



Santa Clara Valley Water District Capital Improvement Program Committee Meeting

District Headquarters, Board Conference Room A-124
5700 Almaden Expressway, San Jose, CA 95118

REGULAR MEETING AGENDA

**Monday, September 23, 2019
10:00 AM**

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

Nai Hsueh, Chair, District 5
Linda J. LeZotte, Vice Chair, District
4

Tony Estremera, District 6

All public records relating to an 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 for public inspection at the Office of the Clerk of the Board at the Santa Clara Valley Water District Headquarters Building, 5700 Almaden Expressway, San Jose, CA 95118, 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 attend Board of Directors' meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 265-2600.

BETH REDMOND
Committee Liaison

NATALIE F. DOMINGUEZ,
CMC
Assistant Deputy Clerk II
Office/Clerk of the Board
(408) 265-2659
ndominguez@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.

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

Monday, September 23, 2019

10:00 AM

District Headquarters, Board Conference Room
A-124
5700 Almaden Expressway, San Jose, CA 95118

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: This item is reserved for persons desiring to address the Committee on any matter not on this agenda. Members of the public who wish to address the Committee on any item not listed on the agenda should complete a Speaker Form and present it to the Committee Clerk. The Committee Chair will call individuals in turn. 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 August 12, 2019 Meeting Minutes. [19-0743](#)

Recommendation: Approve the minutes.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 081219 CIP Committee Minutes](#)

Est. Staff Time: 5 Minutes

4. ACTION ITEMS:

4.1. Receive Update on Integrated Approach Between Budget, Water Rates, Capital Improvement Program, and Safe, Clean Water and Natural Flood Protection (Safe, Clean Water) Program Processes for Financial Planning. [19-0746](#)

Recommendation: Receive information and provide feedback to staff.

Manager: Darin Taylor, 408-630-3068

Melanie Richardson, 408-630-2035

Nina Hawk, 408-630-2736

Attachments: [Attachment 1: Draft Integrated Financial Planning Schedule](#)

- 4.2. Capital Project Monitoring - Design. [19-0744](#)
Recommendation: Receive and discuss information regarding the status of capital projects in the design phase.
Manager: Tim Bramer, 408-630-3794
Christopher Hakes, 408-630-3796
Ngoc Nguyen, 408-630-2632
Attachments: [Attachment 1: Capital Project Monitoring - Design](#)
Est. Staff Time: 15 Minutes
- 4.3. Consultant Agreements and Amendments. [19-0860](#)
Recommendation: Receive information on upcoming consultant agreements and/or amendments that staff will be recommending for Board approval.
Manager: Ngoc Nguyen, 408-630-2632
Tim Bramer, 408-630-3794
Est. Staff Time: 10 Minutes
- 4.4. Next Steps in the Capital Improvement Program Process. [19-0745](#)
Recommendation: Receive information and make recommendations as necessary.
Manager: Chris Hakes, 408-630-3796
Attachments: [Attachment 1: Summary of BAWSCA CIP Comparison Study](#)
Est. Staff Time: 10 Minutes
- 4.5. 2019 Capital Improvement Committee Work Plan. [19-0747](#)
Recommendation: Review the 2019 Capital Improvement Program Committee Work Plan and make revisions as necessary.
Manager: Michele King, 408-2630-2711
Attachments: [Attachment 1: 2019 CIP Committee Workplan](#)
Est. Staff Time: 10 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 rescheduled Regular Meeting at 10:00 a.m., on October 21, 2019, in the Santa Clara Valley Water District (HQ Boardroom/Board Conference Room A-124), 5700 Almaden Expressway, San Jose, California.



Santa Clara Valley Water District

File No.: 19-0743

Agenda Date: 9/9/2019
Item No.: 3.1.

COMMITTEE AGENDA MEMORANDUM

Capital Improvement Program Committee

SUBJECT:

Approval of August 12, 2019 Meeting 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: 081219 CIP Committee Minutes

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711

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CAPITAL IMPROVEMENT PROGRAM COMMITTEE MEETING

MINUTES

**MONDAY, AUGUST 12, 2019
10:00 AM**

(Paragraph numbers coincide with agenda item numbers)

A regular meeting of the Santa Clara Valley Water District (Valley Water) CAPITAL IMPROVEMENT PROGRAM COMMITTEE (Committee) was called to order in the Valley Water Conference Room A-124, 5700 Almaden Expressway, San Jose, California, at 10:00 a.m.

