



MEMORANDUM

FC 14 (01-02-07)

TO: Board of Directors

FROM: Capital Improvement
Program Committee

SUBJECT: 12/09/19 Capital Improvement Program
Meeting Summary

DATE: 01/14/2020

This memorandum summarizes the Capital Improvement Program Committee (Committee) meeting held on December 9, 2019, where the following workplan items were discussed:

1. Update on Palo Alto Flood Basin Tide Gate Structure Improvements Project.

The Committee received an update on the project. Chairperson Hsueh and Director LeZotte expressed concern with the timeline of the project in consideration of the 2017 Structural Assessment, and confirmed they would have a discussion with Valley Water's Chief Executive Officer.

2. Capital Project Monitoring – Design.

The Committee received an update on Valley Water capital projects in the design phase.

- San Francisco Bay Shoreline Project: The USACE has released advertisement for bids for Phases 1, 2 and 3.
- Rinconada Water Treatment Plant Residuals Management Project: Staff to clarify that remaining work is limited to small capital projects, and that the large Capital Improvement portion of the Project is complete.
- South County Recycled Water Pipeline Short-Term Implementation Phase B: Staff to clarify whether the project is on hold because it is pending award of anticipated \$52 million grand funding in addition to USBR NEPA updates.
- Llagas Creek – Upper Project: Staff to rename project to Upper Llagas Creek Phase 2 Project.

Staff provided information on Items 3 and 4 concurrently by the various funds.

3. Draft Preliminary Capital Improvement Program Fiscal Years 2021-2025, and

4. Updated Analysis Regarding the CIP Committee's Recommended Funding Scenario for Safe, Clean Water and Natural Flood Protection Program Flood Protection Projects.

The Committee received information on the General Fund (Fund 11), Watershed Streams Stewardship Fund (Fund 12), Safe Clean Water and Natural Flood Protection Fund (Fund 26), Water Utility Enterprise Fund (Fund 61), and Equipment Fund (Fund 71). Staff confirmed that complete project status updates on proposed Fund 26 projects would be provided to the full Board at its December 17 meeting. Also regarding Fund 26, staff will prepare proposed funding scenarios to reflect opportunities for shortfalls, and a progression of options, e.g., local funding only approach vs. preferred project approach, if NRCS funding is not secured, and more clearly call out in its presentation to the Board when additional funding for Fund 26 projects is coming from Capital Projects Reserves. In regard to Fund 12, staff to include in the presentation to the full Board a preliminary draft of the backlog of O&M activities, and prepare for further discussion during a January 2020 Board meeting. Regarding Fund 61, staff to include in future water rate setting

process discussions, information on whether any validated, future unfunded CIP projects, or other baseline projects could be funded under Fund 61, and their significance to water supply.

5. 2019 CIP Work Plan and Proposed 2020 Workplan and Meeting Schedule.

The Committee reviewed the 2019 and proposed 2020 Workplans, and adjusted the proposed work plan to move the Calero Dam Seismic Upgrade and Water Reliability Analysis presentation to the March 2020 meeting, and accepted the 2020 meeting schedule.

Board member comments and suggestions can be forwarded to Natalie Dominguez, Assistant Deputy Clerk II, at (408) 630-2659 or by email to ndominguez@valleywater.org.

Thank you.

Nai Hsueh

Director, District 5
Capital Improvement Program Committee Chairperson