



Santa Clara Valley Water District

File No.: 21-0111

Agenda Date: 2/23/2021

Item No.: *7.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Review and Authorize Distribution of Santa Clara Valley Water District's Draft Fiscal Years 2022-26 Capital Improvement Program.

RECOMMENDATION:

Review the Draft Fiscal Years 2022-26 Capital Improvement Program and authorize release of the document to all cities in Santa Clara County 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 Santa Valley Water District's (Valley Water) capital investment priorities and provides information on the planned capital projects and Valley Water'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 for the following fiscal year.

Draft FY 2021-25 CIP

The Board reviewed the Preliminary Fiscal Years (FY) 2022-26 CIP on January 12, 2021 in conjunction with the preliminary FY 2021-22 groundwater production charges. At that meeting, the Board provided direction regarding key capital investments and other assumptions to include in both the CIP and the groundwater charge projection. For purposes of the CIP, key capital investments include: "Baseline Projects" such as Dam Seismic Retrofits, the Rinconada Water Treatment Plant Reliability Improvement, and the 10-Year Pipeline Rehabilitation Program as identified in the Water Supply Master Plan; the Expedited Purified Water Program to be delivered via a public-private partnership (P3); and the Pacheco Reservoir Expansion Project. The Draft FY 2022-26 CIP is consistent with direction given by the Board on January 12, 2021.

For the purpose of reporting on FY 2020-21 expenditures, the FY 2022-26 CIP includes five projects that are completed, closed, or being reprogrammed by the end of FY 2020-21, as follows:

1. Main and Madrone Pipeline Replacement - Completed;
2. Westside Retailer Interties - Closed;

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3. Stream Maintenance Program (SMP) Mitigation, Stream and Watershed Land Preservation - Completed;
 4. Salt Ponds Restoration (SCW - D8) - Reprogrammed (reprogrammed to Operations); and
 5. E-Discovery Management System - Completed.

Since the Board reviewed the Preliminary 5-year CIP on January 12, 2021, staff has identified the following additional changes for incorporation into the Draft FY 2022-26 CIP. Below is a summary of those changes by type of business area.

Water Utility:

- 91864005 - Anderson Dam: No change to project scope or schedule. Construction phase cost decreased by \$4M and the Design/Right-of-Way phase increased by \$4M primarily due to an increase on a right-of-way acquisition. Also, reduced FY 21 expenditures and increased FY 22 planned expenditures; total project cost (TPC) with inflation increased by approximately \$225K to \$648.75M.
- 95084002 - 10-Year Pipeline Rehabilitation Project: Board received this update verbally when the Preliminary CIP was reviewed on January 12, 2021. The 10-Year Pipeline Inspection and Rehabilitation Project increased in cost by \$31.9 million due to an additional Almaden Valley Pipeline inspection project being added, and the scope of individual projects within the program that have expanded to incorporate more extensive repairs, upgrades, and replacements. TPC with inflation increased by approximately \$31.9M to \$141.1M.
- 94084007 - Treated Water Isolation Valves: Work planned to be completed in FY 21 has been delayed due to staffing limitations. The previously approved project plan showed work on the design phase scheduled to take several years. It is now proposed to accelerate the design phase to be completed in FY 23 as it is anticipated that staff will be available to work on the project; TPC with inflation decreased by approximately \$96K to \$8.68M.
- 91094001 - Land Rights South County Recycled Water Pipeline Project: Schedule delayed by one year due to lack of staff and resources. Project costs updated based on further evaluation of the planning and environmental phase efforts. It is currently anticipated that the planning phase and environmental phases will cost less than previously anticipated, so these funds were shifted to the Right-of-Way phase of the Project; TPC with inflation increased by approximately \$315K to \$7.56M.
- 91234002 - Coyote Pumping Plant ASD: The duration of the planning phase was extended because of the additional time required to complete the planning phase documents, including the Control Systems Technical Memoranda, the Problem Definition Report, the Project Requirements Memoranda, and the Conceptual Design. This additional time was necessary due to the transition in project team members and the additional time needed by staff to review the Project deliverables. Additionally, because this project will be delivered using a new process for Valley Water, the design build project delivery method, the development of new

procurement documents (RFQ and RFP) is taking longer than previously anticipated. Therefore, the design phase duration has also been extended. TPC with inflation increased by approximately \$436K to \$15.57M.