1. CALL TO ORDER/ROLL CALL

Committee members in attendance were District 6 Director T. Estremera, District 4 Director L. LeZotte, and District 5 Director N. Hsueh, Chairperson presiding, constituting a quorum of the Committee.

Staff members in attendance were T. Yoke, Chief Operating Officer, R. Blank, M. Baratz, S. Berning, M. Bilski, J. Collins, M. Cook, N. Dominguez, T. Esch, M. Ganjoo, C. Hakes, J. Martin, N. Nguyen, L. Orta, K. Oven, B. Redmond, D. Taylor and J. Villarreal.

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

Chairperson Hsueh declared 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

The Committee considered the attached minutes of the July 29, 2019 meeting. It was moved by Director Estremera, seconded by Director LeZotte, and unanimously carried that the minutes be approved as presented.

Chair Hsueh moved the agenda to Item 4.3.

4. ACTION ITEMS

4.3 Priority Ranking Criteria and Validation Process for Capital Projects.

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

During the presentation, the Committee made the following requests of staff:

- Staff to refine the financial analyses the Board discussed during the FY 19-20 rate setting process and expand it to include watershed capital projects. The analyses referenced above is the analyses of water charge increase scenarios and new capital projects could be included with each rate increase scenario.
- Staff to review the current Priority Ranking Process and determine the benefits and advantages of its continued use.
- Staff to review that capital investments for Valley Water's maintenance programs and asset management needs are adequately provided for in the CIP.

Mr. William Sherman, San Jose resident, announced that he would be submitting comments on Valley Water's Master Plan to the Board of Directors.

Director Hsueh returned the agenda to Item 4.1.

4.1 Capital Project Monitoring - Construction.

MS. Katherine Oven, Deputy Operating Officer, reviewed the information on this item, per the attached Committee Agenda Memo and noted changes to the report format, and the corresponding presentation materials contained in Attachment 1 were reviewed by staff as follows: Ms. Oven reviewed Items 1 through 4, Mr. Ngoc Nguyen, Deputy Operating Officer, reviewed Items 5 through 10, 12 through 15, 17 and 18; Mr. Hakes reviewed Items 10 and 16; and Mr. Michael Cook, Deputy Administrative Officer, reviewed Items 19 and 20.

The Committee noted the information, without formal action.

4.2 Consultant Agreements and Amendments.

Mr. Nguyen reviewed the information on this item, per the attached Committee Agenda Memo.

It was moved by Director Estremera, seconded by Director LeZotte, and unanimously carried that the Committee support staff's recommendations for Board approval of:

- Amendment to Agreement A3967A with Wood Rogers, Inc., for the Lower Penitencia Creek Improvements Project for engineering support services during construction. This is new scope for Wood Rogers, Inc. and the proposed increase is \$444,984, and brings the total NTE agreement amount to \$2,563,738.
- Amendment to Agreement A3851A with Environmental Science Associates for additional work resulted from public participation/inputs for the Almaden Lake Improvements Project. Proposed increase is \$261,582, and will bring the total NTE agreement amount to \$979,761.

4.4. 2019 Capital Improvement Program 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 made the following adjustments to the 2019 CIP Committee Work Plan:

- Review of validation process for Valley Water capital and watershed projects, September 2019; and
- Schedule a Special CIP Committee meeting for discussion of PLA only.

5. INFORMATION ITEMS.

None.

6. CLERK'S REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS AND RECOMMENDATIONS:

Ms. Natalie Dominguez, Assistant Deputy Clerk II, read the new Committee Recommendations and Requests into the record, as follows:

In regard to Item 4.3:

- Staff to refine the financial analyses the Board discussed during the FY 19-20 rate setting process and expand it to include watershed capital projects. The analyses referenced above is the analyses of water charge increase scenarios and new capital projects could be included with each rate increase scenario.
- Staff to review the current Priority Ranking Process and determine the benefits and advantages of its continued use.
- Staff to review that capital investments for Valley Water's maintenance programs and asset management needs are adequately provided for in the CIP.

In regard to Item 4.4:

The Committee requested the following adjustments to the 2019 CIP Committee Work Plan:

- Add a review of Valley Water's validation process for capital and watershed projects (September 2019); and
- Schedule a Special CIP Committee meeting for discussion of PLA only (October 2019).

