



Santa Clara Valley Water District

File No.: 19-0870

Agenda Date: 9/30/2019

Item No.: 4.1.

COMMITTEE AGENDA MEMORANDUM

Homeless Encampment Ad Hoc Committee

SUBJECT:

Assessment of Operational Approach of funding the Safe, Clean Water and Natural Flood Protection Program's B4 Good Neighbor Program: Encampment Cleanup Project in Fiscal Year 2020 and Beyond.

RECOMMENDATION:

- A. Receive operational approach of funding the Safe, Clean Water and Natural Flood Protection Program's B4 Good Neighbor Program: Encampment Cleanup Project for Fiscal Year 2020 by supplementing the current Encampment Cleanup Project budget with additional funding from Watersheds Stream Stewardship Fund reserves, with subsequent year Encampment Cleanup Project funding to be determined by the Board on an annual basis for Fiscal Years 2021-2028.
- B. Recommend this operational approach of funding the Encampment Cleanup project for Board approval; or provide other feedback as the Homeless Encampment Ad Hoc Committee deems appropriate for Board consideration.

SUMMARY:

Encampment Cleanup Project Background

The Safe, Clean Water and Natural Flood Protection Program's (Safe, Clean Water) Project B4 Good Neighbor Program: Encampment Cleanup (Encampment Cleanup Project) supports Santa Clara Valley Water District's (Valley Water) ongoing coordination with local cities and agencies to clean up large creekside encampments that contaminate waterways and damage Valley Water facilities.

The Key Performance Indicator (KPI) for the project is to perform 52 annual cleanups for the duration of the Safe, Clean Water Program. But in response to growing community demand for encampment cleanups, Valley Water has far exceeded the annual KPI by performing an average of 400 encampment cleanups a year during Fiscal Years 2014-2018 (FYs 14-18). As a result, the 15-year Safe, Clean Water Fund 26 funding allocation for the Homeless Encampment Cleanup Project was expended in the first five years of the program.

In FY18, the Board allocated approximately \$650,000 in additional funding from Safe, Clean Water Fund 26 reserves to help meet the community demand for homeless encampment cleanups. The \$650,000 had become available because of modification to another project that resulted in reducing the maximum funding for the Nitrate Treatment System Rebate Program due to low demand (this is KPI #2 of Project A2 Safe, Clean Water Partnerships and Grants). Meanwhile, the Board also

directed staff to continue to meet the annual KPI of 52 cleanups by allocating \$175,000 a year from Safe, Clean Water Fund 26 reserves for the remaining 10 years of the program. As a result, over the 10-years, the project will draw a total of approximately \$1.75 million from Safe, Clean Water Fund 26 reserves. In addition, the Board had earlier directed staff to further supplement the project funding with 90 percent of the net rental income from properties purchased through Watersheds Fund 12.

On August 28, 2018, the Board of Directors approved the Ad Hoc Committee's recommended operational approach of funding for FYs 19-28. This approach was to limit the number of cleanups based on available funding and to monitor for one year. Per this approach, the FY19 project budget was established at \$925,000, which included \$175,000 from Safe, Clean Water Fund 26 and \$750,000 from the Watershed Stream Stewardship Fund (Fund 12) anticipated net rental income. The FY19 budget was a reduction from an adjusted budget of approximately \$1,500,000 in FY18.

To avoid exceeding the project budget in FY19, staff reduced the frequency and number of cleanups. The reduced funding had an impact on the level of service Valley Water provided to its agency partners and the community. As compared to FY18, FY19 saw 128 fewer encampment cleanups and 389 fewer tons of trash removed, as well as a reduction in cleanup days per week from between five and seven (5 and 7) to between two and three (2 and 3), with average response times increasing from two (2) weeks to six (6) weeks. Slower response times resulted in repeated complaints and an increase in Access Valley Water encampment cleanup requests from 388 in FY18 to 566 in FY19.

Homelessness continues to grow in Santa Clara County. As the community's encampment cleanup demand has continued to increase over the last five years, so has Valley Water's cost to satisfy that demand, reaching \$1.5 million in 2018. Valley Water staff anticipates that an annual budget of approximately \$925,000 for FYs 20-28 would be insufficient to address the water quality impacts from encampments or meet the community's demands for encampment cleanups.

