage	1.9
Planning	1.5
Howler Supply Pipeline	1.4
EV Charging Facilities	1.0
Development - Orchard Hills	0.5
Biosolids Dust Mitigation	0.4
Security Upgrades	0.2
Total	75.8



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BIENNIAL CAPITAL BUDGET - EXISTING PROJECT INCREASES

Description	Current Approved Budget (\$ Millions)	Proposed Budget (\$ Millions)	Project Increases (\$ Millions)
Orange Heights Tank and Pump Station	16.6	36.0	19.4
Future Water Supply	15.3	18.9	3.6
San Joaquin Reservoir Filtration	23.5	25.6	2.1
Biosolids Lift Station	3.3	4.9	1.6
Radio Tower Improvements	0.7	1.9	1.2
IT Core Network Upgrades	1.0	2.0	1.0
Fleming Tank and Pump Station	16.7	17.6	0.8
Emergency Generators	6.5	6.9	0.4
Development - Great Park Sewer	2.6	2.9	0.3
Educational Displays and Improvements	0.5	0.8	0.3
AMI Implementation Study	0.5	0.5	0.1
OPA PFAS Treatment	0.4	0.4	0.1
Total			30.9



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LONG-TERM CAPITAL PROGRAM SUMMARY

Component	Total
Replacement Planning Model	\$4,300 M
Biennial and Future Capital Budget	
- Replacement Funded Projects	\$780 M
- Regional and Development Projects	\$1,000 M
Total LTCP	\$6,080 M

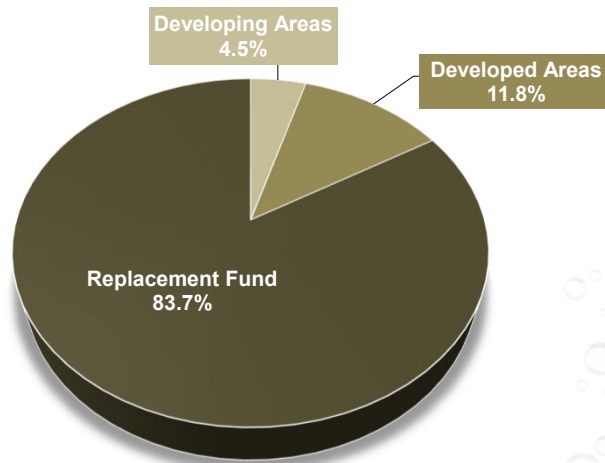
All costs and expenditures account for applicable offsets.



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LONG-TERM CAPITAL PROGRAM FUNDING SOURCES

Long Term Capital Program = \$6,080 Million



BIENNIAL CAPITAL BUDGET



BIENNIAL CAPITAL BUDGET

- Accomplishes the following objectives:
 - Forecasts work effort and two-year capital expenditures
 - Identifies all capital projects for next two years
 - Reflects Board approval for the capital budgets
 - Identifies “Flagged” projects for further Board discussion
 - Aligns with the two-year Operating Budget cycle, and includes General Plant projects



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PREVIOUS FORECAST VS. ACTUAL EARNED VALUE

- Earned Value includes actual expenditures and work completed but not yet invoiced
- FY 2023-24 & 2024-25 Capital Expenditures:

Fiscal Year	Original Forecast (\$ Millions)	Earned Value (\$ Millions)	Delta (\$ Millions)	% Spent of Forecast
FY 2023-24	106.2	104.8	(1.4)	99%
FY 2024-25	105.5	112.1	6.6	106%



