



Santa Clara Valley Water District

File No.: 19-1142

Agenda Date: 12/17/2019

Item No.: 2.3.

BOARD AGENDA MEMORANDUM

SUBJECT:

Receive Updates on Safe, Clean Water and Natural Flood Protection Program Flood Protection Projects and Funding Scenarios.

RECOMMENDATION:

- A. Receive project updates on the following Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water Program) Flood Protection Projects:
 - i. Coyote Creek
 - ii. Upper Penitencia Creek
 - iii. Upper Llagas Creek
 - iv. Upper Guadalupe River;
- B. Review potential funding scenarios:
 - i. Consider the Capital Improvement Program (CIP) Committee's Recommendation to proceed with Scenario 2, and approve moving forward with Scenario 2 and set the time and place for the public hearing for January 14, 2020, to modify the Upper Guadalupe River and Upper Llagas Creek Flood Protection Projects; or
 - ii. Based upon the Board's recent decision to explore the opportunity for a renewed Safe, Clean Water Program for voter consideration during the November 2020 election, direct staff to:
 - a. Move forward with the required public hearing for the Upper Llagas Creek Flood Protection Project and set the time and place for the public hearing for January 14, 2020; and
 - b. Return to the Board in one year to review the potential funding scenarios for the remaining Safe, Clean Water Program Flood Protection Projects; and
- C. Provide feedback and direction to staff, as necessary.

SUMMARY:

The purpose of this agenda item is for the Board to receive updates on the following Safe, Clean Water Program Flood Protection Projects:

- a. Coyote Creek (Attachment 1)
- b. Upper Penitencia Creek (Attachment 2)
- c. Upper Llagas Creek (Attachment 3)
- d. Upper Guadalupe River (Attachment 4)

After receiving the project updates, the Board will then review the potential funding scenarios

(Attachment 5) and consider which approach to take.

The CIP Committee recommended Scenario 2 as the best option because it allows each project to advance towards providing significant flood protection to the community while maximizing the available funding under the existing Safe, Clean Water Program.

The board-approved Safe, Clean Water Program's Change Control Process serves as a guideline for making changes to the Program (Attachment 6). Consistent with the requirements of the Safe, Clean Water Program and the Change Control Process, a public hearing is required before action can be taken to modify a project key performance indicator (KPI). Also, when transfer or reallocation of funding between projects impacts a KPI, such action requires a public hearing be conducted to modify the KPI.

Below is a summary of Scenario 2 by project, along with analysis regarding whether or not a public hearing would be required and whether or not the decision could be postponed for one year in order to factor in the outcome of the November 2020 vote on the Safe, Clean Water Program renewal measure, should the Board vote to move forward with placing the measure on the ballot.

Scenario 2 - Summary and Analysis by Flood Protection Project

Coyote Creek

Summary: Recommended Scenario 2 proposes to reallocate \$23 million in funding from the Upper Penitencia Creek Flood Protection Project (Upper Penitencia Creek Project) to the Coyote Creek Flood Protection Project (Coyote Creek Project). This reallocation will increase the Coyote Creek Project allocation to \$51 million, conservatively addressing the estimated remaining costs to build the preferred project.

Analysis: A public hearing is **not required** as reallocating funding to the project will financially support the cost of constructing the preferred project KPI. Postponing the funding decision by one year will not negatively impact the project as there is sufficient funding to proceed with planning and design. Alternatively, postponing the decision could allow for the funding shortfall range to be narrowed as a preferred project alternative should be identified in one-years' time.

Upper Penitencia Creek

Summary: The remaining allocation of \$24 million for the Upper Penitencia Creek Project will be sufficient to proceed with Phase I of the project, which addresses the local-funding only KPI and Phase II of the project, which is part of the preferred project. This will maximize the flood protection for the community, as the two phases combined will protect 1,250 parcels.

