



Santa Clara Valley Water District

File No.: 22-1393

Agenda Date: 1/10/2023
Item No.: 2.12.

BOARD AGENDA MEMORANDUM

SUBJECT:

Receive Watersheds and Water Utility Operations and Maintenance and Asset Renewal Program Overviews, and Review Draft 5-Year Plans for FY 2024-2028.

RECOMMENDATION:

Receive Information on the Watersheds and Water Utility Operations and Maintenance and Asset Renewal Programs, and Review the Draft 5-Year Plans.

SUMMARY:

The purpose of the Watersheds and Water Utility Five-Year Operations and Maintenance and Asset Renewal Plans (Plans) is to identify and document the resources needed for operations and maintenance activities and for asset renewals for the next five fiscal years, 2024 to 2028.

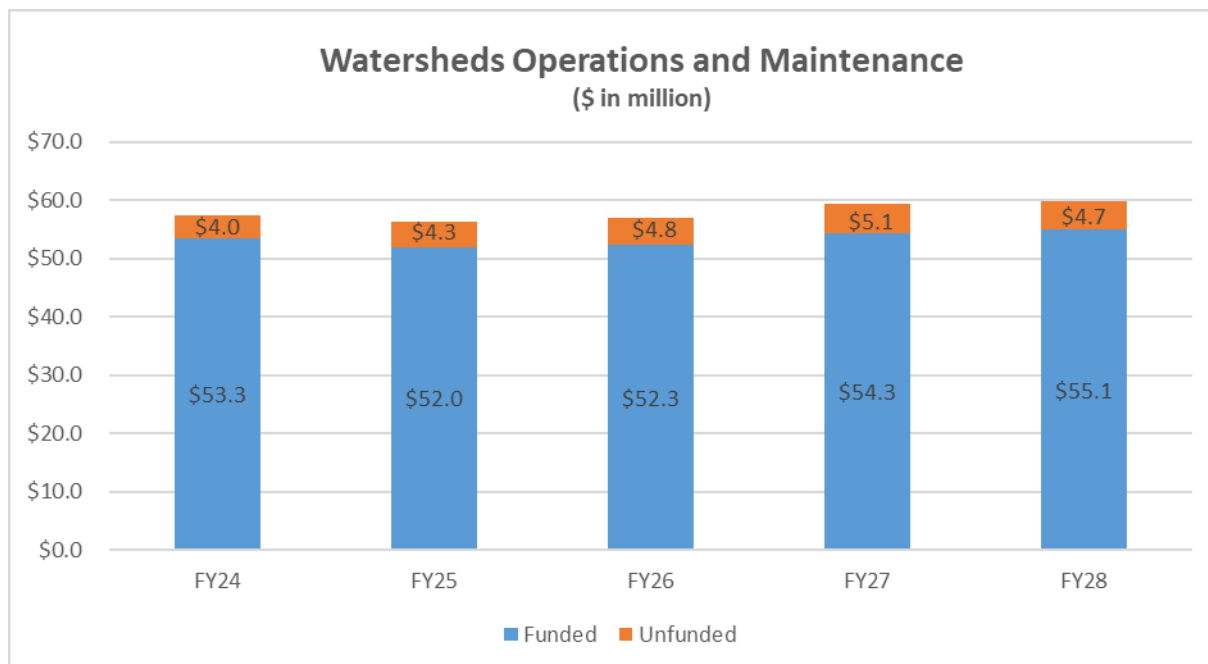
The Plans forecast the resources needed for operations and maintenance activities including corrective and preventive maintenance, operator labor, chemical costs, power, and engineering and environmental staff support. The Plans do not include resources needed for planning activities.

With regards to asset renewal activities, the Water Utility Five-Year Operations and Maintenance and Asset Renewal 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 and Asset Renewal 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 and unfunded needs requests as of October 2022. The Fiscal Year 2024 budget requests and unfunded needs will be evaluated throughout the budget and groundwater charge setting processes through May 2023. The Plans will be finalized following Board adoption of Valley Water's final budget and groundwater production charges for Fiscal Year 2024. The Draft Plans are included as Attachments 2 and 3.

Watersheds Summary

The Draft Watersheds Plan summarizes the funded and unfunded resources needed for the Watersheds Operations and Maintenance Division for the next five fiscal years, 2024 to 2028, as shown in the figure below. 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 funded resource needs of \$267 million, and an additional unfunded need of \$22.8 million for the next five fiscal years. The \$22.8 million unfunded need would provide resources for the following services:

- Support for growing workload of vegetation field operations
- Support for encampment clean-up to reduce public/agency complaints and minimize the amount of trash/debris entering our waterways
- Support for increased creek erosion repair work and increased sediment removal dumping costs
- Support for the Saratoga Hazardous Tree Project
- Support for Stream Maintenance Program permit compliance with a new Assistant Water Resource Specialist II position

