



## MEMORANDUM

FC 14 (01-02-07)

**TO:** Board of Directors

**FROM:** Capital Improvement Program  
Committee

**SUBJECT:** 02/11/19 CIP Committee Meeting Summary

**DATE:** February 12, 2018

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This memorandum summarizes the Capital Improvement Program Committee (Committee) meeting held on February 11, 2019, where the following workplan items were discussed:

**A. Project Labor Agreements.**

On 9/25/19, the Board received a request from the Santa Clara and San Benito Counties Building and Construction Trades to consider using Project Labor Agreements (PLA) and Community Workforce Pipeline Targeted Hire Agreements for District Projects. The Board assigned the CIP Committee to study the issue and develop a recommendation for the Board's consideration.

At its 2/11/19 meeting, the Committee received an overview of PLA, and requested staff notify interested parties of scheduled discussions on this topic, and seek testimony and feedback from other agencies that have used this process.

**B. Capital Project Monitoring – Design.**

Staff provided an update on capital projects that are under the design phase. The following projects continue to be delayed/on hold:

Inadequate Resources:

- Lower Llagas Creek Capacity Restoration Project
- Hale Creek Enhancement Project

Inadequate Funding (COE):

- Upper Guadalupe River - Reach 7

**C. Construction Management Resources.**

Due to the significant portion of projects under the construction phase currently managed by consultants, the Committee requested an analysis of "Construction Management Resource Needs" in October 2018.

At the 2/11/19 meeting, staff presented a strategy to address the anticipated growth of construction management work load for the next 10± years, which includes:

- Increase the number of positions in the Construction Services Unit steadily over 10 years to approximately 37 staff;
- Continue to supplement District workforce with consultant services; and
- Integrate District and consultant construction management staff as one project team to address the deficiencies currently experienced on projects managed by consultants.

The Committee provided feedback and requested the item be brought to the full Board. Staff indicated the item is planned to be discussed with the Board during the Fiscal Year 2020 budget hearing.

D. Committee 2018 Accomplishment Report and Work Plan.

See attached report.

Board member comments and suggestions can be forwarded to Ms. Natalie Dominguez, Board Administrative Assistant at (408) 630-2659 or by email to [ndominguez@valleywater.org](mailto:ndominguez@valleywater.org).

*Nai Hsueh*

Director, District 5  
Capital Improvement Program Committee Chairperson

# CAPITAL IMPROVEMENT PROGRAM COMMITTEE

Updated: 02/20/19

## 2018 ACCOMPLISHMENTS REPORT

MEETING DATE	WORK PLAN ITEM	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
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The **Capital Improvement Program Committee (CIP)** was established to provide a venue for more detailed discussions regarding capital project validation and adding or removing projects from the District's 5-year CIP. The Accomplishment Report recaps the Committee's activities for the year and action on items presented to the Committee for consideration

01/18/18	Fiscal Year 2017-18 Consultant Agreements and Amendments to Existing Consultant Agreements.	Receive information on upcoming consultant agreements and/or amendments that staff will be recommending for Board approval.	The Committee members expressed support for staff's proposed recommendations to the Board and suggested additional clarification be provided to the Board regarding the circumstances for project delays.
	Review the Long-Term Purified Water Program Elements Project.	Receive information and provide direction for project refinements or modifications to be incorporated into the Draft and/or Final Fiscal Years 2019-23 CIP.	The Committee directed staff to bring back a proposal that includes the Long-Term element of the purified water program in the Draft FY 2019-23 CIP.
02/12/18	MEETING CANCELED		
03/12/18	Follow-Up to January 18, 2018 Review of the Long-Term Purified Water Program Elements Project.	Receive information and provide direction for the Long-Term Purified Water Program Elements Project refinements or modifications to be incorporated into the Draft and/or Final FY2019-23 CIP.	The Committee confirmed without motion to recommend Board support for the Fiscal Year 2023 P3 (Public-Private Partnership) delivery method listed in the Committee Agenda Memo, Page 1, Table 1, as the preferred method of financing for the Long-term Purified Water Program Elements; and including the Long-term Purified Water Program Elements Project in the CIP
	Update on the Construction of the San Francisquito Creek Flood Reduction, Ecosystem Restoration and Recreation Project, Project No. 26284002, Contract No. C0613.	Receive an update on the construction of the San Francisquito Creek Flood Reduction, Ecosystem Restoration and Recreation Project.	The Committee requested that staff continue reviewing the cause of potential claims by the contractors. Also, to pursue avenues that will reduce the costs associated with project delays described in Items 4.2 and 4.3, investigate options for cost-sharing contractor claim resolution with PG&E, and report back to the Committee.
	Update on the Construction of the Permanente Creek Flood Protection Project – McKelvey Park Detention Basin, Project No. 26244001, Contract No. C0616.	Receive an update on the construction of the Permanente Creek Flood Protection Project – McKelvey Park Detention Basin.	

