



Santa Clara Valley Water District Board of Directors Meeting

District Headquarters Board Room
5700 Almaden Expressway
San Jose, CA 95118

***AMENDED/APPENDED AGENDA**

**Tuesday, April 11, 2017
11:00 AM**

***ITEMS AMENDED AND/OR APPENDED SINCE THE ORIGINAL PUBLICATION OF THIS
AGENDA ARE IDENTIFIED BY AN ASTERISK (*) HEREIN**

District Mission: Provide Silicon Valley safe, clean water for a healthy life, environment and economy.

DISTRICT BOARD OF DIRECTORS

John L. Varela, Chair - District 1
Richard Santos, Vice Chair - District 3
Barbara Keegan - District 2
Linda J. LeZotte - District 4
Nai Hsueh - District 5
Tony Estremera - District 6
Gary Kremen - District 7

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the Office of the Clerk of the Board at the Santa Clara Valley Water District Headquarters Building, 5700 Almaden Expressway, San Jose, CA 95118, at the same time that the public records are distributed or made available to the legislative body. Santa Clara Valley Water District will make reasonable efforts to accommodate persons with disabilities wishing to attend Board of Directors' meeting. Please advise the Clerk of the Board Office of any special needs by calling (408) 265-2600.

NORMA CAMACHO
Interim Chief Executive Officer

MICHELE L. KING, CMC
Clerk of the Board
(408) 265-2600
Fax (408) 266-0271
www.valleywater.org

Note: The finalized Board Agenda, exception items and supplemental items will be posted prior to the meeting in accordance with the Brown Act.

**Santa Clara Valley Water District
Board of Directors**

***AMENDED/APPEDED
AGENDA**

***ITEMS AMENDED AND/OR APPENDED SINCE THE ORIGINAL PUBLICATION OF THIS
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Tuesday, April 11, 2017

11:00 AM

District Headquarters Board Room

1. CALL TO ORDER:

1.1. Roll Call.

2. TIME CERTAIN:

11:00 AM

Notice to the Public: The Board of Directors meets in Closed Session in accordance with the Ralph M. Brown Act. Following the conclusion of Closed Session discussion, the Board will return for the remaining items on the regular meeting agenda.

***2.1 CLOSED SESSION**

[17-0235](#)

CONFERENCE WITH LEGAL COUNSEL

Anticipated litigation

Pursuant to Government Code 54956.9 (e)(2) (February flood event)
and 54956.9(e)(3)

Claim of Edward and Annamarie Murphy and Claim of Annalisa Wilson.

2.2. CLOSED SESSION

[17-0210](#)

CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION

Significant exposure to litigation

Pursuant to Government Code 54956.9(b)

Joseph Bandel v. Santa Clara Valley Water District

***2.3. CLOSED SESSION**

[17-0234](#)

Pursuant to Government Code 54957

Public Employment

Title of employee being reviewed - Chief Executive Officer/General
Manager

1:00 PM

2.4. District Counsel Report.

2.5. Pledge of Allegiance/National Anthem.

2.6. Orders of the Day.

A. Approximate Discussion Time (Board); and

B. Adjustments to the Order of Agenda Items.

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

Notice to the public: This item is reserved for persons desiring to address the Board on any matter not on this agenda. Members of the public who wish to address the Board on any item not listed on the agenda should complete a Speaker Card and present it to the Clerk of the Board. The Board Chair will call individuals to the podium in turn. Speakers comments should be limited to three minutes or as set by the Chair. The law does not permit Board action on, or extended discussion of, any item not on the agenda except under special circumstances. If Board action is requested, the matter may be placed on a future agenda. All comments that require a response will be referred to staff for a reply in writing. The Board may take action on any item of business appearing on the posted agenda.

*Handout

[17-0247](#)

Attachments: [*Handout 2.7-A K. Irvin](#)

2.8. Adoption of a Resolution in Support of National Heritage Area Designation for Santa Clara County.

[17-0198](#)

Recommendation: Adopt the Resolution SUPPORT OF NATIONAL HERITAGE AREA DESIGNATION FOR SANTA CLARA COUNTY, to Support County of Santa Clara's Effort in Requesting U.S. Congress's Consideration and Designation of Santa Clara County as a National Heritage Area.

Manager: Norma Camacho, 408-630-2084

Attachments: [Attachment 1: PowerPoint](#)
[Attachment 2: Resolution](#)

Est. Staff Time: 10 Minutes

- 2.9. Public Hearing - Annual Report on the Protection and Augmentation of Water Supplies - February 2017 and Recommended Groundwater Production and Other Water Charges for Fiscal Year 2017-2018 (FY 2017-18). [17-0169](#)

Recommendation: A. Conduct a public hearing pursuant to Section 26.6 of the District Act to consider the District FY 2017-18 Annual Report on the Protection and Augmentation of Water Supplies, and direct staff to review such report with, and solicit comments from the District's advisory committees;

B. Hear public comments from groundwater producers and any interested persons regarding such report; and

C. Continue the public hearing regarding such report to the April 13, 2017 special meeting, at 7:00 pm.

Manager: Jim Fiedler, 408-630-2736

Attachments: [Attachment 1: Staff Report](#)
[Attachment 2: PowerPoint](#)
[Attachment 3: Resolution No. 12-10](#)
[Attachment 4: Resolution No. 12-11](#)

Est. Staff Time: 20 Minutes

1:30 PM

- 2.10. Update on United States Army Corps of Engineers (USACE) Partnership Projects. [17-0184](#)

Recommendation: Receive and discuss information related to status of the United States Army Corps of Engineers (USACE) projects where the District is the Local Sponsor, Co-Local Sponsor or member of a Local Sponsor Agency.

Manager: Ngoc Nguyen, 408-630-2632
Katherine Oven, 408-630-3126

Attachments: [Attachment 1: Federal Appropriation Requests](#)
[Attachment 2: PowerPoint](#)

Est. Staff Time: 20 Minutes

2.11. District's Capital Improvement Program Fiscal Year 2016-17 Progress Report for Watersheds Capital Projects.

[17-0104](#)

- Recommendation:
- A. Receive information from staff on the FY2016-17 Capital Improvement Program (CIP) progress reports for key Watersheds Capital Projects; and
 - B. Approve adjustments to the Safe, Clean Water and Natural Flood Protection Program (SCW Program) schedules for four Watersheds projects.

Manager: Ngoc Nguyen, 408-630-2632

Attachments: [Attachment 1: PowerPoint](#)

Est. Staff Time: 75 Minutes

3. CONSENT CALENDAR: (3.1 - 3.6) (Est. Time: 5 Minutes)

Notice to the public: There is no separate discussion of individual consent calendar items. Recommended actions are voted on in one motion. If an item is approved on the consent vote, the specific action recommended by staff is adopted. Items listed in this section of the agenda are considered to be routine by the Board, or delegated to the Board Appointed Officers (BAOs) yet required by law or contract to be Board approved (EL-7.10). Any item may be removed for separate consideration at the request of a Board member. Whenever a resolution is on the consent calendar, a roll call vote will be taken on the entire calendar. Members of the public wishing to address the Board on any consent items should complete a Speaker Card and present it to the Clerk of the Board.

3.1. Fiscal Year 2015-16 Year-End Closing Budget Adjustment and Fiscal Year 2016-17 Mid-Year Budget Adjustment (D. Taylor).

[17-0151](#)

- Recommendation:
- A. Approve the Fiscal Year 2015-16 year-end closing budget adjustment; and
 - B. Approve the Fiscal Year 2016-17 mid-year budget adjustment.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: FY15-16 Year-End Budget Adjustment](#)
[Attachment 2: FY16-17 Mid-Year Budget Adjustment](#)

- 3.2. Providing Notice of Time and Place of Public Hearing Regarding Flood Control Benefit Assessments for Fiscal Year 2017-2018 (FY 2017-18). [17-0186](#)

Recommendation: Set a time and place for the public hearing on Flood Control Benefit Assessments for FY 2017-18 at 1:00 p.m. on May 9, 2017, at the Santa Clara Valley Water District, 5700 Almaden Expressway, San Jose, California.

Manager: Melanie Richardson, 408-630-2035

Attachments: [Attachment 1: Benefit Assessment Report 2017](#)
[Attachment 2: Notice of Public Hearing](#)

- 3.3. Adopt Plans and Specifications and Authorize Advertisement for Bids for the Installation of Cathodic Protection Rectifiers and Deep-Well Anodes on the Pacheco Conduit, Project No. 91214010. [16-0566](#)

Recommendation: A. Adopt Plans and Specifications and Authorize Advertisement for Bids for the Installation of Cathodic Protection Rectifiers and Deep-Well Anodes on the Pacheco Conduit per the Notice to Bidders; and

B. Authorize the Designated Engineer to issue addenda, as necessary, during the bidding process.

Manager: Jim Fiedler, 408-630-2736

Attachments: [Attachment 1: Notice to Bidders](#)
[Attachment 2: Project Location Map](#)

- 3.4. Designation of Impartial Third Party to Oversee Validation and Tabulation of Written Protests for Fiscal Year 2017-2018 Groundwater Production and Surface Water Charges. [17-0158](#)

Recommendation: Designate an impartial third party to oversee the verification and tabulation of the written groundwater production and surface water protests.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: Resolution Nos. 12-10 and 12-11](#)
[Attachment 2: Uhlenberg's Proposal](#)

- *3.5. CEO Bulletin for the Weeks of March 24-30, and March 31-April 6, 2017.

[17-0211](#)

Recommendation: Accept the CEO Bulletins.

Manager: Norma Camacho, 408-630-2084

Attachments: [Attachment 1: 033017 CEO Bulletin](#)
[Attachment 2: 040617 CEO Bulletin](#)

- *3.6. Approval of Minutes.

[17-0156](#)

Recommendation: Approve the minutes.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: 022817 Regular Meeting Minutes](#)
[Attachment 2: 030117 Special Meeting Minutes](#)
[Attachment 3: 031417 Regular Meeting Minutes](#)
[Attachment 4: 032317 Special Meeting Minutes](#)

REGULAR AGENDA:

4. BOARD OF DIRECTORS

*4.1. Recommendation Regarding District-Owned Residential Rental Properties, Following District Outreach and Analysis.

[17-0146](#)

Recommendation:

- A. Approve making no change to the District's current property management practices in regards to residential rental properties (in accordance with Resolution 09-78) , based upon the outreach and analysis provided by staff in response to the Board's November 22, 2016 request regarding the use of District-owned residential rental properties;
- B. Approve utilizing a portion of net rental income from properties purchased through Watersheds (Fund 12) to fund the homeless encampment cleanup project and for development of a pilot program that focuses on the impacts of homeless encampments in each city where the net rental income is being utilized, with transference or reallocation to begin in Fiscal Year 2020;
 - i. Up to ninety (90) percent of each FY's net rental income will be utilized to fund the Safe, Clean Water and Natural Flood Protection Program Encampment Cleanup Project (SCW Project B4) through FY 2028;
 - ii. Up to 10 percent of each FY's net rental income will be utilized to develop a pilot program to help address waterway and stream stewardship impacts of homeless encampments in each city with Fund 12 District-owned residential rental properties, which will be implemented through FY 2021, at which time staff will assess the pilot program and return to the Board with a recommendation on whether to continue its implementation; and
- C. Direct the Capital Improvement Program (CIP) Ad-Hoc Committee to review Recommendation B's proposed transfer from Fund 12 to Fund 26 for SCW Project B4 and the use of those Fund 12 funds for the pilot program to help address waterway and stream stewardship impacts of homelessness in light of other Fund 12 capital project funding needs; and return to the Board with a recommended annual transfer amount into SCW Project B4 to be implemented from FY 2020 to FY 2028 and for the pilot program from FY 2020 to FY 2021.

Manager: Melanie Richardson, 408-630-2035

Attachments: [Attachment 1: Resolution No. 09-78](#)
 [Attachment 2: City of Mountain View Council Report](#)
 [Attachment 3: Handout 4.1-A](#)
 [Attachment 4: Handout 4.1-B](#)
 [Attachment 5: Handout 4.1-C](#)
 [Attachment 6: Handout 4.1-D](#)
 [Attachment 7: Handout 4.1-E](#)
 [Attachment 8: Handout 4.1-F](#)

Est. Staff Time: 20 Minutes

4.2. Board Committee Reports.

5. **WATER UTILITY ENTERPRISE:**

6. **WATERSHEDS:**

7. **CHIEF EXECUTIVE OFFICER:**

7.1. Chief Executive Officer Report.

*Handout

[17-0248](#)

Attachments: [*Handout 7.1-A Storm Report](#)

8. **ADMINISTRATION:**

9. **DISTRICT COUNSEL:**

10. **ADJOURN:**

10.1. Board Member Reports/Announcements.

10.2. Clerk Review and Clarification of Board Requests.

10.3. Adjourn to 7:00 p.m., Special Meeting on April 13, 2017, in the Morgan Hill
 City Council Chambers, 17555 Peak Ave., Morgan Hill.

File No.: 17-0235

Agenda Date: 4/11/2017
Item No.: *2.1

NON-EXHIBIT/CLOSED SESSION ITEM

SUBJECT:

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL

Anticipated litigation

Pursuant to Government Code 54956.9 (e)(2) (February flood event) and 54956.9(e)(3)

Claim of Edward and Annamarie Murphy and Claim of Annalisa Wilson.

File No.: 17-0210

Agenda Date: 4/11/2017
Item No.: 2.2.

NON-EXHIBIT/CLOSED SESSION ITEM

SUBJECT:

CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION
Significant exposure to litigation
Pursuant to Government Code 54956.9(b)
Joseph Bandel v. Santa Clara Valley Water District

File No.: 17-0234

Agenda Date: 4/11/2017
Item No.: *2.3.

NON-EXHIBIT/CLOSED SESSION ITEM

SUBJECT:

CLOSED SESSION

Pursuant to Government Code 54957

Public Employment

Title of employee being reviewed - Chief Executive Officer/General Manager

File No.: 17-0247

Agenda Date: 4/11/2017
Item No.:

*Handout

Attachments: Handout 2.7-A K. Irvin

04/11/2017

Melissa Stone

From: Katja Irvin <katja.irvin@sbcglobal.net>
Sent: Monday, April 10, 2017 9:05 PM
To: Clerk of the Board
Cc: Garth Hall; Cindy Kao; Barbara Keegan; Gary Kremen; Board of Directors
Subject: Fw: funding current SWP infrastructure before tunnels (public comment to Board)

Dear Clerk, Staff, and Board Members,

Please accept this message as **public comment** to the Board for the April 11 2017 Board Meeting, Item 2.7.

This comment includes the Sacramento Bee editorial linked below explaining why the District should step back and evaluate all the maintenance expenditures before committing additional funds for planning the Water Fix project.

More outreach is needed. The public should be educated on the costs of different alternatives and associated impacts on water rates and property taxes. This should not be just another marketing exercise but an effort to include the public in priority-setting and budget trade-off decisions.

Thank you for your consideration.

Katja Irvin
Water Committee Chair
Sierra Club Loma Prieta Chapter
(408) 569-8214

— Forwarded Message —

Sent: Monday, April 10, 2017 5:33 PM
Subject: DWR outmaneuvering us on funding current SWP infrastructure before tunnels

Jonas Minton of Planning and Conservation League published a great Op Ed last week calling for repairs of current infrastructure before the tunnels. See

Public needs answers on repairing Oroville dam, Delta levees and California Aqueduct
<http://www.sacbee.com/opinion/op-ed/soapbox/article142929039.html>

But the rubber is hitting the road in the legislature. Assemblymember Gallagher's AB 1270 has language requiring DWR to produce a five year plan for funding dam operations, maintenance, and upgrades – but NOT until Jan 1, 2019, AFTER the new State Water Project contracts are signed, and AFTER water agencies will commit to the tunnels.

File No.: 17-0198

Agenda Date: 4/11/2017

Item No.: 2.8.

BOARD AGENDA MEMORANDUM

SUBJECT:

Adoption of a Resolution in Support of National Heritage Area Designation for Santa Clara County.

RECOMMENDATION:

Adopt the Resolution SUPPORT OF NATIONAL HERITAGE AREA DESIGNATION FOR SANTA CLARA COUNTY, to Support County of Santa Clara's Effort in Requesting U.S. Congress's Consideration and Designation of Santa Clara County as a National Heritage Area.

SUMMARY:

The Santa Clara County Board of Supervisors and the National Heritage Area Task Force (NHATF) have invited the Santa Clara Valley Water District (District) to join their effort to have the U.S. Congress designate Santa Clara County as a National Heritage Area (NHA).

As described in the Santa Clara County National Heritage Area PowerPoint (Attachment 1), to be presented by NHATF Chair Rod Diridon at the April 11, 2017 board meeting, NHA is a program of the National Park Service (NPS) in which Congress recognizes an area for its unique history where:

- Natural, cultural, & historic resources form a **nationally important** story.
- The community drives the grassroots approach to heritage conservation.
- Community partnerships support historic preservation, natural resource conservation, recreation, tourism and education.

The benefits of this designation include:

- Economic development-every \$1 of federal investment to an NHA generates \$5.50.
- Preserves and promotes the County's historical and cultural resources through educational and interpretative programs.
- Honors the tremendous cultural diversity and heritage of the County.
- Creates a shared regional identity to foster environmentally sustainable

communities.

To receive this designation, Santa Clara County must submit a Feasibility Study to NPS for its recommendation to the U.S. Congress. If Congress determines that such designation is suitable, it would pass a resolution making Santa Clara County a NHA. After this, the county, cities, school districts, community groups, and heritage organizations will work together to develop a NHA management plan. To begin this process, the county appointed the NHATF to guide the development of the Feasibility Study.

At this stage in the process, the County has requested the District's official support of a NHA designation by adopting the Resolution in Support of Santa Clara County National Heritage Area Designation (Attachment 2).

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

Attachment 1: PowerPoint

Attachment 2: Resolution

UNCLASSIFIED MANAGER:

Norma Camacho, 408-630-2084



SANTA CLARA COUNTY

National Heritage Area



WHAT IS A NATIONAL HERITAGE AREA?



An area recognized by Congress for its unique history where:

- Natural, cultural, & historic resources form a **nationally important** story.
- The community drives the grassroots approach to heritage conservation.
- Community partnerships support historic preservation, natural resource conservation, recreation, tourism and education.

WHAT ARE THE BENEFITS?

- Economic development—every \$1 of federal investment to an NHA generates \$5.50.
- Preserves and promotes the County's historical and cultural resources through educational and interpretative programs.
- Honors the tremendous cultural diversity and heritage of the County.
- Creates a shared regional identity to foster environmentally sustainable communities.



HOW DO WE RECEIVE A DESIGNATION?



1. We submit a Feasibility Study to the National Parks Service for its recommendation to the U.S. Congress.
2. Congress passes a resolution making Santa Clara County a National Heritage Area.
3. The county, cities, school districts, community groups and heritage organizations work together to develop our NHA management plan.

WHERE ARE WE IN THE PROCESS?

- We are on the first step of the project, developing the Feasibility Study.
- A National Heritage Area Task Force was appointed to guide the study.
- Based on guidelines from the National Park Service, the study identifies:
 - Nationally significant stories related to our history and culture.
 - The interpretation of this history.
 - Programs and activities we will offer to promote the region's heritage.



Telling Our Story: Valley of Visionaries

Help us tell the story about our past – how we populated the Valley, transformed the environment and changed America.

Roots of the Valley's Heritage: Ancestors of the Muwekma Ohlone Tribe and the Amah Mutsun Tribal Band

A Valley of Firsts: 1st Civil Settlement, State Capital, public university, radio broadcast station

Immigrants: The most diverse population in the U.S.

Orchards: Largest fruit grower & processor in the world

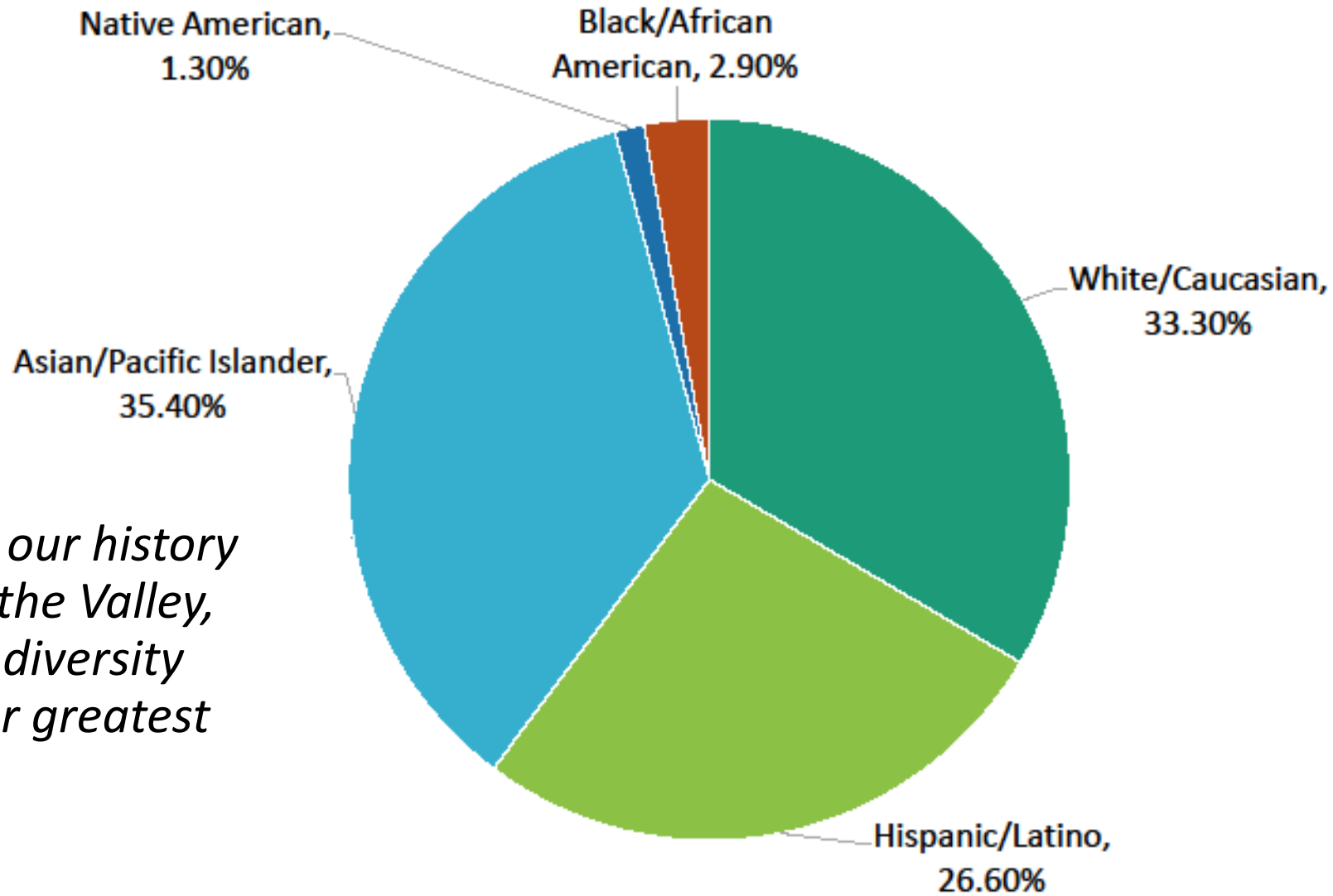
Social Justice: Cesar Chavez led the way to labor reform

Silicon Valley: Personal computer transformed the world economy

What the National Park Services Says About Us:

“Overall, Santa Clara County's scientific/commercial renaissance has, with justification, been compared to the earlier European renaissance. The creation of lasers, nuclear magnetic resonance, random access computer storage; disk drives, integrated circuits, personal computers, open-heart surgery, ink jet printing, gene-splicing and other wonders in such a short span of time has placed Santa Clara County firmly in history as a unique location whose creative energies have changed the world.”

Race of Santa Clara County Residents (2014 Census Data)

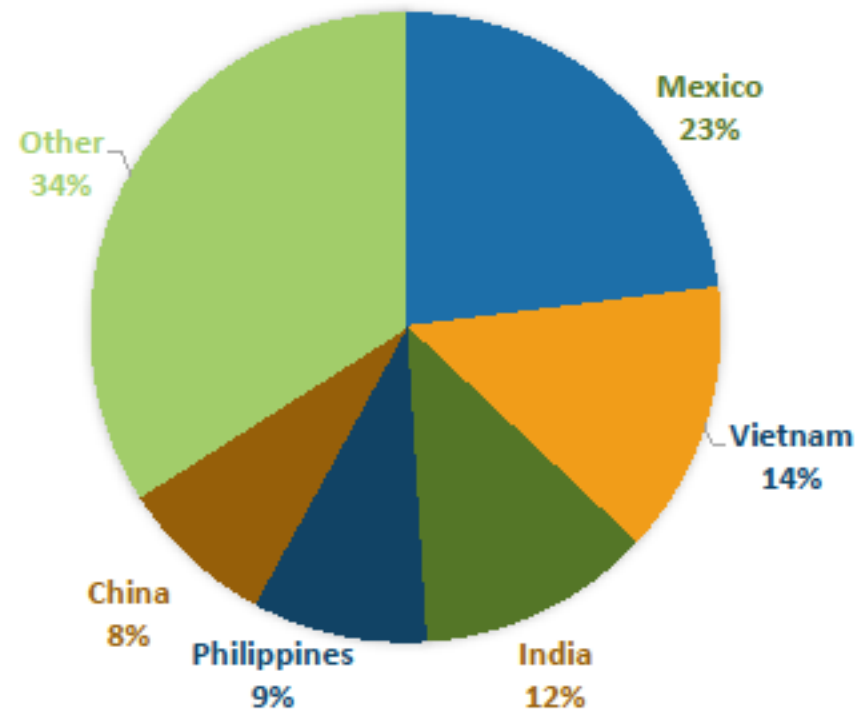


Throughout our history of peopling the Valley, our cultural diversity has been our greatest asset.

COUNTRY OF ORIGIN OF IMMIGRANT POPULATION IN SANTA CLARA COUNTY

(37.1% of Santa Clara County Residents were born in another country)
(2010 Study by USC)

SANTA CLARA COUNTY



BOARD AND TASK FORCE

Board of Supervisors

Dave Cortese, District 3, President of the Board

Mike Wasserman, District 1

Cindy Chavez, District 2

Ken Yeager, District 4

Joe Simitian, District 5



National Heritage Area Task Force

Rod Diridon, Chair

Dan McCorquodale, Vice Chair

April Halberstadt, Working Group Chair

David Von Rueden, Working Group Chair

Anjee Helstrup-Alvarez

Serena Alvarez

Lawrence Ames

Paul Bernal

Terry Christensen

Morteza Danesh

Carl Davis Jr.

Michael Fallon

Davlyn Jones

Rose Amador LeBeau

Mary Martin

Diane McKenna

Judy Niizawa

HOW CAN YOU BE INVOLVED?

- Visit our web site at www.sccnha.org to:
 - Receive regular updates
 - Volunteer to help us with the effort
 - Officially support our designation as a National Heritage Area
- Attend a monthly task force meeting
- Email nha@bos.sccgov.org
- Call 408-299-5030

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 17 -

SUPPORT OF NATIONAL HERITAGE AREA DESIGNATION FOR SANTA CLARA COUNTY

WHEREAS, Santa Clara County, once known as the Valley of the Heart's Delight with beautiful rich land, bountiful streams, orchards, and idyllic life, has attracted people from many cultures, with diverse talents, and abundant determination;

WHEREAS, that panoply of talent included remarkable artistic, scientific, and educational pathfinders dating back to the original Native Americans, through the Spanish, early American, early 1900s Asian and Italian and Irish and Portuguese and Scotts, and more recent Hispanic, Asian and other important newer arrivals;

WHEREAS, that diversity of motivated talent created the West Coast's most uniquely innovative society spawning the first civil settlement (1776), the first state capital (1850), the first private (1853) and public (1857) universities, the longest operating railroad (1864), the first controlled flight (1883), and many more celebrated innovations;

WHEREAS, Santa Clara Valley became the land of opportunity and agricultural innovation, and the most productive fruit growing and processing center in the world;

WHEREAS, our Valley's rich history of agricultural and technological advances, coupled with our three grand universities, made our area a leader in military and space technology resulting in Silicon Valley being the world's capital of high technology innovation;

WHEREAS, historically and presently both water supply and flood protection are necessary for the agricultural and technological industries, and continue to play a vital role in the ability of the Santa Clara County to support its population and economic growth;

WHEREAS, the County has worked with business and civic organizations interested in creating well-balanced communities that celebrate that diversity and success; and

WHEREAS, a National Heritage Area designation for the Valley will bring opportunities to promote that heritage and celebrate the associated art, education, and tourism.

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of the Santa Clara Valley Water District does hereby support the County of Santa Clara's effort to achieve a National Heritage Area designation by the U.S. National Park Service and the U.S. Congress.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on (insert meeting date):

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SUPPORT OF NATIONAL HERITAGE AREA DESIGNATION FOR SANTA CLARA COUNTY
Resolution No. 17-XX

SANTA CLARA VALLEY WATER DISTRICT

By: _____
JOHN VARELA
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC

Clerk/Board of Directors

File No.: 17-0169

Agenda Date: 4/11/2017

Item No.: 2.9.

BOARD AGENDA MEMORANDUM

SUBJECT:

Public Hearing - Annual Report on the Protection and Augmentation of Water Supplies - February 2017 and Recommended Groundwater Production and Other Water Charges for Fiscal Year 2017-2018 (FY 2017-18).

RECOMMENDATION:

- A. Conduct a public hearing pursuant to Section 26.6 of the District Act to consider the District FY 2017-18 Annual Report on the Protection and Augmentation of Water Supplies, and direct staff to review such report with, and solicit comments from the District's advisory committees;
- B. Hear public comments from groundwater producers and any interested persons regarding such report; and
- C. Continue the public hearing regarding such report to the April 13, 2017 special meeting, at 7:00 pm.

SUMMARY:

Section 26.6 of the District Act requires a public hearing regarding the Protection and Augmentation of Water Supplies report be held on or before the fourth Tuesday of April. This public hearing is conducted to inform the community of the activities performed by the District to ensure reliable water supply and the recommended groundwater production and other water charges to pay for those activities. The hearing provides opportunity for any interested person to submit comments to the Board. This year's rate setting process includes a formal protest procedure consistent with Board Resolutions 12-10 and 12-11 (See attachments 3 and 4). If written protests are filed by a majority of well owners or surface water operators, the groundwater production charge or surface water charge, respectively, cannot be increased.

Since the publishing of the District's Annual Report on the Protection and Augmentation of Water Supplies (PAWS), which can be found at www.valleywater.org, staff has extended the schedule for the Expedited Purified Water Program. Consequently, the following staff proposed increases are lower than the proposed maximum groundwater production charges shown in the published annual PAWS report.

Staff proposes a 9.6% increase in the North County (Zone W-2) Municipal and Industrial groundwater production charge. Staff recommends maintaining the treated water surcharge at \$100 per acre-foot and increasing the non-contract treated water surcharge to \$100 per acre-foot. The average

household in Zone W-2 would experience an increase in their monthly bill of \$3.55 or about 12 cents a day.

In the South County (Zone W-5), staff recommends a 6.4% increase in the M&I groundwater production charge. The average household in Zone W-5 would experience an increase in their monthly bill of \$0.86 or about 3 cents per day.

The staff proposed increase to the agricultural groundwater production charge is 10.4% for both zones. An agricultural water user who pumps 2 acre-feet per acre per year would experience an increase of \$0.25 per month per acre.

Staff recommends a 21.5% increase to the surface water master charge. This increase results in a 9.9% increase in the overall North County municipal and industrial surface water charge and 7.3% increase in the overall South County municipal and industrial surface water charge. The overall agricultural surface water charge in either zone would increase by 14.5%. Due to the continued severity of the drought, the water district suspended nearly all raw surface water deliveries in 2014. Many raw surface water users were forced to find an alternative source of water, primarily the groundwater basin. However, the district intends to reinstate untreated surface water users due to much improved water supply conditions.

For recycled water delivered in South County, staff recommends increasing the M&I charge by 6.7%. For agricultural recycled water, staff recommends a 3.2% increase. The increase maximizes cost recovery while concurrently providing an economic incentive to use recycled water. The pricing is consistent with the provisions of the "Wholesale-Retailer Agreement for Supply of Recycled Water Between Santa Clara Valley Water District and City of Gilroy."

The increases in water charges are necessary to pay for critical investments in water supply infrastructure rehabilitation and upgrades, and the development of future drought-proof supplies, most notably purified water. Additionally, we are projecting lower water usage than pre-drought averages, which results in lower revenue.

Staff recommends setting the State Water Project Tax at \$26 million for FY 2017-18. This translates to a property tax bill for the average single family residence of roughly \$44.00 per year. The recommended SWP tax is consistent with past practice. If the recommended FY 2017-18 State Water Project Tax is not approved, the M&I groundwater production charge would need to be increased by an additional \$148/AF in North County and \$31/AF in South County. The open space credit would increase by roughly \$755,000.

The District's Annual Report on the Protection and Augmentation of Water Supplies, among other information, contains a financial analysis of the District's water utility system and additional details about the above recommendations. This report can be found at www.valleywater.org

FINANCIAL IMPACT:

There is no financial impact associated with holding the hearing. If at a subsequent meeting, the Board approves the recommended groundwater production and other water charges or obtains

alternate funding mechanisms, the Water Utility should have sufficient funding for planned operations and capital improvement projects for fiscal year 2017-18.

CEQA:

The recommended action, the holding of a public hearing is not a project under CEQA. Further, establishment of groundwater production charges is not a project under CEQA. CEQA Guidelines Section 15273(a) reads as follows: CEQA does not apply to establishment or modification of charges by public agencies which the public agency finds are for the purpose of meeting operating expenses; purchasing or leasing supplies, equipment and materials; meeting financial reserve needs/requirements; and obtaining funds for capital projects needed to maintain service within existing service areas.

ATTACHMENTS:

Attachment 1: Staff Report
Attachment 2: PowerPoint
Attachment 3: Resolution No. 12-10
Attachment 4: Resolution No. 12-11

UNCLASSIFIED MANAGER:

Jim Fiedler, 408-630-2736

Staff Report

In accordance with the District Act, District staff has prepared an annual report on the Protection and Augmentation of Water Supplies, which was filed with the Clerk of the Board on February 24, 2017.

The Report is the 46th annual report on the Santa Clara Valley Water District's (District) activities in the protection and augmentation of the water supplies. This Report is prepared in accordance with the requirements of the District Act, section 26.5. The Report provides information on water requirements and water supply availability, and financial analysis of the District's water utility system. The financial analysis includes future capital improvement and maintenance requirements, operating requirements, financing methods and staff's recommended groundwater production and other water charges by zone for fiscal year 2017–18.

The Rate Setting Process

According to Section 26.3 of the District Act, proceeds from groundwater production charges can be used for the following purposes:

1. Pay for construction, operation and maintenance of imported water facilities
2. Pay for imported water purchases
3. Pay for constructing, maintaining and operating facilities which will conserve or distribute water including facilities for groundwater recharge, surface distribution, and purification and treatment
4. Pay for debt incurred for purposes 1, 2 and 3.

This year, as in past years, staff has carefully evaluated the activities that can be paid for by groundwater production charges. The work of the district is divided into projects. Every project has a detailed description including objectives, milestones, and an estimate of resources needed to deliver the project. To ensure compliance with the District Act, each project manager must justify whether or not groundwater production charges can be used to pay for the activities associated with their project. The financial analysis presented in the annual report is based on these project plans.

Resolution 99-21 guides staff in the development of the overall pricing structure based on principles established in 1971. The general approach is to charge the recipients of the various benefits for the benefits received. More specifically, pricing is structured to manage surface water, groundwater supplies and recycled water conjunctively to prevent the over use or under use of the groundwater basin. Consequently, staff is very careful to recommend pricing for groundwater production charges, treated water charges, surface water charges and recycled water charges that work in concert to achieve the effective use of available resources.

This year's rate setting process is being conducted consistent with Board Resolutions 99-21, 12-10 and 12-11, as well as Proposition 218's requirements for property-related fees for water services. As in the past, the Board will continue to hold public hearings and seek input from its advisory committees and the public before rendering a final decision on groundwater production and other water charges for FY 2017–18.

Staff Recommendations

Exhibit 1 shows the proposed groundwater production charges and other charges for FY 2017–18. Since the publishing of the District’s Annual Report on the Protection and Augmentation of Water Supplies (PAWS), staff has extended the schedule for the Expedited Purified Water Program. Consequently, the following staff proposed charges are lower than the proposed maximum charges shown in the published annual PAWS report.

Exhibit 1
Summary of Charges
(Dollars Per Acre Foot, \$/AF)

		Dollars Per Acre Foot		
		FY 2015–16	FY 2016–17	Proposed FY 2017–18
Zone W-2 (North County)				
	Basic User/Groundwater Production Charge			
	Municipal & Industrial	894.00	1,072.00	1,175.00
	Agricultural	21.36	23.59	25.09
	Surface Water Charge			
	Surface Water Master Charge	22.60	27.46	33.36
	Total Surface Water, Municipal & Industrial*	916.60	1,099.46	1,208.36
	Total Surface Water, Agricultural*	43.96	51.05	58.45
	Treated Water Charges			
	Contract Surcharge	100.00	100.00	100.00
	Total Treated Water Contract Charge**	994.00	1,172.00	1,275.00
	Non-Contract Surcharge	200.00	50.00	100.00
	Total Treated Water Non-Contract Charge***	1,094.00	1,122.00	1,275.00
Zone W-5 (South County)				
	Basic User/Groundwater Production Charge			
	Municipal & Industrial	356.00	393.00	418.00
	Agricultural	21.36	23.59	25.09
	Surface Water Charge			
	Surface Water Master Charge	22.60	27.46	33.36
	Total Surface Water, Municipal & Industrial*	378.60	420.46	451.36
	Total Surface Water, Agricultural*	43.96	51.05	58.45
	Recycled Water Charges			
	Municipal & Industrial	336.00	373.00	398.00
	Agricultural	45.16	47.38	48.88
*Note: The total surface water charge is the sum of the basic user charge (which equals the groundwater production charge) plus the water master charge				
**Note: The total treated water contract charge is the sum of the basic user charge (which equals the groundwater production charge) plus the contract surcharge				
***Note: The total treated water non-contract charge is the sum of the basic user charge (which equals the groundwater production charge) plus the non-contract surcharge				

The proposed increases in water charges are necessary to pay for critical investments in water supply infrastructure rehabilitation and upgrades, and the development of future drought-proof supplies, most notably purified water. Additionally, we are projecting lower water usage than pre-drought averages, which results in lower revenue.

Given the financial needs summarized above, staff proposes a 9.6% increase in the North County (Zone W-2) Municipal and Industrial groundwater production charge from \$1,072/AF to \$1,175/AF. Staff recommends maintaining the treated water surcharge at \$100/AF, and increasing the non-contract treated water surcharge to \$100/AF. The proposal equates to a monthly bill increase for the average household of \$3.55 or about 12 cents a day.

In the South County (Zone W-5), staff proposes a 6.4% increase in the M&I groundwater production charge from \$393/AF to \$418/AF. The proposal equates to a monthly bill increase for the average household of \$0.86 or about 3 cents per day.

Staff recommends a 6.4% increase in the agricultural groundwater production charge in both zones from \$23.59/AF to \$25.09/AF. The staff recommendation equates to a \$0.25 increase per month per acre for an agricultural water user who pumps 2 acre-feet per acre per year.

Staff recommends a 21.5% increase to the surface water master charge from \$27.46/AF to \$33.36/AF to bring revenues in line with costs related to managing, operating and billing for surface water diversions. This increase results in a 9.9% increase in the overall North County municipal and industrial surface water charge and 7.3% increase in the overall South County municipal and industrial surface water charge. The overall agricultural surface water charge in either zone would increase by 14.5%. Due to the severity of the drought, the water district suspended nearly all raw surface water deliveries in 2014. Many raw surface water users were forced to find an alternative source of water, primarily the groundwater basin. However, the district intends to reinstate untreated surface water users due to much improved water supply conditions.

For recycled water, staff recommends increasing the M&I charge by 6.7% to \$398/AF. For agricultural recycled water, staff recommends a 3.2% increase to \$48.88/AF. The increase maximizes cost recovery while concurrently providing an economic incentive to use recycled water. This pricing is consistent with the provisions of the "Wholesale-Retailer Agreement for Supply of Recycled Water Between Santa Clara Valley Water District and City of Gilroy."

Staff recommends setting the State Water Project Tax at \$26 million for FY 2017–18. This translates to a property tax bill for the average single family residence of roughly \$44.00 per year. The District incurs an annual indebtedness to the State of California pursuant to its Water Supply Contract dated November 20, 1961. Such indebtedness is proportional to the District's allocation of water from the State Water Project and pays for construction, maintenance and operation of state water project infrastructure and facilities. Staff anticipates that the District's contractual indebtedness to the State under the State Water Supply Contract for FY 2017–18 will be at least \$28 million. Staff's recommendation regarding the State Water Project tax is consistent with the District's past practice and with the approach of other water districts and agencies that maintain State water supply contracts.

Projections

Exhibit 2 shows actual and projected District-managed water use. FY 2015–16 water usage came in at roughly 200,000 AF. For the current year, FY 2016–17, staff estimates that water usage will be approximately 205,000 AF or flat to the FY 2016-17 budget, and roughly a 28%

reduction versus calendar year 2013. For FY 2017–18, total District-managed water use is projected at 217,000 AF, which is a 6% increase relative to the FY 2016-17 estimated actual, and consistent with water usage patterns during the last drought that occurred between 2007 and 2011. The FY 2017-18 water usage estimate represents a 24 percent reduction relative to calendar year 2013. Water use is projected to ramp up to 253,000 AF by FY 2025-26.

Exhibit 2
District-managed Water Use Projection (1,000's AF)

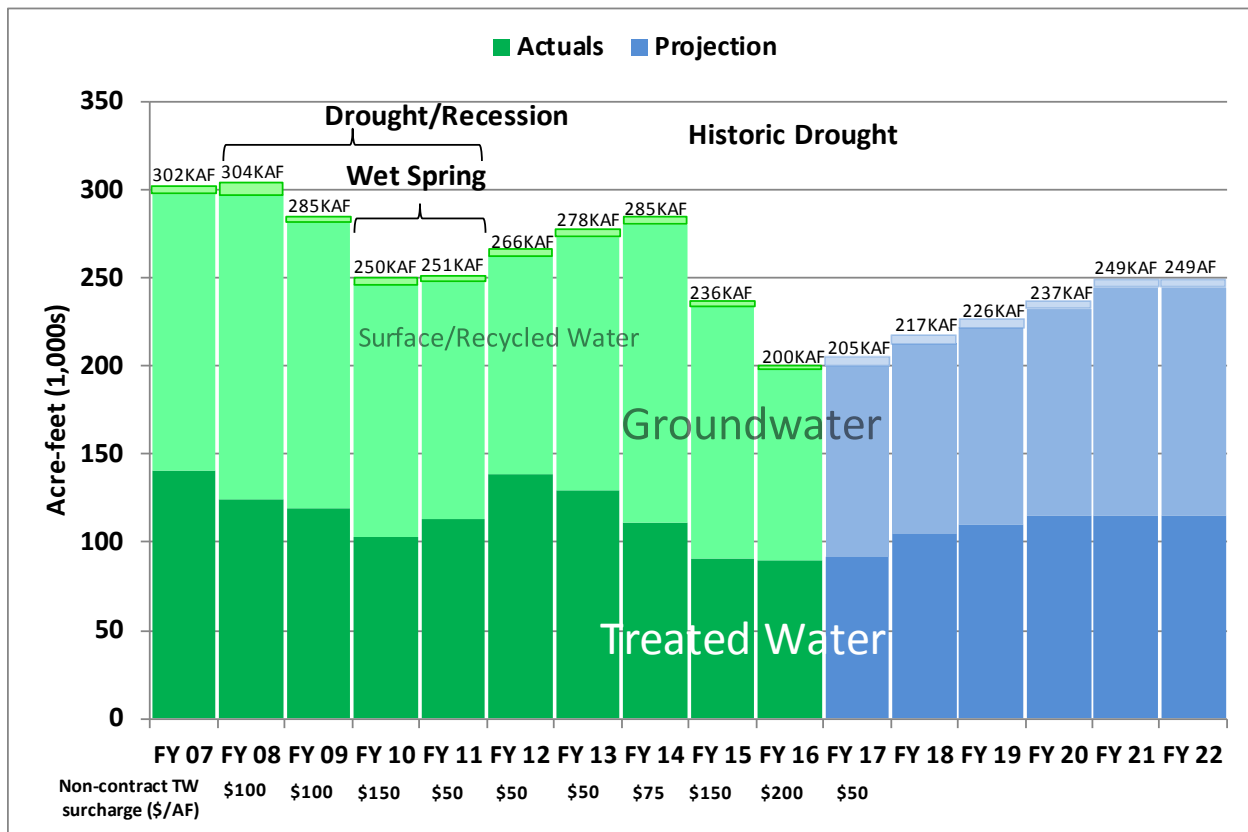


Exhibit 3 shows key financial indicators with staff's recommendation projected to FY 2021-22. The debt service coverage ratio, which is a ratio of revenue less operations expenses divided by annual debt service, is targeted at 2.0 or better which helps to ensure financial stability and continued high credit ratings keeping cost to borrow low.

Exhibit 3

5 Year Charge and Financial Indicator Projection

Adjusted Proposal	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
No. County (W-2) M&I GWP charge (\$/AF)	\$1,072	\$1,175	\$1,288	\$1,412	\$1,547	\$1,695
Y-Y Growth %	19.9%	9.6%	9.6%	9.6%	9.6%	9.6%
So. County (W-5) M&I GWP charge (\$/AF)	\$393	\$418	\$442	\$467	\$494	\$522
Y-Y Growth %	10.4%	6.4%	5.7%	5.7%	5.8%	5.7%
Ag GWP charge (\$/AF)	\$23.59	\$25.09	\$26.53	\$28.03	\$29.65	\$31.33
Y-Y Growth %	10.4%	6.4%	5.7%	5.7%	5.8%	5.7%
Operating & Capital Reserve	\$51,025	\$36,709	\$46,179	\$40,801	\$48,018	\$51,618
Supplemental Water Supply Reserve (\$K)	\$14,277	\$14,677	\$15,077	\$15,477	\$15,877	\$16,277
Sr. Lien Debt Svc Cov Ratio (1.25 min)	1.89	2.14	2.52	2.59	2.36	2.26
South County (Deficit)/Reserves (\$K)	\$7,886	\$7,214	\$6,932	\$7,893	\$9,551	\$10,968

A portion of the projected increases in the groundwater production charge are driven by the capital improvement program as shown in Exhibit 4. Over \$2.3 billion in capital investments, primarily to repair and rehabilitate aging infrastructure, are planned for the next 10 years. FY 2017-18 operations and operating project costs are projected to decrease by 8.1% versus the FY 2016-17 adjusted budget, due primarily to reduced imported water costs. On a longer term basis, operating outlays are projected to increase an average of 4.5% per year for the next 10 years due to anticipated inflation, the California Water Fix, and new operations costs related to the expansion of purified water facilities. Debt service is projected to rise from \$37.1 million in FY 2017-18 to \$148.6 million in FY 2026-27 as a result of periodic debt issuances to fund the capital program.

Exhibit 4

Cost Projection by Cost Center (\$M)

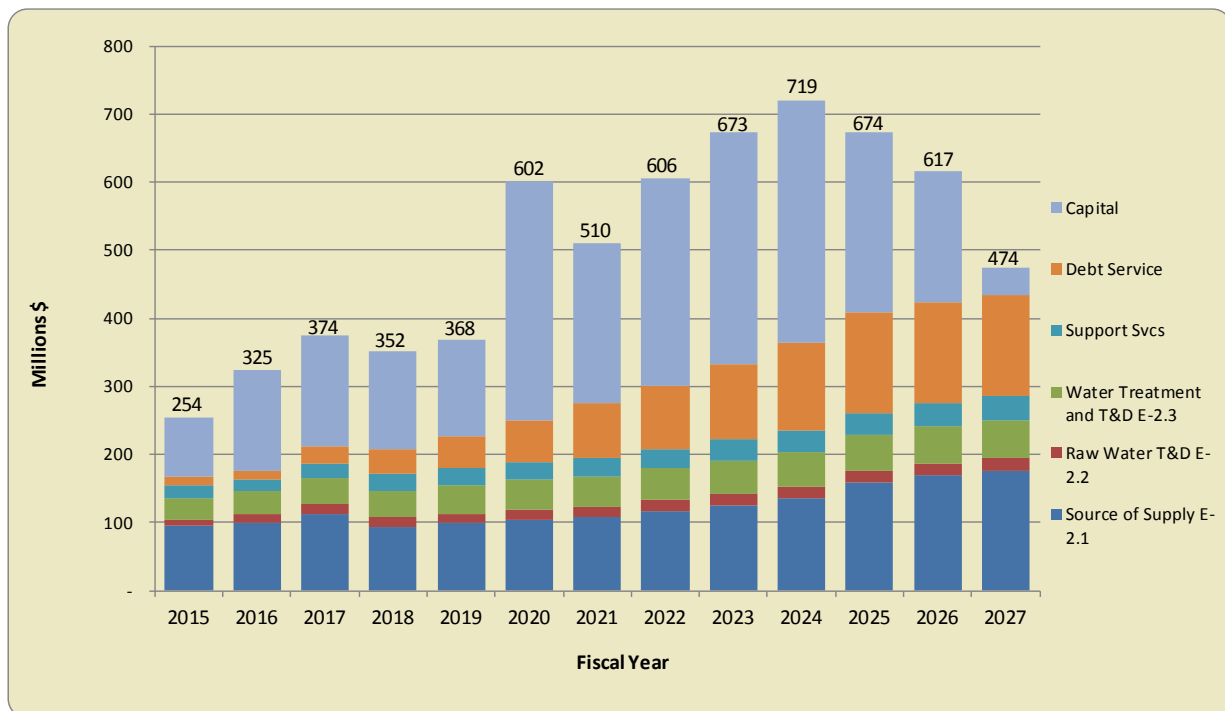


Exhibit 5 shows the groundwater production charge projection for the next 10 years and assumes a continuation of the level of service provided in FY 2016–17 and funding of the preliminary FY 2018-2027 Capital Improvement Program (CIP). Note that there are initiatives and potential uncertainties that could result in the identification of additional capital or operations projects that are not reflected in projection.

