

December 10, 2021

MEETING NOTICE**SANTA CLARA VALLEY WATER DISTRICT
CAPITAL IMPROVEMENT PROGRAM COMMITTEE**

Members of the Capital Improvement Program Committee:

Director Nai Hsueh, Chairperson
Director Linda LeZotte, Vice Chairperson
Director Tony Estremera, Committee Member

Staff Support of the Capital Improvement Program Committee:

Rick Callender, Chief Executive Officer
Melanie Richardson, Asst. Chief Officer – Integrated Water Management
Leslie Orta, Senior Assistant District Counsel
Rachael Gibson, Chief of External Affairs
Tina Yoke, Interim Chief Administrative Officer
Darin Taylor, Chief Financial Officer
Sue Tippets, Chief Operating Officer – Water Utility
Aaron Baker, Chief Operating Officer - Watersheds
Don Rocha, Deputy Administrative Officer
Christopher Hakes, Deputy Operating Officer
Rechelle Blank, Deputy Operating Officer
John Bourgeois, Deputy Operating Officer
Jennifer Codianne, Deputy Operating Officer
Heath McMahon, Deputy Operating Officer
Bhavani Yerrapotu, Deputy Operating Officer
Vincent Gin, Deputy Operating Officer
Gregory Williams, Deputy Operating Officer
Lisa Bankosh, Assistant Officer
Kenneth Wong, Construction Procurement & Contracts Mgr.
Bryant Welch, Labor Relations Officer
Charlene Sun, Budget Manager
Jessica Collins, Business Planning and Analysis Unit Manager
Linh Hoang, Communications Manager
Michael Cook, Information Technology Manager
Emmanuel Aryee, Capital Engineering Manager
Jill Bernhard, Acting System Development & Support Manager

A special meeting of the Santa Clara Valley Water District Capital Improvement Program Committee has been scheduled to occur at **11:00 a.m., on Monday, December 13, 2021.**

Join Zoom Meeting at: <https://valleywater.zoom.us/j/94158013374>

The meeting agenda and corresponding materials are located on the Committee's website at: <https://www.valleywater.org/how-we-operate/committees/board-committees>.

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Santa Clara Valley Water District Capital Improvement Program Committee Meeting

Teleconference Zoom Meeting

SPECIAL MEETING AGENDA

**Monday, December 13, 2021
11:00 AM**

District Mission: Provide Silicon Valley safe, clean water for a healthy life, environment and economy.

BOARD COMMITTEE MEMBERS:

Committee Chair:
Director Nai Hsueh, District 5

Committee Vice Chair:
Director Linda J. LeZotte, District 4

Tony Estremera, District 6

During the COVID-19 restrictions, all public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body, will be available to the public through the legislative body agenda web page at the same time that the public records are distributed or made available to the legislative body. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to participate in the legislative body's meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 265-2600.

COMMITTEE LIAISON:
Jessica Collins

COMMITTEE CLERK:
Natalie Dominguez, CMC
Assistant Deputy Clerk II
408-265-2659
ndominguez@valleywater.org
www.valleywater.org

Note: The finalized Board Agenda, exception items and supplemental items will be posted prior to the meeting in accordance with the Brown Act.

**Santa Clara Valley Water District
Capital Improvement Program Committee
SPECIAL MEETING AGENDA**

Monday, December 13, 2021

11:00 AM

Teleconference Zoom Meeting

BY VIRTUAL TELECONFERENCE ONLY

Pursuant to California Government Code section 54953(e), this meeting will be held by teleconference only. No physical location will be available for this meeting; however, members of the public will be able to participate in the meeting as noted below.

In accordance with the requirements of Gov. Code Section 54954.3(a), members of the public wishing to address the Board/Committee at a video conferenced meeting, during public comment or on any item listed on the agenda, should use the "Raise Hand" tool located in the Zoom meeting link listed on the agenda, at the time the item is called. Speakers will be acknowledged by the Board Chair in the order requests are received and granted speaking access to address the Board.

Santa Clara Valley Water District (Valley Water) in complying with the Americans with Disabilities Act (ADA), requests individuals who require special accommodations to access and/or participate in Valley Water Committee meetings to please contact the Clerk of the Board's office at (408) 630-2711, at least 3 business days before the scheduled meeting to ensure that Valley Water may assist you.

This agenda has been prepared as required by the applicable laws of the State of California, including but not limited to, Government Code Sections 54950 et. seq. and has not been prepared with a view to informing an investment decision in any of Valley Water's bonds, notes or other obligations. Any projections, plans or other forward-looking statements included in the information in this agenda are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of Valley Water's bonds, notes or other obligations and investors and potential investors should rely only on information filed by Valley Water on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures and Valley Water's Investor Relations website, maintained on the World Wide Web at <https://emma.msrb.org/> and <https://www.valleywater.org/how-we-operate/financebudget/investor-relations>, respectively.

Under the Brown Act, members of the public are not required to provide identifying information in order to attend public meetings. Through the link below, the Zoom webinar program requests entry of a name and email address, and Valley Water is unable to modify this requirement. Members of the public not wishing to provide such identifying information are encouraged to enter "Anonymous" or some other reference under name and to enter a fictional email address (e.g., attendee@valleywater.org) in lieu of their actual address. Inputting such values will not impact your ability to access the meeting through Zoom.

Join Zoom Meeting:

<https://valleywater.zoom.us/j/94158013374>

Meeting ID: 941 5801 3374

Join by Phone: 1 (669) 900-9128, 94158013374#

1. CALL TO ORDER:

1.1. Roll Call.

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA.

Notice to the Public: Members of the public who wish to address the Committee on any item not listed on the agenda should access the "Raise Hand" tool located in Zoom meeting link listed on the agenda. Speakers will be acknowledged by the Committee Chair in order requests are received and granted speaking access to address the Committee. Speakers comments should be limited to three minutes or as set by the Chair. The law does not permit Committee action on, or extended discussion of, any item not on the agenda except under special circumstances. If Committee action is requested, the matter may be placed on a future agenda. All comments that require a response will be referred to staff for a reply in writing. The Committee may take action on any item of business appearing on the posted agenda.

3. APPROVAL OF MINUTES:

3.1. Approval of November 15, 2021 Capital Improvement Program Committee Minutes.

[21-1295](#)

Recommendation: Approve the minutes.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 111521 CIP Committee Minutes](#)

Est. Staff Time: 5 Minutes

4. ACTION ITEMS:

- 4.1. Review Draft Preliminary Five-Year Capital Improvement Program Fiscal for Years 2023-2027. [21-1338](#)
- Recommendation: Review and discuss the Draft Preliminary Five-Year Capital Improvement Program for Fiscal Years 2023-2027 and provide recommendations to staff as needed.
- Manager: Rechelle Blank, 408-630-2615
- Attachments: [Attachment 1: Draft Preliminary FY 2023-27 CIP](#)
[Attachment 2: Summary of Capital Project Plan Updates](#)
[Attachment 3: Draft Preliminary CIP Financial Models](#)
- Est. Staff Time: 10 Minutes
- 4.2. Receive Information on Upcoming Consultant Agreement Amendments for Capital Projects. [21-1262](#)
- Recommendation: Receive Information on Upcoming Consultant Agreement Amendments for Capital Projects.
- Manager: Rechelle Blank, 408-630-2615
- Est. Staff Time: 5 Minutes
- 4.3. Receive Information on Change Orders to Anderson Dam Tunnel Project Construction Contract. [21-1318](#)
- Recommendation: Receive information on Change Orders to Anderson Dam Tunnel Project Construction Contract.
- Manager: Christopher Hakes, 408-630-3796
- Attachments: [Attachment 1: ADTP Construction Contract Change Orders Status](#)
- Est. Staff Time: 5 Minutes
- 4.4. Receive a Status Update on the Implementation of Recommendations from the 2015 Consultant Contracts Management Process Audit Conducted by Navigant Consulting, Inc. (Navigant), the Fiscal Year 2017-2018 (FY17-18) status update Consultant Contracts Improvement Process and subsequent mid-year update for the Fiscal Year 2020-2021 (FY20-21) Consultant Contracts Improvement Process. [21-1319](#)
- Recommendation: Receive a mid-year status update on the implementation of the recommendations made by Navigant in the 2015 Consultant Contracts Management Process Audit and the FY17-18 Consultant Contracts Improvement Process.
- Manager: Tina Yoke, 408-630-2385
- Attachments: [Attachment 1: Navigant Audit](#)
[Attachment 2: PowerPoint](#)
- Est. Staff Time: 15 Minutes

- 4.5. Review 2021 and 2022 Capital Improvement Program Committee Work Plans and 2022 Proposed Meeting Schedule. [21-1249](#)
- Recommendation: A. Review the 2022 Capital Improvement Program Committee Draft Work Plan and make adjustments, as necessary; and
B. Confirm date for next CIP Meeting.
- Manager: Michele King, 408-630-2711
- Attachments: [Attachment 1: 2021 CIP Committee Work Plan](#)
[Attachment 2: 2022 CIP Committee Work Plan](#)
[Attachment 3: Proposed 2022 CIP Meeting Dates](#)
- Est. Staff Time: 5 Minutes

- 4.6. Review Capital Project Monitoring - Design and Permitting Report. (Continued from November 15, 2021) [21-1297](#)
- Recommendation: Receive and discuss information regarding the status of capital projects in the design and permitting phase.
- Manager: Rechelle Blank, 408-630-2615
Christopher Hakes, 408-630-3796
Heath McMahon, 408-630-3126
- Attachments: [Attachment 1: Design and Permitting Report](#)
- Est. Staff Time: 15 Minutes

5. INFORMATION ITEMS:

6. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS.

This is an opportunity for the Clerk to review and obtain clarification on any formally moved, seconded, and approved requests and recommendations made by the Committee during the meeting.

7. ADJOURN:

- 7.1. Adjourn to Special Meeting at 11:00 a.m., on January 10, 2022.

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Santa Clara Valley Water District

File No.: 21-1295

Agenda Date: 12/13/2021
Item No.: 3.1.

COMMITTEE AGENDA MEMORANDUM

Capital Improvement Program Committee

SUBJECT:

Approval of November 15, 2021 Capital Improvement Program Committee Minutes.

RECOMMENDATION:

Approve the minutes.

SUMMARY:

In accordance with the Ralph M. Brown Act, a summary of Committee discussions, and details of all actions taken by the Capital Improvement Program Committee, during all open and public Committee meetings, is transcribed and submitted to the Committee for review and approval.

Upon Committee approval, minutes transcripts are finalized and entered into the Committee's historical record archives, and serve as the official historical record of the Committee's meeting.

ATTACHMENTS:

Attachment 1: 111521 CIP Committee Minutes

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711

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CAPITAL IMPROVEMENT PROGRAM COMMITTEE MEETING

DRAFT MINUTES

**MONDAY, NOVEMBER 15, 2021
11:00 AM**

1. CALL TO ORDER.

A regularly scheduled meeting of the Capital Improvement Program Committee was called to order on November 15, 2021, via Zoom teleconference at 11:02 a.m.

1.1. Roll Call.

Committee members in attendance were: District 6 Director Tony Estremera District 4 Director Linda J. LeZotte, and District 5 Director Nai Hsueh, Chairperson presiding, constituting a quorum of the committee.

Staff members in attendance were: Emmanuel Aryee, Aaron Baker, Lisa Bankosh, Henry Barrientos, Sarah Berning, Rechelle Blank, Glenna Brambill, John Bourgeois, Todd Bridgen, Rick Callender, Theresa Chinte, Jennifer Codianne, Mike Cook, Jessica Collins, Stephen Ferranti, Alicia Fraumeni, Bal Ganjoo, Meenakshi Ganjoo, Rachael Gibson, Andy Gschwind, Christopher Hakes, Girlie Jacobson, Matt Keller, Candice Kwok-Smith, Odilia Leonardo, Jennifer Martin, Heath McMahon, David Montenegro, Carmen Narayanan, Karl Neuman, Alec Nicholas, Carlos Orellana, Leslie Orta, Mike Potter, Melissa Reardon, Melanie Richardson, Kirsten Struve, Darin Taylor, Sue Tippetts, Liang Xu, Bhavani Yerrapotu, Tina Yoke, and Beckie Zisser.

Public attendees were: Ms. Katja Irvin, Mr. William Sherman, and Valley Water District 1 Director John L. Varela.

2. TIME OPEN FOR PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA.

There was no one present who wished to speak.

3. APPROVAL OF MINUTES:

- 3.1. Approval of October 18, 2021, Capital Improvement Program Committee Minutes.

Recommendation: Approve the Minutes

The Committee considered the attached minutes of the October 18, 2021 Capital Improvement Program (CIP) Committee meeting. Director LeZotte requested Page 11, Paragraph 1, Line 2 be corrected to replace her name with Chairperson Hsueh. It was moved by Director Estremera, second by Director LeZotte, and unanimously carried by roll call vote to approve the meeting minutes as amended.

Chairperson Hsueh moved the agenda to Item 4.4.

4. ACTION ITEMS:

- 4.4. Review Information Regarding Cost Increase for the Anderson Dam Seismic Retrofit Project.

Recommendation: Review information regarding cost increase for the Anderson Dam Seismic Retrofit Project.

Mr. Christopher Hakes, Deputy Operating Officer, reviewed the information on this item, per the attached Committee Agenda Memo and corresponding presentation materials contained in Attachment 1.

The Committee reviewed and discussed the following: costs increase, tunnel rework, additional environmental and permitting costs, clarification of project costs,, uninflated cost numbers, regulatory permitting, Ogier Ponds, permitting is mandated and the project will have long-term stewardship benefits, fast-forwarding phases, Fish and Aquatic Habitat Collaborative Effort (FAHCE) flood protection measures, addressing public comments with the delays, Valley Water needs to communicate to the public the latter years on the project (2030/2031), when will rate increases be discussed (emphasize retailers make a profit and not Valley Water) messaging is being drafted, Anderson Dam's impact, and the Committee will get the preliminary financial CIP numbers at the next meeting.

The Committee noted the information, without formal action.

- 4.5. Review Significant Project Plan Updates Since Adoption of the Fiscal Year 2022-26 Capital Improvement Program Five-Year Plan.

Recommendation: Review Significant Project Plan Updates Since Adoption of the Fiscal Year 2022-26 (FY 22-26) Capital Improvement Program (CIP) Five-Year Plan and provide feedback, as necessary.

Ms. Jessica Collins, Business Planning and Analysis Manager, reviewed the information on this item, per the attached Committee Agenda Memo and corresponding presentation materials contained in Attachments 1 and 2. The Committee reviewed and discussed the following: duration of funding from 5-year CIP to 15 years, clear concise numbers, project changes/costs, making changes understandable for Board and public, recoverable costs-Amendment 1, characterize costs with detailed project changes, project agreements, flood walls, Federal Emergency Management Agency (FEMA) requirements, unclear assumptions, grant funding, Request for Proposal -capital cost estimator, challenges.

The Committee requested staff coordinate internally to ensure that the assumptions that are being made in the Water Supply Master Plan take into consideration the project plan updates included in the Preliminary CIP; and incorporate any necessary changes to assumptions [in the Annual Monitoring and Assessment Plan Update that is brought to the Board].

Chairperson Hsueh returned the agenda to Item 4.1.

4.1. Review Capital Project Monitoring - Design and Permitting Report.

Recommendation: Receive and discuss information regarding the status of capital projects in the design and permitting phase.

Chairperson Hsueh continued Item 4.1 to the December 13, 2021 agenda.

4.2. Receive Information on Change Orders to Anderson Dam Tunnel Project Construction Contract.

Recommendation: Receive information on Change Orders to Anderson Dam Tunnel Project Construction Contract.

Chairperson Hsueh reviewed the information on this item, per the attached Committee Agenda Memo and corresponding presentation materials contained in Attachment 1, and confirmed there were no change orders for the month of October 2021.

4.3. Review Significant Project Plan Updates Since Adoption of the Fiscal Year 2022-26 Capital Improvement Program Five-Year Plan.

Recommendation: Receive information on upcoming consultant agreement amendments for capital projects.

Chairperson Hsueh reviewed the information on this item, per the attached Committee Agenda Memo.

The Committee noted the information, without formal action.

4.6. Review 2021 Capital Improvement Committee Work Plan

Chairperson Hsueh reviewed the information on this item, per the attached Committee Agenda Memo and corresponding presentation materials contained in Attachment 1.

The Committee confirmed the following items for inclusion in the December 13, 2021 agenda:

- Preliminary CIP financials presentation and discussion
- November's (today's) meeting feedback on the projects
- Review Capital Project Monitoring - Design and Permitting Report
- Watershed Stream Management Program monitoring - would like to see assumptions, baseline, capital projects

5. INFORMATION ITEMS.

None.

6. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS TO THE BOARD.

Ms. Glenna Brambill, Board Committee Liaison, reported there were no action items for Board consideration.

7. ADJOURNMENT:

7.1. Adjourn to Special Meeting at 11:00 a.m., on December 13, 2021.

Chairperson Hsueh adjourned the meeting at 1:09 p.m., to the special meeting scheduled to occur at 11:00 a.m., on Monday, December 13, 2021.

Glenna Brambill [for Natalie Dominguez]
Board Committee Liaison
Office of the Clerk of the Board

Approved:



Santa Clara Valley Water District

File No.: 21-1338

Agenda Date: 12/13/2021

Item No.: 4.1.

COMMITTEE AGENDA MEMORANDUM

Capital Improvement Program Committee

SUBJECT:

Review Draft Preliminary Five-Year Capital Improvement Program Fiscal for Years 2023-2027.

RECOMMENDATION:

Review and discuss the Draft Preliminary Five-Year Capital Improvement Program for Fiscal Years 2023-2027 and provide recommendations to staff as needed.

SUMMARY:

The Five-Year Capital Improvement Program (CIP) is updated each year to reflect major changes to Santa Clara Valley Water District's (Valley Water) capital projects in the planning, design and construction phases.

The purpose of this agenda item is for the Committee to review and discuss the Draft Preliminary CIP for Fiscal Years 2023-2027 (FY 2023-27 Preliminary CIP) (Attachment 1).

Included in the FY 2023-27 Preliminary CIP and the corresponding Preliminary CIP financial analysis are the project plan updates from the Board adopted FY 2022-26 CIP as presented to the CIP Committee on November 15, 2021 (Attachment 2).

Following the CIP Committee's review, the CIP Evaluation Team (CEO, ACEO, Chiefs and Deputies of the divisions initiating, delivering, implementing, and operating capital projects) met to consider the CIP Committee's feedback and review the financial models to determine which, if any, unfunded projects should be recommended for inclusion in the CIP. To ensure Valley Water's high priority business needs are met in adherence to Board policy, the CIP Evaluation team reviews the projects based upon:

- Board Priorities
- Asset's remaining lifespan
- Available funding
- Urgency of investment

Based upon the outcome of its review, the CIP Evaluation Team provided recommendations regarding whether the new proposed capital projects should be funded in the FY 2023-27 Preliminary CIP, added to the unfunded list, or remain on the Initially Validated List for further analysis. Below is a table (Table 1) summarizing the outcome of the CIP Evaluation Team's review of the Initially Validated

and Unfunded Project List.

Table 1: CIP Evaluation Team Recommendations for FY 23 Initially Validated and Unfunded Projects

Project Name	Total Project Cost (In \$ thousands)	Remaining Cost (FY23 to completion) (In \$ thousands)	Phase	CIP Evaluation Team Recommendations
FY23 Initially Validated Projects				
South Babb Flood Mitigation Project	\$1.3M	\$1.3M	N/A	Moved to the Watershed Asset Rehabilitation Program (WARP) as proposed work in the Preliminary FY23-27 CIP.
South Babb Flood Protection Project	\$12.0M	\$12.0M	N/A	Recommended to remain as Validated in FY23 to allow staff additional time to develop the Business Case.
San Tomas Aquino Project	\$35.0M	\$35.0M	N/A	Recommended to remain as Validated in FY23 to allow staff additional time to develop the Business Case.
Randol Creek Levee Rehab Project	\$2.0M	\$2.0M	N/A	Moved to the WARP as proposed work in the Preliminary FY23-27 CIP.
CPP Isolation Valves & Actuators Replacement Project	\$3.2M	\$3.2M	N/A	Recommended to remain as Validated in FY23 to allow staff additional time to analyze whether this project is appropriate for inclusion as part of the Anderson Dam Seismic Retrofit Project, and if not, then to develop the Business Case.
Tepid Water System for Emergency Shower/Eyewash Stations at WTPs	\$2.8M	\$2.8M		Recommended to remain as Validated in FY23 to allow staff additional time to develop the Business Case.
Security Upgrades and Enhancements	\$14.0M	\$14.0M	N/A	Recommended for funding in the Preliminary FY23-27 CIP.
Proposed Unfunded Project List for FY23-27 CIP				
Long-Term Purified Water Program Elements	\$190.5M	\$190.5M	N/A	Recommended to REMAIN on the unfunded list - for Phase 2 Purified Water Program.
RWTP Ammonia Storage & Metering Facility Upgrade	\$5.8M	\$5.8M	N/A	Recommended to REMAIN on the unfunded list as the project is being analyzed to determine whether it would be appropriate to include in the RWTP Reliability Improvement Project. Business Case/Project Proposal was developed in 2019.
Pacheco Pumping Plant Back-Up Power	\$14.9M	\$14.9M	N/A	Recommended for ADDITION to the unfunded list. Submitted for validation during CIP Evaluation Team Meeting on 11/18 with Business Case/Project Proposal submitted on 11/29.
Total:	\$281.5M	\$281.5M	N/A	

Newly Validated Project Recommended for Addition to the Unfunded List

During the CIP Evaluation Team’s review on November 18, 2021, a newly validated project was submitted (see project summary below) and the team recommended that it be added to the Unfunded List for the FY 2023-27 Preliminary CIP.

Pacheco Pumping Plant Back-up Power: Valley Water relies on Pacheco Pumping Plant (PPP) for delivery of raw water from the San Luis Reservoir into Santa Clara County. There is currently no back-up power available at PPP to run the pumping equipment for raw water delivery during an outage of utility power. The objective of this project is to improve the power resiliency of PPP such that an outage from PG&E or damage to the utility power transmission line would not completely take PPP out of service and support a service sustaining minimum flow of raw water to Valley Water’s three treatment plants. The inflated TPC is estimated to be \$17.02M.

Validated Projects Recommended for Inclusion in FY 2023-27 CIP

As a result of the CIP Evaluation Team’s recommendations, the following project plan updates have been processed for inclusion in the FY 2023-27 Preliminary CIP:

60204022 Security Upgrades and Enhancements: A new project was created for inclusion in the CIP. This project will significantly enhance overall security at Valley Water facilities through technological and physical upgrades and enhancements. This project includes designing and installing a modern technical security system capable of meeting today's security and investigative requirements and improves physical security for critical facilities and assets. The estimated total inflated project cost is \$16.57M and the project duration is expected to last four to six years.

62084001 Watersheds Asset Rehabilitation Program (WARP): Project expenditures have been updated to reflect the shifting of previously scheduled work to add two projects from the Initially Validated list in FY 23 and FY 24. The Initially Validated list of projects was presented to the CIP Committee in October 2021 the Board of Directors in November 2021. The uninflated total project cost remains unchanged; however, the inflated total project cost has increased by \$287K. Based upon this revision and combined with the project plan update presented to the CIP Committee on November 15, 2021 (see Attachment 2), the change from the Board adopted FY2022-26 CIP is a TPC decrease of \$8.56M (inflated).

New Project Plan Updates/Project Plan Update Revisions to Funded Capital Projects

Since the November 15 CIP Committee's review of the Significant Project Plan Updates item, there have been new project plan updates and revisions to project plan updates, to projects which are also reflected in the FY 2023-27 Preliminary CIP and summarized below:

92264001 Vasona Pump Station Upgrades (NEW): There is no change to the project completion date; however, funds are being shifted from FY 23 to FY 24 to reflect the Design/Build timeline and align with available staff resources. While there was no change to the uninflated project cost, the total project cost (TPC) has increased by \$512K due to inflation.

20444001 Salt Ponds Restoration (REVISED): The total project cost now excludes the construction placeholder amount of \$1.58M. The project plan will be updated to include construction costs once a staff recommended alternative is presented to the Board at the end of planning phase, expected in summer of 2024. As a result, the TPC from the Board adopted FY 2022-26 CIP has now only increased by \$4.88M to account for project planning, environmental, and design phase cost increases. The new inflated TPC is now \$12.42M. Based upon this revision and combined with the project plan update presented to the CIP Committee on November 15, 2021 (see Attachment 2), the change from the Board adopted FY2022-26 CIP is a TPC increase of \$4.88M (inflated).

26284002 San Francisquito Creek Flood Protection - Construction SF Bay to Middlefield Rd. (REVISED): Project expenditures have been reduced in FY 23 and added to FY 24 and FY 25 to reflect a revised approach to phase the encumbrances for construction dollars in those years. Additionally, in coordination with the San Francisquito Creek Joint Powers Authority (SFCJPA), \$5M has been added to FY 25 to address top of bank treatments that will

likely be required. As a result of these latest changes, the inflated TPC increased by \$6.246M. The project cost increases are reflected in the unsecured SFCJPA partnerships and grants funding source in the FY 2023-27 Preliminary CIP. Based upon this revision and combined with the project plan update presented to the CIP Committee on November 15, 2021 (see Attachment 2), the change from the Board adopted FY2022-26 CIP is a TPC increase of \$12.61M (inflated).

(NOTE: The summaries for revised project plan updates only reflect the changes from the original project plan updates presented to the CIP Committee on November 15. See Attachment 2 for original update.)

Placeholder Project Administrative Updates

Following the closure of the first pass budget cycle, all capital placeholder projects that did not have expenditures budgeted for FY 23 or FY 24 were administratively updated to move out the planned expenditures to begin in FY 25. Additionally, three placeholder projects had additional planned expenditures updated to reflect the most up-to-date project information. Below is a list of the three placeholder projects that were updated administratively.

92C40357 FAHCE Implementation (ADMINISTRATIVE CHANGES):

Since the two creeks FAHCE EIR is still being finalized and agency permitting will also be required, the FAHCE implementation project planned expenditures were moved to begin in FY 25. Additionally, after consulting with the project team, the \$90M for Phases 2 and 3 of FAHCE Implementation were spread out evenly over out years to better align with the FAHCE settlement agreement.

95C40400 Project 1 Design & Construction (e.g. Metcalf Ponds) (ADMINISTRATIVE CHANGES): Since this project was created as a placeholder and since the Ogier Ponds Project is potentially being planned for future construction as a conservation measure for the Anderson Dam Seismic Retrofit Project and additional funding will likely be required; \$10M was shifted from this placeholder project (\$5M in FY 26 and \$5M in FY 27) to the Ogier Ponds Fund 61 placeholder project (Project number 95C40401). The remaining planned expenditures total \$19.66M and were moved to begin in FY 25.

95C40401/62C40402 Ogier Ponds - Construction (ADMINISTRATIVE CHANGES): Based upon the most up-to-date project information, planned expenditures for construction have been set to begin in FY 28. Additionally, since the Ogier Ponds Project is potentially being planned for future construction as a conservation measure for the Anderson Dam Seismic Retrofit Project and will likely need additional funding; \$10M was shifted (\$5M in FY 29 and \$5M in FY 30) from the Project 1 Design and Construction Project (Project number 95C40400) to the Ogier Ponds Fund 61 placeholder project (Project number 95C40401). The new combined planned expenditures total \$46.59M.

(NOTE: The planning and design for Ogier Ponds is an active project in the FY 2022-26 CIP and is funded under the Safe, Clean Water and Natural Flood Protection Program, Project

D4.1. with an inflated TPC of \$6.24M)

The project plan updates and CIP Evaluation Team Recommendations (Table 1) summarized above and those included in Attachment 2 are reflected in the FY 2023-27 Preliminary CIP. The TPC increases or decreases (with inflation) from the Board Adopted FY 2022-26 CIP by fund are as follows: Water Utility Enterprise Fund (Fund 61) increased by \$772.21M; Watersheds Stream Stewardship Fund (Fund 12) decreased by \$49.49M; Safe, Clean Water and Natural Flood Protection Program Fund (Fund 26) decreased by \$29.95M; and Information Technology Fund (Fund 73) decreased by \$4.26M.

An overview of the FY 2023-27 Preliminary CIP, including financial analysis that reflects all of the changes from the FY 2022-26 Board Adopted CIP, is provided as Attachment 3. In addition, Attachment 3 includes an analysis that was requested by the full Board at their 11/23/21 meeting regarding the staff proposal to transfer near-term surplus budget from the Pacheco Reservoir Expansion Project to the Rate Stabilization Reserve. The analysis demonstrates how the staff proposal would provide flexibility to soften water rate impacts in FY 23 and FY 24 while keeping total project cost for the Pacheco Reservoir Expansion Project unchanged.

Next Steps

To receive the Board's feedback and direction, staff will present the Draft Five-Year Preliminary CIP and any CIP Committee recommendations to the Board for review and approval on January 11, 2022. To aid the community in its understanding and the Board in its review, staff plans to include a brief presentation providing additional detail for five (5) significant project plan updates (listed below).

- Anderson Dam Seismic Retrofit Project
- Pacheco Reservoir Expansion Project
- Rinconada Water Treatment Plant Reliability Improvement Project
- Purified Water Project
- San Francisco Bay Shoreline Project

Additionally, to ensure consistency with Valley Water's various planning efforts, CIP staff is coordinating with the staff leading development of the Water Supply Master Plan and Watersheds and Water Utility Operations and Maintenance Plans. If necessary, these plans will be updated to align with the FY 2023-27 CIP, as adopted by the Board.