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MEETING DATE	WORK PLAN ITEM	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
03/12/18 (cont.)	Update of South County Recycled Water Producer/Wholesaler/Retailer Agreements.	Receive information and provide feedback on next steps.	Item continued to 4/25/18 meeting.
	Capital Projects Status Updates.	Receive and discuss information regarding the status of capital projects in the construction phase.	The Committee noted the information, without formal action.
	Agreement with AECOM for Planning Services for an Amount Not-to-Exceed \$621,848 for the Stevens Creek Fish Passage Analysis Project, Project No. 62044001 (Santa Clara County, Cupertino, Sunnyvale, Mountain View) (Districts 5 and 7).	Receive information and provide feedback on next steps.	The Committee noted the information, without formal action.
04/25/18	Capital Projects Status Updates.	Receive and discuss information regarding the status of capital projects.	The Committee requested staff provide additional updates on Items 3, 4 and 8 at a future meeting during the next quarter.
	10-Year Pipeline Inspection and Rehabilitation Program.	Receive information about the 10-Year Pipeline Inspection and Rehabilitation Program.	The Committee noted the information, without formal action.
05/14/18	Update of South County Recycled Water Producer/Wholesaler/Retailer Agreements.	Receive information and discuss.	<p>The Committee requested that staff modify their upcoming South County Recycled Water Program Update to the Board of Directors to include the following:</p> <ul style="list-style-type: none"> <li>• A summary of the Committee's discussion;</li> <li>• A proposed letter regarding District participation in SCRWA governance; and</li> <li>• A recommendation authorizing the Board Chairperson to sign the proposed letter.</li> </ul>

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MEETING DATE	WORK PLAN ITEM	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
05/14/18 (cont.)	Update on Alternative Financing for Water Utility Enterprise Projects.	Receive an updated and provide direction to staff on next steps.	<p>The Committee made the following requests of staff:</p> <ul style="list-style-type: none"> <li>Investigate the Trump Administration's planned reductions to federal income tax deductions to determine what portion, if any, relates to property taxes; and come back with information on the impacts of a special tax measure on constituents;</li> <li>Identify projects that could be funded by a special tax measure, and come back with discussion and opportunity for Committee feedback on the proposed projects and a public opinion survey; and</li> <li>Reach out to Santa Clara County tech-industry leaders who have supported the Santa Clara Valley Open Space Authority or the Mid-Peninsula Open Space District; investigate tech-industry firms that have not supported open space in the past to determine whether their support had ever been requested; and utilize District constituent contact connections to engage in support opportunity discussion with Santa Clara County's tech-industry leaders.</li> </ul>
	Capital Projects Status Update, Planning/Feasibility Study.	Receive and discuss information regarding the status of capital projects in the Planning and Feasibility Study Phase.	<p>The Committee made the following requests of staff:</p> <ul style="list-style-type: none"> <li>Move forward with proposing that the Board make no changes to the Safe, Clean Water Program; complete the planning phases for both the Upper Penitencia Creek (Coyote Creek to Dorel Drive) and Coyote Creek (Montague Expressway to Tully Road) projects; and include in the May 23 Safe, Clean Water public hearing, a statement on the Committee's support for staff's proposal; and</li> <li>Investigate opportunities to obtain Valley Transportation Authority mitigation funding for the Ogier Pond Planning Study.</li> </ul>
06/11/18	MEETING CANCELED		

