



Santa Clara Valley Water District Board of Directors Meeting

Teleconference Zoom Meeting

SPECIAL MEETING AGENDA

**Monday, January 10, 2022
12:00 PM**

District Mission: Provide Silicon Valley safe, clean water for a healthy life, environment and economy.

DISTRICT BOARD OF DIRECTORS

Tony Estremera, Chair - District 6
Gary Kremen, Vice Chair - District 7
John Varela - District 1
Barbara Keegan - District 2
Richard P. Santos - District 3
Linda J. LeZotte - District 4
Nai Hsueh - District 5

During the COVID-19 restrictions, all public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body, will be available to the public through the legislative body agenda web page at the same time that the public records are distributed or made available to the legislative body, or through a link in the Zoom Chat Section during the respective meeting. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to participate in the legislative body's meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 265-2600.

RICK L. CALLENDER, ESQ.
Chief Executive Officer

MICHELE L KING, CMC
Clerk of the Board
(408) 265-2600
Fax (408) 266-0271
www.valleywater.org

Note: The finalized Board Agenda, exception items and supplemental items will be posted prior to the meeting in accordance with the Brown Act.

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Santa Clara Valley Water District
Board of Directors
SPECIAL MEETING
AGENDA

Monday, January 10, 2022

12:00 PM

Teleconference Zoom Meeting

*****BY VIRTUAL TELECONFERENCE ONLY*****

Pursuant to California Government Code section 54953(e), this meeting will be held by teleconference only. No physical location will be available for this meeting; however, members of the public will be able to participate in the meeting as noted below.

In accordance with the requirements of Gov. Code Section 54954.3(a), members of the public wishing to address the Board/Committee at a video conferenced meeting, during public comment or on any item listed on the agenda, should use the "Raise Hand" tool located in the Zoom meeting link listed on the agenda, at the time the item is called. Speakers will be acknowledged by the Board Chair in the order requests are received and granted speaking access to address the Board.

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

This agenda has been prepared as required by the applicable laws of the State of California, including but not limited to, Government Code Sections 54950 et. seq. and has not been prepared with a view to informing an investment decision in any of Valley Water's bonds, notes or other obligations. Any projections, plans or other forward-looking statements included in the information in this agenda are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of Valley Water's bonds, notes or other obligations and investors and potential investors should rely only on information filed by the District on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures and Valley Water's Investor Relations website, maintained on the World Wide Web at <https://emma.msrb.org/> and <https://www.valleywater.org/how-we-operate/financebudget/investor-relations>, respectively.

Under the Brown Act, members of the public are not required to provide identifying information in order to attend public meetings. Through the link below, the Zoom webinar program requests entry of a name and email address, and Valley Water is unable to modify this requirement. Members of the public not wishing to provide such identifying information are encouraged to enter "Anonymous" or some other reference under name and to enter a fictional email address (e.g., attendee@valleywater.org) in lieu of their actual address. Inputting such values will not impact your ability to access the meeting through Zoom.

Join Zoom Meeting

<https://valleywater.zoom.us/j/86474380488>

Meeting ID: 864 7438 0488

Join by Phone:

1 (669) 900-9128, 86474380488#

1. CALL TO ORDER:

1.1. Roll Call.

1.2. Pledge of Allegiance/National Anthem.

1.3. Time Open for Public Comment on any Item not on the Agenda.

Notice to the public: Members of the public who wish to address the Board on any item not listed on the agenda should access the "Raise Hand" tool located in Zoom meeting link listed on the agenda. Speakers will be acknowledged by the Board Chair in order requests are received and granted speaking access to address the Board. Speakers comments should be limited to three minutes or as set by the Chair. The law does not permit Board action on, or extended discussion of, any item not on the agenda except under special circumstances. If Board action is requested, the matter may be placed on a future agenda. All comments that require a response will be referred to staff for a reply in writing. The Board may take action on any item of business appearing on the posted agenda.

2. TIME CERTAIN:

12:00 PM

- 2.1. Work Study Session on Fiscal Years 2023-27 Preliminary Capital Improvement Program and Preliminary Fiscal Year 2022-23 Groundwater Production Charges.

[22-0003](#)

Recommendation: A. Review the Fiscal Year (FY) 2023-27 Preliminary Capital Improvement Program (CIP) and provide direction to staff for development of the Draft FY 2023-27 CIP; and
 B. Discuss and provide direction on the preliminary FY 2022-23 Groundwater Production Charge analysis prepared by staff.

Manager: Melanie Richardson, 408-630-2035
 Darin Taylor, 408-630-3068

Attachments: [Attachment 1: FY23-27 Preliminary CIP](#)
 [Attachment 2: Capital Project Plan Updates from FY22-26 CIP](#)
 [Attachment 3: PowerPoint](#)
 [Attachment 4: SCVWD Resolution No. 99-21](#)
 [Attachment 5: SCVWD Resolution No. 12-10](#)

Est. Staff Time: 2 Hours

3. ADJOURN:

- 3.1. Clerk Review and Clarification of Board Requests.
- 3.2. Adjourn to 11:00 a.m. Closed Session and 1:00 p.m. Regular Meeting on January 11, 2022.

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Santa Clara Valley Water District

File No.: 22-0003

Agenda Date: 1/10/2022

Item No.: 2.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Work Study Session on Fiscal Years 2023-27 Preliminary Capital Improvement Program and Preliminary Fiscal Year 2022-23 Groundwater Production Charges.

RECOMMENDATION:

- A. Review the Fiscal Year (FY) 2023-27 Preliminary Capital Improvement Program (CIP) and provide direction to staff for development of the Draft FY 2023-27 CIP; and
- B. Discuss and provide direction on the preliminary FY 2022-23 Groundwater Production Charge analysis prepared by staff.

SUMMARY:

This Work Study Session combines, for Board review, the preliminary FY 2023-27 CIP, and the preliminary FY 2022-23 groundwater production charge analysis.

In concert with the review of the 5-year FY 2023-27 Preliminary CIP list of projects with their estimated costs and proposed funding (Attachment 1), staff is seeking Board input on the preliminary analysis to incorporate into the development of the groundwater production charge recommendation. The groundwater production charge analysis includes a water demand projection, a discussion of key capital project funding, and several scenarios for Board consideration.

Capital Improvement Program (CIP) Background

Each year, a five-year CIP is prepared for Board consideration and approval. The CIP describes the Santa Clara Valley Water District (Valley Water) capital investments by type of improvement and provides information on planned capital projects and Valley Water's intended source(s) of funding. The CIP process, wherein capital project plans are updated to reflect changes to scope, schedule or planned expenditures, works in concert with the biennial budget process by which funding is appropriated to the projects. All changes to scope, schedule or planned expenditures from the Board adopted FY 2022-26 CIP are included as Attachment 2.

Board's CIP Committee

The Board has established a CIP Committee whose purpose is to review and discuss in greater detail the various processes and information used to prepare an annual update to Valley Water's CIP. In 2021, the CIP Committee was comprised of Board Chair Tony Estremera, Director Nai Hsueh (Committee Chair), and Director Linda LeZotte (Committee Vice Chair).

The CIP Committee met monthly in 2021, with the exception of the month of June, to review and discuss information related to capital projects, the development of the CIP and to provide input to staff.

CIP Committee Review of the FY 2023-27 CIP

On December 13, 2021, the CIP Committee reviewed the Draft FY 2023-27 Preliminary CIP. The Committee's review focused on three key considerations:

1. The Water Supply projects in the Preliminary CIP meet the Board's strategies outlined in the Water Supply Master Plan (WSMP) (Strategy 1 - Secure Existing Supplies and Infrastructure, Strategy 2 - Increase Water Conservation and Reuse, Strategy 3 - Optimize the Use of Existing Supplies and Infrastructure);
2. Projects in the Preliminary CIP with the renewed Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water Program), as approved by voters in November 2020, and to reflect current project cost estimates; and
3. Buildings and Grounds and Information Technology projects in the Preliminary CIP meet the objectives of providing an efficient, effective and safe work environment.

In reviewing the Preliminary CIP's project plan updates (Attachment 2) and corresponding 10-year financial analysis, the CIP Committee moved to support the Draft FY 2023-27 Preliminary CIP and expressed its support of staff's recommended approach to include a brief presentation providing additional detail for five (5) significant project plan updates (listed below). These projects have the greatest impact on water rates and/or significant updates that warrant the Board's review. Each of these brief-presentations will be presented by the respective capital project Deputy Operating Officer/Assistant Operating Officer and are incorporated into the PowerPoint presentation (Attachment 3).

- Anderson Dam Seismic Retrofit Project
- Pacheco Reservoir Expansion Project
- Rinconada Water Treatment Plant Reliability Improvement Project
- Purified Water Project
- San Francisco Bay Shoreline Project

To ensure consistency with Valley Water's various planning efforts, the CIP Committee requested that CIP staff coordinate with the staff leading development of the Water Supply Master Plan and Watersheds and Water Utility Operations and Maintenance Plans. If necessary, these plans will be updated to align with the FY 2023-27 CIP, as adopted by the Board.

Review and Approval Process for FY 2023-27 CIP

Receiving Board direction regarding the preliminary list of projects (Attachment 1) will allow staff to proceed with preparing the Draft FY 2023-27 CIP. The Draft CIP is scheduled to be presented to the Board at its February 22, 2022 meeting, at which time staff will recommend Board review and authorization to release the Draft CIP for a 60-day public review period. After public review and responses to comments are completed, a Resolution to Adopt the Final CIP will be presented to the

Board in May 2022 for approval in conjunction with the FY 2022-24 biennial budget.

Update to Watershed Stream Stewardship Fund and Safe Clean Water Fund Financial Projections

Staff has included updated financial models that reflect updates to the Watershed Stream Stewardship Fund 12 and the Safe Clean Water Fund 26. The projected reserve balances from FY23 through FY32 exceed Valley Water's minimum reserve requirement for both funds, indicating financial sustainability. The first five-year implementation plan was presented to the Board for the renewed Safe, Clean Water Program in June 2021.

Summary of Groundwater Production Charge Analysis

Staff has prepared the preliminary FY 2022-23 groundwater production charge analysis, which includes several scenarios for Board review. Staff is seeking Board input on the preliminary analysis to incorporate into the development of the groundwater production charge recommendation.

The groundwater production charge reflects the benefit of Valley Water activities to protect and augment groundwater supplies and is applied to water extracted from the groundwater basin in Zones W-2, W-5, W-7, and W-8. Zone W-2 encompasses the Santa Clara groundwater subbasin north of Metcalf Road or the North County. Zone W-5 overlays the Llagas subbasin from northern Morgan Hill south to the Pajaro River. Zone W-7 overlays the Coyote Valley south of Metcalf Road to northern Morgan Hill, and W-8 encompasses the area below Uvas and Chesbro Reservoirs.

The groundwater production charge recommendation will be detailed in the 51st Annual Report on the Protection and Augmentation of Water Supplies that is planned to be filed with the Clerk of the Board on February 25, 2022. The public hearing on groundwater production charges is scheduled to open on April 12, 2022. It is anticipated that the Board would set the FY 2022-23 groundwater production charges by May 10, 2022, that would become effective on July 1, 2022.

The FY 2022-23 groundwater production charge and surface water charge setting process will be conducted consistent with the District Act, and Board resolutions 99-21 and 12-10. (Attachments 4 and 5).

Water Use Assumptions

District managed water use for FY 2020-21 is estimated to be approximately 246,500 acre-feet (AF), roughly 16,000 AF higher than budgeted due to a dry winter and dry spring. Due to the current drought conditions, the Board called for 15% mandatory conservation compared to 2019. If the drought continues for current FY 2021-22 and conservation goals are achieved, then there could be about a 32,000 AF water usage deficit versus budget of 232,000 AF, which could translate to upwards of \$50 million in reduced revenue this fiscal year. Water use projections for FY 2022-23 and beyond have been adjusted due to the current drought and mandatory calls for conservation. Based on trends from the last drought (2014-2017) returning to "normal" water use is projected by FY 2025-26.

Staff is carefully monitoring monthly water use actuals and working closely with the water retailers during the drought and will continue to do so during the upcoming rate setting process, modifying the water usage forecast as necessary.

Groundwater Production Charge Projection Scenarios

Staff has prepared a preliminary baseline groundwater production charge projection scenario for Board review, with additional scenarios based on various levels of conservation and projected water use.

For the baseline scenario, the increase in the North County Zone W-2 Municipal and Industrial (M&I) groundwater production charge is 15.0% for FY 2022-23. In the South County, for FY2022-23 baseline scenario, increases in the M&I groundwater production charge projections are 5.2% for Zone W-5; 10.3% for Zone W-7; and 8.0% for Zone W-8.

The overall impact of the preliminary analysis baseline scenario for FY 2022-23 to the average household would be an estimated increase of \$7.75 per month in North County, \$0.86 per month in South County Zone W-5, \$1.86 per month in South County in Zone W-7, and \$0.93 per month in South County in Zone W-8.

Staff proposes to set the Contract Treated Water Surcharge at \$115/AF to be maintain alignment with the cost that retailers would incur to pump water from their wells. Based on information gathered from retailers, staff believes that setting the Contract Treated Water Surcharge at \$115/AF would be close to the point of neutrality where a retailer would be indifferent in the short term as to whether to pump water from the ground or take treated water.

Staff has prepared the following scenarios for Board consideration:

Scenario 1) Baseline with Return to Prior Projection Water Use by FY26:

This scenario includes the following projects and assumptions:

- Conservation: 15% achieved by FY 2022-23, returning to prior projections of around 236kAF by FY 2025-26
- Anderson Reservoir leveraging WIFIA loans (up to 40% of total project cost (TPC))
- Pacheco Reservoir Expansion Project (PREP) with \$496 Proposition 1 grants, WIFIA loans (up to 49% of TPC) and Partnership Participation at 35% of TPC
- Purified Water Expansion operational by FY28, assumes 100% debt financed by P3 entity
- Los Vaqueros (Transfer Bethany Pipeline)
- Delta Conveyance SWP portion at 3.23%
- Master Plan Project Placeholder - Assumes \$369M in anticipated costs from FY 23 to FY 32 for new pipelines, pipeline rehabilitations, treatment plant upgrades and SCADA implementation projects.
- New, additional emergency water supply purchases in FY 2022-23, FY2023-24, and FY 2024-25 (\$67.7M total)
- Transfer \$39M near-term unspent funds from PREP to rate stabilization reserve in FY 22; future PREP cost projection has been adjusted such that TPC is unchanged
- Leverage existing Drought Contingency, Supplemental Water and Rate Stabilization Reserves (\$25M plus \$39M PREP for a total of \$64M used in FY 2022-23 and FY 2023-24)
- Agricultural rates remain set at 10% of lowest M&I rate

Scenario 2) 15% conservation achieved with lower future rebound:

Includes the same projects and assumptions as Scenario 1 except a lower water use projection rebound, growing to 236kAF by FY 2031-32.

Scenario 3) 10% conservation achieved and no future rebound:

Includes the same projects and assumptions as Scenario 1 except 10% conservation is achieved (around 201kAF projected water use in FY 2022-23), with the future water use projection growing to 211kAF by FY 2031-32.

Scenario 4) 15% conservation achieved and no future rebound:

Includes the same projects and assumptions as Scenario 1 except 15% conservation is achieved (around 190kAF projected water use in FY 2022-23), with the future water use projection growing to 199kAF by FY 2031-32.

Scenario 5) 20% conservation achieved and no future rebound:

Includes the same projects and assumptions as Scenario 1 except 20% conservation is achieved (around 179kAF projected water use in FY 2022-23), with the future water use projection growing to 187kAF by FY 2031-32.

Staff can model additional scenarios for the Board as needed.

Other Assumptions

All scenarios assume the continued practice of relying on the State Water Project (SWP) Tax to pay for 100% of the SWP contractual obligations. Pursuant to Water Code Section 11652, Valley Water, whenever necessary, is required to levy on all property in its jurisdiction not exempt from taxation, a tax sufficient to provide for all payments under its SWP contract with the California Department of Water Resources (DWR). All scenarios assume an increase in the SWP Tax for FY 2022-23, setting it at \$27M. The SWP Tax for the average household in Santa Clara would increase to about \$41 per year.

A Drought Reserve was established in FY 2015-16 and was budgeted at \$10M for FY 2021-22. The purpose of this reserve is to help minimize future rate impacts and complements the Supplemental Water Supply Reserve. The preliminary groundwater production charge analysis includes full use of the reserve in FY 2022-23, with reserve levels building back up over subsequent years.

All scenarios assume Water Utility operations cost of \$264.6M in FY 2022-23 versus the FY 2021-22 estimate of \$235.2M.

The preliminary analysis does not include unfunded capital projects or additional unfunded operations cost needs identified by staff.

Summary of Groundwater Production Charge Analysis Issues

Staff is seeking Board direction on the following issues to be incorporated into the Report on

Protection and Augmentation of Water Supplies (PAWS) scheduled to be filed with the Clerk of the Board on February 25, 2022:

- Rate Impact Minimization Strategies
- Water Use Projection Scenarios

Summary of Proposed Changes to the CIP

One new project is being recommended for inclusion in the Draft Preliminary FY 2023-27 CIP.

60204022 Security Upgrades and Enhancements: A new project was created for inclusion in the CIP. This project will significantly enhance overall security at Valley Water facilities by designing and installing a modern technical security system capable of meeting today's security and investigative requirements. The estimated total inflated project cost is \$16.57M and it is expected to last four to six years.

Six (6) projects in the FY 2022-26 CIP are anticipated to be completed and/or closed out by June 2022.

Since the Board adopted the FY 2022-26 CIP, staff has provided project plan updates for more than 40 projects. These updates have been reviewed and discussed by the CIP Committee in November and December of 2021 and are included for the Board's review in Attachment 2. Since the last CIP Committee meeting, staff has identified a necessary revision to the update that was provided for the South County Recycled Water Pipeline Project. As a result of bids coming in lower than expected, the total project cost with inflation decreased by \$2.356M to \$42.976M since the last project plan update was presented to the CIP Committee. A full description of all the project plan updates is included in Attachment 2.

With the incorporation of the project plan updates reflected in Attachment 2, the proposed FY 2023-27 Preliminary CIP is \$721M higher than the previous 5-year CIP, with a total value of \$8.25B. The majority of this cost increase is the result of an approximately \$589M cost increase to the Anderson Dam Seismic Retrofit Project. The proposed changes to the CIP are summarized by Fund and presented in the PowerPoint (Attachment 3) and reflected in the Preliminary FY 2023-27 CIP (Attachment 1).

ENVIRONMENTAL JUSTICE IMPACT:

While individual capital projects may have environmental justice impacts and conduct outreach and engagement to impacted communities, which will be reported to the Board accordingly, the FY 2023-27 Preliminary CIP and the FY 2022-23 Groundwater Production Preliminary Analysis Work Study Session has no environmental justice impact.

The Preliminary CIP is a projection of Valley Water's capital funding for planned capital projects. Its purpose is to document planned capital projects to help integrate Valley Water work with the larger community by aligning Valley Water planning with other local agency planning efforts. The Preliminary CIP documents any changes to capital projects' planned funding and expenditures and is updated and brought to the Board of Directors for approval each year in January.

Each February, upon the Board's direction, to ensure meaningful engagement of all Santa Clara County communities in the decision-making process, staff provides a copy of the Draft CIP to Valley Water partner agencies and publishes a public notification for a review before the Board of Directors adopts the Resolution to Adopt the CIP in May.

The CIP is thus produced each year in collaboration with government, academic, private, non-governmental and non-profit organizations, as well as diverse and disadvantaged communities, and as such, adheres to the Board's General Principles and Ends Policies, which are integral in ensuring that Valley Water meets its mission.

FINANCIAL IMPACT:

While there is no direct financial impact associated with the recommended action to approve the Preliminary CIP, the CIP presents a funding plan that shows the intended source of funds for each project. Valley Water's FY 2022-23 proposed biennial budget will include the approved projects in the first year of the FY 2023-27 CIP.

Furthermore, this preliminary analysis of the groundwater production charges does not have any immediate financial impact, however, the adopted groundwater production charges will affect the future finances of the Water Utility Enterprise.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

- Attachment 1: Preliminary FY 2023-27 CIP
- Attachment 2: Capital Project Plan Updates from FY 2022-26 CIP
- Attachment 3: PowerPoint
- Attachment 4: SCVWD Resolution No. 99-21
- Attachment 5: SCVWD Resolution No. 12-10

UNCLASSIFIED MANAGER:

Melanie Richardson, 408-630-2035
Darin Taylor, 408-630-3068

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FY 2023 - 27 CIP

Water Supply Projects

Revenue Sources: Groundwater Charges

FY 2023 5-Year CIP Data

PRELIMINARY CIP

FY 2023 5-Year CIP Data			A	B	A + B				
Project Category	Number	Project Name	Actual/ Appropriated thru FY22*	Remaining Cost to Completion	FY23 Plnd Expnd	FY23-37 Project Value	Change from FY22	Project Phase (FY23)	Funded By
Values last updated: 12/28/2021 (All values are in thousands)									
Water Supply - Storage									
B	91854001	Almaden Dam Improvements	14,214	50,502	52	64,716	(1,296)	Design	W-2
A	91864005	Anderson Dam Seismic Retrofit (C1)	234,417	1,001,721	167,485	1,236,138	588,748	Design	W-2/W-5/W-7/SCW
A	91084020s	Calero and Guadalupe Dams Seismic Retrofits	32,343	221,754	2,084	254,097	(7,369)	Plng/Des	W-2
	91084020	Calero and Guadalupe Dams Seismic Retrofits - Planning	11,117	2,483	1,672	13,600	99	Planning	W-2
	91874004	Calero Dam Seismic Retrofit - Design & Constuct	11,107	147,812	105	158,919	(5,534)	Design	W-2
	91894002	Guadalupe Dam Seismic Retrofit - Design & Construct	10,119	71,459	307	81,578	(1,934)	Design	W-2
B	91234002	Coyote Pumping Plant ASD Replacement	3,986	23,354	9,676	27,340	11,773	Planning	W-2
E	91234011	Coyote Warehouse	9,718	126	126	9,844	61	Const/Closeout	W-2/W-5/W-7/W-8
A	91084019	Dam Seismic Stability Evaluation	22,653	8,289	418	30,942	(373)	Planning	W-2/W-5/W-7/W-8
E	91954002	Pacheco Reservoir Expansion Project (A1)	71,416	2,390,331	31,204	2,461,747	(58,177)	Plng/Des	W-2/W-5/W-7/W-8
B	91214010s	Small Capital Improvements, San Felipe Reach 1-3	4,517	71,973	2,357	76,490	(5,113)	Continuing	W-2/W-5/W-7
Subtotal:			393,264	3,768,050	213,402	4,161,314	528,254		
Water Supply - Transmission									
B	95084002	10-Year Pipeline Rehabilitation (FY18-FY27)	84,326	55,727	18,327	140,053	(1,052)	Plng/Des/Const	W-2/W-5/W-7/W-8
B	92304001	Almaden Valley Pipeline Replacement Project	594	110,005	994	110,599	20,569	Planning	W-2
B	95044001	Distribution Systems Implementation Project	5,288	3,669	732	8,957	1,048	Planning	W-2/W-5/W-7/W-8
C	92C40357	FAHCE Implementation	-	145,108	-	145,108	-	Planning	W-2/W-5/W-7
C	26764001	IRP2 Additional Line Valves (A3)	2,622	13,916	1,246	16,538	4,504	Design	SCW
E	92144001	Pacheco/Santa Clara Conduit Right of Way Acquisition	3,540	2,611	2,300	6,151	849	Design/Const	W-2/W-5/W-7
E	95044002	SCADA Implementation Project	2,494	3,976	2,826	6,470	(10)	Design/Const	W-2/W-5/W-7/W-8
B	92764009	Small Capital Improvements, Raw Water Transmission	2,572	9,077	696	11,649	(243)	Continuing	W-2/W-5/W7/W-8
B	94764006	Small Capital Improvements, Treated Water Transmission	131	536	38	667	136	Continuing	W-2
B	94084007	Treated Water Isolation Valves	1,017	7,485	145	8,502	(181)	Design	W-2
B	92264001	Vasona Pump Station Upgrade	2,363	19,905	2,387	22,268	(1,476)	Planning	W-2
Subtotal:			104,947	372,015	29,691	476,962	6,502		

