



Santa Clara Valley Water District

File No.: 21-1302

Agenda Date: 11/23/2021

Item No.: *9.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Fiscal Year 2021-22 Urgent Position Requests and Midyear Budget Adjustments.

RECOMMENDATION:

- A. Approve the budget adjustments for the addition of thirteen (13) regular positions and two (2) limited term positions for urgent project support and drought emergency needs; and
- B. Approve the Fiscal Year 2021-22 midyear operating and capital budget adjustments.

SUMMARY:

To help strengthen critical core business functions, urgent project support, and drought emergency needs, Santa Clara Valley Water District's (Valley Water) executive leadership recommends the addition of thirteen (13) regular positions and two (2) limited term positions to be added to the organization during the Fiscal Year 2021-22 (FY22).

Santa Clara County is in an extreme and exceptional drought and in June, the Valley Water Board of Directors declared a water shortage emergency condition. With the additional resource needs related to our response to the drought emergency and several critical projects in the pipeline, Valley Water needs to ensure it is planning for the future and adequately resourced to respond to such needs. As we add permanent positions, we will rely less on external consultant services. Adding these positions is a forward-thinking investment in our Valley Water employees.

In adhering to Governance Policies of the Board and specifically Executive Limitations EL-4, staff respectfully submits these urgent central budget adjustments to the FY 2021-22 Adopted Budget which are necessary to better align limited allocated resources with the Board's Ends policies, to meet Board priorities, and to continue to provide for a balanced budget.

List of Requested Positions

The thirteen (13) proposed regular positions, including one unclassified position, and two (2) limited term positions address needs across Valley Water business areas. The positions requested include:

Water Utility Enterprise: Three (3) Regular Positions

- Water Conservation Specialist I/II
- Management Analyst I/II

- Assistant Water Resources Specialist II

Watersheds: Five (5) Regular Positions

- Real Estate Agent I/II
- Assistant Surveyor I/II
- Engineering Technician II
- Assistant Biologist I/II (2 Positions)

Office of Integrated Water Management: Three (3) Regular Positions

- Senior Management Analyst
- Engineering Technician III
- Assistant Engineer II

Financial Planning and Management Services: One (1) Regular Position

- Accountant I/II

External Affairs: Two (2) Limited Term Positions

- Public Information Representative II (2 LT Positions)

District Counsel: One (1) Regular Position

- Assistant District Counsel

Descriptions of the position requests are presented below:

1. Water Conservation Program Regular Positions - (1.0) Water Conservation Specialist II (\$195,524), and (1.0) Management Analyst II (\$207,405):

As a result of the drought emergency, Valley Water's water conservation programs have seen record participation (300-800% increase) and opportunities for program expansion. To support the water conservation program, The Water Supply Planning & Conservation Unit is requesting two regular positions. The Water Conservation Specialist I/II will research, evaluate, design, and implement new water conservation and demand management programs; prepare the related request for proposals (RFP); support multiple, ongoing water conservation programs including the Water Efficient Technology (WET) Rebate Program and the Submeter Rebate Program; and provide oversight and continuous improvement of Valley Water's water conservation website among other tasks. The Management Analyst II will develop and monitor the water conservation budget and inform management, committees, and the Board. This includes developing spending projections, tracking Integrated Regional Water Management (IRWM) grant funds and cost-share agreements, processing invoices, and creating data tracking and reporting systems. Additionally, the position will oversee all student interns and temporary staff, including recruitments and supervision, and provide professional support for various committees that are supported by the conservation unit.

2. Water Supply Planning Regular Position - (1.0) Assistant Water Resource Specialist II (funding available for FY22, \$202,983 FY23+):

The Assistant Water Resource Specialist would provide support to various planning efforts including the Water Supply Master Plan and annual Monitoring and Assessment Plan, the Central Valley Project Improvement Act (CVPIA) Water Management Plan and annual reporting update to US Bureau of Reclamation (USBR), the Urban Water Management Plan (UWMP) and annual reporting update to CA Department of Water Resources (DWR), and the Integrated Regional Water Management Program (IRWM). Having no water supply planning program support staff could result in Valley Water not meeting mandated water supply reporting requirements which could jeopardize imported water allocations, transfers, and exchanges.

