

Valley Water Work Plan FY '25 Board Review

April 29, 2024

Santa Clara, CA

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- I. Connection Activity and Agenda Review
- II. Board Chair Message
- III. CEO Message
- IV. Strengths, Weaknesses, Opportunities, and Threats - FY '25
- V. Capital Improvement Program (CIP) Review and Discussion
- VI. Lunch
- VII. Connection II
- VIII. FY '24 - FY '25 Workplan Review and Discussion
- IX. Final Thoughts/Next Steps

Agenda

Agreements for Today

- ▶ Be Present
- ▶ Remain focused on topics/issues related to today's agenda
- ▶ Respect people's truths; Debate ideas, not people
- ▶ One voice at a time
- ▶ To manage our time, be as concise as possible and limit your comments to once per topic (when needed)
- ▶ Question and understand from a policy/governance lens

Desired Outcomes for Today

- ▶ Careful Consideration of Valley Water's S.W.O.T.'s
- ▶ Develop a firm understanding of the Capital Improvement Program process and plan
- ▶ Develop a firm understanding of the FY '25 work plan
- ▶ Question and understand from a policy/governance lens

Connection I

**Policy
OR
Practice?**

The strategic direction of Valley Water through 2030

Policy or Practice?

Tracking of all expenditures \$100,000 or more

Policy or Practice?

The pay rates for individual department/business unit leadership staff

Policy or Practice?

The order and/or pace of capital improvement projects

Policy or Practice?

Mitigating the risks associated with climate change

Policy or Practice?

Board Chair Message

Chair Nai Hsueh

CEO Message

Rick Callender

Valley Water S.W.O.T Survey Review

Strengths, Weaknesses, Opportunities, and Threats

Completed by 6 Board Members, and 37 Leadership Team
Staff

Highly Qualified and Dedicated Staff: Many responses highlight the excellence, dedication, and professionalism of the organization's staff. This includes their expertise, hard work, and passion for serving the community.

Leadership and Management: There is an emphasis on effective leadership and management, including the role of experienced board members and CEOs in guiding the organization's mission and vision.

Diversity and Inclusion: The value of diversity and inclusion within the workforce is noted in multiple responses, along with efforts to ensure representation and equity.

Communication and Transparency: The efforts made by the organization to communicate effectively with both employees and the public, as well as its commitment to transparency, are mentioned in several responses.

Strengths - Staff

Vice Chair Santos: The majority of the Board seems to work well with each other and continues to be supportive of our various projects

Director Keegan: Competent rank and file employees, stable revenue sources

Director Beall: Silicon Valley provides a good tax base

Director Estremera: BAOs and employees are our greatest strengths. We have strong financials and strong past public support.

Chair Hsueh: 1. Board Governance Policy drives directions of the organization; 2. Mission-oriented and dedicated/knowledgeable Employees; 3. Planning for the future—programmatic planning, master planning, financial planning, etc.; 4. Outreach/communication efforts to our constituents Good progress was made toward the Board's FY 2024 Work Plan, e.g. purified water, Anderson Dam, water conservation, mid-Coyote Creek, one water plan, FAHCE implementation, relationship with regulatory agencies, and many more.

Director Varela: Power of positive thinking! The majority of Board members and management leadership team extremely proactive and transparent.

Strengths - Board

Lack of Focus and Mission Creep: Many responses mention concerns about the organization straying from its central mission areas or taking on services that are not within its core mandate.

Political Interference and Board Dysfunction: The impact of political dynamics, including board politics and decision-making influenced by political reasons, is noted as a significant challenge. Board dysfunction and micromanagement by certain board members are also mentioned.

Loss of Institutional Knowledge: The loss of experienced staff and institutional knowledge due to retirements is identified as a challenge for the organization.

Cross-Agency Communication and Collaboration: Several responses highlight the need for improved communication and collaboration between different units or departments within the organization, as well as with external agencies or partners.