FY 2023 - 27 CIP

Water Supply Projects

Revenue Sources: Groundwater Charges

FY 2023 5-Year CIP Data

PRELIMINARY CIP

FY 2023 5-Year CIP Data			A	B	A + B				
Project Category	Number	Project Name	Actual/ Appropriated thru FY22*	Remaining Cost to Completion	FY23 Plnd Expnd	FY23-37 Project Value	Change from FY22	Project Phase (FY23)	Funded By
Values last updated: 12/28/2021 (All values are in thousands)									
Water Supply - Treatment									
B	93234044	PWTP Residuals Management	2,276	40,768	1,857	43,044	(1,248)	Planning	W-2
B	93294051s	RWTP Residuals Remediation	56,333	19,336	19,145	75,669	11,078	Construction	W-2
B	93294057	RWTP Reliability Improvement	264,182	197,493	14,340	461,675	101,801	Construction	W-2
B	93294056	RWTP Treated Water Valves Upgrade	8,630	-	-	8,630	-	Closeout	W-2
B	93764004	Small Capital Improvements, Water Treatment	10,911	40,814	1,789	51,725	(2,552)	Continuing	W-2
B	93284013	STWTP Filter Media Replacement Project	3,460	6,458	4,779	9,918	(182)	Planning	W-2
B	93084004	Water Treatment Plant Electrical Improvement Project	1,526	10,100	2,412	11,626	(290)	Planning	W-2
B	93044001	WTP Implementation Project	4,672	4,785	732	9,457	1,319	Planning	W-2
Subtotal:			351,990	319,754	45,054	671,744	109,926		
Water Supply - Recycled Water									
E	91304001s	Expedited Purified Water Program (EPWP)	30,058	700,922	33,700	730,980	113,185	Planning	W-2
E	91094001	Land Rights - South County Recycled Water PL	553	6,711	3,260	7,264	(297)	Planning	W-5
E	91094007s	South County Recycled Water Pipeline	43,359	16,884	16,459	60,243	3,508	Des/Const	W-5
Subtotal:			73,970	724,517	53,419	798,487	116,395		
Water Supply Total:			924,171	5,184,336	341,566	6,108,507	761,077		

FY 2023 - 27 CIP

Water Supply Projects

Revenue Sources: Groundwater Charges

FY 2023 5-Year CIP Data

PRELIMINARY CIP

FY 2023 5-Year CIP Data			A	B	A + B				
Project Category	Number	Project Name	Actual/	Remaining	FY23 Plnd Expnd	FY23-37 Project Value	Change from FY22	Project Phase (FY23)	Funded By
			Appropriated	Cost to					
			thru FY22*	Completion					
Values last updated: 12/28/2021 (All values are in thousands)									

Validated - Future Unfunded Projects

A,B	93C40417	RWTP Ammonia Storage & Metering Facility Upgrade	-	5,844	-	5,844	FY23	W-2
E	91C40389	Long-Term Purified Water Program Elements	-	190,494	-	190,494	FY23	W-2
D	912140XX	Pacheco Pumping Plant Alternative Power	-	17,019	-	17,019	FY23	W-2
Validated - Unfunded Total:			-	213,357	-	213,357		

Legend:

- Black - Black Text: Continuing projects or projects carried forward from the FY22 CIP
- Gray - Gray Text: Individual projects considered part of a group or family of projects
- Orange - Orange Text: Projects to be completed or cancelled in FY 2022
- Green - Green Text: Projects in the Construction phase
- Blue - Blue Text: New projects proposed for the FY 23 CIP
- * - Column A: Actuals spent through prior year + planned expenditures in current year

Project Driver:

- A. Regulatory requirements
- B. Repair or replacement of aging infrastructure
- C. District commitment (SCW, FAHCE)
- D. Water Utility Master Plan "No Regrets"
- E. Board Policy

of WS Projects

A. Regulatory requirements	3
B. Repair or replacement of aging infrastructure	18
C. District commitment (SCW, FAHCE)	2
D. Water Utility Master Plan "No Regrets"	-
E. Board Policy	7
	30

Funded by Legend:

- W-2 - North Zone; revenue is allocated based on % of benefit to the zone
- W-5 - South Zone; revenue is allocated based on % of benefit to the zone
- W-7 - South Zone; revenue is allocated based on % of benefit to the zone
- W-8 - South Zone; revenue is allocated based on % of benefit to the zone
- CSC - funded by revenue from Clean Safe Creeks program
- SCW - funded by revenue from Safe Clean Water program
- PT - funded by revenue from Property Tax
- Subvent - funded by State Subventions

FY 2023 - 27 CIP

Flood Protection Projects

Revenue Sources: COP Proceeds, CSC Special Tax,
Property Tax, Subventions

FY 2023 5-Year CIP Data

PRELIMINARY CIP

Project Category	Number	Project Name	A	B	FY23 Plnd Expnd	A + B	Change from FY22	Project Phase (FY23)	Funded By
			Actual/ Appropriated thru FY22*	Remaining Cost to Completion		FY23-37 Project Value			

Values last updated:12/28/2021 (All values are in thousands)

Lower Peninsula Watershed

B	10394001	Palo Alto Flood Basin Tide Gate Structure Improvements	5,169	34,165	1,666	39,334	1,040	Plan/Des	PT
C	10244001s	Permanente Creek, SF Bay to Foothill Expressway	111,847	1,277	797	113,124	(2,915)	Const/Closeout	PT/CSC
C	10284007s	San Francisquito Creek, SF Bay thru Searsville Dam (E5)	62,700	56,755	5,490	119,455	12,429	Des/Const	PT/CSC/SCW
Subtotal:			179,716	92,197	7,953	271,913	10,554		

West Valley Watershed

C	26074002	Sunnyvale East and West Channels (E2)	23,437	46,946	14,965	70,383	(1,107)	Design	CSC
Subtotal:			23,437	46,946	14,965	70,383	(1,107)		

Guadalupe Watershed

B	30154019	Guadalupe River Tasman Dr - I-880	3,982	95,191	1,568	99,173	3,262	Planning	PT
C	26154001s	Guadalupe River–Upper, I-280 to Blossom Hill Road (E8)	113,069	61,952	919	175,021	(2,195)	Des/Const	CSC/SCW
Subtotal:			117,051	157,143	2,487	274,194	1,067		

FY 2023 - 27 CIP

Flood Protection Projects

Revenue Sources: COP Proceeds, CSC Special Tax,
Property Tax, Subventions

FY 2023 5-Year CIP Data

PRELIMINARY CIP

FY 2023 5-Year CIP Data			A	B	A + B				
Project Category	Number	Project Name	Actual/ Appropriated thru FY22*	Remaining Cost to Completion	FY23 Plnd Expnd	FY23-37 Project Value	Change from FY22	Project Phase (FY23)	Funded By
Values last updated:12/28/2021 (All values are in thousands)									
Coyote Watershed									
C	26174041s	Berryessa Creek, Calaveras Boulevard to Interstate 680	41,590	12,439	398	54,029	(556)	Des/Const	CSC
E	40174004s	Berryessa Ck, Lower Penitencia Ck to Calaveras Blvd	132,510	76,920	2,022	209,430	504	Des/Const	PT
C	26174043	Coyote Creek, Montague Expressway to Tully Road (E1)	20,080	42,749	6,375	62,829	(107)	Plng/Des	CSC
E	40264011	Cunningham Flood Detention Certification	11,840	-	-	11,840	2	Closeout	PT
E	40334005	Lower Penitencia Ck Improvements, Berryessa to Coyote Cks.	26,704	8,421	8,164	35,125	6,892	Des/Const	PT
E	40264007s	Lower Silver Creek, I-680 to Cunningham (Reach 4-6)	101,498	52	52	101,550	(228)	Construction	Subvent
C	40324003s	Upper Penitencia Creek, Coyote Creek to Dorel Drive	16,450	16,374	209	32,824	(4,588)	Planning	PT/SCW
			-						
Subtotal:			350,672	156,955	17,220	507,627	1,919		
Uvas/Llagas Watershed									
B	50284010	Llagas Creek–Lower, Capacity Restoration, Buena Vista Road to Pajaro River	4,314	9,401	1,306	13,715	(324)	Design	Subvent
C	26174051s	Llagas Creek–Upper, Buena Vista Avenue to Llagas Road (E6)	229,292	102,491	56,680	331,783	(1,138)	Construction	CSC/SCW
Subtotal:			233,606	111,892	57,986	345,498	(1,462)		
Multiple Watershed									
C	00044026s	San Francisco Bay Shoreline (E7)	105,349	74,278	21,022	179,627	(39,459)	Construction	PT
	00044026	San Francisco Bay Shoreline	80,293	36,189	18,217	116,482	(38,276)	Des/Const	PT
	26444001	San Francisco Bay Shoreline - EIA 11 Design & Partial Construction (E7)	17,516	-	-	17,516	1	Des/Const	PT
	26444002	San Francisco Bay Shoreline - EIAs 1-4	5,646	25,212	1,760	30,858	(604)	Planning	PT
	26444004	San Francisco Bay Shoreline - EIAs 5-10	1,045	12,877	1,045	13,922	(580)	Planning	PT
B	62084001	Watersheds Asset Rehabilitation Program	49,650	124,362	7,364	174,012	(8,562)	Plng/Des/Const	PT
Subtotal:			154,999	198,640	28,386	353,639	(48,021)		
Flood Protection Total:			1,059,481	763,773	128,997	1,823,254	(37,050)		

FY 2023 - 27 CIP

Flood Protection Projects

Revenue Sources: COP Proceeds, CSC Special Tax,
Property Tax, Subventions

FY 2023 5-Year CIP Data

PRELIMINARY CIP

FY 2023 5-Year CIP Data			A	B	A + B				
Project Category	Number	Project Name	Actual/	Remaining	FY23 Plnd Expnd	FY23-37	Change from FY22	Project Phase (FY23)	Funded By
			Appropriated	Cost to		Project			
			thru FY22*	Completion		Value			
Values last updated: 12/28/2021 (All values are in thousands)									

Validated - Future Unfunded Projects

None

Validated - Unfunded Total:

-

Legend:

- Black - Black Text: Continuing projects or projects carried forward from the FY22CIP
- Gray - Gray Text: Individual projects considered part of a group or family of projects
- Orange - Orange Text: Projects to be completed or cancelled in FY 2022
- Green - Green Text: Projects in the Construction phase
- Blue - Blue Text: New projects proposed for the FY 23 CIP
- * - Column A: Actuals spent through prior year + planned expenditures in current year

Project Driver:

- A. Regulatory requirements
- B. Repair or replacement of aging infrastructure
- C. District commitment (SCW, FAHCE)
- D. Water Utility Master Plan "No Regrets"
- E. Board Policy

of FP Projects

-
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9
-
4

17

Funded by Legend:

- W-2 - North Zone; revenue is allocated based on % of benefit to the zone
- W-5 - South Zone; revenue is allocated based on % of benefit to the zone
- W-7 - South Zone; revenue is allocated based on % of benefit to the zone
- W-8 - South Zone; revenue is allocated based on % of benefit to the zone
- CSC - funded by revenue from Clean Safe Creeks program
- SCW - funded by revenue from Safe Clean Water program
- PT - funded by revenue from Property Tax
- Subvent - funded by State Subventions

FY 2023 - 27 CIP

Water Resources Stewardship Projects

Revenue Sources: Groundwater Charges,
Property Tax, Subventions

PRELIMINARY CIP

FY 2023 5-Year CIP Data

FY 2023 5-Year CIP Data			A	B	A + B				
Project Category	Number	Project Name	Actual/	Remaining		FY23-37			
			Appropriated	Cost to	FY23 Plnd	Project	Change	Project Phase	Funded
			thru FY22*	Completion	Expnd	Value	from FY22	(FY23)	By
Values last updated: 12/28/2021 (All values are in thousands)									

Mitigation (All Mitigation projects are required per CEQA or other Regulation and therefore do not receive a score)

Subtotal: (16,768)

Environmental Enhancement & Stewardship

Lower Peninsula Watershed

C	00294001s	Stevens Creek Fish Passage Enhancement	850	18,034	-	18,884	(544)	FY25	W-2 (90%)/PT(10%)
C	26164001	Hale Creek Enhancement Pilot Study (D6.1)	5,917	3,047	3,002	8,964	115	Const/Closeout	CSC/SCW

Guadalupe Watershed

C	26044001	Almaden Lake Improvements (D4.1a)	16,948	40,783	20,855	57,731	(467)	Design	CSC/SCW
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Coyote Watershed

E	00C40400s	Watershed Habitat Enhancement Design & Construction	-	66,243	-	66,243	(2,090)	FY25	TBD
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Multiple Watersheds (Lower Peninsula, Guadalupe, Coyote, Uvas/Llagas)

C	20444001s	Salt Ponds A5-11 Restoration	7,575	5,155	752	12,730	4,884	Planning	PT/SCW
C	26044002	SCW Fish Passage Improvements (D4.3; Evelyn, Singleton)	6,132	202	202	6,334	(184)	Construction	SCW
C	26044004	Bolsa Road Fish Passage Improvement (D6.2)	2,205	4,315	4,170	6,520	(70)	Construction	SCW
C	26C40370	SCW Implementation: Fish Passage Improvements (D4)	-	6,813	-	6,813	-	Planning	SCW
C	26C40419	SCW Implementation: Restoration of Natural Creek Functions (D6.3)	-	6,371	-	6,371	(287)	Planning	SCW
C	26044003	Ogier Ponds Separation from Coyote Creek (D4.1b)	1,533	4,712	1,229	6,245	2,115	Planning	SCW

Subtotal: 41,160 155,675 30,210 196,835 3,472

Feasibility Studies

E	62044001	Watershed Habitat Enhancement Studies	3,736	-	-	3,736	(468)	Plan/Feasibility	PT
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Subtotal: 3,736 - - 3,736 (468)

Water Resources Stewardship Total: 44,896 155,675 30,210 200,571 (13,764)

FY 2023 - 27 CIP

Water Resources Stewardship Projects

Revenue Sources: Groundwater Charges,
Property Tax, Subventions

PRELIMINARY CIP

FY 2023 5-Year CIP Data

FY 2023 5-Year CIP Data			A	B	A + B				
Project Category	Number	Project Name	Actual/	Remaining	FY23 Plnd	FY23-37	Change	Project Phase	Funded
			Appropriated	Cost to		Project			
			thru FY22*	Completion	Expnd	Value			
Values last updated: 12/28/2021 (All values are in thousands)									

Validated - Future Unfunded Projects

None

Validated - Unfunded Total:

NOTES:

- 1) Implementation of the Mitigation projects is considered non-discretionary since they are needed to meet California Environmental Quality Act (CEQA) or regulatory commitments. Therefore, a priority score is not required.
- 2) Environmental Enhancement projects are implemented at the discretion of the Board. Projects may go through a ranking process to compete for CSC funds or the board may direct that other available revenue be used to implement the proposed projects.

Legend:

- Black - Black Text: Continuing projects or projects carried forward from the FY22 CIP
- Orange - Orange Text: Projects to be completed or cancelled in FY 2022
- Green - Green Text: Projects in the Construction phase
- Blue - Blue Text: New projects proposed for the FY 23 CIP
- * - Column A: Actuals spent through prior year + planned expenditures in current year

Project Driver:

- A. Regulatory requirements
- B. Repair or replacement of aging infrastructure
- C. District commitment (SCW, FAHCE)
- D. Water Utility Master Plan "No Regrets"
- E. Board Policy

of WRS Projects

-
-
- 9
-
- 2

11

Funded by Legend:

- W-2 - North Zone; revenue is allocated based on % of benefit to the zone
- W-5 - South Zone; revenue is allocated based on % of benefit to the zone
- W-7 - South Zone; revenue is allocated based on % of benefit to the zone
- W-8 - South Zone; revenue is allocated based on % of benefit to the zone
- CSC - funded by revenue from Clean Safe Creeks program
- SCW - funded by revenue from Safe Clean Water program
- PT - funded by revenue from Property Tax
- Subvent - funded by State Subventions

FY 2023 - 27 CIP

Buildings and Grounds Projects

Revenue Source: Groundwater Charges,
Property Tax

PRELIMINARY CIP

FY 2023 5-Year CIP Data

FY 2023 5-Year CIP Data			A	B	A + B			
Project Category	Number	Project Name	Actual/	Remaining		FY23-37		Project
			Appropriated	Cost to	FY23 Plnd	Project	Change	Phase
			thru FY22*	Completion	Expnd	Value	from FY22	(FY23)
								Funded
								By
Values last updated: 12/28/2021 (All values are in thousands)								
B	60204016	Facility Management, Small Capital Improvements	4,000	36,000	4,000	40,000	(3,016)	Continuing
E	60204032	Headquarters Operations Building	2,020	13,108	2,080	15,128	(485)	Continuing
B	60204022	Security Upgrades and Enhancements	-	16,570	314	16,570	16,570	Planning
Buildings & Grounds Total:			6,020	65,678	6,394	71,698	13,069	

Validated - Future Unfunded Projects

None

Validated - Unfunded Total:

- - - -

Legend:

- Black - Black Text: Continuing projects or projects carried forward from the FY22 CIP
- Orange - Orange Text: Projects to be completed or cancelled in FY 2022
- Green - Green Text: Projects in the Construction phase
- Blue - Blue Text: New projects proposed for the FY 23 CIP
- * - Column A: Actuals spent through prior year + planned expenditures in current year

Project Driver:

- A. Regulatory requirements
- B. Repair or replacement of aging infrastructure
- C. District commitment (SCW, FAHCE)
- D. Water Utility Master Plan "No Regrets"
- E. Board Policy

of B&G Projects

0
2
0
0
1

3

Funded by Legend:

- W-2 - North Zone; revenue is allocated based on % of benefit to the zone
- W-5 - South Zone; revenue is allocated based on % of benefit to the zone
- W-7 - South Zone; revenue is allocated based on % of benefit to the zone
- W-8 - South Zone; revenue is allocated based on % of benefit to the zone
- WUE - funded by revenue from Water Utility Enterprise Fund
- WSS - funded by revenue from Watershed and Stream Stewardship Fund
- CSC - funded by revenue from Clean Safe Creeks program
- SCW - funded by revenue from Safe Clean Water program
- PT - funded by revenue from Property Tax
- Subvent - funded by State Subventions

FY 2023 - 27 CIP

Information Technology Projects

Revenue Source: Groundwater Charges,
Property Tax

PRLIMINARY CIP

FY 2023 5-Year CIP Data			A	B		A + B			
Project Category	Number	Project Name	Actual/ Appropriated thru FY22*	Remaining Cost to Completion	FY23 Plnd Expnd	FY23-37 Project Value	Change from FY22	Project Phase (FY23)	Funded By
			Values last updated: 12/28/2021 (All values are in thousands)						

FY 2023 - 2027 CIP

E	73274009	Data Consolidation	494	778	362	1,272	39	Construction	PT/W-2/W-5
B, E	73274001	IT Disaster Recovery	2,521	84	41	2,605	3	Construction	PT/W-2/W-5
B	73274002	ERP System Implementation	17,334	237	237	17,571	193	Construction	PT/W-2/W-5
B	73274012	Telephone System Voiceover IP	1,248	-	-	1,248	-	Des/Const	PT/W-2/W-5
B	73274008	Software Upgrades & Enhancements	4,400	9,588	1,234	13,988	(1,384)	Des/Const	PT/W-2/W-5
B	95274003	WTP-WQL Network Equipment	2,997	8,189	1,331	11,186	(370)	Construction	PT/W-2/W-5
Information Technology Total:			28,994	18,876	3,205	47,870	(2,263)		

Validated - Future Unfunded Projects

None

Validated - Unfunded Total:

-	-	-	-
-	-	-	-

Legend:

- Black - Black Text: Continuing projects or projects carried forward from the FY 22 CIP
- Orange - Orange Text: Projects to be completed or cancelled in FY 2022
- Green - Green Text: Projects in the Construction phase
- Blue - Blue Text: New projects proposed for the FY 23 CIP
- * - Column A: Actuals spent through prior year + planned expenditures in current year

Project Driver:

- A. Regulatory requirements
- B. Repair or replacement of aging infrastructure
- C. District commitment (SCW, FAHCE)
- D. Water Utility Master Plan "No Regrets"
- E. Board Policy

of IT Projects

0
4
0
0
2

6

FY 2023 - 27 CIP

Information Technology Projects

Revenue Source: Groundwater Charges,
Property Tax

PRLIMINARY CIP

FY 2023 5-Year CIP Data

Project Category	Number	Project Name	A	B	FY23 Plnd Expnd	A + B	Change from FY22	Project Phase (FY23)	Funded By
			Actual/ Appropriated thru FY22*	Remaining Cost to Completion		FY23-37 Project Value			

Values last updated: 12/28/2021 (All values are in thousands)

Funded by Legend:

- W-2 - North Zone; revenue is allocated based on % of benefit to the zone
- W-5 - South Zone; revenue is allocated based on % of benefit to the zone
- W-7 - South Zone; revenue is allocated based on % of benefit to the zone
- W-8 - South Zone; revenue is allocated based on % of benefit to the zone
- WUE - funded by revenue from Water Utility Enterprise Fund
- WSS - funded by revenue from Watershed and Stream Stewardship Fund
- CSC - funded by revenue from Clean Safe Creeks program
- SCW - funded by revenue from Safe Clean Water program
- PT - funded by revenue from Property Tax
- Subvent - funded by State Subventions

CIP GRAND TOTAL:

2,063,562	6,188,338	510,372	8,251,900	721,069
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PROJECT DRIVER TOTALS:

A	B	C	D	E
3	28	20	-	16

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**Summary of Capital Project Plan Updates from Board Adopted FY 2022-26 CIP
as presented to the CIP Committee on November 15, 2021 with subsequent new, revised and
administrative updates noted**

Below is a detailed summary of all project plan updates by type of improvement. Updates to capital project plans are considered to be significant if total project costs (TPC) increase or decrease (inflated) more than \$1 million, project completion is extended beyond one year, or if there are any changes to project scope. These updates were presented to the CIP Committee on November 15, 2021.

Following the CIP Committee's review and in consideration of the committee's feedback, the CIP Evaluation Team provided recommendations regarding whether the new proposed capital projects should be funded in the FY 2023-27 Preliminary CIP (noted below).

Furthermore, since the November 15 CIP Committee's review of the Significant Project Plan Updates item, there were new project plan updates, revisions to project plan updates, and administrative changes to projects which were presented to the CIP Committee on December 13, 2021. Since then, there has been one additional revision to a project plan update, which is referenced in the board agenda memo and below. All of the project plan updates included in this attachment are reflected in the FY 2023-27 Preliminary CIP.

WATER SUPPLY

Storage Facilities:

1. **91854001 Almaden Dam Improvements**

SCHEDULE CHANGE (PHASE ONLY) – TPC CHANGE DUE TO INFLATION: TPC decreased by \$1.296M

The uninflated TPC remains the same, however the inflated TPC decreased by \$1.296M. The project completion schedule remains the same, but the Environmental Phase was updated to accommodate the environmental review process. The project's planned expenditures were revised to reflect the burn rate for FY22 through FY26, to accurately align with updated project schedule. As a result of the shift in phase schedules, the overall TPC decreased due to inflation changes.

2. **91864005 Anderson Dam Seismic Retrofit**

SCOPE AND COST CHANGE: Scope change resulted in TPC increase by \$588.75M

Changes to project scope include: 1) Addition of an in-reservoir access roads approximately four (4) miles long to be constructed to stockpile areas SA-K and SA- L located inside the reservoir; a temporary bridge to cross reopened North Channel, dredging of sediment at the upstream side of the dam to construct the foundation of the dam, operation of the active water treatment system for four (4) years, increased haul and processing of excavated materials to stockpile areas SA-K and SA-L over longer distances during embankment construction, heavy equipment cost over precipitation season, a new 33-inch bypass pipeline and downstream control valves in the low-level outlet works for making cold water releases to Coyote Creek, increase in the size of concrete encasement between low-level outlet tunnel and downstream outlet works and mass concrete backfill under outlet structure required. 2) Other miscellaneous additions which include a bridge over Coyote Creek, maintenance access to Northern Channel and reopening, electrical work, SCADA work and security work, instrumentation required for four (4) interim dams instead

of two (2) interim dams, wick drains and drainage blanket. **3)** Winterization of the Stage 2B/3A interim dams (includes placement of rip-rap on downstream of interim dams, etc.). **4)** New Unlined Spillway, a requirement from the dam safety regulatory agencies, increased spillway invert thickness due to post 60% field investigation findings of most of spillway underlain by weak soil like rock and replacement of spillway crest base. **5)** Increase in the Sloping intake size by approximately 33% in size to accommodate the addition of a separate 33-inch bypass pipeline with three intakes. **6)** Addition of Mechanical fish screens for all intakes in the sloping intake structure (three 54-inch intakes for 78-inch pipeline and three 30-inch intakes for 33-inch bypass pipeline). **7)** Additional costs for NOA related construction air monitoring to cover two additional years of earthwork activities. **8)** Additional Environmental Mitigation related projects. **Changes to project costs include:** **1)** Planning & Environmental Phase costs have increased by \$34.597M due to Environmental Consultant fees, Santa Clara Habitat Agency fees, Legal support fees, Environmental Review, and additional Valley Water labor. **2)** Design Phase & ROW costs have increased by \$47.327M due to Project Management and Design Consultant fees, Division of Safety of Dams fee, Right-of-Way Acquisitions, and additional Valley Water labor. **3)** Construction Phase costs have increased by \$473.807M due to increased Construction Management and Engineering Support During Construction Consultant fees, revised Construction Contract costs, Environmental Mitigation, and additional Valley Water labor. **4)** Additionally, the encumbered balances have increased by \$10.923M as a result of funds being added to various contracts and consultant agreements (Flatiron West Inc., Horizon Water and Environment, LLC, COWI North America Inc., Black and Veatch Corporation, URS Corporation, Best Source, HDR Engineering, Inc., VNF Solutions, LLC, AECOM Technical Services, Inc.) and Other open Purchase Orders.

