



Safe, Clean Water and Natural Flood Protection Program Change



What: Public Hearing on a Proposed Change to the Safe, Clean Water and Natural Flood Protection Program

Who: Santa Clara Valley Water District (Valley Water)

When: Tuesday, August 13, 2024, at 1:00 p.m.

**Where: Valley Water Headquarters Building Boardroom
5700 Almaden Expressway, San Jose, CA
Or by Zoom Teleconference at <https://valleywater.zoom.us/j/84454515597>**

Valley Water invites you to a Public Hearing regarding a proposed change to the Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water Program).

The infrastructure construction industry has experienced steep increases in construction costs for several reasons, including fast-rising materials costs, supply chain disruptions, and a tight labor market.

Project E6: Upper Llagas Creek Flood Protection (Upper Llagas Creek Project) Funding Shortfall

This project, which aims to construct improvements along 13.9 miles of channel, extends from Buena Vista Avenue to Llagas Road and includes West Little Llagas Creek in downtown Morgan Hill. The project is being constructed in phases.

Construction bids for Phase 2B, the project's final phase, were opened on June 26, 2024. Based on the bids received, the construction cost estimate has increased from approximately \$90.6 million to approximately \$142.2 million.

The Safe, Clean Water Program funds the project, with \$90.6 million for Phase 2B construction, including an \$80 million commitment from the United States Natural Resources Conservation Service (NRCS) and \$4.5 million from the City of Morgan Hill for city-specific improvements. This leaves a funding shortfall of \$51.6 million for the project. Valley Water staff plans to recommend the Board award a construction contract, provided the funding shortfall can be resolved.

To address the funding shortfall and pay for constructing the shovel-ready Phase 2B while balancing the Safe, Clean Water Fund (Fund 26), staff is recommending changing the funding allocation of Project E8: Upper Guadalupe River Flood Protection in the Safe, Clean Water Program.

Proposed Modification: Funding Allocation

Project E8: Upper Guadalupe River Flood Protection (Upper Guadalupe River Project)

The federally authorized project continues a partnership with the U.S. Army Corps of Engineers (USACE) to plan, design, and construct improvements along 5.5 miles of the channel extending from Interstate 280 to Blossom Hill Road.

The current project schedule forecasts the design phase to commence in 2026 and be completed in 2028, with construction to follow and finish in 2033. At that time, Valley Water will be required to pay a cash contribution for the non-federal cost-share of the design and construction costs.

Recommended Funding Allocation Change

Based on the project schedule and status, staff recommends reallocating the current planned cost-share funding allocation of approximately \$45.5 million in future capital costs from the project to the Fund 26 Operating and Capital Reserves. This reallocation will help balance Fund 26 in the short term and provide funds now to award a construction contract and complete the final phase of the Upper Llagas Creek Project, which has been in the works for about 70 years.

The Upper Guadalupe River Project remains a Valley Water commitment under the Safe, Clean Water Program, and the proposed funding changes would impact but not change the project's KPIs. The proposed modified allocation will allow Valley Water to pay the required non-federal cash contribution when due for the design and begin construction of the project.

Meanwhile, in the interim four years, Valley Water will continue to explore other funding alternatives. These include grant opportunities, additional NRCS funding for the Upper Llagas Creek Project, Phase 2B, given the increased construction cost, and additional debt proceeds, etc., to help fund the construction of the Upper Guadalupe River Project. Valley Water will also continue working with USACE on the project funding plan. Valley Water will reassess Upper Guadalupe River Project funding annually through the Capital Improvement Program Five-Year Plan Development Process.

Should additional funding become available within the Fund 26 Reserves or through partnership and/or grant funding, the Board may reallocate the construction funding to the project through a direction provided during a regular board meeting.

Project E8: Upper Guadalupe River Flood Protection, Reaches 7-12 Financial Summary (\$ Thousand)	
15-Year Allocation	Proposed Modified 15-Year Allocation*
\$64,947	\$19,447

**The proposed modified 15-year (FY22 to FY36) allocation is approximated and will be finalized at a future budget adjustment and will be reflected in the Capital Improvement Program FY2026-30 Five-Year Plan.*

This meeting is being held in accordance with the Brown Act. The 1:00 p.m., August 13, 2024, Public Hearing will be held during a Board Meeting and is accessible for public in-person participation at the time, date, and location shown above or by public virtual participation at the Zoom link above. Document(s) associated with this hearing are available for public inspection prior to the meeting in the Clerk of the Board's Office or online at <http://www.valleywater.org> and will be available at the meeting.

For more information, contact Meenakshi Ganjoo, Program Administrator, at **408-630-2295**.

Important Notices:

Valley Water, in complying with the Americans with Disabilities Act (ADA), requests individuals who require special accommodations to access and/or participate in Valley Water Board meetings to please contact the Clerk of the Board's office at (408) 630-2711, at least 3 business days before the scheduled Valley Water Board meeting to ensure that Valley Water may assist you. Reasonable efforts will be made to accommodate persons with disabilities.

重要通知：

Valley Water 遵守美國殘疾人法案 (ADA)，要求需要特殊便利才能訪問和/或參加 Valley Water 委員會會議的個人請致電 (408) 630-2711 聯繫委員會辦公室的書記員，網址為在預定的 Valley Water 委員會會議召開前至少 3 個工作日，以確保 Valley Water 可以為您提供幫助。將做出合理的努力以容納殘疾人。

Thông báo quan trọng:

Valley Water, để tuân thủ Đạo luật Người Mỹ Khuyết tật (ADA), yêu cầu những cá nhân cần điều chỉnh đặc biệt để tiếp cận và/hoặc tham gia các cuộc họp của Hội đồng Valley Water vui lòng liên hệ với Văn phòng Thư ký của Hội đồng theo số (408) 630-2711, tại ít nhất 3 ngày làm việc trước cuộc họp đã lên lịch của Hội đồng Valley Water để đảm bảo rằng Valley Water có thể hỗ trợ bạn. Những nỗ lực hợp lý sẽ được thực hiện để hỗ trợ người khuyết tật.

Aviso Importantes:

Valley Water, en cumplimiento de la Ley de Estadounidenses con Discapacidades (ADA), solicita a las personas que requieren adaptaciones especiales para acceder y/o participar en las reuniones de la Junta de Valley Water que se comuniquen con la oficina del Secretario de la Junta al (408) 630-2711, al menos 3 días hábiles antes de la reunión programada de la Junta de Valley Water para asegurarse de que Valley Water pueda ayudarlo. Se harán esfuerzos razonables para acomodar a las personas con discapacidades.

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