Weaknesses - Staff

Vice Chair Santos: As of now, mostly 3 members of the Board - I believe the remaining 4 go out of their way to work together and roll up their sleeves to address the many challenges we encounter

Director Keegan: Historically employees and management have not been well integrated. Low trust organization.. Board is not in alignment. Tendency to think about interactions being a zero sum game with winners and losers. Sexism on the part of some board members has been observed by outsiders and it damages our reputation. Tendency for some board members to be resistant to change. "We've always done it this way". Lack of financial discipline and excessive spending. Ends justify the means.

Director Beall: Organization does not respond well to public input

Director Estremera: Tremendous challenges ahead. The current inflation problems should subside. However, our CIP requires more future funding which might require us to increase rates to a prohibitive cost. Our storage capacity with Anderson out for ten or more years is another tremendous challenge as is long term storage prospects in general. Pacheco future funding is also a huge challenge. Finally, regulatory challenges are also a large challenge that we continue to try and address. I should also mention the Delta Project as well as the delta itself is another large challenge.

Chair Hsueh: Trusting relationship between/among*Board member(s) *Board member(s) and staff"

Director Varela: Regulatory agencies, NGO's causing much delay in our major CIP projects.

Weaknesses - Board

Leadership Development and New Leadership: There is an opportunity to focus on training and growing leaders from within the organization, as well as leveraging the potential of new leaders in key areas such as IT and legal.

Focus on Mission and Prioritization: Many responses highlight the opportunity for Valley Water to prioritize and focus on essential capital projects that align with its core mission, while streamlining processes to be more nimble and efficient.

Community Engagement and Transparency: There is a consensus on the importance of engaging with the community, providing transparent and informative communication, and building trust through effective communication at all levels of the organization.

Opportunities for Grants and Funding: Valley Water has the potential to acquire federal grant funding for watershed management projects, climate resiliency initiatives, and other water-related projects by leveraging partnerships and relationships with stakeholders.

Opportunities - Staff

Vice Chair Santos: To help address the public's concerns and work to provide the solutions.

Director Keegan: Interesting and important work to be done. Future turnover on the Board can result in new ideas. Working closer to other agencies rather than being isolated.

Director Beall: Completing new policies to complete our mission in water supply master plan 2050

Director Estremera: Our organizational leadership continues to plan well with a clear future vision. We have a number of forward-looking master plans. We continue to enjoy public support both from our community as well as our public officials. The Governor and his cabinet have realized the need to concentrate on overhauling our water ancient water rights laws, CEQA required reforms and greater support for water storage and infrastructure projects. The president's infrastructure program will also provide more support and funding for our CIP. The City of San Jose has also become more willing to work with us on future water purification efforts.

Chair Hsueh: My answer is directly related to the "threats section" below.*Enhance current efforts of engaging environmental groups on the work that they have interests in.*Take a leadership role to bring multi-agency cooperation on encampment issues. This does not mean being the "leader of solving the problem", this is focused on "facilitating" enhanced cooperation, integrated strategies, and more efficient use of tax payers' dollars.*The Board's goals for San Francisquito Creek Project is needed first, and these goals can then drive the strategies to move forward or potential modifications to the Renewed Safe Clean Water Program.

Director Varela: Collaboration! Networking with our State, Federal elected as well as local elected officials, create a major pathway in messaging to our approximate 2m constituents through multiple channels of communication.

Opportunities - Board

External Pressures and Environmental Challenges: The impacts of drought, climate change, and other environmental factors pose significant threats to Valley Water's operations and resources.

Board Dysfunction and Mistrust: Internal challenges related to board dynamics, mistrust between board members and staff, and conflicts regarding decision-making authority hinder effective governance and operations.

Community Perception and Public Trust: Negative public perception, often influenced by media coverage and board behavior, impacts Valley Water's reputation and its ability to engage with stakeholders effectively.

Staffing and Talent Retention: Concerns about brain drain, difficulty attracting and retaining experienced talent, and reliance on temporary workers or AI solutions without adequate succession planning are highlighted.

