



CAPITAL IMPROVEMENT PROGRAM MEETING

MINUTES

MONDAY, JULY 18, 2022

11:00 AM

(AMENDED)

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A regular meeting of the Santa Clara Valley Water District (Valley Water) Capital Improvement Program Committee (Committee) was called to order at 5700 Almaden Expressway in San Jose, California at 11:00 a.m.

1.1 Roll Call.

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

Staff in attendance was Eva Sans, Assistant Deputy Clerk II.

Staff participating were J. Aranda, E. Aryee, H. Ashktorab, A. Baker, E. Baker, S. Berning, R. Blank, J. Bourgeois, C. Cannard, F. Chak, J. Codianne, J. Devadoss, A. Fraumeni, M. Ganjoo, A. Gordon, G. Jacobson, C. Kwok-Smith, O. Leonardo, J. Martin, R. McCarter, D. Montenegro, C. Narayanan, C. Nguyen, M. Nguyen, J. O'Brien, A. Phagan, M. Potter, J. Randol, D. Rocha, L. Orta, S. Saini, , D. Taylor, G. Williams, B. Yerrapotu, T. Yoke, and B. Welch.

2. TIME OPEN FOR PUBLIC COMMENTS 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:

3.1 Approval of June 13, 2022 Capital Improvement Program Committee Minutes.

Recommendation: Approve the minutes.

The Committee considered the minutes of the June 13, 2022 meeting.

It was moved by Director Estremera, seconded by Director LeZotte, and ~~unanimously carried by roll call vote~~, to approve the Minutes of June 13, 2022, as presented.

07/18/22

4. ACTION ITEMS:

4.1 Review Capital Project Monitoring - Feasibility and Planning Report.

Recommendation: Receive updates on projects in the feasibility and planning phase, discuss resource needs, and make recommendations as necessary.

Chairperson Hsueh announced that this item would be a review of projects in the Feasibility and Planning phase per the attached Committee agenda memo, and the corresponding material contained in Attachment 1 were reviewed, as follows: Ryan McCarter, Acting Assistant Deputy Operating Officer,, reviewed Line Item Nos. 1 and 2; John Bourgeois, Deputy Operating Officer, reviewed Line Item Nos. 3, 10, 11, and 13 through 15; Emmanuel Aryee, Acting Deputy Operating Officer reviewed Line Item Nos. 4 and 9; Hossein Ashktorab, Recycled & Purified Water Manager, reviewed Line Item No. 5; Erin Baker, Asset Management Manager, reviewed Line Items 6 through 8; and Bhavani Yerrapotu, Deputy Operating reviewed Line Item No. 12.

The Committee noted the following without taking formal action:

In regard to the *Upper Penitencia Creek, Coyote Ck-Dorel Drive* project, staff was reminded that with the upcoming release of the Planning Study Report, timing could be good to rename this project for its multi-beneficial essence, and not only as a flood protection project.

In regard to the FAHCE Implementation Project, staff noted that that this was a placeholder project for projects under the FAHCE Program; that the program was still in the works; that the Environmental Impact Report (EIR) had been released last year; that significant comments had been received from stakeholders and that staff was working very hard to address these comments and release the Final EIR next summer.

In regard to the Tentative Selection Plan for PII of the *San Francisco Bay Shoreline* project, the next milestone would be August or September, instead of July 2022 as published on the agenda; and

In regard to the final *Metcalf Pond Feasibility Study*, there was a holding pattern due to ongoing negotiations with National Marine Fisheries, the outcome of which would inform the study with the most up to date information; and that in response to Committee inquiry, staff would come back with information on members of the Steering Committee who were engaged on the planning charettes. Subsequently, staff provided the information on steering committee members via email to the Committee.

4.2 Review Capital Projects not Listed in the Capital Project Monitoring Phase Reports.

Recommendation: Review Capital Projects not Listed in the Capital Project Monitoring Phase Reports.

Chairperson Hsueh reviewed the information on this item, per the attached Committee agenda memo, and the corresponding material contained in

Attachment 1 was reviewed by Jennifer Martin, CIP Program Administrator, with in-depth input by deputies and chiefs associated with their respective projects.

The Committee noted the following information without taking formal action.

In regard to the *Almaden Dam Improvement* project, the purposes of separating the Almaden/Calero canal portion were to restore operational capacity on the canal, and to stabilize and improve maintenance access; that the canal transfers water from Almaden Reservoir to the Calero Reservoir, a smaller and less productive reservoir; that from Calero Reservoir, water could be sent to treatment plants and other places; that the canal has lost capacity and would need retrofit sooner rather than later; and that the canal has associated water rights that could be maximized; that the canal facility could be maintained while keeping an eye on the Almaden Dam as a future project; and that Almaden Reservoir is located up on the hills, and not associated with Almaden Lake;

In regard to the *Llagas Creek-Lower, Capacity Restoration* project, which started about sixteen years ago, this project would move forward in FY 23. Rechelle Blank, Chief Operating Officer, responded that Steve Ferranti, Capital Engineering Manager, had completed all hiring and had earmarked the work and the staff assigned.

In regard to the *FAHCE Stevens Creek Moffet Ave Fish Ladder* and *FAHCE Stevens Creek Multi-Port Outlet at Dam* projects, both projects, owned and under VW control, were all FAHCE Restoration Measures that are part of the *Settlement Agreement Regarding Water Rights of the Santa Clara Valley Water District on Coyote, Guadalupe, and Stevens Creek*; and that VW committed to do these projects once the FAHCE program is in place. Staff confirmed that these two projects are dependent upon completion of the FAHCE EIR. The study on Stevens Creek fish barrier was already completed as part of the Safe Clean Water Priority D4 program and staff has been working with local partners on an advanced mitigation credit program in Stevens Creek. On the Stream Gage 35 plan, staff stated that this barrier is within VW control and ownership and included on the plan to remediate within the first five years of the FAHCE program.

