

FY 2019-23 Five-Year Capital Improvement Program

May 8, 2018

Santa Clara Valley
Water District

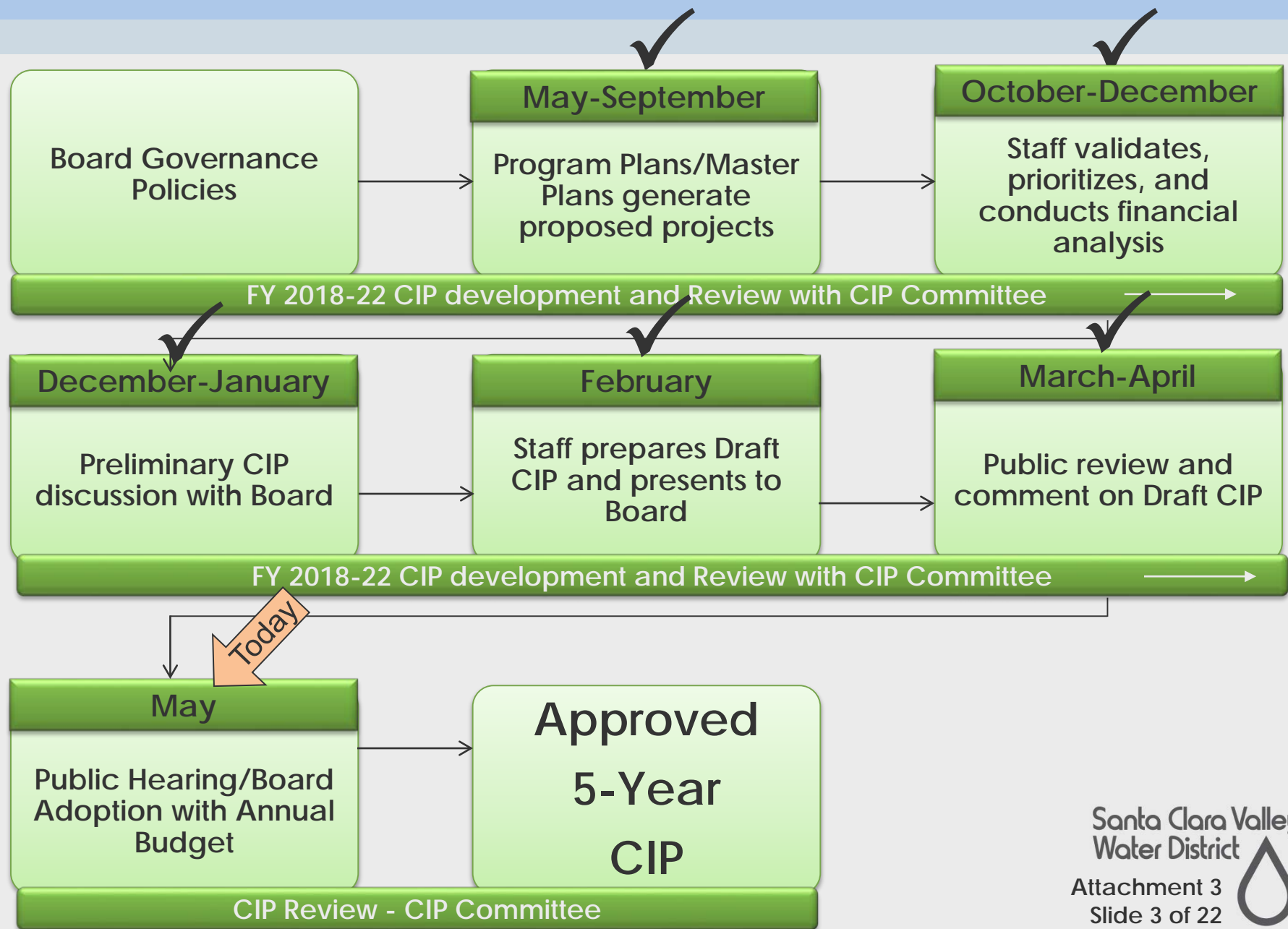


Attachment 3
Slide 1 of 22

Presentation Outline

1. Process to Review and Approve CIP
2. Board CIP Committee Activities
3. Investing in the Community
4. What is included in the 5-Year Program
5. Summary and Looking Ahead

