

## ATTACHMENT 1

### CAPITAL IMPROVEMENT PLAN (CIP) PROJECTS QUARTERLY PROGRESS REPORT FOURTH QUARTER – FISCAL YEAR 2024-25

Providing our current and future customers with safe and reliable water supply through the use of the best available technology sound management practices, public participation and a balanced approach to human and environment needs.

#### Purpose and Scope of Report

The Engineering and Operations Department plans for and construct state-of-the-art facilities and infrastructure to meet the dynamic water treatment, delivery and local water resources needs of Sweetwater Authority's 36 square mile service area. This extensive infrastructure is developed with well-managed and cost-effective solutions at the forefront throughout the planning (study), design (including environmental and permitting), and construction (implementation) process.

The Authority's CIP is a compilation of individual capital improvement projects, funded by an annually adopted budget and available local, state and federal grants. This report summarizes the activities and milestones involved with the delivery of the Authority's Capital Improvements Program (CIP) during the fourth quarter of Fiscal Year (FY) 2025. The locations, description, schedule (see Attachment A) and additional information of CIP Projects can be found on the Authority's website at the following address:

<https://www.sweetwater.org/148/Current-Projects>

The Authority's assets include approximately 394 miles of transmission and distribution pipelines, two dams, two reservoirs, two treatment plants, 14 production wells, 19 monitoring wells, 21 pump stations, 35 potable and non-potable water tanks, 93 vehicles and equipment, and three buildings.

The CIP directly supports the operations of most of the Authority's Departments across a range of assets and functions, including safety, environmental, distribution, recreation, and utilities projects. It also includes refurbishing or rehabilitating existing structures as well as constructing new facilities. The number of projects include all 42 CIP projects listed in the FY2024-25 budget and the Rehabilitation of National City Well No. 3 which was moved from Water Quality to CIP as approved by the Board on May 28, 2025. The table below identifies projects by asset type.

Asset Type		Number of Projects in the FY2025 Program
A	Reservoirs	6
B	Dams	2
C	Wells	4
D	Treatment Plant	9
E	Pipelines, Services and Meters	10
F	Storage Tanks	7

Asset Type		Number of Projects in the FY2025 Program
G	Buildings (Improvements)	2
H	Other	3
	TOTAL	43

The “Other” Asset Type (H) category above relates to projects that do not correlate to a specific asset type. These projects are:

- Laboratory Information Management System
- Board Room Technology Upgrade
- Authority-wide Electronic Content Management System

As a part of the yearly update to the budget, the capital improvement needs of the Authority are evaluated. Staff makes a recommendation to include in the CIP the various projects in alignment with the Strategic Plan Detailed Work Plan. Each CIP Project supports and/or advances the goals, objectives and tasks set forward by the Board. The table below correlates CIP Projects to a specific Strategic Plan Work Plan Goal, Objective, and Task. All funded CIP Projects are listed in the Strategic Plan Work Plan for FY 2024-25. The Strategic Plan goals adopted by the Board are:

- Goal No. 1 – Water Quality (WQ): Provide high water quality water that meets regulatory requirements.
- Goal No. 2 – System and Water Supply Reliability (SR): Achieve an uninterrupted, long-term water supply through investment, maintenance, innovation, and development of local water resources.
- Goal No. 3 – Financial Viability (FV): Ensure long-term financial viability of the agency through best practices, operational efficiency, and maximizing assets.
- Goal No. 4 – Customer Service, Citizen Engagement and Community Relations (CS): Provide high-quality customer service based on customer feedback and serve the community through education, outreach, and partnerships.
- Goal No. 5 – Workforce Development and Constructive Labor Relations (WD): Attract, retain and develop a highly skilled workforce; equip employees to effectively and safely perform their jobs and prepare for career advancement; promote constructive labor relations.
- Goal No. 6 – Administrative Effectiveness (AE) – Provide efficient and effective administrative systems and procedures in accordance with best management practices.
- Goal No. 7 – Environmental Stewardship (ES) – Provide core services while maintaining a balanced approach to human and environmental needs.






As an example, a Strategic Plan Work Plan designation such as ES3-2 stands for Goal No. 7 – Environmental Stewardship, Objective No. 3, Task 2.

