



Santa Clara Valley Water District

File No.: 22-0548

Agenda Date: 5/10/2022

Item No.: *2.7.

BOARD AGENDA MEMORANDUM

SUBJECT:

Public Hearing on the Santa Clara Valley Water District's Draft Fiscal Years 2023-2027 Five-Year Capital Improvement Program (Continued from April 27, 2022), and Adoption of Resolution Approving the final Fiscal Years 2023-2027 Five-Year Capital Improvement Program.

*PREVIOUSLY LISTED AS ITEM 2.6

RECOMMENDATION:

- A. Re-convene the public hearing from April 27, 2022, to receive comments regarding the Santa Clara Valley Water District's Draft Fiscal Years 2023-2027 Five-Year Capital Improvement Program (CIP);
- B. Close the public hearing;
- C. Direct staff to incorporate the identified changes to the Draft FY 2023-2027 Five-Year CIP and finalize the FY 2023-2027 Five-Year CIP by June 30, 2022; and
- D. Adopt the Resolution APPROVING FISCAL YEARS 2023-2027 FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM.

SUMMARY:

The Santa Clara Valley Water District's (Valley Water) Draft Fiscal Year (FY) 2023-2027 Five-Year Capital Improvement Program (CIP) (Attachment 1) is presented for the Board's consideration and approval.

The CIP is a multi-year plan, describing capital investments planned for the next five fiscal years that are necessary to maintain and improve our water supply, flood protection infrastructure, and support Valley Water's mission of environmental stewardship.

Valley Water's FY 2023-2027 CIP, to be finalized, includes 64 capital projects to be funded and which are categorized as follows: 29 Water Supply, 16 Flood Protection, 11 Water Resources Stewardship, 3 Buildings and Grounds, and 5 Information Technology, for a total planned cost of \$8.29 billion. Approximately \$1.29 billion may be funded by external sources through cost-share agreements, partnerships, and grants, resulting in a total CIP cost to Valley Water of \$7.00 billion.

The Board reviewed and approved the preliminary Five-Year CIP list on January 10, 2022. For the purpose of reporting on FY 2021-22 expenditures, the FY 2023-27 CIP includes six projects that are completed or will be closed by the end of FY 2021-22, as follows:

1. RWTP Treated Water Valve Upgrade (completed)
2. San Francisquito Creek Flood Protection, SF Bay through Searsville Dam (E5) (closed)
3. Berryessa Creek Flood Protection, Calaveras to I-680 (closed)
4. Cunningham Flood Detention Certification (completed)
5. Lower Silver Creek Flood Protection, I-680 to Cunningham, Reimbursable (R4-6) (closed)
6. Telephone System Voiceover IP (completed)

Changes Identified for Final CIP

Since the release of the Draft CIP, staff has identified the following changes for incorporation into the final CIP:

WATER SUPPLY

Treatment Facilities:

- **93284013 Santa Teresa Water Treatment Plant (STWTP) Filter Media Replacement**

COST ONLY: TPC increased by \$4.89M

No change to project scope or schedule. The planning phase cost decreased by \$491K due to in-house planning and in-kind replacement approach. The project team completed the final design and received a revised cost estimate, which included revisions to equipment and materials and incorporated current market pricing. This revised cost estimate resulted in a construction cost increase of \$4.99M. Total project cost (TPC) with inflation increased by approximately \$4.89M from \$9.92M to \$14.81M.

- **91304001 Purified Water Project**

COST AND SCOPE: TPC increased by \$22.08M

Given the complexity of this large project, the need for specialized expertise, and addressing significant risks, additional program management resources are required to assist staff through the entire procurement, design, and construction of the Purified Water Project. The Project is in the process of procuring a new Project Management Consultant (PMC) to assist with these deliverables. The PMC's services will augment the current consultant team and provide project management resources, as well as technical, regulatory, and P3 expertise. Total project cost (TPC) with inflation increased by approximately \$22.08M from \$730.47 to \$752.55M.

Small Capital Improvement Projects:

The small capital project forecasts are revised each year. Asset rehabilitation projects are added, removed, and rescheduled based on asset condition and project need. In addition, project costs are updated each year based on market conditions. These revisions to both

schedule and costs cause several minor changes in expected expenditures over the forecasted period. It's not a single asset rehabilitation project that leads to the change, but rather the cumulative total of multiple changes.

The following changes to small capital improvement projects were identified after the Board's review of the Draft CIP:

COST AND SCOPE:

- **91214010s San Felipe (Reaches 1-3) TPC increased by \$3.65M**
- **92764009 Raw Water Transmission TPC decreased by \$191K**
- **94764006 Treated Water Transmission TPC decreased by \$5K**
- **93764004 Water Treatment TPC increased by \$1.07M**

Public Review of FY 2023-2027 CIP

On February 22, 2022, the Board authorized the release of this Draft CIP for public review; it was subsequently transmitted to the Town of Los Gatos and all cities within Valley Water's jurisdiction, the County of Santa Clara, the San Jose Water Company, and the Mid-Peninsula Open Space District. Valley Water staff offered to meet with each of these agencies and has met with planning and public works staff from the cities of San Jose, Mountain View, Santa Clara, and Palo Alto to discuss projects and solicit feedback on the Draft FY 2023-2027 CIP.

As part of this outreach effort, staff requested letters of support from each of these agencies indicating that Valley Water's Draft FY 2023-2027 CIP is consistent with their applicable General Plans. Attachment 4 includes copies of letters received regarding the adoption of the FY 2023-2027 Five-Year CIP.

The public hearing was opened on April 12, 2022, and continued to April 26-27, 2022, and May 10, 2022. The public hearing will be closed during this Board meeting, with direction provided to staff to finalize the FY 2023-2027 Five-Year CIP incorporating the identified changes.

ENVIRONMENTAL JUSTICE IMPACT:

While individual capital projects may have environmental justice impacts and staff will conduct outreach and engagement with impacted communities, which will be reported to the Board accordingly, the Draft FY 2023-2027 CIP itself has no environmental justice impact.

The Draft CIP is a projection of Valley Water's capital funding for planned capital projects. Its purpose is to document planned capital projects to help integrate Valley Water work with the larger community by aligning Valley Water planning with other local agency planning efforts. The Draft CIP documents any changes to capital projects' planned funding and expenditures and is updated and staff recommends approval by the Board of Directors each year in February.

At the Board's direction, to ensure meaningful engagement of all Santa Clara County communities in

the decision-making process, staff provided a copy of the Draft CIP to Valley Water partner agencies. Also at the Board's direction, in response to the recommendations herein, a Public Hearing Notice was published advising of the public hearing which began on April 12, 2022, and was continued to and will be closed today, at which time staff recommends the Board of Directors adopt the Resolution to approve the CIP.

The CIP is annually prepared in collaboration with government, academic, private, non-governmental, and non-profit organizations, as well as diverse and disadvantaged communities; and as such, adheres to the Board's General Principles and Ends Policies, which are integral in ensuring that Valley Water meets its mission.

FINANCIAL IMPACT:

There is no financial impact associated with this item to conduct and close the public hearing on the Draft FY 2023-27 CIP and adopt a Board resolution to finalize and approve the FY 2023-27 CIP.

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 2023-2027 CIP
Attachment 2: Resolution
Attachment 3: Final CIP Financial Overview
Attachment 4: Agency Letters
Attachment 5: PowerPoint
Handout 2.1-A: Dr. J. Michael

UNCLASSIFIED MANAGER:

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