



Santa Clara Valley Water District

File No.: 17-0077

Agenda Date: 3/23/2017
Item No.: 2.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

District's Capital Improvement Program Fiscal Year 2016-17 Progress Report for Water Supply and Information Technology Capital Projects.

RECOMMENDATION:

- A. Receive information from staff on the FY2016-17 Capital Improvement Program (CIP) progress reports for key Water Supply and Information Technology Capital Projects; and
- B. Approve adjustments to the Safe, Clean Water and Natural Flood Protection Program (SCW Program) schedules for two Water Supply projects.

SUMMARY:

The District plans, manages, and implements capital improvements to comply with the Board's Ends Policies and Executive Limitations. Program plans or master plans are developed to achieve the results established by the Ends Policies. These plans then become the basis for staff to develop and propose individual capital projects that become part of the District's Five-Year Capital Improvement Program (CIP).

The FY2017-21 CIP includes a total of 65 capital projects. Of these, 30 are Water Supply projects and 5 are Information Technology (IT) projects. The total value of the CIP is \$4.2B. Water Supply projects contribute \$2.3B, and IT projects contribute \$39M to the total CIP. Table 1 presents, by CIP category, the number of active FY17 projects, the Board-approved FY17 budget, and actual expenditures through December 31, 2016 (FY17-Q2).

**Table 1. FY17 Active CIP Projects, Budgets, and Expenditures
by Category through FY17-Q2**

CIP Category	No. of Active Projects	FY17 Budget (\$ Million)	FY17 Expenditures (\$M) thru 12/31/16 (% expended)
Water Supply	30	\$143.8	\$72.4 (50%)
Flood Protection	19	\$232.0	\$64.1 (28%)

Water Resources Stewardship	8	\$8.5	\$0.6 (7%)
Buildings & Grounds	3	\$ 8.1	\$1.0 (12%)
Information Technology	5	\$ 8.3	\$1.1 (13%)
Total	65	\$400.7	\$139.2 (35%)

Key Capital Projects

Table 2 presents the project delivery phase and FY17 second quarter status of eleven (11) key Water Supply and one IT capital projects' milestones. Staff will discuss these in greater detail in their presentation (Attachment 1) and will present anticipated project accomplishments in the next fiscal year (FY18).

Table 2. FY17-Q2 Status of Water Supply and IT Capital Projects

No.	Key Capital Projects	Project Milestone(s)	Status
Water Supply			
1	Anderson Dam Seismic Retrofit (Design Phase)	1. Complete Contract Amendments for 3 Project Consultants - 12/2016 2/2017 6/2017 2. Identify Modified Project - 12/2016 3. Complete Constructability Analysis - 6/2017 12/2017 4. Complete Phase 3 Geotechnical Investigation - 6/2017 12/2017	1. Adjusted 2. Complete 3. Adjusted 4. Adjusted
2	Calero Dam Seismic Retrofit (Design Phase)	1. Complete Configuration Resolution Memorandum - 12/2016 2/2017 2. Complete Phase 1 Geotechnical Investigation - 1/2017 3. Complete Final Design Criteria Memorandum - 2/2017 5/2017 4. Commence 30% Design Documentation - 6/2017 9/2017	1. Adjusted 2. On target 3. Adjusted 4. Adjusted
3	Guadalupe Dam Seismic Retrofit (Design Phase)	1. Complete Phase 1 Geotechnical Investigation - 12/2017 3/2017 2. Complete Final Design Criteria Memorandum - 4/2017 3. Draft Final 30% Design Documentation - 5/2017	1. Adjusted 2. On target 3. On target
4	Almaden Dam Improvements (Design Phase)	1. Complete Final Geotechnical Report - 9/2016 2. Complete Canal and Dam PSR - 4/2017 3. Complete Consultant Amendment #3 for Design of AC Canal - 6/2017	1. Complete 2. On Target 3. On Target
5	Dam Seismic Stability Evaluation (Planning Phase)	1. Complete geotechnical investigation reports for Chesbro, Uvas, and Coyote Dams - 2/2017 2. Complete geologic investigation report for Coyote Dam - 2/2017 3. Review of reports by DSOD - 6/2017	1. On Target 2. On Target 3. On Target
6	Pipeline Inspection and Rehabilitation (Design Phase)	1. Acquisition of Permits for Pacheco Conduit Inspection/Rehabilitation - 10/2016 4/2017 2. Board award of Pacheco Conduit Inspection/Rehabilitation - 11/2016 8/2017 2. Board award of Cathodic Protection for Pacheco Conduit - 3/2017 6/2017	1. Adjusted 2. Adjusted 3. Adjusted