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MEETING DATE	WORK PLAN ITEM	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
07/09/18	Priority Ranking Criteria for Water Resources Stewardship Projects.	Review, discuss, and provide input regarding the Capital Improvement Program priority ranking criteria for Water Resources Stewardship Projects.	<p>The Committee made the following requests:</p> <ul style="list-style-type: none"> <li>• Staff is to revise Attachment 2, Column 4 Heading, to read <b>Remaining Cost Funding Needed (\$K [FY 19 to Completion])</b>;</li> <li>• Staff is to come back during the September 10, 2018, Committee meeting with a list of non-specific Safe, Clean Water (SCW) Environmental Stewardship commitments, and discussion on what process and timelines the Board of Directors will follow to identify, prioritize, and select environmental stewardship projects to meet SCW commitments; and</li> <li>• After the above discussion, the Committee will work on modification to the current CIP priority ranking criteria for Water Resources Stewardship Projects, as needed.</li> </ul>
	Capital Projects Status Updates – Construction.	Receive and discuss information regarding the status of capital projects in the construction phase.	<p>The Committee made the following requests:</p> <ul style="list-style-type: none"> <li>• Staff is to bring discussion on the Rinconada Water Treatment Plant Reliability Improvement Project to the full Board of Directors, at the soonest Open or Closed Session opportunity;</li> <li>• Staff is to provide a verbal report on the Permanente Creek Project to the full Board of Directors during the July 10, 2018, Board meeting, and follow up with a status report to the full Board at the next available Board meeting; and</li> <li>• Staff is to go back to the full Board of Directors with information responding to previous concerns and requests expressed by Director Kremen, and a recommended action on the GIS Enterprise and Managed Cloud Services Agreements.</li> </ul>

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MEETING DATE	WORK PLAN ITEM	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
07/09/18 (cont.)	Capital Projects Status Updates – Construction.	Receive and discuss information regarding the status of capital projects in the construction phase.	<p>The Committee made the following requests:</p> <ul style="list-style-type: none"> <li>• Staff is to bring discussion on the Rinconada Water Treatment Plant Reliability Improvement Project to the full Board of Directors, at the soonest Open or Closed Session opportunity;</li> <li>• Staff is to provide a verbal report on the Permanente Creek Project to the full Board of Directors during the July 10, 2018, Board meeting, and follow up with a status report to the full Board at the next available Board meeting; and</li> <li>• Staff is to go back to the full Board of Directors with information responding to previous concerns and requests expressed by Director Kremen, and a recommended action on the GIS Enterprise and Managed Cloud Services Agreements.</li> </ul>
08/10/18	Discuss Environmental Justice Factor in the Prioritization Criteria for Capital Projects.	Receive update, discuss and provide direction to staff, as necessary.	<ul style="list-style-type: none"> <li>• Directors LeZotte and Estremera will look into and may send additional information on economically disadvantaged communities to staff for consideration.</li> <li>• The Committee requested staff investigate utilizing environmental justice criteria as a standalone category to demonstrate the Board's focus and emphasis in the decision-making process regarding the Clean, Safe Water grant approval criteria</li> </ul>
	Update on Alternative Revenue Sources for Water Utility and Watershed Projects.	Receive information and provide direction to staff.	The Committee requested that discussion of Alternative Financing for Water Utility Enterprise projects be referred to the District Act Work Group.
	Capital Projects Status Updates – Design.	Receive and discuss information regarding the status of capital projects in the design phase.	The Committee requested staff convey the Committee's support of the dam retrofit proposed project schedules to the full Board of Directors.