3. **91084020 Calero and Guadalupe Dams Seismic Retrofits (Planning only)**

SCHEDULE CHANGE (PHASE ONLY) – TPC CHANGE DUE TO INFLATION: TPC increased by \$99K

The uninflated TPC uninflated remains the same; however, the TPC increased by \$99K due to inflation. Project completion schedule remains the same however the Environmental Phase extended to complete the EIR and obtain permits from regulatory agencies. Management decided that the EIR for Guadalupe Dam, currently in progress, would only be completed once the FAHCE effort EIR process is completed. The FAHCE EIR is expected to be completed by mid-2022. The Guadalupe Dam EIR process will then be pursued to completion. The Environmental Phase has therefore been extended by one year to 6/30/2024. Planned expenditures have been updated to reflect the updated Project schedule changes.

4. **91894002 Guadalupe Dam Seismic Retrofit – Design & Construction**

SCHEDULE CHANGE (PHASE ONLY) – TPC CHANGE DUE TO INFLATION: TPC decreased by \$1.939M

The uninflated TPC remains the same, however the inflated TPC decreased by \$1.934M. Project completion schedule remains the same at FY28. Adjustments have been made to the planned expenditures in FY22, FY23, and FY24 based upon the current burn rate projections (reduced FY22, increased FY23 and FY24, net change zero). As a result of the shift in planned expenditures, the overall TPC decreased due to inflation changes.

5. **91234002 Coyote Pumping Plant ASD Replacement**

SCHEDULE (PHASE ONLY) AND COST: TPC increased by \$11.773M

The overall project duration has not changed. The Design Phase schedule has been extended to reflect the current status of the design-build entity procurement process and to account for the overlap that occurs between design and construction in a project that is delivered using the

progressive design-build delivery method. The Environmental Phase cost has increased due to the extra effort required to coordinate the completion of the National Environmental Policy Act (NEPA) document with the United States Bureau of Reclamation. As the first progressive design-build project for Valley Water, the project team was also responsible for developing templates specific to the progressive design-build project delivery method. The Design Phase cost has increased to account for the additional funds needed to cover the cost of preparing those documents, including the Request for Qualifications (RFQ), Request for Proposal (RFP), and the design-build agreement, as well as to cover the review of the documents submitted by potential proposers, including the Statement of Qualifications (SOQ) and the proposal, and to cover negotiations for phase 1 of the design-build agreement. Furthermore, additional funds are needed to cover phase 1 of the design-build agreement, currently estimated to be 10% of the latest construction cost estimate. Phase 1 includes review of the preliminary design documents, development of construction cost estimates, design workshops with staff, phase 2 (construction) negotiations, and completion of the final design. This cost increase also accounts for the anticipated high level of effort that will be required to manage the design-build agreement, including close oversight of cost estimates and invoicing, and the staff time that will be required to collaborate with the design-build entity as the design progresses. The original construction cost estimate had not been updated and was developed based on 2013 conditions. The design consultant (Brown & Caldwell) has prepared a detailed Class 4 construction contract cost estimate using the 30% design documents. The estimate was prepared using quantity take-offs, vendor quotes and equipment pricing. The high equipment costs reflect current market conditions, via the incorporation of vendor quotes, which have further been impacted by recent supply chain disruptions. The Construction Phase cost has increased by \$8.7M to reflect the latest Class 4 construction contract cost estimate.

6. **91234011 Coyote Warehouse**

SCHEDULE (PHASE ONLY) AND COST: TPC increased by \$61K

TPC increased by \$61K. Overall project completion schedule remains the same. However, Construction and Closeout Phases were extended. The Construction Phase of the Project was delayed due to COVID-19 issues including obtaining the certificate of occupancy from the City of Morgan Hill. The Board accepted Stage 1 of the Project in April 2021. Stage 2 of the Project consists of 2 years of vegetation maintenance. Construction costs have increased to account for the additional time for Construction Management staff to continue to inspect the Project and administer the Construction Contract.

7. **91954002 Pacheco Reservoir Expansion**

SCHEDULE CHANGE (PHASE ONLY) – TPC CHANGE DUE TO INFLATION: TPC decreased by \$58.177M

The uninflated TPC remains the same at \$2.205B, however the inflated TPC decreased by \$58.177M. Project completion schedule remains the same at FY32. As a result of project evolution, the current cost for Planning, Environmental and Design Phases have been re-evaluated, resulting in changes to phase cost. Factors that contributed to the changes in phase costs are mainly a result of requiring less resource hours to planning and environmental, but additional resource hours to design for project support. FY21 (\$24M), FY22 (\$15.4M), FY23 (\$11.9M), FY24 (\$2.4M) decreased, yet FY25 (\$33.9M) and FY26 (\$19.8M) increased (net change is zero).

8. **91214010 Small Capital Improvements, San Felipe Reach 1**

SMALL CAPITAL FORECAST REVISIONS: TPC decreased by \$3.972M

Small Capital project forecasts are revised each year. Asset rehabilitation projects are added, removed, and rescheduled based on asset condition and project need. In addition, project costs are updated each year based on market conditions. These revisions to both schedule and costs cause several minor changes in expected expenditures over the forecasted period.

Transmission Facilities:

9. **95084002 10-Year Pipeline Rehabilitation**

SCHEDULE CHANGE (PHASE ONLY) – TPC CHANGE DUE TO INFLATION: TPC decreased by \$1.052M

The uninflated TPC remains the same. However, the inflated TPC decreased by \$1.052M. The project completion schedule remains the same at FY27. Environmental Phase costs have increased to fund the PMP programmatic EIR, project staff, environmental staff, and consultant task order. A budgetary estimate (\$800,000) has been provided by Panorama Environmental, Inc., the environmental consultant working on the PMP update. Design Phase, Construction Phase, and Close-Out Phase have decreased because the Design Phase Work Plans for Snell Pipeline and West Pipeline have been completed that include a detailed analysis of the project costs and expenditures. As a result of the shift in phase costs, the overall TPC decreased due to the avoidance of inflation.

10. **92304001 Almaden Valley Pipeline Replacement**

SCHEDULE (PHASE ONLY) AND COST: TPC increased by \$20.569M

Project completion schedule remains the same; however, the Construction Phase was extended by 1 year to accommodate new information provided by the Programmatic EIR. Each new fiscal year, the CIP adds the upcoming FY planned expenditures from the original Project Plan. The 21-year total Project Plan was initiated in FY21, and the CIP only provides for a 15-year projection. This CMM update adds FY37 into the 15-year projection. There were also cost increases to Planning and Environmental Phases due to new data that was provided during the Programmatic EIR. Note that budget for years FY38-FY41 is not included in TPC but is reflected in the funding models via placeholder.

11. **95044001 Distribution Systems Implementation**

SCHEDULE (COMPLETION DATE) AND COST: TPC increased by \$1.048M/Schedule extended by 2 years

Through the development of the consultant's scope of services and completing the consultant selection process for the accompanying WTP Implementation Project (Project No. 93044001), staff has a more refined plan for the work and project cost. Since the project schedule will extend to the end of FY25, additional labor cost is needed to support the work. The project schedule extended by two years.

12. **92C40357 FAHCE Implementation**

PLACEHOLDER PROJECT ADMINISTRATIVE UPDATES (made after 11/15/21): Schedule Only

Since the two creeks FAHCE EIR is still being finalized and agency permitting will also be required, the FAHCE implementation project planned expenditures were moved to begin in FY25. Additionally, after consulting with the project team, the \$90M for Phases 2 and 3 of FAHCE

Implementation were spread out evenly over out years to better align with the FAHCE settlement agreement.

13. **26764001 IRP2 (Infrastructure Reliability Plan) Additional Line Valves**

SCHEDULE (PHASE ONLY) AND COST: TPC increased by \$4.504M

Overall project schedule remains the same. However, the Environmental Phase was extended by four years. The IRP2 Additional Line Valves Project will be constructed with the 10-year Pipeline Inspection and Rehabilitation Projects. The project costs have increased for the following reasons: Environmental Phase costs have increased because CEQA clearance must be coordinated with the 10-Year Pipeline Inspection and Rehabilitation Project. Concurrent implementation of the IRP2 Project and the 10-year Pipeline Inspection and Rehabilitation Project will minimize impacts to local retailers and reduce amount of water released to the environment. Design Phase costs have increased due to the purchase of property from PG&E and UPRR, ongoing coordination needed to acquire easements for construction and long-term maintenance of the facilities proposed as a part of the project, and delays in acquiring encroachment permits from outside agencies who were experiencing staffing constraints as a result of COVID-19 restrictions. The encroachment permit delays required additional staff time to follow-up with outside agencies to procure permits. These encroachment permits were necessary to proceed with preliminary investigations, and subsequently the design of the project. Construction costs have increased based on the engineer's estimate developed during the Design Phase. The primary reasons are due to larger size vaults to house and access mechanical and electrical equipment, higher material costs, and higher excavation shoring costs than were previously estimated.

14. **92144001 Pacheco/Santa Clara Conduit ROW Acquisition**

SCHEDULE CHANGE (COMPLETION DATE) AND COST: TPC increased by \$849K

TPC increased by \$849K. Project schedule extended by 15 months for Construction and Closeout Phases to be completed in FY24. Costs increased in Environmental Phase due to unanticipated delays in finalizing the environmental clearance documents and providing additional biological support for NEPA clearance. Design and ROW Phase cost increase due to additional real estate acquisition prices in Santa Clara County. Construction Phase cost increased due to material cost escalation.

15. **95044002 SCADA Implementation**

SCHEDULE CHANGE (PHASE ONLY) – TPC CHANGES DUE TO INFLATION: TPC decreased by \$10K

TPC uninflated remains the same and project completion date remains the same. No change to the overall project schedule; however, the Planning Phase has been extended by one year due to the actual timeline for project consultant selections. Also, project phase schedule clarifications reflect that the project includes a Programmatic Environmental Impact Report (PEIR) but does not include any construction work.

16. **94084007 Treated Water Isolation Valves**

SCHEDULE CHANGE (PHASE ONLY) – TPC CHANGES DUE TO INFLATION: TPC decreased by \$181K

TPC uninflated and overall project schedule remains the same; however, TPC decreased by \$181K due to inflation. In FY 20, the Pipelines Project Delivery Unit was not granted an unfunded needs

request to initiate the Treated Water Isolation Project in FY 21. Resources were unavailable to initiate the Planning Phase until Q1 of FY 22. The Project Expenditure Plan has been revised to reflect the anticipated award of construction contracts per the latest Long-Term Shutdown Schedule. Proposed Construction Award dates are West Pipeline Phase 1 in FY24, West Pipeline Phase 2 in FY25, and Milpitas Pipeline in FY27. It is anticipated these construction projects will be awarded in the last quarter of their respective fiscal years. Accordingly, the anticipated construction contract expenditures are phased over the years the actual construction activities are expected to occur.

17. **92264001 Vasona Pump Station Upgrades**

**SCHEDULE (PHASE ONLY) AND COST: TPC decreased by \$1.476M
(NEW UPDATE made after 11/15/21)**

There is no change to the project completion date; however, funds are being shifted from FY23 to FY24 to reflect the Design/Build timeline and align with available staff resources. The total project cost (TPC) has decreased by \$1.476M.

Treatment Facilities:

18. **93294051 RWTP Residuals Management**

SCHEDULE (COMPLETION DATE) AND COST: TPC increased by \$1.916M/Schedule extended by 3 years

The Project schedule was extended by three years. The Construction Phase was extended by three years to capture ongoing contract legal issues. Project costs have increased due to ongoing Contract Legal issues as well as the rental of a mobile centrifuge and on-call maintenance agreements.

19. **93294058 RWTP Residuals Remediation**

SCHEDULE (PHASE ONLY) AND COST: TPC increased by \$9.163M

The overall project schedule remains the same; however, the Design Phase was extended by 2 years to accommodate the mobile centrifuge and on call agreement. The Design Phase has been extended to 6/30/2023 as the mobile centrifuge and on-call standing order maintenance contract are line items under this phase and must remain open and active until the end of construction. The Construction Phase has been adjusted to end at the end of FY23. The Close-out Phase has been adjusted to align with construction schedule adjustments. The Design Phase cost has been increased to reflect a previously procured on-call standing order maintenance contract. The Construction Phase cost has been increased to account for the higher than estimated construction contract bid. The Construction Phase cost was also increased to include engineering support services during construction and operations involvement to help ensure successful implementation of the project.

20. **93294057 RWTP Reliability Improvement**

SCHEDULE (COMPLETION DATE) AND COST: Schedule extended by 1 year/TPC increased by \$101.8MThe overall project schedule has been extended by 1 year to accommodate the updated Closeout Phase schedule. The Design Phase of the project has been extended to 2023 to accommodate the re-packaging and re-bidding of the remaining phases of the project. The Construction Phase of the project has been extended to reflect the duration required to complete Phases III - VI. Design Phase cost increases are mainly due to the remaining phases requiring repackaging of the plans and specifications to accurately reflect the status of the work

for construction contractors to bid on. The increased Construction Phase cost reflects the first detailed review and cost estimate of outstanding improvements remaining from the previous Reliability Improvement Project construction project initiated in 2015.

21. 93764004 Small Capital Improvements, Water Treatment

SMALL CAPITAL FORECAST REVISIONS: TPC decreased by \$2.552M

The forecasts are revised each year. Asset rehabilitation projects are added, removed, and rescheduled based on asset condition and project need. In addition, project costs are updated each year based on market conditions. These revisions to both schedule and costs cause several minor changes in expected expenditures over the forecasted period. It's not a single asset rehabilitation project that leads to the change, but rather the cumulative total of multiple changes.

22. 93044001 WTP Implementation

SCHEDULE (COMPLETION DATE) AND COST: TPC increased by \$1.319M/Schedule extended by 2 years

Increase in Planning and Environmental Phases due to additional consultant costs and staff labor costs to manage the consultant through FY25. Project schedule extended by two years due to delays in consultant negotiations and finalizing the agreement with the consultant.

Recycled Water Facilities:

23. 91304001 Purified Water

SCHEDULE (COMPLETION DATE) AND COST: TPC increased by \$113.185M/Schedule extended by 1 years

Overall project schedule extended by 1 year to FY29 to accommodate the addition of a Closeout Phase. In June 2021, Valley Water completed the Countywide Water Reuse Master Plan (CoRe Plan) which identified feasible opportunities to expand water reuse. The CoRe Plan outlines indirect and direct potable reuse project portfolios in a programmatic approach to consider a wide range of reuse opportunities for flexible implementation. To this end, Valley Water pursued projects in two locations, expansion of the Silicon Valley Advanced Water Purification Center in San Jose as well as a project in Palo Alto to build on a partnership agreement with Palo Alto and Mountain View executed in 2019, which included an effluent transfer option. The addition of the effluent transfer option from the City of Palo Alto will require additional preliminary investigations and a subsequent change in the project scope. The total project costs have increased by \$113.185M (inflated) due to the addition of a second option to transfer treated effluent from the City of Palo Alto and in order to obtain better pricing from the P3 entity, additional preliminary work was added to the overall project scope.

24. 91094009 South County Recycled Water Pipeline (Short Term 1B)

SCOPE, SCHEDULE AND COST: TPC increased by \$2.717M/ Schedule extended by 2 years/Scope

The project schedule was extended by two fiscal years due to NEPA clearance delays and the project advertisement for construction bids was placed on hold until discussions of the governance of the South County Recycled Water Pipeline system progressed. A Technical Working Group between Valley Water, City of Gilroy and City of Morgan Hill was approved by the City Councils and the Valley Water Board of Directors at a Joint Session between the parties on

8/23/2021. The project scope changed due to switch from high density polyethylene pipe (HDPE) to welded steel pipe due to the utility congestions and the constructability of the HDPE. Project cost increase of \$5.0732M is due to purchase of additional real estate along Phase 1C and for increased construction contract costs, construction management services, construction inspection and engineering support during construction.

91094009 South County Recycled Water Pipeline (Short Term 1B) Project (REVISED after 12/13/21): The TPC increase of \$5.0732M (with inflation) decreased by \$2.356M, bringing the TPC to \$42.976M since the last project plan update. Construction Phase costs has decreased because the construction contract low-bid amount is less than the Engineer's Estimate. When combined with the project plan update shown above, the TPC increased by \$2.717M from the Board adopted FY2022-26 CIP.

25. 91094010 South County Recycled Water Pipeline (Short Term 2)

SCHEDULE (COMPLETION DATE) AND COST: TPC increased by \$791K/Schedule extended by 2 years

The project schedule was extended by two years due to the slow-down in the residential development along the recycled water conveyance route; increase in Construction Phase costs are due to delays associated with unanticipated impacts from the pandemic, which have altered development planning, permitting and construction activities in the City of Gilroy. The TPC increased by \$791K due to inflation resulting from the schedule changes.

FLOOD PROTECTION

Lower Peninsula Watershed:

26. 10394001 Palo Alto Flood Basin Tide Gate Structure Replacement

SCOPE, SCHEDULE AND COST: Scope change/Project Schedule extended by 3 months/ TPC increased by \$1.040M

The project scope was updated to remove the levee trail surface improvements. The levee trail surface improvements were intended to smoothen, strengthen, and provide an all-weather trail surface for the contractor to use during construction, and would have been installed by Valley Water's Operations & Maintenance (O&M) staff. Additional time needed for regulatory approval for the levee trail surface improvements combined with O&M staff's concerns about completing the planned work within the allotted time window further reduced the benefits of this work. In lieu of the levee trail surface improvements, the construction contractor will be required to perform in-kind repairs to the levee as needed during the normal project work seasons. The project schedule was updated for the following Phases: Environmental Phase: Valley Water is currently in discussions with multiple regulatory agencies to obtain the necessary regulatory permits to cover the proposed project activities. In addition, Valley Water is coordinating and discussing potential required tribal and archaeological monitoring. More time is needed to acquire all necessary project permits and negotiate reasonable permit conditions. Construction Phase: In the current materials market, the contractor's steel sheet pile procurement lead time is estimated at five and a half months from time of order. Prior to the contractor ordering these materials, the contractor must design and submit their proposed Dewatering System Plan for review and approval from Valley Water, RWQCB, CDFW, and NMFS. We anticipate a minimum of seven and a half months lead time will be needed to ensure a smooth start to onsite construction

and prevent delay claims and change orders due to long material procurement lead times. Construction advertisement remains on schedule, but construction start may require adjustment for approval of the Dewatering System Plan and procurement of project materials. Additionally, the proposed schedule will allow ample time to implement a contractor pre-qualification to help ensure bidding contractors are experienced in similar work conditions.

27. **26244001 Permanente Creek, SF Creek to Foothill Expwy**

SCHEDULE (COMPLETION DATE) AND COST: Schedule extended by 3 years/TPC decreased by \$3.702M

Construction is complete; however, the project schedule has been extended by three years to include a plant establishment period and closeout activities. There are minor cost increases for Planning, Environmental, Design and right-of-way Phases due to various task code discrepancies. The Construction Phase cost decreased since the soil off-haul and civil construction at Rancho San Antonio was able to be completed earlier and at a lower cost than anticipated. The civil construction of the project was completed as of June 2021. However, staff will continue to work with the Rancho San Antonio contractor during the plant establishment period, which will last until February 2024. There will be some additional closeout tasks after the completion of the plant establishment period, hence the Closeout Phase end date is set to June 30, 2024.

28. **10244001 Permanente Creek, SF Bay to Foothill Expwy**

SCHEDULE (COMPLETION DATE) AND COST: Schedule extended by 2 years/TPC increased by \$787K

As a sub-project of the Permanente Creek Flood Protection Project, the project number was re-opened under Fund 12 and two fiscal years were added to the project schedule. For FY22, \$125K will be needed for the cost-share agreement with the City of Mountain View for the bleacher retrofit at the McKelvey Park Detention Basin Project, and \$325K for the Channel Improvements Project to design the floodwall retrofit and begin the construction of the floodwall retrofit in late spring 2022. Floodwall retrofits downstream Highway 101 are required to complete the Federal Emergency Management Agency Letter of Map Revision package.

29. **26284002 San Francisquito Creek (Construction SF Bay to Middlefield Rd.)**

SCHEDULE (COMPLETION DATE) AND COST: Schedule extended by 4 years/TPC increased by \$12.605M

The overall project schedule has been extended by four years. The schedule of this project has been extended to accommodate the USACE Continuing Authorities Program Section 205 (CAP 205) process as well as the updated duration needed for the San Francisquito Creek Joint Powers Authority to apply for and receive state and federal regulatory permits. Based on the current status of the CAP 205 study and permit applications, this project will be advertised in early 2023 for construction in summer of 2023 for the creek widening sites, with Pope-Chaucer Bridge bid and construction in 2024. The end date of the Construction Phase was extended to December 2027 to cover the three-year plant establishment period and the Closeout Phase was extended into FY28 due to closeout time needed after the end of the plant establishment period. The total project cost for Phase 2 (Highway 101 to Middlefield Road) will be increased by \$6.928M (uninflated) because of the need to extend the project schedule to accommodate the CAP 205 process. The environmental budget has increased to accommodate the additional efforts needed to apply for and receive the state and federal regulatory permits. The planned expenditures for

right-of-way has increased to account for the cost escalation of the permanent and temporary construction easements and additional staff hours needed for the associated real estate and rights-of-way mapping tasks. Construction budget has increased to account for the construction cost escalation and the cost of two floodwalls upstream of University Avenue that were not budgeted previously. In addition, closeout budget has increased to cover the three-year plant establishment period.

26284002 San Francisquito Creek Flood Protection – Construction SF Bay to Middlefield Rd.

(REVISED after 11/15/21): Project expenditures have been reduced in FY23 and added to FY24 and FY25 to reflect a revised approach to phase the encumbrances for construction dollars in those years. Additionally, in coordination with the San Francisquito Creek Joint Powers Authority (SFCJPA), \$5M has been added to FY25 to address top of bank treatments that will likely be required. As a result of these latest changes, the TPC increased by \$5.51M (inflated). The project cost increases are reflected in the unsecured SFCJPA partnerships and grants funding source in the FY 2023-27 Preliminary CIP. Based upon this revision and combined with the project plan update presented to the CIP Committee on November 15, 2021 (referenced above), the change from the Board adopted FY2022-26 CIP is a TPC increase of \$12.605M (inflated).

Guadalupe Watershed:

30. 30154019 Guadalupe River Tasman Drive to I-880

SCHEDULE (COMPLETION DATE) – TPC CHANGES DUE TO INFLATION: Schedule extended by 2 years/TPC increased by \$3.262M

No change to TPC; however, the overall project schedule has been extended by 2 years due to delay in feasibility alternatives review and extension of the design schedule from two to three years. Based upon these changes the start of construction will be moved out by two years to FY25 and the TPC has increased by \$3.262M due to inflation.

Coyote Watershed:

31. 26174041 Berryessa Creek, Calaveras to I-680 Corps

SCHEDULE (COMPLETION DATE) AND COST: Schedule extended by 3 years/TPC increased by \$768K

The overall project schedule has been extended by 3 years to reflect the completion of the Construction and Closeout Phases for the project from FY21 to FY24. The Construction Phase extension is required to meet the recent San Francisco Bay Regional Water Quality Control Board permitting requirements regarding the Stormwater Management Plan and the Adaptive Management Plan for maintenance purposes. The additional 3 years for closeout are necessary are necessary to finalize Valley Water's participation cost share for the design and construction work managed by the U.S. Army Corps of Engineers as outlined in the Project Cooperation Agreement for the project.