For reference, the FY 2024-25 Strategic Plan Work Plan can be found on the Authority's website at the following location:

<https://www.sweetwater.org/DocumentCenter/View/3824/Strategic-Plan-FY-2024-25-Work-Plan-PDF>

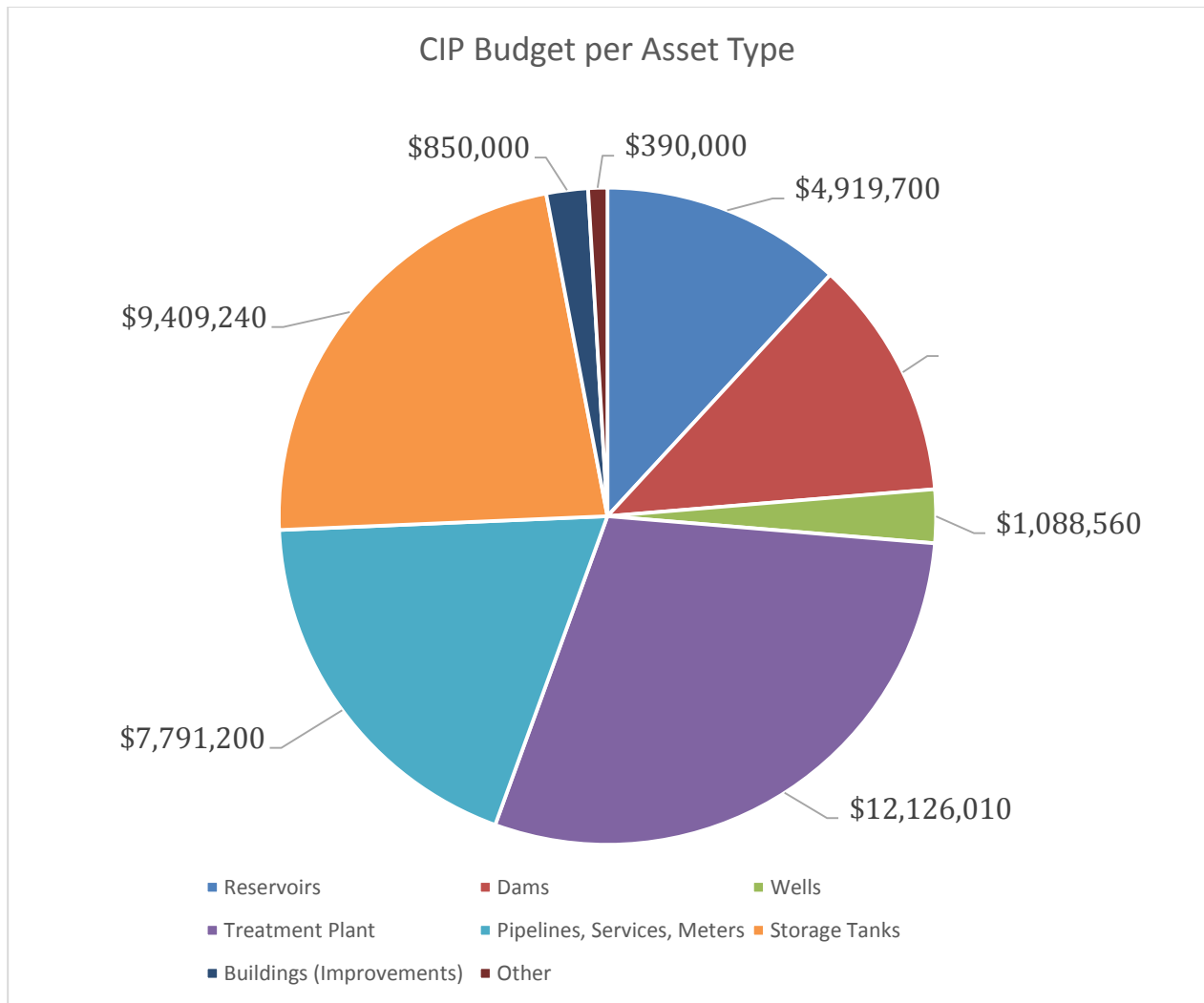
### **CIP Budgets, Expenditures and Updates**