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MEETING DATE	WORK PLAN ITEM	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
09/10/18	Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water) Key Decision Points and Approach for Delivery of Remaining Key Performance Indicators (KPIs)	Receive information and provide feedback regarding Safe, Clean Water Program key decision points and approach for delivery of remaining key performance indicators.	Chairperson Hsueh made the following requests: <ul style="list-style-type: none"> <li>• That staff begin working on a report to be shared with the voters prior to the next election, that confirms the status of projects and completed projects under the Safe, Clean Water Program;</li> <li>• That Attachment 1, Page 2, Priority D6, Column Number 7, be changed from the Board Planning and Policy Committee to the Capital Improvement Program Committee; and</li> <li>• That staff bring back an updated Safe, Clean Water and Natural Flood Protection: Key Decision Point Tracking Report in November 2018.</li> </ul>
	Capital Project Monitoring – Planning/Feasibility.	Receive and discuss information regarding the status of capital projects in the planning/feasibility phase.	The Committee noted the information without formal action.
	2018 Capital Improvement Program Committee Work Plan.	Review the 2018 CIP Committee Work Plan and make revisions as necessary.	The Committee requested the following items be added to the Committee's Work Plan: <ul style="list-style-type: none"> <li>• Regulatory Permits – Discussion of strategy to move projects forward; and</li> <li>• Design-Build Methodology.</li> </ul>



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MEETING DATE	WORK PLAN ITEM	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
10/15/18	Fiscal Year 2019 Consultant Agreements and Amendments to Existing Consultant Agreements.	Receive information on upcoming consultant agreements and/or amendments that staff will be recommending for Board approval and provide direction as needed.	<ul style="list-style-type: none"> <li>Regarding Item 3.1, No. 2, Permanente Creek Project:               <ul style="list-style-type: none"> <li>Staff to clarify for the Board that the amendment is needed for additional engineering support during construction for Permanente Creek is due to the extended duration of the project construction periods at McKelvey Park and Rancho San Antonio (RSA), and to advise the Board of the potential impacts to the construction management contracts associated with the extended construction schedule;</li> <li>Staff to investigate the possibilities of supplementing construction management services for Permanente Creek Project with in-house staff resources; and</li> <li>Staff to clarify for the Board that the proposed budget adjustment does not affect Fund 26 Safe Clean Water reserves.</li> </ul> </li> <li>Regarding Item 3.1, No. 4, Software Upgrades and Enhancements to Geographic Information System (GIS): Staff to advise the Board of the Committee's support of a Request for Proposals process for the GIS Upgrades and Enhancements Project.</li> </ul>
	Capital Projects Status Updates – Construction	Receive and discuss information regarding the status of capital projects in the construction phase.	Chairperson Hsueh expressed the Committee's expectation that at least 40-50 percent of project construction be managed by internal staff, and made the following request: That the decision process for using internal construction management staff be incorporated into the Committee presentation on lessons learned from large construction project

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MEETING DATE	WORK PLAN ITEM	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
10/15/18 (Cont.)	Priority Ranking Criteria for the Capital Improvement Program	Receive information and provide direction to staff on recommended revisions to the Priority Criteria for the FY 2020-24 CIP.	<ul style="list-style-type: none"> <li>The Committee requested the following:                             <ul style="list-style-type: none"> <li>Include a separate category for Environmental Justice and Disadvantaged Communities in the Capital Improvement Program (CIP) Priority Criteria for all project sections, and investigate weight value and qualifying criteria and bring back a proposal for the Committee's consideration;</li> <li>Utilize proposed Environmental Justice language on Page 18, <i>Promotes environmental justice or has a positive impact on disadvantaged communities (EL 1.1)</i>, in all project sections;</li> <li>Staff to investigate assigning a higher weight to Environmental and Natural Resources Sustainability by reducing the weight value of the Primary Objective category in Water Resources Stewardship Projects, Page 19;</li> <li>Staff to investigate reduced carbon footprint alternatives for weighting criteria in Information Technology and Capital Improvement Project criteria; and</li> <li>Staff to investigate how information technology projects can benefit natural resources sustainability and include weighting criteria.</li> </ul> </li> <li>The Committee continued the item to the next regularly-scheduled meeting on November 19, 2018.</li> </ul>
	Staff Response to Public Comment Email from Doug Muirhead dated 8/6/18 regarding Capital Improvement Program Mitigation Monitoring.	Information only.	No action.
	Email from William Sherman, WRATES, dated 9/22/18, Regarding Water Rate Increases.	Information only.	No action.

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MEETING DATE	WORK PLAN ITEM	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
11/19/18	Capital Project Monitoring – Design.	Receive information and provide direction to staff.	The Committee accepted the report and made the following request: That staff add the Winfield property project to the Capital Project Planning and Feasibility Report.
	Priority Ranking Criteria for the Capital Improvement Program.	Receive information and provide direction to staff on recommended revisions to the Priority Criteria for the Fiscal Year 2020-24 CIP.	<ul style="list-style-type: none"> <li>The Committee requested staff make the following revisions to the CIP Priority Criteria: <ul style="list-style-type: none"> <li>Staff to revise CIP Priority Criteria to include Environmental Justice as a separate stand-alone category;</li> <li>Staff to revise CIP Priority Criteria, Water Resources Stewardship Projects (Attachment 1, Page 3), to include a new Primary Objective, Item B, Project creates stewardship features that have broad community support. The current Item B, will become Item C; and</li> <li>Staff to revise CIP Priority Criteria, Buildings &amp; Grounds Projects, Environmental &amp; Natural Resources Sustainability, to include environmental certification criteria and costs in the project planning process.</li> </ul> </li> <li>It was noted that staff would present proposed revised Priority Ranking Criteria to the Board on December 5, 2018.</li> </ul>
	Draft Preliminary Fiscal Years 2020-2024 Capital Improvement Program.	Review and discuss the Draft Preliminary Fiscal Years 2020-2024 Capital Improvement Program and provide direction to staff as needed.	<p>The Committee made the following requests:</p> <ul style="list-style-type: none"> <li>Staff to revise the Preliminary Fiscal Year 2020-2024 Capital Improvement Program Report to include a more comprehensive description of individual unfunded projects that clarifies the proposed projects status, e.g., evaluation status, funding, staff resources, etc.</li> <li>Staff to clarify how funds are to be applied within the Watershed Habitat Enhancement Design and Construction, Project No. 00C40400s.</li> </ul>

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MEETING DATE	WORK PLAN ITEM	INTENDED OUTCOME(S)	ACCOMPLISHMENT DATE AND OUTCOME
12/10/18	Priority Ranking Criteria for the Capital improvement Program.	Receive information and provide direction to staff on recommended revisions to the Priority Ranking Criteria for the Fiscal Year 2020-24 CIP.	<p>Chairperson Hsueh confirmed that the Committee would defer consideration of adding a Safe, Clean Water Priority Ranking Criterion for Water Supply and Flood Protection Capital Projects to the Fiscal Year 2021-2025 Capital Improvement Plan, and requested that staff come back to the full Board during the January 8, 2019 Board meeting with the following information:</p> <ul style="list-style-type: none"><li>• Revised Priority Ranking Criteria Sheets that rename the “Cost Recovery” category to eliminate Board confusion;</li><li>• An explanation of the process for screening proposed Capital Projects, before they are rated using the Priority Ranking Criteria;</li><li>• An overview of progress that has been made over recent years to eliminate “wish list” items from the CIP, including information on the CIP reprioritization effort led by former District 1 Director Don Gage;</li><li>• Information on how a CIP project’s business case is re-evaluated during the project delivery process;</li><li>• Information on the unfunded projects prioritization process, and justification for projects to be included on the unfunded projects list;</li><li>• Preliminary CIP (bottom-up) funding proposals for various rate increase scenarios; and</li><li>• Include a discussion on use of property taxes and capital reimbursement revenues (including subventions).</li></ul>

# CIP Committee 2019 Workplan

	<u>Jan 3</u>	<u>Jan 14</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
<b>CIP Implementation</b>													
Public Private Partnership (P3) Delivery for projects													
Safe, Clean Water Projects Implementation				X									
Presentation on Design-Build		X											
Project Labor Agreement			X	X	X	X							
Construction Management Resource Needs			X										
Calero Dam Seismic Upgrade and Water Reliability Analysis	X		X										
Anderson Dam Improvements Update	X	X											
<b>Capital Project Monitoring</b>													
Construction		X			X			X			X		
Design			X			X			X			X	
Planning/Feasibility	X			X			X			X			X
Upcoming Consultant Agreements and Amendments	X	X											
<b>CIP Development</b>													
Project Ranking Criteria											X	X	X
Preliminary CIP	X											X	X

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