Exhibit 5
10 Year Groundwater Charge Projection

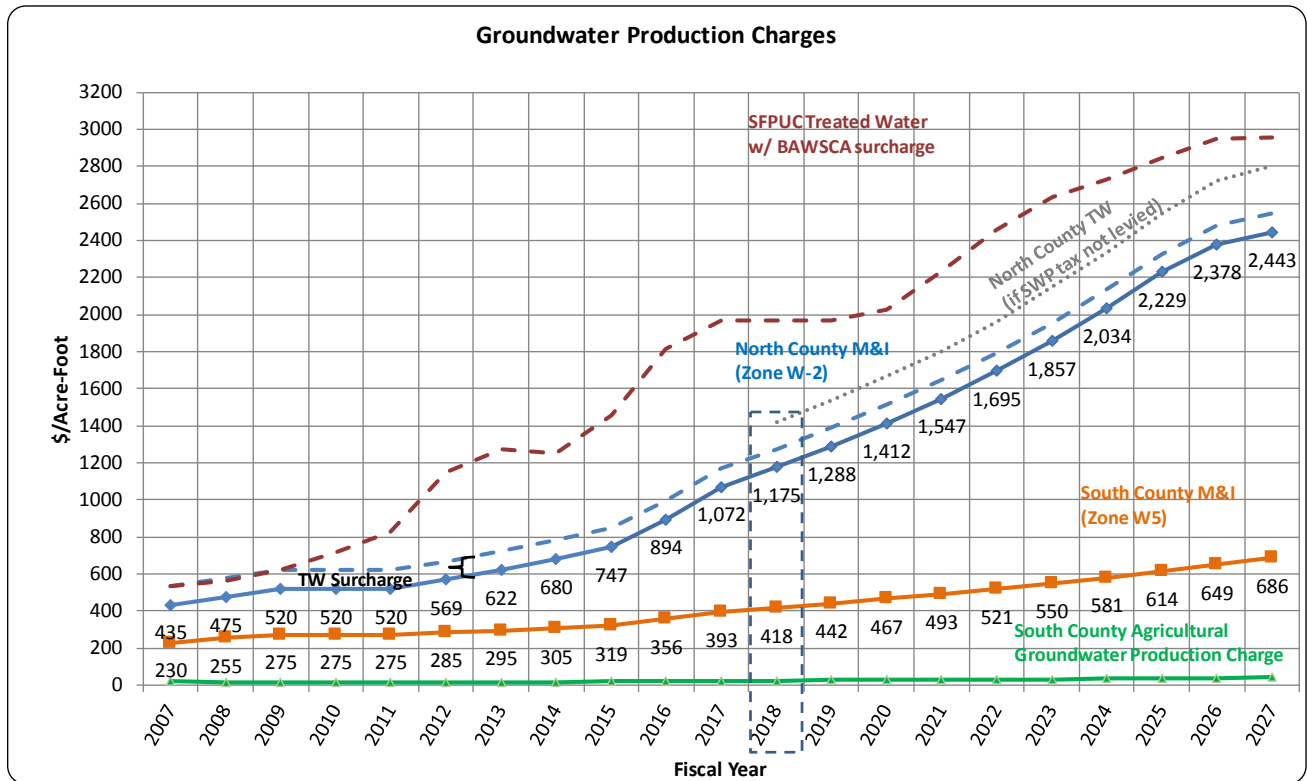


Exhibit 6 shows a comparison of the adjusted proposed groundwater production and treated water charges relative to the anticipated increases for the following similar agencies: Metropolitan Water District, Orange County Water District, San Diego County Water Authority, San Francisco PUC (Hetch Hetchy), and Zone 7 .

Exhibit 6

Anticipated FY 2017–18 Water Charge Increases for Similar Agencies

	% inc. '14 to '15	% inc. '15 to '16	% inc. '16 to '17	FY 17	Projection FY 18 ³
SCVWD North W-2 (Groundwater prdctn per AF)	10%	20%	20%	\$1,072	9.6%
SCVWD North W-2 (Treated Water per AF)	9%	17%	18%	\$1,172	8.8%
SCVWD South W-5 (Groundwater prdctn per AF)	5%	12%	10%	\$393	6.4%
Metropolitan WD (Untreated Water per AF) ¹	-1%	1%	8%	\$762	4.4%
Metropolitan WD (Treated Water per AF) ¹	3%	1%	2%	\$1,075	3.8%
Orange County WD (Groundwater per AF)	7%	10%	25%	\$402	TBD
San Diego County WA (Treated Water per AF) ¹	3%	6%	1%	\$1,531	TBD
San Francisco PUC (Treated Water per AF) ²	17%	25%	8%	\$1,969	0.0%
Zone 7 (Treated Water per AF) ¹	3%	37%	15%	\$1,575	-13.2%

1) MWD, SDCWA and Zone 7 rates based on calendar year (i.e. 2018 rate would be effective on 1/1/2018)

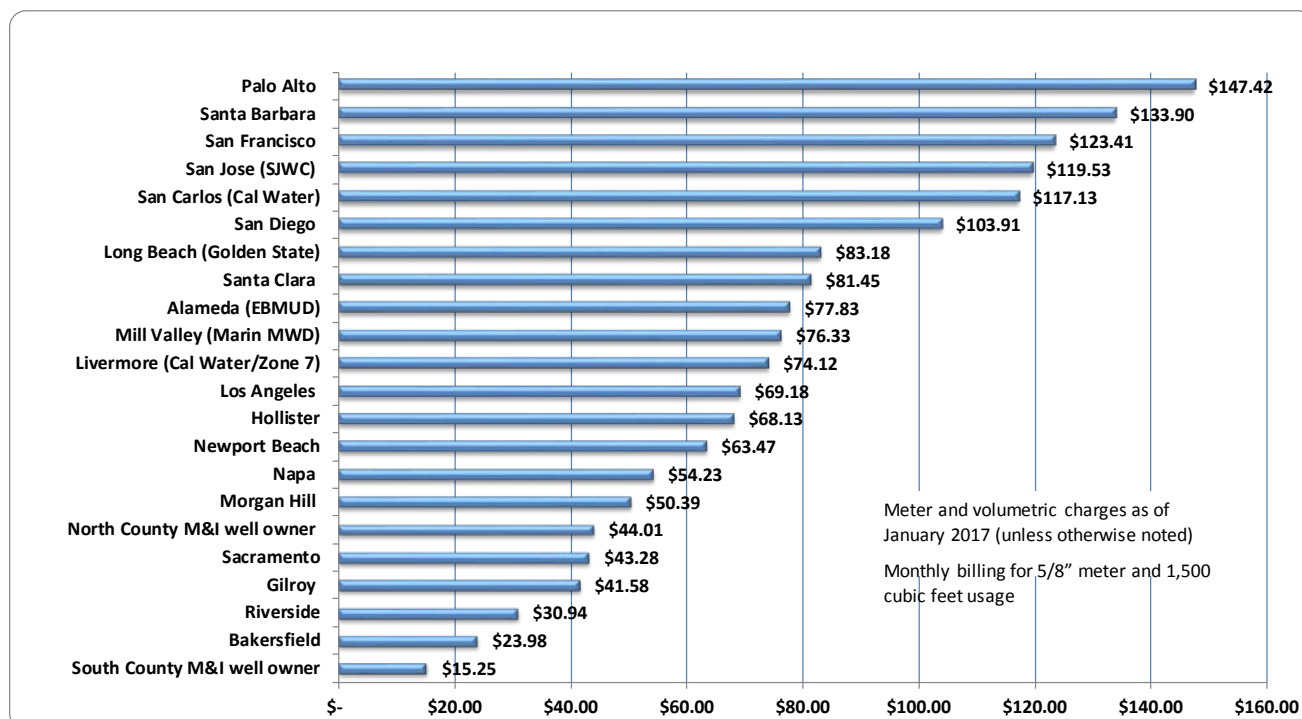
2) SFPUC rates include BAWSCA bond surcharge estimate of \$183/AF

3) SCVWD FY 18 projection includes staff proposed adjustments to proposed maximum

Exhibit 7 shows a comparison of the average monthly bill for several of the District's retail customers (e.g. SJWC, City of Santa Clara, City of Morgan Hill, and City of Gilroy) relative to the District's perennial list of retail agency comparators across the state. SCVWD retailer rates shown include the SCVWD proposed adjusted increase for FY 2017-18. North County and South County well owner rates are also shown, which exclude pumping costs (e.g. electricity) and well maintenance costs.

Exhibit 7

Retail Agency Benchmarks



Cost of Service

The cost of service analyses for FY 2017–18 is shown in Exhibit 8 for North County and Exhibit 9 for South County. The exhibits are laid out in a format that follows six industry standard rate making steps.

1. Identify utility pricing objectives and constraints
2. Identify revenue requirements
3. Allocate costs to customer classes
4. Reduce costs by revenue offsets or non-rate related funding sources
5. Develop unit costs by customer class or net revenue requirements by customer class
6. Develop unit rates by customer class

Step 2 includes identifying and segregating Water Utility Fund costs from Watershed and Administrative Funds and allocating Water Utility costs between zones W-2 (North) and W-5 (South) according to benefit provided. Step 3 involves allocating costs by customer class either directly or based on water usage. Steps 4 and 5 result in unit costs by customer class after applying non-rate related offsets.

Step 6 includes two adjustments. The first adjustment is the application of fungible revenue, in this case 1% ad valorem property taxes, to offset the costs of agricultural water in accordance with Board Resolution 99-21. For FY 2017-18, staff is proposing a \$1.6M transfer of 1% ad valorem property taxes from the General Fund and \$1.6M from the Watershed Stream Stewardship Fund as sources for this adjustment also known as the “Open Space Credit.”

The second adjustment involves reallocating a portion of the cost of treated water (or recycled water in the case of South County) to groundwater and surface water users. Treated and recycled water offsets the need to pump groundwater and therefore increases the volume of stored groundwater and improves reliability. The reallocation of a portion of the treated water cost for example represents the value of treated water to groundwater and surface water users and facilitates a pricing structure that prevents the over use of the groundwater basin. Preventing over use not only preserves groundwater for use in times of drought, but also prevents land subsidence or sinking of the land, which can cause serious infrastructure issues.

Another aspect of the second adjustment is related to setting the basic user charge for surface water equal to the groundwater production charge. Surface water use is effectively in-lieu groundwater use permitted by the District to help preserve the groundwater basin. As such, the costs related to preserving the groundwater basin provide value to surface water users because it makes available District surface water, which otherwise would only be used for groundwater recharge. Similarly, the costs related to providing surface water benefit groundwater users because surface water usage helps preserve the groundwater basin. The second adjustment reallocates costs between surface water and groundwater customers in order to set the basic user charge for surface water equal to the groundwater production charge in recognition of this conjunctive use relationship, and in accordance with board policy. A 2015 study was conducted by Raftelis Financial Consultants, Inc (RFC) that confirms the reasonableness of such an adjustment. The report titled “Report Documenting the Reasonableness of the Conjunctive Use Benefit of Surface Water and Recycled Water to Groundwater Customers” documents the support and justification for the water district’s cost of service methodology and can be found on the District’s website.

Exhibit 8
Cost of Service North County Zone W-2 (\$K)

FY '18 Projection (\$K)		Zone W-2					Total W-2
		GW		TW	SW		
		M&I	AG	M&I	M&I	Ag	
1	Operating Outlays						
2	Operations/Operating Projects	39,739	438	84,288	715	17	125,196
3	SWP Imported Water Costs	6,771	76	21,042	390	10	28,288
4	Debt Service	8,538	96	28,287	115	3	37,038
5	Total Operating Outlays	55,047	609	133,616	1,220	30	190,522
6							
7	Capital & Transfers						
8	Operating Transfers Out	3,286	37	5,939	85	2	9,349
9	Capital Outlays excl. carryforward	19,374	217	109,635	467	11	129,705
10	Total Capital & Transfers	22,661	254	115,574	552	13	139,054
11	Total Annual Program Costs	77,708	863	249,191	1,772	43	329,576
12	Step 3 - Allocate costs to customer classes						
13	Revenue Requirement Offsets						
14	Capital Cost Recovery	(1,730)	(19)	(3,127)	(45)	(1)	(4,923)
15	Debt Proceeds	(11,504)	(129)	(65,100)	(277)	(7)	(77,017)
16	Inter-governmental Services	(395)	(4)	(713)	(10)	(0)	(1,123)
17	SWP Property Tax	(5,565)	(62)	(18,490)	(315)	(8)	(24,440)
18	South County Deficit/Reserve	(87)	(1)	(157)	(2)	(0)	(248)
19	Interest Earnings	(254)	(3)	(460)	(7)	(0)	(723)
20	Inter-zone Interest	20	0	37	1	0	58
21	Capital Contributions	(945)	(11)	(1,708)	(24)	(1)	(2,688)
22	Other	(966)	(11)	(911)	(15)	(0)	(1,903)
23	Reserve Requirements	(4,539)	(21)	(24,765)	(109)	(1)	(29,435)
24	Adjusted Revenue Requirement (FY 18)	51,744	602	133,797	968	25	187,134
25	Adjusted Revenue Requirement (FY 15 adj)	12,633	56	4,657	158	84	17,587
26	Total Adjusted Revenue Requirement	64,376	657	138,453	1,125	109	204,721
27	Volume (KAF)	58.1	0.7	105.0	1.5	0.0	165.3
28							
29	Revenue Requirement per AF	\$ 1,108	\$ 1,012	\$ 1,319	\$ 750	\$ 2,978	
30	Step 5 - Develop unit costs by customer class						
31	Adjustments for Agricultural Preservation						
32	Allocate WU 1% Ad Valorem Prop Tax	-	(641)	-	-	(107)	(748)
33	Transfer GF 1% Ad valorem Prop Tax	-	-	-	-	-	-
34	Transfer WS 1% Ad Valorem Prop Tax	-	-	-	-	-	-
35	Revenue Requirement per AF	\$ 1,108.0	\$ 25.1	\$ 1,319	\$ 750	\$ 58.4	
36	Step 6 - Rate Design						
37	Adjustments to Facilitate Conjunctive Use						
38	Reallocate TW/SW/RW costs	3,891	-	(4,578)	687	-	(0)
39	Charge per AF	\$ 1,175	\$ 25.1	\$ 1,275	\$ 1,208	\$ 58.4	
40	Total Revenue (\$K)	\$68,268	\$16	\$133,875	\$1,813	\$2	\$203,974

Exhibit 9
Cost of Service South County Zone W-5 (\$K)

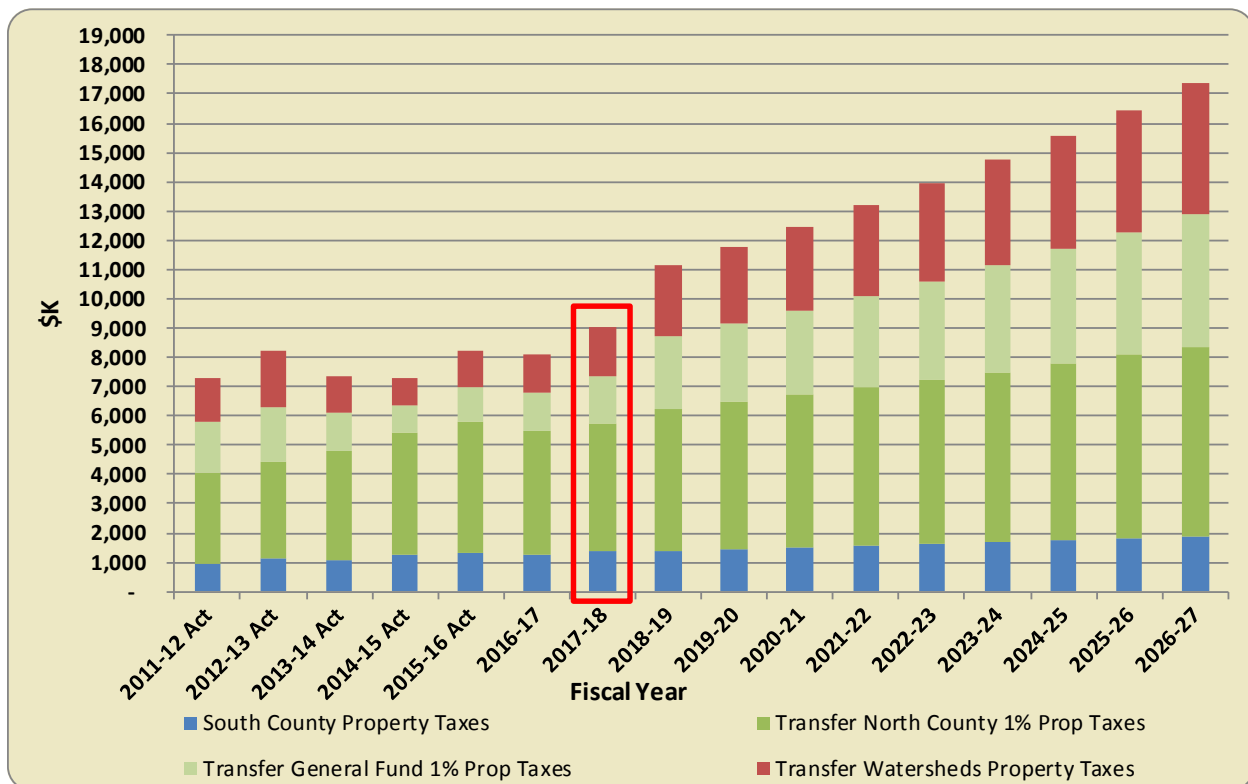
FY '18 Projection (\$K)		Zone W-5						Total W-5
		GW		SW		RW		
		M&I	AG	M&I	AG	M&I	AG	
1	Operating Outlays							
2	Operations/Operating Projects	8,450	8,553	212	541	83	71	17,910
3	SWP Imported Water Costs	-	-	-	-	-	-	-
4	Debt Service	-	-	-	-	-	-	-
5	Total Operating Outlays	8,450	8,553	212	541	83	71	17,910
6								
7	Capital & Transfers							
8	Operating Transfers Out	-	-	-	-	-	-	-
9	Capital Outlays excl. carryforward	-	-	-	-	-	-	-
10	Total Capital & Transfers	-	-	-	-	-	-	-
11	Total Annual Program Costs	8,450	8,553	212	541	83	71	17,910
12		Step 3 - Allocate costs to customer classes						
13	Revenue Requirement Offsets							
14	Capital Cost Recovery	1,803	1,878	38	98	595	510	4,923
15	Debt Proceeds	-	-	-	-	-	-	-
16	Inter-governmental Services	(67)	(69)	(1)	(4)	-	-	(141)
17	SWP Property Tax	(719)	(749)	(15)	(39)	(21)	(18)	(1,560)
18	South County Deficit/Reserve	(37)	269	(20)	14	15	6	248
19	Interest Earnings	-	-	-	-	-	-	-
20	Inter-zone Interest	(27)	(28)	(1)	(1)	(1)	(1)	(58)
21	Capital Contributions	-	-	-	-	-	-	-
22	Other	(65)	(68)	(1)	(2)	-	-	(136)
23	Reserve Requirements	-	-	-	-	-	-	-
24	Adjusted Revenue Requirement (FY 18)	9,339	9,786	212	607	672	569	21,185
25	Adjusted Revenue Requirement (FY 15 adj)	296	(764)	25	(177)	(8)	(291)	(918)
26	Total Adjusted Revenue Requirement	9,635	9,023	237	430	664	278	20,267
27	Volume (KAF)	24.0	25.0	0.5	1.3	0.7	0.6	52.1
28								
29	Revenue Requirement per AF	\$ 401	\$ 361	\$ 474	\$ 331	\$ 949	\$ 464	
30		Step 5 - Develop unit costs by customer class						
31	Adjustments for Agricultural Preservation							
32	Allocate WU 1% Ad Valorem Prop Tax	-	(5,761)	-	-	-	-	(5,761)
33	Transfer GF 1% Ad valorem Prop Tax	-	(1,626)	-	-	-	-	(1,626)
34	Transfer WS 1% Ad Valorem Prop Tax	-	(1,023)	-	(354)	-	(249)	(1,626)
35	Revenue Requirement per AF	\$ 401	\$ 24.5	\$ 474	\$ 58.4	\$ 949	\$ 48.9	
36		Step 6 - Rate Design						
37	Adjustments to Facilitate Conjunctive Use							
38	Reallocate TW/SW/RW costs	397	-	(11)	-	(386)	-	-
39	Charge per AF	\$ 418	\$ 24.5	\$ 451	\$ 58	\$ 398	\$ 48.9	
40	Total Revenue (\$K)	\$10,032	\$613	\$226	\$76	\$279	\$29	\$11,254

Open Space Credit

The District Act limits agricultural groundwater production charges to a maximum of 25 percent of the M&I groundwater production charges. Current board policy adds an “open space” credit to agricultural revenues. The purpose of the credit is to preserve the open space benefits provided by agricultural lands by keeping agricultural groundwater production charges low. To the extent that Proposition 218 applies to the groundwater production charge, it requires that costs to end users be proportional such that one class of users is not subsidizing another.

The recommended agricultural groundwater production charge for FY 2017–18 is \$25.09 per acre foot, which is 6 percent of the proposed M&I groundwater production charge in South County. To comply with the current agricultural groundwater production charge setting policy, staff recommends the open space credit received by South County be \$9.0 million in FY 2017-18 (funded by 1 percent ad valorem property taxes). This includes an adjustment that reconciles FY 2014–15 actuals against what was projected. The \$9.0 million is comprised of a \$4.4 million transfer from North County Water Utility 1% ad valorem property taxes, a \$1.4 million contribution from South County Water Utility 1% ad valorem property taxes, a \$1.6 million transfer of 1% ad valorem property taxes from the General Fund and \$1.6 million from the Watershed Stream Stewardship Fund. As shown in Exhibit 10, the Open Space Credit is projected to grow to over \$17.4 million by FY 2026-27.

Exhibit 10
Open Space Credit Trend



Hearings and Meetings Schedule

Exhibit 11 presents the schedule for the annual groundwater production charge setting process.

Exhibit 11 Hearings and Meetings Schedule – 2017

Date	Hearing/Meeting
December 13	Board Workshop: Planning for FY 18 Groundwater Production Charges
January 10	Board Meeting on Preliminary Groundwater Production Charge Analysis
February 24	Mail notice of public hearing and file PAWS report
March 15	Water Retailers Meeting
April 3	Agricultural Water Advisory Committee Meeting
April 4	Landscape Committee Meeting
April 11	Open Public Hearing
April 13	Continue Public Hearing in Morgan Hill (Informational Open House)
April 17	Environmental & Water Resources Committee
April 19	Water Commission Meeting
April 25	Conclude Public Hearing
May 9	Adopt Budget & Groundwater Production and Other Water Charges

Public Hearing

Groundwater Production & Other Water Charges

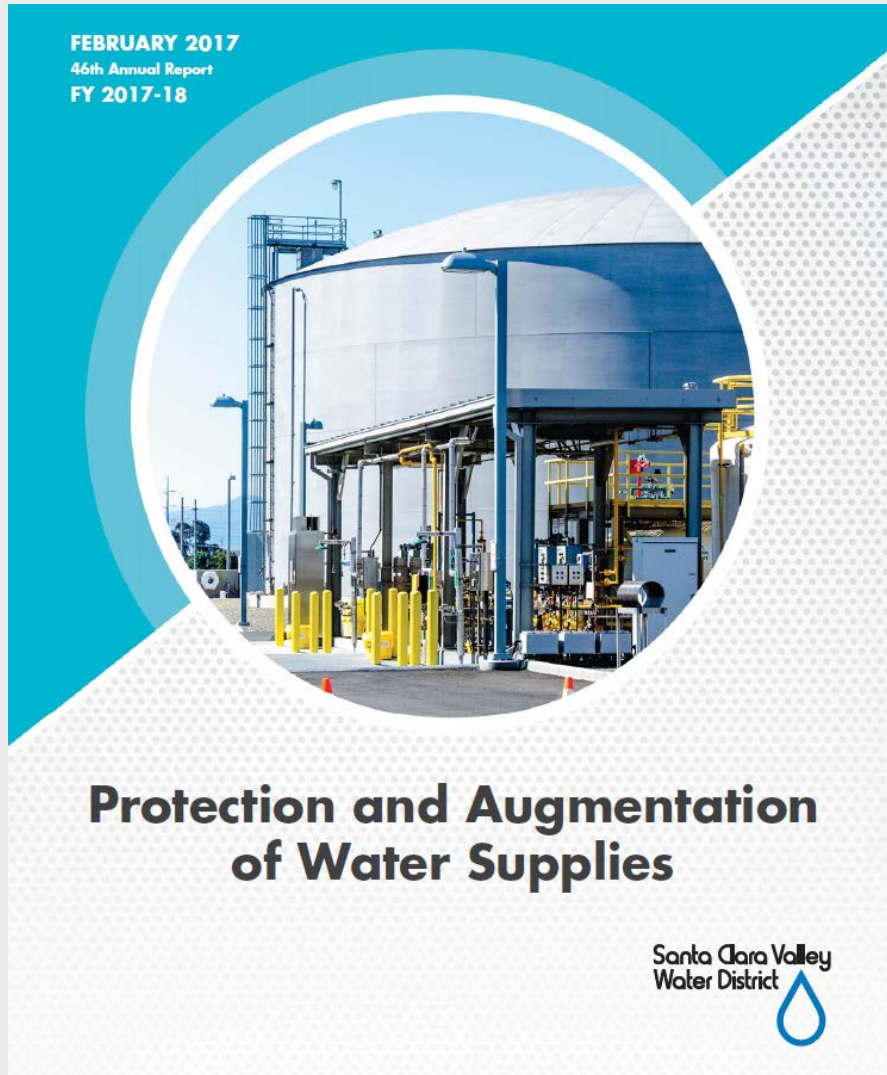
April 11, 2017



Public Hearing has Three Specific Objectives

1. Present annual report on Santa Clara Valley Water District's activities and recommended groundwater production charges
2. Provide opportunity for any interested person to "...appear and submit evidence concerning the subject of the written report" to the Board of Directors
3. Determine and affix Groundwater Production and Other Water Charges for FY 2017-18

46th Annual Report Provides Information, Accountability



2017 Protection and Augmentation of Water Supplies Report

www.valleywater.org

A comprehensive, flexible water system serves 1.9 million people



10 Reservoirs

393 acres of recharge ponds

142 miles of pipelines

3 water treatment plants

1 water purification center

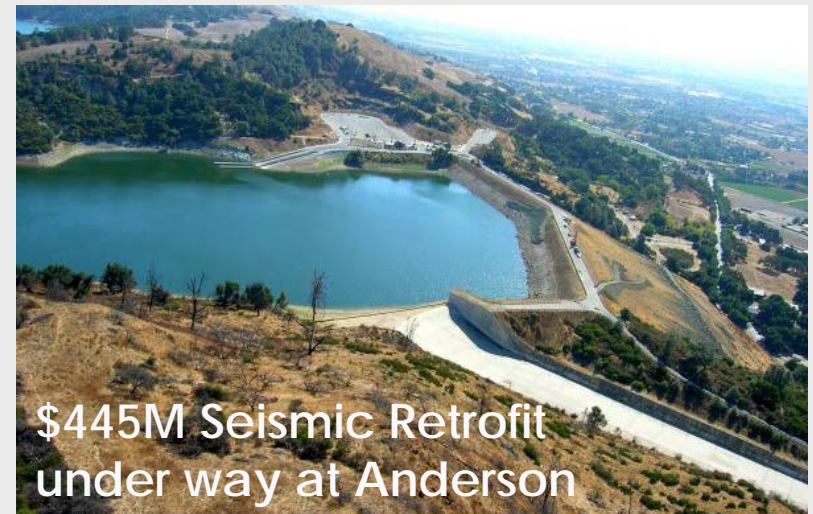
3 pump stations

\$7.1B system replacement value



Many activities ensure safe, reliable groundwater supplies

- ▶ Operate & maintain local reservoirs
- ▶ Purchase imported water
- ▶ Operate & maintain raw, treated & recycled water pipelines
- ▶ Plan & construct improvements to infrastructure
- ▶ Monitor & protect groundwater from pollutants



Topics For Today's Public Hearing

- ▶ Rate Setting Process
- ▶ FY 18 financial analysis and projections
 - ▶ Water Usage
 - ▶ Cost Projection
 - ▶ Proposed Maximum Groundwater Production Charges & Staff Proposed Adjustments
 - ▶ Benchmarks
 - ▶ State Water Project Tax
- ▶ Schedule/Wrap up

Rate Setting Process

District Act Defines Uses for Groundwater Charges

- ▶ **District Act Section 26.3:** Defines purposes of groundwater production charges that can be imposed on a zone of benefit
 1. Pay for construction, operation and maintenance of imported water facilities
 2. Pay for imported water purchases
 3. Pay for constructing, maintaining and operating facilities which will conserve or distribute water including facilities for groundwater recharge, surface distribution, and purification and treatment
 4. Pay for debt incurred for purposes 1, 2 and 3

Pricing Policy helps Optimize Use of Water Resources

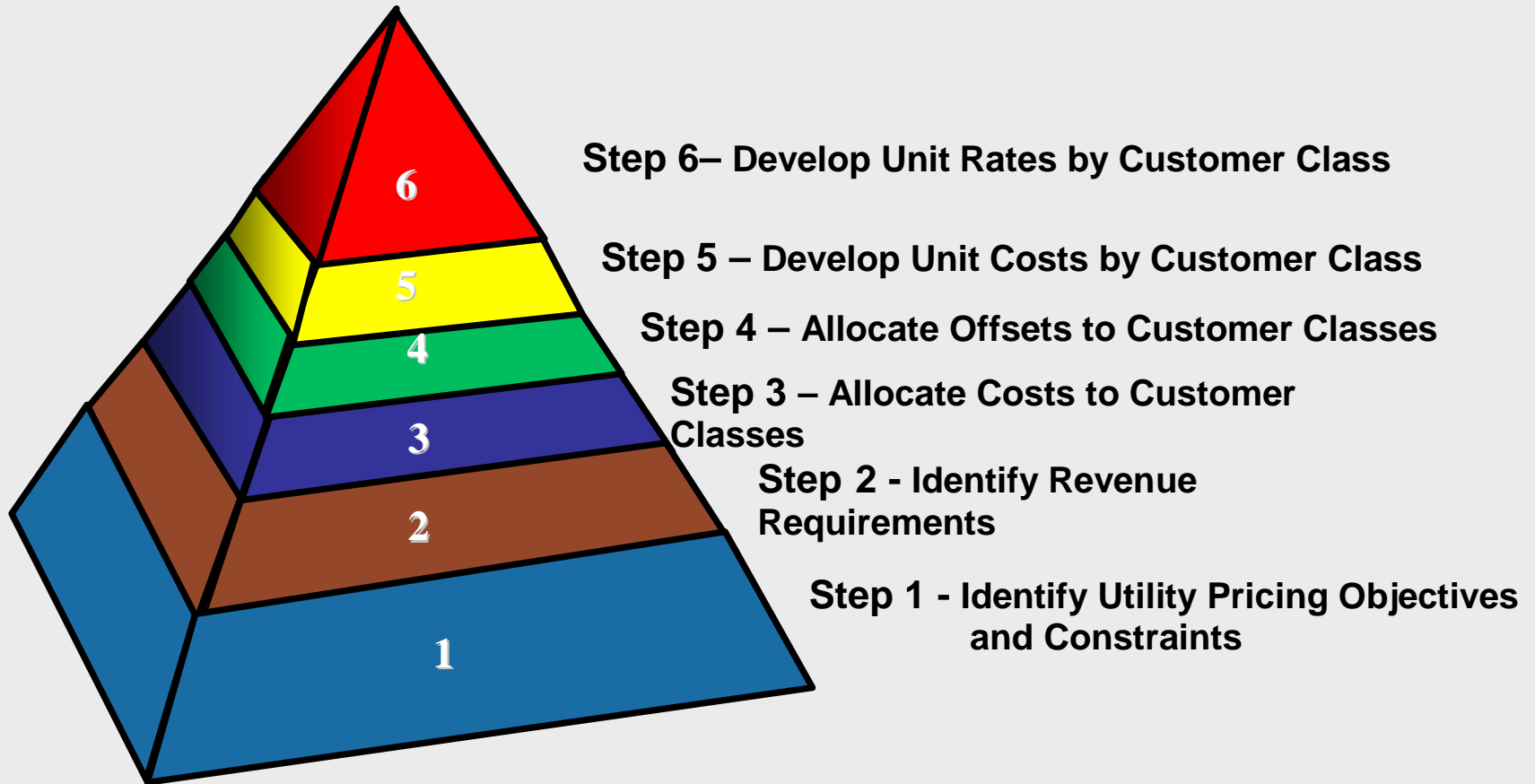
- ▶ **Resolution 99-21:** Utility taxing and pricing policy guides staff in the development of the overall structure to charge recipients for the various direct and indirect benefits received
- ▶ Key concept – “water supplies are managed, through taxing and pricing, to obtain the effective utilization of the water resources of the District...”

Objective: Maximize effective use of available resources

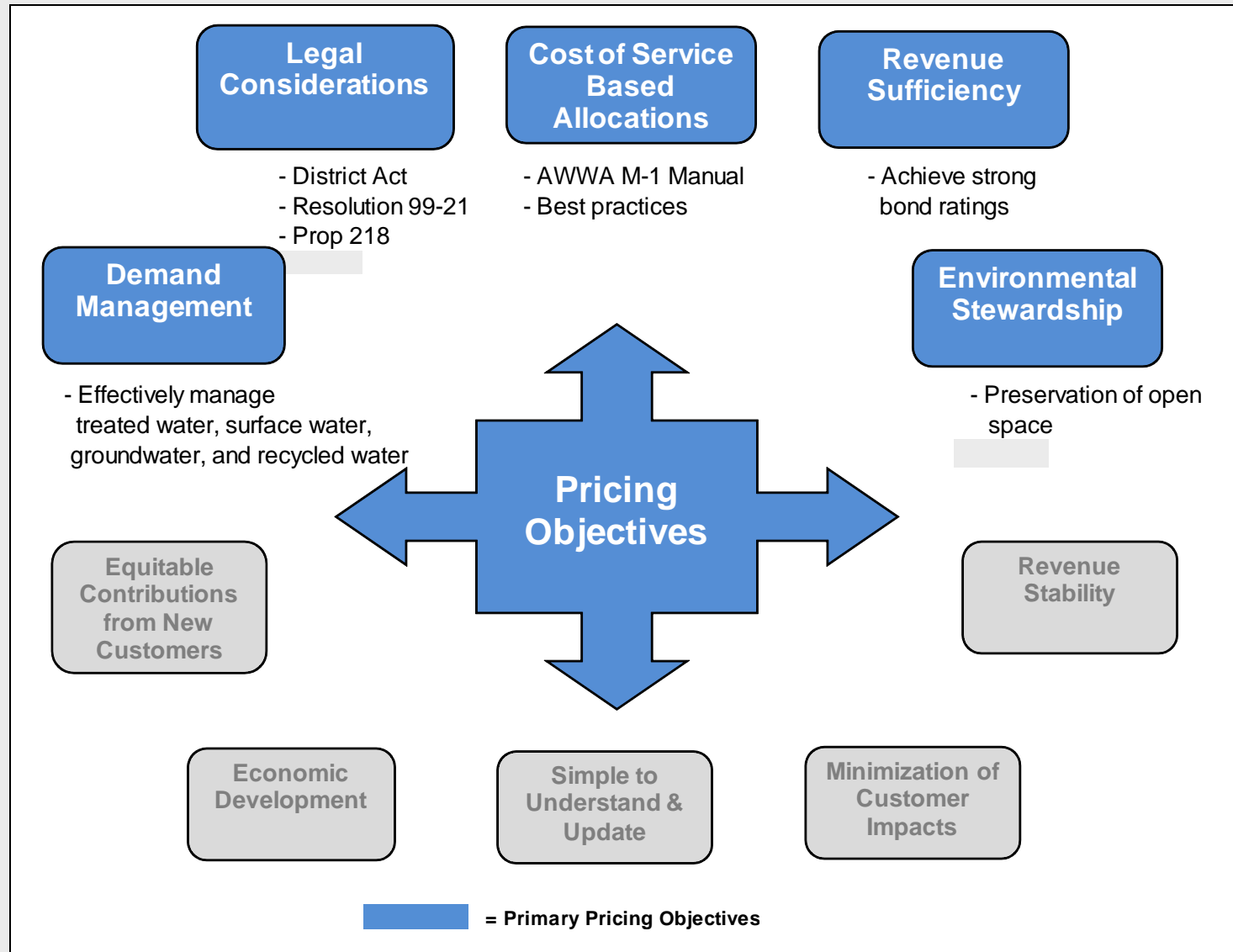
The Charge Setting Process is Consistent with Resolutions 12-10 and 12-11

- ▶ Meets the procedural and substantive requirements for establishing property related fees
- ▶ Includes cost of service analysis by customer class
- ▶ Includes protest procedure as defined in Board Resolutions 12-10 & 12-11
 - ▶ Prior Year Results North County = <1.7% for GW, 0% for SW
 - ▶ Prior Year Results South County = <0.3% for GW, 0% for SW

The District follows best practice rate making steps



Pricing Objectives and Constraints



FY 18 Financial Analysis and Projections

Financial Analysis: FY 18 Key Assumptions

California Water Fix (CWF):

- ▶ “Conveyance Pumping” Case included in Prelim Analysis
- ▶ State Water Project portion of CWF would be paid for by SWP tax in FY 19 & beyond
- ▶ Incremental SWP tax for average single family residence would be \$13/yr by FY 27

Expedited Purified Water:

- ▶ Costs assume a Progressive Design Build (PDB) method
- ▶ Two year schedule extension versus January 2017 preliminary analysis

Recycled Water North County Partnership:

- ▶ FY 17 budget totals \$3M
- ▶ No additional funding in FY 18 & beyond

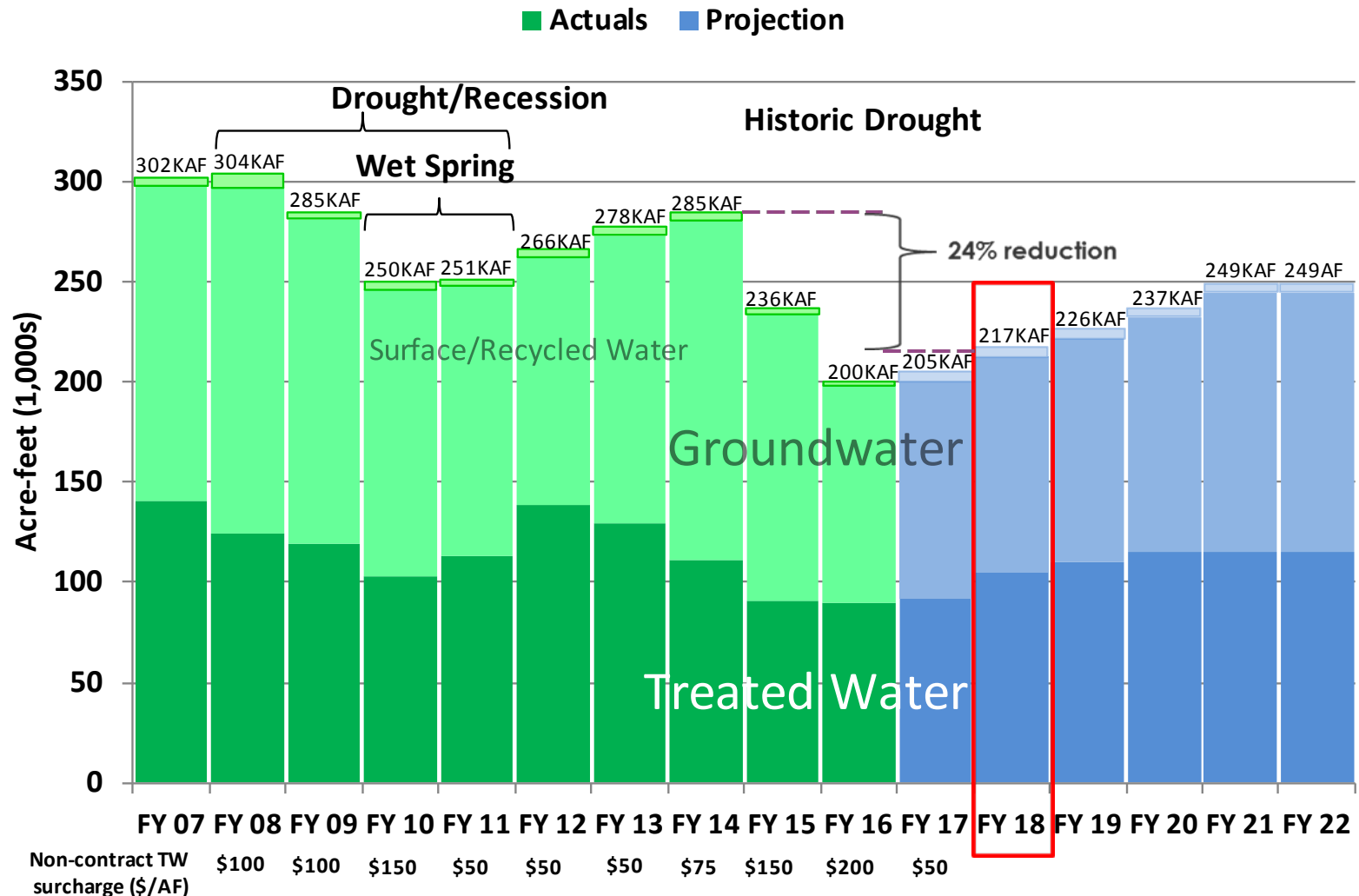
Drought Reserve:

- ▶ \$3M of seed funding allocated in FY 17, no further funding included in forecast

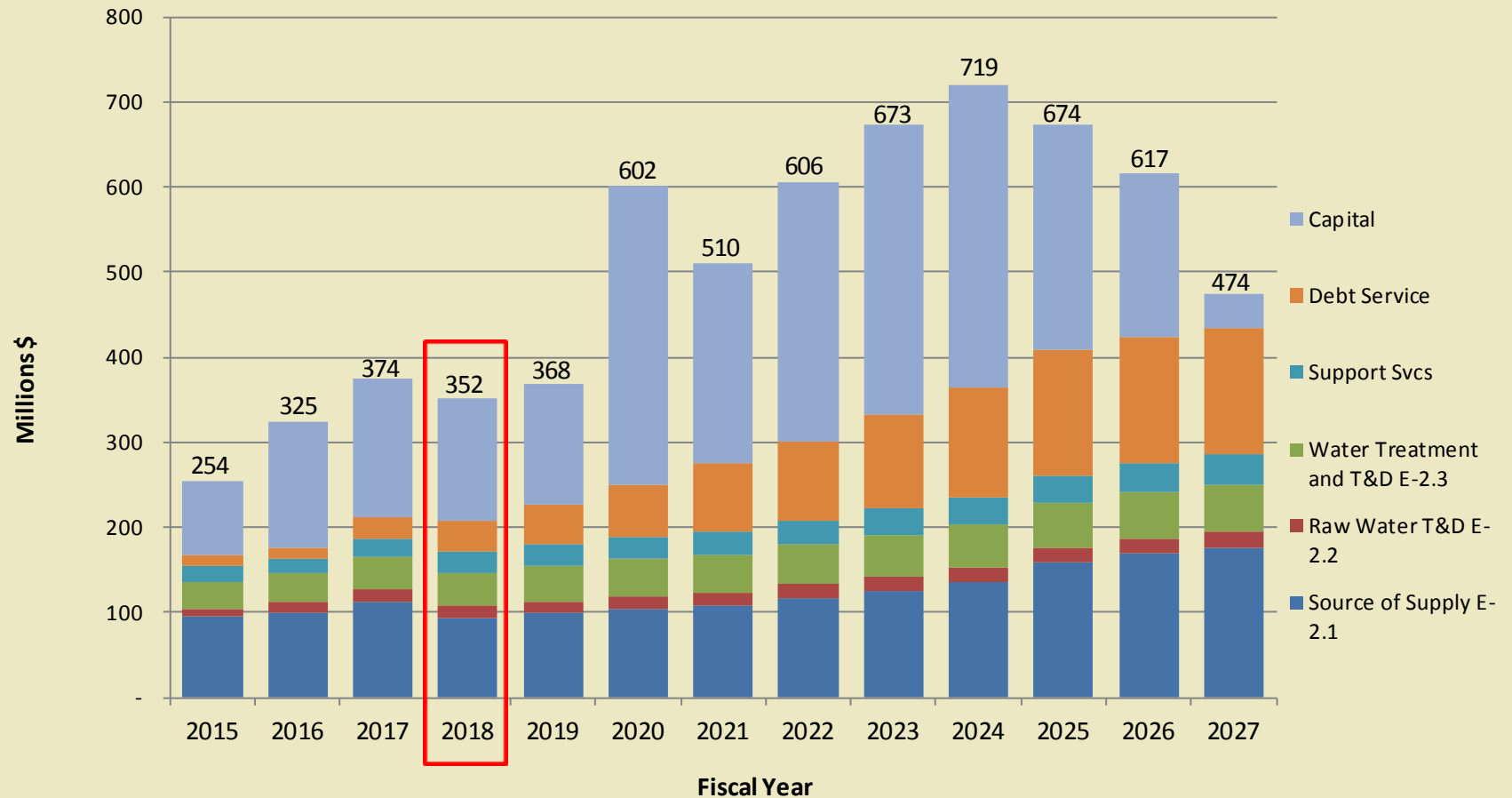
Salary Savings:

- ▶ Included in FY 18 (\$1.5M)

District Managed Water Usage drives revenue projection



Adjusted Cost Projection



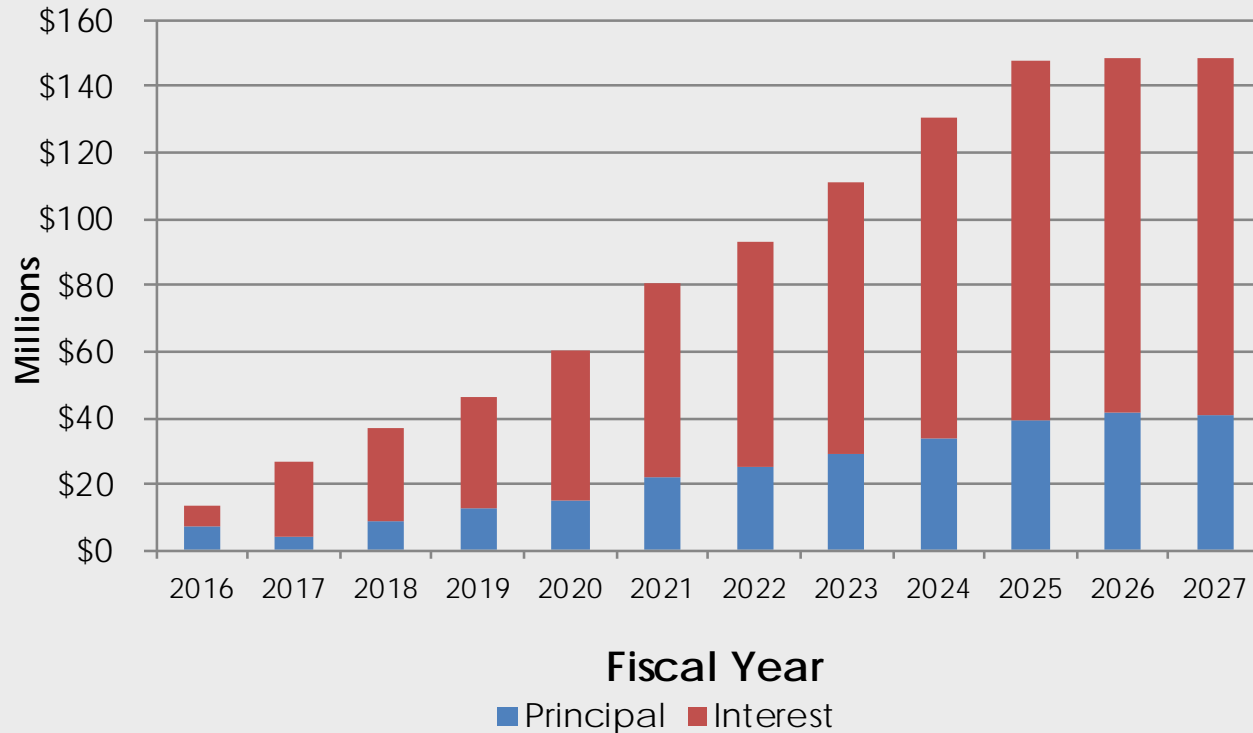
Key Capital project funding FY 18 thru FY 27

- Expedited Purified Water Program (\$966M)
- Rinconada Reliability Improvement (\$174M)
- Anderson Dam Seismic Retrofit (\$413M)
 - \$67M (15% of total \$445M project) to be reimbursed by Safe Clean Water Measure
- FAHCE Implementation Fund (\$145M placeholder)
- Calero & Guadalupe Dams Seismic Retrofit (\$133M)
- 10 Year Pipeline Rehabilitation (\$97M)
- Almaden Dam Improvements (\$47M)
- Vasona Pumping Plant Upgrade (\$20M)

Some projects cannot be funded without higher future charges

- Dam Seismic Stability at 2 Dams – Unfunded portion (\$89.5M)
- SCADA Small Capital Improvements (\$19.6M)
- South County Recycled Water Reservoir Expansion (\$7.0M)
- Land Rights – South County Recycled Water Pipeline (\$5.8M)
- Alamitos Diversion Dam Improvements (\$3.2M)
- Coyote Diversion Dam Improvements (2.5M)

Financial Analysis: Implementation of CIP results in debt service increases

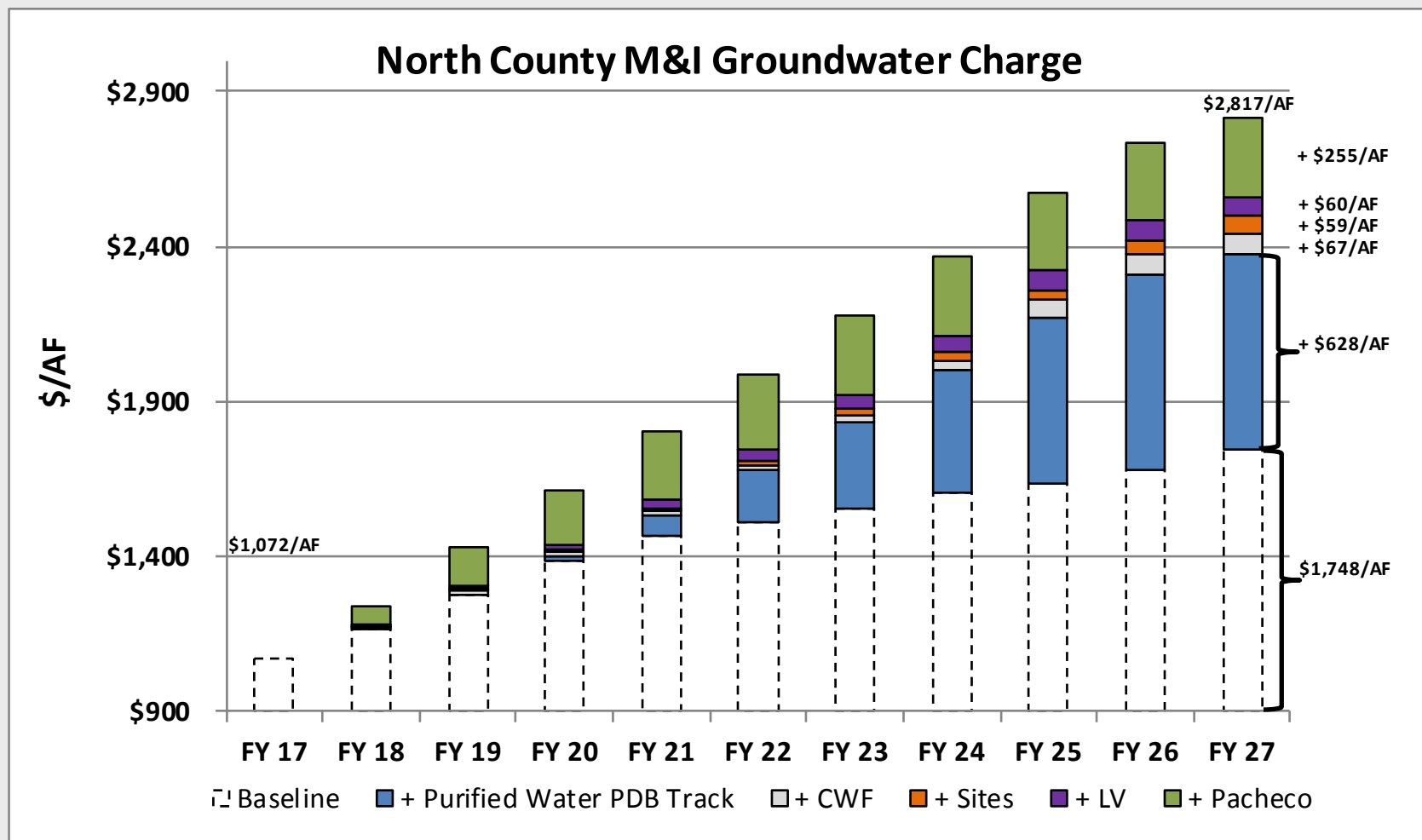


\$37.0M in FY 2017-18

\$148.6M in FY 2026-27

- **Debt service coverage ratio targeted at 2.0 helps ensure financial stability and high credit ratings**

