



Santa Clara Valley Water District

File No.: 21-0305

Agenda Date: 5/11/2021
Item No.: 2.7.

BOARD AGENDA MEMORANDUM

SUBJECT:

Public Hearing on the Santa Clara Valley Water District's Draft Fiscal Years 2022-2026 Five-Year Capital Improvement Program (Continued from April 28, 2021), and Adoption of Resolution Approving the final Fiscal Years 2022-2026 Five-Year Capital Improvement Program.

RECOMMENDATION:

- A. Re-convene the public hearing from April 28, 2021 to receive comments regarding the Santa Clara Valley Water District's Draft Fiscal Years 2022-2026 Five-Year Capital Improvement Program (CIP);
- B. Close the public hearing;
- C. Direct staff to incorporate the identified changes to the Draft FY 2022-2026 Five-Year CIP and finalize the FY 2022-2026 Five-Year CIP by June 30, 2021; and
- D. Adopt the Resolution APPROVING FISCAL YEARS 2022-2026 FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM.

SUMMARY:

The Santa Clara Valley Water District's (Valley Water) Draft Fiscal Year (FY) 2022-2026 Five-Year Capital Improvement Program (CIP) (Attachment 1) 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, flood protection infrastructure, and support Valley Water's mission of environmental stewardship.

Valley Water's FY 2022-2026 CIP, to be finalized, includes 68 capital projects to be funded and distributed among the following categories: 31 Water Supply, 17 Flood Protection, 12 Water Resources Stewardship, 2 Buildings and Grounds, and 6 Information Technology projects, for a total planned cost of approximately \$8.0 billion. Approximately \$1.3 billion may be funded by outside sources through cost-share partnerships and grants, resulting in a total CIP cost to Valley Water of approximately \$6.7 billion.

The Board reviewed and approved the preliminary 5-year CIP list on January 12, 2021. That CIP list of projects included five projects that are completed, closed, or being reprogrammed by the end of FY 2020-2021 and were therefore deleted from the Draft CIP:

1. Main and Madrone Pipeline Replacement - Completed;
2. Westside Retailer Interties - Closed;
3. Stream Maintenance Program (SMP) Mitigation, Stream and Watershed Land Preservation - Closed;
4. Salt Ponds Restoration (SCW - D8) - Reprogrammed (reprogrammed to Operations); and
5. E-Discovery Management System - Completed.

Following the January 12, 2021 Board meeting, staff prepared the Draft FY 2022-2026 CIP, which was presented to the Board on February 23, 2021.

Changes Identified for Final CIP

Since the release of the Draft FY 2022-2026 CIP, along with minor text edits for clarification, the changes described below were presented to the Board for discussion on April 13, 2021 and identified for incorporation into the Final FY 2022-26 CIP. These identified changes will be approved by the Board for inclusion through the adoption of the resolution approving the FY 2022-2026 Five-Year CIP (Attachment 2). The identified changes are also incorporated into the Final CIP Financial Overview (Attachment 3).

Watersheds Projects

- **26044002 SCW Fish Passage Improvements** - According to the 2012 Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water Program), this project was categorized under Project D4 - Fish Habitat and Passage Improvement and included fish passage improvement projects located at Evelyn Road, Singleton Road and Bolsa Road. The Evelyn Road Project was completed in 2015.

The Safe, Clean Water Program was renewed by the voters in November 2020. According to the renewed Safe, Clean Water Program, the Bolsa Road Project was moved to Project D6 - Restoration of Natural Creek Functions (new Project Number 26044004). While the Bolsa Road Project retains its fish passage benefits, it was moved to Project D6 because during the design phase, geomorphic features were identified that will restore stability and stream function. The estimated funding allocation for the Bolsa Project increased by \$2.6M, which has an estimated total project cost in the CIP of \$6.5M. The change in project cost is primarily due to increased estimated construction costs. Bolsa Road Fish Passage project is one of three projects to be constructed under Project D6.

The FY 2022-2036 estimated funding allocation for the Singleton Road Project is approximately \$1.2M (Number 26044002) and will count towards the renewed Safe, Clean Water Program Project D4, key performance indicator 3, which is to use \$8M on fish passage improvement projects by June 30, 2028 (which includes \$6.8M in placeholder funding for the

Future Fish Passage Improvements Project 26C40370).

- **26074002 Sunnyvale East/West Channels Flood Protection Project (E2)** - Updated schedule with construction funding extended to future fiscal years due to continued discussions with Google regarding their Caribbean Development Project. The Google project will generate onsite mitigation for Valley Water and support on-going efforts by Valley Water to acquire the Regulatory Agency permits required prior to start of construction. Total project cost has increased by approximately \$2M to \$72M due to inflation.

Water Utility Projects

- **26764001 IRP2 Additional Line Valves** - The overall project construction schedule is extended by two years and will be completed in FY 28 instead of FY 26. The extension allows the construction to be coordinated with the 10-Year Pipeline Inspection & Rehabilitation Project and minimize customer impacts. Three valves will be installed by the end of FY 26, and the fourth valve in FY 28.

Public Review of FY 2022-2026 CIP

On February 23, 2021, the Board authorized the release of this Draft CIP for public review; it was subsequently transmitted to the Town of Los Gatos and all cities within Valley Water's jurisdiction, the County of Santa Clara, the San Jose Water Company, and the Mid-Peninsula Open Space District. Valley Water staff offered to meet with each of these agencies and has met with planning and public works staff from the cities of San Jose, Mountain View, Santa Clara, and Palo Alto to discuss projects and solicit feedback on the Draft FY 2022-2026 CIP.

As part of this outreach effort, staff requested letters of support from each of these agencies indicating that Valley Water's Draft FY 2022-2026 CIP is consistent with their applicable General Plans. Attachment 4 includes copies of letters received regarding the adoption of the FY 2022-2026 Five-Year CIP.

The public hearing was opened on April 13, 2021 and continued to April 27-28, 2021 and May 11, 2021. The public hearing will be closed during this Board meeting, with direction provided to staff to finalize the FY 2022-2026 Five-Year CIP incorporating the identified changes.

FINANCIAL IMPACT:

There is no financial impact associated with this item to conduct and close public hearings on the Draft FY 2022-26 CIP and adopt a Board resolution to finalize the FY 2022-26 CIP.

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: Draft FY 2022-2026 CIP
- Attachment 2: Resolution
- Attachment 3: Final CIP Financial Overview
- Attachment 4: Agency Letters
- Attachment 5: PowerPoint

UNCLASSIFIED MANAGER:

Heath McMahon, 408-630-3126