7. ADJOURN

Chairperson Hsueh adjourned the meeting at 11:15 a.m., to the next scheduled meeting at 10:00 a.m., on September 23, 2019, in the Valley Water Conference Room A-124, 5700 Almaden Expressway, San Jose, California.

Natalie F. Dominguez, CMC
Assistant Deputy Clerk II

Approved:



Santa Clara Valley Water District

File No.: 19-0746

Agenda Date: 9/23/2019

Item No.: 4.1.

COMMITTEE AGENDA MEMORANDUM

Capital Improvement Program Committee

SUBJECT:

Receive Update on Integrated Approach Between Budget, Water Rates, Capital Improvement Program, and Safe, Clean Water and Natural Flood Protection (Safe, Clean Water) Program Processes for Financial Planning.

RECOMMENDATION:

Receive information and provide feedback to staff.

SUMMARY:

In response to a request from the Capital Improvement Program (CIP) Committee made during the August 12, 2019 meeting, staff from the Budget, Water Rates, CIP and Safe, Clean Water programs developed an Integrated Financial Planning Schedule (Attachment 1).

The schedule details how the Fiscal Year 2019-20 (FY20) programs' processes align and identifies the corresponding opportunities for committees to make recommendations and the Board to make decisions for each of the programs.

Staff from each program will verbally present the schedule to the CIP Committee to receive feedback.

ATTACHMENTS:

Attachment 1: Draft Integrated Financial Planning Schedule

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

Melanie Richardson, 408-630-2035

Nina Hawk, 408-630-2736

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DRAFT: VALLEY WATER FINANCIAL PLANNING SCHEDULE (as of September 2019)

Budget
Water Rates
CIP

SCW/WS O&M
Combined
All Other

| Ref | Brd Cmte Date | Brd Mtg Date | Milestone | |
|-----|---------------|--------------|---|---|
| 1 | 9/23 CIP | | CIP Committee Presentation: Review SCW, CIP, Budget and Water Rates processes and timeline for Cmte recommendations and Brd decisions | |
| 2 | | | CIP Committee Presentation: Follow-up validation process discussion | |
| 3 | Sept BPPC | | BPPC discussion re: strategic planning (last year BPPC approved by 1/31 with full board approval of workplan on 3/12) | |
| 4 | | 10/8/19 | Tentative Brd Presentation: Process discussion and Board decision-making process | |
| 5 | 10/21 CIP | | CIP Committee Presentation: Discuss unfunded validated projects and begin scenario discussion for WS projects and major changes from FY 20-24 CIP | |
| 6 | | | CIP Committee Presentation: Presentation on Upper Penitencia Planning Study | |
| 7 | 11/18 CIP | | CIP Committee Presentation: Continue scenario discussion and preview presentation to the full Board week of Jan. 7-10, 2020 | |
| 8 | | | CIP Committee Presentation: Follow-up discussion regarding SCW Capital Cost/Funding Scenarios (Upper Penitencia, Upper Llagas and Mid-Coyote) | |
| 9 | | 11/26/19 | Water Rate Planning BAM | |
| 10 | 12/9 CIP | | Preliminary CIP funding discussion and preview of Jan 14 Board presentation (CIP, Water Rates and Watersheds combined) | |
| 11 | | 12/10/19 | Budget Process Planning BAM | |
| 12 | | | Tentative Brd Presentation: Set time and place for SCW public hearing (Dependent on CIP Committee recommendation) | |
| 13 | | 01/06-10/20 | Tentative Special Brd Mtg: Workshop on CIP Funding Scenarios (Review scenarios and CIP Committee Recommendations) | |
| 14 | | | Proposed: Present 5-Year O&M Plan to Brd (for information only) | |
| 15 | | | Watersheds prelim 10 year financial analysis BAM (show prelim WSS and SCW fund graphs and discuss funding issues) | } Combined Presentation like prior year |
| 16 | 1/14/20 | | Prelim Water Rate Analysis BAM (Prelim water rate scenarios) | |
| 17 | | | Prelim CIP (Approve Project List and Preliminary CIP) | |
| 18 | | | Tentative: SCW Public Hearing | |
| 19 | | 2/11/20 | 1st pass budget update BAM | |
| 20 | | | Update on PERS/OPEB Unfunded Liabilities | |
| 21 | | 2/25/20 | Draft CIP BAM (Authorize to distribute for public review) | |
| 22 | | 3/10/20 | Water Utility Debt Issuance BAM | |
| 23 | | 3/24/20 | 2nd pass budget update BAM | |
| 24 | | 4/14/20 | GW charge public hearings begin | |
| 25 | | | CIP Public hearing begin (or this could happen on 4/29) | |
| 26 | | 4/29/20 | Budget Workstudy session | |
| 27 | | 5/12/20 | Board adoption of Water Rates, CIP, Budget, Investment and Debt Resolutions | |

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Santa Clara Valley Water District

File No.: 19-0744

Agenda Date: 9/23/2019
Item No.: 4.2.