Financial Analysis: Preliminary Water Supply Investment Scenarios



Notes:

- Water Supply alternative costs are based on staff estimates, and are subject to change
- CWF and Purified Water PDB track are included in the current projection

Proposed Maximum Groundwater Production Charges & Staff Proposed Adjustments

FY 2018: North County Proposed Maximum Charges

9.6% ~~9.9%~~ increase for M&I groundwater production
 8.8% ~~9.0%~~ increase for contract treated water
 9.9% ~~10.2%~~ increase for M&I surface water & 14.5% for Ag surface water
 6.4% increase for Ag groundwater production

Staff proposed adjustments as of 3/15/17

		Dollars Per Acre Foot		
		FY 2015-16	FY 2016-17	Proposed Maximum FY 2017-18
Zone W-2 (North County)				
Basic User/Groundwater Production Charge				
Municipal & Industrial		894.00	1,072.00	1,178.00
Agricultural		21.36	23.59	25.09
Surface Water Charge				
Surface Water Master Charge		22.60	27.46	33.36
Total Surface Water, Municipal & Industrial*		916.60	1,099.46	1,211.36
Total Surface Water, Agricultural*		43.96	51.05	58.45
Treated Water Charges				
Contract Surcharge		100.00	100.00	100.00
Total Treated Water Contract Charge**		994.00	1,172.00	1,278.00
Non-Contract Surcharge		200.00	50.00	50.00
Total Treated Water Non-Contract Charge***		1,094.00	1,122.00	1,228.00

1,175.00

1,208.36

1,275.00

100.00

1,275.00

*Note: The total surface water charge is the sum of the basic user charge (which equals the groundwater production charge) plus the water master charge

**Note: The total treated water contract charge is the sum of the basic user charge (which equals the groundwater production charge) plus the contract surcharge

***Note: The total treated water non-contract charge is the sum of the basic user charge (which equals the groundwater production charge) plus the non-contract surcharge

~~\$3.65~~

~~\$3.65~~ per month average household increase

FY 2018: South County Proposed Maximum Charges

6.4% increase for M&I & Ag groundwater production

7.3% increase for M&I surface water & 14.5% for Ag surface water

6.7% increase for M&I recycled water & 3.2% for Ag recycled water

	Dollars Per Acre Foot		
	FY 2015–16	FY 2016–17	Proposed Maximum FY 2017–18
Zone W-5 (South County)			
Basic User/Groundwater Production Charge			
Municipal & Industrial	356.00	393.00	418.00
Agricultural	21.36	23.59	25.09
Surface Water Charge			
Surface Water Master Charge	22.60	27.46	33.36
Total Surface Water, Municipal & Industrial*	378.60	420.46	451.36
Total Surface Water, Agricultural*	43.96	51.05	58.45
Recycled Water Charges			
Municipal & Industrial	336.00	373.00	398.00
Agricultural	45.16	47.38	48.88

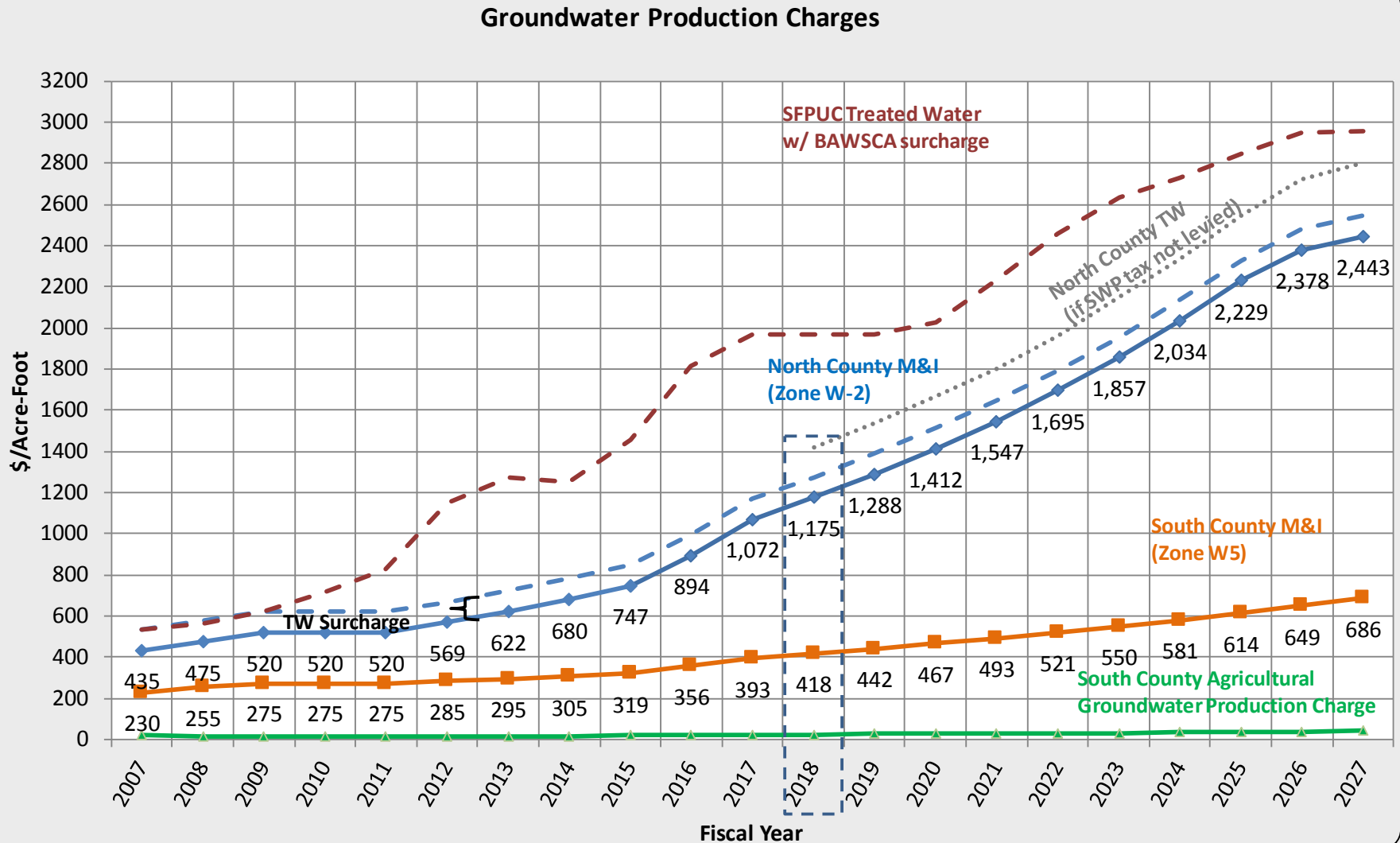
*Note: The total surface water charge is the sum of the basic user charge (which equals the groundwater production charge) plus the water master charge

**Note: The total treated water contract charge is the sum of the basic user charge (which equals the groundwater production charge) plus the contract surcharge

***Note: The total treated water non-contract charge is the sum of the basic user charge (which equals the groundwater production charge) plus the non-contract surcharge

\$0.86 per month average household increase

Groundwater Production Charges Adjusted Projection



Impact on Multi-Year Groundwater Production Charge Projection

Proposed Maximum

Proposed Maximum	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22
No. County (W-2) M&I GWP charge (\$/AF)	\$1,072	\$1,178	\$1,306	\$1,449	\$1,607	\$1,782
Y-Y Growth %	19.9%	9.9%	10.9%	10.9%	10.9%	10.9%
So. County (W-5) M&I GWP charge (\$/AF)	\$393	\$418	\$442	\$467	\$494	\$522
Y-Y Growth %	10.4%	6.4%	5.7%	5.7%	5.8%	5.7%

Staff Proposed Adjustments

Adjusted Proposed Maximum	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22
No. County (W-2) M&I GWP charge (\$/AF)	\$1,072	\$1,175	\$1,288	\$1,412	\$1,547	\$1,695
Y-Y Growth %	19.9%	9.6%	9.6%	9.6%	9.6%	9.6%
So. County (W-5) M&I GWP charge (\$/AF)	\$393	\$418	\$442	\$467	\$494	\$522
Y-Y Growth %	10.4%	6.4%	5.7%	5.7%	5.8%	5.7%

Note: Staff Proposed Adjustments reflect schedule extension for Expedited Purified Water Program

Benchmarks

Comparison of FY 17 proposed increase with similar agencies

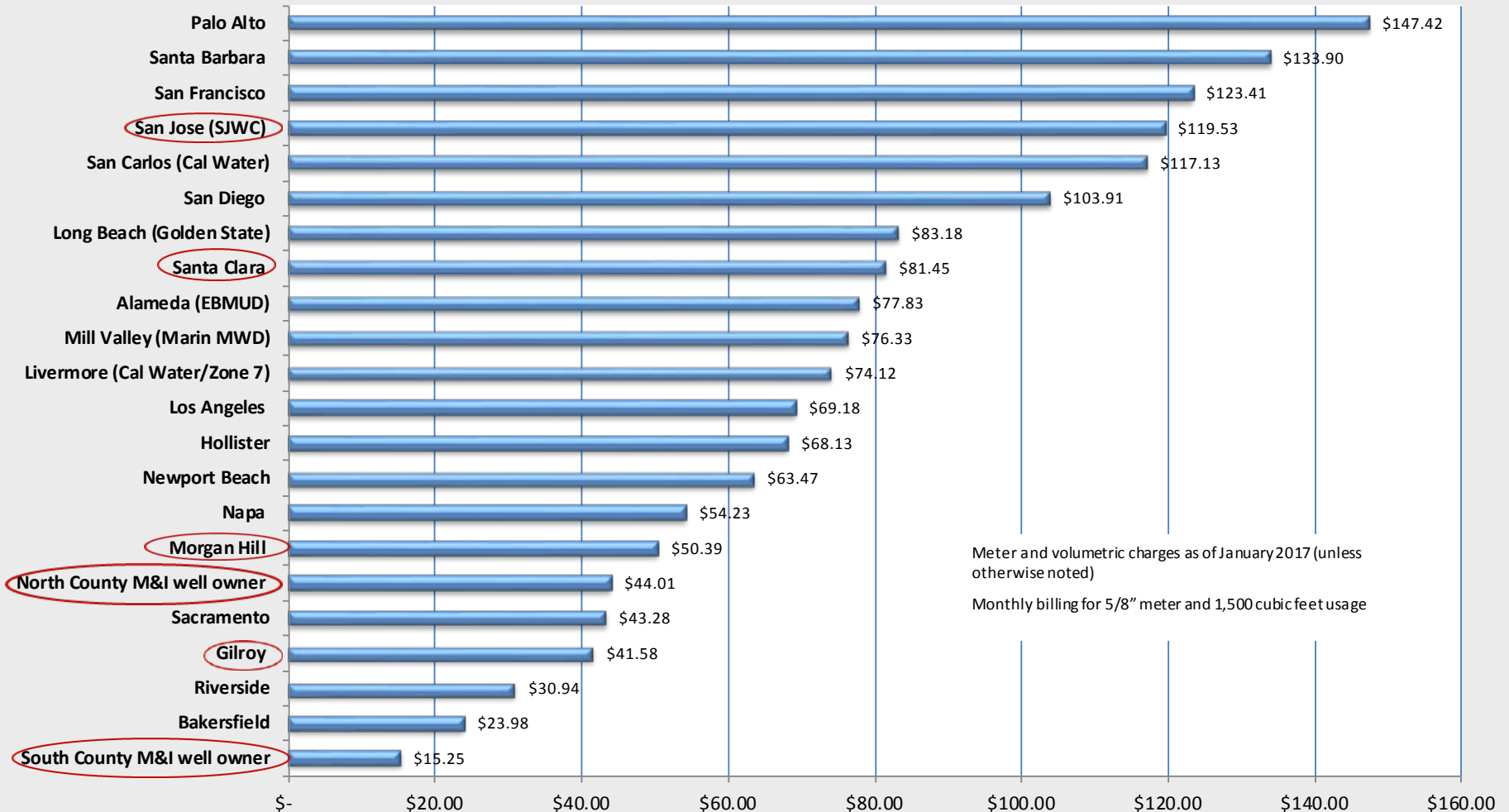
	% inc. '14 to '15	% inc. '15 to '16	% inc. '16 to '17	FY 17	Projection FY 18 ³
SCVWD North W-2 (Groundwater prdctn per AF)	10%	20%	20%	\$1,072	9.6%
SCVWD North W-2 (Treated Water per AF)	9%	17%	18%	\$1,172	8.8%
SCVWD South W-5 (Groundwater prdctn per AF)	5%	12%	10%	\$393	6.4%
Metropolitan WD (Untreated Water per AF) ¹	-1%	1%	8%	\$762	4.4%
Metropolitan WD (Treated Water per AF) ¹	3%	1%	2%	\$1,075	3.8%
Orange County WD (Groundwater per AF)	7%	10%	25%	\$402	TBD
San Diego County WA (Treated Water per AF) ¹	3%	6%	1%	\$1,531	TBD
San Francisco PUC (Treated Water per AF) ²	17%	25%	8%	\$1,969	0.0%
Zone 7 (Treated Water per AF) ¹	3%	37%	15%	\$1,575	-13.2%

1) MWD, SDCWA and Zone 7 rates based on calendar year (i.e. 2018 rate would be effective on 1/1/2018)

2) SFPUC rates include BAWSCA bond surcharge estimate of \$183/AF

3) SCVWD FY 18 projection includes staff proposed adjustments to proposed maximum

Retail Agency Benchmarks



Notes:

- SCVWD retailer rates shown include SCVWD proposed adjusted increase for FY 2017-18, but do not include increases that retailers may impose
- Well owner rates exclude pumping costs (e.g. electricity) and well maintenance costs

State Water Project Tax Recommendation

- ▶ Staff recommends decreasing the SWP tax from \$33M to \$26M
- ▶ The SWP tax bill for the average single family residence would increase from \$55.00 to \$44.00/year.

Impact if SWP tax not approved:

- \$148/AF in terms of North County M&I groundwater production charge
- \$31/AF in terms of South County M&I groundwater production charge
- \$755,000 in terms of Open space credit

LIMITED (PRIMARY) VALUES				PRIMARY	COMPARATIVE 2003 AMT	2004 DISTRIBUTION		OFFICE USE ONLY
TYPE	LIMITED	%	ASSESSED			RATE / 100	2004 AMT DUE	
LAND/BLDG PERSONAL EXEMPTION	76000	10.0	7600	COUNTY EDUC-EDUAL CITY SCHOOL CO. EDUC COMM-COL STATE AID	86.57 33.73 339.44 67.28 -117.58 409.44	12108 04560 44698 9211 CREDIT 70575	92.02 34.96 339.70 70.00 -117.14 419.24	PRTKEY=MORTG SEC=65 MTG# LOAN#
PRIM TOT.	76000		7600	SUBTOTAL				FIRST HALF TAX AMOUNT
ARPA CODE 041004				SECONDARY				DUE OCT. 1, 2004 DELINQUENT AFTER NOV. 1, 2004
FULL CASH (EXEMPTION VALUES)				FLOOD CAWCS OVERIDES FIRE DIST. ASMT. LIBRARY BONDS -COUNTY -CITY -SCHOOLS -COMM COL. SUBTOTAL	16.10 8.12 78.16 64 3.96 5.32 104.59 10.45 228.24	2119 1200 9571 2068 0521 12477 1181 27118	16.10 8.12 72.74 52 3.96 84.82 8.82 206.08	SECOND HALF TAX AMOUNT
SEC TOT.	76000	10.0	7600	DIST#				DUE MARCH 1, 2005 DELINQUENT AFTER MAY 2, 2005
SPECIAL DISTRICT (VALUE/ACRES/SQ FT) = ASSESSED				7600 7600	10846 30001			INTEREST ON LATE PAYMENT IS 16% PER YEAR PRORATED MONTHLY AS OF THE FIRST DAY OF THE MONTH. AHS § 42-18003
HOSPITAL DISTRICT NO 1 EAST VALLEY INSTITUTE TECH						7.42	1032	KEEP THIS PORTION FOR YOUR RECORDS
						845.10	TOTAL	\$633.16

Schedule & Wrap Up

2017 schedule for hearings and meetings

- ✓ Dec 13 Board Workshop: Planning for FY 18 Groundwater Prod. Charges
- ✓ Jan 10 Board Meeting on Preliminary Groundwater Prod. Charge Analysis
- ✓ Feb 24 Mail notice of public hearing and file PAWS report
- ✓ March 15 Water Retailers Meeting
- ✓ April 3 Ag Water Advisory Committee
- ✓ April 4 Landscape Committee Meeting
- April 11 Open Public Hearing
- April 13 Continue Public Hearing in Morgan Hill (Informational Open House)
- April 17 Environmental & Water Resources Committee
- April 19 Water Commission Meeting
- April 25 Conclude Public Hearing
- May 9 Adopt budget & groundwater production and other water charges

Note: Protests may be submitted between the date the notice was mailed (February 24) and the conclusion of the hearing (April 25)

Feedback from Advisory Committees and Community

- ▶ Water Retailers
- ▶ Ag Advisory
- ▶ Landscape Committee
- ▶ Public Phone Calls

Summary and Next Steps

Summary

- ▶ FY 18 increase driven by vital infrastructure rehabilitation, upgrades, and investments
- ▶ Staff proposed adjustments would reduce the FY 2017-18 groundwater production charge increase relative to the proposed maximum

Next Steps

- ▶ Obtain Feedback from Water Commission and Environmental & Water Resources Committee
- ▶ Continue Hearing to April 13 in Morgan Hill

RESOLUTION NO. 12- 10

A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SANTA CLARA VALLEY WATER DISTRICT ADOPTING PROCEDURES
FOR THE IMPOSITION OF SURFACE WATER CHARGES

WHEREAS, pursuant to Section 4 of the District Act, the purposes of the District Act are to authorize the District to provide comprehensive water management for all beneficial uses within Santa Clara County; and

WHEREAS, Section 5(5) of the District Act authorizes District to do any and every lawful act necessary to be done that sufficient water may be available for beneficial uses within Santa Clara County; and

WHEREAS, Section 5(12) authorizes the District to make contracts and do all acts necessary for the full exercise of all powers vested in the District; and

WHEREAS, Proposition 218, adopted on November 6, 1996, added Articles XIIIC and XIID to the California Constitution which impose certain procedural and substantive requirements with respect to the imposition of certain new or increased fees and charges; and

WHEREAS, whether legally required or not, the District Board believes it to be in the best interest of the community to align its practices with respect to the imposition of surface water charges to mirror the majority protest requirements of Article XIII D, section 6 applicable to charges for water services to the extent possible; and

WHEREAS, the District Board believes it to be in the best interest of the community to record its decisions regarding implementation of the provisions relating to imposition of surface water charges and to provide the community with a guide to those decisions and how they have been made; and

NOW, THEREFORE, the Board of Directors of Santa Clara Valley Water District does hereby resolve as follows:

SECTION 1. Statement of Legislative Intent. It is the Board of Directors' intent in adopting this resolution, to adopt the notice, hearing, and majority protest procedure proceedings that are consistent, and in conformance with, Articles XIIIC and XIID of the California Constitution and with the Proposition 218 Omnibus Implementation Act and the provisions of other statutes authorizing imposition of surface water charges. To the extent that these requirements are legally required to supercede the requirements set forth in the District Act, these provisions are intended to prevail.

SECTION 2. Definitions.

- A. Record Owner.** The District will provide the required notice to the Record Owner. "Record Owner" means the record owner of the property on which the surface water use-facility is present, and the tenant(s) who are District surface water permittees liable for the payment of the surface water charge.

A Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting
Procedures for the Imposition of Surface Water Charges

- B. Charge Zone.** "Charge Zone" means the District zone (i.e. Zone W-2 or Zone W-5) that a surface water user's turnout is located, which is applicable in identifying the proposed surface water charge. Surface water users that receive surface water outside of either Zone W-2 or Zone W-5 are deemed to be located in the zone to which the surface water user's turnout is most nearly located.

SECTION 3. Surface Water Charge Proceeding. The following procedures will be used:

- A. Those Subject to the charge.** The Record Owners of the existing surface use-facilities.
- B. Amount of Charge.** A formula or schedule of charges by which the customer can easily calculate the potential surface water charge will be included in the notice. The surface water charge is comprised of a basic user charge and a surface water master charge. The surface water charge must comply with the following substantive requirements:
1. Revenues derived from the surface water charge will not be used for any purpose other than that for which the charge is imposed.
 2. Revenues derived from the surface water charge will not exceed the direct and indirect costs required to provide the service.
 3. The amount of the surface water charge must not exceed the proportional cost of the service attributable to the property.
 4. No charge may be imposed for a service unless the service is actually used by, or immediately available to the property owner (or, if applicable, the tenant).
 5. No charge can be imposed for general governmental services where the service is available to the public at large in substantially the same manner as it is to property owners.
- C. Notice.** The following guidelines apply to giving notice of the surface water charge.
1. Record Owner(s) of each parcel subject to the surface water charge, meaning any parcel with a surface water use-facility, will be determined from the last equalized property tax roll. If the property tax roll indicates more than one owner, each owner will be sent the notice. District surface water permittees liable for the payment of the surface water charge will also be provided with the notice.
 2. The notice must be sent at least forty-five (45) days prior to the date set for the public hearing on the surface water charge.
 3. Failure of any person to receive the notice will not invalidate the proceedings.

A Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting
Procedures for the Imposition of Surface Water Charges

D. Surface Water Charge Protest. The following guidelines apply to the surface water charge protest procedure:

1. The notice will be mailed to all affected Record Owners at least forty-five (45) days prior to the date of the public hearing on the proposed surface water charge.
2. Written protests must be forwarded to the Clerk of the Board by mail or in person, sealed in an envelope which conceals the contents, with the property address or APN written on the outside of the envelope. To be counted, protests must be received no later than the date for return of protests stated on the notice, or the close of the public hearing, whichever is later.
3. A protest must be signed under penalty of perjury. For properties with more than one Record Owner, a protest from any one surface water user-facility will count as a protest for the property. No more than one protest will be counted for any given property.
4. Only protests with original signatures will be accepted. Photocopied signatures will not be accepted. Protests will not be accepted via e-mail. Protests must be submitted in sealed envelopes identifying the property on which the surface water user-facility is located, and include the legibly printed name of the signator. Protests not submitted as required by this Resolution will not be counted.
5. This proceeding is not an election.
6. Written Protests must remain sealed until the tabulation of protests commences at the conclusion of the public hearing. A written protest may be submitted or changed by the person who submitted the protest prior to the conclusion of the public testimony on the proposed charge at the public hearing.
7. Prior to the public hearing, neither the protest nor the envelope in which it is submitted will be treated as a public record, pursuant to the Government Code section 6254(c) and any other applicable law, in order to prevent potential unwarranted invasions of the submitter's privacy and to protect the integrity of the protest process.

E. Tabulating Protests. The following guidelines apply to tabulating protests:

1. It will be the responsibility of the Clerk of the Board to determine the validity of all protests. The Clerk will accept as valid all protests except those in the following categories:
 - a. A photocopy which does not contain an original signature;
 - b. An unsigned protest;
 - c. A protest without a legible printed name;
 - d. A protest which appears to be tampered with or otherwise invalid based upon its appearance or method of delivery or other circumstances;

A Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting
Procedures for the Imposition of Surface Water Charges

- e. A protest submitted to the District via e-mail;
- f. A protest submitted in an envelope that does not have the address or APN written on the outside of the envelope;
- g. A protest signed by someone other than the Record Owner for the APN.

The Clerk's decision, after consultation with the District Counsel, that a protest is invalid is final.

- 2. An impartial person, designated by the governing board, who does not have a vested interest in the outcome of the proposed charge will tabulate the written protests submitted, and not withdrawn. The impartial person may be a member of the Clerk of the Board Office.
- 3. A Record Owner who has submitted a protest may withdraw that protest at any time up until the conclusion of the final public hearing on the surface water charge.
- 4. A property owner's failure to receive notice of the surface water charge will not invalidate the proceedings conducted under this procedure.

F. Public Hearing.

- 1. At the public hearing, the District Board will hear and consider all public testimony regarding the proposed surface water charge and accept written protests until the close of the public hearing, which hearing may be continued from time to time.
- 2. The District Board may impose reasonable time limits on both the length of the entire hearing and the length of each speaker's testimony.
- 3. At the conclusion of the hearing, the Clerk of the Board, or other neutral person designated to do the tabulation will complete tabulation of the protests from Record Owners, including those received during public hearing.
- 4. If it is not possible to tabulate the protests on the same day as the public hearing, or if additional time is necessary for public testimony, the District Board may continue the public hearing to a later date to receive additional testimony, information or to finish tabulating the protests; or may close the public hearing and continue the item to a future meeting to finish tabulating the protests.
- 5. If according to the final tabulation of the protests from Record Owners, the number of protests submitted against the proposed surface water charge (or increase of the surface water charge) within a Charge Zone exceeds 50% plus one of either: (i) the identified number of parcels within that Charge Zone, or (ii) the identified number of owners and tenants who are subject to the surface water charge within that Charge Zone, then a "majority protest" exists and the District Board of Directors will not impose the surface water charge within that Charge Zone.

A Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting
Procedures for the Imposition of Surface Water Charges

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the
following vote on February 14, 2012.

AYES: Directors T. Estremera, D. Gage, J. Judge, P. Kwok, R. Santos, B. Schmidt,
L. LeZotte

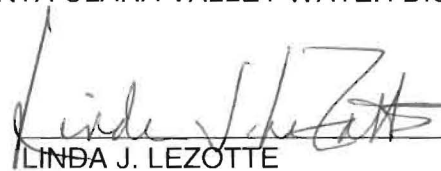
NOES: Directors None

ABSENT: Directors None

ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT

By:



LINDA J. LEZOTTE

Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC



Clerk/Board of Directors

RESOLUTION NO.12- 11

AN AMENDED AND RESTATED RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SANTA CLARA VALLEY WATER DISTRICT ADOPTING PROCEDURES
FOR THE IMPOSITION OF GROUNDWATER PRODUCTION CHARGES

WHEREAS, Section 26 of the District Act includes provisions relating to imposition and notice and opportunity to be heard on the imposition of groundwater production charges, including the opportunity to contest the imposition; and

WHEREAS, Section 26 of the District Act provides the purposes for which groundwater production charges can be collected as follows:

1. To pay for construction, operation and maintenance of imported water facilities;
2. To pay for imported water purchases;
3. To pay for construction, operation and maintenance of facilities to conserve or distribute water including facilities for groundwater recharge, surface distribution, and purification and treatment of water;
4. To pay for debt incurred for the above purposes.

WHEREAS, Proposition 218, adopted on November 6, 1996, added Articles XIIC and XIID to the California Constitution which impose certain procedural and substantive requirements with respect to the imposition of certain new or increased fees and charges; and

WHEREAS, whether the District's groundwater production charge is assessed upon a parcel of property or upon a person as an incident of property ownership such that it is subject to proposition 218 is a subject currently before the courts and has not yet been finally decided; and

WHEREAS, regardless of whether the District is legally required to or not, the District Board believes it to be in the best interest of the community to align its practices with respect to the imposition of groundwater production charges to mirror the majority protest requirements of Article XIII D section 6 applicable to charges for water to the extent possible; and

WHEREAS, some of the requirements of the majority protest procedure are unclear and require further judicial interpretation or legislative implementation; and WHEREAS, the District Board believes it to be in the best interest of the community to record its decisions regarding implementation of the provisions relating to imposition of groundwater production charges and to provide the community with a guide to those decisions and how they have been made;

NOW, THEREFORE, the Board of Directors of Santa Clara Valley Water District does hereby resolve as follows:

SECTION 1. Statement of Legislative Intent. It is the Board of Director's intent in adopting this amended and restated resolution, to adopt the notice, hearing, and majority protest procedure proceedings that are consistent, and in conformance with, Articles XIIC and XIID of the California Constitution and with the Proposition 218 Omnibus Implementation Act and the provisions of other statutes authorizing imposition of water charges. To the extent that these requirements are legally required to supercede the requirements set forth in the District Act, these provisions are intended to prevail.

An Amended and Restated Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting Procedures for the Imposition of Groundwater Production Charges

SECTION 2. Definition of Record Owner. The District Act authorizes the groundwater production charge to be noticed and imposed on “owners or operators of water-producing facilities” which is not based on property ownership, while Article XIII D requires that notice be provided to the owner of a parcel whose name and address appears on the last equalized secured property tax assessment roll. In order to resolve the differences between these two approaches, the District will provide the required notice to the record owner of the property on which the water-producing facility is present, as well as to the owners or operators of water producing facilities (who are tenants of that real property directly liable to pay the groundwater production charge to the District).

SECTION 3. Groundwater Production Charge Proceeding. The following procedures will be used:

- A. Those Subject to the charge.** The Record Owners of existing water producing wells including water supply and extraction/environmental wells, whether currently active or not.
- B. Amount of Charge.** A formula or schedule of charges by which the customer can easily calculate the potential charge will be included in the notice. The charge must comply with the following substantive requirements:
 - 1. Revenues derived from the charge will not be used for any purpose other than that for which the charge is imposed.
 - 2. Revenues derived from the charge will not exceed the direct and indirect costs required to provide the service.
 - 3. The amount of the charge must not exceed the proportional cost of the service attributable to the property.
 - 4. No charge may be imposed for a service unless the service is actually used by, or immediately available to the owner.
 - 5. No charge can be imposed for general governmental services where the service is available to the public at large in substantially the same manner as it is to property owners.
- C. Notice.** The following guidelines apply to giving notice of the groundwater production charge.
 - 1. The record owner(s) of each parcel subject to the charge, meaning any parcel with a water-producing facility, will be determined from the last equalized property tax roll. If the property tax roll indicates more than one owner, each owner will be sent the notice. Where tenants are directly liable to pay the groundwater production charge to the District, they will also be provided with the notice.

An Amended and Restated Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting Procedures for the Imposition of Groundwater Production Charges

2. The notice must be sent at least forty-five (45) days prior to the date set for the public hearing on the charge.
3. Failure of any person to receive notice will not invalidate the proceedings.

D. Groundwater Production Charge Protest. The following guidelines apply to the protest procedure:

1. The notice will be mailed to all affected Record Owners at least forty-five (45) days prior to the date of the public hearing on the proposed charge.
2. Written protests must be forwarded to the Clerk of the Board by mail or in person, sealed in an envelope which conceals the contents, with the property address or APN written on the outside of the envelope. To be counted, protests must be received no later than the date for return of protests stated on the notice, or the close of the public hearing, whichever is later.
3. A protest must be signed under penalty of perjury. For properties with more than one Record Owner, a protest from any one will count as a protest for the property. No more than one protest will be counted for any given property.
4. Only protests with original signatures will be accepted. Photocopied signatures will not be accepted. Protests will not be accepted via e-mail. Protests must be submitted in sealed envelopes identifying the property on which the well is located, and include the legibly printed name of the signator. Protests not submitted as required by this amended and restated resolution will not be counted.
5. This proceeding is not an election.
6. Written Protests must remain sealed until the tabulation of protests commences at the conclusion of the public hearing. A written protest may be submitted, or changed, or withdrawn by the person who submitted the protest prior to the conclusion of the public testimony on the proposed charge at the public hearing.
7. Prior to the public hearing, neither the protest nor the envelope in which it is submitted will be treated as a public record, pursuant to the Government Code section 6254(c) and any other applicable law, in order to prevent potential unwarranted invasions of the submitter's privacy and to protect the integrity of the protest process.

E. Tabulating Protests. The following guidelines apply to tabulating protests:

1. It will be the responsibility of the Clerk of the Board to determine the validity of all protests. The Clerk will accept as valid all protests except those in the following categories:
 - a. A photocopy which does not contain an original signature;
 - b. An unsigned protest;

An Amended and Restated Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting Procedures for the Imposition of Groundwater Production Charges

- c. A protest without a legible printed name;
- d. A protest which appears to be tampered with or otherwise invalid based upon its appearance or method of delivery or other circumstances;
- e. A protest submitted to the District via e-mail;
- f. A protest submitted in an envelope that does not have the address or APN written on the outside of the envelope;
- g. A protest signed by someone other than the Record Owner for the APN.

The Clerk's decision, after consultation with the District Counsel, that a protest is invalid is final.

- 2. An impartial person, designated by the governing board, who does not have a vested interest in the outcome of the proposed charge will tabulate the written protests submitted, and not withdrawn. The impartial person may be a member of the Clerk of the Board Office.
- 3. A Record Owner who has submitted a protest may withdraw the protest at any time up until the conclusion of the final public hearing on the charge.
- 4. A property owner's failure to receive notice of the charge will not invalidate the proceedings conducted under this procedure.

F. Public Hearing

- 1. At the public hearing, the District Board will hear and consider all public testimony regarding the proposed charge and accept written protests until the close of the public hearing, which hearing may be continued from time to time.
- 2. The District Board may impose reasonable time limits on both the length of the entire hearing and the length of each speaker's testimony.
- 3. At the conclusion of the hearing, the Clerk of the Board, or other neutral person designated to do the tabulation will complete tabulation of the protests from Record Owners, including those received during public hearing.
- 4. If it is not possible to tabulate the protests on the same day as the public hearing, or if additional time is necessary for public testimony, the District Board may continue the public hearing to a later date to receive additional testimony, information or to finish tabulating the protests; or may close the public hearing and continue the item to a future meeting to finish tabulating the protests.
- 5. If according to the final tabulation of the protests from Record Owners, the number of protests submitted against the proposed increase of the groundwater production charge within a groundwater production charge zone exceeds 50% plus one of either: (a) the identified number of parcels within that groundwater production charge zone, or (b) the identified number of owners and operators within that groundwater production charge zone who are subject to the increased groundwater production charge, then a "majority protest" exists and the District

An Amended and Restated Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting Procedures for the Imposition of Groundwater Production Charges

Board of Directors will not impose any increase to the groundwater production charge within that groundwater production charge zone.

SECTION 4

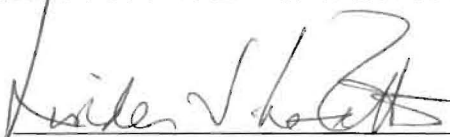
Resolution No.11-03 adopted by the District on January 25, 2011 and Resolution No. 10-06 adopted by the District on January 26, 2010 are both hereby amended and restated in their entirety as set forth in this amended and restated resolution. This amended and restated resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on February 14, 2012.

AYES: Directors T. Estremera, D. Gage, J. Judge, P. Kwok, R. Santos, B. Schmidt,
L. LeZotte
NOES: Directors None
ABSENT: Directors None
ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT

By:



LINDA J. LEZOTTE
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC


Clerk/Board of Directors

File No.: 17-0184

Agenda Date: 4/11/2017
Item No.: 2.10.

BOARD AGENDA MEMORANDUM

SUBJECT:

Update on United States Army Corps of Engineers (USACE) Partnership Projects.

RECOMMENDATION:

Receive and discuss information related to status of the United States Army Corps of Engineers (USACE) projects where the District is the Local Sponsor, Co-Local Sponsor or member of a Local Sponsor Agency.

SUMMARY:

USACE Partnership Projects:

The District is currently partnering with the USACE on planning, design, and/or construction of five flood protection projects that will provide flood protection for up to 11,762 residents and businesses in Santa Clara County. Annually, staff updates the board on all USACE partnership projects in preparation for upcoming legislative meetings in Washington, DC in which the District will be requesting federal funding for its projects. Key staff from the USACE San Francisco District Civil Works Branch will be in attendance to address specific project questions on the following projects:

N. Nguyen

- | | |
|---|-----------------------------------|
| 1.Upper Guadalupe River Project | Construction |
| 2.South San Francisco Bay Shoreline Study | Design and next feasibility phase |
| 3.Upper Berryessa Creek Project | Construction |
| 4.San Francisquito Creek Project | Feasibility |

K. Oven

- | | |
|------------------------------|--------------|
| 5.Upper Llagas Creek Project | Construction |
|------------------------------|--------------|

Annually, the USACE identifies their Federal appropriations request for each project with the intent of obtaining funds in the President's budget. Attachment 1 summarizes the funding requests for FY17 and FY18. The USACE fiscal year begins October 1 and ends September 30. The status of each of these projects is described in the PowerPoint presentation (Attachment 2).

Funding for the following projects has been included in the Federal FY17 Budget Request:

- Upper Guadalupe River: \$1.2M for construction
- South SF Bay Shoreline: \$550K for design and next feasibility phase
- San Francisquito Creek: \$471K for feasibility

In FY 16, the USACE received the following funding appropriations:

- Upper Berryessa Creek: \$20M to complete construction
- San Francisquito Creek: \$100K to continue feasibility
- South SF Bay Shoreline: \$3M for preconstruction engineering and design

FINANCIAL IMPACT:

There is no financial impact associated with this informational item.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonable foreseeable indirect physical change in the environment.

ATTACHMENTS:

Attachment 1: Federal Appropriation Requests

Attachment 2: PowerPoint

UNCLASSIFIED MANAGER:

Ngoc Nguyen, 408-630-2632

Katherine Oven, 408-630-3126

**Summary of Preliminary Federal Appropriation Requests
For Federal Fiscal Years 2017 and 2018
For projects that affect Santa Clara County, California**

U.S. Army Corps of Engineers Requests

Project/Program Name	District Involvement	Fiscal Year 2017 Request[†]	Preliminary Fiscal Year 2018 Request
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Flood Protection Projects of Direct Interest to the Santa Clara Valley Water District			
Upper Guadalupe River Project	Local Sponsor	\$1.2 million	\$72 million
South San Francisco Bay Shoreline Study*	Co-Local Sponsor	\$550,000	\$15.4 million
Coyote/Berryessa Creek Project	Local Sponsor	Currently funded through completion	Currently funded through completion
San Francisquito Creek Project*	Member of the San Francisquito Creek Joint Powers Authority, the Local Sponsor	\$471,000	\$471,000
Llagas Creek Project	Local Sponsor	Will use contributed funds	\$0

[†]Fiscal Year 2017 funding allocations not finalized yet.

*Interjurisdictional Project/Program.

District – United States Army Corps of Engineers (USACE) Partnership Flood Protection Projects

Project status - Fiscal Year 2016-2017

SCVWD Board of Directors
& USACE Staff

April 11, 2017

Santa Clara Valley
Water District



**US Army Corps
of Engineers®**
San Francisco District

Proposed FY18 Federal Funding Request

Project/Program Name	USACE District	District Involvement	Fiscal Year 2016 Work Plan	Fiscal Year 2017 Administration Budget Request	Fiscal Year 2018 Request
Upper Guadalupe River Project	San Francisco	As the Local Sponsor	\$0	\$1.2 million	\$72 million
South San Francisco Bay Shoreline Study*	San Francisco	As a Co-Local Sponsor	\$3 million	\$550,000	\$15.4 million
Coyote/Berryessa Creek Project	San Francisco	As the Local Sponsor	\$20 million	funded through completion	funded through completion
San Francisquito Creek Flood Project*	San Francisco	As a member of the San Francisquito Creek Joint Powers Authority as the Local Sponsor	\$100,000	\$471,000	\$471,000
Llagas Creek Project	San Francisco	As the Local Sponsor	\$0	negotiating MOU to use contributed funds	\$0

*Interjurisdictional Project/Program

Upper Guadalupe River

From I-280 to Blossom Hill Road – 5.5 miles

Objectives

- Provide 100-yr flood protection to nearly 7,000 parcels
- Preserve and improve wildlife and fisheries habitat
- Provide opportunity for a continuous 6-mile trail

Schedule

- | | |
|---|-----------|
| ■ Revised 65% vehicular bridges (P&S) | completed |
| ■ GWIWG Review of 65% vehicular bridges | Mar 2017 |
| ■ 100% Design of vehicular bridges | Apr 2017 |
| ■ Reach 10B & 12 Planting | Dec 2017 |
| ■ Revised 95% Reaches 7&8 Channel (P&S) | TBD |
| ■ 100% Reaches 7&8 Channel (P&S) | TBD |



Upper Guadalupe River

From I-280 to Blossom Hill Road – 5.5 miles

Updates

Reaches 7 & 8 Channel Design: Design team met with USFWS, NMFS, and RWQCB on Feb 1. Team is working to resolve comments on channel design. Optimal schedule is to award construction of channel work in 2018.

Reaches 7 & 8 65% Vehicular Bridge Designs: Designs submitted to GWIG in February with comments due at end of March. Aim is to obtain bridge design approvals prior to channel design approval, in order to help position the bridges for 2018 construction.

GWIG Coordination: Obtaining concurrence from GWIG on Reaches 7 & 8 bridges and channel designs has posed to be a significant challenge. Team cannot pursue actions that are outside of the USACE authorized plan.



Estimated Total Project Cost

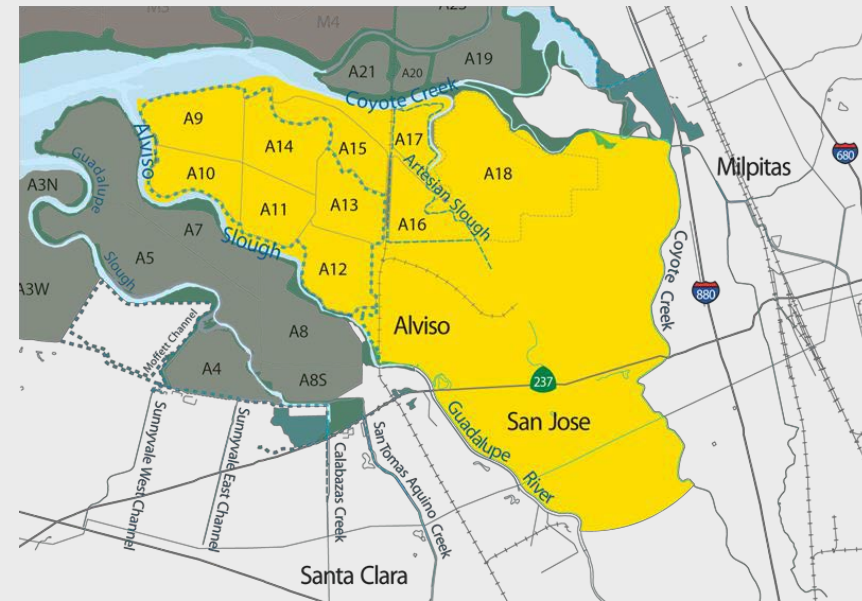
Fed:	\$188 million
<u>SCVWD:</u>	<u>\$105 million</u>
Total:	\$293 million

South SF Bay Shoreline Study – EIA 11

North San Jose and Alviso – 4 miles

Objectives

- Protect area from up to 100-yr tidal events including for sea level rise thru year 2067
- Restore 2,900 acres of tidal marsh habitat for federally endangered species and migratory birds
- Provide public access and recreational opportunities



Schedule

- | | |
|--|-----------|
| ▪ Chief's Report signed | Dec 2015 |
| ▪ Design Agreement signed | July 2016 |
| ▪ Reach 1 Levee Design begins | Oct 2016 |
| ▪ Environmental Permits way forward | July 2017 |
| ▪ Reach 1 Levee Design completed | Dec 2017 |
| ▪ Reach 1 Levee Const. award (pend. funds) | May 2018 |

South SF Bay Shoreline Study – EIA 11

North San Jose and Alviso – 4 miles

Updates

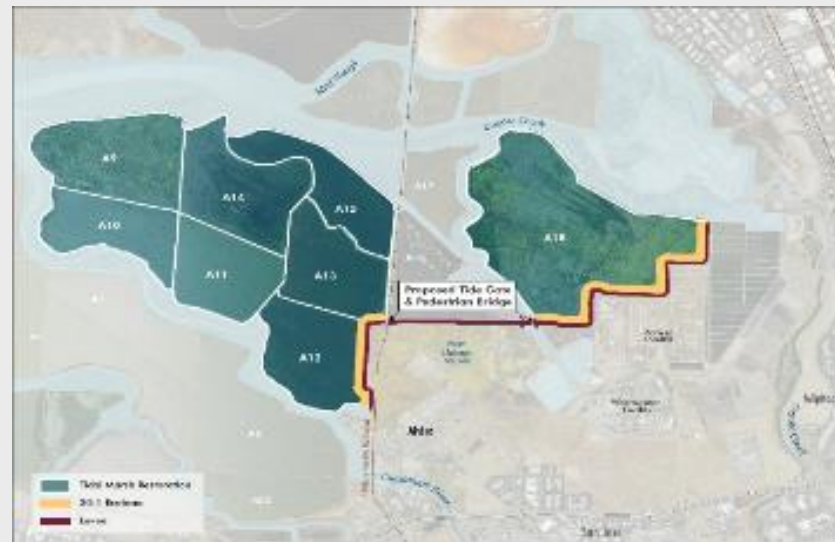
Environmental Approval: RWQCB had provided a letter of support, but no permit, as the design has not been completed.

Team will meet with RWQCB on March 30 to discuss their concerns on:

- Pond A18 levee alignment
- Zero net loss policy, and
- Artesian Slough Crossing

Team needs RWQCB buy-in by July 17 to not impact design schedule.

Federal Funding: USACE needs construction funds in FY18 budget to begin construction in May 2018. SPD has prioritized this as a new start for construction funds.



Estimated Total Design & Const Cost

Fed:	\$70.3 million
SCC:	\$44 million
<u>SCVWD:</u>	<u>\$59.7 million</u>
Total:	\$174 million

Upper Berryessa Creek

From Calaveras Blvd to I-680 – 2.2 miles

Objectives

- Provide 100-yr flood protection to 650 parcels and Milpitas Bart Station
- Provide recreational opportunities in Cities of Milpitas and San Jose

Schedule

- | | |
|-------------------------|----------|
| ■ Award Contract | Aug 2016 |
| ■ Start Construction | Oct 2016 |
| ■ Restart Construction | Mar 2017 |
| ■ Complete Construction | Dec 2017 |



Upper Berryessa Creek

From Calaveras Blvd to I-680 – 2.2 miles

Updates

2016 Construction: 2016 work was completed on schedule with ~500 feet of channel constructed.

2017 Construction: Construction re-started on March 1 on schedule.

Rain Impacts: The site is saturated and there has been substantial flow in the channel. Despite rain project is still on schedule for December 2017 completion.

2017 Construction: Construction will re-start March 1. The Union Pacific Railroad trestle bridge is planned for replacement in mid-July 2017. Coordination with the railroad continues.



Estimated Total Project Cost

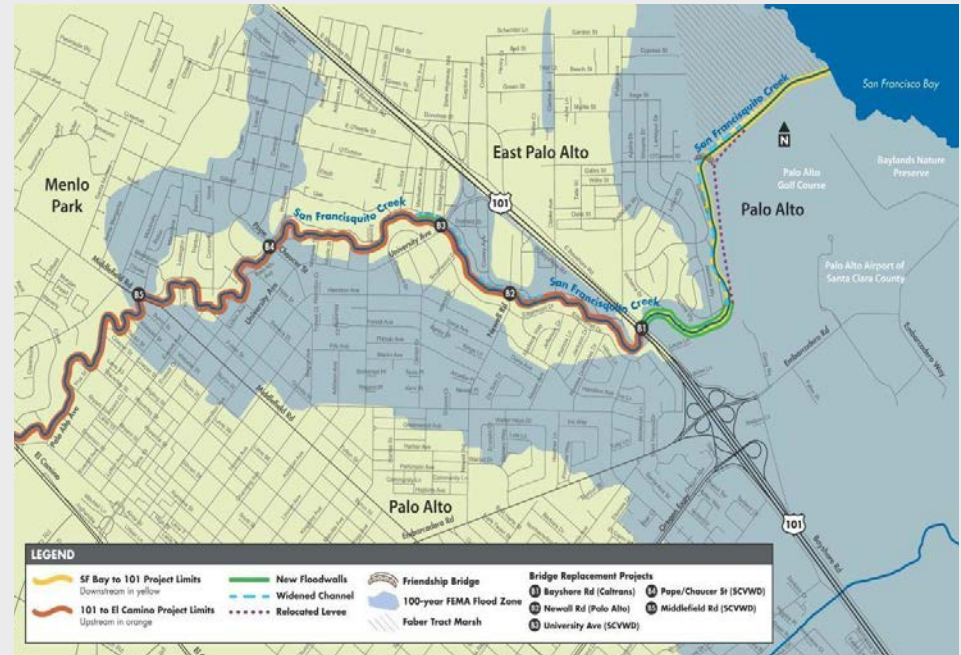
Fed:	\$21.2 million
<u>SCVWD:</u>	<u>\$16 million</u>
Total:	\$37.2 million

San Francisquito Creek

From HWY 101 to El Camino Real – 3.7 miles

Objectives

- Protect more than 3000 homes, schools, businesses from 100-yr flood



Schedule

- | | |
|-----------------------------|---------------|
| ▪ Tentatively Selected Plan | Aug 2017 |
| ▪ Agency Decision Memo | Aug 2018 |
| ▪ Chief's Report | February 2020 |

San Francisquito Creek

From HWY 101 to El Camino Real – 3.7 miles

Updates

3x3x3 Waiver: Waiver Package was submitted to HQ Dec 2016 and has not been reviewed/approved. Proposed Cost has increased by \$193,278. An additional 34 months was requested with proposed completion date of Feb 2020.

SCVWD Funding: SCVWD funds were provided at start of FY17 to meet cost share requirements (\$270,000).

Project Tasks: Project schedule needs to be finalized; project H&H models and economic analysis to continue; impact assessment findings need to be applied; and Tentatively Selected Plan needs to be identified.



