

# FY 2018-22 Five-Year Capital Improvement Program

May 9, 2017

Santa Clara Valley  
Water District

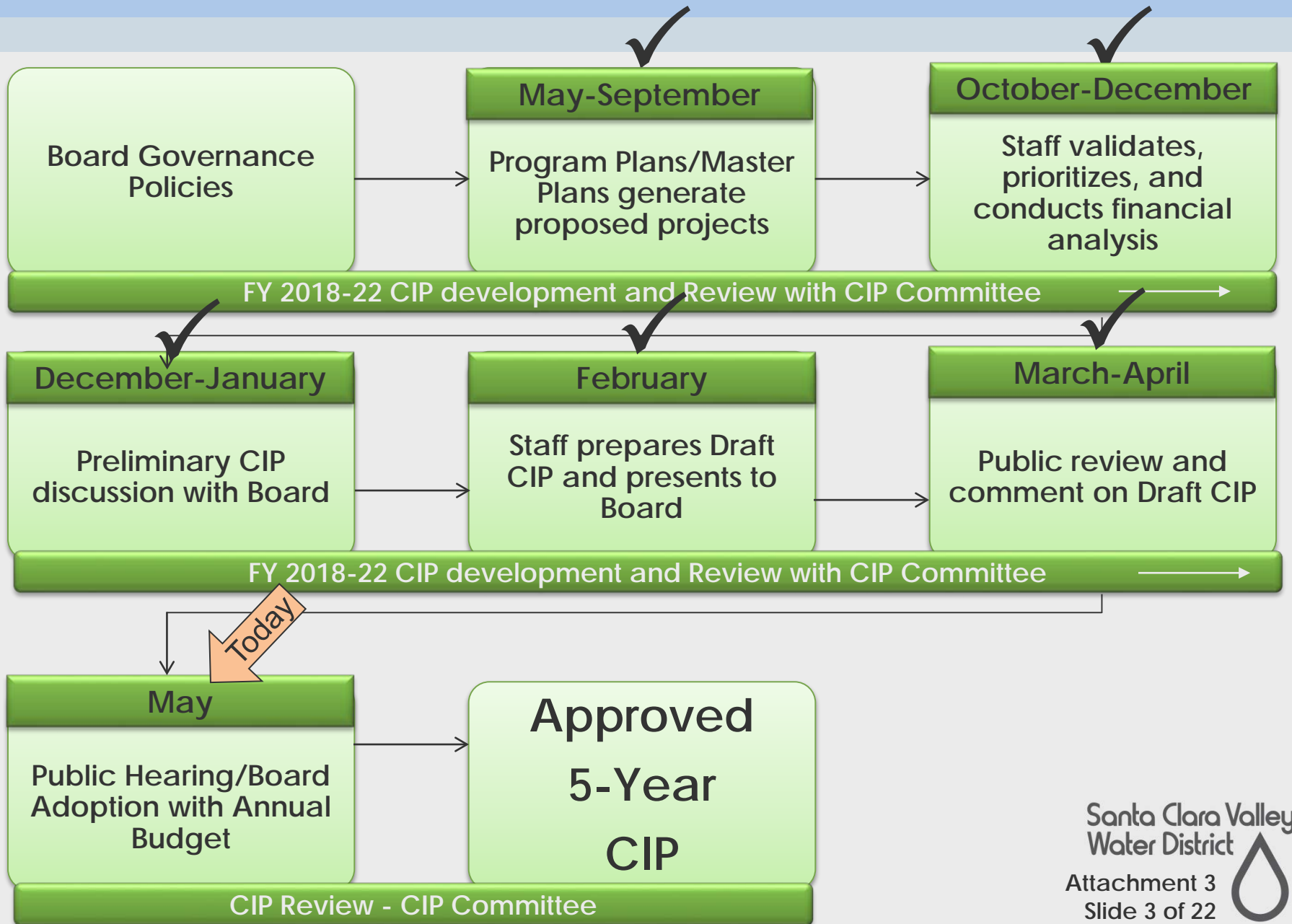


Attachment 3  
Slide 1 of 22

# Presentation Outline

1. Process to Review and Approve CIP
2. Board CIP Committee Activities
3. Investing in the Community
4. What is included in the 5-Year Program
5. Summary and Looking Ahead

# Annual CIP Process Overview



# Board CIP Committee - Review/Input

## CIP Committee Input to CIP Development

- **May 2016** – Resource utilization and funding requirements for the CIP.
- **July 2016** - Strategies for improving the delivery of Environmental Stewardship projects.
- **September 2016** - Increased staffing to support accelerated delivery of Environmental Stewardship Capital Projects.
- Strategies for managing regulatory permit challenges associated with delivering capital projects.

