



Santa Clara Valley Water District Board of Directors Meeting

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

***AMENDED/APPENDED AGENDA**

**Tuesday, February 13, 2018
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

Richard P Santos, Chair, District 3
Linda J LeZotte, Vice Chair, District 4
John L Varela, District 1
Barbara Keegan, District 2
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
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

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

***AMENDED/APPEDED
AGENDA**

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

Tuesday, February 13, 2018

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 WITH LEGAL COUNSEL - ANTICIPATED
LITIGATION**

[18-0074](#)

Initiation of Litigation Pursuant to Government Code Section 54956.9(d)(4)
Number of Potential Cases Unspecified..End

***2.2. Item Removed From Agenda.**

2.3. CLOSED SESSION

[18-0079](#)

CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code Section 54957.6(a)

Agency Designated Representatives: Norma Camacho, Anil Comelo,
Michael Baratz, Laura Harbert, Dania Torres Wong, Esq.

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

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.

2.8. Candidate Interviews for Vacant Director Position on the Santa Clara Valley Water District Public Facilities Financing Corporation.

[18-0003](#)

Recommendation: A. Interview the candidates;
B. Appoint a candidate as a Director to the Santa Clara Valley Water District Public Facilities Financing Corporation (PFFC) Board of Directors; and
C. Adopt a resolution FILLING THE VACANCY ON THE PFFC.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: Notice of Intent to Fill Vacancy](#)
[Attachment 2: Candidates Application Material](#)
[Attachment 3: Resolution](#)

Est. Staff Time: 10 Minutes

2.9. Overview of the Fiscal Year (FY) 2018-19 First Pass Budget Development Process.

[18-0087](#)

Recommendation: Receive and discuss the overview of the District's FY 2018-19 First Pass Budget Development Process.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: PowerPoint](#)

Est. Staff Time: 15 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. Amendment No. 2 to Grant Agreement No. A3742R, with Resource [17-0757](#)
Conservation District of Santa Cruz County (RCD Santa Cruz) to Revise
and Reduce Scope of Work and Funding and Give District Ownership
Rights to Work Produced for Task 1 Gravel Augmentation for the Uvas
Creek Steelhead Spawning Habitat Enhancement Project, Project No.
26061007.

Recommendation: A. Approve Amendment No. 2 to Grant Agreement A3742R
between the Santa Clara Valley Water District and the RCD
Santa Cruz to:
i. Revise and reduce the scope of work and funding; and
ii. Give the District the ownership rights to the work
produced for Task 1 of Gravel Augmentation; and
B. Authorize the Chief Executive Officer to execute Amendment
No. 2 to the Agreement.

Manager: Rick Callender, 408-630-2017

Attachments: [Attachment 1: Amendment No. 2](#)
[Attachment 2: Agreement No. A3742R](#)
[Attachment 3: Agreement No. A3742R, Amendment No. 1](#)

- 3.2. Adopt Ordinance Providing for Compensation of the Directors of Santa [18-0064](#)
Clara Valley Water District Pursuant to Chapter 2, Division 10, of the
California Water Code.

Recommendation: Adopt the Ordinance PROVIDING FOR COMPENSATION OF
THE DIRECTORS OF SANTA CLARA VALLEY WATER
DISTRICT PURSUANT TO CHAPTER 2, DIVISION 10, OF THE
CALIFORNIA WATER CODE.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: Ordinance](#)

- 3.3. Resolution Setting Time and Place of Public Hearing for the April 10, 2018 Report on Activities in Protection and Augmentation of Water Supplies of District - 2018. [18-0052](#)

Recommendation: A. Adopt the Resolution CALLING A PUBLIC HEARING TO CONSIDER COMMENTS FROM MEMBERS OF THE PUBLIC ON THE REPORT ON THE ACTIVITIES IN THE PROTECTION AND AUGMENTATION OF THE WATER SUPPLIES OF THE DISTRICT, 2018; and

B. Set time and place for public hearing to occur on April 10, 2018 at 1:00 p.m., at the Santa Clara Valley Water District Board Room, 5700 Almaden Expressway, San Jose, CA 95118.

Manager: Nina Hawk, 408-630-2736

Attachments: [Attachment 1: Resolution](#)

- 3.4. Update on the Condition of the Almaden Valley Pipeline Inspection and Rehabilitation Project (San Jose, Los Gatos, Unincorporated Santa Clara County) (Districts 4 and 7) and Determination that the Condition of the Almaden Valley Pipeline Continues to Constitute an Emergency. [18-0076](#)

Recommendation: A. Receive an update on the Almaden Valley Pipeline Inspection and Rehabilitation Project; and

B. Determine by a four-fifths vote of the Board, that there is a need to continue the emergency action declared by the Chief Executive Officer (CEO) on December 5, 2017, pursuant to California Public Contract Code §22050, to repair the Almaden Valley Pipeline (San Jose, Los Gatos, Unincorporated Santa Clara County) (Districts 4 and 7).

Manager: Christopher Hakes, 408-630-3796

Attachments: [Attachment 1: Emergency Declaration](#)

- 3.5. Approval of Minutes. [18-0050](#)

Recommendation: Approve the minutes.

Manager: Michele King, 408-630-2711

Attachments: [*Attachment 1: 121218 Special Meeting Minutes](#)
[*Attachment 2: 121917 Special Meeting Minutes](#)
[*Attachment 3: 010918 Regular Meeting Minutes](#)

- *3.6. CEO Bulletins for the Weeks of January 19-25, January 26 - February 1, 2018, and February 2-8, 2018.

[18-0088](#)

Recommendation: Accept the CEO Bulletins.

Manager: Norma Camacho, 408-630-2084

Attachments: [Attachment 1: 012518 CEO Bulletin](#)
[Attachment 2: 020118 CEO Bulletin](#)
[*Attachment 3: 020818 CEO Bulletin](#)

REGULAR AGENDA:

4. BOARD OF DIRECTORS:

- 4.1. Status Update on the Implementation of Recommendations from the 2015 Consultant Contracts Management Process Audit Conducted by Navigant Consulting, Inc. (Navigant) and the Subsequent Fiscal Year 2017-2018 (FY18) Consultant Contracts Improvement Process.

[18-0051](#)

Recommendation: Receive a status update on the implementation of the recommendations made by Navigant in the 2015 Consultant Contracts Management Process Audit and on the FY18 Consultant Contracts Improvements Process.

Manager: Tina Yoke, 408-630-2385

Attachments: [Attachment 1: Navigant Audit](#)
[Attachment 2: Audit Implementation Status Table](#)
[Attachment 3: PowerPoint](#)

Est. Staff Time: 10 Minutes

- *4.2. Board Policy and Planning Committee's Recommendations on the Annual Board Strategic Planning Session. [18-0058](#)

Recommendation:

- A. Review, revise and approve the Board Policy and Planning Committee's recommended revisions to the 2019 Board Strategies and Budget Priorities as outlined in Attachment 1;
- B. Direct staff to compile information and develop a Board 2018-19 Strategic Plan (including Goals, Strategies, Board Priorities) connecting to the District's Mission and Ends Policies for transparency and engagement; and
- C. Direct staff to investigate the feasibility of a two-year budget cycle.

Manager: Michele King, 408-630-2271

Attachments: [*Original Board Agenda Memo](#)
[Attachment 1: FY 2018 Board Priorities](#)
[Attachment 2: Board Policy Development & Revisions](#)
[*Supplemental Agenda Memo](#)
[*Supplemental Attachment 1](#)

Est. Staff Time: 10 Minutes

- *4.3. Consider Recycled Water Committee's Recommendation on Public-Private Partnership (P3) Procurement Options and Select an Option for the Expedited Purified Water Program, Project No. 91304001. [18-0072](#)

Recommendation:

- A. Receive information on the Recycled Water Committee's recent consideration of P3 procurement options;
- B. Consider staff's recommendation to proceed with Option B - Progressive P3; and
- C. Provide direction to staff as to next steps.

Manager: Katherine Oven, 408-630-3126

Attachments: [Attachment 1: PowerPoint](#)

Est. Staff Time: 10 Minutes

- *4.4. Board Committee Reports. (Previously Listed as Item 4.3) [18-0099](#)

Attachments: [*Handout 4.4-A: 011818 CIP Committee Meeting Summary](#)
[*Handout 4.4-B: 012218 EWRC Meeting Summary](#)

5. **WATER UTILITY ENTERPRISE: None.**

6. **WATERSHEDS: None.**

7. **EXTERNAL AFFAIRS: None.**

8. CHIEF EXECUTIVE OFFICER:

8.1. Chief Executive Officer Report.

9. ADMINISTRATION: None.

10. DISTRICT COUNSEL: None.

11. ADJOURN:

11.1. Board Member Reports/Announcements.

11.2. Proposed Future Board Member Agenda Items.

11.3. Clerk Review and Clarification of Board Requests.

11.4. Adjourn to 5:00 p.m. Closed Session and 6:00 p.m. Regular Meeting on February 27, 2018, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

File No.: 18-0074

Agenda Date: 2/13/2018
Item No.: *2.1.

NON-EXHIBIT/CLOSED SESSION ITEM

SUBJECT:

CLOSED SESSION WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
Initiation of Litigation Pursuant to Government Code Section 54956.9(d)(4)
Number of Potential Cases Unspecified

File No.: 18-0079

Agenda Date: 2/13/2018
Item No.: 2.3.

NON-EXHIBIT/CLOSED SESSION ITEM

SUBJECT:

CLOSED SESSION

CONFERENCE WITH LABOR NEGOTIATORS

Pursuant to Government Code Section 54957.6(a)

Agency Designated Representatives: Norma Camacho, Anil Comelo,
Michael Baratz, Laura Harbert, Dania Torres Wong, Esq.

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

File No.: 18-0003

Agenda Date: 2/13/2018

Item No.: 2.8.

BOARD AGENDA MEMORANDUM

SUBJECT:

Candidate Interviews for Vacant Director Position on the Santa Clara Valley Water District Public Facilities Financing Corporation.

RECOMMENDATION:

- A. Interview the candidates;
- B. Appoint a candidate as a Director to the Santa Clara Valley Water District Public Facilities Financing Corporation (PFFC) Board of Directors; and
- C. Adopt a resolution FILLING THE VACANCY ON THE PFFC.

SUMMARY:

At the October 24, 2017 meeting, the Board directed the Clerk of the Board to advertise the vacancy on the PFFC to solicit Letters of Interest, determine an application deadline, and schedule a time for Board interviews.

A notice of intent to fill the PFFC vacancy was published in community papers throughout the Santa Clara County and placed on the District's web site (Attachment 1). Also, the one candidate who was previously interviewed in 2012 was notified.

Two letters of interest were received and are included as Attachment 2. This is the opportunity for the Board to interview the candidates and make an appointment to the PFFC Board of Directors, by adopting a resolution (Attachment 3) in accordance with the PFFC Bylaws.

If the Board makes an appointment to the PFFC Board, the Clerk of the Board will conduct an orientation meeting with the new Director.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

The recommended action is a ministerial action and thus is not subject to the requirements of CEQA.

ATTACHMENTS:

Attachment 1: Notice of Intent to Fill Vacancy
Attachment 2: Candidates Application Material
Attachment 3: Resolution

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711

**SANTA CLARA VALLEY WATER DISTRICT
NOTICE OF INTENT TO FILL VACANCY
ON BOARD OF DIRECTORS OF
PUBLIC FACILITIES FINANCING CORPORATION**

Topic: Santa Clara Valley Water District Notice of Intention to Fill Vacancy on Board of Directors of Public Facilities Financing Corporation.

Who: The Santa Clara Valley Water District is the primary water resources agency for Santa Clara County, California. It acts not only as the county's water wholesaler, but also as its flood protection agency and steward for its streams and creeks, underground aquifers and district-built reservoirs.

What: The Board of Directors of the Santa Clara Valley Water District intends to fill a vacant director position on the Public Facilities Financing Corporation (PFFC).

The PFFC is a nonprofit public benefit corporation whose primary purpose is to provide assistance to the Santa Clara Valley Water District in financing the acquisition, construction and improvement of public buildings, works and equipment for the Santa Clara Valley Water District, together with site development, landscaping, utilities, furnishings and appurtenant and related facilities. The PFFC directors serve as volunteers.

Duties of the PFFC director will be to perform any and all duties imposed by law, by the Corporation's Articles of Incorporation or Bylaws, or by resolution of the Board of Directors of the Santa Clara Valley Water District. PFFC directors meet at such times and places as required to conduct Corporation business, usually from one to three times annually.

In order to be eligible for appointment, an interested party must reside within the County of Santa Clara and must continue to reside therein while serving on the PFFC. The Board is seeking interested candidates with experience and understanding of the financial market and the issuance of bonds.

When: Interested parties should notify the Clerk of the Board of Directors of the Santa Clara Valley Water District in writing no later than 4:00 p.m. on Friday, December 15, 2017, at 5750 Almaden Expressway, San Jose, California, 95118. Please submit a letter of interest which includes your name, contact numbers, residential address, email address, occupation, summary of interest in the position, and qualifications and experience.

Information packets can be obtained online at www.valleywater.org or in person at District Headquarters, 5700 Almaden Expressway, San Jose, California.

Michele King

Subject: FW: PFFC Board Information Packet 2017

From: Spencer Horowitz [REDACTED]
Sent: Friday, December 08, 2017 10:35 AM
To: Michele King <MKing@valleywater.org>
Subject: Re: PFFC Board Information Packet 2017

Dear Ms. King,

Here is my updated application to serve as a PFFC board member. I believe I possess valuable experience and qualifications that will enable me to serve with distinction on the board.

- I am a small business owner in Santa Clara Valley with considerable experience as a consulting advisor to corporations on strategic planning and fund raising. I have extensive professional experience in contract negotiations and investor communications.
- I earned my MBA in Finance and Managerial Economics from the Kellogg Graduate School of Management at Northwestern University. I am a lifelong student of the bond market.
- I have a proven track record of integrity, public service and effective board membership. I have been vetted and appointed by the San Jose City council to serve on the City's Airport Commission (2010 - 2015) and the City's Small Business Development Commission (2004 - 2007). My fellow commissioners have elected me to leadership positions on both commissions. I have also served on the board of directors for Chai House (a 140 unit non-profit senior housing development), and on the Measure G Citizens Bond Oversight Committee for the San Jose Evergreen Community College District.

My primary interest in serving on the board is to help insure that the rate payers and residents of Santa Clara Valley enjoy maximum value for their investment in safe drinking water and flood protection.

The attached resume contains additional details about my background and qualifications. If you require further information, please contact me.

Respectfully submitted,

Spencer Horowitz
[REDACTED]
San Jose, CA 95125
[REDACTED]
[REDACTED]

SPENCER HOROWITZ

SAN JOSE, CA 95125 USA

EXPERIENCE

- ❖ Proven track record of corporate development, contract negotiation, public & investor relations, new venture formation and organizational management.
- ❖ Expert in communicating complex business propositions to corporate founders, CEOs, strategic partners, investors and the public.
- ❖ Exceptional writing, analysis and presentation skills informed by broad experience in finance, technology, economics, government and public advocacy.

1997 – present
Founder / Owner

BUSINESS DEVELOPMENT CONSULTANT
San Jose, CA

- Founded and built a corporate strategy, public relations and investor relations consulting practice serving startup & corporate technology clients worldwide. Clients include Mitsubishi, Autodesk, the Swedish Government and dozens of startups developing audio/video, Internet, semiconductor, mobile commerce and embedded software technologies.

1993 – 1997
Director of Marketing

ZORAN / OREN SEMICONDUCTOR
Santa Clara, CA

- Responsible for marketing, sales, public relations and international business development activities. Successfully negotiated memoranda of understanding, technology licenses and joint development contracts with Sony, JVC, Philips, LG Electronics and other strategic accounts.

1989 – 1993
Market Research Manager

NATIONAL SEMICONDUCTOR
Santa Clara, CA

- Established corporate market research department for multi-national technology corp. Curated and analyzed market forecasts, competitor analysis, leading indicators and demand models for product divisions, sales regions and senior management.

1987 – 1989
Product Manager

INTEL CORPORATION
Santa Clara, CA

- Responsible for product pricing and market demand forecasting for Intel's leading product: the 80286 microprocessor.

EDUCATION

Kellogg Graduate School of Management
Northwestern University, Evanston, Illinois.

MBA in Finance & Economics, with Honors.

Kean College, Union, New Jersey.

BS in Computer Science, with Honors.

BOARD APPOINTMENTS, HONORS, & PUBLIC SERVICE

- Twice appointed by San Jose Mayor and City Council to serve on the Airport Commission. Responsible for operational oversight and policy review for the San Jose International Airport (SJC), 2010 - 2015. Elected vice-chair by fellow commissioners.
- Appointed to the Measure G Citizen's Bond Oversight Committee for the San Jose Evergreen Community College District, 2010 – 2013.
- Twice appointed by San Jose Mayor and City Council to the Small Business Development Commission, 2003-2007. Elected Chair by fellow commissioners, 2006.
- Appointed to Board of Directors for Chai House, a 140-unit non-profit residence for low-income seniors, 2005 – 2008.
- *Pro bono* Communications Director for countywide judicial election. Responsible for message development, ad placement and official ballot statement. Won election by 14 points despite being outspent by opposition 4:3.
- Selected for USAID-sponsored economic advisory mission to the Romanian high-tech industry, 1999.
- Featured speaker at INET99, Internet Society Global Summit, San Jose, 1999.
- Featured speaker at "Alliance Forum" technology investment conference, Tokyo, 1996.
- Voting member of Semiconductor Industry Association Market Statistics Committee, 1989 - 1993. Elected Committee Chair, 1993.

REFERENCES Available upon request.

To: Michele King.. MKing@valleywater.org

1/11/18

Public Facilities Financing Corporation

5750 Almaden Expressway, San Jose

From: Jan F [Garrod...](#)

Re: Open position Public Facilities Financing Corporation

I would like to be considered for the open position on the Board for the Public Facilities Corporation. I've been very active in local water issues. I'm very familiar with the working of the Santa Clara Water District and very aware of its financing needs. The SCVWD is foremost in the state for providing high quality water, flood protection and environmental stewardship of our rivers, creeks and watershed. To be this leader and provide to the residence of Santa Clara Valley, the district needs to constantly upgrade and improve its facilities.

My knowledge of the district dates back many years. I have been an active member of the Agriculture Advisory Committee for over 20 years. My father, Vince S. Garrod was in fact one of the founders of the District. I've participated as committee member of two District wide audits, one a Board audit and the other an Enterprise audit. They were both very in depth and gave me a complete knowledge of the District and how it works. I also was part of the CEO interview committee and few years back. I did receive the Cape Award for Performance Excellence from the SCVWD in 2007.

Personally, I'm very active in local and State Agriculture with my work with the California State Farm Bureau. Presently, I'm District Director for Santa Clara, San Mateo and Santa Cruz Counties. I am a past President of the Santa Clara County Farm Bureau. As well as managing Garrod Farms with its winery, hay and equestrian business; I am the water master for a Mutual Water Company that has 53 services.

I completely understand the relationship between the SCVWD Board of Directors and the Management of the District. I believe, my experience demonstrates that I have the skills and knowledge needed to implement the policies and goals of SCVD while keeping in mind the values of the community and the economics of the situation.

Please consider me

Respectfully Jan Garrod

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

RESOLUTION NO. 18–

FILLING THE VACANCY ON THE PUBLIC FACILITIES FINANCING CORPORATION

WHEREAS, in accordance with the with the Bylaws of the Santa Clara Valley Water District Public Facilities Financing Corporation, the Santa Clara Valley Water District Board of Directors is required to make appointments to the Public Facilities Financing Corporation by adoption of a resolution; and

WHEREAS, Board action is required to appoint a qualified applicant to fill a vacancy that currently exists on the Public Facilities Financing Corporation.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Santa Clara Valley Water District that the Board appoints _____ to fill the current vacancy on the Public Facilities Financing Corporation Board.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by the following vote on February 13, 2018.

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

By: _____
RICHARD P. SANTOS
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC

Clerk/Board of Directors

File No.: 18-0087

Agenda Date: 2/13/2018

Item No.: 2.9.

BOARD AGENDA MEMORANDUM

SUBJECT:

Overview of the Fiscal Year (FY) 2018-19 First Pass Budget Development Process.

RECOMMENDATION:

Receive and discuss the overview of the District's FY 2018-19 First Pass Budget Development Process.

SUMMARY:

The District develops the annual budget to allocate the public's funds that are necessary to provide Silicon Valley with safe, clean water for a healthy life, environment and economy. The development of the District's budget is accomplished in an open transparent process providing opportunity for Board and public input. This report presents the first pass budget update and schedule for development of the final FY 2018-19 Budget. The process includes over ten (10) open session discussions providing the Board and public significant opportunity for input. In addition to the Board open sessions, Board Advisory committees have opportunities for input during the development of the Budget. The Board has scheduled Budget work study sessions for April 25 through 27. The process is scheduled to conclude with the adoption of the budget on May 8, 2018.

The First Pass budget update includes the various assumptions that support the first pass results (See attachment 1). The key revenue assumption is a 9.6% increase for the North County Zone W-2 Municipal & Industrial (M&I) groundwater production charge and a 7.6% increase for the South County Zone W-5. The base case preliminary groundwater production charge analysis presented to the Board on January 9th, 2018 assumed a 9.2% increase for North County and 6.2% for South County. The difference is driven by an assumed 7.5% participation level in the State Water Project portion of the California WaterFix instead of the 5% participation level assumed in the base case preliminary analysis.

The update also includes a staff proposal to modify the projects that roll up under the Information Technology (IT) Fund. Staff proposes to move IT operations projects, that currently roll up under the General Fund, to the IT Fund. This would allow a reader of the District budget to see the full complement of IT projects and their and cost in one place.

The District's financial planning and budget development processes are governed by the District Act, Section 13 for taxation and Section 20 for adoption of the budget. In addition, state and federal laws

require annual examinations of financial records. Board Governance Policies EL-4 guide financial management, planning, budgeting and ongoing financial activities.

FINANCIAL IMPACT:

There is no financial impact related to this agenda. It is presented for information only.

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 changes in the environment.

ATTACHMENTS:

Attachment 1: PowerPoint

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

FY2018-19 First Pass Budget Development Process

February 13, 2018



Topics

- **Budget Schedule Update**
- **Revenue: Assumptions & Results**
- **Salaries & Benefits: Assumptions & Results**
- **Districtwide Outlays Results**
- **Proposed Change to IT Fund**
- **Next Steps**

FY 2018-19 Budget Schedule for Board

Board Budget Development Updates:

- ➡ • February 13, 2018 – Budget Update
- March 27, 2018 – Second Pass Results
- April 25 to 27, 2018 – Board Work Study Sessions

Groundwater Production Charge Updates/Hearings:

- ✓ • January 9, 2018
- February 13, 2018
- April 10 to 24, 2018

Capital Improvement Plan Board Updates:

- ✓ • January 9, 2018
- February 27, 2018

Budget Adoption: (Budget, GWP and CIP)

- May 8, 2018

FY 2018-19 Revenue Assumptions

Major Revenue Sources - First Pass

- **Total water charge revenue: \$245.9M, up \$30.7M or 14.3% over FY18**
 - M&I Ground Water Production Charge: 9.6% increase for North County and 7.6% for South County
- **Property Tax (1% Ad-valorem): \$92.4M, up \$5.2M or 6.0% over FY18, due to both new construction and increased valuation in the local Real Estate market**
- **Capital Reimbursements & State Subventions: \$38.1M, a decrease of \$11.7M or 23% verses FY18**
 - Watershed Fund: \$12.8M
 - Safe, Clean Water Fund: \$19.2M
 - Water Enterprise Fund: \$6.1M

FY 2018-19 Revenue Results

(\$ in millions)				Over/ (Under)	
Revenue	FY18 Adopted	FY18 Projected	FY19 1st Pass	FY18 Adopted	%
Water Charges	215.2	215.2	245.9	30.7	14.3%
1% Ad-valorem Property Tax	87.2	91.1	92.4	5.2	6.0%
SCW Special Parcel Tax	42.5	42.5	44.0	1.5	3.5%
State Water Project Debt Service	26.0	26.0	18.0	(8.0)	(30.8%)
Benefit Assessment	14.8	14.8	14.8	0.0	0.0%
Capital Reimbursements	49.8	31.0	38.1	(11.7)	(23.5%)
Interest Income & Other	8.5	8.5	6.9	(1.6)	(18.8%)
Total Revenue	444.0	429.1	460.1	16.1	3.6%

FY 2018-19 Salaries & Benefits Assumptions

Salaries & Benefits - First Pass

- **Total Salaries budget: \$100.9M (809 regular positions; 4 fellowships) up \$2.9M or 3.0% over FY18**
 - Includes a 2% COLA increase and step increases for eligible positions
- **Total Benefits budget: \$55.7M, an increase of \$4.2M or 8.2% over FY18**
 - CalPERS Employer contribution: \$24.0M, up \$1.9M or 8.6% over FY18
 - Health benefits – Active Employees: \$16.9M, up \$0.8M or 5.0% over FY18
 - Health benefits – Retirees: \$10.5M, up \$1.4M or 15.4% over FY18
 - OPEB: \$3M Trust Fund contribution

FY 2018-19 Salaries & Benefits Assumptions

(\$ in millions)	FY18 Adopted	FY19 1st Pass	Over/ (Under) FY18	%
Salaries				
Salaries - Regular Employees	98.0	100.9	2.9	3.0%
Overtime and Special Pays	3.4	3.6	0.2	5.9%
Salary Savings	(4.1)	(4.2)	(0.1)	2.4%
Total Salaries	97.3	100.3	3.0	3.1%
Benefits				
Fed & State Taxes & Benefits	1.2	1.3	0.1	8.3%
Retirement Contributions (PERS)	22.1	24.0	1.9	8.6%
Group Insurance - Active Employees	16.1	16.9	0.8	5.0%
Group Insurance - Retired Employees	9.1	10.5	1.4	15.4%
Other Post Employment Benefits (OPEB)	3.0	3.0	0.0	0.0%
Total Benefits	51.5	55.7	4.2	8.2%
Net Total Salary & Benefits	148.8	156.0	7.2	4.8%

FY 2018-19 First Pass Results – Districtwide Outlays

(\$ in millions)			Over/	
Category	FY18 Adopted	FY19 1st Pass	(Under) FY18	%
Operations	307.8	313.5	5.7	1.9%
Operating Project	6.8	8.5	1.7	25.0%
Debt Service	49.8	60.2	10.4	20.9%
Operating Outlays	364.4	382.2	17.8	4.9%
Capital Projects	218.3	199.5	(18.8)	(8.6%)
Total Outlays	582.7	581.7	(1.0)	(0.2%)
Intra-District Reimbursement*	(81.4)	(87.9)	(6.5)	8.0%
Net Outlays	501.3	493.8	(7.5)	(1.5%)

* Intra-District reimbursements represent cost recovery for support services provided such as Human Resources or Legal

FY 19 First Pass results guided by Board Priorities established for FY 18

FY 2018-19 First Pass Results – Operations & Operating Projects

(\$ in millions)		Over/		
	FY18	FY19	(Under)	
Operations & Operating Projects	Adopted	1st Pass	FY18	%
General Fund	61.4	63.3	1.9	3.1%
Watershed Stream Stewardship Fund	53.4	52.9	(0.5)	(0.9%)
Safe, Clean Water Fund	15.1	15.8	0.7	4.6%
Water Enterprise Funds	171.0	175.4	4.4	2.6%
Fleet Management Fund	4.9	5.2	0.3	6.1%
Risk Insurance Fund	8.6	9.2	0.6	7.0%
Information Technology Fund	0.1	0.2	0.1	100.0%
Total Operations	314.5	322.0	7.5	2.4%

Note: This table reflects gross figures that have not been adjusted for intra-district reimbursements

FY 2018-19 First Pass Results - Capital

(\$ in millions)	FY18	FY19	Over/ (Under)	
Capital Budget	Adopted	1st Pass	FY18	%
General Fund	1.7	14.9	13.2	776.5%
Watershed Stream Stewardship Fund	27.4	34.4	7.0	25.5%
Safe, Clean Water Fund	56.1	41.6	(14.5)	(25.8%)
Water Enterprise Funds	118.9	100.3	(18.6)	(15.6%)
Fleet Management Fund	1.5	1.7	0.2	13.3%
Information Technology Fund	12.7	6.5	(6.2)	(48.8%)
Total Capital	204.1	191.2	(12.9)	(6.3%)

Note: FY19 1st Pass budget is based on draft FY19-23 CIP

Proposed Change to IT Fund

Background:

- **IT Fund contains IT capital projects and one operation project**
- **General Fund contains all other IT operations projects**

Staff Proposal:

- **Move IT operations projects from General Fund to IT Fund**
 - **Benefit = reader of District budget can see full IT program and cost in one place**

Next Steps

Board Budget Development Updates:

- March 27, 2018 – Second Pass Results
- April 25 to 27, 2018 – Board Work Study Sessions

Groundwater Production Charge Updates/Hearings:

- April 10 to 24, 2018

Capital Improvement Plan Board Updates:

- February 27, 2018

Budget Adoption: (Budget, GWP and CIP)

- May 8, 2018

File No.: 17-0757

Agenda Date: 2/13/2018

Item No.: 3.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Amendment No. 2 to Grant Agreement No. A3742R, with Resource Conservation District of Santa Cruz County (RCD Santa Cruz) to Revise and Reduce Scope of Work and Funding and Give District Ownership Rights to Work Produced for Task 1 Gravel Augmentation for the Uvas Creek Steelhead Spawning Habitat Enhancement Project, Project No. 26061007.

RECOMMENDATION:

- A. Approve Amendment No. 2 to Grant Agreement A3742R between the Santa Clara Valley Water District and the RCD Santa Cruz to:
 - i. Revise and reduce the scope of work and funding; and
 - ii. Give the District the ownership rights to the work produced for Task 1 of Gravel Augmentation; and
- B. Authorize the Chief Executive Officer to execute Amendment No. 2 to the Agreement.

SUMMARY:

In 2014, the Board awarded \$446,755 in Safe, Clean Water D3 grant (Restore Wildlife Habitat) to Resource Conservation District of Santa Cruz County (RCD Santa Cruz) for Uvas Creek Steelhead Spawning Habitat Enhancement Project. The objective of the project is to improve riparian and in-channel habitats in Uvas Creek below Uvas Dam. The project included gravel augmentation to improve spawning habitat at four sites below the dam.

The project was scheduled to be completed by June 30, 2017, but only approximately 50% of the work outlined in the agreement has been completed. The project was running behind schedule due to delays in obtaining the necessary permits to install gravel at four sites, and receiving project contributions from another entity. The agreement was extended by a year to June 30, 2018, providing RCD Santa Cruz the time to obtain the necessary permits that it was confident of receiving.

However, RCD Santa Cruz has since been denied the necessary permits and is now requesting a modification in the scope of work to eliminate the task of gravel augmentation construction under Task 1. Additionally, RCD Santa Cruz has been unable to secure additional funding from California Department of Fish and Wildlife to complete the removal and disposal of acacia at its third site under Task 2. Therefore, RCD is requesting to amend the scope of work to reflect the limitations of its current situation.

Furthermore, under the proposed amendment, RCD Santa Cruz would provide District ownership rights to the work conducted under the Gravel Augmentation Task 1. These would include work produced as part of the planning, design and permitting sub-tasks under Task 1.

Of the total grant money award of \$446,755, the District has already reimbursed RCD Santa Cruz for \$193,398, and there is an invoice of \$22,181 that is pending payment.

Background

In 2014, the Board awarded \$446,755 in Safe, Clean Water D3 grant (Restore Wildlife Habitat) to RCD Santa Cruz for Uvas Creek Steelhead Spawning Habitat Enhancement Project. The purpose of the project is to improve riparian and in-channel habitats in Uvas Creek below Uvas Dam by removing non-native, invasive plant species and enhancing spawning gravel quality through gravel augmentation.

The project has four main tasks

- Task 1: Gravel Augmentation
- Task 2: Acacia Removal and Disposal; Monitoring and Maintenance
- Task 3: Education Events
- Task 4: Project Management

Tasks, budget, and funds reimbursed:

Task 1: Gravel Augmentation at the following four sites:

- 1) Site UGA1. Stream reach directly below Uvas Dam.
- 2) Site UGA2 In the vicinity of the Thousand Trails Campground located at 12895 Uvas Road, Morgan Hill, CA.
- 3) Site UGA3a. Stream reach directly adjacent to Jason-Stephens Winery picnic area. Jason-Stephens Winery is located at 11775 Watsonville Road, Gilroy CA.
- 4) Site UGA3b. Stream reach downstream of Jason-Stephens Winery's service building adjacent to historical floodplain area.

Task 1, a major part of the project, required permits as it proposed encroachment within the Federal Emergency Management Agency's (FEMA) regulatory floodway. Based on the hydraulic and hydrology study conducted by their consultant, RCD Santa Cruz was confident of receiving in August 2017 the permits for three (UGA2, UGA3a and UGA3b) of the four proposed sites and requested extending by three-and-a-half years the agreement that was due to expire on June 30, 2017.

Site UGA1 had earlier been removed from the project scope when FEMA required a Conditional Letter of Map Revision, thus foreclosing the viability of the site.

In June 2017, the District extended the agreement, by 12 months under the CEO's authority, with a plan to go before the Board in September 2017 for a further extension once RCD Santa Cruz had

received the permits and could provide the revised project schedule. Besides extending the time, Amendment No. 1 (Attachment Three) also captured the following changes the District had authorized until June 30, 2017:

- Allowing for 25% instead of 20% of District's contribution to be applied for non-construction including design and engineering;
- Removing gravel augmentation at Site UGA1 from the scope of work

However, on Aug. 30, 2017, RCD Santa Cruz informed the District that it was unable to move forward with all the sites under Task 1 as it had been denied the permit because when an encroachment is proposed on FEMA regulatory floodway, it does not allow any increase of Base Flood Elevation (BFE) on a structure. The Grantee confirmed the status in September 2017.

The total updated budget for this Task is \$216,704, of which \$50,394 (23%) has been reimbursed. The money invoiced has been for engineering design and permitting and the remaining budgeted dollars are for construction.

Task 2: Acacia Removal and Disposal; Monitoring and Maintenance within existing riparian areas at the following locations:

- 1) Site UAR1a. Stream reach upstream of 1000 Trails Campground's Uvas Creek bridge. The Campground is located at 12895 Uvas Road, Morgan Hill, CA.
- 2) Site UAR1b. Stream reach downstream of 1000 Trails Campground's Uvas Creek bridge. The Campground is located at 12895 Uvas Road, Morgan Hill, CA.
- 3) Site UAR2. Stream reach along to Jason-Stephens Winery's creek frontage. Jason-Stephens Winery is located at 11775 Watsonville Road, Gilroy, CA.

RCD Santa Cruz has completed removal and disposal of acacia at the first two sites and monitoring and maintenance on these sites is scheduled to begin soon.

RCD informed the District that they were unable to secure additional funding from California Department of Fish and Wildlife (CDFW) to complete the removal and disposal of acacia on the third site (UAR2).

The total updated grant budget for this Task was \$212,375, of which \$147,268 (69%) have been reimbursed.

Task 3: Education Events

RCD incorporated four education events to inform the community on watersheds, steelhead habitats, and the value of clean, healthy riparian areas. The audience included the local communities around the project area and two RV camping and recreation facilities. Three of the four education events have been completed. RCD informed the District that since it is unable to move forward with the additional sites under Tasks 1 & 2, they will not move forward with completing the fourth education event.

The total grant budget for this task is \$2,540 of which \$1,977 (78%) have been reimbursed.

Task 4: Project Management

Quarterly invoices with documented progress toward task deliverables, and final presentation to Board upon project completion.

The total grant budget for this task is \$15,136 of which \$15,940 (105%) have been reimbursed. The additional cost for Task 4 has been attributed to the challenges in acquiring the necessary permits and funding to carry out Tasks 1 & 2.

FINANCIAL IMPACT:

With this amendment, the grant amount will be reduced to not-to-exceed amount of \$215,579.

CEQA:

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

ATTACHMENTS:

Attachment 1: Amendment No. 2

Attachment 2: SCVWD Agreement No. A3742R

Attachment 3: SCVWD Agreement No. A3742R, Amendment No. 1

UNCLASSIFIED MANAGER:

Rick Callender, 408-630-2017

**AMENDMENT NO. 2 TO
2014 SAFE, CLEAN WATER PRIORITY D3 GRANT PROGRAM
AGREEMENT - # A3742R
BETWEEN THE SANTA CLARA VALLEY WATER DISTRICT
AND THE RESOURCE CONSERVATION DISTRICT OF SANTA CRUZ COUNTY**

This Amendment No. 2 (Amendment), effective as of the date it is fully executed by the Parties, amends the terms and conditions of the 2014 Safe, Clean Water Priority D Grant Program Agreement - No. A3742R (Agreement) dated June 30, 2014 between SANTA CLARA VALLEY WATER DISTRICT (District) and THE RESOURCE CONSERVATION DISTRICT OF SANTA CRUZ COUNTY, (Grantee), collectively, the Parties.

RECITALS

WHEREAS, the Agreement provides for the Grantee to receive a grant amount of \$446,755.00 from the 2014 Safe, Clean Water Priority D Grant Program to perform the Project, including Uvas Creek Steelhead spawning habitat enhancement, described in the Appendix A of the Agreement;

WHEREAS, the term of the Agreement expires on June 30, 2018;

WHEREAS, the Grantee has received 43% of the Project Grant Amount and worked diligently to advance the Project and its tasks, including site evaluation; developing design alternatives and identifying the preferred alternative in consultation with the County, District and the National Marine Fisheries Service; in removing invasive species; and in conducting community outreach;

WHEREAS, under Task 1: Gravel Augmentation, the Grantee has completed the evaluation and design phases for three of their proposed sites but has been denied the permit to move forward with the construction because when an encroachment is proposed on Federal Emergency Management Agency's (FEMA) regulatory floodway it does not allow any increase of Base Flood Elevation (BFE) on a structure;

WHEREAS, under Task 2: Acacia Removal and Disposal; Monitoring and Maintenance, the Grantee has completed removal and disposal of acacia at two of the three sites and monitoring and maintenance on these sites is scheduled to begin soon. However, the removal on the third site has not occurred as the Grantee has not received the funding from California Department of Fish and Wildlife (CDFW);

WHEREAS, under Task 3: Education Events, the Grantee has completed three of the four educational activities to inform the community on watersheds, steelhead habitats, and the value of clean, healthy riparian areas in the community. The educational activities are targeted to the local communities around the project and two RV camping and recreational facilities;

WHEREAS, under Task 4: Project Management, the Grantee has submitted quarterly invoices, documented progress towards its deliverables, and kept the District informed of its challenges, such as the permitting issues;

WHEREAS, without the permits necessary to move forward with the completion of the gravel augmentation and the funding needed to complete the removal and disposal of acacia at the third proposed site, the scope of work has changed;

NOW, THEREFORE, in consideration of the mutual promises and agreements stated herein and notwithstanding anything to the contrary in the Agreement, Grantee and the District hereby agree to amend the Agreement as follows:

1. In Appendix A. Task 1, delete the entire scope of the work under the headings of “Construction Bids”, “Construction”, and “Gravel Pilot Monitoring”.
2. In Appendix A. Task 1, add the following as the first sentence: “In consideration of amounts received under this Task 1, Grantee hereby assigns to District absolutely with full guarantee all of its property, right, title and interest in any and all tangible and intangible work product resulting from Task 1, including all intellectual property rights.”
3. In Appendix A. Task 2, delete the entire paragraph starting with, “3. Site UAR2. Stream reach along to Jason-Stephens Winery’s creek frontage.” Additionally, delete all other references to “Site UAR2” under Task 2.
4. In Appendix A. Task 3, replace the paragraph after the heading “Description” with “The project will incorporate three educational events and that two of those events will be community focused gatherings in the Cities of Morgan Hill and Gilroy, and one event will be a presentation and hands on tour with the RV communities adjacent to Uvas Creek in the project area.”

5. In Recitals G & H, delete “four hundred forty-six thousand seven hundred fifty-five dollars (\$446,755.00)” and replace with “two hundred fifteen thousand five hundred seventy-nine (\$215,579).”

6. In Section 4, delete Subsection B, and replace with the following:

B. Notices

All notices and other communication required or permitted to be given under this Agreement shall be in writing and shall be personally serviced or mailed, postage prepaid and return receipt requested, addressed to the respective parties as follows:

To SCVWD:	Norma Camacho, Chief Executive Officer Santa Clara Valley Water District 5750 Almaden Expressway San Jose, CA 95118-3686 E-mail: grants@valleywater.org	To Grantee:	Jim McKenna Board President Resource Conservation District of Santa Cruz County 820 Bay Avenue, Suite 136 Capitola, CA 95010 Phone: (831) 464-2950
Contact:	Sherilyn Tran Interim Supervising Program Administrator Santa Clara Valley Water District 5750 Almaden Expressway San Jose, CA 95118 Phone: (408) 630-2772 E-mail: grants@valleywater.org	Grantee Contact:	Susan Pearce Interim Executive Director Resource Conservation District of Santa Cruz County 820 Bay Avenue, Suite 136 Capitola, CA 95010 Phone: (831) 464-2950 E-mail: spearce@rcdsantacruz.org

7. All other terms and conditions of Agreement No. A3742R, not amended as stated herein, remain in full force and effect.

(SIGNATURES FOLLOW ON NEXT PAGE)

IN WITNESS WHEREOF, THE PARTIES HAVE SET FORTH BELOW THEIR
CONSENT TO THE TERMS AND CONDITIONS OF THIS AMENDMENT NO. 2 TO
AGREEMENT NO. A3742R THROUGH THE SIGNATURES OF THEIR DULY
AUTHORIZED REPRESENTATIVES.

SANTA CLARA VALLEY WATER
DISTRICT

RESOURCE CONSERVATION
DISTRICT OF SANTA CRUZ
COUNTY

“District”

“Grantee”

By:

By:

Norma J. Camacho
Chief Executive Officer

Jim McKenna
Board President

Date:

Date:

SANTA CLARA VALLEY WATER DISTRICT

**Safe, Clean Water and Natural Flood Protection Program
2014 SAFE, CLEAN WATER PRIORITY D GRANT PROGRAM**

This 2014 Safe, Clean Water Priority D Grant Program Agreement (Agreement), effective upon full execution, is entered into by and between the SANTA CLARA VALLEY WATER DISTRICT, a California special district (District) and the Resource Conservation District of Santa Cruz County, a special district of California (Grantee). District and Grantee may be referred to individually as a "Party" or collectively as the "Parties" or the "Parties to this Agreement." This Agreement provides for funding to support Grantee's Uvas Creek Steelhead Spawning Habitat Enhancement (Project).

RECITALS:

- A. The District's mission is to provide Silicon Valley safe, clean water for a healthy life, environment, and economy.
- B. In November 2012, the voters of Santa Clara County passed Measure B establishing a special tax to fund the Safe, Clean Water and Natural Flood Protection program (Safe, Clean Water).
- C. The Safe, Clean Water Program special tax provides funding for activities consistent with this 2014 Safe, Clean Water Priority D Grant Program (Grant Program), focused on restoring wildlife habitat, including creating or enhancing wetland, riparian and tidal marsh habitat, protecting special status species, removing fish migration barriers, installing fish ladders, removing non-native, invasive plant species, and planting native species.
- D. The District's Board of Directors approved the use of District funds for the Grant Program on August 27, 2013.
- E. On November 22, 2013, the Grantee's Board of Directors adopted a Resolution authorizing Grantee's application for Grant Program funding and acceptance of the grant, if awarded, for Grantee's Uvas Creek Steelhead Spawning Habitat Enhancement (see Appendix G, Resolution).
- F. Grantee submitted an application to the District's Grant Program for its Uvas Creek Steelhead Spawning Habitat Enhancement to carry out restoring wildlife habitat.
- G. On February 25, 2014, the District Board approved the Uvas Creek Steelhead Spawning Habitat Enhancement, allocating the Project Grant Amount not to exceed four hundred forty six thousand seven hundred fifty five dollars (\$446,755.00) to Grantee and authorized the District's Chief Executive Officer (CEO) to award a grant contract to Grantee. Consistent with Grantee's application submitted, any additional funds necessary to complete the Project will be supplied by the Grantee or other funding sources it secures.
- H. Consistent with application submitted, Grantee has secured funding from Santa Clara Valley Water District in the amount of four hundred forty six thousand seven hundred fifty

five dollars (\$446,755.00) and any additional funds necessary to complete the Project will be supplied by the Resource Conservation District of Santa Cruz County.

The Parties agree to the following terms and conditions:

Section 1. Special Provisions

- A. Within the Project Performance Period, Grantee will mention the Project and the District's Safe, Clean Water Program as a funding source in at least one article published in any newspaper, magazine, or e-newsletter that the Grantee issues or submits materials to for publication.
- B. Grantee shall post signs acknowledging the District's participation in the development of the Project and the use of Safe, Clean Water funds, should there be an implementation component and where deemed appropriate. District to provide sign template(s) to Grantee, upon request, for use in Project where feasible.
- C. Grantee shall invite, in writing, members of the District Board to participate in any groundbreaking, opening, or ribbon cutting ceremony associated with the Project. Board members will be given the opportunity to speak if other officials have speaking roles.
- D. After Project completion, Grantee will make a presentation to the District's Board regarding the Project outcome.
- E. The completed Project will benefit the public by improving in-stream steelhead habitat in multiple locations along a 3.7 mile reach of Uvas Creek, below the District's Uvas Dam. All Project implementation sites for installation of improvements and post-construction monitoring are located on private properties, providing no public access.

Section 2. General Provisions

- A. *Definitions*
 - 1. Acquisition: to obtain fee title or a lesser interest in real property, including a conservation easement or development rights.
 - 2. Agreement: this contract between the District and the Grantee specifying the payment of funds by the District for the performance of the Project Scope within the Project Performance Period by the Grantee.
 - 3. Application: the 2014 Safe, Clean Water Priority D Grant Program application and accompanying attachments submitted to the District for the District's Grant Program.
 - 4. Development: The creation, by construction of or addition to existing facilities, of new watershed activities at the Project site.
 - 5. District: Santa Clara Valley Water District.
 - 6. Grant Program: 2014 Safe, Clean Water Priority D Grant Program.
 - 7. Project: Grantee's Project as described in Appendix A, Project Scope, approved for a grant award by the District's Board.
 - 8. Project Completion: Project completion per requirements stated in Section 2. General Provisions, G. Project Completion.

9. Project Grant Amount: The amount of Grant funds allocated by the District's Board to Grantee for the Project.
10. Project Performance Period: The Project period commencing with full execution of this Agreement by both Parties and expiring as stated in Section 2. General Provisions, H. Agreement Term.
11. Property: The real property described in Appendix A, Project Scope, for acquisition or development with the Project.
12. Safe, Clean Water: The District's Safe, Clean Water and Natural Flood Protection Program special tax approved by Santa Clara County voters in November 2012.
13. Total Project Cost: The full cost of the Project, including funds from all funding sources, as identified in Appendix C, Project Budget.

B. Project Execution

1. District hereby grants to Grantee the Project Grant Amount, in consideration of, and on condition that, the sum be expended for the sole purpose of carrying out the objectives as set forth in the Project as identified in Appendix A, Project Scope, consistent with the terms and conditions set forth in this Agreement.
2. Grantee is responsible for securing all other necessary funds to accomplish the Project. Any significant modification or alteration to the Project Scope is subject to prior consideration and approval of the District. Such request must be submitted in writing to the District Contact, per Section 4. Miscellaneous Provisions, A. Miscellaneous Provisions, Item 5 of this Agreement. District's disbursement of Grant funds is dependent on District approval of changes the District deems are significant.
3. Grantee will complete the Project in accordance with Appendix A, Project Scope, Appendix B, Project Schedule, and Appendix C, Project Budget.
4. Project Scope, Project Schedule and Project Budget may only be adjusted pursuant to a written amendment to this Agreement, signed by both Grantee and District in advance of such adjustment. Project Schedule adjustments that do not impact the expiration date of this Agreement may be approved by District without the necessity of a formal amendment to this Agreement.
5. Grantee must comply with all applicable federal, state, and local codes, statutes, laws, regulations, and ordinances, including, but not limited to, financial requirements, legal requirements for construction contracts, building codes, health and safety codes, laws and codes pertaining to individuals with disabilities, and the California Environmental Quality Act

(Public Resources Code, Section 21000, et. seq., Title 14, California Code of Regulations, Section 15000 et. Seq.).

6. Grantee must secure (1) fee title, (2) leasehold, (3) other real property interest, (4) permit for site access, or (5) property owner's agreement for site access to the Project lands as necessary for performance of this Agreement.
7. Grantee must enter into a Joint Use Agreement with the District for use of any District property prior to execution of this Grant Agreement, or prior to reimbursement of grants funds for this Project, at District's discretion.

C. *Project Administration/Reporting Requirements*

1. Grantee shall provide written quarterly reports at minimum (on a fiscal year schedule), using the District's standard form presented in Appendix F, Status Report Form. Reports will be completed and submitted in conjunction with invoicing (Appendix D, Project Invoice) as appropriate. Status reports shall include an update per task as included in Appendix A, Project Scope.
2. Grantee shall provide one hard copy and one electronic version of items listed in Section 2. General Provisions, G. Project Completion.
3. All reports submitted to the District must include the following certification page signed by an officer of Grantee's organization:

"I certify, under penalty of perjury under the laws of the State of California, that the Quarterly/Monthly Status Report and all attachments, signed on [DATE], on behalf of Grantee, were prepared under my direction or supervision in accordance with a system designed to ensure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the loss of the current and future Grant Funding."

4. Quarterly reporting will end with submittal of Project Completion packet (see Section 2. General Provisions, G. Project Completion).

D. *Termination of the Agreement*

1. Grantee may unilaterally terminate this Agreement at any time prior to District disbursement of Grant Program funds by providing 30 days written notice to District.
2. Failure by Grantee to comply with the terms of this Agreement may be cause for suspension or termination of funding by the District. Additionally, in the event of failure to complete Project, Grantee may be required to repay District for funds received, including interest earned at

the District's pooled portfolio monthly interest yield corresponding to the month(s) the funds were due to the District.