ATTACHMENTS:

Attachment 1: Draft Preliminary FY 2023-2027 CIP

Attachment 2: FY22 Unfunded Projects

Attachment 3: Draft Preliminary CIP Financial Models

UNCLASSIFIED MANAGER:

Rechelle Blank, 408-630-2615

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Water Supply Projects

Revenue Sources: Groundwater Charges

FY 2023 5-Year CIP Data

PRELIMINARY CIP

Project Category	Number	Project Name	A	B	A + B		Project Phase (FY23)	Funded By
			Actual/ Appropriated thru FY22*	Remaining Cost to Completion	FY23 Plnd Expnd	FY23-37 Project Value		

Values last updated: 12/08/2021 (All values are in thousands)

Water Supply - Storage

B	91854001	Almaden Dam Improvements	14,214	50,502	52	64,716	(1,296)	Design	W-2
A,B	91864005	Anderson Dam Seismic Retrofit (C1)	234,417	1,001,721	167,485	1,236,138	588,748	Design	W-2/W-5/W-7/SCW
	91084020s	Calero and Guadalupe Dams Seismic Retrofits	32,343	221,754	2,084	254,097	(7,369)	Plng/Des	W-2
A,B	91084020	Calero and Guadalupe Dams Seismic Retrofits - Planning	11,117	2,483	1,672	13,600	99	Planning	W-2
A,B	91874004	Calero Dam Seismic Retrofit - Design & Construct	11,107	147,812	105	158,919	(5,534)	Design	W-2
A,B	91894002	Guadalupe Dam Seismic Retrofit - Design & Construct	10,119	71,459	307	81,578	(1,934)	Design	W-2
B	91234002	Coyote Pumping Plant ASD Replacement	3,986	23,354	9,676	27,340	11,773	Planning	W-2
E	91234011	Coyote Warehouse	9,718	126	126	9,844	61	Const/Closeout	W-2/W-5/W-7/W-8
A,B	91084019	Dam Seismic Stability Evaluation	22,653	8,289	418	30,942	(373)	Planning	W-2/W-5/W-7/W-8
E	91954002	Pacheco Reservoir Expansion Project (A1)	71,416	2,390,331	31,204	2,461,747	(58,177)	Plng/Des	W-2/W-5/W-7/W-8
B	91214010s	Small Capital Improvements, San Felipe Reach 1-3	4,517	71,973	2,357	76,490	(5,113)	Continuing	W-2/W-5/W-7
Subtotal:			393,264	3,768,050	213,402	4,161,314	528,254		

Water Supply - Transmission

B	95084002	10-Year Pipeline Rehabilitation (FY18-FY27)	84,326	55,727	18,327	140,053	(1,052)	Plng/Des/Const	W-2/W-5/W-7/W-8
B	92304001	Almaden Valley Pipeline Replacement Project	594	110,005	994	110,599	20,569	Planning	W-2
B	95044001	Distribution Systems Implementation Project	5,288	3,669	732	8,957	1,048	Planning	W-2/W-5/W-7/W-8
C	92C40357	FAHCE Implementation	-	145,108	-	145,108	-	Planning	W-2/W-5/W-7
C	26764001	IRP2 Additional Line Valves (A3)	2,622	13,916	1,246	16,538	4,504	Design	SCW
E	92144001	Pacheco/Santa Clara Conduit Right of Way Acquisition	3,540	2,611	2,300	6,151	849	Design/Const	W-2/W-5/W-7
E	95044002	SCADA Implementation Project	2,494	3,976	2,826	6,470	(10)	Design/Const	W-2/W-5/W-7/W-8
B	92764009	Small Capital Improvements, Raw Water Transmission	2,572	9,077	696	11,649	(243)	Continuing	W-2/W-5/W-7/W-8
B	94764006	Small Capital Improvements, Treated Water Transmission	131	536	38	667	136	Continuing	W-2
B	94084007	Treated Water Isolation Valves	1,017	7,485	145	8,502	(181)	Design	W-2
B	92264001	Vasona Pump Station Upgrade	2,363	19,905	2,387	22,268	(1,476)	Planning	W-2
Subtotal:			104,947	372,015	29,691	476,962	6,502		

FY 2023 - 27 CIP

Water Supply Projects

Revenue Sources: Groundwater Charges

FY 2023 5-Year CIP Data

PRELIMINARY CIP

Project Category	Number	Project Name	A	B	A + B		Project Phase (FY23)	Funded By	
			Actual/ Appropriated thru FY22*	Remaining Cost to Completion	FY23 Plnd Expnd	FY23-37 Project Value			Change from FY22
Water Supply - Treatment									
B	93234044	PWTP Residuals Management	2,276	40,768	1,857	43,044	(1,248)	Planning	W-2
B	93294051s	RWTP Residuals Remediation	56,333	19,336	19,145	75,669	11,078	Construction	W-2
B	93294057	RWTP Reliability Improvement	264,182	197,493	14,340	461,675	101,801	Construction	W-2
B	93294056	RWTP Treated Water Valves Upgrade	8,630	-	-	8,630	-	Closeout	W-2
B	93764004	Small Capital Improvements, Water Treatment	10,911	40,814	1,789	51,725	(2,552)	Continuing	W-2
B	93284013	STWTP Filter Media Replacement Project	3,460	6,458	4,779	9,918	(182)	Planning	W-2
B	93084004	Water Treatment Plant Electrical Improvement Project	1,526	10,100	2,412	11,626	(290)	Planning	W-2
B	93044001	WTP Implementation Project	4,672	4,785	732	9,457	1,319	Planning	W-2
Subtotal:			351,990	319,754	45,054	671,744	109,926		
Water Supply - Recycled Water									
E	91304001s	Expedited Purified Water Program (EPWP)	30,058	700,922	33,700	730,980	113,185	Planning	W-2
E	91094001	Land Rights - South County Recycled Water PL	553	6,711	3,260	7,264	(297)	Planning	W-5
E	91094007s	South County Recycled Water Pipeline	43,359	19,240	17,900	62,599	5,864	Des/Const	W-5
Subtotal:			73,970	726,873	54,860	800,843	118,751		
Water Supply Total:			924,171	5,186,692	343,007	6,110,863	763,433		

Water Supply Projects

Revenue Sources: Groundwater Charges

FY 2023 5-Year CIP Data

PRELIMINARY CIP

Project Category	Number	Project Name	A	B	A + B		Project Phase (FY23)	Funded By
			Actual/ Appropriated thru FY22*	Remaining Cost to Completion	FY23 Plnd Expnd	FY23-37 Project Value		

Values last updated: 12/08/2021 (All values are in thousands)

Validated - Future Unfunded Projects

A,B	93C40417	RWTP Ammonia Storage & Metering Facility Upgrade	-	5,844	-	5,844	FY23	W-2
E	91C40389	Long-Term Purified Water Program Elements	-	190,494	-	190,494	FY23	W-2
D	912140XX	Pacheco Pumping Plant Alternative Power	-	17,019	-	17,019	FY23	W-2
Validated - Unfunded Total:			-	213,357	-	213,357		

Legend:

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- Green - Green Text: **Projects in the Construction phase**
- Blue - Blue Text: **New projects proposed for the FY 23 CIP**
- * - Column A: Actuals spent through prior year + planned expenditures in current year
- Planning completed

Project Driver:

- A. Regulatory requirements
- B. Repair or replacement of aging infrastructure
- C. District commitment (SCW, FAHCE)
- D. Water Utility Master Plan "No Regrets"
- E. Board Policy

of WS Projects

- 5
 - 18
 - 2
 - 1
 - 7
-
- 33

Funded by Legend:

- W-2 - North Zone; revenue is allocated based on % of benefit to the zone
- W-5 - South Zone; revenue is allocated based on % of benefit to the zone
- W-7 - South Zone; revenue is allocated based on % of benefit to the zone
- W-8 - South Zone; revenue is allocated based on % of benefit to the zone
- CSC - funded by revenue from Clean Safe Creeks program
- SCW - funded by revenue from Safe Clean Water program
- PT - funded by revenue from Property Tax
- Subvent - funded by State Subventions

FY 2023 - 27 CIP

Flood Protection Projects

Revenue Sources: COP Proceeds, CSC Special Tax,
Property Tax, Subventions

PRELIMINARY CIP

FY 2023 5-Year CIP Data

Project Category	Number	Project Name	A	B	A + B		Project Phase (FY23)	Funded By
			Actual/ Appropriated thru FY22*	Remaining Cost to Completion	FY23 Plnd Expnd	FY23-37 Project Value		

Values last updated:12/08/2021 (All values are in thousands)

Lower Peninsula Watershed

B	10394001	Palo Alto Flood Basin Tide Gate Structure Improvements	5,169	34,165	1,666	39,334	1,040	Plan/Des	PT
C	10244001s	Permanente Creek, SF Bay to Foothill Expressway	111,847	1,277	797	113,124	(2,915)	Const/Closeou	PT/CSC
C	10284007s	San Francisquito Creek, SF Bay thru Searsville Dam (E5)	62,700	56,755	5,490	119,455	12,429	Des/Const	PT/CSC/SCW
Subtotal:			179,716	92,197	7,953	271,913	10,554		

West Valley Watershed

C	26074002	Sunnyvale East and West Channels (E2)	23,437	46,946	14,965	70,383	(1,107)	Design	CSC
Subtotal:			23,437	46,946	14,965	70,383	(1,107)		

Guadalupe Watershed

B	30154019	Guadalupe River Tasman Dr - I-880	3,982	95,191	1,568	99,173	3,262	Planning	PT
C	26154001s	Guadalupe River--Upper, I-280 to Blossom Hill Road (E8)	113,069	61,952	919	175,021	(2,195)	Des/Const	CSC/SCW
Subtotal:			117,051	157,143	2,487	274,194	1,067		

FY 2023 - 27 CIP

Flood Protection Projects

Revenue Sources: COP Proceeds, CSC Special Tax,
Property Tax, Subventions

PRELIMINARY CIP

FY 2023 5-Year CIP Data

Project Category	Number	Project Name	A	B		A + B	Change from FY22	Project Phase (FY23)	Funded By
			Actual/ Appropriated thru FY22*	Remaining Cost to Completion	FY23 Plnd Expnd	FY23-37 Project Value			
Coyote Watershed									
C	26174041s	Berryessa Creek, Calaveras Boulevard to Interstate 680	41,590	12,439	398	54,029	(556)	Des/Const	CSC
E	40174004s	Berryessa Ck, Lower Penitencia Ck to Calaveras Blvd	132,510	76,920	2,022	209,430	504	Des/Const	PT
C	26174043	Coyote Creek, Montague Expressway to Tully Road (E1)	20,080	42,749	6,375	62,829	(107)	Plng/Des	CSC
E	40264011	Cunningham Flood Detention Certification	11,840	-	-	11,840	2	Closeout	PT
E	40334005	Lower Penitencia Ck Improvements, Berryessa to Coyote Cks.	26,704	8,421	8,164	35,125	6,892	Des/Const	PT
E	40264007s	Lower Silver Creek, I-680 to Cunningham (Reach 4-6)	101,498	52	52	101,550	(228)	Construction	Subvent
C	40324003s	Upper Penitencia Creek, Coyote Creek to Dorel Drive	16,450	16,374	209	32,824	(4,588)	Planning	PT/SCW
			-						
Subtotal:			350,672	156,955	17,220	507,627	1,919		
Uvas/Llagas Watershed									
B	50284010	Llagas Creek-Lower, Capacity Restoration, Buena Vista Road to Pajaro River	4,314	9,401	1,306	13,715	(324)	Design	Subvent
C	26174051s	Llagas Creek-Upper, Buena Vista Avenue to Llagas Road (E6)	229,292	102,491	56,680	331,783	(1,138)	Construction	CSC/SCW
Subtotal:			233,606	111,892	57,986	345,498	(1,462)		
Multiple Watershed									
C	00044026s	San Francisco Bay Shoreline (E7)	105,349	74,278	21,022	179,627	(39,459)	Construction	PT
C	00044026	San Francisco Bay Shoreline	80,293	36,189	18,217	116,482	(38,276)	Des/Const	PT
C	26444001	San Francisco Bay Shoreline - EIA 11 Design & Partial Construction (E7)	17,516	-	-	17,516	1	Des/Const	PT
C	26444002	San Francisco Bay Shoreline - EIAs 1-4	5,646	25,212	1,760	30,858	(604)	Planning	PT
C	26444004	San Francisco Bay Shoreline - EIAs 5-10	1,045	12,877	1,045	13,922	(580)	Planning	PT
B	62084001	Watersheds Asset Rehabilitation Program	49,650	124,362	7,364	174,012	(8,562)	Plng/Des/Const	PT
Subtotal:			154,999	198,640	28,386	353,639	(48,021)		
Flood Protection Total:			1,059,481	763,773	128,997	1,823,254	(37,050)		

FY 2023 - 27 CIP

Flood Protection Projects

Revenue Sources: COP Proceeds, CSC Special Tax, Property Tax, Subventions

PRELIMINARY CIP

FY 2023 5-Year CIP Data

Project Category	Number	Project Name	A	B	A + B	Change from FY22	Project Phase (FY23)	Funded By
			Actual/ Appropriated thru FY22*	Remaining Cost to Completion	FY23 Plnd Expnd			

Values last updated:12/08/2021 (All values are in thousands)

Validated - Future Unfunded Projects

None

Validated - Unfunded Total:

-

Legend:

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- Blue - Blue Text: New projects proposed for the FY 23 CIP
- * - Column A: Actuals spent through prior year + planned expenditures in current year

Project Driver:

- A. Regulatory requirements
- B. Repair or replacement of aging infrastructure
- C. District commitment (SCW, FAHCE)
- D. Water Utility Master Plan "No Regrets"
- E. Board Policy

of FP Projects

-
4
13
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4

21

Funded by Legend:

- W-2 - North Zone; revenue is allocated based on % of benefit to the zone
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- W-7 - South Zone; revenue is allocated based on % of benefit to the zone
- W-8 - South Zone; revenue is allocated based on % of benefit to the zone
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- SCW - funded by revenue from Safe Clean Water program
- PT - funded by revenue from Property Tax
- Subvent - funded by State Subventions

Water Resources Stewardship Projects

Revenue Sources: Groundwater Charges,
Property Tax, Subventions

PRELIMINARY CIP

FY 2023 5-Year CIP Data

Project Category	Number	Project Name	A	B	A + B		Change from FY22	Project Phase (FY23)	Funded By
			Actual/ Appropriated thru FY22*	Remaining Cost to Completion	FY23 Plnd Expnd	FY23-37 Project Value			

Values last updated: 12/08/2021 (All values are in thousands)

Mitigation (All Mitigation projects are required per CEQA or other Regulation and therefore do not receive a score)

Subtotal: (16,768)

Environmental Enhancement & Stewardship

Lower Peninsula Watershed

C	00294001s	Stevens Creek Fish Passage Enhancement	850	18,034	-	18,884	(544)	FY25	W-2 (90%)/PT(10%)
C	26164001	Hale Creek Enhancement Pilot Study (D6.1)	5,917	3,047	3,002	8,964	115	Const/Closeout	CSC/SCW

Guadalupe Watershed

C	26044001	Almaden Lake Improvements (D4.1a)	16,948	40,783	20,855	57,731	(467)	Design	CSC/SCW
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Coyote Watershed

E	00C40400s	Watershed Habitat Enhancement Design & Construction	-	66,243	-	66,243	(2,090)	FY25	TBD
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Multiple Watersheds (Lower Peninsula, Guadalupe, Coyote, Uvas/Llagas)

C	20444001s	Salt Ponds A5-11 Restoration	7,575	5,155	752	12,730	4,884	Planning	PT/SCW
C	26044002	SCW Fish Passage Improvements (D4.3; Evelyn, Singleton)	6,132	202	202	6,334	(184)	Construction	SCW
C	26044004	Bolsa Road Fish Passage Improvement (D6.2)	2,205	4,315	4,170	6,520	(70)	Construction	SCW
C	26C40370	SCW Implementation: Fish Passage Improvements (D4)	-	6,813	-	6,813	-	Planning	SCW
C	26C40419	SCW Implementation: Restoration of Natural Creek Functions (D6.3)	-	6,371	-	6,371	(287)	Planning	SCW
C	26044003	Ogier Ponds Separation from Coyote Creek (D4.1b)	1,533	4,712	1,229	6,245	2,115	Planning	SCW

Subtotal: 41,160 155,675 30,210 196,835 3,472

Feasibility Studies

E	62044001	Watershed Habitat Enhancement Studies	3,736	-	-	3,736	(468)	Plan/Feasibility	PT
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Subtotal: 3,736 - - 3,736 (468)

Water Resources Stewardship Total: 44,896 155,675 30,210 200,571 (13,764)

Water Resources Stewardship Projects

Revenue Sources: Groundwater Charges,
Property Tax, Subventions

PRELIMINARY CIP

FY 2023 5-Year CIP Data

Project Category	Number	Project Name	A	B	A + B		Change from FY22	Project Phase (FY23)	Funded By
			Actual/ Appropriated thru FY22*	Remaining Cost to Completion	FY23 Plnd Expnd	FY23-37 Project Value			

Values last updated: 12/08/2021 (All values are in thousands)

Validated - Future Unfunded Projects

None - - - -

Validated - Unfunded Total: - - - -

NOTES:

- 1) Implementation of the Mitigation projects is considered non-discretionary since they are needed to meet California Environmental Quality Act (CEQA) or regulatory commitments. Therefore, a priority score is not required.
- 2) Environmental Enhancement projects are implemented at the discretion of the Board. Projects may go through a ranking process to compete for CSC funds or the board may direct that other available revenue be used to implement the proposed projects.

Legend:

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- Green - Green Text: Projects in the Construction phase
- Blue - Blue Text: New projects proposed for the FY 23 CIP
- * - Column A: Actuals spent through prior year + planned expenditures in current year

Project Driver:

- A. Regulatory requirements
- B. Repair or replacement of aging infrastructure
- C. District commitment (SCW, FAHCE)
- D. Water Utility Master Plan "No Regrets"
- E. Board Policy

of WRS Projects

-
-
9
-
2

11

Funded by Legend:

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- W-7 - South Zone; revenue is allocated based on % of benefit to the zone
- W-8 - South Zone; revenue is allocated based on % of benefit to the zone
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- SCW - funded by revenue from Safe Clean Water program
- PT - funded by revenue from Property Tax
- Subvent - funded by State Subventions

Buildings and Grounds Projects

Revenue Source: Groundwater Charges,
Property Tax

PRELIMINARY CIP

FY 2023 5-Year CIP Data

Project Category	Number	Project Name	A	B	A + B		Project Phase (FY23)	Funded By	
			Actual/ Appropriated thru FY22*	Remaining Cost to Completion	FY23 Plnd Expnd	FY23-37 Project Value			Change from FY22
B	60204016	Facility Management, Small Capital Improvements	4,000	36,000	4,000	40,000	(3,016)	Continuing	PT/W-2/W-5
E	60204032	Headquarters Operations Building	2,020	13,108	2,080	15,128	(485)	Continuing	PT/W-2/W-5
B	60204022	Security Upgrades and Enhancements	0	17674	314	17674	17674	Planning	PT/W-2/W-5
Buildings & Grounds Total:			6,020	66,782	6,394	72,802	14,173		

Values last updated: 12/8/2021 (All values are in thousands)

Validated - Future Unfunded Projects

None

Validated - Unfunded Total: - - - (4,719)

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- Blue - Blue Text: **New projects proposed for the FY 23 CIP**
- * - Column A: Actuals spent through prior year + planned expenditures in current year

Project Driver:

- A. Regulatory requirements
- B. Repair or replacement of aging infrastructure
- C. District commitment (SCW, FAHCE)
- D. Water Utility Master Plan "No Regrets"
- E. Board Policy

of B&G Projects

A. Regulatory requirements	0
B. Repair or replacement of aging infrastructure	1
C. District commitment (SCW, FAHCE)	0
D. Water Utility Master Plan "No Regrets"	0
E. Board Policy	2
	3

Funded by Legend:

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- W-7 - South Zone; revenue is allocated based on % of benefit to the zone
- W-8 - South Zone; revenue is allocated based on % of benefit to the zone
- WUE - funded by revenue from Water Utility Enterprise Fund
- WSS - funded by revenue from Watershed and Stream Stewardship Fund
- CSC - funded by revenue from Clean Safe Creeks program
- SCW - funded by revenue from Safe Clean Water program
- PT - funded by revenue from Property Tax
- Subvent - funded by State Subventions

Information Technology Projects

Revenue Source: Groundwater Charges,
Property Tax

PRELIMINARY CIP

FY 2023 5-Year CIP Data

Project Category	Number	Project Name	A	B	A + B		Project Phase (FY23)	Funded By	
			Actual/ Appropriated thru FY22*	Remaining Cost to Completion	FY23 Plnd Expnd	FY23-37 Project Value			Change from FY212
Values last updated: 12/8/2021 (All values are in thousands)									
E	73274009	Data Consolidation	494	778	362	1,272	39	Construction	PT/W-2/W-5
B, E	73274001	IT Disaster Recovery	2,521	84	41	2,605	3	Construction	PT/W-2/W-5
B	73274002	ERP System Implementation	17,334	237	237	17,571	193	Construction	PT/W-2/W-5
B	73274012	Telephone System Voiceover IP	1,248	-	-	1,248	-	Des/Const	PT/W-2/W-5
B	73274008	Software Upgrades & Enhancements	4,400	9,588	1,234	13,988	(1,384)	Des/Const	PT/W-2/W-5
B	95274003	WTP-WQL Network Equipment	2,997	8,189	1,331	11,186	(370)	Construction	PT/W-2/W-5
Information Technology Total:			28,994	18,876	3,205	47,870	(2,263)		

Validated - Future Unfunded Projects

None	-	-	-	-
Validated - Unfunded Total:	-	-	-	-

Legend:

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- Green - Green Text: Projects in the Construction phase
- Blue - Blue Text: New projects proposed for the FY 23 CIP
- * - Column A: Actuals spent through prior year + planned expenditures in current year

Project Driver:

- A. Regulatory requirements
- B. Repair or replacement of aging infrastructure
- C. District commitment (SCW, FAHCE)
- D. Water Utility Master Plan "No Regrets"
- E. Board Policy

of IT Projects

A. Regulatory requirements	0
B. Repair or replacement of aging infrastructure	4
C. District commitment (SCW, FAHCE)	0
D. Water Utility Master Plan "No Regrets"	0
E. Board Policy	2
	6

Information Technology Projects

Revenue Source: Groundwater Charges,
Property Tax

PRELIMINARY CIP

FY 2023 5-Year CIP Data

Project Category	Number	Project Name	A	B	A + B		Change from FY212	Project Phase (FY23)	Funded By
			Actual/ Appropriated thru FY22*	Remaining Cost to Completion	FY23 Plnd Expnd	FY23-37 Project Value			

Values last updated: 12/8/2021 (All values are in thousands)

Funded by Legend:

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- W-7 - South Zone; revenue is allocated based on % of benefit to the zone
- W-8 - South Zone; revenue is allocated based on % of benefit to the zone
- WUE - funded by revenue from Water Utility Enterprise Fund
- WSS - funded by revenue from Watershed and Stream Stewardship Fund
- CSC - funded by revenue from Clean Safe Creeks program
- SCW - funded by revenue from Safe Clean Water program
- PT - funded by revenue from Property Tax
- Subvent - funded by State Subventions

CIP GRAND TOTAL:	2,063,562	6,191,798	511,813	8,255,360	724,529
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	A	B	C	D	E
PROJECT DRIVER TOTALS:	5	27	24	-	17

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**Summary of Capital Project Plan Updates from Board Adopted FY 2022-26 CIP
as presented to the CIP Committee on November 15, 2021 with subsequent new, revised and
administrative updates noted**

Below is a detailed summary of all project plan updates by type of improvement. Updates to capital project plans are considered to be significant if total project costs (TPC) increase or decrease (inflated) more than \$1 million, project completion is extended beyond one year, or if there are any changes to project scope. These updates were presented to the CIP Committee on November 15, 2021.

Following the CIP Committee's review and in consideration of the committee's feedback, the CIP Evaluation Team provided recommendations regarding whether the new proposed capital projects should be funded in the FY 2023-27 Preliminary CIP (noted below). Furthermore, since the November 15 CIP Committee's review of the Significant Project Plan Updates item, there have been new project plan updates, revisions to project plan updates, and administrative changes to projects which are also reflected in the FY 2023-27 Preliminary CIP and summarized below.

WATER SUPPLY

Storage Facilities:

1. **91854001 Almaden Dam Improvements:** The uninflated TPC remains the same, however the inflated TPC decreased by \$1.295M. The project completion schedule remains the same, but the environmental phase was updated to accommodate the environmental review process. The project's planned expenditures were revised to reflect the burn rate for FY22 through FY26, to accurately align with updated project schedule. As a result of the shift in phase schedules, the overall TPC decreased due to inflation changes.

2. **91864005 Anderson Dam Seismic Retrofit:** There was no change to the project schedule. **Changes to project scope include:** **1)** Addition of an in-reservoir access roads approximately four (4) miles long to be constructed to stockpile areas SA-K and SA- L located inside the reservoir; a temporary bridge to cross reopened North Channel, dredging of sediment at the upstream side of the dam to construct the foundation of the dam, operation of the active water treatment system for four (4) years, increased haul and processing of excavated materials to stockpile areas SA-K and SA-L over longer distances during embankment construction, heavy equipment cost over precipitation season, a new 33-inch bypass pipeline and downstream control valves in the low-level outlet works for making cold water releases to Coyote Creek, increase in the size of concrete encasement between low-level outlet tunnel and downstream outlet works and mass concrete backfill under outlet structure required. **2)** Other miscellaneous additions which include a bridge over Coyote Creek, maintenance access to Northern Channel and reopening, electrical work, SCADA work and security work, instrumentation required for four (4) interim dams instead of two (2) interim dams, wick drains and drainage blanket. **3)** Winterization of the Stage 2B/3A interim dams (includes placement of rip-rap on downstream of interim dams, etc.). **4)** New Unlined Spillway, a requirement from the dam safety regulatory agencies, increased spillway invert thickness due to post 60% field investigation findings of most of spillway underlain by weak soil like rock and replacement of spillway crest base. **5)** Increase in the Sloping intake size by approximately 33% in size to accommodate the addition of a separate 33-inch bypass pipeline with three intakes. **6)** Addition of Mechanical fish screens for all intakes in the sloping intake structure (three 54-inch intakes for 78-inch pipeline and three 30-inch intakes for 33-inch bypass

pipeline). **7)** Additional costs for NOA related construction air monitoring to cover two additional years of earthwork activities. **8)** Additional Environmental Mitigation related projects. **Changes to project costs include:** **1)** Planning & Environmental Phase costs have increased by \$34.597M due to Environmental Consultant fees, Santa Clara Habitat Agency fees, Legal support fees, Environmental Review, and additional Valley Water labor. **2)** Design Phase & ROW costs have increased by \$47.327M due to Project Management and Design Consultant fees, Division of Safety of Dams fee, Right-of-Way Acquisitions, and additional Valley Water labor. **3)** Construction Phase costs have increased by \$473.807M due to increased Construction Management and Engineering Support During Construction Consultant fees, revised Construction Contract costs, Environmental Mitigation, and additional Valley Water labor. **4)** Additionally, the encumbered balances have increased by \$10.923M as a result of funds being added to various contracts and consultant agreements (Flatiron West Inc., Horizon Water and Environment, LLC, COWI North America Inc., Black and Veatch Corporation, URS Corporation, Best Source, HDR Engineering, Inc., VNF Solutions, LLC, AECOM Technical Services, Inc.) and Other open Purchase Orders.

3. **91084020 Calero and Guadalupe Dams Seismic Retrofits (Planning only):** TPC increased by \$99K. (TPC uninflated remains the same). Project schedule remains the same however environmental phase extended to complete the EIR and obtain permits from regulatory agencies. Management decided that the EIR for Guadalupe Dam, currently in progress, would only be completed once the FAHCE effort EIR process is completed. The FACHE EIR is expected to be completed by mid-2022. The Guadalupe Dam EIR process will then be pursued to completion. The environmental phase has therefore been extended by one year to 6/30/2024. Planned expenditures have been updated to reflect the updated Project schedule changes.
4. **91894002 Guadalupe Dam Seismic Retrofit – Design & Construction:** The uninflated TPC remains the same, however the inflated TPC decreased by \$1.939M. Project completion schedule remains the same at FY28. Adjustments have been made to the planned expenditures in FY22, FY23, and FY24 based upon the current burn rate projections (reduced FY22, increased FY23 and FY24, net change zero). As a result of the shift in planned expenditures, the overall TPC decreased due to inflation changes.
5. **91234002 Coyote Pumping Plant ASD Replacement:** The Design Phase schedule has been extended to reflect the current status of the design-build entity procurement process and to account for the overlap that occurs between design and construction in a project that is delivered using the progressive design-build delivery method. The overall project duration has not changed. The environmental phase cost has increased due to the extra effort required to coordinate the completion of the National Environmental Policy Act (NEPA) document with the United States Bureau of Reclamation. As the first progressive design-build project for Valley Water, the project team was also responsible for developing templates specific to the progressive design-build project delivery method. The design phase cost has increased to account for the additional funds needed to cover the cost of preparing those documents, including the Request for Qualifications (RFQ), Request for Proposal (RFP), and the design-build agreement, as well as to cover the review of the documents submitted by potential proposers, including the Statement of Qualifications (SOQ) and the proposal, and to cover negotiations for phase 1 of the design-build agreement. Furthermore, additional funds are needed to cover phase 1 of the design-build agreement, currently estimated to be 10% of the latest construction cost estimate. Phase 1 includes review of the preliminary design documents, development of construction cost estimates, design workshops with staff, phase 2 (construction) negotiations, and completion of

the final design. This cost increase also accounts for the anticipated high level of effort that will be required to manage the design-build agreement, including close oversight of cost estimates and invoicing, and the staff time that will be required to collaborate with the design-build entity as the design progresses. The original construction cost estimate had not been updated and was developed based on 2013 conditions. The design consultant (Brown & Caldwell) has prepared a detailed Class 4 construction contract cost estimate using the 30% design documents. The estimate was prepared using quantity take-offs, vendor quotes and equipment pricing. The high equipment costs reflect current market conditions, via the incorporation of vendor quotes, which have further been impacted by recent supply chain disruptions. The Construction Phase cost has increased by \$8.7M to reflect the latest Class 4 construction contract cost estimate.