Estimated Total Project Cost

Fed:	\$3.2 million
SMFCD:	\$1.5 million
<u>SCVWD:</u>	<u>\$1.5 million</u>
Total:	\$6.2 million

Upper Llagas Creek

Morgan Hill, San Martin, Gilroy Areas – 14 miles

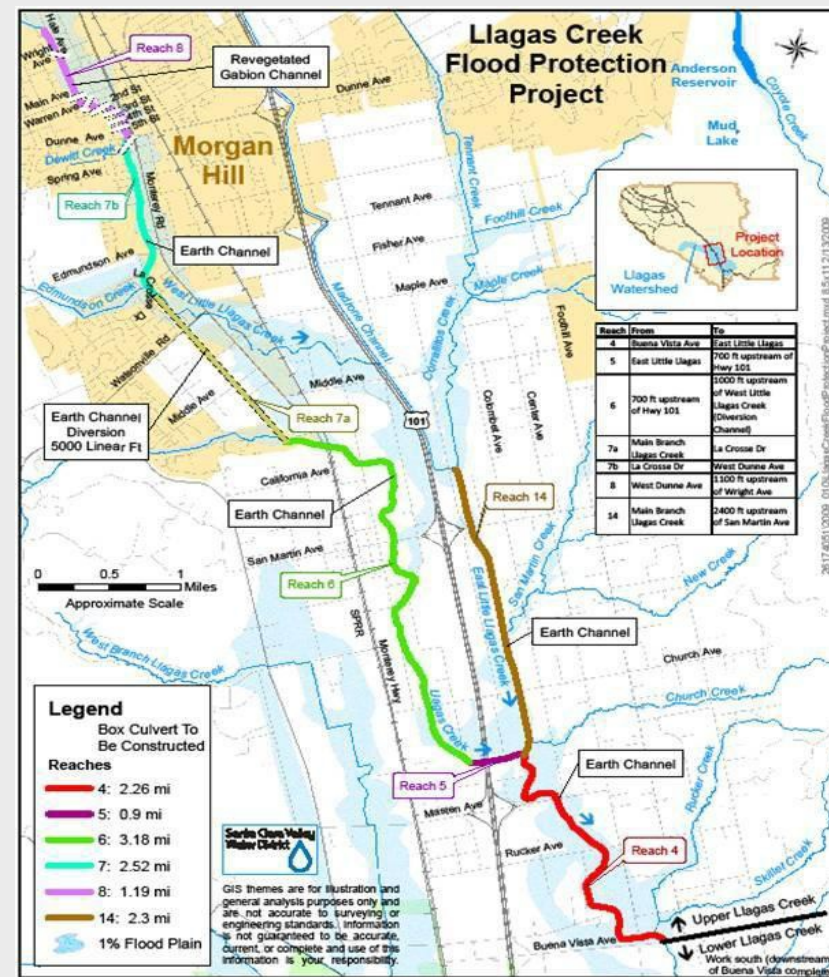
Objectives

- Provide 100-yr flood protection to urban areas of Morgan Hill, San Martin, and Gilroy
- Provide 10-yr flood protection or not induce flooding to agricultural areas of San Martin and Gilroy
- Protect, enhance, or restore the creek ecosystems geomorphically
- Provide opportunities to integrate recreational improvements

Schedule

- Draft Agreement to SCVWD 2015
- Submit Agreement to HQ May 2017
- Update PMP* TBD
- SCVWD approves PMP TBD

*Project Management Plan



Upper Llagas Creek

Morgan Hill Urban Areas – 14 miles

Updates

Funds: A Contributed Funds (CF) agreement would support the completion of a Limited Re-evaluation Report for up to \$810,000.

LRR: The Limited Re-evaluation Report will be an updated Economic Report. The revised scope removed DDR* and EIS/EIR tasks from the CF package; this is not allowable under CF authorization.

Agreement: SCVWD provided comments on the Agreement; USACE deemed comments non-substantive. Re-visited guidance and requirement for PMP in front of CF appears gray. As such will submit Agreement as is to HQ for approval.



Estimated Total Construction Cost (WRDA 2007)

Fed:	\$65 million
<u>SCVWD:</u>	<u>\$40 million</u>
Total:	\$105 million

File No.: 17-0104

Agenda Date: 4/11/2017
Item No.: 2.11.

BOARD AGENDA MEMORANDUM

SUBJECT:

District's Capital Improvement Program Fiscal Year 2016-17 Progress Report for Watersheds Capital Projects.

RECOMMENDATION:

- A. Receive information from staff on the FY2016-17 Capital Improvement Program (CIP) progress reports for key Watersheds Capital Projects; and
- B. Approve adjustments to the Safe, Clean Water and Natural Flood Protection Program (SCW Program) schedules for four Watersheds projects.

SUMMARY:

The District plans, manages, and implements capital improvements to comply with the Board's Ends Policies and Executive Limitations. Program plans or master plans are developed to achieve the results established by the Ends Policies. These plans then become the basis for staff to develop and propose individual capital projects that become part of the District's Five-Year Capital Improvement Program (CIP).

The FY2017-21 CIP includes a total of 65 capital projects. Of these, 27 are Watersheds Capital projects. The total value of the CIP is \$4.2B. Watersheds projects contribute \$1.2B to the total CIP. Table 1 presents, by CIP category, the number of active FY17 projects, the Board-approved FY17 budget, and actual expenditures through December 31, 2016 (FY17-Q2).

Table 1
FY17 Active CIP Projects, Budgets, and Expenditures
by Category through FY17-Q2

CIP Category	No. of Active Projects	FY17 Budget (\$ Million)	FY17 Expenditures (\$M) thru 12/31/16 (% of budget)
Water Supply	30	\$143.8	\$72.4 (50%)
Flood Protection	19	\$232.0	\$64.1 (28%)

Water Resources Stewardship	8	\$8.5	\$0.6 (7%)
Buildings & Grounds	3	\$ 8.1	\$1.0 (12%)
Information Technology	5	\$ 8.3	\$1.1 (13%)
Total	65	\$400.7	\$139.2 (35%)

Key Capital Projects

Table 2 presents the project delivery phase and FY17 second quarter status of twelve (12) key Watersheds Capital projects' milestones. Staff will discuss these in greater detail in their presentation (Attachment 1).

Table 2. FY17-Q2 Status of Watersheds Capital Projects

No.	Key Capital Projects	Project Milestone(s)	Status
Flood Protection			
1	Llagas Creek-Upper, Buena vista	1. Acquire Resource Agency 2/2017 7/2017 2. Complete Design - Way Phase 1 (Reach 4, 7A) 12/2016 6/2017 7/2017 3. Construction - 6/2017 12/2017 2 Design Documents - 6/2017	1. Adjusted 2. Adjusted 3. Adjusted 4. Adjusted
2	Berryessa Creek, Lower Penitencia Blvd - Phase 2	1. Begin In-Channel Construction - Winterize Channel - Complete Berryessa Phase 2B (Lower) 4/2018 4. Award Berryessa Creek) - 6/2017 6/2018	1. Complete 2. Complete 3. Adjusted 4. Adjusted
3	Lower Penitencia Ck Improvement Coyote Ck	1. Complete 30% Design - Draft EIR Public Meeting - Complete Final EIR - 4/2017 60% Design - 4/2017	1. Complete 2. Adjusted 3. Adjusted 4. Adjusted
4	Guadalupe Rv-Upper, Southern Blossom Hill Road (R7-12)	1. Complete Design of Reach 12/2017 2. Begin Construction 6/2018 3. Continue acquiring Reaches 7-11 - Ongoing	1. Adjusted 2. Adjusted 3. Ongoing
5	Berryessa Ck, Calaveras-I-680	1. Coordination of Construction USACE - 6/2017	1. On Target
6	Upper Penitencia Ck, Coyote Creek	1. Complete Draft GRR/EIS	1. Adjusted
7	San Francisquito Creek, SF Bay Bay to Middlefield Road	1. Final Channel Improvement 4/2018 2. Draft EIR for HW 6/2017 9/2017 3. Tentative USACE - 6/2017 9/2017 4. Construction Activities - 6/2017	1. Adjusted 2. Adjusted 3. Adjusted 4. On Target

*General Re-Evaluation Report/Environmental Impact Statement

No.	Key Capital Projects	FY17 Milestone(s)	Status
Flood Protection (continue)			
8	Permanente Creek	1. Advertise and Award contract for construction of detention basins (Rancho San Antonio & McKittrick) - Complete 2. Advertise for construction of Channel Improvements - 5/2017 4. Construction contract for Channel Improvements - 5/2017 4. Target 4. Target	1. Complete 2. Complete 3. Target 4. Target
9	San Francisco Bay Shoreline EIA 11 & EIAs 1-10	1. EIA* 11 Local Cost-Share to USACE/Coastal Conservancy - Study Report - 2/2017 3. EIAs 1-10 Next Study Steps - On Target	1. On Target 2. Complete 3. Target
10	Sunnyvale East and West Channels	1. Submit Permit Applications - 9/2016-12/2016 2/2017 2. Review Permit Applications - 1/2017 3/2017	1. Adjusted 2. Adjusted
Water Resources Stewardship			
1	Almaden Lake Improvements	1. Complete Preliminary to 30% Design - 12/2016 9/2017 2. 30% Design - 3/2017 6/2017	1. Adjusted 2. Adjusted
2	Feasibility Studies (Ogier, Metcalf, prioritizing removal of Stevens Creek Fish Barriers)	not applicable	not applicable

*Economic Impact Area

**Environmental Impact Report

Key Watersheds Capital Projects

There are 12 Key Watersheds Capital Projects as summarized in Table 2. Several key watershed projects are on target and have proceeded to the construction phase. Other key watershed projects are experiencing delays due to issues with regulatory permitting, property acquisitions, and high stakeholder engagement requiring schedule adjustments.

Below is the status update for each Watersheds capital category, highlighting FY17 construction and consultant contracts

Flood Protection Capital Projects

There are currently nine (9) SCW Program flood protection capital projects (which include projects originally funded by the SCW Program's predecessor, the Clean, Safe Creeks and Natural Flood Protection (CSC) Plan), and ten (10) flood protection projects funded by the District's one (1) percent ad valorem property tax with a total FY17 budget of \$232M. All of these projects have the primary objective of providing natural flood protection for residents, businesses and visitors.

Construction Contracts. FY17-Q1 and Q2, two (2) Flood Protection project construction contracts

were awarded and three (3) more are expected to be
Awarded in FY-17. The estimated value of these five (5) contracts is \$58M.

Consultant Contracts. None

Water Resources Stewardship Capital Projects

There are currently six (6) active Water Resources Stewardship projects with the primary objectives of protecting and enhancing watersheds and natural resources, and improving the quality of life in Santa Clara County. The total FY17 budget for these projects is \$8.5M.

Construction Contracts. None

Consultant Contracts. None

Adjustments to SCW Program Schedules

Capital project schedules change due to various factors including additional time for evaluation, time to work with external stakeholders on design concepts, changed site conditions, limited annual funding allocations from the federal budget on federal projects, and time for regulatory agencies to review and process construction permit applications.

To keep the Board informed and seek Board approval of SCW Program schedule adjustments to Program identified completion dates, staff includes SCW Program schedule adjustments in the annual progress report for capital projects.

As referenced in the staff presentation and noted in Attachment 1, there are adjustments to SCW Program schedule completion dates. As required by the SCW Program, staff is recommending the Board approval of these adjustments for the following projects:

Fish Habitat and Passage Improvement (D4):

The original project schedule indicates an estimated completion date of FY19, however, based upon the different Key Performance Indicators (KPI), staff is recommending separating the schedules. For KPI 1, planning and design for two creek/lake separation projects, the estimated completion date is FY19. For KPI 2, construction of one creek/lake separation project, the construction schedule will be determined when the Board selects which of the two projects will be constructed.

Staff also recommends combining the remaining schedules for KPI's 3-5 (fish passage improvements, study of all major steelhead streams, and installation of large woody debris and or gravel, respectively), with a completion date of FY28 to allow sufficient time to complete the studies and implement the improvements.

South Bay Salt Ponds Restoration (D8):

The original project schedule estimates a completion date of FY17, however, placing sediment is a

long-term need. This project pays for the construction of road improvements that are needed when the placement site for depositing sediments from our Stream Maintenance Program moves from one location to another. Sediments have been deposited at Pond A8 for several years and it is expected that this site will need sediments for several more years. When a new placement site is needed, roads must be constructed or reinforced to support the heavy equipment that transports the sediment. The move to a new site is expected every 3 to 5 years depending on the size of the site and the amount of sediment available for placement. Staff is recommending that the D8 schedule be extended for the duration of the SCW Program to end in FY28.

Upper Llagas Creek Flood Protection, Buena Vista Avenue to Wright Avenue (E6):

The original project schedule indicated an estimated Phase 1 construction completion date of December 2016 (FY17). In 2010, the District assumed the Project lead from U.S. Army Corps of Engineers (USACE) - Civil Works due to lack of federal funding. The District completed the Project Environmental Impact Report (EIR) that was certified in June 2014 and which was a prerequisite for the District to acquire over 100 properties (Phase 1- 41 parcels, Phase 2-60+ parcels), including the remaining need to acquire Lake Silveira (on-site compensatory mitigation) from County Parks and Recreation.

The District has completed the Phase 1 design (100%) and the Phase 2 design is at 95%. The District has submitted all the required permit applications and is currently in consultation with the various regulatory agencies to obtain the required permits. Before a USACE - Regulatory permit can be negotiated/issued, the USACE needs to finalize their Project Environmental Impact Statement (EIS). All the above items were factors in the Phase 1 construction start date being delayed. It is currently estimated that Phase 1 construction will begin construction in FY18, with Phase 1 completion of the flood protection improvements by FY20. Phase 2 construction is currently estimated to begin in FY19 and be completed by FY22. Accordingly, staff recommends adjusting the SCW E6 schedule completion date to FY22.

San Francisco Bay Shoreline Study (E7):

The original project schedule estimates a completion date of FY19. Due to uncertainties with the permitting process, the need to coordinate with the Union Pacific Railroad and the City of San José, as well as the risk of not receiving continued federal funding, staff is recommending that the E7 completion date, for both Key Performance Indicators, be extended to FY28.

FINANCIAL IMPACT:

The recommended action has no financial impact.

CEQA:

The recommended action does not constitute a project under California Environmental Quality Act (CEQA) because it does not have a potential for resulting in a direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

Attachment 1: PowerPoint

UNCLASSIFIED MANAGER:

Ngoc Nguyen, 408-630-2632

Watersheds Capital Improvement Program FY 2016-17 Progress Report

SCVWD Board of Directors
April 11, 2017



FY2016-17 Key Watersheds Capital Projects' Status Report

Flood Protection (USACE)

1. Llagas Creek, Upper, Buena Vista Ave to Llagas Rd

Total Estimated Cost: \$171.8M



Mid-Year Progress Report:

- Right of way
 - Phase 1: 3 acquisitions remaining
 - Phase 2: ~20 acquisitions remaining
 - Temporary construction easements pending
- 100% Phase 1 (P&S) completed
- 95% Phase 2 (P&S) completed
- Resource agency permits
 - CDFW 1600 permit received - Jan 2017
 - RWQCB 401 permit pending

FY18 Outlook: USACE to release final EIS/ROD; receive USACE 404 permit; advertise/award Phase 1 for construction

FY2016-17 Key Watersheds Capital Projects' Status Report

Flood Protection

2. Berryessa Creek, Lower Penitencia Ck to Calaveras Blvd - Phase 2

Total Estimated Cost: \$130.4M



Mid-Year Progress Report:

- Main Stem:
 - Constructed of 260 CIDH piles
 - Site winterized
 - Redesigned Edgewater Drive floodwall
 - Public meetings conducted - July 20, 2016; Nov 18, 2016; and Jan 30, 2017
- Phase 2B (Lower Calera Creek):
 - 60% channel & planting design completed

FY18 Outlook: continue construction of main stem; continue Phase 2B (Lower Calera Creek) 60% structural design

FY2016-17 Key Watersheds Capital Projects' Status Report

Flood Protection

3. Lower Penitencia Ck Improvements, Berryessa Ck to Coyote Ck

Total Estimated Cost: \$33.1M



Mid-Year Progress Report:

- 30% design completed - Dec 2016
- Basis of design report completed - Dec 2016
- Coordinate with Milpitas, Caltrans, resource agencies - ongoing

FY18 Outlook: complete design; conduct CEQA public meeting; finalize EIR; receive resource agency permits; acquire right-of-way and easements; advertise and award project for construction

FY2016-17 Key Watersheds Capital Projects' Status Report

Flood Protection (USACE)

4. Guadalupe River, Upper, SPRR to Blossom Hill Road (R7-12)

Total Estimated Cost: \$182.3M



Mid-Year Progress Report:

- 65% channel design completed - Dec 2016
- 90% vehicular bridge designs (Alma Ave & Willow St) completed - Dec 2016
- Real estate acquisition from CSJ, Caltrans, & Elks Lodge - ongoing
- Mitigation planting contracts (R10B & 12) awarded - Oct 2016

FY18 Outlook: 100% design; acquire all ROW; complete mitigation planting; receive federal funds to award & construct

FY2016-17 Key Watersheds Capital Projects' Status Report

Flood Protection (USACE)

5. Berryessa Creek, Calaveras to I-680

Total Estimated Cost: \$59.2M



Mid-Year Progress Report:

- Construction contract awarded - Aug 2016
- Montague to I-680 channel work completed - Dec 2016
- Installed 3 storm drains; pruned & removed trees south of Montague - Dec 2016
- Set up staging and yard areas & coordinated with contractors - Dec 2016

FY18 Outlook: complete channel work & tree pruning Montague to Calaveras; relocate PG&E utilities

FY2016-17 Key Watersheds Capital Projects' Status Report

Flood Protection

6. Upper Penitencia Creek, Coyote Creek to Dorel Drive

Total Estimated Cost: \$63.5M



Mid-Year Progress Report:

- Planning phase work underway:
 - Hydrology model completed
 - New floodplain model developed
 - Landscape concepts workshop held
 - Problem definition report under development
 - Community outreach plan under development

FY18 Outlook: develop Problem Definition Report; conduct detailed outreach; develop alternatives; begin Planning Study Report

FY2016-17 Key Watersheds Capital Projects' Status Report

Flood Protection (USACE)

7. San Francisquito Creek, San Francisco Bay to Searsville Dam

Total Estimated Cost: \$58.9M



Mid-Year Progress Report:

- Bay to Hwy 101
 - Began construction
 - Retaining walls along ISTEP & USPS completed
 - Begin floodwall construction - May 2017
- Hwy 101 to El Camino Real
 - EIS/EIR scoping meeting

FY18 Outlook: Bay to Hwy 101 - complete floodwall construction and begin levee construction; Hwy 101 to El Camino Real - identify Tentatively Selected Plan, finalize EIR, and draft Feasibility Report

FY2016-17 Key Watersheds Capital Projects' Status Report

Flood Protection

8. Permanente Creek, SF Bay to Foothill Expressway

Total Estimated Cost: \$85.2M



Mid-Year Progress Report:

- Rancho San Antonio construction contract awarded - Oct 2016
- McKelvey Park construction contract awarded - Nov 2016
- Public meetings conducted - Nov & Dec 2016
- Issued notice to begin work for Rancho San Antonio construction - Dec 2016
- Issued notice to begin work for McKelvey Park - Jan 2017

FY18 Outlook: award and begin construction contract for channel improvements; support 3 ongoing construction contracts

FY2016-17 Key Watersheds Capital Projects' Status Report

Flood Protection (USACE)

9. San Francisco Bay Shoreline EIA 11 & EIAs 1-10

Total Estimated Cost: \$42.3M



Mid-Year Progress Report:

- EIA 11
 - Design agreement signed - July 2016
 - Reach 1 levee design begins - Oct 2016
 - BCDC, RWQCB coordination begins - Oct 2016
 - Begin LERRDs coordination - ongoing
 - 30% Reach 1 levee design completed
- EIAs 1-10
 - Prelim feasibility report completed
 - Stakeholders meeting conducted - Mar 2017
 - Coordinate with SBSP project - ongoing

FY18 Outlook: EIA 11 - attain RWQCB & BCDC permits; complete Reach 1 levee design; develop PMP for construction; acquire ROW and easements; EIAs 1-10 - prepare material for a USACE charrette; develop cost share MOU for SBSP EIA 4 levee

FY2016-17 Key Watersheds Capital Projects' Status Report

Flood Protection

10. Sunnyvale East and West Channels

Total Estimated Cost: \$68.4M



Mid-Year Progress Report:

- ROW
 - C. of Sunnyvale - 4 easements completed
 - PG&E easement completed
 - Temporary construction easements pending
- 95% design (P&S) completed
- Resource Agency Permits
 - Submit JARPA application - April 2017
- SF Bay wetland mitigation bank

FY18 Outlook: receive resource agency permits; advertise/award project for construction

FY2016-17 Key Watersheds Capital Projects' Status Report

Water Resources Stewardship

1. Almaden Lake Improvements

Total Estimated Cost: \$4.6M



Mid-Year Progress Report:

- Preliminary design - ongoing
- Water options analysis - ongoing
- Initiated contract for water budget analysis
- Draft EIR preparation - ongoing
- Coordination with stakeholders – ongoing

FY18 Outlook: complete preliminary design and water options analysis; complete draft EIR and conduct public meeting; finalize EIR

FY2016-17 Key Watersheds Capital Projects' Status Report

Water Resources Stewardship

2. Watershed Habitat Enhancements

Feasibility Studies (Ogier, Metcalf, prioritizing removal of Stevens Creek Fish Barriers)

Total Estimated Cost: \$2.3M



Mid-Year Progress Report:

- SC County Parks agreement for Ogier Ponds completed
- Initiated contract for water budget/recharge for Ogier Ponds
- Draft feasibility report preparation - ongoing
- Initiated planning for Stevens Creek Fish Passage and Metcalf Ponds

FY18 Outlook: complete Ogier Ponds feasibility study; continue Stevens Creek and Metcalf Pond studies

FY2016-17 Key Watersheds Capital Projects' Construction Schedule

Construction Schedule

Design and Construction Schedule, Fiscal Years 2017 - 2028

17 18 19 20 21 22 23 24 25 26 27 28

Llagas Creek, Upper & Design												
Berryessa Creek, Lower Penitencia Ck to Calaveras Blvd-Phase												
Lower Penitencia Ck Improvements, Berryessa to Coyote Creeks												
Guadalupe River, Upper SPRR to Blossom Hill Road (R7-12)												
Berryessa Creek, Calaveras to I-680												
Upper Penitencia Creek, Coyote Creek to Dorel Drive												
San Francisquito Creek, San Francisco Bay to Searsville Dam												
Permanente Creek, SF Bay to Foothill Expressway												
San Francisco Bay Shoreline EIA 11 & EIAs 1-10												
Sunnyvale East and West Channels												

Design Phase
Construction Phase

SCW Program Schedule Adjustments

Santa Clara Valley
Water District

File No.: 17-0151

Agenda Date: 4/11/2017

Item No.: 3.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Fiscal Year 2015-16 Year-End Closing Budget Adjustment and Fiscal Year 2016-17 Mid-Year Budget Adjustment.

RECOMMENDATION:

- A. Approve the Fiscal Year 2015-16 year-end closing budget adjustment; and
- B. Approve the Fiscal Year 2016-17 mid-year budget adjustment.

SUMMARY:

At the end of each fiscal year, the District conducts a reconciliation of budget reserve estimates with actual reserves. The result of this reconciliation is to implement the year-end closing budget adjustment. The year-end closing budget adjustments are submitted to the Board on an annual basis as part of the year-end closing process (FY2015-16). The projected year-end budget reserves are adjusted to reflect the FY2015-16 actual reserves validated by the external audit process conducted by independent auditors Vavrinek, Trine, Day & Co., LLP.

Concurrently, staff submits to the Board, the FY2016-17 mid-year adjustment to reflect impacts of prior year-end fiscal close and to recommend two budget adjustments in anticipation of necessary expenses not included at the time of adoption.

The FY2015-16 year-end closing budget adjustments are presented in Attachment 1 summarized as follows:

1. Capital project budget adjustments: The Coyote Creek, Montague Expressway to I-280 Project (#26174043) is on hold; therefore, \$19.0 million will be released from the project budget. The Sunnyvale East & West Channels project (#26074002) and the Upper Llagas Creek, Non-Reimbursable project (#26174054) both remain active; however, budget reductions of \$20.0 million and \$28.0 million, respectively, are recommended for funds not presently needed. All three projects total \$67.0 million, and are temporary capital budget reductions in the Safe, Clean Water Fund. Project managers will re-budget funds to the same projects as needed in future years through the normal budget request process per the capital improvement plan.

2. Increases to inter-fund transfers in FY2015-16: Transfer \$2.6 million from the Water Utility Enterprise Fund to the General Fund to reimburse actual expenses for the Drought Emergency

Response Project (#60061007). In addition, transfer \$2.4 million from the Watershed Stream Stewardship Fund to the Water Utility Enterprise Fund for the sale of excess property that was budgeted to occur in FY2015-16. Staff anticipates the sale to occur in FY2016-17, which will reimburse the Watershed Stream Stewardship Fund.

3. Adjust FY 2015-16 budget reserves: To reflect the audited reserves for FY 2015-16 resulting from final revenues, expenses, transfers and debt proceeds net of the previously described budget adjustments. The District-wide change to reserves total \$48.6 million. Attachment 1, item 3 shows the specific reserve adjustments.

The FY 2016-17 mid-year budget adjustments are presented in Attachment 2 and summarized as follows:

4. Adjust various capital projects funding to reflect capital carry forward budget from FY2015-16 unspent or unencumbered appropriation balances remaining at year-end: Based on FY2016-17 projected spending in Capital Improvement Plan \$178.5 million.

5. Capital project budget adjustments: Move \$1.0 million budget from the PeopleSoft Upgrade Project (#73274002) to the Vena Budget System Project (#73274007).

6. Operating project budget adjustments: To reflect the re-appropriation of the Water Conservation program (# 91151001) unspent funds at FY2015-16 year-end for rebates and enforcement \$2.1 million.

FINANCIAL IMPACT:

Approval of the FY2015-16 budget adjustments recommended (Attachment 1) will reduce three capital project budgets \$67.0 million in FY2015-16, increase inter-fund transfers \$5.0 million and increase year-end reserves \$48.6 million. These recommended FY2015-16 budget adjustments will ensure that the final estimated budget reserves are aligned with the audited reserve balances as of June 30th, 2016.

Approval of the recommended FY2016-17 budget adjustments (Attachment 2) will appropriate the capital carry forward \$178.5 million, transfer \$1 million from the PeopleSoft Upgrade project to the Vena Budget System project, and increase operating projects \$2.1 million. The projected FY2016-17 year-end reserves' balance with these adjustments is currently estimated at \$308.8 million, up \$0.9 million from \$307.9 million in the FY2016-17 adopted budget.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

- Attachment 1: FY2015-16 Year-End Closing Budget Adjustment
- Attachment 2: FY2016-17 Mid-Year Budget Adjustment

File No.: 17-0151

Agenda Date: 4/11/2017
Item No.: 3.1.

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

Attachment 1: FY 2015-16 Year-End Closing Budget Adjustments

FY 2015-16									
Fund 11	Fund 12	Fund 26	Funds 21-25	Fund 61	Fund 63	Fund 71	Fund 72	Fund 73	
General Fund (GF)	Watershed Stream Stewardship (WSS)	Safe Clean Water (SCW)	Benefit Assessment Funds (BAs)	Water Utility Enterprise (WUE)	State Water Project (SWP)	Fleet Management Fund (FMF)	Risk Management Fund (RMF)	Information Technology Fund (ITF)	TOTAL
Appropriations Increase/(Decrease)									
FY2015-16 Year-End Budget Adjustments									
1 Capital Budget Adjustments - FY2015-16 Funding									
26174043 Coyote Ck, Montague to I-280 - project on hold (includes reserve adjustment below)		(19,000,000)							(19,000,000)
26074002 Sunnyvale East & West Channel - active project		(20,000,000)							(20,000,000)
26174052 U. Llagas Ck, Nonreimburse E6a - active project		(28,000,000)							(28,000,000)
Total	-	(67,000,000)	-	-	-	-	-	-	(67,000,000)
2 Transfers Budget Adjustments - FY2015-16 Funding									
60061007 Drought Emergency Response Project	2,562,432			(2,562,432)					-
Transfer of funds from Sale of Excess Property		(2,400,000)		2,400,000					-
Total	-	-	-	-	-	-	-	-	-
3 FY2015-16 Reserves Budget Adjustments reflecting FY2015-16 Year-End results net of above two adjustments									
Current Authorized Project Reserve-various projects	(7,377,674)	(23,773,992)	109,966,031	-	1,992,571	631,495	-	1,946,066	83,384,497
Currently Authorized Project Reserve -26174043 Coyote Creek, project on hold, funding reductions at year-end			(17,642,825)						(17,642,825)
WUE Debt Service Reserve		-	-	-	(4,800,751)	-	-	-	(4,800,751)
WUE San Felipe Reserve		-	-	-	54,275	-	-	-	54,275
State Water Project Tax Reserve		-	-	-	-	-	-	-	-
Property Self Insurance/Catastrophy		-	-	-	-	-	(216,251)	-	(216,251)
Operating &Capital Reserve	511,801	4,549,383	(43,149,219)	-	23,705,845	-	1,056,414	808,934	(12,516,842)
WUE Restricted Operating Reserve		-	-	-	31,764	-	-	-	31,764
WUE Rate Stabilization for Bond Covenant		-	-	-	682,388	-	-	-	682,388
WUE State Revolving Fund		-	-	-	(401,263)	-	-	-	(401,263)
									-
Total	(6,865,873)	(19,224,609)	49,173,987	-	21,264,829	-	1,687,909	(216,251)	2,755,000
									48,574,992

Attachment 2: FY 2016-17 Mid-Year Budget Adjustments

FY 2016-17									
Fund 11	Fund 12	Fund 26	Funds 21-25	Fund 61	Fund 63	Fund 71	Fund 72	Fund 73	
General Fund (GF)	Watershed Stream Stewardship (WSS)	Safe Clean Water (SCW)	Benefit Assessment Funds (BAs)	Water Utility Enterprise (WUE)	State Water Project (SWP)	Fleet Management Fund (FMF)	Risk Management Fund (RMF)	Information Technology Fund (ITF)	TOTAL
Appropriation Increase/(Decrease)									
FY2016-17 Mid-Year Budget Adjustments									
4 Capital Budget Adjustments - Carryforward from FY2015-16 balances remaining for continuing appropriations									
	96,000	21,419,291	128,491,072	-	24,556,811	-	-	3,929,066	178,492,240
5 Capital Budget Adjustments									
Transfer funds from PeopleSoft Upgrade project to Vena Budget Syst	(1,000,000)								(1,000,000)
Transfer funds from PeopleSoft Upgrade project to Vena Budget Syst	1,000,000								1,000,000
Total	-	-	-	-	-	-	-	-	-
6 Operating Budget Adjustments									
Appropriate balance of 91151001 Water Conservation Program rebates and enforcement to FY17					2,114,052				2,114,052
Total	-	-	-	-	2,114,052	-	-	-	2,114,052

File No.: 17-0186

Agenda Date: 4/11/2017

Item No.: 3.2.

BOARD AGENDA MEMORANDUM

SUBJECT:

Providing Notice of Time and Place of Public Hearing Regarding Flood Control Benefit Assessments for Fiscal Year 2017-2018 (FY 2017-18).

RECOMMENDATION:

Set a time and place for the public hearing on Flood Control Benefit Assessments for FY 2017-18 at 1:00 p.m. on May 9, 2017, at the Santa Clara Valley Water District, 5700 Almaden Expressway, San Jose, California.

SUMMARY:

The voter-approved benefit assessments program authorized use of flood control benefit assessments to meet qualified long-term debt obligations associated with outstanding Certificates of Participation until such obligations are retired. The proceeds of the Certificates have been or will be used to plan, design and build flood protection facilities to reduce flood damage. This agenda item presents the staff recommendation to set the time and place for the annual public hearing on benefit assessments to meet FY 2017-18 debt obligations.

The attached report entitled "Flood Control Benefit Assessments for Fiscal Years 2017-18 through 2029-30 (April 2017)" (Attachment 1) is required by law for Board use in considering and establishing flood control benefit assessments for FY 2017-18.

Attachment 1 shows the actual benefit assessment rates levied in fiscal year 2016-17 and the expected benefit assessment rates to be levied in fiscal year 2017-18. Actual rates will be determined once annual land use information is received from the County Assessor in July.

FINANCIAL IMPACT:

There is no direct financial impact from this action. The proposed public hearing is required in order to set benefit assessments that meet debt obligations/commitments.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a

potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

Attachment 1: Flood Control Benefit Assessment Report

Attachment 2: Notice of Public Hearing

UNCLASSIFIED MANAGER:

Melanie Richardson, 408-630-2035

FLOOD CONTROL BENEFIT ASSESSMENTS

FOR FISCAL YEARS

2017-2018

Through

2029-2030

April 2017



SANTA CLARA VALLEY WATER DISTRICT

FLOOD CONTROL BENEFIT ASSESSMENTS
FOR FISCAL YEARS
2017-2018
Through
2029-2030

prepared by

Jennifer Abadilla
Senior Management Analyst

And

Darin Taylor
Chief Financial Officer

Under the Direction of

Melanie Richardson
Acting Chief Operating Officer – Watershed Operations

April 2017

DISTRICT BOARD OF DIRECTORS

John L. Varela, Chair	District 1	Nai Hsueh	District 5
Barbara Keegan	District 2	Tony Estremera	District 6
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Linda J. LeZotte	District 4		

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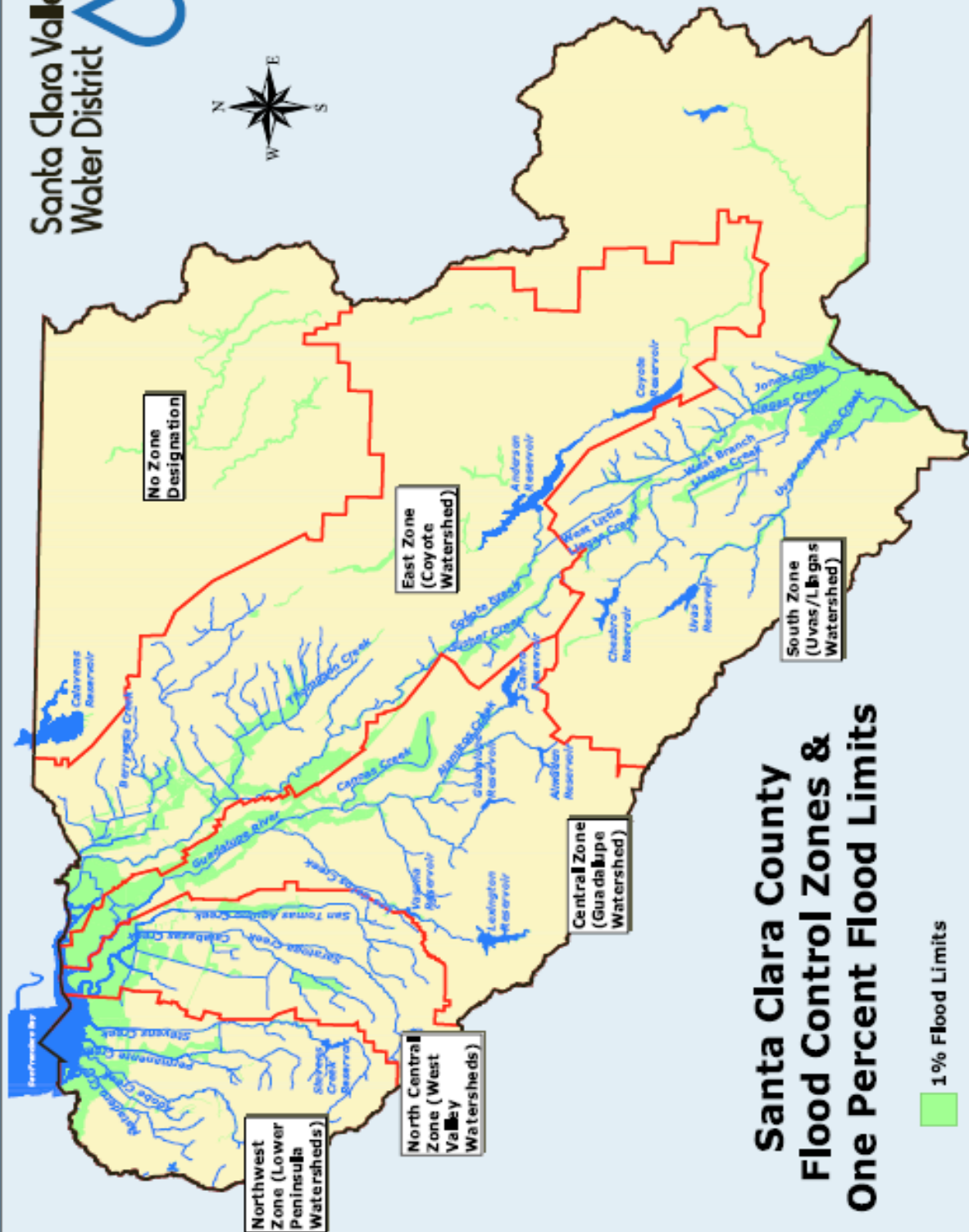
INTRODUCTION/SUMMARY

This Flood Control Benefit Assessment report is prepared in accordance with voter-approved Santa Clara Valley Water District (District) resolutions. It presents annual revenue requirements for fiscal years 2017-18 through 2029-30 for each of the five flood control zones throughout the District (see map on page 2 for zone locations). Commencing on July 1, 2000, the District benefit assessments are limited to pay qualified debt obligations and covenants only.

The qualified debt obligations in each of the zones are for debt service and associated covenants of outstanding Certificates of Participation (long-term financing instruments similar to bonds). The proceeds from these long-term debt obligations have been or will be used to plan, design and build flood protection facilities. Major projects partially financed with debt proceeds include Calabazas Creek from Guadalupe Slough to Miller Avenue, Coyote Creek from San Francisco Bay to Montague Expressway, Adobe Creek upstream of El Camino Real, Matadero Creek, Llagas Creek and the Guadalupe River projects.

This report serves as the base report for the public hearings on flood control benefit assessments for FY 2016-17 and subsequent fiscal years until 2029-30.

This report has been reviewed and approved by the District Counsel as meeting the requirements of benefit assessment law, District resolutions, Certificates of Participation covenants, and Proposition 218. Information on the flood control benefit assessment for an individual parcel as well as the initial detailed District reports describing the need for supplemental flood control revenue from benefit assessments are available for review through the Clerk of the Board at the District office located at 5700 Almaden Expressway, San Jose, California.



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BACKGROUND

INITIATION OF BENEFIT ASSESSMENT PROGRAM

After passage of Proposition 13 in 1978, revenue for District flood control activities was significantly decreased. The State Legislature recognized the vital public safety service furnished by local flood control districts and passed Assembly Bill 549 (Frazee) in 1979. This legislation authorized flood control districts to levy benefit assessments to help fund flood control programs. The law permitted flood control benefit assessments to be spread according to the proportional storm water runoff from each parcel of property within the assessed area and required voter approval to continue such levy after the first year. On June 9, 1981, following a public hearing, the Board of Directors (Board) adopted a 10-year flood control benefit assessment program and levied assessments for one year beginning with 1981-82. They put the issue of continuing the benefit assessments for nine more years on the June 8, 1982, ballot for all zones. The measure was overwhelmingly approved by the voters.

REVISED BENEFIT ASSESSMENTS TO ACCELERATE CONSTRUCTION (1986 & 1990)

Following major floods and flood damage in 1982, 1983, and 1986, the Board reviewed the effectiveness of the benefit assessments and found that unless additional funding was made available, many of the needed flood protection projects would not be completed until well past the year 2010. The Board, with recommendations from the Flood Control Zone Advisory Committees, went to the electorate on November 4, 1986, in four zones, the Northwest, Central, East, and South to 1) increase benefit assessment rate limits so construction of flood protection projects could be accelerated, 2) extend the benefit assessment program to the year 2000, 3) use benefit assessments to meet duly authorized debt obligations beyond the year 2000 until retired, and 4) meet flood damage costs to District facilities from flood disasters. The voters approved the benefit assessment measures in each of these zones. On June 5, 1990, voters approved a similar measure in the North Central zone.

Pursuant to the 1986 and 1990 voter approved benefit assessment programs described above, as of July 1, 2000, benefit assessment rates are determined solely by each zone's long-term debt obligations. The District cannot increase annual debt obligations supported by benefit assessments in excess of amounts in place on July 1, 2000 unless a new measure is approved by voters.

DEBT OBLIGATION REFUNDING (2003)

In February, 2003, the District refinanced a portion of the outstanding 1994A Series Certificates of Participation to take advantage of a favorable interest rate market. The District realized cost savings in three of the 5 watershed zones; Central, East and North Central. In the Central and North Central zones, the Board determined that the best use of the savings was to increase the amount of debt while maintaining the yearly debt service at the current level. The additional debt was used to supplement voter approved projects in those zones. Savings achieved in the East zone were not eligible to fund projects, but instead were used to reduce debt service and the associated benefit assessments. Table 1 reflects the change to the benefit assessment debt obligation in the East zone, a reduction of roughly \$130,000 per year beginning in 2004. The refinancing resulted in slight insignificant changes to the debt obligation in all other zones.

DEBT OBLIGATION REFUNDING (2004)

The remaining portion of the 1994A Certificates of Participation (COP's) became eligible for refunding on November 3, 2003. Since the remaining portion was allocated to the advance refunding of the Series 1988 and Series 1990 COP's, tax law requires that a ten year period of time elapse prior to the second advance refunding, marked by November 3, 2003 in this case. In January, 2004, the District refinanced this remaining portion of the outstanding 1994A Series Certificates of Participation to again take advantage of the favorable interest rate market. The District realized cost savings in two of the 5 watershed zones; Northwest and South. In the Northwest zone, the Board determined that the best use of the savings was to increase the amount of debt while maintaining the yearly debt service at the current level. The additional debt was used to supplement voter approved projects in that zone.

Savings achieved in the South zone were not eligible to fund projects, but instead were used to shorten the term over which the debt service would be paid and associated benefit assessments would be collected. Table 1 on the following page reflects the change to the benefit assessment debt obligation in the South zone, in which the debt obligation is paid off by the year 2013 instead of 2024. The refinancing resulted in slight insignificant changes to the debt obligation in all other zones.

DEBT OBLIGATION REFUNDING (2007)

In February, 2007 the District refinanced the outstanding portion of the 2000 Series Certificates of Participation to take advantage of a favorable interest rate market. The District realized cost savings in four of the 5 watershed zones; Northwest, North Central, Central, and East. No debt was issued for the South zone under the 2000 Series debt issuance, therefore the South zone was not affected by the refunding. In the four affected zones, the Board determined that the best use of the savings was to increase the amount of debt while maintaining the yearly debt service at the current level. The additional debt was used for voter approved projects in each zone.

There was a one-time reduction in the benefit assessment debt obligation for each of the four affected zones in FY 08 as shown on Table 1. This one time reduction was a result of the issuance of the 2007A Refunding Certificates of Participation that refinanced the 2000 Series Certificates of Participation. Upon analyzing the results of the refunding, Bond Counsel determined that \$1.1M was available to pay down principal in the affected zones. In FY 09 and beyond, Table 1 reflects slight immaterial changes to the benefit assessment debt obligation in the four affected zones due to the refinancing. Table 1 also shows the End of Year Principal balance schedule in aggregate for all zones.

DEBT OBLIGATION REFUNDING (2012)

In November, 2012 the District refinanced the outstanding portion of the 2003A Series Certificates of Participation to take advantage of a favorable interest rate market. The District realized cost savings in three of the 5 watershed zones; North Central, Central, and East. In the three affected zones, the Board determined that the best use of the savings was to increase the amount of debt while maintaining the yearly debt service at the current level. The additional debt will be used for voter approved projects in each zone. The refinancing resulted in slight insignificant changes to the debt obligation in the three affected zones which are reflected in Table 1.

DEBT OBLIGATION REFUNDING (2017)

In March, 2017 the District refinanced the outstanding portion of the 2004A and 2007A Series Certificates of Participation to take advantage of a favorable interest rate market. The District realized cost savings in four of the 5 watershed zones; Northwest, North Central, Central, and East. In the four affected zones, the Board determined that the best use of the savings was to increase the amount of debt while maintaining the yearly debt service at the current level. The additional debt will be used for voter approved projects in each zone. The refinancing resulted in slight insignificant changes to the debt obligation in the four affected zones which are reflected in Table 1.

Table 1
Flood Control Benefit Assessment
Debt Obligation Schedule*
& End of Year Principal Balance

Fiscal Year	Northwest Zone	North Central Zone	Central Zone	East Zone	South Zone	End of Year Principal Balance
	(Lower Peninsula)	(West Valley)	(Guadalupe)	(Coyote)	(Uvas-Llagas)	
2005	\$4,683,279	\$2,961,469	\$6,266,733	\$4,685,927	\$762,874	\$185,260,000
2006	\$4,688,707	\$2,968,562	\$6,284,527	\$4,693,154	\$765,050	\$177,940,000
2007	\$4,693,280	\$2,972,291	\$6,293,598	\$4,698,526	\$766,599	\$170,310,000
2008	\$4,149,940	\$2,811,030	\$6,118,061	\$4,209,282	\$767,821	\$170,200,000
2009	\$4,694,211	\$2,977,909	\$6,309,876	\$4,701,353	\$769,058	\$161,485,000
2010	\$4,688,957	\$2,973,939	\$6,300,769	\$4,697,090	\$767,773	\$152,440,000
2011	\$4,667,239	\$2,948,775	\$6,237,262	\$4,669,012	\$758,733	\$143,160,000
2012	\$4,676,487	\$2,958,686	\$6,261,490	\$4,682,321	\$761,825	\$133,440,000
2013	\$4,680,768	\$2,964,455	\$6,276,483	\$4,686,768	\$764,034	\$123,100,000
2014	\$4,322,174	\$2,502,568	\$5,277,998	\$4,206,085	\$0	\$115,045,000
2015	\$4,305,891	\$2,500,054	\$5,227,748	\$4,203,840	\$0	\$106,690,000
2016	\$4,078,738	\$2,277,005	\$4,594,928	\$3,970,919	\$0	\$99,060,000
2017	\$4,082,042	\$2,278,317	\$4,598,392	\$3,973,371	\$0	\$91,040,000
2018	\$4,078,867	\$2,277,292	\$4,597,191	\$3,970,971	\$0	\$82,655,000
2019	\$4,079,626	\$2,277,340	\$4,598,072	\$3,971,383	\$0	\$73,850,000
2020	\$2,731,842	\$2,277,595	\$4,598,761	\$3,972,284	\$0	\$65,705,000
2021	\$2,735,024	\$2,279,788	\$4,600,517	\$3,976,434	\$0	\$57,170,000
2022	\$2,734,901	\$2,279,421	\$4,599,256	\$3,975,980	\$0	\$48,260,000
2023	\$2,730,584	\$2,278,566	\$4,598,439	\$3,972,551	\$0	\$38,955,000
2024	\$2,731,941	\$2,277,322	\$4,597,060	\$3,972,057	\$0	\$29,235,000
2025	\$2,731,077	\$819,254	\$910,590	\$2,458,454	\$0	\$24,940,000
2026	\$2,732,804	\$819,772	\$911,166	\$2,460,008	\$0	\$20,425,000
2027	\$2,731,817	\$819,476	\$910,837	\$2,459,120	\$0	\$15,685,000
2028	\$2,732,927	\$819,809	\$911,207	\$2,460,119	\$0	\$10,710,000
2029	\$2,733,298	\$819,920	\$911,330	\$2,460,453	\$0	\$5,485,000
2030	\$2,732,681	\$819,735	\$911,124	\$2,459,897	\$0	\$0

*Based on debt service and requirements associated with debt covenants for the 2012A, and 2017A Series Certificates of Participation.

FLOOD CONTROL BENEFIT ASSESSMENTS

GENERAL PROVISIONS

State law allows the benefit assessments to be based on the proportionate amount of storm water runoff from each privately-owned parcel of property.

Consistent with this provision, the District Board has, with voter approval, established five benefit assessment land use categories, A through E, for parcels assessed within the District's five flood control zones. These benefit assessment land use categories are as follows:

Land Use Category	Land Use
A	Commercial and industrial
B	Apartments, schools, and churches
C	Single family residential and small multiples (2-4 units), condominiums, and townhouses
D	Vacant land presently utilized for farming, vineyards, and crops
E	Urban: Nonutilized agricultural land, grazing land, salt ponds, undisturbed vacant land, and parcels used exclusively as well sites located in urban areas Rural: Non-utilized agricultural land, grazing land, undisturbed vacant land and parcels used exclusively as well sites located in rural areas

The assessment for an individual parcel in a given land use category is computed by multiplying the area of the parcel in acres by the appropriate assessment rate. If the computed assessment is less than the minimum assessment amount, the minimum assessment is used.

BENEFIT ASSESSMENT RATES FOR EACH ZONE

Each of the five flood control zones has an individual set of benefit assessment rates to meet respective debt obligations. These debt obligations, consisting of debt service payments and requirements associated with debt covenants are shown for all zones for each fiscal year in Table 1. Actual rates will be determined once annual land use information is received from the County Assessor in July. Historical rates for fiscal year 2016-17 are shown in Table 2. Expected rates for FY 2017-18 are shown in Table 3. South Zone's debt obligation has been paid off and therefore the expected rates are zero.

FY 2016-17 BENEFIT ASSESSMENT RATES

Table 2 below shows the benefit assessment rates levied in fiscal year 2016-17.