E. Indemnification

1. In lieu of and notwithstanding the pro rata risk allocation, which might otherwise be imposed between the Parties pursuant to Government Code Section 895.6, the Parties agree that all losses or liabilities incurred by a Party shall not be shared pro rata but, instead, District and Grantee agree that, pursuant to Government Code Section 895.4, each of the Parties hereto shall fully indemnify and hold each of the other Parties, their officers, board members, employees, and agents, harmless from any claim, expense or cost, damage or liability imposed for injury (as defined in Government Code 810.8) occurring by reason of the negligent acts or omissions or willful misconduct of the indemnifying Party, its officers, employees, or agents, under or in connection with or arising out of any work, authority, or jurisdiction delegated to such Party under this Agreement. No party, nor any officer, board member, or agent thereof shall be responsible for any damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of the other Party hereto, its officers, board members, employees, or agents, under or in connection with or arising out of any work authority or jurisdiction delegated to such other Party under this Agreement.

F. Nondiscrimination

1. Anti-Discrimination—The District is an equal opportunity employer and requires all parties it contracts with to have and adhere to a policy of equal opportunity and non-discrimination. In the performance of the Agreement, the Grantee will comply with all applicable federal, state, local laws and regulations, and will not discriminate against any sub-consultant, employee, or applicant for employment, in the recruitment, selection for training including apprenticeship, hiring, employment, utilization, promotion, layoff rates of pay, or other forms of compensation, or against any other person, on the basis of race, color, religion, ancestry, gender, national origin, age (over 40), marital status, medical condition (including cancer), pregnancy, parental status, the exercise of family care leave rights, political affiliation, sexual orientation, gender identity, special disabled veteran status, Vietnam Era veteran and all other Veteran status, or because of a physical or mental disability (including, HIV and AIDS). The Grantee's policy must conform with applicable state and federal guidelines including the Federal Equal Opportunity Clause, "Section 60-1.4 of Title 41, Part 60 of the Code of American Disabilities Act of 1990; the Rehabilitation Act of 1973 (Sections 503 and 504); California Fair Employment and Housing Act (Government Code Section 12900 et. Seq.); and California Labor Code Sections 1101 and 1102."
2. The completed Project will be open to members of the public generally during hours specified by the Grantee, except as noted under the Special Provisions of this Agreement, pursuant to provisions of the enabling legislation and/or Program, or any joint use agreement with the District.

G. Project Completion

1. After Grantee completes the Project by meeting all requirements stated in Appendix A, Project Scope, Grantee must submit the Project Completion packet detailed in a-f below to the District Contact and it must include:
 - a. Final Payment Request Form (Appendix E).
 - b. Final Invoice (Appendix D).
 - c. Final Status Report Form (Appendix F), including documentation of accomplishments.
 - d. Notice of Completion for public works construction projects.
 - e. Written communication from Grantee stating that Project is complete, including list of tasks completed and signature by authorized representative.
 - f. Presentation to the Board of Directors on completed Project. District will provide Grantee with approximate date prior to expiration of the Agreement Term.
2. District conducts final on-site Project inspection as deemed necessary.
3. District processes Grantee's invoice for final payment.

H. Agreement Term

1. The term of this Agreement commences upon full execution by the Parties. Approval of this Agreement by both parties is necessary for any disbursement of Grant funds. This Agreement expires upon the earliest of: Project Completion in accordance with Section 2. General Provisions, G. Project Completion; or June 30, 2017.

I. Insurance Provisions

1. During the entire term of the Agreement, Grantee must maintain the insurance coverage described in Appendix H. Insurance Requirements.

Section 3. Financial Provisions

A. Accounting and Audit Requirements

1. Grantee must maintain an accounting system that accurately reflects fiscal transactions, with the necessary controls and safeguards. Grantee should provide clear audit trails, especially the source of original documents such as, but not limited to, receipts, progress payments, invoices, time cards, etc. **AVOID AUDIT EXCEPTIONS—KEEP ACCURATE RECORDS.**

2. Grantee agrees that District, or its agent, has the right to review, obtain, and copy all records pertaining to performance of this Agreement. Grantee agrees to provide District, or its agent, with any relevant information requested and will permit District, or its agent, access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting or copying books, records, accounts, computerized records, and other materials that may be relevant to the matter under investigation for the purpose of determining compliance with this Agreement. Consultant further agrees to maintain such records for a period of three (3) years after final payment under this Agreement.
3. Grantee's detailed budget is included as Appendix C, Project Budget and is consistent with Grantee's Project Proposal. The Project Budget will be used by District as the basis for evaluating Grantee's invoices for Grant funds. In cases where invoices are inconsistent with the Project Budget, invoices must either be revised for consistency or an amendment to this Agreement may be necessary to align the Project Budget with the actual reimbursable expenditures for the Project.
4. Grantee must document its eligibility for award and receipt of Safe, Clean Water Grant Funds by verifying it is not included in any current Federal List of Parties Excluded from Federal Procurement or Non-procurement Programs. Exclusion of Grantee from this list, verified at <http://www.arnet.gov/epls>, demonstrates the Grantee's good status regarding suspension and debarment and eligibility for Grant Program funds.
5. Grantee is responsible for repayment to District of any disallowed cost. Disallowed costs may be identified through audits, monitoring, or other sources of information that become available to the District after the District has satisfied an invoice from Grantee and disbursed Safe, Clean Water Grant funds.
6. Construction costs are deemed "reasonable" if obtained by competitive bidding.

B. Eligible Costs

Total Project Grant Amount is not-to-exceed that amount identified in Recitals, Item G, and will be disbursed to Grantee according to the terms and conditions as stated in Section 3. Financial Provisions, C. Payment Request Process and D. Invoicing.

1. Only Project related costs incurred during the Project Performance Period, excluding costs incurred prior to and during preparation of the Grant application, specified in this Agreement are eligible for reimbursement. All such costs must be supported by appropriate documentation, including but not limited to subcontractor invoices and receipts (see Appendix D. Project Invoice).

2. Personnel or Employee Services—Services of the Grantee's employees engaged in Project execution are eligible costs. These direct labor costs must be computed according to the Grantee's prevailing wage or salary scales and may include fringe benefit costs such as vacation, sick leave and social security contributions that are customarily charged to the Grantee's various projects for which the Grantee has submitted a Benefit Rate Calculation to the District. Indirect overhead is limited to 10% of Salary plus Benefits. Costs charged to the Project must be computed on actual time spent on a project, and supported by time and attendance records describing the work performed on the Project. Overtime costs may be allowed under the Grantee's established policy; provided that the regular work time was devoted to the same project.
3. Salaries and wages claimed for employees working on grant funded projects must not exceed the Grantee's established rates for similar positions.
4. Project costs for non-construction tasks are limited to 20% of District contribution to Total Project Cost, for projects that include a construction task.
5. Consultant Services—The costs of consultant services necessary for the project are eligible. Consultants must be paid by the customary or established method and rate of the Grantee. No consultant fee may be paid to the Grantee's own employees.
6. Construction Equipment—Equipment owned by Grantee may be charged to the Project for each use. Equipment use charges must be made in accordance with the Grantee's normal accounting practices. The equipment rental rates published by the California Department of Transportation may be used as a guide.
 - a. If the Grantee's equipment is used, a report or source document must describe the work performed, indicate the hours used and relate the use to the Project.
 - b. The purchase of equipment with Grant funds is not permissible.
7. Construction Supplies and Materials—Supplies and materials may be purchased for a specific project or may be drawn from a central stock, provided they are claimed at a cost no higher than that paid by the grant recipient. Supplies and materials purchased for the construction of a piece of equipment, a structure or a part of a structure may be charged to the Project. If charged, only that cost incurred during the Project performance period and attributed to the project may be claimed.
8. Signs and Interpretive Aids—The cost of signs, display boards, or other minor interpretive aids relating to the Project are eligible for reimbursement.

9. Construction—The costs of all necessary construction activities, from site preparation (including demolition, excavation, grading, etc.) to the completion of a structure or facility are eligible for reimbursement.
10. Acquisition—Costs of acquiring real property interests are eligible for reimbursement and may include the purchase price of the property, appraisals, surveys, preliminary title reports, escrow fees, title insurance fees.
11. Relocation Costs—Relocation costs are allowable for projects that result in displacement of any person and/or business. The Grantee must comply with all federal and local laws, as well as the requirements of the State Relocation Act (Chapter 16 Government Code, Section 7260 et seq.), if applicable, even if relocation costs are not claimed for reimbursement.
12. Other Expenditures—In addition to the major categories of expenditures, reimbursements may be made for miscellaneous costs necessary for execution of the Project. Examples of such costs include:
 - a. Postage; and
 - b. Transportation costs for moving equipment and/or personnel.

C. *Payment Request Process*

This Grant Agreement is based on a reimbursement model with specific details as noted below.

1. Grantee may submit multiple Payment Request Forms as necessary, but not more often than monthly.
2. After Grantee completes the Project, Grantee submits the Project Completion Packet (see Section 2. General Provisions, G. Project Completion) and the Payment Request Form (Appendix E) for the final payment.

PAYMENT REQUEST PROCESS		
PAYMENT TYPE	WHEN TO SUBMIT IT	SUPPORTING DOCUMENTATION TO SEND TO PROJECT OFFICER
Payment Request Reimbursement (up to 90% of the total Project Grant Amount)	Once Grantee can provide evidence to show significant progress toward completing Project tasks.	<ul style="list-style-type: none"> • Payment Request Form (Appendix E) • Invoice Form (Appendix D) • Status Report Form (Appendix F) • For direct expenses, copies of invoices with all attachments shall be submitted • For labor costs, copies of Timesheets shall be submitted • For Benefits Costs, a Benefits Rate Calculation will be submitted • Documentation of accomplishments (i.e., draft and final plans, designs, etc.)

PAYMENT REQUEST PROCESS		
PAYMENT TYPE	WHEN TO SUBMIT IT	SUPPORTING DOCUMENTATION TO SEND TO PROJECT OFFICER
Final (10%)	After Grantee has completed the Project	<ul style="list-style-type: none"> Project Completion packet (see Section 2. General Provisions, G. Project Completion)

D. Invoicing

1. The Project Invoice (Appendix D) and Status Report Form (Appendix F) shall accompany the Payment Request Form (Appendix E) and shall incorporate Grantee name and remittance address, a description/itemization of goods or services, dollar amount of goods or services, invoice date and number, and Agreement number. Work performed shall be determined on a per task basis as outlined in the Project Scope (Appendix A) and Project Schedule (Appendix B). All requests for reimbursements will be accompanied by materials providing evidence of significant Project progress accomplishments commensurate with level of reimbursement requested.
2. District will review Grantee's invoice within ten working days from receipt and advise Grantee of any disputed items. District will review and approve undisputed invoices within ten working days from receipt and issue payment within forty-five calendar days from receipt. District will pay invoices within forty-five calendar days from date invoice is approved by District's Project Manager.
3. Grantee's invoice must include invoices from subcontractors documenting task, task budget, percentage complete, prior billing if any, current billing, and total billed. Documentation supporting Grantee's invoice(s) must document work performed consistent with the frequency of Grantee's invoices to District.

Section 4. Miscellaneous Provisions

A. Miscellaneous Provisions

1. Grantee's waiver of any term, condition, covenant, or breach of any term, condition or covenant shall not be construed as a waiver of any other term, condition, or covenant or breach by any other term, condition or covenant.
2. This Agreement contains the entire Agreement between District and Grantee relating to the Project. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force or effect.
3. This Agreement shall be governed and construed in accordance with the laws of the State of California.
4. This Agreement may be executed in counterparts and will be binding as executed.

5. Grantee's request(s) for modification(s) to the Project Scope, Project Schedule, or Project Budget must be submitted in writing, prior to the expiration of this Agreement, and will be considered for approval by the District's executive management responsible for the Safe, Clean Water Grant Program provided:
 - a. The Grant award by the District's Board did not impose a restriction on such revisions; and
 - b. No additional Grant funds are requested. All such requests will be considered by the District's executive management responsible for the Safe, Clean Water Grant Program.
6. Revisions to the Project Scope, Project Schedule, or Project Budget are subject to review and prior approval of the District.
7. An extension to the term of this Agreement for a period up to twelve (12) months beyond the current expiration date may be approved by District. Requests for term extensions must be submitted in writing and received no later than sixty (60) calendar days prior to the expiration of this Agreement. Grantee must submit sufficient documentation in support of its request to enable the District's executive management to evaluate Grantee's request. The District's executive management will consider criteria such as the following:
 - a. The amount of Grant funds not yet disbursed to Grantee;
 - b. Grantee's progress in completing the Project Scope and the reasons supporting any delays;
 - c. Whether Grantee has the dedicated human and financial resources to continue to complete the Project Scope during the extension period; and
 - d. Whether such extension is in the best interest of the District.
8. An amendment to this Agreement, extending its Term, must be executed in full prior to the original expiration date as stated in Section 2. General Provisions, I. Agreement Term. If this Agreement is not extended prior to its expiration, any unexpended Grant funds will be retained by the District and unavailable to the Grantee for the Project.
9. All Appendices, A (Project Scope), B (Project Schedule), C (Project Budget), D (Project Invoice), E (Payment Request Form), F (Status Report Form), G (Resolution), and H (Insurance Requirements) are hereby incorporated herein by this reference and made a part hereof, as though set forth in full.
10. Severability—if any provision of this Agreement is held invalid, that invalidity shall not affect other provisions of the Agreement which can be given effect without the invalid provision, and to this end the provisions of this Agreement are severable.
11. Survival—Section 3. Financial Provisions, B. Eligible Costs, C. Payment Request Process, and D. Invoicing, shall survive termination or expiration

of this Agreement such that any Eligible Costs incurred during the Project Performance Period may be invoiced by Grantee and paid by the District provided invoices, including final invoice, are submitted prior to the expiration date of this Agreement as stated in Section 2. General Provisions, I. Agreement Term, item 1.

B. Notices

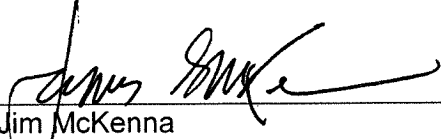
All notices and other communication required or permitted to be given under this Agreement shall be in writing and shall be personally serviced or mailed, postage prepaid and return receipt requested, addressed to the respective parties as follows:

To SCVWD: Liang Lee Deputy Operating Officer Watershed Stewardship Division Santa Clara Valley Water District 5750 Almaden Expressway San Jose, CA 95118-3686 E-mail: llee@valleywater.org	To Grantee: Jim McKenna Board President Resource Conservation District of Santa Cruz County 820 Bay Ave, Suite 136 Capitola, CA 95010 Phone: (831)464-2950
Contact: Brian Mendenhall Project Manager Safe Clean Water Implementation Unit Santa Clara Valley Water District 5750 Almaden Expressway San Jose, CA 95118 Phone: (408) 630-3093 E-mail: bmendenhall@valleywater.org	Grantee Contact: Susan Pearce Interim Executive Director Resource Conservation District of Santa Cruz County 820 Bay Ave, Suite 136 Capitola, CA 95010 Phone: (831)464-2950 Email: spearce@rcdsantacruz.org

RESOURCE CONSERVATION DISTRICT
OF SANTA CRUZ COUNTY

Date: 5-27-14

By: _____


Jim McKenna
Board President

SANTA CLARA VALLEY WATER
DISTRICT

Date: _____

By: _____


Beau Goldie
Chief Executive Officer

APPENDIX A
PROJECT SCOPE

Background

This project focuses on improving in-stream habitat in multiple locations along a 3.7 mile reach¹ below Uvas Dam. Uvas Creek maintains a population of Federally listed threatened South-Central California Coast (S-CCC) Distinct Population Segment (DPS) steelhead (*Oncorhynchus mykiss*). Habitat in Uvas Creek is degraded by numerous stressors creating impairments that include changes to the hydrologic regimes, increased rates of fine sediment input, adverse changes to water quality, and increased competition for existing resources. Additional funding is required to address the larger systemic stressors at the scope and scale necessary to ensure improvements. The Project will improve riparian and in-channel habitats in Uvas Creek by removing non-native, invasive plant species and enhancing spawning gravel quality through gravel augmentation. Three potential invasive species sites have been identified for acacia removal, an evergreen tree species creating habitat limitations on the creek. Using a pilot project approach, four potential gravel augmentation sites have been identified implementation over 3 years with a detailed monitoring plan to learn from each site as it is implemented. Using a collaborative team that has actively been working in the watershed, including Resource Conservation District of Santa Cruz County (RCDSCC), Loma Prieta Resource Conservation District (LPRCD), National Marine Fisheries Service (NMFS), Coastal Habitat Enhancement Education and Restoration (CHEER) and California Department of Fish and Wildlife (CDFW), this project takes a watershed scale approach to addressing the priority improvements along the Uvas Creek for steelhead habitat.

Task 1: Gravel Augmentation

Currently, particularly in the stream reach upstream of the Uvas/Little Arthur confluence², gravel for spawning and feeding habitats for steelhead becomes progressively impaired up to the base of the dam³. In many locations, gravels immediately below the dam are embedded with fine sediment. Spawning activity and rates of successful egg-to-fry emergence is likely impaired in these areas. In addition, macroinvertebrate production and feeding opportunities are also likely to be impaired which has apparently compromised the population and fitness of individuals in this reach (Casagrande 2010, 2013). Improving the distributions, quantity, and quality of instream gravels will likely result in substantial improvements in egg-to-fry emergence and juvenile carrying capacity in the reach selected for this study.

A common technique to address limited spawning habitat, used below many dams, includes artificial gravel augmentation. We propose using this technique to improve spawning success and rearing success in Uvas Creek. Without the addition of spawning gravel below Uvas Dam, overall suitability of instream habitat will likely continue to deteriorate. Absent dramatic alterations to instream infrastructure (dam removal), resumption of natural fluvial processes providing necessary quantities and quality of spawning gravel downstream of the dam will not occur. Artificial gravel supplementation (using appropriately sized materials originating from the Pajaro River watershed) is the only reasonable restoration technique to address this limiting habitat feature and holds major promise for further

¹ The reach runs from the Uvas Creek/Little Arthur Creek confluence upstream to the Uvas Dam spillway.

² Little Arthur Creek and Bodfish Creek, unregulated tributaries to Uvas Creek, provide a source of gravels to the mainstem.

³ According to Casagrande (2010, 2013), the amount of fine sediment in the stream channel immediately below the Little Arthur Creek confluence upstream to Uvas Dam is extensive due to increased development and agriculture throughout the riparian zone and from deposition of fine sediments released from Uvas Dam.

improvement to the instream habitat of Uvas Creek. Addressing the impacts of channel degradation will require much larger and comprehensive effort and is beyond the scope of this proposal.

Locations for proposed augmentation will include four areas along the project reach. Installing the gravel in only one location would greatly limit the ability to evaluate the impact of the augmentation program. To optimize results from the pilot study, four sites have been identified to be installed in phases over the three year time frame of the project, each with substantial monitoring to track effects of the gravel. Installing the gravel at various locations is used on other river systems such as the Trinity River in northern California. Installation at multiple locations in phases will help account for variable site conditions and provide greater immediate benefits by distributing gravels in key spawning and rearing areas regardless of yearly winter flow. Benefits will be realized more quickly because it is possible insufficient flows will be available to adequately distribute the gravels if a dry or very dry water year were to occur after the first augmentation effort.

Furthermore, installing gravel at four potential locations was believed by the project team as a prudent measure for assuaging landowner concerns regarding changes to streambed elevations and concerns over potential flood risk. The gravel augmentation will occur over a 3 year period to allow for successive monitoring over a variety of rainfall years. The total quantity of gravel proposed for yearly installation over the three year life of the pilot is significantly less, than natural average rates of sediment deposition above the dam⁴. While the risk of flooding from gravel augmentation is very low, we believe, due to the fact that this is a new restoration technique for the area, a slow and measured approach is a necessary course of action to increase landowner confidence and buy-in. This proposed pilot project could serve as a potential reference site for the Santa Clara Valley Water District who are currently contemplating gravel augmentation below some of their dams in the more highly urbanized sections of the Santa Clara County. Gravel will be installed at three locations with monitoring occurring pre-during-post construction.

Task 1: Gravel augmentation is proposed for the following locations⁵:

1. Site UGA1. Stream reach directly below Uvas Dam. Access to the site is via Uvas Road and Kell Court. Equipment and staging areas will be located near the stream on the property of Carolyn Tucker. Coordinates for augmentation are 37°03,52.13"N 121°41'16.07"W.
2. Site UGA2⁶. The precise location has yet to be determined but will likely occur in the vicinity of the Thousand Trails Campground located at 12895 Uvas Road, Morgan Hill, CA. Proposed coordinates for augmentation are 37°03'28.36"N 121°39'59.74"W.
3. Site UGA3a.⁷ Stream reach directly adjacent to Jason-Stephens Winery picnic area. Jason-Stephens Winery is located at 11775 Watsonville Road, Gilroy, CA. Coordinates for augmentation are 37°02'52.41"N 121°39'25.93"W.

⁴ Uvas Reservoir has lost approximately 200 acre-feet of capacity since construction in 1957. This volume roughly equates to about 320,000 cubic yards total, or roughly 5,700 cubic yards per year.

⁵ All sites location are subject to change based upon detailed site evaluations, hydrology and engineering review, and agency and district input.

⁶ The site will likely be limited in the proximity of 1000 Trails RV Park.

2014 Safe, Clean Water Priority D Grant Program

SCVWD/GRANTEE

MC12969.dot

4. Site UGA3b. Stream reach downstream of Jason-Stephens Winery's service building adjacent to historical floodplain area. Jason-Stephens Winery is located at 11775 Watsonville Road, Gilroy, CA. Coordinates for augmentation are 37°02'47.43"N 121°39'22.70"W

Task 1 Subtasks

The specific tasks and general methods for Task 1: Gravel Augmentation are described below:

Planning

Site Evaluation:

Description: Obtain final landowner agreements and detailed access plans.

Partners: RCDSCC will work with landowners to develop - access plans and any potential improvements or repair work. CHEER will contribute by obtaining signed landowner agreements

Costs: RCDSCC costs are calculated as part of the Personnel calculations. CHEER will provide in-kind match for obtaining signed landowner agreements and additional site evaluation. NMFS and CDFW will also provide in-kind match for time in further evaluating site conditions for access and potential species issues.

Schedule: With the nature of this pilot project and four sites identified for gravel augmentation, the site evaluation will occur in two different years. Site UGA1 will occur in the first year. Site UGA 2 and Site UGA3b will occur in year two and UGA 3a will occur in the third year. These will occur in early spring of each year.

Deliverable: Landowner agreements. Access Plans.

Design

Engineering:

Description: Engineering for gravel sites to identify extent of gravel augmentation, changes in water surface elevation, potential access improvements, sedimentation management and any other avoidance measures needed to implement the project. This will require the hiring of an outside engineer.

Partners: RCDSCC will work with a NRCS (Natural Resource Conservation Service) engineer, or NRCS approved engineer, to complete the specifications for the project. Project Partners will provide data and review engineered specifications for project sites.

Costs: The Project requests funding for a qualified engineer to complete engineered specifications, estimated at 30 hours of work per site. RCDSCC costs are calculated as part of the Personnel calculations. NRCS match will include review of any necessary engineered drawings. CHEER, NMFS and CDFW will also provide in-kind match for time for review of engineered specifications.

Schedule: Although construction of the four sites will occur over three years (see below), engineering will occur in two different years. Site UGA1 will occur in the first year for the implementation of the first pilot project site. In order to incorporate any findings from the first pilot project site and for consistency between project sites over time, the other three sites, Site UGA 2, Site UGA3b and Sites UGA 3a, will have engineered drawings completed in year two. Additional changes may occur after year two to

⁷ Steelhead from downstream areas are routinely relocated in the stream reach adjacent to the winery by CHEER. During the summer, flows in lower Uvas Creek gradually recede and the creek dries back. As the creek dries back, juvenile steelhead are frequently stranded and in danger of dying. CHEER captures and relocates these fish into upstream areas that maintain flows throughout the summer and fall. Gravel augmentation at this site may result in improved feeding conditions which may be particularly important during times when the number or relocated fish are high and competition for food resources is limiting.

incorporate findings from the first and second pilot project location. Drawings will need to be at 60% by permitting deadlines in May.

Deliverable: Engineered drawings will be included in the Permitting Package PCNs.

Permitting:

Description:

Permitting and subsequent monitoring for this project will be conducted according to the of the Partners in Restoration Program (Program) for the Upper Pajaro as implemented by the San Benito Resource Conservation District (SBRCD) and LPRCD-. The Program significantly streamlines the permitting process for gravel augmentation for habitat benefits. All actions taken to avoid adverse effects to special status species (including ESA listed species) and their critical habitat (if so designated) will be noted, any incidental take of special status species noted and explained, and photo documentation of site conditions prior to and following construction provided. The existing permits for the Program limit the quantity of gravel that can be installed to 1,500 cubic yards per year.

Partners: The RCDSCC will work with SBRCD/LPRCD and NRCS to notify permitting agencies of project activities annually through the Program.

Costs: The Project requests funding for permits secured through the Program. Some agencies have a reduced fee schedule has been agreed upon through the Program and total fees are estimated at approximately \$450 in fees per project site. RCDSCC costs are calculated as part of the Personnel calculations. LPRCD will provide in-kind match as part of the program implementation and reduced fee schedule.

Schedule: With the nature of this pilot project and four sites identified for gravel augmentation, permits application will be submitted on a yearly basis for in three different years. Site UGA1 will occur in the first year. Site UGA 2 and Site UGA3b will occur in year two and Site UGA 3a will occur in the third year. Initial Project Construction Notices are due to all participating agencies on May 15 of each year. Final PCN and other required permits will be attained prior to construction.

Deliverable: Project Construction Notices. Final Permits.

Construction Bids:

Description: Complete a bid process for qualified contractors for gravel materials and installation.

Partners: Completion of materials for construction bids will be completed by RCDSCC. Review of construction bids will be completed by the project team, including RCDSCC, LPRCD, CHEER, NMFS and CDFW.

Costs: Two rounds of construction bids are anticipated (discussed below). RCDSCC costs are calculated as part of the Personnel calculations. CHEER, NMFS and CDFW will also provide in-kind match of time for review of contractors.

Schedule: Although construction of the four sites will occur over three years (see below), construction bids will occur in two different years. Site UGA1 will occur in the first year for the implementation of the first pilot project site. In order to incorporate any findings from the first pilot project site, the other three sites, Site UGA 2, Site UGA3b and Sites UGA 3a, will go to bid in the second year, and for consistency between project sites over time, will be bid at one time.

Deliverable: Construction Contract.

Construction:

Gravel Materials and Installation:

Description: Installation methods will likely include importation of properly sized gravel from the San Benito River Watershed; tributary to the Pajaro River. Gravels will be trucked into the site and likely

installed into the wetted channel with a front end loader from the top of the bank. Access will be along designated access points already on the properties. All necessary Best Management Practices and permit conditions will be followed to minimize impacts to aquatic and terrestrial species. Gravel installation details will be developed with selected contractor. Gravels will likely be equally distributed between Sites UGA1, UGA2, and UGA3 (a and b) with some variation depending on site conditions.

Partners: RCDSCC will be responsible for project oversight and will work with project partners to ensure site specific conditions and actions are met to minimize impacts to natural resources.

Costs: The Project requests funding for gravel materials and installation. Initial estimates for gravel materials to create a one to two foot deep gravel layer are: UGA1 – 280 cubic yards, UGA2 – 90 cubic yards, UGA3a – 300 cubic yards and UGA3b – 150 cubic yards. Cost estimates are based upon these volume estimates. Additional gravel augmentation efforts to supplement depletion resulting from ongoing gravel mobility in subsequent years is anticipated at a 10-12% rate. The total quantity is not anticipated to exceed 100 cubic yards but this number may vary depending on water year and channel response. RCDSCC costs are calculated as part of the Personnel calculations.

Schedule: To phase the project, Site UGA1 will occur in the first year. Site UGA 2 and Site UGA3b will occur in year two and UGA3a will occur in the third year. Some additional gravel may be installed at site each year for two years following the initial installation, but the quantity will likely vary depending on the gravel mobility and channel response to the prior year's augmentation efforts. Gravel augmentation will occur in the late summer/ early fall to minimize impacts to wildlife species and avoid rainfall events.

Deliverable: Pre-during-post construction photo monitoring.

Gravel Pilot Monitoring:

Description: Monitoring will include pre-, during, and post construction monitoring for permitting compliance. This project will also include a significant monitoring component due to the nature of the gravel augmentation pilot study.

Permit Monitoring: Proper implementation and adherence to the monitoring requirements of the Program are anticipated to serve as an effective tool to ensure all phases of this project are implemented designs and permits. For permitting requirements, each site estimates two pre-construction monitoring visits, a four week construction window requiring bi-weekly visits, two post-construction visits and yearly monitoring visits.

Pilot Project Monitoring: As discussed above, the gravel augmentation pilot study was designed to measure the effectiveness of the project to inform future phases of the project, as well as future projects within the county. We propose a three year pilot project that includes gravel placement at four locations below Uvas Dam. Gravel augmentation has not been attempted below any of the four major dams in the Pajaro River and a conservative phased approach is proposed for the pilot study. The pilot study will consist of three components:

1. **Spawning activity.** Spawning activity of adult steelhead will be conducted through a series of redd surveys throughout the winter/fall spawning season. As with juvenile surveys, spawning activity is highly variable from year to year and dependent on many conditions in addition to quality and quantity of spawning gravel. Nonetheless, redd surveys in areas with and without gravel augmentation will provide correlative evidence of the success and effectiveness of the project.
2. **Gravel transport.** The mobility of the gravels will be assessed and compared to high flow events. By their nature, gravels are mobile materials and transport is anticipated and desirable. These data will be used to determine appropriate volumes of gravel that are required to ensure enough is available for transport while ensuring enough quantities are

available for spawning and rearing. Methods to evaluate sediment transport have yet to be determined but may include the use of tracer gravels (this may be problematic in Uvas due to background turbidity levels), use of radio telemetry (if equipment from the SCVWA can be used on loan), or other methods.

3. **Evaluation of juvenile size and abundance.** Juvenile abundance will be evaluated by capturing and measure a representative sample of fish pre- and post-gravel augmentation. Although numerous variables may affect juvenile abundance and size from year to year, these results will provide at least some correlation of the effects of the program to juvenile steelhead over time. Data from past monitoring efforts in Uvas Creek will also be used to help evaluate changes to size and abundance in the three reaches. This monitoring will also help evaluate the success of Task 2: Invasive Species Removal.

Partners: Permit monitoring would be completed by RCDSCC. The implementation of the pilot project monitoring would be led by NMFS, CDFW and RCDSCC, with support from selected CHEER and RCDSCC Watershed Steward Project (WSP) volunteers. It is anticipated that 100 hours per site will be needed to complete the monitoring and data results.

Costs: The Project requests funding for juvenile size and abundance monitoring over two years requiring a trained biologist to complete the work and evaluate the data. RCDSCC costs for permit monitoring and gravel pilot monitoring are calculated as part of the Personnel calculations. Due to the complex pilot project monitoring, NMFS, CDFW and CHEER will be providing match through additional technical support, training and evaluation during monitoring. Additional volunteer match would be through the RCDSCC WSP program and program support staff and trained CHEER volunteers.

Schedule: To phase the project, Site UGA1 will occur in the first year and inform the implementation of the three other sites. It is anticipated that Site UGA 2 and Site UGA3b will occur in year two and UGA3a will occur in the third year. Monitoring will occur pre-during-and post project implementation and yearly in January for the Program Annual Report. Gravel Pilot Project monitoring would have additional scheduled times. Methods 1 and 2 would occur from late Dec - late April/early May and Method 3 would occur in Sept/Oct.

Deliverable: PIR Program Annual Report with monitoring results. Data report of gravel monitoring results each year.

Task 2: Invasive Species Removal

Acacia is a non-native, evergreen tree that spreads by broadcasting seeds into waterbodies and along stream banks and often dominates large areas of riparian forest. This situation appears to be occurring in mainstem Uvas Creek and has created a dense canopy which shades large portions of the stream channel, year-round.

Removal is proposed using a 1:1 solution of glyphosate or triclopyr 50% herbicide such as Rodeo™ or other herbicide agreed upon by permitting agencies. Herbicide will be applied by a licensed professional authorized to perform commercial herbicide application. Stumps may be treated in one of two ways: 1) immediately after cutting, or 2) within 24 hours of the first cut, the trunk may be cut again to expose fresh cambium and herbicide applied. Remove all cut trunks and limbs from the riparian zone to upland areas for chipping and/or disposal. All trunk and limb removal from the riparian zone will be done by hand or using the least destructive manner possible. All cut and/or chipped vegetation (other than logs retained by the landowner for their use at their discretion) will be hauled off-site for appropriate disposal at an approved landfill.

Acacia spreads from both underground rhizomes and from seed. This can make removal of even small plants difficult due to the potential for them to have extensive root systems even as immature plants. Therefore, seedlings (new sprouts 18" high or shorter) will be manually pulled. Saplings greater than 18" high will be cut at ground level and treated with herbicide as prescribed for mature trees. Pulled and/or cut vegetation will be placed in trash bags and removed to upland areas for chipping and/or disposal.

Removal is proposed at three locations in Uvas Creek where landowner access has been obtained. The reach below the dam is considered the upper area of infestation in the anadromous waters of Uvas Creek. This area was designated for acacia removal in an effort to target upstream sources of seed dispersal, prior to working on downstream infestation sites. This systematic approach will stand a greater chance of success over time than an ad-hoc approach – particularly if followed by future, systematic eradication efforts in downstream areas.

Task 2: Acacia removal is planned within existing riparian areas along areas of variable length. Removal is proposed for the following locations⁸:

1. Site UAR1a. Stream reach upstream of 1000 Trails Campground's Uvas Creek bridge. The Campground is located at 12895 Uvas Road, Morgan Hill, CA. Coordinates for augmentation are 37°03'33.39"N 121°40'10.43"W. The approximate length of acacia removal is 845 linear feet.
2. Site UAR1b. Stream reach downstream of 1000 Trails Campground's Uvas Creek bridge. The Campground is located at 12895 Uvas Road, Morgan Hill, CA. Coordinate midpoint for removal is 37°03'29.93"N 121°40'2.29"W. The approximate length of acacia removal is 950 linear feet.
3. Site UAR2. Stream reach along to Jason-Stephens Winery's creek frontage. Jason-Stephens Winery is located at 11775 Watsonville Road, Gilroy, CA. Coordinate midpoint for removal is 37° 2'43.00"N 121°39'22.85"W. The approximate length of acacia removal is 2,600 linear feet.

Task 2 Subtasks

The specific tasks and general methods for Task 2: Invasive Species Removal are described below:

Planning

Site Evaluation:

Description: Locate/identify and mark with spray paint or flagging all acacia trees on the parcel slated for removal and complete landowner agreements with each property.

Partners: RCDSCC will work with landowners to detail out the access plans and any potential improvements or repair for work. CHEER will contribute by obtaining signed landowner agreements. The project partners will work with RCDSCC and CHEER to complete the flagging/marking of all acacia trees.

Costs: RCDSCC costs are calculated as part of the Personnel calculations. CHEER will provide in-kind match for obtaining signed landowner agreements. NMFS and CDFW will also provide in-kind match for time in further evaluating site conditions for potential species issues.

Schedule: With three sites identified for acacia removal, the site evaluation will occur in two different years. Site UAR1a will occur in the first year. Site UAR1b and Site UAR2 will occur in year two. These will occur in early spring of each year.

⁸ All sites location are subject to change based upon detailed site evaluations, and agency and district input.
2014 Safe, Clean Water Priority D Grant Program
SCVWD/GRANTEE
MC12969.dot

Deliverable: Landowner agreements.

Design

Permitting:

Description: Apply for permits through the RCDSCC PIR Permit Coordination Program. This significantly streamlines the permitting process for removal of invasive acacia trees and potential re-vegetation of the riparian corridor.

Partners: The RCDSCC will work with SBRCD to secure permits through the PIR Permit Coordination Program.

Costs: The Project requests funding for permits secured through the Program. Some agencies have a reduced fee schedule has been agreed upon through the Program and total fees are estimated at approximately \$450 in fees per project site. RCDSCC costs are calculated as part of the Personnel calculations. LPRCD will provide in-kind match as part of the program implementation and reduced fee schedule.

Schedule: With three sites identified for acacia removal, the permitting will occur in two different years. Site UAR1a will occur in the first year. Site UAR1b and Site UAR2 will occur in year two. Project Construction Notices are due to agencies May 15 of each year.

Deliverable: Project Construction Notices. Final Permits.

Construction Bids:

Description: Complete a bid process for qualified contractors for acacia removal and disposal.

Partners: Completion of materials for construction bids will be completed by RCDSCC. Review of construction bids will be completed by the project team, including RCDSCC, LPRCD, CHEER, NMFS and CDFW.

Costs: Two rounds of construction bids are anticipated (discussed below). RCDSCC costs are calculated as part of the Personnel calculations. CHEER, NMFS and CDFW will also provide in-kind match of time for review of contractors.

Schedule: With three sites identified for acacia removal, the construction bids will occur in two different years. Site UAR1a will occur in the first year. Site UAR1b and Site UAR2 will occur in year two.

Deliverable: Construction Contract.

Construction

Acacia Removal and Disposal:

Description: In late summer or early fall, when trees are dormant, cut all of the mature *Acacia* trees and treat the stumps. Acacia will be cut and treated with an agency-approved glyphosate-based herbicide, applied directly to the stump within minutes of cutting. This has been found to be the most effective approach to removal with limited environmental impacts. Cut wood and foliage will be removed from the riparian area and either chipped or removed off-site. Wood will be cut by experience timber fallers or arborist using standard methods and BMPs. As the goal is to increase sunlight exposure, only limited revegetation will occur. Some incursion by wheeled vehicles into the riparian zones will be likely in order to remove larger diameter trees. All wheeled vehicles will access riparian areas along pre-designated access and egress routes. Following the initial removal effort, the area will be assessed for at least two years to remove acacia seedling that may sprout following the initial removal. Sapling removal may occur additionally during the yearly monitoring. Partners: RCDSCC will be responsible for project management during acacia removal and disposal.

Costs: The Project request funding for acacia tree removal and disposal. Initial evaluations count trees in the following quantities: UAR1a – 60 trees, UAR1b – 280 trees and UAR2 – 60 trees. Based upon 2014 Safe, Clean Water Priority D Grant Program SCVWD/GRANTEE

previous tree removal efforts coordinated by RCDSCC, estimates of \$500 per tree were used to calculate average cost of individual tree removal. RCDSCC project management costs are calculated as part of the Personnel calculations. CHEER will provide match through a CDFW grant for acacia removal at site UAR2 of \$20,000. RCDSCC will provide match through a DWR grant for acacia removal at site UAR1a of \$30,000.

Schedule: With three sites identified for acacia removal, the acacia removal and disposal will occur in two different years. Site UAR1a will occur in the first year. Site UAR1b and Site UAR2 will occur in year two. Acacia construction will occur in the designated times in the permits, taking into consideration the aquatic, amphibian and bird species and water sensitivities, landowner considerations with operations of their businesses and rain events. This is estimated to be late summer or early fall.

Deliverable: Pre-during-post construction photo monitoring.

Re-vegetation:

Description: Planting of native riparian species in reaches of the Uvas Creek acacia removal that have limited existing native vegetation will support a robust riparian corridor for the benefit of multiple species. Locations of re-vegetation will be determined based upon conditions of sunlight availability for steelhead species. Re-vegetation efforts are anticipated along a 1,200 linear foot stretch in UAR1b on a gravel bar to the west of Uvas Creek due to the extensive tree removal that would be required for acacia eradication and little native vegetation existing in that area. The project team will consult with the California Native Plant Society in Santa Clara County to determine the planting species suggested for this project.

Partners: Re-vegetation in this area would be completed through a partnership between RCDSCC and CHEER. Local volunteers would be organized through CHEER's outreach and education activities and be used to complete the plantings.

Costs: The Project requests funding for trees used for re-vegetation. RCDSCC project management costs are calculated as part of the Personnel calculations. CHEER will organize volunteer planting days providing match for the labor costs of planting trees.

Schedule: This re-planting would occur post acacia removal at site UAR1b, occurring in year two of the grant. This would occur in the early fall to minimize the need for supplemental water supply.

Deliverable: Site plan with planting palette and photo monitoring results.

Acacia Monitoring and Maintenance:

Description: Monitoring will include pre-, during, and post construction monitoring to ensure acacia removal is implemented as proposed. Permitting and subsequent monitoring for this project will be conducted according to requirements listed under the Program for the Upper Pajaro. For permitting requirements, each site estimates two pre-construction monitoring visits, a four week construction window requiring bi-weekly visits, two post-construction visits and yearly monitoring visits. Proper implementation and adherence to the monitoring requirements of the Program are anticipated to serve as an effective tool to ensure all phases of this project are implemented according to anticipated outcomes of all funding organizations. In addition, the acacia removal project will include yearly post-project monitoring for the purpose of controlling emergent acacia seedlings and sprout and removal of any trees missed during the removal process.

Partners: Monitoring will be completed by RCDSCC, NMFS, CDFW and CHEER. Monitoring related to the permit-coordination will be completed by RCDSCC to determine potential species impacts and success criteria for acacia removal. Additional actions to control emergent acacia seedlings and sprout will be evaluated for size and complexity in removal and completed by a contractor or CHEER volunteers.

Costs: RCDSCC costs for permit monitoring and acacia emergent monitoring are calculated as part of the Personnel calculations. NMFS, CDFW and CHEER will be providing match through evaluation during

monitoring. Additional volunteer match would be through CHEER volunteers for anticipated emergent acacia removal.

Schedule: With three sites identified for acacia removal, the monitoring will occur in two different years. Site UAR1a will occur in the first year. Site UAR1b and Site UAR2 will occur in year two. Monitoring will occur pre-during-and post project implementation and yearly in January for the Program Annual Report. Monitoring for emergent acacia removal would occur in early fall.

Deliverable: PIR Program Annual Report with monitoring results.

Task 3: Education Events

Description: This project will incorporate four educational events focused on two audiences, the local communities around the project area and two RV camping and recreation facilities (with some year round residents) adjacent to the project reach. Printed education materials will be similar for both events and include a newsletter on the Pajaro River watershed, the habitat value of Uvas Creek and the role communities take in the health of the creek for steelhead. Two of the events will be community focused gatherings for the communities of Gilroy and Morgan Hill and parents of school children who are part of CHEER outreach efforts. These events will be held at the outdoor classroom located at the Jason-Stephens Winery property. The purpose of these events will be to educate the community on watersheds, steelhead habitats and the value of clean, healthy riparian areas in the community. Two of the events will be presentations to and hands on tours with the RV communities adjacent to Uvas Creek in the project reach. The intent is to educate the recreational users of these communities on the value of the creek running through the property and encourage proper care and management of the riparian area. A presentation will be made at each location, followed up with a tour to the creek. Printed materials will be left with each location to provide to campers as they enter the facilities.

Partners: The RCDSCC, LPRCD, CHEER and local sponsors will partner on these events. The RCDSCC and LPRCD will provide support for presentation materials, outreach materials and technical information. CHEER will provide support through outreach, volunteer support for event coordination and sponsor recruitment.

Costs: The Project requests funding for printed outreach and education materials. Each event costs estimate printing materials, venues, supplies, food and preparation/organization. These costs will be mostly met though in-kind match through CHEER, including volunteer time, venue fees waived and sponsor support.

Schedule: These events are planned for the spring/summer in each year of the grant.

Deliverable: Outreach materials and meeting presentations.

Task 4: Project Management

Description: Completing project deliverables and invoices.

Partners: The RCDSCC will be managing this task with the support of the project team for deliverable completion.

Costs: RCDSCC costs for project management are calculated as part of the Personnel calculations.

Schedule: This task will be on-going, on a quarterly basis.

Deliverable: Quarterly invoices with documented progress toward task deliverables, final presentation to Board upon project completion.

Project Staff

Project Applicant: Resource Conservation District of Santa Cruz County

The project applicant is RCDSCC. RCDSCC has implemented over 100 restoration projects stream bank stabilization, habitat improvement for species or riparian restoration using PIR permit coordination in Santa Cruz County. As with many resource conservation districts, the local RCDs partner with each other to create more efficiencies and support each other with experts from nearby offices. For over 10 years, LPRCD and RCDSCC have partnered to implement restoration projects in the southern Santa Clara County area. SBRCD and LPRCD have a MOU for the use of the PIR Permit Coordination Program and SBRCD and RCDSCC have had over a 10 year partnership for watershed issues and permit coordination.

Stacie Ruffoni, Program Specialist with RCDSCC, has been the watershed coordinator for over two years for the Pajaro Watershed, working closely with LPRCD and specializing in the Upper Watershed restoration priorities and permitting. Kelli Camara, Technical Director, has implemented over 100 restoration projects in Santa Cruz County involving in stream bank repair, fish improvements, road improvements and wetland enhancements. Kelli worked to develop the PIR program and has supported SBRCD and LPRCD staff on the implementation of the project for the past 3 years.

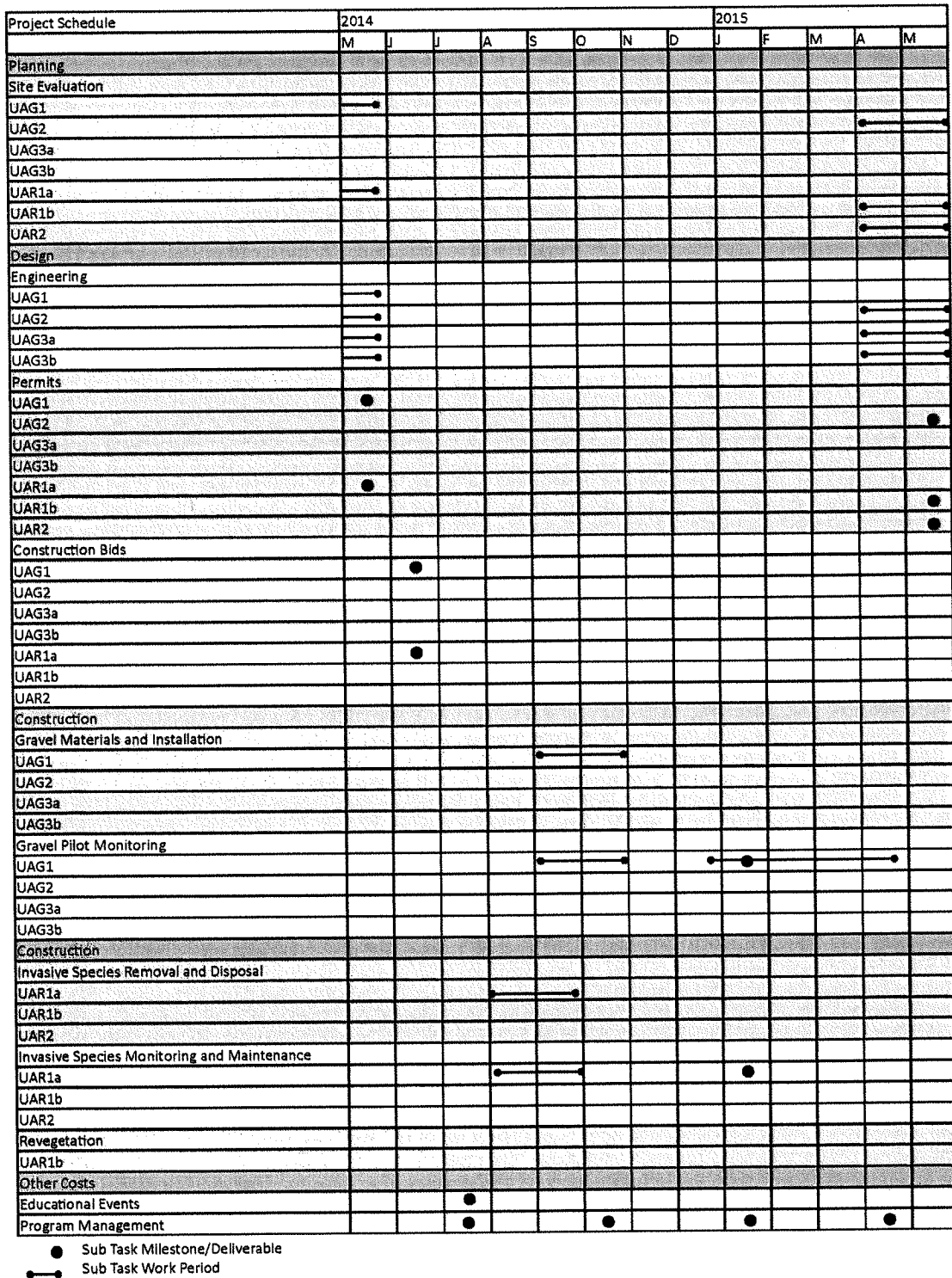
Literature Cited:

Casagrande, J. 2010. Distribution, abundance, growth and habitat use of steelhead in Uvas Creek, California. Master's Thesis. San José State University. 174 pp.