6. **91234011 Coyote Warehouse:** TPC increased by \$61K. Overall project completion schedule remains the same. However, construction and closeout phases were extended. The Construction Phase of the Project was delayed due to COVID-19 issues including obtaining the certificate of occupancy from the City of Morgan Hill. The Board accepted Stage 1 of the Project in April 2021. Stage 2 of the Project consists of 2 years of vegetation maintenance. Construction costs have increased to account for the additional time for Construction Management staff to continue to inspect the Project and administer the Construction Contract.
7. **91954002 Pacheco Reservoir Expansion:** The uninflated TPC remains the same at \$2.205B, however the inflated TPC decreased by \$58.179M. Project completion schedule remains the same at FY32. As a result of project evolution, the current cost for planning, environmental and design phases have been re-evaluated, resulting in changes to phase cost. Factors that contributed to the changes in phase costs are mainly a result of requiring less resource hours to planning and environmental, but additional resource hours to design for project support. FY21 (\$24M), FY22 (\$15.4M), FY23 (\$11.9M), FY24 (\$2.4M) decreased, yet FY25 (\$33.9M) and FY26 (\$19.8M) increased (net change is zero).

Transmission Facilities:

8. **95084002 10-Year Pipeline Rehabilitation:** The uninflated TPC remains the same. However, the inflated TPC decreased by \$1.051M. The project completion schedule remains the same at FY27. Environmental Phase costs have increased to fund the PMP programmatic EIR, project staff, environmental staff, and consultant task order. A budgetary estimate (\$800,000) has been provided by Panorama Environmental, Inc., the environmental consultant working on the PMP update. Design Phase, Construction Phase, and Close-Out Phase have decreased because the Design Phase Work Plans for Snell Pipeline and West Pipeline have been completed that include a detailed analysis of the project costs and expenditures. As a result of the shift in phase costs, the overall TPC decreased due to the avoidance of inflation.
9. **92304001 Almaden Valley Pipeline Replacement:** Project schedule remains the same. However, the Construction Phase was extended by 1 year to accommodate new information provided by the Programmatic EIR. Each new fiscal year, the CIP adds the upcoming FY planned expenditures from the original Project Plan. The 21-year total Project Plan was initiated in FY21, and the CIP only provides for a 15-year projection. This CMM update adds FY37 into the 15-year projection. There were also cost increases to planning and environmental phases due to new data that was

provided during the Programmatic EIR. Note that budget for years FY38-FY41 is not included in TPC, but is reflected in the funding models via placeholder.

10. **95044001 Distribution Systems Implementation:** Through the development of the consultant's scope of services and completing the consultant selection process for the accompanying WTP Implementation Project (Project No. 93044001), staff has a more refined plan for the work and project cost. Since the project schedule will extend to the end of FY25, additional labor cost is needed to support the work. The project schedule extended by two years.
11. **92C40357 FAHCE Implementation (ADMINISTRATIVE CHANGES made after 11/15/21):**
Since the two creeks FAHCE EIR is still being finalized and agency permitting will also be required, the FAHCE implementation project planned expenditures were moved to begin in FY 25. Additionally, after consulting with the project team, the \$90M for Phases 2 and 3 of FAHCE Implementation were spread out evenly over out years to better align with the FAHCE settlement agreement.
12. **26764001 IRP2 (Infrastructure Reliability Plan) Additional Line Valves:** Overall project schedule remains the same. However, the Environmental Phase was extended by four years. The IRP2 Additional Line Valves Project will be constructed with the 10-year Pipeline Inspection and Rehabilitation Projects. The project costs have increased for the following reasons: Environmental Phase costs have increased because CEQA clearance must be coordinated with the 10-Year Pipeline Inspection and Rehabilitation Project. Concurrent implementation of the IRP2 Project and the 10-year Pipeline Inspection and Rehabilitation Project will minimize impacts to local retailers and reduce amount of water released to the environment. Design Phase costs have increased due to the purchase of property from PG&E and UPRR, ongoing coordination needed to acquire easements for construction and long-term maintenance of the facilities proposed as a part of the project, and delays in acquiring encroachment permits from outside agencies who were experiencing staffing constraints as a result of COVID-19 restrictions. The encroachment permit delays required additional staff time to follow-up with outside agencies to procure permits. These encroachment permits were necessary to proceed with preliminary investigations, and subsequently the design of the project. Construction costs have increased based on the engineer's estimate developed during the design phase. The primary reasons are due to larger size vaults to house and access mechanical and electrical equipment, higher material costs, and higher excavation shoring costs than were previously estimated.
13. **92144001 Pacheco/Santa Clara Conduit ROW Acquisition:** TPC increased by \$849K. Project schedule extended by 15 months for construction and closeout phases to be completed in FY24. Costs increased in Environmental phase due to unanticipated delays in finalizing the environmental clearance documents and providing additional biological support for NEPA clearance. Design and ROW Phase cost increase due to additional real estate acquisition prices in Santa Clara County. Construction Phase cost increased due to material cost escalation.
14. **95044002 SCADA Implementation:** TPC decreased by \$10K. (TPC uninflated remains the same). Updated Project schedule. No change to the overall project schedule; however, the planning phase has been extended by one year due to the actual timeline for project consultant selections. Also, project phase schedule clarifications reflect that the project includes a Programmatic Environmental Impact Report (PEIR) but does not include any construction work.

15. **94084007 Treated Water Isolation Valves:** TPC decreased by \$181K. (TPC uninflated remains the same). Overall project schedule remains the same. In FY2020, the Pipelines Project Delivery Unit was not granted an unfunded needs request to initiate the Treated Water Isolation Project in FY2021. Resources were unavailable to initiate the Planning Phase until Q1 of FY2022. The Project Expenditure Plan has been revised to reflect the anticipated award of construction contracts per the latest Long-Term Shutdown Schedule. Proposed Construction Award dates are West Pipeline Phase 1 in FY24, West Pipeline Phase 2 in FY25, and Milpitas Pipeline in FY 27. It is anticipated these construction projects will be awarded in the last quarter of their respective fiscal years. Accordingly, the anticipated construction contract expenditures are phased over the years the actual construction activities are expected to occur.
16. **92264001 Vasona Pump Station Upgrades (NEW UPDATE made after 11/15/21):** There is no change to the project completion date; however, funds are being shifted from FY 23 to FY 24 to reflect the Design/Build timeline and align with available staff resources. While there was no change to the uninflated project cost, the total project cost (TPC) has increased by \$512K due to inflation.

Treatment Facilities:

17. **93294051 RWTP Residuals Management:** The Project schedule was extended by three years. The Construction Phase was extended by three years to capture ongoing contract legal issues. Project costs have increased due to ongoing Contract Legal issues as well as the rental of a mobile centrifuge and on-call maintenance agreements.
18. **93294058 RWTP Residuals Remediation:** The overall project schedule remains the same. However, the Design Phase was extended by 2 years to accommodate the mobile centrifuge and on call agreement. The design phase has been extended to 6/30/2023 as the mobile centrifuge and on-call standing order maintenance contract are line items under this phase and must remain open and active until the end of construction. The Construction Phase has been adjusted to end at the end of FY23. The Close-out Phase has been adjusted to align with construction schedule adjustments. The Design Phase cost has been increased to reflect a previously procured on-call standing order maintenance contract. The Construction Phase cost has been increased to account for the higher than estimated construction contract bid. The Construction Phase cost was also increased to include engineering support services during construction and operations involvement to help ensure successful implementation of the project.
19. **93294057 RWTP Reliability Improvement:** The overall project schedule has been extended by 1 year to accommodate the updated closeout phase schedule. The Design Phase of the project has been extended to 2023 to accommodate the re-packaging and re-bidding of the remaining phases of the project. The Construction Phase of the project has been extended to reflect the duration required to complete Phases III - VI. Design Phase cost increases are mainly due to the remaining phases requiring repackaging of the plans and specifications to accurately reflect the status of the work for construction contractors to bid on. The increased Construction Phase cost reflects the first detailed review and cost estimate of outstanding improvements remaining from the previous Reliability Improvement Project construction project initiated in 2015.
20. **93044001 WTP Implementation:** Increase in Planning and Environmental phases due to additional consultant costs and staff labor costs to manage the consultant through FY25. Project

schedule extended by two years due to delays in consultant negotiations and finalizing the agreement with the consultant.

Recycled Water Facilities:

21. **91304001 Purified Water:** Overall project schedule extended by 1 year to FY29 to accommodate the addition of a close out phase. In June 2021, Valley Water completed the Countywide Water Reuse Master Plan (CoRe Plan) which identified feasible opportunities to expand water reuse. The CoRe Plan outlines indirect and direct potable reuse project portfolios in a programmatic approach to consider a wide range of reuse opportunities for flexible implementation. To this end, Valley Water pursued projects in two locations, expansion of the Silicon Valley Advanced Water Purification Center in San Jose as well as a project in Palo Alto to build on a partnership agreement with Palo Alto and Mountain View executed in 2019, which included an effluent transfer option. The addition of the effluent transfer option from the City of Palo Alto will require additional preliminary investigations and a subsequent change in the project scope. The total project costs have increased by \$106.514M (uninflated) due to the addition of a second option to transfer treated effluent from the City of Palo Alto and in order to obtain better pricing from the P3 entity, additional preliminary work was added to the overall project scope.
22. **91094009 South County Recycled Water Pipeline (Short Term 1B):** The project schedule was extended by two fiscal years due to NEPA clearance delays and the project advertisement for construction bids was placed on hold until discussions of the governance of the South County Recycled Water Pipeline system progressed. A Technical Working Group between Valley Water, City of Gilroy and City of Morgan Hill was approved by the City Councils and the Valley Water Board of Directors at a Joint Session between the parties on 8/23/2021. The project scope changed due to switch from high density polyethylene pipe (HDPE) to welded steel pipe due to the utility congestions and the constructability of the HDPE. Project cost increases are due to purchase of additional real estate along Phase 1C and for increased construction contract costs, construction management services, construction inspection and engineering support during construction.
23. **91094010 South County Recycled Water Pipeline (Short Term 2):** The project schedule was extended by two years due to the slow-down in the residential development along the recycled water conveyance route; increase in construction phase costs are due to delays associated with unanticipated impacts from the pandemic, which have altered development planning, permitting and construction activities in the city of Gilroy. The TPC increased by \$791K due to inflation resulting from the schedule changes.

FLOOD PROTECTION

Lower Peninsula Watershed:

24. **10394001 Palo Alto Flood Basin Tide Gate Structure Replacement:** The project scope was updated to remove the levee trail surface improvements. The levee trail surface improvements were intended to smoothen, strengthen, and provide an all-weather trail surface for the contractor to use during construction, and would have been installed by Valley Water's Operations & Maintenance (O&M) staff. Additional time needed for regulatory approval for the levee trail surface improvements combined with O&M staff's concerns about completing the

planned work within the allotted time window further reduced the benefits of this work. In lieu of the levee trail surface improvements, the construction contractor will be required to perform in-kind repairs to the levee as needed during the normal project work seasons. The project schedule was updated for the following Phases: Environmental Phase: Valley Water is currently in discussions with multiple regulatory agencies to obtain the necessary regulatory permits to cover the proposed project activities. In addition, Valley Water is coordinating and discussing potential required tribal and archaeological monitoring. More time is needed to acquire all necessary project permits and negotiate reasonable permit conditions. Construction Phase: In the current materials market, the contractor's steel sheet pile procurement lead time is estimated at five and a half months from time of order. Prior to the contractor ordering these materials, the contractor must design and submit their proposed Dewatering System Plan for review and approval from Valley Water, RWQCB, CDFW, and NMFS. We anticipate a minimum of seven and a half months lead time will be needed to ensure a smooth start to onsite construction and prevent delay claims and change orders due to long material procurement lead times. Construction advertisement remains on schedule, but construction start may require adjustment for approval of the Dewatering System Plan and procurement of project materials. Additionally, the proposed schedule will allow ample time to implement a contractor pre-qualification to help ensure bidding contractors are experienced in similar work conditions.

25. **26244001 Permanente Creek, SF Creek to Foothill Expwy:** Construction is complete; however, the project schedule has been extended by three years to include a plant establishment period and closeout activities. There are minor cost increases for Planning, Environmental, Design and right-of-way Phases due to various task code discrepancies. The Construction Phase cost decreased since the soil off-haul and civil construction at Rancho San Antonio was able to be completed earlier and at a lower cost than anticipated. The civil construction of the project was completed as of J 2021. However, staff will continue to work with the Rancho San Antonio contractor during the plant establishment period, which will last until February 2024. There will be some additional closeout tasks after the completion of the plant establishment period, hence the closeout Phase end date is set to June 30, 2024.
26. **10244001 Permanente Creek, SF Bay to Foothill Expwy:** As a sub-project of the Permanente Creek Flood Protection Project, the project number was re-opened under Fund 12 and two fiscal years were added to the project schedule. For FY22, \$125K will be needed for the cost-share agreement with the City of Mountain View for the bleacher retrofit at the McKelvey Park Detention Basin Project, and \$325K for the Channel Improvements Project to design the floodwall retrofit and begin the construction of the floodwall retrofit in late spring 2022. Floodwall retrofits downstream Highway 101 are required to complete the Federal Emergency Management Agency Letter of Map Revision package.
27. **26284002 San Francisquito Creek (Construction SF Bay to Middlefield Rd.):** The overall project schedule has been extended by four years. The schedule of this project has been extended to accommodate the USACE Continuing Authorities Program Section 205 (CAP 205) process as well as the updated duration needed for the San Francisquito Creek Joint Powers Authority to apply for and receive state and federal regulatory permits. Based on the current status of the CAP 205 study and permit applications, this project will be advertised in early 2023 for construction in summer of 2023 for the creek widening sites, with Pope-Chaucer Bridge bid and construction in 2024. The end date of the Construction Phase was extended to December 2027 to cover the

three-year plant establishment period and the Close-Out Phase was extended into FY 28 due to close-out time needed after the end of the plant establishment period. The total project cost for Phase 2 (Highway 101 to Middlefield Road) will increased by \$6.928M (uninflated) because of the need to extend the project schedule to accommodate the CAP 205 process. The environmental budget has increased to accommodate the additional efforts needed to apply for and receive the state and federal regulatory permits. The planned expenditures for right-of-way has increased to account for the cost escalation of the permanent and temporary construction easements and additional staff hours needed for the associated real estate and rights-of-way mapping tasks. Construction budget has increased to account for the construction cost escalation and the cost of two floodwalls upstream of University Avenue that were not budgeted previously. In addition, close-out budget has increased to cover the three-year plant establishment period.

26284002 San Francisquito Creek Flood Protection – Construction SF Bay to Middlefield Rd.

(REVISED after 11/15/21): Project expenditures have been reduced in FY 23 and added to FY 24 and FY 25 to reflect a revised approach to phase the encumbrances for construction dollars in those years. Additionally, in coordination with the San Francisquito Creek Joint Powers Authority (SFCJPA), \$5M has been added to FY 25 to address top of bank treatments that will likely be required. As a result of these latest changes, the inflated TPC increased by \$5.51M (inflated). The project cost increases are reflected in the unsecured SFCJPA partnerships and grants funding source in the FY 2023-27 Preliminary CIP. Based upon this revision and combined with the project plan update presented to the CIP Committee on November 15, 2021 (referenced above), the change from the Board adopted FY2022-26 CIP is a TPC increase of \$12.61M (inflated).

Guadalupe Watershed:

28. **30154019 Guadalupe River Tasman Drive to I-880:** The overall project schedule has been extended by 2 years due to delay in feasibility alternatives review and extension of the design schedule from two to three years; based upon these changes the start of construction will be moved out by two years to FY25.

Coyote Watershed:

29. **26174041 Berryessa Creek, Calaveras to I-680 Corps:** The overall project schedule has been extended by 3 years to reflect the completion of the Construction and Close-Out Phases for the project from FY21 to FY24. The Construction Phase extension is required to meet the recent San Francisco Bay Regional Water Quality Control Board permitting requirements regarding the Stormwater Management Plan and the Adaptive Management Plan for maintenance purposes. The additional 3 years for closeout are necessary to finalize Valley Water's participation cost share for the design and construction work managed by the U.S. Army Corps of Engineers as outlined in the Project Cooperation Agreement for the project.
30. **40174004 Lower Berryessa Creek Phase 1:** TPC increased by \$83k. Due to the delay in final completion of overall project construction by one year (from FY22 to FY23), an additional \$77k would be required to have Stillwater Sciences complete the final mitigation and monitoring and any additional planting establishment requirements by FY23. Overall project schedule extended by 1 year to accommodate the mitigation planting installed by the contractor that was washed away during the 2017 storm. After the wash out, the contractor was not able to fulfill the

specified planting establishment by the conclusion of the civil construction for the Project in FY17. This required the District to hire a qualified subcontractor to finalize the planting establishment, followed by the 5-year permit-required mitigation and monitoring portion of the Project. Hiring the qualified subcontractor, Stillwater Sciences, delayed the start of the 5-year mitigation and monitoring by one year to FY18, thus triggering an additional one-year in the original planned expenditures budget schedule (now FY19 to FY23). The Project Plan Schedule now reflects corrected and assumed dates for Design, Construction and Close-Out items.

31. **40174005 Berryessa Ck, Lower Pen Ck to Calaveras Blvd. Phase 2:** There are no changes to the project schedule. Additional funds are needed in response to higher than anticipated labor costs for in-house construction staff. Recent monthly labor spending rates during construction indicate there is insufficient budget for construction staff labor costs for FY22 and FY23. Staff estimates an additional \$500k is needed for FY22, and \$800k needed for FY23. The total additional project funds requested is \$1.3M for the Construction Phase. Staff labor costs for Environmental, Design and Close-Out Phases were higher in FY21 by \$222k.
32. **40334005 Lower Penitencia Creek (Berryessa to Coyote Creeks):** The overall project schedule is extended by one year. Valley Water issued Notice to Proceed to Gordon N. Ball (Contractor) for construction on June 18, 2021. Construction is scheduled to be completed on December 31, 2022 (FY23). The 3-year plant establishment period will begin after construction and ending on December 31, 2025 (FY26). The total project cost increase is to restore funds that were previously reallocated to the Shoreline Project. . Project expenditures for FY21 have been moved to FY22 and through remaining FYs due to construction starting later in summer 2021 instead of summer 2020 due to delays in finalizing the Master Agreement with City of Milpitas. Actual bid price and design cost have been included with FY21 expenditures. Plant establishment will now be completed in FY26.

Uvas Llagas Watershed:

33. **26174051 Upper Llagas Creek (LERRDs Reimbursable):** The overall project schedule remains the same. The costs to relocate various existing utilities in conflict with the project has increased due to the discovery of previously unknown underground utilities and cost increases for construction materials. The costs to acquire the last couple of remaining properties required for the project have increased, including an extended full property acquisition that involves a property owner relocation. The eligible costs associated with this increase will be reimbursed by DWR – State Subventions Program.

Multiple Watersheds:

34. **00044026 South San Francisco Bay Shoreline Project EIA 11:** There is no change to the overall project schedule. The Shoreline Project cost has significantly increased from \$194M to \$545M. USACE has received a fixed \$124.3M in federal funding and now has a federal shortfall of \$91.2M. The total non-federal sponsors share of the increased project cost is \$308.54M, however Valley Water has additionally agreed to be responsible to fund the federal shortfall of \$91.2M. The project budget was originally planned to support the \$194M project cost and there are now not enough funds to support the significant increase in the project cost. However, there are enough funds in place to complete all the project elements within Reaches 1-3. On August 8,

2021, USACE awarded the Reaches 1-3 construction contract to Maloney Odin Joint Venture for \$129.8M and construction in 2021. The non-federal sponsors cost-share of the Reaches 1-3 contract is \$58.4M. As a result of the significant project increase, the Reach 4-5 levee and Artesian Slough Closure structure design is currently on hold for the following reasons; a) to eliminate overlap with Reaches 1-3 construction, such that we don't have contractors competing for fill, which is a key cost driver; b) to provide time for the non-federal sponsors to address financing the local cost share and federal shortfall to complete the project beyond Reaches 1-3 as authorized; and c) to identify other opportunities to complete the project beyond Reaches 1-3 at a lower cost. The Design and Environmental Phase have been extended by 12 months, so that USACE can gather additional field data and conduct hydraulic analysis required for the Union Pacific Railroad Closure Structure and Pedestrian Bridge design.

35. **62084001 Watersheds Asset Rehabilitation Project (WARP):** The uninflated total project cost remains the same, however the inflated total project cost decreased by \$8.849M. The schedule remains the same with only a shift in proposed planned expenditures for future years. The work requests coming from Watersheds Operations and Maintenance Division can vary from year to year, depending on the immediate needs and priorities. For FY23 and FY24, the Operations and Maintenance Engineering Support Unit has requested a number of projects be handled under the Watersheds Asset Rehabilitation Program. Below is the current list and estimated construction costs planned for FY23 and FY24. FY23 (Total construction expenditures needed above current approved project plan): \$3M. 1.) Gabion repair work at San Carlos Street, Guadalupe River \$1M. 2.) Gabion repair work at Blossom Hill Road, Guadalupe River \$1M. 3.) Reinforced Concrete Box repair work at Finch Avenue, Calabazas Creek \$1M. FY24 (Total construction expenditures needed above current approved project plan): \$14M. 4.) Alviso levee repair, Alviso Slough \$2M. 5.) Malone Road retaining wall repair, Guadalupe River \$2M 6.) Levee rehabilitation, Randol Creek \$2M (was initially validated FY23 for unfunded list). 7.) Channel erosion repair, Regnart Creek \$5M (Union Pacific Trail to Bubba Road). 8.) U-frame wall repair, Permanente Creek \$3M (Mountain View Avenue to Park Avenue). As outlined, \$17M in additional funding will be needed in FY23 and FY24 to account for increased construction costs. To make up for this difference, expenditures planned from FY31 through FY34 have been reduced by \$16,382,000 and redistributed to FY23 and FY24. As a result of the shift in planned expenditures, the overall total project cost decreased due to inflation changes.

62084001 WARP (CIP Evaluation Team Recommendation on 11/18/21): Project expenditures have been updated to reflect the shifting of previously scheduled work to add two projects from the Initially Validated list in FY 23 and FY 24. The Initially Validated list of projects was presented to the CIP Committee in October 2021 the Board of Directors in November 2021. The uninflated total project cost remains unchanged; however, the inflated total project cost has increased by \$287K. Based upon this revision and combined with the project plan update presented to the CIP Committee on November 15, 2021 (referenced above), the change from the Board adopted FY2022-26 CIP is a TPC decrease of \$8.56M (inflated).

WATER RESOURCES STEWARDSHIP (Environmental Enhancement and Stewardship)

Lower Peninsula Watershed:

36. **26164001 Hale Creek Enhancement Pilot Study:** TPC increased by \$115k. (TPC uninflated remains the same). Overall project schedule extended by 1 year to cover the 3-year plant

establishment period. The Hale Creek Enhancement Pilot project construction has been postponed by a year, from summer of 2021 to summer of 2022. The project construction was delayed to allow additional time for coordination with property owners to obtain permanent easement and temporary construction easements. In FY 21, the Board approved a schedule adjustment, extending the project completion by a year to FY 23. The current proposed project schedule extends the construction phase into December 2025 to cover the three-year plant establishment period. The close-out phase was extended into FY26 due to close-out time needed after the end of the plant establishment period.

Coyote Watershed:

37. **26044003 Ogier Ponds Separation from Coyote Creek Planning & Design Project:** The project completion schedule was extended by 1 year to account for addition of design phase. The proposed project scope updates include design work which was not previously included in the Project Plan. The project is being considered as a conservation measure in the Anderson Dam Seismic Retrofit Project Environmental Impact Report (ADSRP EIR). As such, the project will deliver sufficient design details to the ADSRP EIR preparers for EIR impact analysis by the end of calendar year 2021. This will require expediting typical project planning and design work procedures to meet the ADSRP EIR schedule. The project site is located on Santa Clara County Parks property. Beginning in 2018, Valley Water has been negotiating a memorandum of Agreement (MOA) with County Parks; however, the MOA is not yet finalized. Ongoing negotiations have delayed the project start by more than two years. To avoid further delay, Valley Water coordinated with County Parks to obtain a right of entry to the project site via the existing Master License Agreement with County Parks. As a result, Valley Water has commenced collecting data for the project which extends the Environmental phase and now includes a Design phase period. Valley Water continues to pursue a final MOA with County Parks. The revised planned project expenditures include additional funds to complete the design phase.
38. **95C40400 Project 1 Design & Construction (e.g. Metcalf Ponds) (ADMINISTRATIVE CHANGES made after 11/15/21):** Since this project was created as a placeholder and since the Ogier Ponds Project is potentially being planned for future construction as a conservation measure for the Anderson Dam Seismic Retrofit Project and additional funding will likely be required; \$10M was shifted from this placeholder project (\$5M in FY 26 and \$5M in FY 27) to the Ogier Ponds Fund 61 placeholder project (Project number 95C40401). The remaining planned expenditures total \$19.66M and were moved to begin in FY 25.
39. **95C40401/62C40402 Ogier Ponds – Construction (ADMINISTRATIVE CHANGES made after 11/15/21):** Based upon the most up-to-date project information, planned expenditures for construction have been set to begin in FY 28. Additionally, since the Ogier Ponds Project is potentially being planned for future construction as a conservation measure for the Anderson Dam Seismic Retrofit Project and will likely need additional funding; \$10M was shifted (\$5M in FY 29 and \$5M in FY 30) from the Project 1 Design and Construction Project (Project number 95C40400) to the Ogier Ponds Fund 61 placeholder project (Project number 95C40401). The new combined planned expenditures total \$46.59M. *(Note: The planning and design for Ogier Ponds is an active project in the FY 2022-26 CIP (Project No. 26044003 listed above) and is funded under the Safe, Clean Water and Natural Flood Protection Program, Project D4.1. with an inflated TPC of \$6.24M)*

Uvas Llagas Watershed:

40. **26044004 Bolsa Road Fish Passage Improvements:** Expenditures are reduced in FY23 and increased in FY24, FY25, and FY26 to accommodate the 3-year plant establishment period. The overall project schedule was extended by 3 years to capture the remaining tasks such as plant establishment period as well as resolving any outstanding claims and completing any transition work to move the project from the Construction Phase to the Operations and Maintenance Phase. The new close-out end date is in FY26.

Multiple Watersheds:

41. **20444001 Salt Ponds Restoration Project:** The overall project schedule has been extended by three years. The recommended project will be determined at the conclusion of planning phase. Staff presented the Feasibility Study to the Board during the April 27, 2021 meeting and received approval to proceed to planning phase. During planning phase, staff will explore a robust set of alternatives, including an integrated project alternative (Feasibility Study Option C) which combines the Calabazas/San Tomas creek realignment project with SBSPRP planned tidal marsh restoration project. Although the staff-recommended alternative has yet to be determined, to be conservative the budget and schedule presented herein is largely based on Option C which has the largest scope of the options that were identified in the Feasibility Study. Construction costs remained unchanged but will be revised once staff recommended alternative is presented to the Board at the end of the planning phase. Revised cost estimates from planning through design phases are also based on Option C from the Feasibility Study, which is the highest cost option.

The total cost for project planning, environmental, and design phases estimated at \$7.8M, an increase of \$6M. SF Bay Restoration Authority (Measure AA) and California Department of Fish and Wildlife (Proposition 1) grant funding of \$3.87M would offset 65% of that increase. The construction cost estimate of \$1.575M remains unchanged but will be revised upon Board selection of project alternative at conclusion of planning phase, expected in March 2024. In summary, the project cost has increased by \$6.012M based on Option C, the largest and most complex option with significant increase in scope from the original realignment project and increases are due to changes in planning through design cost estimates. Construction cost estimate was not revised with \$19.5M for Option C but will be later updated with the refined construction cost estimate of the staff recommended alternative at the end of planning phase.

20444001 Salt Ponds Restoration Project (REVISED after 11/15/21): The total project cost now excludes the construction placeholder amount of \$1.58M. The project plan will be updated to include construction costs once a staff recommended alternative is presented to the Board at the end of planning phase, expected in summer of 2024. As a result, the TPC from the Board adopted FY 2022-26 CIP has now only increased by \$4.88M to account for project planning, environmental, and design phase cost increases. The new inflated TPC is now \$12.42M. Based upon this revision and combined with the project plan update presented to the CIP Committee on November 15, 2021 (see Attachment 2), the change from the Board adopted FY2022-26 CIP is a TPC increase of \$4.88M (inflated).

