



## MEMORANDUM

FC 14 (02-08-19)

**TO:** Board of Directors  
**FROM:** Director Nai Hsueh  
CIP Committee Chair  
**SUBJECT:** Capital Improvement Program Committee  
(CIP) June 13, 2022 Meeting Summary  
**DATE:** August 9, 2022

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This memorandum summarizes the Capital Improvement Program Committee (CIP) meeting held on June 13, 2022, where discussions occurred on the following items:

### 1. Approval of Minutes

The Committee considered the minutes of the May 16, 2022, Capital Improvement Program Committee meeting, and unanimously carried by vote to accept the minutes as presented.

### 2. Receive Update on the ERP System Implementation Project No. 73274002.

The Committee was informed that all project modules are now live; that the project is now at optimization phase; that the project was twelve months behind the original schedule of January 2021 for P1 and March 2021 for P2; that a scope change on the contract was made on payroll time entry to avoid an upgrade after a year or two; that lessons learned involve penalties for late deliveries of project, resource model on both contractor and Valley Water side, and timely replacement of assigned consultants; and that Valley Water (VW) paid 18% cost of time delay of the project while Infor paid the rest.

The Committee suggested that VW contracts should legally include how contractor replaces staff that leave their company to ensure continuity of Valley Water projects. Mr. Michael Cook, Deputy Administrative Officer, clarified that the Infor contract has provisions to review resumes and approve key positions assigned to the ERP project, and to ask for replacements of Infor staff on VW projects. Ms. Leslie Orta, Senior District Counsel, confirmed that there is a contract provision that consultant must show resumes that Valley Water approves to do the work; that the contract standard language could include a certain time period for contractor to replace staff that leave their company, so VW projects would not slow down.

In response to Committee's request for clarification on what post go-live enhancements are, and what usability concerns are, as mentioned at the presentation, Mr. Cook stated that in regard to post enhancements, VW has a partner that helps to enhance the system such as generation of additional financial reports than what were originally thought were needed, and development of new screens and menus for easier use.

In response to Committee's inquiry on how long each agreement with Infor and Cendien is, and how work is being divided between the two consultants, Mr. Cook stated that Infor's license agreement is for support and maintenance of their software which includes update services such as implementing system changes due to annual changes in tax law as well as "bread-fix" type issues. With Cendien, items that are for enhancement and optimizations, or those that are "nice to have" rather than "need to have" are indicated on the current three-year agreement, a longer and less expensive agreement than Infor.

The Committee expressed concern about ERP and project management resource allocation issues mentioned in the presentation. Mr. Cook stated that he had a diagram which was not part of this

presentation that showed the extensive integration with PMIS and VEMO; and that he would provide the diagram to the Committee via email through Ms. Brambill. Subsequently, Ms. Brambill emailed the diagram to this Committee and to staff that participated at this meeting.

Ms. Tina Yoke, Chief Operating Officer, added that prior to awarding the contract, staff visited two water agencies in southern California for references, and very little of the information that they got was useful for Valley Water's ERP project; and that a final payment is being used as leverage with the consultant to address remaining punch list items. Mr. Cook mentioned that the Information Technology (IT) team had developed a procurement checklist that includes verbiage for all future IT agreements.

The Committee noted the information, without taking formal action.

### **3. Review Capital Project Monitoring – Construction Report.**

The Committee reviewed progress of projects under the design and permitting phase and noted the following:

On Line Item # 1, Mr. Hakes stated that on the *Anderson Dam Seismic Retrofit Project*, the information published with the agenda on installation of soil nails is out of date; that at this time, installation of all 243 soil nails has been completed; and that a change order on the soil nails would be discussed on Item 4.4 of this meeting's agenda; that excavation of diversion portal to backfill material with Controlled Low Strength Material (CLSM) is ongoing; that tunnel excavation is estimated late July or early August timeframe; and that the Anderson Dam Force Main is offline right now while needed work is being done.

In response to Committee inquiries on whether the portal excavation would be with a boring machine, and what would be the possibility of a site visit, Mr. Hakes indicated that tunnel excavation would be with a road header; that the diversion portal would be a landing pad for water discharge; that going into the tunnel would be carved out and concrete added to make it more stable for heavy equipment for the excavation of the tunnel; that a site tour could be arranged given the strict security enforced on the site; and that staff would come back with a presentation on timelines and photos of the excavations.

On Line Item # 7, Mr. Emmanuel Aryee, Acting Deputy Operating Officer, reported the *Pacheco Pumping Plant Priority 1 Fire Alarm & Suppression System Improvement* project construction completion should be sometime in July/August this year instead of Spring 2023 as published on the agenda.

On Line Item # 13, the Committee inquired whether the existing walls for floodwall retrofit on *Other SCW 2012 SCW: Permanente Creek, SF Bay to Foothill Expressway* project referred to the original 1960s floodwall or to the floodwall under the new Permanente Creek project; and clarified that this could be a structural rather than a flood protection problem, since floodwall height was part of the FEMA Letter of Map Revision submitted on April 2022. Ms. Julianne O'Brien, Acting Unit Manager, responded that external design consultant reviewed the integrity of the walls, and proposed a need for additional projects; and that staff would reach out to this Committee with more information.

