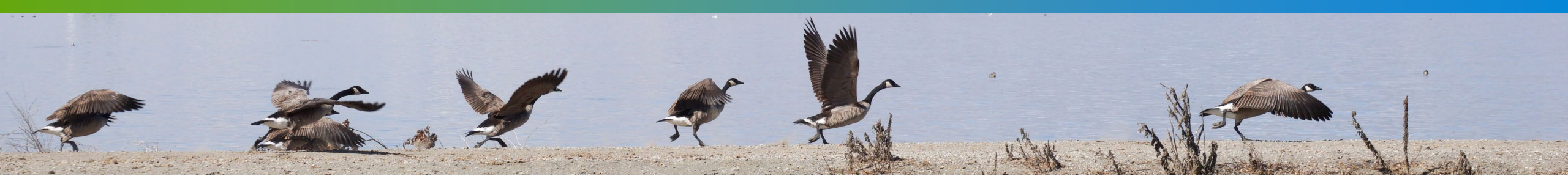




FINAL FISCAL YEAR 2023-2027 (FY 23-27)

Capital Improvement Program (CIP)

Presented by
Jessica Collins, Business Planning and Analysis Unit Manager
Office of Integrated Water Management



Final FY 23-27 CIP

BOARD ACTIONS TODAY

1. Re-convene the public hearing from April 27, 2022, to receive comments regarding the Santa Clara Valley Water District's Fiscal Years 2023-2027 Five-Year Capital Improvement Program (CIP);
2. Close public hearing;
3. Direct staff to incorporate the identified changes to the draft FY 2023-2027 Five-Year CIP and finalize the FY 2023-2027 Five-Year CIP by June 30, 2022; and
4. Adopt the Resolution APPROVING FISCAL YEARS 2023-2027 FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM.