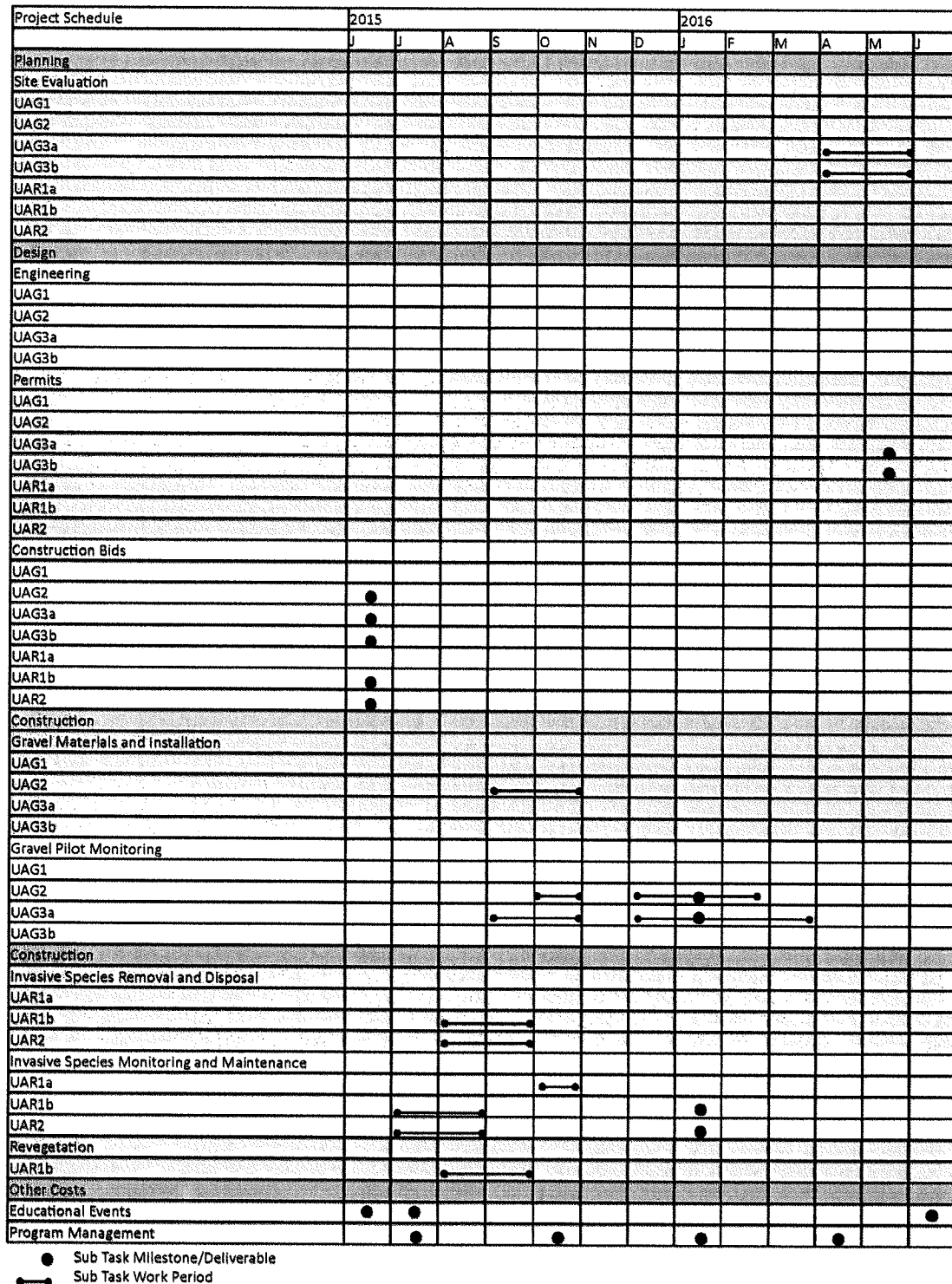
Casagrande, J. 2013. Uvas and Llagas Creek Juvenile Steelhead Distribution and Abundance Fall 2012. Prepared for the National Marine Fisheries Service and California Department of Fish and Wildlife. 53 pp.

APPENDIX B
PROJECT SCHEDULE

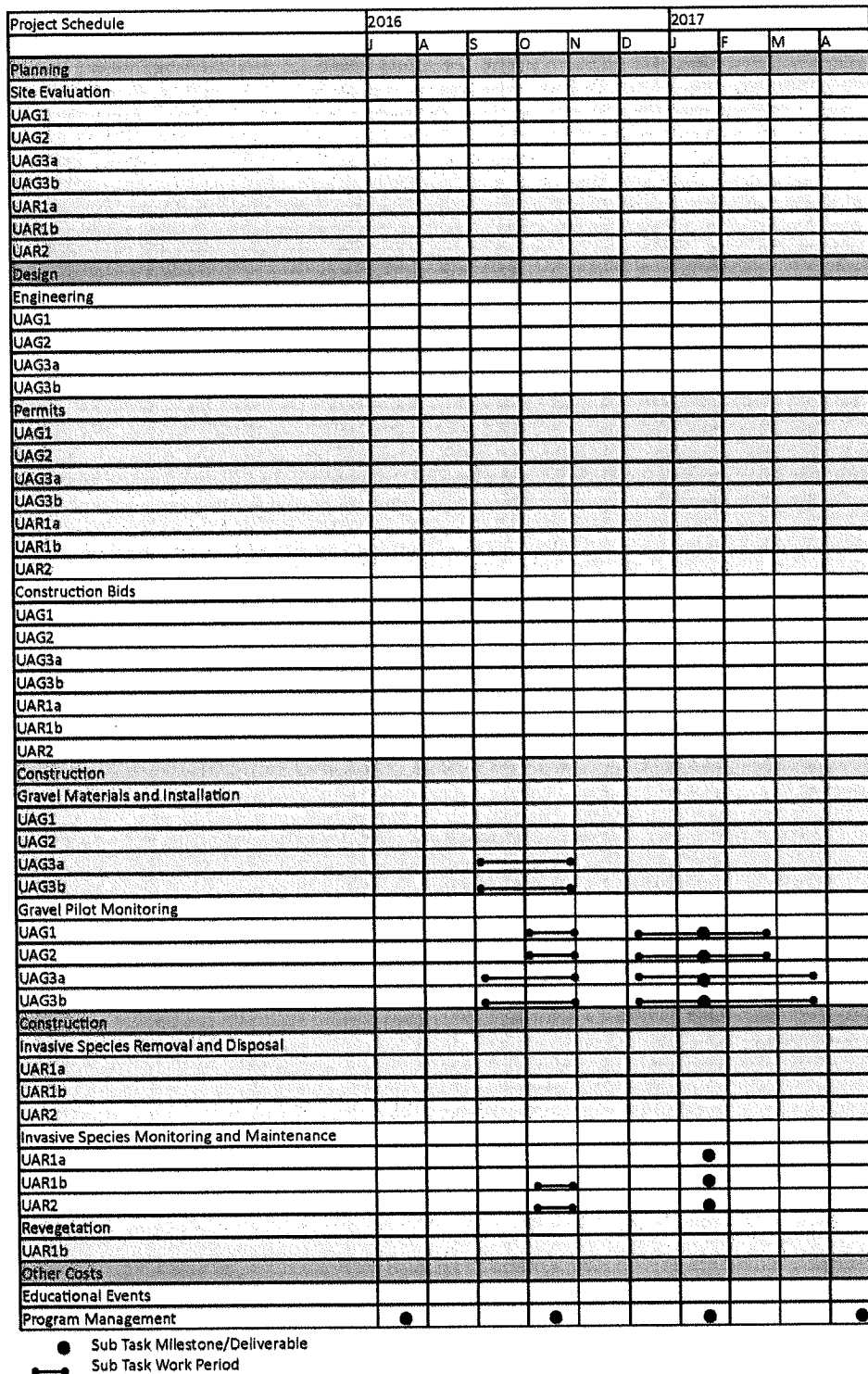
SCVWD: Safe, Clean Water and Natural Flood Protection Program – Priority D Grant Program
 Project: Uvas Creek Steelhead Spawning Habitat Enhancement



SCVWD: Safe, Clean Water and Natural Flood Protection Program – Priority D Grant Program
Project: Uvas Creek Steelhead Spawning Habitat Enhancement



SCVWD: Safe, Clean Water and Natural Flood Protection Program – Priority D Grant Program
 Project: Uvas Creek Steelhead Spawning Habitat Enhancement



APPENDIX C
PROJECT BUDGET

<http://www.valleywater.org/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=9154>

APPENDIX C. BUDGET

[illegible]

APPENDIX D
PROJECT INVOICE

<http://www.valleywater.org/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=9155>

INVOICE

Organization:		Project Title:		Invoice #		Service Period:		SCWMD Grant Request		SCWMD GRANT FUNDING																									
Resource Conservation District of Santa Cruz County		Uvas Creek Steelhead Spawning Habitat Enhancement		Invoice #		Date:		SCWMD Grant Request		TASK 1	TASK 2	TASK 3	TASK 4	TASK 5																					
Project Title:		Uvas Creek Steelhead Spawning Habitat Enhancement		Invoice #		Date:		SCWMD Grant Request		TASK 1	TASK 2	TASK 3	TASK 4	TASK 5																					
Invoice #		Date:		Date:		Date:		SCWMD Grant Request		TASK 1	TASK 2	TASK 3	TASK 4	TASK 5																					
<p>Personnel Services:</p> <table border="1"> <thead> <tr> <th>Employee (Classification/Title)</th> <th>Salary</th> <th>Hourly Rate</th> <th>Hours</th> <th>Salary</th> <th>Benefits</th> <th>Salary + Benefits</th> </tr> </thead> <tbody> <tr> <td>SCD Program Specialist</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>SCD Technical Director</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>															Employee (Classification/Title)	Salary	Hourly Rate	Hours	Salary	Benefits	Salary + Benefits	SCD Program Specialist							SCD Technical Director						
Employee (Classification/Title)	Salary	Hourly Rate	Hours	Salary	Benefits	Salary + Benefits																													
SCD Program Specialist																																			
SCD Technical Director																																			
<p>Indirect Overhead</p> <table border="1"> <thead> <tr> <th>Salary + Benefits</th> <th>Indirect Overhead Limit</th> <th>Grant Qualified Overhead</th> </tr> </thead> <tbody> <tr> <td></td> <td>10%</td> <td></td> </tr> </tbody> </table>															Salary + Benefits	Indirect Overhead Limit	Grant Qualified Overhead		10%																
Salary + Benefits	Indirect Overhead Limit	Grant Qualified Overhead																																	
	10%																																		
<p>Planning</p> <table border="1"> <thead> <tr> <th>Unit Cost</th> <th>Unit of Measure</th> <th>No. of Units</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>															Unit Cost	Unit of Measure	No. of Units	Amount																	
Unit Cost	Unit of Measure	No. of Units	Amount																																
<p>Design</p> <table border="1"> <thead> <tr> <th>Unit Cost</th> <th>Unit of Measure</th> <th>No. of Units</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>															Unit Cost	Unit of Measure	No. of Units	Amount																	
Unit Cost	Unit of Measure	No. of Units	Amount																																
<p>Construction</p> <table border="1"> <thead> <tr> <th>Unit Cost</th> <th>Unit of Measure</th> <th>No. of Units</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>															Unit Cost	Unit of Measure	No. of Units	Amount																	
Unit Cost	Unit of Measure	No. of Units	Amount																																
<p>Other Costs</p> <table border="1"> <thead> <tr> <th>Unit Cost</th> <th>Unit of Measure</th> <th>No. of Units</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>															Unit Cost	Unit of Measure	No. of Units	Amount																	
Unit Cost	Unit of Measure	No. of Units	Amount																																
<p>Grand Totals (FOR CURRENT INVOICE #)</p> <table border="1"> <thead> <tr> <th>Unit Cost</th> <th>Unit of Measure</th> <th>No. of Units</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>															Unit Cost	Unit of Measure	No. of Units	Amount																	
Unit Cost	Unit of Measure	No. of Units	Amount																																
<p>INVOICE</p> <table border="1"> <thead> <tr> <th>#1</th> <th>#2</th> <th>#3</th> <th>#4</th> <th>#5</th> <th>etc.</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>															#1	#2	#3	#4	#5	etc.															
#1	#2	#3	#4	#5	etc.																														
<p>TOTAL INVOICES % COMPLETE BUDGET AMOUNT</p> <table border="1"> <thead> <tr> <th>% COMPLETE</th> <th>BUDGET AMOUNT</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>															% COMPLETE	BUDGET AMOUNT																			
% COMPLETE	BUDGET AMOUNT																																		

APPENDIX E **PAYMENT REQUEST FORM**

GRANT: 2014 Safe, Clean Water Priority D Grant Program	
AGREEMENT NO.:	GRANTEE: Resource Conservation District of Santa Cruz County
PROJECT TITLE: Uvas Creek Steelhead Spawning Habitat Enhancement	
1. TYPE OF PAYMENT: <input type="checkbox"/> Advance <input type="checkbox"/> Reimbursement <input type="checkbox"/> Final	
2. PAYMENT INFORMATION (Round all figures to the nearest dollar):	
a. Project Amount	\$ _____
b. Funds Received to Date	\$ _____
c. Available (a. minus b.)	\$ _____
d. Amount of This Request	\$ _____
e. Remaining Funds After This Payment (c. minus d.)	\$ _____
3. SEND PAYMENT TO:	
Grantee Name	_____
Street Address	_____
City, State, Zip Code	_____
Attention	_____
4. TYPED OR PRINTED NAME OF PERSON AUTHORIZED BY RESOLUTION: <i>Title</i>	
5. SIGNATURE OF PERSON AUTHORIZED BY RESOLUTION: <i>Date</i>	
FOR SANTA CLARA VALLEY WATER DISTRICT USE ONLY	
6. PAYMENT APPROVAL SIGNATURE: <i>Date</i>	

<http://www.valleywater.org/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=9156>

PAYMENT REQUEST FORM INSTRUCTIONS

The following instructions correspond to items on the Payment Request Form:

Agreement Number—As shown on page 1 of the Agreement following execution of the Agreement by both Parties.

Grantee—GRANTEE name as shown on the Grant Agreement.

Project Title—Title of Project for which payment is requested.

1. **Type of Payment**—Check appropriate box, and submit this form:

Reimbursement—When Grantee has periodically spent funds to implement the Project, and is requesting reimbursement; or

Final—When Grantee has completed the Project, and is requesting the final payment.

2. **Payment Information:**

- a. **Project Grant Amount**—The amount of District grant funds allocated to this Project

- b. **Funds Received to Date**—Total amount already received for this Project

- c. **Available**—(a. minus b.)

- d. **Amount of This Payment Request**—Amount that is requested

- e. **Remaining Funds After This Payment**—(c. minus d.)

3. **Send Payment to:** Grantee Name, Address, and Contact Person

4. **Typed or printed name of person authorized by Resolution.**

5. **Signature of person authorized by Resolution.**

6. **Payment approval signature and date**—For District staff.

Additional Information to supply with Payment Request Form:

- Attached documentation to support charges (i.e., subcontractor invoices, receipts, etc.).
- Attached proof of accomplishments for those tasks being charged against (i.e., draft plans/designs, final plans/designs, environmental documentation, etc.).
- Attached Appendix F with updated information.

APPENDIX F
STATUS REPORT FORM

Grantee: Resource Conservation District of Santa Cruz County

Grant Program: 2014 Safe Clean Water Priority D Grant

Project Name: Uvas Creek Steelhead Spawning Habitat Enhancement

ITEM	STATUS (ON TARGET/COMPLETE/ BEHIND SCHEDULE)	COMMENTS
Project on-schedule?		
Project within budget?		
Project within scope?		
List of completed tasks		
Task 1		
Task 2		
Task 3		
Task 4		
Discussion of project challenges, including public concerns or opposition		
Community based organizations supporting the Project		
Newly identified stewardship opportunities in the Project vicinity		
Newly identified trails, parks or open space in Project vicinity		
Newly identified capital projects in the Project vicinity		

<http://www.valleywater.org/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=9157>

APPENDIX G

RESOLUTION



RESOURCE
CONSERVATION DISTRICT
OF SANTA CRUZ COUNTY

820 Bay Avenue, Suite 128
Capitola, California 95010
tel 831.464.2950 | fax 831.475.3215
www.rcdsantacruz.org

Resolution RCDSCC 2013-06

**A RESOLUTION OF THE
RESOURCE CONSERVATION DISTRICT OF SANTA CRUZ COUNTY
APPROVING THE APPLICANT TO APPLY FOR GRANT FUNDS UNDER THE SAFE,
CLEAN WATER AND NATURAL FLOOD PROTECTION PROGRAM OF 2012**

WHEREAS, the Santa Clara Valley Water District has enacted the 2014 Safe Clean Water Priority D Grant Program, which provides funds for environmental enhancements and restoration, pollution prevention and public access to trails and open space; and

WHEREAS, the Santa Clara Valley Water District's Stream Stewardship Unit has been delegated the responsibility for the administration of the grant program, setting up necessary procedures; and

WHEREAS, said procedures established by the Santa Clara Valley Water District require Grantee's Governing Body to certify by resolution the approval of Grantee to apply for and accept grant program funds; and

WHEREAS, Grantee will enter into an Agreement with the Contract with the Santa Clara Valley Water District;

NOW, THEREFORE, BE IT RESOLVED that the RCD OF SANTA CRUZ COUNTY hereby:

1. Approves the submission of an Application for local assistance funds from the Priority D Grant Program under the Safe, Clean Water and Natural Flood Protection Program of 2012;
2. Approves the acceptance of grant funds from the Priority D Grant Program under the Safe, Clean Water and Natural Flood Protection Program of 2012, upon approval of grant funding for the Project by the District's Board of Directors;
3. Certifies that the Applicant has or will have sufficient funds to operate and maintain the Project(s);
4. Certifies that the Applicant will review and agree to the Special Provisions, General Provisions and Financial Provisions contained in the Agreement; and
5. Appoints the RCD Board President or his appointee as agent to conduct all negotiations, execute and submit all documents including, but not limited to applications, agreements, payment requests and so on, which may be necessary for the completion of the Grant Project.

Approved and Adopted on the 22 day of November, 2013.

I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the RCD of Santa Cruz County's Board of Directors following a roll call vote:

AYES: 6

NOES: 0

ABSENT: 1


(Clerk)

APPENDIX H

INSURANCE REQUIREMENTS

Grantee will ensure that the Santa Clara Valley Water District, its directors, officers, agents and employees are named as additional insureds on all Commercial General and Automobile Liability policies to be obtained by vendors working on this Project.

Please refer to the insurance requirements listed below.

Without limiting the Contractor's indemnification of, or liability to, the Santa Clara Valley Water District ("District"), the Contractor must provide and maintain at its own expense, during the term of this Agreement, or as may be further required herein, the following insurance coverages and provisions:

Contractor must provide its insurance broker(s)/agent(s) with a copy of these requirements and warrants that these requirements have been reviewed by Contractor's insurance agent(s) and/or broker(s), who have been instructed by Contractor to procure the insurance coverage required herein.

In addition to certificates, Contractor must furnish District with copies of original endorsements affecting coverage required by this Appendix. The certificates and endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. **All endorsements and certificates are to be received and approved by District before the contract commences.** In the event of a claim or dispute, District has the right to require Contractor's insurer to provide complete, certified copies of all required pertinent insurance policies, including endorsements affecting the coverage required by this Appendix.

Contractor must, at its sole cost and expense, procure and maintain during the entire period of this Agreement the following insurance coverage(s).

Required Coverages

1. Commercial General/Business Liability Insurance with coverage as indicated:

\$2,000,000 per occurrence / **\$2,000,000** aggregate limits for bodily injury and property damage

General Liability insurance must include:

- a. Coverage that is at least as broad as that found in the standard ISO Form CG 00 01.
- b. Contractual Liability expressly including liability assumed under this contract.
- c. If Contractor will be working within fifty (50) feet of a railroad or light rail operation, any exclusion as to performance of operations within the vicinity of any railroad bridge, trestle, track, roadbed, tunnel, overpass, underpass, or crossway must be deleted, or a railroad protective policy in the above amounts provided.
- d. Severability of Interest
- e. Broad Form Property Damage liability
- f. If the standard ISO Form wording for "OTHER INSURANCE," or other comparable wording, is not contained in Contractor's liability insurance policy, an endorsement must be provided that said insurance will be primary insurance and any insurance or

self-insurance maintained by District, its Directors, officers, employees, agents or volunteers will be in excess of Contractor's insurance and will not contribute to it.

2. **Business Auto Liability Insurance** with coverage as indicated:

\$2,000,000 combined single limit for bodily injury and property damage per occurrence, covering all owned, non-owned and hired vehicles.

3. **Workers' Compensation and Employer's Liability Insurance**

Statutory California Workers' Compensation coverage covering all work to be performed for the District.

Employer Liability coverage for not less than \$1,000,000 per occurrence.

General Requirements

With respect to all coverages noted above, the following additional requirements apply:

1. **Additional Insured Endorsement(s)** Contractor must provide an additional insured endorsement for Commercial General/Business Liability and Business Automobile liability coverage naming the **Santa Clara Valley Water District, its Directors, officers, employees, and agents, individually and collectively**, as additional insureds, and must provide coverage for acts, omissions, etc. arising out of the named insureds' activities and work. Other public entities may also be added to the additional insured endorsement as applicable and the Contractor will be notified of such requirement(s) by the District.

(**NOTE:** Additional insured language on the Certificate of Insurance is **NOT** acceptable without a separate endorsement such as Form CG 20 10, CG 2033, CG 2037. Note: Editions dated 07/04 are not acceptable)

2. **Primacy Clause:** Contractor's insurance must be primary with respect to any other insurance which may be carried by the District, its officer, agents and employees, and the District's coverage must not be called upon to contribute or share in the loss.
3. **Cancellation Clause Revision:** The Certificate of Insurance **MUST** provide **30 days notice of cancellation, (10 days notice for non-payment of premium)**. **NOTE: The standard wording in the ISO Certificate of Insurance is not acceptable.** The following words must be crossed out or deleted from the standard cancellation clause: "...endeavor to..." AND "...but failure to mail such notice must impose no obligation or liability of any kind upon the company, its agents or representatives."
4. **Acceptability of Insurers:** All coverages must be issued by companies admitted to conduct business in the State of California, which hold a current policy holder's alphabetic and financial size category rating of not less than A- V, according to the current Best's Key Rating Guide or a company of equal financial stability that is approved by the District's Risk Management Administrator.

5. **Self-Insured Retentions or Deductibles:** Any deductibles or self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, officials, employees and volunteers; or the Contractor shall provide a financial guarantee satisfactory to the Entity guaranteeing payment of losses and related investigations, claim administration, and defense expenses.
6. **Subcontractors:** Should any of the work under this Agreement be sublet, the Contractor must require each of its subcontractors of any tier to carry the aforementioned coverages, or Contractors may insure subcontractors under its own policies.
7. **Amount of Liability not Limited to Amount of Insurance:** The insurance procured by Contractor for the benefit of the District must not be deemed to release or limit any liability of Contractor. Damages recoverable by the District for any liability of Contractor must, in any event, not be limited by the amount of the required insurance coverage.
8. **Coverage to be Occurrence Based:** All coverage must be occurrence-based coverage. Claims-made coverage is not allowed.
9. **Waiver of Subrogation:** Contractor agrees on to waive subrogation against the District to the extent any loss suffered by Contractor is covered by any Commercial General Liability policy, Automobile policy, or Workers' Compensation policy, described in Required Coverages above. Contractor agrees to advise its broker/agent/insurer about this provision and obtain any endorsements, if needed, necessary to ensure the insurer agrees.
10. **Non-compliance:** The District reserves the right to withhold payments to the Contractor in the event of material noncompliance with the insurance requirements outlined above.
11. **Please mail the certificates and endorsements to:**

**Contract Administrator
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118**

IMPORTANT: On the certificate of insurance, please note either the name of the project or the name of the District contact person or unit for the contract.

If your insurance broker has any questions please advise him/her to call Mr. David Cahen, District Risk Management Administrator at (408) 265-2607, extension 2213.

**AMENDMENT NO. 1 TO
2014 SAFE, CLEAN WATER PRIORITY D3 GRANT PROGRAM
AGREEMENT - # A3742R
BETWEEN THE SANTA CLARA VALLEY WATER DISTRICT
AND THE RESOURCE CONSERVATION DISTRICT OF SANTA CRUZ COUNTY**

This Amendment No. 1 (Amendment), effective as of the date it is fully executed by the Parties, amends the terms and conditions of the 2014 Safe, Clean Water Priority D Grant Program Agreement - No. A3742R (Agreement) dated June 30, 2014 between SANTA CLARA VALLEY WATER DISTRICT (District) and THE RESOURCE CONSERVATION DISTRICT OF SANTA CRUZ COUNTY, (Grantee), collectively, the Parties.

RECITALS

WHEREAS, the Agreement provides for the Grantee to receive a grant amount of \$446,755.00 from the 2014 Safe, Clean Water Priority D Grant Program to perform the Project, including Uvas Creek Steelhead spawning habitat enhancement, described in the Appendix A of the Agreement;

WHEREAS, the initial term of Agreement expires on June 30, 2017;

WHEREAS, the Project has been delayed due to regulatory permitting challenges and Grantee's efforts to coordinate with the County of Santa Clara (County) and the Federal Emergency Management Agency (FEMA) on the placement of fill within FEMA's jurisdiction;

WHEREAS, the Grantee has received 40% of the Project Grant Amount and worked diligently to advance the Project and its tasks, including site evaluation; developing design alternatives and identifying the preferred alternative in consultation with the County, District and the National Marine Fisheries Service; in removing invasive species; and in conducting community outreach;

WHEREAS, FEMA, County and the Grantee have now reached a consensus on a path that Grantee may advance the Project, and the Grantee and the District now seek to extend the term of the Agreement by 12 months;

WHEREAS, the Grantee has the dedicated human and financial resources to complete the scope of the Project;

WHEREAS, Section 3(B)(4) of the Agreement states project costs for non-construction tasks are limited to 20% of District contribution to Total Project Cost, for projects that include a construction task;

WHEREAS, due to FEMA permit requirements for hydrologic and hydraulic analysis showing that the increase in Base Flow Elevation does not exceed 0.1 feet, the Parties desire that non-construction tasks limit be increased to 25% of District contribution to Total Project Cost, for projects that include a construction tasks;

WHEREAS, the District recognized that Grantee has made a good faith effort to include all four gravel augmentation sites, but FEMA's requirement of a Conditional Letter of Map Revision foreclosed the viability of gravel augmentation at Site UGA1, which is located directly below Uvas Dam;

WHEREAS, the Parties desire to remove from the Project scope any scope of work directly related to Site UGA1; and

WHEREAS, the District seeks to update its contact information in the Agreement.

NOW, THEREFORE, in consideration of the mutual promises and agreements stated herein and notwithstanding anything to the contrary in the Agreement, Grantee and the District hereby agree to amend the Agreement as follows:

1. Section 2. General Provisions. H. Agreement Term., Paragraph 1, is amended by replacing the current expiration date of "June 30, 2017", with "June 30, 2018".
2. Section 3. Financial Provisions. B. Eligible Costs, Paragraph 4, is deleted and replaced with the following:

Project costs for non-construction tasks are limited to 25% of District's contribution to Total Project Costs, for projects that include a construction task.
3. Appendix A is amended by eliminating the scope of work directly attributable to Site UGA1.
4. Section 4. Miscellaneous Provisions. B. Notices, is deleted in its entirety and replaced with the following:

B. Notices

All notices and other communication required or permitted to be given under this Agreement shall be in writing and shall be personally serviced or mailed, postage prepaid and return receipt requested, addressed to the respective parties as follows:

To SCVWD:	Norma Camacho, Interim Chief Executive Officer Santa Clara Valley Water District 5750 Almaden Expressway San Jose, CA 95118-3686 E-mail: grants@valleywater.org	To Grantee:	Jim McKenna Board President Resource Conservation District of Santa Cruz County 820 Bay Avenue, Suite 136 Capitola, CA 95010 Phone: (831) 464-2950
Contact:	Meenakshi Ganjoo Interim Supervising Program Administrator Santa Clara Valley Water District 5750 Almaden Expressway San Jose, CA 95118 Phone: (408) 630-2295 E-mail: grants@valleywater.org	Grantee Contact:	Chris Coburn Executive Director Resource Conservation District of Santa Cruz County 820 Bay Avenue, Suite 136 Capitola, CA 95010 Phone: (831) 464-2950 E-mail: ccoburn@rcdsantacruz.org

5. All other terms and conditions of Agreement No. A3742R, not amended as stated herein, remain in full force and effect.

(SIGNATURES FOLLOW ON NEXT PAGE)

IN WITNESS WHEREOF, THE PARTIES HAVE SET FORTH BELOW THEIR
CONSENT TO THE TERMS AND CONDITIONS OF THIS AMENDMENT NO. 1 TO
AGREEMENT NO. A3742R THROUGH THE SIGNATURES OF THEIR DULY
AUTHORIZED REPRESENTATIVES.

SANTA CLARA VALLEY WATER
DISTRICT

"District"


RESOURCE CONSERVATION
DISTRICT OF SANTA CRUZ
COUNTY

"Grantee"

By:


Norma J. Camacho
Interim Chief Executive Officer

By:


Jim McKenna
Board President

Date:

6/21/17

Date:

6-15-2017

June 26, 2017

Chris Coburn
Resource Conservation District of Santa Cruz
820 Bay Avenue, Suite 136
Capitola, CA 95010

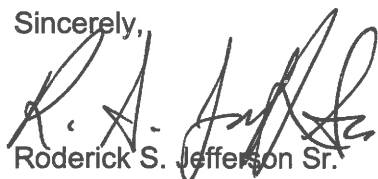
Subject: Amendment No. 1 to Agreement A3742R between the Santa Clara Valley Water District and the Resources Conservation District of Santa Cruz

Dear Mr. Coburn,

Enclosed is an enacted copy of **Amendment No. 1 to Agreement A3742R** which was executed by the Santa Clara Valley Water District on June 21, 2017. Please retain the enclosed copy for your records and reference any future correspondence related to this contract with Agreement A3742R.

If you have any questions regarding this Agreement, please contact Project Manager Meenakshi Ganjoo at (408) 630-2295 or mganjoo@valleywater.org.

Sincerely,



Roderick S. Jefferson Sr.
Supervising Program Administrator
Consultant Contracts Services

:kb

Enc.: Agreement A3742R

CC: Guy Canha, Meenakshi Ganjoo



File No.: 18-0064

Agenda Date: 2/13/2018

Item No.: 3.2.

BOARD AGENDA MEMORANDUM

SUBJECT:

Adopt Ordinance Providing for Compensation of the Directors of Santa Clara Valley Water District Pursuant to Chapter 2, Division 10, of the California Water Code.

RECOMMENDATION:

Adopt the Ordinance PROVIDING FOR COMPENSATION OF THE DIRECTORS OF SANTA CLARA VALLEY WATER DISTRICT PURSUANT TO CHAPTER 2, DIVISION 10, OF THE CALIFORNIA WATER CODE.

SUMMARY:

At its January 23, 2018 meeting, the Board held a public hearing to receive comments from the public and discuss the options relevant to the Directors' meeting compensation for calendar year 2018.

In accordance with California Water Code Section 20201, the Board approved a meeting compensation increase of five percent (5%) from \$273.03 to \$286.68 per day, up to 10 days per month, and directed the Clerk of the Board to bring back the appropriate Ordinance for adoption.

The attached Board Ordinance (Attachment 1) reflects the five percent increase, and an effective date April 14, 2018, sixty (60) days following the date of adoption.

FINANCIAL IMPACT:

Funds are budgeted in the Board of Directors' Fiscal Year 2018 budget to cover Director meeting compensation.

CEQA:

The recommended action is a ministerial action and thus is not subject to the requirements of CEQA.

ATTACHMENTS:

Attachment 1: Ordinance

File No.: 18-0064

Agenda Date: 2/13/2018
Item No.: 3.2.

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711

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

ORDINANCE NO. 18-

**PROVIDING FOR COMPENSATION OF
DIRECTORS OF SANTA CLARA VALLEY WATER DISTRICT
PURSUANT TO CHAPTER 2, DIVISION 10, CALIFORNIA WATER CODE**

The Board of Directors of Santa Clara Valley Water District does ordain as follows:

FIRST: This ordinance is adopted pursuant to Chapter 2, Division 10, Section 20200, and following of the California Water Code.

SECOND: For each year following the effective date of this ordinance, the current compensation of two hundred seventy-three dollars and three cents (\$273.03) per day provided to each District Board member for each day's attendance at Board meetings, or for each day's service rendered as a member of the Board by request of the Board as described in Board Policy GP-10.3.1, is increased to \$286.68, commencing on April 14, 2018.

The increase is in accordance with the Board of Directors' direction to ensure that District's services are carried out in a cost-effective and efficient method.

THIRD: This ordinance shall not be deemed to authorize compensation for more than a total of ten (10) days in any calendar month.

FOURTH: This ordinance shall become effective on April 14, 2018.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District on February 13, 2018.

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

By: _____
RICHARD P. SANTOS
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC

Clerk/Board of Directors

File No.: 18-0052

Agenda Date: 2/13/2018

Item No.: 3.3.

BOARD AGENDA MEMORANDUM

SUBJECT:

Resolution Setting Time and Place of Public Hearing for the April 10, 2018 Report on Activities in Protection and Augmentation of Water Supplies of District - 2018.

RECOMMENDATION:

- A. Adopt the Resolution CALLING A PUBLIC HEARING TO CONSIDER COMMENTS FROM MEMBERS OF THE PUBLIC ON THE REPORT ON THE ACTIVITIES IN THE PROTECTION AND AUGMENTATION OF THE WATER SUPPLIES OF THE DISTRICT, 2018; and
- B. Set time and place for public hearing to occur on April 10, 2018 at 1:00 p.m., at the Santa Clara Valley Water District Board Room, 5700 Almaden Expressway, San Jose, CA 95118.

SUMMARY:

A date for the public hearing in April needs to be established in February 2018 in order to provide for advance notice to well owners and surface water users. Staff recommends that the Board set Tuesday, April 10, 2018 for the public hearing in accordance with this year's budget and groundwater production charge setting schedule; and close the public hearing on April 24, 2018.

The Report on Activities in the Protection and Augmentation of the Water Supplies of the District is prepared annually in accordance with Section 26.5 of the District Act. Section 26.6 of the District Act requires the Report be filed with the Clerk of the Board on or before the first Tuesday in April and that a public hearing be held on or before the fourth Tuesday in April. The Report will be filed with the Clerk of the Board on Friday, February 23, 2018 and available for public review thereafter.

FINANCIAL IMPACT:

Though setting the date for a public hearing does not have any direct financial impact, decisions made, if any, at the public hearings may affect the future finances of the Water Utility Enterprise.

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.

File No.: 18-0052

Agenda Date: 2/13/2018
Item No.: 3.3.

ATTACHMENTS:

Attachment 1: Resolution

UNCLASSIFIED MANAGER:

Nina Hawk, 408-630-2736

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT
RESOLUTION NO. 18-**

**CALLING A PUBLIC HEARING TO CONSIDER COMMENTS FROM MEMBERS
OF THE PUBLIC ON THE REPORT ON THE ACTIVITIES IN THE PROTECTION
AND AUGMENTATION OF THE WATER SUPPLIES OF THE SANTA CLARA VALLEY
WATER DISTRICT, 2018**

WHEREAS, Section 26.6 of the District Act requires that the Clerk of the Board publish a notice of the receipt of the annual "Report of the Activities on the Protection and Augmentation of Water Supplies of the District" (PAWS Report) in a newspaper of general circulation printed and published within the District, at least 10 days prior to the date at which the public hearing regarding the report shall be held; and

WHEREAS, Section 26.6 of the District Act requires that such public hearing be held on or before the fourth Tuesday of April.

NOW THEREFORE, BE IT RESOLVED, by the Board of Directors of the Santa Clara Valley Water District as follows:

1. The Public Hearing shall be held at the time and place provided in the notice attached hereto as Exhibit A (Notice) and incorporated herein by this reference.
2. Clerk of the Board shall publish the Notice pursuant to California Government Code Section 6061.

PASSED AND ADOPTED by the Board of Directors of Santa Clara Valley Water District by the following vote on February 13, 2018.

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

By: _____
RICHARD SANTOS
Chair/Board of Directors

ATTEST: MICHELE L. KING, CMC

Clerk/Board of Directors

RL14176



Exhibit A

Public hearing notice

- Topic:** Fiscal Year 2018/2019 Groundwater Production and Surface Water Charges
- Who:** Santa Clara Valley Water District Board of Directors
- What:** Public hearings on proposed fiscal year 2018/2019 Groundwater Production and Surface Water Charges
- When:** April 10, 2018 at 1:00 p.m. – open public hearing
April 12, 2018 at 6:00 p.m. – open house in South County; 7:00 p.m. - continued public hearing in South County
April 24, 2018 at 6:00p.m. – close public hearing
- Place:** April 10 and April 24, 2018
Santa Clara Valley Water District Board Room
5700 Almaden Expressway, San Jose, CA 95118
- April 12, 2018
Gilroy City Council Chambers
7351 Rosanna Street, Gilroy, CA
- Why:** The Santa Clara Valley Water District (water district) has prepared an annual report on the Protection and Augmentation of Water Supplies documenting financial and water supply information, which provides the basis for recommended groundwater production and surface water charges for fiscal year 2018/2019.

The report includes financial analyses of the water district's water utility system; supply and demand forecasts; future capital improvement, maintenance and operating requirements; and method to finance such requirements.

The water district will hold a public hearing to obtain public comments on the report, which will be available at the hearing.

Based upon findings and determinations made at the public hearing, including the results of any protest procedure, the water district Board of Directors will decide whether or not groundwater production and surface water charges should be increased, and if so, to what level, in each charge zone or zones for the fiscal year beginning July 1, 2018.

All operators of water-producing facilities within the water district or any person interested in the water district's activities with regard to protection and augmentation of the water supply may appear, in person or by representative, and submit comments regarding the subject.

For more information on the public hearing, please visit our website at www.valleywater.org, or contact **Darin Taylor at (408) 630-3068**.

Reasonable efforts will be made to accommodate persons with disabilities wishing to attend this public hearing. For additional information on attending this hearing, including requesting accommodations for disabilities or interpreter assistance, please contact the **Office of the Clerk of the Board** at **(408) 630-2277**, at least three business days prior to the hearing.

File No.: 18-0076

Agenda Date: 2/13/2018

Item No.: 3.4.

BOARD AGENDA MEMORANDUM

SUBJECT:

Update on the Condition of the Almaden Valley Pipeline Inspection and Rehabilitation Project (San Jose, Los Gatos, Unincorporated Santa Clara County) (Districts 4 and 7) and Determination that the Condition of the Almaden Valley Pipeline Continues to Constitute an Emergency.

RECOMMENDATION:

- A. Receive an update on the Almaden Valley Pipeline Inspection and Rehabilitation Project; and
- B. Determine by a four-fifths vote of the Board, that there is a need to continue the emergency action declared by the Chief Executive Officer (CEO) on December 5, 2017, pursuant to California Public Contract Code §22050, to repair the Almaden Valley Pipeline (San Jose, Los Gatos, Unincorporated Santa Clara County) (Districts 4 and 7).

SUMMARY:

According to Public Contract Code §22050, in order for the emergency action to remain in place, the Board must determine, by four-fifths vote at every regularly scheduled Board meeting until the emergency action is terminated, that there is a need to continue the emergency action; this agenda item recommends the Board make such a finding.

On December 5, 2017, the CEO declared that the condition of the Almaden Valley Pipeline (AVP) constituted an emergency condition pursuant to California Public Contract Code §22050; and therefore, District staff is exempted from undergoing competitive bidding requirements to procure the necessary equipment, supplies, non-professional services, and public works to attend to the emergency condition. This declaration was continued by the Board on December 12, 2017, January 9, 2018 and January 23, 2018. The emergency condition continues to exist as the repairs to the Almaden Valley Pipeline are not yet completed.

The AVP consists of approximately 12 miles of 72-inch to 78-inch diameter Prestressed Concrete Cylinder Pipe (PCCP) and welded steel pipe (WSP). The pipeline was constructed in two major segments: AVP Unit 1 was constructed in the 1960's, and AVP Unit 2 was constructed in the 1980's. The AVP is used to supply raw water to the District's water treatment plants and groundwater recharge facilities. In 2007 and 2008, staff completed inspection and rehabilitation projects on the AVP. In 2011, staff repaired a damaged section of PCCP that was identified during an inspection of the AVP. The damage to the pipe section was caused by increased stress from a newly-constructed bridge abutment.

As part of the 10-Year Pipeline Inspection and Rehabilitation Program, AVP inspection and rehabilitation work was initiated on October 27, 2017. Because of the AVP shutdown, the Santa Teresa Water Treatment Plant (STWTP) was also taken offline. Following three weeks of dewatering, inspection activities were performed on November 21-22, 2017. Preliminary investigation results for Unit 2 indicate a large number of distressed PCCP sections between the Santa Teresa Force Main and Calero Reservoir. The District cannot return the AVP to safe and reliable service unless significantly distressed pipe sections are repaired, and an analysis is conducted to understand why such degradation of the pipe has occurred. Failure to return the pipeline to safe and reliable service would pose a significant risk to the District's ability to provide sufficient water to meet minimum water supply demands as the District's contractual obligations for water delivery increase from winter to spring.

District staff and contractor personnel have performed an emergency inspection, detailed forensic analysis, formulated a repair strategy, and the District has awarded a public works contract to the Structural Group, Inc. to perform the repair of the pipeline; repairs have begun on the facility. The Santa Teresa Water Treatment Plant will have to remain offline for a greater-than-anticipated duration to allow the necessary AVP repairs to be completed. If the District should lose the ability to receive imported water from the State Water Project (via the South Bay Aqueduct), there would be an immediate and substantial curtailment of water services in the County.

Staff is recommending that the Board determine, by a four-fifths vote, that there is a need to continue the emergency action declared by the CEO, to enable timely procurement of necessary construction contract services, and other public works and non-professional services, supplies and essential equipment, without a competitive procurement process.

FINANCIAL IMPACT:

Staff currently estimates that repair of the distressed sections of the AVP will cost approximately \$10.5 million, including associated inspection and support activities. As construction progresses, if staff anticipates repair costs may exceed the available funding, staff will recommend a budget adjustment at a future Board meeting.

CEQA:

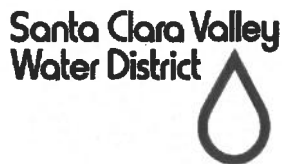
Impacts associated with the repair and maintenance activities of the Almaden Valley Pipeline were evaluated by the Pipeline Maintenance Program and the Programmatic Environmental Impact Report (PEIR), certified and approved by the Board on November 13, 2007. The California Department of Fish and Wildlife and the Regional Water Quality Control Board have been properly notified to address the issued permits for the project. The permits have been modified to address work associated with the repair of the emergency conditions. All work will be performed deploying the Valley Habitat Plan conditions and avoidance and minimization measures to prevent impacts to sensitive habitat in the project vicinity.

ATTACHMENTS:

Attachment 1: Emergency Declaration

UNCLASSIFIED MANAGER:

Christopher Hakes, 408-630-3796



MEMORANDUM

FC 14 (01-02-07)

TO: Norma Camacho
Chief Executive Officer

FROM: Nina Hawk
Chief Operating Officer –
Water Utility

SUBJECT: Emergency Declaration to Repair Almaden
Valley Pipeline Pursuant to Public Contract
Code §22050

DATE: December 5, 2017

The purpose of this memorandum is to formally request that you as the Santa Clara Valley Water District (District) Chief Executive Officer (CEO) immediately declare an emergency pursuant to California Public Contract Code §22050 and District Resolution 05-67 to enable the prompt repair of the Almaden Valley Pipeline (AVP) in the City of San Jose, California. This emergency declaration will exempt the District from undergoing competitive bidding requirements to procure the necessary equipment, supplies, non-professional services, and public works to attend to the emergency action described in this memorandum.

The AVP consists of approximately 12 miles of 72-inch to 78-inch diameter Prestressed Concrete Cylinder Pipe (PCCP) and welded steel pipe (WSP). The pipeline was constructed in two major segments: AVP Unit 1 was constructed in the 1960's, and AVP Unit 2 was constructed in the 1980's. The AVP is used to supply raw water to the District's water treatment plants and groundwater recharge facilities. In 2007 and 2008, staff completed inspection and rehabilitation projects on the AVP. In 2011, staff repaired a damaged section of PCCP that was identified during an inspection of the AVP. The damage to the pipe section was caused by increased stress from a newly-constructed bridge abutment.

BACKGROUND:

AVP inspection and rehabilitation work began on October 27, 2017. At that time, the Santa Teresa Water Treatment Plant (STWTP) was also shutdown. Following three weeks of dewatering, inspection activities took place on November 21 and November 22, 2017. Preliminary investigation results for Unit 2 indicate a large number of distressed PCCP sections were detected between Santa Teresa Force Main and Calero Reservoir. As a result, the District cannot return the AVP to safe and reliable service unless we repair significantly distressed repair pipe sections and understand why such degradation of the pipe has occurred. The return to service date for AVP Unit 2 and STWTP was to be January 19th. The return to service date for AVP Unit 1 Coleman Line Valve to Vasona was to be March 16th. Failure to return the pipeline to service by the prescribed dates will pose a significant risk to the District's ability to provide sufficient water to meet minimum water supply demands, as the District's contractual obligations for water delivery increase.

The current condition of the AVP poses an emergency condition as it cannot be safely returned to service prior to significant repairs.. Per California Public Contract Code §1102, an emergency is "a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services."

The District staff and contractor personnel will need to enter the AVP site to perform an emergency inspection and repair of the facility. The Santa Teresa Water Treatment Plant will need to remain offline for a greater than anticipated duration to affect repairs and ensure personnel safety. If the District should lose the ability to take water from the State Water Project (via the South Bay Aqueduct), there would be an immediate and substantial curtailment of water services in the County.

A Declaration of Emergency is now needed from you, so immediate action can be taken to complete all work activities related to the repair of structurally distressed pipe on the Almaden Valley Pipeline. Based on the substantial evidence detailed above, I am recommending that you as the District CEO officially declare that an emergency situation exists as defined by the California Public Contract Code §1102. If you agree with this recommendation, please sign below.



Nina Hawk
Chief Operating Officer-Water Utility

Concur:



Norma J. Camacho
Chief Executive Officer

District Counsel:



Anthony Fulcher
Senior Assistant District Counsel

File No.: 18-0050

Agenda Date: 2/13/2018

Item No.: 3.5.

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: 121217 Special Meeting Minutes
- *Attachment 2: 121917 Special Meeting Minutes
- *Attachment 3: 010918 Regular Meeting Minutes

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711



BOARD OF DIRECTORS MEETING

MINUTES

**CLOSED SESSION AND REGULAR MEETING
TUESDAY, DECEMBER 12, 2017
10:00 AM**

(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 on Tuesday, December 12, 2017, in the District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California, at 10:00 a.m.

1.1. Roll Call.

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

Director Keegan was excused from attending, and Director Estremera arrived as noted below.

Staff members in attendance were S. Yamamoto, District Counsel, M. King, Clerk/Board of Directors, K. Arends, R. Chan, A. Cheung, A. Comelo, R. Gibson, V. Gin, C. Hakes, G. Hall, N. Hawk, B. Hopper, L. Orta, K. Oven, M. Richardson, D. Taylor, S. Tikekar, and S. Tippets. Chief of External Affairs R. Callender represented Chief Executive Officer N. Camacho.

Chairperson Varela declared time open for public comment on Item 2.3.

Three statements expressing concerns regarding fair and moderate labor negotiations were received from: Mr. Stanley Young, International Federation of Professional and Technical Engineers Local 21 (IFPTE Local 21); Mr. John Tucker, American Federation of State, County and Municipal Employees Local 101 (AFSCME Local 101); and Mr. Gary Nagaoka, Professional Managers Association.

Mr. Young submitted the attached written comments; and Mr. Tucker submitted labor rates report identified as Handouts 2.3-A and 2.3-B, herein respectively. Copies of the Handouts were distributed to the Board and made available to the public.

Director Estremera arrived.

Chairperson Varela announced that the Board would adjourn to Closed Session for consideration of Items 2.1 through 2.3.

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

2. TIME CERTAIN:

10:00 AM

- 2.1. CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL - LIABILITY CLAIMS
Government Code Section 54956.9(e)(3)
Receipt of Claims Claimants: Thomas Wingens, Kera Prum, Hoang Pham,
Mong Van Fousek
Claim against: District
- 2.2. CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Silicon Valley Foundation for a Better Environment v. SCVWD and California
Department of Fish and Wildlife Santa Clara County Superior Court, Case No.
17CV31886
- 2.3. CLOSED SESSION
CONFERENCE WITH LABOR NEGOTIATORS
Pursuant to Government Code Section 54957.6(a)
Agency Designated Representatives: Norma Camacho, Anil Comelo, Michael
Baratz, Laura Harbert, Dania Torres Wong, Esq.
Employee Organizations: Employees Association, Engineers Society,
Professional Managers Association

1:00 PM

- 2.4. District Counsel Report.

Mr. Brian Hopper, Senior Assistant District Counsel, reported that in regards to Item 2.1 and 2.3, the Board met in Closed Session with all members present, excluding Director Keegan, and gave direction to staff; and Ms. Rita Chan, Assistant District Counsel, reported that in regards to Item 2.2, the Board met in Closed Session with all members present, excluding Director Keegan, and gave direction to staff.
- 2.5. Pledge of Allegiance/National Anthem.

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

2.6. Orders of the Day.

Chairperson Varela announced that Item 10.1 would be considered after approval of the Consent Calendar.

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

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

Director Santos recognized the Organization for Latino Affairs members and other District staff who volunteered at the December 9, 2017 Santa Visits Alviso Foundation event.

2.8. Water Resources Management Degree Program at Gavilan College in Gilroy, California.

Recommendation: Receive information on the Water Resources Management Degree Program at Gavilan College and the District's partnership in support of the program.

Ms. Nina Hawk, Chief Operating Officer, reviewed the information on this item, per the attached Board Agenda Memorandum, and the corresponding presentation materials contained in Attachment 1 were reviewed by staff and representatives from Gavilan College as follows: Ms. Ingrid Bella, Senior Management Analyst, reviewed Slides 1 through 2; Dr. Kathleen Rose, President Gavilan College, provided opening remarks; and Ms. Sherrean Carr, Dean Gavilan College, reviewed Slides 3 through 9.

The Board noted the information without formal action.

Director Santos left the meeting and returned as noted below.

2.9. Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017, Independent Auditor's Reports, and Auditing Services Contract One-Year Extension.