COMMITTEE AGENDA MEMORANDUM

Capital Improvement Program Committee

SUBJECT:

Capital Project Monitoring - Design.

RECOMMENDATION:

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

SUMMARY:

The CIP Committee's 2019 Workplan includes monitoring of capital projects during all phases of development. Staff will present a list of active projects to the Committee 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: planning/feasibility; design; and construction. Staff will present projects to the CIP Committee for review one phase at a time. Projects currently in the design phase are being presented at this Committee meeting. Other attachments may be included to provide more detail on other items associated with these projects.

Attachment 1 is a list of projects in the design 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: Capital Project Monitoring - Design

UNCLASSIFIED MANAGER:

Tim Bramer, 408-630-3794
Christopher Hakes, 408-630-3796
Ngoc Nguyen, 408-630-2632

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Capital Project Monitoring Report - September 2019

Design Phase

| Row | Project No. | Project Name | Notes, Upcoming Board Actions or potential issues | Planned CM Services | | |
|--------------------------------|----------------------|--|--|---------------------|----------|--------------------|
| | | | | Internal | External | Combination |
| <u>Water Utility</u> | | | | | | |
| 1 | 91854001 | Almaden Dam Improvements | Planning Study Report expected by June 2027. (This project will be on the planning report in the future) | X | | |
| 2 | 91864005 | Anderson Dam Seismic Retrofit | 90% design due to be completed by June 2020. | | | X |
| 3 | 91874004 | Calero Dam Seismic Retrofit - Design & Construct | 90% design due to be completed by May 2020. | | | X |
| 4 | 91894002 | Guadalupe Dam Seismic Retrofit - Design & Construct | 90% design due to be completed by June 2020. | | | X |
| 5 | 95084002 | 10-Yr Pipeline Inspection & Rehabilitation (Cross Valley Pipeline) | Board awarded construction contract in July 2019. This item will be moved to the construction phase list for future reports. | X | | |
| 6 | 95084002 | 10-Yr Pipeline Inspection & Rehabilitation (Central Pipeline) | 60% Design completed; due to other system maintenance shutdowns, work will be performed in fall 2020. | X | | |
| 7 | 26764001 | IRP2 Additional Line Valves | 30% design completed for 3 of 4 additional line valves. | X | | |
| 8 | 93294051 | RWTP FRP Residuals Management | Some system improvement elements and RWTP Landscaping will be performed as small capital projects, other elements will be incorporated into the RWTP Residuals Remediation design. | X | | |
| 9 | 93294058 | RWTP Residuals Remediation | 30% design expected by November 2019. | | | X |
| 10 | 91094009 | SoCo Recycled Water Pipeline- Short-Term Implementation Phase 1B | On hold until USBR completes NEPA updates. \$5.2 million in grant funding. | X | | |
| 11 | | Water Utility Small Capital Projects | 1 small capital project was advertised for construction in summer 2019; 2 others slated for fall 2019. | X | | |
| <u>Flood Protection</u> | | | | | | |
| 12 | 10394001 | Palo Alto Flood Basin Tide Gate Structure Improvements | 60% design by November 2019; Draft MND for public review in November 2019. | X | | |
| 13 | 26284002 | San Francisquito Creek - Construction, SF Bay to Middlefield Road | Mitigation planning contract was completed in June 2019. Pope Chaucer design at 60%; Channel design at 90%; Final EIR expected October 2019. | X | | |
| 14 | 26074002 | Sunnyvale East and West Channels | Permit negotiations are underway; MoA with Google underway. | | | |
| 15 | 26154003 | Guadalupe Rv-Upper, SPRR to Blossom Hill Road (R7-12) | Completed 65% design for Reach 7. Project is on hold. USACE is evaluating total project cost and benefit-cost-ratio. District is discussing with USACE options to make the project more competitive for federal funding. | N/A | | USACE construction |
| 16 | 40334005 | Lower Penitencia Ck Improvements, Berryessa to Coyote Cks. | 90% design completed; Final design in 2019; Received permits from CDFW and USACE and final draft permit from RWQCB; Planning to advertise construction contract in December 2019. | X | | |
| 17 | 26174051 26174052 | Llagas Creek–Upper | Phase II: 100% design expected to be completed by November 2019. | | | X |
| 18 | 26444001 | San Francisco Bay Shoreline - EIA 11 Design & Part Construction | Reach 1 levee design completed; District obtained R/W for Reach I construction; Reaches 2 and 3: 90% design completed in July 2019; Final design in October 2019; Planning to advertise and award Reach I construction in January 2020. Valley Water was awarded a \$57 million grant over five year period. | N/A | | USACE construction |

