



Santa Clara Valley Water District

File No.: 21-1344

Agenda Date: 1/11/2022
Item No.: 7.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Update on Draft Watersheds and Water Utility Fiscal Year 2023-2027 Operations and Maintenance Plans.

RECOMMENDATION:

Receive Information on the Draft Watersheds and Water Utility Fiscal Year 2023-2027 Operations and Maintenance Plans.

SUMMARY:

The purpose of the Watersheds and Water Utility Five-Year Operations and Maintenance Plans (Plans) is to identify and document the resources needed for operations and maintenance activities and asset renewal projects for the next five fiscal years, 2023 to 2027.

The Plans forecast the resources needed for operations and maintenance activities including corrective and preventive maintenance, operator labor, chemical costs, power, and engineering and environmental staff support for operations and maintenance. The Plans do not include resources needed for planning activities.

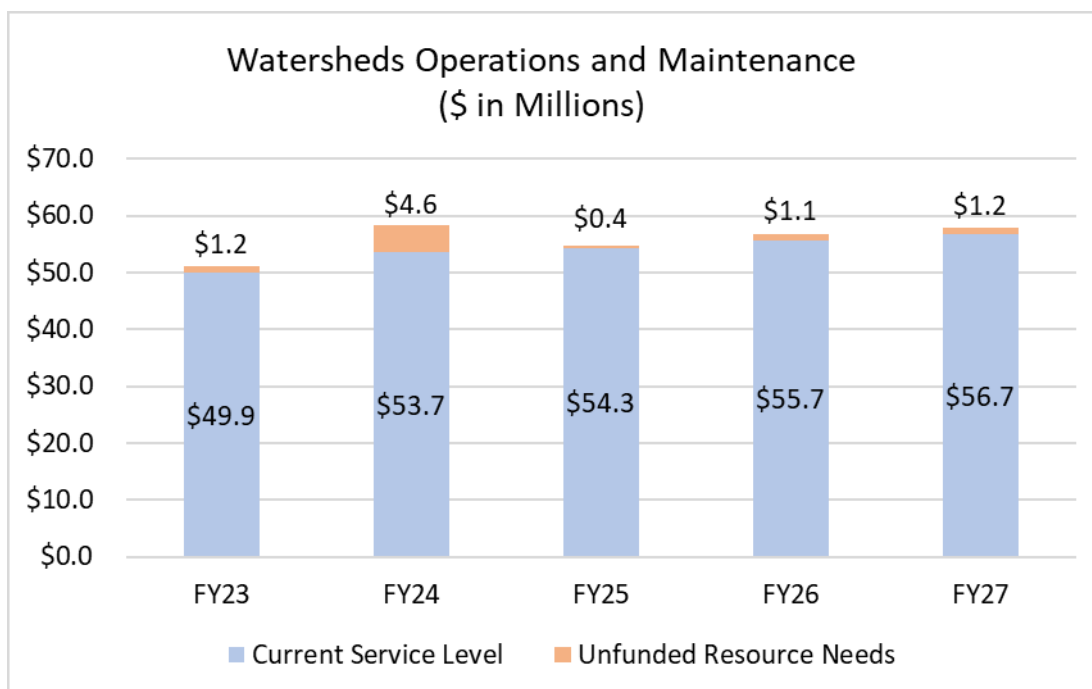
With regards to asset renewal activities, the Water Utility Five-Year Operations and Maintenance Plan (Water Utility Plan) documents the planned asset renewal projects scheduled for the next five fiscal years. Asset renewals are asset replacements or rehabilitation to 'like new' condition. These projects are typically budgeted and executed in one of six water utility small capital improvement projects. The Watersheds Five-Year Operations and Maintenance Plan (Watersheds Plan) discusses efforts on a new strategic planning approach to identify planned asset renewal projects. This strategic planning effort is being conducted under Safe, Clean Water project F8: Sustainable Creek Infrastructure for Continued Public Safety.

