



Santa Clara Valley Water District

File No.: 21-0455

Agenda Date: 4/27/2021

Item No.: 7.2.

BOARD AGENDA MEMORANDUM

SUBJECT:

Budget Adjustment in the Amount of \$13 Million from Fund 61, Water Utility Fund Operating and Capital Reserves, to the Anderson Dam Seismic Retrofit Project, Project No. 91864005 (Morgan Hill) (District 1).

RECOMMENDATION:

Approve a budget adjustment in the amount of \$13 million, from Fund 61 Water Utility Fund Operating and Capital Reserves, to the Anderson Dam Seismic Retrofit Project, Project No. 91864005.

SUMMARY:

Santa Clara Valley Water District (Valley Water) is undertaking the Anderson Dam Federal Energy Regulatory Commission Order Compliance Project (FOCP) as a result of the February 20, 2020 directive from the Federal Energy Regulatory Commission (FERC) to implement interim risk reduction measures at Anderson Dam, which includes the construction of the Anderson Dam Tunnel Project (ADTP) and the four other proposed construction sub-projects.

The ADTP will construct a diversion system to augment the existing outlet, which will consist of a diversion tunnel and outlet structure, a micro-tunnel lake tap, and modifications to Coyote Creek close to the base of the dam only. The Project also includes reservoir bank and rim stability improvements and existing intake structure modification. The ADTP and the other sub-projects were added to the scope of the Anderson Dam Seismic Retrofit Project (ADSRP). Construction of the ADTP is expected to begin in May 2021.

Staff advised the Board at its January 26, 2021 regular meeting when advertising for bids to build the ADTP was authorized, that they anticipated scheduling another Board agenda item for a budget adjustment which will fund the anticipated construction costs relating to the construction contract for the ADTP project.

The Project is funded by a combination of Safe Clean Water (Fund 26) and Water Utility (Fund 61).

Budget Adjustment

A budget adjustment of \$13 million is recommended during this fiscal year, FY 2020-21, for the

following:

- (a) An amount of \$10.0 million for the construction of ADTP. Total cost of construction is expected to be about \$162 million for the contract award plus a contingency encumbrance, with the remaining \$152 million included for Board consideration in the staff-recommended FY 2021-22 Proposed Budget for the ADSRP and subsequent fiscal years, as necessary.
- (b) An amount of \$1.0 million for the procurement of a replacement dam, for the FOCP Coyote Percolation Dam Replacement sub-project.
- (c) An amount of about \$2.0 million for the Santa Clara Valley Habitat Agency fees for ADTP and the FOCP sub-projects.

This budget adjustment covers the anticipated expenditures for FY 2020-21 only. The remaining expenditures to fully fund the FOCP sub-projects as well as the amendments to the various consultant agreements are included for Board consideration in the FY2021-22 Proposed Budget for the ADSRP Project to be presented to the Board on April 28, 2021 and will be in subsequent fiscal year staff recommendations as well.

FINANCIAL IMPACT:

The recommended budget adjustment would transfer \$13 million from Fund 61 Water Utility Fund Operating and Capital Reserves to the Anderson Dam Seismic Retrofit Project No. 91864005. There are sufficient funds in the reserve to make the transfer.

The allocated funding for FY 2021 Budget for the Anderson Dam Seismic Retrofit Project in the Draft Five-Year FY 2022-2026 Capital Improvement Program (CIP) is \$31.1 million. The recommended budget adjustment of \$13 million will increase the FY 2021 Project budget for planning, design, environmental documentation, and construction of ADSRP to a total of \$44.1 million. The impact of these adjustments would be an increase to the total Project cost reflected in the Draft Five-Year FY 2022-2026 CIP. The increase in the total project cost will be incorporated into the Five-Year FY 2023-2027 CIP.

CEQA:

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

ATTACHMENTS:

None.

UNCLASSIFIED MANAGER:

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