The Budget for each CIP Project is allocated by the Board as part of the annual budgeting process. The expenditures are tracked monthly and the updates to each project are reported on a quarterly basis. Attachment A is a table that combines all three. Two columns have been added entitled Strategic Plan Work Plan Task (SPWPT). The SPWPT columns link the FY 2024-25 and FY 2025-26 Strategic Plan Work Plan task with the project. In addition, for the FY 2024-25 column, the tasks are color coded as follows:

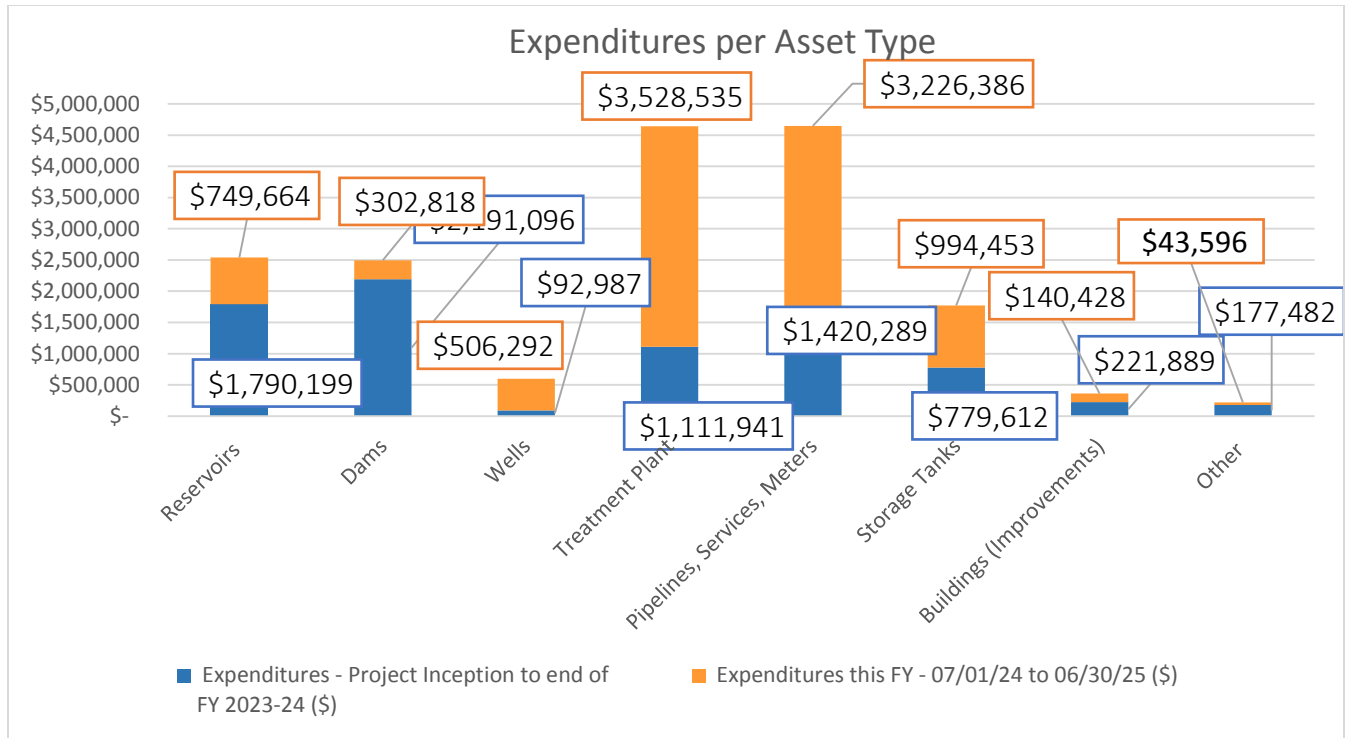
Completed	
On track	
Not on Track	
Canceled or Delayed by Board	
Canceled or Delayed by Outside	

The color code is consistent with the Strategic Plan Work Plan but the task could be a small part of the overall actual project. As many CIP projects span more than one year. The delivery schedules for the projects are included in Attachment B (Gant Chart).

The pie chart below shows allocated budget per asset type.



CIP Project expenditures per asset type can be seen in the bar graph below, where the lower part of the bars in the graph represent expenditures from project inception to the end of FY 2023-24, and the upper part of the bars in the graph represent expenditures for FY 2024-25. The combination of the lower and upper parts of the bars in the graph represent total expenditures per asset type.