32. 40174004 Lower Berryessa Creek Phase 1

SCHEDULE (COMPLETION DATE) AND COST: Schedule extended by 1 year/TPC increased by \$83K

Due to the delay in final completion of overall project construction by one year (from FY22 to FY23), an additional \$77k would be required to have Stillwater Sciences complete the final

mitigation and monitoring and any additional planting establishment requirements by FY23. Overall project schedule extended by 1 year to accommodate the mitigation planting installed by the contractor that was washed away during the 2017 storm. After the wash out, the contractor was not able to fulfill the specified planting establishment by the conclusion of the civil construction for the Project in FY17. This required the District to hire a qualified subcontractor to finalize the planting establishment, followed by the 5-year permit-required mitigation and monitoring portion of the Project. Hiring the qualified subcontractor, Stillwater Sciences, delayed the start of the 5-year mitigation and monitoring by one year to FY18, thus triggering an additional one-year in the original planned expenditures budget schedule (now FY19 to FY23). The Project Plan Schedule now reflects corrected and assumed dates for Design, Construction and Closeout items.

33. 40174005 Berryessa Ck, Lower Pen Ck to Calaveras Blvd. Phase 2

COST ONLY: TPC increased by \$1.502M

There are no changes to the project schedule. Additional funds are needed in response to higher than anticipated labor costs for in-house construction staff. Recent monthly labor spending rates during construction indicate there is insufficient budget for construction staff labor costs for FY22 and FY23. Staff estimates an additional \$500k is needed for FY22, and \$800k needed for FY23. The total additional project funds requested is \$1.3M for the Construction Phase. Staff labor costs for Environmental, Design and Closeout Phases were higher in FY21 by \$222k.

34. 40334005 Lower Penitencia Creek (Berryessa to Coyote Creeks)

SCHEDULE (COMPLETION DATE) AND COST: Schedule extended by 1 year/TPC increased by \$6.892M

The overall project schedule is extended by one year. Valley Water issued Notice to Proceed to Gordon N. Ball (Contractor) for construction on June 18, 2021. Construction is scheduled to be completed on December 31, 2022 (FY23). The 3-year plant establishment period will begin after construction and ending on December 31, 2025 (FY26). The total project cost increase is to restore funds that were previously reallocated to the Shoreline Project. Project expenditures for FY21 have been moved to FY22 and through remaining FYs due to construction starting later in summer 2021 instead of summer 2020 due to delays in finalizing the Master Agreement with City of Milpitas. Actual bid price and design cost have been included with FY21 expenditures. Plant establishment will now be completed in FY26.

Uvas Llagas Watershed:

35. 26174051 Upper Llagas Creek (LERRDs Reimbursable)

COST ONLY: TPC increased by \$3.045M

The overall project schedule remains the same. The costs to relocate various existing utilities in conflict with the project has increased due to the discovery of previously unknown underground utilities and cost increases for construction materials. The costs to acquire the last couple of remaining properties required for the project have increased, including an extended full property acquisition that involves a property owner relocation. The eligible costs associated with this increase will be reimbursed by DWR – State Subventions Program.

Multiple Watersheds:

36. **00044026 South San Francisco Bay Shoreline Project EIA 11** **SCHEDULE (PHASE ONLY) AND COST: Decreased by \$38.77M**

This project is Phase 1 of a larger Shoreline Project and is broken into Reaches 1-5. The U.S. Army Corps of Engineers (USACE) is the lead sponsor of the project, which includes Valley Water and California Coastal Conservancy as project partners. Reaches 1-3 were planned for construction first, with Reaches 4-5 to follow. In spring of 2021, USACE updated the project costs, which nearly tripled the cost of Reaches 1-5. Prior to the 2021 project cost increase, the FY22-26 CIP included planned expenditures for Reaches 4-5, but as a result of the cost increases the majority of planned funding was reallocated to Reaches 1-3 in order to advance construction. The cost increase left Reaches 4-5 largely unfunded by all project partners. The TPC decrease of \$38.77M reflects the removal of planned expenditures associated with Reaches 4-5 real estate acquisition and utility relocation, to allow for additional time to: a) eliminate overlap with Reaches 1-3 construction, such that we don't have contractors competing for fill, which is a key cost driver; b) to provide time for the non-federal sponsors to address financing the local cost share and federal shortfall to complete the project beyond Reaches 1-3 as authorized; and c) to identify other opportunities to complete the project beyond Reaches 1-3 at a lower cost. There is no change to the overall project schedule; however, the Design and Environmental Phase have been extended by 12 months, so that USACE can gather additional field data and conduct hydraulic analysis required for the Union Pacific Railroad Closure Structure and Pedestrian Bridge design.

37. **62084001 Watersheds Asset Rehabilitation Project (WARP)** **SMALL CAPITAL FORECAST REVISIONS**

The uninflated total project cost remains the same, however the inflated total project cost decreased by \$8.849M. The schedule remains the same with only a shift in proposed planned expenditures for future years. The work requests coming from Watersheds Operations and Maintenance Division can vary from year to year, depending on the immediate needs and priorities. For FY23 and FY24, the Operations and Maintenance Engineering Support Unit has requested a number of projects be handled under the Watersheds Asset Rehabilitation Program. Below is the current list and estimated construction costs planned for FY23 and FY24. FY23 (Total construction expenditures needed above current approved project plan): \$3M. 1.) Gabion repair work at San Carlos Street, Guadalupe River \$1M. 2.) Gabion repair work at Blossom Hill Road, Guadalupe River \$1M. 3.) Reinforced Concrete Box repair work at Finch Avenue, Calabazas Creek \$1M. FY24 (Total construction expenditures needed above current approved project plan): \$14M. 4.) Alviso levee repair, Alviso Slough \$2M. 5.) Malone Road retaining wall repair, Guadalupe River \$2M 6.) Levee rehabilitation, Randol Creek \$2M (was initially validated FY23 for unfunded list). 7.) Channel erosion repair, Regnart Creek \$5M (Union Pacific Trail to Bubbb Road). 8.) U-frame wall repair, Permanente Creek \$3M (Mountain View Avenue to Park Avenue). As outlined, \$17M in additional funding will be needed in FY23 and FY24 to account for increased construction costs. To make up for this difference, expenditures planned from FY31 through FY34 have been reduced by \$16,382,000 and redistributed to FY23 and FY24. As a result of the shift in planned expenditures, the overall total project cost decreased due to inflation changes.

62084001 WARP

CIP Evaluation Team Recommendation on 11/18/21:

Project expenditures have been updated to reflect the shifting of previously scheduled work to add two projects from the Initially Validated list in FY23 and FY24. The Initially Validated list of

projects was presented to the CIP Committee in October 2021 the Board of Directors in November 2021. The uninflated total project cost remains unchanged; however, the inflated total project cost has increased by \$287K. Based upon this revision and combined with the project plan update presented to the CIP Committee on November 15, 2021 (referenced above), the change from the Board adopted FY2022-26 CIP is a TPC decrease of \$8.56M (inflated).

WATER RESOURCES STEWARDSHIP (Environmental Enhancement and Stewardship)

Lower Peninsula Watershed:

38. 26164001 Hale Creek Enhancement Pilot Study

SCHEDULE CHANGE (COMPLETION DATE) – TPC CHANGE DUE TO INFLATION: TPC increased by \$K

TPC uninflated remains the same; however, TPC increased due to inflation as a result of the overall project schedule being extended by 1 year. The project construction has been postponed by a year, from summer of 2021 to summer of 2022. The project construction was delayed to allow additional time for coordination with property owners to obtain permanent easement and temporary construction easements. In FY21, the Board approved a schedule adjustment, extending the project completion by a year to FY23. The current proposed project schedule extends the Construction Phase into December 2025 to cover the three-year plant establishment period. The Closeout Phase was extended into FY26 due to closeout time needed after the end of the plant establishment period.

Coyote Watershed:

39. 26044003 Ogier Ponds Separation from Coyote Creek Planning & Design Project

SCOPE, SCHEDULE AND COST: TPC increased by \$2.115M/Schedule extended by 1 year/ Scope change

The project completion schedule was extended by 1 year to account for addition of the Design Phase. The proposed project scope updates include design work which was not previously included in the Project Plan. The project is being considered as a conservation measure in the Anderson Dam Seismic Retrofit Project Environmental Impact Report (ADSRP EIR). As such, the project will deliver sufficient design details to the ADSRP EIR preparers for EIR impact analysis by the end of calendar year 2021. This will require expediting typical project planning and design work procedures to meet the ADSRP EIR schedule. The project site is located on Santa Clara County Parks property. Beginning in 2018, Valley Water has been negotiating a memorandum of Agreement (MOA) with County Parks; however, the MOA is not yet finalized. Ongoing negotiations have delayed the project start by more than two years. To avoid further delay, Valley Water coordinated with County Parks to obtain a right of entry to the project site via the existing Master License Agreement with County Parks. As a result, Valley Water has commenced collecting data for the project which extends the Environmental Phase and now includes a Design Phase period. Valley Water continues to pursue a final MOA with County Parks. The revised planned project expenditures include additional funds to complete the Design Phase.

40. **00C40400s Watershed Habitat Enhancement Design & Construction**

PLACEHOLDER PROJECT ADMINISTRATIVE UPDATES (made after 11/15/21) This project is included in the CIP as a placeholder project to provide for future design and construction of possible habitat enhancements that may occur at Metcalf Ponds (95C40400 Project 1 Design & Construction (e.g. Metcalf Ponds): \$29.66M); and to provide funding for possible future construction at Ogier Ponds (95C40401/62C40402 Ogier Ponds – Construction: \$36.59M (\$18.295 from Fund 61 and \$18.295 from Fund12)). Since the Ogier Ponds Project is potentially being planned for future construction as a conservation measure for the Anderson Dam Seismic Retrofit Project and additional funding will likely be required; \$10M was shifted from the Watershed Habitat Enhancement Design & Construction placeholder project to the Ogier Ponds placeholder project (Fund 61 - 95C40401). The remaining planned funding for the Watershed Habitat Enhancement Design & Construction placeholder project totals \$19.66M and the new planned funding for Ogier Ponds totals \$46.59M.

*(Note: The planning and design for Ogier Ponds is an active project in the FY 2022-26 CIP (Project No. **26044003** listed above) and is funded under the Safe, Clean Water and Natural Flood Protection Program, Project D4.1. with an inflated TPC of \$6.24M.)*

Uvas Llagas Watershed:

41. **26044004 Bolsa Road Fish Passage Improvements**

SCHEDULE (COMPLETION DATE) AND COST: Schedule extended by 3 years/TPC decreased by \$70K

Expenditures are reduced in FY23 and increased in FY24, FY25, and FY26 to accommodate the 3-year plant establishment period. The overall project schedule was extended by 3 years to capture the remaining tasks such as plant establishment period as well as resolving any outstanding claims and completing any transition work to move the project from the Construction Phase to the Operations and Maintenance Phase. The new closeout end date is in FY26.

Multiple Watersheds:

42. **20444001 Salt Ponds Restoration Project**

SCHEDULE (COMPLETION DATE) AND COST: Schedule extended by 3 years/TPC increased by \$4.88M

The overall project schedule has been extended by three years. The recommended project will be determined at the conclusion of Planning Phase. Staff presented the Feasibility Study to the Board during the April 27, 2021 meeting and received approval to proceed to Planning Phase. During Planning Phase, staff will explore a robust set of alternatives, including an integrated project alternative (Feasibility Study Option C) which combines the Calabazas/San Tomas creek realignment project with SBSRP planned tidal marsh restoration project. Although the staff-recommended alternative has yet to be determined, to be conservative the budget and schedule presented herein is largely based on Option C which has the largest scope of the options that were identified in the Feasibility Study. Construction costs remained unchanged but will be revised once staff recommended alternative is presented to the Board at the end of the Planning Phase. Revised cost estimates from planning through Design Phases are also based on Option C from the Feasibility Study, which is the highest cost option.

The total cost for project planning, environmental, and Design Phases estimated at \$7.8M, an increase of \$6M. SF Bay Restoration Authority (Measure AA) and California Department of Fish and Wildlife (Proposition 1) grant funding of \$3.87M would offset 65% of that increase. The construction cost estimate of \$1.575M remains unchanged but will be revised upon Board selection of project alternative at conclusion of Planning Phase, expected in March 2024. In summary, the project cost has increased by \$6.012M based on Option C, the largest and most complex option with significant increase in scope from the original realignment project and increases are due to changes in planning through design cost estimates. Construction cost estimate was not revised with \$19.5M for Option C but will be later updated with the refined construction cost estimate of the staff recommended alternative at the end of Planning Phase.

20444001 Salt Ponds Restoration Project (REVISED after 11/15/21): The total project cost now excludes the construction placeholder amount of \$1.58M. The project plan will be updated to include construction costs once a staff recommended alternative is presented to the Board at the end of the Planning Phase, expected in summer of 2024. As a result, the TPC from the Board adopted FY 2022-26 CIP has now only increased by \$4.88M to account for project planning, environmental, and Design Phase cost increases. The new inflated TPC is now \$12.42M. Based upon this revision and combined with the project plan update presented to the CIP Committee on November 15, 2021 (see Attachment 2), the change from the Board adopted FY 2022-26 CIP is a TPC increase of \$4.88M (inflated).

BUILDINGS AND GROUNDS

43. 60204022 Security Upgrades and Enhancements

CIP Evaluation Team Recommendation on 11/18/21:

A new project was created for inclusion in the CIP. This project will significantly enhance overall security at Valley Water facilities through technological and physical upgrades and enhancements. This project includes designing and installing a modern technical security system capable of meeting today's security and investigative requirements and improves physical security for critical facilities and assets. The estimated total inflated project cost is \$17.67M and the project is expected to last four to six years.

INFORMATION TECHNOLOGY

44. 73274009 Data Consolidation Project

SCHEDULE (COMPLETION DATE) – TPC CHANGE DUE TO INFLATION: Schedule extended by 2 years/TPC increased by \$39K

The project schedule was extended by 2 years to accommodate additional needs identified by a 2021 audit of the Community Projects Review Unit (CPRU). The audit recommendations must be implemented by June 2023 per auditors, so other tasks within this project will need to be delayed to meet that deadline. TPC increased by \$39k due to inflation.

45. 73274001 IT Disaster Recovery Project

SCHEDULE (COMPLETION DATE) – TPC CHANGE DUE TO INFLATION: Schedule extended by 2 years/ TPC increased by \$3K

The project schedule was extended by 2 years due to Covid-19 responses and because Valley Water was not able to complete the Disaster Recovery planning process. This process was

pushed into FY22 for completion. Upon completion of the Disaster Recovery planning process, Information Technology will prioritize approved projects and implement selected projects during FY22 – FY24. TPC increased by \$3k due to inflation.

46. **73274008 Software Upgrades and Enhancements Project**

SCOPE AND COST: Scope change/TPC decreased by \$1.384M

There was no change to the overall project schedule. The scope of this project is being updated to include upgrades and enhancements for additional technology solutions including Munibilling, Information Technology Service Management, Online Payment Processing, Various Cloud Migrations (SMP, Oracle, Maximo, GIS), Workforce Planning, Learning Management System Upgrades, Expansion of Hyland Onbase and proposed expansions to Wells Management and CRM tools. These changes to scope do not increase the project's overall planned expenditures. TPC decrease was due to under expenditure in FY21.



Valley Water

Clean Water • Healthy Environment • Flood Protection



PRELIMINARY FISCAL YEAR 2023-2027 (FY 23-27)

Capital Improvement Program (CIP) and Groundwater Charges

Presented by
Darin Taylor, Chief Financial Officer (Groundwater Charges)
Jessica Collins, Business Planning and Analysis Unit Manager (Preliminary CIP)



Attachment 3
Page 2 of 78



BOARD ACTIONS TODAY

1. Review and approve Fiscal Year 2023-2027 (FY 23-27) Preliminary CIP list of projects.
2. Discuss and provide direction on the preliminary FY 2022-23 (FY 23) Groundwater Production Charge analysis prepared by staff.

Preliminary FY 23-27 CIP and Groundwater Charges

4

PRESENTATION OUTLINE

1. Annual CIP Process

- a. CIP 5-Year Plan Development – Roles and Responsibilities
- b. CIP Committee – 2022 Workplan
- c. Annual Process Overview

2. Preliminary FY 23-27 CIP

- a. Significant Updates from Prior Fiscal Year
 - i. Fund Impacts with Key Factors
 - ii. Presentation of five (5) Key Factor Project Plan Updates
 - iii. Overview of Project Plan Updates
 - iv. CIP Evaluation Team Recommendations
- b. Project Categories and Summary of Project Costs

3. Preliminary Financial Forecast Overview for Funds 12 and 26

4. FY 23 Groundwater Production Charge Analysis

5. Next Steps

CIP Development – Roles and Responsibilities

5

CIP DEVELOPMENT TEAM:

- Leads Project Plan Updates and Change Management Memo processes
- Conducts CIP Evaluation Team Review Meeting
- Prepares Preliminary, Draft and Final CIP 5-Year Plans
- Prepares and presents CIP Committee and Board items
- Supports CIP Committee's Review of Annual Work Plan
- Conducts Annual CIP Process Trainings



Capital Project Managers and Deputies:

- Updates project plans to reflect changes to scope, schedule and cost (July-October or as required or if directed by the Board)
- Proposes new projects for validation and consideration for addition to list of unfunded projects for inclusion in the funded CIP (September)

CIP Evaluation Team (Capital Deputies, Chiefs, ACEO and CEO):

- Reviews Initially Validated Projects and Significant Project Plan Updates, consider feedback received from CIP Committee and Board, and propose funded and unfunded project list for Preliminary CIP

CIP Committee:

- Reviews Initially Validated and Unfunded Projects (October)
- Reviews Significant Project Plan Updates (November)
- Reviews Preliminary CIP (December)

Board of Directors:

- Reviews Initially Validated and Unfunded Projects (November)
- Reviews and Approves Preliminary CIP – key decision point for developing 5-Year Plan (January)
- Reviews and Approves Draft FY 2023-27 CIP for public review period (February)
- Adopts Resolution Approving the FY 2023-27 CIP (May)

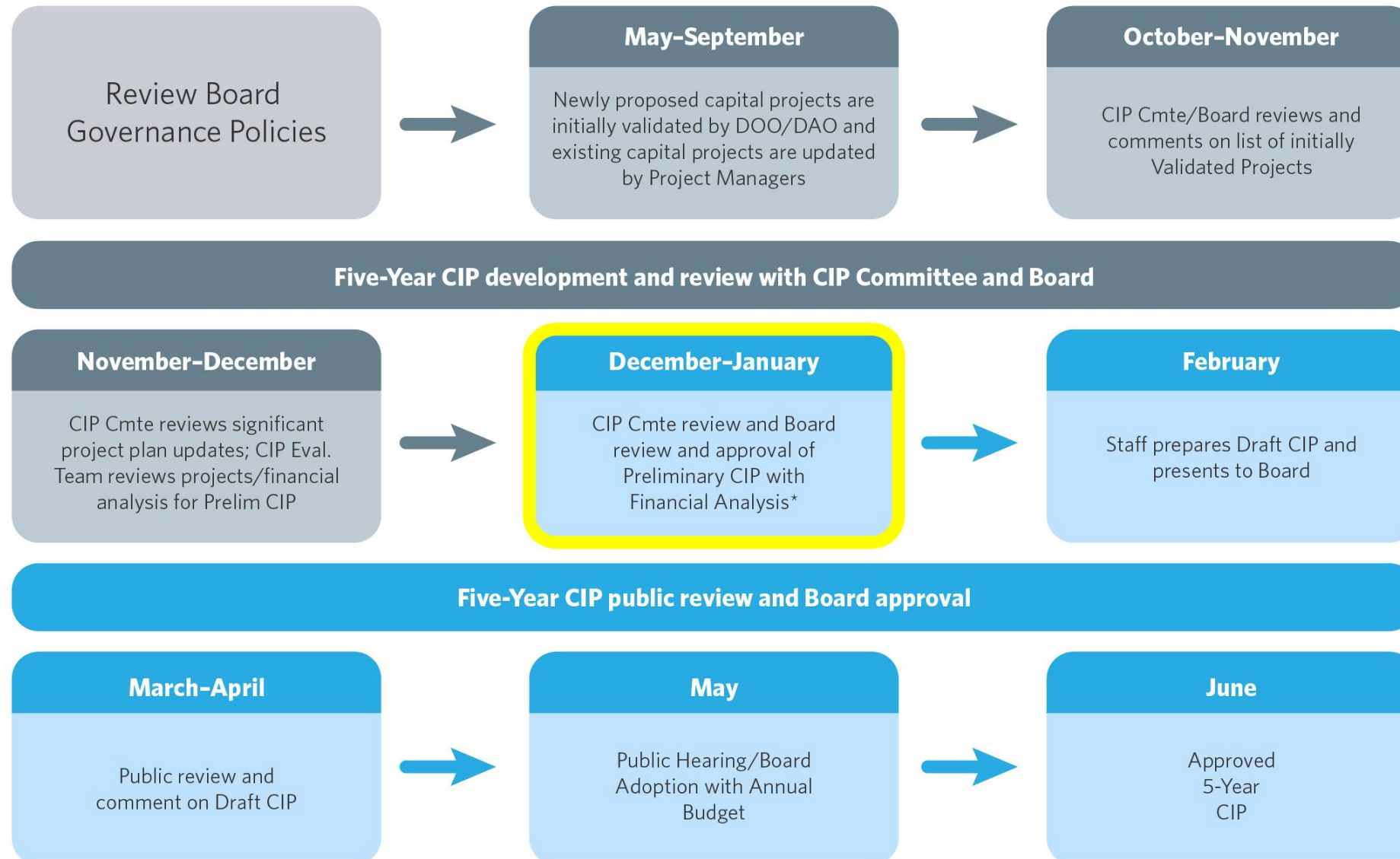
CIP Committee – 2022 Workplan

6

2022 CIP Committee Work Plan												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Capital Project Monitoring												
Feasibility/Planning	X			X			X			X		
Design/Permitting	X	X			X			X			X	
Construction	X		X			X			X			X
CIP Implementation												
Consultant Agreement Compliance Process			X									
CIP Development												
CIP Planning Process												
• Annual CIP Process and Integrated Financial Planning Schedule and Review of Initially Validated and unfunded Projects										X		
• Review Significant Project Plan Updates											X	
Preliminary CIP Review												X
Standing Items												
Anderson Dam Tunnel Project Contingency and Change Order Monitoring	X	X	X	X	X	X	X	X	X	X	X	X
Upcoming Consultant Agreement Amendments	X	X	X	X	X	X	X	X	X	X	X	X
Review 2022 CIP Committee Work Plan	X	X	X	X	X	X	X	X	X	X	X	X
Approve Minutes of Previous Meeting	X	X	X	X	X	X	X	X	X	X	X	X
Annual Election of Committee Officers	X											

Annual CIP Process Overview

7



Significant Updates from Board Adopted FY22-26 CIP

8

FUND IMPACTS

- Water Utility Enterprise Fund (**Fund 61**) **increased** by **\$772.21M**
 - **Key Factors:**
 - Anderson Dam Seismic Retrofit Project: Increased by \$588.75M
 - Pacheco Reservoir Expansion Project: Decreased due to inflation by \$58.18M
 - RWTP Reliability Improvement Project: Increased by \$101.8M
 - Purified Water Project (PWP): Increased by \$113.18M
- Watersheds Stream Stewardship Fund (**Fund 12**) **decreased** by **\$48.96M**
 - **Key Factor:**
 - SF Bay Shoreline: Decreased by \$38.77M
- Safe, Clean Water and Natural Flood Protection Program Fund (**Fund 26**) **decreased** by **\$13.28M**
 - **Key Factor:**
 - Closure of Safe, Clean Water Projects from 2012 program to align with Measure S
- Information Technology Fund (**Fund 73**) **decreased** by **\$1.89M**
 - **Key Factor:**
 - Closure of Telephone System Voiceover IP project (approved for removal in FY 2022-26 CIP)

Significant Updates from Board Adopted FY22-26 CIP

9

KEY FACTORS TO THE FUND IMPACTS

Presentation of five (5) Project Plan Updates

- Anderson Dam Seismic Retrofit Project
- Pacheco Reservoir Expansion Project
- Rinconada Water Treatment Plant Reliability Improvement Project
- Purified Water Project
- San Francisco Bay Shoreline Project



Anderson Dam Seismic Retrofit Project

Presented by
Christopher Hakes, Deputy Operating Officer of Dam Safety & Capital Delivery



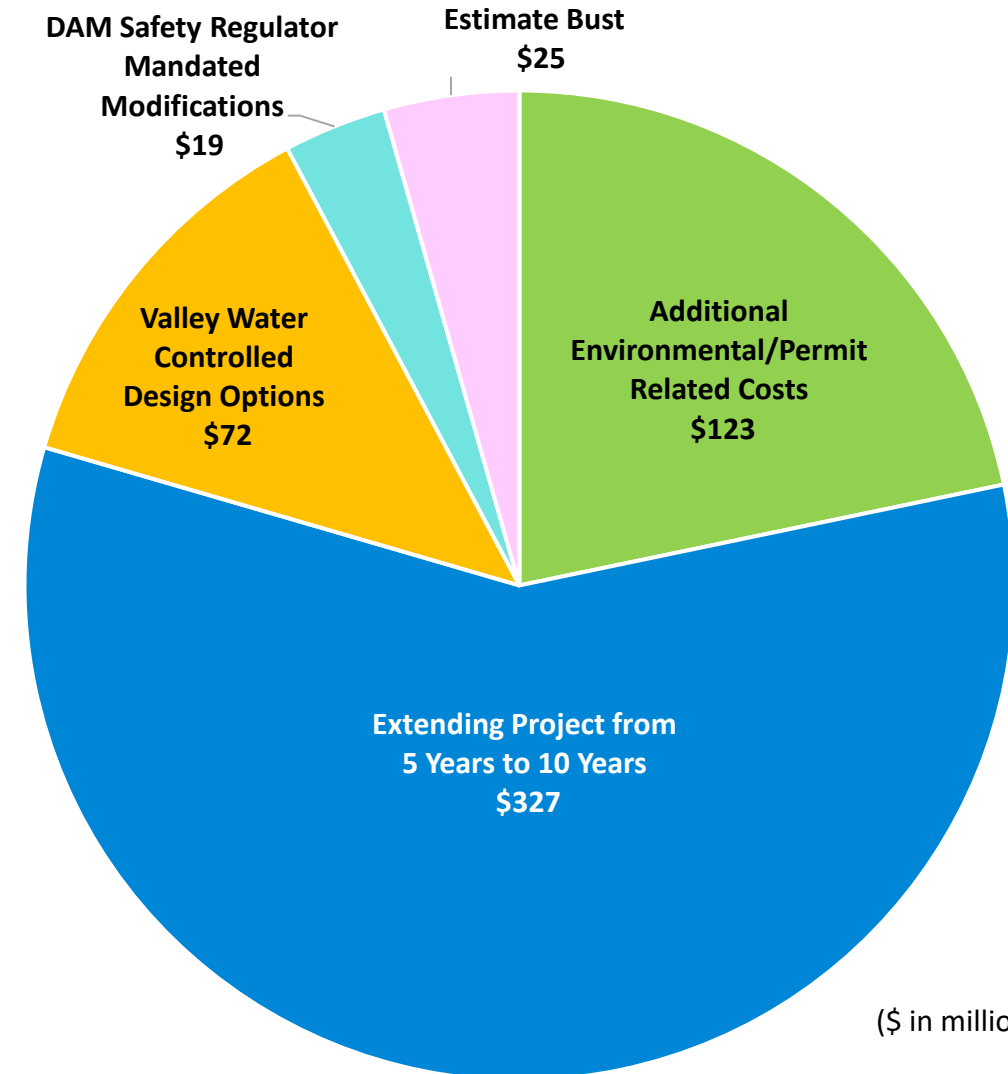
Attachment 3
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Anderson Dam Seismic Retrofit Project

COST INCREASE

11

- FY 21: \$576M (inflated)
- FY 22: \$647M (inflated) + \$660M
- FY 23: \$1.236B (inflated)



(\$ in millions, uninflated)



Pacheco Reservoir Expansion Project

Presented by
Christopher Hakes, Deputy Operating Officer of Dam Safety & Capital Delivery



Attachment 3
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Pacheco Reservoir Expansion Project

EXPENDITURE PLAN (UNINFLATED)

13

Proposed Planned Expenditure (\$ in thousands)

	Actuals - FY20	Open Enc.	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
A) Planned Annual Expenditures	\$ 22,353	\$ 30,017	\$ 27,779	\$ 30,676	\$ 41,750	\$ 42,612	\$ 207,294	\$ 267,957
B) Proposed Annual Expenditures	\$ 22,353	\$ 19,431	\$ 14,220	\$ 15,411	\$ 29,860	\$ 40,203	\$ 241,223	\$ 287,737
C) Variance (B - A = C)	\$ -	\$ (10,586)	\$ (13,559)	\$ (15,265)	\$ (11,890)	\$ (2,409)	\$ 33,929	\$ 19,780

\$ (53,709)

\$ 53,709

	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	TOTAL
A) Planned Annual Expenditures	\$ 241,331	\$ 262,924	\$ 224,121	\$ 278,767	\$ 293,616	\$ 233,530	\$ 2,204,727
B) Proposed Annual Expenditures	\$ 241,331	\$ 262,924	\$ 224,121	\$ 278,767	\$ 293,616	\$ 233,530	\$ 2,204,727
C) Variance (B - A = C)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



Rinconada WTP Reliability Improvement Project

Presented by
Heath McMahon, Deputy Operating Officer of Water Utility Capital



Attachment 3
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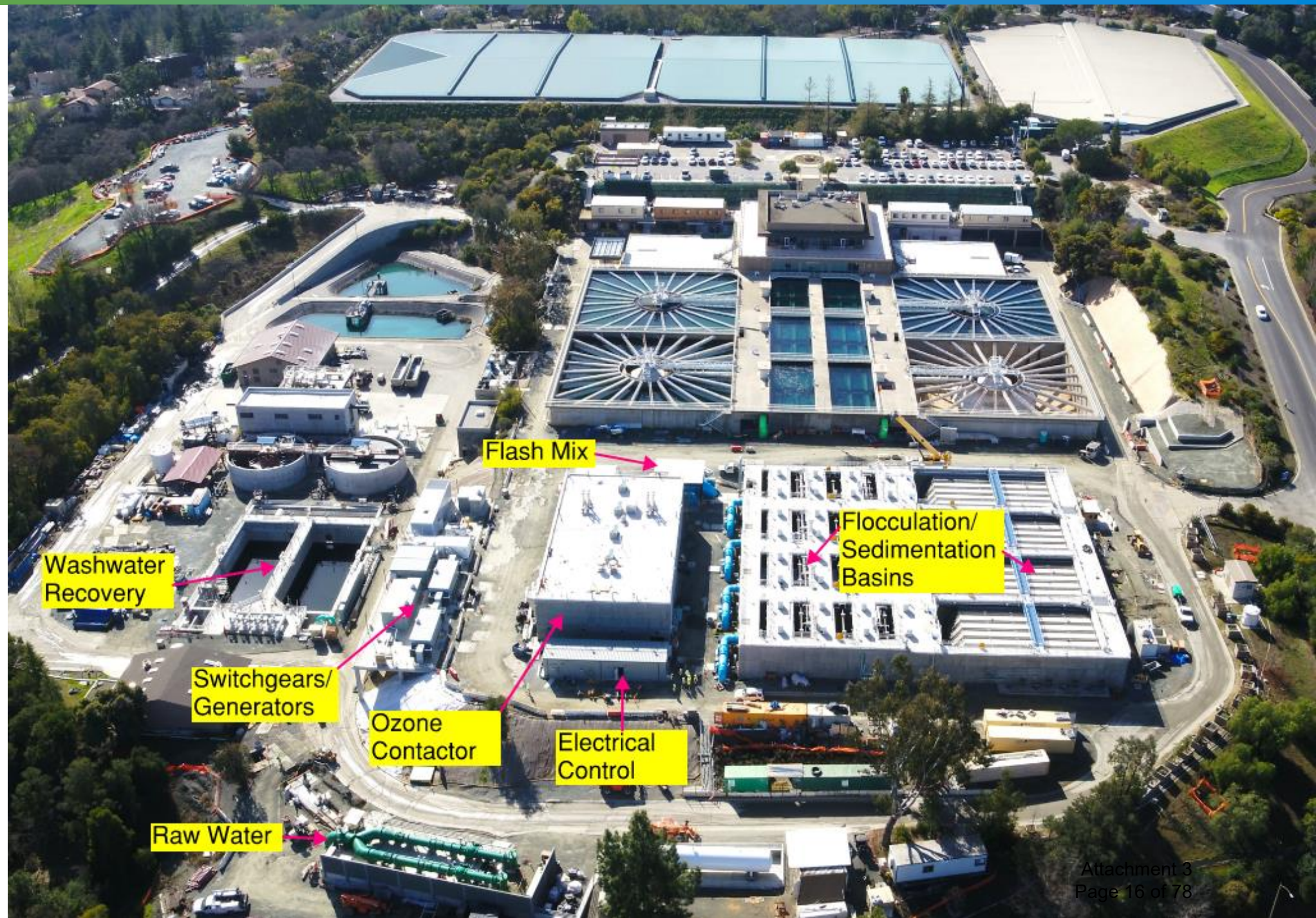
Rinconada WTP Reliability Improvement Project

BACKGROUND

- **Construction contract** awarded to BBII on May 26, 2015
- **Amendment 1** reduced scope of work on March 10, 2020
- **Notice of Completion for reduced scope of work** on January 12, 2021 (Phases 1 and 2)
- **Remaining Phases 3 thru 6**
 - Liquid Oxygen Building, Ozone Generation Building, Filters, Chemical Facilities, Reservoir Liner Replacement, Demolition of Existing Clarifiers and Filters, Chlorine Contact Basins



Phases 1 and 2



Project Cost Increase: \$101.8M

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DESIGN IMPROVEMENTS

- Updates per current codes
- Plant water system modification
- Additional control algorithms
- Underground infrastructure for future planned improvements

ENHANCEMENTS

- EOR Construction Presence
- 3rd Party Constructability review
- Phase 1 and 2 lessons learned
- Workshops & Trainings with Operations staff
- Additional subsurface investigations

DELAY IN CONSTRUCTION

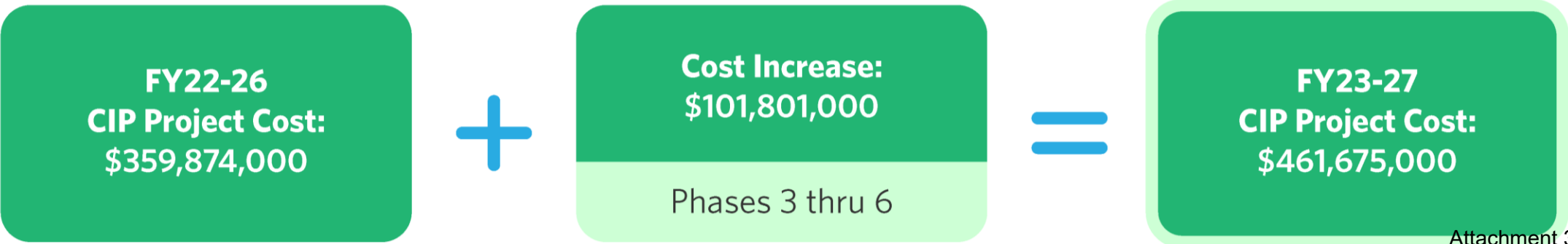
- Significant inflation and material escalation over 8-year span
- Labor and supply shortages
- Increase construction contract days

Rinconada WTP Reliability Improvement Project

PROJECT CHANGES



***27M is not adequate construction funding for remaining Phases 3-6.** ← - - - - -



PROJECT STATUS

Board approved Amendment to Consultant Contract September 2021

- Revising specifications, drawings, and construction documents
- O&M workshops and training
- Incorporating lessons learned from Phases 1 and 2
- Target advertise for construction late 2022



Purified Water Project

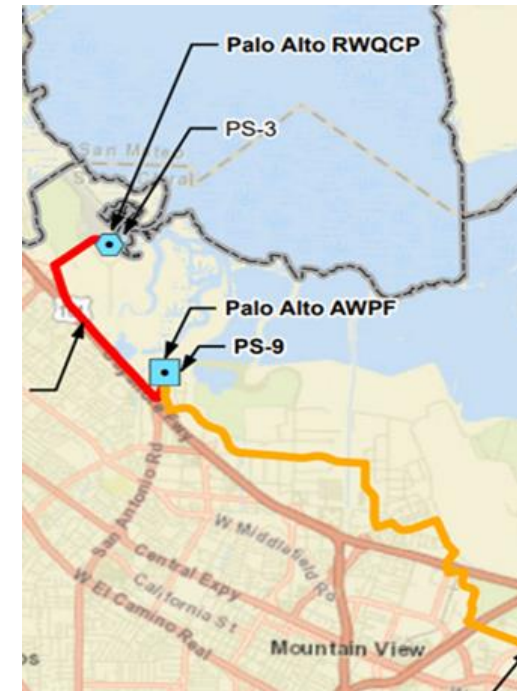
Presented by
Kirsten Struve, Assistant Operating Officer of Water Supply

Purified Water Project

**TOTAL PROJECT COST INCREASED BY \$113.184M (INFLATED)
SCHEDULE EXTENDED BY 1 YEAR (CLOSEOUT PHASE)**

Primary contributing factors:

- Change in scope: Palo Alto Advanced Water Purification Facility site
- Additional Preliminary Engineering and Environmental Work
- Additional Design and Construction



Purified Water Project

SCOPE UPDATES

22

- Additional Pump Stations and associated pipeline
- Pipeline investigations, improvements, and realignments to Los Gatos Recharge System
- Advanced Water Purification Facility at former Los Altos Treatment Plant Site
 - Site investigations
 - Contaminated soil removal
 - Environmental Mitigation
 - Sea level rise protection
- Additional CEQA work
- Consultant and partner agency support



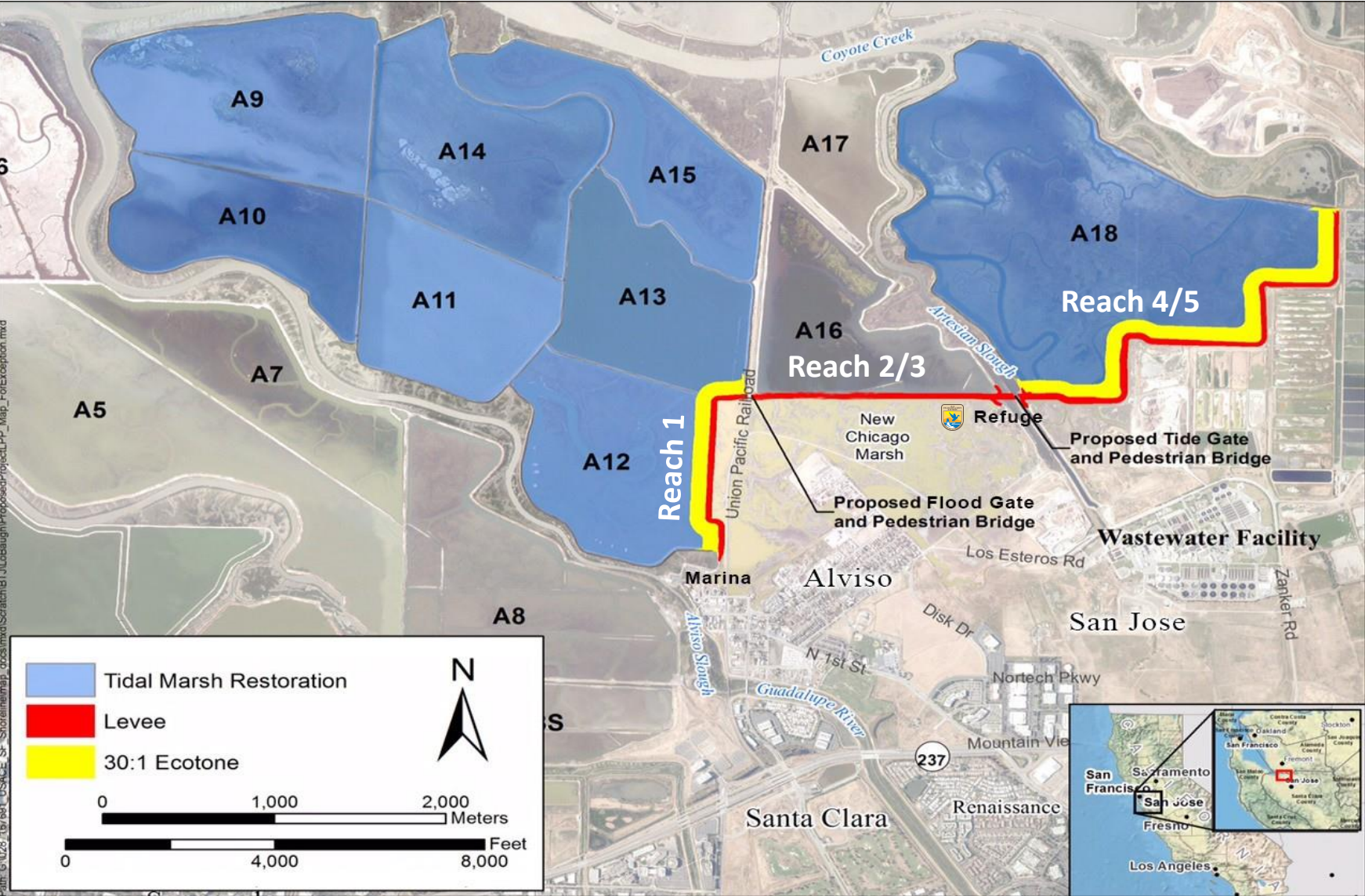
South San Francisco Bay Shoreline Project – Phase I

Presented by
Rechelle Blank, Deputy Operating Officer of Watersheds Design and Construction



South San Francisco Bay Shoreline Project – Phase 1

PROJECT ELEMENTS



PROJECT PARTNERS



US Army Corps of Engineers®



PROJECT ELEMENTS

PHASE 1: DESIGN AND CONSTRUCTION COSTS (REACHES 1-5)

2015 Authorized Cost: \$194M with crediting (\$177M without crediting, actual design and construction cost)

2021 Updated Cost: \$545M with crediting (\$518M without crediting, actual design and construction cost)

Reaches 1-3 (all elements)

Design and Construction Costs

- \$247.6M (fully funded)

Reaches 1-3 (levee)

Construction Underway

- \$129.8M Construction Contract (Valley Water's share = \$58.4M, paid in full)

Reaches 4-5 (all elements)

Design and Construction Costs

- \$270.4M (partially funded)

NEXT STEPS

- Eliminate contractor competition for fill and incorporate lessons learned from Reaches 1-3 construction.
- Explore ways to lower the cost of construction for Reaches 4-5 and identify additional funding sources.
- Remove planned expenditures associated with Reaches 4-5 real estate acquisition and utility relocation (\$38.77M decrease) until project cost and lessons learned are addressed.

OVERVIEW

- **3 Projects** had changes to **Scope, Schedule and Cost**
- **2 Projects** had changes to **Scope and Cost**
- **15 Projects** had changes to **Schedule (Completion Date) and Cost**
- **7 Projects** had changes to **Schedule (Phase Only) and Cost**
- **7 Projects** had changes to **Schedule (Phase Only) – TPC changes due to inflation**
- **4 Project** had changes to **Schedule (Completion Date) – TPC changes due to inflation**
- **2 Projects** had changes to **Cost Only**
- **3 Projects** had changes due to **Small Capital Forecast Revisions**
- **2 Placeholder Projects** had changes due to **Administrative Updates**

CIP Evaluation Team Recommendations

27

Project Name	Total Project Cost (In \$ thousands)	Remaining Cost (FY23 to completion) (In \$ thousands)	Phase	CIP Evaluation Team Recommendations
FY23 Initially Validated Projects				
South Babb Flood Mitigation Project	\$1.3M	\$1.3M	N/A	Moved to the Watershed Asset Rehabilitation Program (WARP) as proposed work in the Preliminary FY23-27 CIP.
South Babb Flood Protection Project	\$12.0M	\$12.0M	N/A	Recommended to remain as Validated in FY23 to allow staff additional time to develop the Business Case.
San Tomas Aquino Project	\$35.0M	\$35.0M	N/A	Recommended to remain as Validated in FY23 to allow staff additional time to develop the Business Case.
Randol Creek Levee Rehab Project	\$2.0M	\$2.0M	N/A	Moved to the WARP as proposed work in the Preliminary FY23-27 CIP.
CPP Isolation Valves & Actuators Replacement Project	\$3.2M	\$3.2M	N/A	Recommended to remain as Validated in FY23 to allow staff additional time to analyze whether this project is appropriate for inclusion as part of the Anderson Dam Seismic Retrofit Project, and if not, then to develop the Business Case.
Tepid Water System for Emergency Shower/Eyewash Stations at WTPs	\$2.8M	\$2.8M	N/A	Recommended to remain as Validated in FY23 to allow staff additional time to identify additional project scope, schedule, and cost information and assign staff resources to implement the project.
Security Upgrades and Enhancements	\$14.0M	\$14.0M	N/A	Recommended for funding in the Preliminary FY23-27 CIP.
Proposed Unfunded Project List for FY23-27 CIP				
Long-Term Purified Water Program Elements	\$190.5M	\$190.5M	N/A	Recommended to REMAIN on the unfunded list - for Phase 2 Purified Water Program.
RWTP Ammonia Storage & Metering Facility Upgrade	\$5.8M	\$5.8M	N/A	Recommended to REMAIN on the unfunded list as the project is being analyzed to determine whether it would be appropriate to include in the RWTP Reliability Improvement Project. Business Case/Project Proposal was developed in 2019.
Pacheco Pumping Plant Back-Up Power	\$17.2M	\$17.2M	N/A	Recommended for ADDITION to the unfunded list. Submitted for validation during CIP Evaluation Team Meeting on 11/18 with Business Case/Project Proposal submitted on 11/29. Staff to undertake immediate interim measures to provide a short-term power supply while this Project is prepared for proposed inclusion in the FY 24-28 CIP.
Total:	\$283.8M	\$283.8M	N/A	

CIP Evaluation Team Recommendations

28

NEWLY VALIDATED PROJECT RECOMMENDED FOR ADDITION TO UNFUNDED LIST

The following newly validated project is recommended for inclusion on the Unfunded List for FY 23:

Pacheco Pumping Plant Back-up Power: Valley Water relies on Pacheco Pumping Plant (PPP) for delivery of raw water from the San Luis Reservoir into Santa Clara County. There is currently no back-up power available at PPP to run the pumping equipment for raw water delivery during an outage of utility power. The objective of this project is to improve the power resiliency of PPP such that an outage from PG&E or damage to the utility power transmission line would not completely take PPP out of service and support a service sustaining minimum flow of raw water to Valley Water's three treatment plants. The inflated TPC is estimated to be \$17.02M.

Interim Measures: Pursuing funding through the Small Capital, Raw Water Transmission Project, to undertake immediate interim measures to provide a short-term power supply while the Pacheco Pumping Plant Back-up Power Project is prepared for proposed inclusion in the FY 24-28 CIP.

CIP Evaluation Team Recommendations

29

VALIDATED PROJECTS RECOMMENDED FOR INCLUSION IN FY 2023-27 CIP

The following project plan updates have been processed for inclusion in the Preliminary CIP for FY 2023-27:

Security Upgrades and Enhancements: A new project was created for inclusion in the CIP. This project will significantly enhance overall security at Valley Water facilities through technological and physical upgrades and enhancements. This project includes designing and installing a modern technical security system capable of meeting today's security and investigative requirements and improves physical security for critical facilities and assets. The estimated total inflated project cost is \$16.57M and the project duration is expected to last four to six years.

Watersheds Asset Rehabilitation Program (WARP): Project expenditures have been updated to reflect the shifting of previously scheduled work to add two projects from the Initially Validated list (South Babb Flood Mitigation Project and Randol Creek Levee Rehabilitation Project) in FY 23 and FY 24. The uninflated total project cost remains unchanged; however, the inflated total project cost has increased by \$287K. Based upon this revision and combined with the project plan update presented to the CIP Committee on November 15, 2021 (see Attachment 2), the change from the Board adopted FY2022-26 CIP is a TPC decrease of \$8.56M (inflated).

