



Santa Clara Valley Water District

File No.: 26-0638

Agenda Date: 8/11/2026

Item No.: 3.4.

BOARD AGENDA MEMORANDUM

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

SUBJECT:

Conduct a Continued Public Hearing on Proposed Modifications to Projects under Priorities E and F of the Safe, Clean Water and Natural Flood Protection Program. (Continued from July 14, 2026)

RECOMMENDATION:

Conduct a continued Public Hearing to receive comments on the proposed modifications to the following projects in the Safe, Clean Water and Natural Flood Protection Program: **Project E5:** San Francisquito Creek Flood Protection, and **Project F6:** Good Neighbor Program: Graffiti and Litter Removal and Public Art; and

- A. Close the public hearing, deliberate, and if appropriate, take action on the proposed modification(s); or
- B. Continue the public hearing to a subsequent regularly scheduled Board meeting as determined by the Board.

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 (Safe, Clean Water Program or Program). This measure provides continued funding through a special parcel tax for projects delivering safe water, natural flood protection, and environmental stewardship. The Safe, Clean Water Program, effective July 1, 2021, replaced the 2012 Safe, Clean Water and Natural Flood Protection Program in its entirety, carrying forward funding for previously identified capital projects and replacing other projects with comparable initiatives.

The Program addresses 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, along with associated Key Performance Indicators (KPIs). The KPIs enable Valley Water to monitor the progress of specific projects, identify potential issues, and maintain accountability.

As the Program progresses, adjustments or modifications to the projects and sometimes the KPIs may be necessary due to inflation, regulatory changes, or evolving project conditions. Valley Water follows a Board-approved Change Control Process for implementing any adjustments and modifications to the Program, which was last updated by the Board on February 24, 2026 (a simplified version of the process is provided in Attachment 1). Adjustments are changes to the Safe, Clean Water Program's project text or funding allocation that do not impact the delivery of any project KPI, or changes to a project schedule. Adjustments may include change(s) to a KPI when the purpose of such change(s) is to clarify the project KPI to be consistent with the applicable project description in the approved Program. Modifications are changes to project description, project KPI, or funding allocation that impact the delivery of any project KPI. Adjustments can be approved by the Board during publicly noticed Board meetings, while modifications require a formal Public Hearing.

Safe, Clean Water Program Performance Audit

To ensure accountability and transparency to voters, Measure S requires the Valley Water Board of Directors to obtain an independent professional audit of the Safe, Clean Water Program at least once every five years. Although an independent audit is required at least every five years, the Independent Monitoring Committee (IMC) requested an earlier review of the Program, and the Board concurred.

PMA Consultants (Auditor) conducted the independent audit, which assessed Program implementation during its first three years and evaluated governance, compliance, transparency, and progress toward meeting the Program's priorities and KPIs.

On November 12, 2025, the Board received the Safe, Clean Water Performance Audit Report (Audit Report), covering the period from July 1, 2021, through June 30, 2024 (Attachment 2). The audit report includes nine findings, two of which provide recommendations for Valley Water to evaluate whether to modify the KPIs for several projects to ensure that they are financially sustainable, remain aligned with current project activities, and that their descriptions clearly articulate the project's scope and deliverables. At the November 12 meeting, the Board directed the Chair to work with the CEO to identify and assign an appropriate Board committee to review the Auditor's findings and evaluate whether any KPI changes are necessary. The Board Policy and Monitoring Committee (BPMC) was assigned, and on April 21, 2026, received staff's evaluation and recommendations in response to the independent audit findings relating to KPIs. To view the April 21, 2026, BPMC meeting, visit: <https://fta.valleywater.org/dl/JqPTJw6xykH6>

The BPMC supported staff's recommendations, and on June 9, 2026, staff brought forward the recommended adjustments for the Board's review and approval. The purpose of this item is to address the outstanding recommendations for proposed modifications.