Capital Project Monitoring Report - September 2019

Design Phase

| Row | Project No. | Project Name | Notes, Upcoming Board Actions or potential issues | Planned CM Services | | |
|------------------------------------|-------------|--|--|---------------------|----------|-------------|
| | | | | Internal | External | Combination |
| Water Resources Stewardship | | | | | | |
| 19 | 62084001 | Watershed asset Rehabilitation Program (WARP) | Uvas Creek Levee Rehabilitation Phase 2 construction contract awarded on May 28, 2019; San Tomas Creek + Barron Creek Erosion Repair construction contract awarded on June 11, 2019. | X | | |
| 20 | 40174005 | Berryessa Creek Lower Penitencia to Calevaras Blvd. (Lower Calera Creek) | Final design is expected in December 2019; EIR addendum is being finalized; Planning to advertise construction contract in January 2020. | X | | |
| 21 | 26164001 | Hale Creek Enhancement Pilot Study | 60% design completed; 90% Design in July; Final design in November 2019. | X | | |
| 22 | 26044002 | SCW Fish Passage Improvements at Bolsa Rd | Planning to advertise construction contract in December 2019. | X | | |
| 23 | 26044001 | Almaden Lake Improvements | Draft EIR for public review in December 2019. | X | | |

Buildings & IT

No projects to report



Santa Clara Valley Water District

File No.: 19-0860

Agenda Date: 9/23/2019

Item No.: 4.3.

COMMITTEE AGENDA MEMORANDUM

Capital Improvement Program Committee

SUBJECT:

Consultant Agreements and Amendments.

RECOMMENDATION:

Receive information on upcoming consultant agreements and/or amendments that staff will be recommending for Board approval.

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. Consistent with this, the Committee has requested that staff provide regular updates on new consultant agreements and planned amendments to existing consultant agreements.

Staff anticipates recommending Board approval of one new consultant agreement and two amendments to existing consultant agreements within the next few months. A brief description is as follows:

1. Construction Management Services with Harris & Associates Agreement A3932A for Permanente Creek Flood Protection Project Rancho San Antonio Detention Project No. 26244001. Staff recommends Board approval of a time extension and authorization of additional funding for Agreement A3932A with Harris and Associates to perform construction management and archaeological support services for the Rancho San Antonio Detention Project, which is part of the larger Permanente Creek Flood Protection Project.

On January 26, 2016, the Board of Directors approved the original agreement A3932A with Harris and Associates to perform Construction Administration, Management and Inspection services for a not-to-exceed (NTE) fee of \$1,270,410. The Board approved Amendment No. 1 to this Agreement on February 27, 2018 to increase the NTE fee by \$882,952, and approved Amendment No. 2 on March 26, 2019 to increase the NTE fee by \$350,000. These amendments included additional construction management services and archaeological support and also extended the contract term by one year each time.

Due to the discovery of archaeological findings during excavation in May 2017, the project site was shut down from February 2018 until June 2019 while an archaeological recovery plan was produced to allow the Army Corps of Engineers (USACE), Santa Clara County Parks, Valley Water, and the Most Likely Descendant (MLD) to complete the consultation process with the

State Historic Preservation Officer (SHPO). The SHPO consultation was completed on June 19, 2019 and USACE reauthorized the Project's construction on June 20, 2019. Staff is requesting the contract term be extended by an additional year to March 31, 2021 in order to allow sufficient time for Project construction to be completed.

Due to the shutdown and additional archaeological work required under the reauthorized permit, staff is requesting an additional \$250,412 for a total NTE fee of \$2,753,774 to allow the Consultant to provide the additional services required for the Rancho San Antonio Detention Project.