- 93294058 - RWTP Residuals Remediation: Updated project schedule and expenditures via Change Management Memo (CMM) dated 1/15/21. The Design phase schedule has been updated to reflect the current status of the project. The Design phase cost has been increased to include legal fees for pursuing a lawsuit filed against the original project planning firm and design firm, and the cost of a temporary mobile centrifuge rental through project completion. The Construction phase schedule has been updated to reflect the estimated date of the Notice to Proceed and the most recently received 90% design construction schedule. The construction phase cost has been increased to reflect the 90% opinion of probable construction cost; TPC with inflation increased by approximately \$6.86M to \$32.69M.
- 91084019 - Dam Seismic Evaluation: changes include a revised Project schedule, cost, and expenditures. These changes are due to prioritization of work on Anderson and Pacheco dams, resulting in an extension of the schedule for completion of the comprehensive Dam Safety Evaluation of Coyote, Chesbro, and Uvas dams (DSE1) from 2021. This subsequently will delay the start of the comprehensive Dam Safety Evaluation of Rinconada, Vasona, and Coyote Percolation dams (DSE2) from FY 22 to FY 25. Project schedule extended two years, \$750K added to planning per CMM dated 1/12/2021. TPC with inflation increased by approximately \$1.72M to \$31.32M.

Watersheds:

- 26154003 - Upper Guadalupe River Project (Southern Pacific Railroad to Blossom Hill Rd. R7-12): Schedule extended by 3 years. Planned expenditures moved to future years. On December 30, 2020, the Department of the Army (U.S. Army Corps) and the Santa Clara Valley Water District signed an agreement to conduct a Flood Risk Management General Re-evaluation Study. The study is scheduled to be completed in three years. After the study is completed, it is estimated that the U.S. Army Corps will take two years to approve the new project scope and initiate a project partnership agreement with Valley Water. Design and construction will proceed following the execution of a project partnership agreement; TPC with inflation increased by approximately \$8.73M to \$128.28M.
- 62084001 - Watersheds Asset Rehabilitation Program (WARP): Decrease in FY 21 planned expenditures due to delays in the Calabazas Creek project advertisement and increase in FY 22 planned expenditure (to move construction for Calabazas to Spring 2022). Additionally, in FY 22, four new small caps projects requested by the Watersheds Operation and Maintenance unit will be initiated to begin structural, geotechnical and survey investigations; TPC with inflation decreased by approximately \$3.27M to \$182.58M.

Buildings & Grounds:

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- 60204016 - Facility Management Small Capital Improvements: Board received this update verbally when the Preliminary CIP was approved by the Board on January 12, 2021. Increase annual planned expenditures from \$3M to \$4M each fiscal year.

Based upon the Board reviewed Preliminary CIP and the subsequent staff-identified changes, staff has prepared the Draft FY 2022-26 CIP (Attachment 1) for Board consideration.

Additionally, staff is in the process of incorporating minor revisions for the Final FY 2022-26 CIP to further align the CIP with the renewed Safe, Clean Water and Natural Flood Protection Program (Safe, Clean Water Program), which was approved by voters in November 2020. These revisions are detailed below:

- 26044002 - Safe, Clean Water Fish Passage Improvements: The Safe, Clean Water Fish Passage Improvements Project is linked to Key Performance Indicator (KPI) 3 under the Fish Habitat and Passage Improvement Project (Project D4) under the renewed Safe, Clean Water Program, which requires that Valley Water spend \$8M on fish passage improvements by FY 2027-28. Singleton Road Fish Passage Improvements will remain under 26044002, with planned expenditures in FY 2021-22 and beyond of approximately \$1.5M.

Additionally, a placeholder project for Safe, Clean Water Fish Passage Improvements is being updated to include approximately \$6.5M for yet to be identified fish passage improvements, which when combined with delivery of Singleton Road Fish Passage Improvements will deliver KPI 3. Further, the construction of the Bolsa Road Bridge Fish Passage Project is being removed to reflect the renewed Safe, Clean Water Program, Priority D, Project D6 Restoration of Natural Creek Functions, which identified construction of the Bolsa Road Bridge Fish Passage Project as KPI 2. In turn, the Bolsa Road Bridge Fish Passage Project will be given a new project number in the Final CIP, with approximately \$6.64M for project construction.

Subject to authorization by the Board, the Draft CIP will be transmitted to cities within Valley Water's jurisdiction and to the County of Santa Clara to solicit feedback and obtain confirmation that Valley Water's Draft FY 2022-26 CIP is consistent with their applicable General Plans. The CIP will also be available online for general public review. Staff will contact and offer to meet 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 2022-26 CIP includes 67 funded projects distributed among the following categories: 31 Water Supply, 17 Flood Protection, 11 Water Resources Stewardship, 2 Buildings and Grounds, and 6 Information Technology projects, for a total Valley Water planned cost of \$6.7B. An anticipated additional \$1.3B may be funded by outside sources through cost-share partnerships, or reimbursements, yielding a total CIP value of \$8.0B.

FINANCIAL IMPACT:

There is no financial impact associated with Board approval of the recommendation for this item. The

total value of the Draft FY 2022-26 CIP is \$8.0B, of which \$1.3B may be funded by outside sources.

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

UNCLASSIFIED MANAGER:

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