Data from the pie chart and expenditures bar graph above is consolidated in the table below.

Asset No. Designation	Asset Type	Total Budget per Asset Type (\$)	Expenditures - Project Inception to end of FY 2023-24 (\$)	Expenditures this FY - 07/01/24 to 06/30/25 (\$)	Budget Balance (\$)	Unspent Carryover - Encumbered** (\$)
1	Reservoirs	4,919,700	1,790,199	749,664	2,379,837	238,195
2	Dams	4,910,000	2,191,096	302,818	2,416,086	1,880,387
3	Wells	1,088,560	92,987	506,292	489,281	310,960
4	Treatment Plant	12,126,010	1,111,941	3,528,535	7,485,534	6,917,773
5	Pipelines, Services, Meters	7,791,200	1,420,289	3,226,386	3,144,525	2,192,947
6	Storage Tanks	9,409,240	779,612	994,453	7,635,175	5,664,245
7	Buildings (Improvements)	850,000	221,889	140,428	487,683	
8	Other	390,000	177,482	43,596	168,922	112,887
	<b>TOTAL</b>	<b>41,484,710</b>	<b>7,785,494</b>	<b>9,492,172</b>	<b>24,207,043</b>	<b>17,317,394</b>

\*\*Remaining \$ 4,879,136 is in Planning or Procurement

\* Vehicle Replacement Program is not included in the budget total.

^Projects under Other Asset category above that do not lead to a stand-alone construction effort, but support other projects.

## CIP Project Phases

**CIP Projects are identified through several guiding documents (Master Plans, Feasibility Studies, Regulatory Compliance, Board direction and Strategic Plan, etc.), which inform the 5-year CIP outlook effort developed each budget cycle.**

**The CIP typically spans several years and includes the following phases:**

- 1) Planning (study) Phase** - The primary goal of the planning phase is to set the direction and priorities for capital improvements. It is the foundation for the entire CIP and typically includes needs assessment, prioritization, stakeholder engagement, preliminary scope & cost estimation, cost benefit analysis, and the identification of the potential funding strategy.
- 2) Design (including environmental and permitting) Phase** – Typically includes Plans, specification, estimate, schedule, regulatory compliance, constructability review, full funding strategy.
- 3) Construction (implementation) Phase.** Typically, this includes procurement, contracting, construction management, progress monitoring and walkthrough.
- 4) Substantial Completion.** Is the point at which the construction has been completed, as-needed commissioning has been performed, is in beneficial use, only pending punch list items and close out.
- 5) Project close out.** This includes final acceptance and final payment, filing of notice of completion, and retention release.

## Projects funded through the General Fund

1. *Watershed Model:* At its October 9, 2024 meeting, the Board approved a contract with River Focus Water Resource Consultants for the development of Hydrologic and Hydraulic Models (Watershed Model) of the Sweetwater River Watershed. The project has been initiated, and the draft watershed modeling report has been received. The modeling software is currently under review and is scheduled to launch by August 2025.
2. *Seismic Stability Study for Sweetwater Reservoir Outlet Tower:* Kick-off meeting with WSP and SWA staff was conducted in March 26, 2025. All records documents were provided to WSP for their study. The Study is planned to be completed in First quarter, FY2025-26.
3. *Destruction of Well SDF-2:* Construction NTP was issued on 2/14/25, and the work commenced on March 3, 25. The well has been demolished per the County of San Diego Department of Environmental Health's permit. All construction work has been completed and a Notice of Completion will be filed by early August.
4. *Recycled Water Analysis:* SWA staff are meeting with Otay Water District (OWD) and consultants (Carollo and HDR) bi-weekly to go over the progress. A partial draft of the project report was received in June 2025. An inter-agency management meeting between OWD and SWA is scheduled for August 2025 to review the progress of the

study. The final project report is expected to be completed by October 2025. The Regional Board's deadline is October 6, 2026.

