

# CEO BULLETIN



**To:** Board of Directors  
**From:** Rick L. Callender, CEO

## Weeks of December 10 – December 23, 2021

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.*

Item	IN THIS ISSUE
<u>1</u>	Almaden Campus Fuel Island Repairs Complete
<u>2</u>	DWR requires key San Joaquin Valley Groundwater Sustainability Plans to address deficiencies
<u>3</u>	Safe, Clean Water Grant Application Period Open From January 3 - March 4, 2022
<u>4</u>	Safe, Clean Water Grant Closeout: City of Mountain View's Advanced Metering Infrastructure Feasibility Study and Pilot Program Implementation Project
<u>5</u>	Safe, Clean Water Mini-Grant Closeout: Grassroots Ecology's Embarcadero Road Habitat Corridor Project
<u>6</u>	Valley Water Projects Invited to Apply for Federal WIFIA Loans
<u>7</u>	Valley Water Receives Funds From California State COVID-19 Tenant Relief Act (CTRA) to Mitigate Valley Water Tenant Hardships During the Pandemic

### **1. Almaden Campus Fuel Island Repairs Complete**

The Santa Clara County - Hazardous Material Compliance Division (SCC-HMCD) conducts an annual on-site inspection of the underground storage tanks that supply fuel to Valley Water's Almaden Campus fuel island dispensers. During integrity pressure testing and subsequent investigation of the piping system, a fitting associated with the secondary containment piping underneath one of the six dispenser units was found to be compromised. The compromised section of piping was associated with a dispenser that was taken out of service several years ago. By design, secondary containment piping is piping that encapsulates the primary piping and is not in direct contact with diesel; therefore, there was no release of fuel to the environment.

To remedy the situation, Valley Water contracted with a local vendor for repairs and obtained the necessary permits from SCC-HMCD. Additionally, prior to implementing the required repairs, it was necessary for the dispensing of diesel fuel to be taken off-line. To avoid operational impacts, Valley Water coordinated the delivery, and filling, of a 500-gallon temporary diesel dispensing unit.

The scope of the repair work included breaking concrete and excavating for removal and replacement of both the primary and secondary fuel delivery lines. Also, soil sampling was conducted under the removed components to verify that no fuel was spilled to the environment. The results of the soil sampling confirmed there was no release of diesel fuel to the environment.

The repairs were completed successfully and, in early December 2021, SCC-HMCD was on-site to witness integrity testing of the repaired fuel lines and signed-off on the repairs as complete. Dispensing from the Almaden Campus fuel island has returned to normal operations.

For further information, please contact Tina Yoke at (408) 630-2385.

---

### **2. DWR requires key San Joaquin Valley Groundwater Sustainability Plans to address deficiencies**

On December 9, 2021, the Department of Water of Water Resources (DWR) issued letters to Groundwater Sustainability Agencies (GSAs) in six subbasins in the San Joaquin Valley, including the Kings and Kern subbasins, notifying them that their Groundwater Sustainability Plans (GSPs) contain deficiencies that will need to be addressed before DWR can approve them. DWR's letters also state that the deficiencies described in forthcoming official written assessments will include accompanying corrective actions that the GSAs must address within 180 days from issuance. The final determinations and assessments will be provided to the GSAs no later than January 23, 2022.

Valley Water is actively monitoring the development and review of these GSPs to assess potential impacts to its groundwater banking interests in the San Joaquin Valley. Valley Water is a banking partner in the Semitropic Groundwater Bank in Kern County, and is considering investing in the Aquaterra Groundwater Bank, which is being developed by the McMullin Area GSA in Kings County. Semitropic staff and McMullin Area GSA staff, both noted at their respective November 2021 Board meetings that they expected to receive these initial deficiency determinations and are preparing to address DWR's concerns.

Valley Water will review and analyze the final determinations and assessments provided by DWR to assess potential impacts to the Semitropic Water Bank and to the proposed Aquaterra Water Bank from the implementation of corrective actions.

For further information, please contact Tina Yoke at (408) 630-2385.

---

### **3. Safe, Clean Water Grant Application Period Open From January 3 - March 4, 2022**

Valley Water is preparing to launch the Fiscal Year 2022 (FY22) Safe, Clean Water grant application cycle from January 3 through March 4, 2022. This year, Valley Water published the Standard Grant Guidelines on December 1, 2021, in advance of the application opening and hosted two virtual informational sessions to help applicants submit a competitive grant proposal. The virtual informational sessions took place on December 9, 2021 from 9:30 - 11:00 a.m. and December 15, 2021 from 6:00 - 7:30 p.m. Valley Water will also host two additional virtual sessions on January 12, 2022 from 6:00 - 7:30 p.m. and January 25, 2022 from 1:00 - 2:30 p.m.