3. Real Estate Services Regular Position - (1.0) Regular Real Estate Agent I/II (\$180,839):

Real Estate Services Unit is experiencing a significant increase in requests for real property acquisitions and associated Real Estate services related to numerous high priority projects (Anderson, Pacheco, P3, and Coyote Creek). It is estimated that acquisitions for these projects must be completed within the next several years. Without sufficient staffing, support to key projects is seriously compromised and threatens RESU's ability to respond and deliver services to these and future projects in an efficient and timely manner.

4. Land Surveying and Mapping Unit Regular Position - (1.0) Assistant Surveyor I/II (\$169,949):

The Land Surveying and Mapping Unit (LSMU) is experiencing a significant increase in requests for land surveying and associated surveying services related to numerous high priority projects. It is estimated that the field surveying and right of way mapping for these projects will need to be completed within the next 1-5 years. In coordination with Community Projects Review Unit (CPRU), there has been an increased effort to identify encroachments, requiring both field and extensive right of way research. In addition, new technologies such as 3D scanning and unmanned aerial vehicles (UAVs), are resulting in many new requests being generated from units that have previously not requested surveys (Communications, Facilities, Biologists, etc.).

5. Community Projects Review Unit Regular Position - (1.0) Engineering Technician I/II (\$158,212):

In FY21, CPRU's incoming email account received approximately 1,200 review requests. Currently, one Engineering Tech is responsible for monitoring that email account, performing initial research and other duties. This insufficient staffing requires Engineers to conduct preliminary research which is impacting delivery of permits.

6. Operations & Maintenance Environmental Support Regular Positions - (2.0) Assistant Biologists (\$391,049):

O&M currently is in the process of adding 7 additional field positions to support new Safe Clean Water commitments and additional work needed to meet our current levels of service. The requested Assistant Biologist I/II positions are needed to provide permitting and CEQA support to the new crews being formed by these additions. Without the new positions, the environmental clearances needed to perform work may be delayed or some projects may not be able to be implemented during the upcoming work season. These positions are being requested midyear to ensure they are filled prior to the spring work season. Due to permit conditions and seasonal requirements, some work activities (mitigation and certain vegetation management activities) can only be conducted during this window. If this position is delayed, the positions will not be filled in time to support this seasonal work and

delays until the following year are likely to occur.

7. Business Planning & Analysis Unit (Capital Project Management & Controls) Regular Position - (1.0) Sr. Management Analyst (\$220,269):

This position will be dedicated to the development and implementation of the new Project Controls component of the Capital Project Management & Controls Program and ongoing management and implementation of the Project Management Information System (PMIS) after it is developed and implemented under the current CPMIS (Capital Project Management Information System) Project (00074040). The new Capital Project Management & Controls Project is a capital overhead/administrative project under the Business Planning and Analysis Unit created to facilitate the development and implementation of a Capital Project Management & Controls Program (CPMCP) for improved, streamlined capital project controls, oversight, management and reporting processes.

8. Computer Aided Design Drafting (CADD) Regular Position - (1.0) Engineering Tech III (\$170,630):

The CADD Unit is understaffed and unable to keep up with the rate of CADD requests submitted. Also, the skill level required for some requests is above the skill level of the majority of CADD Engineering Techs in the unit. Two contractors were hired to help complete unassigned and more challenging requests, while internal staff is trained up. However, the budget allocated for CADD Contractor services will most likely be spent before the end of FY22, which will extend completion dates for CADD requests and negatively impact Capital project deadlines without additional staff.

9. Dam Safety Program Regular Position - (1.0) Assistant Engineer II - Civil (\$202,983):

This position will support required Dam Safety projects that have been delayed or put on hold due to lack of staff resources caused by reassignment to the Anderson Dam Seismic Retrofit Project. These projects need to move forward to ensure that our reservoir levels are not further restricted by DSOD. Two positions slated to support the Dam Safety Program were diverted to Anderson. As a result, the spillway evaluations of Lenihan and Steven's Creek Dams, and seismic stability evaluations for Uvas, Chesbro, and Coyote Dams may be impacted. Additionally, interim spillway evaluations and follow-up projects may be necessary at Almaden Dam as well as other sites. This adjustment is funded by existing capital project budget(s).