BUILDINGS AND GROUNDS

42. **60204022 Security Upgrades and Enhancements (CIP Evaluation Team Recommendation on 11/18/21):** A new project was created for inclusion in the CIP. This project will significantly enhance overall security at Valley Water facilities through technological and physical upgrades and enhancements. This project includes designing and installing a modern technical security system capable of meeting today's security and investigative requirements and improves physical security for critical facilities and assets. The estimated total inflated project cost is \$16.57M and the project is expected to last four to six years.

INFORMATION TECHNOLOGY

43. **73274009 Data Consolidation Project:** The project schedule was extended by 2 years to accommodate additional needs identified by a 2021 audit of the Community Projects Review Unit (CPRU). The audit recommendations must be implemented by June 2023 per auditors, so other tasks within this project will need to be delayed to meet that deadline.
44. **73274001 IT Disaster Recovery Project:** The project schedule was extended by 2 years due to Covid-19 responses and because Valley Water was not able to complete the Disaster Recovery planning process. This process was pushed into FY 22 for completion. Upon completion of the Disaster Recovery planning process, Information Technology will prioritize approved projects and implement selected projects during FY22 – FY24.
45. **73274008 Software Upgrades and Enhancements Project:** There was no change to the overall project schedule. The scope of this project is being updated to include upgrades and enhancements for additional technology solutions including Munibilling, Information Technology Service Management, Online Payment Processing, Various Cloud Migrations (SMP, Oracle, Maximo, GIS), Workforce Planning, Learning Management System Upgrades, Expansion of Hyland Onbase and proposed expansions to Wells Management and CRM tools. These changes to scope do not increase the project's overall planned expenditures. TPC decrease was due to under expenditure in FY21.

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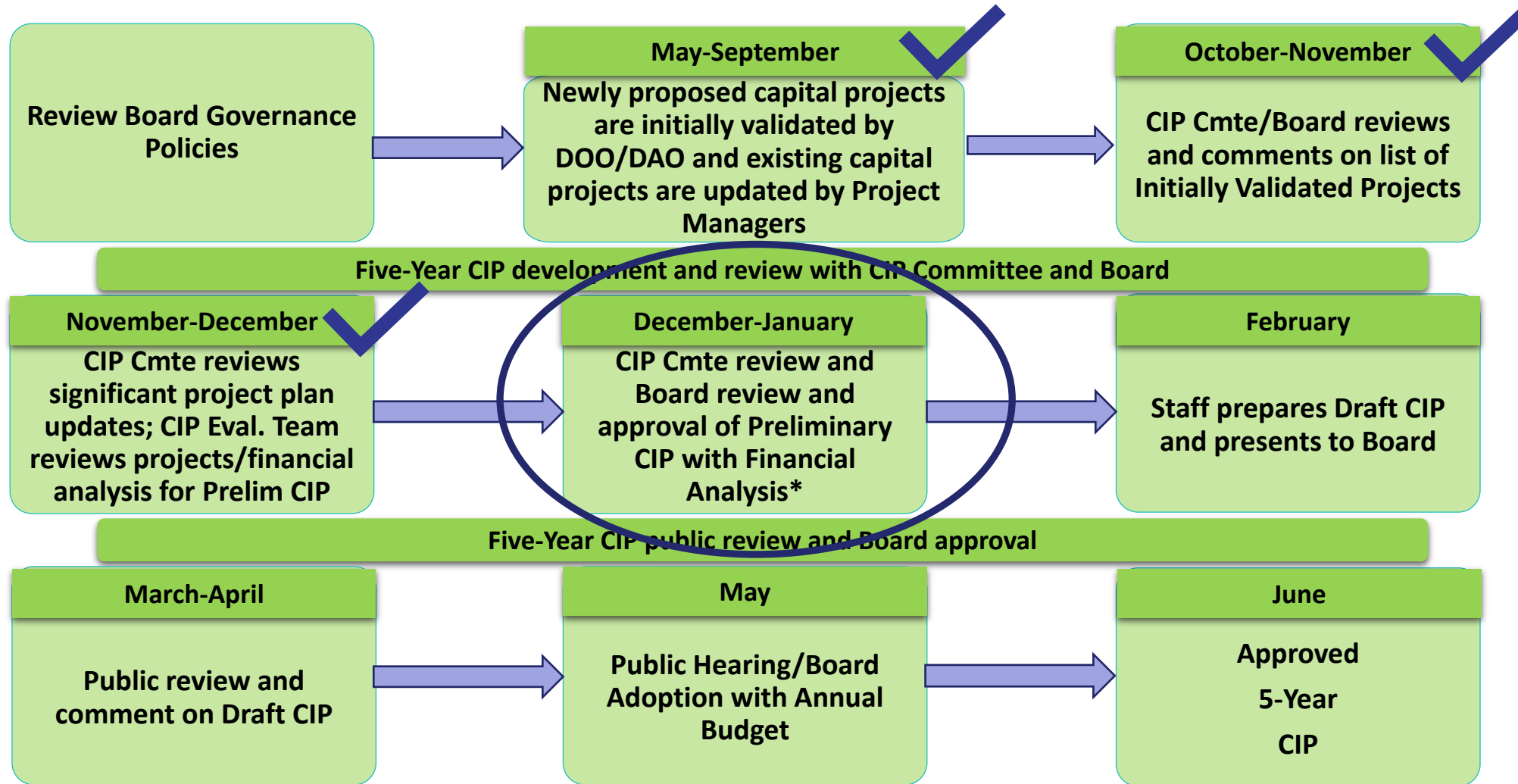


Capital Improvement Program (CIP) Preliminary CIP Overview

Agenda

1. Annual Process Overview
2. CIP Evaluation Team Recommendations
3. New/Revised/Administrative Project Plan Updates
4. Financial Analysis by Fund
5. Analysis Re: PREP Near-Term Budget Surplus
6. Next Steps

Annual CIP Process Overview



CIP Evaluation Team Recommendations

Project Name	Total Project Cost (In \$ thousands)	Remaining Cost (FY23 to completion) (In \$ thousands)	Phase	CIP Evaluation Team Recommendations
FY23 Initially Validated Projects				
South Babb Flood Mitigation Project	\$1.3M	\$1.3M	N/A	Moved to the Watershed Asset Rehabilitation Program (WARP) as proposed work in the Preliminary FY23-27 CIP.
South Babb Flood Protection Project	\$12.0M	\$12.0M	N/A	Recommended to remain as Validated in FY23 to allow staff additional time to develop the Business Case.
San Tomas Aquino Project	\$35.0M	\$35.0M	N/A	Recommended to remain as Validated in FY23 to allow staff additional time to develop the Business Case.
Randol Creek Levee Rehab Project	\$2.0M	\$2.0M	N/A	Moved to the WARP as proposed work in the Preliminary FY23-27 CIP.
CPP Isolation Valves & Actuators Replacement Project	\$3.2M	\$3.2M	N/A	Recommended to remain as Validated in FY23 to allow staff additional time to analyze whether this project is appropriate for inclusion as part of the Anderson Dam Seismic Retrofit Project, and if not, then to develop the Business Case.
Tepid Water System for Emergency Shower/Eyewash Stations at WTPs	\$2.8M	\$2.8M		Recommended to remain as Validated in FY23 to allow staff additional time to develop the Business Case.
Security Upgrades and Enhancements	\$14.0M	\$14.0M	N/A	Recommended for funding in the Preliminary FY23-27 CIP.
Proposed Unfunded Project List for FY23-27 CIP				
Long-Term Purified Water Program Elements	\$190.5M	\$190.5M	N/A	Recommended to REMAIN on the unfunded list - for Phase 2 Purified Water Program.
RWTP Ammonia Storage & Metering Facility Upgrade	\$5.8M	\$5.8M	N/A	Recommended to REMAIN on the unfunded list as the project is being analyzed to determine whether it would be appropriate to include in the RWTP Reliability Improvement Project. Business Case/Project Proposal was developed in 2019.
Pacheco Pumping Plant Back-Up Power	\$14.9M	\$14.9M	N/A	Recommended for ADDITION to the unfunded list. Submitted for validation during CIP Evaluation Team Meeting on 11/18 with Business Case/Project Proposal submitted on 11/29.
Total:	\$281.5M	\$281.5M	N/A	Attachment #, Pg. 4 of 19



CIP Evaluation Team Recommendations:

Newly Validated Project Recommended for Addition to Unfunded List

The following newly validated project is recommended for inclusion on the Unfunded List for FY 23:

Pacheco Pumping Plant Back-up Power: Valley Water relies on Pacheco Pumping Plant (PPP) for delivery of raw water from the San Luis Reservoir into Santa Clara County. There is currently no back-up power available at PPP to run the pumping equipment for raw water delivery during an outage of utility power. The objective of this project is to improve the power resiliency of PPP such that an outage from PG&E or damage to the utility power transmission line would not completely take PPP out of service and support a service sustaining minimum flow of raw water to Valley Water's three treatment plants. The inflated TPC is estimated to be \$17.02M.

CIP Evaluation Team Recommendations:

Validated Projects Recommended for Inclusion in FY 2023-27 CIP

The following project plan updates have been processed for inclusion in the Preliminary CIP for FY 2023-27:

60204022 Security Upgrades and Enhancements: A new project was created for inclusion in the CIP. This project will significantly enhance overall security at Valley Water facilities through technological and physical upgrades and enhancements. This project includes designing and installing a modern technical security system capable of meeting today's security and investigative requirements and improves physical security for critical facilities and assets. The estimated total inflated project cost is \$16.57M and the project duration is expected to last four to six years.

62084001 Watersheds Asset Rehabilitation Program (WARP): Project expenditures have been updated to reflect the shifting of previously scheduled work to add two projects from the Initially Validated list in FY 23 and FY 24. The Initially Validated list of projects was presented to the CIP Committee in October 2021 the Board of Directors in November 2021. The uninflated total project cost remains unchanged; however, the inflated total project cost has increased by \$287K. Based upon this revision and combined with the project plan update presented to the CIP Committee on November 15, 2021 (see Attachment 2), the change from the Board adopted FY2022-26 CIP is a TPC decrease of \$8.56M (inflated).

New Project Plan Updates/Project Plan Update Revisions to Funded Capital Projects

92264001 Vasona Pump Station Upgrades (NEW): There is no change to the project completion date; however, funds are being shifted from FY 23 to FY 24 to reflect the Design/Build timeline and align with available staff resources. While there was no change to the uninflated project cost, the total project cost (TPC) has increased by \$512K due to inflation.

20444001 Salt Ponds Restoration (REVISED): The total project cost now excludes the construction placeholder amount of \$1.58M. The project plan will be updated to include construction costs once a staff recommended alternative is presented to the Board at the end of planning phase, expected in summer of 2024. As a result, the TPC from the Board adopted FY 2022-26 CIP has now only increased by \$4.88M to account for project planning, environmental, and design phase cost increases. The new inflated TPC is now \$12.42M. Based upon this revision and combined with the project plan update presented to the CIP Committee on November 15, 2021 (see Attachment 2), the change from the Board adopted FY2022-26 CIP is a TPC increase of \$4.88M (inflated).

(NOTE: The summaries for revised project plan updates only reflect the changes from the original project plan updates presented to the CIP Committee on November 15. See Attachment 2 for original update.)

Project Plan Update Revisions to Funded Capital Projects Cont...

26284002 San Francisquito Creek Flood Protection – Construction SF Bay to Middlefield Rd.

(REVISED): Project expenditures have been reduced in FY 23 and added to FY 24 and FY 25 to reflect a revised approach to phase the encumbrances for construction dollars in those years. Additionally, in coordination with the San Francisquito Creek Joint Powers Authority (SFCJPA), \$5M has been added to FY 25 to address top of bank treatments that will likely be required. As a result of these latest changes, the inflated TPC increased by \$6.246M. The project cost increases are reflected in the unsecured SFCJPA partnerships and grants funding source in the FY 2023-27 Preliminary CIP. Based upon this revision and combined with the project plan update presented to the CIP Committee on November 15, 2021 (see Attachment 2), the change from the Board adopted FY2022-26 CIP is a TPC increase of \$12.61M (inflated).

(NOTE: The summaries for revised project plan updates only reflect the changes from the original project plan updates presented to the CIP Committee on November 15. See Attachment 2 for original update.)

Placeholder Project Administrative Updates

92C40357 FAHCE Implementation (ADMINISTRATIVE CHANGES):

Since the two creeks FAHCE EIR is still being finalized and agency permitting will also be required, the FAHCE implementation project planned expenditures were moved to begin in FY 25. Additionally, after consulting with the project team, the \$90M for Phases 2 and 3 of FAHCE Implementation were spread out evenly over out years to better align with the FAHCE settlement agreement.

95C40400 Project 1 Design & Construction (e.g. Metcalf Ponds) (ADMINISTRATIVE CHANGES):

Since this project was created as a placeholder and since the Ogier Ponds Project is potentially being planned for future construction as a conservation measure for the Anderson Dam Seismic Retrofit Project and additional funding will likely be required; \$10M was shifted from this placeholder project (\$5M in FY 26 and \$5M in FY 27) to the Ogier Ponds Fund 61 placeholder project (Project number 95C40401). The remaining planned expenditures total \$19.66M and were moved to begin in FY 25.

95C40401/62C40402 Ogier Ponds – Construction (ADMINISTRATIVE CHANGES): Based upon the most up-to-date project information, planned expenditures for construction have been set to begin in FY 28. Additionally, since the Ogier Ponds Project is potentially being planned for future construction as a conservation measure for the Anderson Dam Seismic Retrofit Project and will likely need additional funding; \$10M was shifted (\$5M in FY 29 and \$5M in FY 30) from the Project 1 Design and Construction Project (Project number 95C40400) to the Ogier Ponds Fund 61 placeholder project (Project number 95C40401). The new combined planned expenditures total \$46.59M.

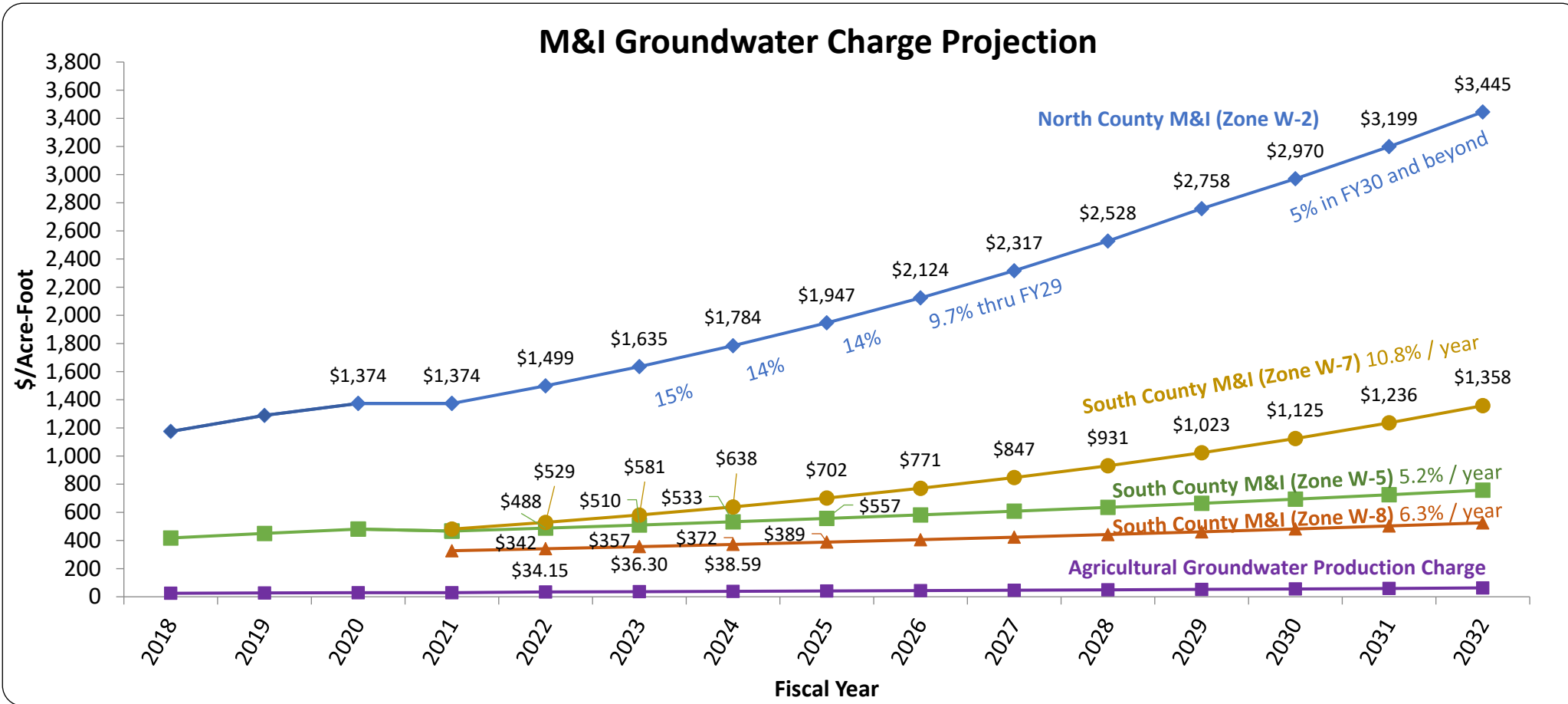
Fund Impacts

The TPC increases or decreases (**with inflation**) detailed above and in Attachment 2 by fund are as follows:

- Water Utility Enterprise Fund (**Fund 61**) **increased** by **\$772.21M**;
- Watersheds Stream Stewardship Fund (**Fund 12**) **decreased** by **\$49.49M**;
- Safe, Clean Water and Natural Flood Protection Program Fund (**Fund 26**) **decreased** by **\$29.95M**; and
- Information Technology Fund (**Fund 73**) **decreased** by **\$4.26M**.

Water Utility Enterprise (WUE) Fund

Very Preliminary Baseline Forecast reflects 15% increase in North County for FY 23, 14% FY 24 & FY 25, reducing in FY 26 & beyond



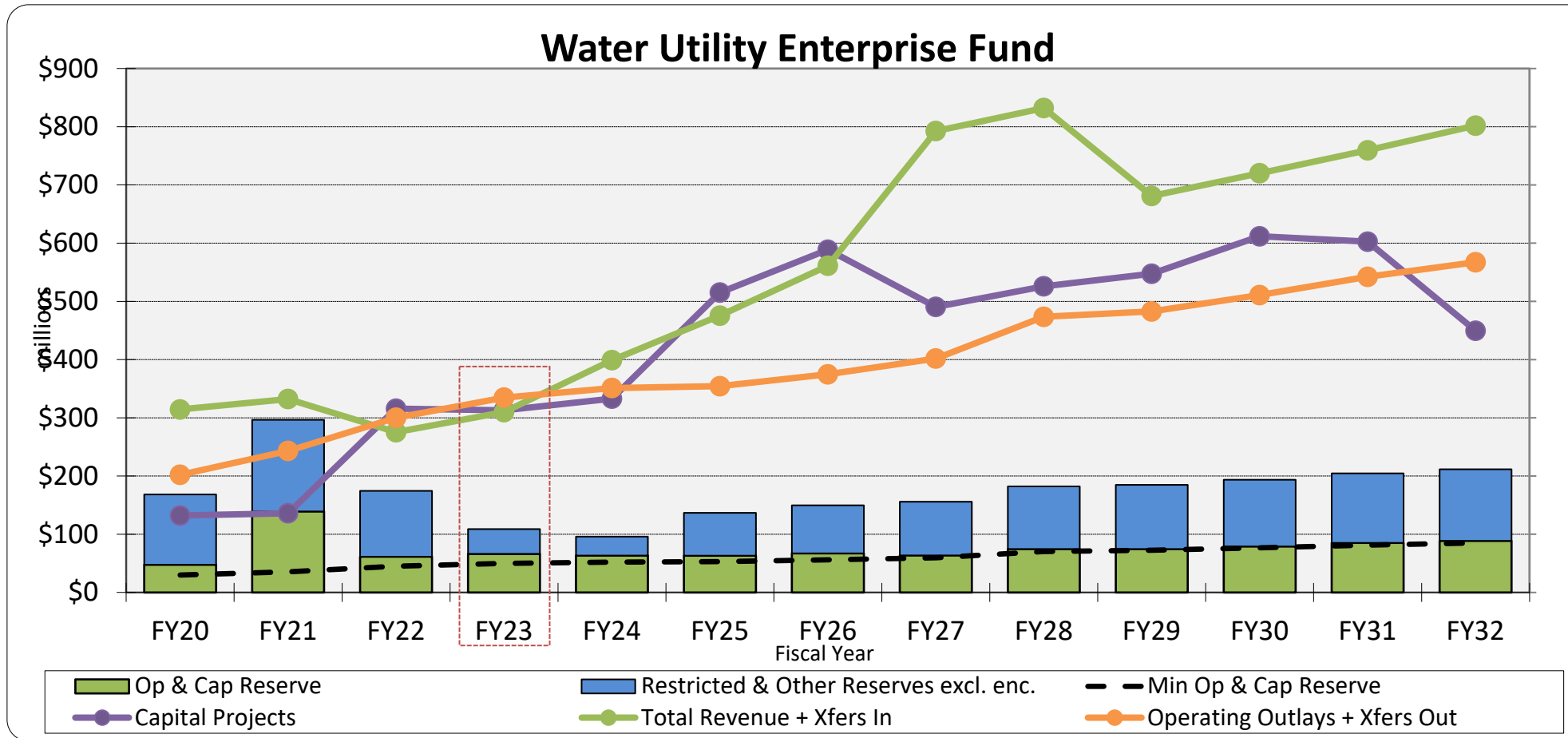
Includes:

- Drought related Emergency Water Supply Purchases
- Pacheco Reservoir w/ 35% Partnerships
- Anderson Dam with WIFIA loan
- Delta Conveyance at 3.23%
- Purified Water Expansion via P3
- Transfer Bethany Pipeline

Water Utility Enterprise (WUE) Fund

Very Preliminary Baseline Forecast

Projection



- Includes:**
- Drought related Emergency Water Supply Purchases
 - Pacheco Reservoir w/ 35% Partnerships
 - Anderson Dam with WIFIA loan
 - Delta Conveyance at 3.23%
 - Purified Water Expansion via P3
 - Transfer Bethany Pipeline

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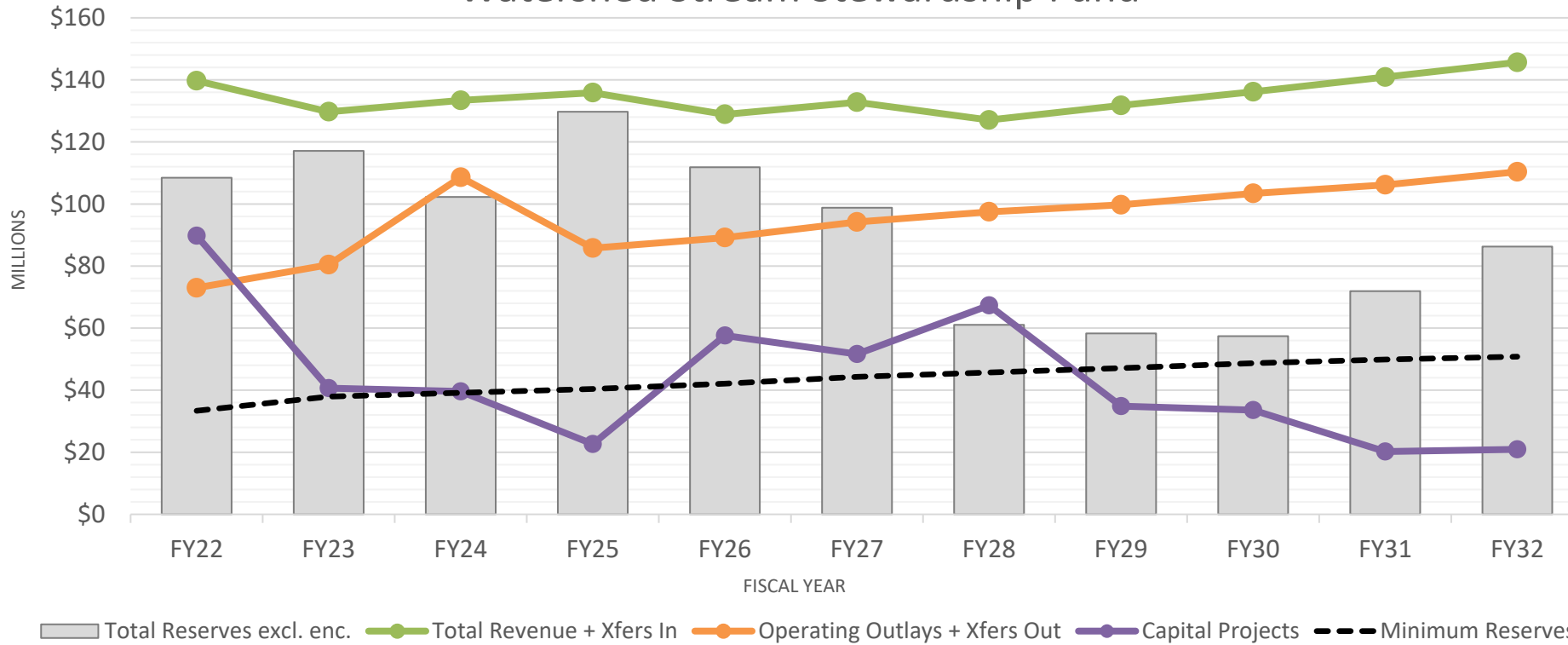
Watershed and Stream Stewardship (WSS) Fund

Reserves are above minimum levels for 10-year forecast

13

Projection

Watershed Stream Stewardship Fund



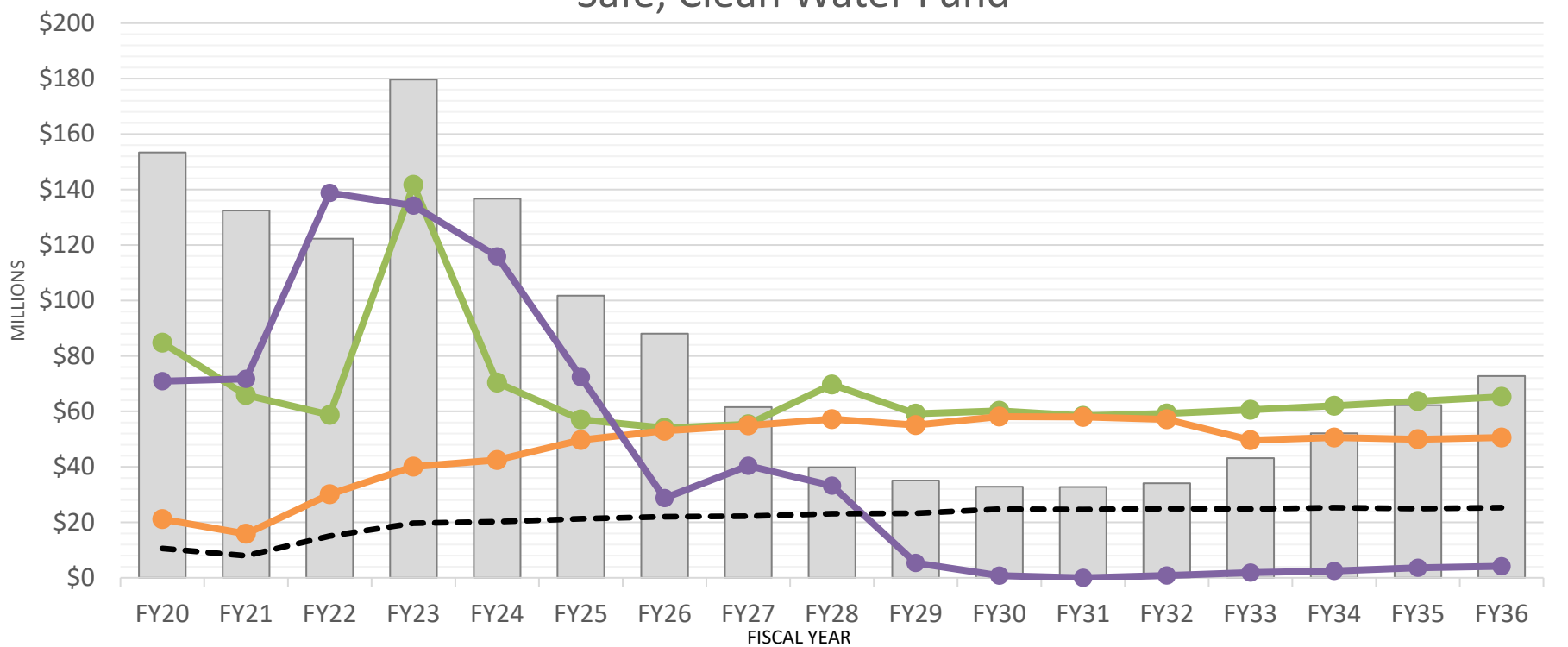
- O&M backlog placeholder
 - \$2M/yr FY 23 to FY 26
 - \$5M/yr FY 27 to FY 32
- FY24 WUE Transfer
 - \$25M in FY 24 for drought-related expenses
- Shoreline project: \$15.6M previously included in WSS Fund shifted back to SCW Fund

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Safe, Clean Water (SCW) Fund

Reserves are above minimum levels for First 15 Years of Measure S Plan

Projection
Safe, Clean Water Fund



- Reflects Measure S renewal
- Reflects \$80M in WIFIA funding
- Assumes \$80M NRCS Reimbursements for Upper Llagas Creek to fully construct Phase 2
- Assumes receipt of San Francisquito Creek outside funding sources, including \$23.5M from grants and partnerships through the SFCJPA; along with an \$8.9M CalTrans grant through the City of Palo Alto for the Newell Road Bridge

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11/23/21 Board Analysis Request re: PREP 15

Background:

- Timing of planned expenditures for PREP has changed
- Estimated Year-End FY 22 budget surplus = \$39M

Staff Proposal:

- No change to multi-year PREP total project cost
- Transfer \$39M near-term surplus to Rate Stabilization Reserve in FY 22
- Adjust future PREP cost projection in CIP such that total project cost is unchanged
- Draw down Rate Stabilization Reserve in FY 23 to soften rate impact
 - Counts as revenue for purposes of Debt Service Coverage Calculation
 - Would be reflected in PAWS report

11/23/21 Board Analysis Request re: PREP Continued

North County W-2 Groundwater Charge Impact:

With \$39M Transfer	FY 23	FY 24	FY 25
Annual % Rate Increases	15%	14%	14%
Debt Service Coverage Ratio	1.73	1.76	2.17

Without \$39M Transfer	FY 23	FY 24	FY 25
Annual % Rate Increases	15%	14%	14%
Debt Service Coverage Ratio	1.08	1.73	2.15

Without \$39M Transfer + adjust rates	FY 23	FY 24	FY 25
Annual % Rate Increases	22%	18.5%	8.7%
Debt Service Coverage Ratio	1.74	1.77	2.35

Staff proposed \$39M transfer helps soften rate increases in FY 23 and FY 24

11/23/21 Board Analysis Request re: PREP Continued

Top 5 Water Utility Capital Projects with Estimated FY 22 Unspent

Water Utility Capital Project	Estimated FY 22 Unspent
Pacheco Reservoir Expansion	\$39.4M
South County Recycled Water Pipeline (Short Term 1B)	\$8.7M
RWTP Reliability Improvement	\$8.3M
RWTP Residuals Management	\$5.3M
Capital Warranty Services	\$5.3M

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Next Steps

- Present Draft Five-Year Preliminary CIP + CIP Committee recommendations to full Board on 1/11/22
- Present additional detail for following projects on 1/11/22:
 - Anderson Dam Seismic Retrofit Project
 - Pacheco Reservoir Expansion Project
 - Rinconada Water Treatment Plant Reliability Improvement Project
 - Purified Water Project
 - San Francisco Bay Shoreline Project



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Santa Clara Valley Water District

File No.: 21-1262

Agenda Date: 12/13/2021

Item No.: 4.2.