Recommendation: Accept the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017 and other Independent Auditor's Reports, and approve one-year extension of current audit services contract.

Mr. Darin Taylor, Chief Financial Officer, reviewed the information on this item, per the attached Board Agenda Memorandum.

Move to Accept : Tony Estremera
Second: Nai Hsueh
Yeas: Tony Estremera, Gary Kremen, Linda J. LeZotte, John L. Varela, Nai Hsueh
Nays: None
Abstains: None
Recuses: None
Absent: Richard Santos, Barbara Keegan
Summary: 5 Yeas; 0 Nays; 0 Abstains; 2 Absent.

Director Santos returned.

Chairperson Varela moved the agenda to the Consent Calendar.

3. CONSENT CALENDAR:

The Board considered Consent Calendar Items 3.1 through 3.7, under one motion.

3.1. Renew the Wells Fargo Bank Sanctions Through September 27, 2018.

- Recommendation:
- A. Receive updates on the State Treasurer's Office sanctions against Wells Fargo Bank; and
 - B. Approve the extension of District sanctions against Wells Fargo Bank through September 27, 2018, and provide direction to staff as necessary.

3.2. Amendment No. 2 to Grant Agreement No. A3710R, with City of Gilroy for the Ronan Channel Interim Trail Project (Gilroy) (District 1).

- Recommendation:
- A. Approve Amendment No. 2 to the Grant Agreement A3710R between the Santa Clara Valley Water District and the City of Gilroy; and
 - B. Authorize the Chief Executive Officer to execute Amendment No. 2 to the Agreement.

3.3. Board of Directors' Quarterly Expense Report for the Quarter Ending September 30, 2017.

- Recommendation:
- A. Review the Board of Directors' Quarterly Expense Report for the Quarter Ending September 30, 2017; and
 - B. Approve the report, if the reimbursements comply with Board Policy.

- 3.4. Amendment to Purchase Order No. 29651 with FISHBIO for Fish Monitoring Devices, Resulting in a Total Not-to-Exceed Amount of \$273,283.

Recommendation: Authorize the CEO to increase the maximum purchase order amount for FISHBIO by \$46,920 for a total amount, not to exceed \$273,283 to enable the installation of three Vaki fish monitoring systems.

- 3.5. Claim by Great Oaks Water Company Against the Santa Clara Valley Water District for Refund of Groundwater Production Charges.

Recommendation: Deny the claim.

- 3.6. Claim of Mary Rea, et al.

Recommendation: Deny the Claim of Mary Rea, et al.

- 3.7. CEO Bulletins for the Weeks of November 24-30, and December 1-7, 2017.

Recommendation: Accept the CEO Bulletins.

Motion: Approve Consent Calendar Items 3.1 through 3.7 under one motion, as follows: approve the extension of District sanctions against Wells Fargo Bank through September 27, 2018, and provide direction to staff as necessary, as contained in Item 3.1; approve Amendment No. 2 to the Grant Agreement A3710R between the Santa Clara Valley Water District and the City of Gilroy, and authorize the CEO to execute Amendment No. 2 to the Agreement, as contained in Item 3.2; approve the Board of Directors' Quarterly Expense Report for the quarter ending September 30, 2017, as contained in Item 3.3; authorize the Chief Executive Officer to increase the maximum purchase order amount for FISHBIO by \$46,920 for a total amount, not to exceed \$273,283 to enable the installation of three Vaki fish monitoring systems, as contained in Item 3.4; deny the claim by Great Oaks Water Company, as contained in Item 3.5; deny the claim by Mary Rea, as contained in Item 3.6; and accept the CEO Bulletins, as contained in Item 3.7.

Move to Approve : Richard Santos

Second: Tony Estremera

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

Nays: None

Abstains: None

Recuses: None

Absent: Barbara Keegan

Summary: 6 Yeas; 0 Nays; 0 Abstains; 1 Absent.

Chairperson Varela moved the agenda to Item 10.1.

REGULAR AGENDA:

10. DISTRICT COUNSEL:

- 10.1. Application for Leave to File Late Claim for Claim of Thomas Wingens, 4355 Monterey Rd., LLC.

Recommendation: Deny the application to file a late claim.

Mr. Bart Hechtman, Matteoni, O'Laughlin and Hechtman Lawyers, reviewed the information on this item, per the attached Board Agenda Memorandum, and reviewed and distributed the attached California Government Codes §911.4 and §911.6, identified as Handout 10.1-A herein. Copies of the Handout were distributed to the Board and made available to the public.

Motion to Approve: Accept the Application for Leave to File a Late Claim and direct staff to bring back the claim for consideration at a future meeting.

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

Chairperson Varela returned the agenda to Item 4.1.

4. BOARD OF DIRECTORS:

- 4.1. Providing Notice of Time and Place of Public Hearing for the Santa Clara Valley Water District Board of Directors to Consider Directors' Compensation for Calendar year 2018, Pursuant to Chapter 2, Division 10 of the California Water Code.

Recommendation: A. Set a time and place for a public hearing for the Board of Directors to consider Directors' compensation for calendar year 2018, pursuant to Chapter 2, Division 10 of the California Water Code, for 6:00 p.m. on January 23, 2018, at the Santa Clara Valley Water District, 5700 Almaden Expressway, San Jose, California; and

B. Direct the Clerk of the Board to publish notice of public hearing in a newspaper of general circulation within the county.

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

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

4.2. Amend Fiscal Year (FY) 2017-2018 District Investment Policy to Incorporate Socially Responsible Investment (SRI) Objectives.

Recommendation: Approve the Amended FY 2017-2018 District Investment Policy to incorporate socially responsible investment objectives.

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

Motion: Direct staff to revise the proposed amendments to the District Investment Policy on Page 6, Section 3.5, to include language keeping investments local to Bay Area banks with less than \$10 billion in assets, and to maintain 5% of funds not needed for the immediate necessities of the District in these banks for a limit of 5 years, at the discretion of the District Treasurer; direct staff to issue a press release advising the media of the Board's action on this item; and approve the proposed amendments to the District Investment Policy, as revised.

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

4.3. THIS ITEM REMOVED FROM AGENDA.

4.4. Santa Clara Valley Water Commission's Recommendation and Associated Staff Analysis from the Commission's October 25, 2017, Meeting.

Recommendation: Consider and act on the recommendations by the Santa Clara Valley Water Commission, encouraging the Board to target and concentrate its potable and non-potable water reuse education and outreach efforts on the youth.

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

4.5. Board Committee Reports.

None

5. WATER UTILITY ENTERPRISE:

Ms. Katherine Oven, Deputy Operating Officer, reviewed the information on Items 5.1 and 5.2, per the attached Board Agenda Memorandums.

5.1. Reduction of Construction Contract Retention for the Wolfe Road Recycled Water Facilities Project, JMB Construction, Inc., Contractor, Project No. 91244001, Contract No. C0607 (Sunnyvale) (District 5).

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.

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

5.2. Expedited Purified Water Program - Program Status Updates and Implementation Next Steps.

- Recommendation:
- A. Receive and discuss Expedited Purified Water Program updates;
 - B. Consider staff's recommendation to proceed with Indirect Potable Reuse to Los Gatos Ponds; and
 - C. Provide input on next steps for the Expedited Purified Water Program's implementation process, including proceeding with procurement and initiating environmental assessment and permitting.

Ms. Debra Butler, Senior Project Manager, reviewed the information contained in Attachment 2, Slides 1 through 14; Ms. Owen reviewed Slides 16 and 21; and Mr. David Moore, Clean Energy Capital, reviewed Slides 17-20.

Chairperson Varela declared time open for public comment on Item 5.2.

Three statements expressing support for the District to implement an accelerated process shortening the project schedule by two years were received from: Mr. Peter Luchetti, and Ms. Megan Matson, Table Rock Capital; and Mr. Stan Williams, Poseidon Water.

Motion: Accept the next steps identified in Attachment 2, Page 21, and direct staff to expedite the Request for Quotes to result in up to three qualified contractors, accelerate the Memorandum of Understanding with the City of San Jose to complete by June 2018 or sooner, and shorten the overall project schedule by two or more years.

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

Chairperson Varela returned the agenda to Item 2.10.

2.10. Winter Preparedness Briefing.

Recommendation: Receive information on the Santa Clara Valley Water District's preparedness for winter operations.

Mr. Anil Comelo, Acting Chief Operating Officer, Administration, reviewed the information on this item, per the attached Board Agenda Memorandum, and the corresponding presentation materials contained in Attachment 1 were reviewed as follows: Mr. Charles Bell, National Weather Service, reviewed Slides 1-3; Ms. Melanie Richardson, Interim Chief Operating Officer, reviewed Slides 4-13; Mr. Marty Grimes, Program Administrator, reviewed Slides 14-21, Mr. Raymond Fields, Project Manager, reviewed Slides 22-23, and 27-33, and Mr. Vincent Gin, reviewed Slides 24-26.

The Board noted the information without formal action.

5.3. Update on the Condition of the Almaden Valley Pipeline Inspection and Rehabilitation Project (San Jose, Los Gatos, Unincorporated Santa Clara County) (Districts 4 and 7) and Determination that the Condition of the Almaden Valley Pipeline Continues to Constitute an Emergency.

- Recommendation:
- A. Receive an update on the Almaden Valley Pipeline Inspection and Rehabilitation Project; and
 - B. Determine by a four-fifths vote of the Board, that there is a need to continue the emergency action declared by the Chief Executive Officer (CEO) on December 5, 2017, pursuant to California Public Contract Code ?22050, to repair the Almaden Valley Pipeline (San Jose, Los Gatos, Unincorporated Santa Clara County) (Districts 4 and 7).

Mr. Christopher Hakes, Assistant Officer, reviewed the information on this item, per the attached Board Agenda Memorandum.

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

6. WATERSHEDS:

None.

7. EXTERNAL AFFAIRS:

7.1. Update on the Office of Civic Engagement and Formation of Board Advisory Youth Commission.

- Recommendation:
- A. Receive information and updates on Office of Civic Engagement;
 - B. Approve the formation of a Santa Clara Valley Water District Youth Commission; and
 - C. Adopt the Resolution PROVIDING FOR AND DEFINING THE STRUCTURE AND FUNCTION OF ADVISORY COMMITTEES TO THE SANTA CLARA VALLEY WATER DISTRICT BOARD OF DIRECTORS AND REPEALING RESOLUTION 15-28.

Mr. Rick Callender, Chief of External Affairs, reviewed the information on this Item, per the attached Board Agenda Memorandum, and the corresponding presentation materials contained in Attachment 1.

Motion: Approve the formation of a Santa Clara Valley Water District Youth Commission; and adopt Resolution No. 17-75, PROVIDING FOR AND DEFINING THE STRUCTURE AND FUNCTION OF ADVISORY COMMITTEES TO THE SANTA CLARA VALLEY WATER DISTRICT BOARD OF DIRECTORS AND REPEALING RESOLUTION 15-28, by roll call vote; and send the Executive Limitations Policy on Sponsorship level to the Board Planning and Policy Committee for discussion and recommended changes.

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

7.2. Update on a District Branding Initiative.

Recommendation: Provide feedback on the proposed plan for developing a branding initiative for the District.

Mr. Grimes reviewed the information on this item, per the attached Board Agenda Memorandum.

The Board noted the information without formal action.

- 7.3. Recommended Positions on Federal Legislation: HR 3916 (Calvert) - Federally Integrated Species Health (FISH) Act; HR 3912 (Walorski) - Move America Act of 2017; and HR 1971 (Smucker) and S 692 (Fischer) Water Infrastructure Flexibility Act.

- Recommendation:
- A. Adopt a position of "Support" on: HR 3916 (Calvert) - Federally Integrated Species Health (FISH) Act;
 - B. Adopt a position of "Support" on: HR 3912 (Walorski) - Move America Act of 2017; and
 - C. Adopt a position of "Support" on: HR 1971 (Smucker) and S 692 (Fischer) - Water Infrastructure Flexibility Act.

Ms. Rachael Gibson, Program Administrator, reviewed the information on this item, per the attached Board Agenda Memorandum.

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

8. CHIEF EXECUTIVE OFFICER:

- 8.1. Fiscal Year 2018-19 Budget Process Overview and Financial Liability Discussion.

Recommendation: Receive and discuss the Fiscal Year 2018-19 overview of the District's Budget Development Process and financial liability status.

Mr. Taylor reviewed the information on this item, per the attached Board Agenda Memorandum.

The Board noted the information without formal action.

- 8.2. Chief Executive Officer Report.

Ms. Richardson reported that Director Santos and District staff would testify before the San Francisco Regional Water Quality Control Board on the tentative order for the South San Francisco Bay Shoreline Project EIA 11, on December 13, 2017.

9. ADMINISTRATION:

None.

11. ADJOURN:

11.1. Board Member Reports/Announcements.

Director LeZotte reported attending an Emergency Training for Directors meeting; two Capital Improvement Program (CIP) Committee meetings; a Coleman Avenue Undercrossing Trail Ribbon Cutting event; a Special District's Association meeting; a Vistapark, Encore, and Parkview Valley (VEP) Community Association presentation; an All Employee meeting; and various meetings with staff.

Director Santos reported attending the aforementioned All Employee meeting; a Berryessa Citizens Advisory Council meeting; and a Meet and Greet with Mr. Eric Thornburg, San Jose Water Company CEO.

Chairperson Varela reported attending the aforementioned All Employee meeting and Meet and Greet with Mr. Thornburg; a Board Policy and Planning Committee meeting; the Fall Association of California Water Agencies conference; the Morgan Hill Downtown Parks grand opening event; a Local Agency Formation Commission meeting; a San Luis Delta Mendota Water Authority (SLDMWA) Board meeting and workshop; a meeting with Ms. Cindy Chavez, Santa Clara County District 2 Supervisor; a meeting with Mr. Sergio Jimenez, City of San Jose District 2 Councilmember; and participating as a presenter at a Sustainable Silicon Valley Winter conference.

Director Estremera reported attending the aforementioned meetings with Ms. Chavez and Mr. Jimenez; and the California-Nevada Section, American Water Works Association 2017 North American Water Loss Conference.

Director Hsueh reported attending the aforementioned CIP Committee meetings; a Residents of Saratoga meeting; and various meetings with staff.

Director Kremen reported attending the aforementioned Sustainable Silicon Valley Winter conference, and SLDMWA Board meeting and workshop; a McKelvey Park Site Tour; a Water in the West Program; and Pacheco Presentation Dry-Run meetings.

11.2. Clerk Review and Clarification of Board Requests.

There were no new Board Member Requests.

- 11.3. Adjourn to Special Meeting at 10:00 a.m., on December 19, 2017, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Chairperson Varela adjourned the meeting in memory of San Francisco Mayor Ed Lee, and Mr. Guy Wamocha, SLDMWA, at 4:45 p.m., to the Special Meeting at 10:00 a.m., on December 19, 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: February 13, 2018



BOARD OF DIRECTORS MEETING

MINUTES

**CLOSED SESSION & SPECIAL MEETING
TUESDAY, DECEMBER 19, 2017
10:00 AM**

(Paragraph numbers coincide with agenda item numbers)

1. CALL TO ORDER:

A Special Meeting of the Santa Clara Valley Water District Board of Directors was called to order in the District Headquarters Building Boardroom at 5700 Almaden Expressway, San Jose, California, at 10:00 a.m.

1.1. Roll Call.

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

Director Keegan was excused from attending; and Director Estremera arrived as noted below.

Staff members in attendance were S. Yamamoto, District Counsel, M. King, Clerk/Board of Directors, K. Arends, M. Baratz, A. Comelo, V. Gin, C. Hakes, G. Hall, B. Hopper, N. Nguyen, K. Oven, M. Richardson, and D. Taylor. Chief Operating Officer Nina Hawk represented Chief Executive Officer Norma Camacho.

Chairperson Varela confirmed that the Board would adjourn to Closed Session for consideration of Items 2.1 and 2.2.

2. TIME CERTAIN:

10:00 a.m.

Director Estremera arrived.

- 2.1. CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(a)
Great Oaks v. SCVWD
California Supreme Court, Case No. S231846
- 2.2. CLOSED SESSION
CONFERENCE WITH LEGAL COUNSEL LIABILITY CLAIMS
Government Code 54956.9(e) (3)
Receipt of Claims
Claimants: All claims related to the Coyote Creek flood, February 2017, names of claimants on file with the Clerk of the Board
Claimed against the District

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

1:00 p.m.

- 2.3. District Counsel Report.

Mr. Stan Yamamoto, District Counsel, reported that in regards to Items 2.1 and 2.2, the Board met in Closed Session with all members present, excluding Director Keegan, and gave direction to staff.

- 2.4. Pledge of Allegiance/National Anthem.

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

- 2.5. Orders of the Day.

Chairperson Varela confirmed that Items 3.3 through 3.5 would be considered after Item 3.8.

- 2.6. 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.

2.7. Conceptual Recycled Water Exchange Project with Contra Costa Water District and Central Contra Costa Sanitary District.

Recommendation: Receive information and provide direction to staff.

Ms. Tracy Hemmeter, Senior Project Manager, reviewed the information on this item, per the attached Board Agenda Memo, and per the information contained in Attachment 1.

Motion: Approve support for the Recycled Water Exchange Project with Contra Costa Water District and Central Contra Costa Sanitary District, and refer the project to the Recycled Water Committee for research and recommendation of next steps.

Move to Approve: Tony Estremera

Second: Gary Kremen

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

Nays: None

Abstains: None

Recuses: None

Absent: Barbara Keegan

Summary: 6 Yeas; 0 Nays; 0 Abstains; 1 Absent.

3. CONSENT CALENDAR: (3.1 - 3.8)

Chairperson Varela removed Item 3.3 through 3.5 from the Consent Calendar for individual consideration, and the Board considered Consent Calendar Items 3.1, 3.2 and 3.6 through 3.8, under one motion.

Ms. Michele King, Clerk/Board of Directors, requested that approval of Item 3.1 include authorization for the Chief Executive Officer to execute Amendment No. 1.

3.1. Amendment No. 1 to Standard Consulting Agreement No. A4056G with Stantec Consulting Services, Inc. for the Pacheco Reservoir Proposition 1 Application Study Project, Project No. 60042001.

Recommendation: A. Approve Amendment No. 1 to Consultant Agreement No. A4056G with Stantec Consulting Services, Inc., with an additional fee of \$355,000 for the Pacheco Reservoir Proposition 1 Application Project for a revised not-to-exceed fee of \$1,192,751; and
B. Approve a budget adjustment to transfer a total amount of \$710,000 from the General Fund - Operating and Capital Reserve to the Pacheco

Reservoir Proposition 1 Application Study Project,
Project No. 60042001.

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

Recommendation: A. Approve Amendment No. 2 to the Grant Agreement A3536R between the Santa Clara Valley Water District and the City of San Jose; and
 B. Authorize the Chief Executive Officer to execute Amendment No. 2.

- 3.6. Membership Nominations for Committee Re-Appointments to the Agricultural Water Advisory Committee, the Environmental and Water Resources Committee (EWRC) and the Safe, Clean Water and Natural Flood Protection Program's Independent Monitoring Committee (SCW IMC).

Recommendation: A. Consider nomination for a one-year membership re-appointment of Dhruv Khanna to the Agricultural Water Advisory Committee;
 B. Consider two-year membership re-appointments of Elizabeth Sarmiento, Hon. Dean J. Chu and Rev. Jethroe Moore, II, to the EWRC;
 C. Consider two-year membership re-appointment of Eileen McLaughlin and Kit Gordon, to the SCW IMC; and
 D. Consider three-year membership re-appointment of Julie Hutcheson, Kathleen Sutherland, Hon. Joe Head and Hon. Patrick Kwok, to the SCW IMC.

- 3.7. CEO Bulletin for the Week of December 8 - 14, 2017.

Recommendation: Accept the CEO Bulletin.

- 3.8. Approval of Minutes.

Recommendation: Approve the minutes.

Motion: Approve Consent Calendar Items 3.1, 3.2 and 3.6 through 3.8 under one motion as follows: Approve and authorize the CEO to execute Amendment No. 1 to Agreement No. A4056G with Stantec Consulting Service, Inc., with an additional fee of \$355,000 for the Pacheco Reservoir Proposition 1 Application Project for a revised not-to-exceed fee of \$1,192,751, and approve a budget adjustment to transfer \$710,000 from the General Fund - Operating and Capital Reserve to the Pacheco Reservoir

Proposition 1 Application Study Project, as contained in Item 3.1; approve and authorize the CEO to execute Amendment No. 2 to the Grant Agreement A3536R with the City of San Jose, as contained in Item 3.2; approve Committee member reappointments, as contained in Item 3.6; accept the CEO Bulletin, as contained in Item 3.7; and approve the minutes, as contained in Item 3.8.

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

Chairperson Varela returned the agenda to Item 3.3.

Mr. Jeff O'Neal, External District Counsel, reviewed the information in Items 3.3 through 3.5, per the attached Board Agenda Memos.

3.3. Application for Leave to File Late Claim for Claim of Hoang Pham, 1828 Rock Springs Drive, Apt. 4, San Jose, CA 95112.

Recommendation: Deny the application to file a late claim.

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

- 3.4. Application for Leave to File Late Claim for Claim of Kea Prum, 1755 Rock Springs Drive, Apt. 4, San Jose, CA 95112.

Recommendation: Deny the application to file a late claim.

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

- 3.5. Application for Leave to File Late Claim for Claim of Mong-Van Fousek, 1779 Welch Ave., Apt. 2, San Jose, CA 95112.

Recommendation: Deny the application to file a late claim.

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

REGULAR AGENDA:

4. BOARD OF DIRECTORS:

- 4.1. Fiscal Year 2018 Board Policy Planning and Performance Monitoring Calendars.

Recommendation: Review, discuss and revise, if necessary, the Fiscal Year 2018 Board Policy Planning and Performance Monitoring Calendars.

Ms. King reviewed the information on this item, per the attached Board Agenda Memo, and per the information contained in Attachments 1 and 2.

Director Kremen suggested including trails policy and encroachments discussions during the first quarter of 2018.

The Board noted the information, without formal action.

4.2. Board Committee Reports.

Director Hsueh reviewed the attached meeting summaries for the November 27 and December 11, 2017, Capital Improvement Committee (CIP) meetings, the November 27, 2017, Board Policy and Planning Committee meeting, and the December 14, 2017, Water Conservation and Demand Management (WCDM) Committee meeting, identified as Handouts 4.2-A through 4.2-D, herein. Copies of the Handouts were distributed to the Board and made available to the public.

The Board noted the information, without formal action.

5. **WATER UTILITY ENTERPRISE:**

5.1. Update on District's Desalination Efforts.

Recommendation: Receive and discuss information related to the District's efforts in exploring desalination as a source of water supply.

Ms. Hemmeter reviewed the information on this item, per the attached Board Agenda Memo, and per the information contained in Attachment 1.

Mr. Michael Franzino, County of Santa Clara, encouraged the Board to take action on advancing desalination opportunities.

Chairperson Varela acknowledged receipt of the attached written comments from Mr. Doug Muirhead, Morgan Hill resident, identified as Handout 5.1-A, herein. Copies of the Handout were distributed to the Board and made available to the public.

The Board noted the information, without formal action.

5.2. Adoption of the 2017 Central Valley Project Improvement Act Water Management Plan.

Recommendation: Adopt the Resolution ADOPTING THE 2017 CENTRAL VALLEY PROJECT IMPROVEMENT ACT WATER MANAGEMENT PLAN.

Mr. Jerry De La Piedra, Water Supply Planning and Conservation Manager, reviewed the information on this item, per the attached Board Agenda Memo, and per the information contained in Attachment 1.

Chairperson Varela acknowledged receipt of the attached written comments received from Mr. Muirhead, identified as Handout 5.2-A, herein. Copies of the Handout were distributed to the Board and made available to the public.

Motion Adopt Resolution No. 17-76, ADOPTING THE 2017 CENTRAL VALLEY PROJECT IMPROVEMENT ACT WATER MANAGEMENT PLAN, by roll call vote.

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

5.3. Solicitation for Participation in Westlands Solar Park Project.

Recommendation: A. Receive information on the solicitation for participation in Westlands Solar Park Project; and
B. Provide direction to staff.

Mr. Kurt Arends, Deputy Operating Officer, reviewed the information on this item, per the attached Board Agenda Memo, and reviewed the information contained in Attachment 2; and Mr. Bruce McLaughlin and Mr. Chris Collins, Power and Water Resources Pooling Authority, reviewed the information contained in Attachment 1.

The Board requested that staff investigate District participation in the power purchase agreement and other local solar power generation options, and return to the Board for consideration.

6. WATERSHEDS:

6.1. Development of a Proposed Pilot Project for Using Unmanned Aerial Vehicles (UAV) in Land Surveying and Mapping Activities (County-wide).

Recommendation: Authorize staff to develop a pilot project for using UAV in land surveying and mapping activities.

Move to Authorize: Tony Estremera

Second: Gary Kremen

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

Nays: None

Abstains: None

Recuses: None

Absent: Barbara Keegan

Summary: 6 Yeas; 0 Nays; 0 Abstains; 1 Absent.

7. EXTERNAL AFFAIRS:

None.

8. CHIEF EXECUTIVE OFFICER:

8.1. Chief Executive Officer Report.

Mr. Chris Hakes, Assistant Operating Officer, and Ms. Angela Cheung, Deputy Operating Officer, reported on the status, water quality impacts, and community outreach efforts related to the Almaden Valley Pipeline Inspection and Rehabilitation Project.

Ms. Melanie Richardson, Interim Chief Operating Officer, reported that the Regional Water Quality Control Board had unanimously approved the District's tentative order and agreed to accelerate review of policy issues, and said the next step was to obtain a Conservation and Development permit; and reported that construction of a temporary berm in the Rock Springs area of Coyote Creek was completed.

Ms. Rachael Gibson, Interim Deputy Administrative Officer, provided an update on the Safe, Clean Water Program agreement with First 5 Santa Clara and the Santa Clara County Department of Public Health for the installation of 50 hydration stations at local schools. She reported that to date 42 hydration stations had been installed at schools within the county, and that the final eight locations had been identified.

The Board requested that staff provide the Board with a list of schools with installed hydration stations and signage (Board Member Request No. R-17-0037).

9. ADMINISTRATION:

None.

10. DISTRICT COUNSEL:

None.

11. ADJOURN:

11.1. Board Member Reports/Announcements.

Director Kremen reported attending a Santa Clara Valley Water Commission meeting.

Director Hsueh reported attending CIP, Board Policy and Planning, and WCDM Committee meetings.

Director Estremera reported attending a Successor Agency to the San José Redevelopment Agency meeting.

Chairperson Varela reported participating in a Wreaths Across America ceremony honoring U.S. Veterans at Gavilan Cemetery, Gilroy.

Director Santos reported attending a RWQCB hearing and the aforementioned WCDM Committee meeting, and shared a District water conservation outreach message that had been published in the Silicon Valley Business Journal.

Director LeZotte reported attending the aforementioned WCDM Committee meeting.

11.2. Clerk Review and Clarification of Board Requests.

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

- 11.3. Adjourn to Regular Meeting at 1:00 p.m., on January 9, 2018, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Chairperson Varela adjourned the meeting at 2:35 p.m., to the Regular Meeting at 1:00 p.m., on January 9, 2018, 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 & REGULAR MEETING
TUESDAY, JANUARY 9, 2018
10:30 AM**

(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 at 5700 Almaden Expressway, San Jose, California, at 10:30 a.m.

1.1. Roll Call.

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

Directors Keegan and LeZotte arrived as noted below.

Staff members in attendance were N. Camacho, Chief Executive Officer (CEO), S. Yamamoto, District Counsel, M. King, Clerk/Board of Directors, K. Arends, M. Baratz, R. Callender, A. Cheung, A. Comelo, V. Gin, C. Hakes, G. Hall, N. Hawk, B. Hopper, C. Kwok-Smith, N. Nguyen, K. Oven, M. Richardson, D. Taylor, S. Tikekar, and S. Tippets.

Chairperson Varela confirmed that the Board would adjourn to Closed Session for consideration of Items 2.1 and 2.2 and declared time open for public comment on Item 2.1.

Ms. Ingrid Bella, American Federation of State, County, & Municipal Employees Local 101 Employees Association, reported that the Bargaining Unit's vote to apply for strike sanctions was a prudent practice, and not intended to be interpreted as discontinued communications between the union and management in finalizing a Memorandum of Understanding.

2. TIME CERTAIN:

10:30 AM

During Closed Session, Director Keegan arrived.

- 2.1. CLOSED SESSION
CONFERENCE WITH LABOR NEGOTIATORS
Pursuant to Government Code Section 54957.6(a) Agency Designated
Representatives: Norma Camacho, Anil Comelo, Michael Baratz, Laura Harbert,
Dania Torres Wong, Esq.
Employee Organizations: Employees Association, Engineers Society,
Professional Managers Association
- 2.2. CLOSED SESSION
CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to Government Code Section 54956.8: Setting Negotiation Parameters
Regarding Price and Terms of Payment for Acquiring Property Interest at
444 West Alma St., San Jose, CA
Negotiators: Norma J. Camacho, Melanie Richardson, Sue Turner, Bill Magleby,
Ngoc Nguyen, Karl Neuman

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

1:00 PM

Director LeZotte arrived.

- 2.3. District Counsel Report.

Mr. Brian Hopper, Senior Assistant District Counsel, reported that in regards to Items 2.1 and 2.2, the Board met in Closed Session with all members present, excluding Director LeZotte, and gave direction to staff.

Chairperson Varela moved the agenda to Item 2.5.
- 2.5. Orders of the Day.

Chairperson Varela announced that Item 5.2 would be considered before Item 5.1 and returned the agenda to Item 2.4.
- 2.4. Pledge of Allegiance/National Anthem.

Ms. Michele King, Clerk/Board of Directors, led all present in reciting the Pledge of Allegiance.
- 2.6. 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. Andrew Galvan, Ohlone Indian Tribe, reported on the removal of human remains from the Berryessa and Permanente Creek projects, and expressed concern with the credentials of the archeological firm retained for the project, as well as their distance from the project sites.

Mr. James Crowley, Utility Maintenance Engineering Unit Manager, expressed concern for the status of the labor negotiations, the District's Classification and Compensation Study, and the perceived lack of support for staff.

The Board requested that staff work with Mr. Galvan to address his concerns (Board Member Request No. 18-0001).

2.7. Election of Board Chair and Vice Chair for Year 2018.

Recommendation: Nominate and elect a new Chairperson and Vice Chairperson for the calendar year 2018.

Motion: Nominate and elect District 3 Director Richard P. Santos as Board Chairperson, and nominate and elect District 4 Director Linda J. LeZotte as Board Vice Chairperson, for the 2018 calendar year.

Move to Approve: Tony Estremera

Second: Nai Hsueh

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

Nays: None

Abstains: None

Recuses: None

Absent: None

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

2.8. Recognition of Outgoing Chair.

Ms. Norma Camacho, Chief Executive Officer (CEO), presented outgoing Chairperson Varela with a memento of appreciation, and reviewed his accomplishments as Chairperson during 2017.

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

Ms. Bella expressed appreciation for outgoing Chairperson Varela's cooperation and open communications with the Employees Association Bargaining Unit, and welcomed the newly appointed Board Chairperson Santos.

Ms. Swanee Edwards, Sierra Club Loma Prieta Chapter, expressed appreciation for outgoing Chairperson Varela's leadership and contributions to the Board.

2.9. Presentation and Discussion of Joint Efforts Between San Francisco Estuary Institute-Aquatic Science Center (SFEI) and Santa Clara Valley Water District.

Recommendation: A. Receive and discuss information about the past and current joint efforts between SFEI and the District; and
B. Authorize the CEO to continue to support the Resilient by Design Challenge through partnership with SFEI.

Ms. Melanie Richardson, Interim Chief Operating Officer, reviewed the information on this item, per the attached Board Agenda Memo; and Mr. Scott Dusterhoff and Mr. Robin Grossinger, SFEI Aquatic Science Center, reviewed the presentation materials contained in Attachment 1.

Move to Authorize: Tony Estremera
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.

3. CONSENT CALENDAR:

Chairperson Santos removed Item 3.2 from the Consent Calendar for individual consideration, and the Board considered Consent Calendar Items 3.1, 3.3 and 3.4, under one motion.

3.1. Reduction of Construction Contract Retention for the Penitencia Delivery Main and Penitencia Force Main Seismic Retrofit Project, Ranger Pipelines, Inc., Contractor, Project No. 94384002 and 92224001, Contract No. C0611 (San Jose) (District 3).

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.

3.3. CEO Bulletins for the Weeks of December 15–21, 22–28, and December 29, 2017–January 4, 2018.

Recommendation: Accept the CEO Bulletins.

The Board noted the information, without formal action.

3.4. Approval of Minutes.

Recommendation: Approve the minutes.

Motion: Approve Consent Calendar Items 3.1, 3.3, and 3.4 under one motion, as follows: authorize reducing the current construction contract retention with Ranger Pipeline, Inc., for the Penitencia Delivery Main and Penitencia Force Main Seismic Retrofit Project, as contained in Item 3.1; accept the CEO Bulletins, as contained in Item 3.3; and approve the minutes, as contained in Item 3.4.

Move to Approve: Linda J. LeZotte

Second: John L. Varela

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

Nays: None

Abstains: None

Recuses: None

Absent: None

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

Chairperson Santos returned the agenda to Item 3.2.

3.2. Determination that the Condition of the Almaden Valley Pipeline Inspection and Rehabilitation Project (San Jose, Los Gatos, Unincorporated Santa Clara County) (Districts 4 and 7) Continues to Constitute an Emergency.

Recommendation: Determine by a four-fifths vote of the Board, that there is a need to continue the emergency action declared by the Chief Executive Officer (CEO) on December 5, 2017, pursuant to California Public Contract Code ?22050, to repair the Almaden Valley Pipeline (San Jose, Los Gatos, Unincorporated Santa Clara County) (Districts 4 and 7).

Mr. Chris Hakes, Assistant Officer, reviewed the information on this item, per the attached Board Agenda Memo.

The Board requested that the Capital Improvement Program (CIP) Committee review the Pipeline Inspections and Rehabilitation Program and report findings and recommendations back to the Board (Board Member Request No. 18-0002).

Move to Approve: Tony Estremera

Second: Gary Kremen

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

Nays: None

Abstains: None

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

REGULAR AGENDA:

4. BOARD OF DIRECTORS:

4.1. Environmental and Water Resources Committee's Recommendations and Associated Staff Analysis from the Committee's July 17, 2017, Meeting.

Recommendation: Consider and act on the recommendations by the Environmental and Water Resources Committee to:
A. Take action on a moratorium on fracking policy; and
B. Request that the Santa Clara County Board of Supervisors support the fracking policy and enact a county-wide ban on new or increased fracking within the County of Santa Clara.

Ms. Vanessa DeLa Piedra, Groundwater Management Manager, reviewed the information on this item, per the attached Board Agenda Memo.

Three statements expressing support for banning fracking and urging the District to influence the Santa Clara County Board of Supervisors to support regulations that protect health, safety, and the environment were received from: Ms. Ester Nigenda, Palo Alto resident; Ms. Judy Plaska, Mountain View resident; and Ms. Edwards.

Mr. Ash Pirayou, Rutan & Tucker, LLP, identified himself as a registered lobbyist representing Patriot Resources, LLC, expressed opposition to staff's recommendation to take action on a moratorium on fracking policy, and urged the Board that if a policy level action is contemplated, to consider the pros and cons.

The Board requested that staff come back at a future meeting with discussion on a Board ordinance or policy on fracking, consistent with any action or consideration taken by the Santa Clara County Board of Supervisors.

4.2. Discussion of Constituent Concerns Regarding the Management of District Property.

Recommendation: Receive information and provide direction to staff.

Ms. Sue Tippets, Deputy Operating Officer, reviewed the information on this item, per the attached Board Agenda Memo.

Ms. Edwards encouraged the use of volunteers to assist in management of District property, and gave as a successful example, the "Trash Bash" cleanup in

San Martin.

The Board noted the information, without formal action, and requested that staff provide the Board with a quarterly monitoring report on the management of District properties (Board Member Request No. 18-0003).

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

- Recommendation:
- A. Consider the schedule for the regular meetings of the Board, currently held on the second and fourth Tuesday of each month, beginning at 1:00 p.m. and 6:00 p.m., respectively, or as designated by the Clerk of the Board to accommodate closed session subject matter;
 - B. Discuss and identify, if necessary, 2018 Board meeting recess dates; and
 - C. If a new regular Board meeting schedule is approved, adopt the Resolution SETTING TIME AND PLACE OF MEETINGS OF THE BOARD OF DIRECTORS OF THE SANTA CLARA VALLEY WATER DISTRICT AND RESCINDING RESOLUTION NO. 17-55.

Motion: Approve making no changes to the 2018 Board meetings schedule.

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

4.4. Board Committee Reports.

There were no Board Committee Reports.

Chairperson Santos moved the agenda to Item 5.2.

5. WATER UTILITY ENTERPRISE:

5.2. Work Study Session and Board Consideration to Approve the District's Fiscal Years 2019-2023 Preliminary Capital Improvement Program (CIP).

- Recommendation: A. Review and approve the Fiscal Years 2019-2023 (FY 2019-23) Preliminary CIP; and
 B. Approve adding the Westside Retailer Intertie Project to the FY 2018-22 CIP.

Mr. Hakes reviewed the information on this item, per the attached Board Agenda Memo. The presentation materials contained in Attachment 4 were reviewed by staff as follows: Mr. Hakes reviewed Slides 1 through 14 and 21-30; and Mr. Ngoc Nguyen, Assistant Officer, reviewed Slides 15 through 20.

Move to Approve: Tony Estremera
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.

Chairperson Santos returned the agenda to Item 5.1.

5.1. Preliminary Fiscal Year (FY) 2018-19 Groundwater Production Charges Analysis.

Recommendation: Discuss and provide direction on the preliminary
 FY 2018–19 Groundwater Production Charge analysis
 prepared by staff.

Mr. Darin Taylor, Chief Financial Officer, reviewed the information on this item, per the attached Board Agenda Memo.

Mr. Doug Muirhead, Morgan Hill resident, expressed opposition to proposed agricultural water charge increases contained in Attachment 1, Slide 23.

Director Kremen requested that staff prepare a more detailed report on Public-Private Partnership (P3) cost projections for the next Recycled Water Committee meeting; and the Board requested that staff schedule a special meeting of the Agricultural Water Advisory Committee in February 2018, to discuss the Open Space Credit.

6. WATERSHEDS:

Director Kremen left the meeting and returned as noted below.

- 6.1. Adopt a Resolution Adopting the Final Initial Study/Mitigated Negative Declaration (IS/MND) and Mitigation Monitoring and Reporting Program, and Project Approval for the Cunningham Flood Detention Facility Certification Project, Project No. 40264011 (San Jose) (District 1).

- Recommendation:
- A. Consider the environmental effects of the Cunningham Flood Detention Facility Certification Project (Project) as discussed in the Final Initial Study/Mitigated Negative Declaration (IS/MND);
 - B. Adopt a RESOLUTION ADOPTING THE FINAL IS/MND AND MITIGATION MONITORING AND REPORTING PROGRAM (MMRP) for the Project; and
 - C. Approve the Project.

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

Motion: Adopt Resolution No. 18-01, ADOPTING THE FINAL INITIAL STUDY AND MITIGATED NEGATIVE DECLARATION AND THE MITIGATION MONITORING AND REPORTING PROGRAM FOR THE CUNNINGHAM FLOOD DETENTION FACILITY CERTIFICATION PROJECT, by roll call vote, and approve the project.

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

7. EXTERNAL AFFAIRS:

None.

8. CHIEF EXECUTIVE OFFICER:

8.1. Board Confirmation of the Chief Operating Officer of Watersheds

Recommendation: Confirm the appointment of the Chief Operating Officer (COO) of Watersheds for the Santa Clara Valley Water District.

Ms. Camacho reviewed the information on this item, per the attached Board Agenda Memo.

Ms. Bella expressed support for confirmation of Ms. Richardson's appointment.

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

Nays:	None
Abstains:	None
Recuses:	None
Absent:	Gary Kremen
Summary:	6 Yeas; 0 Nays; 0 Abstains; 1 Absent.

Ms. Richardson expressed appreciation for the Board's confirmation of her appointment as COO.

8.2. Chief Executive Officer Report.

Director Kremen returned.

Ms. Melanie Richardson, Interim Chief Operating Officer, reported that the Safe, Clean Water Independent Monitoring Committee had begun discussing its next annual report.

Mr. Nguyen reported that the Natural Resources Conservation Service informed the District that it qualifies for a \$4.2 million grant to offset construction costs on the Lake Cunningham Project. He also reported that staff would continue to work with Mr. Galvan to address and recover the cultural resources at the Rancho San Antonio Flood Protection Project site of the Permanente Creek Flood Protection Project, and would update the Board on progress.

Mr. Rick Callender, Chief of External Affairs, reported on legislative activities in progress.

9. ADMINISTRATION:

None.

10. DISTRICT COUNSEL:

None.

11. ADJOURN:

11.1. Board Member Reports/Announcements.

There were no Board Member reports or announcements.

11.2. Clerk Review and Clarification of Board Requests.

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

- 11.3. Adjourn to Special Meeting at 1:00 p.m., on January 17, 2018, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

Chairperson Santos adjourned the meeting at 4:00 p.m. in memory of Ms. Linda Callon, former Mayor of the City of Saratoga, and former City Attorney for the City of Gilroy, to the 1:00 p.m. Special Meeting on January 17, 2018, 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:

File No.: 18-0088

Agenda Date: 2/13/2018

Item No.: *3.6.

BOARD AGENDA MEMORANDUM

SUBJECT:

CEO Bulletins for the Weeks of January 19-25, January 26 - February 1, 2018, and February 2-8, 2018.

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: 012518 CEO Bulletin

Attachment 2: 020118 CEO Bulletin

*Attachment 3: 020818 CEO Bulletin

File No.: 18-0088

Agenda Date: 2/13/2018
Item No.: *3.6.

UNCLASSIFIED MANAGER:
Norma Camacho, 408-630-2084

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

Chief Executive Officer Bulletin

Week of January 19 – 25, 2018

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	Staff have nothing to report for the week of January 19 – 25, 2018.

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

Chief Executive Officer Bulletin Week of January 26 – February 1, 2018

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	Safe, Clean Water Grant Project Completion: City of San Jose completes the Los Alamitos Creek, Coleman Road Under-Crossing Project
2	<u>Estremera and Kremen</u> Staff to work with Mr. Galvan on his concerns expressed during the January 9, 2018 board meeting during public comment on human remains in the Permanente Creek and report back to the board on the outcome R-18-0001

Safe, Clean Water Grant Project Completion: City of San Jose completes the Los Alamitos Creek, Coleman Road Under-Crossing Project

The City of San Jose (City) received a \$62,727 Safe, Clean Water and Natural Flood Protection grant to install surface improvements for a project to build a trail connection between Lake Almaden and the Guadalupe Creek Trail. The project began on January 1, 2014 and was completed on September 30, 2017.

The City constructed a 600ft-long paved under-crossing structure, that included:

- A 150ft long retaining wall, which reduces embankments along the narrow site;
- Planting a 1,000sqft mitigation site along Calero Creek;
- Striping, with airport-rated glass beads for visibility; and
- Meeting all Caltrans requirements for a Class I Bikeway and slopes support wheelchair access per the ADA.

Additionally, the City worked through years of regulatory coordination to obtain permits, identify and plan for mitigation, and keep within budget to complete the project.

Benefits of the new Coleman Road Under-Crossing include:

- Providing clear passage beneath busy Coleman Road;
- Providing a continuous trail loop at Lake Almaden;
- Improving the connection to Guadalupe Creek Trail;
- Improving access to Almaden Light Rail Station; and

- Improving access to four trails:
 - Guadalupe River (across the creek)
 - Guadalupe Creek (across the expressway)
 - Los Alamitos Creek (beyond the lake, to the south)
 - Lake Almaden Trail

The grantee's final report on the completed project is included in the board's February 2, 2018 Non-Agenda package.

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

Estremera and Kremen

Staff to work with Mr. Galvan on his concerns expressed during the January 9, 2018 board meeting during public comment on human remains in the Permanente Creek and report back to the board on the outcome

R-18-0001

Mr. Galvan expressed concerns about the Permanente Creek Flood Protection Project's (Project) staffing of archaeological professionals. In response, staff reviewed the qualifications and performance of the archaeological professionals. Jacobs (formerly doing business as CH2M) was acquired to prepare and implement a Burial Treatment and Monitoring Plan for the Project. Staff has confirmed that Jacobs has been implementing the Burial Treatment and Monitoring Plan consistent with professional standards for staffing archaeological field investigations. Specifically, site activities have been in full compliance with the United States Secretary of Interior Standards for Archaeology, as well as the Society of California Archaeology professional qualifications standards. It is also noted that all activities, since October 10, 2017, have been conducted in the presence of the Most Likely Descendent (MLD) or his representative, consistent with MLD direction.

Jacobs' efforts are being managed out of their Santa Ana office, led by Project Manager, James Gorham. Mr. Gorham's role is limited to management of the consultant services agreement. Archaeological site activities and investigations are overseen by Principle Investigator, Phil Reid. Mr. Reid provides onsite supervision, as needed, consistent with the Burial Treatment and Monitoring Plan and applicable professional standards. The team also includes a Field Director, met by Francisco Arellano, and Crew Members, met by Paul Hornbeek and Izchel Moreno. As a contingency for staffing shortfalls, Jacobs has also obtained the services of sub consultants, Michelle Fitzgerald and Basin Research Associates, to support osteological and field crew member services, should existing staff resources be stretched.

Additionally, to ensure proper implementation of archaeological activities, the project team has taken the proactive steps to initiate a formal communication protocol. To ensure full coordination and alignment, Mr. Reid provides daily updates of site activities in writing to the district, MLD, and construction management team. Staff is also working with Mr. Galvan on a consultant service agreement to provide additional budget for observation of removal of Native American burials and associated artifacts and reburial preparation services.

We look forward to continuing our collaborative effort with Mr. Galvan to ensure the continued respectful and sensitive treatment of ancestral remains and artifacts.

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

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

Chief Executive Officer Bulletin Week of February 2 – 8, 2018

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>	Office of Government Relations 2018 Community Event List
<u>2</u>	Safe, Clean Water Grant Project Completion: Clean Water Fund completed the ReThink Disposable: Preventing Riparian Trash at the Source Project
<u>3</u>	<u>Keegan</u> Status of Dams Program R-18-0004
<u>4</u>	<u>Santos</u> Staff to provide the Board with a quarterly monitoring report on the management of District properties, i.e., graffiti, illegal access, etc. R- 18-0003

Office of Government Relations 2018 Community Event List

Each year, the Office of Government Relations develops a list of community events for the calendar year where the district plans to host a booth. This community outreach provides a valuable forum for the district to communicate with broad sectors of our diverse community on water-related issues, such as water conservation, water recycling and purification, flood preparedness, and district projects in specific communities, among many others. Many of the events included are where we have hosted an informational booth in the past and have had a high-level of visibility due to the size of the crowds.

The recent addition of the district's water truck will enable us to promote the quality and taste of our water and engage at an even higher level with the public at these events.

The event list is included in the February 9, 2018, non-agenda packet.

For further information, please contact Rachael Gibson at (408) 630-2884.

Safe, Clean Water Grant Project Completion: Clean Water Fund completed the ReThink Disposable: Preventing Riparian Trash at the Source Project

The Clean Water Fund (CWF) received an \$82,133 Safe, Clean Water and Natural Flood Protection grant to support the expansion of CWF's ReThink Disposable program to three cities in Santa Clara County (County) – San Jose, Cupertino, and Sunnyvale. The focus of the ReThink Disposable program is to engage food businesses, institutions (academic and corporate campuses), and consumers to minimize disposable take-out food and beverage packaging at the source. The total cost of the project was \$174,036.

Key Outcomes:

- 12 business participants completed the ReThink Disposable audit to minimize wasteful single-use disposable food and beverage packaging by over 1.4 million pieces.
- CWF hosted four (4) creek cleanups with 127 volunteers removing almost 4,000 pieces of trash and debris from "hot spots" on Calabazas and Coyote Creeks.
- CWF developed a new public education display including researching, developing, and designing two new life cycle impact info-graphics on Disposable Cups and Straws.
- CWF engaged approximately 30,000 residents in Santa Clara County with the new ReThink Disposable Source Reduction Pledge.
- CWF's ReThink Disposable wins the 2015 Governor's Award for Environmental and Economic Leadership and the 2016 California Resource Recovery Association's Excellence in Waste Prevention Award.

The grantee's final report on the completed project is included in the board's February 9, 2018 Non-Agenda package.

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

Keegan
Status of Dams Program
R-18-0004

Staff anticipates providing the board an update on the district's Dam Safety Program at the board's March 27, 2018, meeting.

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

Santos
Staff to provide the Board with a quarterly monitoring report on the management of District properties, i.e., graffiti, illegal access, etc.
R- 18-0003

Quarterly performance updates are also provided on the District's website:

- 1.) <https://www.valleywater.org/project-updates/grants-and-environmental-protection/encampment-cleanup>
- 2.) <https://www.valleywater.org/project-updates/grants-and-environmental-protection/remove-graffiti-litter>

Following the board's discussion of item 4.2 at the January 9, 2018, board meeting, the district is taking steps to address concerns raised, including analyzing existing data of hot spot locations for trash and debris and fence repairs, exploring alternative fencing materials, adding security patrols, and engaging volunteers to assist with inspections.

A quarterly monitoring progress report will be provided to the board following the implementation of these measures in FY18 Q4. The report will include quantities, county wide distribution and response time, and a qualitative discussion of the effectiveness.

The 2018 Emerging Leaders Certificate Program will also be addressing innovative ways to resolve issues related to district property graffiti, illegal access, and encampments as one of their capstone projects which, when completed in September 2018, will be shared with the board.

For further information, please contact Sue Tippetts at 408-630-2553.