Operational Approach to Meet Encampment Cleanup Project Expenses for FY20

On August 5, 2019, the Homeless Encampment Ad Hoc Committee (Committee) favored the option to recommend to the full Board that the FY20 Encampment Cleanup Project budget be restored to FY18 level to meet anticipated community demand. The Committee asked that staff examine the potential funding sources, including Redevelopment Agency (RDA) revenues, to support this increased service level.

In FY18, to meet a highest-to-date level of demand, Valley Water expended \$1.5 million on encampment cleanups. To provide a similar level of service in FY20 will require supplementing the FY19 project budget of \$925,000 with an additional \$575,000. This measure of funding will best enable Valley Water to meet current demand and maintain a level of encampment cleanup service to deter re-encampments. So far in FY20, Valley Water has cleaned up 91 encampment sites and expended \$185,673. At this rate, adding \$575,000 to the annual project budget will enable Valley Water to clean up approximately 285 additional encampments during the fiscal year.

Safe, Clean Water Program (Fund 26) Reserves

The project currently draws \$175,000 a year from the program reserves to meet the annual KPI of 52 cleanups. Regarding the availability of additional Safe, Clean Water Fund 26 reserve funding, early

analysis indicates that some of the large-scale Safe, Clean Water capital projects will cost considerably more than initial estimates and may need to draw from Fund 26 reserves. A full analysis of these funding shortfalls and the strategies to address the funding gap will be presented to the Board's Capital Improvement Program Committee in November this year. In the meantime, Fund 26 will not be explored further as a source of funding for the FY20 Encampment Cleanup Project.

Redevelopment Agency (RDA) Revenues

Staff's long-term financial projections by fund currently include anticipated Redevelopment Agency (RDA) asset sale proceeds, excess RDA revenue after ongoing obligations are paid, and excess Educational Revenue Augmentation Fund (ERAF) distributions. Staff is in the process of updating forecasted revenues related to RDA and ERAF, which may be higher or lower than the current forecast. These revenues are allocated to Valley Water funds similar to the 1% ad valorem tax revenue, with the vast majority (roughly 80%) going to the Watershed Stream Stewardship Fund 12, and the remainder going to the General Fund 11 and the Water Utility Funds 61 and 63 based on information provided by the County. The updated revenue forecast for RDA and ERAF related revenue should be available in the October 2019 timeframe, which would enable an analysis of the ability to use those monies for encampment cleanups.

Watershed Stream Stewardship Fund (Fund 12)

Valley Water staff recommends drawing on Fund 12 reserves to provide the additional \$575,000 needed to return project funding back to \$1.5 million in FY20. Staff will analyze and identify long-term impacts on Fund 12 reserves during the budget long-term forecast effort scheduled to be conducted in Fall 2019 as part of the FY21 annual budget development cycle. However, any potential long-term impacts on other projects and programs could be mitigated by the Board's annual reassessment of the Encampment Cleanup Project budget relative to available funding (see discussion below).

The reallocation of \$575,000 of Fund 12 reserves to Fund 26 would require a budget adjustment. Staff requests that the Homeless Encampment Ad Hoc Committee recommend this budget adjustment to the Board.

Operational Approach to Determine Encampment Cleanup Project Funding for FYs 21-28

On August 5, 2019, the Homeless Encampment Ad Hoc Committee considered staff's recommendation that going forward, the Board would determine Encampment Cleanup Project budgets FYs 21-28 on an annual basis as part of the budget development process. The Committee acknowledged that with homelessness continuing to grow, the demand for additional funding may increase and it would be beneficial to evaluate and determine encampment cleanup funding requirements and allocations annually. Annual consideration will allow adjustments based on community needs and the health of the fund.

In consideration of the present funding requirements and future uncertainties relating to ongoing efforts to perform the Safe, Clean Water Program's Project B4 Good Neighbor Program: Encampment Cleanup, staff requests that the Homeless Encampment Ad Hoc Committee present to the Board the foregoing recommendations regarding the project's operational approach of funding for FYs 20-28.

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ATTACHMENTS:

None.

UNCLASSIFIED MANAGER:

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