## CIP Committee Input to CIP Development

- **October 2016** - Direction for prioritization criteria to be used for the FY 2018-22 CIP.
- **December 2016** - Review revised prioritization criteria and outcomes.
- Review preliminary FY 2018-22 CIP and recommend it be presented to the full Board.
- **January 2017** - In-depth review of the Water Utility Capital Program (Fund 61); direction for project refinements or modifications to be incorporated into the Draft and/or Final FY 2018-22 CIP.

## CIP Committee Input to CIP Development

- **February 2017** – Began in-depth review of Watershed Capital Program (Fund 12) to reconcile operating and capital needs with available revenue; discussion to be continued in May.
- Review Almaden Lake Improvements Project and source water options.
- Discussed approach for addressing stakeholders requests for fish habitat improvement projects.
  
- **April 2017** – Reviewed status of Rock Springs Flood Risk Reduction Study and the Coyote Creek-Montague Expressway to Highway 280 Project.
- Identified Board concerns regarding capital project consultant agreements.

## Future CIP Committee Input to CIP Development

- Continue discussion of funding for Watershed Projects
- Owner Controlled Insurance Program
- Continue discussion of capital project consultant agreements
- Monitor implementation of FY 2018-22 CIP
- In-depth review of alternative funding mechanisms available to the District for both Water Utility and Watershed Projects

# Capital Improvement Program

## PROCESS TO REVIEW AND APPROVE

- **January 10, 2017**
  - Staff reports: New proposed CIP projects and scope/cost changes for existing projects
  - Board approved the preliminary list of FY 2018-22 CIP projects
- **February 28, 2017** – Board authorized Draft FY 2018-22 CIP to be released for public review
- **March – April 2017** – Public review and outreach to cities and County
- **April 25 – May 9, 2017** – Public hearing and approval of FY 2018-22 Five-Year CIP





# Investing in the Community

Three (3) projects in the FY 2017-21 CIP completed <\$110M>

- **Water Supply**

- Five Year Pipeline Rehabilitation (\$26.3M)
- Silicon Valley Advanced Water Purification Center (\$76.7M)