File No.: 18-0051

Agenda Date: 2/13/2018

Item No.: 4.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Status Update on the Implementation of Recommendations from the 2015 Consultant Contracts Management Process Audit Conducted by Navigant Consulting, Inc. (Navigant) and the Subsequent Fiscal Year 2017-2018 (FY18) Consultant Contracts Improvement Process.

RECOMMENDATION:

Receive a status update on the implementation of the recommendations made by Navigant in the 2015 Consultant Contracts Management Process Audit and on the FY18 Consultant Contracts Improvements Process.

SUMMARY:

To address a request made by the Board of Directors on October 27, 2015, District staff has prepared the following status update to the Board on the implementation of the Navigant Audit recommendations. While the Board has not formally directed staff to present to the Board Audit Committee, the committee received notice of the status of the audit during its June 24, 2015 meeting.

2015 Consultant Contracts Management Process Audit

After non-compliance events were identified in 2014, District management commissioned an audit of the Consultant Contracts Post-Award Management Process (Audit). Navigant was engaged and completed a detailed compliance review of 66 consultant contracts. Navigant also reviewed the District's policies, processes, and technology framework within which consultant contracts are managed post-award.

Results of the Audit reflected a weakness in the District's post-award contract management processes. The Audit found that the majority of post-award contract management activities (including contract data and documentation record-keeping) were conducted in a decentralized and inconsistent manner across multiple individuals, teams, departments, and systems. This, combined with a lack of clear accountability for post-award contract management tasks, was deemed the principal cause of the non-compliance events identified in 2014.

According to Navigant, the most significant Audit finding was related to the on-going management of insurance certificates in the Contracts Administration System (CAS). The recommendation related to this key finding was addressed by staff beginning in FY 2015-2016 (FY16) and has since been resolved through both CAS enhancements and the procurement and implementation of Exigis, which

is a system that ensures insurance compliance and tracks expiration. Consultant Contracts Services (CCS) staff proactively works with external consultants and insurance vendors to ensure that all insurance certificates remain in compliance.

Navigant had also recommended centralization of the contract management function. In response to that recommendation, the District conducted a benchmark study of public agencies, which found that the contract management function was decentralized in 12 of the 14 comparator agencies. The remaining agencies that had the centralized models were the San Francisco Public Utilities Commission and the Metropolitan Water District, both of which have very large procurement departments, with approximately 48 and 100 staff respectively. Since receiving this recommendation, the District has focused on reinforcing and improving standard policies, procedures, and documentation. The recommendation to centralize the contract management function is under review by District management.

In total, Navigant made 11 recommendations; nine (9) of which focused on post-award and two (2) of which focused on pre-award. Three (3) have been completed in full; two (2) others, with multi-part recommendations, have been completed in part; and one (1) of the recommendations is under review. The five (5) remaining recommendations are in progress. A full list of the recommendations with detailed status updates can be found in the Audit Implementation Status Table (Attachment 2).

Staff Resources

The greatest challenge to implementing the policy and procedure related recommendations has been the availability of staff resources; however, staff resources have been identified and are assigned to focus on implementing the remainder of the post-award recommendations in FY18.

In 2011, modifications to the workflow in the Consultant Contracts Office impacted its ability to meet the District's consultant contracting demands. These modifications resulted in a decreased level of direct support provided by the Consultant Contracts Office to District project managers in drafting and negotiating consultant agreements. Some consider this workflow change to be a significant factor that negatively impacted the quality and timelines in developing, reviewing, and approving consultant agreements in the past.

To address resource needs, staff requested, and the Board approved three new full-time positions dedicated to focusing on capital consultant contracts. These positions were filled in FY 2016-2017 (FY17).

Further, a program administrator was secured for one-year (FY18) on a temporary promotion to focus on the outcomes of a four-day Contracts Improvement Process Workshop (Workshop) that was conducted in Quarter Four (Q4) of FY17. The Workshop focused primarily on pre-award improvements to the Consultant Contracts Process with a goal of streamlining the processes and shortening the timelines. Key stakeholders participated, including District Counsel, and Project Managers, Unit Managers, and Deputy Officers from Administration and Watersheds and Water Utility Capital Divisions.

FY18 Consultant Contracts Improvement Process

In Quarter One (Q1) of FY18, the Consultant Contracts Improvement Process team thoroughly evaluated the existing pre-award consultant contracts process workflow to identify process deficiencies and potential opportunities to reduce contracting cycle times. Key findings showed that each step in the workflow could be streamlined to improve the process. However, the primary focus should be on providing an enhanced level of customer service during drafting and negotiations, beginning with preparing the preliminary scope of services for the Request for Proposals (RFP). As contract subject matter experts, providing this level of support to project managers during the drafting of agreements is critical, as project managers are not regularly called upon to draft contract scope of services. Additionally, training staff on writing, drafting, evaluating, and negotiating RFPs and agreements will be critical to achieving a streamlined process.

In addition, establishing target timelines, to be approved by project managers and their next level management, and driven by the consultant contracts staff as process owners will enhance ownership and accountability for process participants.

In Quarter Two (Q2), the process improvement team worked to establish the Roles, Responsibilities and Target Timelines for Consultant Contracts and Amendments. This improved workflow clearly identifies the role of each stakeholder in the process and key milestones that will be tracked to measure performance. As part of the workflow, consultant contracts staff is to drive the process, while providing an enhanced level of customer service during the drafting and negotiation phases, beginning with the RFP development.

In the beginning of Quarter Three (Q3), the process improvement team engaged the District Counsel's Office, as they are key stakeholders in the process. The remaining steps for Q3 are to conduct stakeholder review meetings with project managers, unit managers, and deputy officers to communicate the identified improvements and receive their input on the improved process.

While implementation of the process improvements will formally begin in Quarter Four (Q4) upon completion of stakeholder review, components critical to its success are already being initiated. For instance, staff training is underway on topics related to Request for Proposal development, contract drafting, and negotiations. CCS staff has also started taking on an ownership role for contract cycle times and enhanced their contract drafting and negotiation support to project managers. Some of the sequential approvals have been eliminated and substituted with concurrent approvals. Additional training will continue to be provided on an ongoing basis.

Once the process improvements are fully implemented, staff will begin tracking performance as measured against the new milestones. To allow sufficient time for implementation and tracking, staff plans to submit a performance measurement update with six months of data through a CEO Bulletin in Q3 of FY 2018-2019, and return to the Board in Q1 of FY 2019-2020 with a full year of data for a status update on the implementation of the process improvements.

FINANCIAL IMPACT:

There is no financial impact associated with this item. Costs associated with implementing the audit

recommendations and process improvements are included in the FY18 Board-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: Navigant Audit

Attachment 2: Audit Implementation Status Table

Attachment 3: PowerPoint

UNCLASSIFIED MANAGER:

Tina Yoke, 408-630-2385



Consultant Contracts Management Process Audit

Prepared for:
Santa Clara Valley Water District



Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118-3614

March 10, 2015



Navigant Consulting, Inc.
One California Plaza, Suite 2900
300 South Grand Avenue
Los Angeles, CA 90071

Main: 213.670.3200
Fax: 213.670.3250
www.navigant.com

Table of Contents

Executive Summary	1
1. Introduction and Approach.....	3
1.1 Introduction	3
1.1.1 Background on the Audit.....	3
1.1.2 Objectives of the Audit	4
1.2 Approach to the Audit	4
1.2.1 Consultant Contracts Post-Award Compliance Audit	5
1.2.2 “Blueprint” Assessment and Gap Assessment	5
2. Contract Management Mission and Roles & Responsibilities	7
3. Consultant Contracts Post-Award Compliance Audit.....	9
3.1 Scope and Approach	9
3.1.1 Task 1: Identify Contracts to Be Reviewed	10
3.1.2 Task 2: Review and Identify Applicable Post-Award Contract Management Protocols	11
3.1.3 Task 3: Conduct Audit.....	11
3.2 Summary of Findings	13
3.2.1 Summary of the 15 Pre-Identified Contracts	13
3.2.2 Summary of the 51 Contract Sample	16
3.2.3 Other Comments	17
3.3 Overview of Findings.....	18
4. “Blueprint” Assessment	19
4.1 Scope and Approach	19
4.1.1 Affirm the Vision.....	19
4.1.2 Identify Standards.....	20
4.1.3 Assess Activities	21
4.1.4 Confirm Results.....	21
4.2 Blueprint and Current State Review	21
4.2.1 Policies	21
4.2.2 Business Processes	22
4.2.3 People.....	23
4.2.4 Systems and Data	24
4.2.5 Contract Management	25
4.2.6 Reporting.....	26
4.3 Additional Findings.....	27
4.3.1 Areas of Strength.....	27
4.3.2 Pre-Award Processes	27
4.4 Overview of Findings.....	29

5. Conclusions and Recommendations	30
Appendix A. List of Interviews	31
Appendix B. List of Documents	32
Appendix C. List of Contracts	33
C.1 15 Contracts of Interest.....	33
C.2 Random Contract Sample	34
Appendix D. Description of Insurance Issues	37
D.1 15 Contracts of Interest – Insurance	37
D.2 Random Contract Sample – Insurance.....	38
Appendix E. “Blueprint” Components	41

Executive Summary

Navigant Consulting (Navigant) has completed a Consultant Contracts Post-Award Management Process Audit (Audit) of the Santa Clara Valley Water District (the District). To complete this Audit, Navigant conducted a detailed compliance review of 66 consultant contracts, and reviewed the current policy, process, and technology framework within which consultant contracts are managed (post-award).

Results of the Audit reflect a weakness in the District's post-award contract management processes: the majority of post-award contract management activities (including contract data and documentation record-keeping) are conducted in a decentralized and inconsistent manner across multiple individuals, teams, departments and systems. This, combined with a lack of clear accountability for post-award contract management tasks, is the principal cause of the non-compliance events identified in 2014.

The most significant Audit finding is related to the on-going management of insurance certificates in CAS. According to work instruction document W-741-029, all insurance certificates are to be uploaded to CAS. We acknowledge this is a pre-award work instruction; however, Navigant did not find a work instruction addressing post-award insurance certificate management. To our knowledge, no document exists that addresses insurance management in the post-award environment. The audit identified expired insurance certificates in CAS, as well as missing insurance certificates for certain contracts. Although the District worked diligently to locate the missing certificates, Navigant was unable to confirm the presence of complete insurance documentation, and therefore was unable to deem most of the 66 contracts reviewed compliant. Further, accountability for maintaining insurance certifications was unclear among District staff. These factors created a challenging environment in which to complete the audit.

Navigant also identified several additional issues related to post-award contract management in areas such as invoice management (certain invoices were submitted and approved past the agreement expiration date) and general contract management (several contracts were missing from CAS altogether). This highlights a lack of governance and diligence in post-award contract management, particularly in record keeping.

In addition to the contract audit, the Navigant team conducted a gap assessment, evaluating the District's current operations in relation to a "blueprint" for post-award contract management excellence. Key findings of the gap assessment include:

- » The District does not have a single-source, comprehensive business policy document that establishes clear accountability and expectations for post-award contract management.
- » There are not a standard set of business process flows that represent the standard for post-award contract management activities at a detailed level.
- » Post-award consultant contract management activities are determined on an individual basis, resulting in a lack of consistency and standardization across the District.
- » Critical aspects of post-award contract management, such as continuous monitoring of contract compliance and the maintenance and archiving of contract documentation, are not identified in existing policies or guidelines.
- » Given the roles and responsibilities defined by best practice for contracting departments, the Consultant Contracts Group appears to have an incomplete mandate and be understaffed for an organization as large as the District.

- » There is a significant lack of integration between the District's two major systems: CAS and PeopleSoft. This results in the dispersal of data across multiple departments and teams.

Results of the contract compliance audit and gap assessment confirm that the District's post-award contract management processes are deficient, and undermined by unclear accountabilities and underutilized technology applications. Significant attention needs to be made in "People, Process, Technology, and Governance" areas to improve current post-award consultant contracting activities.

1. Introduction and Approach

The District manages an integrated water resources system that includes 10 dams and surface water reservoirs, three water treatment plants, an advanced recycled water purification center, a water quality laboratory, nearly 400 acres of groundwater recharge ponds, and more than 275 miles of streams. The Mission of the District is to:

“...provide Silicon Valley safe, clean water for a healthy life, environment, and economy.”

The District’s highest-level priorities are encompassed in three Board of Director (Board) policies:

- » Clean, Reliable Water: There is reliable, clean water supply for current and future generations.
- » Natural Flood Protection: There is a healthy and safe environment for residents, business and visitors, as well as for future generations.
- » Healthy Creeks and Ecosystems: There is water resources stewardship to protect and enhance watersheds and natural resources and to improve the quality of life in Santa Clara County.

The effective and efficient procurement of materials and professional services (within a strong control environment) is a key enabler of achieving these priorities. Excellence in procurement and contract management is particularly critical, given the District’s dual objectives of maintaining the network and infrastructure necessary to transport, treat and deliver clean, reliable water on behalf of Santa Clara County’s 1.8 million residents, and also reduce headcount, operating costs and provide precise budgeting, while improving efficiency, effectiveness and optimization of services throughout the district.

1.1 Introduction

The following section describes the background and objectives of the Audit, as well as the approach taken to complete the Audit.

1.1.1 Background on the Audit

In the District’s CEO Bulletin dated the week of June 13-19, 2014, notification of non-compliance with several procurement and contracting related policies was provided to the Board. Specifically, the District was found to be in non-compliance with certain Board policies and in violation with audit standards as a result of the following:

- » Invoices were paid without an authorized agreement or insurance certificate.
- » Non-compliance was not reported in a “timely” manner (within five (5) business days from the issue arising).
- » Work was authorized for Optional Services without a Board authorized contract in effect.

As a result of this event (and in order to ensure that all contracts are being properly managed), the District authorized a variety of measures, including principally:

1. Conduct an immediate review of all consulting contracts to ensure that agreements are within budget and that both agreements and insurance certifications are current.
2. Review all consulting contracts to ensure that work being conducted is within the scope of services as specified in the contract.

3. Lead an audit of the post-award contract management process to identify and make recommendations to correct systemic issues.

Navigant was awarded the contract to undertake the Audit, after responding to an RFP issued by the District on July 8, 2014. For this Audit, Navigant conducted a review and assessment of the extent to which the District's consultant contracts and agreements, post-award, are managed in accordance with:

1. District policies and procedures,
2. Statutory and other requirements,
3. Agreed scope and deliverables, and
4. Best practices regarding change management, and contract management administration (including documentation, invoicing, financial, and other controls).

1.1.2 Objectives of the Audit

The objective of the Audit is to:

1. Evaluate and provide evidence of compliance or non-compliance for a subset of contracts for the period 2009 through 2014, and
2. Assess the District's post-award process for authorizing, approving, and managing consulting services contracts.

Although focused primarily on the post-award consulting contracting process, Navigant gained insight into the entire "end-to-end" contract management process and has included in this report recommendations for improvement focused on some pre-award activities.

Through this audit, the District aims to understand the extent to which compliance issues have been present during the review period (2009-2014), and identify potential areas of improvement to the "as-is" post-award contract management framework (including relevant policies, processes, and protocols).

1.2 Approach to the Audit

The District outlined seven primary task areas associated with the audit comprised of the following:

- » Task 1: Review and Identify Contracts to be Reviewed
- » Task 2: Review and Identify Applicable Post-Award Contract Management Controls
- » Task 3: Entrance Conference / Review of Audit Purpose, Scope and Timing
- » Task 4: Develop and Present the Audit Work Plan
- » Task 5: Conduct Audit
- » Task 6: Draft Audit Report and Presentation
- » Task 7: Final Audit Report and Presentation

To complete the scope of work associated with these task areas, Navigant designated two primary components: the post-award consultant contract compliance audit, and the "blueprint" assessment and gap assessment. The post-award consultant contracts compliance audit focused on audit fieldwork activities and a detailed review of the contracts in question, evaluating the "as-is" state of operations. In addition to the audit fieldwork, Navigant specified a "blueprint" for excellence in consulting services contract management, based on which the District was evaluated and then provided with recommendations for improvement in the gap assessment.

1.2.1 Consultant Contracts Post-Award Compliance Audit

Navigant was tasked to perform a direct compliance review of 15 consultant contracts pre-identified by the District as needing further review, and to derive and review a sample from a database of consultant contracts and service agreements that would provide a 90% or higher confidence rate on compliance testing results.

The scope included the 15 pre-identified consultant contracts executed between 2001 and 2014 and a larger sample of contracts executed between 2009 and 2014 randomly selected by Navigant.

At the highest level, focus areas associated with the tasks in the consultant contracts compliance audit included the following:

Figure 1. Approach to Compliance Audit



As noted, while the focus of the Audit was post-award contract management processes and activities, Navigant did gain insight into pre-award processes and activities (a high-level review of which is included in Section 4.3.2).

1.2.2 “Blueprint” Assessment and Gap Assessment

Navigant believes an important objective of any audit or assessment is to evaluate the current, “as-is” state of operations in a comprehensive manner in order to identify specific actions that will deliver operational and organizational improvement.

Therefore, in addition to the audit fieldwork and detailed review of the contracts in question, Navigant evaluated the District’s activities, business processes and roles & responsibilities against a “blueprint” for excellence in consulting services contract management. Specification of a blueprint for consultant contract management excellence provided a frame of reference – or template – against which current post-award activities and practices can be compared, and potential improvements identified.

This blueprint was derived from a variety of sources, including:

- » Best practice recommendations from a variety of organizations directly relevant to contract and procurement management,
- » The practices of peer water and other utility companies,
- » Leading business management standards in areas such as process management & optimization, business policy design, technology management, and governance & risk control.

Importantly, Navigant also considered the District's specific Mission and objectives, regulatory/governance requirements, and culture surrounding contract management when conducting the blueprint assessment.

2. Contract Management Mission and Roles & Responsibilities

As described in Section 1, the Mission of the District is to:

“...provide Silicon Valley safe, clean water for a healthy life, environment, and economy.”

Further, the Vision of the District is to be:

“...nationally recognized as a leading water resources management agency.”

Related to the District’s broad organizational Mission and Vision objectives are specific contracting and procurement related objectives.

Figure 2. District Procurement and Contracting Objectives

District Procurement Objectives	Consulting Contracts Objectives
<i>The mission of the District is to manage the procurement of goods and services with the highest level of integrity, ethics, and accountability. The District will solicit information and award contracts through a fair, open, transparent, and competitive process. The District has a strong policy of promoting Small Business Enterprises through preference credits.</i>	<i>The Consultant Contracts Program provides centralized consulting contracts processing services on behalf of all District operating units. The information presented here¹ is designed to help you understand how the District conducts business with consultants, including, but not limited to, those providing engineering, environmental, architectural, financial, auditing, management consulting, and other professional and non-professional services.</i>

In any organization, procurement and contract management activities are comprised of multiple activities, business processes, and related roles & responsibilities. A number of different organizational structures can be created to deliver these activities, given goals of ensuring high levels of efficiency, effectiveness, and control.

The exhibit below outlines the responsibilities of the different groups at the District for the overall contracting process.

¹ The Consultant Contracts webpage at: www.valleywater.org/Business/DoingBusiness/ConsultantContracts.aspx.

Table 1. Contracting Roles and Responsibilities

Activities		Contracts Group	Project Manager	Legal Department	Accounting	Risk Manager	Unit Manager	Board/CEO
Pre-Award	Identify of project need		✓				✓	✓
	Develop of Scope of Work		✓					
	Assess internal capabilities and capacity to complete the project		✓					
	Develop RFP/RFI/RFQ	✓	✓					
	Create RFP/RFI/RFQ in CAS	✓						
	Select consultant		✓					
	Negotiate		✓					
	Develop Standard Consultant Agreement	✓	✓	✓		✓		
	Confirm available funding and project account				✓			
	Confirm vendor tax information and W-9				✓			
	Approve contract	✓		✓			✓	✓
Post-Award	Assess work completed against original Scope of Work		✓					
	Maintain payment history and track total cost				✓			
	Develop amendments	✓	✓	✓				
	Approve amendments	✓		✓	✓		✓	✓
	Conduct compliance check							
	Close out contract	✓	✓		✓			

This functional structure is a consideration in our blueprint assessment and recommendation analysis.

3. Consultant Contracts Post-Award Compliance Audit

The principal objective of the Audit was to assess the District's post-award process of authorizing, approving, and managing consulting services contracts. Central to this effort was a detailed compliance review of 15 contracts identified by the District and 51 additional randomly selected contracts, for a total of 66 consultant contracts. The methodology for this audit fieldwork and Navigant's findings are presented in the following sections.

Based on the compliance review, Navigant identified non-compliance issues in the majority of the 66 contracts. Most of the issues identified related to incomplete or expired insurance documentation in CAS. Additionally, six of the 66 contracts were found to have work completed and invoices submitted past the Agreement expiration date, and one contract represented significantly more than 100% task completions. One of these has been previously addressed by a CEO Bulletin and presented to the Board (Agreement A2303A).

Navigant believes that the evidence obtained from the audit fieldwork, described in detail below, provides a reasonable basis for the audit findings at this time; however, it is important to add that the review was conducted with only readily available information. Navigant worked with the District to collect additional documentation, primarily from project managers. This effort met with some success in obtaining valid documents. This is noted, but the original findings remain unchanged to reflect what was readily available to an outside party, and what was not.

3.1 Scope and Approach

To accomplish the audit fieldwork objectives, Navigant performed the following procedures:

- » Obtained and reviewed a database of consultant contracts provided by the District,
- » Provided to the District a sampling methodology and the resulting list of 52 contracts for the compliance review (reduced to 51 at a later time),
- » Obtained and reviewed relevant consultant contract policies and procedures,
- » Interviewed key District personnel, and
- » Reviewed a total of 66 consultant contracts for compliance (15 contracts selected by the District and 51 contracts identified using sampling methodology), using currently available data sources.

Audit fieldwork was primarily conducted from November 6, 2014 through January 27, 2015. The work completed in 2015 was focused on the collection of additional insurance documents from project managers and the assessment of accounting-related issues.

The District identified 15 potentially non-compliant consultant contracts to be reviewed by the Navigant team during the audit. In addition to these, Navigant selected a sample of 51 consultant contracts for a total of 66 contracts. The 51 contracts were selected randomly from a consultant contracts database provided by the District, containing 180 contracts executed between Fiscal Year 2009 and 2014. The random sampling methodology used to identify the 51 contracts is further described in Section 3.1.1

Before reviewing the 66 consultant contracts, the Navigant team gathered information on the District's contract management protocol and day-to-day consultant contracting activity, and conducted focused interviews with key District personnel. Relevant documents and interviews are summarized in Section 3.1.2

In order to evaluate the 66 contracts, the Navigant team developed a consultant contract post-award compliance checklist, the parameters of which were derived from the scope of work agreed upon for this audit. The Navigant team used this checklist to record available contract information from the CAS and consultant contract invoice and payment files and tax information from the Accounting Department. The approach is described in detail in Section 3.1.3

3.1.1 Task 1: Identify Contracts to Be Reviewed

The District provided Navigant with a sampling consultant contracts database that included contracts executed between Fiscal Year 2009 and 2014. The 15 consultant contracts pre-identified by the District and consultant contract amendments were excluded. In total, 180 contracts were included in the sampling database. The District requested a 90% confidence level target for the sample selected from this database.

The 180 contracts in the sampling database were randomly ordered and run with the RATSTAT sampling model.¹ RATSTAT is a free statistical tool developed by the U.S. Government used to determine sample sizes. The tool takes the total population of the records to be sampled, the desired confidence level, and confidence interval and determines the minimum number of observations to be sampled. Using RATSTAT, Navigant developed 12 scenarios reflecting multiple combinations of confidence levels and confidence intervals, to determine with the District which combination of confidence level and confidence interval would provide the best compromise between sample accuracy and number of contracts to be reviewed.

Given the District's 90% confidence level target and the reasonable sample accuracy provided by a 10% confidence interval, Navigant recommended the review of 52 consultant contracts in addition to the 15 contracts pre-identified by the district. The scenarios developed by Navigant are shown in Table 2, below.

Table 2. Sampling Scenarios

Confidence Interval	Confidence Level				
		80%	90%	95%	99%
	+/-2.5%	143	155	161	180
	+/-5%	94	114	126	144
	+/-10%	38	52	64	85

The sample of 52 contracts represents almost 30% of the total contract population provided by the District, and 23.6% of the total dollar value (Table 3).

Table 3. Final Contract Sample

# of Contracts	Contract Value	% of Contracts	Sample Value	% of Total Dollar Value
52	\$ 6,017,027	28.9%	\$ 25,335,374	23.6%

¹ <http://oig.hhs.gov/compliance/rat-stats/index.asp>

Following the District project manager's approval of the sample size, Navigant provided the list of 52 contracts for review. The District identified three of the 52 contracts as non-consultant contracts (reflecting an error in the original sampling database), and the next three randomly ordered contracts were moved into the sample. Towards the end of the Audit, contract A3623 was also identified as a non-consultant contract. This contract was removed from the results for a total of 51 randomly selected consultant contracts. The final contract sample is listed in Appendix C.

3.1.2 Task 2: Review and Identify Applicable Post-Award Contract Management Protocols

Navigant's review of the District's post-award contract management control documentation focused on the extent to which it provides clear procedures and processes to ensure that a project is in compliance with District policy and the authorized agreement, and that it is administered appropriately. Before beginning the detailed review of the 66 contracts, Navigant initiated the collection of contract policy, procedure, and process documentation by submitting a data request. The list of documents provided by the District is included in Appendix B.

To seek clarification on this documentation and to clearly understand current post-award contract management practices, Navigant conducted several rounds of focused interviews. Interviews were conducted with a cross-section of management, staff, project managers, and other key individuals associated with contract management. Initial interviews included the District's executive management and representatives from the accounting department and the contracts department. All interviews are listed in Appendix A.

3.1.3 Task 3: Conduct Audit

The audit fieldwork initially included a review of contract documentation uploaded on CAS and recorded by the Accounting Department in hardcopy paper files.

The District uses CAS as a contract management tool primarily for the development of solicitations through contract execution; however, CAS also includes relevant descriptions and documentation of executed contract terms, scope, and required insurance, as well as amendments (change orders). Contract information on CAS is managed by the District's Consultant Contract Services group in the Purchasing, Consultant Contracts, and Warehouse Services Unit. Navigant was provided access to CAS and received support from the Contracts group to learn how to navigate the online system.

Invoice and payment information is housed in the General Accounting Unit, which uses PeopleSoft and hardcopy file folders to manage documents. As identified in interviews, the most accessible source of invoice and payment information is the spreadsheet maintained by the accountant responsible for consultant contracts. Accounting files requested by the Navigant team based on the sample of 51 contracts were provided for in-person review at the District accounting offices. Throughout the review, Navigant worked closely with the District to locate relevant information and ensure findings were accurate. However, Navigant did not have direct access to the PeopleSoft database.

Each contract was assessed using the parameters outlined in Table 4, below. These parameters were derived from the scope of work agreed upon for this audit. The checklist was reviewed with the Contracts group to locate where most of the items would be found.

Table 4. Consultant Contract Audit Checklist

Parameter	Evidence
Operating within the contract scope of work services	<ul style="list-style-type: none"> • Description of original scope • Tasks and deliverables completed
Adhering to the contract schedule	<ul style="list-style-type: none"> • Date agreement executed/signed as reported in CAS • Date agreement expired as reported in CAS • Date agreement expired as reported in Standard Consultant Agreement • Accounting close-out date as reported in project files
Monitoring to ensure conformance with authorized agreement and amendment amounts	<ul style="list-style-type: none"> • Agreement value at execution as reported in CAS • Agreement value as reported in Standard Consultant Agreement • Number of amendments reported in CAS • Total dollar value of amendments reported in CAS • Final agreement value as reported in CAS
Invoices are reviewed, revised as necessary, and approved before payment, and payments are approved and made on valid agreements	<ul style="list-style-type: none"> • Number of amendments as reported in project files • Number of invoice(s) related to this agreement as reported in project files • Total dollar value of invoices as reported in project files • Last invoice end date as reported in project files • Date of last invoice approval as reported in project files • Date of final payment as reported in project files
Compliance with terms and conditions of the agreement including licensure requirements, permit requirements	<ul style="list-style-type: none"> • Date Standard Consultant Agreement executed (actual document) • Date Agreement Routing Approval executed • Date W-9 executed
Reviewing documentation to ensure non-fiscal requirements continue to be met throughout the duration of the contract and beyond	<ul style="list-style-type: none"> • List of insurance documents available in CAS • Start date of insurance requirement • Expiration date of insurance requirement

Based on preliminary results from the CAS and accounting file review, Navigant determined it was necessary to interview a selection of project managers and the District's Risk Manager. Four project managers in addition to the Risk Manager were interviewed. These interviews provided insight into the location and ownership of certain information that was often not complete in CAS or not under the accounting domain (e.g. insurance documentation residing with project managers).

The Navigant team worked closely with the District to contact the project manager for each of the 51 sample consultant contracts in order to support and/or improve findings from CAS and the accounting files. Additionally, Navigant determined it was necessary to request some consultant W-9 forms that were missing from or unsigned on CAS, and worked with Accounts Payable to locate this information.

3.2 Summary of Findings

From the detailed compliance review of 15 consultant contracts identified by the District and 51 additional randomly selecting consultant contracts, Navigant gathered a set of key findings. Of note, only five of the 66 contracts reviewed were found to be fully compliant from initial work. The vast majority of the non-compliance issues identified were incomplete or expired insurance documentation. It is important to add that this finding is based only on information in CAS, the accounting files, and feedback from Accounts Payable. Following up on this finding, Navigant requested insurance documentation from the project managers, resulting in 30 responses and ten other contracts that could be found compliant based on this additional information. These are summarized in Appendix D.

Initially, 11 of the 66 contracts were found to have missing or unsigned W-9 forms for tax requirements on CAS. However, this finding was revised to zero non-compliant contracts based on adequate information provided by the District's Accounts Payable group regarding the 11 contracts. However, six of the 66 contracts were found to have work completed past the Agreement expiration date and one additional contract was found to be potentially non-compliant based on greater than 100% task completions. Three of the first six contracts are found to be non-compliant based on available information, while the other three would require further review for a final compliance score. Overall, these findings most clearly reveal difficulties in obtaining current and accurate documentation for consultant contracts. Additionally, many contracts had invoices approved and paid after the Agreement expiration date. These contracts are found to be compliant based on valid work periods within the contract period, but are in disagreement with best practices.

Navigant also noted inconsistencies and missing noncritical information in CAS and on invoices during the review. These findings are relevant to recommendations for the improvement of District processes, despite not impacting the compliance findings, and are presented at the end of the section.

3.2.1 Summary of the 15 Pre-Identified Contracts

Of the 15 pre-identified consultant contracts, seven contracts were missing from CAS online and hence were deemed non-compliant based on missing insurance documentation. However, these contracts did have hardcopy accounting files and Accounts Payable information from PeopleSoft, enabling a partial compliance review.

Table 5. List of Contracts Not Found on CAS

	Agreement Number	Agreement Name
1	A2218A	Planning Study, value engineering, and geotechnical and hazardous material investigations for Matadero & Barron Creeks remediation project (Palo Alto)
2	A3109A	Contract for Operation and Maintenance of the Coyote and Pacheco Substations
3	A3462RE	On Call Real Estate Services Appraisal Agreement MAI
4	A3464RE	Real Estate Turnkey Services
5	A3467RE	On Call Real Estate Services Appraisal Agreement MAI
6	A3469RE	On Call Real Estate Services Appraisal Agreement MAI
7	A3471RE	On Call Real Estate Services Appraisal Agreement MAI

The remaining eight contracts were successfully found on CAS; however, seven of these had incomplete insurance information. The insurance issues for the 15 pre-identified contracts are summarized below (one contract had multiple issues). Detailed insurance findings are listed in Appendix D.1.

Table 6. Types of Insurance Issues Identified for the 15 Pre-Identified Contracts

Insurance Issue	Number of Contracts
No documents found on CAS	7
Insurance expires before end of project	2
Insurance starts after date of Notice to Proceed	4
Missing insurance documents	2

Aside from insurance issues, three of the 15 contracts had problematic payment activity. These contracts are summarized in Table 7, below.

Table 7. Non-Compliance Issues in the 15 Pre-Identified Contracts

	Agreement Number	Agreement Name	Issue	Additional Comments
1	A2403A	Engineering Planning Services on Berryessa Creek Downstream of Calaveras Blvd.	Last invoice dated 12/23/2013; Agreement expired on 12/31/2009	The District is aware of this issue, which led to the Audit.
2	A3159A	PWTP Standby Power System Project	Last invoice dated 3/5/2011; Agreement expired on 3/31/2010 – Requires Further Review	The contract has a Letter of Authorization (No. 3) dated 3/29/2010, authorizing extended work, but did not specify a new expiration date.
3	A3467RE	On Call Real Estate Services Appraisal Agreement MAI	Last invoice dated 6/27/2014; Agreement expired on 3/31/2014 – Requires Further Review	The Agreement specifies a 24 month term with the option to extend 12 months, but the Agreement does not specify task dates and is "On-Call."

Agreement A2925F was originally considered to have work completed after the expiration date based on the expiration date listed in CAS; however, the text of the Agreement was found to contain "The Agreement will be complete when all deliverables have been received and approved and the Scope of Service tasks have been verified by the District's Project Manager." Hence, it is compliant but serves as an example of disagreement between different information systems at the District. The District reports that poorly-defined termination dates and schedules were resolved for post-2012 agreements.

All of the contracts were found to have remained within their total agreement amounts, with no budget-related non-compliance issues. The spreadsheet provided by the District summarizing the 15 contracts had identified seven contracts having a higher final payment amount than the Agreement amount; this was not found to be the case after all amendments were accounted for during Navigant's review.

For the contracts which were initially recorded as having incomplete tax information, the explanations from the Accounts Payable group are summarized in the following table:

Table 8. Accounts Payable Information for the 15 Pre-Identified Contracts

	Agreement Number	Agreement Name	Tax Resolution
1	A2218A	Planning Study, value engineering, and geotechnical and hazardous material investigations for Matadero & Barron Creeks remediation project (Palo Alto)	Tax ID information was captured in PeopleSoft.
2	A2403A	Engineering Planning Services on Berryessa Creek Downstream of Calaveras Blvd.	Tax ID information was captured in PeopleSoft.
3	A2925F	The SCVWD Wants to Become a CAL/OSHA VPP Star Site	Per W-9 form Part II Certification, 4 Other Payments, the W-9 signature is not required for non-employee compensation (unless taxpayer is notified of previously incorrect TIN). ²
4	A3109A	Contract for Operation and Maintenance of the Coyote and Pacheco Substations	Tax ID information was captured in PeopleSoft.
5	A3228F	State Lobbying Services: 2009	Per W-9 form Part II Certification, 4 Other Payments, the W-9 signature is not required for non-employee compensation (unless taxpayer is notified of previously incorrect TIN).
6	A3462RE	On Call Real Estate Services Appraisal Agreement MAI	Tax ID information was captured in PeopleSoft.
7	A3464RE	Real Estate Turnkey Services	Tax ID information was captured in PeopleSoft.
8	A3467RE	On Call Real Estate Services Appraisal Agreement MAI	Tax ID information was captured in PeopleSoft.
9	A3469RE	On Call Real Estate Services Appraisal Agreement MAI	W-9 form provided.
10	A3471RE	On Call Real Estate Services Appraisal Agreement MAI	Tax ID information was captured in PeopleSoft.

For the contracts that had tax ID information in PeopleSoft but were missing a copy of the actual W-9 form, the issue was reported to be that these contracts have unknown set-up dates and cannot be feasibly retrieved from the archive. Overall, tax information appears to be compliant but supporting documentation is not always accessible.

² www.irs.gov/pub/irs-pdf/fw9.pdf

3.2.2 Summary of the 51 Contract Sample

The sample was reduced to 51 consultant contracts after one contract was found to be a non-consultant agreement and excluded, after confirming the agreement type with the District project manager (a special joint use agreement for local trails). 47 of the remaining 51 contracts were found to have non-compliant insurance information based on available documents in CAS. The insurance non-compliance issues range from expired insurance for the last 10 days of work to contract files lacking general liability insurance and other insurance certificates altogether (based on the available, viewable certificates in CAS). Some contracts have more than one of these issues. This finding is summarized below, with further details in Appendix D.2.

Table 9. Types of Insurance Issues Identified for the 51 Contract Sample

Insurance Issue	Number of Contracts
Insurance expires before end of project	30
Insurance starts after date of Notice to Proceed	9
Missing insurance documents	12

Navigant requested up-to-date insurance information from project managers for these contracts. The District was diligent in requesting and finding a number of the insurance files. It is notable, however, that even though ten additional project managers could produce complete insurance documentation upon request, the District has no comprehensive, up-to-date and accessible source of this important information. This observation was validated by the District's Risk Manager, who identified the need for an insurance management system and has advocated for the District to work with a third party insurance handling company.

Further, the CAS system has been reported to have a system error that prevents users from accessing multiple insurance documents for closed contracts. This glitch allows the user to view only the most recently added file, and no others. Additionally, CAS is reported to be set to a 5 Megabyte file size limit that may exclude other insurance files or pages that exceed the limit. All of the contracts that were initially found to have inadequate insurance in CAS are still deemed non-compliant but it is also noted in 0which issues the project managers encountered after being called on to produce insurance documents.

Four of the random contracts sample had non-compliance findings relating to invoicing or payments, although two require further review. These contracts are summarized in Table 10, below.

Table 10. Non-Compliance Issues in the 51 Contract Sample

	Agreement Number	Agreement Name	Issue(s)	Additional Comments
1	A3308A	Geotechnical Engineering Services for Seismic Stability Evaluation of Almaden, Calero and Guadalupe Dams, and Dam Safety Program Update	Final work period dated 2/8/2013; Agreement expired on 12/31/2012	During the draft report review, the District provided feedback that the work period date is a typo.
2	A3429F	2010 Legal Recruitment Services	Final work period dated 8/3/2012; Agreement expired on 7/31/2011	None
3	A3566A	Clean Safe Creeks and Natural Flood Protection Program Performance Audit	Last invoice dated 7/5/2012; Agreement expired on 6/30/2012 – Requires Further Review	The invoice is submitted so close to the expiration date that the work must reasonably have been completed on time, but there is no clear work period to refer to.
4	A3678F	Agreement between the Santa Clara Valley Water District and Environmental Science Associates	Last invoice reports tasks up to 693.9% complete – Requires Further Review	Refer to the project manager for 100%+ task percentage justification.

In addition to the specific issues outlined above, Navigant’s experience with contracting processes of power and water utilities show that it is best practice to ensure all invoices are approved and paid before contract expiration. In the event an invoice cannot be paid or approved before contract expiration, the contract should be extended. Many contracts in the sample had tasks extending to the expiration date, necessitating the approval of invoices past the expiration date.

One additional contract had been initially recorded as having incomplete tax documentation (A3603A), but Accounts Payable offered the explanation that per W-9 form Part II Certification, the W-9 signature is not required for non-employee compensation (unless the taxpayer is notified of a previously incorrect TIN).

3.2.3 Other Comments

While completing the audit fieldwork for contract compliance, Navigant also noted smaller issues that became apparent during the review process. The following comments were made for multiple contracts while completing the audit fieldwork checklist:

- » Agreement start date not specified in CAS
- » Agreement end date not specified in CAS, or date is incorrect
- » Delayed close-out in CAS
- » Incorrect Agreement value in CAS
- » Fully executed Standard Agreement not uploaded to CAS
- » Amendments not recorded in CAS

- » Standard Agreement not dated at execution
- » Standard Agreement does not clearly specify expiration date
- » Fully executed Standard Agreement not included with accounting files
- » Invoices do not specify consultant tasks and activities
- » Agreement Status Change Request form for close-out not included, or not signed by Accounting

Many of these smaller errors were corrected by the Contracts group for agreements executed post-2012, but are reflected in earlier agreements in the sample.

3.3 Overview of Findings

As noted previously, only five of the 66 contracts reviewed can be deemed compliant with the District's post-award contracting procedures and business processes. The compliance metric that led the Navigant team to deem most of the contracts non-compliant was the absence of complete and valid insurance certificates in CAS. Navigant acknowledges that a number of these certificates were found elsewhere by District staff upon request, but there is no complete repository in CAS.

This particular compliance issue has highlighted the key challenges the District will have to address in order to move towards best practice in contract management: develop and implement robust governance and standardization policies and processes while fully utilizing the capabilities of the District's contract management solutions in a centralized manner. These challenges are discussed in detail in the next section.

4. "Blueprint" Assessment

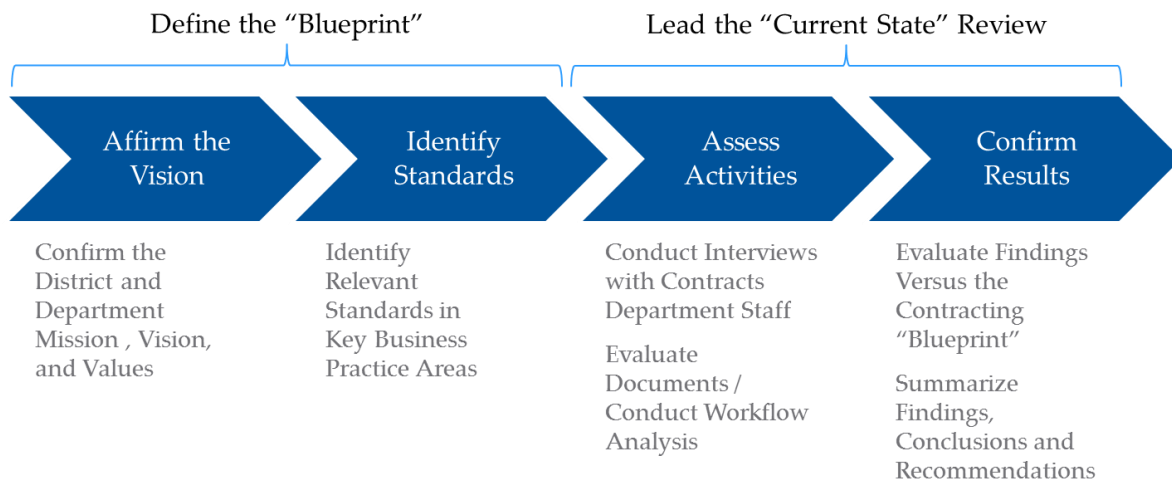
A primary objective of any process audit or assessment is to evaluate the current, "as-is" state of operations in order to identify specific actions that will deliver operational and organizational improvement. The standard of excellence (or "blueprint") to which an organization is compared is therefore an important aspect of any audit or assessment.

The following section outlines Navigant's approach to developing a blueprint for excellence in post-award consulting services contract management; provides a detailed account of the proposed blueprint focus areas; and describes the most important "gaps" in current operations in relation to the blueprint.

4.1 Scope and Approach

Navigant adopted the following high-level approach to complete the "current state" blueprint assessment, which focused on two main activities:

Figure 3. High-Level Approach to Leading the "Current State" Review



- » Define the "Blueprint": Confirming the Vision and Mission of the District in general, as well as in relation to contracting and procurement; identifying the standards in contract management to which the District would be compared.
- » Lead the "Current State" Review: Evaluating current contract management activities in a number of key areas, through document collection, interviews, and process evaluations; comparing current state activities to the blueprint.

The remainder of this section describes the steps taken to complete the blueprint assessment.

4.1.1 Affirm the Vision

We believe that understanding an organization's overall Vision and Mission in contract management is a key input to any audit or assessment. These objectives (and the plans designed to achieve them) form the foundation of any evaluation. We confirmed the District's highest level objectives and values through interviews with senior leadership and a comprehensive documentation review. Primary documents and sources of information included the District Annual Report and content from the District's website ("Doing Business with the District" and "Doing Business with the District,

Consultant Contracts.” (See Section 2 for a description of the District’s procurement and consultant contracting objectives.)

4.1.2 Identify Standards

The team has drawn from its contract and procurement management experience, knowledge of best practice standards in contracting and related disciplines³, and understanding of relevant peer practices to develop relevant performance standards. Rather than specific tasks or detailed processes, these standards are high-level themes or characteristics we expect to be reflected in leading procurement or contract management groups. The following performance standards were selected by the Navigant team to form the foundation of the blueprint:

“...Collaborate closely with other functional groups in the Company to provide reliable guidance and enable the soundest decisions on contract matters...”

“...Are properly staffed with contract professionals who consistently enhance their skills and capabilities, and utilize innovative tools and techniques to properly manage contract activities...”

“...Are responsible for the actions and decisions they take in relation to contracting and for the resulting outcomes. Contract Management staff are answerable for such activities through established lines of accountability...”

“...Work diligently to ensure compliance with all relevant Acts, Regulations, Standards and Codes...”

“...Consider both cost and non-cost factors when considering “best value” in contract decision-making...”

“...Treat all prospective suppliers/vendors with fairness and in an open and transparent manner with the same access to information about the contract...”

“...Recognize that all contract activities carry some level of risk, and properly recognize this risk and develop appropriate strategies to deal with it...”

“...Observe the highest standards of honesty in all commercial dealings, and conduct their business in a fair, honest and open manner, demonstrating the highest levels of integrity consistent with Company, customer, and stakeholder interest...”

“...Utilize data and metrics to evaluate contract activities and performance...”

Specific attention was given to post-award practices, protocols, and behaviors when developing the blueprint, although many of the standards developed can be applied to the full spectrum of contracting activities.

4.1.2.1 Blueprint Description

An effective and efficient post-award consultant contract management function requires attention and focus in a number of interdependent areas. Our analysis focuses on the District’s current state in six areas:

- » Policies
- » Business Processes

³ Publicly available sources include: Resolutions and other documents from the National Institute of for Government Procurement (NIGP); Institute of Civil Engineers, “A Model to Manage the Water Industry Supply Chain Effectively,” 2012; Global Cleantech Center, “The U.S. Water Sector on the Verge of Transformation,” 2013; papers from Supply Chain Quarterly (various); papers from the Chartered Institute of Purchasing & Supply (various); Best Practice Procurement Guidelines from public agencies (various).

- » People
- » Systems & Data
- » Contract Management
- » Reporting

A detailed description of these six areas is provided in Appendix E, *Blueprint Components*. In general, our blueprint identifies approximately 50 characteristics and recommended practices in post-award contract management.

A variety of practices, standards, and frameworks provided input for each of these areas, including:

- » A number of oversight and guidance documents and best practice standards in contract management, derived from organizations such as the National Institute of Governmental Purchasing (NIGP).
- » Common business practice frameworks in process improvement, system and data management, Lean for Service organizations, and governance and internal control.
- » Peer practices from municipal water and other utility companies.

Finally, the six focus areas were tailored to the District-specific vision statements, goals and objectives related to consultant contract management.

4.1.3 Assess Activities

Navigant collected a variety of documents and conducted multiple interviews to understand the current consultant contract management activities and “infrastructure.” This analysis included a high-level workflow review to understand the key handoffs between functional groups in the organization, accountabilities and areas of responsibility, and other facets of organizational capability and effectiveness.

4.1.4 Confirm Results

Once collected and reviewed, Navigant compared information concerning the current state to the specific blueprint standards in each of the six focus areas described above. This comparison resulted in a specific set of recommendations, focused on the most important aspects of post-award consultant contract management.

4.2 *Blueprint and Current State Review*

This section focuses on the evaluation of the District’s current operations versus the blueprint, and provides a clear and concise view of areas of potential improvement and associated key recommendations. It is organized following the six areas of focus constituting the blueprint. For each area of focus, the key findings, their impact on the District’s operations, and proposed improvement recommendations are presented in detail.

Although the focus of this audit is post-award activities and processes, this section makes note of potential areas of improvement prior to execution. Also included are the strengths noted in the consultant contract management process (policies, procedures or protocols) or notable best practices in place or utilized by the District.

4.2.1 Policies

Policies are primarily developed and implemented in order to provide business rules and guidelines that ensure consistency and compliance with the District’s goals and objectives. Policies define

boundaries for the behavior of individuals, business processes, relationships, and systems. Signature authority limits are examples of key business rules that should be included in contracting policies, and the implementation of such rules should be supported by business processes that are consistent with the policies.

4.2.1.1 Key Finding

The District has a variety of documents that collectively establish the policy framework for contracting, including the “Guiding Principles of Public Procurement,” the “Guide to Doing Business with the District,” Document No. Q-741-005 “Procurement of Consulting Services,” and AD.6.3 “Approval Authority for Consultant Services Contracts.” In combination, these documents (among many others) provide guidance in a variety of control and governance-related areas. However, the District does not have a “single source” overarching policy document that establishes the Mission, clear directive guidance, and expectations concerning contracting (including consultant contracting). Such a broad business policy would typically include: a statement affirming management’s commitment to the highest standards of procurement and contracting excellence; an overall governance structure for procurement and contracting; the functional roles accountable for contract management; a code of ethics (for District staff as well as suppliers and vendors); and a “Certificate of Acknowledgement” (among other policy chapters). This kind of high-level policy which consolidates information into one governance framework (and which other policies reference) is commonplace.

Area of Improvement No. 1: The District appears to have a variety of documents that govern contract management activities, but lacks a single, overarching policy that pulls information into a single source and clearly defines the mission, structure, and accountability for contract management.
Impact on SCVWD: The absence of a clear articulation of the District’s governance structure and functional responsibility over contract management, signed and authorized by select staff is an important aspect of good corporate governance.
Recommendations: <ul style="list-style-type: none">» Write a consolidated business policy concerning contracting management (including consultant contracting), which establishes the governance framework and functional accountability for contract management at the District. Include in this document a “Certificate of Acknowledgement” that staff must sign annually (or more frequently, as required).

4.2.2 Business Processes

Business Process Management (or BPM) refers to a set of activities which organizations can perform to either optimize their business processes or adapt them to new organizational needs. A strong BPM framework is established to first document common activities and expected practices, after which these documented processes are amended to reflect changes in the business and optimized to achieve improvements in organizational effectiveness.

4.2.2.1 Key Finding

The District has established a variety of business process documents (or work instructions) to establish common work activities in various areas, including “Initiation of Consultant Agreements Work Instruction” or “Evaluation of Proposals Work Instruction.” External documents are referenced for each of these processes, and include standards from various organizations (including ISO quality management system standards, contracting standards for public agencies, and other references).

