



BOARD OF DIRECTORS MEETING

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# MINUTES

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**RESCHEDULED REGULAR MEETING  
TUESDAY, JANUARY 8, 2019  
6:00 PM**

(Paragraph numbers coincide with agenda item numbers)

**1. CALL TO ORDER:**

A Rescheduled Regular Meeting of the Santa Clara Valley Water District Board of Directors was called to order in the District Headquarters Building Boardroom at 5700 Almaden Expressway, San Jose, California, at 6:00 p.m.

1.1. Roll Call.

Board members in attendance were Tony Estremera, Nai Hsueh, Barbara Keegan, Gary Kremen, Linda J. LeZotte, Richard Santos, and John L. Varela, constituting a quorum of the Board.

Staff members in attendance were N. Camacho, Chief Executive Officer (CEO), S. Yamamoto, District Counsel, M. King, Clerk, Board of Directors, J. Aranda, K. Arends, R. Callender, G. De La Piedra, R. Gibson, V. Gin, C. Hakes, G. Hall, N. Hawk, N. Nguyen, K. Oven, M. Richardson, D. Taylor, S. Tikekar, B. Yerrapotu, and T. Yoke.

**2. TIME CERTAIN:**

**6:00 PM**

2.1. Pledge of Allegiance/National Anthem.

Director LeZotte led all present in reciting the Pledge of Allegiance.

2.2. Orders of the Day.

Chairperson Santos confirmed that there were no changes to the Orders of the Day.

2.3. Time Open for Public Comment on any Item not on the Agenda.

Chairperson Santos declared time open for public comment on any item not on the agenda.

Ms. Victoria Garcia, Ms. Metra Richert, and Ms. Samantha Greene, Women of Water (WOW) District Employee Resource Group, discussed WOW's beginnings and purpose, and invited the Board to attend WOW's inaugural event.

2.4. Election of Board Chair and Vice Chair for Year 2019.

Recommendation: Nominate and elect a new Chairperson and Vice Chairperson for the calendar year 2019

Motion: Nominate and elect District 4 Director Linda J. LeZotte as Board Chairperson, and District 5 Director Nai Hsueh as Vice Chairperson, for the calendar year 2019.

Move to Accept: Gary Kremen  
Second: Tony Estremera  
Yeas: Tony Estremera, Nai Hsueh, Barbara Keegan, Gary Kremen, Linda J. LeZotte, Richard Santos, and John L. Varela  
Nays: None  
Abstains: None  
Recuses: None  
Absent: None  
Summary: 7 yeas; 0 Nays; 0 Abstains; 0 Absent.

2.5. Recognition of Outgoing Chair.

Ms. Norma Camacho, Chief Operating Officer (CEO), presented outgoing Chairperson Santos with a memento of appreciation, and reviewed his accomplishments as Chairperson during 2018.

The remaining Board members individually and collectively expressed appreciation to outgoing Chairperson Santos.

The remainder of the meeting was facilitated by newly-elected Chairperson LeZotte.

2.6. Public Hearing—Determine the Necessity for the Board of Directors to be Compensated for up to 15 Days Per Calendar Month and to Consider Compensation Amount for Calendar Year 2019; and Revise Board Compensation Governance Process Policy.

Recommendation: A. Review and approve proposed revisions to the Board Governance Policy GP-10.6.1, documenting process required by AB 1889 (Caballero) for Board to determine business need to compensate Directors for up to 15 days per calendar month;  
B. Conduct a Public Hearing to allow members of the public to provide comments on the need to compensate Directors for up to 15 days per calendar month and Director compensation amount for calendar year 2019;  
C. Close the Public Hearing; and  
D. Discuss, make a finding and adopt an Ordinance reflecting the number of meetings per calendar month Directors should be compensated and the Director compensation amount for calendar year 2019; or

- E. Provide direction to the Clerk of the Board relevant to the authorized number of compensated meetings per month and meeting compensation amount for calendar year 2019.

Chairperson LeZotte opened the Public Hearing.

Ms. Michele King, Clerk, Board of Directors, reviewed the information on this item, per the attached Board Agenda Memo, and per the information contained in Attachments 1 and 3.

Chairperson LeZotte declared time open for public comments.

Mr. Doug Muirhead, Morgan Hill resident, expressed opposition to increasing Directors' compensated number of meetings per month, and per diem rate.

Motion: Approve revising Board Governance Policy GP-10.6.1, documenting process required by AB 1889 (Caballero), as contained in the attached Board Agenda Memo, Page 2.

