

FY 2018-22 Five-Year Capital Improvement Program

May 9, 2017

Santa Clara Valley
Water District

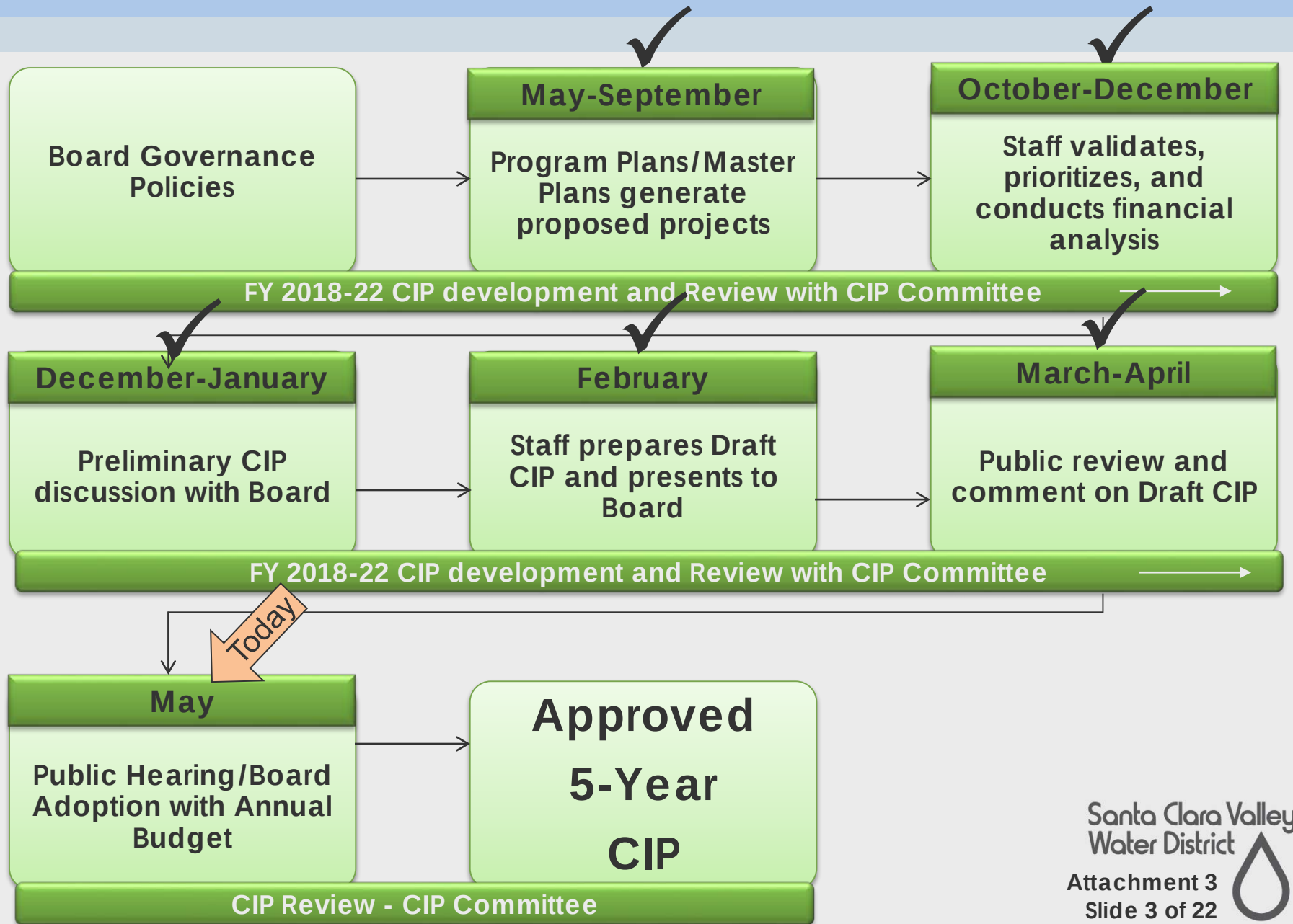


Attachment 3
Slide 1 of 22

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%
Total Water Supply CIP Projects = 30	\$2,595	