However, the business process documents do not direct standardized tasks and activities for key aspects of the contract management process (including specifically the “Consultant Agreement Administration Work Instruction”). Specifically, our review has concluded that each project manager has significant autonomy in how he/she administers key aspects of the post-award contract. This autonomy has significant “downstream” effects on document management and other aspects of project review (which our team encountered on this project).

Area of Improvement No. 2: There are not standard directed processes for key aspects of the post-award contract management function.
Impact on SCVWD: This autonomy results in a variety of non-standard activities in a post-award environment, including document retention, document “governance” and controls, and contract close-out.
Recommendations: <ul style="list-style-type: none"> » Establish common “ways of working” through directive desk manual business processes for contract management activities; create oversight structures and “checks” for contract management activities.

4.2.3 People

The success of the District’s contract management function is contingent on staff having clearly defined contracting roles and responsibilities matched with relevant skills, qualifications and competencies and the appropriate capacity. All aspects of “Human Capital” (staffing levels, training, succession, career progression) are all critical when considering this focus area.

4.2.3.1 Key Findings

While roles and responsibilities appear to be understood, and staff competencies and commitment do not appear to be a concern, the vast majority of interviewees stated that the group is understaffed. This observation is directly related to the significant role that project managers have in post-award contract management – roles that are commonly filled by contract management staff in peer organizations and conducted in a consistent manner.

Area of Improvement No. 3: The Contracts Group appears to be understaffed, relative to the types of roles and activities that could be provided by this group.
Impact on SCVWD: Certain key contract management, compliance, and maintenance functions are handled in a non-standardized fashion by project managers, resulting in inconsistency across the organization. Further, little to no oversight is currently provided over these activities.
Recommendations: <p>Alternative organizational structures can be considered for the Contracts Group:</p> <ul style="list-style-type: none"> » Create a centralized contract management function, focused on on-going contract administration. » Create analyst positions within specific units to support PMs with contracting activities. <p>Centralization has multiple advantages over the creation of analyst positions, including principally:</p> <ul style="list-style-type: none"> » Increased standardization and consistency. » Focused governance. » Greater efficiency and reduced cost.

To this end, Navigant recommends the centralization of the contract management function. Staffing levels for a centralized Contracts Group would be determined through a comprehensive workflow and workload analysis, considering contract management activity levels, the impact of improved and enhanced use of technology, and re-engineered business processes. (This type of staffing analysis would also be appropriate for areas that impact the end-to-end consultant contract process, including specifically accounting.) Further, specific technical competencies for contract staff would be clearly defined, reflecting the specific characteristics of supply chain and procurement professionals. To be successful, the transition of contracting activities from PMs to the centralized contracting group would have to be implemented according to a well-managed multi step approach.

Another key finding is the need to develop a program to ensure sustained professional excellence in post-award contracting practices, including providing relevant training and education on an ongoing basis and collaborating closely with other functional groups.

Currently, there is significant room for improvement for the District on many aspects of this requirement. First, there is a lack of awareness from PMs and contract professionals on what excellence in post-award contract management really means. This is primarily due to inappropriate or a lack of training. Some PMs have indicated having received only limited training on the existing post-award contracting policies and processes. The overall feeling is that pre-award training may be adequate but that project managers are on their own for post-award contracting activities. Second, knowledge transfer is seen as either insufficient or nonexistent, which makes it even more challenging for junior resources to achieve excellence.

Area of Improvement No. 4: The District does not provide the necessary tools or support to enable its staff to achieve excellence in post-award contracting activities.

Impact on SCVWD: This may cause ineffective and inefficient post-award contract management which, in the worst scenario, can ultimately lead to contract non-compliance.

Recommendations:

- » Post-award policy and processes socialization plans should be developed and implemented. In addition, training on post-award contracting best practices should be delivered to accountable staff.
- » A knowledge transfer plan should be developed, providing incentives for future retirees or leavers to ensure successful project transition.

4.2.4 Systems and Data

The maturity of an organization's technology infrastructure and associated business processes is a key aspect of effective on-going contract management. Carefully selected and implemented systems and databases are requirements for any organization to succeed. For its contracting activity, the District uses two systems:

- » CAS: an eProcurement system primarily used for pre-award contracting activities.
- » PeopleSoft: the District's Enterprise Resource Planning (ERP) used for accounting, invoicing and reporting purposes.

In addition to utilizing systems to their fullest potential, an important consideration in this focus area is the control infrastructure around the systems and use and manipulation of data.

4.2.4.1 Key Finding

While these systems do not have major flaws or incompatibility issues with the District's business requirements, there is a significant lack of integration between the two systems. Consequently, there is no single "source of truth," since staff have to manage multiple databases which are dispersed across multiple departments and teams.

Area of Improvement No. 5: There are no clear sources of information/documentation for key aspects of contract management.
Impact on SCVWD: It is challenging for the District to track and generate data and key information quickly and accurately. In addition, conflicting information and data may exist in the two systems.
Recommendations: <ul style="list-style-type: none">» SCVWD's systems should all be integrated. In parallel, robust systems and data governance policy and processes should be developed and implemented.⁴

In addition, the functionality of CAS is not optimized to prevent contract non-compliance. For instance, CAS is not currently utilized to monitor insurance certificate expiration (however, the ability to use the system for this purpose exists). A significant number of features could be developed for this system in order to automate contract compliance checking activities.

Area of Improvement No. 6: CAS is not optimized to prevent contract non-compliance.
Impact on SCVWD: Multiple contract non-compliance situations could be prevented with automated compliance checks.
Recommendations: <ul style="list-style-type: none">» New functionalities should be built into CAS, such as:<ul style="list-style-type: none">○ Link the CAS entry for contract agreement end date to the District's ERP solution in order to automatically prevent the payment of invoices post contract expiration.○ Create a new entry for insurance certificate end date. Project Managers should be automatically alerted by e-mail 6 months, 3 months, 1 month and then every week before insurance certificate expiration and be automatically prevented from authorizing work after insurance certificate expiration.○ Prevent the upload of incomplete documents.○ Provide a dashboard presenting invoices approved to date (including invoices for amendments) against original budget (including amendments if applicable) and remaining budget balance. Any inconsistencies should be automatically flagged.○ Provide the user the ability to determine whether or not the contract requires insurance.

4.2.5 Contract Management

An effective and efficient contract management function requires business processes that specify the end-to-end post-award contracting business processes and drive business process ownership and accountability, as well as a functional structure that clearly establishes roles and responsibilities for contract management.

⁴ The District has shared with Navigant that it is in the process of assessing the integration of a new eProcurement system with their ERP system. The new eProcurement system would replace CAS.

4.2.5.1 Key Finding

This audit has demonstrated that some critical aspects of post-award contract management, including the continuous monitoring of contract compliance, and the maintenance and archiving of contract documentation are not defined by business processes and clear governance guidelines.

For example, there seems to be a PM perception that as long as payments are approved there is no need to verify the status of the contract. On the accounting side, the perception seems to be that as long as the PM approves the invoice, there should not be any compliance issues. In addition and as stated previously, there is no group charged with on-going contract compliance; the Contracts Group is understaffed and does not have the resources to ensure on-going contract compliance monitoring.

The absence of tools and standard methodologies for on-going management and assessment is also a concern. It is unclear to what extent PMs are diligent in their efforts to actively oversee this aspect of the contract management activity. Furthermore, CAS is not actively used as a document repository or management “system of record.” Therefore, each PM takes a distinct approach to how this key activity is managed.

Area of Improvement No. 7: There is no standard process for how critical aspects of post-award contract management are managed.
Impact on SCVWD: Critical contract management activities are not completed.
Recommendations: <ul style="list-style-type: none">» The District should develop specific contract compliance processes, which should include clear governance guidelines.

Another key contract management activity is the tracking, monitoring and analysis of all information required to manage, control and measure supplier/vendor performance over the life of the contract. This activity is currently not performed at the District. In addition, there are no consultant performance evaluation scorecards available to the PMs and no database where a consultant’s past performance can be tracked.

Area of Improvement No. 8: Consultant performance evaluation is currently not implemented at the District, and there are no systems in place to support its implementation.
Impact on SCVWD: This significantly increases the risks of sub-par consultant performance.
Recommendations: <ul style="list-style-type: none">» Develop and implement a policy and business processes defining the evaluation of consultant performance.» Develop and implement the necessary tools to support the assessment of consultant performance, including performance evaluation scorecards and a database of consultant past performance evaluations.» In the event of sub-par performance, the tools should inform the development of root cause analyzes and corrective action plans

4.2.6 Reporting

Reporting and performance management are standard and important practices in contract management operations. Contract management organizations routinely design and produce standard reports to assess current performance and performance trends versus various targets, established as an aspect of a comprehensive performance management program. Further, organizations typically have the capability of producing ad hoc reports to address specific management questions and concerns.

4.2.6.1 Key Finding

On-going reporting is an aspect of an organization's performance management program, which is defined by Key Performance Indicators (KPI), metrics, and "dashboard" reports to facilitate decision-making. Targets for contract management organizations typically focus on operational and financial optimization, and include measures that assess contracting cycle time, compliance with regulatory and other procurement standards, procurement cost reduction trends over-time, and vendor/supplier satisfaction (among others). These metrics are linked to corporate and department objectives, and are an aspect of both department as well as individual performance evaluations.

We understand that quarterly performance reports concerning contract management are generated and represented on the District's intranet page, and that additional information concerning contract management practices is provided to the Board of Directors. However, we do not believe information is collected from CAS or any other system of record to proactively evaluate contract management performance or to facilitate decision-making around contracting operations on a routine basis. This would include reports generated around key controls, such as pending insurance lapses, payment on invoices after contract expiration, among others. The production of standard and ad hoc reports requires a strong technology platform and data management framework. As in other areas of the review, our findings suggest that CAS and other system and data functionality could be enhanced to serve a central role in an overall performance management and reporting program.

Area of Improvement No. 9: Contract management does not have a performance management and reporting program.
Impact on SCVWD: In the absence of performance measures and routine reporting focused on optimizing contracting practices, the District cannot easily and accurately determine if procurement-related goals and objectives are being met.
Recommendations: <ul style="list-style-type: none">» Design a limited performance management program for contract management.» Improve CAS or other technology platform(s) to capture the information linked to the performance management program and key metrics.» Design standard reports to enable enhanced decision-making around contract management operations.

4.3 Additional Findings

4.3.1 Areas of Strength

Transparency of Contract Management Documentation: The District provides a significant amount of information on its website regarding all aspects of procurement. This information is well-organized, and offers a tremendous amount of transparency into guiding principles of procurement at the District, as well as specific contracting requirements by-category (including consultant contracts). The information is comprehensive, and is an example of leading practice.

4.3.2 Pre-Award Processes

Navigant identified two principal findings and potential areas of improvement in pre-award processes.

4.3.2.1 Key Findings

One of the key attributes of well-designed contracting business processes is to guide and enable the organization to effectively and efficiently complete the day-to-day execution of contracting activities. An important aspect of this attribute is the efficiency that should accompany the execution process, leading to the rapid completion of contracting activities.

Interviews with the District's senior leadership and project managers (PM), as well as Navigant's review of existing policies and business processes have revealed lengthy cycle times for contract creation and approval when compared to best practices and the District's peers. PMs have reported that it can take as long as six (6) months to hire a consultant for contracts valued less than \$100,000. For contracts of a larger value, the process may take up to nine (9) months. Our experience suggests that, depending on the relatively complexity and/or size, finalizing a contract typically takes anywhere from one (1) to three (3) months. This creates many challenges for the District including project completion delays and frustration from some consultants who are accustomed to more rapid contracting processes. This audit shows that this exceptionally long contracting cycle is due to the compounded effect of:

- » Continuous editing and amending of the "boiler plate" Standard Consultant Agreement. Throughout the duration of the contract creation and approval process, the Legal Department appears to be constantly reviewing and editing the Standard Consultant Agreement, resulting in a significant number of draft versions being exchanged with the PMs, ultimately leading to significant delays.
- » Approvals (sign-offs) are required from the same individuals multiple times throughout the contract approval process. Interviews have revealed that during the same contract approval process, the same individual has to provide his/her approval 4 to 5 times.

Area of Improvement No. 1: The cycle time associated with contract creation and approval is exceptionally long when compared to best practice and SCVWD's peers.
Impact on SCVWD: This may delay the project completion date and create some frustration among PMs, other key staff and consultants.
Recommendations: <ul style="list-style-type: none">» Improve and maintain a "boiler plate" Standard Agreement. Only the scope of services and project schedule sections should be drafted by Project Managers. All other sections should be owned by the Legal Department.» The existing control procedures for contract approval should be reviewed and redesigned.

Contract management best practice also specifically includes the on-going assessment of the project completion and deliverables against the original scope of work (SOW). The responsibility for developing the SOW resides with the PMs. In some instances, SOW are not developed to the highest standards which may result in numerous, unwanted contract amendments as it becomes challenging to assess the work completed against the original scope.

Area of Improvement No. 2: In some instances, scope of work and scope of services are not developed to the highest standards.
Impact on SCVWD: Contract management, and in particular the assessment for amendments become challenging.

Recommendation:

- » The District should develop guidelines against which SOW and Scope of Services should be developed and metrics against which they should be evaluated. While Project Managers should be responsible for the development of SOW and Scope of Services, the Unit Managers should be responsible for their evaluation.

4.4 Overview of Findings

Navigant has assessed the District's current, "as-is" state of operations against the following 6 elements of the Blueprint for excellence in post-award consulting services contracting: Policies, Business Processes, People, Systems and Data, Contract Management, and Reporting.

This gap assessment has confirmed that the District's consultant contract post-award management processes are deficient, and undermined by unclear accountabilities and underutilized technology applications. While significant attention needs to be made in all six Blueprint areas, the highest priority items include the development of a consolidated business policy that clearly establishes governance and accountability over procurement and contracting activities, accompanied by detailed process flows that define the work activities tasks in the District's end-to-end contract management process.

5. Conclusions and Recommendations

The District currently conducts post-award consultant contract management activities in a decentralized manner, defined by non-standard business processes, unclear accountabilities, and underutilization of the primary contract management software. We believe that these are the primary factors that led to the non-compliance events that occurred in 2014. Further, we believe that the environment in which these non-compliance events occurred will not improve without dedicated and focused attention in multiple areas of the organization. Key characteristics of the District's deficient processes include:

- » Lack of clarity around the District's governance and functional responsibility over post-award contract activities.
- » Inconsistent and non-standard post-award tasks and activities.
- » The inability to track and generate data and key contract information quickly and accurately.
- » Failure to conduct critical contract management activities, such as continuous monitoring of contract compliance or consultant performance evaluation.

Although the focus of this audit was on the post-award contract management process, Navigant also identified deficiencies with the pre-award processes:

- » The cycle time associated with contract creation and approval is exceptionally long when compared to best practice and SCVWD's peers.
- » In some instances, scope of work and scope of services are not developed to the highest standards.

Significant opportunities exist to improve and streamline the entire post-award contract management activity and support the District's transition towards best practice:

- » Develop a consolidated contract management business policy document, which clearly establishes functional accountabilities and governance arrangements.
- » Establish common "ways of working" through directive desk manual business processes for contract management activities.
- » Establish training, continuous improvement, and performance management programs over contract management.
- » Consider alternative organizational structures for the Contracts Group, including centralization or the creation of analyst positions within specific units to support the PMs. Navigant recommends the centralization of the contracting function.
- » Integrate all SCVWD's systems. In parallel, robust systems and data governance policy and processes should be developed and implemented.

Furthermore, the pre-award contracting processes could be greatly improved with:

- » Improvements to the "boiler plate" Standard Agreement so that fewer revisions are made during contract development.
- » The development of guidelines against which SOW and Scope of Services should be drafted and metrics against which they should be evaluated.
- » The streamlining of the existing control procedures for contract approval.

Appendix A. List of Interviews

Date	Time	Interviewee	Interviewee Department and Title	Location
11/13/2014	9:00-10:00 AM	Anita Ong	Financial Planning and Management Services, Financial Services Unit Manager	Headquarters: Room A-345
11/13/2014	9:00-10:00 AM	Guy Canha	Financial Planning and Management Services, General Accounting	Headquarters: Room A-345
11/13/2014	9:00-10:00 AM	Lillian Ramirez	Financial Planning and Management Services, General Accounting	Headquarters: Room A-345
11/13/2014	11:00-11:30 AM	Jim Fiedler	Water Utility, Chief Operating Officer	Headquarters: Room A-136
11/13/2014	1:30-2:00 PM	Jesus Nava	Administration, Chief Administrative Officer	Headquarters: Room A-168
11/13/2014	2:30-3:00 PM	Beau Goldie	Office of the CEO, Chief Executive Officer	Headquarters: Room A-173
11/13/2014	3:30-4:00 PM	Norma Camacho	Watersheds, Chief Operating Officer	Headquarters: Room A-173
11/13/2014	4:00-5:00 PM	Najon Chu	Administration, Chief Financial Officer	Headquarters: Room A-173
11/18/2014	1:30-3:00 PM	Paul Fulcher	Purchasing, Consultant Contracts and Warehouse Services (CAS System, Contract Files)	Blossom Hill Annex Madrone Room G-121
11/18/2014	3:30-4:00 PM	LeeAnn Pelham	Office of Ethics & Corporate Governance, Director	Headquarters: Room A-345
11/18/2014	4:00-5:00 PM	Ravi Subramanian	Administration, Deputy Administrative Officer	Headquarters: Room A-345
12/11/2014	10:00-10:30 AM	Deanna Forsythe	Project Manager	Conference call
12/11/2014	12:00-1:00 PM	Mike Munson	Project Manager	Conference call
12/11/2014	1:00-2:00 PM	Roger Narsim	Project Manager	Conference call
12/11/2014	2:00-3:00 PM	Tom Spada	Project Manager	Conference call
12/15/2014	10:00-10:30 AM	David Cahen	Risk Manager	Conference call

Appendix B. List of Documents

Reference	Item Description	Date Received
D.R.2.1	Administration Policy AD.6.3 Approval Authority for Consultant Services Contracts	11/5/2014
D.R.2.2	Consultant Agreement Administration Work Instruction W-741-030	11/6/2014
D.R.2.3	Request for Proposals Development W-741-027	11/6/2014
D.R.2.5	Consultant Agreement Preparation, Execution, and Distribution Work Instruction W-741-029	11/6/2014
D.R.2.6	Initiation of Consultant Agreements Work Instruction W-741-026	11/6/2014
D.R.2.7	Procurement of Consulting Services Q-741-005	11/20/2014
D.R.2.8	Evaluation of Proposals Work Instruction W-741-028	11/6/2014
D.R.2.11	Payment for Goods and Services W-610-D16	11/13/2014
D.R.2.12	Use of Alternative Procurement Methods Work Instruction W-741-022	11/6/2014

Appendix C. List of Contracts

C.1 15 Contracts of Interest

Item No.	Agreement No.	Agreement Name	Consultant Name
1	A2218A	Planning Study, value engineering, and geotechnical and hazardous material investigations for Matadero & Barron Creeks remediation project (Palo Alto)	Schaaf & Wheeler Consulting
2	A2403A	Engineering Planning Services on Berryessa Creek Downstream of Calaveras Blvd.	Winzler & Kelly
3	A2925F	The SCVWD Wants to Become A CAL/OSHA VPP Star Site	Michael T. Norder
4	A3062F	Initial Alternatives Economic Analysis San Luis Reservoir LPIP	Walter Yep, Inc.
5	A3109A	Contract for Operation and Maintenance of the Coyote and Pacheco Substations	U.S. Department of Energy
6	A3118A	Comprehensive Water Resources Management Plan	Moore Iacofano Goltsman, Inc.
7	A3159A	PWTP Standby Power System Project	Camp Dresser & McKee, Inc.
8	A3225A	Guadalupe River Mitigation Monitoring Agreement	HT Harvey & Associates
9	A3228F	State Lobbying Services: 2009	Governmental Advocates, Inc.
10	A3285A	Authorization of Chief Executive Officer (CEO) to Execute a Sole Source Agreement with the San Francisco Estuary Institute (SFEI) to Conduct Mercury Monitoring in the Guadalupe River	San Francisco Estuary Institute
11	A3462RE	On Call Real Estate Services Appraisal Agreement MAI	Associated Right of Way Services, Inc.
12	A3464RE	Real Estate Turnkey Services	Associated Right of Way Services, Inc.
13	A3467RE	On Call Real Estate Services Appraisal Agreement MAI	Schmidt-Prescott
14	A3469RE	On Call Real Estate Services Appraisal Agreement MAI	Hansen & Co
15	A3471RE	On Call Real Estate Services Appraisal Agreement MAI	Diaz, Diaz, and Boyd

C.2 Random Contract Sample

Item No.	Agreement No.	Agreement Name	Consultant Name
1	A3198F	Risk management Plans	EORM, Inc.
2	A3209F	Labor Management Relationship Recalibration Services	Cathy Stevens dba Stevens Consulting
3	A3211A	Ground Water Vulnerability Study	Todd Engineers
4	A3216F	Executive Recruitment	Alliance Resource Consulting
5	A3268A	Provide biological consultant services to District projects on an "as needed" basis	HT Harvey & Associates
6	A3283F	Water Supply and Infrastructure Master Planning Process Development	GHD, Inc.
7	A3289F	Decommissioning of Water Quality Lab at Rinconada Water Treatment Plant	RGA Environmental
8	A3294A	Engineering Services for Planning and Preliminary Design for the RWTP Residuals Management Project	CH2M Hill, INC.
9	A3308A	Geotechnical Engineering Services for Seismic Stability Evaluation of Almaden, Calero and Guadalupe Dams, and Dam Safety Program Update	URS Corporation Americas
10	A3322A	Design Services Agreement with Ruggeri-Jensen-Azar & Associates (RJA) for Lower Silver Creek Reaches 4-6A between I-680 and Moss Point Drive	Ruggeri-Jensen-Azar & Associates
11	A3326A	Microwave Telecommunications Project and Sole Source Product Designation of Harris Equipment	Harris Stratex Networks
12	A3335F	Assist SCVWD in the Process of Drawing Redistricting Boundaries	National Demographics Corporation
13	A3343F	Review and Validation of FY 11 Cost of Service Rate Making Model and Procedures	Raftelis Financial Consultants
14	A3346F	Structural Engineering Services for the Pacheco Pumping Plant (PPP) Regulating Tank Seismic Project	Beyaz & Patel, Inc.
15	A3375A	Consultant Agreement for Dam Safety Review Project (DSRP) for Anderson, Almaden, Calero, and Guadalupe Dams	Geosyntec Consultants, Inc.
16	A3389F	Standard On-Call Consulting Agreement between SCVWD and Carollo Engineers, Inc. for Recycled Water Technical Advice	Carollo Engineers, Inc.
17	A3395F	Calculate conjunctive use benefit of treated water and agricultural water	Raftelis Financial Consultants
18	A3410F	Design and construction support services on an as needed basis to facilitate current small cap projects.	Hafsa Burt & Associates
19	A3412F	Geohydrological services in support of quantification of the conjunctive use benefit of treated water and agricultural water users.	HydroMetrics Water Resources, Inc.
20	A3419A	Washington D.C. Representation Services III	Carmen Group, Inc

21	A3421F	Position Specification and Compensation Analysis of District's Unclassified Positions	Management Partners, Inc.
22	A3427F	Wash. D.C. Supplemental Representation Services	Kadesh & Associates
23	A3429F	2010 Legal Recruitment Services	The Hawkins Company
24	A3437F	Public Opinion Research, Analysis and Support for Future Funding	Fairbank, Maslin, Maullin, Metz, and Associates
25	A3479F	Monitoring of the Western Snowy Plover on District facilities in coordination with the monitoring conducted on adjacent properties.	San Francisco Bay Bird Observatory
26	A3486A	Environmental Remediation Action Plan and Design Services - Upper Guadalupe River Flood Protection Project Reach 8	Northgate Environmental Management, INC.
27	A3504F	Conduct a comprehensive assessment of the District's Inclusion Program and recommend improvements to the overall efficiency and effectiveness of the program in meeting the needs of the District.	The Leading Edge
28	A3505F	Improve work efficiency by streamlining District's work management processes and modify current Maximo configurations to facilitate these revised processes for up to six business functions.	Asset Management Engineering, Inc.
29	A3517F	Electromagnetic Inspection of the Penitencia Force Main and Penitencia Delivery Main from the Piedmont Valve Yard to the Penitencia Bypass Structure.	Pure Technologies
30	A3554F	The District will use an executive recruitment firm (Consultant) to assist in outreach, selecting and recruiting candidates for the position of Deputy Administrative Officer, Human Resources.	The Hawkins Company
31	A3562F	Ecological Monitoring & Assessment	San Francisco Estuary Institute
32	A3566A	Clean Safe Creeks and Natural Flood Protection Program Performance Audit	Moss-Adams LLP
33	A3583A	Sunnyvale East/West Channel Flood Protection Project	Horizon Water & Environment
34	A3600F	Executive Pay for Performance Program	The Segal Company
35	A3603A	Recycled Water Independent Advisory Panel	National Water Research Institute
36	A3611A	Financial Advisory Services	Public Resources Advisory Group
37	A3635G	Statistical design and analysis for the Guadalupe River Watershed Stream Condition Assessment	HDR, Inc.
38	A3656G	Maximo Technical Support On-Call Services	Crory Associates, Inc.
39	A3675A	Planning and Environmental Consultant Services for the Calero and Guadalupe Dams Seismic Retrofits Project	GEI Consultants
40	A3677G	Washington D.C. Representation Services - Administrative Agencies and Executive Branch Focus	Manatt, Phelps & Phillips. LLP
41	A3678F	Agreement between the Santa Clara Valley Water District and Environmental Science Associates	Environmental Science Associates

42	A3682F	Watershed Emergency Procedures	AECOM Technical Services, Inc.
43	A3685A	Upper Llagas Creek Flood Protection Project - Real Estate Services	Overland, Pacific & Cutler, Inc.
44	A3686A	Winfield Capital Improvement Project	Group 4 Architecture, Research + Planning, Inc.
45	A3691F	Agreement between the Santa Clara Valley Water District and Brookfair Consulting	Brookfair Consulting
46	A3694A	Infrastructure Reliability Master Plan Project - Planning Services	AECOM
47	A3699A	On-Call Surveying & Mapping Services 2014-2017 between the Santa Clara Valley Water District and Sandis	Sandis
48	A3702F	Succession Development Initiative - Phase II	Frank Benest
49	A3712A	On-Call Geotechnical Engineering Services, Multi-Award #2	Parikh Consultants, Inc.
50	A3722F	Palo Alto Flood Basin Project - Hydrology Study	Schaaf & Wheeler Consulting Civil Engineers, Inc.
51	A3724G	To perform the hydraulic modeling of the south bay and its tributaries required to map the coastal floodplain located within the District's Jurisdiction	DHI Water & Environmental

Appendix D. Description of Insurance Issues

D.1 15 Contracts of Interest – Insurance

Item No.	Agreement No.	Insurance Summary	Project Manager Response
1	A2218A	No documents found on CAS.	No response received.
2	A2403A	Agreement expires on 12/31/2009, insurance starts on 3/1/2010. Insurance expires on 3/1/2011, invoice dated 12/23/2013.	PM reports insurance coverage from 3/1/2010 to 12/1/2015; pre-2010 insurance still unknown.
3	A3062F	Insurance expires on 12/10/2007, 11/4/2007 and 1/31/2007, invoice dated 2/25/2010.	No response received.
4	A3109A	No documents found on CAS.	PM indicated that insurance is not required.
5	A3118A	NTP given on 8/15/2007, while insurance starts on 4/1/2014.	PM reports that insurance should be in Contracts Office.
6	A3159A	NTP given on 1/7/2008, while insurance starts on 1/1/2010.	No response received.
7	A3225A	NTP given on 11/18/2009, while insurance starts on 9/1/2009.	PM reports moving to the project after initiation, other staff members have moved to different units.
8	A3228F	Only Worker's Comp insurance found on CAS.	PM provided valid insurance for 2010-2011 and 2015-2016. PM also provided email correspondence from April 22, 2009 that insurance was faxed; NTP given 11/2008, first 4 months may not have been covered.
9	A3285A	NTP given on 7/6/2009, while insurance starts on 1/31/2010 and 4/1/2010. No worker's comp insurance found on CAS.	PM reports moving to the project after initiation, other staff members have moved to different units.
10	A3462RE	No documents found on CAS.	No response received.
11	A3464RE	No documents found on CAS.	No response received.
12	A3467RE	No documents found on CAS.	No response received.
13	A3469RE	No documents found on CAS.	No response received.
14	A3471RE	No documents found on CAS.	No response received.

D.2 Random Contract Sample – Insurance

Item No.	Agreement No.	Insurance Summary	Project Manager Response
1	A3198F	Insurance expires on 10/1/2008, work period ends on 10/11/2008 according to invoice.	PM reports being unfamiliar with this contract name and number.
2	A3209F	Only automobile insurance found on CAS.	No response received.
3	A3211A	Only professional/pollution liability found on CAS.	PM reports being unable to find additional insurance in project files; consultant mailed certificates to "contract administrator." Possible IT issues with closed contract.
4	A3216F	Only worker's comp found on CAS, NTP given on 9/25/2008 while WC insurance starts on 2/1/2009.	No response received.
5	A3268A	Insurance expires on 9/1/2010, work period ends on 4/30/2011 according to invoice.	PM reports being unable to find insurance in project files; possible IT issues with closed contract.
6	A3283F	Insurance certs expire on 6/11/2010, 2/1/2010, and 12/1/2009, last invoice dated 5/10/2011.	PM reports that project files are now in off-site storage.
7	A3289F	NTP given on 7/8/2009 while insurance starts on 3/1/2010.	No response received.
8	A3294A	Insurance expires on 5/1/2010, invoice dated 7/21/2011.	PM reports being unable to find insurance past the first year of the agreement in central project files; possible IT issues with closed contract.
9	A3308A	Insurance Expires on 5/1/2010 and 1/1/2011, work period ends 2/8/2013 according to invoice.	PM reports contract is closed; possible IT issues with closed contract.
10	A3322A	Insurance expires on 6/19/2013 and 9/1/2013, invoice dated 10/15/2014.	PM provides valid insurance for 6/19/14 to 6/19/15.
11	A3326A	NTP given on 12/8/2009, while insurance starts on 3/31/2013.	No response received.
12	A3335F	Professional Liability insurance expires on 2/7/2010, invoice dated 6/1/2010.	PM confirms the insurance period; Professional Liability still may have inadequate coverage.
13	A3343F	NTP given on 2/4/2010, while insurance starts on 1/21/2011.	No response received.
14	A3346F	NTP given on 2/24/2010 while insurance starts on 1/1/2012.	No response received.
15	A3375A	Insurance expires on 9/1/2010, invoice dated 10/26/2012.	No response received.
16	A3389F	NTP given on 8/4/2010 while insurance starts on 12/31/2013 and 7/4/2013.	No response received.
17	A3410F	Insurance expires on 7/14/2011, work period ends 8/2/2012 according to invoice.	PM reports insurance should be in the Contracts Office. Possible IT issues with closed contract.
18	A3412F	Only worker's comp insurance found on CAS, expires on 1/1/2011, invoice approved 6/3/2011.	No response received.

Item No.	Agreement No.	Insurance Summary	Project Manager Response
19	A3419A	Insurance expires on 9/15/2012, invoice dated 8/21/2013. NTP given on 11/1/2010, insurance starts on 9/15/2011.	PM confirms the insurance period, unable to find additional certificates.
20	A3421F	Insurance expires on 9/28/2011 and 6/20/2011, invoice dated 8/3/2011.	No response received.
21	A3429F	Insurance expires on 6/28/2011, work period ends 8/3/2012 according to invoice.	No response received.
22	A3437F	Insurance expires on 6/24/2011, 5/20/2011 and 12/10/2011, invoice dated 10/7/2011.	No response received.
23	A3479F	Insurance expires on 12/7/2011, invoice dated 12/14/2011 --> check work period?	No response received.
24	A3486A	Insurance expires on 1/22/2012, 12/20/2011 and 1/1/2012, invoice dated 9/12/2013.	No response received.
25	A3505F	Insurance expires on 12/18/2011 and 12/22/2011, invoice dated 12/3/2013.	No response received.
26	A3517F	Insurance expires on 11/1/2011 and 1/23/2012, invoice dated 2/16/2012.	No response received.
27	A3554F	Insurance expires on 6/28/2012, invoice dated 10/31/2012.	PM reports being unable to find insurance in project files; possible IT issues with closed contract.
28	A3562F	Insurance expires on 4/1/2012, invoice dated 7/3/2013.	No response received.
29	A3566A	Only Professional Liability found on CAS.	PM provided valid insurance; Compliant.
30	A3583A	CAS attachment only provides policy number, not certificate and expirations.	PM provided valid insurance; general liability insurance may not be covered for first year 2012-2013.
31	A3600F	Only 1 page of automobile insurance found on CAS, no other insurance found.	No response received.
32	A3603A	Insurance expires on 2/24/2013, invoice dated 7/27/2014.	No response received.
33	A3611A	Insurance expires on 12/9/2013 and 6/12/2013, invoice dated 11/18/2014. NTP given on 10/1/2012, insurance starts 12/9/2012.	PM provided valid insurance for 2014 and 2015; first two months after NTP may not have been covered.
34	A3635G	Insurance expires on 6/1/2014 and 7/1/2014, invoice dated 10/24/2014. NTP given on 4/12/2013, insurance starts on 6/1/2013 and 7/1/2013.	PM provided valid insurance for 2012-2013 and 2014-2015; Compliant.
35	A3656G	NTP given on 7/16/2013, while insurance starts on 5/9/2014.	PM provided valid insurance for 2013; Compliant.
36	A3675A	Insurance expires on 7/1/2014, invoice dated 12/2/2014.	PM provided valid insurance for 2014-2015; Compliant.
37	A3677G	Only worker's comp certificate found on CAS, expires on 4/1/2014.	PM provided valid insurance for 2014-2015; still only worker's compensation coverage.
38	A3678F	Insurance expires on 1/1/2014, invoice dated 12/2/2014.	No response received.

Item No.	Agreement No.	Insurance Summary	Project Manager Response
39	A3685A	Only "Notice of Cancellation to Designated Certificate Holder" uploaded to CAS.	PM provided valid insurance for 2014-2015; but NTP given 11/5/2013 and insurance starts 6/1/2014 - first 6 months may not have been covered.
40	A3686A	Insurance expires on 7/1/2014, 7/18/2014 and 7/22/2014, invoice dated 9/12/2014.	PM provided valid insurance for 2014-2015; Compliant.
41	A3691F	Only "General Liability Additional Insured" form uploaded to CAS.	No response received.
42	A3694A	Insurance expires on 4/1/2014, invoice dated 11/13/2014.	PM provided valid insurance for 2014-2015; Compliant.
43	A3699A	Insurance expires on 3/3/2014, invoice dated 8/12/2014.	No response received.
44	A3702F	Only "Additional Remarks Schedule for Liability Insurance" uploaded to CAS.	PM provided valid insurance through late 2014; is requesting updated automobile & umbrella certificates; Compliant.
45	A3712A	Insurance expires on 9/1/2014, invoice dated 11/13/2014.	PM reports being in the process of updating certificates that expired in late 2014/early 2015; Compliant.
46	A3722F	Insurance expires on 6/1/2014 and 6/6/2014, invoice dated 8/19/2014.	No response received.
47	A3724G	No automobile or worker's comp insurance found on CAS.	PM reports working with the Risk Manager to obtain required documents, is verifying requirements are met as of 1/16/2015; Compliant.

Appendix E. “Blueprint” Components

The following exhibits introduce the main concepts underlying the blueprint for excellence in post-award consultant contracting in each of the six key focus areas.

Policies	Business Processes
<p>Policies should:</p> <ul style="list-style-type: none">» Provide business rules and guidelines that ensure consistency and compliance with the company’s goals and objectives» Be truly executable; provide clear accountabilities» Define the governance structure for contracting; also define escalation practices and limits of authority» Maintain a clear delineation from supporting business processes while supporting their implementation» Evolve as business practices and business needs evolve» Be socialized, respected as the recognized practices of the organization, and accompanied by acceptance monitoring» Mitigate risks» Be reviewed and amended no less than annually	<p>Business Processes should:</p> <ul style="list-style-type: none">» Guide and enable the organization to effectively and efficiently complete the day-to-day execution of post-award contracting activities» Clearly specify the end-to-end post-award contracting business processes» Define the residence of tasks for post-award contracting activities» Standardize all aspect of post-award contracting operations» Drive business process ownership and accountability» Be clearly documented, and be amended by process owners as business needs change» Be socialized, respected as the recognized practices of the organization, and accompanied by acceptance monitoring» Be in compliance with all relevant Acts, Regulations, Standards and Codes» Be reviewed and amended no less than annually

People	Systems and Data
<p>Key objectives for the People element include:</p> <ul style="list-style-type: none"> » Have clearly defined contracting post-award roles and responsibilities, including: <ul style="list-style-type: none"> ○ Review and approve work of milestone completions ○ Manage change orders ○ Track, measure, analyze and manage supplier/vendor performance ○ Approve, track and review invoices ○ Complete audit for compliance » Match these roles and responsibilities with relevant skills, qualifications and competencies » Support the development of professional excellence in contracting practices, including providing relevant training and education on an ongoing basis and collaborating closely with other functional groups » Be supported and recognized as a strategic partner in the District’s business objectives » Provide governance and oversight over the post-award process; raise issues as necessary 	<p>Key objectives for the Systems and Data element include:</p> <ul style="list-style-type: none"> » Clearly specify SCVWD’s business requirements for systems and data » Implement systems that meet SCVWD’s business requirements » Implement systems with workflow steps that mirror the post-award contracting process » Seek full integration of post-award contracting systems and data, and possible integration with eProcurement and ERP systems » Comprehensively train system users » Implement control protocols to ensure the systems and data are used according to post-award contracting workflows and business processes » Eliminate system “workarounds” to the extent practicable; focus on data control » Translate data to ensure it becomes useful for decision-making » Establish and maintain governance and accountability over system and data management

Contract Management	Reporting
<p>Key objectives for the Contract Management element include:</p> <ul style="list-style-type: none"> » Centralize accountability for Contract Management » Continuously monitor contract compliance » Track, monitor and analyze all information required to manage, control and measure supplier/vendor performance over the life of the contract, including but not limited to: <ul style="list-style-type: none"> ○ Pricing ○ Scope ○ Amendments ○ Contract expiration date ○ Expiration date of non-fiscal documentation, such as insurance certificates » Continuously monitor and reevaluate contract risks » When necessary, complete root cause analysis and implement corrective action planning » Establish and maintain governance and accountability over the contract management function 	<p>Key objectives for the Reporting element include:</p> <ul style="list-style-type: none"> » Provide performance, financial and operational metrics and reports that enable the active management of the post-award contracting function » Identify and report on Key Performance Indicators and related metrics reflecting the high-level goals of the post-award contracting function » Report data and metrics using standardized templates » Specify the data needed for reporting purposes » Establish and maintain governance and accountability over the reporting function

Consultant Contract Management Process Audit (Audit)
IMPLEMENTATION STATUS

Recommendation No. 1

Audit Report Recommendation No. 4.2.4.1

Description: New functionalities should be built into CAS (Contract Administration System)

Responsible Business Area: Administration

Assigned Staff: DAO

Status: Completed

Anticipated Completion: FY17

Status Details/Implementation of Recommendation: To effectively address the issue of contract insurance expirations, staff procured and implemented Exigis, a full service web-based insurance tracking and monitoring system for consultant contracts. Additionally, the primary responsibility for tracking insurance expiration dates was shifted from project managers to Consultant Contract Services (CCS) staff at a centralized location for greater compliance. Exigis sends notifications to CCS staff for all insurance certificates prior to their expiration, and CCS staff proactively ensures that consultants upload valid insurance certifications within Exigis ahead of expiration dates. Exigis automatically validates insurance certificates for compliance. District Risk Manager uploads insurance requirements directly into CAS to prevent the upload of incomplete documents.

Recommendation No. 2

Audit Report Recommendation No. 4.3.2.1

Description: The District should develop guidelines against which Scope of Services (SOS) should be developed and metrics against which they should be evaluated. While Project Managers should be responsible for the development of Scope of Work (SOW) and Scope of Services, the Unit Managers should be responsible for their evaluation.

Responsible Business Area: Water Utility, Watersheds, and Administration

Assigned Staff: DAO

Status: Completed

Anticipated Completion: FY17

Status Details/Implementation of Recommendation: Through the Consultant Contracts Improvement Process, staff has developed guidelines and identified a review process for development of Scope of Work, which includes unit manager level review/approval as a requirement. The metrics will be tracked and reported on a quarterly basis. In addition, technical writing training is being provided to project managers and CCS staff in FY18.

**Consultant Contract Management Process Audit (Audit)
IMPLEMENTATION STATUS**

Recommendation No. 3

Audit Report Recommendation No. 4.2.3.1

Description: A) Post award policy and processes socialization plans should be developed and implemented. In addition, training on post-award contracting best practices should be delivered to accountable staff. B) A knowledge transfer plan should be developed, providing incentives for future retirees or departing employees to ensure successful project transition.

Responsible Business Area: Water Utility, Watersheds, and Administration

Assigned Staff: DAOs

Status: A) Completed, B) Completed

Anticipated Completion: A) FY18, B) FY17

Status Details/Implementation of Recommendation: A) The District has conducted project management training and will continue to offer training on post-award contracting best practices. As post-award policies and procedures are updated or developed, staff will participate in this effort as internal stakeholders and provide comments. Once such policy and procedures are finalized, they will be noticed through internal communications (News You Can Use, MLT Meetings, staff meetings, among others). Additionally, formal training will be offered to the staff on new policy/procedures and when such published documents are revised. B) HR has a Districtwide knowledge transfer program in place.

Remainder of page left intentionally blank.

Consultant Contract Management Process Audit (Audit) IMPLEMENTATION STATUS

Recommendation No. 4

Audit Report Recommendation No. 4.3.2.1

Description: A) Improve and maintain a "boiler plate" Standard Agreement. Only the scope of services and project schedule sections should be drafted by Project Managers. B) The existing control procedures for contract approval should be reviewed and redesigned.

Responsible Business Area: Water Utility, Watersheds, and Administration

Assigned Staff: DAOs

Status: A) Completed, B) In Process

Anticipated Completion: A) FY17, B) FY18

Status Details/Implementation of Recommendation: A) Standard Template Agreements were developed by a committee of internal stakeholders in FY15 and FY16, and are updated on an annual basis. Additional standards terms, conditions, and required templates are also in place, and are included in the Agreements, when appropriate. District project managers are only responsible for developing scope, budget, and schedule of completion for their specific agreements. B) Control procedures for contract approval were reviewed. This recommendation is specific to the Lower Silver Creek project. The Board's audit will address it in further detail and make suggestions for redesign. In FY18, the District initiated a Consultant Contracts Improvement Process, which included a comprehensive review of all existing processes to identify areas of improvement.

Recommendation No. 5

Audit Report Recommendation No. 4.2.5.1

Description: A) Develop and implement a policy and business processes defining the evaluation of consultant performance. B) Develop and implement the necessary tools to support the assessment of consultant performance, including performance evaluation scorecards and a database of consultant past performance evaluations. C) In the event of sub-par performance, the tools should inform the development of root cause analyses and corrective action plans.

Responsible Business Area: Water Utility, Watersheds, and Administration

Assigned Staff: DAO

Status: A) In Process, B) Completed, C) Completed

Anticipated Completion: A) FY18, B) FY18, C) FY18

Status Details/Implementation of Recommendation: A) The District is evaluating implementation of a policy and business processes to define and record the evaluation of consultant performance. B) and C) Management concurs with the recommendation. Project managers currently evaluate consultant performance for compliance with agreement requirements for scope, schedule, and budget.

**Consultant Contract Management Process Audit (Audit)
IMPLEMENTATION STATUS**

Recommendation No. 6

Audit Report Recommendation No. 4.2.3.1

Description: Centralization of the contract management function.

Responsible Business Area: Water Utility, Watersheds, and Administration

Assigned Staff: DAO

Status: Under Review

Anticipated Completion: FY18

Status Details/Implementation of Recommendation: Navigant had also recommended centralization of the contract management function. In response to that recommendation, the District conducted a benchmark study of public agencies, which found that the contract management function was decentralized in 12 of the 14 comparator agencies. The remaining agencies that had the centralized models were the San Francisco Public Utilities Commission and the Metropolitan Water District, both of which have very large procurement departments, with approximately 48 and 100 staff respectively. Since receiving this recommendation, the District has focused on reinforcing and improving standard policies, procedures, and documentation. The recommendation to centralize the contract management function is under review by District management.

Recommendation No. 7

Audit Report Recommendation No. 4.2.1.1

Description: Write a consolidated business policy concerning contracting management (including consulting contracting), which establishes the governance framework and functional accountability for contract management at the District. Include in this document a "Certificate of Acknowledgement" that staff must sign annually (or more frequently, as required).

Responsible Business Area: Water Utility, Watersheds, and Administration

Assigned Staff: DAO

Status: In Process

Anticipated Completion: FY18

Status Details/Implementation of Recommendation: The "Certificate of Acknowledgement" will be addressed through the Consultant Contracts Improvement Process. Development of the overarching policy is in process and will align with the District's policy and procedure standards.

Consultant Contract Management Process Audit (Audit)
IMPLEMENTATION STATUS

Recommendation No. 8

Audit Report Recommendation No. 4.2.2.1

Description: Establish common "ways of working" through directive desk manual business processes for contract management activities; create oversight structures and "checks" for contract management activities.

Responsible Business Area: Water Utility, Watersheds, and Administration

Assigned Staff: DAO

Status: In Process

Anticipated Completion: FY18 - FY19

Status Details/Implementation of Recommendation: This recommendation is being addressed regarding pre-award process through Consultant Contracts Improvement Process. Development of post-award process have been assigned to designated staff resources.

Recommendation No. 9

Audit Report Recommendation No. 4.2.4.1

Description: SCVWD's systems should all be integrated. In parallel, robust systems and data governance policy and processes should be developed and implemented.

Responsible Business Area: Administration

Assigned Staff: DAOs

Status: In Process

Anticipated Completion: FY20 - FY21

Status Details/Implementation of Recommendation: The District is in the process of implementing the recommendation. An RFP has been initiated and will be released in Q3, FY18 for a new Enterprise Resource System, which will replace the current PeopleSoft system. District will replace the existing CAS system with the new ERP system.

Remainder of page left intentionally blank.

Consultant Contract Management Process Audit (Audit)
IMPLEMENTATION STATUS

Recommendation No. 10

Audit Report Recommendation No. 4.2.5.1

Description: The District should develop specific contract compliance processes, which should include clear governance guidelines.

Responsible Business Area: Water Utility, Watersheds, and Administration

Assigned Staff: DAO

Status: In Process

Anticipated Completion: FY18 – FY19

Status Details/Implementation of Recommendation: The District will develop specific contract compliance processes, including clear governance guidelines. This has been assigned to designated staff resources.

Recommendation No. 11

Audit Report Recommendation No. 4.2.6.1

Description: Design a limited performance management program for contract management. Improve CAS or other technology platform(s) to capture the information linked to the performance management program and key metrics. Design standard reports to enable enhanced decision-making around contract management operations.

Responsible Business Area: Water Utility, Watersheds, and Administration

Assigned Staff: DAO

Status: In Process

Anticipated Completion: FY20 – FY21

Status Details/Implementation of Recommendation: The District had the same intent and has been working on procuring a new Enterprise Resource System, which will replace the current PeopleSoft system and address this recommendation.

