

**MEMORANDUM**

FC 14 (01-02-07)

TO: Board of Directors**FROM:** CIP Committee**SUBJECT:** CIP Committee Report to the Board**DATE:** January 4, 2019

At the December 5, 2018 special Board meeting, the Board conducted a Fiscal Year 2019-20 Strategic Planning Session to identify goals, strategies, and challenges/opportunities for FY20. A key issue of discussion by the Board during this session included the proposed Priority Ranking Criteria for various categories of capital projects which led to questions regarding the decision-making process for adding to or removing projects from the District's Capital Improvement Program (CIP).

Since the Board's December 5th Strategic Planning Session, the Board's CIP Committee has held two meetings (on December 10, 2018 and January 3, 2019). The focus of the December 10th meeting was to brainstorm on the issue of the addition/removal of projects from the CIP and what type of information or analysis should be undertaken to allow the Board to make informed decisions.

The CIP Committee recommendations from its December 10, 2018 meeting for the January 8, 2019 Board consideration of the Preliminary FY2020-24 CIP are:

1. Staff to provide a brief history of CIP process improvements implemented over the past 10 years.
2. Staff to provide a description of the current process by which new projects are identified for inclusion in the CIP.
3. Staff to characterize the "drivers" for projects in the CIP (i.e., regulatory requirements; repair of aging infrastructure; Board policy; discretionary as directed by the Board, etc.).
4. Staff to integrate the groundwater production charge analysis discussion with the preliminary CIP discussion.

The Committee decided to hold a special meeting on January 3, 2019 to take up the agenda items that had originally been placed on the December 10th Agenda. At the January 3, 2019 special CIP Committee meeting, the Committee reviewed the Preliminary FY2020-24 CIP list of projects and provides the following recommendation to the Board:

1. The newly-proposed Lower Guadalupe River Freeboard Restoration (Planning only) Project should be agendized as a standalone item for full Board discussion/decision regarding its addition to the CIP;

To respond to Dir. Kremen's November 13, 2018 request to the CIP Committee to further evaluate the case for continuing with the Calero Dam Seismic Retrofit Project, at the January 3rd Committee meeting, the Committee received staff's report identifying Calero Reservoir as an integral element of the day-to-day operations of the District's water supply system, and as a key component of water supply reliability in the event of a significant local earthquake or during outages of the state or federal imported water systems. The Committee requested staff to return at its February 11, 2019 scheduled meeting with additional information and graphic illustrations of Calero Reservoir as a "hub" of the District's daily operations, to be followed by a presentation to the full Board at a future Board meeting.