



Santa Clara Valley Water District

CONFORMED COPY

File No.: 25-0424

Agenda Date: 6/10/2025
Item No.: *5.2.

BOARD AGENDA MEMORANDUM

Government Code § 84308 Applies: Yes ☐ No ☐
(If "YES" Complete Attachment A - Gov. Code § 84308)

SUBJECT:

Receive Information and Provide Direction on Safe, Clean Water and Natural Flood Protection Program Proposed Process Improvements.

RECOMMENDATION:

Receive information and provide direction on staff's proposed process improvements for the implementation of the Safe, Clean Water and Natural Flood Protection Program.

SUMMARY:

In November 2020, Santa Clara County voters approved Measure S, renewing Santa Clara Valley Water District's (Valley Water) Safe, Clean Water and Natural Flood Protection Program. The Safe, Clean Water Program (SCW Program or Program) addresses the following six community priorities:

Priority A: Ensure a Safe, Reliable Water Supply

Priority B: Reduce Toxins, Hazards, and Contaminants in Our Waterways

Priority C: Protect Our Water Supply and Dams from Earthquakes and Other Natural Disasters

Priority D: Restore Wildlife Habitat and Provide Open Space

Priority E: Provide Flood Protection to Homes, Businesses, Schools, Streets, and Highways

Priority F: Support Public Health and Public Safety for Our Community

Each priority includes specific operational and capital projects with key performance indicators (KPIs) to ensure accountability in meeting the SCW Program priorities. As changes may be required throughout the implementation of the SCW Program, Valley Water developed and followed a change control process, which outlines the differences between adjustments and modifications to the Program and identifies the different processes for implementing both.

As project costs rise due to inflation and regulatory changes, adjustments or modifications to funding allocations are often required. In compliance with the change control process, the Board has in the

past held Public Hearings and approved staff recommendations to reduce or reallocate funding for some projects.

Board Direction

On February 11 and February 25, 2025, the Board held Public Hearings to consider staff's recommendation to modify the KPI for the San Francisco Bay Shoreline Protection Project E7 (Shoreline Project), to reallocate funds from Economic Impact Areas (EIA) 1-4 to EIA 11 within the Shoreline Project. After receiving comments from municipalities, the public, and extensive Board discussions, the Board did not approve the proposed modifications and decided to hold a Public Hearing on the matter during next year's Capital Improvement Program (CIP) annual development cycle to align with the development of the CIP FY 2027-31 Five-Year Plan. The Board also assigned the Board Planning and Monitoring Committee (BPMC) to work with staff to review Valley Water's integrated process and develop recommendations to address concerns heard by Valley Water during the Public Hearing.

BPMC Review and Feedback

On April 14, 2025, staff presented proposed conceptual process improvements for the BPMC's review and feedback. The BPMC supported staff's proposal and recommended that staff bring the approach forward to the full Board for its consideration. Below is a description of the process improvements reviewed and supported by the BPMC, with additional information generated by staff following the April 14, 2025, BPMC meeting.

Proposed Process Improvements

At the recent Public Hearings Valley Water held to modify planned funding for the Shoreline Project, some jurisdictions and members of the public raised concerns that they were not given sufficient advance notice or opportunities to provide input on Valley Water's proposed funding modifications. In addition, some of the public comments suggest that Valley Water's approach to evaluating funding allocation modifications and decision-making is not well understood. To address these two issues, staff is proposing the following conceptual process revisions when Valley Water is considering making funding modification decisions in the future.

Stakeholder Outreach

To address the first issue relating to stakeholder outreach, staff proposes extending the duration of the public hearing that Valley Water is required to hold to consider funding modifications for SCW projects. The extended Public Hearing process would be similar to the current process that Valley Water follows for setting groundwater charges. The revised process would offer multiple opportunities for stakeholders to provide input on Valley Water's proposed funding changes. Staff proposes that Valley Water incorporate the following steps from the groundwater rate setting process into the SCW Program Public Hearing process, as follows:

1. Staff presentation of analysis and proposed funding modifications to the Board and

- Board discussions prior to Public Hearing
- 2. Notification of Public Hearing
- 3. Open Public Hearing
- 4. Continue Public Hearing: Engagement with the Board, Board advisory committees, municipalities, the public, etc., as appropriate, along with staff reporting comments received to the Board
- 5. Close Public Hearing
- 6. Board deliberations and decision-making

To implement the above steps in a manner that would improve transparency, provide meaningful engagement opportunities, and align with Valley Water's established planning and budgeting cycles, staff have developed two sample process timelines shown in Figures 1 and 2 below for illustration purposes.