- **Flood Protection**

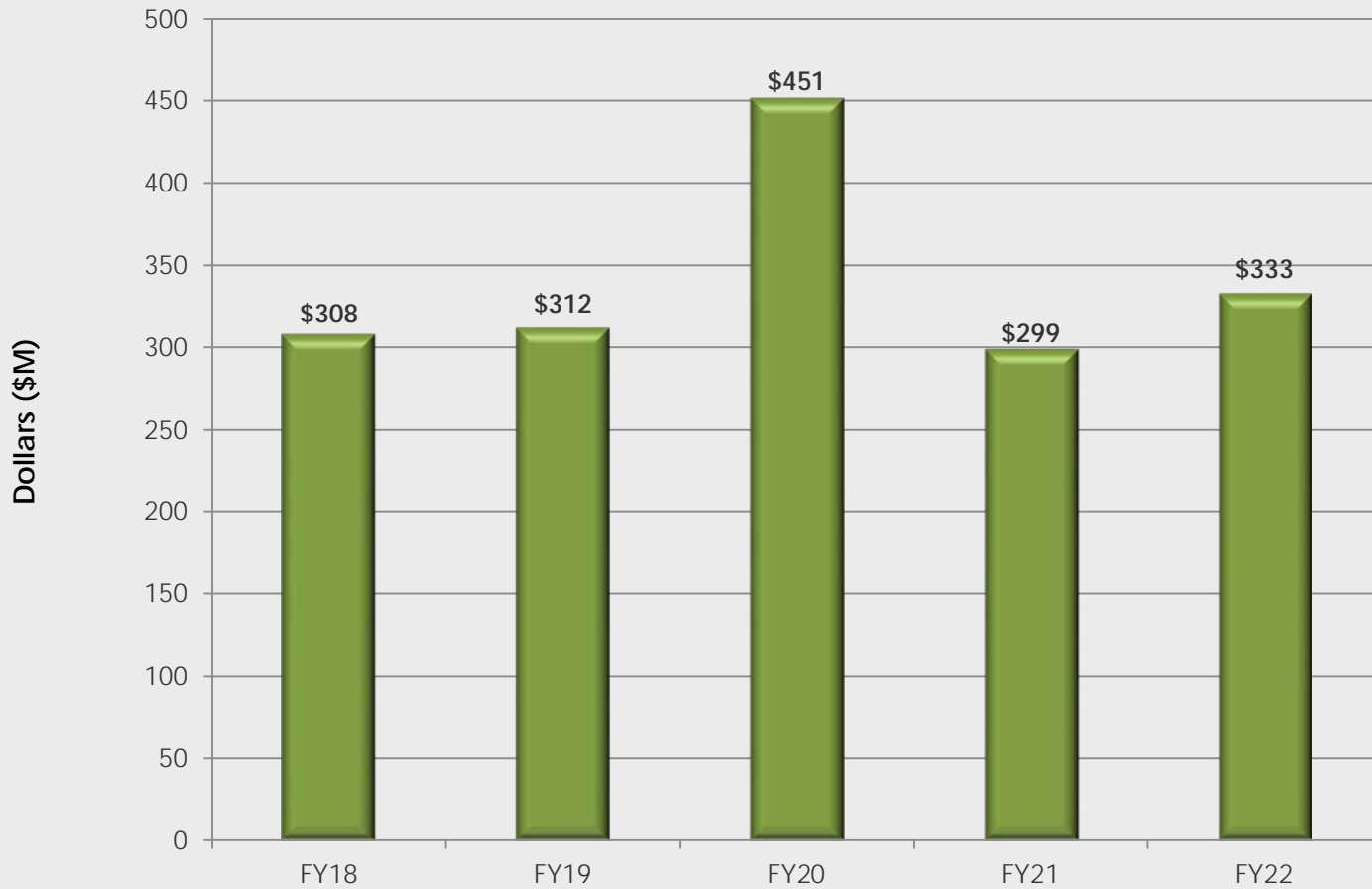
- Canoas Creek, Rodent Damage Repair (\$7.5M)

# Investing in the Community

- \$1.7 billion planned expenditures over next five (5) years
  - Over \$800 million planned construction work (8,000 – 16,000 jobs sustained or created)
- \$4.5 billion total investment when completed
- \$691 million from outside sources (State/Federal/Other)

# Investing in the Community

## Planned Annual Capital Expenditures



# Investing in the Community

Aging infrastructure and expansion of purified water facilities are key drivers in water rate increases

Water Supply	Water Supply CIP Costs (\$M)	Percent of Water Supply CIP Costs
Projects to repair/replace/upgrade infrastructure = 22	\$1,366	53%
Recycled /Purified Water Projects = 4	\$1,056	40%
New infrastructure projects = 3	\$28	1%
FAHCE Implementation= 1	\$145	6%
<b>Total Water Supply CIP Projects = 30</b>	<b>\$2,595</b>	

# Investing in the Community

## LEVERAGING EXTERNAL FUNDING\*

- **State Department of Water Resources Grants:**
  - \$25.0M for Lower Silver Creek Reaches 4-6 (Prop 1E)
  - \$8.0M for San Francisquito Creek (through the JPA Authority)
  - \$30.0M for Berryessa & Lower Penitencia Creeks (Prop 1E)
  - \$2.5M for Wolfe Road (Prop 84)
- **State Subvention Reimbursements:**
  - \$72M planned to be received in FY 2017-22