Table 2
FY 2016–17 Assessments by Category and Zone

Land Use Categories	Flood Control Zones				
	Northwest (Lower Peninsula)	North Central (West Valley)	Central (Guadalupe)	East (Coyote)	South (Uvas-Llagas)
A - Commercial, Industrial					
Rate (\$/Acre)	\$318.90	\$105.60	\$169.25	\$168.44	\$0.00
Minimum Assessment ⁽¹⁾	\$79.72	\$26.40	\$42.32	\$42.10	\$0.00
B - Apartment, Schools, Churches					
Rate (\$/Acre)	\$239.17	\$79.20	\$126.94	\$126.33	\$0.00
Minimum Assessment ⁽¹⁾	\$59.80	\$19.80	\$31.74	\$31.58	\$0.00
C - Single Family Residential, Small Multiples (2-4 units), Condominiums, and Townhouses					
Rate (\$/Acre)	⁽²⁾	⁽²⁾	⁽²⁾	⁽²⁾	⁽²⁾
Minimum Assessment ⁽¹⁾	\$39.86	\$13.20	\$21.16	\$21.06	\$0.00
D - Utilized Agriculture					
Rate (\$/Acre)	\$1.993	\$0.660	\$1.058	\$1.052	\$0.00
Minimum Assessment ⁽¹⁾	\$19.93	\$6.60	\$10.58	\$10.52	\$0.00
E Urban - Non-utilized Agricultural, grazing Land, Salt Ponds, Well Site in Urban Areas					
Rate (\$/Acre)	\$0.598	\$0.198	\$0.318	\$0.316	\$0.00
Minimum Assessment ⁽¹⁾	\$5.98	\$1.98	\$3.18	\$3.16	\$0.00
E Rural - Non-utilized Agricultural, Grazing Land, Well Sites in Rural Areas					
Rate (\$/Acre)	\$0.07	\$0.02	\$0.04	\$0.04	\$0.00
Minimum Assessment ⁽¹⁾	\$5.98	\$1.98	\$3.18	\$3.16	\$0.00
<p>(1) The minimum assessments shown for Categories A, B, and C apply to parcels 1/4 acre or less in size. Category C parcels larger than 1/4 acre pay the minimum assessment for the first 1/4 acre and the remaining acreage is assessed at the Category D rate. For Category D, the minimum assessment applies to parcels less than 10 acres. The minimum assessment for Group E urban parcels is the amount charged for 10 acres of urban undeveloped land; the minimum assessment for Group E rural parcels is the same as E urban but applies to parcels of 80 acres or less.</p> <p>(2) Residential land in excess of 1/4 acre is assessed at the D rate.</p>					

EXPECTED FY 2017-18 BENEFIT ASSESSMENT RATES

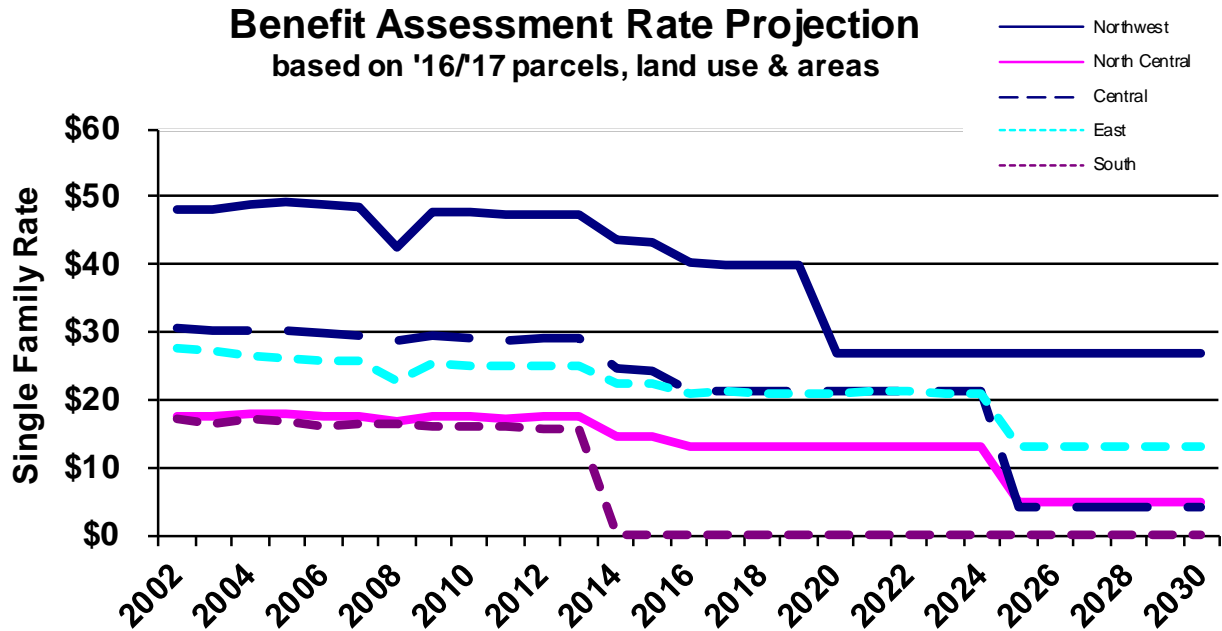
Table 3 shows the expected benefit assessment rates to be levied in fiscal year 2017-18.

Table 3
Expected FY 2017–18 Assessments by Category and Zone

Land Use Categories	Flood Control Zones				
	Northwest (Lower Peninsula)	North Central (West Valley)	Central (Guadalupe)	East (Coyote)	South (Uvas-Llagas)
A - Commercial, Industrial					
Rate (\$/Acre)	\$318.90	\$105.60	\$169.25	\$168.44	\$0.00
Minimum Assessment ⁽¹⁾	\$79.72	\$26.40	\$42.32	\$42.10	\$0.00
B - Apartment, Schools, Churches					
Rate (\$/Acre)	\$239.17	\$79.20	\$126.94	\$126.33	\$0.00
Minimum Assessment ⁽¹⁾	\$59.80	\$19.80	\$31.74	\$31.58	\$0.00
C - Single Family Residential, Small Multiples (2-4 units), Condominiums, and Townhouses					
Rate (\$/Acre)	(2)	(2)	(2)	(2)	(2)
Minimum Assessment ⁽¹⁾	\$39.86	\$13.20	\$21.16	\$21.06	\$0.00
D - Utilized Agriculture					
Rate (\$/Acre)	\$1.993	\$0.660	\$1.058	\$1.052	\$0.00
Minimum Assessment ⁽¹⁾	\$19.93	\$6.60	\$10.58	\$10.52	\$0.00
E Urban - Non-utilized Agricultural, grazing Land, Salt Ponds, Well Site in Urban Areas					
Rate (\$/Acre)	\$0.598	\$0.198	\$0.318	\$0.316	\$0.00
Minimum Assessment ⁽¹⁾	\$5.98	\$1.98	\$3.18	\$3.16	\$0.00
E Rural - Non-utilized Agricultural, Grazing Land, Well Sites in Rural Areas					
Rate (\$/Acre)	\$0.07	\$0.02	\$0.04	\$0.04	\$0.00
Minimum Assessment ⁽¹⁾	\$5.98	\$1.98	\$3.18	\$3.16	\$0.00
<p>(1) The minimum assessments shown for Categories A, B, and C apply to parcels 1/4 acre or less in size. Category C parcels larger than 1/4 acre pay the minimum assessment for the first 1/4 acre and the remaining acreage is assessed at the Category D rate. For Category D, the minimum assessment applies to parcels less than 10 acres. The minimum assessment for Group E urban parcels is the amount charged for 10 acres of urban undeveloped land; the minimum assessment for Group E rural parcels is the same as E urban but applies to parcels of 80 acres or less.</p> <p>(2) Residential land in excess of 1/4 acre is assessed at the D rate.</p>					

PROJECTED BENEFIT ASSESSMENT RATES

A graph of projected benefit assessment rates assuming the same parcels with the same land use and areas as existed in FY 2016-2017 is shown below. This graph indicates how the rates will decrease over time as various series of Certificates of Participation are retired.



Note: Actual rates will likely be lower as parcels are developed in the future

ASSESSMENT ROLLS AND COLLECTION

The Benefit Assessment Act of 1982 provides that benefit assessments may be levied and collected by the County Tax Collector at the same time and in the same manner as the general tax levy.

Following adoption of the benefit assessment resolution for 2017-18 and subsequent years, the District will prepare a separate assessment roll identifying each parcel of land subject to flood control benefit assessment for each flood control zone. For each parcel, the roll will list the assessor parcel number, owner's name, County land use code, District land use category, flood control zone, acreage and flood control benefit assessment based on the annual revenue requirement. This information will be available for review at the District through the Clerk of the Board. Extractions from the benefit assessment roll showing parcel number and assessment amount will be forwarded to the County Tax Collector in early August to facilitate County collection of the flood control benefit assessments on the annual property tax bills.

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the Board of Directors of Santa Clara Valley Water District (District) will hold a public hearing on a report recommending:

FLOOD CONTROL BENEFIT ASSESSMENT RATES FOR FISCAL YEAR 2017–2018 in flood control zones of said District.

The public hearing will be held on Tuesday, May 9, 2017, at 1 p.m., in the District's Headquarters Board Room, 5700 Almaden Expressway, San Jose, California.

Said report is in writing and incorporates by reference a description of each parcel and the expected amount of assessment under the approved assessment formula for each parcel within the flood control zones of the District.

A copy of the report may be inspected at the Office of the Clerk of the Board at the above address at any time during business hours. Copies of the report will also be made available for inspection at the following locations:

Campbell City Hall
70 North First Street
Campbell, California

Los Altos Hills Town Hall
26379 Fremont Road
Los Altos Hills, California

Mountain View City Hall
500 Castro Street
Mountain View, California

Campbell Library
77 Harrison Avenue
Campbell, California

Los Gatos Civic Center
110 East Main Street
Los Gatos, California

Mountain View Public Library
585 Franklin Street
Mountain View, California

Cupertino City Hall
10300 Torre Avenue
Cupertino, California

Los Gatos Library
100 Villa Avenue
Los Gatos, California

Palo Alto City Hall
250 Hamilton Avenue
Palo Alto, California

Cupertino Library
10800 Torre Avenue
Cupertino, California

Milpitas City Hall
455 East Calaveras Boulevard
Milpitas, California

Mitchell Park Library
3700 Middlefield Road
Palo Alto, California 94303

Gilroy City Hall
7351 Rosanna Street
Gilroy, California

Milpitas Library
160 North Main Street
Milpitas, California

San Jose City Hall
200 East Santa Clara Street
San Jose, California

Gilroy Library
350 West Sixth Street
Gilroy, California

Monte Sereno City Hall
18041 Saratoga-Los Gatos Road
Monte Sereno, California

Dr. Martin Luther King, Jr. Library
150 East San Fernando Street
San Jose, California

Los Altos City Hall
1 North San Antonio Road
Los Altos, California

Morgan Hill City Hall
17575 Peak Avenue
Morgan Hill, California

Hillview Branch Library
1600 Hopkins Drive
San Jose, California

Los Altos Library
13 South San Antonio Road
Los Altos, California

Morgan Hill Library
660 West Main Avenue
Morgan Hill, California

Pearl Avenue Library
4270 Pearl Avenue
San Jose, California

Santa Clara City Hall
1500 Warburton Avenue
Santa Clara, California

Santa Clara Central Park Library
2635 Homestead Road
Santa Clara, California

Saratoga City Hall
13777 Fruitvale Avenue
Saratoga, California

Saratoga Library
13650 Saratoga Avenue
Saratoga, California

Sunnyvale City Hall
456 W. Olive Avenue
Sunnyvale, California

Sunnyvale Library
665 West Olive Avenue
Sunnyvale, California

NOTE: To secure information on an individual parcel assessment, you will need your Assessor Parcel Number. If you do not know your parcel number, please contact the County Assessor's Office at (408) 299-5000 and ask for it, giving your name and street address. Using that parcel number, you can learn your proposed assessment by calling (408) 630-3137.

At the hearing, the Board of Directors will hear any and all protests. At the conclusion of the hearing, the Board may adopt, revise, change, reduce, or modify any assessment and will make its determination upon each assessment referred to in the report and thereafter, by resolution, will confirm the assessments.

SANTA CLARA VALLEY WATER DISTRICT

Date: _____, _____

By: _____
Michele L. King, CMC
Clerk/Board of Directors

File No.: 16-0566

Agenda Date: 4/11/2017

Item No.: 3.3.

BOARD AGENDA MEMORANDUM

SUBJECT:

Adopt Plans and Specifications and Authorize Advertisement for Bids for the Installation of Cathodic Protection Rectifiers and Deep-Well Anodes on the Pacheco Conduit, Project No. 91214010.

RECOMMENDATION:

- A. Adopt Plans and Specifications and Authorize Advertisement for Bids for the Installation of Cathodic Protection Rectifiers and Deep-Well Anodes on the Pacheco Conduit per the Notice to Bidders; and
- B. Authorize the Designated Engineer to issue addenda, as necessary, during the bidding process.

SUMMARY:

The San Felipe System transports raw water from San Luis Reservoir to Santa Clara and San Benito Counties. The District is responsible for the operation and maintenance of the system pursuant to an agreement with United States Bureau of Reclamation (USBR). The Pacheco Conduit is an integral portion of the San Felipe System; it is comprised of 7.9 miles of 120 inch diameter pre-stressed concrete cylinder pipe (PCCP) known to be susceptible to corrosion.

Cathodic protection is an electrical means of corrosion control, and is a proven method to protect and extend the useful life of pipelines and appurtenances. The Pacheco Conduit was provided with a corrosion monitoring system when it was built in 1985, but not with a cathodic protection system, since pre-construction resistivity testing at that time showed the Pacheco Conduit to be in a relatively non-corrosive environment.

The proposed Project involves the installation of four (4) cathodic protection rectifiers and four (4) deep-dell anodes on the Pacheco Conduit, installed to extend the useful life of the pipeline, and minimize the potential for unexpected outages, leaks, and catastrophic failures. Completion of the proposed Project will improve the long term reliable delivery of untreated water through the District's water supply system.

Construction of the proposed Project is scheduled to begin in spring 2017 and the work would be completed in summer of 2017.

Previous Board Actions Related to this Project:

On March 9, 2010, the Board approved the Resolution to Consider Undertaking a Work of Improvement and set the Public Hearing on the Engineer's Report that covers all the cathodic protection/corrosion control and monitoring projects in the Pipeline Maintenance Program. On April 13, 2010, the Board held a Public Hearing and adopted a resolution approving the Engineer's Report.

Board Adoption of Plans and Specifications and Addenda Authorization:

Board adoption of plans and specifications and Board authorization for bidding is recommended in order to proceed to bid the Project for construction. Authorizing the Designated Engineer to issue addenda during the bidding allows for modifications to the construction contract documents, if necessary, during the bidding period and before the contract is awarded.

Public Outreach:

The District's Communications Unit will implement an outreach plan for the Installation of Cathodic Protection Rectifiers and Deep-Well Anodes Project prior to construction. This plan will include the mailing of project flyers and public information signage with contact information for all public inquiries.

Next Steps:

If the Board approves the recommendations, staff will proceed to advertise for bids for the Project construction. The next Board action is award of a construction contract, tentatively scheduled for May 2017.

FINANCIAL IMPACT:

The Total Project cost for planning, design, and installation is estimated at \$500,000. Adequate funds are available in the San Felipe Reach 1 for the Fiscal Year 2016-2017 budget.

CEQA:

As the lead agency under the California Environmental Quality Act (CEQA) the District approved and adopted the Pipeline Maintenance Project (PMP) Environmental Impact Report (EIR) in November 2007. The PMP provides for the maintenance of the District's 14 raw water pipelines and 9 treated water pipelines. Staff has evaluated the potential impacts related to all components of the Project and determined that the Project is consistent with the activities evaluated in the final PMP EIR; hence, regulatory coverage for the Project is identified as a covered activity under the Santa Clara Valley Habitat Plan. No permits are needed from California Department of Fish and Wildlife and the Regional Water Quality Control, since the Project is located outside of the commonly identified riparian corridor. There are no additional analyses needed under CEQA.

In addition, since the Pacheco Conduit is a federally owned facility by the U.S. Bureau of Reclamation (Reclamation), it is also subject to National Environmental Policy Act (NEPA) review. Reclamation has prepared a Categorical Exclusion (CE) for the Project, and the CE also includes BMP's that will be applied to the Project.

File No.: 16-0566

Agenda Date: 4/11/2017
Item No.: 3.3.

ATTACHMENTS:

Attachment 1: Notice to Bidders

Attachment 2: Project Location Map

UNCLASSIFIED MANAGER:

Jim Fiedler, 408-630-2736

**INSTALLATION OF CATHODIC PROTECTION RECTIFIERS AND DEEP-WELL ANODES
ON THE PACHECO CONDUIT**

Project No. 91214010

Contract No. C0623

1. **Notice.** Notice is hereby given that sealed Proposals will be accepted by the Construction Program of the Santa Clara Valley Water District, Room B108, of the District's Administration Building, 5750 Almaden Expressway, San Jose, California 95118 up to 2 p.m. on Wednesday, May 10, 2017, for furnishing all material and performing all work necessary for construction of the Pacheco Conduit – Cathodic Protection Upgrade Project, in Santa Clara County, California.
2. **California State Department of Industrial Relations Contractor and Sub Contractor Registration Requirements.** (See Article 3.05 and 6.04 for the full text.) California Labor Code section 1771.1 requires:

A contractor or subcontractor shall not be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any contract for public work, unless currently registered and qualified to perform public work pursuant to Section 1725.5 of the California Labor Code.

An inadvertent error in listing a subcontractor who is not registered pursuant to Section 1725.5 in a bid proposal shall not be grounds for filing a bid protest or grounds for considering the bid nonresponsive, provided that any of the following apply:

- (1) The subcontractor is registered prior to the bid opening.
- (2) Within 24 hours after the bid opening, the subcontractor is registered and has paid the penalty registration fee.
- (3) The subcontractor is replaced by another registered subcontractor pursuant to Section 4107 of the Public Contract Code.

3. **Summary of Work**

A. Project Description. The project scope includes the following:

This project is to implement cathodic protection on the Pacheco Conduit section of the San Felipe pipeline. The work will consist of installing four (4) cathodic protection impressed current facilities at four separate sites. Construction at two sites will require installing a cathodic protection rectifier and deep-well anode with associated connections to power and pipeline. Construction at two other sites will require the installation of a deep-well anode and associated connections to a pipeline terminating the wiring for a future installation of rectifier. The work to be completed under this Contract shall consist of furnishing all tools, equipment, materials, supplies, manufactured articles and furnishing all labor, transportation and services, including fuel, power, water, and essential communications, and performing all work, or other operations required to

construct the two functioning cathodic protection sites and two sites ready for the addition of rectifiers.

B. Sole Source Products. Not Used

4. Contract Time. Time limit for the completion of the work is 120 calendar days.

A. **Milestone #1 (Project Completion)** – All work required to complete the Project. The Contractor shall complete Milestone #1 work within 120 calendar days after the Notice to Begin Work.

5. Liquidated Damages. See Special Provisions Article 11.07 of the contract documents for requirements regarding Liquidated Damages.

6. Estimated Cost. The estimated cost of the Project is between \$250,000-\$400,000. This estimate is intended to serve merely as an indication of the magnitude of the work. Neither the Bidder(s) nor the Contractor will be entitled to pursue a claim or be compensated due to variance in the stated estimated cost range.

A. **Additive/Deductive Bid Items.** Not used.

B. **Supplemental Bid Items.** Not used.

7. Contractor's License Requirement. The Bidder must possess an a Class A Contractor's license when the Bid is submitted. The Bidder must also have 5 year's experience installing cathodic protection impressed current systems. Class A contractors that do not have 5 year's experience installing cathodic protection impressed current systems are not eligible to submit a Bid.

The contractors installing the cathodic protection deep-well anode, rectifiers and associated wiring shall collectively possess Class A, C-10, and C-57 contractor licenses. Each contractor is required to have a minimum of 5 years' experience installing cathodic protection impressed current systems. Qualifications and experience of the subcontractor installing the cathodic protection impressed current system shall be submitted in accordance with Article 19.01 and shall be subject to final approval by the Engineer.

8. Pre-Bid Conference and Site Showing. A pre-bid conference/site tour will be conducted by the District on April 25, 2017. The conference will convene at 9:00 a.m. in the Pacheco Conduit Bifurcation Sectionalizing Valve Vault Yard located on the west side of Casa De Fruta Parkway, across from Casa De Fruta at 10021 Pacheco Pass Highway, Hollister, California 95023. The pre-bid conference will begin with a District presentation on the Small Business Outreach Program. A Bid submitted by any Bidder not represented at a mandatory pre-bid conference/site tour will be considered non-responsive. Attendance at the pre-bid by subcontractors is not required.

Attendance by the Bidder at the pre-bid conference/site visit is:

☒ Mandatory

☐ Optional

A guided tour of sleeted sites will be conducted following the pre-bid conference. Access and terrain will be a major factor in the execution of this work. The objective of the site tour is to familiarize prospective Bidders with the various site, terrain and access constraints; no additional site visits will be allowed. Four-wheel-drive, off road capable, vehicles are highly recommended. Directions and instructions for the guided site tour will be provided at the pre-bid conference.

Please confirm your intent to attend the pre-bid meeting and site visit 24 hours in advance by sending e-mail to scvwdplanroom@valleywater.org. Reasonable efforts will be made to accommodate persons with disabilities wishing to attend the pre-bid meeting/site visit. Please request accommodations when confirming attendance.

- 9. Availability of Bid Documents.** Contract Documents, including Drawings and Specifications, are available in both paper and electronic (pdf) formats. Paper copies may be purchased for the nonrefundable price of \$30. Provide FedEx account number or add \$10 per set for packaging and postage. Electronic version is free, transferred via file transfer appliance (FTA) site.

To order Contract documents:	Request Form and information available online. Website: http://www.valleywater.org/Programs/Construction.aspx Email: scvwdplanroom@valleywater.org FAX: (408) 979-5631 Phone: (408) 630-3088
To pick up Contract documents in person:	Santa Clara Valley Water District 5700 Almaden Expressway San Jose, CA 95118 Business Hours: 8 a.m. – 5 p.m.

- 10. Inquiries.** The Bidder must submit all requests for clarification, or interpretation of the Bid Documents in accordance with the requirements stated in Article 3.04 of the Standard Provisions. Written questions must be directed to the project manager and submitted at least ten (10) calendar days before the deadline for receipt of Bids.

The District may issue written Addenda as appropriate for clarification or other purposes during the bidding period. Addendum notification(s) will be sent to each planholder at the email address provided by the contractor for the planholders list and addenda will be posted on the District's website at www.valleywater.org/Programs/Construction.aspx.

- A. Project Manager.** The District's project manager for this project is Art Partridge and can be reached via e-mail at apartridge@valleywater.org or at (408) 630-2549.

-
- B. Process Questions.** For questions regarding the advertisement process, contact the District Plan Room at (408) 630-3088, or scvwdplanroom@valleywater.org.

11. Prevailing Wage Requirements.

- A.** Workers employed on this Project must be paid at rates at least equal to the prevailing wage rates as determined by the State of California Department of Industrial Relations pursuant to §1770 of the Labor Code. Said wage rates are incorporated herein by reference and may be inspected upon request. The rates are also available on the State of California Department of Industrial Relations website at <http://www.dir.ca.gov/>. See Standard Provisions — Articles 6.04 through 6.06 for related requirements.
- B.** This Project is subject to compliance monitoring and enforcement by the State of California Department of Industrial Relations. The Contractor and subcontractors must furnish the records specified in Section 1776 directly to the Labor Commissioner, in the following manner: monthly, in a format prescribed by the Labor Commissioner.

12. Bid Proposal Submittal. All Proposals must be submitted in sealed envelopes addressed to Construction Program of the Santa Clara Valley Water District, and state the Project name and Project number on the outside of the sealed envelope. Each Bid must be submitted on the prescribed Bid Forms. All information on Bid Forms must be completed in ink.

- A. Alternate Delivery for Bid Submittal.** Bidders electing to submit a Proposal by FEDEX, UPS, DHL, CA Overnight, Golden State Overnight, etc., must address the submittal in accordance with instructions stated in Paragraph 12 above. Any Proposal received after 2 p.m. will be considered non-responsive.

Address the outside delivery envelope as follows:

Santa Clara Valley Water District
Attention: Construction Program — **BID**
5905 Winfield Boulevard
San Jose, CA 95123-2428

Note: USPS (US Mail) does not deliver to 5905 Winfield Boulevard.

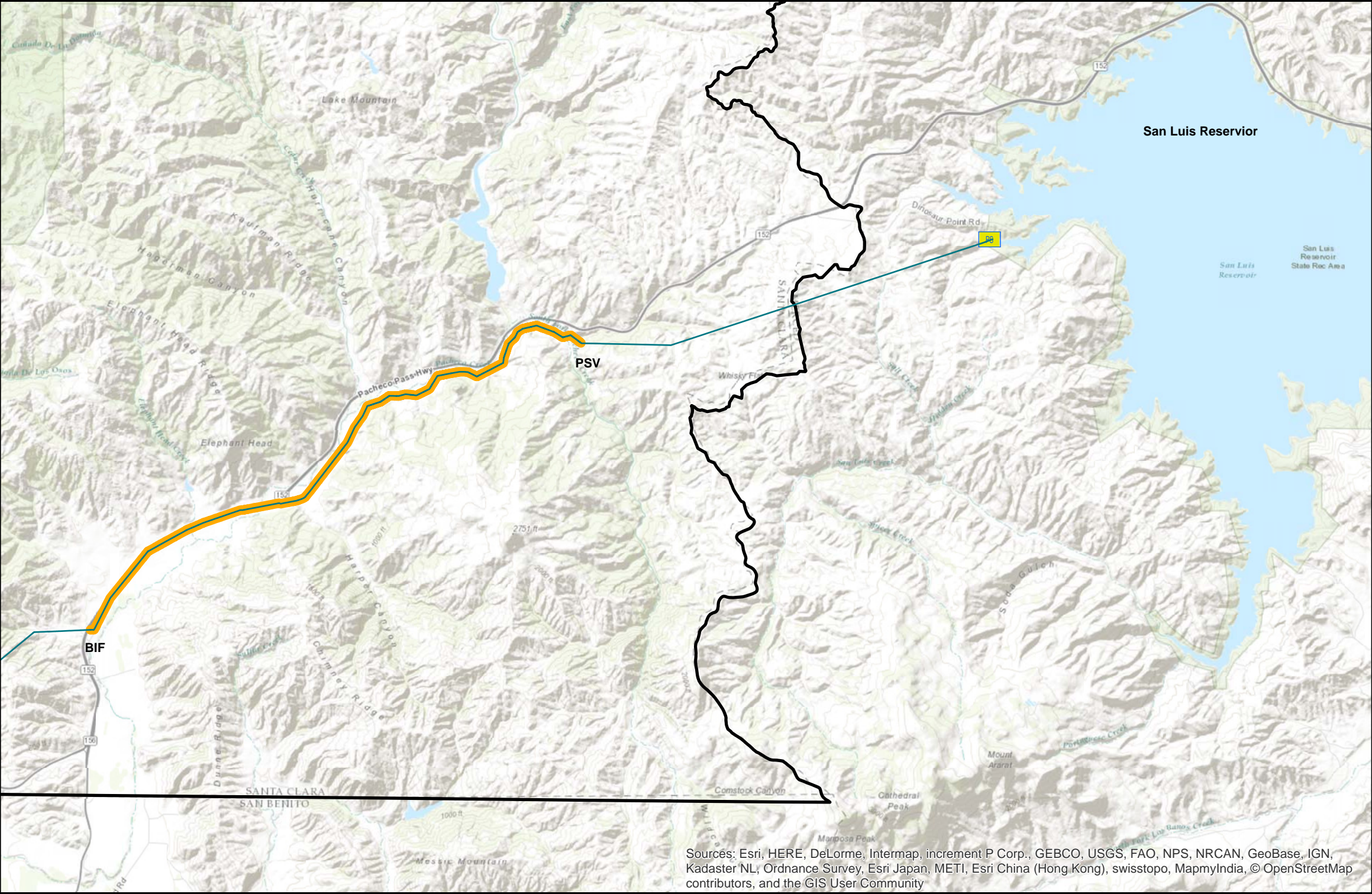
- 13. Bid Opening.** The Construction Program staff will open Proposals at the time and place stated in Paragraph 1 above.
- 14. Errors or Discrepancies in the Bids.** The District Board of Directors reserves the right to reject any and all Bid Proposals and to waive minor defects or irregularities in any submitted Bid Form(s).

-
15. **Bidders Security.** Each Proposal must be accompanied by cash, a certified or cashier's check, or a Bidder's bond in the sum of not less than 10 percent of the total aggregate of the Proposal including all additive Bid items. Said checks or bonds must be made payable to the Santa Clara Valley Water District.
16. **Contract Retention.**
- ☒ The Contract Retention for this Project is established at five percent of the Contract Price.
- ☐ The Contract Retention for this Project is established at ten percent of the Contract Price. The Board of Directors has made a finding that the Project is substantially complex and therefore requires retention higher than five percent.
17. **Substitution of Securities.** The Contractor may, at the Contractor's request and expense substitute securities equivalent to the amount withheld by District to ensure the performance of the contract in accordance with §22300 of the Public Contract Code.
18. **Small Business Preference.** The District has elected to implement the small business preference provisions of Public Contract Code §2002(a)(1). For purposes of the District's program, a small or micro business is as defined in Government Code §14837. Please refer to the small business compliance requirements stated in the Small Business Instructions included with these Bid documents.
19. **Equal Opportunity.** The District is an equal opportunity employer and all contractors of District projects are to have and follow a policy of equal opportunity including adherence to all state and federal laws and regulations, including the Federal Equal Opportunity Clause.


By order of the Board of Directors of the Santa Clara Valley Water District, San Jose, California, on April 11, 2017.

ATTEST: MICHELE L. KING, CMC

Clerk/Board of Directors



Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

<p>Legend</p> <ul style="list-style-type: none">— Pipeline_Materials▬ Santa Clara County▬ Pump Station Locations	<h1>Pacheco Conduit</h1>	<p>0 0.5 1 2 3 4 Miles</p> <p>Albers Projection Central Meridian: -96 1st Std Parallel: 20 2nd Std Parallel: 60 Latitude of Origin: 40</p> 
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File No.: 17-0158

Agenda Date: 4/11/2017

Item No.: 3.4.

BOARD AGENDA MEMORANDUM

SUBJECT:

Designation of Impartial Third Party to Oversee Validation and Tabulation of Written Protests for Fiscal Year 2017-2018 Groundwater Production and Surface Water Charges.

RECOMMENDATION:

Designate an impartial third party to oversee the verification and tabulation of the written groundwater production and surface water protests.

SUMMARY:

In accordance with Board Resolutions 12-10 and 12-11, adopting procedures for the imposition of Surface Water Charges and Groundwater Production Charges, respectively (Attachment 1), the Board will designate an impartial third person who does not have a vested interest in the outcome of the proposed charges to tabulate the written protests submitted, and not withdrawn. The impartial person may be a member of the Clerk of the Board office.

Board Governance Policy Executive Limitation 5.2.1, allows staff to make a single contract commitment of not more than \$25,000 without a competitive procurement process.

C.G. Uhlenberg, LLP (Uhlenberg) has performed the third-party tabulation and verification process since the process was implemented in 2010 (seven consecutive years). Uhlenberg has indicated that they are interested in providing the impartial third party services again for the Fiscal Year 2018 tabulation and verification process, proposal included as Attachment 2. Based on the past seven years' tabulation process, it is anticipated that this year's process will not take more than five, eight hour days, at a cost of approximately \$4000.

FINANCIAL IMPACT:

The anticipated cost for the impartial third party services is \$4000 based on the number of hours required to complete the verification and tabulation process in previous years. Funds are available in the Fiscal Year 2017 Clerk of the Board budget to cover the anticipated costs.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a

potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

Attachment 1: Resolution Nos. 12-10 and 12-11

Attachment 2: Uhlenberg's Proposal

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711

RESOLUTION NO. 12- 10

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARA VALLEY WATER DISTRICT ADOPTING PROCEDURES FOR THE IMPOSITION OF SURFACE WATER CHARGES

WHEREAS, pursuant to Section 4 of the District Act, the purposes of the District Act are to authorize the District to provide comprehensive water management for all beneficial uses within Santa Clara County; and

WHEREAS, Section 5(5) of the District Act authorizes District to do any and every lawful act necessary to be done that sufficient water may be available for beneficial uses within Santa Clara County; and

WHEREAS, Section 5(12) authorizes the District to make contracts and do all acts necessary for the full exercise of all powers vested in the District; and

WHEREAS, Proposition 218, adopted on November 6, 1996, added Articles XIIIC and XIID to the California Constitution which impose certain procedural and substantive requirements with respect to the imposition of certain new or increased fees and charges; and

WHEREAS, whether legally required or not, the District Board believes it to be in the best interest of the community to align its practices with respect to the imposition of surface water charges to mirror the majority protest requirements of Article XIII D, section 6 applicable to charges for water services to the extent possible; and

WHEREAS, the District Board believes it to be in the best interest of the community to record its decisions regarding implementation of the provisions relating to imposition of surface water charges and to provide the community with a guide to those decisions and how they have been made; and

NOW, THEREFORE, the Board of Directors of Santa Clara Valley Water District does hereby resolve as follows:

SECTION 1. Statement of Legislative Intent. It is the Board of Directors' intent in adopting this resolution, to adopt the notice, hearing, and majority protest procedure proceedings that are consistent, and in conformance with, Articles XIIIC and XIID of the California Constitution and with the Proposition 218 Omnibus Implementation Act and the provisions of other statutes authorizing imposition of surface water charges. To the extent that these requirements are legally required to supercede the requirements set forth in the District Act, these provisions are intended to prevail.

SECTION 2. Definitions.

- A. Record Owner.** The District will provide the required notice to the Record Owner. "Record Owner" means the record owner of the property on which the surface water use-facility is present, and the tenant(s) who are District surface water permittees liable for the payment of the surface water charge.

A Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting
Procedures for the Imposition of Surface Water Charges

- B. Charge Zone.** "Charge Zone" means the District zone (i.e. Zone W-2 or Zone W-5) that a surface water user's turnout is located, which is applicable in identifying the proposed surface water charge. Surface water users that receive surface water outside of either Zone W-2 or Zone W-5 are deemed to be located in the zone to which the surface water user's turnout is most nearly located.

SECTION 3. Surface Water Charge Proceeding. The following procedures will be used:

- A. Those Subject to the charge.** The Record Owners of the existing surface use-facilities.
- B. Amount of Charge.** A formula or schedule of charges by which the customer can easily calculate the potential surface water charge will be included in the notice. The surface water charge is comprised of a basic user charge and a surface water master charge. The surface water charge must comply with the following substantive requirements:
1. Revenues derived from the surface water charge will not be used for any purpose other than that for which the charge is imposed.
 2. Revenues derived from the surface water charge will not exceed the direct and indirect costs required to provide the service.
 3. The amount of the surface water charge must not exceed the proportional cost of the service attributable to the property.
 4. No charge may be imposed for a service unless the service is actually used by, or immediately available to the property owner (or, if applicable, the tenant).
 5. No charge can be imposed for general governmental services where the service is available to the public at large in substantially the same manner as it is to property owners.
- C. Notice.** The following guidelines apply to giving notice of the surface water charge.
1. Record Owner(s) of each parcel subject to the surface water charge, meaning any parcel with a surface water use-facility, will be determined from the last equalized property tax roll. If the property tax roll indicates more than one owner, each owner will be sent the notice. District surface water permittees liable for the payment of the surface water charge will also be provided with the notice.
 2. The notice must be sent at least forty-five (45) days prior to the date set for the public hearing on the surface water charge.
 3. Failure of any person to receive the notice will not invalidate the proceedings.

A Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting
Procedures for the Imposition of Surface Water Charges

D. Surface Water Charge Protest. The following guidelines apply to the surface water charge protest procedure:

1. The notice will be mailed to all affected Record Owners at least forty-five (45) days prior to the date of the public hearing on the proposed surface water charge.
2. Written protests must be forwarded to the Clerk of the Board by mail or in person, sealed in an envelope which conceals the contents, with the property address or APN written on the outside of the envelope. To be counted, protests must be received no later than the date for return of protests stated on the notice, or the close of the public hearing, whichever is later.
3. A protest must be signed under penalty of perjury. For properties with more than one Record Owner, a protest from any one surface water user-facility will count as a protest for the property. No more than one protest will be counted for any given property.
4. Only protests with original signatures will be accepted. Photocopied signatures will not be accepted. Protests will not be accepted via e-mail. Protests must be submitted in sealed envelopes identifying the property on which the surface water user-facility is located, and include the legibly printed name of the signator. Protests not submitted as required by this Resolution will not be counted.
5. This proceeding is not an election.
6. Written Protests must remain sealed until the tabulation of protests commences at the conclusion of the public hearing. A written protest may be submitted or changed by the person who submitted the protest prior to the conclusion of the public testimony on the proposed charge at the public hearing.
7. Prior to the public hearing, neither the protest nor the envelope in which it is submitted will be treated as a public record, pursuant to the Government Code section 6254(c) and any other applicable law, in order to prevent potential unwarranted invasions of the submitter's privacy and to protect the integrity of the protest process.

E. Tabulating Protests. The following guidelines apply to tabulating protests:

1. It will be the responsibility of the Clerk of the Board to determine the validity of all protests. The Clerk will accept as valid all protests except those in the following categories:
 - a. A photocopy which does not contain an original signature;
 - b. An unsigned protest;
 - c. A protest without a legible printed name;
 - d. A protest which appears to be tampered with or otherwise invalid based upon its appearance or method of delivery or other circumstances;

A Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting
Procedures for the Imposition of Surface Water Charges

- e. A protest submitted to the District via e-mail;
- f. A protest submitted in an envelope that does not have the address or APN written on the outside of the envelope;
- g. A protest signed by someone other than the Record Owner for the APN.

The Clerk's decision, after consultation with the District Counsel, that a protest is invalid is final.

- 2. An impartial person, designated by the governing board, who does not have a vested interest in the outcome of the proposed charge will tabulate the written protests submitted, and not withdrawn. The impartial person may be a member of the Clerk of the Board Office.
- 3. A Record Owner who has submitted a protest may withdraw that protest at any time up until the conclusion of the final public hearing on the surface water charge.
- 4. A property owner's failure to receive notice of the surface water charge will not invalidate the proceedings conducted under this procedure.

F. Public Hearing.

- 1. At the public hearing, the District Board will hear and consider all public testimony regarding the proposed surface water charge and accept written protests until the close of the public hearing, which hearing may be continued from time to time.
- 2. The District Board may impose reasonable time limits on both the length of the entire hearing and the length of each speaker's testimony.
- 3. At the conclusion of the hearing, the Clerk of the Board, or other neutral person designated to do the tabulation will complete tabulation of the protests from Record Owners, including those received during public hearing.
- 4. If it is not possible to tabulate the protests on the same day as the public hearing, or if additional time is necessary for public testimony, the District Board may continue the public hearing to a later date to receive additional testimony, information or to finish tabulating the protests; or may close the public hearing and continue the item to a future meeting to finish tabulating the protests.
- 5. If according to the final tabulation of the protests from Record Owners, the number of protests submitted against the proposed surface water charge (or increase of the surface water charge) within a Charge Zone exceeds 50% plus one of either: (i) the identified number of parcels within that Charge Zone, or (ii) the identified number of owners and tenants who are subject to the surface water charge within that Charge Zone, then a "majority protest" exists and the District Board of Directors will not impose the surface water charge within that Charge Zone.

A Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting
Procedures for the Imposition of Surface Water Charges

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the
following vote on February 14, 2012.

AYES: Directors T. Estremera, D. Gage, J. Judge, P. Kwok, R. Santos, B. Schmidt,
L. LeZotte

NOES: Directors None

ABSENT: Directors None

ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT

By:


LINDA J. LEZOTTE
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC


Clerk/Board of Directors

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RESOLUTION NO.12- 11

AN AMENDED AND RESTATED RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SANTA CLARA VALLEY WATER DISTRICT ADOPTING PROCEDURES
FOR THE IMPOSITION OF GROUNDWATER PRODUCTION CHARGES

WHEREAS, Section 26 of the District Act includes provisions relating to imposition and notice and opportunity to be heard on the imposition of groundwater production charges, including the opportunity to contest the imposition; and

WHEREAS, Section 26 of the District Act provides the purposes for which groundwater production charges can be collected as follows:

1. To pay for construction, operation and maintenance of imported water facilities;
2. To pay for imported water purchases;
3. To pay for construction, operation and maintenance of facilities to conserve or distribute water including facilities for groundwater recharge, surface distribution, and purification and treatment of water;
4. To pay for debt incurred for the above purposes.

WHEREAS, Proposition 218, adopted on November 6, 1996, added Articles XIIIC and XIIID to the California Constitution which impose certain procedural and substantive requirements with respect to the imposition of certain new or increased fees and charges; and

WHEREAS, whether the District's groundwater production charge is assessed upon a parcel of property or upon a person as an incident of property ownership such that it is subject to proposition 218 is a subject currently before the courts and has not yet been finally decided; and

WHEREAS, regardless of whether the District is legally required to or not, the District Board believes it to be in the best interest of the community to align its practices with respect to the imposition of groundwater production charges to mirror the majority protest requirements of Article XIII D section 6 applicable to charges for water to the extent possible; and

WHEREAS, some of the requirements of the majority protest procedure are unclear and require further judicial interpretation or legislative implementation; and WHEREAS, the District Board believes it to be in the best interest of the community to record its decisions regarding implementation of the provisions relating to imposition of groundwater production charges and to provide the community with a guide to those decisions and how they have been made;

NOW, THEREFORE, the Board of Directors of Santa Clara Valley Water District does hereby resolve as follows:

SECTION 1. Statement of Legislative Intent. It is the Board of Director's intent in adopting this amended and restated resolution, to adopt the notice, hearing, and majority protest procedure proceedings that are consistent, and in conformance with, Articles XIIIC and XIIID of the California Constitution and with the Proposition 218 Omnibus Implementation Act and the provisions of other statutes authorizing imposition of water charges. To the extent that these requirements are legally required to supercede the requirements set forth in the District Act, these provisions are intended to prevail.

An Amended and Restated Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting Procedures for the Imposition of Groundwater Production Charges

SECTION 2. Definition of Record Owner. The District Act authorizes the groundwater production charge to be noticed and imposed on “owners or operators of water-producing facilities” which is not based on property ownership, while Article XIII D requires that notice be provided to the owner of a parcel whose name and address appears on the last equalized secured property tax assessment roll. In order to resolve the differences between these two approaches, the District will provide the required notice to the record owner of the property on which the water-producing facility is present, as well as to the owners or operators of water producing facilities (who are tenants of that real property directly liable to pay the groundwater production charge to the District).

SECTION 3. Groundwater Production Charge Proceeding. The following procedures will be used:

- A. Those Subject to the charge.** The Record Owners of existing water producing wells including water supply and extraction/environmental wells, whether currently active or not.
- B. Amount of Charge.** A formula or schedule of charges by which the customer can easily calculate the potential charge will be included in the notice. The charge must comply with the following substantive requirements:
 - 1. Revenues derived from the charge will not be used for any purpose other than that for which the charge is imposed.
 - 2. Revenues derived from the charge will not exceed the direct and indirect costs required to provide the service.
 - 3. The amount of the charge must not exceed the proportional cost of the service attributable to the property.
 - 4. No charge may be imposed for a service unless the service is actually used by, or immediately available to the owner.
 - 5. No charge can be imposed for general governmental services where the service is available to the public at large in substantially the same manner as it is to property owners.
- C. Notice.** The following guidelines apply to giving notice of the groundwater production charge.
 - 1. The record owner(s) of each parcel subject to the charge, meaning any parcel with a water-producing facility, will be determined from the last equalized property tax roll. If the property tax roll indicates more than one owner, each owner will be sent the notice. Where tenants are directly liable to pay the groundwater production charge to the District, they will also be provided with the notice.

An Amended and Restated Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting Procedures for the Imposition of Groundwater Production Charges

2. The notice must be sent at least forty-five (45) days prior to the date set for the public hearing on the charge.
3. Failure of any person to receive notice will not invalidate the proceedings.

D. Groundwater Production Charge Protest. The following guidelines apply to the protest procedure:

1. The notice will be mailed to all affected Record Owners at least forty-five (45) days prior to the date of the public hearing on the proposed charge.
2. Written protests must be forwarded to the Clerk of the Board by mail or in person, sealed in an envelope which conceals the contents, with the property address or APN written on the outside of the envelope. To be counted, protests must be received no later than the date for return of protests stated on the notice, or the close of the public hearing, whichever is later.
3. A protest must be signed under penalty of perjury. For properties with more than one Record Owner, a protest from any one will count as a protest for the property. No more than one protest will be counted for any given property.
4. Only protests with original signatures will be accepted. Photocopied signatures will not be accepted. Protests will not be accepted via e-mail. Protests must be submitted in sealed envelopes identifying the property on which the well is located, and include the legibly printed name of the signator. Protests not submitted as required by this amended and restated resolution will not be counted.
5. This proceeding is not an election.
6. Written Protests must remain sealed until the tabulation of protests commences at the conclusion of the public hearing. A written protest may be submitted, or changed, or withdrawn by the person who submitted the protest prior to the conclusion of the public testimony on the proposed charge at the public hearing.
7. Prior to the public hearing, neither the protest nor the envelope in which it is submitted will be treated as a public record, pursuant to the Government Code section 6254(c) and any other applicable law, in order to prevent potential unwarranted invasions of the submitter's privacy and to protect the integrity of the protest process.

E. Tabulating Protests. The following guidelines apply to tabulating protests:

1. It will be the responsibility of the Clerk of the Board to determine the validity of all protests. The Clerk will accept as valid all protests except those in the following categories:
 - a. A photocopy which does not contain an original signature;
 - b. An unsigned protest;

An Amended and Restated Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting Procedures for the Imposition of Groundwater Production Charges

- c. A protest without a legible printed name;
- d. A protest which appears to be tampered with or otherwise invalid based upon its appearance or method of delivery or other circumstances;
- e. A protest submitted to the District via e-mail;
- f. A protest submitted in an envelope that does not have the address or APN written on the outside of the envelope;
- g. A protest signed by someone other than the Record Owner for the APN.

The Clerk's decision, after consultation with the District Counsel, that a protest is invalid is final.

- 2. An impartial person, designated by the governing board, who does not have a vested interest in the outcome of the proposed charge will tabulate the written protests submitted, and not withdrawn. The impartial person may be a member of the Clerk of the Board Office.
- 3. A Record Owner who has submitted a protest may withdraw the protest at any time up until the conclusion of the final public hearing on the charge.
- 4. A property owner's failure to receive notice of the charge will not invalidate the proceedings conducted under this procedure.

F. Public Hearing

- 1. At the public hearing, the District Board will hear and consider all public testimony regarding the proposed charge and accept written protests until the close of the public hearing, which hearing may be continued from time to time.
- 2. The District Board may impose reasonable time limits on both the length of the entire hearing and the length of each speaker's testimony.
- 3. At the conclusion of the hearing, the Clerk of the Board, or other neutral person designated to do the tabulation will complete tabulation of the protests from Record Owners, including those received during public hearing.
- 4. If it is not possible to tabulate the protests on the same day as the public hearing, or if additional time is necessary for public testimony, the District Board may continue the public hearing to a later date to receive additional testimony, information or to finish tabulating the protests; or may close the public hearing and continue the item to a future meeting to finish tabulating the protests.
- 5. If according to the final tabulation of the protests from Record Owners, the number of protests submitted against the proposed increase of the groundwater production charge within a groundwater production charge zone exceeds 50% plus one of either: (a) the identified number of parcels within that groundwater production charge zone, or (b) the identified number of owners and operators within that groundwater production charge zone who are subject to the increased groundwater production charge, then a "majority protest" exists and the District

An Amended and Restated Resolution of the Board of Directors of the Santa Clara Valley Water District Adopting Procedures for the Imposition of Groundwater Production Charges

Board of Directors will not impose any increase to the groundwater production charge within that groundwater production charge zone.

SECTION 4

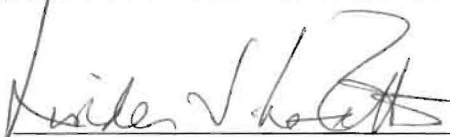
Resolution No.11-03 adopted by the District on January 25, 2011 and Resolution No. 10-06 adopted by the District on January 26, 2010 are both hereby amended and restated in their entirety as set forth in this amended and restated resolution. This amended and restated resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on February 14, 2012.

AYES: Directors T. Estremera, D. Gage, J. Judge, P. Kwok, R. Santos, B. Schmidt,
L. LeZotte
NOES: Directors None
ABSENT: Directors None
ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT

By:



LINDA J. LEZOTTE
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC


Clerk/Board of Directors



Overview of the Firm and this Proposal

We have prepared this proposal in response to your request to provide impartial third party tabulation services for the Santa Clara Valley Water District. We know that given the current deadline the District faces, you are very busy; therefore, we have made this proposal straightforward and have designed it to make it easy for you to evaluate our firm based on pertinent selection factors:

- Scope of work to be performed
- Qualifications
- Names and qualifications of individuals to be assigned
- Approach, technique, and schedule
- Fee Schedule

We would like to provide some information about us as you consider C.G. Uhlenberg, LLP as your impartial third party evaluators:

- Our firm has been servicing the Bay Area for over 80 years
- We have an excellent record of quality work and great client service and we hope you will have an opportunity to contact our references for their perspective
- We have successfully undergone a stringent peer review process by external evaluators as well as providing peer review services to other CPA firms

Please visit our website at www.cgucpa.com for further information. Our most recent Peer Review report, as well as additional information about our firm, is posted there.

Proposal Responses

- Description of Firm
 - C. G. Uhlenberg LLP (CGU) was founded as a sole proprietorship in 1927 and became a partnership in 1947. Including two partners, our staff represents a full spectrum of auditors, tax advisors, accountants, and consultants to collectively accomplish the objectives and goals of our clients.
 - CGU is committed to maintaining its most important assets—our clients. We serve a diverse clientele with simple to complex tax and accounting needs. Our clients include a range and cross section from individual taxpayers to multi-state corporations.
 - We recognize the importance of involvement in professional associations and, therefore, encourage employee membership in various organizations including the American Institute of certified Public Accountants, the California Society of CPAs, Government Finance Officers Association, and local civic groups.
- In the past 80 years C.G. Uhlenberg has not defaulted on any contract and strives to always complete the work in a timely and professional manner.

- References
 - Santa Clara Valley Water District
Stan Yamamoto, District Counsel
(408) 265-2600
Acted as impartial third party during validation and tabulation of prior Proposition 218 ballot
 - Alameda County Mosquito Abatement District
John R. Rusimel, District Manager
(510) 941-4010
Provided tabulation and validation services to the District with over 50,000 votes tabulated and validated within a two week period
 - Shilts Consultation, Inc
John Bliss, Partner
(707) 430-4300
Provided independent tabulation and validation services to three other vector control districts through contracts with SCI. The largest of which was over 100,000 ballots and required verification for address and signature.

- C.G. Uhlenberg, LLP is proud of its environmentally conscious business practices
 - We are one of the few locally owned CPA firms that has gone totally paperless
 - Brought copying/printing down from 500,000+ pages per year to less than 35,000 pages
 - Our paperless systems allow staff to work at home further reducing our impact on the environment
 - We strive to keep abreast of the latest server developments and have gone with Microsoft Virtualization technology which allowed reducing physical servers by more than half
- We are one of the few local CPA firms qualified to oversee a tabulation of a 218 ballot count. Jeff Ira's position as former Mayor of Redwood City provides additional insight on the complexity of a 218 ballot initiative
- Based on prior experience with the District we will provide oversight and validation of the tabulation procedures, including:
 - Provide manager level or above personnel to oversee all aspects of the count
 - Document and provide written narrative of entire tabulation procedure for public publication

Evaluation Team

We are pleased to present the validation team for the District if awarded the contract. Our commitment to excellence is evidenced by the selection and development of our staff. We believe our professionals are the crucial link in providing the distinctive quality of service CGU prides itself on. Consequently, we take every measure to ensure we employ those with the education, motivation, and skills consistent with the firm itself.

Keeping abreast of the ever-changing laws and regulations set forth by government agencies is an important aspect in providing quality service. CGU meets the challenge with a combination of on-the-job guidance, formal training, and technical review to provide the necessary insight to perform governmental audits.

Jeff Ira, CPA

Partner

Jeff brings more than 30 years of experience to CGU. Since joining CGU in 1984, he has developed relationships with clients based on creativity, integrity, and trust. He is a member of the AICPA, California Society of CPAs, the GFOA, and the CSMFO.