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COMPARE PREVIOUS FORECAST TO EARNED VALUE

No.	Description	FY 23-24 Delta (\$ Millions)	FY 24-25 Delta (\$ Millions)
1	Operational	(4.4)	2.8
2	Water Banking	(3.3)	(2.1)
3	Nonpotable Storage	(1.7)	(0.1)
4	Planning	(0.7)	(0.7)
5	OCWD Annexation	(0.2)	0.1
6	Water Resources	(0.1)	(0.5)
7	Solids Handling	(0.1)	0.4
8	Property Management	0.0	0.0
9	Baker WTP	0.0	0.0
10	Sewage Treatment	0.1	(0.2)
11	Replacement-Business Software	0.1	0.1
12	General Plant	0.3	0.1
13	Development	0.6	1.1
14	Replacement - Facilities	2.4	1.3
15	OC San Capital	5.7	4.3
Total		(1.4)	6.6



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FORECASTED EXPENDITURES FOR FISCAL YEARS 2025-26 AND 2026-27



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FY 2025-26 AND 2026-27 FORECAST EXPENDITURES

Description	FY 2025-26 Forecast Expenditures (\$ Millions)	FY 2026-27 Forecast Expenditures (\$ Millions)
Replacement - Facilities	49.9	48.9
OS San Capital	20.4	7.4
Business Software	13.0	13.4
Operational	12.9	5.5
Water Banking	12.7	12.5
Development	10.3	18.1
General Plant	3.2	4.1
Nonpotable Storage	2.3	13.8
Sewage Treatment	1.7	5.4
Water Resources	1.2	1.0
Planning	1.0	1.0
OCWD Annexation	0.7	0.7
Biosolids	0.1	1.3
Total	129.4	133.1



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TOP EXPENDITURE PROJECTS FISCAL YEAR 2025-26

Description	Forecasted Expenditures (\$ Millions)
OC San Capital	20.4
Business Software	13.0
Kern Fan Groundwater Storage	12.5
General System Mods	11.0
MWRP Tertiary Filter Rehabilitation	8.2
Ops Warehouse	6.6
Santiago Dam Outlet And Spillway	5.3
Sewer Siphon Rehabilitation Phase 2	5.1
General Plant	3.2
Howler Pipeline and Pump Station and Improvements	2.6
Syphon Reservoir Improvements	2.3
HVAC System Replacements	1.9
Lake Forest Woods Sewer Improvements	1.8
San Joaquin Dam Drainage Improvements	1.7
MWRP Biosolids Lift Station	1.6
Technology and Ada RW Pipe Replacement	1.5



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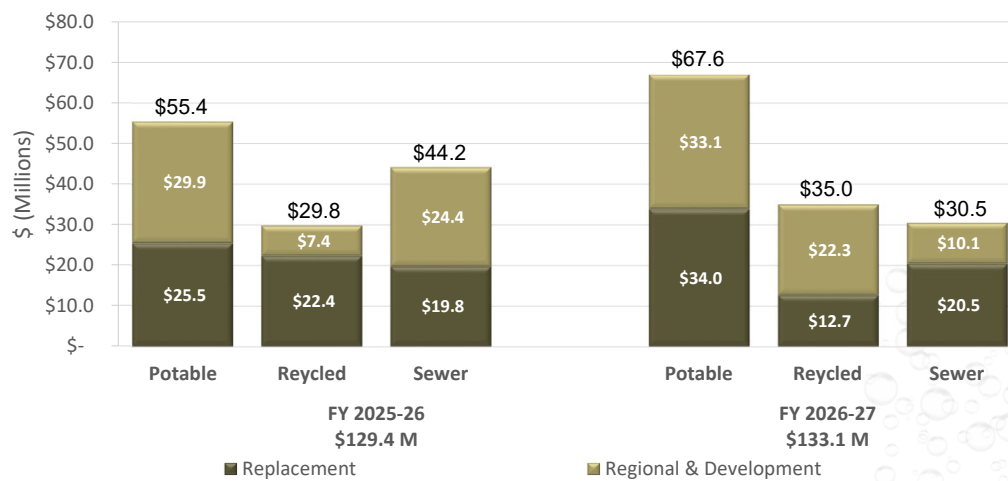
TOP EXPENDITURE PROJECTS FISCAL YEAR 2026-27