\*See Appendix C of the CIP for a complete list of Funding Partnerships

# State Subvention Reimbursements

## State Flood Control Subventions Program

- Currently funded by Prop 84 and Prop 1E
- Project must be federally authorized, then appropriated through State budget process
- Subventions reimburses 50% -100% of local share
- CIP projects with planned reimbursements:
  - \$2.1M Lower Silver Creek – WSS\*
  - \$5.0M Lower Llagas Creek – WSS\*
  - \$27.2M Upper Guadalupe River – CSC/SCW\*\*
  - \$30.8M Upper Llagas Creek – CSC/SCW\*\*
  - \$6.7M Berryessa Ck Upper – CSC/SCW\*\*

\*WSS = Watershed Stream Stewardship Fund

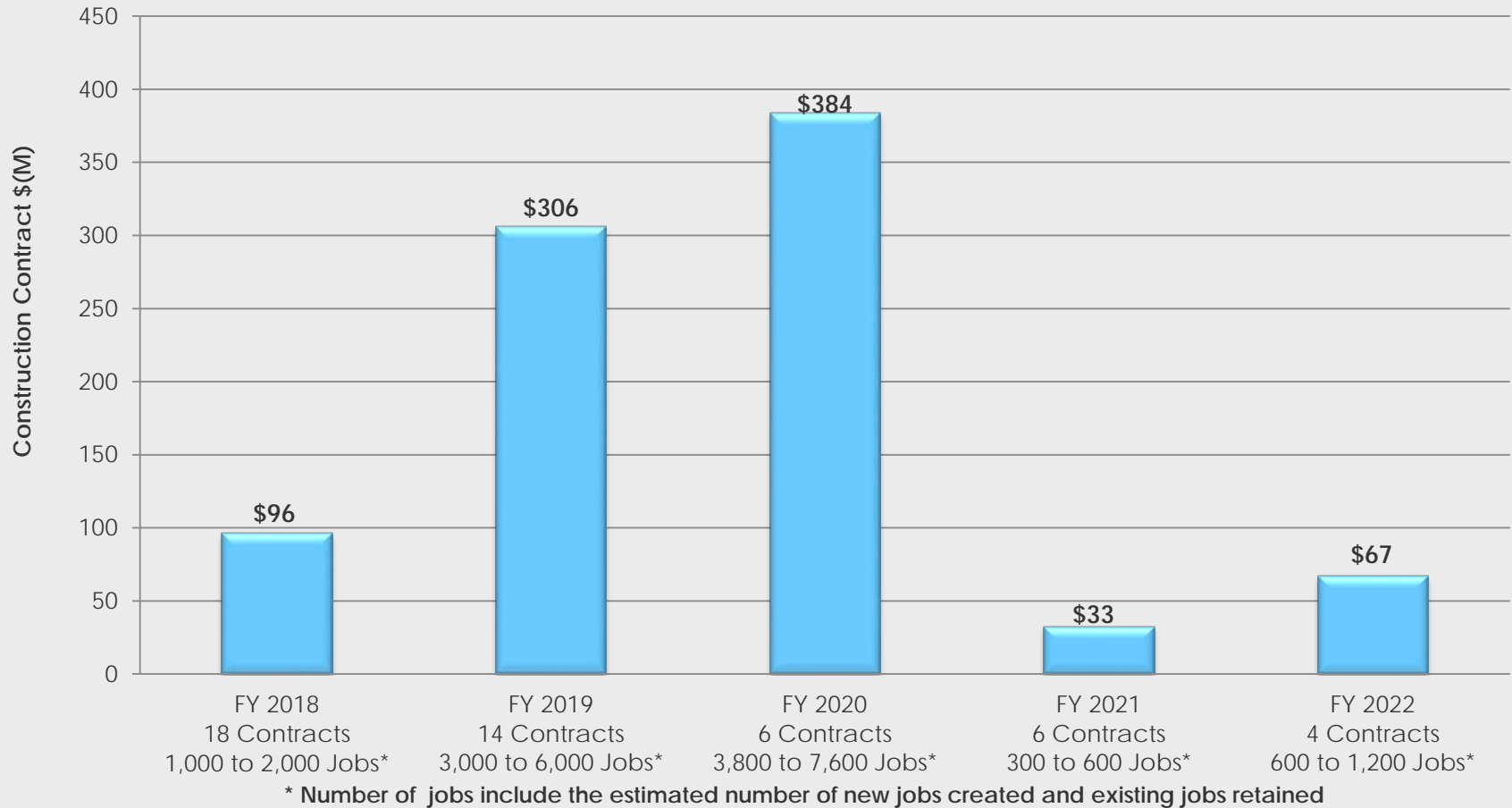
\*\*CSC/SCW = Clean Safe Creeks /Safe Clean Water Fund