Projects Planned for Closure in FY 2022

30

VALIDATED PROJECTS RECOMMENDED FOR INCLUSION IN FY 2023-27 CIP

• RWTP Treated Water Valve Upgrade	\$8.6 M
• San Francisquito Creek, SF Bay thru Searsville Dam (E5)	\$6.8 M
• Berryessa Creek, Calaveras, I-680 - Reimbursable	\$17.7 M
• Cunningham Flood Detention Certification	\$11.8 M
• Lwr Silver Creek, I-680 to Cunningham, Reimbursable (R4-6)	\$1.9 M
• Telephone System Voiceover IP	<u>\$1.2 M</u>
TOTAL	\$48 M

- Water Supply – 29 projects
- Flood Protection – 16 projects
- Water Resources Stewardship – 11 projects
- Buildings and Grounds – 3 projects
- Information Technology – 5 projects

* Projects that fall into multiple categories are only counted once

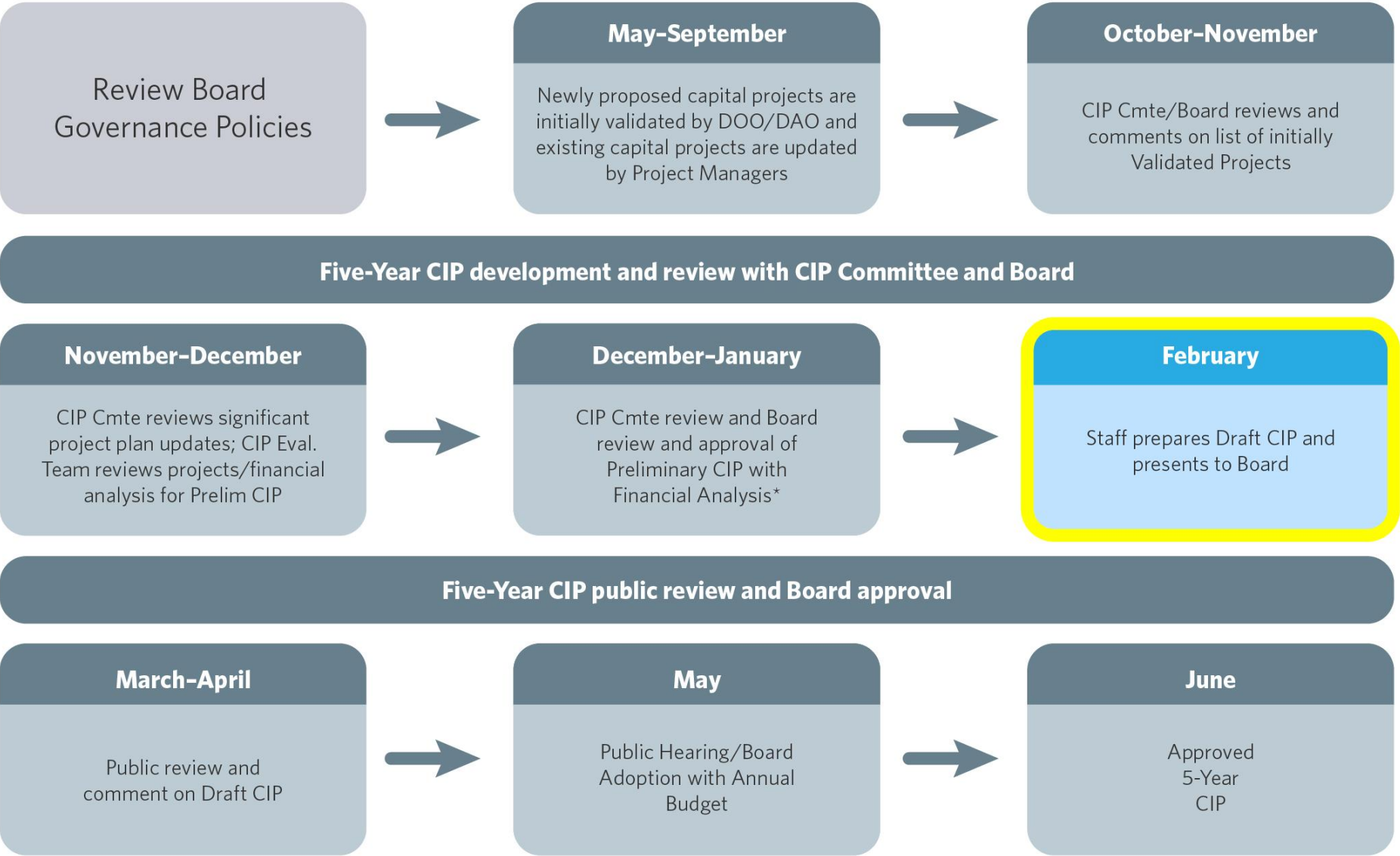
Preliminary FY23-27 CIP

32

SUMMARY OF PROJECT COSTS BY IMPROVEMENT TYPE

	Appropriated / Actuals through FY-22	Remaining Cost to Completion	Total Project Costs
Water Supply	\$924 M	\$5,184 M	\$6,109 M
Flood Protection	\$1,059 M	\$764 M	\$1,823 M
Stewardship	\$45 M	\$156 M	\$201 M
Buildings/Grounds	\$6 M	\$66 M	\$72 M
Information Technology	\$29 M	\$19 M	\$48 M
TOTAL CIP	\$2,063 M	\$6,188 M	\$8,252 M

Annual Process Overview





Preliminary Financial Forecast Overview for Fund 12 and Fund 26

Presented by
Darin Taylor, Chief Financial Officer



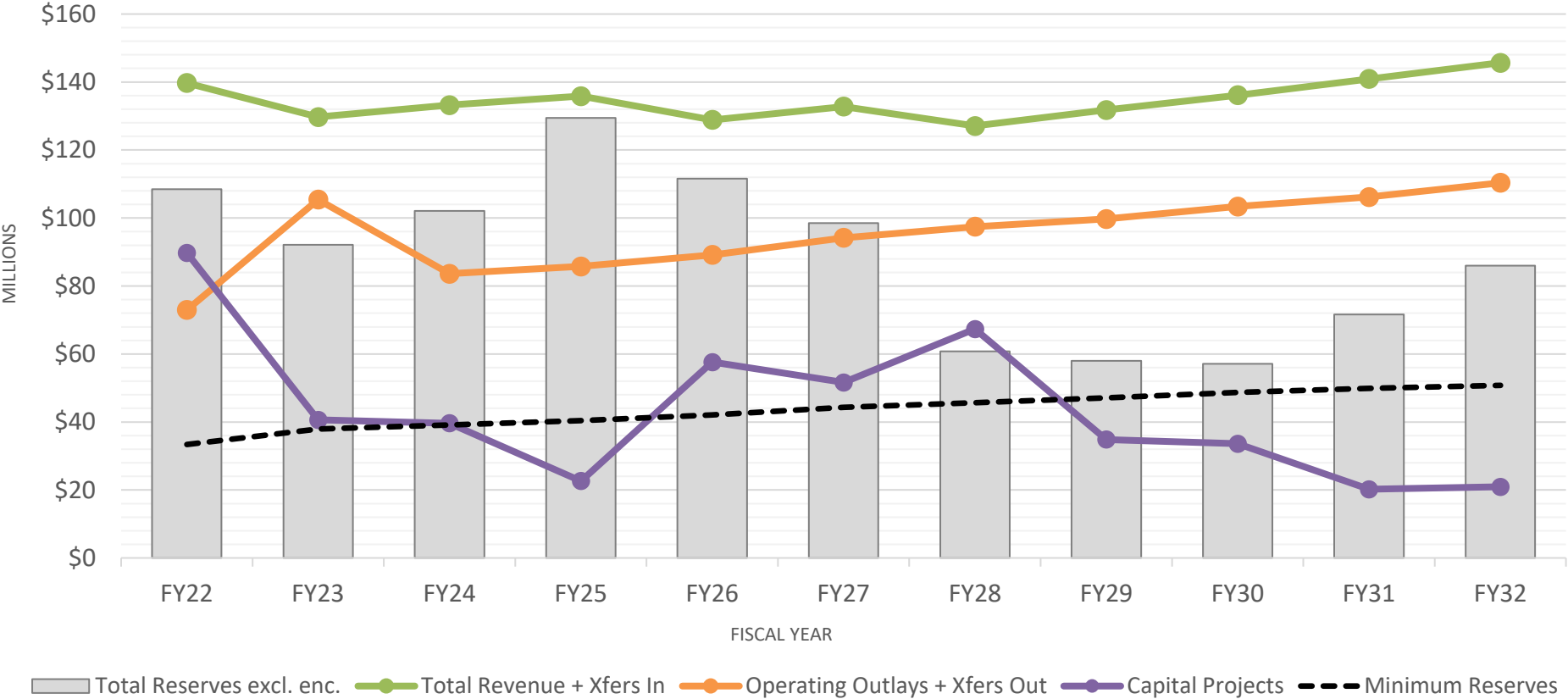
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Watershed and Stream Stewardship (WSS) Fund

RESERVES ARE ABOVE MINIMUM LEVELS FOR 10-YEAR FORECAST

PROJECTION

Watershed Stream Stewardship Fund

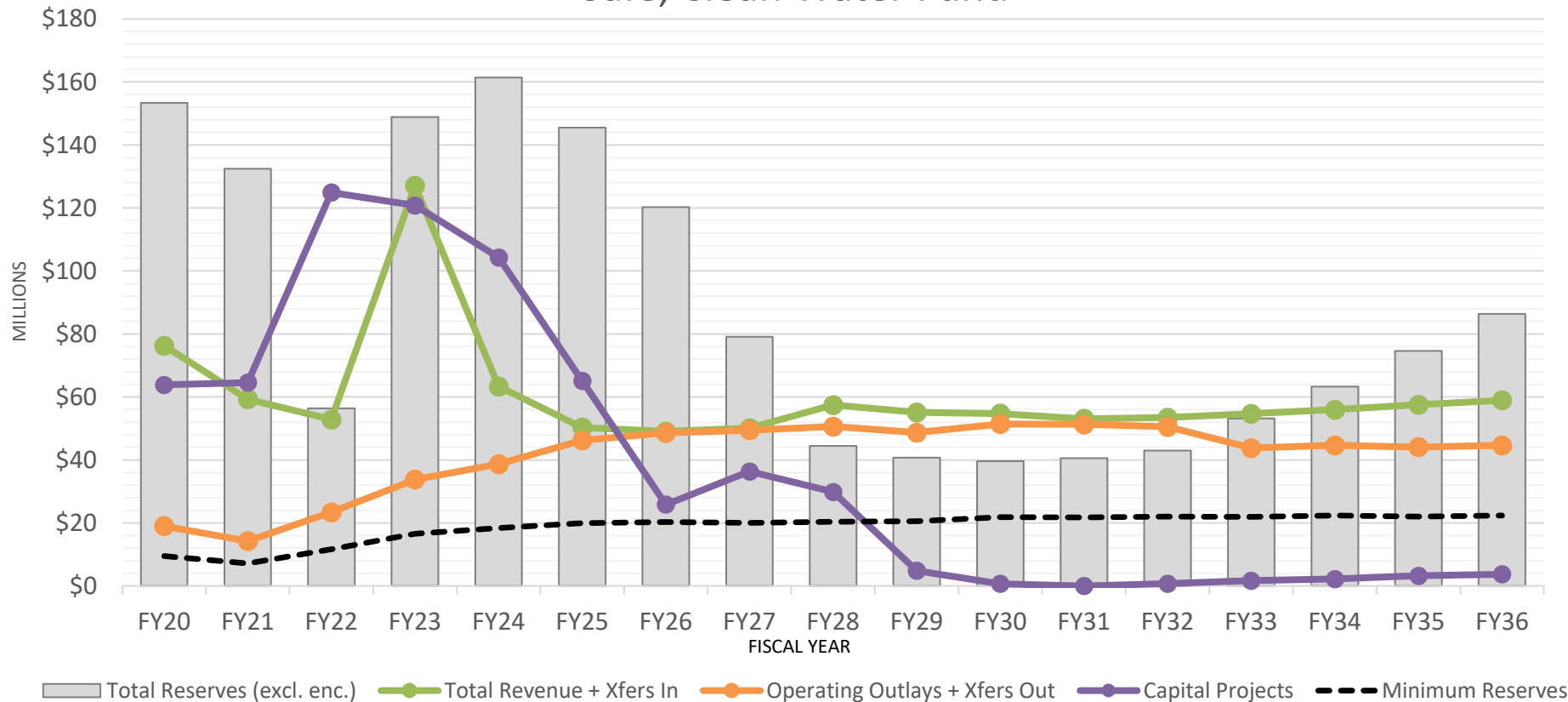


- O&M maintenance placeholder
 - \$2M/yr FY 23 to FY 26
 - \$5M/yr FY 27 to FY 32
- FY23 WUE Transfer
 - \$25M in FY 23 for drought-related expenses
- Shoreline project: \$15.6M previously included in WSS Fund shifted back to SCW Fund

Safe, Clean Water (SCW) Fund

RESERVES ARE ABOVE MINIMUM LEVELS FOR FIRST 15 YEARS OF MEASURE S PLAN

PROJECTION
Safe, Clean Water Fund



- Reflects Measure S renewal
- Reflects \$80M in WIFIA funding
- Assumes \$80M NRCS Reimbursements for Upper Llagas Creek to fully construct Phase 2
- Assumes receipt of San Francisquito Creek outside funding sources, including \$23.5M from grants and partnerships through the SFCJPA; along with an \$8.9M CalTrans grant through the City of Palo Alto for the Newell Road Bridge

Preliminary FY 23 Groundwater Production Charge Analysis

- 1. Drought Impact on Preliminary Analysis**
- 2. Water Usage**
- 3. Water Utility Cost Projection**
- 4. Scenario Assumptions**
- 5. Preliminary Groundwater Charge Forecast Scenarios**
- 6. Other Information**
- 7. Schedule**
- 8. Summary**

Drought has significant impact on preliminary analysis

39

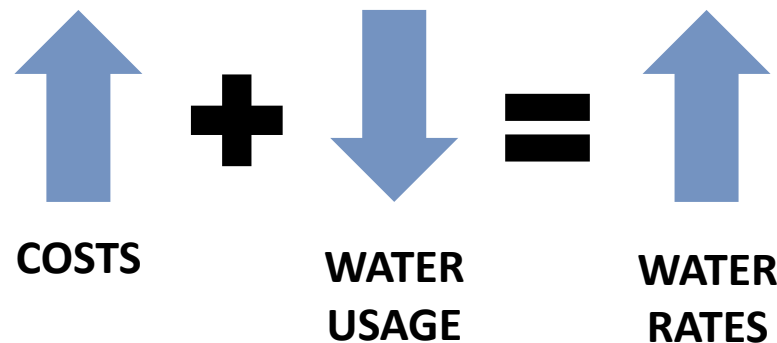
DROUGHT IMPACT PUTS PRESSURE ON WATER RATES:

Drought Emergency Cost increases

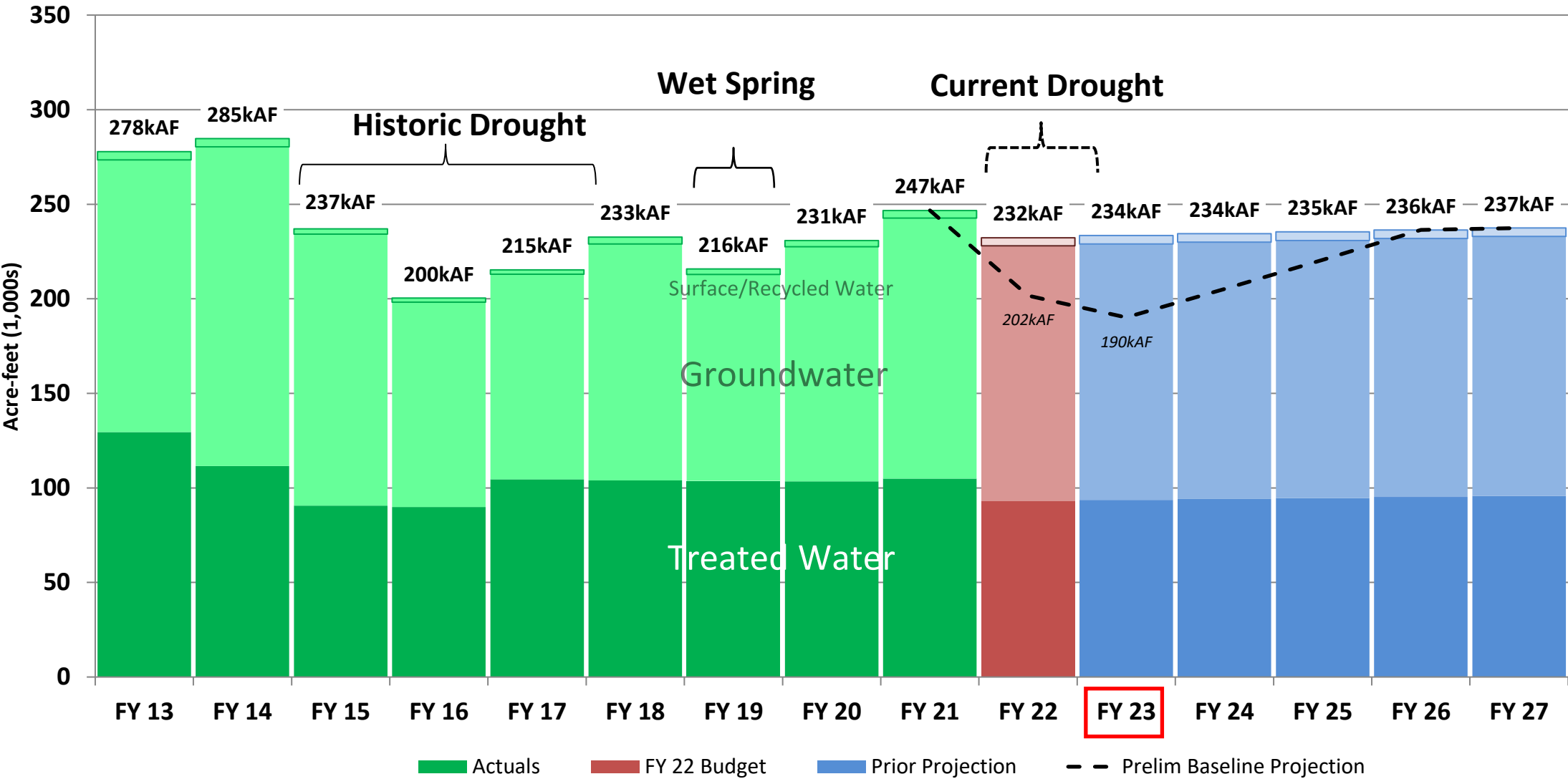
- Emergency Water Purchases projected to be \$67.7M from FY23 to FY25
- Emergency Conservation activities projected to be \$19.8M from FY23 to FY25

Water Usage down

- Mandatory 15% call for conservation compared to 2019 (achieved by FY23)
- Results in lower revenue to pay for highly fixed cost structure

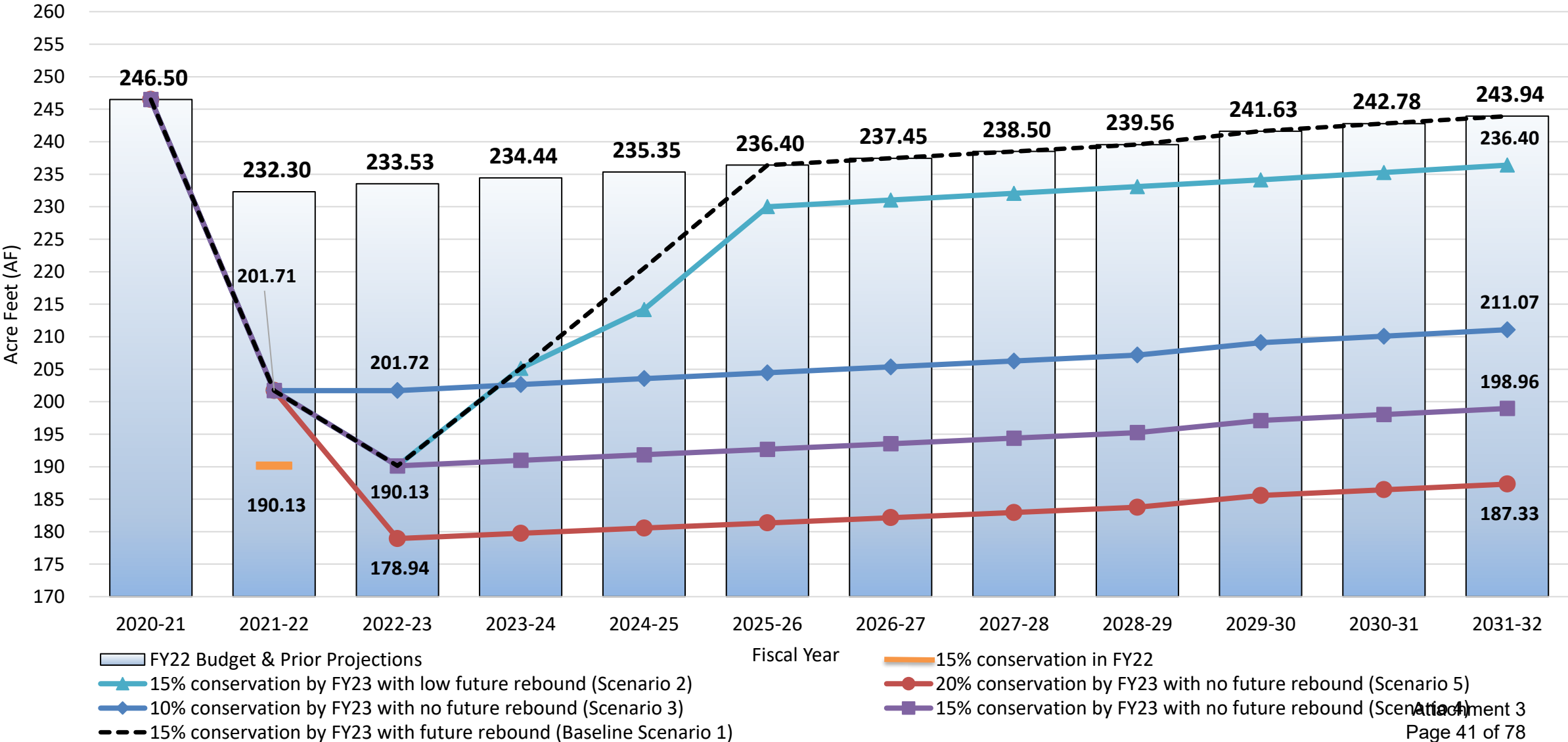


Water Usage (District Managed)

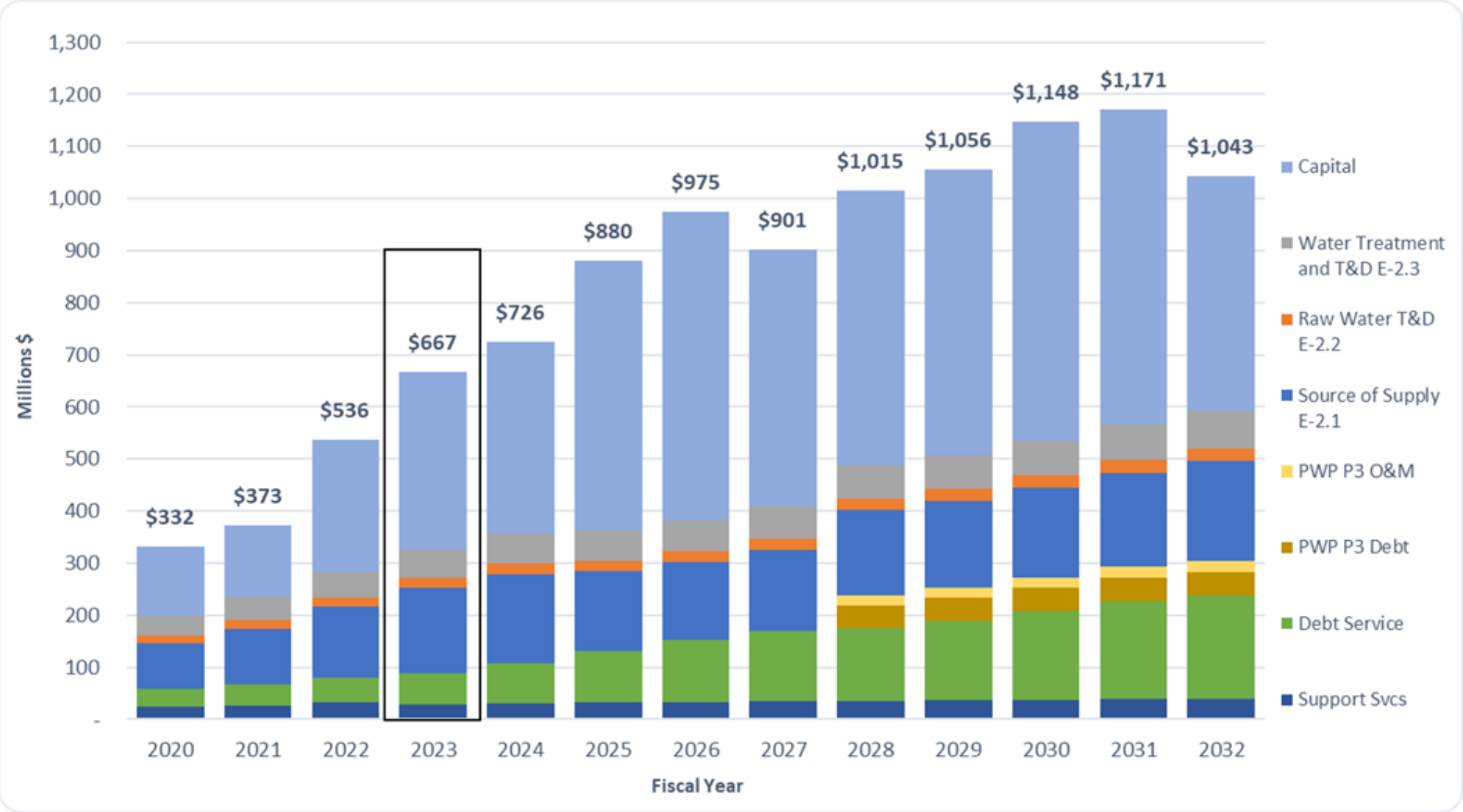


FY23 Water User Scenarios & Water Usage (District Managed)