Annual CIP Process Overview



Board CIP Committee - Review/Input

CIP Committee Input to CIP Development

- **April 2017**– Discussed strategies for funding the Coyote Creek Flood Protection Project.
- **May -June 2017** - Reviewed the long-term financial projection for Watershed Capital Projects and identified priorities and alternative funding scenarios.
- **July - November 2017** - Identified key projects and directed staff to analyze alternative funding scenarios to provide adequate funding to complete key projects.

CIP Committee Input to CIP Development

- **September 2017**–Presentation from fiscal policy and financial consultant, William C. Statler on Preliminary Revenue Options Assessment.
- **December 2017** - Reviewed prioritization criteria and preliminary FY 2019-23 CIP and recommend they be presented to the full Board.
- **January/ Mar 2018** –Monitored ongoing projects and directed Long-Term Purified Water Program Elements Project be shown in the CIP with P3 project delivery

Capital Improvement Program

Board Meetings and input

- **January 9, 2018**
 - Staff reports: New proposed CIP projects and scope/cost changes for existing projects
 - Board approved the preliminary list of FY 2019-23 CIP projects
- **February 27, 2018** – Board authorized Draft FY 2019-23 CIP to be released for public review
- **March – April 2018** – Public review and outreach to cities and County. SCW Public hearing postponed decision to modify program.
- **April 24 – May 8, 2018** – Public hearing and approval of FY 2019-23 Five-Year CIP



Investing in the Community

Nine (9) projects in the FY 2018-22 CIP completed <\$100M>

■ Water Supply

- Pacheco Conduit Inspection and Rehabilitation (\$9.2M)
- Penitencia Delivery Main/Force Main Seismic Retrofit (\$34.8M)
- Fluoridation at WTPs, (\$10.4M)
- IRP2 WTP Operations Buildings Seismic Retrofit, (\$22.3M)
- PWTP Clearwell Recoating and Repair (\$6.5M)
- Wolfe Road Recycled Water Pipeline (\$15.0M)

■ Flood Protection

- San Tomas Creek Quito Road Bridge Replacement (\$0.7M)

■ Information Technology

- Boardroom Technology Upgrade (\$0.8M)
- E-Discovery Management System (\$0.5M)

Investing in the Community

- \$2.4 billion planned expenditures over next five (5) years
 - Approximately \$1billion planned construction work (10,000 – 20,000 jobs sustained or created)
- \$4.2 billion total investment when completed
- \$672 million from outside sources (State/Federal/Other)

Investing in the Community

Planned Annual Capital Expenditures



Investing in the Community

Aging infrastructure and expansion of purified water facilities are key drivers of water rate increases

Water Supply	Water Supply CIP Costs (\$M)	Percent of Water Supply CIP Costs
Projects to repair/replace/upgrade infrastructure = 17	\$1,480	72%
Recycled /Purified Water Projects = 3	\$381	19%
New infrastructure projects = 5	\$45	2%
FAHCE Implementation= 1	\$145	7%
Total Water Supply CIP Projects = 30	\$2,045	

Investing in the Community

LEVERAGING EXTERNAL FUNDING*

- **State Department of Water Resources Grants:**
 - \$25.0M for Lower Silver Creek Reaches 4-6 (Prop 1E)
 - \$8.0M for San Francisquito Creek (through the JPA)
 - \$30.0M for Berryessa & Lower Penitencia Creeks (Prop 1E)
- **Natural Resource Conservation Service Grant:**
 - \$4.3M for Cunningham Flood Detention Certification
- **State Subvention Reimbursements:**
 - \$59M planned to be received in FY 2018-23