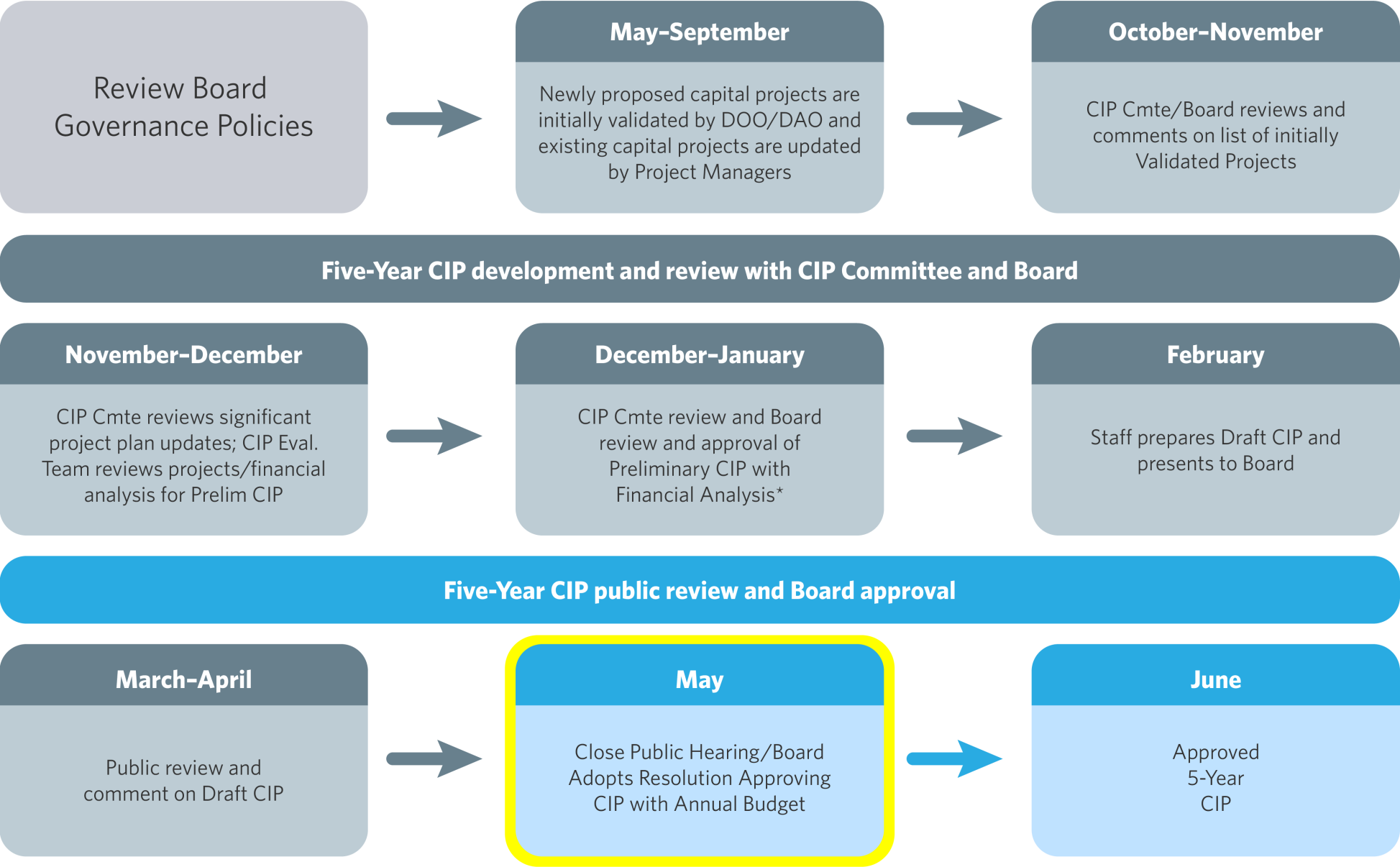
Presentation Outline

Final FY 2023-27 CIP

- 1. Annual CIP Process**
- 2. Final FY 23-27 CIP**
 - a. Project Plan Updates from Draft FY 2023-27 CIP
 - b. Investing in the Community
 - c. Project/Program Highlights by Type of Improvement
 - d. Leveraging External Funding
 - e. Future Challenges
- 3. Next Steps**



Annual CIP Process Overview



Changes from Draft to Final CIP

WATER SUPPLY PROJECTS

- **93284013 Santa Teresa Water Treatment Plant (STWTP) Filter Media Replacement**

No change to project scope or schedule. The planning phase cost decreased by \$491K due to in-house planning and in-kind replacement approach. The project team completed the final design and received a revised cost estimate, which included revisions to equipment and materials and incorporated current market pricing. This revised cost estimate resulted in a construction cost increase of \$4.99M. Total project cost (TPC) with inflation increased by approximately \$4.89M from \$9.92M to \$14.81M.

- **91304001 Purified Water Project**

Given the complexity of this large project, the need for specialized expertise, and addressing significant risks, additional program management resources are required to assist staff through the entire procurement, design, and construction of the Purified Water Project. The Project is in the process of procuring a new Project Management Consultant (PMC) to assist with these deliverables. The PMC's services will augment the current consultant team and provide project management resources, as well as technical, regulatory, and P3 expertise. TPC with inflation increased by approximately \$22.09M from \$730.47 to \$752.55M.

Changes from Draft to Final CIP, continued

WATER SUPPLY PROJECTS Continued...

Small Capital Improvement Projects:

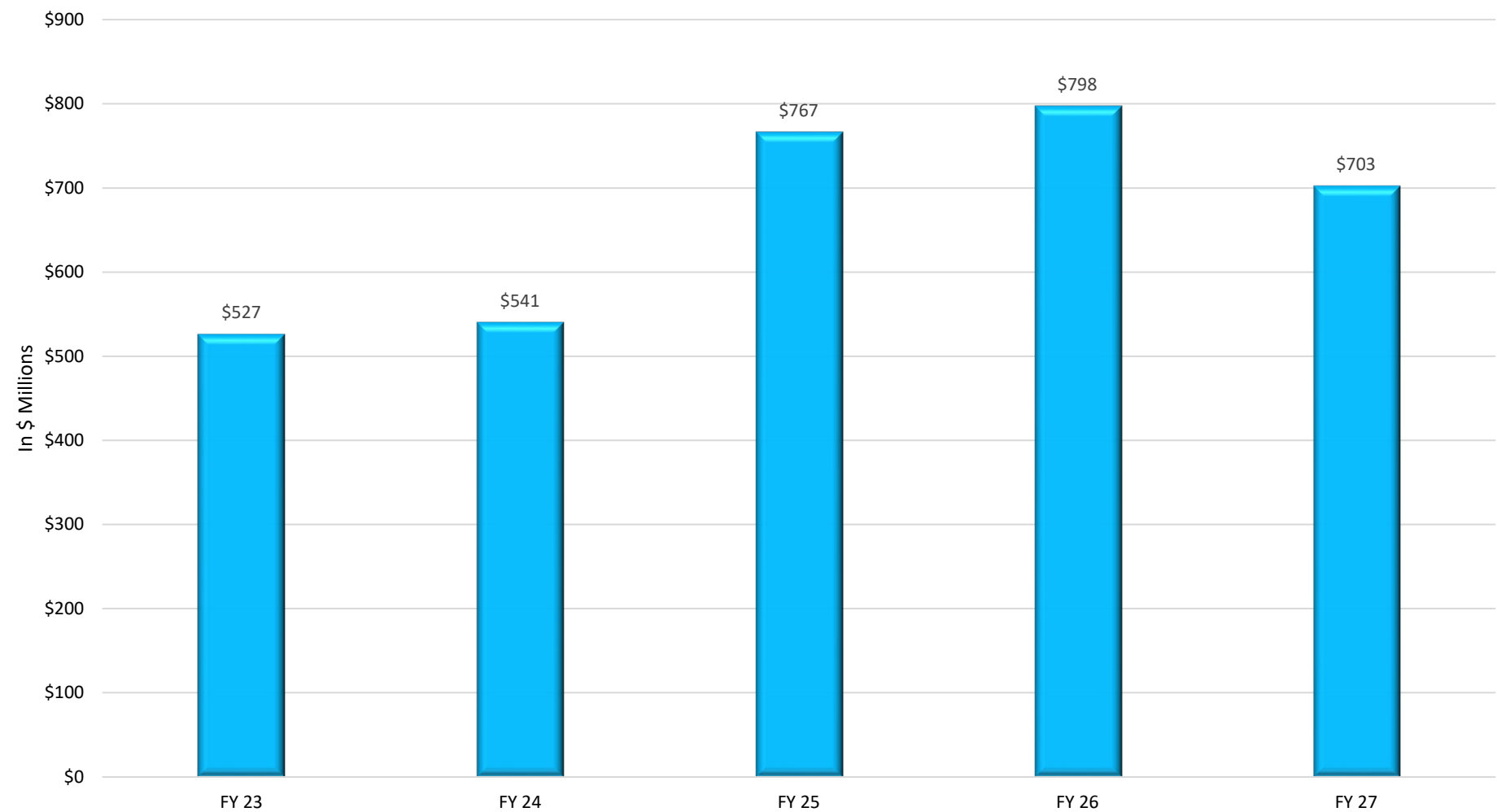
The small capital project forecasts are revised each year. Asset rehabilitation projects are added, removed, and rescheduled based on asset condition and project need. In addition, project costs are updated each year based on market conditions. These revisions to both schedule and costs cause several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

The following changes to small capital improvement projects were identified after the Board's review of the Draft CIP:

- 91214010s San Felipe (Reaches 1-3) TPC increased by \$3.65M
- 92764009 Raw Water Transmission TPC decreased by \$191K
- 94764006 Treated Water Transmission TPC decreased by \$5K
- 93764004 Water Treatment TPC increased by \$1.07M