COMMITTEE AGENDA MEMORANDUM

Capital Improvement Program Committee

SUBJECT:

Receive Information on Upcoming Consultant Agreement Amendments for Capital Projects.

RECOMMENDATION:

Receive Information on Upcoming Consultant Agreement Amendments for Capital Projects.

SUMMARY:

At the March 28, 2017 meeting, the Board of Directors approved revising the Capital Improvement Program (CIP) Committee's purpose to include monitoring implementation progress of key projects in the CIP. At their June 29, 2020 meeting, the CIP Committee requested this topic be added as a standing item on all future CIP Committee meeting agendas, and that staff provide updates on consultant agreement amendments for capital projects which may include modifications to scope, schedule, and/or budget.

Currently, there are two consultant agreement amendments for capital projects presented for the Committee's information.

1. Amendment No. 3 to Agreement A3936A with Associated Right of Way Services, Inc. for On-Call Real Estate Services (Time Extension) (R. Blank).

Staff has executed Amendment No. 3 to Agreement A3936A with Associated Right of Way Services, Inc. for On-Call Real Estate Services to extend the expiration date of the Agreement by one year, from February 2, 2022, to February 9, 2023.

Agreement A3936A requires the Consultant to provide as-needed real estate services to augment Valley Water staff's work on projects in the Capital Improvement Program and Operations. These services support the Real Estate Division, specifically with environmental assessments, appraisals, acquisition, disposition, transactions regarding other real property interests (such as fee simple, easements, and other real property interests); providing relocation services for displaced residential or business tenants; and assisting Valley Water staff with the condemnation process such as preparing supplemental reports, responding to discovery requests, and testifying at judicial proceedings, on an as-needed basis.

There are adequate unexpended funds authorized by the Agreement to compensate the

Consultant for services performed during the extended term.

2. Amendment No. 5 to Agreement A3851A between the Santa Clara Valley Water District and Environmental Science Associates, for the Almaden Lake Project Environmental Consultant Services, Project No. 26044001 (Time Extension) (R. Blank)

Staff will recommend Deputy Operating Officer approval of Amendment No. 5 to Agreement A3851A with Environmental Science Associates, Inc. to extend the expiration date of the Agreement by two years, from December 31, 2021 to May 31, 2023.

The Consultant is performing environmental consultant services relating to the Almaden Lake Project, Project No. 26044001. Extending the term of the Agreement pursuant to Amendment No. 5 will provide additional time for the Consultant to support the Project's permit application process, which has been delayed due to the Project team addressing resource agency comments, completing additional hydraulic and sediment transport modeling, and refining the design.

ATTACHMENTS:

None.

UNCLASSIFIED MANAGER:

Rechelle Blank, 408-630-2615



Santa Clara Valley Water District

File No.: 21-1318

Agenda Date: 12/13/2021

Item No.: 4.3.

COMMITTEE AGENDA MEMORANDUM

Capital Improvement Program Committee

SUBJECT:

Receive Information on Change Orders to Anderson Dam Tunnel Project Construction Contract.

RECOMMENDATION:

Receive information on Change Orders to Anderson Dam Tunnel Project Construction Contract.

SUMMARY:

Santa Clara Valley Water District (Valley Water) is undertaking the Anderson Dam Federal Energy Regulatory Commission Order Compliance Project (FOCP) as a result of the February 20, 2020 directive from FERC to implement interim risk reduction measures at Anderson Dam. One of those measures is the Anderson Dam Tunnel Project (ADTP).

On April 27, 2021, Valley Water's Board of Directors awarded the construction contract for the Anderson Dam Tunnel Project (ADTP) to the top ranked best value proposer, Flatiron West, Inc., in the sum of \$161,140,321 and approved a contingency amount of \$40,000,000 (25% of the contract price). The Board directed staff to discuss delegating authority for contingency expenditures with the CIP Committee.

By unanimous roll call vote at its May 17, 2021, meeting, the Committee approved recommending to the full Board that it consider delegating authority to staff to approve change orders for the Anderson Dam Tunnel Project at the amounts stated and that the CIP Committee receive regular monthly reports with information regarding approved change orders, pending change orders, and the cumulative amounts.

Valley Water's Board of Directors accepted the CIP Committee recommendations at its regular meeting on May 25, 2021. Staff is therefore providing the December 2021 monthly CIP Committee update as stated below.

Construction Contract Change Orders Status

No Contract Change Orders were executed in November.

ATTACHMENTS:

Attachment 1: ADTP Construction Contract Change Orders Status

File No.: 21-1318

Agenda Date: 12/13/2021
Item No.: 4.3.

UNCLASSIFIED MANAGER:

Christopher Hakes, 408-630-3796

**Anderson Dam Tunnel Project
Construction Contract
Change Orders Status**

	Date	Description	Contract Amount	Contingency Amount	Approval Level
	4/27/2021		\$161,140,321	\$40,000,000	Board
1		CO1**			
2					
3					
4					
5					
6					
7					
8					
9					
		Contract Amount and Remaining Contingency	\$XXXX	\$YYYY	

**CO1 - Change Order No. 1 & so on

Number of Change Orders Approved Previously	Number Of Change Orders Approved Current Month	Total Number Of Change Orders Executed To Date
0	0	0

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Santa Clara Valley Water District

File No.: 21-1319

Agenda Date: 12/13/2021

Item No.: 4.4.

COMMITTEE AGENDA MEMORANDUM

Capital Improvement Program Committee

SUBJECT:

Receive a Status Update on the Implementation of Recommendations from the 2015 Consultant Contracts Management Process Audit Conducted by Navigant Consulting, Inc. (Navigant), the Fiscal Year 2017-2018 (FY17-18) status update Consultant Contracts Improvement Process and subsequent mid-year update for the Fiscal Year 2020-2021 (FY20-21) Consultant Contracts Improvement Process.

RECOMMENDATION:

Receive a mid-year status update on the implementation of the recommendations made by Navigant in the 2015 Consultant Contracts Management Process Audit and the FY17-18 Consultant Contracts Improvement Process.

SUMMARY:

Santa Clara Valley Water District (Valley Water) staff has prepared a mid-year status update to the Board on the implementation of the 2015 Navigant Audit recommendations and the Consultant Contract Improvement Plan. The previous status update to the Board was provided on March 15, 2021.

2015 Consultant Contracts Management Process Audit

After non-compliance events were identified in 2014, Valley Water management commissioned an audit of the Consultant Contracts Post-Award Management Process (Audit). Navigant was engaged and completed a detailed compliance review of 66 consultant contracts. Navigant also reviewed Valley Water's policies, processes, and technology framework within which consultant contracts are managed post-award.

Audit Findings

Results of the Audit noted key findings and recommendations which included pre-award and post-award activities, as follows: 1) inconsistent pre-award and post-award contract management processes and decentralized recordkeeping; 2) the lack of standard processes for post-award contract management functions; 3) proper staff resources necessary to manage workload; 4) the need to improve policies, procedures and processes to provide post-award to achieve excellence; 5)

the need for an integrated system for cohesive information and documentation; 6) CAS is not optimal system to ensure contract compliance; 7) the need to establish a standard for post-award compliance; 8) the need to develop a process for consultant evaluation and compliance; and 9) improve performance management and reporting programs. Other factors included 1) improve cycle time, boilerplates, and the development of scope of services including the assignment of roles and responsibilities for pre-award and post-award i.e., scope of services and contract management; 2) improve standards in the development of scope of services and assign the responsibility to PM and manager to review and evaluate scope based on established metrics.

Consultant Contract Management Process

The Consultant Contract Management Process was implemented following a workshop that focused on pre-award process improvements to the workflow to shorten the timelines to publish a solicitation and secure an executed contract. The process improvement team focused on establishing clear roles and responsibilities and timelines to improve ownership of the process. Components critical to this process included the need to provide training to improve the development of the scope of work and the involvement of Valley Water District Counsel to improve and standardize contract boilerplate documents.

Staff Resources

The recommendation to increase staff has been addressed as reported to the Board on February 13, 2018. The additional staff has been beneficial in many ways; first, the benefits of distributing workload and providing improved customer service; and second, the hiring of highly qualified procurement personnel brought the experience and expertise in contract administration needed for the high value, complex capital programs. They have greatly influenced the process improvement effort, as well as the staff's proficiency to manage complex solicitations and contracts through ongoing training.

Policies and Procedures

The Purchasing and Contracts Unit's policies and procedures, including the Admin policy AD-6.3 are under review and in development to address the finding in the audit and process improvement plan. Updated policies and procedures will provide clarity to the roles and responsibilities of the contract staff and update with the new processes and nomenclature associated with the implementation of the INFOR ERP system and the new software that will replace the CAS system. Also, a gap analysis identified several areas that did not align with new regulations or provide the guidance needed to standardize current contract practices that were not previously included in the procedures.

Technology Upgrades

The audit identified a lack of cohesive technology functions that limit the ability for quality record-keeping, reporting key performance metrics, locating documents, and establishing a consistent records management system. The implementation of the new INFOR ERP system and the new software system designed to manage procurement solicitations, bids, vendors, produce reports, and

improve record-keeping and record management will establish the cohesive functions recommended by the audit. These systems will replace PeopleSoft and CAS and greatly improve the process improvement effort. Another technical improvement that was implemented in 2020 is DocuSign and noticeably improved the processing time for contract execution by removing the hard copy routing of multiple copies of a document for signatures.

Roles and Responsibilities

Staff is developing a Procurement Manual that will be made available online and will provide the information, guidance, sample forms, requirements and regulations that govern procurement practices at Valley Water. This manual will serve to guide requestors through the requisitioning phase, post-award responsibilities including contract completion, and contract close-out. Information to manage vendor performance, discrepancies, and challenges will also be included. This manual will address many of the audit findings, specifically the pre-award and post-award assignment of roles and responsibilities, vendor evaluation, and compliance. It is anticipated that this manual will provide the information requestors need to improve the quality of their submittals which will impact overall procurement processing timelines.

Key Performance Improvements

Key performance indicators include the number of contracts completed and the respective values. A total of 40 contracts were processed in FY18-19 for a value of \$182M. In FY19-20, a total of 55 contracts were completed for a total value of \$59M; and a total of 43 contracts with total value of \$47.9M in FY20-21. Additional indicators include the completion of 45 amendments for a total value of \$94M in FY18-19. Amendments can be as, or more time-consuming as an original agreement in many cases. In addition, there are many existing 'legacy' agreements (prepared prior to implementation of the significantly updated templates in September 2015) still being amended and these take extensive time and effort to draft and finalize.

Improvements in the workflow plan, established designation of roles and responsibilities, improved boilerplates, increase in staff, contract staff training, and ownership of pre-award and post-award tasks are all factors that increased the performance in the volume of contract activity. Implemented in FY20-21 are under \$50K agreements with legally approved templates and time-only amendments.

Next Steps

Staff plans to submit an annual status update on the performance improvements and the implementation of the key recommendations that will demonstrate the continuation of consultant contract process improvements.

ATTACHMENTS:

Attachment 1: Navigant Audit

Attachment 2: PowerPoint

File No.: 21-1319

Agenda Date: 12/13/2021
Item No.: 4.4.

UNCLASSIFIED MANAGER:

Tina Yoke, 408-630-2385

Consultant Contracts Management Process Audit

Prepared for:
Santa Clara Valley Water District



Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118-3614

March 10, 2015



Navigant Consulting, Inc.
One California Plaza, Suite 2900
300 South Grand Avenue
Los Angeles, CA 90071

Main: 213.670.3200
Fax: 213.670.3250
www.navigant.com

Table of Contents

Executive Summary	1
1. Introduction and Approach.....	3
1.1 Introduction	3
1.1.1 Background on the Audit.....	3
1.1.2 Objectives of the Audit	4
1.2 Approach to the Audit	4
1.2.1 Consultant Contracts Post-Award Compliance Audit	5
1.2.2 “Blueprint” Assessment and Gap Assessment	5
2. Contract Management Mission and Roles & Responsibilities	7
3. Consultant Contracts Post-Award Compliance Audit.....	9
3.1 Scope and Approach	9
3.1.1 Task 1: Identify Contracts to Be Reviewed	10
3.1.2 Task 2: Review and Identify Applicable Post-Award Contract Management Protocols	11
3.1.3 Task 3: Conduct Audit.....	11
3.2 Summary of Findings	13
3.2.1 Summary of the 15 Pre-Identified Contracts	13
3.2.2 Summary of the 51 Contract Sample	16
3.2.3 Other Comments	17
3.3 Overview of Findings.....	18
4. “Blueprint” Assessment	19
4.1 Scope and Approach	19
4.1.1 Affirm the Vision.....	19
4.1.2 Identify Standards.....	20
4.1.3 Assess Activities	21
4.1.4 Confirm Results.....	21
4.2 Blueprint and Current State Review	21
4.2.1 Policies	21
4.2.2 Business Processes	22
4.2.3 People.....	23
4.2.4 Systems and Data	24
4.2.5 Contract Management	25
4.2.6 Reporting.....	26
4.3 Additional Findings.....	27
4.3.1 Areas of Strength.....	27
4.3.2 Pre-Award Processes	27
4.4 Overview of Findings.....	29

5. Conclusions and Recommendations	30
Appendix A. List of Interviews	31
Appendix B. List of Documents	32
Appendix C. List of Contracts	33
C.1 15 Contracts of Interest.....	33
C.2 Random Contract Sample	34
Appendix D. Description of Insurance Issues	37
D.1 15 Contracts of Interest – Insurance	37
D.2 Random Contract Sample – Insurance.....	38
Appendix E. “Blueprint” Components	41

Executive Summary

Navigant Consulting (Navigant) has completed a Consultant Contracts Post-Award Management Process Audit (Audit) of the Santa Clara Valley Water District (the District). To complete this Audit, Navigant conducted a detailed compliance review of 66 consultant contracts, and reviewed the current policy, process, and technology framework within which consultant contracts are managed (post-award).

Results of the Audit reflect a weakness in the District's post-award contract management processes: the majority of post-award contract management activities (including contract data and documentation record-keeping) are conducted in a decentralized and inconsistent manner across multiple individuals, teams, departments and systems. This, combined with a lack of clear accountability for post-award contract management tasks, is the principal cause of the non-compliance events identified in 2014.

The most significant Audit finding is related to the on-going management of insurance certificates in CAS. According to work instruction document W-741-029, all insurance certificates are to be uploaded to CAS. We acknowledge this is a pre-award work instruction; however, Navigant did not find a work instruction addressing post-award insurance certificate management. To our knowledge, no document exists that addresses insurance management in the post-award environment. The audit identified expired insurance certificates in CAS, as well as missing insurance certificates for certain contracts. Although the District worked diligently to locate the missing certificates, Navigant was unable to confirm the presence of complete insurance documentation, and therefore was unable to deem most of the 66 contracts reviewed compliant. Further, accountability for maintaining insurance certifications was unclear among District staff. These factors created a challenging environment in which to complete the audit.

Navigant also identified several additional issues related to post-award contract management in areas such as invoice management (certain invoices were submitted and approved past the agreement expiration date) and general contract management (several contracts were missing from CAS altogether). This highlights a lack of governance and diligence in post-award contract management, particularly in record keeping.

In addition to the contract audit, the Navigant team conducted a gap assessment, evaluating the District's current operations in relation to a "blueprint" for post-award contract management excellence. Key findings of the gap assessment include:

- » The District does not have a single-source, comprehensive business policy document that establishes clear accountability and expectations for post-award contract management.
- » There are not a standard set of business process flows that represent the standard for post-award contract management activities at a detailed level.
- » Post-award consultant contract management activities are determined on an individual basis, resulting in a lack of consistency and standardization across the District.
- » Critical aspects of post-award contract management, such as continuous monitoring of contract compliance and the maintenance and archiving of contract documentation, are not identified in existing policies or guidelines.
- » Given the roles and responsibilities defined by best practice for contracting departments, the Consultant Contracts Group appears to have an incomplete mandate and be understaffed for an organization as large as the District.

- » There is a significant lack of integration between the District's two major systems: CAS and PeopleSoft. This results in the dispersal of data across multiple departments and teams.

Results of the contract compliance audit and gap assessment confirm that the District's post-award contract management processes are deficient, and undermined by unclear accountabilities and underutilized technology applications. Significant attention needs to be made in "People, Process, Technology, and Governance" areas to improve current post-award consultant contracting activities.

1. Introduction and Approach

The District manages an integrated water resources system that includes 10 dams and surface water reservoirs, three water treatment plants, an advanced recycled water purification center, a water quality laboratory, nearly 400 acres of groundwater recharge ponds, and more than 275 miles of streams. The Mission of the District is to:

“...provide Silicon Valley safe, clean water for a healthy life, environment, and economy.”

The District’s highest-level priorities are encompassed in three Board of Director (Board) policies:

- » Clean, Reliable Water: There is reliable, clean water supply for current and future generations.
- » Natural Flood Protection: There is a healthy and safe environment for residents, business and visitors, as well as for future generations.
- » Healthy Creeks and Ecosystems: There is water resources stewardship to protect and enhance watersheds and natural resources and to improve the quality of life in Santa Clara County.

The effective and efficient procurement of materials and professional services (within a strong control environment) is a key enabler of achieving these priorities. Excellence in procurement and contract management is particularly critical, given the District’s dual objectives of maintaining the network and infrastructure necessary to transport, treat and deliver clean, reliable water on behalf of Santa Clara County’s 1.8 million residents, and also reduce headcount, operating costs and provide precise budgeting, while improving efficiency, effectiveness and optimization of services throughout the district.

1.1 Introduction

The following section describes the background and objectives of the Audit, as well as the approach taken to complete the Audit.

1.1.1 Background on the Audit

In the District’s CEO Bulletin dated the week of June 13-19, 2014, notification of non-compliance with several procurement and contracting related policies was provided to the Board. Specifically, the District was found to be in non-compliance with certain Board policies and in violation with audit standards as a result of the following:

- » Invoices were paid without an authorized agreement or insurance certificate.
- » Non-compliance was not reported in a “timely” manner (within five (5) business days from the issue arising).
- » Work was authorized for Optional Services without a Board authorized contract in effect.

As a result of this event (and in order to ensure that all contracts are being properly managed), the District authorized a variety of measures, including principally:

1. Conduct an immediate review of all consulting contracts to ensure that agreements are within budget and that both agreements and insurance certifications are current.
2. Review all consulting contracts to ensure that work being conducted is within the scope of services as specified in the contract.

3. Lead an audit of the post-award contract management process to identify and make recommendations to correct systemic issues.

Navigant was awarded the contract to undertake the Audit, after responding to an RFP issued by the District on July 8, 2014. For this Audit, Navigant conducted a review and assessment of the extent to which the District's consultant contracts and agreements, post-award, are managed in accordance with:

1. District policies and procedures,
2. Statutory and other requirements,
3. Agreed scope and deliverables, and
4. Best practices regarding change management, and contract management administration (including documentation, invoicing, financial, and other controls).

1.1.2 Objectives of the Audit

The objective of the Audit is to:

1. Evaluate and provide evidence of compliance or non-compliance for a subset of contracts for the period 2009 through 2014, and
2. Assess the District's post-award process for authorizing, approving, and managing consulting services contracts.

Although focused primarily on the post-award consulting contracting process, Navigant gained insight into the entire "end-to-end" contract management process and has included in this report recommendations for improvement focused on some pre-award activities.

Through this audit, the District aims to understand the extent to which compliance issues have been present during the review period (2009-2014), and identify potential areas of improvement to the "as-is" post-award contract management framework (including relevant policies, processes, and protocols).

1.2 Approach to the Audit

The District outlined seven primary task areas associated with the audit comprised of the following:

- » Task 1: Review and Identify Contracts to be Reviewed
- » Task 2: Review and Identify Applicable Post-Award Contract Management Controls
- » Task 3: Entrance Conference / Review of Audit Purpose, Scope and Timing
- » Task 4: Develop and Present the Audit Work Plan
- » Task 5: Conduct Audit
- » Task 6: Draft Audit Report and Presentation
- » Task 7: Final Audit Report and Presentation

To complete the scope of work associated with these task areas, Navigant designated two primary components: the post-award consultant contract compliance audit, and the "blueprint" assessment and gap assessment. The post-award consultant contracts compliance audit focused on audit fieldwork activities and a detailed review of the contracts in question, evaluating the "as-is" state of operations. In addition to the audit fieldwork, Navigant specified a "blueprint" for excellence in consulting services contract management, based on which the District was evaluated and then provided with recommendations for improvement in the gap assessment.

1.2.1 Consultant Contracts Post-Award Compliance Audit

Navigant was tasked to perform a direct compliance review of 15 consultant contracts pre-identified by the District as needing further review, and to derive and review a sample from a database of consultant contracts and service agreements that would provide a 90% or higher confidence rate on compliance testing results.

The scope included the 15 pre-identified consultant contracts executed between 2001 and 2014 and a larger sample of contracts executed between 2009 and 2014 randomly selected by Navigant.

At the highest level, focus areas associated with the tasks in the consultant contracts compliance audit included the following:

Figure 1. Approach to Compliance Audit



As noted, while the focus of the Audit was post-award contract management processes and activities, Navigant did gain insight into pre-award processes and activities (a high-level review of which is included in Section 4.3.2).

1.2.2 “Blueprint” Assessment and Gap Assessment

Navigant believes an important objective of any audit or assessment is to evaluate the current, “as-is” state of operations in a comprehensive manner in order to identify specific actions that will deliver operational and organizational improvement.

Therefore, in addition to the audit fieldwork and detailed review of the contracts in question, Navigant evaluated the District’s activities, business processes and roles & responsibilities against a “blueprint” for excellence in consulting services contract management. Specification of a blueprint for consultant contract management excellence provided a frame of reference – or template – against which current post-award activities and practices can be compared, and potential improvements identified.

This blueprint was derived from a variety of sources, including:

- » Best practice recommendations from a variety of organizations directly relevant to contract and procurement management,
- » The practices of peer water and other utility companies,
- » Leading business management standards in areas such as process management & optimization, business policy design, technology management, and governance & risk control.

Importantly, Navigant also considered the District's specific Mission and objectives, regulatory/governance requirements, and culture surrounding contract management when conducting the blueprint assessment.

2. Contract Management Mission and Roles & Responsibilities

As described in Section 1, the Mission of the District is to:

“...provide Silicon Valley safe, clean water for a healthy life, environment, and economy.”

Further, the Vision of the District is to be:

“...nationally recognized as a leading water resources management agency.”

Related to the District’s broad organizational Mission and Vision objectives are specific contracting and procurement related objectives.

Figure 2. District Procurement and Contracting Objectives

District Procurement Objectives	Consulting Contracts Objectives
<p><i>The mission of the District is to manage the procurement of goods and services with the highest level of integrity, ethics, and accountability. The District will solicit information and award contracts through a fair, open, transparent, and competitive process. The District has a strong policy of promoting Small Business Enterprises through preference credits.</i></p>	<p><i>The Consultant Contracts Program provides centralized consulting contracts processing services on behalf of all District operating units. The information presented here¹ is designed to help you understand how the District conducts business with consultants, including, but not limited to, those providing engineering, environmental, architectural, financial, auditing, management consulting, and other professional and non-professional services.</i></p>

In any organization, procurement and contract management activities are comprised of multiple activities, business processes, and related roles & responsibilities. A number of different organizational structures can be created to deliver these activities, given goals of ensuring high levels of efficiency, effectiveness, and control.

The exhibit below outlines the responsibilities of the different groups at the District for the overall contracting process.

¹ The Consultant Contracts webpage at: www.valleywater.org/Business/DoingBusiness/ConsultantContracts.aspx.

Table 1. Contracting Roles and Responsibilities

Activities		Contracts Group	Project Manager	Legal Department	Accounting	Risk Manager	Unit Manager	Board/CEO
Pre-Award	Identify of project need		✓				✓	✓
	Develop of Scope of Work		✓					
	Assess internal capabilities and capacity to complete the project		✓					
	Develop RFP/RFI/RFQ	✓	✓					
	Create RFP/RFI/RFQ in CAS	✓						
	Select consultant		✓					
	Negotiate		✓					
	Develop Standard Consultant Agreement	✓	✓	✓		✓		
	Confirm available funding and project account				✓			
	Confirm vendor tax information and W-9				✓			
	Approve contract	✓		✓			✓	✓
Post-Award	Assess work completed against original Scope of Work		✓					
	Maintain payment history and track total cost				✓			
	Develop amendments	✓	✓	✓				
	Approve amendments	✓		✓	✓		✓	✓
	Conduct compliance check							
	Close out contract	✓	✓		✓			

This functional structure is a consideration in our blueprint assessment and recommendation analysis.

3. Consultant Contracts Post-Award Compliance Audit

The principal objective of the Audit was to assess the District's post-award process of authorizing, approving, and managing consulting services contracts. Central to this effort was a detailed compliance review of 15 contracts identified by the District and 51 additional randomly selected contracts, for a total of 66 consultant contracts. The methodology for this audit fieldwork and Navigant's findings are presented in the following sections.

Based on the compliance review, Navigant identified non-compliance issues in the majority of the 66 contracts. Most of the issues identified related to incomplete or expired insurance documentation in CAS. Additionally, six of the 66 contracts were found to have work completed and invoices submitted past the Agreement expiration date, and one contract represented significantly more than 100% task completions. One of these has been previously addressed by a CEO Bulletin and presented to the Board (Agreement A2303A).

Navigant believes that the evidence obtained from the audit fieldwork, described in detail below, provides a reasonable basis for the audit findings at this time; however, it is important to add that the review was conducted with only readily available information. Navigant worked with the District to collect additional documentation, primarily from project managers. This effort met with some success in obtaining valid documents. This is noted, but the original findings remain unchanged to reflect what was readily available to an outside party, and what was not.

3.1 Scope and Approach

To accomplish the audit fieldwork objectives, Navigant performed the following procedures:

- » Obtained and reviewed a database of consultant contracts provided by the District,
- » Provided to the District a sampling methodology and the resulting list of 52 contracts for the compliance review (reduced to 51 at a later time),
- » Obtained and reviewed relevant consultant contract policies and procedures,
- » Interviewed key District personnel, and
- » Reviewed a total of 66 consultant contracts for compliance (15 contracts selected by the District and 51 contracts identified using sampling methodology), using currently available data sources.

Audit fieldwork was primarily conducted from November 6, 2014 through January 27, 2015. The work completed in 2015 was focused on the collection of additional insurance documents from project managers and the assessment of accounting-related issues.