*See Appendix C of the CIP for a complete list of Funding Partnerships

State Subvention Reimbursements

State Flood Control Subventions Program

- Currently funded by Prop 84 and Prop 1E
- Project must be federally authorized, then appropriated through State budget process
- Subventions reimburses 50% -100% of local share
- CIP projects with planned reimbursements:
 - \$1.2M Lower Silver Creek – WSS*
 - \$1.0M Lower Llagas Creek – WSS*
 - \$21.5M Upper Guadalupe River –SCW**
 - \$30.8M Upper Llagas Creek –SCW**
 - \$4.4M Berryessa Ck Upper –SCW**

*WSS = Watershed Stream Stewardship Fund

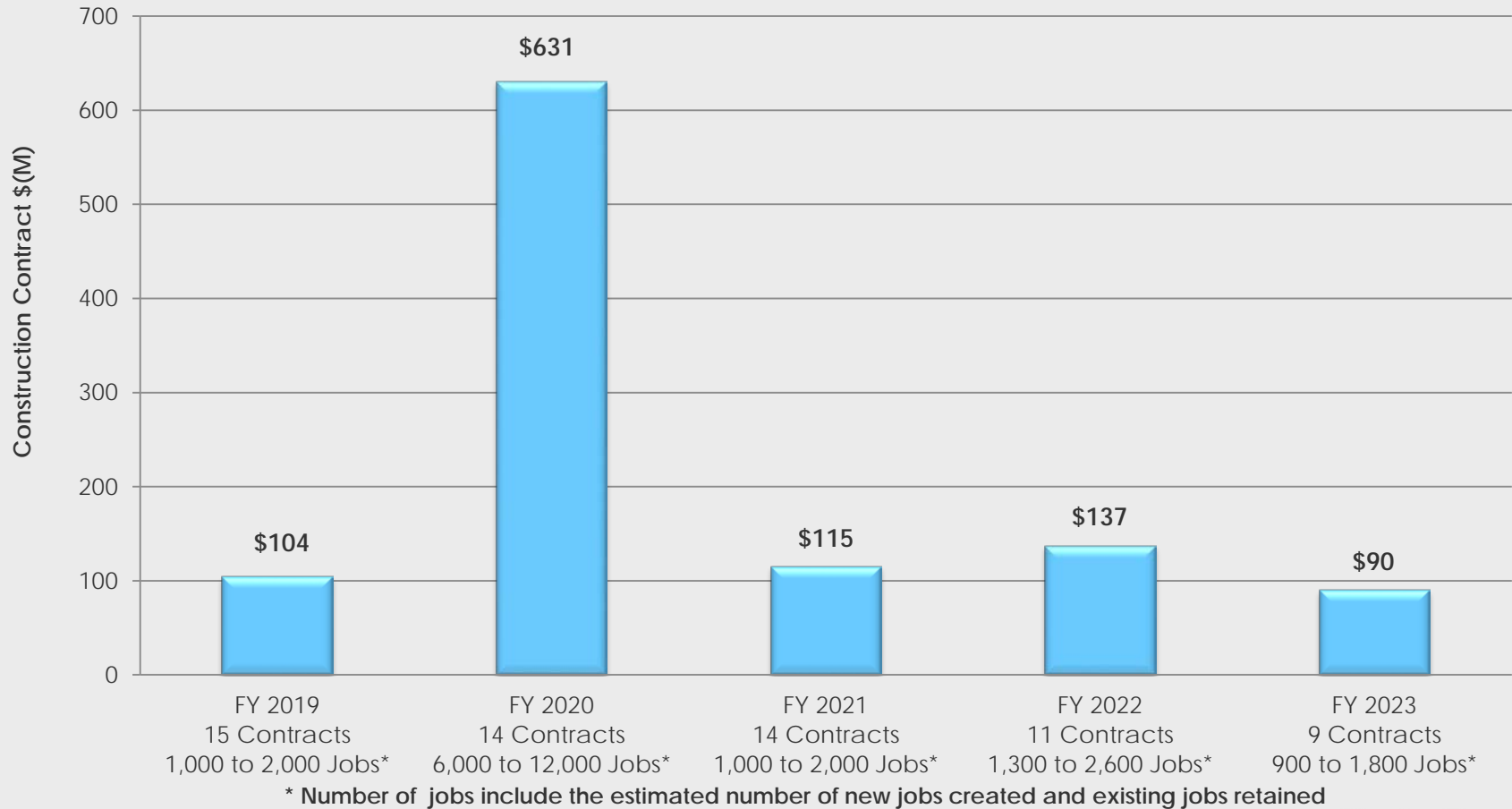
**SCW = Safe Clean Water Fund

State Subvention Reimbursements

- Subventions can only be applied toward capital projects
- The Board has reserved the authority to determine which projects will be funded by subventions
- In FY2017-18 (through April) District has received \$2.9M in subvention reimbursements:
 - \$1.6M for Upper Llagas (Safe Clean Water, Fund 26)
 - \$1.3M for Lower Silver Creek (Stream Stewardship, Fund 12)
 - \$0.02M for Upper Guadalupe (Safe Clean Water, Fund 26)
- Pending reimbursement claims as of April 2018: \$11.5M

Investing in the Community

Annual Construction Program for FY 2019 -23 CIP Contracts and Jobs are Shown by Year Awarded



Water Supply Highlights

- 27 projects (\$2.0B); funding to complete (\$1.6B)
 - Water Treatment Plant Upgrades(\$205M)*
 - Seismic Retrofit of Dams (\$668M)*
 - Recycled/Purified Water Program (\$335M)*
 - FAHCE Implementation (\$145M)
 - Pipeline Rehabilitation (\$118M)*



*Project values are funding to complete



Flood Protection Highlights

- 17 projects (\$1.3B); funding to complete (\$616M)
 - Upper Guadalupe River (\$57M)*
 - San Francisquito Creek (\$14M)*
 - Upper & Lower Llagas Creeks (\$84M)*
 - Sunnyvale East/West Channels (\$52M)*