The Committee was informed that in regard to a tracking system to monitor projects that are either on a three-year plant establishment, or in a monitoring period such as the gravel movement monitoring on the Upper Guadalupe River Reach 6, Mr. Bourgeois and Chairperson Hsueh would determine the timing of reporting and develop the materials to be presented to this Committee. Chairperson Hsueh added that the big picture includes vegetation which is a contractor's responsibility, and VW have to show how to hold contractor responsible. Director LeZotte requested the Closeout phase reporting be added to the Capital Project Monitoring report outs.

On Line Item # 18, Director LeZotte inquired if the erosion sites in the *Watershed Asset Rehabilitation Program* are Valley Water properties or are they associated with private properties. Chairperson Hsueh mentioned that properties on the erosion sites are Valley Water properties; and that she recently approved an informational notice to adjacent property owners about the project.

On Line Item # 21, Mr. Cook informed the Committee that the *Information Technology Disaster Recovery* project has completed the planning phase, and is now working on the following procurements: related to VW business environment and network, one procurement would include active configuration from an onsite data center to an offsite cloud data center; related to VW operational environment, another procurement would upgrade the backup system such as SCADA; and related to VW physical data center, another procurement for smaller projects like fire suppression and security systems.

In response to the Committee inquiry on what the products of the *Data Consolidation* project would be, Mr. Cook stated that Data Consolidation is more of a misnomer since the project is more about a tool that allows digitalization of records, automation, and allows metadata of documents that could be linked for work flow streamlining; that this project was scoped out to handle pilot projects with departments then would move on to enterprise-wide application; and that Valley Water would have more projects to be included as more records are converted to electronic format.

Ms. Jessica Collins, Business Planning & Analysis Unit Manager, identified herself as in charge of VW's Lands Management Program, added that the Hyland system uses a scanning software to identify and search key words for use when looking for prior easements including summary information about the easement; and allows linking and storing scanned documents into ECM and GIS where staff could then access easements and deeds in real time.

The Committee noted the information, without taking formal action.

#### **4. Receive Information on Upcoming Consultant Agreements Amendments for Capital Projects.**

The Committee received information on the amendment to the on-call consultant agreement with Kenney Jenks.

In response to Committee inquiries, Mr. Emmanuel Aryee, Acting Deputy Officer, stated that this on-call agreement creates Task Orders from project owners that request pipeline analysis and rehabilitation services; that the \$5M sets the limit within which these task orders are budgeted; and that Kennedy Jenks Consultants would continue to work under these task orders.

The Committee mentioned that on-call agreements should be managed with clear policy criteria and in a consistent manner, as our organization is now much bigger and that perception from outside on the \$5M approved by the Board could be that the full amount would be spent fully through a contract extension; that there is no objection from this Committee on this particular amendment; that on-call agreements give us flexibility to manage resources; that we need to take some effort to manage and be consistent with on call consultant agreements; and that the Board's desire is to assist small consulting firms to transition to medium-size firms through the project.

The Committee noted the information, without taking a formal action

#### **5. Review Information on Change Orders to Anderson Dam Tunnel Project Construction Contract.**

The Committee received information on two pending change orders for the Anderson Dam Tunnel Project Construction Contract.

In regard to the change order on the *Tunnel and Miscellaneous Items/Removal of Taber Drilling from Scope*, Mr. Hakes stated that Taber Drilling would have done some of the drilling on the scope of work of the construction contract, and that AECOM would now be taking care of contracting that scope of work which would be more cost effective than having Taber Drilling carry out the work; Mr. Hakes further explained that the net cost of the original changes approved by DSOD and FERC were higher, so that the reduction on the construction contract were offset by the increase on the AECOM contract. He also explained that staff does not report on the AECOM agreement to this Committee because funding is already covered and supplemental services such as this have no contingencies.

In regard to the change order on the *Upsizing Soil Nail Rows*, Mr. Hakes informed the Committee that approval of the upsizing of soil nails was in the interest of time for the project.

The Committee requested an update on the Change Order status table seen as Attachment 1 by adding a row under the Amount columns that would show the total amount of Approved and Approved & Pending change orders.

The Committee received the information, without taking formal action.

## **6. Review 2022 Capital Improvement Program Committee Work Plan.**

Chairperson Hsueh recapped requests of staff::

- Director LeZotte's request on capital project monitoring status of the closeout phase would be added under Capital Project Monitoring, which is already under the CIP Implementation section of the work plan; and
- At the next Consultant Agreement Compliance Process update in August 2022, staff to include lessons learned in contract management as discussed under Item 4.1 of this meeting; and
- At the next Capital Project Monitoring under Construction Phase in September 2022, staff to present footage of the tunnel excavation for the Anderson Dam Seismic Retrofit project.

Board member comments and suggestions can be forwarded to Eva Sans, Assistant Deputy Clerk II, by email to [esans@valleywater.org](mailto:esans@valleywater.org) or phone at (408) 630-2306.