Move to Accept: Tony Estremera  
Second: Richard Santos  
Yeas: Tony Estremera, Nai Hsueh, Barbara Keegan, Gary Kremen, Linda J. LeZotte, Richard Santos, and John L. Varela  
Nays: None  
Abstains: None  
Recuses: None  
Absent: None  
Summary: 7 yeas; 0 Nays; 0 Abstains; 0 Absent.

Motion: Make findings as outlined in the Board agenda memorandum, that there is business need for 15 meetings per month, and adopt Ordinance No. 19-01, PROVIDING FOR COMPENSATION OF DIRECTORS OF THE SANTA CLARA VALLEY WATER DISTRICT, PURSUANT TO CHAPTER 2, DIVISION 10, CALIFORNIA WATER CODE, by roll call vote, confirming Directors should be compensated for 15 meetings per month effective March 9, 2019, and providing for a five percent increase in Director compensation over the current rate of \$286.68 to \$301.01 effective April 14, 2019.

Move to Accept: John L. Varela  
Second: Richard Santos  
Yeas: Tony Estremera, Nai Hsueh, Barbara Keegan, Gary Kremen, Linda J. LeZotte, Richard Santos, and John L. Varela  
Nays: None  
Abstains: None  
Recuses: None  
Absent: None

Summary: 7 yeas; 0 Nays; 0 Abstains; 0 Absent.

2.7. Open Space Credit Policy Discussion Continued.

- Recommendation:
- A. Provide direction to increase Agricultural Rates to 10% of the Municipal and Industrial (M&I) charge over a 7-Year period;
  - B. Direct staff to implement an agricultural water charge adjustment for Williamson Act and Conservation Easement participants that would hold their agricultural water charge to 6% of the M&I charge; and
  - C. Provide further direction as necessary for the Fiscal Year (FY) 2019-20 rate setting cycle.

Mr. Joe Atmore, Revenue Manager, reviewed the information on this item, per the attached Board Agenda Memo, and per the information contained in Attachment 1.

The Board took no reportable action, and made the following requests:

- Staff is to solicit input from the Water Conservation and Demand Management and Water Retailers Committees on implementing the maximum agricultural water rates over a 7-year period;
- Staff is to include a maximum agricultural rate increase in the PAWS report; and
- Staff is to bring the agricultural water rate proposal during the next District budget session.

Chairperson LeZotte acknowledged receipt of the attached materials, identified respectively as Handouts 2.7-A through 2.7-E herein: an email from Mr. Dhruv Khanna, Kirgin Cellars; a letter from Mr. Alan and Mrs. Meg Giberson, to the Agricultural Water Advisory Committee; written comments pertaining to the Agricultural Water Committee January 7, 2019 agenda, Item 5.2; revised presentation materials, replacing Attachment 5, Pages 26 and 27; an email and corresponding attachments from Mr. Michael Meehan, County of Santa Clara; and a letter from Mr. and Mrs. Giberson to the Board of Directors. Copies of the Handouts were distributed to the Board and made available to the public.

Mr. Muirhead discussed agricultural preservation efforts already underway, including: the County of Santa Clara (County) and Santa Clara Valley Open Space Authority's jointly developed Santa Clara Valley Agricultural Plan (SCV Agricultural Plan); the County's enactment of the Agricultural Preservation Task Force (Task Force); the assignment of the Task Force to discuss methods for implementing the SCV Agricultural Plan; and the upcoming recommendation from the Task Force to the County, suggesting implementation of an Agricultural Commission to assist in developing an Agricultural Easement Purchase Program. He encouraged the Board to defer action on the Open Space Credit, and consider joining with the County in support of these efforts instead.

Chairperson LeZotte moved the agenda to Item 3.2.

- 3.2 Resolution Authorizing the Exchange of Real Property Interests with Silicon Valley Club, LLC, at Assessor Parcel Nos. 015-45-013 and 015-45-024, Real Estate File Nos. 3015-503.1, 3015-55.4 and 3015-684 (San Jose) (District 3).

- Recommendation:
- A. Adopt the resolution AUTHORIZING EXCHANGE OF REAL PROPERTY RIGHTS WITH SILICON VALLEY CLUB, LLC, ADJACENT TO GUADALUPE RIVER, ASSESSOR PARCEL NOS. 015-45-013 and 015-45-024, REAL ESTATE FILE NOS. 3015-503.1, 3015-55.4 and 3015-684;
  - B. Authorize the Chief Executive Officer (CEO) to execute the Santa Clara Water District Real Property Exchange Agreement for District Real Estate File Nos. 3015-503.1, 3015-55.4 and 3015-684;
  - C. Authorize the CEO to accept the Easement Deed from Silicon Valley Club, LLC, District Real Estate File No. 3015-684; and
  - D. Authorize the CEO to execute the Quitclaim Deed to Silicon Valley Club, LLC, District Real Estate File Nos. 3015-503.1 and 3015-55.4

The Board requested that staff come back with more information on Silicon Valley Club, LLC, and continued Item 3.2 to the next regular Board meeting.