Analysis: A public hearing is **not required** as reallocating funding to the Coyote Creek Project will not impact the delivery of the local-funding only KPI. The local-funding only KPI could be modified to reflect the addition of the Phase II reaches; however, staff is not recommending doing so. Pursuant to this funding scenario, Santa Clara Valley Water District (Valley Water) already plans to deliver the existing locally-funded option as well as build the reaches of the preferred project that can be constructed with the available funding. Postponing the funding decision by one year will not

negatively impact the project as staff can proceed with planning and design for Phase I and Phase II of the project.

Upper Llagas Creek

Summary: Scenario 2 also proposes moving forward with construction of the Upper Llagas Creek Flood Protection Project (Upper Llagas Creek Project) with the remaining secured funds by constructing Phase 2.a., which entails constructing the tunnel. The primary objective of the project is to plan, design and construct improvements along 13.9 miles of Upper Llagas Creek from Buena Vista Avenue in Gilroy to Llagas Road in Morgan Hill, including West Little Llagas Creek in downtown Morgan Hill. Flood protection will be provided to the community once the preferred project is fully constructed.

Analysis: A public hearing *is required*. Constructing the tunnel will fully utilize the remaining local funding, thus impacting the ability to fully construct Reach 7, which is the current local-funding only KPI. Based upon this, staff plans to propose a modification to the local-funding only KPI that increases the length of the project to be built by the available local funds from approximately 2.9 miles to 4.9 miles, in addition to constructing the onsite compensatory mitigation. Besides getting the most out of the available local dollars, this approach keeps the project moving forward, shortens the construction window without inducing flooding downstream and maximizes the potential for external funding opportunities. This modification also reflects the improved collaboration with the regulatory permitting agencies that required early mitigation for the project's impacts. Postponing the funding decision by one year will negatively impact the project. In order to utilize the remaining local funds to move forward with construction of the tunnel a public hearing is required to modify the project.

Upper Guadalupe River

Summary: Scenario 2 proposes fully utilizing the remaining allocation for the Upper Guadalupe River Flood Protection Project to construct Reaches 7 and 8 of the Project at a 50-year level of protection while constructing the bridges at a 100-year level (1% flood protection). This will allow Valley Water to maintain its partnership with the U.S. Army Corps of Engineers (USACE) while moving forward with delivering a substantially improved level of flood protection to the community, as those reaches currently only have the capacity to contain a 5-year level event.

Analysis: A public hearing *is required*. Scenario 2 proposes modifying the local-funding only KPI, which in summary, currently requires construction of Reach 7 at the 100-year or 1% flood protection level. Postponing the funding decision by one year will not negatively impact the project as USACE is in the process of reevaluating the project and staff does not anticipate a decision from USACE for three to five years. For delivery of the local-funding only project, a one-year delay in the decision would require a schedule adjustment for delivery of the local-funding only project by one year and could result in slightly higher construction costs due to inflation.

Next Steps

To align with the development of the Fiscal Years 2021-2025 CIP and the Budget process, staff is recommending that should the Board decide to move forward with modifying the Safe, Clean Water Program, that the Board set the public hearing for January 14, 2020 at 1:00 p.m. Should the Board

direct staff to proceed with the public hearing, a public notice ad will be placed in compliance with California Government Code Section 6066. Staff has prepared a sample ad for the combined public hearing for both the Upper Llagas Creek and Upper Guadalupe River Flood Protection Projects (Attachment 7). Should the Board vote to approve moving forward with the public hearing for the Upper Llagas Creek Flood Protection Project only, the draft ad will be edited to remove reference to the Upper Guadalupe River Flood Protection Project.

FINANCIAL IMPACT:

Should the board approve the recommendation to proceed with a public hearing, the cost of advertising, which is estimated to be approximately \$30,000, will be charged to the Safe, Clean Water Program Implementation Project (26061012) and included in the current fiscal year's budget.

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: Coyote Creek Update
Attachment 2: Upper Penitencia Creek Update
Attachment 3: Upper Llagas Creek Update
Attachment 4: Upper Guadalupe River Update
Attachment 5: Potential Funding Scenarios
Attachment 6: Change Control Process
Attachment 7: Draft Public Hearing Notice
Handout 2.3-A - City of Morgan Hill
Handout 2.3-B - J Collins

UNCLASSIFIED MANAGER:

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