2. Native American Consulting Services with Andrew Galvan, Most Likely Descendant Agreement A4107G for Permanente Creek Flood Protection Project Rancho San Antonio Detention Project No. 26244001. Staff recommends Board approval of a time extension and authorization of additional funding for Agreement A4868A for Native American Consulting Services at the Rancho San Antonio Detention Project, which is part of the larger Permanente Creek Flood Protection Project.

In May 2017, the discovery of cultural resources was made during construction excavation at Rancho San Antonio. State laws require appointment of a Most Likely Descendant (MLD) of the relevant tribe, and the state appointed Mr. Andrew Galvan as the MLD) to oversee the archaeological finds at the Project area.

On August 9, 2018, an agreement was executed between Valley Water and the MLD to oversee the excavation and ongoing discovery of cultural resources for a not-to-exceed fee of \$148,500 and with an expiration date of March 31, 2020.

Due to an increase in the level of effort required in accordance with permit requirements from the recently completed consultation with the State Historic Preservation Officer, staff recommends an additional year and \$250,000 for a total NTE of \$398,500, to continue the recovery of cultural resources necessary to proceed with and complete construction of the Permanente Creek Flood Protection Project Rancho San Antonio Detention.

3. On-Call Vena Enhancements and Support Services with Vena Solutions USA, Inc., Project No. 00074033. Staff recommends Board approval of a new sole-source agreement with Vena Solutions USA, Inc. for On-Call Enhancements and Support Services for Budget Office and Capital Improvement Program (CIP) forecasting and support purposes for a not-to-exceed fee of \$302,000.

Beginning in 2016, Valley Water implemented Vena, a cloud-based budget and capital planning system to replace its outdated CIP and budget software and to streamline processes for financial forecasting and capital planning (Agreement A4020A).

While the initial implementation is complete, further improvements to the software have been identified as necessary to support these mission-critical functions. This agreement will allow the consultant to provide enhancements, upgrades and improvements to data transfer,

depiction and presentation, along with improvements to technical requirements on an as-needed basis, as specialized support will be required on a regular basis to help support further improvements to Valley Water's CIP software.

Due to copyright and patent laws, Vena Corporation is the only company legally allowed to make modifications to its software; the improvements that will be provided as part of this agreement are not included as part of the ongoing licensing and maintenance agreement. Therefore, staff is requesting Board approval of a new sole-source on-call agreement with Vena Solutions USA, Inc.

ATTACHMENTS:

None.

UNCLASSIFIED MANAGER:

Ngoc Nguyen, 408-630-2632

Tim Bramer, 408-630-3794

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Santa Clara Valley Water District

File No.: 19-0745

Agenda Date: 9/23/2019

Item No.: 4.4.

COMMITTEE AGENDA MEMORANDUM

Capital Improvement Program Committee

SUBJECT:

Next Steps in the Capital Improvement Program Process.

RECOMMENDATION:

Receive information and make recommendations as necessary.

SUMMARY:

At the August 12, 2019 CIP Committee meeting, staff presented the current Validation Process used for adding new projects to the CIP. Additionally, staff noted that the value of the prioritization criteria that were developed over 15 years ago has diminished over time. The current Validation Process led by staff within the agency to evaluate and consider various projects. The Validation Process is now the gateway for a project to be included in the CIP. Decisions are made based on a number of considerations, including availability of funding and urgency of when the project is needed. After the Validation Process is completed by staff, the CIP Committee and Board review the staff proposed CIP for input and eventual adoption.

At the August 12, 2019 meeting, staff also made mention of a recent CIP Comparison Study undertaken by the Bay Area Water Supply and Conservation Agency (BAWSCA). Staff has prepared a brief description of how other western United States public utilities approach capital project prioritization (Attachment 1).

On October 8, 2019, staff is planning to present the CIP process, which includes the Validation Process, to the Board. Staff will review the Draft Integrated Financial Planning Schedule with the Board and identify opportunities for the CIP Committee to review information and make recommendations, along with the Board's opportunities to make decisions regarding the allocation of project funding within the CIP process.

Based upon the Board's direction, staff plans to return to the CIP Committee on October 21, 2019 to provide the FY 2021-25 CIP Baseline Scenario, additional information on new projects that were validated in the FY2020 cycle, and major changes from the FY 20-24 CIP.