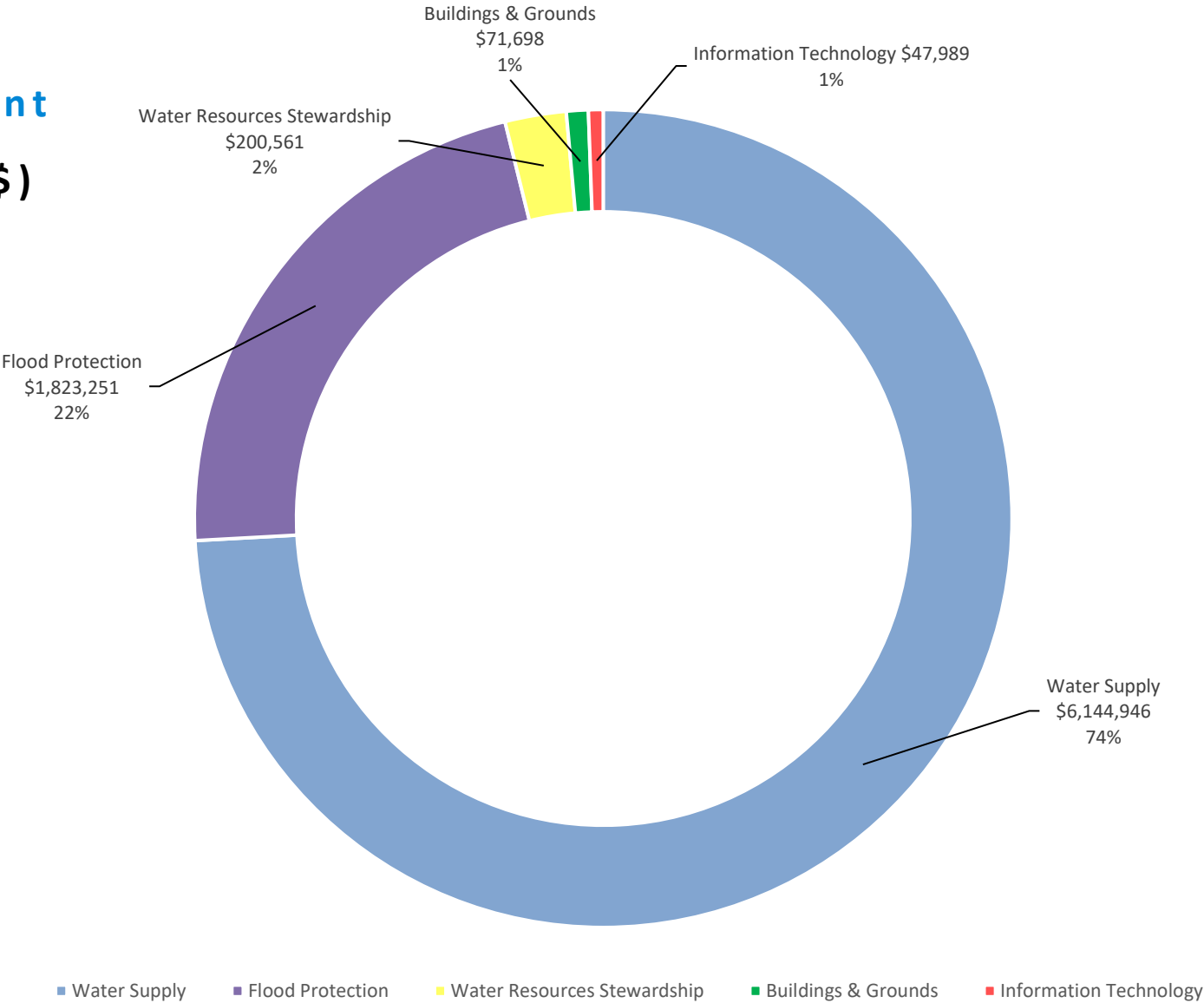
Investing in the Community

Planned Annual Capital Expenditures



Investing in the Community

FY 2023-27 CIP
by Type of Improvement
(Values in thousands \$)