# State Subvention Reimbursements

- Subventions can only be applied toward capital projects
- The Board has reserved the authority to determine which projects will be funded by subventions
- In FY2016-17 (through April) District has received \$1.4M in subvention reimbursements:
  - \$1.4M for Upper Guadalupe (Safe Clean Water, Fund 26)
- Claims on hand April 2017: \$9.1M

# Investing in the Community

## Annual Construction Program for FY 2018 -22 CIP Contracts and Jobs are Shown by Year Awarded





# Jan./Feb. Board Direction on CIP

- FY 2018-22 CIP contains three (3) new capital projects (\$7.9M):
  - Flood Protection: Berryessa Creek, Lower Penitencia Creek to Calaveras Blvd – Phase 3 Upper Calera and Tularcitos Creeks - Planning and Design (FY 2018-22 CIP)
  - Water Resources Stewardship: Watershed Habitat Enhancement Studies (FY 2017 start)
  - Information Technology: Electronic Discovery Management System Project (FY 2017 start)
- IRP2 Additional Line Valves (A3) (\$11.8M) – schedule brought forward to align with 10-year pipeline rehabilitation
- Expedited Purified Water Program divided into two (2) projects
  - Expedited Purified Water Program
  - Long-term Purified Water Program Elements

# Water Supply Highlights

- 30 projects (\$2.6B); funding to complete (\$2.2B)
  - Water Treatment Plant Upgrades(\$251M)\*
  - Seismic Retrofit of Dams (\$598M)\*
  - Recycled/Purified Water Program (\$997M)\*
  - FAHCE Implementation (\$145M)
  - Pipeline Rehabilitation (\$136M)\*



\*Project values are funding to complete

# Flood Protection Highlights

- 17 projects (\$1.14B); funding to complete (\$512M)
  - Upper Guadalupe River (\$84M)\*
  - San Francisquito Creek (\$14M)\*
  - Upper & Lower Llagas Creeks (\$118M)\*
  - Sunnyvale East/West Channels (\$53M)\*
  - Coyote Watershed (\$136M)\*



\*Project values are funding to complete



# Water Resources Stewardship Highlights

- 9 projects (\$116M); funding to complete (\$87M)
  - Environmental Enhancements – 7 projects (\$84M)\*
  - Mitigation – 1 project (\$0.5M)\*
  - Feasibility Studies – 1 project (\$2.3M)\*



\*Project values are funding to complete

# Buildings & Grounds and Information Technology Highlights

- 3 Buildings & Grounds projects (\$60M);
  - Almaden Winfield Campus small Caps – (\$2M per year)
  - Winfield Capital Improvements - on hold
  - Headquarters operations building – (\$18M)
- 7 Information Technology projects (\$55M);
  - PeopleSoft System Upgrade – (\$18M)
  - Software Upgrades & Enhancements - (\$19M)
  - WTP-WQL Network Equipment – (\$13M)



# FY 2018-22 CIP Summary

- Funding the CIP requires annual groundwater production charge increases of 9.6% in North County and 6.4% for South County in FY 2017-18
- 3 new projects added to the FY 2018-22 CIP
- 40+ projects slated for construction FY 2018-22 (FY 18 - \$96M construction)
- Approximately \$72M in subvention reimbursements planned to be received between FY 2017 and FY 2022

# CIP Future Challenges

- Replacing/repairing aging infrastructure
- Dam seismic retrofits
- FAHCE Implementation
- Safe Clean Water Capital Projects
- Expansion of recycled water systems and water purification facilities