 - Coyote Watershed (\$201M)*



*Project values are funding to complete

Water Resources Stewardship Highlights

- 9 projects (\$182M); funding to complete (\$150M)
 - Environmental Enhancements – 7 projects (\$148M)*
 - Mitigation – 1 project (\$0.1M)*
 - Feasibility Studies – 1 project (\$1.1M)*



*Project values are funding to complete



Buildings & Grounds and Information Technology Highlights

- 2 Buildings & Grounds projects (\$60M);
 - Almaden Winfield Campus small Caps – (\$2M per year)
 - Headquarters operations building – (\$18M)

- 6 Information Technology projects (\$55M);
 - ERP System Implementation – (\$19M)
 - Software Upgrades & Enhancements - (\$18M)
 - WTP-WQL Network Equipment – (\$13M)



FY 2019-23 CIP Summary

- Funding the CIP requires annual groundwater production charge increases of 9.7% in North County and 7.7% for South County in FY 2018-19
- 5 new projects added to the FY 2019-23 CIP
- 60+ projects slated for construction FY 2019-23
(FY 19 - \$104M construction)
- Approximately \$59M in subvention reimbursements planned to be received between FY 2019 and FY 2023

CIP Challenges and Opportunities

- Replacing/repairing aging infrastructure
- Dam seismic retrofits
- Expansion of recycled water systems and water purification facilities
- FAHCE Implementation
- Funding for Safe Clean Water Capital Projects
- Leveraging State and federal funding
- Partnerships with private entities
- Alternative Delivery methods (Design-Build, P3)

Board Actions

- A. Reconvene the public hearing from April 27, 2018 to receive comments regarding the Santa Clara Valley Water District's Fiscal Years 2019-2023 Five-Year Capital Improvement Program;
- B. Close the public hearing; and
- C. Adopt the Resolution APPROVING FISCAL YEARS 2019-2023 FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

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