Jeff cares about his community and clients which enables him to make a difference. He has been on the City Council in Redwood City for 12 years and is the former Mayor of Redwood City. He also serves on the Board of Directors at a number of community organizations. This involvement creates a unique ability to view things from a different perspective which has been invaluable to our governmental and not-for-profit clients.

Ryan Kanazawa
Manager

Ryan holds a B.S. in Marketing and Finance from Santa Clara University. He joined our firm in 2005 after spending 8 years in the banking industry. He has been in charge of our tabulation division for the past seven years and has overseen both small and large vote tabulation projects. Ryan holds multiple certifications including Microsoft Certified, Gold Partner, and Microsoft GP certified. In addition to being part of CGU's team, assisting our clients, and maintaining our own internal network and security, he also runs an IT firm consulting where he has worked on various projects such as IT audits, security testing, network administration, accounting system support, and IT consultation. Ryan's years of experience working with various sized operations are a valued contribution to the team.

Audit Fee

Below are the standard hourly fees for the District's reference. We have discounted our 2016 standard rates for this proposal. A similar discount would be applied for future years and our rates would not increase more than 2.5% per year.

	Standard Rate	District's Rate
Level		
Partner	\$ 360	\$ 310
Director	\$ 230	\$ 180
Manager	\$ 180	\$ 140
Senior Staff	\$ 130	\$ 105
Staff	\$ 105	\$ 90

Due to the variable nature of such tabulations our contract bid is based on an hourly basis plus cost of travel and report preparation. We believe that we offer great services and value regardless of the length of the contract and this is reflected in our pricing. Last year's Groundwater Charge Protest Tabulation required seventeen and a half hours of manager/oversight time and two hours of partner level interaction.

Time Line

Based on prior experience SCVWD and with Proposition 218 ballot validation and tabulation we estimate time required between one and three days.

File No.: 17-0211

Agenda Date: 4/11/2017

Item No.: *3.5.

BOARD AGENDA MEMORANDUM

SUBJECT:

CEO Bulletin for the Weeks of March 24-30, and March 31-April 6, 2017.

RECOMMENDATION:

Accept the CEO Bulletins.

SUMMARY:

The CEO Bulletin is a weekly communication for the CEO, to the Board of Directors, assuring compliance with Executive Limitations Policy EL-7: The BAOs inform and support the Board in its work. Further, a BAO shall: 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. Report in a timely manner an actual or anticipated noncompliance with any policy of the Board.

CEO Bulletins are produced and distributed to the Board weekly as informational items, and then placed on the bimonthly, regular Board meeting agendas to allow opportunity for Board discussion on any of the matters contained therein.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

Attachment 1: 033017 CEO Bulletin

*Attachment 2: 040617 CEO Bulletin

UNCLASSIFIED MANAGER:

File No.: 17-0211

Agenda Date: 4/11/2017
Item No.: *3.5.

Norma Camacho, 408-630-2084

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

Chief Executive Officer Bulletin Week of March 24 to March 30, 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.

Page	IN THIS ISSUE
1	Public Meeting on the Anderson Dam Seismic Retrofit Project
2	<u>Director Estremera</u> Staff to provide the Board with information on how many times in the last 12 months, staff has authorized work on expired contracts/agreements, and identify a process for improvement R-17-0007
2	<u>Director Varela</u> Letter to Assemblymember Anna Caballero from Chair Varela requesting a meeting on San Benito and the Pajaro River I-17-0002

Public Meeting on the Anderson Dam Seismic Retrofit Project

On Wednesday, March 22, 2017, the water district held a public meeting at the Morgan Hill Community and Cultural Center to update the community on the Anderson Dam Seismic Retrofit Project.

Approximately a 180 people attended the public meeting, including City of Morgan Hill residents and Morgan Hill councilmember, Rene Spring. Chair Varela provided opening remarks and staff gave a brief overview of Anderson Dam and the President's Day Storm events, including a presentation on the new findings and modified design of the Anderson Dam Seismic Retrofit Project.

This was the water district's first public meeting that was livestreamed, in its entirety, on the water district's Facebook account and had 843 views. The livestream can be viewed at www.facebook.com/SCVWD. Meeting materials including the PowerPoint slides can be found on the project webpage: <http://www.valleywater.org/Services/AndersonDamAndReservoir.aspx>.

The residents' questions and concerns were addressed by Chair Varela and staff and their main concerns included:

1. Getting Anderson Dam's water storage level back down to the restricted level.

The water district presented a current drawdown schedule and stated that it is looking at additional options.

2. Why has construction been delayed to the year 2020?

The water district explained the new design and the amount of work involved and emphasized the importance of getting the retrofit done correctly rather than quickly.

3. Emergency evacuation plans.

The evacuation plans are in the city's jurisdiction and the water district coordinates information with the City of Morgan Hill.

Also in attendance at the meeting were representatives of the San Jose Mayor's office, San Jose Vice Mayor's office, and Councilmember Dev Davis' office. Media attended and included the Morgan Hill Times, KPIX, Telemundo, NBC Bay Area, KRON, and KTVU.

For further information, please contact Rick Callender at (408) 630-2017.

Director Estremera

**Staff to provide the Board with information on how many times in the last 12 months, staff has authorized work on expired contracts/agreements, and identify a process for improvement
R-17-0007**

According to information provided by the Contracts Administration Unit, there are 15 consultant agreements in the last 12 months whose expiration date was or is currently in the process of being extended. Of the 15 agreements, there are none wherein staff authorized work after the expiration date or between the expiration date and the renewal date of an agreement. However, in five (5) cases, staff did not direct the consultant to halt work between the expiration and renewal dates for tasks that had been authorized prior to the agreement's expiration date.

District management, with the assistance of Contracts Administration Unit staff, will provide refresher training to staff on managing consultant agreements in a manner that is consistent with the Board's authorization. Staff who manage consultant agreements receive a "heads-up" email 120, 90, 60, and 30 days before an agreement is set to expire. In the future, such emails will include a reminder to staff that a consultant's work must stop after an agreement expires and/or in between the expiration date and the renewal date of an agreement.

For further information, please contact Katherine Oven at (408) 630-3126.

Director Varela

**Letter to Assemblymember Anna Caballero from Chair Varela requesting a meeting on San Benito and the Pajaro River
I-17-0002**

Chair Varela met California State Assemblymember Anna Caballero at the Celebrate Morgan Hill Annual Awards Dinner on February 25, 2017.

Chair Varela drafted a letter requesting a meeting at the Assemblymember's District Office in Salinas

to follow up on their conversation regarding the San Benito and Pajaro River.

The requested letter was sent to Assemblymember Anna Caballero on March 20, 2017, and will be included in the March 31, 2017, Non-Agenda package.

For further information, please contact Rick Callender at (408) 630-2017.

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

Chief Executive Officer Bulletin Week of March 31- April 6, 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.

Page	IN THIS ISSUE
<u>1</u>	The Water District Education Outreach Team Visits Boys and Girls Clubs of Silicon Valley
<u>2</u>	<u>Director Hsueh</u> Look at how our Flood Protection projects performed during recent storms to protect properties. If a project hasn't been completed, investigate what impact the storms had on the community. R-17-0004

The Water District Education Outreach Team Visits Boys and Girls Clubs of Silicon Valley

On March 29, 2017, the education outreach team visited the Boys and Girls Clubs of Silicon Valley (BGCSV) at the Levin Clubhouse location in San Jose.

During the hour-long visit, 15 students learned about where our water comes from and the importance of water supply stewardship. They participated in hands-on activities, including the "Incredible Journey" where they were transformed into water molecules as they went through the water cycle. In "Salmon Survival" they role-played being salmon on their return migration from ocean to stream and learned about the many obstacles they must overcome to survive and spawn.

This was the first visit in a series of nine visits that have been scheduled over the next three months, with an expected participation of over 200 students. The water district is working closely with BGCSV to build an ongoing relationship with its nine clubhouse locations in San Jose and Morgan Hill and provide hands-on learning and an understanding of local water resources to a new audience.

The BGCSV is a non-profit youth development organization that provides innovative and effective afterschool and summer enrichment programs primarily for low income, at-risk Santa Clara County youth ages 6-18 years. Its mission is "to inspire and empower all young people, especially those who need us most, to realize their full potential as productive, responsible and caring adults."

For further information, please contact Chris Elias at (408) 630-2379.

Director Hsueh

Look at how our Flood Protection projects performed during recent storms to protect properties. If a project hasn't been completed, investigate what impact the storms had on the community.

R-17-0004

Response to BMR R-17-0004 is included in the board's April 7, 2017, Non-Agenda package.

For further information, please contact Ngoc Nguyen at (408) 630-2632.

File No.: 17-0156

Agenda Date: 4/11/2017

Item No.: *3.6.

BOARD AGENDA MEMORANDUM

SUBJECT:

Approval of Minutes.

RECOMMENDATION:

Approve the minutes.

SUMMARY:

In accordance with the Ralph M. Brown Act, a summary of Board discussions, and details of all actions taken by the Board, during all open and public Board of Directors meetings, is transcribed and submitted to the Board for review and approval.

Upon Board approval, minutes transcripts are finalized and entered into the District's historical records archives and serve as historical records of the Board's meetings.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

Attachment 1: 022817 Regular Meeting Minutes

Attachment 2: 030117 Special Closed Session Meeting Minutes

Attachment 3: 031417 Regular Meeting Minutes

Attachment 4: 032317 Special Meeting Minutes

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711



BOARD OF DIRECTORS MEETING

MINUTES

CLOSED SESSION & REGULAR MEETING

TUESDAY, FEBRUARY 28, 2017

5:00 PM

(Paragraph numbers coincide with agenda item numbers)

A Closed Session and Regular Meeting of the Santa Clara Valley Water District Board of Directors was called to order at 5:00 p.m. on February 28, 2017, in the District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

1. CALL TO ORDER:

1.1. Roll Call.

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

Director LeZotte arrived as noted below.

Staff members in attendance were N. Camacho, Interim Chief Executive Officer (CEO), S. Yamamoto, District Counsel, M. King, Clerk/Board of Directors, R. Callender, R. Chan, A. Cheung, A. Comelo, J. Fiedler, A. Fulcher, V. Gin, G. Hall, B. Hopper, L. Orta, M. Richardson, E. Soderlund, S. Stanton, D. Taylor, and S. Tikekar.

2. TIME CERTAIN:

Chairperson Varela announced that the Board would adjourn to Closed Session for consideration of Item 2.1.

5:00 PM

2.1. CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL
Initiation of Litigation
Pursuant to Government Code Section 54956.9(4)(d)
One Potential Case

Director LeZotte arrived during Closed Session.

6:00 PM

Upon return to open session, the same Board members, including Director LeZotte, and staff were present.

2.2. District Counsel Report.

Mr. Stan Yamamoto, District Counsel, reported that the Board met in Closed Session with all members present, including Director LeZotte, and gave direction to staff.

2.3. Pledge of Allegiance/National Anthem.

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

Chairperson Varela read into the record the attached statement expressing sympathy for community members who suffered as a result of the flood, identified as Handout 2.5-C, herein. Copies of the Handout were distributed to the Board and made available to the public.

Chairperson Varela expressed support for obtaining federal assistance for residents along Coyote Creek, for purposes of health and safety.

2.4. Orders of the Day.

Chairperson Varela declared that Item 7.3 would be considered after Item 2.5, and that Item 6.1 would be considered after Item 8.1.

Director Estremera referred to a letter dated February 24, 2017, from San Jose Mayor Sam Liccardo, and inquired whether it could be placed on the agenda for Board discussion.

Mr. Yamamoto confirmed that the subject matter contained in the letter qualified as an emergency, in accordance with Government Code Section 54956.5(a)(1): *includes crippling activity or other activity that severely impairs public health, safety, or both*, and could be placed on the agenda by a majority vote of the Board.

Motion: Approve placing as Item 6.2 on the agenda, discussion of the letter dated February 24, 2017, from San Jose Mayor Sam Liccardo.

Move to Approve: Tony Estremera

Second: Gary Kremen

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

Nays: None

Abstains: None

Recuses: None

Absent: None

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

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

Ms. Arlene Goetze, No Toxins for Children, distributed the attached article, identified as Handout 2.5-A, herein. Copies of the Handout were distributed to the Board and made available to the public. She inquired whether the fluoride used to treat drinking water originated in China.

Director Estremera requested that staff respond to Ms. Goetze's inquiry and make that response available to the public.

Ms. Mackenzie Mossing, San Jose resident, expressed concern that flooding and drought were results of climate change; expressed concern that dams and levies damage ecosystems; and urged the Board to invest in solutions that support nature.

Ms. Katja Irwin, Brookwood Terrace resident, expressed dissatisfaction with the District's response to the Presidents Day Coyote Creek flood event and alleged that the District gave preferential treatment to other areas.

Chairperson Varela moved the Agenda to Item 6.2.

6.2 Item Added to the Agenda in Accordance with Government Code Section 54956.5(a)(1).

In accordance with Government Code Section 54656.5(a)(1), emergency which includes a crippling activity or other activity that severely impairs public health, safety, or both, as determined by two-thirds of the members of the legislative body, the Board unanimously voted to add to the agenda, the 2/24/17 letter from San Jose Mayor Sam Liccardo requesting that the District repurpose \$100,000, of the San Jose Conservation Corp's contract to help residents address public health, safety, or both efforts in the flooded area.

Motion:	Approve repurposing \$100,000 of the District's contract with San Jose Conservation Corp's, and authorize the Interim Chief Executive Officer to work with the San Jose City Manager to identify work that can be performed by San Jose Conservation Corp, and to determine if any additional funds are needed to address public health, safety, or both efforts, in the flooded area.
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Move to Approve :	Tony Estremera
Second:	Richard Santos
Yeas:	Tony Estremera, Gary Kremen, Linda J. LeZotte, Barbara Keegan, Richard Santos, John L. Varela, Nai Hsueh
Nays:	None
Abstains:	None
Recuses:	None
Absent:	None
Summary:	7 Yeas; 0 Nays; 0 Abstains; 0 Absent.

Chairperson Varela declared time open for public comment.

Mr. Doug Muirhead, Morgan Hill resident, expressed discomfort with the Board's action and described granting Mayor Liccardo's request for \$100,000 as impulsive.

Chairperson Varela moved the agenda to Item 7.3.

7.3. Chief Executive Officer Report.

Mr. Dale Jacques, Emergency and Security Manager, reviewed the information in the attached Storm Report, identified as Handout 7.3-A, herein. Copies of the Handout were distributed to the Board and made available to the public.

Director Santos requested that staff provide the Board with Anderson Dam release data, collected since 1983, and identify if any release data is comparable to releases over the February 21, 2017 storm event (Board Member Request R-17-0006).

Mr. Rick Callender, Deputy Administrative Officer, discussed social media and press outreach in response to the Presidents Day flood event. He confirmed that bladder dams were not a viable solution, as they would have induced flooding elsewhere; and confirmed that staff was scheduling news interviews to correct misinformation.

Mr. Jim Fiedler, Chief Operating Officer, Water Utility, discussed design flexibility in future dam retrofit projects to determine if flood protection functions could be included, and the possibility of including them in the Anderson Dam Seismic Retrofit Project.

Chairperson Varela advised the Board of a March 16, 2017, City of Morgan Hill community meeting on the Anderson Dam Seismic Retrofit Project.

Ms. Camacho advised the Board that the City of San Jose scheduled a meeting on March 9, 2017, for the community to give their input on the Presidents Day flood.

She reported to the Board that Mr. Marc Klemencic, retired Chief Operating Officer, Watersheds, had been retained as a consultant to assist in a post event review of responses and to identify opportunities for improvement.

Ms. Angela Cheung, Deputy Operating Officer, reported on the March 7, 2017 Rinconada Water Treatment Plant shutdown, the March 12, 2017 inspection of the Santa Clara Tunnel; and recent power outages at the Rinconada and Santa Teresa Water Treatment Plants, and the Silicon Valley Advanced Water Purification Center.

Mr. Garth Hall, Deputy Operating Officer, reported on state and federal water projects allocations; and on Coyote Reservoir spillway inspection and repair efforts.

Chairperson Varela returned the agenda to Item 2.6.

2.6. Chief Executive Officer and General Manager Search Update.

Recommendation: Receive Stakeholder and Community Input and Direct the Consultant as Appropriate.

Ms. Shelley Fust, Korn Ferry, reviewed the information on this item, per the attached Board Agenda Memo and the presentation materials contained in Attachment 1.

Mr. Muirhead expressed dissatisfaction with efforts to obtain community input.

The Board requested that Korn Ferry plan opportunities to collect community input, and bring the item back to the Board at a future date.

2.7 Safe, Clean Water and Natural Flood Protection Program Independent Monitoring Committee's Third Annual Report for Fiscal Year 2015-2016.

Recommendation: A. Receive the Safe, Clean Water and Natural Flood Protection Program Independent Monitoring Committee's Third Annual Report for Fiscal Year 2015-2016; and
B. Provide direction to staff as appropriate.

Ms. Kathleen Sutherland, Safe, Clean Water and Natural Flood Protection Program Independent Monitoring Committee Chairperson, reviewed the information on this item, per the attached Board Agenda Memo.

The Board noted the information without formal action.

3. CONSENT CALENDAR:

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

3.1. Adopt Plans and Specifications and Authorize Advertisement for Bids for Construction of the Permanente Creek Flood Protection Project - Permanente Creek Channel Improvements, Project No. 26244001, Contract No. C0625 (Mountain View, Los Altos) (District 5).

Recommendation: A. Adopt the plans and specifications and authorize advertisement for bids for the construction of the Permanente Creek Flood Protection Project - Permanente Creek Channel Improvements (Project) per the Notice to Bidders; and
B. Authorize the Designated Engineer to issue addenda, as necessary, during bidding.

3.2. Claim of Donald Bean.

Recommendation: Deny the claim of Donald Bean.

3.3. CEO Bulletins for the Week of February 10-16, and 17-23, 2017.

Recommendation: Accept the CEO Bulletins.

Motion: Approve Consent Calendar Item 3.1 through 3.3 under one motion, as follows: Adopt the plans and specifications and advertisement for bids, and authorize the Designated Engineer to issue addendum, as contained in Item 3.1; Deny the claim of Donald Bean, as contained in Item 3.2; and accept the CEO Bulletins, as contained in Item 3.3.

Move to Approve: Nai Hsueh
Second: Tony Estremera

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

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. Board's Annual Self-Assessment of its Performance for 2016.

Recommendation: A. Conduct a Board self-assessment based on 2016 performance results; and
B. Share 2016 Annual Board Performance Report broadly with stakeholders, such as, customers, Board Committees, community groups, and employees, among others.

The Board noted the information without formal action.

4.2. Fiscal Year 2017 Board Policy Planning and Performance Monitoring Calendar.

Recommendation: Review and revise the Fiscal Year 2017 Board Policy Planning and Performance Monitoring Calendar.

Ms. Michele King, Clerk/Board of Directors, reviewed the information on this item, per the attached Board Agenda Memo.

The Board noted the information without formal action.

4.3. Board Committee Reports.

Director Kremen reported that he, Chairperson Varela and Director Santos attended a Pacheco Exploratory Ad Hoc Committee Meeting with the San Benito Water District and the Pacheco Pass Water District and there was an inquiry as to whether action could be taken on an agreement between the District, San Benito Water District and Pacheco Pass Water District.

Mr. Yamamoto instructed the Board that it could be discussed when the item is placed on a future agenda.

Director Hsueh reported that the Capital Improvement Program (CIP) Ad Hoc Committee would return to the Board in March with recommendations to change the Committee's status from an ad hoc to a standing committee, and to expand its purpose statement.

5. WATER UTILITY ENTERPRISE:

- 5.1. Amendment No. 2 to Agreement No. A3675A with GEI Consultants, Inc., for Planning and Environmental Consultant Services for a Not-To-Exceed Fee of \$1,316,011, Resulting in a Total Not-To-Exceed Fee of \$6,219,841, and Extend the Agreement Term for Calero and Guadalupe Dams Seismic Retrofits Project, Project No. 91084020 (San Jose) (District 1).

Recommendation: Approve Amendment No. 2 to Agreement No. A3675A with GEI Consultants, Inc., for Planning and Environmental Consultant Services for Calero and Guadalupe Dams Seismic Retrofits Project, for a not-to-exceed fee of \$1,316,011, resulting in a total not-to-exceed fee of \$6,219,841, and extend the Agreement term.

Mr. Bal Ganjoo, Senior Project Manager, reviewed the information on this item, per the attached Board Agenda Memo.

Director Keegan requested that staff include consideration of flood management measures in the Anderson Dam Seismic Retrofit Project and in future dam retrofit projects, along with a benefits analysis (Board Member Request R-17-0008).

The Board directed the CIP Ad Hoc Committee to review recent capital project consultant agreements against the independent audit or report provided by Navigant on March 10, 2015, to determine if the recommendations had been implemented.

- 5.2. Budget Adjustment in the amount of \$750,000 to the Fiscal Year 2017 Anderson Dam Seismic Retrofit Project, Project No. 91864005; Amendment No. 6 to Consultant Agreement No. A3555A with Black & Veatch for Project Management Services for a not-to-exceed fee of \$7,539,795; and Amendment No. 3 to Consultant Agreement No. A3578A with HDR, Inc. for Planning/Environmental Services for a not-to-exceed fee of \$561,000 (Morgan Hill) (District 1).

- Recommendation:
- A. Approve a Budget Adjustment of \$750,000 from the Pacheco/Santa Clara Conduit Right of Way Acquisition Project (Project No. 92144001) to the Anderson Dam Seismic Retrofit Project (Project No. 91864005) to fund expenditures for Fiscal Year 2017 (FY17) Project budget;
 - B. Approve Amendment No. 6 to Agreement No. A3555A with Black & Veatch Corporation for Project Management Services for a not-to-exceed fee of \$7,539,795, resulting in a total not-to-exceed fee of \$16,558,637, and retroactively extend the Agreement term; and
 - C. Approve Amendment No. 3 to Agreement No. A3578A with HDR, Inc. for Planning/Environmental Services for a not-to-exceed fee of \$561,000, resulting in a total not-to-exceed fee of \$5,557,091, and retroactively extend the Agreement term.

Mr. Hemang Desai, Dam Safety Program Manager, reviewed the information on this item, per the attached Board Agenda Memo.

The Board requested that staff thoroughly review the consultant agreement amendment process, with assistance from the CIP Ad Hoc Committee, and bring recommendations back to the Board for further consideration.

Director Kremen requested that staff review contracts in the past 12 months and come back with a report that identifies where staff had authorized work on expired contracts or agreements (Board Member Request R-17-0007).

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

5.3. Consultant Contract to Stantec Consulting Services, Inc. for Pacheco Reservoir Proposition 1 Application Study.

- Recommendation:
- A. Discuss the outcomes of the February 23, 2017 meeting of the Pacheco Reservoir Exploratory Ad Hoc Committee with board members of San Benito County Water District and Pacheco Pass Water District; and
 - B. Authorize the Interim CEO to execute a single source agreement for up to \$900,000 with Stantec Consulting Services, Inc. to prepare a Proposition 1 funding application for Pacheco Reservoir expansion.

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

7. CHIEF EXECUTIVE OFFICER:

7.1. Annual Diversity and Inclusion Program Report.

Recommendation: Receive information about programs, events and initiatives that support and develop a diverse and inclusive work environment at the District.

Ms. Susan Stanton, Chief Operating Officer, Administrative Services, and Ms. Salem Baqleh, Program Administrator, reviewed the information on this item, per the attached Board Agenda Memo.

Mr. Bassam Kassab, Senior Water Resources Specialist, and Ms. Liz Bettencourt, Employee Association President, expressed appreciation for Board and executive level support of the Diversity and Inclusion Program.

The Board accepted the report and directed staff to come back with regular diversity and inclusion reports.

7.2. Recommended Position on Federal Legislation: HR 448 (Huffman) Water Conservation Rebate Tax Parity Act.

Recommendation: Adopt a position of "Support" on: HR 448 (Huffman) Water Conservation Rebate Tax Parity Act.?

Mr. Callender reviewed the information on this item, per the attached Board Agenda Memo.

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

8. ADMINISTRATION:

8.1. Reporting Structure of the Office of Ethics and Corporate Governance.

- Recommendation:
- A. Receive the Ethics Office Evaluation Benchmarking Report (Ethics Report) and the summary of recommendations; and
 - B. Receive information regarding proposed changes to the Ethics Office structure.

Mr. Anil Comelo, Deputy Administrative Officer, reviewed the information on this item, per the attached Board Agenda Memo.

Ms. Bettencourt expressed support for monitoring and tracking Form 700's; identifying those who must file; having the Form 700 function report to District Counsel's office; hiring an independent consultant to audit and investigate complaints; and having an administrative policy for Board review.

The Board accepted the report and directed staff to establish a Form 700 monitoring process to make sure that work is not being assigned to those who have a conflict of interest and come back to the Board with periodic updates.

Chairperson Varela returned the agenda to Item 6.1.

6. WATERSHEDS:

6.1. Review and Authorize Distribution of the District's Draft Fiscal Years 2018-22 Capital Improvement Program (CIP).

- Recommendation:
- Review the Draft Fiscal Years 2018-22 CIP and authorize release of the document to all cities in Santa Clara County (SCC) and the County of Santa Clara for review as to its consistency with their General Plans.

Mr. Ngoc Nguyen, Interim Deputy Operating Officer, reviewed the information on this item, per the attached Board Agenda Memo.

Chairperson Varela directed staff to obtain federal assistance for, and ensure that Coyote Creek flood protection projects are included in the CIP.

- Motion:
- Authorize release of the document to all cities in Santa Clara County (SCC) and the County of Santa Clara for review as to its consistency with their General Plans and gave direction to staff and the CIP Ad Hoc Committee to pursue federal assistance for Coyote Creek residents.

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

9. DISTRICT COUNSEL:

None.

10. ADJOURN:

10.1. Board Member Reports/Announcements.

Director Keegan reported visiting the Williams Street Park area, and participated in a flood cleanup event.

Director LeZotte reported attending various staff meetings, a CIP Ad Hoc Committee Meeting, and a Santa Clara County Recycling and Waste Reduction Commission Meeting.

Director Santos reported attending a La Raza Roundtable Meeting, a Water Conservation and Demand Management Committee Meeting, the Pacheco Reservoir Exploratory Ad Hoc Committee Meeting with San Benito County and Pacheco Pass Water Districts, and the Santa Clara County Emergency Operations Council Session - Elected Official's Role in Disasters.

Chairperson Varela reported attending the aforementioned Santa Clara County Emergency Operations Council Session - Elected Official's Role in Disasters, and Pacheco Reservoir Exploratory Ad Hoc Committee Meeting with San Benito County and Pacheco Pass Water Districts; the Celebrate Morgan Hill Chambers of Commerce event, and a Coyote Creek flood site visit with San Jose Conservation Corps.

Director Estremera reported attending various staff meetings, a Successor Agency to the City of San Jose Redevelopment Agency Meeting, and the aforementioned La Raza Roundtable and CIP Ad Hoc Committee meetings.

Director Hsueh reported attending the aforementioned CIP Ad Hoc Committee and Water Conservation and Demand Management Committee meetings; and a Rinconada Reliability Improvement Project Public Meeting.

Director Kremen reported attending a briefing for San Luis Delta Mendota Water Authority, a Mountain View Community Meeting, various staff meetings, and the aforementioned Pacheco Reservoir Exploratory Ad Hoc Committee Meeting with San Benito County and Pacheco Pass Water Districts.

10.2. Clerk Review and Clarification of Board Requests.

Ms. King read the new Board Member Requests into the record.

10.3. Adjourn to 12:00 p.m. Closed Session and 1:00 p.m. Regular Meeting, on March 14, 2017, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

The Board noted that since publication of the agenda, a Special Closed Session Meeting, at 1:30 p.m. on March 1, 2017, had been scheduled.

Chairperson Varela adjourned the meeting at 10:00 p.m. to the Special Closed Session Meeting at 1:30 p.m., on March 1, 2017 at District Headquarters Building Boardroom, 5700 Almaden Expressway, San Joe, California.

Michele L. King, CMC
Clerk/Board of Directors

Approved:

Date:



BOARD OF DIRECTORS MEETING

MINUTES

**SPECIAL CLOSED SESSION MEETING
WEDNESDAY, MARCH 1, 2017
1:30 PM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A Special Closed Session meeting of the Santa Clara Valley Water District Board of Directors was called to order in the District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California, at 1:30 p.m.

1.1. Roll Call.

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

Director Kremen joined the meeting by teleconference, as noted below.

Staff members in attendance were S. Yamamoto, District Counsel, and M. King, Clerk/Board of Directors.

1.2. Pledge of Allegiance/National Anthem.

Chairperson Varela led all present in reciting the Pledge of Allegiance.

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

Chairperson Varela declared time open for public comment on any item not on the agenda. There was no one present who wished to speak.

2. TIME CERTAIN:

1:30 PM

2.1. CLOSED SESSION
PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Pursuant to Government Code Section 54957(b)(1)
Title: District Counsel

Chairperson Varela announced that the Board would adjourn to Closed Session for consideration of Item 2.1.

Director Kremen joined the meeting by teleconference.

Upon conclusion of Closed Session, Director Kremen concluded his participation.

Upon return to Open Session, the same Board members, excluding Director Kremen, and staff were present.

2.2. District Counsel Report.

Mr. Stan Yamamoto, District Counsel, reported that the Board met in Closed Session for discussion on Item 2.1, and gave direction to staff.

3. ADJOURN:

3.1. Adjourn to 12:00 p.m. Closed Session and 1:00 p.m. Regular Meeting, on Tuesday March 14, 2017, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Chairperson Varela adjourned the meeting at 2:50 p.m., to the 12:00 p.m. Closed Session and 1:00 p.m. Regular Meeting, on Tuesday, March 14, 2017, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Michele L. King, CMC
Clerk/Board of Directors

Approved:

Date:



BOARD OF DIRECTORS MEETING

MINUTES

**CLOSED SESSION AND REGULAR MEETING
TUESDAY, MARCH 14, 2017
12:00 PM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A Closed Session and Regular Meeting of the Santa Clara Valley Water District Board of Directors was called to order in the District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California, at 12:00 p.m.

1.1. Roll Call.

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

Staff members in attendance were N. Camacho, Interim Chief Executive Officer (Interim CEO), S. Yamamoto, District Counsel, M. King, Clerk/Board of Directors, R. Callender, A. Cheung, C. Elias, J. Fiedler, A. Fulcher, V. Gin, G. Hall, B. Hopper, N. Nguyen, K. Oven, M. Richardson, S. Stanton, D. Taylor, and S. Tippetts.

Chairperson Varela announced that the Board would adjourn to Closed Session for consideration of Item 2.1.

2. TIME CERTAIN:

12:00 PM

2.1. CLOSED SESSION

CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code Section 54957.6(a):

Agency Designated Representatives: Norma Camacho, Susan Stanton, Anil Comelo, Michael Baratz, and Laura Harbert

Employee Organizations: Employees Association, Engineers Society, Professional Managers Association

1:00 PM

Upon return to Open Session, the same Board members, and staff were present.

2.2. District Counsel Report.

Mr. Brian Hopper, Assistant District Counsel, reported that the Board met in Closed Session with all members present, and took no reportable action.

2.3. Pledge of Allegiance/National Anthem.

Chairperson Varela led all present in reciting the Pledge of Allegiance.

2.4. Orders of the Day.

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

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

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

Mr. Tony Mercado, Public Information Representative II, presented Director Estremera with a commemorative plaque, to be hung at the Silicon Valley Advanced Water Purification Center, recognizing the Board's contributions and acknowledging Director Estremera's role in advancing its completion.

2.6. Resolution of the Board of Directors of the Santa Clara Valley Water District Authorizing the Issuance of Not To Exceed \$65 Million Water System Refunding Revenue Bonds, Series 2017A, Approving the Execution and Delivery of Certain Documents and Authorizing Certain Acts In Connection Therewith.

- Recommendation:
- A. Adopt a RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARA VALLEY WATER DISTRICT AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$65,000,000 WATER SYSTEM REFUNDING REVENUE BONDS, SERIES 2017A, APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTS IN CONNECTION THEREWITH;
 - B. Authorize and direct the Interim Chief Executive Officer, Chief Operating Officer-Administration, Chief Financial Officer, Treasury/Debt Officer, District Counsel, and the Clerk of the Board of Directors and such other officers and staff of the District, acting singly, to do any and all things and to execute and deliver any and all documents which such officers may deem necessary or advisable in

order to consummate the sale and delivery of the Refunding Revenue Bonds; and

- C. Approve the suspension of Wells Fargo Bank from the District's Negotiated Sale Underwriter Pool through September 27, 2017.

Ms. Charlene Sun, Treasury and Debt Manager, reviewed the information on this item, per the attached Board Agenda Memorandum.

Motion: Adopt Resolution No. 17-11, RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARA VALLEY WATER DISTRICT AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$65,000,000 WATER SYSTEM REFUNDING REVENUE BONDS, SERIES 2017A, APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTS IN CONNECTION THEREWITH.

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

3. CONSENT CALENDAR:

The Board considered Consent Calendar Items 3.1 through 3.6, under one motion.

- 3.1. Resolution Authorizing Conveyance of Real Property with PREG Western Tropicana on Permanente Creek at W. El Camino Real (Mountain View) (District 7).

- Recommendation:
- A. Adopt the Resolution APPROVING THE EXCHANGE OF REAL PROPERTY WITH PREG WESTERN TROPICANA;
 - B. Authorize the Interim Chief Executive Officer to execute the Real Property Easement Exchange Agreement With PREG Western Tropicana for the exchange of real property over the Permanente Creek box culvert pursuant to Section 31 of the District Act; and
 - C. Authorize the Interim Chief Executive Officer to execute and deliver the Quitclaim Deed to PREG Western Tropicana (Real Estate File 1024-1.3) and

accept in exchange the new Easement Deed from PREG Western Tropicana (Real Estate File 1024-170).

3.2. Resolution Declaring March 21-28, 2017, as a Week of Public Service in Honor of César Chávez.

- Recommendation:
- A. Recognize and observe March 21-28, 2017, as a week of public service in honor of Cesar Chavez; and
 - B. Adopt the resolution DECLARING MARCH 21-28, 2017, AS A WEEK OF PUBLIC SERVICE IN HONOR OF CESAR CHAVEZ.

3.3. Board of Directors' Quarterly Expense Report for the Quarter Ending December 31, 2016.

- Recommendation:
- A. Review the Board of Directors' Quarterly Expense Report for the Quarter Ending December 31, 2016; and
 - B. Approve the report, if the reimbursements comply with Board Policy.

3.4. Reduction of Construction Contract Retention for the Lower Silver Creek Flood Protection and Creek Restoration Project, Reach 6B, Robert A. Bothman, Inc., Contractor, Project No. 40264008, Contract No. C0594 (San Jose) (District 6).

- Recommendation:
- Authorize reducing the current construction contract retention of ten percent (10%) to five percent (5%), consistent with the minimum amount required by the California Public Contract Code.

3.5. CEO Bulletins for the Weeks of February 24 Through March 2, and March 3-9, 2017.

- Recommendation:
- Accept the CEO Bulletins.

3.6. Approval of Minutes.

- Recommendation:
- Approve the minutes.

Motion:

Approve Consent Calendar Items 3.1 through 3.6, under one motion, as follows: adopt Resolution No. 17-12, APPROVING THE EXCHANGE OF REAL PROPERTY WITH PREG WESTERN TROPICANA, by roll call vote, authorize Interim CEO to execute the Real Property Easement Exchange Agreement, and execute and deliver the Quitclaim Deed to PREG Western Tropicana (Real Estate File 1024-1.3) and accept in exchange the new

Easement Deed from PREG Western Tropicana (Real Estate File 1024-170), as contained in Item 3.1; adopt Resolution No. 17-13, DECLARING MARCH 21-28, 2017, AS A WEEK OF PUBLIC SERVICE IN HONOR OF CESAR CHAVEZ, by roll call vote, as contained in Item 3.2; approve Board of Directors' Quarterly Expense Report for the Quarter Ending December 31, 2016, as contained in Item 3.3; authorize reduction of Construction Contract Retention for the Lower Silver Creek Flood Protection and Creek Restoration Project of ten percent (10%) to five percent (5%), consistent with the minimum amount required by the California Public Contract Code, as contained in Item 3.4; accept the CEO Bulletins, as contained in Item 3.5; and approve the minutes, as contained in Item 3.6.

Move to Approve:	Richard Santos
Second:	Linda J. LeZotte
Yeas:	Tony Estremera, Gary Kremen, Linda J. LeZotte, Barbara Keegan, Richard Santos, John L. Varela, Nai Hsueh
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. Recommendation from the Pacheco Reservoir Exploratory Ad Hoc Committee to Authorize the Interim CEO to execute the Principles of Agreement - Submittal of Proposition 1 Application and Joint Investigation of Pacheco Reservoir Expansion.

Recommendation: The Pacheco Reservoir Exploratory Ad Hoc Committee recommends that the Board authorize the Interim CEO to execute the Principles of Agreement - Submittal of Proposition 1 Application and Joint Investigation of Pacheco Reservoir Expansion

Mr. Garth Hall, Deputy Operating Officer, reviewed the information on this item, per the attached Board Agenda Memorandum.

Mr. Michael Frost, San Jose resident, expressed concern regarding the long-term costs of dams.

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

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

4.2. Board Committee Reports.

Director Hsueh reported on a recent Board Policy and Planning Committee meeting and requested that staff revise the Board approved Fiscal Year 2018 budget message to include the Coyote Creek Flood event, to ensure enough funds for staff hours and enacting identified process improvements (Board Member Request R-17-0010).

5. WATER UTILITY ENTERPRISE:

5.1. Review and Confirm Proposed Principles Related to California WaterFix.

Recommendation:	A.	Review and confirm proposed Principles related to the California WaterFix; and
	B.	Receive and discuss updated information on the California WaterFix.

Ms. Cindy Kao, Imported Water Manager, reviewed the information on this item, per the attached Board Agenda Memorandum and presented the information contained in Attachment 6, Slides 1-9.

Mr. Frost, expressed opposition to the California WaterFix.

Mr. Doug Muirhead, Morgan Hill resident, expressed concerns regarding the expense of imported water over recycled water if the allocation of imported water is zero.

The Board noted the information without formal action.

5.2. Sites Project Authority's Amended and Restated Phase 1 Reservoir Project Agreement.

Recommendation:	Authorize the CEO to execute the Sites Project Authority's Amended and Restated Phase 1 Reservoir Project Agreement and to pay the Sites Joint Power Authority \$913,146 towards the current phase of the Sites Reservoir Project expenditures.
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Ms. Kao, reviewed the information on this item, per the attached Board Agenda Memorandum and presented the information contained in Attachment 10, Slides 1-10.

Mr. Jim Watson, Sites Joint Power Authority, addressed the Board regarding the repayment costs per acre feet.

Mr. Frost, expressed opposition to the Sites reservoir.

Motion: Direct staff to investigate opportunities to collaborate with other South of Delta users regarding Sites Reservoir.

Move to Authorize: Gary Kremen
Second: Richard Santos
Yeas: None
Nays: None
Abstains: None
Absent: None
Summary: 0 Yeas; 0 Nays; 0 Abstains; 0 Absent.

The motion and second were withdrawn.

The Chairperson called for reconsideration of the original recommendation.

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

6. WATERSHEDS:

6.1. Staff Response to Independent Monitoring Committee (IMC) Report on Safe, Clean Water and Natural Flood Protection Program Year 3 Annual Report for Fiscal Year 2015-2016.

- Recommendation: A. Accept Staff Response to IMC Report on Safe, Clean Water and Natural Flood Protection Program Year 3 Annual Report for Fiscal Year 2015-2016; and
- B. Provide additional direction as necessary.

Ms. Jessica Collins, Senior Management Analyst, reviewed the information on this item, per the attached Board Agenda Memorandum.

Move to Accept: Barbara Keegan
Second: Nai Hsueh

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

6.2. Safe, Clean Water and Natural Flood Protection Program (SCW) Priority D - Project D3 (Grants and Partnerships to Restore Wildlife Habitat and Provide Access to Trails) Mini-Grant Pilot Program.

- Recommendation: A. Approve the proposed Priority D - Project D3 Mini-Grant Pilot Program components listed below; including; and
- i. Mini-Grant Minimum Requirements and Evaluation Criteria;
 - ii. Submittal, Selection and Award Process;
 - iii. Application Form;
 - iv. Evaluation Score Sheet; and
 - v. Outreach Plan.
- B. Authorize the District to implement the Priority D3 Mini-Grant Pilot Program through June 30, 2018 or until the \$200,000 in funding is awarded (whichever occurs first); at which time staff will evaluate the program's success and present to the Board a recommendation for its continuation or termination.

Ms. Jessica Collins, Senior Management Analyst, reviewed the information on this item, per the attached Board Agenda Memorandum.

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

7. CHIEF EXECUTIVE OFFICER:

- 7.1. Recommended Position on State Legislation: SB 492 (Beall) Upper Guadalupe and Los Gatos Creek Watersheds.

Recommendation: Adopt a position of "Support" on: SB 492 (Beall) Upper Guadalupe and Los Gatos Creek Watersheds.

Ms. Rachael Gibson, Program Administrator, reviewed the information on this item, per the attached Board Agenda Memorandum.

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

- 7.2. Chief Executive Officer Report.

- 7.2A. Storm Report Update (March 1, 2017 Through March 14, 2017) - Receive and Discuss Current Storm Report Information.

Mr. Hall updated the Board regarding damage to the gates of the Clifton Court Forebay, on the State Water Project.

Ms. Melanie Richardson, Deputy Operating Officer, distributed the attached Storm Report identified as Handout 7.2-A herein. Copies of the Handout were distributed to the Board and made available to the public.

8. ADMINISTRATION:

None.

9. DISTRICT COUNSEL:

None.

10. ADJOURN:

- 10.1. Board Member Reports/Announcements.

Director Hsueh reported attending a Board Policy and Planning, Special Capital Improvement Program (CIP), and Landscape Committee meetings.

Chairperson Varela reported attending the aforementioned Board Policy and Planning Committee meeting, a Joint Venture Meeting, a Santa Clara County Farm Bureau meeting, a Briefing and Tour of Flood-Impacted Areas with Federal

Representatives, a Conference Call Briefing for San Luis Delta Mendota Water Authority Monthly Board Meeting, a San Luis Delta Mendota Water Authority (SLDMWA) Board Meeting, a Pajaro River Watershed Flood Protection Authority Board Meeting, and an Upper Penitencia Creek Landscape Concepts Workshop meeting.

Director Santos reported attending the aforementioned SLDMWA, and Pajaro River Watershed Flood Protection Authority Board Meetings.

Director LeZotte reported attending a Santa Clara County Special Districts Association meeting, and the aforementioned Special CIP Committee meeting.

Director Keegan reported attending the aforementioned Board Policy and Planning Committee and, Briefing and Tour of Flood-Impacted Areas with Federal Representatives meetings, a San Jose State University Class Presentation, a North Willow Glen Neighborhood Association meeting, and a Briefing for Save the Trails Annual meeting.

Director Estremera reported attending the aforementioned Santa Clara County Special Districts Association, and Special CIP Committee meetings, and a Senter Monterey Neighborhood Association meeting.

10.2. Clerk Review and Clarification of Board Requests.

Ms. Michele King, District Clerk/Board of Directors, read the new Board member requests into the record.

10.3. Adjourn to the 9:00 a.m. Special Meeting on March 23, 2017, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Chairperson Varela adjourned the meeting at 2:45 p.m., to the Special Meeting at 9:00 a.m., on March 23, 2017, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Michele L. King, CMC
Clerk/Board of Directors

Approved:

Date: April 11, 2017



BOARD OF DIRECTORS MEETING

MINUTES

**SPECIAL MEETING
THURSDAY, MARCH 23, 2017
9:15 AM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

1.1. Roll Call.

Board members in attendance were Linda J. LeZotte, Richard Santos, John L. Varela, and Nai Hsueh, constituting a quorum of the Board.

Directors Estremera, Keegan. and Kremen were excused from attending.

Staff members in attendance were N. Camacho, Interim Chief Executive Officer (Interim CEO), Clerk/Board of Directors, A. Cheung, J. Fiedler, C. Hakes, G. Hall, L. Orta, K. Oven, S. Stanton, and S. Tikekar. Senior Assistant District Counsel L. Orta represented District Counsel S. Yamamoto, and Deputy Operating Officer S. Tippetts represented Chief Operating Officer, Watersheds, M. Richardson.

1.2. Pledge of Allegiance/National Anthem.

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

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

Chairperson Varela declared time open for public comment on any item not on the agenda. There was no one present who wished to speak.

2. TIME CERTAIN:

9:00 AM

2.1. District's Capital Improvement Program Fiscal Year 2016-17 Progress Report for Water Supply and Information Technology Capital Projects.

- Recommendation:
- A. Receive information from staff on the FY2016-17 Capital Improvement Program (CIP) progress reports for key Water Supply and Information Technology Capital Projects; and
 - B. Approve adjustments to the Safe, Clean Water and Natural Flood Protection Program (SCW Program) schedules for two Water Supply projects.

Ms. Katherine Oven, Deputy Operating Officer, reviewed the information on this item, per the attached Board Agenda Memorandum, and provided a brief report on the March 22, 2017, community meeting held in Morgan Hill, on the Anderson Dam Seismic Retrofit Project.

The presentation materials contained in Attachment 1 were reviewed by staff as follows: Mr. Michael Mooers, Associate Civil Engineer, reviewed Slides 1 and 2; Mr. Bal Ganjoo, Senior Project Manager, reviewed Slides 3 and 4; Mr. Victor Gutierrez, Associate Civil Engineer, reviewed Slide 5; Mr. Steven Wu, Senior Engineer, reviewed Slide 6; Mr. Jim Crowley, Utility Maintenance Engineering Manager, reviewed Slide 7; Mr. Karl Neuman, Associate Civil Engineer, reviewed Slide 8; Mr. Joel Jenkins, Senior Engineer, reviewed Slide 9; Mr. Todd Inman, Senior Engineer, reviewed Slide 10; Ms. Debra Butler, Senior Project Manager, reviewed Slide 11; and Mr. Mike Munson, Capital Engineering Manager, reviewed Slide 12.

Director Santos momentarily stepped out of the meeting and returned as noted below.

Chairperson Varela declared a brief recess, noting that a quorum of the Board was no longer present.

Director Santos returned, reestablishing a quorum, and Chairperson Varela called the meeting back to order.

Ms. Jessica Collins, Senior Management Analyst, reviewed Slide 13.

Motion: Approve adjustments to the Safe, Clean Water and Natural Flood Protection Program (SCW Program) schedules for two Water Supply projects, as contained in Attachment 1, Slide 13.

Move to Approve: Nai Hsueh
Second: Linda J. LeZotte

Yeas: Linda J. LeZotte, Richard Santos, John L. Varela,
Nai Hsueh

Nays: None

Abstains: None

Recuses: None

Absent: Tony Estremera, Gary Kremen, Barbara Keegan

Summary: 4 Yeas; 0 Nays; 0 Abstains; 3 Absent.

Ms. Fang Lu, Senior Project Manager, reviewed Slide 14, and confirmed that the Total Estimated Cost shown on Slide 14 as \$16.3 million, should be revised to read \$18.3 million.

Mr. Doug Muirhead, Morgan Hill resident, reported attending the aforementioned Anderson Reservoir Seismic Retrofit Project Community Meeting in Morgan Hill, and requested the Board provide the public with more information on their conversations with regulatory agencies, and issues and challenges associated with regulatory processes, in future conversations. He expressed support for including a construction timeline in future Capital Program Project Status presentations, consistent with Director Hsueh's request, and requested information on whether the Main and Madrone Pipeline Restoration Projects would impact recharge to adjacent percolation ponds, or impact public access to adjacent maintenance roads.

3. ADJOURN:

3.1. Clerk Review and Clarification of Board Requests.

Ms. Michele King, Clerk/Board of Directors, confirmed that there were no new Board Member Requests resulting from the meeting.

3.2. Adjourn to Special Meeting at 11:30 a.m., on March 27, 2017, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Chairperson Varela adjourned the meeting at 10:30 a.m., to the 11:30 a.m. Special Meeting on March 27, 2017, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Michele L. King, CMC
Clerk/Board of Directors

Approved:

Date: April 11, 2017

**Santa Clara Valley Water District
Special Board Meeting
District's Capital Improvement Program (CIP) Fiscal Year 2016-17 Progress Report
for Water Supply and Information Technology Capital Projects**

March 23, 2016

FLIP CHART NOTES

Board Discussion

- Interest in the Anderson Dam Seismic Retrofit Project is county-wide and significant. Communication and outreach that assures community project schedule and funding concerns is important. (L. LeZotte)
- Staff is to include a construction activity timeline in future CIP Capital Projects Status presentations. (L. LeZotte)
- Staff is to seek out opportunities to highlight the innovative nature of the flexible pipeline installation, associated with the Penitencia Delivery Main/Force Main Seismic Retrofit Project, including developing a press release. (J. Varela)
- Staff is to include in future Information Technology Capital Project presentations, information on vendor selection justification, including cost options, alternative scenarios, and information on other agencies utilizing recommended software vendors and programs. (J. Varela)
- Staff is to pursue the attendance of U.S. Army Corps of Engineers (USACE) South Pacific Division Commander, Colonel Pet Helmlinger when the Board considers updates on USACE partnership projects during the April 11, 2017, regular meeting. (J. Varela)

File No.: 17-0146

Agenda Date: 4/11/2017

Item No.: *4.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Recommendation Regarding District-Owned Residential Rental Properties, Following District Outreach and Analysis.

RECOMMENDATION:

- A. Approve making no change to the District's current property management practices in regards to residential rental properties (in accordance with Resolution 09-78) , based upon the outreach and analysis provided by staff in response to the Board's November 22, 2016 request regarding the use of District-owned residential rental properties;
- B. Approve utilizing a portion of net rental income from properties purchased through Watersheds (Fund 12) to fund the homeless encampment cleanup project and for development of a pilot program that focuses on the impacts of homeless encampments in each city where the net rental income is being utilized, with transference or reallocation to begin in Fiscal Year 2020;
 - i. Up to ninety (90) percent of each FY's net rental income will be utilized to fund the Safe, Clean Water and Natural Flood Protection Program Encampment Cleanup Project (SCW Project B4) through FY 2028;
 - ii. Up to 10 percent of each FY's net rental income will be utilized to develop a pilot program to help address waterway and stream stewardship impacts of homeless encampments in each city with Fund 12 District-owned residential rental properties, which will be implemented through FY 2021, at which time staff will assess the pilot program and return to the Board with a recommendation on whether to continue its implementation; and
- C. Direct the Capital Improvement Program (CIP) Ad-Hoc Committee to review Recommendation B's proposed transfer from Fund 12 to Fund 26 for SCW Project B4 and the use of those Fund 12 funds for the pilot program to help address waterway and stream stewardship impacts of homelessness in light of other Fund 12 capital project funding needs; and return to the Board with a recommended annual transfer amount into SCW Project B4 to be implemented from FY 2020 to FY 2028 and for the pilot program from FY 2020 to FY 2021.