Consultant Contracts Management Process Audit and Consultant Contracts Improvement Process

Board Status Update – February 13, 2018



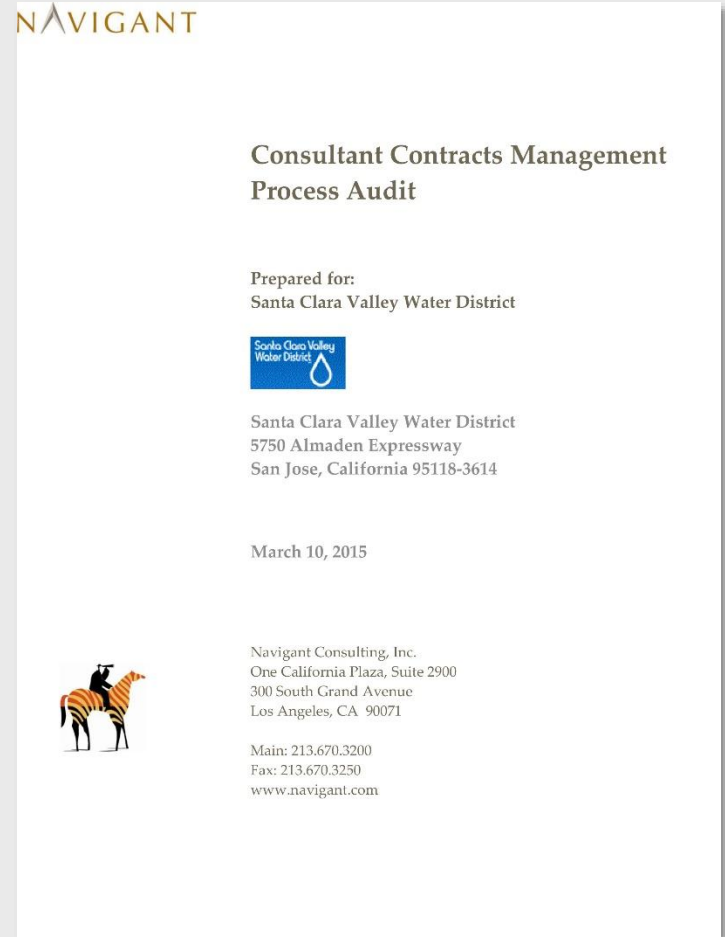
Table of Contents

Status Updates:

- I. Consultant Contracts Management Process Audit
 - a. Key Findings
 - b. Next Steps
- II. Consultant Contracts Process Improvements
 - a. Problem Definition/Root Causes
 - b. Proposed Solution
 - c. Implementation Strategy
 - d. Next Steps

I. Consultant Contracts Management Process Audit

- 2014 non-compliance triggered management audit
- Navigant reviewed 66 consultant contracts
- Reviewed policies, processes, and technology framework



I.a. Key Findings

Principle cause of 2014 non-compliance

- ▶ Post-award contract management activities were found to be:
 - Decentralized and inconsistent
 - Lacking clear accountability
- ▶ Most significant finding:
 - Expired and missing insurance certificates

I.b. Next Steps

- ▶ Review centralization of consultant contracts
- ▶ Continue implementation of recommendations
- ▶ Work with capital consultant contracts staff on post-award compliance
- ▶ On-going improvements

II. Consultant Contracts Process Improvements

Four-day workshop on pre-award process improvements (Q4, FY17)

► Outcomes:

- Shorten timelines and streamline process
- Additional improvements

II.a. Problem Definition/Root Causes

Problem 1: Lack of clarity and quality of initial draft scope of work and initial draft agreement

Root Cause: Lack of expertise drafting RFPs and lack of writing skills

Problem 2: Limited support during drafting and negotiation phases

Root Cause: Limited staff resources caused prior management to discontinue providing drafting and negotiation services

Problem 3: Lengthy contracting process

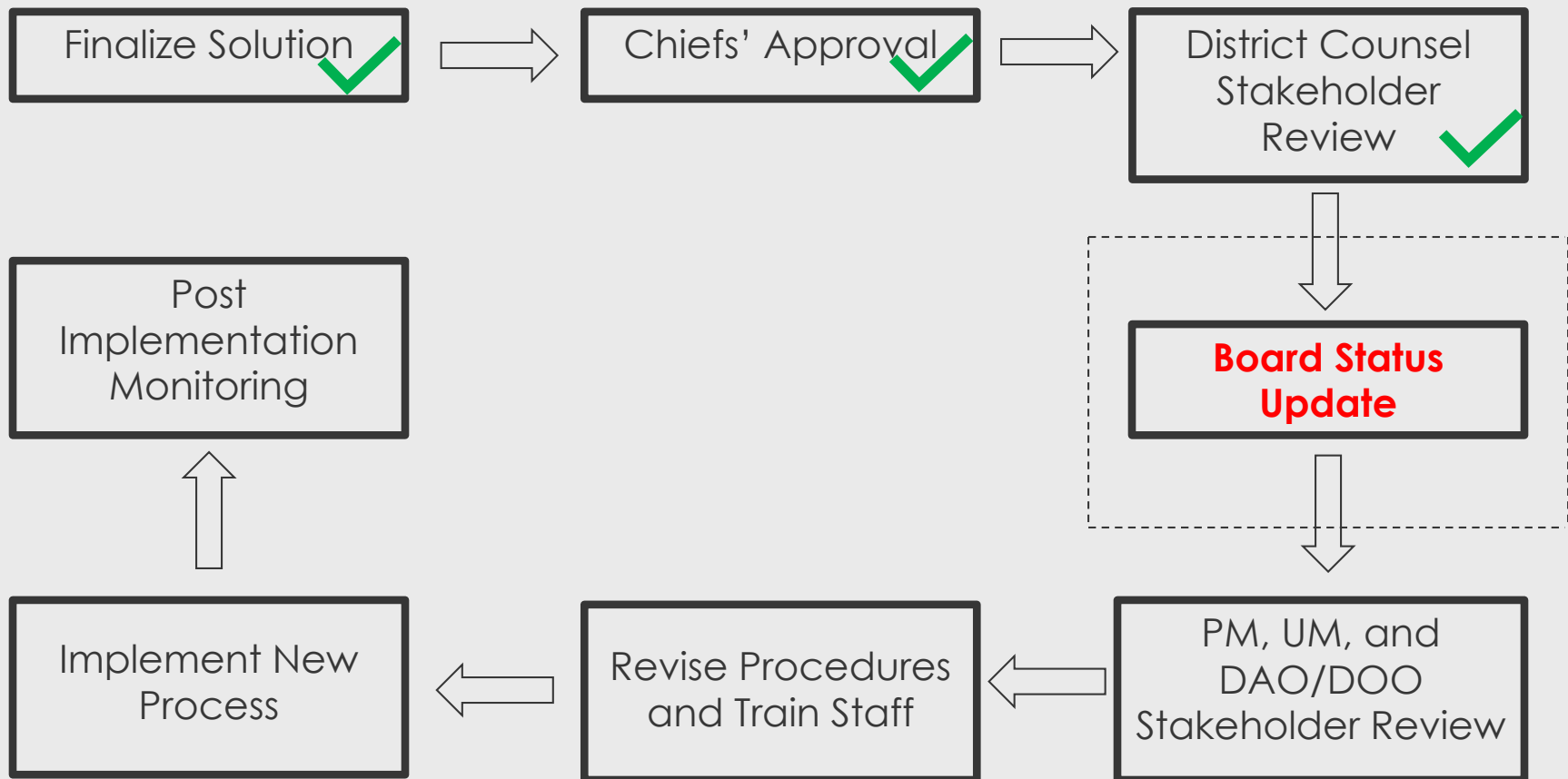
Root Cause: Problems 1 and 2 combined with the absence of clearly defined target timelines have contributed to the lengthy contracting process

II.b. Proposed Solution

Overview of Improvements:

- ▶ Consultant Contracts Staff – primary process owners
- ▶ Training in drafting and negotiations
- ▶ Structured contract drafting and negotiations processes
- ▶ Clearly defined roles, responsibilities and target timelines

II.c. Implementation Strategy



II.d. Next Steps

- ▶ Finalize Stakeholder Review
- ▶ Accelerate current ongoing contracts/amendments
- ▶ Begin implementing the process
- ▶ Track performance and measure against the new milestones
 - ▶ 6 months ➡ status update via CEO Bulletin
 - ▶ 12 months ➡ return to Board with full update

Questions?



File No.: 18-0058

Agenda Date: 2/13/2018

Item No.: *4.2.

BOARD AGENDA MEMORANDUM

SUBJECT:

Board Policy and Planning Committee's Recommendations on the Annual Board Strategic Planning Session.

RECOMMENDATION:

- A. Review, revise and approve the Board Policy and Planning Committee's recommended revisions to the 2019 Board Strategies and Budget Priorities as outlined in Attachment 1;
- B. Direct staff to compile information and develop a Board 2018-19 Strategic Plan (including Goals, Strategies, Board Priorities) connecting to the District's Mission and Ends Policies for transparency and engagement; and
- C. Direct staff to investigate the feasibility of a two-year budget cycle.

SUMMARY:

Purpose

The purpose of the Annual Board Strategic planning session is to:

- Establish District "Long-term" goals (GOALS);
- Identify -
 - 1) Strategic direction to achieve the long-term goals (STRATEGIES), and
 - 2) Needs for new or revised Governance Policies; and
- Produce annual Board Budget Priorities (PRIORITIES).

Note that the GOALS, STRATEGIES, and PRIORITIES are all part of the Board Strategies.

Background

On October 24, 2017, the Board conducted a planning session on the Fiscal Year 2018-19 Strategic Plan. The Board:

- Reviewed progress of implementation of the Fiscal Year 2017-2018 Plan; and
- Discussed changes and additions to the Fiscal Year 2017-2018 Plan

At the request of the Board, the Board Policy and Planning Committee met on November 27, 2017 and January 19, 2018, and:

- Organized and reviewed the Board's October 24, 2017, discussion in accordance with the

current year's Board Budget Priorities, as nearly all discussion was related to the Board FY2018 Budget Priorities (Attachment 1),

- Reviewed the Board Policy Development and Revisions (Attachment 2); and
- Developed next step recommendations for the Board's consideration (include in Attachment 1).

During the January 19, 2018 Committee meeting, there was a brief discussion on the feasibility of a two-year budget cycle. Several comparator agencies adopt a two-year budget including San Diego County Water Authority, Metropolitan Water District, Zone 7 Water Agency, San Francisco PUC, and East Bay MUD. Potential benefits of having an "off year" include dedicating more time for Directors to engage in longer term strategic planning efforts, and allowing more time for engagement with the community to validate District priorities. The Committee concurred that it would recommend that the Board direct staff to investigate the feasibility of a two-year budget cycle.

The Committee is providing the following recommendations:

- A. Review, revise and approve the Board Policy and Planning Committee's recommended revisions to the 2019 Board Strategies and Budget Priorities as outlined in Attachment 1;
- B. Direct staff to compile the information and develop a Board 2018-19 Strategic Plan (including GOALS, STRATEGIES, Board PRIORITIES) connecting to the District's Mission and Ends Policies for transparency and engagement; and
- C. Director staff to investigate the feasibility of a two-year budget cycle.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

The recommended action is a ministerial action and thus is not subject to the requirements of CEQA.

ATTACHMENTS:

*Original Board Agenda Memo

Attachment 1: Fiscal Year 2018 Board Priorities

Attachment 2: Board Policy Development and Revisions

*Supplemental Agenda Memo

*Supplemental Attachment 1

UNCLASSIFIED MANAGER:

Michele King, 408-630-2271

File No.: 18-0058

Agenda Date: 2/13/2018

Item No.: *4.2.

BOARD AGENDA MEMORANDUM

SUBJECT:

Board Policy and Planning Committee's Recommendations on the Annual Board Strategic Planning Session.

RECOMMENDATION:

- A. Review, revise and approve the Board Policy and Planning Committee's recommended revisions to the 2019 Board Strategies and Budget Priorities as outlined in Attachment 1;
- B. Direct staff to compile information and develop a Board 2018-19 Strategic Plan (including Goals, Strategies, Board Priorities) connecting to the District's Mission and Ends Policies for transparency and engagement; and
- C. Direct staff to investigate the feasibility of a two-year budget cycle.

SUMMARY:

Purpose

The purpose of the Annual Board Strategic planning session is to:

- Establish District "Long-term" goals (GOALS);
- Identify -
 - 1) Strategic direction to achieve the long-term goals (STRATEGIES), and
 - 2) Needs for new or revised Governance Policies; and
- Produce annual Board Budget Priorities (PRIORITIES).

Note that the GOALS, STRATEGIES, and PRIORITIES are all part of the Board Strategies.

Background

On October 24, 2017, the Board conducted a planning session on the Fiscal Year 2018-19 Strategic Plan. The Board:

- Reviewed progress of implementation of the Fiscal Year 2017-2018 Plan; and
- Discussed changes and additions to the Fiscal Year 2017-2018 Plan

At the request of the Board, the Board Policy and Planning Committee met on November 27, 2017 and January 19, 2018, and:

- Organized and reviewed the Board's October 24, 2017, discussion in accordance with the

current year's Board Budget Priorities, as nearly all discussion was related to the Board FY2018 Budget Priorities (Attachment 1),

- Reviewed the Board Policy Development and Revisions (Attachment 2); and
- Developed next step recommendations for the Board's consideration (include in Attachment 1).

During the January 19, 2018 Committee meeting, there was a brief discussion on the feasibility of a two-year budget cycle. Several comparator agencies adopt a two-year budget including San Diego County Water Authority, Metropolitan Water District, Zone 7 Water Agency, San Francisco PUC, and East Bay MUD. Potential benefits of having an "off year" include dedicating more time for Directors to engage in longer term strategic planning efforts, and allowing more time for engagement with the community to validate District priorities. The Committee concurred that it would recommend that the Board direct staff to investigate the feasibility of a two-year budget cycle.

The Committee is providing the following recommendations:

- A. Review, revise and approve the Board Policy and Planning Committee's recommended revisions to the 2019 Board Strategies and Budget Priorities as outlined in Attachment 1;
- B. Direct staff to compile the information and develop a Board 2018-19 Strategic Plan (including GOALS, STATEGICES, Board PRIORITES) connecting to the District's Mission and Ends Policies for transparency and engagement; and
- C. Director staff to investigate the feasibility of a two-year budget cycled.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

The recommended action is a ministerial action and thus is not subject to the requirements of CEQA.

ATTACHMENTS:

Attachment 1: Fiscal Year 2018 Board Priorities

Attachment 2: Board Policy Development and Revisions

UNCLASSIFIED MANAGER:

Michele King, 408-630-2271

BOARD PRIORITIES					
	Description	FY18 Challenges and Budget Priorities	FY18 Progress	Additional Board or Committee Identified Challenges/Issues, and Strategies/Opportunities	BPPC Recommendation(s)
1	Make Key Decisions Regarding the California WaterFix	As part of the budget process, the Board has included all resources necessary to ensure that the Board is able to consider the best possible result and outcome for Silicon Valley if we are to participate in the WaterFix.	<ul style="list-style-type: none"> The District is committed to developing approaches for improving local and regional water supply reliability and meeting future demands, and is currently updating its Water Supply Master Plan to evaluate local, regional, and statewide water supply projects, including the WaterFix. Significant progress has been made in the development of the planning documents and permits for the WaterFix project. Sufficient information has been developed to support a Board decision to approve participation in the WaterFix project on October 17, 2017, subject to guiding principles. These principles include: <p>Principle 1: Santa Clara County needs are the primary drivers in all our decisions involving the WaterFix project</p> <p>Principle 2: We will not allow Silicon Valley values and priorities to be placed at a disadvantage relative to Central Valley Agriculture or Southern California</p> <p>Principle 3: We are advocating for a flexible approach that addresses Silicon Valley stakeholder and community input.</p> <p>Principle 4: As water is a human right, we must make investments to make sure our water supply meets future needs at a cost affordable by everyone.</p> <p>Principle 5: Equity and costs are important.</p> <p>Principle 6: Any final arrangement must provide flexibility to acquire supplemental water by taking advantage of future wet years to ensure residents have a reliable water supply, no matter what extreme weather the changing climate brings.</p> <p>Principle 7: Keep negotiating for the best deal for Santa Clara County.</p>	None.	Continue as Fiscal Year 2018-2019 Board Priority.
2	Prioritize the Care of District Facilities and Assets	<ul style="list-style-type: none"> Evaluate Winfield warehouse property for best use of the property Explore how to utilize surplus properties to address the homeless situation in Satna Clara County or explore other beneficial uses in FY2018 Complete workspace planning and needed facility repairs and restore and protect our facilities. 	<ul style="list-style-type: none"> Facilities staff has approval from the City of San Jose for a revised Planned Development (PD) permit to allow for trailers to be located on the Winfield site for up to 5 years for the Vegetation staff. District surplus properties have been offered to outside agencies; one property is actively being pursued by the County for possible use for homeless options. The district has been studying its workspaces since the inception of the Employee Workspace Project in 2016. 	Maximize public benefit of District-Owned facilities, e.g. better utilization of Education Centers and undertake a programming effort.	Not needed as Fiscal Year 2018-2019 Board Priority. Place discussion on Board Policy Calendar a discussion on the utilization of educational centers, and conduct a feasibility study of their use by the public for educational purposes.
3	Advance the District's Interest in Countywide Storm Water Resource Planning	The budget includes continued funding to explore the District's role in countywide stormwater resource planning and management. This effort should identify stormwater and dry weather capture projects and programs that satisfy water management objectives and provide multiple benefits, including identifying opportunities to improve surface water quality; enhance habitat and open space; augment water supply; and/or use publicly owned lands and easements for stormwater capture.	<ul style="list-style-type: none"> District is working with SCVURPPP (Santa Clara Valley Urban Runoff Pollution Prevention Program) and its member agencies of Santa Clara County and the thirteen northern cities within, by being the grant manager for a Prop 1 Planning Grant to develop a Stormwater Resource Plan (SWRP). The Stormwater resource planning effort has many of the same requirements as the Green Infrastructure Plans the cities are carrying out as part of permit requirements. In addition, a SWRP is required for obtaining future implementation funding from Prop 1. The grant funds amount to \$471,708, with similar matching funds from SCVURPPP (which includes significant contributions from the District). Watershed and Water Supply staff are serving on the Technical Advisory Committee because the SWRP as well as City Green Infrastructure Plans are also relevant to the Water Supply Master Plan. Coordination with the City of San Jose on green infrastructure related to their Storm Drain Master Plan has occurred with two potential joint projects being discussed: Lake Almaden and Martial Cottle Park. 	Continue approach of participating in SCVURPPP efforts to develop a SWRP.	Not needed as Fiscal Year 2018-2019 Board Priority. Continue assigning to BPPC for monitoring and identifying relevant policy issues for Board discussion.
4	Provide for a Watershed-Wide Regulatory Planning and Permitting Effort	The FY 2018 budget includes continued funding to complete planning for a watershed wide look that will assist in expediting our permitting efforts and will provide for a better collaborative approach with regulatory agencies.	<ul style="list-style-type: none"> As part of the Board's Legislative Priorities for 2018, staff is continuing to pursue legislative and administrative solutions to resolve regulatory and permitting issues at the federal and state levels. At both levels, efforts will focus on coordinating mitigation requirements, streamlining permit processes, ensuring flexibility on financial assurance mechanisms for long-term mitigation, removing permitting for routine maintenance, and requesting adequate funding for regulatory and permitting agencies to process permits. At the federal level, additional efforts will focus on expediting US Fish and Wildlife Service permit processes by imposing a requirement that if a permit is not issued within 60 days, then it is deemed approved, and exploring colocation of federal regulatory agency staff in the same building as other agency staff, which streamlines the permit review process. At the State level, additional efforts will focus on expediting permits for projects that meet certain life-safety criteria, such as projects located in high flood risk watersheds, projects to address high hazard dams with seismic restrictions, and high risk tidal flood zones of national economic importance, among others. This approach would expedite permits by requiring permit decisions on these projects within specified time frames. 	None.	Continue as Fiscal Year 2018-2019 Board Priority. Continue assigning to CIP Committee for monitoring.
5	Foster a Coordinated Approach to Environmental Stewardship Efforts	The District is a leader in environmental stewardship. These efforts, whether they relate to the Water Utility or Watersheds activities, should be coordinated under one division to maximize their positive impact. It is understood that such a consolidation of efforts will take time to phase in, and this budget takes into consideration that effort.	<ul style="list-style-type: none"> The Fisheries and Aquatic Habitat Collaborative Effort (FAHCE) was moved into the Watersheds Area to ensure that Water Utility and Watersheds staff work together effectively to design a comprehensive water resources solution. Four new staff resources were allocated to Watersheds Design and Construction to oversee the planning, design and construction of habitat restoration projects. Staff has completed field investigations and has been working with Santa Clara County Parks staff on feasibility evaluations of Ogier Ponds. The draft feasibility study report for Ogier Ponds is expected to be presented to the Board in December 2017. Staff is requesting proposals from consultants to conduct an evaluation of fish barriers along Stevens Creek. As part of the Board's Legislative Priorities for 2018, staff is continuing to pursue legislative and administrative solutions to resolve regulatory and permitting issues at the federal and state levels, including pursuit of streamlined permit processes, requirements for permit approvals within specified time frames, potential colocation of permit reviewers from different agencies in one building, and coordinated mitigation requirements between agencies, to name a few. Together, these solutions can help advance environmental stewardship efforts District-wide, and move these projects forward faster. 	None.	Continue as Fiscal Year 2018-2019 Board Priority. Continue assigning to CIP Committee for monitoring of fish passage removal capital projects.

	Description	FY18 Challenges and Budget Priorities	FY18 Progress	Additional Board or Committee Identified Challenges/Issues, and Strategies/Opportunities	BPPC Recommendation(s)
6	Advance the Anderson Dam Seismic Retrofit Project	<ul style="list-style-type: none">As our largest reservoir, Anderson serves not just as a critical water supply facility, but also supports the District's mission of flood protection and environmental stewardship. Recently, the Anderson Dam Seismic Retrofit Project's scope has changed dramatically with the discovery of trace faults and other engineering issues related to the dam, which has significantly extended the estimated date for project completion.Given Anderson's critical importance to ensuring safe, clean water and flood protection for our communities and to protect public safety, it is imperative that the Anderson Dam Seismic Retrofit Project move forward proactively while ensuring that the planned project achieves all the project's objectives.	<ul style="list-style-type: none">The project team continues to engage with residents in Morgan Hill, CA. A project update public meeting was held on September 13, 2017; a CEQA scoping meeting will be held on November 27, 2017; and staff will provide a project update to the Morgan Hill City Council at its November 15, 2017 meeting.At the September 13, 2017 public meeting, the community was informed that the project's 30% Design and 30% Construction Sequencing Plan are both complete, the CEQA process is underway, and there are upcoming geotechnical investigations to support the 60% design.The water district continues to work closely with the State's Division of Safety of Dams and the Federal Energy Regulatory Commission. Both agencies have jurisdictional authority over the dam and reservoir, and the water district must obtain their review and approval for all project design plans.The project work and deliverables are also reviewed and guided by an independent panel of dam experts. Environmental documents will be prepared to comply with federal and state regulations, and permits will be obtained from several regulatory agencies for water diversion activities during construction, including full dewatering of the reservoir.	None.	Continue as Fiscal Year 2018-2019 Board Priority. Continue assigning to CIP Committee for monitoring.
7	Advance Recycled and Purified Water Efforts with the City of San Jose and Other Agencies	<ul style="list-style-type: none">Given our previous direction to expedite purified water projects, and in light of the key role recycled and purified water will continue to play in the long-term sustainability of our county's water supplies, the execution of various Memoranda of Understanding (MOU) with appropriate agencies, to expand the use of non-potable and the production and use of advanced purified water, is a high priority.Key issues of land, treated wastewater quantity, and reverse osmosis (RO) concentrate management must be resolved with the City of San Jose before design and construction efforts for an expanded advanced purified water facility on Zanker Road can be pursued. In addition, it is expected that efforts to expand the use and availability of non-potable and advanced purified water with other agencies, both in north and south county, will increase in the next fiscal year.	<ul style="list-style-type: none">Although District and City of San Jose staff began meeting in 2015 with the purpose of developing a Memorandum of Understanding (MOU) for the expansion of purified water, and have met numerous times in 2016 and 2017, the following key terms of commitment for an MOU have not yet been resolved:<ul style="list-style-type: none">A minimum volume of treated wastewater for purification purposes;Use of the Regional Wastewater Facility's (RWF) outfall for discharge of Reverse Osmosis (RO) concentrate;Adequate land area for expansion of advanced water purification facilities adjacent to the existing Silicon Valley Advanced Water Purification CenterAt the 10/10/17 board meeting, the board determined that it would prefer to exercise financial flexibility by moving forward with a Public-Private Partnership (P3) program delivery approach. The private financing for the design, construction, and operation of the Expedited Purified Water facilities will help\ manage the water rate increases in the near-term.This is the first time the district is embarking on this alternative method of project delivery. As a result, there is still much work to be done to develop a contract that is robust and comprehensive to protect the rate- payers' interests.While the Board has confidence in staff's operation and maintenance of the existing Silicon Valley Advanced Water Purification Center (SVAWPC), the P3 approach offers cost certainty due to a transfer of risks associated with constructing and operating an expanded facility. The Board continues to have confidence in staff's ability to operate the SVAWPC and the decision should not be construed as an indication to outsource this work.	<ul style="list-style-type: none">Resolve issues with City of San Jose regarding Expedited Recycled Purified Water Program MOU, including escalating concerns to elected officials level if necessaryEngage with all cities within the county on Expedited Recycled Purified Water Program to determine county-wide interest and prioritizationDevelop multi-media communications campaign and engage groups and public on potable reuse public outreachTrack DPR regulations and decide whether/how to implement DPR ProjectIdentify trigger points to facilitate selection of potable reuse projects	Continue as 2018-2019 Board Priority. Continuing assigning to Recycled Water Committee for monitoring and strategy development. Include discussion on upcoming joint City Council/District Board meeting agendas. Include communication strategy on the regular Communications update to the Board.
8	Finalize the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE)	For almost 20 years, the District has been working to resolve a water rights complaint surrounding fish, wildlife, water quality, and other beneficial uses in Coyote Creek, the Guadalupe River, and Stevens Creek. We understand that the sheer scope of the actions involved in the resolution of the complaint — including filing water rights change petitions, preparing a Fish Habitat Restoration Plan and Environmental Impact Report and obtaining federal and state permits from several regulatory agencies — is large, but we believe that an adequately funded multi-disciplinary team can complete the planning, permitting, and other actions necessary to finalize resolution of the complaint.	<ul style="list-style-type: none">The water supply and biological models are being developed and staff has received the initial results. Staff is analyzing the models and correcting for any issues.Staff is developing a community outreach plan to improve communications with environmental groups and to ensure a wide variety of representation when receiving feedback on this priority. The Board continues to be involved in these discussions and receives regular updates.Staff has met with the State Water Resources Control Board's Division of Water Rights to discuss the District's water right petitions.	None.	Continue as 2018-2019 Board Priority. Continuing assigning to FAHCE Ad Hoc Committee for monitoring and strategy development.

	Description	FY18 Challenges and Budget Priorities	FY18 Progress	Additional Board or Committee Identified Challenges/Issues, and Strategies/Opportunities	BPPC Recommendation(s)
9	Actively Pursue Efforts to Increase Water Storage Opportunities	Water storage capacity is an important tool for the District for capturing lower-value water for higher-value uses later. Such storage aids water supply, flood protection, and recreational uses and helps regulate downstream water quality and supply cold water flows for fish. As such, water storage is important for both human and environmental objectives and must fit within a large and diverse water and environmental portfolio.	<ul style="list-style-type: none">• In 2014, state voters approved Proposition 1, which included \$2.7B for additional storage. Twelve (12) funding applications have been submitted, requesting nearly \$5.8B. The District is either the lead, or is participating in three of the funding applications, including: Pacheco Reservoir Expansion Project (District is the lead):• Expand reservoir capacity of approximately 6,000 AF to 140,000 AF• Total capital cost of \$969M• Requested \$484.5M from state (Prop 1 funding)• Expanding Pacheco Reservoir would provide water quality benefits, operational flexibility, emergency storage, flood protection, and ecosystem benefits.Sites Reservoir (District is a participating agency):• Reservoir capacity of 1.8 MAF• Total capital cost of \$5.176B• Requested \$1.662B from the state (Prop 1 funding)• Lead by Sites Project Joint Powers Authority, a consortium of local water districts and governments in the Colusa and Glenn County area.• Potential benefits to the District include additional water supply and the ability to store or bank surplus waterLos Vaqueros Expansion Project (District is a participating agency):• Expand reservoir from 160,000 AF to 275,000 AF• Project also includes adding a new pipeline connecting Contra Costa Water District’s (CCWD) distribution system to the California Aqueduct• Total capital cost of \$795M• Requested \$434M from state (Prop 1 funding)• CCWD is the lead, other potential partners include U.S. Bureau of Reclamation, East Bay Municipal Utility District, San Francisco Public Utilities Commission, Alameda County Water District, Zone 7, Bay Area Water Supply and Conservation Agency, San Luis Delta Mendota Water Authority, East Contra Costa Irrigation District, Byron Bethany Irrigation District, and the City of Brentwood.• Potential benefits for the District include:• Increased water supply by capture of surplus Delta water.• Banked State Water Project (SWP) and Central Valley Project (CVP) water during wet years for future dry year use.• Alternate route for transmitting North of Delta water supplies to the District during periods when State Water Project and Central Valley Project exports are restricted by regulatory requirements.	<ul style="list-style-type: none">• Seek/secure additional funding sources.• Evaluate staff resources needed to successfully implement Board decisions.	Continue as FY2018-2019 Board Priority. Continuing assigning to Pacheco Reservoir Ad Hoc Committee. CONSIDER Renaming Committee to “Water Storage Exploratory Committee,” and expanding Committee scope to, “Receive and discuss information on issues related to additional water storage options.”
10	Advance Diversity and Inclusion Efforts	We can’t succeed without diversity in our ranks. By investing in diversity and inclusion, our employees feel respected and valued for who they are, therefore enabling them to bring far more of themselves to their jobs because they are required to suppress far less in order to better address the needs of the people of the Santa Clara County. Diversity and Inclusion efforts foster a pipeline for the development of our future workforce. These efforts include support for Science, Technology, Engineering and Math (STEM) programs, internship programs, our educational work with high schools and the Youth Stewardship Commission, all of which serve as an incubator for talent. The budget includes resources to continue ongoing programs and enhanced levels of resources, if necessary, for development of future workforce.	<ul style="list-style-type: none">• This D&I program has recruited staff to participate in the SPARK mentorship program. This after-school mentoring program is designed to expose seventh grade students from underserved areas of the Santa Clara County to what is possible in their lives and careers. The District is the first public sector partner of this program in the South Bay and aims to expose students to the possibility of a career in public service generally, and in the water industry specifically. Twenty District employees have volunteered their time to mentor and serve as role models for students with a two-fold mission – first to provide a service to the community, and second to build a diverse early pipeline of potential Water District employees.• On August 3rd District staff participated in the Bay Area/Silicon Valley Bilingual & Diversity Professional Job Fair. Approximately 113 attendees visited the District’s booth to inquire about career opportunities. Recruiting for and having a diverse workforce is extremely important to the Water District as diversity in the workforce directly correlates with innovation, efficiency and production.• On October 5, the District hosted the Black Leadership Kitchen Cabinet which is an organization of concerned community leaders who address societal issues impacting the African American community in the Silicon Valley. CEO Norma Camacho was the keynote speaker and addressed diversity in hiring, grants, and procurement. Maintaining strong relations with diverse and influential communities is imperative in the District’s ability to carry out its mission.• The Diversity & Inclusion Program continues to execute impactful diversity programing for the benefit of internal employees. In recent months, the D&I Program has screened 13th, a documentary on the prison industrial complex and how it has adversely impacted the black community in the United States and Food Chains which is about the farm workers battles in Florida. The D&I Program uses film as a universal medium that can bring about empathy in a powerful way. The Program has recently supported Employee Resource Groups with Hispanic Heritage Month and Disability Awareness Events and hurricane disaster relief drives. These initiatives encourage employees to collaborate cooperatively with each other for the betterment of our collective work quality.	<ul style="list-style-type: none">• We’re lacking in reports on our performance on recruitment and personnel, promotions, statistics.• Look at best practices of having Diversity & Inclusion review composition of interview panels.• We should benchmark with best Diversity & Inclusion (we’re doing better than most but can always improve)• We need to invest in education pathways to equip the future workforce to qualify for jobs at the district; help expand the pool.	Continue as FY2018-2019 Board Priority. Include subject discussion/reporting of Board-identified issues on Board Performance Monitoring Calendar. CONSIDER Establishing a Diversity and Inclusion Ad Hoc Committee to work on Board and Director identified issues. Include as a starting point, interviewing each Director to gather issues/concerns to be addressed.
11	Ensure Immediate Emergency Action Plans and Flood Protection are Provided for Coyote Creek	With the recent President’s Day flood event on Coyote Creek, the budget includes all items necessary to address the vulnerabilities encountered during this event. This budget allows for the review of our Security and Emergency Operations Unit’s resources to ensure that we have adequate funding and staffing to accomplish this important work. This budget moves forward the preparing of a joint Emergency Action Plan with the City of San Jose for Coyote Creek. This includes clear and practical thresholds that allow adequate response time and written actions that are agreed upon between all parties when a key threshold is imminent. In addition, this budget moves forward the mid Coyote project in FY 2018. While the ultimate project may not be possible prior to construction of Anderson Dam retrofits, the Board would like to see an intermediate project that provides protection to some of the most vulnerable communities move forward as soon as possible.	Emergency Action Planning (EAP): <ul style="list-style-type: none">• Emergency Action Planning (EAP): One of the main lessons learned from this past winter was that the development of a detailed and fully operational joint District/City of San Jose EAP is essential for future emergency events on Coyote Creek. A detailed update on the development of this EAP was presented to the Board at its August 22, 2017 meeting. Anderson Dam operation as a short-term flood risk reduction option for Coyote Creek: <ul style="list-style-type: none">• The pump-over option would use a pumping system to increase the District’s ability to release incoming flows to Anderson Reservoir over the spillway, and thereby retain more storage volume for potential extreme events at a significantly increased cost and risk to the facility.• The alternative to pump-over would be to operate the reservoir at a reduced storage level. The reduced reservoir storage option would generally lower the operation rule curve and increase the available flood storage volume behind the dam during the winter season reducing the potential for exceeding the dam’s seismic restriction and reducing the risk of flooding downstream.• Both options would reduce the risk of flooding for the downstream communities. If there is a below average rainfall year, the reduced reservoir storage could result in reduction of water supply, water supply reliability, and cold water releases to Coyote Creek for fisheries, but it is immediately implementable. Given the current water supply conditions, it is recommended that staff be directed to operate the Anderson Reservoir system through the winter of 2017/2018 following the 40% exceedance rule curve to reduce the probability of exceeding the dam’s seismic restriction, reduce the risk of flooding along Coyote Creek and provide adequate water supply while balancing other beneficial uses.	<ul style="list-style-type: none">• Increase awareness of property where the District does not have property rights and manage expectations/awareness of owners.• Emergency action planning for Coyote Creek should be expanded to include other hotspots in the county.	Continue as Fiscal Year 2018-2019 Board Priority. Staff to develop communication protocols for communications within District-indentec creek hot spots. Continuing assigning policy review of maintenance role/responsibility for District-Owned and Non-District Owned improved/natural creeks and creekside land to the BPPC.

	Description	FY18 Challenges and Budget Priorities	FY18 Progress	Additional Board or Committee Identified Challenges/Issues, and Strategies/Opportunities	BPPC Recommendation(s)
STAFF RECOMMENDATIONS					

Board Policy Development and Revisions

Year	Policy	Action	Follow-Up
2017-2018	Review GP-7 - Values Statement policies for work, life balance and employer of choice language.	Board adopted Committee-recommended revisions to GP-7 on 8/8/17.	None.
2017-2018	Include design sensitivity and aesthetics concepts into District projects.	Board adopted Committee-recommended revisions to E-1.6 on 10/24/17.	Staff to return to Board with information on how the new standard practice will be implemented into the District's programs and projects.
2017-2018	Social Responsibility Investment Policy	On 12/12/17 the Board approved the amended FY 2017-2018 District Investment Policy to incorporate socially responsible investment objectives.	None.
2017-2018	Evaluate ways to address Environmental Justice	The Board Policy and Planning Committee is currently reevaluating proposed policy language and methods to address the concerns addressed by the Board.	BPPC continue with review.
2017-2018	Revise EL-6.3 to add requirements pertaining to emergency actions taken by the CEO.	The Board did not adopt revised language.	The Board requested that staff include the role of the Board during an emergency, during the annual training session, table top exercises; District Counsel to provide information on indemnity of Board members compared to private industry indemnification.
2017-2018	Review EL-5.4 - District Sponsorship Level Increase	The Board assigned this the BPPC for review, input and recommendation. The subject is currently on the Committee's 2018 workplan.	BPPC continue with review.

File No.: 18-0102

Agenda Date: 2/13/2018

Item No.:

SUPPLEMENTAL BOARD AGENDA MEMORANDUM

SUBJECT:

Board Policy and Planning Committee's Recommendations on the Annual Board Strategic Planning Session.

REASON FOR SUPPLEMENTAL MEMORANDUM:

The supplemental item provides a PowerPoint presentation that was not available at the time the 10-day Agenda was posted.

RECOMMENDATION:

- A. Review, revise and approve the Board Policy and Planning Committee's recommended revisions to the 2019 Board Strategies and Budget Priorities as outlined in Attachment 1;
- B. Direct staff to compile information and develop a Board 2018-19 Strategic Plan (including Goals, Strategies, Board Priorities) connecting to the District's Mission and Ends Policies for transparency and engagement; and
- C. Direct staff to investigate the feasibility of a two-year budget cycle.

SUMMARY:

Attached is a PowerPoint presentation (Supplemental Attachment 1) that summarizes the Board Policy and Planning Committees' priority recommendations.

FINANCIAL IMPACT:

There is no financial impact associated with this item.

CEQA:

The recommended action is a ministerial action and thus is not subject to the requirements of CEQA.

ATTACHMENTS:

Supplemental Attachment 1: PowerPoint

File No.: 18-0102

Agenda Date: 2/13/2018
Item No.:

UNCLASSIFIED MANAGER:
Michele King, 408-630-2711

BOARD POLICY & PLANNING COMMITTEE REVIEW OF PROPOSED FISCAL YEAR 2019 BOARD PRIORITIES

Committee Recommendation: Continue Priority into FY2019

	Priority	BPPC Recommendation(s)
1	Make Key Decisions Regarding the California WaterFix	None
4	Provide for a Watershed-Wide Regulatory Planning and Permitting Effort	Continue assigning to CIP Committee for monitoring.
5	Foster a Coordinated Approach to Environmental Stewardship Efforts	Continue assigning to CIP Committee for monitoring of fish passage removal capital projects.
6	Advance the Anderson Dam Seismic Retrofit Project	Continue assigning to CIP Committee for monitoring.
8	Finalize the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE)	Continue assigning to FAHCE Ad Hoc Committee for monitoring and strategy development.

BOARD POLICY & PLANNING COMMITTEE REVIEW OF PROPOSED FISCAL YEAR 2019 BOARD PRIORITIES

Committee Recommendation: Continue Priority into FY2019 with identified additions:

	Priority	BPPC Recommendation(s)
7	Advance Recycled and Purified Water Efforts with the City of San Jose and Other Agencies	<p>Continuing assigning to Recycled Water Committee for monitoring and strategy development.</p> <p>Include discussion on upcoming joint City Council/District Board meeting agendas.</p> <p>Include communication campaign strategy on Communications updates to the Board.</p>
9	Actively Pursue Efforts to Increase Water Storage Opportunities	<p>Continuing assigning to Pacheco Reservoir Ad Hoc Committee.</p> <p><i>CONSIDER Renaming Committee to “Water Storage Exploratory Committee,” and expanding Committee scope to, “Receive and discuss information on issues related to additional water storage options.”</i></p>

BOARD POLICY & PLANNING COMMITTEE REVIEW OF PROPOSED FISCAL YEAR 2019 BOARD PRIORITIES

Committee Recommendation: Continue Priority into FY2019 with identified additions:

	Priority	BPPC Recommendation(s)
10	Advance Diversity and Inclusion Efforts	<p>Include subject of Board-identified issues on Board Performance Monitoring Calendar</p> <p><i>CONSIDER Establishing a Diversity and Inclusion Ad Hoc Committee to work on Board and Director identified issues. Include, as a starting point, interviewing each Director to gather issues/concerns to be addressed</i></p>
11	Ensure Immediate Emergency Action Plans and Flood Protection are Provided for Coyote Creek	<p>Staff to develop communication protocols for communications within District-identified creek hot spots.</p> <p>Continue assigning policy review of maintenance role/responsibility for District-Owned and Non-District Owned improved/natural creeks and creekside land to the BPPC.</p>

BOARD POLICY & PLANNING COMMITTEE REVIEW OF PROPOSED FISCAL YEAR 2019 BOARD PRIORITIES

Committee Recommendation: Discontinue Priority in FY2019

	Priority	BPPC Recommendation(s)
2	Prioritize the Care of District Facilities and Assets	Board Priority not needed in FY19 Place on Board Policy Calendar for discussion on the utilization of educational centers, and conduct a feasibility study of their use by the public for educational purposes.
3	Advance the District's Interest in Countywide Storm Water Resource Planning	Board Priority not needed in FY19 Continue assigning to BPPC for monitoring and identifying relevant policy issues for Board discussion.

File No.: 18-0072

Agenda Date: 2/13/2018
Item No.: *4.3.

BOARD AGENDA MEMORANDUM

SUBJECT:

Consider Recycled Water Committee's Recommendation on Public-Private Partnership (P3) Procurement Options and Select an Option for the Expedited Purified Water Program, Project No. 91304001.

RECOMMENDATION:

- A. Receive information on the Recycled Water Committee's recent consideration of P3 procurement options;
- B. Consider staff's recommendation to proceed with Option B - Progressive P3; and
- C. Provide direction to staff as to next steps.

SUMMARY:

The Recycled Water Committee held a Public-Private Partnership (P3) Workshop on January 23, 2018. P3 entities interested in the District's Expedited Purified Water Program were invited to attend and present their P3 experience and philosophies and perspectives on the P3 delivery method.

The Recycled Water Committee met again on February 8, 2018 to consider three P3 procurement options developed by staff and its P3 advisory team. The three procurement options are briefly described herein and in greater detail in Attachment 1.

Staff is recommending the Board consider the P3 procurement options and provide direction to staff as to which procurement path to follow. The Board's direction will inform the content of the Request for Qualifications (RFQ) that staff plans to publish shortly to expand the P3 shortlist.

P3 Procurement Options

At the December 12, 2017 Board meeting, the Board agreed with staff's recommendation to proceed with a Phase 1 Project for the Expedited Purified Water Program that would involve the construction and operation of an up to 24,000 acre-foot per year (AFY) purification facility and a conveyance pipeline to the Los Gatos Recharge Ponds for indirect potable reuse (IPR). The Board directed staff to issue another Request for Qualifications (RFQ) to expand the existing P3 shortlist, and to issue a Request for Proposals (RFP) to the expanded shortlist and select the highest-ranked P3 respondent. The Board also expressed an interest in bringing a P3 partner onboard promptly.

Recognizing that selection of the best P3 procurement approach depends on the Board's objectives, and that multiple trade-offs must be weighed, staff is recommending the Board consider and provide direction on a P3 procurement path. The P3 procurement options are described briefly as follows.

Option A - Traditional P3

In Option A, the District would follow a traditional P3 procurement approach in that the RFP is released to the shortlisted firms only after the Phase 1 Project and all associated entitlements (source wastewater, land, Reverse Osmosis (RO) concentrate management) are fully defined, and necessary agreements between partner agencies for key entitlements have been executed. The District would not refine the current 10% design of project components that has been prepared as part of the preliminary engineering studies. The RFP for this approach would require the P3 respondents to develop the project's design and associated characteristics to an extent that would yield a firm price (dollars per acre-foot) based on the life-cycle cost of purified water for the Phase 1 Project. This approach maximizes market competition in pricing of life-cycle costs and risk premiums associated with the entire operating period.

Per the Option A schedule presented in Attachment 1, the RFP for a traditional procurement would be initiated in 2019 and would be a 9- to 12-month process. A Water Services Agreement would be negotiated with the selected P3 entity while the District completes securing the necessary project permits. After the financial close is completed, the Water Services Agreement would be executed.

Option B - Progressive P3

In Option B, the District would initiate an RFP immediately after establishing the expanded shortlist from the RFQ process. Since the Phase 1 Project and its entitlements are still in development, the Option B RFP could not request a life-cycle cost for the Phase 1 Project. The P3 entity would have to identify its full team (designer/builder/operator/financier), and would be selected based on qualifications, project concepts, fixed prices on final price development and markups, and a proposed Water Services Agreement unit price ceiling that it would prepare based on the P3 entity's capital and operating and maintenance cost estimates for the Phase 1 Project. The RFP process for Option B is estimated to take 6 to 9 months to complete.

For Option B, upon selecting the highest-ranked P3 entity, the District would negotiate and execute a Development Period Agreement during which time the P3 entity would support the District, as defined in such an Agreement, with the necessary tasks to complete project definition and associated entitlements, and could potentially include the environmental documentation and permitting.

Option C - Development-Oriented P3

In Option C, the District would also initiate an RFP immediately after establishing the expanded shortlist from the RFQ process. However, to bring a P3 partner onboard as soon as possible, the RFP process for Option C would be fairly short (3 to 4 months). In Option C, the District would select a P3 entity based on more limited information, which would include development milestones, schedule and budget, and some financial metrics. A proposed Water Services Agreement unit price ceiling would be required as in Option B based on the District's Phase 1 Project estimated capital and operating and maintenance costs. The P3 respondents would not necessarily have to form their

team of designer/builder/operator/financier as part of the RFP. Those team members would be hired by the P3 entity during the Development Period. As in Option B, the P3 entity could support the District's efforts, as defined in the Development Period Agreement, to complete project development, project agreements, environmental documentation and permit acquisition.

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

UNCLASSIFIED MANAGER:

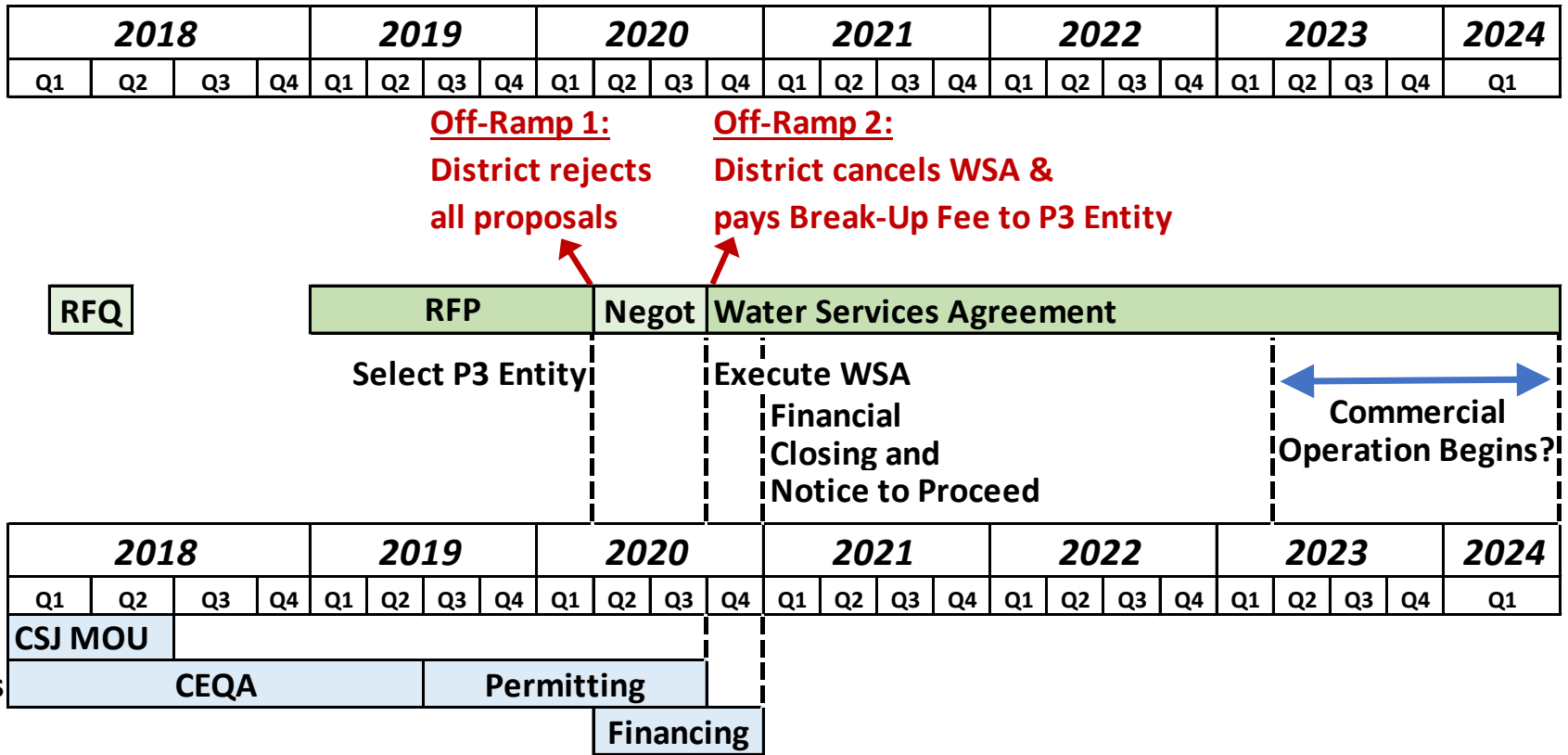
Katherine Oven, 408-630-3126

Expedited Purified Water Program P3 Procurement Options

Option A: Traditional P3 Procurement

Option A:
Traditional
P3

Project
Milestones



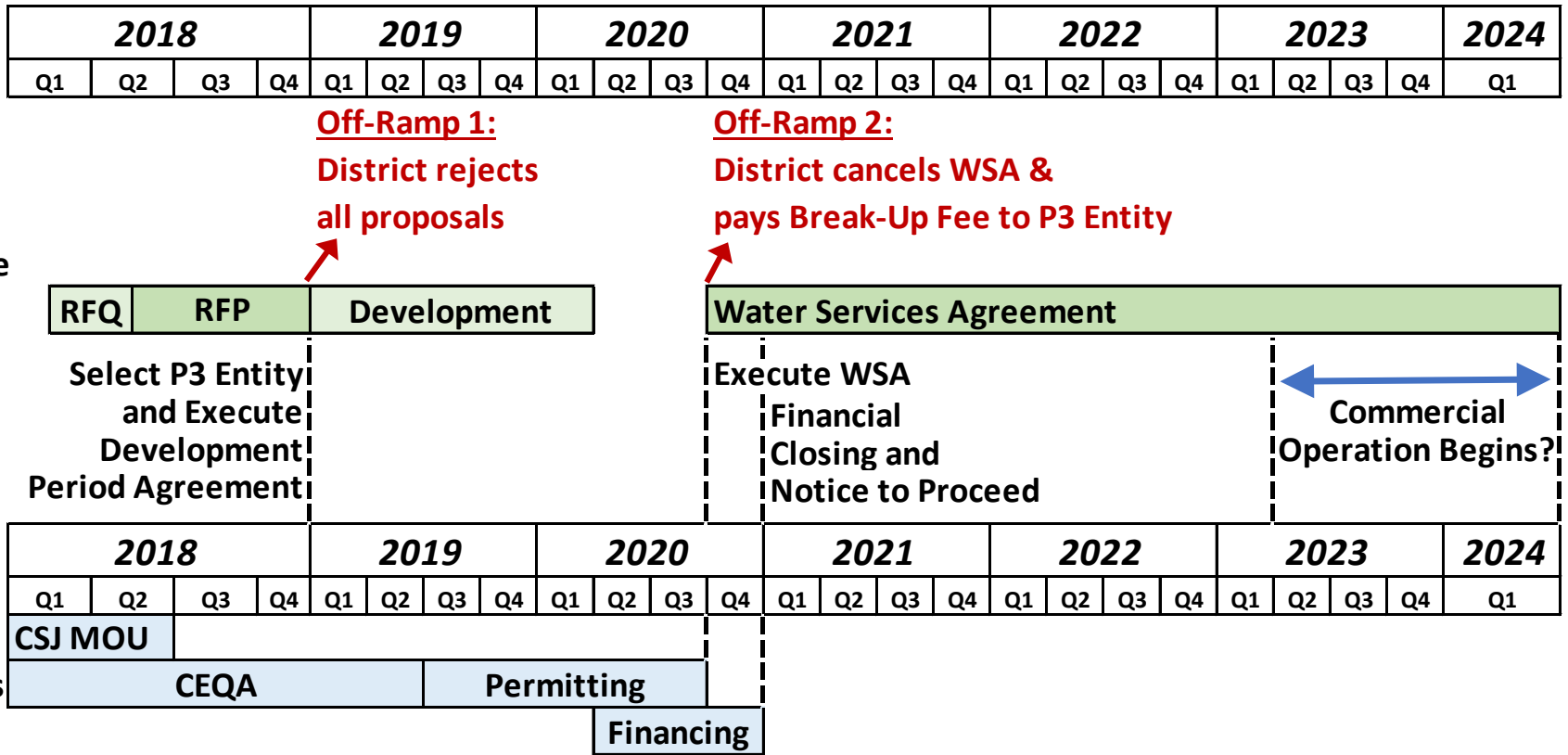
Option A: Traditional P3 Procurement

Description	Pros	Cons
<p>9-12 month RFP process</p> <ul style="list-style-type: none">• P3 entity selected on the basis of:<ul style="list-style-type: none">➤ Technical➤ Financial➤ Life cycle cost (hard-bid subject to re-openers)➤ Team experience• Requires resolution of City of San Jose Agreements• District completes environmental/ permitting work• Stipend expected/ recommended.	<ul style="list-style-type: none">• Price certainty upfront• Competitive pricing ensures rate payers get lowest price as life-cycle cost basis forces integration of facilities design and operations and encourages innovation• Maximum clarity in risk allocation• Most common procurement method in industry• Full team established in RFP (designer, builder, operator, and financier) and enhanced transparency• Off-Ramp #2 break-up fee may be lower than in Option B or C.	<ul style="list-style-type: none">• WSA must include provisions for price adjustments if caused by permitting and environmental processes (shared risk).