ATTACHMENTS:

Attachment 1: Summary of BAWSCA CIP Comparison Study

UNCLASSIFIED MANAGER:

File No.: 19-0745

Agenda Date: 9/23/2019
Item No.: 4.4.

Chris Hakes, 408-630-3796

Summary of BAWSCA CIP Comparison Study

Benchmarking Capital Project Prioritization Approaches

In June 2019, the Bay Area Water Supply and Conservation Agency (BAWSCA) released a draft Capital Improvement Planning Comparison Study (CIP Comparison Study) that compared the San Francisco Public Utilities Commission's (SFPUC) Regional Water and Hetch Hetchy Water capital improvement plan development with other western United States public utility practices. The Santa Clara Valley Water District (Valley Water) was one of the nine (9) agencies (SFPUC included) who participated in this study. The following paragraphs provide a brief summary of how several of the participating agencies approach the prioritization process for their capital program. Three of the participating agencies did not describe their project prioritization system, and one agency reported that it's still under development.

Contra Costa Water District (CCWD)

CCWD capital projects are prioritized according to a standard set of criteria that measure the relative importance of a project based upon factors such as protection of health and safety; legal requirements; relationship to CCWD goals, and rate of return (ROI) on CCWD's investment. The projects are assigned a priority level which provides a basis of deciding which projects should be done in any given year and scheduling projects over the 10-year span of the CIP. The following three levels are used to reflect a range of priorities from high to low:

1. **Priority Level 1:** Highest priority capital projects. They include projects already in construction and those required by legislation, regulation, contract, or for protecting health and safety. Level 1 also includes projects slated for grant funding requests and grant-funded projects.
2. **Priority Level 2:** Projects that provide measurable progress toward achieving CCWD goals, but CCWD has a moderate level of control as to when they should be performed. If the ROI is a determining factor, projects in this level will have a payback of less than five years.
3. **Priority Level 3:** Projects that are projected to be necessary, but CCWD has considerable discretion as to their timing. They include projects for which CCWD is awaiting a response to a grant application, or projects dependent on outside entity action prior to proceeding. If an ROI is a determining factor, projects in this level will generally have a payback greater than 5 years.

Only projects with a priority level 1 or 2 ranking are included in the 10-year Financial Plan and Rate Model as part of the annual CIP process.

Metropolitan Water District (Met)

Met's approach to identifying projects for its CIP is based on evaluation criteria that cover four characteristics or objectives for capital projects: Project Justification; Directive; Service Disruption; and Cost/Productivity/Sustainability. In addition, a multiplier is applied to a project's

rating to factor in a risk assessment. The following is a more detailed description of the criteria and multiplier:

1. **Justification:** Assessment of overall importance of a project. Project is evaluated on whether it supports: supply and/or infrastructure reliability; regulatory compliance; GM Business Plan; and other goals (e.g., cost savings, revenue generation, energy savings).
2. **Directive:** Assessment of whether or not a project is identified in one of the core or strategic initiatives; if any permitting agency has issued a directive or citation to take corrective actions; and/or if it's a current Board-authorized scope of work.
3. **Service Disruption:** Assessment of not doing a project: it's impact on Met's business operation or impact to water system operations.
4. **Cost/Productivity/Sustainability:** Assessment of whether or not a project improves cost efficiency or productivity.
5. **Multiplier for Risk Assessment:** Assessment of the probability of facility/component/process failure; workplace health and safety; water quality or environmental impact; missed opportunity (e.g., available resources, shutdown, revenue generation, cost savings, supply) and/or not meeting service demands.

San Francisco Public Utilities Commission (SFPUC)

SFPUC's project prioritization process is performed after capital projects are scoped at the planning level and a planning-level cost estimate is calculated. Projects are designated as Priority 1, 2, or 3. Priority 3 projects are not included in the Financial Plan.

1. **Priority 1:** Projects that must be completed to maintain adopted Level of Service; ensure safety for employees or public; avoid significant liabilities; or comply with laws, contracts, or SFPUC Commission policies. These projects are usually not discretionary at the staff level. Priority 1 projects include supplemental funding needed to complete construction.
2. **Priority 2:** Projects that are cost-effective or otherwise considered to be consistent with Best Management Practices. Examples include projects that extend the life of an asset; allow participation in external funding partnerships (grants, etc.); or that have a rate of return on investment within 10 years.
3. **Priority 3:** Projects are discretionary; are incompletely scoped; have unclear schedule or cost estimates; have external funding yet to be secured; or have pending agreements.