The District identified 15 potentially non-compliant consultant contracts to be reviewed by the Navigant team during the audit. In addition to these, Navigant selected a sample of 51 consultant contracts for a total of 66 contracts. The 51 contracts were selected randomly from a consultant contracts database provided by the District, containing 180 contracts executed between Fiscal Year 2009 and 2014. The random sampling methodology used to identify the 51 contracts is further described in Section 3.1.1

Before reviewing the 66 consultant contracts, the Navigant team gathered information on the District's contract management protocol and day-to-day consultant contracting activity, and conducted focused interviews with key District personnel. Relevant documents and interviews are summarized in Section 3.1.2

In order to evaluate the 66 contracts, the Navigant team developed a consultant contract post-award compliance checklist, the parameters of which were derived from the scope of work agreed upon for this audit. The Navigant team used this checklist to record available contract information from the CAS and consultant contract invoice and payment files and tax information from the Accounting Department. The approach is described in detail in Section 3.1.3

3.1.1 Task 1: Identify Contracts to Be Reviewed

The District provided Navigant with a sampling consultant contracts database that included contracts executed between Fiscal Year 2009 and 2014. The 15 consultant contracts pre-identified by the District and consultant contract amendments were excluded. In total, 180 contracts were included in the sampling database. The District requested a 90% confidence level target for the sample selected from this database.

The 180 contracts in the sampling database were randomly ordered and run with the RATSTAT sampling model.¹ RATSTAT is a free statistical tool developed by the U.S. Government used to determine sample sizes. The tool takes the total population of the records to be sampled, the desired confidence level, and confidence interval and determines the minimum number of observations to be sampled. Using RATSTAT, Navigant developed 12 scenarios reflecting multiple combinations of confidence levels and confidence intervals, to determine with the District which combination of confidence level and confidence interval would provide the best compromise between sample accuracy and number of contracts to be reviewed.

Given the District’s 90% confidence level target and the reasonable sample accuracy provided by a 10% confidence interval, Navigant recommended the review of 52 consultant contracts in addition to the 15 contracts pre-identified by the district. The scenarios developed by Navigant are shown in Table 2, below.

Table 2. Sampling Scenarios

		Confidence Level			
		80%	90%	95%	99%
Confidence Interval	+2.5%	143	155	161	180
	+5%	94	114	126	144
	+10%	38	52	64	85

The sample of 52 contracts represents almost 30% of the total contract population provided by the District, and 23.6% of the total dollar value (Table 3).

Table 3. Final Contract Sample

# of Contracts	Contract Value	% of Contracts	Sample Value	% of Total Dollar Value
52	\$ 6,017,027	28.9%	\$ 25,335,374	23.6%

¹ <http://oig.hhs.gov/compliance/rat-stats/index.asp>

Following the District project manager's approval of the sample size, Navigant provided the list of 52 contracts for review. The District identified three of the 52 contracts as non-consultant contracts (reflecting an error in the original sampling database), and the next three randomly ordered contracts were moved into the sample. Towards the end of the Audit, contract A3623 was also identified as a non-consultant contract. This contract was removed from the results for a total of 51 randomly selected consultant contracts. The final contract sample is listed in Appendix C.

3.1.2 Task 2: Review and Identify Applicable Post-Award Contract Management Protocols

Navigant's review of the District's post-award contract management control documentation focused on the extent to which it provides clear procedures and processes to ensure that a project is in compliance with District policy and the authorized agreement, and that it is administered appropriately. Before beginning the detailed review of the 66 contracts, Navigant initiated the collection of contract policy, procedure, and process documentation by submitting a data request. The list of documents provided by the District is included in Appendix B.

To seek clarification on this documentation and to clearly understand current post-award contract management practices, Navigant conducted several rounds of focused interviews. Interviews were conducted with a cross-section of management, staff, project managers, and other key individuals associated with contract management. Initial interviews included the District's executive management and representatives from the accounting department and the contracts department. All interviews are listed in Appendix A.

3.1.3 Task 3: Conduct Audit

The audit fieldwork initially included a review of contract documentation uploaded on CAS and recorded by the Accounting Department in hardcopy paper files.

The District uses CAS as a contract management tool primarily for the development of solicitations through contract execution; however, CAS also includes relevant descriptions and documentation of executed contract terms, scope, and required insurance, as well as amendments (change orders). Contract information on CAS is managed by the District's Consultant Contract Services group in the Purchasing, Consultant Contracts, and Warehouse Services Unit. Navigant was provided access to CAS and received support from the Contracts group to learn how to navigate the online system.

Invoice and payment information is housed in the General Accounting Unit, which uses PeopleSoft and hardcopy file folders to manage documents. As identified in interviews, the most accessible source of invoice and payment information is the spreadsheet maintained by the accountant responsible for consultant contracts. Accounting files requested by the Navigant team based on the sample of 51 contracts were provided for in-person review at the District accounting offices. Throughout the review, Navigant worked closely with the District to locate relevant information and ensure findings were accurate. However, Navigant did not have direct access to the PeopleSoft database.

Each contract was assessed using the parameters outlined in Table 4, below. These parameters were derived from the scope of work agreed upon for this audit. The checklist was reviewed with the Contracts group to locate where most of the items would be found.

Table 4. Consultant Contract Audit Checklist

Parameter	Evidence
Operating within the contract scope of work services	<ul style="list-style-type: none"> • Description of original scope • Tasks and deliverables completed
Adhering to the contract schedule	<ul style="list-style-type: none"> • Date agreement executed/signed as reported in CAS • Date agreement expired as reported in CAS • Date agreement expired as reported in Standard Consultant Agreement • Accounting close-out date as reported in project files
Monitoring to ensure conformance with authorized agreement and amendment amounts	<ul style="list-style-type: none"> • Agreement value at execution as reported in CAS • Agreement value as reported in Standard Consultant Agreement • Number of amendments reported in CAS • Total dollar value of amendments reported in CAS • Final agreement value as reported in CAS
Invoices are reviewed, revised as necessary, and approved before payment, and payments are approved and made on valid agreements	<ul style="list-style-type: none"> • Number of amendments as reported in project files • Number of invoice(s) related to this agreement as reported in project files • Total dollar value of invoices as reported in project files • Last invoice end date as reported in project files • Date of last invoice approval as reported in project files • Date of final payment as reported in project files
Compliance with terms and conditions of the agreement including licensure requirements, permit requirements	<ul style="list-style-type: none"> • Date Standard Consultant Agreement executed (actual document) • Date Agreement Routing Approval executed • Date W-9 executed
Reviewing documentation to ensure non-fiscal requirements continue to be met throughout the duration of the contract and beyond	<ul style="list-style-type: none"> • List of insurance documents available in CAS • Start date of insurance requirement • Expiration date of insurance requirement

Based on preliminary results from the CAS and accounting file review, Navigant determined it was necessary to interview a selection of project managers and the District’s Risk Manager. Four project managers in addition to the Risk Manager were interviewed. These interviews provided insight into the location and ownership of certain information that was often not complete in CAS or not under the accounting domain (e.g. insurance documentation residing with project managers).

The Navigant team worked closely with the District to contact the project manager for each of the 51 sample consultant contracts in order to support and/or improve findings from CAS and the accounting files. Additionally, Navigant determined it was necessary to request some consultant W-9 forms that were missing from or unsigned on CAS, and worked with Accounts Payable to locate this information.

3.2 Summary of Findings

From the detailed compliance review of 15 consultant contracts identified by the District and 51 additional randomly selecting consultant contracts, Navigant gathered a set of key findings. Of note, only five of the 66 contracts reviewed were found to be fully compliant from initial work. The vast majority of the non-compliance issues identified were incomplete or expired insurance documentation. It is important to add that this finding is based only on information in CAS, the accounting files, and feedback from Accounts Payable. Following up on this finding, Navigant requested insurance documentation from the project managers, resulting in 30 responses and ten other contracts that could be found compliant based on this additional information. These are summarized in Appendix D.

Initially, 11 of the 66 contracts were found to have missing or unsigned W-9 forms for tax requirements on CAS. However, this finding was revised to zero non-compliant contracts based on adequate information provided by the District’s Accounts Payable group regarding the 11 contracts. However, six of the 66 contracts were found to have work completed past the Agreement expiration date and one additional contract was found to be potentially non-compliant based on greater than 100% task completions. Three of the first six contracts are found to be non-compliant based on available information, while the other three would require further review for a final compliance score. Overall, these findings most clearly reveal difficulties in obtaining current and accurate documentation for consultant contracts. Additionally, many contracts had invoices approved and paid after the Agreement expiration date. These contracts are found to be compliant based on valid work periods within the contract period, but are in disagreement with best practices.

Navigant also noted inconsistencies and missing noncritical information in CAS and on invoices during the review. These findings are relevant to recommendations for the improvement of District processes, despite not impacting the compliance findings, and are presented at the end of the section.

3.2.1 Summary of the 15 Pre-Identified Contracts

Of the 15 pre-identified consultant contracts, seven contracts were missing from CAS online and hence were deemed non-compliant based on missing insurance documentation. However, these contracts did have hardcopy accounting files and Accounts Payable information from PeopleSoft, enabling a partial compliance review.

Table 5. List of Contracts Not Found on CAS

	Agreement Number	Agreement Name
1	A2218A	Planning Study, value engineering, and geotechnical and hazardous material investigations for Matadero & Barron Creeks remediation project (Palo Alto)
2	A3109A	Contract for Operation and Maintenance of the Coyote and Pacheco Substations
3	A3462RE	On Call Real Estate Services Appraisal Agreement MAI
4	A3464RE	Real Estate Turnkey Services
5	A3467RE	On Call Real Estate Services Appraisal Agreement MAI
6	A3469RE	On Call Real Estate Services Appraisal Agreement MAI
7	A3471RE	On Call Real Estate Services Appraisal Agreement MAI

The remaining eight contracts were successfully found on CAS; however, seven of these had incomplete insurance information. The insurance issues for the 15 pre-identified contracts are summarized below (one contract had multiple issues). Detailed insurance findings are listed in Appendix D.1.

Table 6. Types of Insurance Issues Identified for the 15 Pre-Identified Contracts

Insurance Issue	Number of Contracts
No documents found on CAS	7
Insurance expires before end of project	2
Insurance starts after date of Notice to Proceed	4
Missing insurance documents	2

Aside from insurance issues, three of the 15 contracts had problematic payment activity. These contracts are summarized in Table 7, below.

Table 7. Non-Compliance Issues in the 15 Pre-Identified Contracts

Agreement Number	Agreement Name	Issue	Additional Comments
1 A2403A	Engineering Planning Services on Berryessa Creek Downstream of Calaveras Blvd.	Last invoice dated 12/23/2013; Agreement expired on 12/31/2009	The District is aware of this issue, which led to the Audit.
2 A3159A	PWTP Standby Power System Project	Last invoice dated 3/5/2011; Agreement expired on 3/31/2010 – Requires Further Review	The contract has a Letter of Authorization (No. 3) dated 3/29/2010, authorizing extended work, but did not specify a new expiration date.
3 A3467RE	On Call Real Estate Services Appraisal Agreement MAI	Last invoice dated 6/27/2014; Agreement expired on 3/31/2014 – Requires Further Review	The Agreement specifies a 24 month term with the option to extend 12 months, but the Agreement does not specify task dates and is "On-Call."

Agreement A2925F was originally considered to have work completed after the expiration date based on the expiration date listed in CAS; however, the text of the Agreement was found to contain "The Agreement will be complete when all deliverables have been received and approved and the Scope of Service tasks have been verified by the District's Project Manager." Hence, it is compliant but serves as an example of disagreement between different information systems at the District. The District reports that poorly-defined termination dates and schedules were resolved for post-2012 agreements.

All of the contracts were found to have remained within their total agreement amounts, with no budget-related non-compliance issues. The spreadsheet provided by the District summarizing the 15 contracts had identified seven contracts having a higher final payment amount than the Agreement amount; this was not found to be the case after all amendments were accounted for during Navigant's review.

For the contracts which were initially recorded as having incomplete tax information, the explanations from the Accounts Payable group are summarized in the following table:

Table 8. Accounts Payable Information for the 15 Pre-Identified Contracts

	Agreement Number	Agreement Name	Tax Resolution
1	A2218A	Planning Study, value engineering, and geotechnical and hazardous material investigations for Matadero & Barron Creeks remediation project (Palo Alto)	Tax ID information was captured in PeopleSoft.
2	A2403A	Engineering Planning Services on Berryessa Creek Downstream of Calaveras Blvd.	Tax ID information was captured in PeopleSoft.
3	A2925F	The SCVWD Wants to Become a CAL/OSHA VPP Star Site	Per W-9 form Part II Certification, 4 Other Payments, the W-9 signature is not required for non-employee compensation (unless taxpayer is notified of previously incorrect TIN). ²
4	A3109A	Contract for Operation and Maintenance of the Coyote and Pacheco Substations	Tax ID information was captured in PeopleSoft.
5	A3228F	State Lobbying Services: 2009	Per W-9 form Part II Certification, 4 Other Payments, the W-9 signature is not required for non-employee compensation (unless taxpayer is notified of previously incorrect TIN).
6	A3462RE	On Call Real Estate Services Appraisal Agreement MAI	Tax ID information was captured in PeopleSoft.
7	A3464RE	Real Estate Turnkey Services	Tax ID information was captured in PeopleSoft.
8	A3467RE	On Call Real Estate Services Appraisal Agreement MAI	Tax ID information was captured in PeopleSoft.
9	A3469RE	On Call Real Estate Services Appraisal Agreement MAI	W-9 form provided.
10	A3471RE	On Call Real Estate Services Appraisal Agreement MAI	Tax ID information was captured in PeopleSoft.

For the contracts that had tax ID information in PeopleSoft but were missing a copy of the actual W-9 form, the issue was reported to be that these contracts have unknown set-up dates and cannot be feasibly retrieved from the archive. Overall, tax information appears to be compliant but supporting documentation is not always accessible.

² www.irs.gov/pub/irs-pdf/fw9.pdf

3.2.2 Summary of the 51 Contract Sample

The sample was reduced to 51 consultant contracts after one contract was found to be a non-consultant agreement and excluded, after confirming the agreement type with the District project manager (a special joint use agreement for local trails). 47 of the remaining 51 contracts were found to have non-compliant insurance information based on available documents in CAS. The insurance non-compliance issues range from expired insurance for the last 10 days of work to contract files lacking general liability insurance and other insurance certificates altogether (based on the available, viewable certificates in CAS). Some contracts have more than one of these issues. This finding is summarized below, with further details in Appendix D.2.

Table 9. Types of Insurance Issues Identified for the 51 Contract Sample

Insurance Issue	Number of Contracts
Insurance expires before end of project	30
Insurance starts after date of Notice to Proceed	9
Missing insurance documents	12

Navigant requested up-to-date insurance information from project managers for these contracts. The District was diligent in requesting and finding a number of the insurance files. It is notable, however, that even though ten additional project managers could produce complete insurance documentation upon request, the District has no comprehensive, up-to-date and accessible source of this important information. This observation was validated by the District's Risk Manager, who identified the need for an insurance management system and has advocated for the District to work with a third party insurance handling company.

Further, the CAS system has been reported to have a system error that prevents users from accessing multiple insurance documents for closed contracts. This glitch allows the user to view only the most recently added file, and no others. Additionally, CAS is reported to be set to a 5 Megabyte file size limit that may exclude other insurance files or pages that exceed the limit. All of the contracts that were initially found to have inadequate insurance in CAS are still deemed non-compliant but it is also noted in 0which issues the project managers encountered after being called on to produce insurance documents.

Four of the random contracts sample had non-compliance findings relating to invoicing or payments, although two require further review. These contracts are summarized in Table 10, below.

Table 10. Non-Compliance Issues in the 51 Contract Sample

	Agreement Number	Agreement Name	Issue(s)	Additional Comments
1	A3308A	Geotechnical Engineering Services for Seismic Stability Evaluation of Almaden, Calero and Guadalupe Dams, and Dam Safety Program Update	Final work period dated 2/8/2013; Agreement expired on 12/31/2012	During the draft report review, the District provided feedback that the work period date is a typo.
2	A3429F	2010 Legal Recruitment Services	Final work period dated 8/3/2012; Agreement expired on 7/31/2011	None
3	A3566A	Clean Safe Creeks and Natural Flood Protection Program Performance Audit	Last invoice dated 7/5/2012; Agreement expired on 6/30/2012 – Requires Further Review	The invoice is submitted so close to the expiration date that the work must reasonably have been completed on time, but there is no clear work period to refer to.
4	A3678F	Agreement between the Santa Clara Valley Water District and Environmental Science Associates	Last invoice reports tasks up to 693.9% complete – Requires Further Review	Refer to the project manager for 100%+ task percentage justification.

In addition to the specific issues outlined above, Navigant’s experience with contracting processes of power and water utilities show that it is best practice to ensure all invoices are approved and paid before contract expiration. In the event an invoice cannot be paid or approved before contract expiration, the contract should be extended. Many contracts in the sample had tasks extending to the expiration date, necessitating the approval of invoices past the expiration date.

One additional contract had been initially recorded as having incomplete tax documentation (A3603A), but Accounts Payable offered the explanation that per W-9 form Part II Certification, the W-9 signature is not required for non-employee compensation (unless the taxpayer is notified of a previously incorrect TIN).

3.2.3 Other Comments

While completing the audit fieldwork for contract compliance, Navigant also noted smaller issues that became apparent during the review process. The following comments were made for multiple contracts while completing the audit fieldwork checklist:

- » Agreement start date not specified in CAS
- » Agreement end date not specified in CAS, or date is incorrect
- » Delayed close-out in CAS
- » Incorrect Agreement value in CAS
- » Fully executed Standard Agreement not uploaded to CAS
- » Amendments not recorded in CAS

- » Standard Agreement not dated at execution
- » Standard Agreement does not clearly specify expiration date
- » Fully executed Standard Agreement not included with accounting files
- » Invoices do not specify consultant tasks and activities
- » Agreement Status Change Request form for close-out not included, or not signed by Accounting

Many of these smaller errors were corrected by the Contracts group for agreements executed post-2012, but are reflected in earlier agreements in the sample.

3.3 Overview of Findings

As noted previously, only five of the 66 contracts reviewed can be deemed compliant with the District's post-award contracting procedures and business processes. The compliance metric that led the Navigant team to deem most of the contracts non-compliant was the absence of complete and valid insurance certificates in CAS. Navigant acknowledges that a number of these certificates were found elsewhere by District staff upon request, but there is no complete repository in CAS.

This particular compliance issue has highlighted the key challenges the District will have to address in order to move towards best practice in contract management: develop and implement robust governance and standardization policies and processes while fully utilizing the capabilities of the District's contract management solutions in a centralized manner. These challenges are discussed in detail in the next section.

4. "Blueprint" Assessment

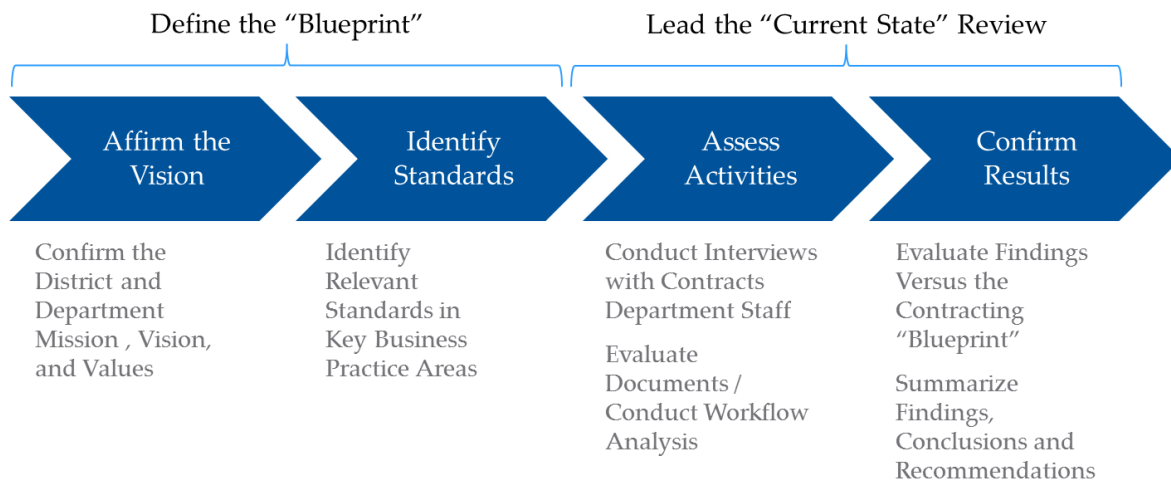
A primary objective of any process audit or assessment is to evaluate the current, "as-is" state of operations in order to identify specific actions that will deliver operational and organizational improvement. The standard of excellence (or "blueprint") to which an organization is compared is therefore an important aspect of any audit or assessment.

The following section outlines Navigant's approach to developing a blueprint for excellence in post-award consulting services contract management; provides a detailed account of the proposed blueprint focus areas; and describes the most important "gaps" in current operations in relation to the blueprint.

4.1 Scope and Approach

Navigant adopted the following high-level approach to complete the "current state" blueprint assessment, which focused on two main activities:

Figure 3. High-Level Approach to Leading the "Current State" Review



- » Define the "Blueprint": Confirming the Vision and Mission of the District in general, as well as in relation to contracting and procurement; identifying the standards in contract management to which the District would be compared.
- » Lead the "Current State" Review: Evaluating current contract management activities in a number of key areas, through document collection, interviews, and process evaluations; comparing current state activities to the blueprint.

The remainder of this section describes the steps taken to complete the blueprint assessment.

4.1.1 Affirm the Vision

We believe that understanding an organization's overall Vision and Mission in contract management is a key input to any audit or assessment. These objectives (and the plans designed to achieve them) form the foundation of any evaluation. We confirmed the District's highest level objectives and values through interviews with senior leadership and a comprehensive documentation review. Primary documents and sources of information included the District Annual Report and content from the District's website ("Doing Business with the District" and "Doing Business with the District,

Consultant Contracts.” (See Section 2 for a description of the District’s procurement and consultant contracting objectives.)

4.1.2 Identify Standards

The team has drawn from its contract and procurement management experience, knowledge of best practice standards in contracting and related disciplines³, and understanding of relevant peer practices to develop relevant performance standards. Rather than specific tasks or detailed processes, these standards are high-level themes or characteristics we expect to be reflected in leading procurement or contract management groups. The following performance standards were selected by the Navigant team to form the foundation of the blueprint:

“...Collaborate closely with other functional groups in the Company to provide reliable guidance and enable the soundest decisions on contract matters...”

“...Are properly staffed with contract professionals who consistently enhance their skills and capabilities, and utilize innovative tools and techniques to properly manage contract activities...”

“...Are responsible for the actions and decisions they take in relation to contracting and for the resulting outcomes. Contract Management staff are answerable for such activities through established lines of accountability...”

“...Work diligently to ensure compliance with all relevant Acts, Regulations, Standards and Codes...”

“...Consider both cost and non-cost factors when considering “best value” in contract decision-making...”

“...Treat all prospective suppliers/vendors with fairness and in an open and transparent manner with the same access to information about the contract...”

“...Recognize that all contract activities carry some level of risk, and properly recognize this risk and develop appropriate strategies to deal with it...”

“...Observe the highest standards of honesty in all commercial dealings, and conduct their business in a fair, honest and open manner, demonstrating the highest levels of integrity consistent with Company, customer, and stakeholder interest...”

“...Utilize data and metrics to evaluate contract activities and performance...”

Specific attention was given to post-award practices, protocols, and behaviors when developing the blueprint, although many of the standards developed can be applied to the full spectrum of contracting activities.

4.1.2.1 Blueprint Description

An effective and efficient post-award consultant contract management function requires attention and focus in a number of interdependent areas. Our analysis focuses on the District’s current state in six areas:

- » Policies
- » Business Processes

³ Publicly available sources include: Resolutions and other documents from the National Institute of Government Procurement (NIGP); Institute of Civil Engineers, “A Model to Manage the Water Industry Supply Chain Effectively,” 2012; Global Cleantech Center, “The U.S. Water Sector on the Verge of Transformation,” 2013; papers from Supply Chain Quarterly (various); papers from the Chartered Institute of Purchasing & Supply (various); Best Practice Procurement Guidelines from public agencies (various).

- » People
- » Systems & Data
- » Contract Management
- » Reporting

A detailed description of these six areas is provided in Appendix E, *Blueprint Components*. In general, our blueprint identifies approximately 50 characteristics and recommended practices in post-award contract management.

A variety of practices, standards, and frameworks provided input for each of these areas, including:

- » A number of oversight and guidance documents and best practice standards in contract management, derived from organizations such as the National Institute of Governmental Purchasing (NIGP).
- » Common business practice frameworks in process improvement, system and data management, Lean for Service organizations, and governance and internal control.
- » Peer practices from municipal water and other utility companies.

Finally, the six focus areas were tailored to the District-specific vision statements, goals and objectives related to consultant contract management.

4.1.3 Assess Activities

Navigant collected a variety of documents and conducted multiple interviews to understand the current consultant contract management activities and “infrastructure.” This analysis included a high-level workflow review to understand the key handoffs between functional groups in the organization, accountabilities and areas of responsibility, and other facets of organizational capability and effectiveness.

4.1.4 Confirm Results

Once collected and reviewed, Navigant compared information concerning the current state to the specific blueprint standards in each of the six focus areas described above. This comparison resulted in a specific set of recommendations, focused on the most important aspects of post-award consultant contract management.

4.2 *Blueprint and Current State Review*

This section focuses on the evaluation of the District’s current operations versus the blueprint, and provides a clear and concise view of areas of potential improvement and associated key recommendations. It is organized following the six areas of focus constituting the blueprint. For each area of focus, the key findings, their impact on the District’s operations, and proposed improvement recommendations are presented in detail.

Although the focus of this audit is post-award activities and processes, this section makes note of potential areas of improvement prior to execution. Also included are the strengths noted in the consultant contract management process (policies, procedures or protocols) or notable best practices in place or utilized by the District.

4.2.1 Policies

Policies are primarily developed and implemented in order to provide business rules and guidelines that ensure consistency and compliance with the District’s goals and objectives. Policies define

boundaries for the behavior of individuals, business processes, relationships, and systems. Signature authority limits are examples of key business rules that should be included in contracting policies, and the implementation of such rules should be supported by business processes that are consistent with the policies.

4.2.1.1 Key Finding

The District has a variety of documents that collectively establish the policy framework for contracting, including the “Guiding Principles of Public Procurement,” the “Guide to Doing Business with the District,” Document No. Q-741-005 “Procurement of Consulting Services,” and AD.6.3 “Approval Authority for Consultant Services Contracts.” In combination, these documents (among many others) provide guidance in a variety of control and governance-related areas. However, the District does not have a “single source” overarching policy document that establishes the Mission, clear directive guidance, and expectations concerning contracting (including consultant contracting). Such a broad business policy would typically include: a statement affirming management’s commitment to the highest standards of procurement and contracting excellence; an overall governance structure for procurement and contracting; the functional roles accountable for contract management; a code of ethics (for District staff as well as suppliers and vendors); and a “Certificate of Acknowledgement” (among other policy chapters). This kind of high-level policy which consolidates information into one governance framework (and which other policies reference) is commonplace.

<p>Area of Improvement No. 1: The District appears to have a variety of documents that govern contract management activities, but lacks a single, overarching policy that pulls information into a single source and clearly defines the mission, structure, and accountability for contract management.</p>
<p>Impact on SCVWD: The absence of a clear articulation of the District’s governance structure and functional responsibility over contract management, signed and authorized by select staff is an important aspect of good corporate governance.</p>
<p>Recommendations:</p> <ul style="list-style-type: none"> » Write a consolidated business policy concerning contracting management (including consultant contracting), which establishes the governance framework and functional accountability for contract management at the District. Include in this document a “Certificate of Acknowledgement” that staff must sign annually (or more frequently, as required).

4.2.2 Business Processes

Business Process Management (or BPM) refers to a set of activities which organizations can perform to either optimize their business processes or adapt them to new organizational needs. A strong BPM framework is established to first document common activities and expected practices, after which these documented processes are amended to reflect changes in the business and optimized to achieve improvements in organizational effectiveness.

4.2.2.1 Key Finding

The District has established a variety of business process documents (or work instructions) to establish common work activities in various areas, including “Initiation of Consultant Agreements Work Instruction” or “Evaluation of Proposals Work Instruction.” External documents are referenced for each of these processes, and include standards from various organizations (including ISO quality management system standards, contracting standards for public agencies, and other references).

However, the business process documents do not direct standardized tasks and activities for key aspects of the contract management process (including specifically the “Consultant Agreement Administration Work Instruction”). Specifically, our review has concluded that each project manager has significant autonomy in how he/she administers key aspects of the post-award contract. This autonomy has significant “downstream” effects on document management and other aspects of project review (which our team encountered on this project).

Area of Improvement No. 2: There are not standard directed processes for key aspects of the post-award contract management function.
Impact on SCVWD: This autonomy results in a variety of non-standard activities in a post-award environment, including document retention, document “governance” and controls, and contract close-out.
Recommendations: <ul style="list-style-type: none"> » Establish common “ways of working” through directive desk manual business processes for contract management activities; create oversight structures and “checks” for contract management activities.

4.2.3 People

The success of the District’s contract management function is contingent on staff having clearly defined contracting roles and responsibilities matched with relevant skills, qualifications and competencies and the appropriate capacity. All aspects of “Human Capital” (staffing levels, training, succession, career progression) are all critical when considering this focus area.

4.2.3.1 Key Findings

While roles and responsibilities appear to be understood, and staff competencies and commitment do not appear to be a concern, the vast majority of interviewees stated that the group is understaffed. This observation is directly related to the significant role that project managers have in post-award contract management – roles that are commonly filled by contract management staff in peer organizations and conducted in a consistent manner.