Projected FY 2023-27 CIP

Projects by Type of Improvement

- 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



Summary of Project Costs by Improvement Type

FINAL FY 2023-27 CIP

	Appropriated / Actuals through FY-22	Remaining Cost to Completion	Total Project Costs
Water Supply	\$923 M	\$5,222 M	\$6,145 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	\$2,062 M	\$6,226 M	\$8,288 M

Water Supply Highlights

Final CIP Includes 29 Water Supply Projects

FY 2023 Planned Expenditures = \$358M

Total Project Costs = ~\$6.1B

- **New Storage and Seismic Retrofit of Dams (\$217M)(\$4.1B)**
 - ADRSP – includes 5 FOCP sub-projects (\$167M)(\$1.2B)
 - Pacheco Reservoir Expansion Project (\$31M)(\$2.5B)
- **Pipelines/Transmission Facilities (\$30M)(\$479M)**
 - Almaden Valley Pipeline (\$994K)(\$111M)
- **Water Treatment Plant Upgrades (\$50M)(\$679M)**
 - RWTP Reliability Improvement Project (\$14M)(\$462M)
- **Recycled/Purified Water (\$61M)(\$820M)**
 - Purified Water Project (\$41M)(\$753M)



Flood Protection Highlights

Final CIP Includes 16 Flood Protection Projects

FY 2023 Planned Expenditures = \$129M

Total Project Costs (TPC) = \$1.8B

- **Project Highlights for Each Watershed: (FY23)(TPC)**
 - Coyote Creek (\$6M)(\$63M)
 - Upper Llagas Creek (\$57M)(\$332M)
 - San Francisquito Creek (\$5M)(\$119M)
 - Upper Guadalupe River (\$119K)(\$175M)
 - Sunnyvale East/West Channels (\$15M)(\$70M)
- **Projects Benefitting Multiple Watersheds: (FY23)(TPC)**
 - SF Bay Shoreline (\$21M)(\$180M)
 - Watershed Asset Rehabilitation Program (\$7M)(\$174M)



Water Resources Stewardship Highlights

Final CIP Includes 11 Water Resources Stewardship Projects
FY 2023 Planned Expenditures = \$30M
Total Project Costs = \$201M

Environmental Enhancements Project Highlights: (FY23)(TPC)

- Hale Creek Enhancement Pilot Study (\$3.0M)(\$8.9M)
- Almaden Lake Improvements (\$21M)(\$58M)
- Salt Ponds A5-11 Restoration, Calabazas/San Tomas Aquino Creek Marsh Connection (\$0.8M)(\$12.7M)



Buildings & Grounds and IT Highlights

Final CIP Includes 8 Buildings and Grounds and IT Projects

FY 2023 Planned Expenditures = \$9M

Total Project Costs = \$120M

3 Buildings & Grounds projects (\$6M)(\$72M)

- Facility Management, Small Caps \$4M per year (\$4M)(\$40M)
- Security Upgrades and Enhancements (\$314K)(\$16.6M)

5 Information Technology projects (\$3M)(\$48M)

- ERP System Implementation/Infor (\$237K)(\$17.6M)
- IT Disaster Recovery (\$41K)(\$2.6M)