For the FY22 grant cycle, Valley Water has a total of up to \$1.4 million in total funding available, with no minimum or maximum for projects that fit into the following categories:

- Water Conservation Research
- Pollution Prevention
- Volunteer Cleanup Efforts and Education
- Wildlife Habitat Restoration
- Access to Trails and Open Space

Applicants are eligible to receive bonus points for demonstrating financial stability, implementing projects that serve disadvantaged communities, and for groups that are applying for the first time.

Valley Water is promoting the FY22 grants cycle opportunity through a promotional video, press release, blog post, social media posts, Nextdoor posts, stakeholder emails and more. Valley Water is also conducting proactive outreach to reach new prospective applicants and organizations that serve disadvantaged communities.

The grant applications will be evaluated by a review committee using approved evaluation criteria. Valley Water will make recommendations based on the approved grant funding allocation matrix to the Board of Directors in late April/early May 2022 for final determination on projects awarded funding.

For more information about the grant award process, eligibility criteria, minimum qualifications and how to apply, visit [valleywater.org/grants](http://valleywater.org/grants). For questions, please contact [grants@valleywater.org](mailto:grants@valleywater.org) or (408) 630-2080.

For further information, please contact Marta Lugo at (408) 630-2237.

---

#### **4. Safe, Clean Water Grant Closeout: City of Mountain View's Advanced Metering Infrastructure Feasibility Study and Pilot Program Implementation Project**

In Fiscal Year 2016, Valley Water awarded the City of Mountain View a \$50,000 Safe, Clean Water Program Priority A2 Water Conservation Research Grant for their Advanced Metering Infrastructure (AMI) Feasibility Study and Pilot Program Implementation Project (Project). The City of Mountain View (Grantee) completed the Project on June 28, 2019 and submitted the final invoice items on November 22, 2021, allowing for grant closeout.

The Grantee utilized grant funding to study and implement different AMI options for the Grantee's public water system. Meters are devices used to measure water usage for homes and businesses. Historically, these meters were read manually by staff on foot. Advanced metering refers to devices that utilize more advanced technologies to measure and report that usage data, such as the wireless transfer of that data and improved leak detection. From 2016 to 2019, the Grantee implemented a pilot program to test multiple AMI technologies and prepared a feasibility study to report their findings. The Grantee focused on obtaining first-hand experience implementing different AMI solutions, gathering system-specific cost information for various implementation scenarios, understanding leak detection capabilities, and estimating overall water savings potential.

During the Project, the Grantee piloted three AMI solutions concurrently on portions of the Grantee's water system (150 accounts) to evaluate each solution's benefits and effectiveness. The Grantee also developed cost estimates as part of the feasibility study to help determine whether future AMI deployment is warranted, and if so, along what timeline. Through its Capital Infrastructure Program planning process, the Grantee will continue to evaluate whether AMI implementation can be funded and scheduled based on available resources.

### Key Outcomes:

- Identified better customer-side leak detection, better meter reading accuracy, more water billing cycle flexibility, and reduced field-visits for special meter reads on portions of the water system with the AMI solutions installed.
- Detected seven customer-side leaks during the pilot, which were collectively estimated to have leaked over 1,000 hundred cubic feet (748,052 gallons) over a period of 2.7 years.
- Determined water savings could be as high as 41% in some cases and during some seasons. Follow up testing would be necessary to confirm and account for some initial measurement errors within some of the pilot groups.
- Determined a potential monetary benefit of \$7.9 million over 20 years if AMI is implemented.
- Identified a useful and underutilized feature of the Grantee's existing metering system to detect leaks. Starting in 2019, Grantee staff began notifying customers when 24-hours of continuous water use was detected during a meter read, which helped identify low-level leaks.

For further information, please contact Marta Lugo at (408) 630-2237.

---

### **5. Safe, Clean Water Mini-Grant Closeout: Grassroots Ecology's Embarcadero Road Habitat Corridor Project**

In Fiscal Year 2020, Valley Water awarded Grassroots Ecology a \$5,000 Safe, Clean Water Program D3 Mini-Grant for their Embarcadero Road Corridor Habitat Project (Project). Grassroots Ecology completed the Project in July 2021 and submitted the final invoice items on October 5, 2021, allowing for grant closeout.