Area of Improvement No. 3: The Contracts Group appears to be understaffed, relative to the types of roles and activities that could be provided by this group.
Impact on SCVWD: Certain key contract management, compliance, and maintenance functions are handled in a non-standardized fashion by project managers, resulting in inconsistency across the organization. Further, little to no oversight is currently provided over these activities.
Recommendations: Alternative organizational structures can be considered for the Contracts Group: <ul style="list-style-type: none"> » Create a centralized contract management function, focused on on-going contract administration. » Create analyst positions within specific units to support PMs with contracting activities. Centralization has multiple advantages over the creation of analyst positions, including principally: <ul style="list-style-type: none"> » Increased standardization and consistency. » Focused governance. » Greater efficiency and reduced cost.

To this end, Navigant recommends the centralization of the contract management function. Staffing levels for a centralized Contracts Group would be determined through a comprehensive workflow and workload analysis, considering contract management activity levels, the impact of improved and enhanced use of technology, and re-engineered business processes. (This type of staffing analysis would also be appropriate for areas that impact the end-to-end consultant contract process, including specifically accounting.) Further, specific technical competencies for contract staff would be clearly defined, reflecting the specific characteristics of supply chain and procurement professionals. To be successful, the transition of contracting activities from PMs to the centralized contracting group would have to be implemented according to a well-managed multi step approach.

Another key finding is the need to develop a program to ensure sustained professional excellence in post-award contracting practices, including providing relevant training and education on an ongoing basis and collaborating closely with other functional groups.

Currently, there is significant room for improvement for the District on many aspects of this requirement. First, there is a lack of awareness from PMs and contract professionals on what excellence in post-award contract management really means. This is primarily due to inappropriate or a lack of training. Some PMs have indicated having received only limited training on the existing post-award contracting policies and processes. The overall feeling is that pre-award training may be adequate but that project managers are on their own for post-award contracting activities. Second, knowledge transfer is seen as either insufficient or nonexistent, which makes it even more challenging for junior resources to achieve excellence.

Area of Improvement No. 4: The District does not provide the necessary tools or support to enable its staff to achieve excellence in post-award contracting activities.
Impact on SCVWD: This may cause ineffective and inefficient post-award contract management which, in the worst scenario, can ultimately lead to contract non-compliance.
Recommendations: <ul style="list-style-type: none">» Post-award policy and processes socialization plans should be developed and implemented. In addition, training on post-award contracting best practices should be delivered to accountable staff.» A knowledge transfer plan should be developed, providing incentives for future retirees or leavers to ensure successful project transition.

4.2.4 Systems and Data

The maturity of an organization’s technology infrastructure and associated business processes is a key aspect of effective on-going contract management. Carefully selected and implemented systems and databases are requirements for any organization to succeed. For its contracting activity, the District uses two systems:

- » CAS: an eProcurement system primarily used for pre-award contracting activities.
- » PeopleSoft: the District’s Enterprise Resource Planning (ERP) used for accounting, invoicing and reporting purposes.

In addition to utilizing systems to their fullest potential, an important consideration in this focus area is the control infrastructure around the systems and use and manipulation of data.

4.2.4.1 Key Finding

While these systems do not have major flaws or incompatibility issues with the District's business requirements, there is a significant lack of integration between the two systems. Consequently, there is no single "source of truth," since staff have to manage multiple databases which are dispersed across multiple departments and teams.

Area of Improvement No. 5: There are no clear sources of information/documentation for key aspects of contract management.
Impact on SCVWD: It is challenging for the District to track and generate data and key information quickly and accurately. In addition, conflicting information and data may exist in the two systems.
Recommendations: » SCVWD's systems should all be integrated. In parallel, robust systems and data governance policy and processes should be developed and implemented. ⁴

In addition, the functionality of CAS is not optimized to prevent contract non-compliance. For instance, CAS is not currently utilized to monitor insurance certificate expiration (however, the ability to use the system for this purpose exists). A significant number of features could be developed for this system in order to automate contract compliance checking activities.

Area of Improvement No. 6: CAS is not optimized to prevent contract non-compliance.
Impact on SCVWD: Multiple contract non-compliance situations could be prevented with automated compliance checks.
Recommendations: » New functionalities should be built into CAS, such as: <ul style="list-style-type: none">○ Link the CAS entry for contract agreement end date to the District's ERP solution in order to automatically prevent the payment of invoices post contract expiration.○ Create a new entry for insurance certificate end date. Project Managers should be automatically alerted by e-mail 6 months, 3 months, 1 month and then every week before insurance certificate expiration and be automatically prevented from authorizing work after insurance certificate expiration.○ Prevent the upload of incomplete documents.○ Provide a dashboard presenting invoices approved to date (including invoices for amendments) against original budget (including amendments if applicable) and remaining budget balance. Any inconsistencies should be automatically flagged.○ Provide the user the ability to determine whether or not the contract requires insurance.

4.2.5 Contract Management

An effective and efficient contract management function requires business processes that specify the end-to-end post-award contracting business processes and drive business process ownership and accountability, as well as a functional structure that clearly establishes roles and responsibilities for contract management.

⁴ The District has shared with Navigant that it is in the process of assessing the integration of a new eProcurement system with their ERP system. The new eProcurement system would replace CAS.

4.2.5.1 Key Finding

This audit has demonstrated that some critical aspects of post-award contract management, including the continuous monitoring of contract compliance, and the maintenance and archiving of contract documentation are not defined by business processes and clear governance guidelines.

For example, there seems to be a PM perception that as long as payments are approved there is no need to verify the status of the contract. On the accounting side, the perception seems to be that as long as the PM approves the invoice, there should not be any compliance issues. In addition and as stated previously, there is no group charged with on-going contract compliance; the Contracts Group is understaffed and does not have the resources to ensure on-going contract compliance monitoring.

The absence of tools and standard methodologies for on-going management and assessment is also a concern. It is unclear to what extent PMs are diligent in their efforts to actively oversee this aspect of the contract management activity. Furthermore, CAS is not actively used as a document repository or management “system of record.” Therefore, each PM takes a distinct approach to how this key activity is managed.

Area of Improvement No. 7: There is no standard process for how critical aspects of post-award contract management are managed.
Impact on SCVWD: Critical contract management activities are not completed.
Recommendations: <ul style="list-style-type: none">» The District should develop specific contract compliance processes, which should include clear governance guidelines.

Another key contract management activity is the tracking, monitoring and analysis of all information required to manage, control and measure supplier/vendor performance over the life of the contract. This activity is currently not performed at the District. In addition, there are no consultant performance evaluation scorecards available to the PMs and no database where a consultant’s past performance can be tracked.

Area of Improvement No. 8: Consultant performance evaluation is currently not implemented at the District, and there are no systems in place to support its implementation.
Impact on SCVWD: This significantly increases the risks of sub-par consultant performance.
Recommendations: <ul style="list-style-type: none">» Develop and implement a policy and business processes defining the evaluation of consultant performance.» Develop and implement the necessary tools to support the assessment of consultant performance, including performance evaluation scorecards and a database of consultant past performance evaluations.» In the event of sub-par performance, the tools should inform the development of root cause analyzes and corrective action plans

4.2.6 Reporting

Reporting and performance management are standard and important practices in contract management operations. Contract management organizations routinely design and produce standard reports to assess current performance and performance trends versus various targets, established as an aspect of a comprehensive performance management program. Further, organizations typically have the capability of producing ad hoc reports to address specific management questions and concerns.

4.2.6.1 Key Finding

On-going reporting is an aspect of an organization’s performance management program, which is defined by Key Performance Indicators (KPI), metrics, and “dashboard” reports to facilitate decision-making. Targets for contract management organizations typically focus on operational and financial optimization, and include measures that assess contracting cycle time, compliance with regulatory and other procurement standards, procurement cost reduction trends over-time, and vendor/supplier satisfaction (among others). These metrics are linked to corporate and department objectives, and are an aspect of both department as well as individual performance evaluations.

We understand that quarterly performance reports concerning contract management are generated and represented on the District’s intranet page, and that additional information concerning contract management practices is provided to the Board of Directors. However, we do not believe information is collected from CAS or any other system of record to proactively evaluate contract management performance or to facilitate decision-making around contracting operations on a routine basis. This would include reports generated around key controls, such as pending insurance lapses, payment on invoices after contract expiration, among others. The production of standard and ad hoc reports requires a strong technology platform and data management framework. As in other areas of the review, our findings suggest that CAS and other system and data functionality could be enhanced to serve a central role in an overall performance management and reporting program.

Area of Improvement No. 9: Contract management does not have a performance management and reporting program.
Impact on SCVWD: In the absence of performance measures and routine reporting focused on optimizing contracting practices, the District cannot easily and accurately determine if procurement-related goals and objectives are being met.
Recommendations: <ul style="list-style-type: none">» Design a limited performance management program for contract management.» Improve CAS or other technology platform(s) to capture the information linked to the performance management program and key metrics.» Design standard reports to enable enhanced decision-making around contract management operations.

4.3 Additional Findings

4.3.1 Areas of Strength

Transparency of Contract Management Documentation: The District provides a significant amount of information on its website regarding all aspects of procurement. This information is well-organized, and offers a tremendous amount of transparency into guiding principles of procurement at the District, as well as specific contracting requirements by-category (including consultant contracts). The information is comprehensive, and is an example of leading practice.

4.3.2 Pre-Award Processes

Navigant identified two principal findings and potential areas of improvement in pre-award processes.

4.3.2.1 Key Findings

One of the key attributes of well-designed contracting business processes is to guide and enable the organization to effectively and efficiently complete the day-to-day execution of contracting activities. An important aspect of this attribute is the efficiency that should accompany the execution process, leading to the rapid completion of contracting activities.

Interviews with the District's senior leadership and project managers (PM), as well as Navigant's review of existing policies and business processes have revealed lengthy cycle times for contract creation and approval when compared to best practices and the District's peers. PMs have reported that it can take as long as six (6) months to hire a consultant for contracts valued less than \$100,000. For contracts of a larger value, the process may take up to nine (9) months. Our experience suggests that, depending on the relatively complexity and/or size, finalizing a contract typically takes anywhere from one (1) to three (3) months. This creates many challenges for the District including project completion delays and frustration from some consultants who are accustomed to more rapid contracting processes. This audit shows that this exceptionally long contracting cycle is due to the compounded effect of:

- » Continuous editing and amending of the "boiler plate" Standard Consultant Agreement. Throughout the duration of the contract creation and approval process, the Legal Department appears to be constantly reviewing and editing the Standard Consultant Agreement, resulting in a significant number of draft versions being exchanged with the PMs, ultimately leading to significant delays.
- » Approvals (sign-offs) are required from the same individuals multiple times throughout the contract approval process. Interviews have revealed that during the same contract approval process, the same individual has to provide his/her approval 4 to 5 times.

Area of Improvement No. 1: The cycle time associated with contract creation and approval is exceptionally long when compared to best practice and SCVWD's peers.
Impact on SCVWD: This may delay the project completion date and create some frustration among PMs, other key staff and consultants.
Recommendations: <ul style="list-style-type: none">» Improve and maintain a "boiler plate" Standard Agreement. Only the scope of services and project schedule sections should be drafted by Project Managers. All other sections should be owned by the Legal Department.» The existing control procedures for contract approval should be reviewed and redesigned.

Contract management best practice also specifically includes the on-going assessment of the project completion and deliverables against the original scope of work (SOW). The responsibility for developing the SOW resides with the PMs. In some instances, SOW are not developed to the highest standards which may result in numerous, unwanted contract amendments as it becomes challenging to assess the work completed against the original scope.

Area of Improvement No. 2: In some instances, scope of work and scope of services are not developed to the highest standards.
Impact on SCVWD: Contract management, and in particular the assessment for amendments become challenging.

Recommendation:

- » The District should develop guidelines against which SOW and Scope of Services should be developed and metrics against which they should be evaluated. While Project Managers should be responsible for the development of SOW and Scope of Services, the Unit Managers should be responsible for their evaluation.

4.4 Overview of Findings

Navigant has assessed the District's current, "as-is" state of operations against the following 6 elements of the Blueprint for excellence in post-award consulting services contracting: Policies, Business Processes, People, Systems and Data, Contract Management, and Reporting.

This gap assessment has confirmed that the District's consultant contract post-award management processes are deficient, and undermined by unclear accountabilities and underutilized technology applications. While significant attention needs to be made in all six Blueprint areas, the highest priority items include the development of a consolidated business policy that clearly establishes governance and accountability over procurement and contracting activities, accompanied by detailed process flows that define the work activities tasks in the District's end-to-end contract management process.

5. Conclusions and Recommendations

The District currently conducts post-award consultant contract management activities in a decentralized manner, defined by non-standard business processes, unclear accountabilities, and underutilization of the primary contract management software. We believe that these are the primary factors that led to the non-compliance events that occurred in 2014. Further, we believe that the environment in which these non-compliance events occurred will not improve without dedicated and focused attention in multiple areas of the organization. Key characteristics of the District's deficient processes include:

- » Lack of clarity around the District's governance and functional responsibility over post-award contract activities.
- » Inconsistent and non-standard post-award tasks and activities.
- » The inability to track and generate data and key contract information quickly and accurately.
- » Failure to conduct critical contract management activities, such as continuous monitoring of contract compliance or consultant performance evaluation.

Although the focus of this audit was on the post-award contract management process, Navigant also identified deficiencies with the pre-award processes:

- » The cycle time associated with contract creation and approval is exceptionally long when compared to best practice and SCVWD's peers.
- » In some instances, scope of work and scope of services are not developed to the highest standards.

Significant opportunities exist to improve and streamline the entire post-award contract management activity and support the District's transition towards best practice:

- » Develop a consolidated contract management business policy document, which clearly establishes functional accountabilities and governance arrangements.
- » Establish common "ways of working" through directive desk manual business processes for contract management activities.
- » Establish training, continuous improvement, and performance management programs over contract management.
- » Consider alternative organizational structures for the Contracts Group, including centralization or the creation of analyst positions within specific units to support the PMs. Navigant recommends the centralization of the contracting function.
- » Integrate all SCVWD's systems. In parallel, robust systems and data governance policy and processes should be developed and implemented.

Furthermore, the pre-award contracting processes could be greatly improved with:

- » Improvements to the "boiler plate" Standard Agreement so that fewer revisions are made during contract development.
- » The development of guidelines against which SOW and Scope of Services should be drafted and metrics against which they should be evaluated.
- » The streamlining of the existing control procedures for contract approval.

Appendix A. List of Interviews

Date	Time	Interviewee	Interviewee Department and Title	Location
11/13/2014	9:00-10:00 AM	Anita Ong	Financial Planning and Management Services, Financial Services Unit Manager	Headquarters: Room A-345
11/13/2014	9:00-10:00 AM	Guy Canha	Financial Planning and Management Services, General Accounting	Headquarters: Room A-345
11/13/2014	9:00-10:00 AM	Lillian Ramirez	Financial Planning and Management Services, General Accounting	Headquarters: Room A-345
11/13/2014	11:00-11:30 AM	Jim Fiedler	Water Utility, Chief Operating Officer	Headquarters: Room A-136
11/13/2014	1:30-2:00 PM	Jesus Nava	Administration, Chief Administrative Officer	Headquarters: Room A-168
11/13/2014	2:30-3:00 PM	Beau Goldie	Office of the CEO, Chief Executive Officer	Headquarters: Room A-173
11/13/2014	3:30-4:00 PM	Norma Camacho	Watersheds, Chief Operating Officer	Headquarters: Room A-173
11/13/2014	4:00-5:00 PM	Najon Chu	Administration, Chief Financial Officer	Headquarters: Room A-173
11/18/2014	1:30-3:00 PM	Paul Fulcher	Purchasing, Consultant Contracts and Warehouse Services (CAS System, Contract Files)	Blossom Hill Annex Madrone Room G-121
11/18/2014	3:30-4:00 PM	LeeAnn Pelham	Office of Ethics & Corporate Governance, Director	Headquarters: Room A-345
11/18/2014	4:00-5:00 PM	Ravi Subramanian	Administration, Deputy Administrative Officer	Headquarters: Room A-345
12/11/2014	10:00-10:30 AM	Deanna Forsythe	Project Manager	Conference call
12/11/2014	12:00-1:00 PM	Mike Munson	Project Manager	Conference call
12/11/2014	1:00-2:00 PM	Roger Narsim	Project Manager	Conference call
12/11/2014	2:00-3:00 PM	Tom Spada	Project Manager	Conference call
12/15/2014	10:00-10:30 AM	David Cahen	Risk Manager	Conference call

Appendix B. List of Documents

Reference	Item Description	Date Received
D.R.2.1	Administration Policy AD.6.3 Approval Authority for Consultant Services Contracts	11/5/2014
D.R.2.2	Consultant Agreement Administration Work Instruction W-741-030	11/6/2014
D.R.2.3	Request for Proposals Development W-741-027	11/6/2014
D.R.2.5	Consultant Agreement Preparation, Execution, and Distribution Work Instruction W-741-029	11/6/2014
D.R.2.6	Initiation of Consultant Agreements Work Instruction W-741-026	11/6/2014
D.R.2.7	Procurement of Consulting Services Q-741-005	11/20/2014
D.R.2.8	Evaluation of Proposals Work Instruction W-741-028	11/6/2014
D.R.2.11	Payment for Goods and Services W-610-D16	11/13/2014
D.R.2.12	Use of Alternative Procurement Methods Work Instruction W-741-022	11/6/2014

Appendix C. List of Contracts

C.1 15 Contracts of Interest

Item No.	Agreement No.	Agreement Name	Consultant Name
1	A2218A	Planning Study, value engineering, and geotechnical and hazardous material investigations for Matadero & Barron Creeks remediation project (Palo Alto)	Schaaf & Wheeler Consulting
2	A2403A	Engineering Planning Services on Berryessa Creek Downstream of Calaveras Blvd.	Winzler & Kelly
3	A2925F	The SCVWD Wants to Become A CAL/OSHA VPP Star Site	Michael T. Norder
4	A3062F	Initial Alternatives Economic Analysis San Luis Reservoir LPIP	Walter Yep, Inc.
5	A3109A	Contract for Operation and Maintenance of the Coyote and Pacheco Substations	U.S. Department of Energy
6	A3118A	Comprehensive Water Resources Management Plan	Moore Iacofano Goltsman, Inc.
7	A3159A	PWTP Standby Power System Project	Camp Dresser & McKee, Inc.
8	A3225A	Guadalupe River Mitigation Monitoring Agreement	HT Harvey & Associates
9	A3228F	State Lobbying Services: 2009	Governmental Advocates, Inc.
10	A3285A	Authorization of Chief Executive Officer (CEO) to Execute a Sole Source Agreement with the San Francisco Estuary Institute (SFEI) to Conduct Mercury Monitoring in the Guadalupe River	San Francisco Estuary Institute
11	A3462RE	On Call Real Estate Services Appraisal Agreement MAI	Associated Right of Way Services, Inc.
12	A3464RE	Real Estate Turnkey Services	Associated Right of Way Services, Inc.
13	A3467RE	On Call Real Estate Services Appraisal Agreement MAI	Schmidt-Prescott
14	A3469RE	On Call Real Estate Services Appraisal Agreement MAI	Hansen & Co
15	A3471RE	On Call Real Estate Services Appraisal Agreement MAI	Diaz, Diaz, and Boyd

C.2 Random Contract Sample

Item No.	Agreement No.	Agreement Name	Consultant Name
1	A3198F	Risk management Plans	EORM, Inc.
2	A3209F	Labor Management Relationship Recalibration Services	Cathy Stevens dba Stevens Consulting
3	A3211A	Ground Water Vulnerability Study	Todd Engineers
4	A3216F	Executive Recruitment	Alliance Resource Consulting
5	A3268A	Provide biological consultant services to District projects on an "as needed" basis	HT Harvey & Associates
6	A3283F	Water Supply and Infrastructure Master Planning Process Development	GHD, Inc.
7	A3289F	Decommissioning of Water Quality Lab at Rinconada Water Treatment Plant	RGA Environmental
8	A3294A	Engineering Services for Planning and Preliminary Design for the RWTP Residuals Management Project	CH2M Hill, INC.
9	A3308A	Geotechnical Engineering Services for Seismic Stability Evaluation of Almaden, Calero and Guadalupe Dams, and Dam Safety Program Update	URS Corporation Americas
10	A3322A	Design Services Agreement with Ruggeri-Jensen-Azar & Associates (RJA) for Lower Silver Creek Reaches 4-6A between I-680 and Moss Point Drive	Ruggeri-Jensen-Azar & Associates
11	A3326A	Microwave Telecommunications Project and Sole Source Product Designation of Harris Equipment	Harris Stratex Networks
12	A3335F	Assist SCVWD in the Process of Drawing Redistricting Boundaries	National Demographics Corporation
13	A3343F	Review and Validation of FY 11 Cost of Service Rate Making Model and Procedures	Raftelis Financial Consultants
14	A3346F	Structural Engineering Services for the Pacheco Pumping Plant (PPP) Regulating Tank Seismic Project	Beyaz & Patel, Inc.
15	A3375A	Consultant Agreement for Dam Safety Review Project (DSRP) for Anderson, Almaden, Calero, and Guadalupe Dams	Geosyntec Consultants, Inc.
16	A3389F	Standard On-Call Consulting Agreement between SCVWD and Carollo Engineers, Inc. for Recycled Water Technical Advice	Carollo Engineers, Inc.
17	A3395F	Calculate conjunctive use benefit of treated water and agricultural water	Raftelis Financial Consultants
18	A3410F	Design and construction support services on an as needed basis to facilitate current small cap projects.	Hafsa Burt & Associates
19	A3412F	Geohydrological services in support of quantification of the conjunctive use benefit of treated water and agricultural water users.	HydroMetrics Water Resources, Inc.
20	A3419A	Washington D.C. Representation Services III	Carmen Group, Inc

21	A3421F	Position Specification and Compensation Analysis of District's Unclassified Positions	Management Partners, Inc.
22	A3427F	Wash. D.C. Supplemental Representation Services	Kadesh & Associates
23	A3429F	2010 Legal Recruitment Services	The Hawkins Company
24	A3437F	Public Opinion Research, Analysis and Support for Future Funding	Fairbank, Maslin, Maullin, Metz, and Associates
25	A3479F	Monitoring of the Western Snowy Plover on District facilities in coordination with the monitoring conducted on adjacent properties.	San Francisco Bay Bird Observatory
26	A3486A	Environmental Remediation Action Plan and Design Services - Upper Guadalupe River Flood Protection Project Reach 8	Northgate Environmental Management, INC.
27	A3504F	Conduct a comprehensive assessment of the District's Inclusion Program and recommend improvements to the overall efficiency and effectiveness of the program in meeting the needs of the District.	The Leading Edge
28	A3505F	Improve work efficiency by streamlining District's work management processes and modify current Maximo configurations to facilitate these revised processes for up to six business functions.	Asset Management Engineering, Inc.
29	A3517F	Electromagnetic Inspection of the Penitencia Force Main and Penitencia Delivery Main from the Piedmont Valve Yard to the Penitencia Bypass Structure.	Pure Technologies
30	A3554F	The District will use an executive recruitment firm (Consultant) to assist in outreach, selecting and recruiting candidates for the position of Deputy Administrative Officer, Human Resources.	The Hawkins Company
31	A3562F	Ecological Monitoring & Assessment	San Francisco Estuary Institute
32	A3566A	Clean Safe Creeks and Natural Flood Protection Program Performance Audit	Moss-Adams LLP
33	A3583A	Sunnyvale East/West Channel Flood Protection Project	Horizon Water & Environment
34	A3600F	Executive Pay for Performance Program	The Segal Company
35	A3603A	Recycled Water Independent Advisory Panel	National Water Research Institute
36	A3611A	Financial Advisory Services	Public Resources Advisory Group
37	A3635G	Statistical design and analysis for the Guadalupe River Watershed Stream Condition Assessment	HDR, Inc.
38	A3656G	Maximo Technical Support On-Call Services	Crory Associates, Inc.
39	A3675A	Planning and Environmental Consultant Services for the Calero and Guadalupe Dams Seismic Retrofits Project	GEI Consultants
40	A3677G	Washington D.C. Representation Services - Administrative Agencies and Executive Branch Focus	Manatt, Phelps & Phillips. LLP
41	A3678F	Agreement between the Santa Clara Valley Water District and Environmental Science Associates	Environmental Science Associates

42	A3682F	Watershed Emergency Procedures	AECOM Technical Services, Inc.
43	A3685A	Upper Llagas Creek Flood Protection Project - Real Estate Services	Overland, Pacific & Cutler, Inc.
44	A3686A	Winfield Capital Improvement Project	Group 4 Architecture, Research + Planning, Inc.
45	A3691F	Agreement between the Santa Clara Valley Water District and Brookfair Consulting	Brookfair Consulting
46	A3694A	Infrastructure Reliability Master Plan Project - Planning Services	AECOM
47	A3699A	On-Call Surveying & Mapping Services 2014-2017 between the Santa Clara Valley Water District and Sandis	Sandis
48	A3702F	Succession Development Initiative - Phase II	Frank Benest
49	A3712A	On-Call Geotechnical Engineering Services, Multi-Award #2	Parikh Consultants, Inc.
50	A3722F	Palo Alto Flood Basin Project - Hydrology Study	Schaaf & Wheeler Consulting Civil Engineers, Inc.
51	A3724G	To perform the hydraulic modeling of the south bay and its tributaries required to map the coastal floodplain located within the District's Jurisdiction	DHI Water & Environmental

Appendix D. Description of Insurance Issues

D.1 15 Contracts of Interest – Insurance

Item No.	Agreement No.	Insurance Summary	Project Manager Response
1	A2218A	No documents found on CAS.	No response received.
2	A2403A	Agreement expires on 12/31/2009, insurance starts on 3/1/2010. Insurance expires on 3/1/2011, invoice dated 12/23/2013.	PM reports insurance coverage from 3/1/2010 to 12/1/2015; pre-2010 insurance still unknown.
3	A3062F	Insurance expires on 12/10/2007, 11/4/2007 and 1/31/2007, invoice dated 2/25/2010.	No response received.
4	A3109A	No documents found on CAS.	PM indicated that insurance is not required.
5	A3118A	NTP given on 8/15/2007, while insurance starts on 4/1/2014.	PM reports that insurance should be in Contracts Office.
6	A3159A	NTP given on 1/7/2008, while insurance starts on 1/1/2010.	No response received.
7	A3225A	NTP given on 11/18/2009, while insurance starts on 9/1/2009.	PM reports moving to the project after initiation, other staff members have moved to different units.
8	A3228F	Only Worker's Comp insurance found on CAS.	PM provided valid insurance for 2010-2011 and 2015-2016. PM also provided email correspondence from April 22, 2009 that insurance was faxed; NTP given 11/2008, first 4 months may not have been covered.
9	A3285A	NTP given on 7/6/2009, while insurance starts on 1/31/2010 and 4/1/2010. No worker's comp insurance found on CAS.	PM reports moving to the project after initiation, other staff members have moved to different units.
10	A3462RE	No documents found on CAS.	No response received.
11	A3464RE	No documents found on CAS.	No response received.
12	A3467RE	No documents found on CAS.	No response received.
13	A3469RE	No documents found on CAS.	No response received.
14	A3471RE	No documents found on CAS.	No response received.

D.2 Random Contract Sample – Insurance

Item No.	Agreement No.	Insurance Summary	Project Manager Response
1	A3198F	Insurance expires on 10/1/2008, work period ends on 10/11/2008 according to invoice.	PM reports being unfamiliar with this contract name and number.
2	A3209F	Only automobile insurance found on CAS.	No response received.
3	A3211A	Only professional/pollution liability found on CAS.	PM reports being unable to find additional insurance in project files; consultant mailed certificates to "contract administrator." Possible IT issues with closed contract.
4	A3216F	Only worker's comp found on CAS, NTP given on 9/25/2008 while WC insurance starts on 2/1/2009.	No response received.
5	A3268A	Insurance expires on 9/1/2010, work period ends on 4/30/2011 according to invoice.	PM reports being unable to find insurance in project files; possible IT issues with closed contract.
6	A3283F	Insurance certs expire on 6/11/2010, 2/1/2010, and 12/1/2009, last invoice dated 5/10/2011.	PM reports that project files are now in off-site storage.
7	A3289F	NTP given on 7/8/2009 while insurance starts on 3/1/2010.	No response received.
8	A3294A	Insurance expires on 5/1/2010, invoice dated 7/21/2011.	PM reports being unable to find insurance past the first year of the agreement in central project files; possible IT issues with closed contract.
9	A3308A	Insurance Expires on 5/1/2010 and 1/1/2011, work period ends 2/8/2013 according to invoice.	PM reports contract is closed; possible IT issues with closed contract.
10	A3322A	Insurance expires on 6/19/2013 and 9/1/2013, invoice dated 10/15/2014.	PM provides valid insurance for 6/19/14 to 6/19/15.
11	A3326A	NTP given on 12/8/2009, while insurance starts on 3/31/2013.	No response received.
12	A3335F	Professional Liability insurance expires on 2/7/2010, invoice dated 6/1/2010.	PM confirms the insurance period; Professional Liability still may have inadequate coverage.
13	A3343F	NTP given on 2/4/2010, while insurance starts on 1/21/2011.	No response received.
14	A3346F	NTP given on 2/24/2010 while insurance starts on 1/1/2012.	No response received.
15	A3375A	Insurance expires on 9/1/2010, invoice dated 10/26/2012.	No response received.
16	A3389F	NTP given on 8/4/2010 while insurance starts on 12/31/2013 and 7/4/2013.	No response received.
17	A3410F	Insurance expires on 7/14/2011, work period ends 8/2/2012 according to invoice.	PM reports insurance should be in the Contracts Office. Possible IT issues with closed contract.
18	A3412F	Only worker's comp insurance found on CAS, expires on 1/1/2011, invoice approved 6/3/2011.	No response received.