Seattle Public Utilities (SPU)

Seattle Public Utilities (SPU) is a public utility agency of the city of Seattle, Washington, which provides water, sewer, drainage and garbage services for 1.4 million people in the greater Seattle area.

SPU identifies candidate capital projects from several sources – planning (e.g. comprehensive plans, program plans), external projects and opportunities, and emergencies or other unexpected events. Under SPU’s Asset Management system, projects must be justified through a business case process that establishes that a problem or opportunity is timely and important, and that the proposed solution is superior to alternatives based on a triple bottom line analysis (economic, environmental and social) of life cycle costs and benefits. The process also recognizes that a project may be a “must do” project (e.g. required by regulation).

SPU prioritizes its capital projects into three categories - Priorities 1, 2, and 3, with 1 being the most important and critical. Some projects are part of an externally-driven project. Typically, SPU lacks control over the timing of externally-driven projects. Priority rankings are based on five evaluation criteria:

1. **Regulatory Mandates, Legal Agreements:** The degree to which a project is driven by federal, state, and local laws; permit and regulatory requirements; consent decrees; and by legal agreements with public and private parties.
2. **External Drivers:** These may include SPU’s responsiveness to or engagement with, a project of other City Departments or Jurisdictions, and the specific mandates of the City.
3. **Infrastructure:** How a project addresses infrastructure conditions or vulnerabilities.
4. **Level of Service:** The importance of a project in providing or improving services to customers.
5. **Other Factors:** High net present value or cost-effectiveness, social or environmental benefits not otherwise captured, a project already in progress or near completion, limited time opportunity, demonstration projects, community visibility, available external funding.

The information provided in the draft CIP Comparison Study states that every project is rated against each criterion. Criteria ratings are then considered in determining an overall project priority ranking, using expert judgment (rather than a formula). Priority rankings for the CIP are determined by the leads for each area of business, with review by key internal stakeholders. The ranking scheme and criteria are the same for all business areas and are approved by the SPU GM/CEO and Asset Management Committee. Project priority rankings are used to clarify and document which projects are most important (and why), and help determine which projects at the margin will be included or excluded (or deferred) from the CIP.

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Santa Clara Valley Water District

File No.: 19-0747

Agenda Date: 9/9/2019

Item No.: 4.5.

COMMITTEE AGENDA MEMORANDUM

Capital Improvement Program Committee

SUBJECT:

2019 Capital Improvement Committee Work Plan.

RECOMMENDATION:

Review the 2019 Capital Improvement Program Committee Work Plan and make revisions as necessary.

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.

The 2019 Capital Improvement Program Committee Work Plan is contained in Attachment 1. Information in this Plan document was provided by staff as follows:

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.

ATTACHMENTS:

Attachment 1: 2019 CIP Committee Work Plan

UNCLASSIFIED MANAGER:

Michele King, 408-2630-2711

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CIP Committee 2019 Workplan

| | <i>Jan 3</i> | <i>Jan 14</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> |
|---|--------------|---------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <i>CIP Implementation</i> | | | | | | | | | | | | | |
| Public Private Partnership (P3) Delivery for projects | | | | | | | | | | | | | |
| Safe, Clean Water Projects Implementation | | | | X | X | | | | | X | | | |
| Presentation on Design-Build | | X | | | | | | | | | | | |
| Project Labor Agreement | | | X | X | X | | X | X | | | X | | |
| Construction Management Resource Needs | | | X | | | | | | | | | | |
| Calero Dam Seismic Upgrade and Water Reliability Analysis | X | | | X | | | | | | | | | |
| Employee Workspace Study | | | | X | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| <i>Capital Project Monitoring</i> | | | | | | | | | | | | | |
| Construction | | X | | | X | | | | X | | | X | |
| Design | | | X | | | | X | | | X | | | X |
| Planning/Feasibility | X | | | X | | | | X | | | X | | |
| Upcoming Consultant Agreements and Amendments | X | X | | X | | | X | X | X | X | | | |
| Project Planning Studies for Board Review/Approval | | | | | | | | | | | X | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| <i>CIP Development</i> | | | | | | | | | | | | | |
| Project Ranking Criteria | | | | | | | | | | | | | |
| Preliminary CIP | X | | | | | | | | | | X | X | X |
| Project Validation and Ranking Criteria Process | | | | | | | | | X | X | | | |
| | | | | | | | | | | | | | |

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