5. *Clearwell Assessment Study*: During the Perdue Treatment Plant shutdown period in December 2024 to install the new production meter for the treatment plant, an inspection of the inside of the Perdue Clearwell was conducted by Ardurra, one of the Authority's on-call consultants. The draft study report has been reviewed and is currently being finalized, with completion of the final report targeted for early August.
6. *Urban Runoff Diversion System (URDS) Master Plan*: At its December 11, 2024 meeting, the Board approved a contract with CWE for the development of the URDS Master Plan. CWE submitted their draft report which is currently under review by SWA staff.

## **Programs in Support of Operational Activities**

The Authority manages other programs that support the Authority's operational activities:

- Pipeline Replacement and Master Plan Programs
- No-Discharge Flushing
- Valve Replacements

The No-Discharge Flushing Program is funded through the General Fund, while the other programs above are managed through the CIP Fund.

The sections below provide information on these programs and contains information about their budget and expenditures.

### **Pipeline Replacement Program**

The Pipeline Replacement Program consists of replacing pipelines that are near the end of their service life and have a history of leaks. The Program also involves installing new pipelines to provide service redundancy and mitigate the risk of customer outages or loss of pressure due to pipeline failures or shutdowns.

Through the last update to the Water Distribution System Master Plan (WDSMP), completed in December 2021, a likelihood of failure and consequence of failure analysis was performed to develop a list that prioritizes which pipelines should be replaced first, and provided recommendations for new pipelines based on a hydraulic model analysis. The WDSMP also provided recommendations for annual investment levels, by comparing pipe break rates from Authority pipes with pipe break rates in San Diego County and with the national average break rate. In order to keep levels of service on par with San Diego County averages, the Board opted to select an investment level as shown below. The Authority has seen steady number of pipe breaks in the recent years (8 from 4/2023 to 4/2024, 1 from 4/2024 to 4/2025 ). As the network ages, it is expected that the number of breaks would keep increasing. This information, along with the “Master Plan Pipeline Improvements” from the WDSMP provide the recommendations for pipe replacement to provide service redundancy and mitigate the risk of customer outages or loss of pressure due to pipeline failures or shutdowns.

In December 2023, the Board awarded a construction contract to Cass Arrieta for the Pipeline Replacement Program, for approximately 4,153 linear feet of pipeline replacements in National City and Lincoln Acres, varying in sizes from 8- to 20-inch PVC. This project is now complete. For FY 2024-25, the pipelines budgeted for replacement were at the top of the remaining pipes in the priority listing, and were grouped together to closely match the investment levels desired by the Board. These pipelines are in the final stages of design, and consist of replacing approximately 1,766 linear feet of 8-inch asbestos cement pipelines in Chula Vista, National City and Bonita with PVC pipelines of the same diameter.

In addition, approximately 1.8 miles of pipeline were installed or replaced as part of leaks and repairs, and as part of development driven projects.

The table below shows the recommendations and pipe priority listing from the WDSMP. However, given budget constraints established by the 2023 Rate Study and new water rates adopted, a lesser number of linear feet of pipe were approved through the FY 2024-25 Budget.

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
	Approximate Pipeline Amount in Linear Feet				
Pipelines to Replace	6,300	7,280	5,520	5,755	3,725
New Pipelines*	2,175	1,900	3,150	3,850	3,150

\*Referred to as “Master Plan Pipeline Improvements” in previous table copied from WDSMP.



### No-Discharge Flushing Program

Over time, natural sediments can accumulate in water mains. While these sediments are completely safe, they may affect water color, taste and odor. Water main flushing is a typical process for cleaning the interior of water mains and removing accumulated sediment by sending a rapid flow of water through the mains.

Traditional flushing methods “flush out” sediments by releasing water from fire hydrants into the streets and storm drains. While the Authority still performs quarterly traditional flushing through hydrants in certain areas, the majority of the distribution system is now flushed through water-efficient technology by a method called No-Discharge Flushing, which helps to significantly reduce water waste.

A No-Discharge Flushing Pilot Program was conducted in 2021 and the Authority’s Board decided to implement it long-term by authorizing the purchase of its own equipment to conduct the program. On February 13, 2023, the Authority began the No- Discharge Flushing Program. Since that date and until June 30, 2025 the Authority has flushed 274.9 miles out of 353.2 miles of water main 12-inches or smaller in Sweetwater Authority’s service area. Based on the 4th quarter of Fiscal Year (FY) 2024-25 alone, 6.97 miles of pipe were flushed.