10. General Accounting Unit Regular Positions - (1.0) Accountant I/II (funds available for FY22, \$191,993 FY23+):

This position will provide backup for the existing Accounting Systems Analyst during the upgrade to the Infor Payroll System. This position will help in process improvement and in mapping processes and procedures of the current Peoplesoft production system to that of Infor. This position will be integral in supporting and stabilizing the various modules (Financials, HR/Payroll, Expense Management, Business Intelligence Reporting) of the newly implemented Infor ERP system once it goes live. Staff anticipates an increased systems support workload as a result of the implementation of Infor due to the increased functionality the system will bring versus Peoplesoft. FY22 funding for this position will be from the re-allocation of remaining budget funding associated with the approved limited-term positions for the ongoing ERP implementation project.

11. Communications Unit Limited Term Positions - (2.0) Public Information Representatives II (\$199,283/each position):

Due to the extreme drought in Santa Clara County, the two Public Information Representative II limited term (LT) positions for three years (FY22 - FY24), will provide critical support to the Office of Communications, which is leading the messaging for drought and water conservation, in an effort to drive behavioral change. Those efforts include substantially increased media engagement with local and national outlets and external publications, the creation and coordination of a sharp rise in requests for drought speaker bureau presentations, support for drought-related meetings and presentations by the Valley Water Board of Directors, and maintenance of related web pages and programs, among other key communications required of Valley Water throughout the duration of the drought response.

12. Office of District Counsel Regular Unclassified Position - (1.0) Assistant District Counsel (\$371,512):

An additional attorney is needed to assist with the substantial workload currently facing the Office of the District Counsel and which is expected to increase in the coming fiscal years-particularly with regard to capital improvements. Without an additional attorney, work will either take additional time to process or will require additional expenditures on outside counsel to meet business demands. Hiring an additional attorney now will allow us to cross-train that person on the functions of other attorneys, thereby mitigating potential delays to the other attorneys' work and making the office more nimble if attorneys are out of office or leave the agency. By hiring an additional attorney Valley Water expects to save on outside counsel costs-both as against work currently outsourced and as against additional work that would otherwise go to outside counsel. As compared to typical outside counsel expenses for an equivalent amount of work, it is anticipated that hiring an assistant district counsel will save approximately \$150,000 in expenditures that would otherwise have gone to outside counsel in the first year of employment. The significant volume of work before the Office of District Counsel, the immediate need for greater cross-training, and the need to try to reduce outside expenditures during the drought, collectively require onboarding an attorney expeditiously. It should be noted that if the Board approves this additional position, staff will return with a request to revise Board Governance Policy Executive Limitation 3.7, which limits the number of unclassified positions Valley Water may employ.

List of Midyear Budget Adjustments for Services and Supplies

Following are brief descriptions of Midyear Budget Adjustments for additional resource requests related to Valley Water's response to the needs related to our response to the drought emergency and several critical projects:

13. Drought Emergency (Project 91061008), Landscape Rebate Program (LRP) - \$1.9 million increase:

Valley Water's FY22 water conservation rebate budget is \$5.4 million, with \$3.5 million earmarked for the LRP. Due to the unprecedented demand in the LRP after the rebate was increased from \$1 to \$2/sq foot, the program is estimated to need an additional \$1.9 million to ensure sufficient funding to meet demand through the end of the fiscal year.

14. Drought Emergency (Project 91061008), Outdoor Field Services contractor - \$650,000 increase:

As a result of Valley Water's water shortage emergency condition and call for water use restriction of 15% compared to 2019, the conservation programs are seeing unprecedented demand. As a result, staff cannot hire enough interns and temporary field staff to meet the increased demand. The funding would support hiring a contractor to provide turn-key services for all outdoor conservation fieldwork essential to the drought response, including LRP pre-inspections, outdoor landscape surveys, water waste inspections, and more.

15. Drought Emergency (Project 91061008), eCart contractor - \$420,000 increase:

This program provides a centralized location for residents to order free cost-effective, water-saving gear that provides Valley Water with immediate water savings. The unprecedented popularity of the program is unsustainable with current temporary staffing. Additionally, it's been challenging to recruit support staff (3 separate recruitments yielded 1 candidate). To date, there are over 1,000 pending orders dating back to 8/14. Funding for contractor support is critical for water savings and customer services.