SUMMARY:

On November 22, 2016, District staff presented the Homeless Encampment Ad Hoc Committee's (HEAHC) Recommendations for Board Action. The HEAHC presented the following

recommendations for the Board's consideration:

- A. When District-owned residential rental properties become available and are deemed suitable by the District and applicable city, the Santa Clara County (County) Office of Supportive Housing will be contacted to be given first opportunity to see if the properties will be conducive to provide housing for the homeless;
- B. If Recommendation A is approved, adopt the Resolution RESCINDING RESOLUTION 09-78 AND ADOPTING A PROCEDURE TO LEASE DISTRICT REAL PROPERTY AND COMMENCE UNLAWFUL DETAINER ACTIONS that will provide exceptions to the guidelines requiring residential rental properties be advertised in a competitive manner and be leased on a month-to-month basis only;
- C. Declare certain District lands as surplus, and make them available for sale to the County and other municipalities to support the development of permanent housing, including the County's Pay for Success programs, which prioritizes providing shelter for homeless persons in the County. These are in addition to the four parcels the Board declared surplus at the September 27, 2016 Board meeting; and
- D. Authorize the Interim Chief Executive Officer to negotiate and come back to the Board with a cost-share partnership with the City of San José and Downtown Streets Team to remove trash and other debris in homeless encampments and to conduct outreach of the homeless along local creeks.

The Board approved a motion to "Approve Recommendations C and D and defer Recommendations A and B until after meeting with the Homeowners Association and the City of Mountain View, review of Measure V, and bring back to the Board for consideration."

Types of District-owned Residential Rental Properties

Currently, there are two types of District-owned residential rental properties:

- 1. Properties that were purchased for projects; and
- 2. Properties that were purchased in lieu of projects.

The properties that were purchased for projects are slated for demolition, but are leased on a month-to-month basis until each respective project begins its construction phase.

The properties that were purchased in lieu of a flood protection project are not slated for demolition and are maintained and leased by the District through a property management company. At present, the only properties that were purchased in lieu of a project are the 19 residential properties located in the Waverly Park Community of Mountain View.

In Response to the Board's November 22, 2016 Motion

On November 28, 2016, the District Counsel's office provided the Board with a confidential attorney/client privileged memo on Measure V and other Local Rules Regarding the Leasing of Residential Properties. The recommendations presented herein for the Board's consideration do not conflict with the legal opinions provided in that memo.

On February 15, 2017, the District held a Community Meeting on Homelessness with the Mountain

View Waverly Park residents. Attendees of that meeting provided feedback regarding the use of the District-owned residential rental properties to house homeless.

Staff Analysis

District-owned residential properties that were purchased for projects

As referenced above, the properties that were purchased for projects are slated for demolition, but are leased on a month-to-month basis until each respective project begins its construction phase.

Except for one property, all remaining residential properties that were purchased for projects are currently scheduled for demolition in 2018 and 2019, as per engineering and funding source estimates. Each property is currently occupied. All tenants are provided with annual notices updating them on the planned construction schedule impacting their residence and an estimated timeframe for when they will be required to move.

Categorically, staff does not recommend use of these properties as housing solutions for the homeless due to the low probability that they will become available for a long enough period that would allow for their use as supportive housing.

District-owned residential properties that were purchased in lieu of projects

As referenced above, the only properties that were purchased in lieu of a project are the 19 residential properties located in the Waverly Park Community of Mountain View. To receive community feedback, staff held the February 15th Community Meeting on Homelessness.

While the public comments from the Waverly Park Community Meeting were varied, there were several that were related to logistical impediments to the use of these specific rental properties for housing homeless; such as, the proximity to public transportation and supportive services.

These logistical impediments align with factors that are taken into consideration when determining housing resources for homeless populations. As referenced on page 14 of the March 7, 2017 Mountain View City Council Report on Strategies to Assist the Homeless and Unstably Housed Residents (Attachment 2):

The “housing first” permanent supportive housing model, whereby permanent housing is infused with services such as case management, mental/physical health care, job skills/employment services, etc., is widely recognized as the most effective way of ending homelessness. It is also the housing strategy prioritized by the County and in its Community Plan to End Homelessness, which the City adopted on February 23, 2016.

Ideally, housing for the homeless is in areas with access to public transportation, services, jobs, and amenities.

City of Mountain View staff conducted mapping exercises to identify the areas in Mountain View that have the most amenities and the Waverly Park Community did not fall within the identified “amenity-rich” locations.

Based on the feedback we received from the community, the permanent supportive housing model, and the City of Mountain Views mapping exercise results showing that these properties do not fall within an “amenity-rich” location, staff does not recommend use of these properties as housing solutions for the homeless.

SCW Project B4 - Encampment Cleanup Project

As reported in the FY2016 SCW Annual Report, there continues to be an increasing demand for District resources to address encampment cleanups along local waterways from cities and the community. These additional requests have significantly impacted the project’s budget. This project does not have sufficient SCW funding allocated to accomplish the current level of demand for service beyond FY 2019.

To address this elevated level of demand and the overall issue of homelessness in the county, and to be able to continue to reduce trash and other pollutant loads that contaminate waterways and damage District facilities, staff recommends utilizing up to 90 percent of the net rental income from Watersheds Fund 12 District-owned residential rental properties to fund Project B4 between FY 2020 and FY 2028.

Additionally, staff’s Recommendation B addresses one of the draft findings of the Moss Adams SCW Independent Audit, reported to the Board as a non-agenda item on February 24, which recommends that the District should “consider seeking additional funding sources to ensure sufficient funding throughout the 15-year Safe, Clean Water Program because additional funds will be required to perform all the cleanups, which are vital for water quality.”

Pilot program to help address the impacts of homelessness

While the human, social, economic, and environmental effects of homelessness affect our entire county, each community can experience very different impacts and needs.

The pilot program to help address the impacts of homeless encampments in each city with Fund 12 District-owned residential rental properties would currently apply to the cities of Mountain View and San Jose. District staff proposes to work with representatives of each city to develop a pilot program addressing the impacts of homelessness in their city that align with the District’s water resources management, flood protection and stream stewardship authorities, and that go beyond encampment cleanups.

Staff recommends approving the development of such a pilot program funded by up to 10 percent of the net income from the Watersheds Fund 12 District-owned residential rental properties, to allow for the flexibility to test new and innovative approaches that align with the needs of each city wherein those properties are owned.

CIP Ad Hoc Committee Review

The CIP Ad Hoc Committee is currently scheduled to review the capital project funding needs and project prioritization for Funds 12 and 26 in May 2017. By including the use of the net income from the Watersheds Fund 12 District-owned residential rental properties to partially fund the SCW Project B4 Homeless Encampment Cleanups and the pilot program to help address the impacts of

homelessness, the CIP can assess the amounts that should be allocated while balancing the other demands on Fund 12.

As such, District staff recommends that the Board direct the CIP Ad-Hoc Committee to review Recommendation B's proposed transfer from Fund 12 to Fund 26 for SCW Project B4 and the use of those Fund 12 funds for the pilot program to help address waterway and stream stewardship impacts of homelessness in light of other Fund 12 capital project funding needs; and return to the Board with a recommended annual transfer amount into SCW Project B4 to be implemented from FY 2020 to FY 2028 and for the pilot program from FY 2020 to FY 2021.

FINANCIAL IMPACT:

Currently, there is no fiscal impact associated with this item. The fiscal impact will be analyzed by the CIP Ad-Hoc Committee, which will develop a recommendation for the annual transfer amount from Fund 12 (net rental income from the Watersheds residential rental properties) into Fund 26 (SCW Project B4) to be implemented from FY 2020 to FY 2028.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

Attachment 1: Resolution No. 09-78

Attachment 2: City of Mountain View Council Report

UNCLASSIFIED MANAGER:

Melanie Richardson, 408-630-2035

RESOLUTION NO. 09-78

PROCEDURE TO LEASE DISTRICT REAL PROPERTY AND COMMENCE UNLAWFUL DETAINER ACTIONS

WHEREAS, Section 31 of the District Act states that Board “shall be governed in the sale, lease, or other disposition of real property by the requirements of law governing that action by counties”;

WHEREAS, Section 31 further states that the Board by “resolution [may] prescribe a procedure for the leasing of real property owned by the district alternative to the requirements of law governing counties”; and

WHEREAS, the Board desires to adopt a resolution prescribing a procedure for leasing District residential and non-residential property that the District does not have an immediate need for, where such procedure is different than the requirements of law governing counties for leasing real property.

NOW THEREFORE, BE IT RESOLVED, that the Board adopts the following general procedure to enable the Chief Executive Officer (“CEO”) (or delegate) to lease District property that the District does not have a short-term need for:

When assessing whether to lease District non-residential property, the CEO (or delegate) must evaluate whether the District has a short-term need for the property. If there is not a short-term need for the property, the CEO (or delegate) may lease the property on behalf of the District subject to the following terms and conditions:

Leasing Non-Residential Properties

1. The property is not leased or rented (“Leased”) under a Joint Use Lease agreement with another public entity;
2. The term of the Lease must not conflict with the District’s future need for the property;
3. Leasing the property must not have a negative impact on streams, creeks, waterways, or other elements of the environment and District Environmental Planning staff provides written affirmation of California Environmental Quality Act Compliance;
4. The Lease agreement provides the District with a right to terminate non-residential Leases at its convenience after providing the tenant with at least 90 calendar days written notice;
5. The property is advertised in a manner that is reasonably competitive and is Leased at a fair market rate except in cases where a public purpose exists that justifies leasing the property at fair market value without advertising and all other Leasing Non-Residential Properties requirements of this resolution are met.

Examples of such cases may include:

- A. where the District property is landlocked (inaccessible from a public roadway) and there is only one directly adjacent prospective tenant (landowner or holder of

Procedure to Lease District Real Property and Commence Unlawful Detainer Actions

a verifiable written lease or rental agreement with a remaining term of at least five years), or

- B. where the District property is temporarily required for a District project or program for no more than two years by a District contractor, or

In cases alternate to 5 A and B, above, where it is unclear whether a public purpose may justify leasing District property at fair market value without advertising, staff will present the matter to the Board for clarification and or direction;

6. The District Board approves Lease agreements that have a lease value of more than \$5,000 per month;
7. The property must be accessible from a public roadway or from the proposed tenant's adjacent land;
8. The Lease agreement requires the tenant to indemnify and hold harmless the District, its directors, officers, agents, and employees arising out of tenant's use or possession of the property;
9. The Lease agreement requires the tenant to maintain comprehensive/commercial general liability insurance that is satisfactory to the District's risk manager;
10. If the property contains District administrative office building, pumping plant, or other building that is used for District purposes, it cannot be leased without the prior approval of the District's Board;
11. District staff inspects the property on an annual basis;
12. If the District reasonably expects the presence of hazardous materials on the property, a pre-Lease environmental due diligence evaluation must be conducted at the proposed tenant's expense to determine whether hazardous materials are actually present on the property; and
13. Financial reports of the property's income and expenses are made available to the Board at least annually.

Leasing Residential Properties

When assessing whether to Lease District residential property, the District CEO (or delegate) must evaluate whether the District has a short-term need for the property. If there is not a short-term need for the property, the CEO (or delegate) may Lease the property on behalf of the District subject to the following conditions:

1. The term of the Lease or rental agreement ("Lease") must not conflict with the District's future need for the property;

Procedure to Lease District Real Property and Commence Unlawful Detainer Actions

2. The property is Leased at a fair market rate;
3. The property is advertised in a manner that is reasonably competitive;
4. The fair market Lease rate for the property is monitored on an annual basis, and if the fair market lease rate increases, the property Lease rate must be increased accordingly;
5. The property must be Leased on a month-to-month basis only;
6. The property is managed with a reasonable degree of care;
7. The property is Leased and managed in accordance with all applicable federal, state, and local laws, including California's fair housing laws, which include but are not limited to, the California Fair Employment & Housing Act, Unruh Civil Rights Act, Ralph Civil Rights Act, Bane Civil Rights Act;
8. The property must be accessible from a public street or roadway;
9. The property is used solely for residential purposes; and
10. Financial reports of the property's income and expenses are made available to the Board at least annually.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on November 12, 2009.

AYES: Directors R. Santos, L. Wilson, T. Estremera, J. Judge, R. Kamei,
P. Kwok, S. Sanchez

NOES: Directors None

ABSENT: Directors None

ABSTAIN: Directors None

SANTA CLARA VALLEY WATER DISTRICT

By: Sig Sanchez
SIG SANCHEZ
Chair/Board of Directors

ATTEST: LAUREN L. KNOFF

Michelle King
acting Clerk/Board of Directors



DATE: March 7, 2017

CATEGORY: Unfinished Business

DEPT.: City Manager's Office and
Community Development

TITLE: **Strategies to Assist the Homeless and
Unstably Housed Residents**

RECOMMENDATION

Receive an update and recommendations related to short-term homeless initiatives approved in October 2016, and provide input regarding options for longer-term strategies in partnership with the County and other agencies to assist the homeless and unstably housed residents living in vehicles on City streets.

It is recommended that the Council:

1. Approve recommendations and/or provide direction to staff to refine short-term programs and services. The recommendations are:
 - a. Continue to fund an Outreach Worker through Fiscal Year 2018-19 (\$90,000 for the City's share of the cost with the County).
 - b. Continue to fund a Case Worker to continue through Fiscal Year 2018-19 with the County for Permanent Supportive Housing (PSH) (\$250,000).
 - c. Complete the Community Services Agency outreach plan (\$75,000).
 - d. Reserve funding for Permanent Supportive Housing (PSH) assistance, Rapid Rehousing, or other needs (\$250,000).
 - e. Provide contingency funding for homeless initiatives (\$25,000).
 - f. Continue to fund a Porta-Potti at Rengstorff Park (\$12,000).
 - g. Provide direction on a pilot RV waste disposal program (\$25,000).

2. Provide direction to the City Manager to include appropriations of \$250,000 in one-time housing funds in the Fiscal Year 2017-18 Budget to be used for housing or services to low-income residents.
3. Provide direction to the City Manager to include appropriations of \$477,000 in the Fiscal Year 2017-18 budget for homeless initiatives from one-time funds Public Benefits – San Antonio.
4. Authorize the City Manager to execute contracts consistent with approved recommendations with Santa Clara County or other provider for homeless support programs, up to \$370,000, for a Caseworker and Outreach Worker services.
5. Provide input on six longer-term strategies to house the homeless, as discussed in this report.

BACKGROUND

One of the City Council's top three priorities is to increase housing availability and affordability. The regional housing crisis and homelessness are significant and growing issues for many communities. A visible manifestation is the presence of numerous RVs and other vehicles used as housing on Mountain View streets. For the past two years, the City has been exploring a broad range of options to increase housing supply and to assist displaced residents and those who are unstably housed/unsheltered or homeless.

Staff last reported to the Council on the needs and options related to people living in their vehicles on October 4, 2016. At this meeting, Council provided direction to implement various short-term measures to meet the basic care and human service needs of people living in vehicles and to address traffic visibility concerns. The approved options included: weekly mobile hygiene services, waste-tank caps to help prevent RV leaks, monthly street cleaning on Crisanto Avenue and Latham Street, an ADA-compliant portable toilet and servicing in Rengstorff Park, support for rotating shelters or safe parking programs if developed by faith-based/nonprofit organizations, ongoing review of identified RV parking areas to assess traffic visibility and safety, funding for outreach and caseworker services to link homeless individuals to housing and social services, and a search for a local waste dump site (Attachment 1 and Attachment 2).

To provide solutions over the longer term, the City is increasing the overall housing supply and has passed several ordinances to assist renters and enable people to remain in their homes.

ANALYSIS

Since October 2016, City staff has implemented or begun the implementation of the approved action items. A detailed work plan summary is provided as an attachment to this report with an update on all actions (Attachment 3). Key accomplishments include the following:

- Partnering with the County and the Community Services Agency (CSA) for a permanent Outreach Worker and Case Worker.
- Direct outreach to people living in vehicles.
- Development of outreach material and a webpage.
- Twenty-four (24) hour Porta-Potti at Rengstorff Park, securing waste tanks and catchment basins for leaks, and analysis of waste dump station options.
- Reviews of street parking for visibility concerns.
- Street cleaning refinements, including monthly cleaning of Crisanto Avenue.
- Held conversations about rotating shelter or safe parking programs.
- A review of enforcement options.

In addition, staff has completed further analysis to understand better the needs of the mobile homeless population; developed recommendations to extend certain short-term programs for an additional one to two years and provided expanded funding to make housing services available to more people; and provided information about various longer-term approaches and opportunities to assist the homeless and unstably housed. The sections below summarize staff's analysis in each of these areas.

A GROWING UNDERSTANDING OF NEEDS

Since the October 2016 report, staff has continued to expand its understanding of the scope and complexity of the issue of people living in vehicles in our community and gathering information from prior surveys, new counts, direct outreach and assessments, resident feedback, and City staff data.

Surveys and Counts

The County homeless census serves as a baseline for the understanding of homelessness. This survey captures individuals and families sleeping in emergency shelters and transitional housing, as well as people sleeping on the streets, in cars, in abandoned properties, or in other places not meant for human habitation. Mountain View homelessness nearly doubled from 139 in 2013, to 276 in 2015. With the release of the recently conducted 2017 Point-in-Time Count in the spring, these numbers may rise further.

The LifeMoves outreach survey conducted for the City in June 2016 found 126 inhabited vehicles in specific areas of Mountain View with known concentrations. A further Citywide visual vehicle count conducted in February 2017 on two separate occasions by our Police Parking Enforcement and Community Services Officers estimated the numbers of inhabited vehicles in the range of 150. Staff has had other rough counts that are in range of 100 to 150 vehicles (the majority are RVs).

As a result of the City's partnership with the County, an outreach team was assigned in December to work with people living in vehicles in Mountain View until the approved dedicated Outreach Worker at CSA could be hired. Over the months of December 2016 and January 2017, the County team reached out to 82 clients during daylight hours. Of these clients, 21 were assessed to be chronically homeless and other highly vulnerable individuals or families who need long-term support to stay housed. Four residents were assessed to be families or individuals who are episodically homeless and have the ability to generate sufficient income to afford housing long-term. The outreach team left information for the remaining 57 vehicles whose occupants were not present or did not answer.

This outreach is a painstaking process and requires multiple attempts. Outreach Workers need time to build trust to reach the majority of residents living in vehicles. Even with time, some of the residents may choose not to engage.

The new CSA Outreach Worker funded by the City and County started in January and the caseload generated by the County's outreach team transferred over on March 1, 2017. To ensure continuity during the transitional period, the County staff will remain part of the team and assist the new Outreach Worker. The new Outreach Worker and CSA support staff will consider several modality changes, including more evening hours, providing Spanish support, and adding an assessment of specific needs, such as waste tank options.

Other Community/Resident Feedback

The City continues to receive feedback about this issue through e-mails, letters, calls, social media, and *Ask Mountain View*. City staff developed a new webpage (http://www.mountainview.gov/depts/comdev/preservation/living_in_vehicles_and_homeless_information.asp) to offer information and created a new topic in *Ask Mountain View*, with an anonymous option, to elicit easier feedback from residents. The communications mainly note concerns about illegal activity, requests for enforcement, and parking restrictions. There have also been communications expressing concerns about the welfare of the homeless.

City Data Collection

Staff continues to track calls for service and staff activity related to the issues associated with people living in vehicles or the homeless. Data collected by the Police, Fire, Public Works, Community Development, Library, and Community Services Departments, the City Attorney's Code Enforcement Division, and the City Manager's Office shows an increasing volume of activity. This has included an uptick in illegal activity and complaints about parking near homes, excessive litter and garbage, requests for debris removal, and increased reports of encampments in parks, trails, and creeks.

Between July 2016 and January 2017, staff spent over 1,500 hours on issues connected to residents living in vehicles. The City Manager's Office staff responsible for managing this special project represents about one-third of the total staff hours, with the other departments adding the remaining hours on top of their existing workloads (Attachment 4).

Overall, staff sees a rise in activity associated with homelessness. The data reveal that the homeless needs continue to grow. Moreover, they show a high percentage of the residents living in vehicles are eligible for low-income services, including housing subsidies on a level that exceed current availability. All of the trends in the data point to the need for supportive services and a range of housing strategies in order to effectively respond to homelessness.

SHORT-TERM HOMELESS INITIATIVES

The October report generally defined short-term options as "Basic Care and Outreach and Services to Link to Housing." This report focuses on those options requiring further Council direction at this time, including continued and new recommendations and provides further analysis of parking options, the potential for establishing a dump station, and continued dialogue with the County, CSA, and faith community on

rotating sheltering or safe parking programs. As noted previously, a full work plan update on action items from October 2016 is provided as an attachment to this report (Attachment 3).

Staff-based recommendations on the City's growing understanding of a need for a comprehensive homeless response, which includes coordinated services and housing integrated care along a "continuum of care." The next section of this report will discuss important housing policy-level concepts further. Many of these concepts mirror the Santa Clara County Community Plan to End Homelessness, which offers a guide for cities like Mountain View that have supported this plan by City Council Resolution (Attachment 5).

Human Services and Programs Recommendations

Below are staff's six recommendations to continue and enhance programs and services just begun. The data on needs for the residents living in vehicles informed staff's recommendations. Performance measure markers that will guide program review will include the County's biannual homeless counts in 2017 and, in 2019, surveys or counts conducted by the City and data on clients served.

The Financial Impact section of this report provides detailed cost and budget requests. The recommended funding sources for these recommendations are the same as noted in the October 2016 report, one-time funds, including the public benefit obligation of the 400 San Antonio Road project.

1. **Outreach Worker (\$90,000 shared cost with the County):** Continue through Fiscal Year 2018-19 the City and County funding of a full-time Outreach Worker based at CSA. The Outreach Worker will continue to connect with residents living in vehicles, assess their needs, and identify services that will help them. This will include both active outreach to those living in vehicles and coordinated services at stationary locations to connect residents to human services and housing programs. The Outreach Worker assesses the individuals and families and determines the type of housing intervention that is needed to resolve permanently the household's homelessness. The assessment data is entered into a Countywide management information system, enabling County staff to connect Mountain View homeless residents to appropriate housing programs that are available throughout the County.
2. **Case Worker (\$250,000):** Continue through Fiscal Year 2018-19 a County Case Worker through the Permanent Supportive Housing (PSH) Program. This person will assist in expanding the City's access to the County's Continuum of Care. The

County will continue to subcontract with Peninsula Healthcare Connection (PHC), one of the County's six PSH Program contract agencies that provide case management and supportive services to approximately 20 chronically homeless cases in Mountain View to transition them into permanent supportive housing (the capacity overall may be higher as there are associated County programs that residents may be eligible for). Based on the City's vehicle survey, some of the people living in vehicles in Mountain View will need such ongoing assistance if they are to achieve and sustain stable housing. The County will ensure that each PSH Program participant receives a rental subsidy or an affordable housing unit. On average, the value of housing assistance will be \$15,000 per household per year.

3. **Support CSA Outreach Plan (\$75,000):** Provide one-time additional funds to CSA to implement fully the outreach program, including an outreach vehicle, insurance, technical and supply needs, and administrative support for data entry.
4. **Provide for Additional Permanent Supportive Housing (PSH), Rapid Rehousing or Other Needs (\$250,000):** The temporary Outreach Workers have already identified 21 clients in Mountain View eligible for PSH and 5 for Rapid Rehousing after two months of outreach. The City could supplement the existing agreements with the County for PSH and supplement the work of the grant-funded effort lead by *Destination: Home* as needed. The County and *Destination: Home* are managing the \$1 million grant from Google to implement a Rapid Rehousing Program and enhance homelessness prevention efforts in Mountain View and Sunnyvale. *Destination: Home* has just completed an RFP and expects to begin providing services in April 2017.
5. **Contingency Funding (\$25,000):** Reserve funding for other exploratory homeless service needs, such as potential RV repair funds, RV storage fees, or other needs that may be specific to the residents living in vehicles.
6. **Porta-Potti (\$12,000):** Continue the ADA-compliant Porta-Potti services with enhanced lighting and screening at Rengstorff Park in until June 2018.

Waste Dump Station Options

Public Works has conducted additional analysis of siting, construction, and operational issues associated with developing a public RV sanitary waste disposal facility that would provide an environmentally responsible local option for RV residents to dispose of their gray and black water waste. Internally, staff's review included gathering input from Planning, Building, Fire/Environmental Protection, Police, Traffic Engineering,

Community Services and Public Services. Staff also contacted the City of Palo Alto, Santa Clara County Parks, the Santa Clara Valley Water District, and private septic and portable restroom companies in order to assess the full range of options for providing an RV waste dump facility in Mountain View. Staff has not yet conducted a survey of residents who live in RVs to gauge the interest in using a fixed-location dump facility.

Three alternatives are summarized below and described in greater detail in Attachment 6 for the Council to consider:

1. **Construct a Municipal RV Waste Dump Facility**—Staff identified two potential sites for construction of a municipal RV waste dump facility: adjacent to the Municipal Operations Center (MOC) on Whisman Road and a location in Shoreline Amphitheatre Parking Lots A/B. Should the City Council direct staff to proceed with a construction option, staff would develop a project for incorporation in the upcoming Capital Improvement Program. If Council elects to pursue construction of a facility, staff recommends carrying both the MOC and the Shoreline site options through a more detailed alternatives analysis, which would allow for outreach to potential users and surrounding neighbors of the sites. Staff would return to the Council with a preferred alternative and a cost estimate before proceeding to final design and construction.

Cost Estimate: The current estimated range of costs is \$150,000 to \$250,000 depending on the improvements needed at each location. Recommendations regarding hours of operation, staffing, and any user fees would be brought forward in conjunction with the preferred site recommendation.

2. **Pilot RV Waste Disposal Program**— Considering the uncertainty of utilization and investment associated with providing this new service, an alternative is a pilot program where a vendor is stationed to evacuate the waste tanks of RVs that are driven to a preannounced location. Based on conversations with vendors, staff believes that such a service could be provided for a fee of \$400 to \$600 for two to four hours plus \$30 to \$50 per RV serviced.

If this service were offered two times per week and serviced 30 RVs per week, the cost would be approximately \$2,000 per week, or approximately \$25,000 for a three-month pilot. This cost is preliminary, as staff has not yet sought formal submittals from vendors. Staff recommends that the three-month trial be conducted at both the MOC and Shoreline sites (approximately six weeks at each site). The City would conduct public notification of the neighboring property owners and residents at each site, and outreach to the RV residents regarding the hours of operation of the facility. Issues and any complaints would be monitored

and a report would be provided back to Council at the end of the trial with data on usage, costs, and any associated issues or complaints along with a recommendation regarding any permanent facility.

Cost Estimate: Approximately \$25,000.

3. **Collect More Information**—The Council could defer a decision on either a permanent or a pilot facility until more information is collected by the new CSA Outreach Worker on the needs of RV residents and the demand for a facility. Once information has been collected on the number of residents that would use a facility, the frequency of use and any operating parameters (e.g., hours of operation, cost-sharing ability, location constraints), staff would return to the Council with a more specific recommendation.

Cost Estimate: No additional costs beyond those already anticipated for the Outreach Worker would be incurred with this option.

Staff recommends proceeding with a Pilot RV Waste Disposal Program. The advantages of such a program include:

- It could be implemented quickly.
- Without a significant investment of capital or land, the market for such a service could be tested.
- The program would be staffed by the vendor, so there would be no opportunity for illicit activity at an unmonitored site.
- The program is flexible, so location(s), hours, and other parameters could be adjusted based on experience.

Enforcement

As noted in the October 4, 2016 Council report, enforcement of the Mountain View City Code section that regulated dwelling in vehicles has been suspended in light of the *Desertrain v. Los Angeles* case. In this case, the 9th U.S. Circuit Court of Appeals ruled that a provision of the City of Los Angeles City Code, which prohibited people from using their vehicles as living quarters, was unconstitutional based on the particular language in the ordinance. The wake of this case has left a growing concern about local enforcement options.

The Police Department and Fire Department-Environmental Services Division reviewed procedures and continue to approach this issue with compassion using education, information, resource referrals, and enforcement of other current valid codes. The City continues to issue citations for violations of parking in excess of 72 hours, registration expired in excess of six months, discharge of hazardous material in the gutter/storm drain, and illegal garbage dumping.

At the October meeting, City Council requested follow-up on two enforcement matters. The first was a review of whether RVs could be rented out by "landlords," as was noted during the vehicle census/survey LifeMoves conducted in June of 2016. State law does not prohibit an RV owner from leasing an RV to someone else. The regulatory scheme is built around a presumption that habitation in RVs occurs in RV parks as opposed to public streets and consequently does not specifically address the current situation. A business license may be required for such use; it does not authorize the use.

The second was to have the Public Works Department review known streets where residents live in vehicles where the parking may pose visibility or other traffic safety concerns. Public Works traffic staff reviewed these locations and added some red curbs around driveways along Latham Street.

As noted in the October 2016 report, rather than adding new signs and shifting residents living in cars from one location to another, the human services enhancements to programs and services aim to help the City to reach the residents living in vehicles and address the underlying issues of living in one's vehicle. However, these efforts may still not move each resident out of living in a vehicle. In the future, the City may consider further regulations for the use of streets, which could include additional parking regulation, such as:

1. Additional red curbs to improve traffic and safety.
2. Height or length limits where tall vehicles create visibility concerns even though red curb may already exist.
3. Prohibitions for RV parking on streets.
4. No parking at certain times.
5. Additional limited no parking on certain days for street sweeping.
6. No overnight parking in residential areas (with or without a permit process).

The City could also consider revising City codes associated with parking such as the City's ordinance prohibiting dwelling in vehicles. Cities such as Los Angeles have recently enacted new, temporary regulations prohibiting parking/living in your vehicle 1,500' from parks, schools, and day cares at any time, or in a residential area from 9:00 p.m. to 6:00 a.m. This ordinance involves constitutional issues and would be a significant work item for staff.

Additional support for the outreach, enforcement, and coordination will also be considered as part of the Fiscal Year 2017-18-budget process for a Community Outreach Police Officer. The new Officer would be assigned to focus on improving the effectiveness of the Police Department's handling of community concerns and issues related to vulnerable populations, to include homeless and mentally ill persons.

Rotating Shelter or Safe Parking Programs

City staff continues to dialogue with stakeholders and there is key interest by the County and the faith community to collaborate to help the homeless. After numerous discussions regarding options to establish a safe parking program, a cold weather and a rotating shelter, concrete plans have yet to develop

However, County staff have been in initial conversations with City staff and community members to discuss the desirability and feasibility of establishing a pilot cold weather shelter in Mountain View. A working group is reviewing one-time and ongoing cost estimates and potential funding sources. The pilot winter shelter program could be explored to house and assist around 50 people, most likely families and single women. The clients would include unsheltered homeless persons from Mountain View and other North County areas. Outreach activities conducted by CSA, North County government agencies, and community-based organizations would identify eligible clients. An experienced homeless service provider would manage the pilot shelter and designated agencies would refer all participants, ensuring all the beds are reserved. Other services that could be funded by the County could include case management services, dinner and breakfast meals, along with restrooms, shower, and laundry facilities. The involvement of volunteers from the local community and businesses would be an integral part of the program design.

This initial proposal would require further analysis and community outreach by the County and the City. Locations are likely to be subject to Provisional Use Permit (PUP), or Conditional Use Permit (CUP) requirements or other requirements. Under the CUP and PUP processes, a public hearing is required and the City is able to condition the application to address any concerns.

Staff seeks City Council direction if this is a proposal staff should spend time developing with interested stakeholders. This and other structural options will be discussed further in the next section of this report.

DISCUSSION AND DIRECTION ON LONGER-TERM STRATEGIES TO ASSIST THE HOMELESS AND UNSTABLY HOUSED

In addition to the discussion at the October 4, 2016 City Council meeting regarding funding human services and outreach programs, staff was also directed to assess future policy direction regarding strategies to house the homeless. The October 4, 2016 Council report included a brief description of various housing responses along a continuum of housing strategies, including emergency shelter, transitional housing, and permanent supportive housing. Additionally, the report also mentioned the concepts of homelessness prevention and rapid rehousing.

The purposes of this section of this report are to provide a summary of staff's work since October 2016, to provide a preliminary assessment regarding the continuum of homeless housing strategies and to receive input from the City Council regarding a potential policy framework regarding longer-term strategies to house the homeless with a focus on interim and permanent supportive housing.

Continuum of Homeless Housing Strategies

In thinking about how to address the "housing needs of the homeless," it is important to note that there are various housing strategies that fall along a continuum. Each of these strategies can function as a stand-alone program, or multiple strategies can be implemented in an integrated manner to address a range of housing needs. For example, a jurisdiction may seek to develop permanent supportive housing as well as transitional housing so that homeless persons have a place to live in the interim. Additionally, while there is a set of terms and descriptions that practitioners commonly use to describe the strategies, there is not a standardized set of definitions.

Given the presence of multiple strategies and the lack of standardized language, it is not always immediately clear what is meant by "housing the homeless." In order to facilitate a better understanding of the various strategies and their interrelationships, please refer to Attachment 7, which provides three "lenses" by which to consider the continuum of homeless housing strategies. Additionally, Table 1 below summarizes the housing continuum into three primary categories: homelessness prevention, interim housing, and permanent supportive housing and includes examples within each category.

Table 1. Continuum of Homeless Housing Strategies

Homelessness Prevention	Interim Housing	Permanent Supportive Housing
<ul style="list-style-type: none"> • Emergency Assistance • Rental Assistance • Rapid Rehousing • Rent Stabilization 	<ul style="list-style-type: none"> • Shelters <ul style="list-style-type: none"> – Single Site – Rotating Sites • Transitional Housing (may or may not include services) • Micro Housing Units, Modular Housing • Hotel/Motel Conversion • Safe Parking Program • Vouchers • Tenant-Based Rental Assistance 	<ul style="list-style-type: none"> • Subsidized Housing Units <ul style="list-style-type: none"> – Entire Development – Unit Set Asides • Scattered Site, Deed-Restricted Private Units • Micro Housing Units • Modular Housing • Intensive Case Management

Assessment of Opportunities and Constraints

Based on staff's research on the continuum of housing strategies and the composition and causes of homelessness in Mountain View and in Santa Clara County, staff began preliminary assessment of the current and potential opportunities to address homeless housing needs as well as potential constraints. The assessment includes both permanent supportive housing opportunities and interim housing strategies. Because permanent supportive housing is typically more complex to finance, takes longer to build, and requires more interagency collaboration to integrate the service component, the question is often asked about what the homeless are supposed to do while permanent housing is being explored/developed.

Additionally, data presented earlier in the report regarding the conditions of homelessness in Mountain View indicate that: there are multiple causes of homelessness; it may be difficult for homeless persons to find employment and many are unable to work, but those who do work do not make enough to afford housing; it is difficult to find replacement housing in this high-cost market; and homeless persons lack access to support networks and services. These multiple factors point to the need for support services and a range of housing strategies in order to respond effectively to homelessness.

Permanent Supportive Housing

The “housing first” permanent supportive housing model, whereby permanent housing is infused with services such as case management, mental/physical health care, job skills/employment services, etc., is widely recognized as the most effective way of ending homelessness. It is also the housing strategy prioritized by the County and in its Community Plan to End Homelessness, which the City adopted on February 23, 2016 (Attachment 5).

Ideally, housing for the homeless is located in areas with access to public transportation, services, jobs, and amenities. Staff conducted mapping exercises to identify the areas in Mountain View that have the most amenities. Not surprisingly, El Camino Real, San Antonio Road, and downtown, as well certain locations along North Rengstorff Avenue, were identified as amenities-rich locations. Also not surprisingly, the demand for and cost of land in these locations are high, up to \$15 million/acre according to recent anecdotes. Given the income of the population group that permanent supportive housing serves, in addition to costs associated with case management and other services, high land costs pose a significant challenge to the financial feasibility of permanent supportive housing development.

As a result of the high cost of land, staff is aware that there is increasing interest for residential redevelopment in areas of the City with more industrially zoned lands, such as the Terra Bella neighborhood. Based on input from the development community, staff also conducted a very high-level, preliminary review of other industrial areas, such as the area bounded by North Rengstorff Avenue, San Antonio Road, Old Middlefield Road, and the Highway 101, as well as the area bounded by Evelyn Avenue and Highways 85 and 237.

According to staff’s analysis, there are a limited number of vacant and City-owned lands in these locations. As a result, the development of permanent supportive housing may need to occur through the redevelopment of existing uses and land assembly. Public funding and a policy framework for homeless housing, including allowing such development on industrial sites, could facilitate the feasibility of such housing.

Interim Housing

To the extent that permanent supportive housing is more difficult and takes longer to build, an interim housing strategy provides important transitional housing opportunities for the homeless. However, given that interim housing may be challenging to build due to limited public/vacant lands, insufficient funding, and the high cost of land, the locational opportunities for interim housing may be more

constrained to underutilized parcels with less proximity to amenities. Staff conducted an initial assessment of potential interim housing strategies using the following criteria: locations proximate to amenities, vacant industrial lands, industrial lands with an existing structure that could be demolished and redeveloped, and industrial lands with an existing structure that could be repurposed for housing using the existing structure.

Additionally, staff performed initial research regarding innovative micro-unit and modular housing products (see Attachment 7). While there is growing interest in these types of housing innovations throughout the State and region, additional research will be needed in order to identify viable products for the City of Mountain View that, at minimum, meet building, health, and safety code requirements. Indeed, the City of San Jose sponsored AB 2176 in 2016—now passed into law—that allows it to adopt local building code standards in order to facilitate innovative product types as part of its interim housing strategy.

Zoning

Zoning regulations determine the allowable land uses for a particular parcel of land. Current zoning regulations allow transitional and permanent supportive housing as a “by right” use on residentially zoned sites. Emergency shelters can go on industrially zoned lands, including General Industrial (“MM”) and Limited Industrial (“ML”), by right. The City’s Industrial to Residential Conversion Policy provides the City Council the ability to consider Gatekeepers that convert industrial parcels to residential in specified areas of the City if the proposal has a minimum site size of two acres. It is contiguous with existing residential zones, allows the maintenance of existing adjacent businesses, and does not create islands of residential or industrial properties. While the conversion policy provides potential opportunities for the development of interim and/or permanent supportive housing on industrial sites, the minimum site size of two acres may be too large for such housing types in some cases, and the requirement to be contiguous with existing residential zones could limit what may otherwise be appropriate locations (such as a corner industrial site).

Staff seeks preliminary direction from the City Council regarding the continuum of housing strategies before further work is conducted. Depending on the Council feedback received in response to the following questions, staff could begin to develop and implement a strategy and work with partners to identify potential opportunities for permanent supportive housing and interim housing, if that is the direction of the Council.

Question 1: Does the Council wish to consider a longer-term homeless housing strategy? If so, does the Council wish to consider permanent supportive housing and/or interim housing?

Question 2: Given the high cost of land in amenities-rich locations, would the Council wish to consider additional flexibility to the Industrial to Residential Conversion Policy for the development of interim and/or permanent supportive housing, in particular the minimum site size requirement of two acres and the requirement to be contiguous with existing residential zones?

Question 3: Does the Council wish to provide any additional input on potential geographic areas/locations in Mountain View for further study of interim and/or permanent supportive housing?

Assessment of Tools

City staff performed preliminary assessment of funding opportunities and policy mechanisms that are currently or potentially available in order to facilitate implementation of housing programs for the homeless.

Funding/Resources:

Measure A – In November 2016, Santa Clara County voters passed Measure A, a \$950 million affordable housing bond. Seven Hundred Million Dollars (\$700,000,000) of the funds are allocated specifically for the housing needs of the County's most vulnerable populations. This includes extremely low-income households, veterans, seniors, those with disabilities, and homeless persons. The County is developing a timeline and strategy to disburse the first round of funding, currently anticipated to be available fall 2017. In developing the strategy, the County met with City staff to explore preliminary opportunities and partnerships. Subject to the Council's direction, the City will continue to collaborate with the County in order to be ready and competitive for Measure A funding.

City Housing Fees – The City generates resources for affordable housing through four fee programs: the Below-Market-Rate (BMR) ownership in-lieu fee, two commercial linkage fees (also known as Housing Impact Fees) and the Rental Housing Impact Fee. Historically, those have been used to finance 100 percent deed-restricted affordable housing developments in order to serve a wide variety of needs, including for families, seniors, veterans, and the developmentally challenged. Recent examples include 1585 Studios (1585 West El Camino Real), Franklin Street Family (135 Franklin Street) and Studio 819 (819 North Rengstorff Avenue). There is the potential to invest resources from these fee programs to develop interim and/or permanent supportive housing.

However, these fee programs may not be used to fund services. The current unencumbered balance for the four programs is \$2.4 million as a result of various affordable housing developments recently funded. It is estimated that the four fee programs will generate approximately \$80 million from Fiscal Years 2016-19.

Boomerang Funds—These funds are a portion of the former tax increment funds that come back to local jurisdictions as: (1) a one-time lump sum from their former Low- and Moderate-Income Housing Fund (LMIHF); and (2) an ongoing (annual) bump in their property tax. In Mountain-View, the boomerang funds are generated by the former Revitalization District. There are no restrictions on how these funds can be used. In Fiscal Year 2014-15, the Council reserved \$140,800 in one-time funds and 20 percent of the net ongoing funds, \$51,000, for affordable housing. The Council has continued to reserve the \$51,000 in ongoing funds in subsequent fiscal years. The current balance of these funds is approximately \$65,000.

20 Percent Funds—These funds consist of loan repayments the City may receive from former redevelopment agencies' housing set-aside activities. Use of these funds is restricted to affordable housing activities. These funds cannot be used for services (i.e., distribution of blankets, food, and supplies) with one exception: up to \$250,000 per year may be spent on homelessness prevention and rapid rehousing services, including rental assistance, housing relocation and stabilization services, and case management. The current balance of these funds is approximately \$998,200.

Federal Funding (CDBG and HOME)—The City receives Federal funding for the Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) programs on an annual basis. Approximately \$350,000 in CDBG funds and \$180,000 in HOME funds have been available annually for capital projects. Generally, these capital funds have gone toward rehabilitating existing affordable rental units, investing in infrastructure, and improving existing public facilities in lower-income neighborhoods. Going forward, priorities could be set that direct the funds to be used for homeless housing strategies. For example, CDBG funds can be used for land acquisition for permanent supportive housing. Eligible uses for HOME funds include land acquisition, construction, tenant-based rental assistance (TBRA), and rapid rehousing programs. Due to declining funding levels and a recent Federal change in the HOME ruling that became effective for the Fiscal Year 2015-16 HOME program, many cities in Santa Clara County shifted use of HOME funds for TBRA, either as stand-alone entitlement jurisdictions or as part of the Countywide HOME consortium.

Question 4: Does the City Council wish to consider utilizing City and/or Federal funds towards permanent supportive housing and/or interim housing?

State Funding—The State provides funding through programs such as the Mental Health Services Act (MHSA), the No Place Like Home (NPLH) Program, and the Veterans Housing & Homeless Prevention (VHHP) program that can be used for permanent supportive housing. Staff will explore the opportunities for accessing these funds based on the input of the Council regarding homeless housing strategies.

Public Policies

Developing a robust policy framework for homeless housing strategies can greatly facilitate their implementation. This subsection of the report provides a summary of potential public policies and provides questions for the City Council's consideration.

Goal Setting—Setting a target for a certain number of homeless housing units to be produced in a certain period can facilitate the development of such housing by establishing clear goals and metrics. For example, a goal could be set for, say, 100 units of permanent supportive housing to be developed over the next four years, and 100 units of interim housing in the next 24 months.

Question 5: Does the Council wish to set a policy goal for a certain number of homeless housing units to be developed over a certain period of time?

Precise Plan Targets—As the City develops various Precise Plans with a residential component, such as North Bayshore, East Whisman, and Shenandoah, the City Council could consider setting a target for homeless housing. For example, the City Council set a target of a minimum of 20 percent affordable housing units in North Bayshore. The City Council could consider apportioning a subset of the 20 percent affordable housing goal and set a percentage or numerical target for permanent supportive housing specifically.

Community Benefit—The City has a community benefits program used for certain office or residential development proposals. In the past, the City Council identified mobility improvements and affordable housing as priority community benefits.

Question 6: Does the Council wish to consider inclusion of a percentage or numerical target in Precise Plans for homeless housing, particularly permanent supportive housing? Does the Council wish to consider homeless housing as a specific category under the City's community benefits program?

FISCAL IMPACT

The summary of staff's short-term recommendations in this report can be fully funded (with balances remaining) from two sources:

1. \$250,000 in one-time housing funds discussed as part of the Fiscal Year 2016-17 Budget to be used for housing or services to low-income residents.
2. \$500,000 in one-time funds committed as public benefit from the 400 San Antonio Road project.

The table below summarizes costs, funding, and timelines for the new requests. (Other one-time items approved on October 4, 2016, included mobile hygiene services, waste tank caps, a commercial washer and dryer, and additional insurance costs incurred by the organizations participating in a safe parking program).

	Approved Cost Estimates	Approved Funding	Continued Cost Through FY 2018-19	Recommended One-Time Funding Source
<ul style="list-style-type: none"> • Outreach Worker in conjunction with the County at an estimated net annual cost to the City of \$50,000 to \$60,000. 	~\$50,000 to \$60,000 (*Cost is \$120,00, but there is \$30,000 balance from October 2016 authorization)	Boomerang FY 2016-17	\$90,000*	Public Benefits – San Antonio
<ul style="list-style-type: none"> • Case Worker for \$187,000 estimated and 18-month contract. 	-\$62,500 for first 6 months of 18-month contract. Cost is \$125,000 per year.	Boomerang FY 2016-17	\$250,000	Public Benefits – San Antonio
<ul style="list-style-type: none"> • Port-A-Potti with servicing at least three times per week to supplement the restrooms at Rengstorff Park. The estimated monthly costs average approximately \$200 to \$300. Some additional funding may be desirable to screen it. 	~\$10,000	Boomerang FY 2016-17	\$12,000	Public Benefits – San Antonio

	Approved Cost Estimates	Approved Funding	Continued Cost Through FY 2018-19	Recommended One-Time Funding Source
<u>New Recommended Options:</u>				
<ul style="list-style-type: none"> One-time needs for CSA to implement Outreach Program. 			\$75,000	Public Benefits – San Antonio
<ul style="list-style-type: none"> Permanent Supportive Housing, Rapid Rehousing or other needs for those living in vehicles. 			\$250,000	One-time housing funds approved, but not appropriated as part of the FY 2016-17 Budget.
<ul style="list-style-type: none"> Contingency for other homeless services. 			\$25,000	Public Benefits – San Antonio
<ul style="list-style-type: none"> Waste Dump Station Options* <ol style="list-style-type: none"> Construct a municipal RV waste dump facility at one of two potential sites. Pilot RV Waste Disposal Program (pilot 2 to 3 months) at a fixed location. Collect More Information 			~\$150,000 to \$250,000, plus staffing, if desired, could cost \$18,000 to 20,000 annually* ~ \$25,000 Staff time	Public Benefits – San Antonio

	Approved Cost Estimates	Approved Funding	Continued Cost Through FY 2018-19	Recommended One-Time Funding Source
<ul style="list-style-type: none"> Longer-term Homeless Housing Strategy Options* 			Staff time	
<p><i>Totals by Funding Source:</i></p> <ol style="list-style-type: none"> \$250,000 in one-time housing funds was discussed as part of the Fiscal Year 2016-17 Budget to be used for housing or services to low-income residents. \$477,000 in one-time funds committed as public benefit from the 400 San Antonio Road project. <p><u>Recommendation Total: \$727,000</u></p> <p><i>*Options Pending Council Direction:</i></p> <ol style="list-style-type: none"> If Council moves forward with building a waste dump site, then the project cost would be added to the CIP budget for Fiscal Year 2017-18. Depending on scope, the longer-term strategies may be a significant work item for staff. 				

CONCLUSION

At Council direction, staff has devoted considerable resources working on the complex issues of homelessness and residents living in vehicles for some time now. Based on that work and previous Council action, it is recommended that the Council:

- Approve recommendations and/or provide direction to staff to refine short-term programs and services. The recommendations are:
 - Continue to fund an Outreach Worker through Fiscal Year 2018-19 (\$90,000 for the City's share of the cost with the County).
 - Continue to fund a Case Worker to continue through Fiscal Year 2018-19 with the County for Permanent Supportive Housing (PSH) (\$250,000).
 - Complete the CSA Outreach Plan (\$75,000).
 - Reserve funding for Permanent Supportive Housing (PSH) assistance, Rapid Rehousing, or other needs (\$250,000).

- e. Provide contingency funding for homeless initiatives (\$25,000).
 - f. Continue to fund a Porta-Potti at Rengstorff Park (\$12,000).
 - g. Provide direction on a pilot RV waste disposal program (\$25,000).
2. Provide direction to the City Manager to include appropriations of \$250,000 in one-time housing funds in the Fiscal Year 2017-18 Budget to be used for housing for services to low-income residents.
 3. Provide direction to the City Manager to include appropriations of \$477,000 in the Fiscal Year 2017-18 budget for homeless initiatives from one-time funds Public Benefits – San Antonio.
 4. Authorize the City Manager to execute contracts consistent with approved recommendations with Santa Clara County or other providers for homeless support programs, including up to \$370,000 for a Caseworker and Outreach Worker services.
 5. Provide input on six longer-term strategies to house the homeless.

ALTERNATIVES

The Council may wish to consider the following alternatives to the recommendation:

1. Council could modify one or more recommendations.
2. Council could direct staff to pursue options that were not recommended by staff.
3. Council could decide not approve any recommendations at this time.
4. Council could provide other direction.

PUBLIC NOTICING

Agenda posting, web and social meeting advisories, and a copy of the report was sent to the County, CSA, stakeholder group members, and as feasible, customers who have corresponded with the City Manager's Office on this topic.