Below is a summary of staff's evaluation and recommendations for modifications to the Safe, Clean Water Program:

Audit Report Finding #7: Project E5 - San Francisquito Creek Flood Protection, San Francisco Bay to Upstream of Highway 101 - Palo Alto

Auditor's Finding

In Finding 7, the Auditor noted that the KPIs for Project E5 are misaligned with Valley Water's role and authority because the "KPI holds Valley Water accountable for delivering a specific community outcome (protecting parcels from a 70-year flood event), yet Valley Water no longer has the direct control or authority to ensure this outcome is achieved" and the "KPI, as currently worded, does not accurately reflect Valley Water's role as a funding partner." The current KPIs for Project E5 are:

1. Preferred project with federal, state and local funding: Protect more than 3,000 parcels by providing 1% (100-year) flood protection.
2. With state and local funding only: Protect approximately 3,000 parcels by providing 1% (100-year) flood protection downstream of Highway 101, and approximately 1.4% (70-year) protection upstream of Highway 101.

Based on its findings, the Auditor recommended that Valley Water re-evaluate the KPI for Project E5 and consider options for shifting the KPI from an outcome-based metric to one that measures Valley Water's specific, controllable contributions, such as a funding or partnership-based deliverable.

Staff's Evaluation and Proposed Modifications to the KPIs

Staff agrees that Valley Water is not the lead agency responsible for the delivery of Project E5. The project description makes clear that the project is led by the San Francisquito Creek Joint Powers Authority (SFCJPA), of which Valley Water is a member agency. The SFCJPA is responsible for the overall project design, securing and finalizing permits, and securing project funding.

Since the existing KPIs imply that the delivery of the project is within Valley Water's control, staff recommends modifying the KPIs by replacing the existing KPIs #1 and #2, with a modified KPI#1 to allow for more flexibility in project planning and design and incorporation of other SFCJPA member agencies' requirements, as the SFCJPA continues to implement the remainder of the project. To align with the Auditor's recommendation that the KPIs for this project should focus on deliverables within Valley Water's control, staff proposes a modified KPI that focuses on Valley Water's funding contributions rather than project development and delivery, making it clear in the KPI that Valley Water's financial contributions should be commensurate with the value of the benefits that the project will provide for Santa Clara County. Below are staff's recommended modifications to the KPIs:

1. ~~Preferred project with federal, state and local funding: Protect more than 3,000 parcels by providing 1% (100-year) flood protection.~~
2. ~~With state and local funding only: Protect approximately 3,000 parcels by providing 1% (100-year) flood protection downstream of Highway 101, and approximately 1.4% (70-year) protection upstream of Highway 101.~~

1. Provide the San Francisquito Creek Joint Powers Authority a portion of funds commensurate with the project's benefits to Santa Clara County, to provide flood protection along San Francisquito Creek.

Staff Recommended Modification: Project F6 -- Good Neighbor Program: Graffiti and Litter Removal and Public Art

In addition to the Audit Report findings and recommendations referenced above, to better align the Public Art Program with Valley Water's strategic goals, available funding, and staffing capacity, staff has identified a need to change Project F6's KPI#3 (along with its Description and Benefit Sections), which currently authorizes grant funding for public art on Valley Water property to deter graffiti and litter.

Staff proposes expanding the scope of this KPI#3. This change would allow funding for eligible art projects throughout Santa Clara County, moving beyond Valley Water-owned infrastructure and property. The goal is to leverage public art as a tool for community education on water and environmental stewardship, while deterring graffiti and litter.

This proposed change also increases the feasibility, supports greater community benefit, and ensures the program can be delivered within existing resources.

The current KPI#3 reads:

"Provide up to \$1.5 million over 15 years to implement public art projects on Valley Water property and infrastructure."

Staff proposes the following change for KPI#3:

"Provide up to \$1.5 million over 15 years to implement **or fund** public art projects ~~on Valley Water property and infrastructure.~~"

To maintain consistency with the proposed change to KPI#3, staff recommends the following changes to the Project F6 description:

"This project allows Valley Water to continue responding to requests for cleanup of illegal dumping, trash and graffiti on Valley Water's property and rights-of-way. Cleanup efforts include graffiti removal from floodwalls, concrete embankments, signs, structures and other Valley Water assets, as well as maintaining, repairing and installing fences and gates so that Valley Water structures and facilities remain safe and clean. The project also funds installation and maintenance of public art projects, such as murals, ~~to beautify Valley Water property and infrastructure, to~~ **in public spaces throughout Santa Clara County to educate the public about water and environmental stewardship, which in turn will also** help deter graffiti and litter."