Description	Forecasted Expenditures (\$ Millions)
Syphon Reservoir Improvements	13.8
Business Software	13.4
Kern Fan Groundwater Storage	12.5
OC San Capital	7.4
Orange Heights RW / DW BPS	6.6
Santiago Dam Outlet And Spillway	5.3
Howler Pipeline and Pump Station Improvements	5.1
Orange Heights Domestic Water Reservoir	4.3
General Plant	4.1
Coastal Zone 2 And Coastal Zone 4 Pump Stations Rehabilitation	3.8
Sewer Siphon Rehabilitation Phase 2	3.6
MWRP Expansion Phase 3 (MBR)	3.1
MWRP Tertiary Filter Rehabilitation	2.8
Lake Forest Woods Sewer Improvements	2.7
Lake Forest Zone 4 El Toro Tanks 1 & 2 Rehabilitation	2.4
HVAC System Replacement	2.3
Chapman Tank Rehabilitation	2.2
DRWF Wellsite Rehab Wells 6, 12, 14, 15	2.2
MWRP Biosolids Lift Station	2.1
Manning Pump Station Replacement	1.5



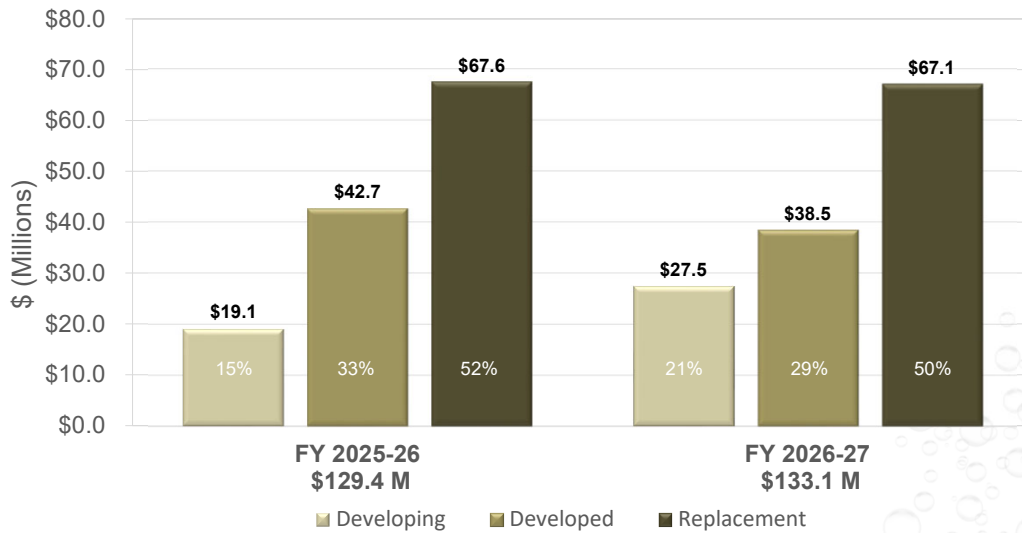
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EXPENDITURES BY SYSTEM



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FUNDING SOURCES



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CONCLUSIONS

- Staff identified \$137.2M budget increases in total, which includes transfers from the RPM, increases to existing project budgets, and creation of new capital and development driven projects
- The RPM will be updated with optimized pipeline replacement scheduling, condition assessments, dam costs, enterprise software, SCADA, and IT infrastructure costs

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RECOMMENDATIONS

- Update the RPM with new facilities and pipeline replacement scheduling
- That the Board Adopt RESOLUTION NO. 2025 –

RESOLUTION OF THE BOARD OF DIRECTORS OF
IRVINE RANCH WATER DISTRICT, ORANGE COUNTY
CALIFORNIA, APPROVING THE DISTRICT'S CAPITAL
BUDGET FOR FISCAL YEARS 2025-26 and 2026-27



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