In regard to *Project 1 Design & Construction (e.g. Metcalf Ponds)* and the *Project 2 Construction (e.g. Ogier Ponds)* projects, they were both funded contingent upon a successful implementation of FAHCE settlement; and that the earlier verbal report by staff under Agenda Item 4.1, Line Nos. 13 and 15, could be referenced as projects that must be completed first before the projects referred to in Agenda Item No. 4.2 under Line Nos. 13 and 14 could start.

In regard to the *Facility Management Small Caps*, this project has an annual recurring funding for small capital maintenance work.

Chairperson Hsueh and Tina Yoke, Chief Operating Officer, discussed potentially removing the *Headquarters Operations Building* project from the CIP, mostly due to lack of clear direction on the project.

Staff was requested to exempt the following projects from the monitoring phase since they are ongoing, and budgeted annually: *Facility Management Small Caps, Software Upgrades and Enhancements, and WTP-WQL Network Equipment* projects.

The Committee reminded everyone that this agenda item was requested so that the Committee can play a supportive role keeping an eye on projects that are funded and in the CIP but are currently inactive so that the Board is aware of them.

4.3 Future Funding for Dam Safety Program.

Recommendation: Receive Information on Future Funding for Dam Safety Program.

Darin Taylor, Chief Financial Officer, reviewed the information on this item, per the attached Committee Agenda Memo, and added that the Financial Sustainability Working Group had started discussion of establishing a dam repair reserve that could be built up over time to help pay for the eventual cost of repairs or replacement. The working group suggested to do a financial projection for 25 years with assumptions during the forecasted period and would give the Board a good look at rate projections, and that it would meet again in November to layout the framework of the financial projection.

Director Estremera requested staff to be clear in sending the message that current efforts were all under the planning phase, and that nothing had been committed yet.

The Committee noted the information without taking formal action.

4.4 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.

Ryan McCarter reviewed the information on this item, per the attached Committee Agenda Memo, and per the information contained in Attachment 1 and noted that a formatting change had been made to the table.

The Committee received information on one pending change order for the Anderson Dam Tunnel Project Construction contract and acknowledged the formatting update made to the table in Attachment 1.

The Committee requested that staff brings to the full Board at least once, at the end of the year, a report on change orders, or any change orders involving a million dollars or more; and that staff would bring to this Committee's attention when an annual report is due to the Board, or when a change order reached a million dollars.

The Committee received the information, without taking formal action.

4.5 Receive Information on Upcoming Consultant Agreement Amendments for Capital Projects.

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

Ryan McCarter reviewed the information on Agreement A4243A with GEI Consultants, Inc. for Engineering Services for the Lenihan and Stevens Creek

Dams Safety Evaluations, per the attached Committee Agenda Memo, and per the information contained in Attachment 1. In response to Committee inquiry, he stated that this amendment was only for a two-year time extension, and not adding funds to the already budgeted amount.

4.6 Review 2022 Capital Improvement Program Committee Work Plan.

Recommendation: Review the 2022 Capital Improvement Program Committee Work Plan and make adjustments as necessary.

Chairperson Hsueh explained that Handout 4.6-A documented the meeting with staff on their request for clarification on information to include on an upcoming agenda item, *Consultant Agreement Compliance Process*, for the August meeting; and that the Board's concern was when the Board would be informed of consultants not performing up to standards at a later stage.

Director LeZotte stated that in addition, the Committee wanted to hold consultants accountable for errors and omissions, catching them before something really goes wrong, and that staff should keep records and documentations when it becomes necessary to turn them over to Leslie Orta, Senior Assistant District Counsel.

Director Estremera expressed concern on extending contracts or project scope without verifying the consultant is doing a good job; and inquired what mechanism was in place for staff to catch errors and omissions before reporting them to VW legal counsel and to ensure that we aren't paying consultants or contractors if we aren't happy with their work.

In response to Director LeZotte's inquiry on what was done regarding the project at Rinconada, staff responded that the decision was made that there would be a high-level internal program manager; that in some cases, an outside consultant would be brought in as program manager - using the Anderson Project as an example, he said that Black & Veatch was fulfilling such a role as consultant; that the other strategy was to embed staff from Construction Services Unit into the project team on these large projects, with large projects being anything over \$13M; and that Emmanuel Aryee, Acting Deputy Operating Officer, was currently implementing all of these steps.

Chairperson Hsueh announced new CIP agenda items, as follows:

- an item about inflation and potential downturn of the economy per direction from the Board;
- an item on contract compliance, as discussed immediately above;
- an item on the update on capital projects on Design and Permitting; and
- an item in November to update Future Funding for Dam Safety Program **on long term financial analysis.**

Chairperson Hsueh requested a reschedule of the August 15, 2022, regular CIP meeting. Subsequently, the rescheduled regular meeting was set on September 1, 2022.

5. CLERK REVIEW AND CLARIFICATION OF COMMITTEE REQUESTS:

None.

6. ADJOURN:

6.1 Adjourn to Regular Meeting at 11:00 a.m., on August 15, 2022.

Chairperson Hsueh adjourned the meeting at 12:20 p.m., to the next regular meeting on August 15, 2022. Subsequently, the August 15, 2022, meeting was rescheduled to September 1, 2022.

Eva Sans
Assistant Deputy Clerk II

Approved:

Date: