



Independent Monitoring Committee

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February 18, 2026

To: Santa Clara Valley Water District Board of Directors
Subject: Independent Monitoring Committee Report of Safe, Clean Water and Natural Flood Protection FY2024-2025 Annual Report

SUMMARY

The Independent Monitoring Committee (IMC) presents its annual review of the renewed Safe, Clean Water and Natural Flood Protection Program (Program) for Fiscal Year 2024-2025 to the Santa Clara Valley Water District (Valley Water) Board of Directors (Board). The IMC members agreed with the status of the projects as reported in the FY2024-25 Safe, Clean Water Program Annual Report.

The IMC acknowledges and appreciates the progress staff have made in addressing prior recommendations and notes. During this annual review, the committee has no new recommendations, but it has identified notes for consideration in future annual reports to provide continuous improvement. The IMC also wishes to state its appreciation and recognition of staff for their timely responses and assistance in preparing this report. In addition, IMC requests that the filling of 3 vacant IMC positions with qualified candidates be made a top priority.

PROCESS

The IMC met on December 3, 2025, to begin its FY2024-2025 Program review process and elected a Chair and Vice Chair. The IMC set up subcommittees to review the Safe, Clean Water Program progress by reviewing Valley Water's Safe, Clean Water Program Annual report for fiscal year (FY) 2024-25. The IMC set up subcommittees for priorities A and C, B, D, E, and F. It also established a Finance Subcommittee to review program-level financial information contained in "Appendix A: Financial Information" and "Appendix B: Inflation Assumptions."

The six subcommittees met with Valley Water staff from January 5 to 9, 2026. Each subcommittee elected a Chair, heard presentations by staff, asked questions, and held discussions. The subcommittee chairs presented their findings to the full IMC on January 29, 2026.

IMC members agreed that the subcommittee chairs, led by the IMC Chair, would draft the IMC report to the Board. Due to a scheduling conflict, the IMC Chair delegated the authority to Vice Chair Marc Rauser. The draft report was presented to the IMC on February 18, 2026, for final edits and approval.

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REVIEW OUTCOME

Overall, the IMC members agreed with the status of the projects as reported in the FY2024-25 Safe, Clean Water Program Annual Report. The Committee has NO new Recommendations. However, here is a summary of the prior year's recommendations that were fulfilled.

Prior Recommendations Fulfilled:

Maps and Graphs - New graphs were included to show different funding sources on projects where Safe, Clean Water Program funds are not the only source. For example, Figure A3.4 shows Project A3, Pipeline Reliability Project, received nearly a third of its funding from the Water Utility Enterprise Fund. Many other improvements were also made to improve accessibility. For instance, Figure D.1.9, FY24 Revegetation Maintenance, the map of mitigation sites had 11 color-coded watersheds. In the FY25 Annual Report, this was reduced to the 5 major watersheds, with colors that are more easily distinguishable.

Capital Projects – Appendix C was revised to show confidence levels that changed from the prior year by printing them in bold font. In addition, the project text now includes explanations for these changes. An example is Project E1, the Coyote Creek Flood Protection Project, which had the State Grants confidence level change from Very High to Medium. As explained in the text, “this funding source has been impacted by changing Federal priorities, and the current expected award date is 2028. As a result, the confidence level has changed from Very High in FY24 to Medium in FY25.”

Financial Appendices – With respect to the Financial Appendices, the Committee requested that the summary chapter include information explaining the purpose and importance of long-term debts, repayment timeline, debt costs, the different financing options available, and how they support the Program goals. This request was satisfied in the Program Summary chapter, under the heading “Debt Financing for Capital Projects”, on page 6.

Annual Report Paper – The FY2024-2025 Annual Report was printed on recycled paper as suggested by the IMC.

Jurisdictional Complexities – The IMC received an informational presentation by Valley Water staff on the impact of jurisdictional complexities on projects in the Safe, Clean Water and Natural Flood Protection Program on December 3, 2025, as requested by the IMC in the prior year. Staff reported on the effect of those complexities on the cost and rate of progress of Safe, Clean Water projects. They also described Valley Water efforts to address those complexities. We believe more should be done to acknowledge the innovative steps that Valley Water is taking – and the progress it is making – to address these complexities. Those steps include strategies implemented at the organizational level as well as those taken for individual Safe, Clean Water projects. We also believe that the public needs to be better informed about these complexities and their impact on the cost and progress of Safe, Clean Water projects. Valley Water and Safe, Clean Water projects are being held accountable for the impact of these complexities. Communication about specific obstacles can be problematic. Communication about the systemic problem and the need for improvement is imperative.