### **3. CONSENT CALENDAR:**

The Board considered Consent Calendar Items 3.1, and 3.3 through 3.8, under one motion.

- 3.1. Santa Clara Valley Water District Comprehensive Annual Financial Report for the Fiscal Year Ending on June 30, 2018, and Independent Auditor's Reports.

Recommendation: Accept the Santa Clara Valley Water District (District) Comprehensive Annual Financial Report (CAFR) for the Fiscal Year (FY) Ending on June 30, 2018, and the Independent Auditor's Report.

- 3.3. Certification of November 6, 2018 General Election and Official Results for Board of Directors District 6 and Appointment of Directors to Represent Districts 1, 4, and 7.

Recommendation:

- A. Accept the County of Santa Clara Registrar of Voters' Statement of Votes and Certificates of Election Results for District 6, declaring the totals to be the final results of the election, and declaring elected the person having received the highest number of votes for this office; and
- B. Accept the County of Santa Clara Board of Supervisors Resolution No. BOS-2018-114, APPOINTING DIRECTORS TO SPECIAL DISTRICT BOARDS OF DIRECTORS IN LIEU OF THE NOVEMBER 6, 2018

GENERAL ELECTION for District 1, District 4, and District 7.

- 3.4. Resolution Authorizing Conveyance of Real Property Interests for the Harriet Avenue Sidewalk Improvements, at Assessor Parcel Nos. 403-53-105, 403-53-107, and 403-53-108, near San Tomas Aquino Creek, to the City of Campbell, Real Estate File No. 2019-101.3 (Campbell) (District 4).

Recommendation: A. Adopt the Resolution AUTHORIZING CONVEYANCE OF REAL PROPERTY INTERESTS TO THE CITY OF CAMPBELL; and  
B. Authorize the Chief Executive Officer to execute the Quitclaim Deed, Real Estate File No. 2019-101.3.

- 3.5. Amendment No. 3 to Grant Agreement No. A3536R, with City of San Jose for the Three Creeks Trail, Trestle and Interim Improvements Project, Project No. 26091002 (San Jose) (District 2).

Recommendation: Approve and authorize the Chief Executive Officer to execute Amendment No. 3 to the Grant Agreement A3536R between the Santa Clara Valley Water District and the City of San Jose.

- 3.6. Membership Nomination for Committee Re-Appointment to the Agricultural Water Advisory Committee.

Recommendation: Consider 2018 Board Chair and Vice Chair nomination for one-year membership re-appointment of Dhruv Khanna to the Agricultural Water Advisory Committee for 2019.

- 3.7. CEO Bulletins for the Weeks of December 7-13, December 14-20, December 21-27, 2018, and December 28, 2018-January 3, 2019.

Recommendation: Accept the CEO Bulletins.

- 3.8. Approval of Minutes.

Recommendation: Approve the minutes.

Motion: Approve Consent Calendar Items 3.1, and 3.3 through 3.8, under one motion, as follows: accept the Comprehensive Annual Financial Report for the Fiscal Year Ending June 30, 2018, and the Independent Auditor's Reports, as contained in Item 3.1; accept the County of Santa Clara Registrar of Voters' Statement of Votes and Certificates of Election Results for District 6, and accept the County of Santa Clara Board of Supervisors Resolution No. BOS-2018-114, APPOINTING DIRECTORS TO SPECIAL DISTRICT BOARDS OF DIRECTORS IN LIEU OF THE NOVEMBER 6, 2018 GENERAL ELECTION for District 1, District 4, and District 7, as contained in Item 3.3; adopt Resolution No. 19-01, AUTHORIZING CONVEYANCE OF REAL PROPERTY INTERESTS TO

THE CITY OF CAMPBELL, by roll call vote, and authorize the CEO to execute the Quitclaim Deed, as contained in Item 3.4; approve and authorize the CEO to execute Amendment No. 3 to the Grant Agreement A3536R with the City of San Jose, as contained in Item 3.5; approve the 2018 Board Chair and Vice Chair nomination for one-year membership re-appointment of Dhruv Khanna to the Agricultural Water Advisory Committee, as contained in Item 3.6; accept the CEO Bulletins, as contained in Item 3.7; and approve the minutes, as contained in Item 3.8.

Move to Approve: John L. Varela  
Second: Tony Estremera  
Yeas: Tony Estremera, Nai Hsueh, Barbara Keegan, Gary Kremen, Linda J. LeZotte, Richard Santos, and John L. Varela  
Nays: None  
Abstains: None  
Recuses: None  
Absent: None  
Summary: 7 Yeas; 0 Nays; 0 Abstains; 0 Absent.

**REGULAR AGENDA:**

**4. BOARD OF DIRECTORS:**

4.1. Time and Place of Regular Meetings of the Santa Clara Valley Water District Board of Directors.

Recommendation: A. Consider the schedule for the regular meetings of the Board, currently held on the second and fourth Tuesday of each month, beginning at 1:00 p.m. and 6:00 p.m., respectively, or as designated by the Clerk of the Board to accommodate closed session subject matter;  
B. Discuss and identify, if necessary, 2019 Board meeting recess dates; and  
C. If a new regular Board meeting schedule is approved, adopt the Resolution SETTING TIME AND PLACE OF MEETINGS OF THE BOARD OF DIRECTORS OF THE SANTA CLARA VALLEY WATER DISTRICT AND RESCINDING RESOLUTION NO. 17-55.

Mr. Muirhead expressed support for keeping the current Board meeting schedules for 2019.

Motion: Continue to maintain the current meeting schedule for calendar year 2019.

Move to Approve: Richard Santos  
Second: John L. Varela

Director Santos withdrew his motion.

Seeing that a motion was not necessary to maintain the Board's existing regular meeting schedule through 2019, the Board noted the information, without formal action.

4.2. Board Committee Reports.

Director Hsueh reported attending the December 10, 2018 Capital Improvement Program (CIP) Meeting and confirmed that more information on the meeting was contained in Handout 5.3-B for consideration with the Work Study Session on the Preliminary Fiscal Year 2019-20 Groundwater Production Charges and Fiscal Years 2020-24 Preliminary CIP.

The Board noted the information, without formal action.

**5. WATER UTILITY ENTERPRISE:**

- 5.1. ITEM REMOVED FROM AGENDA - Amendment No. 4 to Agreement No. A3902G with HDR Engineering, Inc., for Design Consultant Services for the Calero Dam Seismic Retrofit Project, Project No. 91874004 (San Jose) (District 1).

The Board noted that Item 5.1 had been removed from the agenda.

- 5.2. Sole Source Purchase of Electromagnetic Inspections and Acoustic Fiber Optic Monitoring System(s) (AFO System) Installation, and Services for the AFO System(s) Operation, Maintenance, Monitoring, and Reporting, from Pure Technologies U.S. Inc., for the 10-Year Pipeline Inspection and Rehabilitation Program, Project No. 95084002, for a Not-to-Exceed Fee of \$13,880,314.

- Recommendation:
- A. Approve a sole source purchase of equipment and services from Pure Technologies U.S., Inc. (Pure), to provide Electromagnetic Inspection, Acoustic Fiber Optic (AFO) Monitoring System Installation, and AFO System Services for the 10-Year Pipeline Inspection and Rehabilitation Program (Program), Project No. 95084002 for a not-to-exceed amount of \$13,880,314; and
  - B. Authorize the CEO to negotiate, execute, and amend purchase order(s) as-needed with Pure Technologies U.S. Inc., for these Electromagnetic Inspections, AFO System installation, and AFO System Services.

Ms. Katrina Jessop, Associate Civil Engineer, reviewed the information on this item, per the attached Board Agenda Memo, and per the information contained in Attachment 3.

Move to Approve: Barbara Keegan  
Second: Gary Kremen  
Yeas: Tony Estremera, Nai Hsueh, Barbara Keegan, Gary Kremen, Linda J. LeZotte, Richard Santos, and John L. Varela

Nays: None  
Abstains: None  
Recuses: None  
Absent: None  
Summary: 7 Yeas; 0 Nays; 0 Abstains; 0 Absent.

5.3. Work Study Session on Preliminary Fiscal Year (FY) 2019-20 Groundwater Production Charges and the District's Capital Improvement Program, and Board Consideration to Approve the District's Fiscal Years 2020-24 Preliminary Capital Improvement Program (CIP).

Recommendation: A. Review and approve the Fiscal Years (FY) 2020-24 Preliminary CIP; and  
B. Discuss and provide direction on the preliminary FY 2019-20 Groundwater Production Charge analysis prepared by staff.

Director Keegan left the meeting and did not return.

Mr. Ngoc Nguyen, Deputy Operating Officer, reviewed the information on this item, per the attached Board Agenda Memo, and the corresponding presentation materials contained in Attachment 5 were reviewed by staff as follows: Mr. Nguyen reviewed Slides 1 through 13, and 16 through 21; Ms. Katherine Oven, Deputy Operating Officer, reviewed Slides 14 and 15; and Mr. Darin Taylor, Chief Financial Officer, reviewed Slides 22 through 39.