In most cases, the standard process, which is estimated to take 2-3 months (as illustrated in Figure 1), would be followed. However, there may be exceptions to this process if reallocating funds is necessary to prevent project delays. For example, additional funds might be required for a project to proceed with awarding a construction contract after bids have been opened. In those instances, Valley Water would follow an expedited process, as shown in Figure 2, with an estimated timeline of as few as 4 weeks and up to 6 weeks, to seek the Board's approval of a recommended funding modification.

Whether the Board would be considering a proposed funding modification following the standard or expedited process, the actual duration of the process would differ depending on a number of factors such as the complexity of the proposed modifications; the number of projects or jurisdictions affected; and the level of stakeholder engagement required based on public interests in the proposal.

As shown in the following sample timelines, the extended Public Hearing duration would allow the public to raise issues and comment on a proposed funding modification both to the Board during board meetings and through other stakeholder engagement that Valley Water staff would be undertaking while the Public Hearing is continuing. To the extent possible, staff would align the SCW funding modification process with other Valley Water processes such as the Capital Improvement Program (CIP) and budget development processes. In addition to board meetings, a recommended funding modification may also be brought to applicable Board Committees as informational items.

Figure 1: Standard Process Timeline

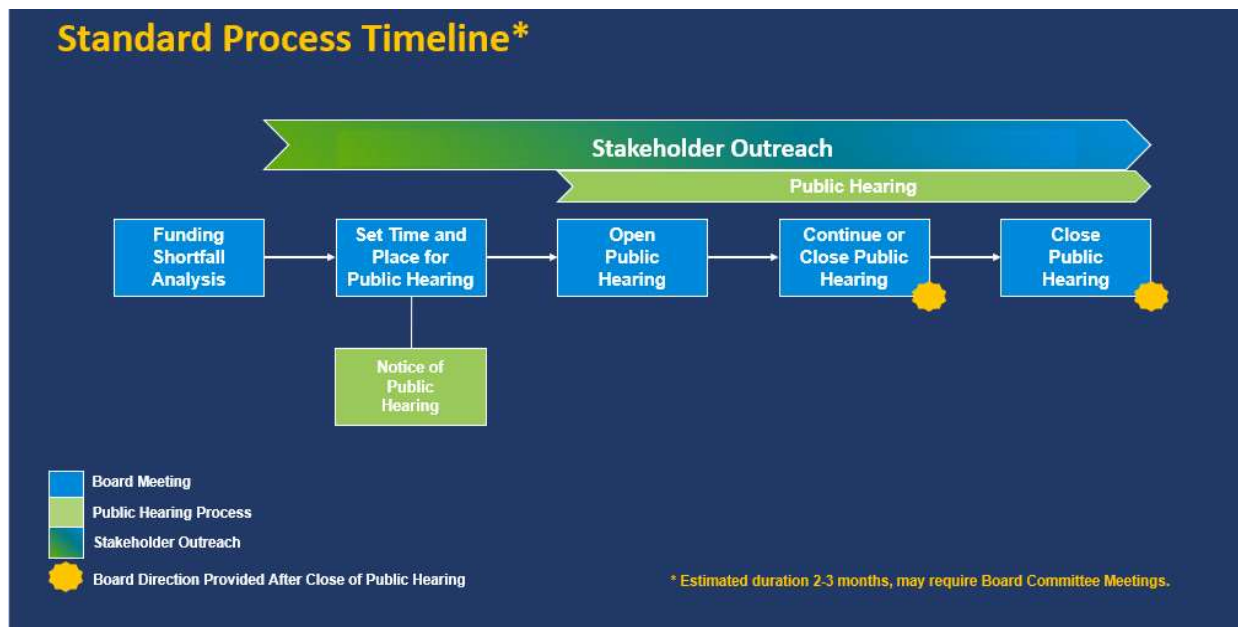
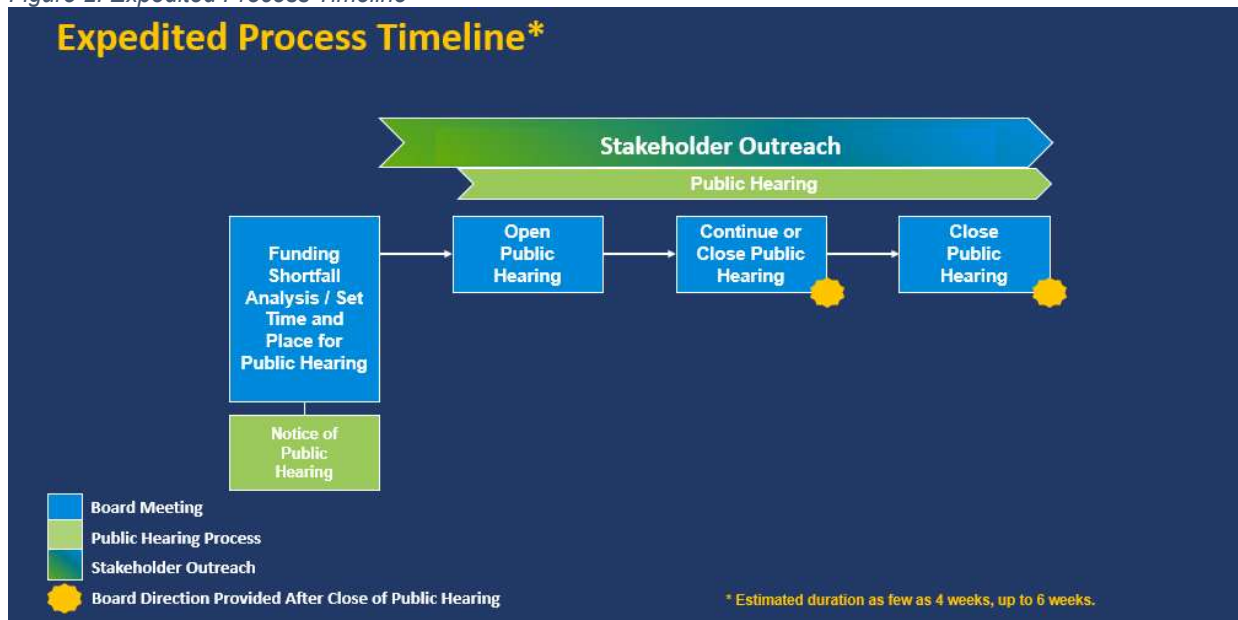


Figure 2: Expedited Process Timeline



Criteria for Funding Modifications Recommendations

