



Santa Clara Valley Water District

File No.: 18-0294

Agenda Date: 5/8/2018
Item No.: 2.9.

BOARD AGENDA MEMORANDUM

SUBJECT:

Public Hearing and Resolution Approving the Santa Clara Valley Water District's Fiscal Years 2019-2023 Five-Year Capital Improvement Program.

RECOMMENDATION:

- 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.

SUMMARY:

The Santa Clara Valley Water District's (District) Fiscal Years (FY) 2019-23 Five-Year Capital Improvement Program (CIP) (Attachment 2) is presented for the Board's consideration and approval. The CIP is a multi-year plan describing capital investments planned for the next five fiscal years that are necessary to maintain and improve our water supply and flood protection infrastructure, and support the District's mission of environmental stewardship.

The first year of the FY 2019-23 CIP is consistent with the proposed FY 2018-19 District budget. The CIP includes 61 capital projects to be funded and distributed among the following categories: 27 Water Supply, 17 Flood Protection, 9 Water Resources Stewardship, 2 Buildings and Grounds, and 6 Information Technology projects, for a total District planned cost of \$3.5 billion. An additional \$0.7 billion is anticipated to be funded by outside sources through cost-share partnerships and grants, resulting in a total CIP value of \$4.2 billion.

The total estimated value of construction contracts planned for award during the next five years is approximately \$1.0 billion, which will generate or sustain between 10,000 and 20,000 jobs. Additional details regarding the process and content of the FY 2019-23 CIP is provided in the PowerPoint presentation (Attachment 3).

New Projects in FY 2019-23 CIP

The Board reviewed the preliminary CIP on January 9, 2018, the Draft CIP on February 27, 2018,

and approved the list of projects for each of the five CIP categories. During the review and approval process, five new projects were added to the CIP:

- 1) Water Supply - Storage: Pacheco Reservoir Feasibility Study
- 2) Water Supply - Transmission: Treated Water Isolation Valves and Westside Retailer Interties
- 3) Environmental Enhancement & Stewardship: Watershed Habitat Enhancement Design & Construction
- 4) Information Technology: Vena Software Implementation

In addition to the new projects referenced above, ten projects have been completed and removed from the CIP:

- 1) Water Supply - Transmission: Pacheco Conduit Inspection and Rehabilitation, and Penitencia Delivery Main/Force Main Seismic Retrofit
- 2) Water Supply - Treatment: Fluoridation at WTPs, IRP2 WTP Operations Buildings Seismic Retrofit, and PWTP Clearwell Recoating and Repair
- 3) Water Supply - Recycled Water: Wolfe Road Recycled Water Pipeline
- 4) Flood Protection - San Tomas Creek Quito Road Bridge Replacement
- 5) Environmental Enhancement & Stewardship: South Bay Salt Ponds Restoration
- 6) Information Technology: Boardroom Technology Upgrade, and E-Discovery Management System

Public Review of FY 2019-23 CIP

The Board authorized release of the Draft FY2019-2023 CIP for public review on February 27, 2018. It was subsequently transmitted to all cities within the District's jurisdiction, as well as to the County of Santa Clara, the Water Retailers, and the Mid-Peninsula Open Space District.

Staff has met with planning and public works staff at several cities and at the County to discuss the projects and solicit feedback on the CIP. As part of this outreach effort, staff requested letters from the cities and the County, indicating that the District's Draft FY 2019-2023 CIP is consistent with their applicable General Plans. Copies of the County's and cities' letters of support, or formal findings, are included as Attachment 4.

Reprogramming Funds from Upper Penitencia Creek to Coyote Creek Project

On April 10, 2018, the Board held a public hearing to consider funding modifications to two projects in the Safe, Clean Water and Natural Flood Protection Program. One of staff's recommendations was to reprogram approximately \$50 million from the Upper Penitencia Creek, Coyote Creek to Dorel Drive Project, to the Coyote Creek, Montague Expressway to Tully Road Project. The Board continued the public hearing to May 23, 2018. The Board also directed staff to conduct additional outreach to the community on the proposed changes and report back to the Board on May 23, 2018.

The recommended funding transfer of \$50M from Upper Penitencia Creek Project to the Coyote Creek Project had been included in the Draft FY2019-23 CIP. This transfer was removed from the Final FY2019-23 CIP that is before the Board for approval today. If the Board determines to approve this fund transfer at a future date, it will be incorporated into the next annual update of the District's Five-Year CIP.

FINANCIAL IMPACT:

The proposed funding for the first year of the FY 2019-23 CIP (61 Projects) is \$182 million. The FY 2018-19 Capital Budget is \$205.1 million including miscellaneous capital expenditures not captured in the CIP. As outlined in the CIP, the District intends to fund water utility projects mainly through the Water Enterprise Fund, groundwater production charges, and treated water charges, with additional funding from the Safe Clean Water (SCW) special tax. Watershed projects are funded by projected future revenues from property taxes and the Safe Clean Water special tax.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

- Attachment 1: Resolution
- Attachment 2: FY19-23 Capital Improvement Program
- Attachment 3: PowerPoint
- Attachment 4: Letters of Support from Cities

UNCLASSIFIED MANAGER:

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