FY2022-23 Water Use Scenarios (AF) with Various Conservation Levels & Rebounds



Preliminary Cost Projection



Infrastructure Repair and Water Supply Investments Drive Water Rates

43

Smart infrastructure investments needed today:

- Critical to providing safe, clean water to Santa Clara County
- Investing now is most cost-efficient way to get critical multi-year projects done

Priority infrastructure investments needed include:

- **Fixing Anderson Dam**
 - Address public health and safety concerns and relieve operational restrictions
- **Upgrading Rinconada Water Treatment Plant**
 - Extend service life of plant for next 50 years and expand plant capacity
- **Building local storage with Pacheco Reservoir Expansion Project**
 - Add water storage to help face extended droughts
- **Expanding Purified Water Project**
 - Provide incremental drought proof water supply

WATER RATE IMPACT MINIMIZATION STRATEGIES:

1. Transfer \$39M unspent funds from PREP to Rate Stabilization Reserve in FY 22; future PREP cost projection adjusted such that Total Project Cost (TPC) is unchanged
2. Leverage available reserves: draw down \$64M total in FY 23 & FY 24 (including \$39M from PREP unspent funds)
3. One-time transfer of \$25M from WSS Fund to Water Utility in FY 23

FY 23 BASELINE CASE ASSUMPTIONS:

- Baseline Projects*
- SWP Tax pays for 100% of SWP costs (excludes SWP portion of Delta Conveyance)
- Delta Conveyance SWP portion at 3.23%
- Los Vaqueros (Transfer Bethany Pipeline)
- Anderson Dam Seismic Retrofit with WIFIA loans (up to 49% of TPC)
- Purified Water Expansion via P3 with operations beginning in FY28
 - Assumes 100% debt financing through P3 entity
- Pacheco Reservoir Expansion Project (PREP) with \$496M Proposition 1 grants, WIFIA loans (up to 49% of TPC) and Partnership Participation at 35% of TPC
- Master Plan Projects Placeholder**: Assumes \$369M from FY23-FY32, mainly after 5 Year CIP

* Includes but not limited to dam seismic retrofits, Rinconada WTP reliability improvement, 10-year pipeline rehabilitation program

** Master Plan Project Placeholder includes anticipated costs for new pipelines, pipeline rehabilitations, treatment plant upgrades & SCADA implementation projects

TPC: Total Project Cost

Preliminary Groundwater Charge Increase Projection

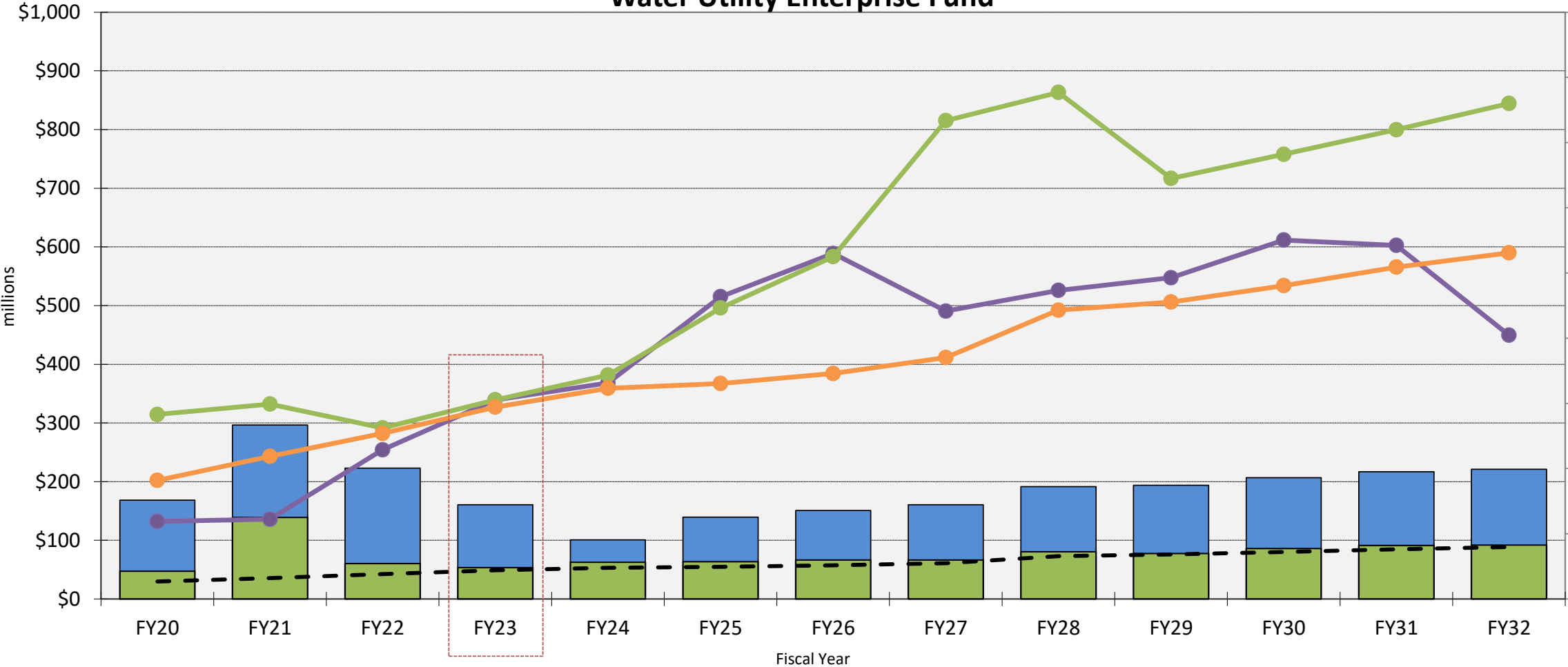
Baseline Scenario

M&I Groundwater Charge Year to Year Growth %

Baseline Scenario 1	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
North County Zone W-2	15%	15%	15%	9.1%	9.1%	9.1%	9.1%	5%	5%	5%
South County Zone W-5	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%
South County Zone W-7	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
South County Zone W-8	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%

Financial Analysis: Preliminary Financial Forecast Overview

Water Utility Enterprise Fund



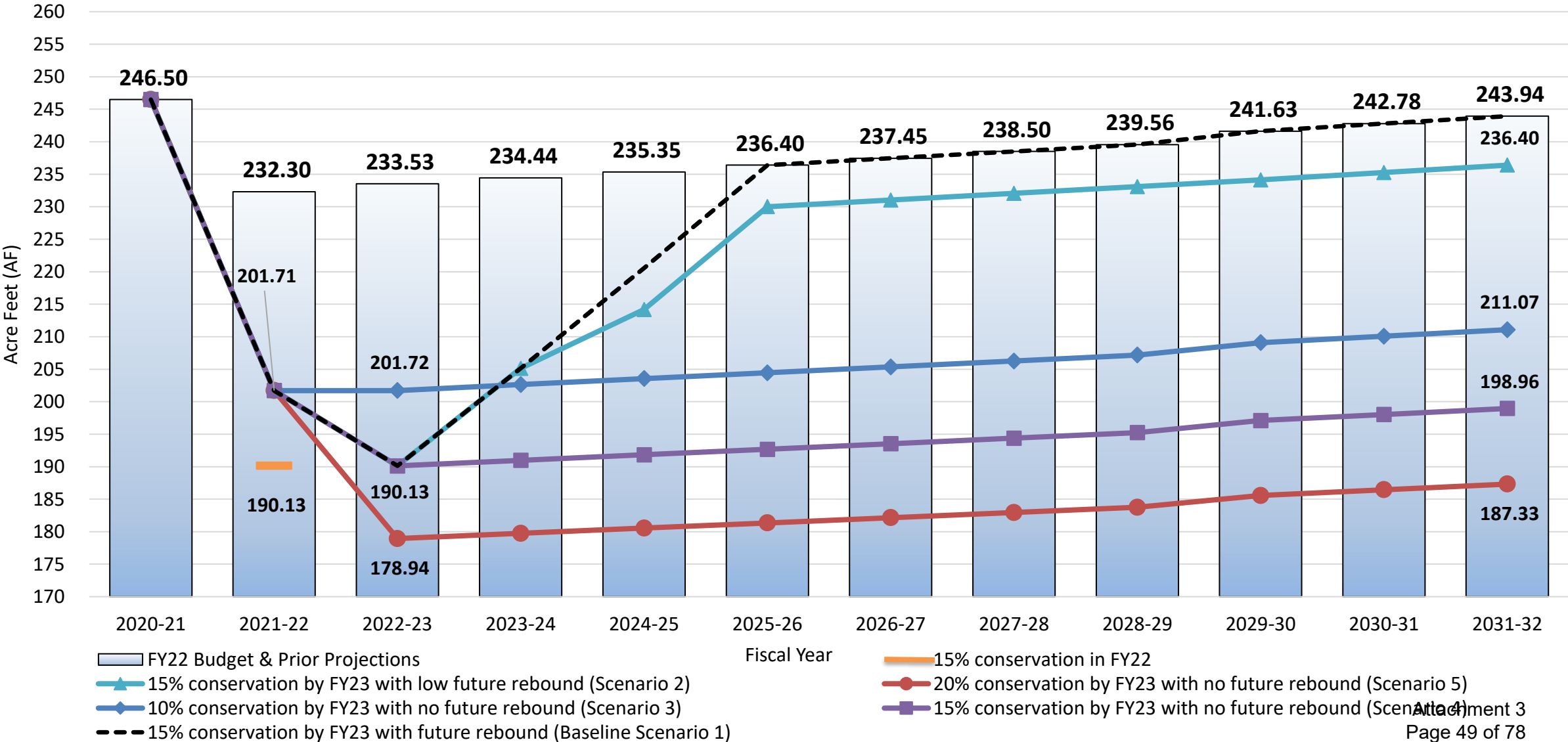
ADDITIONAL FY 23 SCENARIOS:

- | | |
|-------------------|---|
| Scenario 2 | 15% conservation achieved (around 190kAF in FY 2022-23) with Lower Future Rebound
Water use projection grows to 236kAF by FY 2031-32 |
| Scenario 3 | 10% conservation achieved (around 201kAF in FY 2022-23) and No Future Rebound
Water use projection grows to 211kAF by FY 2031-32 |
| Scenario 4 | 15% conservation achieved (around 190kAF in FY 2022-23) and No Future Rebound
Water use projection grows to 199kAF by FY 2031-32 |
| Scenario 5 | 20% conservation achieved (around 179kAF in FY 2022-23) and No Future Rebound
Water use projection grows to 187kAF by FY 2031-32 |

*All scenarios assume annual water use growth of ~ 0.5% based on Urban Water Management Plan.
Financial modeling for Scenarios 2 – 5 includes the same projects and assumptions as Baseline Scenario 1.*

FY23 Water User Scenarios & Water Usage (District Managed)

FY2022-23 Water Use Scenarios (AF) with Various Conservation Levels & Rebounds



Preliminary Groundwater Charge Increase Scenarios

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M&I Groundwater Charge Year to Year Growth %

North County Zone W-2	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Baseline Scenario #1 15% in FY23 returning to prior projection by FY26	15%	15%	15%	9.1%	9.1%	9.1%	9.1%	5%	5%	5%
Scenario #2 15% in FY23 with lower future rebound	15%	15%	15%	9.8%	9.8%	9.8%	9.8%	5.6%	5.6%	5.6%
Scenario #3 10% in FY23 and no future rebound	17%	16.3%	15.3%	13%	13%	13%	13%	5.5%	5.5%	5.5%
Scenario #4 15% in FY23 and no future rebound	21%	21%	16%	12%	12%	12%	12%	6%	6%	6%
Scenario #5 20% in FY23 and no future rebound	22.5%	22.5%	18.5%	12%	12%	12%	12%	6.2%	6.2%	6.2%

Preliminary Monthly Impact to Average Household Scenarios

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M&I Groundwater Charge – Monthly impact to Average Household

North County Zone W-2	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Baseline Scenario #1 15% in FY23 returning to prior projection by FY26	\$7.75	\$8.91	\$10.24	\$7.15	\$7.80	\$8.51	\$9.28	\$5.56	\$5.84	\$6.13
Scenario #2 15% in FY23 with lower future rebound	\$7.75	\$8.91	\$10.24	\$7.70	\$8.45	\$9.28	\$10.19	\$6.39	\$6.75	\$7.13
Scenario #3 10% in FY23 and no future rebound	\$8.78	\$9.85	\$10.75	\$10.53	\$11.90	\$13.45	\$15.19	\$7.26	\$7.66	\$8.09
Scenario #4 15% in FY23 and no future rebound	\$10.85	\$13.12	\$12.09	\$10.52	\$11.79	\$13.20	\$14.78	\$8.28	\$8.78	\$9.30
Scenario #5 20% in FY23 and no future rebound	\$11.61	\$14.23	\$14.33	\$11.01	\$12.34	\$13.82	\$15.47	\$8.95	\$9.51	\$10.10

Note: Does not include any increase that a retailer would layer on top

M&I Groundwater Charge Year to Year Growth %

South County Zone W-5	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Baseline Scenario #1 15% in FY23 returning to prior projection by FY26	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%
Scenario #2 15% in FY23 with lower future rebound	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
Scenario #3 10% in FY23 and no future rebound	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Scenario #4 15% in FY23 and no future rebound	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Scenario #5 20% in FY23 and no future rebound	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%

Preliminary Monthly Impact to Average Household Scenarios

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M&I Groundwater Charge – Monthly impact to Average Household

South County Zone W-5	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Baseline Scenario #1 15% in FY23 returning to prior projection by FY26	\$0.86	\$0.92	\$0.97	\$1.02	\$1.07	\$1.13	\$1.18	\$1.25	\$1.31	\$1.38
Scenario #2 15% in FY23 with lower future rebound	\$0.90	\$0.96	\$1.01	\$1.06	\$1.12	\$1.18	\$1.24	\$1.31	\$1.38	\$1.46
Scenario #3 10% in FY23 and no future rebound	\$1.00	\$1.07	\$1.13	\$1.20	\$1.27	\$1.35	\$1.43	\$1.52	\$1.61	\$1.70
Scenario #4 15% in FY23 and no future rebound	\$1.08	\$1.16	\$1.24	\$1.32	\$1.40	\$1.50	\$1.59	\$1.70	\$1.81	\$1.92
Scenario #5 20% in FY23 and no future rebound	\$1.26	\$1.35	\$1.46	\$1.57	\$1.68	\$1.81	\$1.94	\$2.09	\$2.25	\$2.42

Preliminary Groundwater Charge Increase Scenarios

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M&I Groundwater Charge Year to Year Growth %

South County Zone W-7	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Baseline Scenario #1 15% in FY23 returning to prior projection by FY26	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
Scenario #2 15% in FY23 with lower future rebound	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%
Scenario #3 10% in FY23 and no future rebound	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%
Scenario #4 15% in FY23 and no future rebound	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%	12.6%
Scenario #5 20% in FY23 and no future rebound	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%

Preliminary Monthly Impact to Average Household Scenarios

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M&I Groundwater Charge – Monthly Impact To Average Household

South County Zone W-7	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Baseline Scenario #1 15% in FY23 returning to prior projection by FY26	\$1.86	\$2.07	\$2.28	\$2.51	\$2.77	\$3.06	\$3.37	\$3.72	\$4.10	\$4.53
Scenario #2 15% in FY23 with lower future rebound	\$1.93	\$2.13	\$2.36	\$2.61	\$2.89	\$3.19	\$3.53	\$3.91	\$4.32	\$4.78
Scenario #3 10% in FY23 and no future rebound	\$2.12	\$2.38	\$2.66	\$2.97	\$3.31	\$3.70	\$4.13	\$4.62	\$5.16	\$5.76
Scenario #4 15% in FY23 and no future rebound	\$2.29	\$2.58	\$2.91	\$3.27	\$3.69	\$4.15	\$4.67	\$5.26	\$5.93	\$6.67
Scenario #5 20% in FY23 and no future rebound	\$2.63	\$3.02	\$3.46	\$3.96	\$4.54	\$5.19	\$5.95	\$6.81	\$7.80	\$8.93

Preliminary Groundwater Charge Increase Scenarios

M&I Groundwater Charge Year To Year Growth %

South County Zone W-8	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Baseline Scenario #1 15% in FY23 returning to prior projection by FY26	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Scenario #2 15% in FY23 with lower future rebound	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Scenario #3 10% in FY23 and no future rebound	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%
Scenario #4 15% in FY23 and no future rebound	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%
Scenario #5 20% in FY23 and no future rebound	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%

Preliminary Monthly Impact to Average Household Scenarios

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M&I Groundwater Charge – Monthly Impact To Average Household

South County Zone W-8	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Baseline Scenario #1 15% in FY23 returning to prior projection by FY26	\$0.93	\$1.02	\$1.10	\$1.18	\$1.28	\$1.38	\$1.49	\$1.61	\$1.74	\$1.88
Scenario #2 15% in FY23 with lower future rebound	\$0.93	\$1.02	\$1.10	\$1.18	\$1.28	\$1.38	\$1.49	\$1.61	\$1.74	\$1.88
Scenario #3 10% in FY23 and no future rebound	\$1.05	\$1.15	\$1.26	\$1.37	\$1.49	\$1.63	\$1.77	\$1.93	\$2.11	\$2.30
Scenario #4 15% in FY23 and no future rebound	\$1.07	\$1.17	\$1.27	\$1.39	\$1.52	\$1.65	\$1.80	\$1.97	\$2.15	\$2.34
Scenario #5 20% in FY23 and no future rebound	\$1.14	\$1.26	\$1.39	\$1.52	\$1.67	\$1.84	\$2.02	\$2.21	\$2.43	\$2.67

11/23/21 Board Analysis Request re: PREP

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Background:

- Timing of planned expenditures for PREP has changed
- Estimated Year-End FY 22 budget unspent = \$39M

Staff Proposal:

- No change to multi-year PREP total project cost
- Transfer \$39M near-term unspent to Rate Stabilization Reserve in FY 22
- Adjust future PREP cost projection in CIP such that total project cost is unchanged
- Draw down Rate Stabilization Reserve in FY 23 and FY 24 to soften rate impact
- Counts as revenue for purposes of Debt Service Coverage Calculation
 - Would be reflected in PAWS report

PREP = Pacheco Reservoir Expansion Project, PAWS = Protection and Augmentation of Water Supplies

11/23/21 Board Analysis Request re: PREP, continued

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NORTH COUNTY W-2 GROUNDWATER CHARGE IMPACT

With \$39M Transfer

	FY 23	FY 24	FY 25
Annual % Rate Increases	15%	15%	15%
Debt Service Coverage Ratio	1.75	1.77	2.17

Without \$39M Transfer

	FY 23	FY 24	FY 25
Annual % Rate Increases	15%	15%	15%
Debt Service Coverage Ratio	1.01	1.77	2.17

Without \$39M Transfer + adjust rates

	FY 23	FY 24	FY 25
Annual % Rate Increases	21%	17.5%	7.7%
Debt Service Coverage Ratio	1.75	1.77	2.24

Staff-proposed
\$39M transfer helps soften
rate increases in FY 23 and
FY 24

PREP = Pacheco Reservoir Expansion Project

11/23/21 Board Analysis Request re: PREP, continued

60

TOP 5 WATER UTILITY CAPITAL PROJECTS WITH ESTIMATED FY22 UNSPENT:

Water Utility Capital Project	Estimated FY 22 Unspent	Estimated FY 23 Planned Expenditure/(Budget)
Pacheco Reservoir Expansion	\$39.4M	\$30.8M/(\$0.0M)*
South County Recycled Water Pipeline (Short Term 1B)	\$8.7M	\$15.9M/(\$7.2M)
RWTP Reliability Improvement	\$8.3M	\$14.3M/(\$6.0M)
RWTP Residuals Management	\$5.3M	\$0.5M/(\$0.0M)
Capital Warranty Services	\$5.3M	\$1.0M/(\$0.0M)

* If Board approves \$39M transfer to rate stabilization reserve, then FY 23 budget for Pacheco Reservoir Expansion would be \$31.2M instead of \$0.0M

PREP = Pacheco Reservoir Expansion Project

Other Charges, Taxes, Reserves Information

61

	FY 2022	FY 2023	FY 2024
<u>Other Charges</u>	<u>Budget</u>	<u>Projection</u>	<u>Projection</u>
Contract TW Surcharge (\$/AF)	\$115.00	\$115.00	\$115.00
Non-contract TW Surcharge (\$/AF)	\$200.00	\$200.00	\$200.00
Surface Water Master Charge (\$/AF)	\$40.90	\$46.70	\$53.30
Agricultural Groundwater Charge (\$/AF)	\$34.15	\$36.85	\$39.80
<u>SWP Tax</u>			
Revenue	\$26M	\$27M	\$28M
Cost per average household	\$40/Yr	\$41/Yr	\$42/Yr
<u>Reserves</u>			
Supplemental Water Reserve	\$7.9M	\$5.3M	\$2.7M
Drought Reserve	\$10.0M	\$0M	\$0M
Rate Stabilization Reserve	\$55.5M	\$42.5M	\$7.5M
Operating and Capital Reserve	\$60.6M	\$53.7M	\$62.7M

2022 Schedule

62

Jan 3	Ag Water Advisory Committee
Jan 11	Board Meeting: Preliminary Groundwater Charge Analysis
Jan 19	Water Retailers Meeting: Preliminary Groundwater Charge Analysis
Jan 26	Water Commission Meeting: Prelim Groundwater Charge Analysis
<hr/>	
Feb 8	Board Meeting: Set time & place of Public Hearing
Feb 25	Mail notice of public hearing and file PAWS report
<hr/>	
Mar 8	Board Meeting: Budget development update
Mar 16	Water Retailers Meeting: FY 23 Groundwater Charge Recommendation
Mar TBD	Landscape Committee Meeting
<hr/>	
Apr 4	Ag Water Advisory Committee
Apr TBD	Water Commission Meeting
Apr 12	Open Public Hearing
Apr 14	Continue Public Hearing in South County
Apr 26	Conclude Public Hearing
Apr 27-28	Board Meeting: Budget work study session
<hr/>	
May 10	Adopt budget & groundwater production and other water charges

Key Drivers for Water Rate Increases:

- Emergency water purchases to ensure water supply for Silicon Valley and preparing for ongoing drought over next 2 years
- Smart infrastructure investments needed today:
 - Investing now is most cost-efficient way to get critical multi-year projects done

Valley Water is leveraging all available tools to minimize rate impacts now

- Continue to reassess drought status & recovery for future year rate impacts

Seeking Board direction on following issues to be incorporated into Report on Protection and Augmentation of Water Supplies (PAWS) scheduled for February 25, 2022

- Rate Impact Minimization Strategies
- Water Use projection scenarios



BOARD ACTIONS TODAY

1. Review and approve Fiscal Year 2023-2027 (FY 23-27) Preliminary CIP list of projects.
2. Discuss and provide direction on the preliminary FY 2022-23 (FY 23) Groundwater Production Charge analysis prepared by staff.