Grassroots Ecology is a non-profit organization that provides education and engagement to the public regarding restoration of public lands and waters across Santa Clara County. This mini-grant provided funding for: (1) installation of pollinator habitat gardens as part of the volunteer-led Primrose Way Pollinator Garden's effort to create a pollinator corridor along Embarcadero Road in Palo Alto; and (2) community engagement and education about pollinator species and their relationship with native plants. Grassroots Ecology hosted workdays that provided training on the concept of habitat gardening and installation of native vegetation.

### Key Outcomes:

- Converted 964 square feet of ivy and installed 148 native plants across three planter strips.
- Hosted three educational workdays with the San Jose Conservation Corps, AmeriCorps and Primrose Way volunteers in removing ivy roots, installing plants, and adding mulch.
- Conducted a virtual "Developing Pollinator Corridors" presentation for 31 attendees.
- A follow-up survey found that four households added native plants to their garden, two installed rain barrels/cisterns, and five people volunteered with a local organization to improve habitat in their city.

For further information, please contact Marta Lugo at (408) 630-2237.

---

### **6. Valley Water Projects Invited to Apply for Federal WIFIA Loans**

On December 3, 2021, the U. S. Environmental Protection Agency (EPA) announced that two Valley Water projects were invited to apply for loans pursuant to its Water Infrastructure Finance and Innovation Act (WIFIA) loan program. The federal WIFIA loan program, identified by Valley Water as a preferred low-cost option for borrowing funds to finance the planning, design, and construction of various projects, can fund up to 49% of eligible capital costs.

The Valley Water projects invited to apply were the proposed Pacheco Reservoir Expansion Project (\$1.2 billion loan capacity), and the Safe, Clean Water and Natural Flood Protection Program (SCW) (\$80 million loan capacity). The three SCW projects identified for WIFIA funding are the Almaden Lake Improvement Project, the Coyote Creek Flood Protection Project, and the Sunnyvale East and West Channels Flood Protection Project. In the 2021 funding round, EPA received 50 letters of interest for total loan request of \$8.2 billion, from which 39 projects totaling \$6.7 billion were selected to proceed with loan applications. The invitations to apply for loans follow annual competitive selection processes by EPA in which detailed letters of interest are developed and submitted by entities for regional and nationally significant water infrastructure projects. Valley Water worked diligently with third-party consultants to develop strong cases for the projects.

Valley Water’s next step is to prepare and submit the full loan applications in Spring 2022. The loans will ultimately need to be approved by the Valley Water Board of Directors. Long-term, low-cost WIFIA loans would result in significant financing cost savings to Valley Water which will benefit the rate- and tax-payers of Santa Clara County.

For further information, please contact Darin Taylor at (408) 630-3068.

---

### **7. Valley Water Receives Funds From California State COVID-19 Tenant Relief Act (CTRA) to Mitigate Valley Water Tenant Hardships During the Pandemic**

Valley Water manages and collects monthly rental income from 57 residential rental units. Due to the global COVID-19 pandemic, approximately 13 of Valley Water’s tenants experienced hardships and were unable to pay some or all of their monthly rent. Valley Water took the following actions to address this unprecedented situation:

- In April 2021, Valley Water applied for the California State COVID-19 Tenant Relief Act (CTRA) as a landlord. This qualified Valley Water to receive 80%-100% of delinquent rental income on behalf of qualifying tenants. The CTRA program provided eligibility for Valley Water to recover lost rents during the period of April 1, 2020 through March 31, 2021.
- In September 2021, Valley Water had 13 tenants in arrears with a total delinquency amount of \$133,993.77. With the CTRA Program, Valley Water recovered \$87,356.72 in arrears.
- As of December 1, 2021, delinquent tenants reduced to 11 with \$77,552.82 in arrears.

We expect Valley Water’s Real Estate staff, with the help of the CTRA program, to continue to make progress in reducing delinquencies in 2022 as many of these delinquent tenants continue to re-apply for additional benefits available from the rent relief program.

The CTRA has proven to be a rewarding program to help Valley Water assist tenants impacted by the unprecedented global pandemic and has helped mitigate Valley Water's rental portfolio losses while contributing to minimize tenant hardships.

For further information, please contact Rechelle Blank at (408) 630-2615.

---