

To: Board of Directors
From: Norma J. Camacho, Interim CEO

Chief Executive Officer Bulletin Week of July 21 – 27, 2017

Board Executive Limitation Policy EL-7:

The Board Appointed Officers shall inform and support the Board in its work. Further, a BAO shall 1) inform the Board of relevant trends, anticipated adverse media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established and 2) report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

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Treated Water Contract Reduction

In the last four years, the water district board responded to the state's historic drought and local conditions by adopting resolutions calling on water retailers, local municipalities, and the County of Santa Clara to implement measures to achieve water use reduction targets set by the board.

In June 2017, the board adopted the latest resolution calling on the community to make water conservation a way of life and voluntarily achieve a 20 percent reduction in water use, compared to 2013.

The following water use reduction resolutions were adopted by the board since 2014:

1. 2014: Resolution 14-93 called for a 20 percent water use reduction compared to 2013 usage.
2. 2015: Resolution 15-24 called for a 30 percent water use reduction and Resolution 15-70 continued the 30 percent water use reduction.
3. 2016: Resolution 16-55 called for a 20 percent water use reduction.
4. 2017: Resolution 17-08 called for a 20 percent water use reduction and Resolution 17-43 calls for conservation as a way of life including voluntarily achieve a 20 percent reduction in water use.

The water district contracts with seven water retailers to receive treated water. One provision in the contracts establishes minimum payments from water retailers, equivalent to 90 percent of the water retailers' approved contract delivery schedules.

When the water district board adopts a water reduction program by resolution, the water retailers'

contract delivery schedules are reduced by the reduction percentage, less 10 percent. The intent of this provision is to prevent triggering minimum payments for water retailers when the water retailers and community respond to the board's call for water use reduction.

The water district has been implementing contract schedule reductions in accordance with board resolutions, including the latest call for the community to achieve a 20 percent reduction in water use, compared to 2013. Water retailer contract schedules were reduced by 20 percent in 2015 and 10 percent since 2016, and with Resolution 17-43, retailer contract schedules will continue to be reduced by 10 percent.

For further information, please contact Angela Cheung at (408) 630-2735.

Water district and City of San Jose Amend Partnership Agreement to Fund Downtown Streets Team's Efforts to Reduce Toxins and Pollutants in Local Waterways

On June 30, 2017, the water district and the City of San José (city) amended an existing Safe, Clean Water and Natural Flood Protection Priority B3 partnership funding agreement (agreement) to extend the term of the agreement, increase the funding amount, and expand the scope of work.

The agreement, initially executed on August 24, 2015, and set to expire on June 30, 2017, was initiated to reduce toxins, hazards and contaminants in local waterways. The agreement provided for \$196,250 in funding from the water district coupled with support from the city, in the amount of \$193,750, to be used primarily for creek and creek bank cleanups by three sub-grantees that use volunteers to remove trash along and in local waterways.

Subsequently, during the board's the November 22, 2016, meeting, the board approved providing \$350,000 funding for a partnership agreement between the water district and the city to fund Downtown Streets Team's efforts to provide homeless persons along creeks opportunities to perform creek cleanups and to conduct outreach related to trash removal from creeks and impact of trash in local waterways. Furthermore, the board authorized the Interim Chief Executive Officer (ICEO) to negotiate and come back to the board with the cost-share partnership with the city.

Since the water district and the city already had a partnership agreement in place, both agencies decided to negotiate and amend the existing agreement to add the following:

1. \$350,000 in water district funding to increase the total contribution from \$196,250 to \$546,250;
2. \$350,000 in city funding to increase the total contribution from \$193,750 to \$543,750; and
3. Downtown Street Team, as a sub-consultant, to carry out creek cleanups and provide workforce experience to individuals encamped along local waterways.

By late May, the water district and city negotiated the terms of the agreement and with insufficient time to return to the board by the agreement's June 30, 2017, expiration, the amendment was carried out under the ICEO's authority.

For further information, please contact Norma Camacho at (408) 630-2084.