Staff is also requesting that the Board approve a text adjustment to the 5th bullet under the Benefits section to align with the proposed modifications. Staff's recommended adjustments reads as follows:

~~“Helps deter graffiti and litter by implementing public art projects to beautify Valley Water property and infrastructure~~ **in public spaces while providing opportunities to educate the public about water and environmental stewardship throughout Santa Clara County.”**

Public Outreach and Engagement

Informing the public about the proposed modifications to the Safe, Clean Water and Natural Flood Protection Program and the associated Public Hearings is an important component of Safe, Clean Water Program public outreach and engagement efforts.

To encourage public participation, Valley Water has conducted a comprehensive outreach effort to inform the community about the proposed modifications to the Safe, Clean Water and Natural Flood Protection Program and to encourage participation in the Public Hearing. Valley Water outreach efforts include:

- Publishing Public Hearing notices in local news publications. See Attachment 3 for the public notice advertisement and the publication schedule.
- Publishing a District News article and creating a Facebook event for the Public Hearing.
- Posting notices on Nextdoor and other Valley Water social media channels, including Facebook, LinkedIn, and X (formerly Twitter).
- Distributing an electronic newsletter and a follow-up reminder about the Public Hearing.
- Sending email announcements to Independent Monitoring Committee (IMC) members, subscribers to the Safe, Clean Water Program email list, and applicable project-specific distribution lists.
- Posting the information on Valley Water’s website and relevant project webpages.

Furthermore, at its June 23, 2026, meeting, the Board established the date, time, and location of the Public Hearing and directed staff to prepare a Frequently Asked Questions (FAQ) document addressing questions raised by the public and interested parties regarding the proposed Program modifications. Staff prepared and posted the FAQ document on Valley Water's website to provide additional information in advance of the Public Hearing (Attachment 4).

For additional context, staff also prepared the San Francisquito Creek Flood Protection Project timeline (Attachment 5).

Staff has and will continue to engage with interested parties, including the San Francisquito Creek Joint Powers Authority (SFCJPA) Executive Director and City of Palo Alto staff, to discuss the proposed modifications and respond to questions.

Next Steps

Pursuant to the Program's Change Control Process and the associated standard process timeline (see slide 16 in the PowerPoint presentation, Attachment 6), Valley Water is required to hold at least two Public Hearing meetings before the Board considers and acts on the proposed Program modifications.

At the August 11 public hearing, the second public hearing following the first public hearing on July 14, the Board will determine whether to close the public hearing and consider action on the proposed modification(s), or continue the hearing to a future regularly scheduled Board meeting.

ENVIRONMENTAL JUSTICE IMPACT:

There are no environmental justice impacts associated with this item.

FINANCIAL IMPACT:

The financial impact associated with this item is the cost of placing the public notice ad. The cost for the public notice ad, including the continuation of public hearing to September 8, is approximately \$20,000 and there is sufficient budget in the FY 26 and FY27 budget for the Safe, Clean Water Program Implementation Project (Project No. 26061012).

CEQA:

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

ATTACHMENTS:

Attachment 1: Change Control Process At-A-Glance
Attachment 2: Audit Report
Attachment 3: Notice of Public Hearing and Schedule
Attachment 4: FAQs
Attachment 5: Project Timeline
Attachment 6: PowerPoint
Handout 3.4-A: H. Hitchings

Handout 3.4-B: J. Shore

*Handout 3.4-C: J. Shore, Supplemental

*Handout 3.4-D: K. Irvin

*Handout 3.4-E: H. Hitchings

*Handout 3.4-F: T. Rindfleisch

UNCLASSIFIED MANAGER:

Luz Penilla, 408-630-2228

This page intentionally left blank.