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New Notes:

Overall, the IMC members agreed that the FY2024-25 Safe, Clean Water Program Annual Report is an incremental improvement over prior years. The Committee has identified some new Notes for consideration in future annual reports to provide greater clarity. Most of the notes are suggestions of minor clarifications, such as adding footnotes to provide additional information. The following items are slightly more substantial:

Financial Appendices A-B – Include in the Program’s 5-Year Implementation Plan (FY2027-31) information about the use of long-term debt in the Safe, Clean Water Program.

A2: Water Conservation Rebates and Programs – Under benefits, list the goal of conserving 126,000 acre-feet of water per year by 2050.

A3: Pipeline Reliability –

- Include information about the connection between the Pipeline Rehabilitation Plan and Project A3 schedule.
- Include clearer funding details, such as the Safe, Clean Water funding cap and the Water Utility Enterprise Fund contribution and cost increases and their causes, within the project update.

F2: Emergency Response Planning and Preparedness – Update the annual report that the after-action review in KPI #4 was completed.

F3: Flood Risk Assessment Studies – Through the development of the next 5-year implementation plan, specifically focus on the remaining funds available for the delivery of this project’s KPI to ensure that there is sufficient funding.

OTHER RELATED IMC ACTIVITIES

PMA Audit – In 2023, the IMC recommended that an audit be scheduled to maintain the five-year schedule as originally adopted by the voters in the 2012 Program. As stated in our last letter to the Board, on December 4, 2024, an audit performed in conjunction with the closeout of the 2012 Safe, Clean Water and Natural Flood Protection Program was presented to the Committee. During the current review cycle, on December 3, 2025, the IMC received the renewed Safe, Clean Water and Natural Flood Protection Program Independent Performance Audit Report for the period covering July 1, 2021, through June 30, 2024, with Valley Water management's response. As reflected in the minutes of that meeting, the Committee received the information and took no formal action. However, during the vibrant discussion, many of the IMC members gave high praise for the thoroughness of the audit and the meaningful recommendations. Following are some findings that directly involve IMC members:

Audit Finding 3 - A Clearer Crosswalk is Needed between CIP and SCW Schedule Adjustments

Collaboration between the IMC and staff has substantially improved the reporting of progress of Safe, Clean Water projects. Still, we have again found instances this year when substantive

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departures from original projected costs have not been adequately described for the public in the annual report. One instance is related to the need to better harmonize Safe, Clean Water reporting with CIP adjustments. Again, we consider that reporting is a shared responsibility between Valley Water staff and the IMC.

Audit Finding 4 (Closed) - One of the recommendations from the audit was for Valley Water to finalize and implement a formal Conflict of Interest framework for the IMC. The conflict-of-interest procedure was updated by the Board on Sept. 23, 2025, to strengthen the IMC Members' disclosure responsibilities, especially concerning actual or potential financial conflicts of interest. It is imperative that IMC members adhere to this new procedure.

Audit Finding 5 - Another recommendation was for IMC to partner with the Board to enhance recruitment strategies, to identify, attract, and recruit qualified candidates for the IMC. As stated earlier, at the time of this letter, there are 3 vacancies, one each in Districts 1, 4, and 7. The IMC seeks to work with the Board and staff to identify and implement ways to better attract and retain IMC members. We consider this a shared responsibility. The IMC's own efforts to improve its ways of working can help to both attract and retain members.

FUTURE TOURS

The Committee also commends the staff for providing IMC members with project site tours in 2025 and recommends that these continue. For FY2025-26, the IMC suggests the following project site tours:

1. Anderson Dam Seismic Retrofit Project
2. Upper Llagas Creek Flood Protection Project

Sincerely,

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Marc Rauser, Vice Chair
Independent Monitoring Committee

Attachments:

1. IMC Fiscal Year 2024-2025 Annual Report
2. IMC Notes for Future Program Annual Reports

cc: Independent Monitoring Committee Members