16. Drought Emergency (Project 91061008), Intern and temporary staff support - \$630,000 increase:

All water conservation programs are seeing unprecedented demand. The additional intern support staff (from 8 to 15) are needed to operate and support the Landscape Rebate Program by processing applications, field services (until contracted out), and providing customer services to applicants. The additional temporary support staff (from 3 to 10) are needed to support the Water Waste Inspector Program by educating the public about water waste, encouraging residents to participate in Valley Water's conservation programs, and coordinate with retailers and the county to resolve persistent complaints.

17. Drought Emergency (Project 91061008), Fixture Replacement Program - \$400,000 increase:

This funding provides sufficient resources to replace nearly 9,000 inefficient toilets as well as other inefficient plumbing fixtures this fiscal year as a water savings of 235,475,000 gallons per year (723 acre-feet). During the last drought, Valley Water spent approximately \$3 million on the High-Efficiency Toilet and Urinal Direct Installation Program; this adjustment will increase the FY22 Budget from \$200,000 to \$600,000.

18. Pacheco Reservoir Expansion (Capital Project 91954002), Pacheco Interim Reduction - \$39 million decrease:

On August 22, 2017, the Board approved the recommendation from the Pacheco Reservoir Exploratory Ad Hoc Committee to initiate the planning phase of the Pacheco Reservoir Expansion Project (Project). The Project includes expanding the storage capacity of the existing Pacheco Reservoir to 140,000 acre-feet through construction and operation of a new dam, conveyance facilities, and related appurtenant structures. Staff has identified near term surplus funding of \$39 million due to less resources needed for planning than initially estimated. These funds can be used for other purposes until FY25, when they will be needed to complete the design of the project. To aid in the purchase of supplemental water, procurement of additional drought related needs, and

stabilization of water charges, Pacheco surplus funds will be moved to the Water Utility Enterprise Fund Rate Stabilization reserve until purchases are required to meet near term needs. Replenishment of the Pacheco project budget beginning in FY25 will be included in rate setting and the FY23-27 CIP.

19. Permanente Ck, SF Bay-Foothill (Capital Project 10244001) - \$450,000 increase:

Without additional funding, Valley Water will not be able to complete the following in FY22:

1. Address City of Mountain View's concerns regarding bleacher sight lines at McKelvey Park. Valley Water is to provide a one-time contribution of \$125,000 (cost-share) for City to retrofit.
2. During FEMA LOMR application preparation for the Permanente Creek Flood Protection Project (Rancho San Antonio Detention Basin, McKelvey Park Detention Basin, and Permanente Creek Channel Improvements) staff discovered a retrofit is needed for ~1,000 ft of floodwall for the Channel Improvements project, which was completed in 2018. The potential cost of designing and constructing a retrofit is estimated at \$650,000; \$325,000 needed in FY22 to design and begin construction (late spring 2022); remainder (\$325,000) will be requested during the FY23 budget process.

20. Berryessa Crk, Lwr. Pen Phs 2a (Capital Project 40174005) - \$500,000 increase: The Project team received updated spending information from the construction unit recently. Based on current and anticipated labor spending rates for construction staff, the FY22 budget is underfunded and will be overspent in Q3. This is primarily due to projected FY22 actual hours that are estimated to exceed budgeted hours, based on weekly average billed hours through the first two months of FY22.

21. Upper Llagas Creek Flood Protection (Capital Project 26174051) - \$3,048,000 increase:

Planned project expenditures have increased due to costs to relocate various existing utilities in conflict with the project 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 also increased, including an extended full property acquisition that involves a property relocation

22. Lower Penitencia Creek Improvements (Capital Project 40334005) - \$7,442,000 increase:

The project is increasing \$7M to the total project cost to account for an increase in design and construction costs. The project plan has been updated to reflect the revised construction costs, which will be reflected in the FY2023-27 Preliminary CIP. Construction began the week of July 26, 2021 and is estimated to be completed in FY23. On March 7, 2021, the Board adopted plans and specifications and authorized advertisement for the bids for the Lower Penitencia Creek Improvements Project. On May 11, 2021, the Board adopted a resolution to approve the FY 2022-26 CIP which included the total construction cost estimate of \$14M for the subject project. On May 25, 2021, the Board approved staff's recommendation awarding the construction contract to Gordon N. Ball for \$21,392,668 (contract with contingency).

23. CPRU (Community Project Review Unit) Temporary Staff - \$104,460 increase:

Temporary staff of 2.0 positions: (1) Engineering Tech I/II, and (2) Assistant Engineer II in the CPRU.

