



# MEMORANDUM

FC 14 (02-08-19)

**TO:** Board of Directors

**FROM:** Director Nai Hsueh  
CIP Committee Chair

**SUBJECT:** Capital Improvement Program Committee  
(CIP) December 12, 2022 Meeting Summary

**DATE:** January 10, 2023

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This memorandum summarizes the Capital Improvement Program Committee (CIP) meeting held on December 12, 2022, where discussions occurred on the following items. Committee members in attendance were District 6 Director Tony Estremera, and District 5 Director Nai Hsueh, Chairperson presiding, constituting a quorum of the Committee. District 4 Director Jim Beall attended without participating in the discussion.

**1. Approval of Minutes.**

The Committee considered the minutes of the November 14, 2022, Capital Improvement Program Committee meeting and accepted the minutes as presented.

**2. Review Capital Project Monitoring – Construction Report.**

The Committee received information about projects in the construction phase and noted that the Anderson Dam Tunnel Project was about 75 feet into the tunnel; that a media event might happen in two days after this meeting; that staff would bring an aerial shot of the project at a future Committee meeting; and that the 10-year Pipeline Inspection projects that were ending and the upcoming 10-year project renewals were included in the Fund 61 analysis.

The Committee noted the information without taking formal action.

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

The Committee was informed that Contract Change Order No. 10 was due to an additional Piezometer, Low-Level Outlet Tunnel (LLOT) Transition Zone Ground Support, diversion outlet structure portal conditions, and partnering sessions for cooperative communication with Flatiron West, Inc.

The Committee noted the information without taking formal action.

**4. Receive Information on Upcoming Consultant Agreement Amendments for Capital Projects.**

The Committee received information about four consultant agreement amendments for three capital projects and took a motion.

Motion: Approve for Board approval four consultant agreement amendments for capital projects as follows:

- A. Amendment No. 9 to Agreement A3676A with URS Corporation for Design Services for Anderson Dam Seismic Retrofit Project, Project No. 91864005 and Engineering Support During Construction for Anderson Dam Tunnel Project, Project No. 91864006 (Time Extension, Scope Change, Cost Increase);

- B. Amendment No. 1 to Agreement A4418A with COWI North America, Inc. for Construction Management Services for Anderson Dam Tunnel Project No. 91864006 (Scope Change, Cost Increase);
- C. Amendment No. 3 to Agreement A3941A with GEI Consultants, Inc. for Design Services for the Guadalupe Dam Seismic Retrofit Project No. 91894002 (Time Extension)
- D. Amendment No. 1 to Agreement A4632A with CDM Smith, Inc. for Project Management Services for the Purified Water Project No. 91304001 (Administrative Updates)

Motion to

Approve: T. Estremera

Seconded: N. Hsueh

**5. Review the Capital Improvement Program's Draft Preliminary Fiscal Year 2024-2028 Five-Year Plan.**

The Committee received a presentation on the annual CIP process, summary of capital project plan updates processed through the summer and fall, fund impacts, and financial models, in preparation for the January 10, 2023 Board workshop.

The Committee received information that the consultant contract amendments included in this agenda as Item 4.3 were already included in the original presentation of work plans, and the timing on when the funds would be expended is what is being augmented on the Anderson Dam Seismic, Anderson Dam Tunnel, Guadalupe Dam Seismic, RWTP Reliability, Vasona Pump Station Upgrade, and Coyote Creek projects; that the baseline scenario for Fund 61 that included Purified Water Expansion was for a Phase 1 placeholder; that the Long-term Purified Water Program, Phase 2, was recommended to be removed until an actual project had been identified; that Fund 61 scenarios A through D included assumptions such as the 35% partnership goal, or non-inclusion on the CIP, and effect of drought scenario on the Pacheco Reservoir Expansion Program and the anticipated grants or price uncertainty brought on by market competition for the Purified Water Program; that on the Palo Alto Basin Tide Gates Project, staff would conduct annual inspection and hold the \$14M indefinitely for about two years; that on staff recommendation for Fund 26, a placeholder geomorphic project on the Safe Clean Water KPI would be put on hold; and that Ogier Ponds Creek Lake Separation Project would be considered over Almaden Lake/Creek Separation Project to meet Anderson Dam Seismic Retrofit Project mitigation and Safe Clean Water KPI requirements.

The Committee requested that in the same January workshop, staff would include operations, infrastructure, and human resource components when presenting Pacheco Reservoir project information for the sake of new Board members attending; that in presenting the recommendation for a Fund 26 scenario, staff would bring up where Valley Water would receive credits for the Ogier Ponds Creek Lake Separation Project as well as the already available funding sources for this project; and took a motion.

Motion: Approve CIP Evaluation Team recommendations to present to the full Board the following fund financial models:

- A. On Fund 61, financial modeling would show baseline for all project plan updates from Board adopted CIP FY23-27 five-year plan; and baseline with extended drought scenario, with a range of assumptions for the Pacheco Reservoir Expansion Project and the Purified Water Program;

- B. On Fund 12, financial modeling would show baseline that includes all project plan updates from Board adopted FY23-27 five-year plan; Palo Alto Flood Basin Tide Gates Replacement Project would be on hold indefinitely; and that SF Bay Shoreline Phase 1 would shift \$14M from FY24-26.
- C. On Fund 26, financial modeling would show baseline that includes all project plan updates from Board adopted FY23-27 five-year plan; a higher FY24 tax growth (5%); a higher NRCS funding; Upper Penitencia Creek Flood Protection Project and Sunnyvale East/West Channels Flood Protection Projects on hold and place funding on reserve; not implement a 3<sup>rd</sup> geomorphic D6.3 project; Almaden Lake/Creek Separation Project to remain on planning and design only; and proceed with Ogier Ponds Creek/Lake Separation Project.

Motion to

Approve: T. Estremera

Seconded: N. Hsueh

#### **6. Review 2022 Capital Improvement Program Committee Work Plan.**

Chairperson Hsueh acknowledged that 2022 work plan had been completed and that this Committee would be completed in 2023 with three members.

Board member comments and suggestions can be forwarded to Eva Sans, Assistant Deputy Clerk II, by email to [esans@valleywater.org](mailto:esans@valleywater.org) or phone at (408) 630-2306.

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