As described above, comments received during prior Public Hearings suggest that the public is seeking more explanation about Valley Water's rationale and criteria leading to the proposed funding modifications. Increasing the public's understanding of Valley Water's priorities and criteria used to make funding recommendations, as well as our integrated process, would facilitate more meaningful public participation and promote Valley Water's ability to fulfill its obligation to serve Santa Clara

County as a whole. Therefore, staff may clarify or elaborate on the criteria and processes used for recommended funding modifications at Board meetings and Public Hearings as deemed appropriate.

The CIP planning process, long-range financial planning process, and Board strategic planning process will continue to be utilized to identify and present potential funding gaps for projects and proposed solutions. The potential funding gaps and proposed solutions would become inputs for the Board discussions before the Public Hearing. The Board will have opportunities to provide feedback and directions to staff before the Public Hearing.

Next Steps

Following Board review and direction, staff will work on updating the Change Control Process and return to the Board for final review and approval.

ENVIRONMENTAL JUSTICE AND EQUITY IMPACT:

There are no environmental justice and equity impacts associated with receiving information and providing feedback regarding the proposed process improvements for the Safe, Clean Water Program. This action is unlikely to or will not result in human health or environmental effects and is not associated with an equity opportunity.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

Attachment 1: PowerPoint

*Handout 5.2-A: City of Palo Alto

*Handout 5.2-B: City of Mountain View

UNCLASSIFIED MANAGER:

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