Leveraging External Funding

Capital Reimbursements

Reimbursements anticipated to be received between FY2023-27 = ~\$186M

- Grants and Agreements: ~\$141M
- State Subvention Reimbursements: ~\$45M



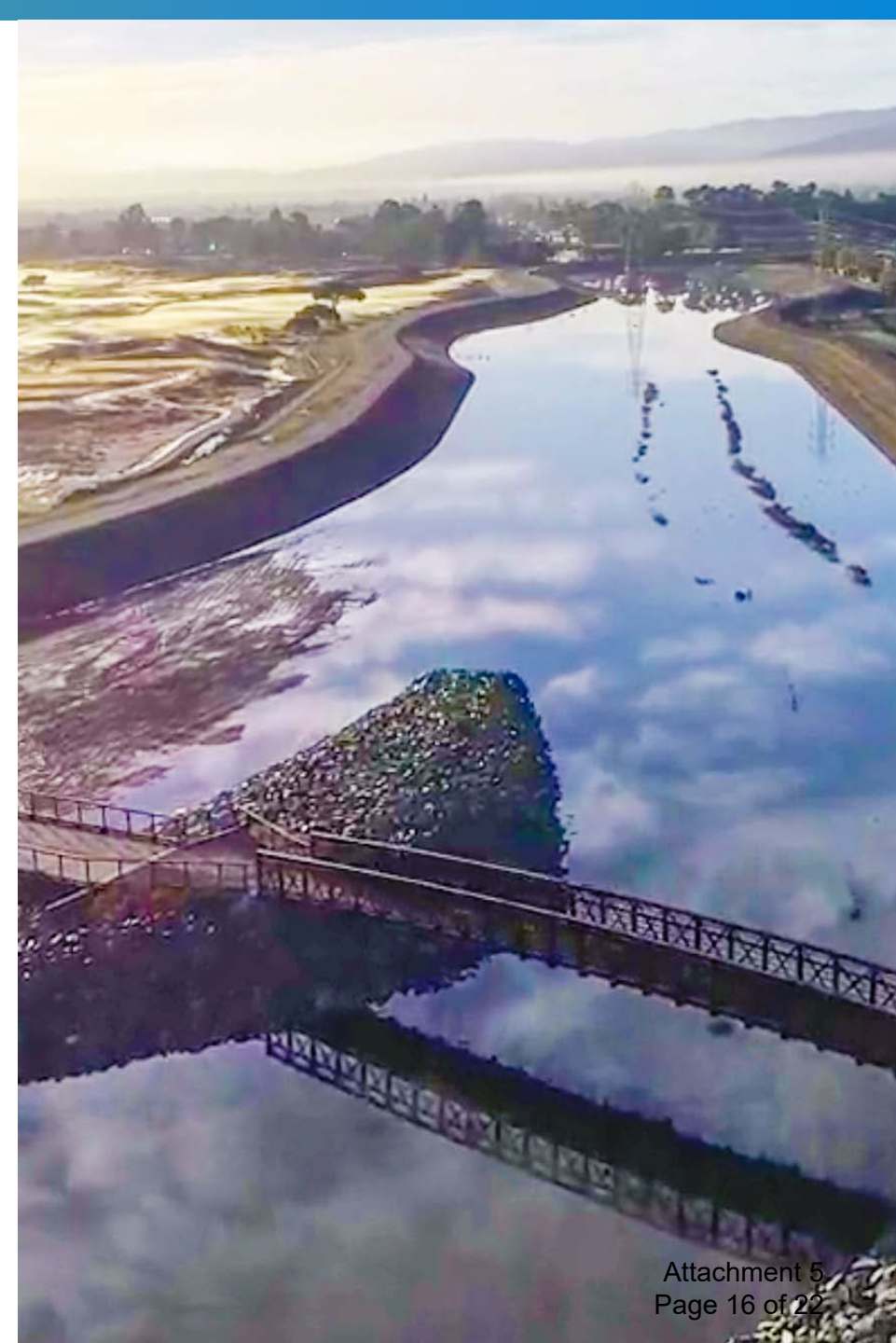
Leveraging External Funding

Grants and Agreements

FY 2023-27 Grants and Agreements (~\$141M)

- **California Water Commission Grant:**
 - ~\$100M Pacheco Reservoir Expansion Project
- **San Francisco Bay Restoration Authority Grant:**
 - ~\$34M San Francisco Bay Shoreline
- **United States Bureau of Reclamation, Title XVI Grant:**
 - ~\$5.2M South County Recycled Water Pipeline
- **San Benito Water District Reimbursement Agreement:**
 - ~\$1.6M San Felipe Small Caps Improvements, Reach 1