The Plans are rolling five-year plans and are updated annually. The Draft Plans were prepared using long term forecast data broken out into "Baseline" and "Unfunded Needs" components as of December 2021. Throughout the plan, the term 'Baseline' refers to activities that provide the current service level and are assumed to be funded in financial forecasts by fund prepared by Valley Water's Financial Planning and Management Services Division. The term 'Unfunded Needs' refers to incremental resources needed to conduct work above and beyond the Baseline, or for incremental permanent staff needs above the current level, and are assumed to be unfunded for purposes of

financial forecasts by fund. The Fiscal Year 2023 and 2024 budget requests and unfunded needs will be evaluated throughout the budget and groundwater charge setting processes through May 2022. The Plans will be finalized following Board adoption of Valley Water's final budget for Fiscal Years 2023 and 2024, and groundwater production charges for Fiscal Year 2023, and will be provided to the Board at that time. The Draft Plans are included as Attachments 2 and 3.

Watersheds Summary

The Draft Watersheds Plan summarizes the baseline and unfunded resources needed for the Watersheds Operations and Maintenance Division for the next five fiscal years, 2023 - 2027, as shown in the figure below. This is preliminary data as of December 2021. It does not include the Watershed Design and Construction Division or Stewardship and Planning Division resource needs.



In total, the Watersheds Operations and Maintenance Division has identified baseline resource needs of \$270.3 Million, and an additional unfunded need of \$8.5 Million for the next five fiscal years. The \$8.5 Million unfunded need would provide engineering support for the engineering analysis and justification of vegetation management work, completion of creek maintenance guidelines, rehabilitation of the Evelyn Ave fish ladder in Stevens Creek, and the Valley Habitat Plan reopening and fees. This unfunded amount does not include expected costs for deferred maintenance projects, which are roughly estimated at \$100 Million, or for future renewal activities. Valley Water intends to refine the amount and timing of deferred maintenance and future renewal project costs through Safe, Clean Water Project F8: Sustainable Creek Infrastructure for Continued Public Safety (Project F8), described below. Refined estimates will be included in future plans.

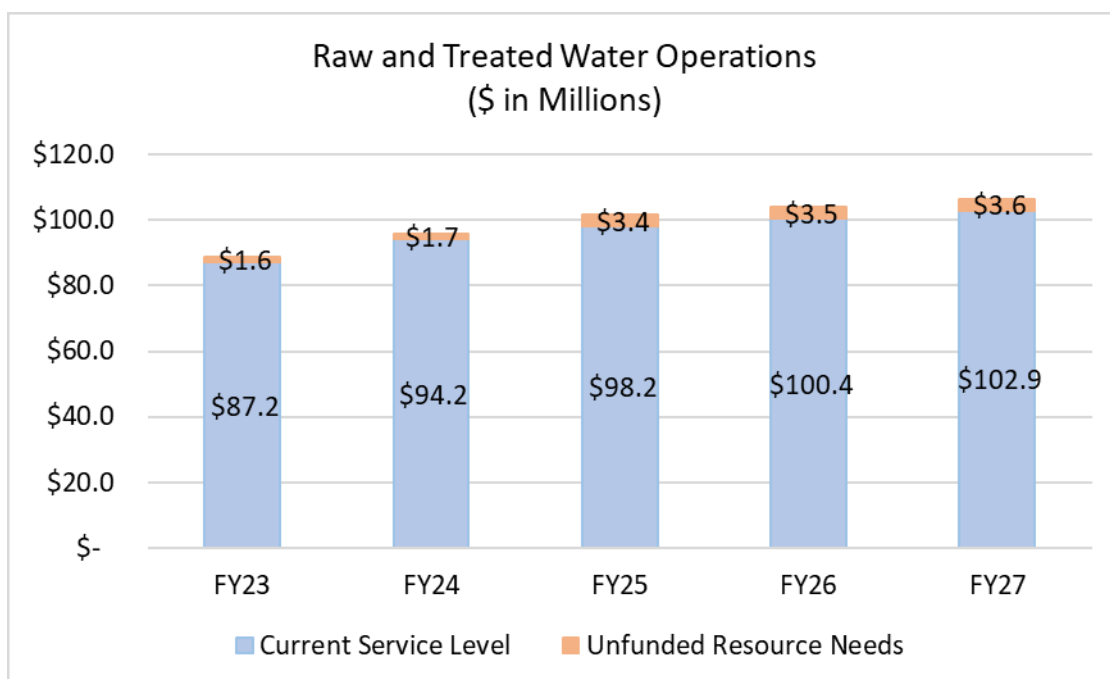
The goal of Project F8 is to identify and prioritize infrastructure issues, develop asset management plans to identify needed asset renewal projects, and to implement those asset renewal projects. Asset renewal projects identified in Project F8 will address deferred maintenance mentioned above,

