



MEMORANDUM

FC 14 (01-02-07)

TO: Board of Directors

FROM: Capital Improvement
Program (CIP) Ad Hoc
Committee

SUBJECT: 01/30/17 CIP Ad Hoc Meeting Summary

DATE: February 14, 2017

The following is summary of the CIP Ad Hoc Committee's (Committee) January 30, 2017 meeting is for the Board's information only. Findings and recommendations will be included in the February 28, 2017 Draft CIP presentation to the Board.

Background

On January 10, 2017 the Board requested the Committee conduct an in-depth review of Water Utility Capital Projects to ensure FY 2018 groundwater charge proposals are justified.

Findings

The Committee confirmed all projects to be high priority and necessary to:

- Protect infrastructure (dams, reservoirs, pipelines, treatment plants, etc.);
- Achieve 40,000 acre feet (AF) additional supply of direct/indirect potable water;
- Achieve at least 10% of annual recycled water production as a percentage of total County water demands by 2025;
- Meet the District's environmental commitments; and/or
- Provide safe work environment for employees.

Recommendation

The Committee does not recommend cutting projects from the Preliminary CIP. However, the Committee identified that expenditure schedules of two projects can be adjusted to have an impact on proposed water charges. Further analyses are needed to know the degree of impact of the following:

Expedited Advanced Purified Water Program

The planned expenditure schedule for this program could be spread out due to timelines required to complete negotiating issues (permits, discharge, etc.). Further discussion will be held with the Recycled Water Committee (RWC) on February 16, 2017. The Committee recommends adjusting the expenditure schedule, pending outcomes of the RWC meeting.

Winfield Capital Improvement

At its August 23, 2016 meeting, the Board directed staff to re-evaluate alternatives of this project. Therefore, the Committee recommends construction funding for this project be removed, and only fund the project at Planning level until a new project is developed and approved by the Board.

Next Steps

The Committee will review the high priority projects competing for Stream Stewardship and Safe, Clean Water Funds during its February 27, 2017 meeting.

Board member comments and suggestions can be forwarded to Ms. Michelle Meredith, Deputy Clerk of the Board, at (408) 630-2557 or by email to mmeredith@valleywater.org.

Thank you.

Nai Hsueh

Director, District 5
CIP Ad Hoc Chairperson