



MEMORANDUM

FC 14 (02-08-19)

TO: Board of Directors

FROM: Director Nai Hsueh, Chair
CIP Committee

SUBJECT: Capital Improvement Program (CIP)
Committee Meeting Summary –
November 15 and December 13, 2021

DATE: January 11, 2022

This memorandum summarizes the November 15 and December 13, 2021 Capital Improvement Program Committee (CIP) meetings where the following items were discussed: w

November 15, 2021:

1. Review Information Regarding Cost Increase for the Anderson Dam Seismic Retrofit Project..

The Committee reviewed and discussed the following: costs increase, tunnel rework, additional environmental and permitting costs, clarification of project costs,, uninflated cost numbers, regulatory permitting, Ogier Ponds, permitting is mandated and the project will have long-term stewardship benefits, fast-forwarding phases, FAHCE flood protection measures, addressing public comments with the delays, Valley Water needs to communicate to the public the latter years on the project (2030/2031), when will rate increases be discussed (emphasize retailers make a profit and not Valley Water) messaging is being drafted, Anderson Dam's impact, and the Committee will get the preliminary financial CIP numbers at the next meeting.

The Committee noted the information, without formal action.

2. Review Significant Project Plan Updates Since Adoption of the Fiscal Year 2022-26 Capital Improvement Program Five-Year Plan.

The Committee reviewed and discussed the following: duration of funding from 5-year CIP to 15 years, clear concise numbers, project changes/costs, making changes understandable for Board and public, recoverable costs-Amendment 1, characterize costs with detailed project changes, project agreements, flood walls, FEMA requirements, unclear assumptions, grant funding, RFP-capital cost estimator, challenges.

The Committee requested staff coordinate internally to ensure that the assumptions that are being made in the Water Supply Master Plan take into consideration the project plan updates included in the Preliminary CIP; and incorporate any necessary changes to assumptions [in the Annual Monitoring and Assessment Plan Update that is brought to the Board].

3. Receive Information on Change Orders to Anderson Dam Tunnel Project Construction Contract.

There were no change orders reported for the month of October 2021.

4. Review Significant Project Plan Updates Since Adoption of the Fiscal Year 2022-26 Capital Improvement Program Five-Year Plan.

The Committee reviewed and discussed significant project plan updates since adoption of the Fiscal Year 2022-26 Capital Improvement Program Five-Year Plan, and noted the information without formal action.

5. Review 2021 Capital Improvement Committee Work Plan.

The Committee confirmed the following items for inclusion in the December 13, 2021 agenda:

- Preliminary CIP financials presentation and discussion
- November's (today's) meeting feedback on the projects
- Review Capital Project Monitoring - Design and Permitting Report
- WSMP Monitoring Program, (would like to see assumptions, baseline, capital projects)
- Review 2021 Capital Improvement Committee Work Plan.

December 13, 2021:

1. Review Draft Preliminary Five-Year Capital Improvement Program for Fiscal Years 2023-2027.

The Committee reviewed and discussed the Draft Preliminary CIP for Fiscal Years 2023-2027, including a newly validated project recommended for addition to the Unfunded List, validated projects recommended for inclusion in FY 2023-27 CIP, new project plan updates and project plan revisions to funded capital projects and placeholder project administrative updates. The Committee took action supporting staff's recommendations with minor changes and recommends Board approval of the Draft Preliminary Five-Year Capital Improvement Program for Fiscal Years 2023-2027.

2. Receive Information on Upcoming Consultant Agreement Amendments for Capital Projects.

The Committee received information on the following proposed amendments for time extensions and took action to support staff's recommendations for Board approval:

- Amendment No. 3 to Agreement A3936A with Associated Right of Way Services, Inc. for On-Call Real Estate Services (Time Extension)
- Amendment No. 5 Agreement A3851A Between the Santa Clara Valley Water District and Environmental Science Associates, for the Almaden Lake Project Environmental Consultant Services, project No. 26044001 (Time Extension)

3. Receive information on Change Orders to Anderson Dam Tunnel Project Construction Contract.

Committee Chair Nai Hsueh noted there were no change orders executed during the month of November.

4. Receive a Status Update on the Implementation of Recommendations from the 2015 consultant Contracts Management Process Audit Conducted by Navigant Consulting, Inc. (Navigant), the Fiscal Year 2017 – 2018 (FY17-18) Status Update Consultant Contracts Improvement Process and Subsequent Mid-Year Update for the Fiscal Year 2020-2021 (FY20-21) consultant Contracts Improvement Process.

The Committee received information on recommendations made by Navigant in the 2015 Consultant Contracts Management Process Audit and the FY17-18 Consultant Contracts Improvement Process, including a review of the audit findings and recommendations to correct deficiencies. It was noted that staff would provide annual status updates on the performance improvements and implementation of key recommendations to demonstrate continued improvements in the consultant contract management process.

5. Review 2021 and 2022 Capital Improvement Program Committee Work Plans and 2022 Proposed Meeting Schedule.

The Committee reviewed the 2021 Work Plan noting completed items and the proposed 2022 Work Plan and Meeting schedule and made the following adjustments:

- Add Capital Project Monitoring - Design and Permitting Report to January 2022
- Add Update on Consultant Agreement Compliance to March 2022
- Correct March meeting schedule to March 21, 2022

Board member comments and suggestions can be forwarded to Natalie Dominguez, Assistant Deputy Clerk II, by email to ndominguez@valleywater.org or phone at (408)630-2659.

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