The table below shows costs incurred to date and for the third quarter of FY 2024-25:

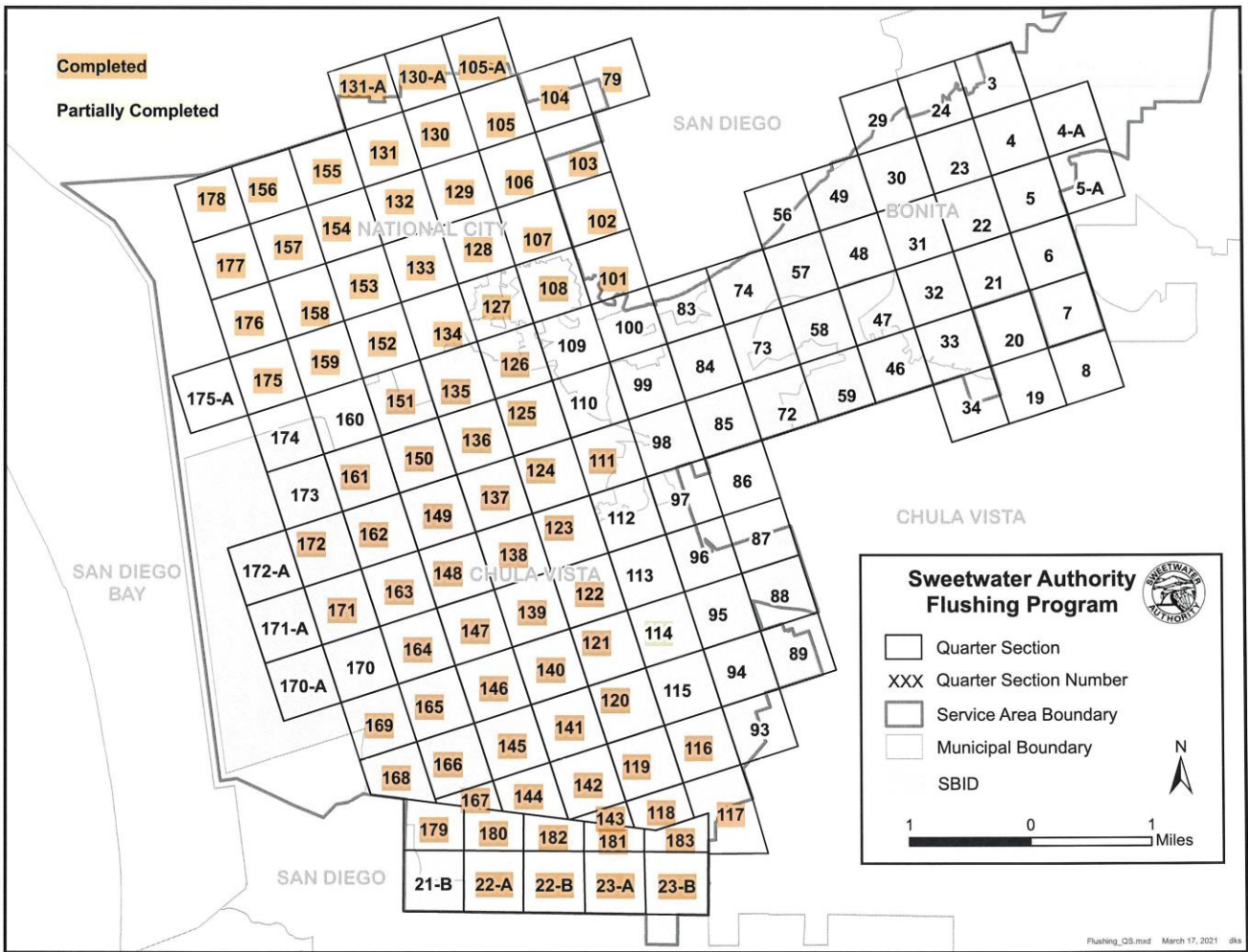
TYPE OF EXPENDITURE	EXPENDITURES TO DATE (06/30/25)	FY 2024-25 4th QUARTER EXPENDITURES
1355 NSF61 filters	\$61,772.05	\$2,262.60
Two flushing hoses and hose ramps	\$5,817.22	\$0
Water quality turbidity meter	\$2,445.79	\$0
O-ring replacements for filter pressure vessels	\$1,983.36	\$0
Fuel cost to date for no discharge flushing truck	\$4,571.90	\$325.74
Blind caps for flushing hoses	\$861.30	\$0
Subtotal for flushing materials	\$77,451.62	\$2,588.34
Labor cost	\$381,261.84	\$9,871.63
TOTAL	\$424,360.32	\$15,048.31

The average cost to flush the distribution system has been \$1527.85 per mile including labor (no fringe benefits) and materials. This cost is lower than the \$3,278 cost per mile projected in 2021, including labor (no fringe benefits) and materials.