Note: See Appendix A of the CIP for a complete list of Funding Partnerships



Leveraging External Funding

State Subvention Reimbursements

FY 2023-27 State Subvention Reimbursements (~\$44M)

- **CIP projects with planned reimbursements:**
 - \$2M Upper Llagas Creek
 - \$826K Berryessa Creek Upper
 - \$41M San Francisco Bay Shoreline
- **Subventions reimburses 50% - 100% of Valley Water's share**
 - Project must be federally authorized, then appropriated through State budget process
 - The Board has reserved the authority to determine how state subvention reimbursements will be allocated.
 - If the Board does not designate subvention funds to be allocated to a specific project, the money will be credited to the capital reserve fund for that project.
 - Safe Clean Water Subventions previously designated to remain in SCW Fund.

Note: See Appendix A of the FY2023-27 CIP for a complete list of Funding Partnerships

Leveraging External Funding

Safe, Clean Water and Natural Flood Protection Program

Flood Protection Projects relying on unsecured funding to be completed on schedule*:

- San Francisquito Creek - partnership/grants funding through Joint Powers Authority (~\$23M) and City of Palo Alto Cal Trans Grant Funding (~\$8.9M)
- Upper Llagas Creek - NRCS Grants (~\$80M)

*Staff will bring key decisions regarding Safe, Clean Water Program funding to the Board in FY23, as required.

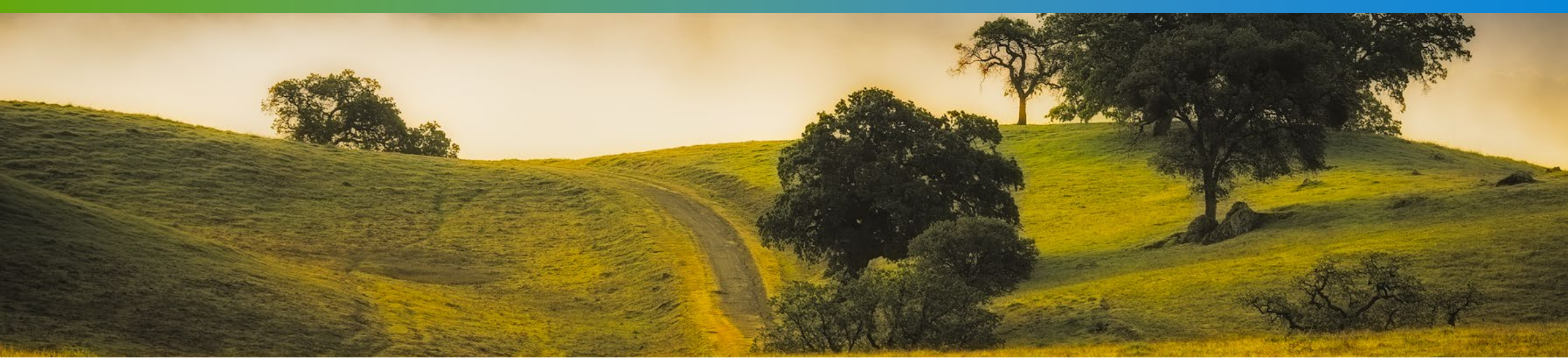


CIP Future Challenges

FY 2023-27 Identified Challenges

- Replacing/repairing aging infrastructure
- Additional Water Supply storage
- Dam seismic retrofits
- Fund Safe, Clean Water Capital Projects
- Expansion of recycled water systems and water purification facilities
- Unstable economy and inflation adjustments





Final FY 23-27 CIP

NEXT STEPS

1. Direct staff to incorporate the identified changes to the draft FY 2023-2027 Five-Year CIP and finalize the FY 2023-2027 Five-Year CIP by June 30, 2022;
2. Adopt the Resolution APPROVING FISCAL YEARS 2023-2027 FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM; and
3. Staff will publish the Board approved FY 2023-2027 Five-Year CIP by June 30, 2022.



Thank you

Questions?

For more information contact:

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Valley Water

Clean Water • Healthy Environment • Flood Protection