No.	Key Capital Projects	Project Milestone(s)	Status
Water Supply (continued)			
7	Penitencia Delivery Main/Force Main Seismic Retrofits (Construction Phase)	1. Complete 30% of Construction - 1/2017 2. Complete 60% of Construction - 4/2017 3. Complete Construction and place system back in service - 6/2017	1. On Target 2. On Target 3. On Target
8	Main and Madrone Pipelines Restoration (Construction Phase)	1. Public Hearing for Engineer's Report & Adopt Environmental Document - 3/2017 5/2017 2. Acquire Permits & Advertise for Construction - 5/2017 8/2017	1. Adjusted 2. Adjusted
9	IRP2 PWTP Ops Bldgs Seismic Retrofit (Construction Phase)	1. Complete 30% Construction at PWTP - 12/2016 2. Move staff back into PWTP Control Building - 5/2017 3. Complete Field Construction at PWTP - 6/2017	1. Complete 2. On Target 3. On Target
10	Wolfe Road Recycled Water Pipeline (Construction Phase)	1. Complete 75% of Construction - 12/2016 2. Complete Field Construction - 4/2017 3. Complete As-built markups and submit to CADD - 6/2017	1. Complete 2. On Target 3. On Target
11	RWTP Reliability Improvement (Construction Phase)	1. Manage Phase 2 Construction Activities - 6/2017	1. On Target
Information Technology			
1	PeopleSoft System Upgrade and Expansion (Construction Phase)	1. Vendor Selection - 03/2017 2. Initiate Upgrade - 07/2017 3. Complete Upgrade - 12/2018	1. On Target 2. On Target 3. On Target* *(See Discussion Below)

Water Supply Capital Projects

The primary objectives for most of the current Water Supply capital projects are the retrofit and rehabilitation of the District's existing water supply infrastructure-dams, pipelines, pump stations, and water treatment facilities. In addition, several projects focus on the expansion of recycled water facilities. In the first half of FY 2017, 23 of the 30 Water Supply Projects in the CIP were active, four (4) are small capital projects, five (5) are in planning, five (5) are in design, seven (7) are in construction, and two (2) are in the process of being closed out.

Of the eleven (11) Water Supply projects listed in Table 2, one is in the planning phase, six (6) are in design, and four (4) are under construction.

Construction Contracts. Through FY17-Q2, one (1) Water Supply project construction contract was awarded by the Board, with a value of \$594K.

Consultant Agreements. No new consultant agreements or amendments to agreements were presented to the Board for consideration and award through FY17-Q2.

Information Technology (IT) Capital Projects

The primary objective of the IT projects in the CIP is to provide the software systems and technology the District needs to manage its core business. A new budget tool was successfully implemented in FY17-Q2 and is being used for the FY18 budget cycle. Of the five (5) projects in the CIP two (2) are in the planning stage and three (3) are being implemented.

The PeopleSoft System Upgrade and Expansion has been an interdepartmental project and will impact every administrative operation in the District. The District is currently in the final phase of contract negotiations with the top-rated vendor. However, depending on the final status of negotiations currently taking place, the proposed contract for implementing this project could significantly exceed the established 2016 budget allocations. Based on the outcome of these negotiations as well as other considerations regarding the benefits of re-scoping this upgrade project entirely, the implementation of the District's PeopleSoft system may not occur as outlined in this proposed CIP.

Construction Contracts. No construction contracts were awarded by the Board through FY17-Q2.

Consultant Agreements. The Board awarded three (3) consultant agreements through FY17-Q2 for IT capital projects, for a total encumbrance of \$880K.

Adjustments to Safe Clean Water Program Project Schedules for Water Supply Projects

Capital project schedules change due to various factors including additional time for evaluation, time to work with external stakeholders on design concepts, changed site conditions, limited annual funding allocations from the federal budget on federal projects, and time for regulatory agencies to review and process construction permit applications.

To keep the Board informed and to request Board approval of SCW Program schedule adjustments to Program-identified completion dates, staff includes SCW Program schedule adjustments in the annual progress report for capital projects.

As referenced in the staff presentation (Attachment 1), there are adjustments to project schedule completion dates for two Water Supply projects funded by the SCW Program. As required by the SCW Program change control process, staff is requesting Board approval of these adjustments for the following projects:

Pipeline Reliability (A3 - Ensure a Safe, Reliable Water Supply):

The IRP2 Additional Line Valve project will install four new line valves in the East, West, and Snell pipelines. The original project schedule reflected an estimated start date of FY25 and completion date of FY27. In reviewing the FY15 SCW Annual Report, the Independent Monitoring Committee recommended advancing the project schedule. Staff has evaluated the funding impacts and staff resource availability for initiating this project earlier, and, as part of the January 10, 2017 presentation of the Preliminary FY2018-2022 CIP to the Board, informed the Board that this project work will be incorporated into the District's 10-Year Pipeline Inspection and Rehabilitation Program. The planning phase for this project is anticipated to begin in FY19. Staff is currently estimating that construction will be completed by FY25. Staff's recommendation is to adjust the SCW A3 project schedule to begin in FY19 and be completed by FY25.

Anderson Dam Seismic Retrofit (C1 - Protect our Water Supply from Earthquakes and Natural Disasters):

The original SCW Program schedule, as included in the SCW Program Report, referenced the project's baseline delivery schedule. The Key Performance Indicator (KPI) for this project is the transfer of up to \$45M (2012 dollars) of

SCW Program funding to partially reimburse the Water Utility for the seismic retrofit project costs. Thus, the funding schedule is what should be referenced in the Program to indicate progress toward completing the KPI. The original fund transfer was to occur in two years - FY18 and FY28. The first fund transfer was completed in FY16. The second and final transfer is still scheduled for FY28. Staff recommends adjusting the SCW C1 schedule to reflect the FY16 actual and FY28 planned fund transfers rather than the project delivery schedule.

FINANCIAL IMPACT:

The recommended action has no financial impact.

CEQA:

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

ATTACHMENTS:

Attachment 1: PowerPoint

UNCLASSIFIED MANAGER:

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