Motion: Approve the Fiscal Years (FY) 2020-24 Preliminary CIP; direct staff to return with additional information on the Calero Dam Seismic Retrofit Project, Lower Guadalupe River Freeboard Restoration Project, and Workspace Optimization Project; and continue discussion on Recommendation B to a future special Board meeting.

Move to Approve: Nai Hsueh  
Second: Linda J. LeZotte  
Yeas: Tony Estremera, Nai Hsueh, Gary Kremen, Linda J. LeZotte, Richard Santos, and John L. Varela  
Nays: None  
Abstains: None  
Recuses: None  
Absent: Barbara Keegan  
Summary: 6 Yeas; 0 Nays; 0 Abstains; 1 Absent.

Ms. Katja Irvin, Sierra Club Loma Prieta Chapter, reviewed and distributed the attached email expressing concern about water supply investments, and how these will impact the CIP, groundwater production charges, treated water rates, and property taxes, identified as Handout 5.3-A herein. Copies of the Handout were distributed to the Board and made available to the public.

The Board acknowledged that Handout 5.3-B had been considered during discussion of Item 4.2.

5.4. Water Supply Master Plan 2040 Update.

- Recommendation:
- A. Reaffirm the 2012 “Ensure Sustainability” Strategy for the Water Supply Master Plan 2040;
  - B. Approve changing the water supply reliability level of service goal from meeting 90 percent of normal year demands, as identified in the Water Supply Master Plan, in drought years to meeting 80 percent of demands in drought years;
  - C. Receive information and provide direction on the approach to the monitoring and assessment plan (MAP) for implementing the Water Supply Master Plan 2040; and
  - D. Direct staff to return with updates on projects with near-term decisions points.

The Board continue Item 5.4 to a future special Board meeting.

**6. WATERSHEDS:**

6.1. Agreement with R.E.Y. Engineers, Inc., for a Not-to-Exceed Amount of \$1,500,000 for On-Call Land Surveying and Mapping Services.

Recommendation: Approve the agreement with R.E.Y. Engineers, Inc., for on-call land surveying and mapping services for a not-to-exceed fee of \$1,500,000.

Move to Approve: Nai Hsueh  
Second: Richard Santos  
Yeas: Tony Estremera, Nai Hsueh, Gary Kremen, Linda J. LeZotte, Richard Santos, and John L. Varela  
Nays: None  
Abstains: None  
Recuses: None  
Absent: Barbara Keegan  
Summary: 6 Yeas; 0 Nays; 0 Abstains; 1 Absent.

**7. EXTERNAL AFFAIRS:**

None.

**8. CHIEF EXECUTIVE OFFICER:**

8.1. CEO and Chiefs’ Report.

Mr. Rick Callender, Chief of External Affairs, reviewed and distributed the attached reports for the Offices of Civic Engagement, Communications, and Government Relations, identified as Handout 8.1-A herein; and Ms. Melanie Richardson, Chief Operating Officer, reviewed and distributed the attached Storm Report, identified as Handout 8.1-B herein. Copies of the Handouts were distributed to the Board and made available to the public.

Ms. Richardson additionally reported that staff would come back to the Board in February 2019 with information on conveyance reductions in the Lower Guadalupe River Flood Protection Project area; and reported on the City of San Jose's Bridge Housing Ordinance adoption, which approved Bridge Housing Projects at a Valley Transportation Authority-owned site on Maybury Road and at a Caltrans-owned site at the Highway 101/680 interchange. She confirmed that the Bridge Housing facilities were scheduled to open in July or August 2019, and that there were no District permit requirements for either site.

**9. ADMINISTRATION:**

None.

**10. DISTRICT COUNSEL:**

None.

**11. ADJOURN:**

11.1. Board Member Reports/Announcements.

There were no Board member reports or announcements.

11.2. Proposed Future Board Member Agenda Items.

There were no proposed future Board Member agenda items.

11.3. Clerk Review and Clarification of Board Requests.

Ms. Michele King, Clerk, Board of Directors, confirmed that there were no new Board Member Requests.

11.4. Adjourn to Special Closed Session Meeting at 12:00 p.m. on January 9, 2019, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Chairperson LeZotte adjourned the meeting at 9:50 p.m., to the Special Closed Session meeting at 12:00 p.m., on January 9, 2019, in the District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose.

Michele L. King, CMC  
Clerk, Board of Directors

Approved:

Date: 02/12/2019

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