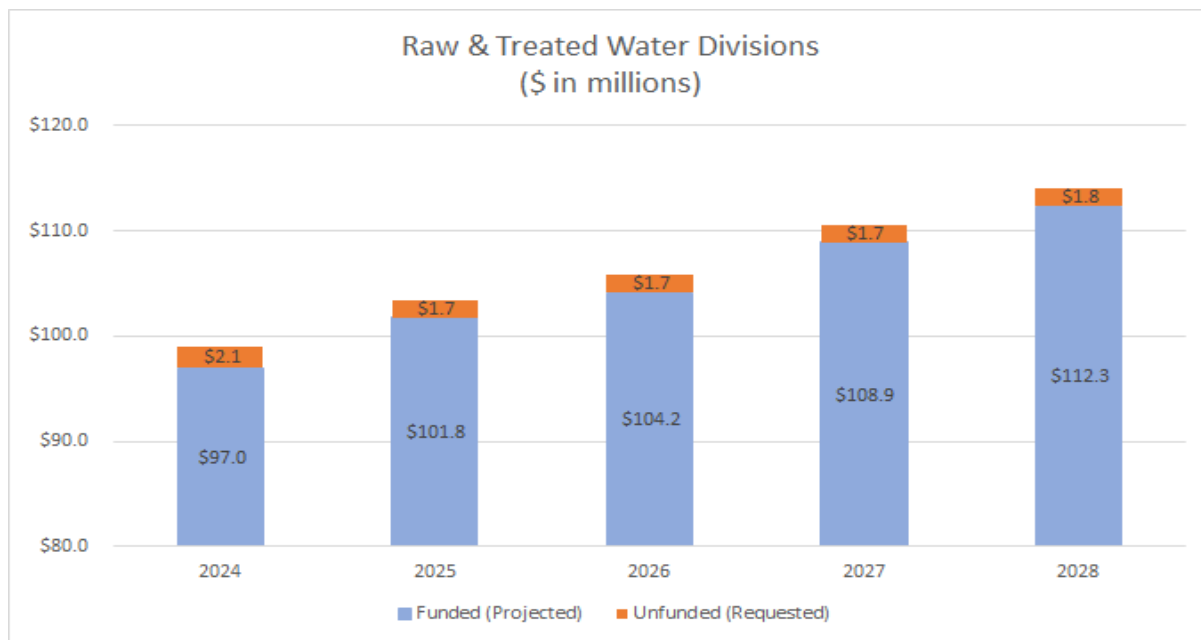
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- Support for the upcoming Valley Habitat Plan reopening and annual fees.

The goal of Project F8 is to identify and prioritize infrastructure issues (including deferred maintenance issues mentioned above), develop asset management plans to identify asset renewal projects, and to implement those asset renewal projects. Asset renewal work that will be identified as part of this program includes restoring the level of service originally intended for flood protection infrastructure, extending the life of flood protection infrastructure, and improving the reliability of flood protection infrastructure. Progress to date includes analyzing and prioritizing infrastructure issues for over 85 creeks, developing an asset management plan for Stevens Creek (in progress), requesting a Watershed Asset Rehabilitation Program (WARP) small capital improvement project to restore level of service on Randol Creek, and submitting a business case for a planning study on San Tomas Aquino Creek.

Based on analysis so far, the magnitude of future Watershed's asset renewal work is estimated at \$372 million. This estimated cost is preliminary and will be refined over the next few years. Some of the asset renewal projects identified through this effort may be funded by Safe, Clean Water Project F8, which is allocated \$15 million over 15 years (FY2022-36) (half funded by Safe, Clean Water and half by the Watersheds Stream Stewardship fund), or by the Watershed Asset Rehabilitation Program small capital improvement project, which is currently funded at approximately \$7.5 to \$8 million per year. The magnitude of future asset renewal work will likely exceed available funding in some future years.

Water Utility Summary

The Draft Water Utility Plan summarizes the funded and unfunded resources needed for the Raw Water and Treated Water Divisions for the next five fiscal years, 2024-2028, as shown in the figure below. 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 funded resource needs of \$524 million, and an additional unfunded need of \$9 million for the next five years. These unfunded resources would provide the following services:

- Support for laboratory operations
- Support for Corrosion Control Cathodic Protection Program
- Support for Plant Maintenance Engineering & Commissioning Project
- Support for Water Utility Maintenance Engineering Mechanical Engineering program
- Support for Water Quality program
- Support for Treated Water Treatment Plant General Maintenance

In addition to operations and maintenance project forecasts, the Draft 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.

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 2024 are listed

below.

- Inspection and Maintenance of Penitencia WTP Clearwell
- Rehabilitation of Rinconada WTP centrifuges
- Removal of Rinconada WTP Aqua Ammonia tank liner and tank inspection

Additional detail on work scheduled for Fiscal Year 2024 is provided in the Draft Water Utility Enterprise Operation and Maintenance Plan Appendix A.

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 2023. The Plans will be finalized following Board adoption of Valley Water's final budget and groundwater production charges for Fiscal Year 2024 and will be provided to the Board at that time.

ENVIRONMENTAL JUSTICE IMPACT:

The Environmental Justice impact is unknown at this time. Further analysis of Environmental Justice impacts associated with the planned activities noted in these plans will be done at a closer date of implementation.

FINANCIAL IMPACT:

There is no financial impact associated with this item. The Watershed and Water Utility Five-Year Operations and Maintenance and Asset Renewal Plans identify planned funding and unfunded future resource needs for continuing operations and maintenance of Valley Water facilities. These resource needs will be further evaluated, and funding recommended to the Board through Valley Water's FY2023-24 and FY2024-25 Biennial Budget process. Funding needs for future years will be brought to the Board through subsequent budget processes and/or through budget adjustments.

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. Implementation of some of the operations and maintenance activities described in the draft plans may require CEQA review and if so, Valley Water will comply with CEQA prior to approving those activities.

ATTACHMENTS:

Attachment 1: PowerPoint
Attachment 2: Draft Watersheds FY2024-28 O&M Plan
Attachment 3: Draft WUE FY2024-28 O&M Plan

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UNCLASSIFIED MANAGER:

Luz Penilla, 408-630-2228