The Engineering Tech I/II will assist CPRU in addressing serious ordinance enforcement violations that have impacts Valley Water's core business. This position will assist with Notice of Violations and field visits which will free up the Field Operations Administrator (FOA) to coordinate efforts on larger neighborhood and encroachment areas. An Assistant Engineer II recently left the unit that is currently short staffed. CPRU is seeking an engineer on a temporary basis that can begin working immediately on requests. With the recent loss of the full time Assistant Engineer, the remaining engineering staff in the unit has had to take on additional workload. This causes delays in providing timely responses to both internal and external customers.

24. Drought Emergency (Project 91061008), Communications Unit - \$1,215,000 increase:

In an effort to highlight Valley Water's efforts to lead the county out of the extreme drought and reduce our reliance on imported water through expansion of purified water projects across the county, staff recommends engaging in a robust public relations campaign focused on purified water and encouraging conservation due to the drought. In addition to building strong community support for purified water, this effort aims to move the needle in changing behaviors to support the urgent need to reduce water consumption during the extreme drought. Staff is requesting \$1,180,000 to support a public relations campaign that includes funding to gauge public awareness, effective messaging, and opinions. These funds will go toward a robust, multilingual public relations plan that includes advertising on various platforms to highlight the benefits of the Purified Water Project and to encourage behavioral changes to reduce water consumption. Staff is also requesting \$35,000 for the purchase of collapsible buckets that will be included in Valley Water's e-shopping cart offerings of water conservation items. Unlike the buckets used during the last drought, these buckets are collapsible and as such, can be easily mailed along with the other water conservation tools we offer. About 4,000 collapsible buckets will be ordered.

Midyear Budget Adjustments for Other Technical Adjustment

25. Business Planning & Analysis Unit (Lands Management Program) Regular Full-Time Position - (1.0) Sr. Management Analyst (\$229,115):

Effective 9/6/21, the Business Planning and Analysis Unit received an additional staff member via internal reassignment. This position was not budgeted within the unit and sufficient funds do not exist within the unit's budget to absorb additional labor expenses. Therefore, a budget adjustment is needed for FY22.

26. Business Planning & Analysis Unit (Capital Project Management & Controls) Labor Reallocation - (\$214,500 intra-fund transfer):

Funding is requested to transfer 1,144 hours of staff time currently budgeted in FY22 under the Capital Project Management Information System Project (CPMIS) (00074040) to allow for work to begin on the development of the Project Controls component of the new Capital Project Management & Controls Project (00074042). The new Capital Project Management & Controls Project is a capital overhead/administrative project under the Business Planning and Analysis Unit created to facilitate the development and implementation of a Capital Project Management & Controls Program (CPMCP) for improved, streamlined capital project controls, oversight, management, and reporting processes.

FINANCIAL IMPACT:

Approval of the mid-year budget adjustments amends the FY22 Budget which was adopted by the Board per Resolution 21-24 on May 11.

Staff estimates the annual cost for thirteen (13) regular positions and two (2) limited term positions total \$3.1 million for salaries and benefits. Due to the necessary lead time to recruit and hire these positions, staff anticipates that the actual reserve impact for FY 22 would be approximately \$1.7 million for salaries and benefits. The impact for FY23 will be incorporated into the FY23 Rolling Biennial Budget.

The mid-year services and supplies budget adjustments for drought emergency needs and capital project construction total \$16.8 million, increasing FY22 appropriations by \$5.2 million in the Water Enterprise Fund, \$3.1 million in the Safe Clean Water Fund, and \$8.5 million in the Watershed and Stream Stewardship Fund.

Assuming the Board approves these budget adjustments, the remaining operating and capital reserves in the FY22 Adjusted Budget would be \$32.4 million in the Water Enterprise Fund, \$50.1 million in the Safe Clean Water Fund and \$58.5 million in the Watershed and Stream Stewardship Fund.

The Pacheco Reservoir Expansion capital project budget adjustment will temporarily reduce surplus project appropriation by \$39 million. The Water Utility Enterprise Fund Rate Stabilization reserve will temporarily increase by \$39 million to \$67.3 million. Replenishment of the Pacheco project budget beginning in FY25 will be included in the rate setting process and the FY23-27 CIP.

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:

None.

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

THIS PAGE INTENTIONALLY LEFT BLANK