The table below shows additional program metrics such as valves exercised and gallons of water saved:

	SINCE PROGRAM INCEPTION TO 06/30/25	4th QUARTER OF FY 2024-25
Valves exercised	1318	57
Water saved (gallons)	15,644,601	1,039,842
Water saved equates to water used by this many households for one complete year (assuming 299 gallons/household/day)	143	9

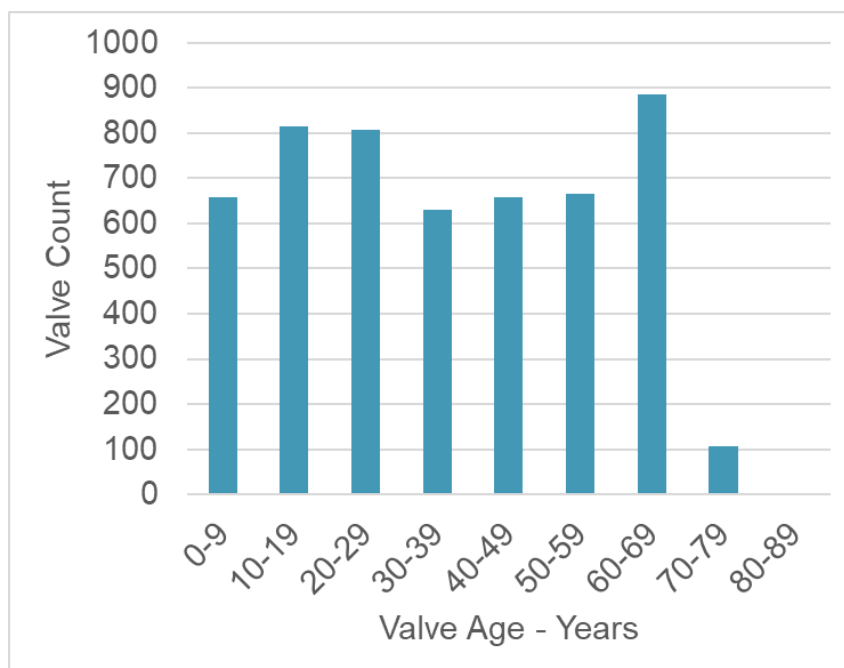
Areas flushed to date can be seen on the map below.



### Valve Replacement Program

The ability of an isolation valve to stop the flow of water in a pipe is important in limiting the impact or consequence of failure during planned and unplanned water shutdowns. For pipe of similar diameter and material, a 2007 Analysis of Total Cost of Large Diameter Pipe Failures from the Water Research Foundation, shows that the cost of pipe failure can vary by more than three orders of magnitude and is most influenced by the time required to find and close functional valves.

The Authority's Water Distribution System Master Plan (WDSMP), Which is updated every five years and was last updated in 2021, provides recommendations for valve replacements and new valves to maintain levels of service. Per the WDSMP, the Authority manages approximately 6,000 distribution system isolation valves. The table below provides number of valves per age.



Based on the recommendations of the WDSMP, the FY 2024-25 Budget includes funds of \$700,000 to replace 57 non-functioning valves and install 3 new valves to improve system reliability. Several of the Authority's older valves, typically 50 years and older, need replacement. Authority staff keeps a list of valves needing replacement and they are prioritized for replacement based on levels of impacts caused by not replacing them and based on available funding. As of the end of Q4 in FY 2024-25, staff has replaced 60 out of 57 non-functioning valves that were budgeted and has installed 0 out of 3 new valves that were budgeted. Staff replaced three additional valves but did not install any new ones, saving overtime costs and completing all 60 valves that were budgeted for in FY2024-25.