as well as improve flood protection infrastructure to restore intended level of service, extend life, and improve reliability. Progress to date includes analyzing and prioritizing infrastructure issues for over 30 creeks, initiating an asset management plan for Stevens Creek, and beginning to scope specific projects for issues on Randol and San Tomas Creeks.

Some of the asset renewal projects identified through this effort may be funded by Project F8, which is allocated \$7.5 Million over the next 15 years, or by the Watershed Asset Rehabilitation Program (WARP) small capital improvement project, which is currently funded at approximately \$7.5 - 8 Million per year. The magnitude of future asset renewal work is expected to exceed available funding in some future years.

Water Utility Summary

The Draft Water Utility Plan summarizes the baseline and unfunded resources needed for the Raw Water and Treated Water Divisions for the next five fiscal years, 2023 - 2027, as shown in the figure below. This data is preliminary as of December 2021. It does not include the Water Utility Capital Division or Water Supply Division resource needs. It also does not include imported water purchases.



In total, the Raw and Treated Water Operations Divisions have identified baseline resource needs of \$482.9 Million, and an additional unfunded need of \$13.8 Million for the next five years. These unfunded resources would provide support for laboratory operations, management of the corrosion control and cathodic protection program, mechanical engineering support for water utility operations and maintenance, water quality support for operations, and future electrical and control systems engineering support for new capital projects.

In addition to operations and maintenance project forecasts, the Water Utility Plan documents the

planned asset renewal projects scheduled for the next five fiscal years. These projects are identified by the asset management program and are typically budgeted and executed in one of six water utility small capital improvement projects. When many assets at a single facility are due for renewal, the plan may recommend a new large/individual capital project, however, individual capital projects are not included in the Water Utility Plan as these are included in Valley Water's CIP.

Valley Water has identified 58 planned asset renewal projects scheduled in Fiscal Year 2023 for Water Utility facilities. This work is estimated at \$3.2 Million. This cost does not include large/individual capital projects such as the Anderson Dam Seismic Retrofit Project or operations improvements or modifications. Some significant projects scheduled for Fiscal Year 2023 are listed below.

- Santa Teresa Water Treatment Plant ozone generator repairs and replacement of cross collector sludge collection system
- Coyote Pumping Plant pump rebuilds

Additional detail on work scheduled for Fiscal Year 2023 is provided in Appendix A of the Draft Water Utility Plan in Attachment 3.

Next Steps

The activities and resource needs described in the Draft Plans will be evaluated throughout the budget and groundwater charge setting processes through May 2022. The Plans will be finalized following Board adoption of Valley Water's final budget for Fiscal Years 2023 and 2024, and groundwater production charges for Fiscal Year 2023, and will be provided to the Board at that time.

ENVIRONMENTAL JUSTICE IMPACT:

There are no Environmental Justice impacts associated with this item.

FINANCIAL IMPACT:

There is no financial impact associated with this item. The Watershed and Water Utility Five-Year Operations and Maintenance Plans identify funded and unfunded future resource needs for continuing operations and maintenance of Valley Water facilities. These resource needs will be further evaluated through Valley Water's budget process.

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: PowerPoint

Attachment 2: Draft Watersheds FY23-27 O&M Plan

Attachment 3: Draft Water Utility FY23-27 O&M Plan

UNCLASSIFIED MANAGER:

Melanie Richardson, 408-630-2035