Valley Water

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INFORMATION ONLY
(Presented if Requested)
Summary of All Project Plan Updates

OVERVIEW

- **3 Projects** had changes to **Scope, Schedule and Cost**
- **2 Projects** had changes to **Scope and Cost**
- **15 Projects** had changes to **Schedule (Completion Date) and Cost**
- **7 Projects** had changes to **Schedule (Phase Only) and Cost**
- **7 Projects** had changes to **Schedule (Phase Only) – TPC changes due to inflation**
- **4 Project** had changes to **Schedule (Completion Date) – TPC changes due to inflation**
- **2 Projects** had changes to **Cost Only**
- **3 Projects** had changes due to **Small Capital Forecast Revisions**
- **2 Placeholder Projects** had changes due to **Administrative Updates**

Changes to Scope, Schedule and Cost

68

Water Supply (Recycled Water Facilities):

1. 91094009 South County Recycled Water Pipeline (Short Term 1B): TPC increased by \$2.717M/ Schedule extended by 2 years/Scope change

Flood Protection (Lower Peninsula Watershed):

2. 10394001 Palo Alto Flood Basin Tide Gate Structure Replacement: Scope change/Project Schedule extended by 3 months/ TPC increased by \$1.041M

Water Resources Stewardship (Coyote Watershed):

3. 26044003 Ogier Ponds Separation from Coyote Creek Planning & Design Project: TPC increased by \$2.115M/Schedule extended by 1 year/Scope change

.

Changes to Scope and Cost

69

Water Supply (Storage Facilities):

1. 91864005 Anderson Dam Seismic Retrofit: Scope change resulted in TPC increase by \$588.75M

Information Technology:

2. 73274008 Software Upgrades and Enhancements Project: Scope change/TPC decreased by \$1.384M

Changes to Schedule (Completion Date) and Cost

70

Water Supply (Transmission Facilities):

1. 95044001 Distribution Systems Implementation: TPC increased by \$1.048M/Schedule extended by 2 years
2. 92144001 Pacheco/Santa Clara Conduit ROW Acquisition: TPC increased by \$849K

Water Supply (Treatment Facilities):

3. 93294051 RWTP Residuals Management: TPC increased by \$1.916M/Schedule extended by 3 years
4. 93294057 RWTP Reliability Improvement: Schedule extended by 1 year/TPC increased by \$101.8M
5. 93044001 WTP Implementation: TPC increased by \$1.319M/Schedule extended by 2 years

Water Supply (Recycled Water Facilities):

6. 91304001 Purified Water: TPC increased by \$113.185M/Schedule extended by 1 years
7. 91094010 South County Recycled Water Pipeline (Short Term 2): TPC increased by \$791K/Schedule extended by 2 years

Changes to Schedule (Completion Date) and Cost

71

Flood Protection (Lower Peninsula Watershed):

8. 26244001 Permanente Creek, SF Creek to Foothill Expwy: Schedule extended by 3 years/TPC decreased by \$3.702M
9. 10244001 Permanente Creek, SF Bay to Foothill Expwy: Schedule extended by 2 years/TPC increased by \$787K
10. 26284002 San Francisquito Creek (Construction SF Bay to Middlefield Rd.): Schedule extended by 4 years/TPC increased by \$12.605M

Flood Protection (Coyote Watershed):

11. 26174041 Berryessa Creek, Calaveras to I-680 Corps: Schedule extended by 3 years/TPC increased by \$768K
12. 40174004 Lower Berryessa Creek Phase 1: Schedule extended by 1 year/TPC increased by \$83K
13. 40334005 Lower Penitencia Creek (Berryessa to Coyote Creeks): Schedule extended by 1 year/TPC increased by \$6.892M

Flood Protection (Uvas Llagas Watershed):

14. 26044004 Bolsa Road Fish Passage Improvements: Schedule extended by 3 years/TPC decreased by \$70K

Flood Protection (Multiple Watersheds):

15. 20444001 Salt Ponds Restoration Project: Schedule extended by 3 years/TPC increased by \$4.88M

Changes to Schedule (Phase Only) and Cost

72

Water Supply (Storage Facilities):

1. 91234002 Coyote Pumping Plant ASD Replacement: TPC increased by \$11.773M
2. 91234011 Coyote Warehouse: TPC increased by \$61K

Water Supply (Transmission Facilities):

3. 92304001 Almaden Valley Pipeline Replacement: TPC increased by \$20.569M
4. 26764001 IRP2 (Infrastructure Reliability Plan) Additional Line Valves: TPC increased by \$4.540M
5. 92264001 Vasona Pump Station Upgrades: TPC decreased by \$1.476M

Water Supply (Treatment Facilities):

6. 93294058 RWTP Residuals Remediation: TPC increased by \$9.163M

Flood Protection (Multiple Watersheds):

7. 00044026 South San Francisco Bay Shoreline Project EIA 11: Decreased by \$38.77M

Changes to Schedule (Phase Only) – TPC changes due to Inflation

73

Water Supply (Storage Facilities):

1. 91854001 Almaden Dam Improvements: TPC decreased by \$1.295M
2. 91084020 Calero and Guadalupe Dams Seismic Retrofits (Planning only): TPC increased by \$99K
3. 91894002 Guadalupe Dam Seismic Retrofit – Design & Construction: TPC decreased by \$1.939M
4. 91954002 Pacheco Reservoir Expansion: TPC decreased by \$58.177M

Water Supply (Transmission Facilities):

5. 95084002 10-Year Pipeline Rehabilitation: TPC decreased by \$1.051M
6. 95044002 SCADA Implementation: TPC decreased by \$10K
7. 94084007 Treated Water Isolation Valves: TPC decreased by \$181K

Changes to Schedule (Completion Date) – TPC changes due to inflation 74

Flood Protection (Guadalupe Watershed):

1. 30154019 Guadalupe River Tasman Drive to I-880: Schedule extended by 2 years/TPC increased by \$3.262M

Water Resources Stewardship (Lower Peninsula Watershed):

2. 26164001 Hale Creek Enhancement Pilot Study: TPC increased by \$115K

Information Technology:

3. 73274009 Data Consolidation Project: Schedule extended by 2 years/TPC increased by \$39K
4. 73274001 IT Disaster Recovery Project: Schedule extended by 2 years/ TPC increased by \$3K

Changes to Cost Only

75

Flood Protection (Coyote Watershed):

1. 40174005 Berryessa Ck, Lower Pen Ck to Calaveras Blvd. Phase 2: TPC increased by \$1.502M

Flood Protection (Uvas Llagas Watershed):

2. 26174051 Upper Llagas Creek (LERRDs Reimbursable): TPC increased by \$3.045M

Small Capital Forecast Revisions

76

Water Supply (Storage Facilities):

1. 91214010 Small Capital Improvements, San Felipe Reach 1: TPC decreased by \$3.973M

Water Supply (Treatment Facilities):

2. 93764004 Small Capital Improvements, Water Treatment: TPC decreased by \$2.550M

Flood Protection (Multiple Watersheds):

3. 62084001 Watersheds Asset Rehabilitation Project (WARP): TPC decreased by \$8.849M

The forecasts are revised each year. Asset rehabilitation projects are added, removed, and rescheduled based on asset condition and project need. In addition, project costs are updated each year based on market conditions. These revisions to both schedule and costs cause several minor changes in expected expenditures over the forecasted period. It's not a single asset rehabilitation project that leads to the change, but rather the cumulative total of multiple changes.

Administrative Updates to Placeholder Projects

77

Water Supply (Transmission Facilities):

1. 92C40357 FAHCE Implementation: Schedule Only

Since the two creeks FAHCE EIR is still being finalized and agency permitting will also be required, the FAHCE implementation project planned expenditures were moved to begin in FY25. Additionally, after consulting with the project team, the \$90M for Phases 2 and 3 of FAHCE Implementation were spread out evenly over out years to better align with the FAHCE settlement agreement.

Water Resources Stewardship (Coyote Watershed):

2. 00C40400s Watershed Habitat Enhancement Design & Construction: Schedule and planned expenditure

This project is included in the CIP as a placeholder project to provide for future design and construction of possible habitat enhancements that may occur at Metcalf Ponds (95C40400 Project 1 Design & Construction (e.g. Metcalf Ponds): \$29.66M); and to provide funding for possible future construction at Ogier Ponds (95C40401/62C40402 Ogier Ponds – Construction: \$36.59M (\$18.295 from Fund 61 and \$18.295 from Fund12)). Since the Ogier Ponds Project is potentially being planned for future construction as a conservation measure for the Anderson Dam Seismic Retrofit Project and additional funding will likely be required; \$10M was shifted from the Watershed Habitat Enhancement Design & Construction placeholder project to the Ogier Ponds placeholder project (Fund 61 - 95C40401). The remaining planned funding for the Watershed Habitat Enhancement Design & Construction placeholder project totals \$19.66M and the new planned funding for Ogier Ponds totals \$46.59M.



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RESOLUTION NO. 99- 21

ADOPTING "WATER UTILITY TAXING AND PRICING POLICY" AND
RESCINDING RESOLUTION NO. 96-82

WHEREAS, the Santa Clara Valley Water District (District) adopted a District mission, goals and objectives on February 19, 1985, in order to conduct a sound water management program that serves the community; and

WHEREAS, the District Act authorizes the District to enter into water sales contracts and to levy and collect taxes and assessments on property within the District and in the respective zones of the District and sets forth requirements for groundwater charges and rates between agricultural and nonagricultural water; and

WHEREAS, several Board resolutions, as identified in Exhibit "A," are related to the management of water resources and the implementation of this water taxing and pricing policy; and

WHEREAS, several changes which affect revenue sources and benefit distribution have occurred since adoption of Resolution No. 96-82. These changes include: (1) passage of Resolution Nos. 98-44 and 98-45 setting agricultural charges for groundwater and surface water at 10 percent of the nonagricultural charges; (2) revisions to the policy governing sale of noncontract water in 1998; (3) pending completion of an agreement to act as the wholesaler to deliver recycled water in South County.

BE IT RESOLVED, by the Board of Directors of the District as follows:

1. **The policy of the District in the areas of taxation and water pricing for water utility revenues shall be and is hereby adopted:**

Policy Statement

The intent of this water utility taxing and pricing policy is to provide revenue for the management of water resources and operation of the water utility enterprise. This policy establishes a framework for establishing a system of water charges as permitted by the District Act to meet revenue requirements and to allocate costs amongst the beneficiaries. The general approach is to charge the recipients of the various benefits for the benefits received from the District's comprehensive water utility program.

The consumptive and nonconsumptive benefits provided by District water supply facilities and operations are listed and described below:

- Provision of a water supply and effective management of water resources available to the community from a variety of sources of supply, transmission, and water treatment facilities operated by the District.
- Protection of water quality through the purification and treatment of water and the protection of water supplies.
- Stewardship of watersheds and riparian corridor.
- Administration of related programs and projects such as recycled water and water conservation administered solely by the District or in partnership with another organization.

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- Ancillary flood protection.
- Recreation, such as fishing, boating, picnicking, hiking, and other related recreation activities.
- Support for the economic well being of the community.
- Protection of the community infrastructure from subsidence.

2. Policy Implementation

The following water taxing and pricing concepts and framework shall be implemented in order to provide for revenue in order to continue providing direct and ancillary benefits to the customers of the District and the community of Santa Clara County.

Water Taxing and Pricing Concepts

- ***Water Pooling:*** Water is considered to be a single commodity irrespective of the water's source or cost. It is a single commodity whether it is from water provided locally, imported, or recycled, and all users benefit from the availability of multiple sources of water.
- ***Water Facilities Cost Pooling:*** All water supply facilities contribute to the common benefit of effective water resources management. In general, the water charges and property taxes are based on the common benefits of the capital and operations outlays, rather than reference to named facilities, with the exception of the liability for bonded indebtedness which is applied to each zone of benefit.
- ***Water Resources Management:*** Water supplies are managed, through taxing and pricing, to obtain the effective utilization of the water resources of the District to the advantage of the present and future populations of the County. This concept provides for development of taxing and pricing structures that will achieve the effective use of available resources and conserve supplies for potential drought conditions.
- ***Revenue Pooling:*** For the most part, water utility revenues are collected in a common fund and not designated for a specific cost. Such revenues are available for the general capital and operating outlays of the water utility enterprise. Some revenues such as certain property taxes are specifically designated for debt service and the fixed costs of the State Water Project, and are not available to the common fund. Water charges are established to provide the revenues that are required in the common fund for general capital and operating outlays and that are over and above revenues from ad valorem taxes, interest, and miscellaneous sources. This provides flexibility in managing continuing operations and funding capital outlays.

Water Taxing and Pricing Framework

The following procedures are intended as a general framework to guide staff in the development of a water rate structure implementing this policy:

- ***Zones of Benefit:*** Zones of benefit are to be identified and established in accordance with the District Act. Groundwater charges and property taxes are levied for the benefits received by the water users and property owners benefitting from that zone. For each zone, a basic

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water user charge is determined for current groundwater and raw surface water users to be applied to the quantities of water used or consumed.

- **Basic Water Charge Zones:** The objective of establishing various water charge zones is to recover costs for the benefits resulting from conservation, import, and recharge of water which occur only within that zone. Water charges are levied for water producing operations, such as groundwater pumping and raw surface water diversion. In addition, users may be subject to specific charges that meet special needs of a group of users, such as water master charges for surface water deliveries, a capital charge for equipment or facilities, and power costs for pumping.
- **Treated Water Surcharge:** A treated water surcharge shall be added to the basic water charge for the price of treated surface water delivered by the District. The charge is to be established at an amount that would promote the effective use of available water resources. The charge may differ between treatment plants to better manage regional variations in groundwater conditions.
- **Costs for Specific Benefits:** Whenever costs associated with specific benefits are clearly and easily measurable, those costs shall be charged to the beneficiaries, in accordance with their specific zones of benefit. Where there is a question as to the identity of the beneficiary or the method of measuring the benefit, the allocation of costs should remain flexible and be determined in accordance with accepted practices and sound judgements based on the four water pricing concepts. The District recognizes and supports the State Legislature’s limitation imposed on the District that rates for agricultural water shall not exceed one-fourth of the rate for all water other than agricultural water. In order to encourage the continuance of agricultural use of land in the County, to encourage the preservation of open space, to defer intensification of users and to further support the limitation imposed by the State Legislature, it is the District’s policy that rates for agricultural water shall not exceed one-tenth the rate for all water other than agricultural water.

Both water charges and property taxes are used to recover costs incurred for the benefit of current water users. The costs for future supply sources can be recovered using current revenues or through project specific long-term financing.

- **Balancing Costs:** The District recognizes that there may be imbalances between revenues and costs within a zone of benefit from year to year. The District will strive to achieve balance over the long-term in accordance with the District Act and to properly charge recipients for the benefits received.
- **Incentives:** Incentives in the form of subsidies may be provided in order to reduce the price of specific sources of water in order to optimize use of available or future water resources.
- **Recycled Water:** From time to time, the District may enter into agreements to provide wholesale delivery or other services related to recycled water. The District will strive to recover the costs of these facilities consistent with the pooling concepts outlined above, while adhering to the specifics of any agreement.

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3. Executive and Staff Limitations

District staff are authorized to develop a water rate structure which meets the objectives set forth herein, in accordance with the District Act, and using the concepts set forth above. The District's rate structure is implemented only by resolutions approved by the Board of Directors.

Staff is authorized to recommend water charges for consideration by the Board in accordance with the District Act. Water charges, if any, shall be recommended by staff each year be at fixed and uniform rates for agricultural water and for all water other than agricultural water, respectively, except that each such rate for agricultural water shall be one-tenth of the rate for all water other than agricultural water. The Board has determined that agricultural use of lands is of value to the County and the state, and that agricultural lands provide an open space benefit. The Board's limiting staff to a recommendation of agricultural water rates below the maximum allowed by the District Act will benefit water users Countywide, and is necessary to carry out the policies of the State Legislature and the District Board of Directors.

Staff is authorized to prepare, for the Board's consideration, resolutions for the collection of property taxes as needed and authorized under applicable laws.

4. Previous Policy Rescinded

The "Water Taxing and Pricing Policy," adopted by Resolution No. 96-82, is hereby rescinded.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District on
March 16, 1999 by the following vote:

AYES: Directors Gross, Zlotnick, Judge, Kamei, Sanchez, Estremera, Wilson

NOES: Directors None

ABSENT: Directors None

SANTA CLARA VALLEY WATER DISTRICT

By: _____

Chair/Board of Directors

ATTEST: LAUREN L. KELLER


Clerk/Board of Directors

RESOLUTION NO. 12- 10

A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SANTA CLARA VALLEY WATER DISTRICT ADOPTING PROCEDURES
FOR THE IMPOSITION OF SURFACE WATER CHARGES

WHEREAS, pursuant to Section 4 of the District Act, the purposes of the District Act are to authorize the District to provide comprehensive water management for all beneficial uses within Santa Clara County; and

WHEREAS, Section 5(5) of the District Act authorizes District to do any and every lawful act necessary to be done that sufficient water may be available for beneficial uses within Santa Clara County; and

WHEREAS, Section 5(12) authorizes the District to make contracts and do all acts necessary for the full exercise of all powers vested in the District; and

WHEREAS, Proposition 218, adopted on November 6, 1996, added Articles XIIIC and XIID to the California Constitution which impose certain procedural and substantive requirements with respect to the imposition of certain new or increased fees and charges; and

WHEREAS, whether legally required or not, the District Board believes it to be in the best interest of the community to align its practices with respect to the imposition of surface water charges to mirror the majority protest requirements of Article XIII D, section 6 applicable to charges for water services to the extent possible; and

WHEREAS, the District Board believes it to be in the best interest of the community to record its decisions regarding implementation of the provisions relating to imposition of surface water charges and to provide the community with a guide to those decisions and how they have been made; and

NOW, THEREFORE, the Board of Directors of Santa Clara Valley Water District does hereby resolve as follows:

SECTION 1. Statement of Legislative Intent. It is the Board of Directors' intent in adopting this resolution, to adopt the notice, hearing, and majority protest procedure proceedings that are consistent, and in conformance with, Articles XIIIC and XIID of the California Constitution and with the Proposition 218 Omnibus Implementation Act and the provisions of other statutes authorizing imposition of surface water charges. To the extent that these requirements are legally required to supercede the requirements set forth in the District Act, these provisions are intended to prevail.

SECTION 2. Definitions.

- A. Record Owner.** The District will provide the required notice to the Record Owner. "Record Owner" means the record owner of the property on which the surface water use-facility is present, and the tenant(s) who are District surface water permittees liable for the payment of the surface water charge.

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Procedures for the Imposition of Surface Water Charges

- B. Charge Zone.** "Charge Zone" means the District zone (i.e. Zone W-2 or Zone W-5) that a surface water user's turnout is located, which is applicable in identifying the proposed surface water charge. Surface water users that receive surface water outside of either Zone W-2 or Zone W-5 are deemed to be located in the zone to which the surface water user's turnout is most nearly located.

SECTION 3. Surface Water Charge Proceeding. The following procedures will be used:

- A. Those Subject to the charge.** The Record Owners of the existing surface use-facilities.
- B. Amount of Charge.** A formula or schedule of charges by which the customer can easily calculate the potential surface water charge will be included in the notice. The surface water charge is comprised of a basic user charge and a surface water master charge. The surface water charge must comply with the following substantive requirements:
1. Revenues derived from the surface water charge will not be used for any purpose other than that for which the charge is imposed.
 2. Revenues derived from the surface water charge will not exceed the direct and indirect costs required to provide the service.
 3. The amount of the surface water charge must not exceed the proportional cost of the service attributable to the property.
 4. No charge may be imposed for a service unless the service is actually used by, or immediately available to the property owner (or, if applicable, the tenant).
 5. No charge can be imposed for general governmental services where the service is available to the public at large in substantially the same manner as it is to property owners.
- C. Notice.** The following guidelines apply to giving notice of the surface water charge.
1. Record Owner(s) of each parcel subject to the surface water charge, meaning any parcel with a surface water use-facility, will be determined from the last equalized property tax roll. If the property tax roll indicates more than one owner, each owner will be sent the notice. District surface water permittees liable for the payment of the surface water charge will also be provided with the notice.
 2. The notice must be sent at least forty-five (45) days prior to the date set for the public hearing on the surface water charge.
 3. Failure of any person to receive the notice will not invalidate the proceedings.

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D. Surface Water Charge Protest. The following guidelines apply to the surface water charge protest procedure:

1. The notice will be mailed to all affected Record Owners at least forty-five (45) days prior to the date of the public hearing on the proposed surface water charge.
2. Written protests must be forwarded to the Clerk of the Board by mail or in person, sealed in an envelope which conceals the contents, with the property address or APN written on the outside of the envelope. To be counted, protests must be received no later than the date for return of protests stated on the notice, or the close of the public hearing, whichever is later.
3. A protest must be signed under penalty of perjury. For properties with more than one Record Owner, a protest from any one surface water user-facility will count as a protest for the property. No more than one protest will be counted for any given property.
4. Only protests with original signatures will be accepted. Photocopied signatures will not be accepted. Protests will not be accepted via e-mail. Protests must be submitted in sealed envelopes identifying the property on which the surface water user-facility is located, and include the legibly printed name of the signator. Protests not submitted as required by this Resolution will not be counted.
5. This proceeding is not an election.
6. Written Protests must remain sealed until the tabulation of protests commences at the conclusion of the public hearing. A written protest may be submitted or changed by the person who submitted the protest prior to the conclusion of the public testimony on the proposed charge at the public hearing.
7. Prior to the public hearing, neither the protest nor the envelope in which it is submitted will be treated as a public record, pursuant to the Government Code section 6254(c) and any other applicable law, in order to prevent potential unwarranted invasions of the submitter's privacy and to protect the integrity of the protest process.

E. Tabulating Protests. The following guidelines apply to tabulating protests:

1. It will be the responsibility of the Clerk of the Board to determine the validity of all protests. The Clerk will accept as valid all protests except those in the following categories:
 - a. A photocopy which does not contain an original signature;
 - b. An unsigned protest;
 - c. A protest without a legible printed name;
 - d. A protest which appears to be tampered with or otherwise invalid based upon its appearance or method of delivery or other circumstances;

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- e. A protest submitted to the District via e-mail;
- f. A protest submitted in an envelope that does not have the address or APN written on the outside of the envelope;
- g. A protest signed by someone other than the Record Owner for the APN.

The Clerk's decision, after consultation with the District Counsel, that a protest is invalid is final.

- 2. An impartial person, designated by the governing board, who does not have a vested interest in the outcome of the proposed charge will tabulate the written protests submitted, and not withdrawn. The impartial person may be a member of the Clerk of the Board Office.
- 3. A Record Owner who has submitted a protest may withdraw that protest at any time up until the conclusion of the final public hearing on the surface water charge.
- 4. A property owner's failure to receive notice of the surface water charge will not invalidate the proceedings conducted under this procedure.

F. Public Hearing.

- 1. At the public hearing, the District Board will hear and consider all public testimony regarding the proposed surface water charge and accept written protests until the close of the public hearing, which hearing may be continued from time to time.
- 2. The District Board may impose reasonable time limits on both the length of the entire hearing and the length of each speaker's testimony.
- 3. At the conclusion of the hearing, the Clerk of the Board, or other neutral person designated to do the tabulation will complete tabulation of the protests from Record Owners, including those received during public hearing.
- 4. If it is not possible to tabulate the protests on the same day as the public hearing, or if additional time is necessary for public testimony, the District Board may continue the public hearing to a later date to receive additional testimony, information or to finish tabulating the protests; or may close the public hearing and continue the item to a future meeting to finish tabulating the protests.
- 5. If according to the final tabulation of the protests from Record Owners, the number of protests submitted against the proposed surface water charge (or increase of the surface water charge) within a Charge Zone exceeds 50% plus one of either: (i) the identified number of parcels within that Charge Zone, or (ii) the identified number of owners and tenants who are subject to the surface water charge within that Charge Zone, then a "majority protest" exists and the District Board of Directors will not impose the surface water charge within that Charge Zone.

A Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting
Procedures for the Imposition of Surface Water Charges

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the
following vote on February 14, 2012.

AYES: Directors T. Estremera, D. Gage, J. Judge, P. Kwok, R. Santos, B. Schmidt,
L. LeZotte

NOES: Directors None

ABSENT: Directors None

ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT

By:


LINDA J. LEZOTTE

Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC


Clerk/Board of Directors

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