Prepared by:

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Daniel H. Rich
City Manager

KST-WC/7/CAM
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- Attachments:
1. [Council Report for October 4, 2016](#)
 2. [Council Minutes – October 4, 2016](#)
 3. Work Plan Summary
 4. City Department Data Summary
 5. [County Plan to End Homelessness](#)
 6. Waste Dump Station Analysis
 7. Continuum of Homeless Housing Strategies
 8. Santa Clara County Homeless Point-in-Time 2015 Census and Survey Summary of Noteworthy Statistics
 9. Map of Locations with Residents Living in Vehicles

HOMELESS LIVING IN VEHICLES WORK PLAN

Last Updated February 22, 2016

#	Task/Deliverable	Target Date	Milestones	Status
<i>Council Action Items from October 4, 2016</i>				
1	Continuation of City data gathering on calls for service and staff activity related to the issue of people living in vehicles	Monthly	<ul style="list-style-type: none"> • Topic area and tracking developed • Data collected from August 2016 to January 2017 • Data gathering refinements continue 	ONGOING
2	Contract via the City for a grant to CSA for one half-day per week for mobile hygiene services	January 2017	<ul style="list-style-type: none"> • Coordination meetings held • Business terms and contracting authority approved by the Council on January 24, 2017 and the County Board of Supervisors on December 13, 2016 • CSA reviewing two operators and will establish a location and date/time for services • CSA will aim to supplement with a day, such as Tuesday, to complement the showers at Hope's Corner presently on Thursday and Saturday 	IN PROGRESS
3	Provide free waste tank caps to RV owners to help ensure tanks are not leaking onto City streets	December 2016	<ul style="list-style-type: none"> • Coordination meetings held • Staff purchased and provided waste caps and drip pans • Will be distributed by CSA Outreach Worker and Fire and Environmental Protection staff as needed 	COMPLETED

#	Task/Deliverable	Target Date	Milestones	Status
4	72-hour noticed cleaning of Crisanto Avenue and Latham Street	December 2016	<ul style="list-style-type: none"> • Coordination meetings held • New permanent street cleaning signs posted December 2016 for Crisanto Avenue • Outreach Workers engaged to advise of street cleaning • Monthly cleaning for Crisanto Avenue • Bimonthly cleaning of Latham Street 	COMPLETED
5	Fund the purchase of a commercial washer and dryer for CSA and/or Hope's Corner	January 2017	<ul style="list-style-type: none"> • Business terms and contracting authority approved by the Council on January 24, 2017 • City to finalize contract and CSA will purchase and coordinate a location 	IN PROGRESS
6	Contract for Porta-Pottis that are ADA compliant, equipped with a hand sanitizer at Rengstorff Park, and include servicing at least three times per week	November 2016	<ul style="list-style-type: none"> • Coordination meetings held • Staff reviewed a selection of sites • Sited on parking lot at Rengstorff Park • LED lights added to the area for enhanced safety • Screening options under review 	COMPLETED

#	Task/Deliverable	Target Date	Milestones	Status
7	Provide grants for the additional insurance costs incurred by the nonprofit faith-based organizations who may participate in a safe parking program	Pending further development of the pilot concept	<ul style="list-style-type: none"> • Coordination meetings held with the County • Met with CSA and faith-based leaders who want to pilot a safe parking or other program • Pilot institutions researching financing 	PENDING
8	Further discussion with the County and faith community regarding rotating shelter options	Ongoing	<ul style="list-style-type: none"> • Coordination meetings held with the County, CSA, and faith-based leaders who want to pilot a safe parking or other program • CSA and Hope's Corner are looking at options 	ONGOING
9	Share cost of an Outreach Worker with the County to be sited at CSA/ locally for contacting people living in vehicles, assess needs, and link to services and housing	January 2017 Ongoing coordination	<ul style="list-style-type: none"> • County provided temporary outreach in December 2016 - February 2017 • CSA hired Outreach Worker in January 2017 • Business terms and contracting authority approved by the Council on January 24, 2017 and the County Board of Supervisors on December 13, 2016 • County temporary transition to CSA in February/March 2017 	COMPLETED

#	Task/Deliverable	Target Date	Milestones	Status
10	Fund a Case Worker via an agreement with the County for intense case management for Permanent Supportive Housing needs	January 2017 Ongoing coordination	<ul style="list-style-type: none"> Negotiated contract terms Business terms and contracting authority approved by the Council on January 24, 2017 and the County Board of Supervisors on December 13, 2016 Peninsula Healthcare Connection (formerly New Directions) selected as County contractor to serve as Case Worker working with CSA Outreach Worker County transition to contractor Peninsula Healthcare Connection in March 2017 	COMPLETED
11	Conduct further analysis and return to Council in early 2017, with specific options for how the City might enhance its involvement with the County to expand the availability of housing programs to Mountain View homeless and unstably housed residents	October 2016 - February 2017	<ul style="list-style-type: none"> Staff developed a work plan and associated report outline Coordination meetings held, including a discussion of Measure A opportunities Staff reviewed County Plan to End Homelessness 	COMPLETED

#	Task/Deliverable	Target Date	Milestones	Status
12	Continue to explore a waste dump site and look for options to bring the cost down	October 2016 - February 2017	<ul style="list-style-type: none"> • Coordination meetings held • Sites reviewed by staff • Outreach to SCVWD • Siting locations discussed at Project Coordinating Committee meeting • Summary of options provided for March 7 Council report • Pending Council direction for a consideration of a CIP for preliminary cost estimates and a schedule for site development 	COMPLETED
<i>Additional Staff Action Items</i>				
13	Follow-up with Fire on RV heating hazards for outreach and communications	October 2016	<ul style="list-style-type: none"> • RV Fire/Life Safety Hazard Outreach and Enforcement efforts analyzed • Outreach material created in English and Spanish • Fire suppression crews trained in proactive outreach 	COMPLETED
14	Continued regional engagement like the Cities Association meeting	October 13, 2016 Follow-up early 2017	<ul style="list-style-type: none"> • Presentation made in October by Mayor and staff 	PART ONE - COMPLETED

#	Task/Deliverable	Target Date	Milestones	Status
15	Create homeless services web page and update our community contact resources	November/December 2016	<ul style="list-style-type: none"> Added homeless and housing content to newsletter New <i>Ask MV</i> topics added Several informational collateral items gathered Link: http://www.mountainview.gov/depts/comdev/preservation/living_in_vehicles_and_homeless_information.asp 	COMPLETED
16	Project Work Plan developed; interdepartmental team coordinated; kick-off all staff meeting and ongoing monthly meetings established	October 2017	<ul style="list-style-type: none"> Coordination meetings held Staff informed and coordinating activities 	ONGOING
17	Staff working group for housing options follow-up for 2017	December 2016-February 2017	<ul style="list-style-type: none"> Coordination meetings held Met with the County on Measure A opportunities Defined initial options and costs 	COMPLETED
18	Private donor outreach	<p>Meeting on November 2, 2016</p> <p>Follow-up meeting in January 2017 with SVCF</p>	<ul style="list-style-type: none"> Coordination meeting held List of suggested funding opportunities provided to Silicon Valley Community Foundation for future consideration Dialogue will continue on opportunities 	PART ONE - COMPLETED

#	Task/Deliverable	Target Date	Milestones	Status
19	Research the new effort for development of Long Beach, Los Angeles Safe Parking programs, new ordinances, etc.	November 2016	<ul style="list-style-type: none"> • Researched and analyzed • Summary of recent actions for the March 7 Council report 	COMPLETED
20	Provide direction for people earning rental income from use of the right-of-way	January-February 2017 report	<ul style="list-style-type: none"> • City Attorney analyzed case law • Summary provided for March 7 Council report 	COMPLETED
21	Review of street locations that may pose visibility or other safety concerns on driveway visibility, safety near curves, etc.	December 2016-February 2017	<ul style="list-style-type: none"> • Coordination meetings held • PWD surveyed the locations on four days and based on these points in time, some modifications were recommended for Latham Street • PWD painted limited number of curbs on Latham Street • Additional reviewed will be conducted as needed 	COMPLETED
22	Look at options and costs for creating a Downtown Streets Team for MV	Early 2017	<ul style="list-style-type: none"> • Coordination meetings held • Analyzed options and costs 	COMPLETED

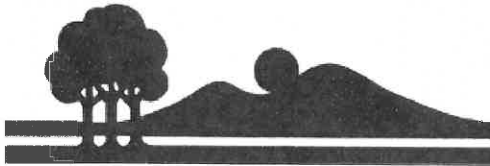
#	Task/Deliverable	Target Date	Milestones	Status
23	Planning for outreach to people living in vehicles	Ongoing	<ul style="list-style-type: none"> • Coordination meetings held • Temporary outreach plan coordinated with the County • CSA hired Outreach Worker • Transition and Coordination in progress • New Plan in Progress for CSA Outreach Worker 	PART ONE - COMPLETED
24	Ongoing updates to stakeholders	Ongoing engagement	<ul style="list-style-type: none"> • Four updates provided to stakeholders 	ONGOING
25	2017 Santa Clara County Point In Time (PIT) Count	January 2017	<ul style="list-style-type: none"> • Supplied County contractor with maps and associated information 	COMPLETED
26	Update the count of people living in vehicles and locations	February 2017	<ul style="list-style-type: none"> • Coordination meetings held • IT developed app to count vehicles • PD lead implementation in the field 	COMPLETED
27	Review develop outreach material for homeless – living in vehicles and encampments	February 2017	<ul style="list-style-type: none"> • Coordination meetings held • Outreach material received from FD, PD, CSD, CSA, and the County • Added helpful resources to the new web page • Will seek to reformat print collateral in future 	COMPLETED

HOMELESSNESS DATA COLLECTION BY DEPARTMENT¹

Department/Division	Metric	2015-16	July 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017
Police	Number of complaints related to inhabited cars/RVs or those without an address ^{2,9}	0	124	153	157	109	111	99	99
Police	Number of citations given to inhabited cars/RVs for not moving every 72 hours ^{3,9}	69	31	28	29	11	34	10	24
Police	Number of cars/RVs towed for not moving every 72 hours and location ⁸	26	0	1	0	0	0	0	1
Police	Number of complaints from residents in surrounding neighborhoods ^{2,9}	-	17	17	8	5	8	0	0
Police	Estimated staff time spent on response or enforcement of inhabited cars/RVs ⁴	50	9.15	15.15	25.33	17.70	13.80	50.00	23.70
Fire/Environmental Services	Number of medical calls for inhabited cars/RVs or those without an address	196	12	14	11	21	20	13	16
Fire/Environmental Services	Number of illegal waste dumping incidents related to inhabited cars/RVs	1	2	1	0	0	0	0	0
Fire/Environmental Services	Number of responses to inhabited car/RV spills	20	2	1	2	0	0	0	0
Fire/Environmental Services	Number of citations given for illegal dumping related to inhabited cars/RVs ⁶	-	0	0	0	0	0	0	0
Fire/Environmental Services	Number of leaks noted related to inhabited cars/RVs	4	2	1	0	1	0	0	0
Fire/Environmental Services	Number of other issues related to inhabited cars/RVs or those without an address	0	0	0	0	0	0	0	1
Fire/Environmental Services	Estimated staff time spent on illegal waste incidents related to inhabited cars/RVs ⁵	138	6.16	3.26	5.00	1.76	6.00	4.35	3.29
Public Works	Number of times street cleaning was conducted due to RV waste dumping incidents ¹⁰	1	0	1	0	0	1	2	2
Public Works	Number of times wastewater staff responded to RV waste dumping incidents ¹⁰	8	1	1	4	1	0	1	0
Public Works	Number of requests for parking restrictions related to RVs	31	1	5	2	0	0	0	1
Public Works	Estimated staff time spent on incidents related to inhabited cars/RVs ¹³	84	6	58	16	8	95	60	14
Community Services	Number of complaints to CSD staff about inhabited cars/RVs parked along Crisanto ^{2,7}	-	0	1	0	0	0	0	1
Community Services	Number of incidents responded to related to inhabited cars/RVs ^{7,11}	-	38	37	36	34	31	35	42
Community Services	Number of observations by rangers of inhabited car/RV activity ¹²	-	0	0	0	0	0	0	0
Community Services	Estimated staff time for extra clean-up of Rengstorff Park due to inhabited cars/RVs ^{7,11}	-	33.25	31.5	30.5	32.5	20.5	21.5	25.5
Code Enforcement	Number of complaints related to code violations of inhabited cars/RVs ²	3	0	0	0	0	0	0	0
Code Enforcement	Estimated staff time spent on incidents related to inhabited cars/RVs	2	0	0	0	0	0	0	0
City Manager's Office	Number of complaints from residents in surrounding neighborhoods ²	10	5	5	5	7	4	4	2
City Manager's Office	Estimated staff time spent on homelessness project	960	120	120	120	120	120	120	120
City Manager's Office	Estimated staff time spent on complaints related to inhabited cars/RVs	10	5	5	5	7	4	4	2
Library Services	Estimated staff time spent on issues related to homeless residents ¹²	-	-	-	-	-	-	-	-
Community Development	Estimated staff time spent on issues related to homeless residents ⁷	-	1	3	5	6	8	8	8
Total Incidents		369	235	266	254	189	209	164	189
Total Staff Time (in hours)		1244	180.56	245.91	206.83	192.96	267.30	267.85	196.49

¹ Year-to-year data comparisons will be available FY 2017-18.² Data have not been cross-referenced. Some complaints may have been responded to by one or more department.³ Citations are not only for 72 hour parking violations. The total may actually be less.⁴ Opportunity costs of staff time are also a factor and not represented here.⁵ Hours are combined with the Abandoned Vehicle Abatement Authority.⁶ Citing for offences when occupants are present.⁷ Data were first recorded in July 2016.⁸ Vehicles are not towed for violating 72 hour parking violation.⁹ These figures represent an updated method PD uses to track complaints.¹⁰ Public Works initiated monthly cleaning of Crisanto Ave., November, 2016 and Latham St., December 2016.¹¹ Data are compiled quarterly.¹² From July 2016 to January 2017, LSD saw approximately 10-12 individuals on a regular basis who may be homeless.¹³ Data include retroactive updates from Traffic Engineering.

All Incidents	=	1875
All Staff Time	=	2791.90
FY 2016-17 6 Mo. Time	=	1351.4
FY 2016-17 To-Date	=	1547.90



CITY OF MOUNTAIN VIEW

MEMORANDUM

Public Works Department

DATE: February 27, 2017

TO: Daniel H. Rich, City Manager

FROM: Michael A. Fuller, Public Works Director
Bob Kass, Transportation Manager

SUBJECT: RV Waste Disposal Options

At Council's direction, Public Works has conducted additional analysis of siting, construction, and operational issues associated with developing a public RV sanitary waste disposal facility that would provide an environmentally responsible local option for RV residents to dispose of their gray and black wastewater. Internally, staff's review included gathering input from Planning, Building, Fire/Environmental Protection, Police, Traffic Engineering, Community Services, and Public Services. Staff also contacted the City of Palo Alto, Santa Clara County Parks, the Santa Clara Valley Water District, and private septic and portable restroom companies in order to assess the full range of options for providing an RV waste dump facility in Mountain View.

General Siting Considerations

To best meet the need of existing Mountain View residents living in vehicles, a sanitary waste disposal facility would ideally be located as close as possible to the existing concentration of RVs. Because residents living in RVs are somewhat dispersed throughout the City and are relatively mobile, this is not really feasible, so overall site accessibility along with neighborhood compatibility has been identified as the primary criteria for successful site selection.

While the primary intent of the RV sanitary waste disposal facility is to serve the existing Mountain View RV resident population, it should be noted that over time, a Mountain View facility would likely attract pass-by and neighboring community users, due to the lack of available public RV dump facilities in the surrounding area and the dissemination of information regarding a legal RV dumping location in Mountain View.

Facility Requirements

An RV dump station would need to comply with all applicable building and zoning requirements, including accessibility standards for vehicles and users. Due to the nature of the use, an RV dump facility would require a connection to the sanitary sewer system and a wastewater discharge permit, and would be subject to quarterly monitoring (sampling and testing) as a condition of the permit. The RV dump station would also need to include a water supply (potable or nonpotable) for flushing of holding tanks. Staff would recommend including garbage and recycling containers for disposal of trash, recyclables, and other solid waste as a convenience to users. Other potential site amenities would be the inclusion of lighting, a security system (to discourage illicit dumping of hazardous materials), and potentially, an emergency communications system.

To minimize impacts on surrounding neighborhoods and adjacent traffic, a site should also provide adequate off-road queueing space for a minimum of two to three vehicles. Figures 1 through 3 provide examples of RV dump facilities and amenities.

General Operational Issues

The predominant model for RV dump facilities is self-service. Santa Clara County Parks operates self-service RV dump facilities at Coyote Lake, Mt. Madonna, and Sanborn County Parks. A fee of \$15 is charged for public use by RVs not occupying a reserved campsite. Many California State Parks also have self-serve facilities. A number of states also maintain self-service dump stations at highway rest areas.

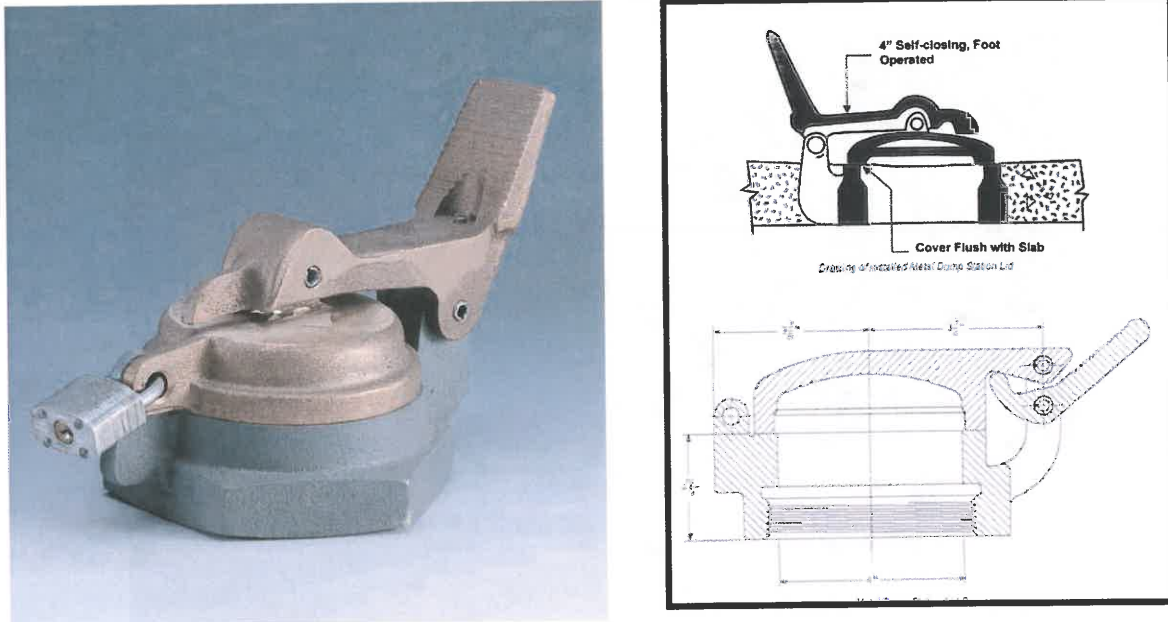
**Figure 1 – Dump Station with Waste Disposal and
Water Towers in Raised Concrete Pad**



Figure 2 – Dump Station with At-Grade Sewer Connection



Figure 3— Dump Stations Locking Hatch Cover and Construction Detail



Another consideration for the City for any facility would be hours of operation. A 24/7 facility would provide the maximum benefit for the range of RV residents, including those that work during regular business hours. However, access during the evening or nighttime, depending on the location, could prove to be disruptive to adjacent uses. If a facility is developed, the City should approach hours of operation cautiously, with input from the users and neighbors to set hours that would best meet their needs.

Staffing of an RV dump site would minimize the possibility for illicit dumping. Assuming the site was staffed 18 hours per week (4 hours per day on weekends and 2 hours per day on weekdays), at an hourly part-time rate equivalent to that of a Building Attendant, the cost of staffing would be approximately \$18,000 to \$20,000 annually.

Some regular maintenance and cleaning of the site would also be required and would have some ongoing impact on the City. Depending on the usage, cleaning could be required weekly or more frequently, with some expectation that nonregular “emergency” maintenance and cleaning would be required.

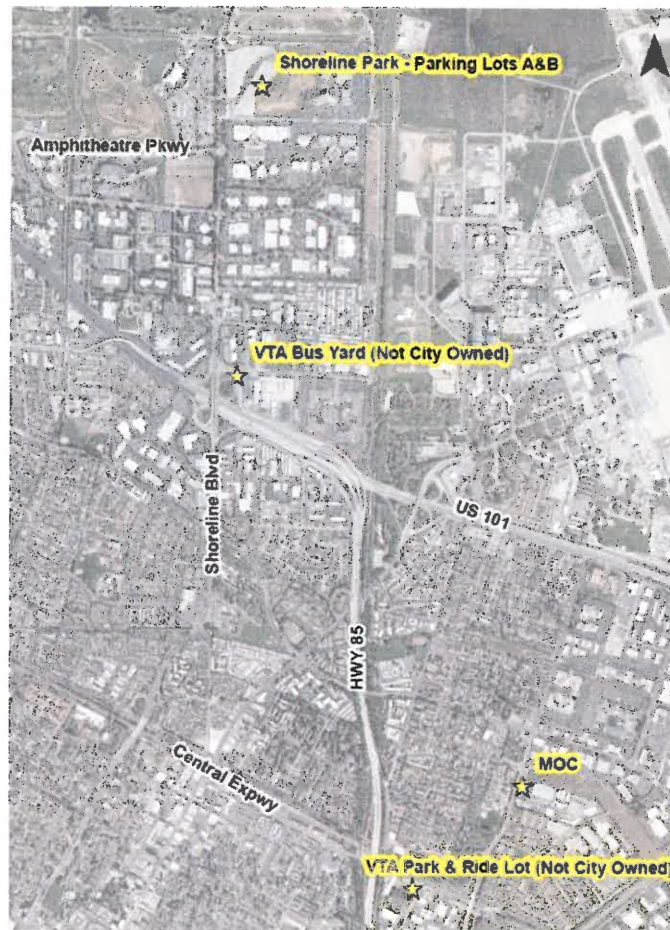
Potential Locations

Staff conducted a review of potential sites for a dump station (see Figure 4). Given the high cost of land in Mountain View, staff limited its site review to publicly owned properties. Additionally, sites in residential areas or sites not easily accessible from major arterials were not considered. Other locations that were considered but rejected

due to conflicts with existing uses included the parking lots at both Cuesta Park and Rengstorff Parks. Potential City-owned sites include the area in front of the Municipal Operations Center (MOC) on Whisman Road and the Shoreline A/B parking lots between Fire Station 5 and the Dog Park. Other publicly owned sites include the Valley Transportation Authority (VTA) bus yard near the intersection of La Avenida and Shoreline Boulevard, and the Park and Ride lot at Evelyn Avenue and Pioneer Way. Staff has not contacted VTA to see if there is any potential interest in locating an RV waste dump station on either of the VTA-owned sites.

Potential issues with any site include attracting RVs to an area where they do not currently frequent, illicit dumping when the station is closed, and other issues such as noise and litter that may occur where RVs congregate. Staff has not conducted community outreach for any particular site, though neighborhood outreach is recommended if a site is selected for additional consideration.

Figure 4 – Potential Locations for RV Dump Facility



Municipal Operations Center (MOC) Option

Staff performed a preliminary evaluation of a location in front of the MOC on Whisman Road. This location would require paving some of the area north of the public sandbag self-fill site north of the Police dorms, and possibly modify the signalized intersection of Gladys Avenue and Whisman Road to incorporate driveway access (see Figure 6). Sufficient space would be required to prevent queueing of vehicles onto Whisman Road and to retain sandbag-filling activities. Staff has reviewed the initial project cost estimate of \$250,000 for an RV waste dump facility at the MOC provided to the Council in October 2016. Given the potential need for parking lot expansion and intersection modifications, which were not initially identified in the October 2016 estimate, this cost estimate may still be reasonable; however, it is possible that with in-house design and project management, the total project costs could be under \$200,000.

A potential issue unique to this site includes the possibility of attracting RVs to the adjacent residential neighborhood for convenient access to the RV waste dump facility. Police and Fire Department staff have also expressed concerns about noise and other impacts to the adjacent dorms as well as proximity to the active, live fire training facility that would occur with a waste dump facility at this MOC location.

**Figure 5—Potential MOC RV Dump Site Location—
View from Whisman Road Looking East**



Palo Alto Wastewater Treatment Plant Option

Palo Alto's Wastewater Treatment Plant used to allow septic haulers to dump sewage into a manhole adjacent to (but outside) the Treatment Plant. The facility was closed some time ago because of sewage overflow issues and generally uncontrolled access to the dump site and sanitary sewer system. Septic haulers are now required to come on to the plant premises during regular operating hours. The Palo Alto facility was not designed for or intended for use by RVs. Palo Alto further indicated that due to Treatment Plant operational issues, including staffing and vehicle circulation, they are unable to accommodate RV waste dumping at the Wastewater Treatment Plant.

Potential Funding Partnership with the Santa Clara Valley Water District

One of the primary benefits of a municipal RV sanitary dump station would be to provide an environmentally appropriate local option for RV residents to dispose of their black water and gray water waste, reducing the potential for the discharge of untreated contaminants into the storm drain system and subsequently into protected creeks and other bodies of water. Because of these beneficial environmental attributes, staff has explored the potential for partnering with the Santa Clara Valley Water District in the development of an RV sanitary dump station. Water District staff has indicated that there may be some potential for partnering and/or grants available through the District's Pollution Prevention Partnerships and Grants program, potentially structured as a pilot program to address issues associated with homelessness and protection of surface waterways. While Water District funding is by no means guaranteed, should the City decide to proceed with an RV sanitary dump station, staff would explore partnering or grant opportunities with the Water District in more detail.

Mobile Waste Disposal Options

Staff contacted a number of septic tank and portable toilet service companies to explore mobile waste options. With one exception, there was limited interest in providing direct service to the RVs due to the complexity of servicing these units in-place. The one company that was willing to provide this service indicated that it would require a minimum of 20 RVs serviced per visit, at a cost of \$50 per RV (\$1,000/visit minimum) to provide direct on-site service to RVs. A less-expensive alternative that this same company could also provide would be to stage a mobile unit at a fixed location where RVs would come for disposal of waste. Under this option, the cost would be \$360 for a two-hour weekday service or \$540 for a four-hour weekend service, plus \$30 per RV serviced. Cost-share potential with RV owners might exist to reduce the costs of this service. This option could be implemented quickly and would provide data on the use

of a disposal site prior to making a significant long-term investment in a permanent location.

Alternatives

1. Construct a Municipal RV Waste Dump Facility. Should the City Council direct staff to advance the construction option, staff would develop a project for incorporation in the upcoming Capital Improvement Program. Staff would recommend carrying both the MOC and the Shoreline site options through a more detailed alternatives analysis, which would allow for public and neighborhood outreach and input. Outreach to the RV residents would also be conducted in parallel with site evaluation. Staff would return to the Council at a future date with a preferred alternative before proceeding to final design and construction. Recommendations regarding hours of operation, staffing, and any user fees would be brought forward in conjunction with the preferred site recommendation.
2. Pilot RV Waste Disposal Program. Staff would obtain proposals from interested vendors to provide RV waste disposal services for a limited period of time in order to test RV resident demand and usage of a municipal service. Should Council wish to pursue this option, staff would recommend a three-month trial be conducted (six weeks at each site). The City would conduct public notification of the neighboring property owners and residents at each site, and outreach to the RV residents regarding the hours of operation of the facility. Issues and complaints would be monitored and a report would be provided back to Council at the end of the trial with data on usage, costs, and any associated issues or complaints along with a recommendation regarding any permanent facility.
3. Collect More Information. The Council could defer a decision on either a permanent or a pilot facility until more information is collected by the City's Outreach Worker on the needs of RV residents and the demand for a facility. Once information has been collected on the number of residents that would use a facility, the frequency of use, and any operating parameters (e.g., hours of operation, cost-sharing ability, location constraints), staff would return to the Council with a more specific recommendation.

MAF-BK/KT/7/MGR
609-03-07-17CR-E Att 6

Continuum of Homeless Housing Strategies

In thinking about how to address the “housing needs of the homeless,” it is important to note that there are various housing strategies that fall along a continuum. Each of these strategies can function as a stand-alone program, or multiple strategies can be implemented in an integrated manner to address a range of housing needs. For example, a jurisdiction may seek to develop permanent supportive housing as well as transitional housing so that homeless persons have a place to live in the interim. Local needs and conditions; existing and potential tools, resources, and partnerships; and knowledge of Best Practices can help determine which strategies to use. Additionally, while there is a set of terms and descriptions that practitioners commonly use to describe the strategies, there is not a standardized set of definitions. Given the presence of multiple strategies and the lack of standardized language, it is not always immediately clear what is meant by “housing the homeless.” This Attachment 7 seeks to provide a conceptual framework through three “lenses” in order to facilitate a better understanding of the various homeless housing strategies and their interrelationships

Lenses 1 (Preventing Homelessness v. Housing the Homeless) and 2 (Emergency Assistance v. Development of/Access to Housing) discuss the options at the opposite ends of the continuum, while Lens 3 (Temporary Residential Structures v. Permanent Residential Structures) refers particularly to the part of the continuum that emphasizes housing structures. Note that these Lenses are intended to help categorize the strategies for easier understanding, but the categories are not meant to be rigid. There is fluidity along the continuum between the strategies.

- **Lens 1: Preventing Homelessness v. Housing the Homeless:**

Lens 1 distinguishes between preventing individuals or households from falling into homelessness versus providing housing for individuals who are already homeless. On one end of the continuum, certain individuals/households may face a high risk of homelessness due to the high cost of housing relative to income, job loss or decline in income, or other shock to their financial stability such as a spike in housing costs or unforeseen expense such as health care or car maintenance. These households make just enough to get by, but a change in their income or an unforeseen cost, even minor ones, can put their living situation in a precarious position.

On the other end of the continuum, persons who are already homeless need access to appropriate housing in order change their living condition. Therefore, housing the homeless would be the appropriate response.

“Rapid rehousing” may be considered a homeless prevention tool for those who may have lost their existing home but may be staying with friends or family or may have experienced homelessness for a brief period. Quickly rehousing these persons and minimizing the duration of their instability can allow them to get back on their feet more quickly. Rapid rehousing could be composed of any one or a combination of strategies, including emergency cash assistance, relocation services, and access to replacement housing.

- **Lens 2: Emergency Assistance v. Development of/Access to Housing:**

Building on Lens 1, households at risk of homelessness may be stabilized by emergency cash assistance in order to mitigate temporarily the loss of income or to pay for an unforeseen expense. However, if income loss or increased costs become long-term conditions (such as from loss of employment or long-term health conditions), temporary cash assistance may not be sufficient to prevent homelessness.

Conversely, homeless persons need a roof over their heads. This requires access to some type of structure. These may be structures that currently exist or that need to be built. These may also be nonresidential structures converted to residential uses (such as a warehouse or church) or purpose-built residential structures (such as a multi-unit residential building).

- **Lens 3: Temporary Residential Structures v. Permanent Residential Structures:**

Structures used to house the homeless may be either temporary or permanent in nature. For example, a strategy to house the homeless could include the conversion of a hotel/motel or a nonresidential structure such as a warehouse into a residential use for a limited duration. Upon the completion of the structure’s use as temporary or “interim” housing for the homeless, the structure could return to its original use or be redeveloped for another purpose. Another example of an interim housing strategy that has recently seen significant media attention and exploration by housing practitioners, though not yet widely implemented, is the use of “tiny homes,” “modular housing,” or even shipping containers that can be quickly brought to and built on a particular site. These structures are typically built for long-term durability. However, recent innovations and design concepts in new housing prototypes emphasize rapid response and scalability but that may have lower levels of durability. Developers, cities, and even design/architecture programs at universities are testing a variety of housing concepts. A potential constraint for interim housing is that certain product types may not meet building code requirements. The feasibility of these structures as interim housing would

require additional research by staff if directed by the City Council to conduct further exploration.

Note that certain structures that may be used as an interim housing strategy may also be used for permanent housing. For example, a converted hotel/motel or modular housing could remain as homeless housing and be part of a longer-term strategy. Shipping containers could also be used individually or stacked into a multi-unit configuration. For example, Potters Lane in Orange County, California, is using shipping containers to house homeless veterans. This is primarily a question of policy as opposed to a question of structural limitations.

However, a multi-unit apartment building is the structure that most readily comes to mind when permanent housing for the homeless is referenced. These are residential developments of various heights and densities but are often three to five stories tall. While this could be built using traditional stick-frame techniques (or steel if it exceeds certain heights), firms are also innovating on this area. For example, Kasita is an example of a firm that has developed some recent innovations in modular housing. While its product was originally designed as a micro unit with modern designs and finishes, each unit can be quickly built and stacked into a multi-unit development. CITYSPACES MicroPAD housing by Panoramic Interests is another example of stackable, modular housing that has been developed to house the homeless, as well as urban "naturally affordable" housing for the workforce.

Permanent housing for the homeless is typically developed according to the "housing first" model, where long-term housing is provided and is infused with resources such as case management, health care, and employment services. This is known as permanent supportive housing, and is typically geared toward individuals who experience long-term or recurring episodes of homelessness and have a disabling condition.

A key distinction between interim versus permanent supportive housing is that interim housing structures can usually be constructed or brought on-site much more quickly than permanent supportive housing, provided the availability of land and funding. As a result, interim housing can provide a temporary living situation for the homeless while permanent supportive housing, which takes longer to build, is being developed. This is one of the reasons that "interim" housing is also often called "transitional" housing: it is a stepping-stone that allows homeless persons to transition off the street and into permanent supportive housing. However, recent innovations in modular housing and construction, such as those discussed above, could potentially reduce the amount of time it would take to build permanent supportive housing.

**Santa Clara County Homeless Point-in-Time 2015 Census and Survey
Summary of Noteworthy Statistics***

- 276 homeless persons in Mountain View
 - 29 percent sheltered
 - 12 percent in emergency shelters
 - 17 percent in transitional housing
 - No permanent supportive housing currently available
 - 71 percent unsheltered
 - 30 percent on the street
 - 23 percent cars/vans/RVs
 - 14 percent encampment areas
 - 4 percent abandoned buildings
- Over 87 percent of the homeless were over 25 years of age
- Approximately 63 percent were male
- About 16 percent were or are in the foster care system
- Duration of homelessness
 - 33 percent were homeless for the first time
 - 63 percent of those surveyed had been homeless for more than a year
- Race/Ethnicity
 - 38 percent Hispanic/Latino
 - 42 percent White
 - 30 percent Multiethnic
 - 18 percent Black
- Causes
 - 31 percent job loss
 - 20 percent alcohol/drug use
 - 15 percent divorce/separation/breakup
 - 13 percent argument/family or friend asked you to leave
 - 12 percent incarceration
 - 7 percent reported domestic violence
 - 7 percent reported mental health condition
 - 7 percent reported physical health or medical condition

Obstacles to obtaining permanent housing: The barriers listed are not mutually exclusive. Many of the homeless persons surveyed encountered more than one barrier:

- Couldn't afford rent—68 percent
- No job or income—57 percent
- No housing available—38 percent
- No money for moving costs—37 percent

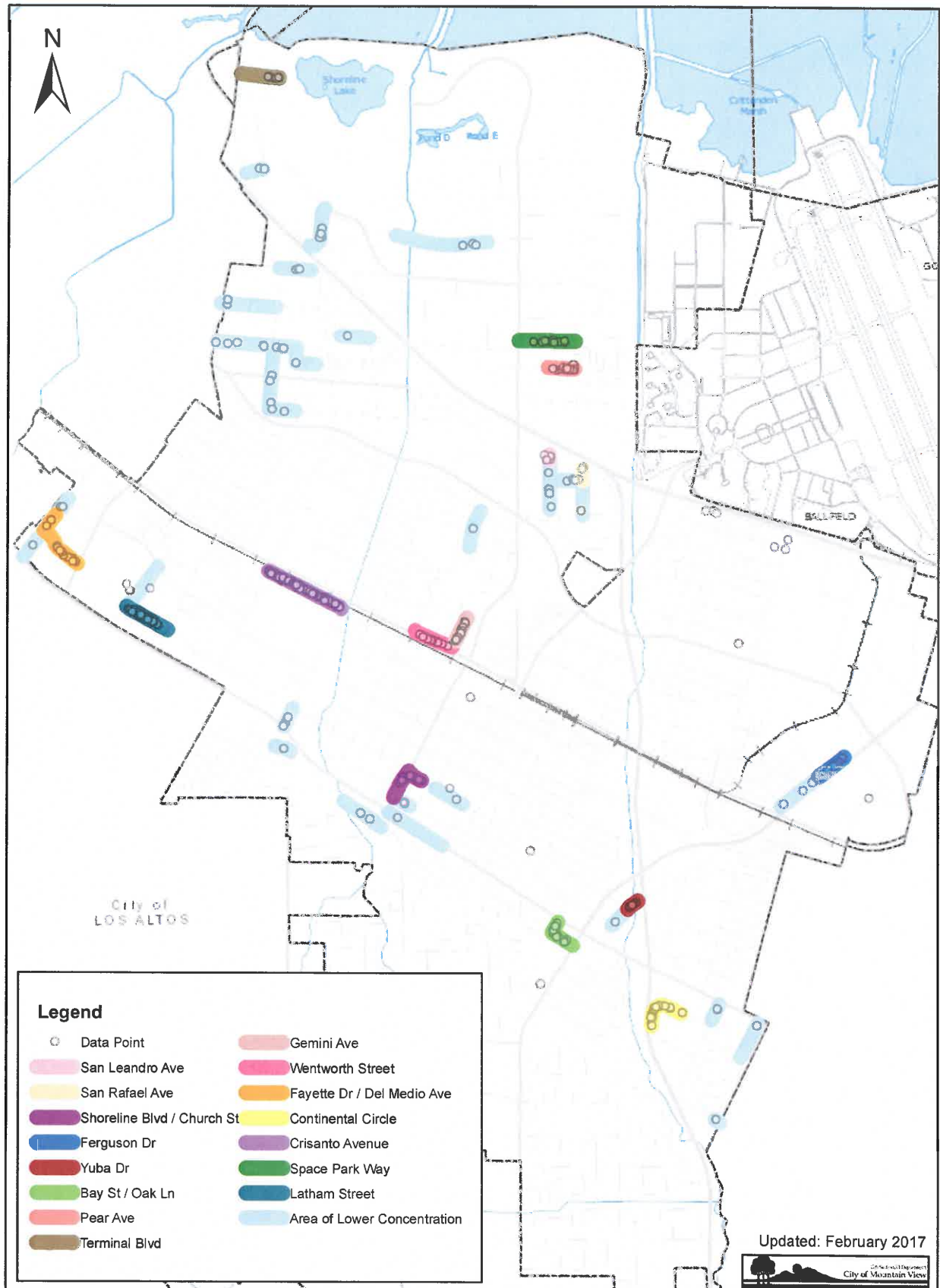
Employment

- 52 percent are unemployed but looking for work.
- 28 percent are unemployed and are unable to work.
- 19 percent are employed. Nearly half of employed homeless individuals earn an average monthly income between \$1,100 and \$3,000.

*Source:

https://www.sccgov.org/sites/oah/coc/census/Documents/SantaClaraCounty_HomelessReport_2015_FINAL.pdf

Map of Locations with Residents Living in Vehicles



0 0.25 0.5 1 Miles

Michele King

From: Serge Bonte <sbonte@gmail.com>
Sent: Saturday, April 01, 2017 11:37 AM
To: Gary Kremen; Board of Directors; Siegel, Lenny; Rosenberg, Ken
Cc: Rich, Dan
Subject: re: 4/11/17 Valley Water Board Meeting - Agenda Item 4.1 Recommendation Regarding District-Owned Residential Rental Properties, Following District Outreach and Analysis.

Dear Mayor Rosenberg,
Dear Vice-Mayor Siegel,
Dear Santa Clara Valley Water District's Board of Directors,

I just noticed that the Water District will be discussing its residential properties leasing policies on its 4/11/17 board meeting.

I wanted to resubmit my email below as a public comment to agenda item 4.1 "Recommendation Regarding District-Owned Residential Rental Properties, Following District Outreach and Analysis."

Hoping to see the Water District and the City of Mountain follow-up favorably to my modest suggestion.

Sincerely,

Serge Bonte
Mountain View Resident

PS: In reading the meeting agenda material, I noticed that "Resolution NO. 09-78" -approved in 2009- might need some updating to reflect Mountain View's recent housing rental policies. In particular, this statement in the resolution : "The property must be Leased on a month-to-month basis only;"

----- Forwarded message -----

From: **Serge Bonte** <sbonte@gmail.com>
Date: Sat, Apr 1, 2017 at 8:23 AM
Subject: Affordable Accessory Dwelling Units on Water District's 20 properties in Mountain View?
To: "Rosenberg, Ken" <Ken.Rosenberg@mountainview.gov>, "Siegel, Lenny" <Lenny.Siegel@mountainview.gov>, Board@valleywater.org
Cc: "Rich, Dan" <dan.rich@mountainview.gov>

Dear Mayor Rosenberg,
Dear Vice-Mayor Siegel,
Dear Santa Clara Valley Water District's Board of Directors,

I read about the [recent brouhaha](#) over the Water District's proposal to provide housing for the homeless on its 20 some properties in Mountain View. The Water District should be commended for looking at creative ways to address our regional housing and homelessness crisis. It is clear though the current proposal will be a tough sell in Mountain View.

I wanted to make a suggestion that could be implemented much faster, with far less controversy and provide for 20 some affordable units in Mountain View.

Last year, the City of Mountain View relaxed its regulations for Accessory Dwelling Units (often called granny units). In order to comply with new state laws (SB 1069 and AB 2299), the City [further relaxed the regulations](#) last week.

Handout 4-1-A
04/11/17

How about taking advantage of these new streamlined regulations to build the largest possible Accessory Dwelling Units on each of the Water District residential properties in Mountain View? This could be implemented quickly (near "by right" permitting), fairly inexpensively (no cost for land, smaller structure to build), without having to displace current tenants (or having to wait for the properties to become vacant) and without precluding over possible uses for the main residences.

Funding for these units could possibly come from Measure A or even Mountain View's affordable housing fund. As far as building the units, non-profits affordable housing developers might want to (and probably should) enter that market - in fact, Habitat for Humanity [already has in Santa Cruz](#)-

With good collaboration between Water District and the City of Mountain View, we might be able to see 19 new (permanently) affordable units in Mountain View in 2017.

While this might not sound like a large number county wide, this would be greater than the number of Very low AMI (17) and Moderate AMI (0) units combined that were permitted in 2016 (based on Mountain View's most recent Housing Element report).

Sincerely,

Serge Bonte
Mountain View Resident

Melissa Stone

From: Navreetk@hotmail.com
Sent: Monday, April 10, 2017 6:25 PM
To: Clerk of the Board
Subject: SCVWD Agenda Comment Form

Agenda Comment Form

Current Date:	04-10-17
Name:	Navreet Kaur
Address:	13101 Diericx Drive
City:	Mountain view
State:	CA
Zip Code:	94040
Telephone:	(650) 400-9214 Ext:
Email Address:	Navreetk@hotmail.com
Agency, Business or Group (if applicable):	
Contact:	Attention: Clerk of the Board
Board Meeting Date:	04/11/17
Board Item Number:	4.1
I would like to:	Express Support
Comments:	I support the decision to NOT house the homeless in waverly park. Instead, I love your proposed common sense and practical plan to use of a portion of the net rental income to fund the homeless encampment cleanup project and for development of a pilot program that focuses on the waterway and stream stewardship impacts of homeless encampments in Mountain View.

Melissa Stone

From: belong116@gmail.com
Sent: Monday, April 10, 2017 7:27 PM
To: Clerk of the Board
Subject: SCVWD Agenda Comment Form

Agenda Comment Form

Current Date:	04-10-17
Name:	
Address:	
City:	
State:	CA
Zip Code:	
Telephone:	Ext:
Email Address:	belong116@gmail.com
Agency, Business or Group (if applicable):	
Contact:	Attention: Clerk of the Board
Board Meeting Date:	04/11/17
Board Item Number:	4.1
I would like to:	Express Support
Comments:	

Melissa Stone

From: jjweave@comcast.net
Sent: Tuesday, April 11, 2017 10:26 AM
To: Clerk of the Board
Subject: SCVWD Agenda Comment Form

Agenda Comment Form

Current Date:	04-11-17
Name:	Joy Weaver
Address:	2541 Diericx Drive
City:	Mountain View
State:	CA
Zip Code:	94040
Telephone:	(650) 279-5204 Ext:
Email Address:	jjweave@comcast.net
Agency, Business or Group (if applicable):	
Contact:	Attention: Clerk of the Board
Board Meeting Date:	04/11/17
Board Item Number:	4.1
I would like to:	Express Support
Comments:	<p>7 SCVWD Board Members Norma Camacho, Interim CEO Santa Clara Valley Water District 5750 Almaden Expressway San Jose CA 95118 Dear SCVWD Board Members and Ms. Camacho: I wish to thank you for listening to our neighborhood in Waverly Park, Mountain View and realizing that these nineteen SCVWD owned residential rental homes which were proposed to be made available if deemed suitable by the City and the District to the Santa Clara County Office of Supportive Housing and given first opportunities to rent to homeless individuals has been deemed not to be the best solution for these properties in eradicating homelessness in Santa Clara County creeks. Since these homes have been found to not be located near amenities and services that are conducive to lifting the homeless out of their situation, I commend you in recognizing this and support your proposal (Item 4.1 in the April 11, 2017 agenda) to leave these properties to be rented to any and all persons who qualify. Further, I support the proposed use of some of the yearly net proceeds to eradicate the consequences of homelessness in the creeks. Sincerely, Joy Weaver 2541 Diericx Drive Mountain View, CA 94040</p>

Melissa Stone

From: LauraWB1@gmail.com
Sent: Tuesday, April 11, 2017 10:11 AM
To: Clerk of the Board
Subject: SCVWD Agenda Comment Form

Agenda Comment Form

Current Date:	04-11-17
Name:	Laura W. Brown
Address:	2565 Diericx Drive
City:	Mountain View
State:	CA
Zip Code:	94040
Telephone:	(650) 969-5860 Ext:
Email Address:	LauraWB1@gmail.com
Agency, Business or Group (if applicable):	North Waverly Park Neighborhood Association
Contact:	Attention: Clerk of the Board
Board Meeting Date:	04/11/17
Board Item Number:	4.1
I would like to:	Express Support
Comments:	Honorable Directors: Thank you for your thoughtful consideration of the comments on this issue submitted at the February 2017 community meeting. I and many of my neighbors support the alternative recommendation to continue the market rental of District-owned properties and allocation of some rental proceeds to homeless programs and services.

Melissa Stone

From: wilson.justin@gmail.com
Sent: Tuesday, April 11, 2017 7:48 AM
To: Clerk of the Board
Subject: SCVWD Agenda Comment Form

Agenda Comment Form

Current Date:	04-11-17
Name:	Justin Wilson
Address:	1224 Arbor Ct
City:	Mountain View
State:	CA
Zip Code:	94040
Telephone:	Ext:
Email Address:	wilson.justin@gmail.com
Agency, Business or Group (if applicable):	
Contact:	Attention: Clerk of the Board
Board Meeting Date:	04/11/17
Board Item Number:	4.1
I would like to:	Express Support
Comments:	As a Waverly Park resident I'd like to express my support for the Water District's revised proposal regarding the District owned homes in the neighborhood. I appreciate that you have listened to the overwhelming voice of the neighborhood and are going to use the proceeds from continuing to rent the properties to fund the homeless encampment cleanup and other pilot programs. Thank you.



Santa Clara Valley Water District

File No.: 17-0248

Agenda Date: 4/11/2017
Item No.:

*Handout

Attachment: Storm Report, March 28 - April 11, 2017

Storm Report

March 28 – April 11, 2017

Rainfall and Reservoir Levels

RAINFALL IN INCHES AS OF April 11, 2017

COUNTY RAIN GAUGE LOCATIONS	CURRENT PERIOD 3/29/17–4/11/17 (Inches)	SEASON TO DATE 4/11/17 (Inches)	SEASONAL AVG TO DATE (Inches)	% SEASONAL AVG TO DATE	HISTORICAL SEASON AVERAGE (Inches)
WEST					
(Valley Christian)	3.67	79.06	40.59	195%	43.18
CENTRAL					
(San Jose)	0.83	16.38	13.07	125%	14.40
NORTH EAST					
(Penitencia)	0.99	21.50	13.84	155%	15.13
SOUTH					
(Coyote Reservoir)	1.10	36.93	18.72	197%	20.33

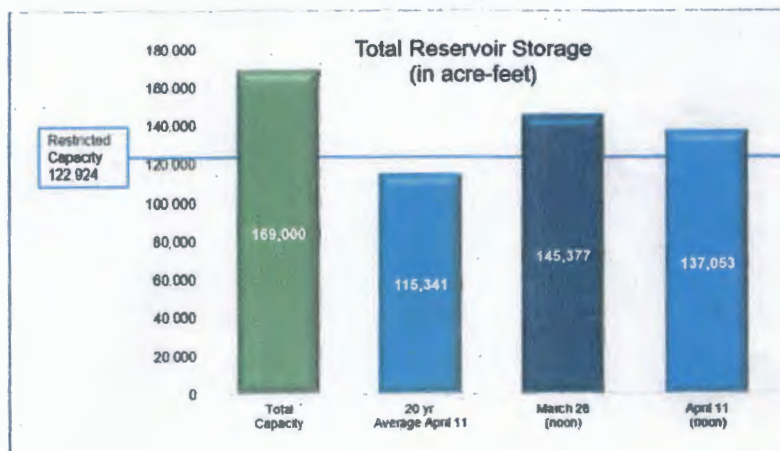
Rainfall Data stations: **West**-Santa Cruz Mountain near Saratoga; **Central**-near downtown San Jose; **Northeast**-near Milpitas; and **South**-near Coyote Reservoir

More About Reservoir Levels

- Moderate rainfall occurred during this period, and storage in major federal and state reservoirs increased. Shasta Reservoir was at 113% of historical average for this date and Lake Oroville was at 105%
- Estimated inflow into local reservoirs was approximately 13,000 acre feet between March 28 and April 11.
- Total reservoir storage decreased to about 81% of total capacity and was about 119% of normal when compared to the 20-year average for this date.

Raw and Treated Water Operations

- Coyote and Uvas Reservoirs continued to spill. Lexington Reservoir spilled at times during this period. Stevens Creek Reservoir spilled as the result of last week's storms
- Anderson Reservoir was below spill elevation but remains above the interim Division of Safety of Dams (DSOD) restricted level. The outlet is fully open and maximum releases to Coyote Creek are being performed to return storage to the DSOD restricted operating level.
- Coyote Reservoir remains above its permanent DSOD restricted level and the outlet remains closed until there is sufficient space in Anderson per DSOD approved operating criteria.



Storm Report

March 28 – April 11, 2017

Raw and Treated Water Operations

- Releases from all reservoirs (except for Anderson, Coyote and Uvas) are to match inflows.
- Uvas Reservoir began spilling on Jan. 5 and continues to spill.
- Supply to treatment plants continued and included both local and imported water. Penitencia Water Treatment Plant remained offline during this period.
- Percolation ponds were mostly offline due to removal of instream diversions, poor water quality in the creeks, and for planned maintenance activities.
- Maintenance work was performed on the Coyote Percolation Dam fishway to improve operation conditions. Additional repair work is still needed at the diversion before the Coyote Percolation Dam can be re-installed.

Pre-storm Preparations

- Field crews inspected trouble spots where trash and debris are known to accumulate and cleared trash and debris as necessary.

Communications

- In anticipation of this week's storms, radio ads scheduled to air later in April were moved up. Digital advertisement (*see below*) continues. Other elements of the annual campaign have concluded.



Your new phone
may be waterproof,
sadly your
isn't.

5 STEPS TO GET
#FLOODSAFE

For more information visit valleywater.org

Santa Clara Valley
Water District

Flood Management Operations

- The District OES is continuing to conduct flood after action assessment, and participate in beginning the cost recovery processes for both the President's Day Weekend Storm and the January storms.
- The District OES is also assisting on the Coyote Creek Emergency Action Plan for Coyote Creek.

Flood Information Team (FIT)

- No FIT deployed.

Sandbags

- The District maintained sandbag sites throughout the county.

This information is based on first-hand account from District staff and other monitoring source between March 28 and April 11, 2017. As more information is gathered, some of the information reported here may change.

For questions, contact Melanie Richardson, Interim Chief Operating Officer Watersheds at (408) 630-2035 or Jim Fiedler, Chief Operating Officer Water Utility at (408) 630- 2736.