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

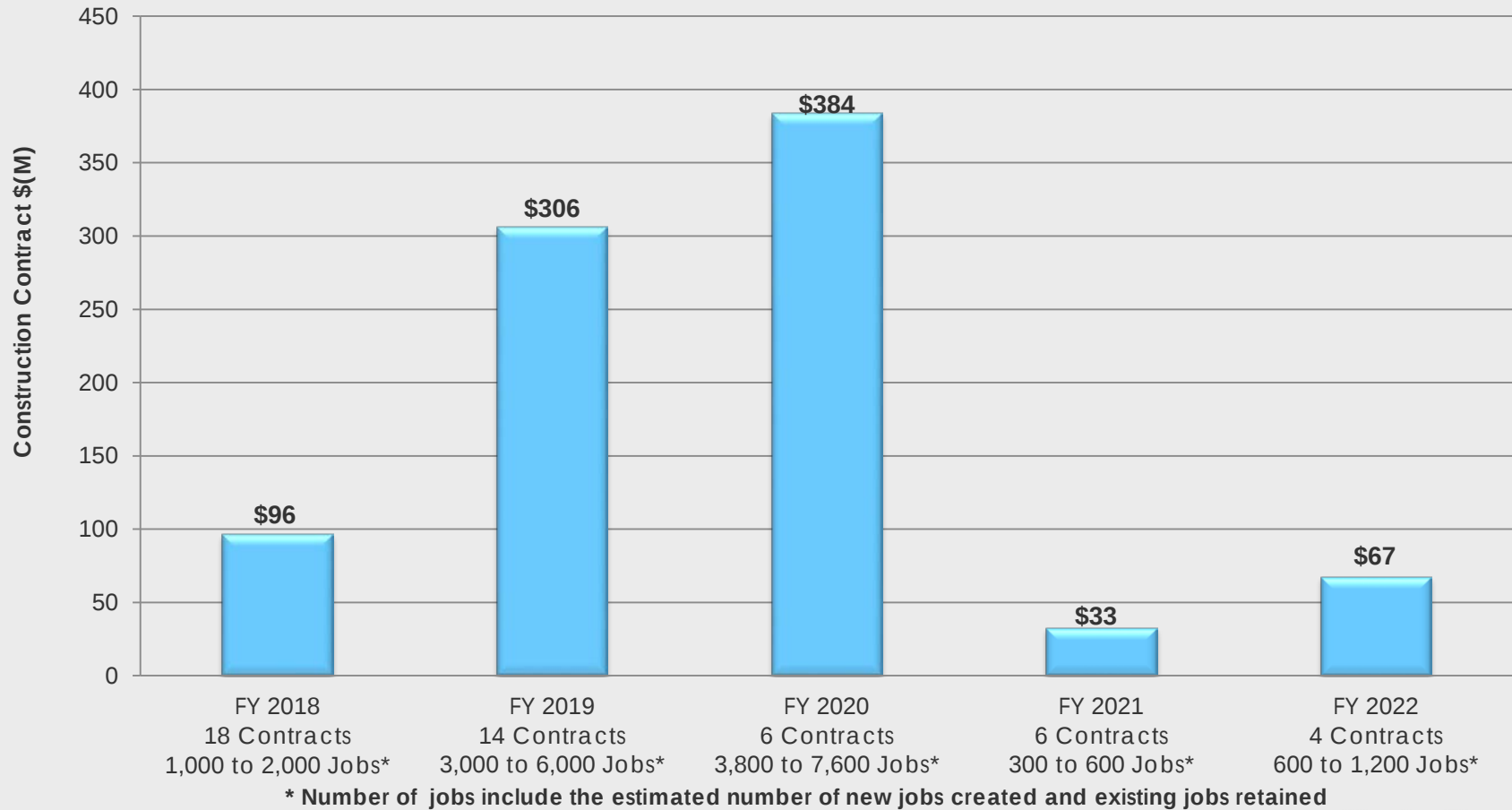
**CSC/SCW = Clean Safe Creeks /Safe Clean Water Fund

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