*Budget: \$700,000*

*Expenditures: \$726,563.16*

## Local Business Outreach

The Authority performs several outreach efforts to engage local businesses in conducting businesses with the Authority, and then tracks local business engagement and reports it to the Board on a quarterly basis.

For this FY, the Authority has performed the following outreach to engage local businesses:

- Staff maintains a vendor database and encourages local vendors to sign up. Staff reviews the vendor database prior to procurements to see if any of those vendors should be included in outreach efforts for any procurement process, based on the type of contract.
- Staff has included the following statements on all Requests for Qualifications, Requests for Quotes, and Requests for Proposals: "Sweetwater Authority encourages participation from small, local and/or disadvantaged businesses." Businesses submitting statements of qualifications, quotes, and proposals list their office(s) locations and oftentimes highlight their contractual relationships with subconsultants located in San Diego County and/or the Authority's service area and any small business enterprise, disadvantaged business enterprise, or women owned business certifications from their own firm or their subconsultants.

From July 2024 through June 2025, the Authority has conducted business with the following local businesses to the Authority's service area:

- Specialty Seals & Accessories
- Roman's Truck Body & Paint
- Fastsigns
- California Auto Body & Frame
- San Diego Plastics, Inc.
- South Bay Fence, Inc.
- California Smog Test Only
- Bear Garden Investments, LLC
- Acme Safety & Supply Corporation
- Vista Palms Car Wash, Inc.
- Copy Link Inc.
- F.J. Willert Contracting Co., Inc.
- Ortiz Corporation
- Blinds 4 Less, Inc.
- Wepa Commercial Cleaning
- GC Fence Corp
- CET Electric
- Fuller and Son's Plumbing
- DC&M Inc.
- Next Day Printed Tees, Inc.
- Desert Auto Group V, LLC

- Stanford Sign and Awning Inc
- Chula Vista Photo Studio

One of the methods used by the Engineering and Operations Department to procure consulting and contractor services is through PlanetBids. This online platform offers private businesses a centralized location to gain access to bid opportunities from public agencies. Through PlanetBids, the Authority has the ability to perform audits on procurement efforts. For FY 2024-25, the Authority advertised several projects for construction, and Requests for Proposals and Qualifications through PlanetBids and other methods. Audit reports from PlanetBids show the following views and/or engagement from local businesses to the Authority's service area:

- Able Heating & Air Conditioning, Inc.
- Best Glass, Inc.
- Bonita Pipeline, Inc.
- DC&M, Inc.
- Gaskill Painting Company
- Hammers Down Construction LLC
- Kearns & West
- Legacy Reinforcing Steel LLC
- Megla Manufacturing, Inc.
- Motion and Flow Control Products, Inc.
- OT Electrical
- Kearns & West
- Megla Manufacturing, Inc.
- SoCal Demolition Company
- T&B Painting
- TB High Performance Construction, Inc.
- Willkompany, Inc.

## **CIP Process Improvements**

This CIP Projects Quarterly Progress Report and future reports in this format are intended to provide more information than previous reporting efforts on the status of CIP Projects. Staff will continue to make reporting improvements in an effort to provide more information. CIP Process Improvements already undertaken by staff are:

- Track time delay from close of bid to award.
- Track time from award to Notice to Proceed.
- Track time from invoice to payment
- Track time from Notice of Completion to close out.
- Maintain On-Call contracts current to streamline implementation of projects.
- Structure CIP Project timelines in a more realistic schedule.

- Identify Projects “On the Radar” to report out on future CIP Update Presentations.
- Updated project estimates to account for inflation and account for more realistic timelines on projects.
- Well defined project scope to avoid scope creep.
- Coordination with municipalities and County on pipeline projects to avoid issues with pavement moratoriums.
- Explore grants to offset project costs.
- Update information on the CIP Dashboard across all funded CIP Projects.
- Continue to leverage the Authority’s GIS Platform to provide more information on the CIP Dashboard across all funded CIP Projects.

Thanks to the SWA Governing Board (Board) and public for continued support and the privilege of being able to deliver improvements and be a part of such important and fundamental service in our communities.

**Attachments**

- A. CIP Budgets, Expenditures and Updates
- B. CIP Project Schedules – Gantt Chart