Item No.	Agreement No.	Insurance Summary	Project Manager Response
19	A3419A	Insurance expires on 9/15/2012, invoice dated 8/21/2013. NTP given on 11/1/2010, insurance starts on 9/15/2011.	PM confirms the insurance period, unable to find additional certificates.
20	A3421F	Insurance expires on 9/28/2011 and 6/20/2011, invoice dated 8/3/2011.	No response received.
21	A3429F	Insurance expires on 6/28/2011, work period ends 8/3/2012 according to invoice.	No response received.
22	A3437F	Insurance expires on 6/24/2011, 5/20/2011 and 12/10/2011, invoice dated 10/7/2011.	No response received.
23	A3479F	Insurance expires on 12/7/2011, invoice dated 12/14/2011 --> check work period?	No response received.
24	A3486A	Insurance expires on 1/22/2012, 12/20/2011 and 1/1/2012, invoice dated 9/12/2013.	No response received.
25	A3505F	Insurance expires on 12/18/2011 and 12/22/2011, invoice dated 12/3/2013.	No response received.
26	A3517F	Insurance expires on 11/1/2011 and 1/23/2012, invoice dated 2/16/2012.	No response received.
27	A3554F	Insurance expires on 6/28/2012, invoice dated 10/31/2012.	PM reports being unable to find insurance in project files; possible IT issues with closed contract.
28	A3562F	Insurance expires on 4/1/2012, invoice dated 7/3/2013.	No response received.
29	A3566A	Only Professional Liability found on CAS.	PM provided valid insurance; Compliant.
30	A3583A	CAS attachment only provides policy number, not certificate and expirations.	PM provided valid insurance; general liability insurance may not be covered for first year 2012-2013.
31	A3600F	Only 1 page of automobile insurance found on CAS, no other insurance found.	No response received.
32	A3603A	Insurance expires on 2/24/2013, invoice dated 7/27/2014.	No response received.
33	A3611A	Insurance expires on 12/9/2013 and 6/12/2013, invoice dated 11/18/2014. NTP given on 10/1/2012, insurance starts 12/9/2012.	PM provided valid insurance for 2014 and 2015; first two months after NTP may not have been covered.
34	A3635G	Insurance expires on 6/1/2014 and 7/1/2014, invoice dated 10/24/2014. NTP given on 4/12/2013, insurance starts on 6/1/2013 and 7/1/2013.	PM provided valid insurance for 2012-2013 and 2014-2015; Compliant.
35	A3656G	NTP given on 7/16/2013, while insurance starts on 5/9/2014.	PM provided valid insurance for 2013; Compliant.
36	A3675A	Insurance expires on 7/1/2014, invoice dated 12/2/2014.	PM provided valid insurance for 2014-2015; Compliant.
37	A3677G	Only worker's comp certificate found on CAS, expires on 4/1/2014.	PM provided valid insurance for 2014-2015; still only worker's compensation coverage.
38	A3678F	Insurance expires on 1/1/2014, invoice dated 12/2/2014.	No response received.

Item No.	Agreement No.	Insurance Summary	Project Manager Response
39	A3685A	Only "Notice of Cancellation to Designated Certificate Holder" uploaded to CAS.	PM provided valid insurance for 2014-2015; but NTP given 11/5/2013 and insurance starts 6/1/2014 - first 6 months may not have been covered.
40	A3686A	Insurance expires on 7/1/2014, 7/18/2014 and 7/22/2014, invoice dated 9/12/2014.	PM provided valid insurance for 2014-2015; Compliant.
41	A3691F	Only "General Liability Additional Insured" form uploaded to CAS.	No response received.
42	A3694A	Insurance expires on 4/1/2014, invoice dated 11/13/2014.	PM provided valid insurance for 2014-2015; Compliant.
43	A3699A	Insurance expires on 3/3/2014, invoice dated 8/12/2014.	No response received.
44	A3702F	Only "Additional Remarks Schedule for Liability Insurance" uploaded to CAS.	PM provided valid insurance through late 2014; is requesting updated automobile & umbrella certificates; Compliant.
45	A3712A	Insurance expires on 9/1/2014, invoice dated 11/13/2014.	PM reports being in the process of updating certificates that expired in late 2014/early 2015; Compliant.
46	A3722F	Insurance expires on 6/1/2014 and 6/6/2014, invoice dated 8/19/2014.	No response received.
47	A3724G	No automobile or worker's comp insurance found on CAS.	PM reports working with the Risk Manager to obtain required documents, is verifying requirements are met as of 1/16/2015; Compliant.

Appendix E. "Blueprint" Components

The following exhibits introduce the main concepts underlying the blueprint for excellence in post-award consultant contracting in each of the six key focus areas.

Policies	Business Processes
<p>Policies should:</p> <ul style="list-style-type: none">» Provide business rules and guidelines that ensure consistency and compliance with the company's goals and objectives» Be truly executable; provide clear accountabilities» Define the governance structure for contracting; also define escalation practices and limits of authority» Maintain a clear delineation from supporting business processes while supporting their implementation» Evolve as business practices and business needs evolve» Be socialized, respected as the recognized practices of the organization, and accompanied by acceptance monitoring» Mitigate risks» Be reviewed and amended no less than annually	<p>Business Processes should:</p> <ul style="list-style-type: none">» Guide and enable the organization to effectively and efficiently complete the day-to-day execution of post-award contracting activities» Clearly specify the end-to-end post-award contracting business processes» Define the residence of tasks for post-award contracting activities» Standardize all aspect of post-award contracting operations» Drive business process ownership and accountability» Be clearly documented, and be amended by process owners as business needs change» Be socialized, respected as the recognized practices of the organization, and accompanied by acceptance monitoring» Be in compliance with all relevant Acts, Regulations, Standards and Codes» Be reviewed and amended no less than annually

People
<p>Key objectives for the People element include:</p> <ul style="list-style-type: none"> » Have clearly defined contracting post-award roles and responsibilities, including: <ul style="list-style-type: none"> ○ Review and approve work of milestone completions ○ Manage change orders ○ Track, measure, analyze and manage supplier/vendor performance ○ Approve, track and review invoices ○ Complete audit for compliance » Match these roles and responsibilities with relevant skills, qualifications and competencies » Support the development of professional excellence in contracting practices, including providing relevant training and education on an ongoing basis and collaborating closely with other functional groups » Be supported and recognized as a strategic partner in the District’s business objectives » Provide governance and oversight over the post-award process; raise issues as necessary

Systems and Data
<p>Key objectives for the Systems and Data element include:</p> <ul style="list-style-type: none"> » Clearly specify SCVWD’s business requirements for systems and data » Implement systems that meet SCVWD’s business requirements » Implement systems with workflow steps that mirror the post-award contracting process » Seek full integration of post-award contracting systems and data, and possible integration with eProcurement and ERP systems » Comprehensively train system users » Implement control protocols to ensure the systems and data are used according to post-award contracting workflows and business processes » Eliminate system “workarounds” to the extent practicable; focus on data control » Translate data to ensure it becomes useful for decision-making » Establish and maintain governance and accountability over system and data management

Contract Management

Key objectives for the Contract Management element include:

- » Centralize accountability for Contract Management
- » Continuously monitor contract compliance
- » Track, monitor and analyze all information required to manage, control and measure supplier/vendor performance over the life of the contract, including but not limited to:
 - Pricing
 - Scope
 - Amendments
 - Contract expiration date
 - Expiration date of non-fiscal documentation, such as insurance certificates
- » Continuously monitor and reevaluate contract risks
- » When necessary, complete root cause analysis and implement corrective action planning
- » Establish and maintain governance and accountability over the contract management function

Reporting

Key objectives for the Reporting element include:

- » Provide performance, financial and operational metrics and reports that enable the active management of the post-award contracting function
- » Identify and report on Key Performance Indicators and related metrics reflecting the high-level goals of the post-award contracting function
- » Report data and metrics using standardized templates
- » Specify the data needed for reporting purposes
- » Establish and maintain governance and accountability over the reporting function



Valley Water

Clean Water • Healthy Environment • Flood Protection

Attachment 2 – Slide 1 of 12

Consultant Contracts Management Process and Consultant Contracts Management Process Audit

Mid-Year Board Status Update – December 13, 2021

Consultant Contracts Management Process Audit

Table of Contents

- Summary of Audit Report Dates to the Board
- Summary of Key Findings
- Accomplishments and Improvements
- Key Performance
- Work in Progress
- Audit Status

Consultant Contracts Management Process Audit

Summary of Status Reports to the Board

- Audit Report by Navigant Consulting submitted on March 10, 2015
- Status report February 13, 2018
- Status Report February 17, 2021
- Status Report December 13, 2021

Consultant Contracts Management Process Audit

Summary and Key Findings

2015 Audit by Navigant: Reviewed 66 Consultant Contracts, current policies, processes, and technology framework.

Key Findings:

- Develop clear and consistent policies and procedures for centralized procurement
- Define roles, responsibilities, and target timelines; accountability framework
- Develop clear post-award process; including insurance compliance
- Increase staff to support customer requirements; provide governance guidelines
- Improve cycle time for contract administration; improve technology tools
- Establish guidelines to improve the development of the Scope of Work

Consultant Contracts Management Process

Accomplishments

- **Defined roles and responsibilities for Contract and PM staff.**
- **Improved boilerplates for consistent contract development, scope, and deliverables; established timelines.**
- **Developed performance tracking**
- **Updated and standardized boilerplate documents**
- **Implemented new Procurement Plan Checklist**
- **Enhanced Insurance Certification Management, vendor EBIX**
- **Updated Administrative Policies to improve workflow**
- **Conducted Workshops - Process improvement and SOW writing**
- **Implemented new procurement portal (PlanetBids)**

Consultant Contracts Management Process

Key Performance Summary

FY 18-19 Contract Value:	< \$225K	\$225K - \$1M	> \$1M	Total
Qty of Contracts	14	13	13	40
Value of Contracts	\$1.8M	\$6.8M	\$173.6M	\$182.2M
FY 19-20 Contract Value:	< \$225K	\$225K - \$1M	> \$1M	Total
Qty of Contracts	30	14	11	55
Value of Contracts	\$6.9M	\$9.8M	\$42.5M	\$59.2M
FY 20-21 Contract Value:	NTE \$50K	\$50K - \$225K	\$225K - \$1M	Total
Qty of Contracts	16	10	17	43
Value of Contracts	\$725K	\$2.2M	\$45M	\$47.9M
FY 21-22 Contract Value:	NTE \$50K	\$50K - \$225K	\$225K - \$1M	Total
Qty of Contracts	28	6	4	38
Value of Contracts	\$1.4M	\$1.2M	\$8.8M	\$11.4M

Note: FY22 = Partial 7/1/21 - 10/31/21

Consultant Contracts Management Process

Key Performance Summary

FY 19-20 Amendment Value:	\$0/Time Only	< \$225K	> \$225K	Total2	Grand T
Qty of Amendments	15	8	22	45	100
Value of Amendments	\$0	1.2M	93.4M	\$94.6M	\$153.8M
FY 20-21 Amendment Value:	\$0/Time Only	< \$225K	> \$225K	Total	Grand T
Qty of Amendments	33	9	9	51	94
Value of Amendments	\$0	\$1.8M	\$35.1M	\$36.8M	\$84.7M
FY 21-22 Amendment Value:	\$0/Time Only	< \$225K	> \$225K	Total	Grand T
Qty of Amendments	21	1	4	26	64
Value of Amendments	\$0	\$224K	\$4.4M	\$4.6M	\$16M

Note: FY22 = Partial 7/1/21 - 10/31/21

Consultant Contracts Management Process

Current Average Processing Times

- **Contracts <\$225K: 14 weeks**
- **Contracts between \$225K - \$1M: 25 weeks**
- **Contracts >\$1M: 30 weeks**
- **IT-related Contracts: 21-37 weeks**
- **Non-compete Contracts <\$50K: 5-6 weeks**
- **Single/Sole Source (no BOD, BOD): 10-19 weeks**
- **Time Only Amendments: 4-6 weeks**
- **Amendments <\$225K: 13 weeks**
- **Amendments > \$225K: 20 weeks**

Consultant Contracts Management Process Audit

Work in Progress

- **Finalize Procurement Manual and Desktop Procedure Manual (First Quarter 2022)**
- **Go-Live of new ERP (INFOR) to improve procurement process (January 2022)**
- **Ongoing staff training and development**

Consultant Contracts Management Process

Audit Status

A status update will be provided on an annual basis to inform the Board about completed key process improvements recommended in the 2015 Navigant Audit. The next scheduled update is in March 2022.

QUESTIONS





Santa Clara Valley Water District

File No.: 21-1249

Agenda Date: 12/13/2021

Item No.: 4.5.

COMMITTEE AGENDA MEMORANDUM

Capital Improvement Program Committee

SUBJECT:

Review 2021 and 2022 Capital Improvement Program Committee Work Plans and 2022 Proposed Meeting Schedule.

RECOMMENDATION:

- A. Review the 2022 Capital Improvement Program Committee Draft Work Plan and make adjustments, as necessary; and
- B. Confirm date for next CIP Meeting.

SUMMARY:

Work Plans are created and implemented by all Board Committees to increase Committee efficiency, provide increased public notice of intended Committee discussions, and enable improved follow-up by staff. Work Plans are dynamic documents managed by Committee Chairs and are subject to change. Committee Work Plans also serve to assist to prepare an Annual Committee Accomplishments Reports.

Discussion of topics as stated in the Plan have been described based on information from the following sources:

- Items referred to the Committee by the Board;
- Items requested by the Committee to be brought back by staff;
- Items scheduled for presentation to the full Board of Directors; and
- Items identified by staff.

The CIP Work Plan contained in Attachment 1 is a recap of items discussed in 2021 and will be used to prepare the Committee's 2021 Annual Accomplishments Report. The draft Work Plan contained in Attachment 2 is presented for the Committee's review to determine and schedule topics for discussion in 2022.

Regular monthly meetings are scheduled to occur at 11:00 a.m., on the third Monday of each month or at the call of the Committee Chair. A calendar of proposed meeting dates contained in Attachment 3 is presented for the Committee's review and to confirm the meeting schedule for 2022. Some meeting dates have been adjusted in accordance with Valley Water's holiday schedule, pending Committee approval.

Establishing a work plan and meeting schedule are necessary to provide staff a basis for meeting planning and logistics coordination, and agenda item preparation.

ATTACHMENTS:

- Attachment 1: 2021 CIP Committee Work Plan
- Attachment 2: 2022 CIP Committee Work Plan
- Attachment 3: Proposed 2022 CIP Meeting Dates

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711

CIP Committee 2021 Workplan

	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>
Capital Project Monitoring												
Feasibility/Planning		X		X			X			X		
Design/Permitting		X			X			X				X
Construction			X				X		X			
Consultant Agreement Compliance Process			X									X
Update on RWTP Residuals Remediation Project			X									
Anderson Dam Tunnel Project Contingency Fund Delegated Authority					X							
Update on Coyote Pumping Plant Design/Build Project									X			
Planning Updates												
• Upper Penitencia Creek Flood Protection Project							X					
• Stevens Creek Fish Ladder										X		
CIP Implementation												
Review Project Delivery Process for Capital Projects												
• O&M Costs (Design) and Readiness Assessment (Construction)			X									
Safe, Clean Water 5-Year Implementation Plan (Adjustments and Financial				X								
CIP Development												
CIP Planning Process												
• Annual CIP Process and Integrated Financial Planning Schedule and Review of Initially Validated and unfunded Projects										X		
• Review Significant Project Plan Updates											X	
- Cost increase for the Anderson Dam Seismic Retrofit Project											X	
Preliminary CIP Review	X											X
Standing Items												
Anderson Dam Tunnel Project Contingency and Change Order Monitoring	N/A	N/A	N/A	N/A	N/A	N/A	N/A	X	X	X	X	X
Upcoming Consultant Agreement Amendments	N/A	X	X	X	X	X	X	X	X	X	X	X
Workplan	N/A	X	X	X	X	X	X	X	X	X	X	X
Minutes	N/A	X	X	X	X	X	X	X	X	X	X	X

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CIP Committee 2022 Workplan

	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>
Capital Project Monitoring												
Feasibility/Planning	X			X			X			X		
Design/Permitting		X			X			X			X	
Construction	X		X			X			X			X
CIP Implementation												
Consultant Agreement Compliance Process												X
CIP Development												
CIP Planning Process												
• Annual CIP Process and Integrated Financial Planning Schedule and Review of Initially Validated and unfunded Projects										X		
• Review Significant Project Plan Updates											X	
Preliminary CIP Review												X
Standing Items												
Anderson Dam Tunnel Project Contingency and Change Order Monitoring	X	X	X	X	X	X	X	X	X	X	X	X
Upcoming Consultant Agreement Amendments	X	X	X	X	X	X	X	X	X	X	X	X
Workplan	X	X	X	X	X	X	X	X	X	X	X	X
Minutes	X	X	X	X	X	X	X	X	X	X	X	X

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2022

CAPITAL IMPROVEMENT PROGRAM COMMITTEE DRAFT MEETING SCHEDULE

JANUARY

Mo	Tu	We	Th	Fr	Sa	Su
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

FEBRUARY

Mo	Tu	We	Th	Fr	Sa	Su
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21	22	23	24	25	26	27
28						

MARCH

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28	29	30	31			

APRIL

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MAY

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23	24	25	26	27	28	29
30	31					

JUNE

Mo	Tu	We	Th	Fr	Sa	Su
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27	28	29	30			

JULY

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AUGUST

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29	30	31				

SEPTEMBER

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OCTOBER

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NOVEMBER

Mo	Tu	We	Th	Fr	Sa	Su
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14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

DECEMBER

Mo	Tu	We	Th	Fr	Sa	Su
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 2020 Valley Water Holidays

 Proposed 2020 CIP Meeting Dates

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Santa Clara Valley Water District

File No.: 21-1297

Agenda Date: 12/13/2021

Item No.: 4.6.

COMMITTEE AGENDA MEMORANDUM

Capital Improvement Program Committee

SUBJECT:

Review Capital Project Monitoring - Design and Permitting Report. (Continued from November 15, 2021)

RECOMMENDATION:

Receive and discuss information regarding the status of capital projects in the design and permitting phase.

SUMMARY:

The 2021 Workplan for the Board Capital Improvement Program Committee (Committee) includes monitoring of capital projects during all phases of development. Staff will present a list of active projects at each Committee meeting and provide detailed information on those where potential and/or significant issues have been identified. The projects presented for discussion will be organized by phases: feasibility/planning; design and permitting; and construction. Staff will present projects to the Committee for review one phase at a time. Projects currently in the design and permitting phase are being presented at this Committee meeting.

Attachment 1 is a list of projects in the design and permitting phase. A verbal report will be provided at the meeting with more detailed information about recent developments on the projects listed in Attachment 1.

ATTACHMENTS:

Attachment 1: Design and Permitting Report

UNCLASSIFIED MANAGER:

Rechelle Blank, 408-630-2615

Christopher Hakes, 408-630-3796

Heath McMahon, 408-630-3126

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Capital Project Monitoring Report - November 2021

Design and Permitting Phase

Row	Project No.	Project Name	Notes, Upcoming Board Actions or potential issues	Planned CM Services		
				Internal	External	Combination
<u>Water Supply</u>						
1	91864005	Anderson Dam Seismic Retrofit (C1: Fund Transfer KPI)	The 90% design of ADSRP is underway with the 90% plans and specifications anticipated to be completed by the end of April 2022 and the 90% construction cost estimate following at the end of June 2022. Some elements of the 90% Design such as improvements to the unlined spillway channel and winterization measures for the interim dams are currently at the conceptual level requiring additional input from DSOD, FERC, and the BOC. Also ongoing discussions with NMFS and CDFW might result in changing the non-mechanical weirs as currently designed for ADTP into mechanical adjustable weirs for ADSRP. Similarly, design of permanent facilities for County Parks use are also at a conceptual level, requiring input from County Parks to proceed with design. Assuming the input from the various agencies is received in a timely manner and that 90% design schedule is maintained, it is anticipated that final design could be completed and submitted for review by the BOC, DSOD, and FERC at the end of 2022.			X
2	91864005	Coyote Percolation Dam Replacement Project	The Coyote Percolation Dam Replacement Project recently completed the draft 30% plans and specifications and is obtaining review comments from Valley Water staff, DSOD, CDFW, and NMFS. The 60% design is planned for completion by the end of January 2022. Geotechnical field work was completed on October 8th and next steps include laboratory testing followed by development of the draft geotechnical report. The design team has been working with the procurement services unit to procure a rubber dam vendor for the design and manufacturing services and anticipate awarding the contract by the week of October 25th.			X
3	91894002	Guadalupe Dam Seismic Retrofit - Design & Construct	Preliminary 90% design documentation was submitted by consultant in December 2020. Design documentation is under review.			X
4	91324002	Coyote Pumping Plant ASD Replacement	The RFQ for this Design/Build project delivery method was issued June 2, 2021 and closed July 29, 2021. On October 12, 2021 the Board received a project update and approved the recommendation to proceed to the RFP stage with a single potential proposer. The RFP was issued in November 2021.			X
5	95084002	10-Yr Pipeline Inspection & Rehabilitation Project (Santa Clara Conduit)	Final Design of Phase I is complete. Advertisement for construction bids has been delayed until early 2022 due to the drought condition's effect on a Coyote Creek dryback if pipeline was removed from service. Environmental permitting work continues. Final Design of Phase II is scheduled for December 2021.	X		
6	26764001	A3: IRP2 Additional Line Valves	Final Designs for all four locations are complete including Snell Pipeline Valve, East Pipeline Valve, West Pipeline Valve downstream of Santa Clara Distributary, and West Pipeline Valve between Rainbow & Mann turnouts. IRP2 Additional Line Valves construction schedule will be coordinated with associated Pipeline Inspection & Rehabilitation work.	X		
7	95084002	10-Yr Pipeline Inspection & Rehabilitation Project (Almaden Valley Pipeline)	The 90% design documents were completed in September 2021. Staff is working on the 100% plans which are scheduled for completion in February 2022.	X		
8	93294057	Rinconada WTP Reliability Improvement Project	A consultant agreement amendment with the Engineer of Record was approved by the Board in September 2021 for design services to prepare plans and specifications for publicly bidding the remaining reliability improvements for construction. Efforts are currently underway for the 70% design submittal.			X

Capital Project Monitoring Report - November 2021

Design and Permitting Phase

Row	Project No.	Project Name	Notes, Upcoming Board Actions or potential issues	Planned CM Services		
				Internal	External	Combination
9	91094009	South County Recycled Water Pipeline – Short Term Implementation Phase 1B/2A/1C/2B Project	Plans and specifications are complete. The Board authorized Advertisement for Bids for Construction on September 14, 2021. Four bids were opened on November 9, 2021, with the low bid coming in 11% under the Engineer's estimate. Award of construction contract is scheduled for the Board meeting on December 14, 2021.	X		
10	93284013	Santa Teresa WTP Filter Media Replacement Project	The Board of Directors approved the Engineer's Report, CEQA Exemption Determination, and the Project in September 2021. Staff completed 90% design documents in October 2021. Final Design is underway and is planned to be completed in December 2021.	X		
11	93084004	WTP Electrical Improvement Project	30% design documents, including Basis of Design Report, were completed in October 2021. The 60% design is underway and anticipated to be complete in December 2021. Staff plans to bring the Engineer's Report to the Board early 2022.	X		
12	95084002	10-Yr Pipeline Inspection & Rehabilitation Project (Snell Pipeline)	Staff is preparing the 60% design documents, which are currently scheduled for completion in February 2022.	X		
13	93234044	Penitencia WTP Residuals Management Project	The Board approved the consultant agreement for design services on November 9, 2021. Kick off meetings with design consultant have occurred. Workshops are being scheduled with staff's Operations and Maintenance teams.	X		
14		Water Utility Small Capital Projects	Silicon Valley Advanced Water Purification Center Storage Building - 100% design documents have been approved. Pacheco Pumping Station Electrical System & Hydraulic Valves Operating System Upgrades - Final design documents are complete. Board Authorization to Advertise for Construction is planned for early 2022.	X		
15	91864005	Coyote Creek Chillers Plant Project	90% Design is currently out for QC Review with both internal VW Staff and USBR. Staff is anticipating Final Design by December 2021 pending USBR permit	X		
<u>Flood Protection</u>						
16	10394001	Palo Alto Flood Basin Tide Gate Structure Replacement	60% design comments are being addressed. Final design is anticipated to be complete by end of 2021 pending receipt of environmental permits. Final CEQA MND was adopted by the Board on April 27, 2021. Permit applications have been submitted. Staff is coordinating with City of Palo Alto regarding cost sharing on specific project items.		X	
17	26284002	E5: San Francisquito Creek - Upstream of HWY 101	Pope Chaucer design is at 80%; Channel widening design is at 90%; Final EIR was certified in September 2019. SFCJPA will submit permits applications in September 2021; channel widening construction is anticipated in summer 2023 pending receipt of permits; Newell Rd bridge (Palo Alto) construction delayed until 2023, pushing Pope-Chaucer Bridge construction to 2024. SFCJPA and member agencies also looking at additional funding sources to close shortfall. USACE recently received Federal funds to start the CAP 205 Study for Reach 2. The H&H teams from USACE and Valley Water had met to review the overall H&H framework and identify remaining tasks to complete the USACE feasibility study. A USACE planning charrette occurred on July 28.			X
18	26074002	E2: Sunnyvale East and West Channels	Project design is complete. Coordination with Google is ongoing. Google must receive their permits first before Sunnyvale East and West Channels Project can submit permit applications. Project must prepare an addendum to incorporate Google work. Staff is aiming to bring the addendum and agreement with Google to the Board in early 2022.			

Capital Project Monitoring Report - November 2021

Design and Permitting Phase

Row	Project No.	Project Name	Notes, Upcoming Board Actions or potential issues	Planned CM Services		
				Internal	External	Combination
19	26154003	E8: Upper Guadalupe River - SPRR to Blossom Hill Road (Reaches 7-12)	In January 2021, the USACE began re-evaluating the entire project, including re-evaluating the project's alternatives and benefit-cost-ratio, with the goal of making the project more competitive for federal funding. The study will take 3 years and is estimated to be completed by January 2024. The Feasibility Cost Share Agreement for the re-evaluation was executed on December 30, 2020. The first study milestone, Alternative Milestone meeting, was held on April 20, 2021.	N/A	USACE construction	
20	26174043	E1: Coyote Creek - Montague Expressway to Tully Road (for 2017 flood event criteria)	The design consultant for both Phase 1 FOCF Flood Management Measures required for ADTP and Phase 2 Coyote Creek Flood Management Measures for the 2017 flood event criteria has begun preparing the 30% design documents. Three public meetings were held at Rock Springs Park, Williams Park, and Watson Park areas to discuss the projects progress in mid-October.		X	
21	26174051 26174052	E6: Upper Llagas Creek, Phase 2B (Portion of Reaches 5 and 8, and Reaches 6, 7B, and 14)	On August 17, 2021, NRCS notified Valley Water of committed funding to construct Phase 2B. The funding amount available is up to \$80M. NRCS has stated it could take up to 24 months to approve the project design. Staff is working to satisfy NRCS' requirements as quickly as possible.			X (2B-TBD)
22	00044026	San Francisco Bay Shoreline, EIA 11 - Alviso Slough to Coyote Creek Bypass (E6: 26444001, 26444002, 26444004)	Reaches 1, 2 & 3 design complete. Reaches 4 & 5 design at 60%. In December 2019, the USACE advertised Reaches 1, 2 & 3 for construction, but had to reject bids because they came in over the acceptable USACE threshold. USACE re-advertised Reaches 1, 2 & 3 for construction on January 22, 2021 and awarded the construction contract in August 2021. The contractor is satisfying pre-construction requirements and plans to begin construction in spring 2022.	N/A	USACE construction	
23	62084001	Watershed Asset Rehabilitation Program (WARP)	Design is underway for the following projects: Erosion repair for Calabazas Creek (Miller Ave. to Bollinger Rd.) and concrete repair for Permanente Creek (Park Dr. to Mountain View Ave.).	X		

Water Resources Stewardship

24	26164001	D6: Hale Creek Enhancement Pilot Study	Plans and specifications are complete. Construction has been pushed from summer 2021 to summer of 2022 due to delay in obtaining all permissions to enter and temporary construction easements.			X
25	26044002	D6: SCW Fish Passage Improvements at Bolsa Rd	Internal Valley Water operations staff has requested a project scope revision to add permanent access ramps. As a result, the plans and specifications will be revised to include this work and the construction schedule was revised to start work in summer 2022.			X
26	26044001	D4: Almaden Lake Improvements	60% design is complete; Final EIR was certified by Valley Water Board of Directors on May 11, 2021; at the May 11 meeting, the Board selected the project to be constructed under KPI #2 of SCW D4; permit applications are being drafted and a coordination meeting is being set up to discuss the applications with the agencies.	X		

Buildings & IT

No projects to report

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