Threats - Staff

Vice Chair Santos: The Board members who seem not to understand their homework, do more talking instead of finding solutions

Director Keegan: I think some of our board members and managers have a high tolerance for risk. That can be problematic. Poor delivery of our Capital Improvement Program, projects are almost always over budget and delayed. Our waterways are seeing ever increasing pollution levels due to homeless encampments. We are tying the hands of future boards by having too many CIP projects that are using up our bonding capacity. Valley Water is not respected by other agencies.

Director Beall: Inability to respond to climate change.

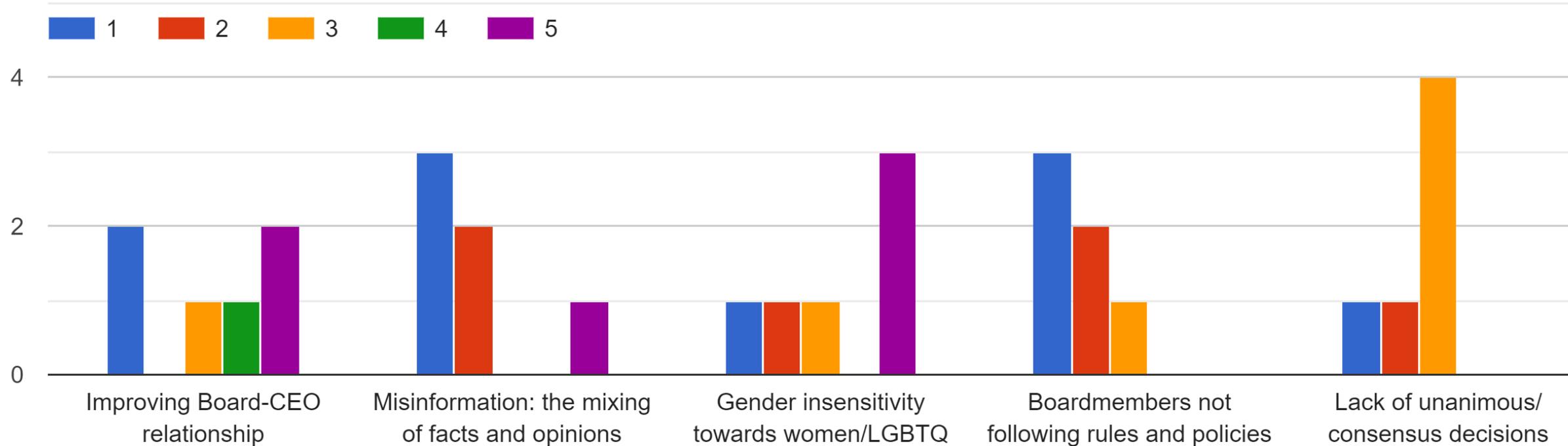
Director Estremera: Directors that do not support our projects and will not work cooperatively and collaboratively with their colleagues. Inflation will become a greater threat if it doesn't subside soon.

Chair Hsueh: For FY25, I worry about the following that might threaten our ability to make progress and meet our long term commitments: *Trusting relationship with environmental groups *Interagency cooperation to support each other and together make progress on encampment challenge in Santa Clara County *We might not meet our Renewed Safe Clean Water Commitment on San Francisquito Creek with the current project delivery structure

Director Varela: Lack of public understanding, acceptance as it pertains to our CIP expenditures, cost adjustments.

Threats - Board

During our Board D.E.I.B. and Governance training, you identified a number of challenges/issues of the Board that needed to be addressed. From your lens, please rank the responses from most pressing (1) to least pressing (5) issue:



▶ BREAK

Capital Improvement Program (CIP) Process and Plan



▶ Lunch

Connection II

We identified a number of items in the SWOT discussion; what is one item you can begin to positively impact immediately and how will you do it?

▶ Valley Water FY '25 Work Plan

FY '25 Work Plan Discussion

▶ BREAK

▶ Valley Water FY '25 Work Plan

FY '25 Work Plan Discussion (cont.)

Final Thoughts and Next Steps