



Santa Clara Valley Water District

File No.: 16-0629

Agenda Date: 2/28/2017

Item No.: 6.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Review and Authorize Distribution of the District's Draft Fiscal Years 2018-22 Capital Improvement Program (CIP).

RECOMMENDATION:

Review the Draft Fiscal Years 2018-22 CIP and authorize release of the document to all cities in Santa Clara County (SCC) and the County of Santa Clara for review as to its consistency with their General Plans.

SUMMARY:

Each year a five-year Capital Improvement Program (CIP) is prepared for Board consideration and approval. The CIP describes the District's capital investment priorities, and provides information on the planned capital projects and the District's intended source(s) of funding. Staff presents the CIP to the Board at the Preliminary and Draft stages for the Board to make decisions and provide direction. The final CIP is approved in conjunction with the annual budget, wherein funding is appropriated to the projects.

Draft FY 2018-22 CIP

The Board reviewed the preliminary CIP on January 10, 2017 and approved the following staff recommendations:

- The preliminary project list for each of the five CIP categories, including the addition of one new project in the FY2017 CIP and one new project in the Draft FY2018-22 CIP:
 - Electronic Discovery Management System Project
 - Berryessa Creek, Lower Penitencia Creek to Calaveras Blvd - Phase 3 Upper Calera and Tularcitos Creeks design and permitting phases
- Adding \$267.8M in funding for two ongoing water supply projects (Anderson Dam Seismic Retrofit, and RWTP Residuals Management).
- Designing and installing the IRP2 Additional Line Valves in conjunction with the 10-year Pipeline Rehabilitation Project, as suggested by the Safe Clean Water (SCW) Independent

Monitoring Committee (IMC).

- Adding \$22.9M in funding for three ongoing flood protection projects (Permanente Creek-SF Bay to Foothill Expwy.; Berryessa Creek-Lower Penitencia Ck. to Calaveras Blvd.; Berryessa Ck.- Calaveras Blvd to I-680).
- Proceeding with two feasibility studies for environmental enhancements at Ogier Ponds and Metcalf Ponds, and a separate study to evaluate and determine priority for addressing various fish passage barriers along Stevens Creek.
- Adding \$5.3M in funding for three ongoing Information Technology projects.

As directed by the Board, staff is continuing to work with the CIP Ad-Hoc Committee (Committee) to refine the FY2018-22 CIP. At the January 30, 2017 Committee meeting, the Committee reviewed the Water Utility capital projects and recommended separating the Expedited Purified Water Program (Program) components into two projects. The first project would include expansion of the Silicon Valley Advanced Water Purification Center (SVAWPC) and the conveyance pipeline to the Los Gatos Recharge Ponds. The remaining potential elements of the Program address the District's long-term water supply portfolio beyond 2040. These elements have been removed from the five-year CIP, but will be included in the long-term forecast starting in FY2032. This has reduced the Water Utility category cost in the FY2018-22 CIP by \$345M.

At the January 30, 2017 CIP Ad Hoc Committee meeting, and subsequently at the February 16, 2017 Recycled Water Committee meeting, staff informed Committee members that resolution of several items in the Memorandum of Understanding being negotiated with the City of San Jose for the expansion of purified water production will require additional time. Staff estimates that an additional 1 to 2 years of collaborative effort may be needed. The Draft FY2018-22 CIP reflects this two-year shift, with anticipated funding of about \$15M in FY2018 for the expansion of the SVAWPC and the conveyance pipeline now moved out to FY2020, with all subsequent years' estimated funding shifted as well.

Staff has prepared the Draft Fiscal Years 2018-22 CIP (Attachment 1) for Board consideration. Subject to authorization by the Board, the Draft CIP will be transmitted to cities within the District's jurisdiction and to the County to solicit feedback and obtain confirmation that the District's Draft FY 2018-22 CIP is consistent with their applicable General Plans. The CIP will also be available online for general public review. Staff will confer with each of the City Managers, Planning Directors, and/or Public Works Directors to discuss the proposed list of projects and seek feedback on the CIP prior to returning to the Board for approval of the CIP.

The Draft FY 2018-22 CIP includes 63 funded projects distributed among the following categories: 29 Water Supply, 17 Flood Protection, 8 Water Resources Stewardship, 3 Buildings and Grounds, and 6 Information Technology projects, for a total District planned cost of \$3.3 billion. An additional \$0.7 billion will be funded by outside sources through cost-share partnerships, or reimbursements, yielding a total CIP value of \$4 billion. The FY 2018-22 planned expenditures include more than \$1.16 billion for the construction program (see Attachment 2) which would sustain or create 12,000 to 24,000 jobs.

FINANCIAL IMPACT:

There is no financial impact associated with Board approval of the recommendation for this item. The total value of the Draft FY 2018-22 CIP is \$4 billion, of which \$0.7 billion is funded by outside sources. The District's proposed FY 2017-18 capital expenditures are \$352 million, and a total of \$2 billion is proposed for future years' expenditures.

As outlined in the Draft FY 2018-22 CIP, water utility projects are intended to be funded by the projected multi-year groundwater production charges presented in the 2017 Annual Report on the Protection and Augmentation of Water Supplies (PAWS) and treated water charges. Watershed projects are intended to be funded by projected future revenues from property taxes and special taxes. The projects that were identified in Safe Clean Water Programs are funded by a voter-approved 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: Draft FY 2018-2022 CIP
Attachment 2: Planned Construction Program

UNCLASSIFIED MANAGER:

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