Option B: Progressive P3 Procurement

Option B:
Progressive
P3

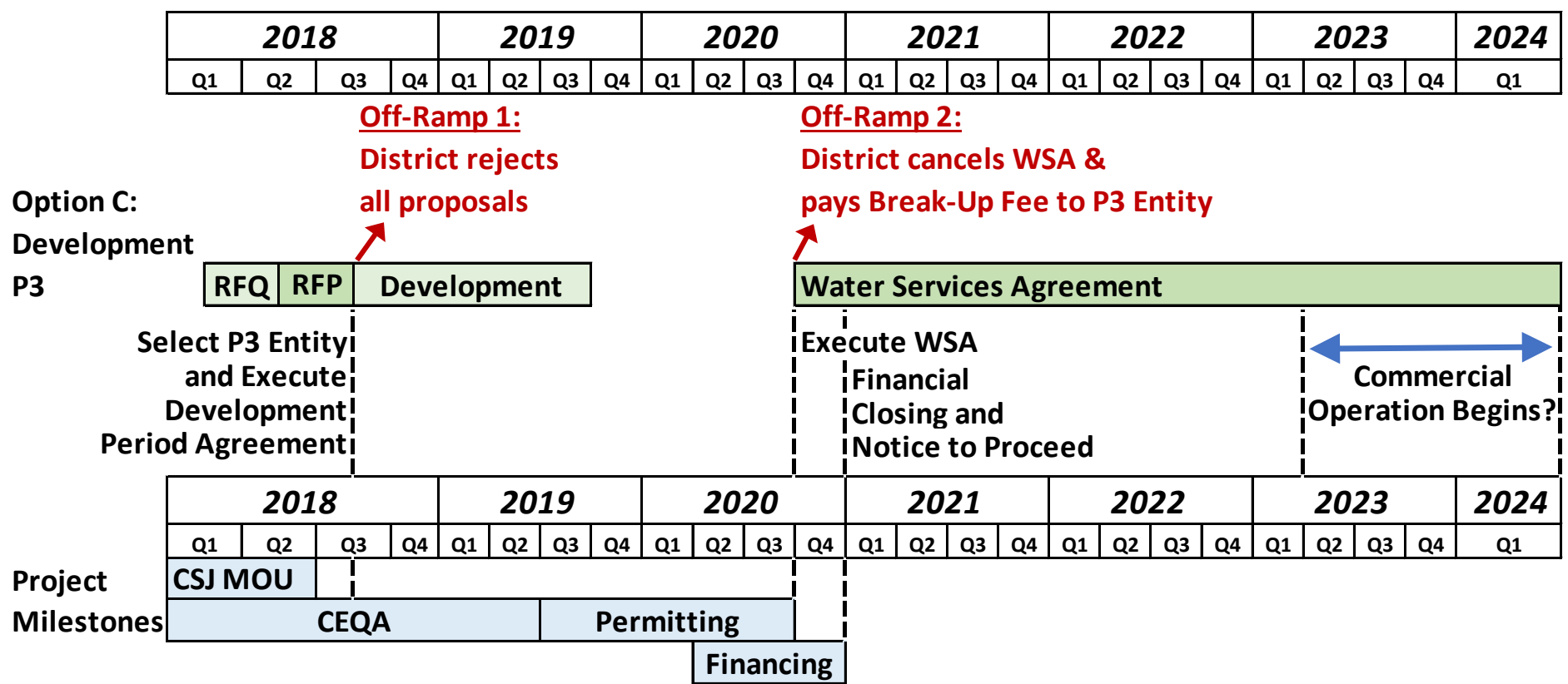
Project
Milestones



Option B: Progressive P3 Procurement

Description	Pros	Cons
<p>6-9 month RFP process</p> <ul style="list-style-type: none"> • P3 entity selected based on: <ul style="list-style-type: none"> ➤ Qualifications ➤ Concepts ➤ Fixed prices on final price development and mark-ups for: <ul style="list-style-type: none"> ○ Construction ○ Operations • Non-binding capital and operating cost estimates • Proposed Water Services Agreement unit price ceiling (based on P3 entity's estimates) • District/P3 completes SJ Agreement negotiations and environmental/permitting work. 	<ul style="list-style-type: none"> • P3 proposing entities have lower costs associated with proposal preparation • Some cost factors are provided (e.g., engineering , construction management as percent of final price, proposed mark-ups, etc.) • Can incorporate District experiences and preferences • Full team established in RFP (designer, builder, operator, and financier) and enhanced transparency • Potential to leverage P3 team experience and goodwill working with multiple external partners. 	<ul style="list-style-type: none"> • Limited price certainty • Limited industry experience with this procurement method. • Risk allocation can be complicated by District involvement in concept development. • Potential loss of competitive pricing for risk transfer.

Option C: Development-Oriented P3 Procurement



Option C: Development-Oriented P3 Procurement

Description	Pros	Cons
<p>3-4 month RFP process</p> <ul style="list-style-type: none"> • P3 entity selected on basis of: <ul style="list-style-type: none"> ➤ Qualifications ➤ Concepts ➤ Development milestones, schedule, and budget ➤ Financial metrics: <ul style="list-style-type: none"> ○ Break-up fee ○ Financing structure (min. BBB- rating) ○ Senior debt credit spread cap ○ Subord. debt rate • Proposed Water Services Agreement unit price ceiling (based on District inputs) • District/P3 completes SJ Agreement negotiations and environmental/permitting work. 	<ul style="list-style-type: none"> • Low threshold to entry for respondents with lowest anticipated proposal costs • District participates in formation of P3 team (e.g., design-builder, operator, etc.) • Can incorporate District experience and preferences • Leverage P3 team experience/potential to accelerate key agency agreements. 	<ul style="list-style-type: none"> • No cost certainty at time of selection. • Potential loss of life-cycle cost efficiency due to separation of Design/Construction and Operations contracts. • Potential loss of competitive pricing for risk transfer. • Limited industry experience with this procurement method. • Risk allocation can be complicated by District involvement in concept development. • Identity of design/builder and operator not known at time of P3 entity selection.

Recommendations

1. Receive information on the Recycled Water Committee's recent consideration of P3 procurement options;
2. Consider staff's recommendation to proceed with Option B - Progressive P3; and
3. Provide direction to staff as to next steps:
 - Option A: Traditional P3 Procurement
 - Option B: Progressive P3 Procurement
 - Option C: Development-Oriented P3 Procurement

File No.: 18-0099

Agenda Date: 2/13/2018
Item No.: *4.4.

BOARD COMMITTEE REPORTS

ATTACHMENTS:

Handout 4.4-A: 011818 CIP Committee Meeting Summary

Handout 4.4-B: 012218 EWRC Meeting Summary



TO: Board of Directors

FROM: Capital Improvement
Program Committee

SUBJECT: 01/18/18 CIP Committee Meeting Summary

DATE: 02/02/18

This memorandum summarizes the Capital Improvement Program Committee (Committee) meeting held on January 18, 2017, where the following workplan items were discussed:

1. **Construction management services for the Permanente Creek Projects due to utility line relocation delays, archeological finds during excavation work, and extensive outreach to the community.**

Committee supported the analyses of proposed amendments and consultant's performance. However, the Committee expressed concerns for the potential construction contract changes revealed by the proposed amendments, and pointed out that closer monitoring by the Committee to anticipate project changes is needed. The Committee also requested staff to evaluate any lessons learned from underestimating the "community outreach efforts".

2. **Design services for Pope/Chaucer Street Bridge Replacement Project due to 4-Year temporary suspension of design work in order to perform additional public outreach.**

The 4-Year outreach efforts resulted in a new bridge configuration that would not impact the adjacent properties. Additionally, Caltrans standard seismic design criteria for slab bridges has been revised and results in increased costs for design work. The Committee supports staff recommendations and consultant's performance, but expressed similar concern as stated above.

3. **Committee 2017 Accomplishments and 2018 Workplan**

To prepare the 2018 Workplan, the Committee first reviewed completed tasks of 2017. The most notable accomplishments are recommendations to the Board on 1). Staffing resources for stewardship projects, 2). Scope changes of SCW Mid-Coyote Creek, and 3). Funding solutions for Mid-Coyote Project and high priority stewardship projects.

Committee brainstormed items for its 2018 Workplan, including Board's concerns on Preliminary FY 19-23 CIP, alternate financing methodology for Water Utility Capital Projects, closer monitoring of Capital Projects progress, etc. The finalized Workplan will be submitted to the Board for information.

The Committee confirmed the next meeting would be held at 10:00 a.m., on February 13, 2017.

Board member comments and suggestions can be forwarded to Ms. Natalie Dominguez, Board Administrative Assistant at (408) 630-2659 or by email to ndominguez@valleywater.org.

Nai Hsueh

Director, District 5
Capital Improvement Program Committee Chairperson

**MEMORANDUM**

FC 14 (01-02-07)

TO: Board of Directors

SUBJECT: Environmental and Water Resources
Committee Meeting Summary for
January 22, 2018

FROM: Environmental and Water
Resources Committee

DATE: February 13, 2018

This memorandum summarizes agenda items from the meeting of the Environmental and Water Resources Committee held on January 22, 2018.

ELECTION OF CHAIR AND VICE CHAIR

Mr. Loren Lewis is the 2018 Environmental and Water Resources Committee Chair and Arthur M. Keller, Ph.D. is the 2018 Environmental and Water Resources Committee Vice Chair.

ACTION ITEMS**5.1 REVIEW AND APPROVE 2017 ANNUAL ACCOMPLISHMENTS REPORT FOR PRESENTATION TO THE BOARD**

The Committee approved their 2017 Annual Accomplishments Report whereby the presentation to the Board that pertains to the purpose, structure, and function of the Committee will be done by the Chair sometime in March.

5.2 CIVIC ENGAGEMENT

Ms. Marta Lugo reviewed the materials as per the agenda item from the following:

SUMMARY:

This is an update to the committee regarding the programs and projects in the Office of Civic Engagement

BACKGROUND:

The Office of Civic Engagement (OCE) was officially formalized on August 28, 2017. The purpose of the new unit is to advance and build positive and proactive relationships with the community through engagement, education, and partnerships. The programs and projects in the unit are designed to provide the community with access to resources and opportunities that will help build understanding, trust, and support for the District's goals and mission.

The OCE is organized into two (2) program areas:

Community Benefits Program

1. Safe, Clean Water Grants & Partnerships Program
2. Creek Stewardship
3. Public Arts & Signage

Water Education & Volunteer Program

1. District Volunteer Project
2. Water Education Outreach
3. Recycled Water Outreach

Water Education & Volunteer Program

The Office of Civic Engagement is in the process of expanding the Water Education and Volunteer Program in a way that will help further the District's goals in water education and diversity engagement. Currently, the Program includes the following project areas: Recycled Water Outreach, Water Education Outreach, and a new District Volunteer pilot project.

A. District Volunteer Project. The goal of this new project is to develop an integrated and robust volunteer experience that engages a diverse group of volunteers to expand opportunities beyond just creek cleanups to other functions and areas within the District that could benefit from volunteer support. The first two project areas that will be expanded by volunteer support include the Water Education and Recycled Water Outreach projects to add bilingual teachers and tour docents to not only support those projects areas with trained volunteer resources, but to also further the OCE Unit's goal of diversity engagement. Having bilingual volunteers will allow the District to engage diverse communities that might not be accomplished otherwise.

Staff is currently working on developing a project plan to launch a new District Volunteer project in early 2018. Staff is gathering information from similar volunteer programs throughout the County to better understand structure, training programs, HR compliance and regulatory issues, background clearance and projected costs among other items, to build out our own program.

The volunteer project will include the following components and elements that are still under development for an early spring 2018 launch:

- a. Volunteer Staff Advisory Group - Form staff advisory group of influential volunteer leaders to help build and recruit other interested volunteers and provide input on volunteer opportunities.
- b. Bilingual Volunteers - Recruit and train a cadre of 5 -10 bilingual volunteers initially to serve as either education teacher aids, and/or tour docents for facility tours at the Silicon Valley Advanced Water Purification Center and/or other facilities, open house events, or special projects.
- c. Adopt-A-Creek Volunteers - Continue to grow and expand Adopt-a-Creek volunteers for creek cleanups and other potential volunteer opportunities.
- d. Ambassador program - Develop District ambassadors in which volunteers get specific training on local water issues and messaging. Ambassadors will then and serve as neighborhood leads in distributing messages when needed.

B. Water Education Outreach Project Area. The goal of the Water Education Outreach project area is to provide educational programming and outreach to students and youth about important water issues but also District projects and initiatives, as well as to showcase the type of careers possible with the District. Project staff have been busy presenting at libraries and in classrooms, leading field trips at the District's five outdoor classrooms and fielding many other requests for educational programming.

Silicon Valley Boys and Girls Clubs - Staff visited all the first and second graders at the local clubs over the Spring and repeated the visits again over the Summer to the third and fourth graders. Staff presented activities focused on watersheds, water pollution, the water cycle, and salmon survival.

Public Library outreach - Staff reached out to both Santa Clara County Libraries as well as City of San Jose Libraries to begin programming during pre-school story times, as well as Summer "lunch and learn" family programming. Through this outreach, staff has been communicating flood safety and awareness, promoting conservation rebates, education outreach, and overall district awareness in the community to build and foster positive relations. In total, staff conducted 28 visits, amounting to over 1,250 contacts with attendees between July - December 2017.

Summer camps - Working with the City of San Jose, staff visited 5 summer camps and presented outdoor obstacle courses for participants to rotate through in smaller age groups. Camp attendees participated in lessons about salmon survival and the water cycle. 250 youths were introduced to our programming through these efforts.

Schools outreach - September kicked off a new 2017 school year in which Next Generation Science Standards (NGSS) are expected to now be implemented and begin to be integrated into curriculum. Staff launched two new lessons focused on global water awareness as well as plastic pollution for 5th grade and up. Staff is working in partnership with a collaboration network called Change Scale, to work with school districts to implement environmental education opportunities by grade level that include external providers, including the District, to provide programming on an on-going basis. The goal set for our school outreach is to connect with 15,000 students annually; by the end of December, staff expects to have reached close to 6,000 students through our lessons and outreach.

First Lego League Hydrodynamics Competition - Beginning in July 2017, staff started receiving calls from many First Lego League teams throughout the County informing staff that their theme and Annual Challenge this year was on hydrodynamics. Staff fielded and responded to over 100 separate team requests, and worked closely with other District project teams, including the Recycled Water Outreach team to provide tours at the Silicon Valley Advanced Water Purification Center. Overall, staff provided over 15 tours/presentations, and saw over 500 students and coaches before the competition began.

Looking ahead, staff will look to expand the project area by providing bilingual volunteer teachers and docents to support project goals, and provide engagement opportunities to community members interested in enrichment and volunteering opportunities. Staff will also be targeting outreach to Middle Schools, South County & underserved communities, and ensuring that curriculum is aligned with the Next Generation Science Standards, and furthering school partnerships. Staff will also be furthering the District Flood Awareness campaign & outreach by incorporating a flood awareness coloring contest and furthering school partnerships

C. Recycled Water Outreach Project. Since the reorganization, staff has focused further on expanding potable reuse education and outreach, specifically under stakeholder engagement and multi-cultural outreach efforts where several key milestones were met.

Multi-cultural outreach - Efforts have included extensive outreach to the Asian community this summer to promote the recycled and purified water program and tours, as well as a hosting a hugely successful Asian Community Tour Day event that was part of staff's strategy to increase the District's visibility in the Asian community. The Asian Community Tour Day was held on July 15, 2017 at the Silicon Valley Advanced Water Purification Center. The event was well-attended with 250 community members

attending, well above the projected number of 100 people. Directors Nai Hsueh and Richard P. Santos met guests with welcome remarks, and tours were offered in multiple languages of English, Chinese, and Vietnamese.

Youth Tours - Staff collaborated and worked closely with the water education outreach staff to accommodate requests to lead tours at the Silicon Valley Advanced Water Purification Center for the First Lego League Competition this year. Two large special event tours were held on September 23 and October 21, 2017. In total over 230 students were reached.

Stakeholder engagement -During this new fiscal year, staff coordinated three speaking engagements for our Board members. In July, Chair Varela made a presentation to the Saratoga Rotary on District and recycled purified water efforts. In August, Chair Varela and Director Kremen addressed the San Jose and Palo Alto Kiwanis, respectively, about the importance and future of recycled water in Santa Clara County. Future engagements are being coordinated for Directors to go out to the San Jose Rotary Club, and Almaden Kiwanis. Other stakeholder engagement efforts have included employee education and outreach through both planned brown bag events and employee tours.

Currently, staff is wrapping up a potable reuse opinion survey and working on securing a Social Marketing/ Media contractor within the next few months to develop a Potable Reuse social media plan that addresses Direct Potable Reuse. Looking ahead, staff will also plan for ways to incorporate volunteer support in the form of bilingual tour docents and provide training to volunteers to assist in this effort to engage with diverse and multi-ethnic communities.

Community Benefits Program

The development of the Community Benefits Program demonstrates the District's commitment to providing opportunities that will make positive and sustainable social impacts in the communities that we serve. The programs and projects under Community Benefits Program will provide access to resources, engage, and collaborate with community members through grants and partnerships, creek stewardship volunteerism, and public arts projects.

A. Safe Clean Water Grants & Partnerships. Reorganizing the Safe, Clean Water Grants & Partnerships Program (SCW Grants Program) under the Office of External Affairs allows the District to increase our engagement with the community as well as broaden the reach and impact of our grant and partnership dollars. With the SCW Grants Program closely connected to the other units under External Affairs, staff is able to coordinate broader outreach efforts with Communications and Government Relations and stay closely connected with the needs and concerns of the community through Community Engagement and the Education programs.

Below is the current status for each SCW priority:

SCW Program Priority	# Funded Projects	Total Funding Awarded	FY2018 Status
A2 - Hydration Stations	50	\$250,000	5 additional schools to fund
B3 - Pollution Prevention	12	\$1.8 M	Funding released Nov 1; due Jan 12, 2018
B7 - Volunteer Cleanup & Education	7	\$350,000	Funding released Aug 4 - Oct 27; funding decisions Mar 2018
D3 - Trails & Open Space	3	\$570,000	Funding released Aug 4 - Oct 27; funding decisions Mar 2018
D3 - Restoration	22	\$4 M	Anticipated release Jan 2018
D3 - Mini-grants	0	\$ 0	Funding released Jul 31; apps accepted ongoing until all funding is awarded

Moving forward, staff will prioritize three areas for the SCW Grants Program: *Engagement, Outreach, and Efficiency*. Staff intends to get more engaged with grantees and their projects by conducting more site visits, providing timely technical assistance, and staying engaged with project status. Grantees' projects are intended to be an extension of the District's positive impacts to the community, therefore, establishing strong relationships with grantees allows staff to not only stay connected but also have a stronger presence as the project moves along to completion. Staff is also committed to expanding our outreach efforts. In order for projects to be more diverse and have a broader community impact, the outreach efforts to ensure a more diverse pool of applicants is critical. For FY2018's grant cycle, Staff has conducted outreach in communities that have not submitted project proposals in the past and hopes to build more relationships in the community to encourage more active participation in our grants & partnerships program. Staff is also seeking to utilize partnership funding to expand the District's impact in underserved communities.

For the grant cycles in FY2018, the District piloted an online grants application system to streamline the application process. All applications were submitted online and are also currently being reviewed and evaluated through the online system. Staff is seeking to expand the grants system to also include the management of the grant-funded projects once awarded. Grantees will be able to submit invoices, project status reports, and other supporting documents all through the online system with built in forms and templates to make the process easier and more efficient for the grantees and staff. Staff is working with Procurement to solicit bids for a vendor that will be able to implement the expansive grants management system to provide greater efficiency for the program. Staff anticipates implementing the full grants management system in FY2019.

B. Creek Stewardship. The District continues to receive active and increasing participation from the community for our various cleanup efforts. Through all our cleanup projects, volunteers contribute thousands of in-kind service hours and remove hundreds of thousands of pounds of trash throughout Santa Clara County (County). There are currently 139 Adopt-A-Creek (AAC) partners that actively coordinate bi-annual cleanups at their adopted sites. The District also coordinates the One-Day Use Permits project and have already provided 36 one-day permits this calendar year for cleanups. Additionally, the District continues to host annually the National River Cleanup Day (NRCD) and Coastal Cleanup Day (CCD). This year, 1,251 volunteers for NRCD cleaned 48 sites (65 miles of creek) and collected 36,494lbs of trash. For CCD, 1,892 volunteers cleaned 50 sites (68 miles) and picked up 50,838lbs of trash. On September 30th, the District worked with the Board to host the Coyote Creek Cleanup, where 136 volunteers gathered at two sites and collected a total of 5.25 tons of trash.

Creek Stewardship Cleanup Efforts Achievements 2017 (to date) <i>National River Cleanup Day (May)</i> <i>Coastal Cleanup Day (Sept) Coyote Creek Cleanup (Sept)</i>	
# of Volunteers	3,279
# of Volunteer Hours	13,116
# of Creek Miles Cleaned	133.37
# lbs of trash removed	101,092
Total of Hours In-Kind Value	\$367,248

Staff is working to continually improve how we coordinate our cleanup efforts, collect data, and support the volunteerism for the projects. For the AAC project, staff is developing an interactive GIS map that will allow the public to locate all the creeks on District property. The map would identify adoptable creek sections as well as the ones that are currently adopted. The map would allow the public to submit the adoption form directly online to streamline the process and allow for residents to research areas of interest and easily register as AAC partners. Staff established an online reporting form to capture the number of volunteers, pounds of trash collected, miles of creek cleaned, and pictures of the trash that was collected via Access Valley Water. This will allow the District to start collecting more data for AAC and the One-Day Use Permit projects.

C. Public Arts & Signage. Staff is in the process of developing the Public Arts & Signage program that will utilize art to convey messages about water conservation, environmental protection and stewardship, pollution prevention, and other District values. Creating art projects throughout the County will allow the District to have a presence and be a part of the culture and fabric of the various communities we serve. Additionally, the public art projects will further educate, bring awareness, and build community support around stream stewardship, environmental protection, water conservation, among other District efforts and initiatives. Staff has developed an outline of the program which will initially consist of the following two components:

1. **Adopt-A-Bench Project** - Revitalize interpretive signs & benches by allowing the public to “adopt” a bench and propose an artistic design for the bench.
2. **Art Grants** - Award grants to the community to collaborate on public arts projects (i.e. murals, art installation)

In FY2018, staff will continue to research and gather information to build out the components of the program. Staff is working to reach out to all the cities in the County to understand the procedures for commissioning public arts within each respective jurisdiction. Staff is also working to identify the locations of all the District’s interpretive signs and benches to develop an interactive GIS map, similar to the Adopt-A-Creek project. The map will allow the public to view information about the benches & signage and, if interested, submit a form to “adopt” the bench and propose an art design. Staff anticipates piloting the program with 7 adoptable benches in FY2018, with one bench in each Board Member’s district. Staff intends to request resources through the FY2019 budget process to carry out the program.

No action was taken.

5.4 REVIEW ENVIRONMENTAL AND WATER RESOURCES COMMITTEE WORK PLAN, THE OUTCOMES OF BOARD ACTION OF COMMITTEE REQUESTS; AND THE COMMITTEE’S NEXT MEETING AGENDA

The Committee approved adding the following items to their work plan, 1. Salmonid of the District’s Water Ways and 2. Removing Habitat Conservation Plan and adding the FAHCE update.

INFORMATION ONLY ITEMS

6.1 WINTER PREPAREDNESS BRIEFING

Mr. Raymond Fields was to available to answer any clarifying questions on the following:

SUMMARY:

As the agency responsible for local flood protection, the District works diligently to protect Santa Clara Valley residents and businesses from the devastating effects of flooding. Since the early 1980s, the District and its partners have invested approximately \$900 million in flood protection programs, including constructing major flood protection projects that have removed approximately 100,000 parcels from previously flood-prone areas. Despite these efforts, 67,000 parcels continue to be at risk of flooding during a 100-year storm event.

Over the last one year, the District has carried out several efforts to prepare for extreme weather events, respond effectively and minimize the impacts of flooding. In October 2017, the National Weather Service (NWS) recertified the District as Storm Ready. The certification is valid through October 2020.

This report provides information regarding various measures the District has taken to prepare for the Winter season. Specifically, it includes information on the following:

- Weather outlook
- Flood protection and conveyance capacity
- Public engagement
- Preparing and responding to flood emergencies
- Monitoring and flood forecasting
- Reservoir management
- Emergency management systems and response

BACKGROUND:

Winter Hazards

Winter brings an additional set of seasonal hazards that threaten both watersheds and water utility operations. Severe and/or extended precipitation can overwhelm engineered and natural channels and has the potential to damage District flood protection infrastructure. The resulting flooding can prompt municipalities to initiate evacuations and sheltering, and disrupt transportation. Severe storms can also bring high winds and cause landslides that have the potential to impact power, communication and water utility infrastructure.

Weather Forecast

National Weather Service (NWS) seasonal weather models predict about a 75% chance of a La Niña ENSO conditions and a 25% chance of neutral El Niño Southern Oscillation (ENSO) occurring this 2017/2018 fall-winter season. Current expectations are a near normal precipitation for the first part of the water year with a higher likelihood for drier than normal conditions for Santa Clara County January through March of 2018.

NWS forecasters will also be watching how the Pacific Decadal Oscillation (PDO) and Madden-Julian Oscillation (MJO) develop for the winter season. These, and other, seasonal oscillations could bring swings in precipitation amounts, fluctuating snow levels, and/or atmospheric rivers. Medium range forecast capabilities will help to distinguish these events with as much lead time as 10-14 days, though the details may not be worked out until within a few days of any given event. Keep in mind that a season with near normal rainfall can still produce flooding especially if much of the rainfall occurs over a short period of time.

Near-term weather forecasts enable the District to anticipate the location and intensity of rainfall to better mobilize response efforts. The District receives weather forecasts from multiple sources, including meteorology consultants and the NWS. Using this data, District staff makes decisions for flood fighting and for reservoir operations.

Climate Change

Climate change impacts challenge the District's core business. Global climate models and regional or local climate projections indicate the potential for changes in the amount, intensity, and duration of precipitation in the future. To adapt to the effects of climate change, the District has established a Climate Change Framework and team to identify impacts and ways to adapt to climate change scenarios. The District's core service area of flood protection is challenged by climate change, particularly by changes in precipitation patterns and sea-level rise. Even though some effects of climate change, such as sea-level rise will not be fully realized for decades, the long-life expectancy of flood protection projects means those projects must be designed to account for likely future conditions.

Board Natural Flood Protection Ends Policies

The District Board of Directors has established Natural Flood Protection (NFP) Goals 3.1 and 3.2 to provide flood protection for residents, businesses and visitors; and to reduce the potential for flood damages. These goals establish the following five natural flood protection objectives:

- o Protect parcels from flooding by applying an integrated watershed management approach that balances environmental quality and protection from flooding (Objective 3.1.1)
- o Preserve flood conveyance capacity and structural integrity of stream banks, while minimizing impacts on the environment and protecting habitat values. (Objective 3.1.2)
- o Promote the preservation of flood plain functions (Objective 3.2.1)
- o Reduce flood risks through public engagement (Objective 3.2.2)
- o Prepare and respond effectively to flood emergencies countywide to protect life and property (Objective 3.2.3)

This memorandum describes how District staff is working to achieve each of these objectives.

1. Protect Parcels from Flooding (3.1.1)

The District's Watersheds Design and Construction Division plans, manages, and implements capital improvements to comply with the Board's Ends Policy to protect parcels from flooding. A total of 15 flood protection projects are underway in Fiscal Year 2017-18 with a total FY18 budget of \$59.6 million. Five of these projects are Safe, Clean, Water projects and 10 are funded by property taxes. All have the primary objective of providing natural flood protection for residents, businesses and visitors. As

specified in the 5-year Capital Improvement Plan, approximately 25,500 parcels will be protected and/or eligible for removal from the flood hazard zone when these projects are completed.

2. Preserve Flood Conveyance Capacity (3.1.2)

The District's Watershed Operations and Maintenance Division performs sediment removal, levee inspection and maintenance, debris removal, vegetation management, and erosion protection and repairs to comply with the Board's Ends Policy to preserve flood conveyance capacity. These efforts have improved the channel conveyance capacities of many local streams and channels. Work that has been accomplished through the District's Stream Maintenance Program this year includes the following:

- Completion of 390* acres of in-stream vegetation control over 116*miles of streams
- Removal of 33,946* cubic yards of sediment
- About 2,959* linear feet of bank stabilization

*These are year-end estimates and will be revised once all projects have been completed and the end of the year totals are calculated.

District staff continues to receive calls from throughout the county to service problematic trees plagued by disease or die off associated with the recent drought. Field crews continue to remove trees that could potentially block flows in local creeks or cause other hazards. Staff is also coordinating with owners of properties where trees have been reported as a potential issue and could pose additional blockage threats in local creeks.

3. Promote the preservation of flood plain functions (3.2.1)

The District preserves floodplain functionality and other watershed assets and interests from external land-use activities by promoting streamside setbacks through implementation and enforcement of the District's Water Resources Protection Ordinance and by participating on municipal General Plan update committees reviewing and commenting on development proposals.

The District's Community Projects Review Unit issues encroachment permits that regulate the third-party use of District lands adjacent to local waterways and acts on enforcement cases. Additionally, the District annually reviews environmental documents and plans for projects outside the District right-of-way to promote District's water resource interests. Through these processes, the District advocates the development setbacks and site layouts that strive to maximize protection of stream and riparian corridors and floodplain function.

4. Reduce flood risks through public engagement (3.2.2)

The District engages the public through its Office of External Affairs to provide flood awareness and safety messages and direct residents to resources. Additionally, through its Office of Water Resource Planning and Policy, the District works with municipal partners and the Community Rating System (CRS) to provide a direct financial benefit to the public through reduced premiums for flood insurance.

Community Rating System, National Flood Insurance Program

The National Flood Insurance Program's (NFIP) Community Rating System (CRS) is a voluntary incentive program that recognizes and encourages community floodplain management activities that exceed the minimum NFIP requirements.

As a result, flood insurance premium rates are discounted to reflect the reduced flood risk resulting from the community actions meeting the three CRS goals:

- reduce flood damage to insurable property;
- strengthen and support the insurance aspects of the NFIP; and
- encourage a comprehensive approach to floodplain management.

CRS activities that the District carries out are verified by the Federal Emergency Management Agency (FEMA) and then claimed by the participating CRS communities in Santa Clara County where those activities apply. This simplifies FEMA's CRS bookkeeping and avoids duplicating efforts. Total annual savings on flood insurance premiums are estimated to be over \$2.3 million from the 10% to 20% discount earned through the CRS program for approximately 16,000 policy holders in Santa Clara County.

The District receives CRS points for our outreach program, mapping of flood risks, open space preservation in floodplains, and maintenance and management of our creeks. A CRS Users Group, consisting of the District and participating CRS communities, was formed in 2013. The Users Group has proven to be very useful not only for discussion of activities that earn CRS points, but also allows dialogue ongoing flood risk reduction efforts and related topics among all cities in the county and serves as an information sharing platform.

Public Education and Community Engagement

This winter, the District will continue to deliver flood-safety messages throughout Santa Clara County. The main public education objectives are the following:

- Convey to the general public that flooding can be a serious threat (even if you don't live in the floodplain)
- Explain what people can do to protect themselves and reduce risk to life and property
- Direct the public to appropriate District resources on valleywater.org for additional information
- Earn credit towards FEMA's Community Rating System through our Program for Public Information, which helps communities earn discounted flood insurance premium rates for residents

In early December, a targeted mailing of the annual floodplain mailer will be distributed to about 53,000 parcel-owners and residents in or near flood-prone areas. The piece provides information on flood-protection projects and flood-safety resources. The mailer is written in English, Spanish, Vietnamese and Chinese. This year, we are including a watershed-specific insert in each mailing which includes a watershed map that shows sandbag sites and 100-year FEMA flood zones.

This year we are preparing for a full-scale paid advertising campaign to launch by December and continue through the end of April of 2018. To reach diverse ethnic audiences, media messages will be delivered through Spanish, Chinese and Vietnamese media outlets. The campaign may be further expanded if the winter turns out to be particularly wet.

During the winter months, the District will convey flood preparedness messages through a selected range of communications platforms including radio spots, newspaper ads, online ads, social media and web videos. The focus of the District's flood awareness outreach is to inform the community of flooding hazards in the county and to provide information on what community members can do to protect their family and property before, during and after a potential flooding event. Flood-safety tips and messages will also be heard by callers to the District when placed on hold.

This fall we participated in 16 community events to distribute flood-preparation materials and answer questions about flood safety. We have chosen events that are in areas most prone to flooding. These include parts of South County in Morgan Hill and Gilroy, as well as vulnerable areas in San Jose, including along Senter Road, across from the Rock Springs neighborhood. District staff has pursued partnership opportunities with local community-based organizations in cities with flood-prone areas to identify opportunities for outreach. This outreach was added to our annual outreach effort to foster a more direct, grassroots connection to communities at risk of flooding. We have also made sure to incorporate flood safety materials during the fall months for all community events in which the district has sponsored a booth.

Through our outreach, we are also promoting Santa Clara County's AlertSCC emergency notification system and their ReadySCC app. AlertSCC is a free, easy, and confidential way for anyone who lives or works in Santa Clara County to get emergency warnings sent directly to their cell phone, mobile device, e-mail, or landline. It is one of the most effective ways for local jurisdictions to communicate flood hazards and evacuation orders, but it requires residents to opt into the system. The ReadySCC App allows residents to prepare a family emergency plan with five simple questions, send status updates to contacts, receive advisories and alerts via push notifications, and includes a detailed guide with step-by-step instructions for creating an emergency kit. As an incentive to download ReadySCC, residents who download the app receive a free emergency starter kit. These kits were first introduced to the community last year and include basic supplies such as a hand-operated flashlight, mylar blanket, rain poncho, safety whistle, gloves and glow stick. While these kits are basic and serve to encourage residents to begin preparedness on a larger scale. Residents who do not have a mobile phone are encouraged to fill out emergency contact cards to receive their kit.

The District website serves as a one-stop shop for flood-related information, including emergency updates, flood safety tips and information on sandbag sites, stream and reservoir gauges in the county, as well as links to the National Weather Service, County Office of Emergency Services; and FEMA'S preparedness site, Ready.gov. Social media and online publications through our news website, valleywaternews.org, will continue to be utilized to provide registered recipients with timely and immediate flood-hazard messages.

In the wake of the February 2017 flooding, the District is committed to continually improving strategies for effective flood safety messaging.

5. Prepare and Respond Effectively to Flood Emergencies (3.2.3)

Despite all the proactive efforts to remove parcels from flood hazard zones, maintain channel conveyance capacities and floodplain function, and engage the public with flood awareness and safety messages, floods still can and do occur - usually with little warning and sometimes with potentially devastating effects.

Flood emergency preparedness entails the combined efforts of many units of the District, notably Emergency and Security Services, Field Operations, Water Supply Operations and Planning, Hydrology and Hydraulics, Communications and other units that contribute staff that are trained to participate in roles assigned in the field, Departmental Operation Centers (DOC), and within the Emergency Operations Center (EOC).

To ensure that the District is in the best possible state of readiness to address flooding when it does occur, the District maintains tools, processes, trained staff and interagency relationships that enable coordinated field response and public information.

Emergency Action Planning

Emergency Action Plans (EAPs) are documents that identify potential emergency conditions at facilities, such as creeks, and specifies actions to be followed to minimize loss of life and property damage. These documents include:

- Actions taken to moderate or alleviate a problem
- Actions, in coordination with emergency management authorities, to respond to incidents or emergencies
- Procedures to follow and warning and notification messages for responsible downstream emergency management authorities
- Inundation maps to help emergency management authorities identify critical infrastructure and population-at-risk sites that may require protective measures, warning, and evacuation planning
- Delineation of the responsibilities of all those involved in managing an incident or emergency and how the responsibilities should be coordinated

The EAPs are created following the guidance from the Federal Emergency Management Agency federal guidelines for emergency action planning for dams (FEMA Publication No. P-64). As well, EAPs also incorporate the guidance of the Federal Energy Regulatory Commission's Chapter 6 Emergency Action Plans of the Engineering Guidelines for the Evaluation of Hydropower Projects.

The most recent of these plans is the joint Coyote EAP developed in coordination with the City of San José, following the February 2017 flooding along sections of Coyote Creek. The joint EAP was adopted by the San José City Council and the District Board in November 2017.

Monitoring and Flood Forecasting

The District forecasts incoming weather systems based on weather reports received from multiple sources including the National Weather Service (NWS) and media sources such as Fox Weather. In addition, the District augments standard weather reports with detailed quantitative precipitation forecasts (QPFs) from several sources, leveraging knowledge from private meteorologists, academia, and the NWS, to get a picture of a storm event. These QPFs include details such as the amount, duration, location, and timing of storm patterns.

For real-time monitoring, as the rain and flood events unfold, the District operates more than a 100 precipitation, reservoir level, and stream gauges, including 85 stream flow gauges, 10 reservoir gauges and 47 precipitation stations. All the District stream and rain gauges are regularly maintained and calibrated. This year, the District installed an "X-band" radar unit on top of the rooftop of the Penitencia Water Treatment Plant. The unit is part of the Bay area AQPI (Advanced Quantitative Precipitation Information) system. The short range and lower elevation radar supplements our existing rainfall gauge system and provides more precise rainfall data in real time.

In addition, under the District's Safe, Clean Water Program Priority C Project, Emergency Response Upgrades Project, the District is running an experimental flood forecast and warning system, using automated hydrologic and hydraulic models to determine creek runoff and expected reservoir levels. The models ingest data from both the QPFs and monitoring sensors mentioned earlier. As the back-end modeling system and front-end user interface are perfected, additional forecast points and features can be added to provide intelligence to decision makers, emergency responders, and the general public.

Reservoir Management

The District operates 10 surface water reservoirs throughout the county. The District reservoirs are operated primarily as water supply facilities that provide incidental flood protection, environmental and recreational benefits. Many reservoirs are operated to flood risk reduction rule curves. The volume of water above the flood management rule curve may be released if it is safe to do so, to create additional storage in the reservoir and reduce flood potential. The curves maximize water supply benefit and minimize flood risk with a high probability of the water being recovered by the end of the season. For the 2017/2018 winter season, because of the improved water supply resulting from last winter's above-average precipitation, the Board has directed staff to operate Anderson and Coyote Reservoirs at a lower combined level this year than in past years, which will further reduce the risk of flooding downstream.

The following is a checklist of activities performed by Raw Water Operations/Field Operations staff before a reservoir flood release is initiated;

- Check weather forecast (estimate rainfall runoff)
- Check stream flow
- Check for National Weather Service Advisories/Watches/Warnings
- Coordinate with Watershed Operations (identify any existing blockages or restrictions downstream)
- Notify residents and agencies on creek contacts list

Real-time Information, Alerts and Warnings

The District provides precipitation and stream gauge data to the public via its website and this year the District launched a new flood watch website that utilizes a user-friendly interactive map to allow residents to monitor levels in their own neighborhoods.

The District website also provides access to weather forecasts, reservoir levels, precipitation, and flood-safety measures through its Weather/Hydrologic Assessment and Strategic Update Plan (WHASUP) that, beginning in November, is issued twice per week or more frequently as needed throughout the winter. The public can sign up to receive automatic emails when WHASUP information is updated. The District also promotes the County's emergency alert system AlertSCC as well the ReadySCC.

District, Countywide and Regional Emergency Management Systems

The District maintains facilities, equipment, procedures, trained staff and inter-agency relationships that enable it to respond to floods and other emergencies. District emergency management facilities include its Districtwide Emergency Operations Center (EOC) and Water Utility and Watersheds Departmental Operations Centers (DOCs). The District maintains a dedicated, primary EOC that is equipped with both high and low-tech communication and information storage and display technologies to allow the enable EOC functions to perform under all hazard scenarios. EOC equipment is regularly inventoried, maintained and tested to ensure readiness. District DOCs facilities are equipped for emergencies that can be handled within departmental resources and capabilities. The District maintains its Emergency Operations Plan and EOC Activation Guides within the District's Quality and Environmental Management System (QEMS). Position-specific checklists are available within the EOC to help guide EOC staff in the performance of their Standardized Emergency Management System (SEMS) response functions.

Over the last year, select District EOC response staff have participated in internal and multi-agency exercises. Exercises are designed to develop, learn, and test response capabilities under various hazard scenarios.

12/07/16	San Francisquito Creek Workshop and Tabletop Exercise (TTX)
02/07/17	San Francisquito Creek Levee Activation
02/09/17	San Francisquito Creek HWY 101 Activation
02/20/17	Coyote Creek Flood Event Activation
03/01/17	Llagas-Chual Spur Potential Landslide Activation
April 2017–Present	Development of a Joint Coyote Creek EAP
09/14/17-09/15/17	SCC Operational Area-Wide Exercise
09/21/17	Joint Coyote Creek EAP TTX

These exercises enabled staff to practice and identify areas of improvement for the operational coordination, operational communication, situational awareness, public information and warning, and infrastructure system core capabilities as defined by the National Response Framework.

Each fall, the District Emergency and Security Unit hosts a multi-jurisdictional Winter Emergency Operations and Preparedness Workshop. This year's event was held on Oct. 26, 2017. Attendees included emergency managers and public works representatives from all 15 cities within the county, the County, and other local and state agencies. District staff reviewed the following topics during the workshop:

- o Flood priority inspection locations (flooding hot spots)
- o Real-time online resources for stream/reservoir/precipitation data
- o Dam operations during the winter (flood rule curves, seismic stability operating restrictions)
- o Coordination of District flood fighting resources (levee repair, debris blockages, and sand bagging)

The following made presentations on resource support:

- o California Department of Water Resources (DWR)
- o California Conservation Corps (CCC)
- o CAL FIRE
- o NWS
- o Santa Clara County Office of Emergency Services (SCC OES)
- o City of San José (CSJ OEM)

In addition to the Winter Preparedness Workshop, District emergency management staff, senior executives and elected officials foster strong interagency emergency preparedness relationships by participating in several important groups including the Santa Clara County Emergency Managers Association, the Santa Clara County Operational Area Signatories, and the Santa Clara County Emergency Operational Area Council.

District Field Response Actions and Capabilities

During a flood event the District can mobilize a field response that includes:

- o maintaining a watersheds 24/7 hotline;
- o deploying Field Information Teams (FIT); and
- o maintaining a list of known flooding hotspots to expedite on-site arrival of resources and crews that are able to remove blockages, deploy sandbags and perform other functions to maximize flood conveyance capacity during a storm.

The District provides filled sandbags to 5 sites throughout Santa Clara County. Typically for winter seasons with average rainfall forecasts, the District stocks 20,000 filled sandbags to these locations by the end of October, restocking those sites with up to 40,000 filled bags as needed. When all the filled sandbags have been used, the District will then supply empty bags and sand at those locations.

Additionally, the District provides empty sandbags to municipal and county public works departments to stock an additional 19 sites around the County. Empty sandbags are offered to county public works agencies beginning October 1.

Maps of sandbag locations have been prepared in conjunction with other entities. The site locations are provided through the following link: <<http://valleywater.org/services/sandbagsites.aspx>>.

The Morgan Hill and Palo Alto sites have webcams installed to allow residents to check on sandbag availability via the District webpage. These webcams provide the District a cost-effective way to remotely monitor the sites to replenish and provide more timely services to the residents and the county.

The District currently has 407,000 empty sandbags and 278 cubic yards of sand in storage.

The District is Certified Storm Ready

As a result of the District's efforts to protect parcels from flooding, preserve flood conveyance capacity, engage the public to reduce flood risks, and maintain capabilities to respond to storm and flood events, the District continues to be recognized by the NWS as Storm Ready. The District received the recertification in October 2017 and it is valid through October 2020.

No action was taken.

6.2 RECEIVE INFORMATION ON SHALLOW AQUIFERS, DEWATERING, RECHARGE, WELL PUMPING (WHEN TO USE OR NOT)

Ms. Vanessa De La Piedra was to available to answer any clarifying questions on the following:

SUMMARY:

Per the Committee's request, this item provides information on shallow aquifers, including dewatering, pumping and recharge. Groundwater underlying the Santa Clara Valley occurs in various aquifers, including shallow aquifers with relatively little pumping, and deeper, principal aquifers where most pumping occurs. Shallow groundwater pumping primarily supports groundwater remediation at contaminant release sites, limited domestic/agricultural pumping, or dewatering where groundwater intersects building features or infrastructure. Shallow groundwater pumping represents a small fraction of total pumping, and comprehensive groundwater management ensures that groundwater conditions are sustainable. Because shallow groundwater is more susceptible to contamination and is often of poorer quality than principal aquifers, State and District well standards require annular seals of at least 50 feet to prevent contamination of drinking water aquifers and to protect well users.

BACKGROUND:

The primary subbasins in Santa Clara County are the Santa Clara and Llagas Subbasins, which cover a surface area of 297 and 74 square miles, respectively. A groundwater divide near Cochrane Road in Morgan Hill serves as the boundary between the subbasins. Groundwater flow generally follows surface water patterns, with groundwater in the Santa Clara Subbasin flowing toward San Francisco Bay and groundwater in the Llagas Subbasin flowing toward the Pajaro River. The subbasins are large natural reservoirs comprised of sand, silt, and other alluvial sediments that were eroded from adjacent mountain ranges and deposited in the valley. The depth of aquifer materials varies by location, extending to over 1,000 feet in places.

The principal recharge to the subbasins occurs in recharge areas located along the elevated margins where permeable aquifer materials are predominant (Attachment 1). Recharge sources include the District's managed aquifer recharge and natural recharge from rainfall, seepage through creeks, pipeline leakage, and return flows from irrigation and septic systems. Within the recharge areas, groundwater occurs under water table, or unconfined conditions. At various locations above the water table, perched groundwater may occur on a temporary or permanent basis above discontinuous lenses of low-permeability deposits.

Confined areas occur in the interior of the subbasins. In these areas, laterally-extensive aquitards comprised of silts and clays restrict the downward movement of water. These aquitards separate aquifer materials into shallow and principal aquifer zones, which occur above and below depths of about 150 feet, respectively. Shallow groundwater is generally unconfined, and is recharged from surface sources like stream percolation and/or from lateral connections from recharge areas. Groundwater flow is typically greater laterally as opposed to vertically, and the presence of relatively impermeable aquitards restricts the movement of water from shallow aquifers to deeper zones.

Attachment 2 is a generalized map of the depth to first groundwater, based on measurements from contaminant release sites and other monitoring wells. As shown, shallow groundwater occurs throughout Santa Clara County, with depth to water of less than 20 feet in many locations. In some areas, groundwater discharge to creeks is observed when the basin is full. This condition is currently observed in creeks near San Francisco Bay, among other places.

Annual groundwater pumping from the subbasins averages about 150,000 acre-feet over the long-term, which accounts for about 40% of the water used in the county each year. The vast majority of pumping is from deeper, principal aquifer zones. Pumping from the shallow aquifers is primarily for remediation at contaminant release sites, limited domestic/agricultural use, and dewatering. Dewatering may be temporary to address water encountered during construction of subsurface features like basements. Activities that typically require dewatering are permitted by land use agencies, which may choose to impose related restrictions. For example, the City of Palo Alto limits the duration of dewatering, encourages reuse, and requires site-specific studies or features to reduce dewatering volume. Some locations experience sustained shallow groundwater conditions, and the overlying land use may require ongoing dewatering. Dewatering discharges to creeks or other surface water bodies are also regulated through National Pollution Discharge Elimination System (NPDES) permitting to ensure water quality is protected.

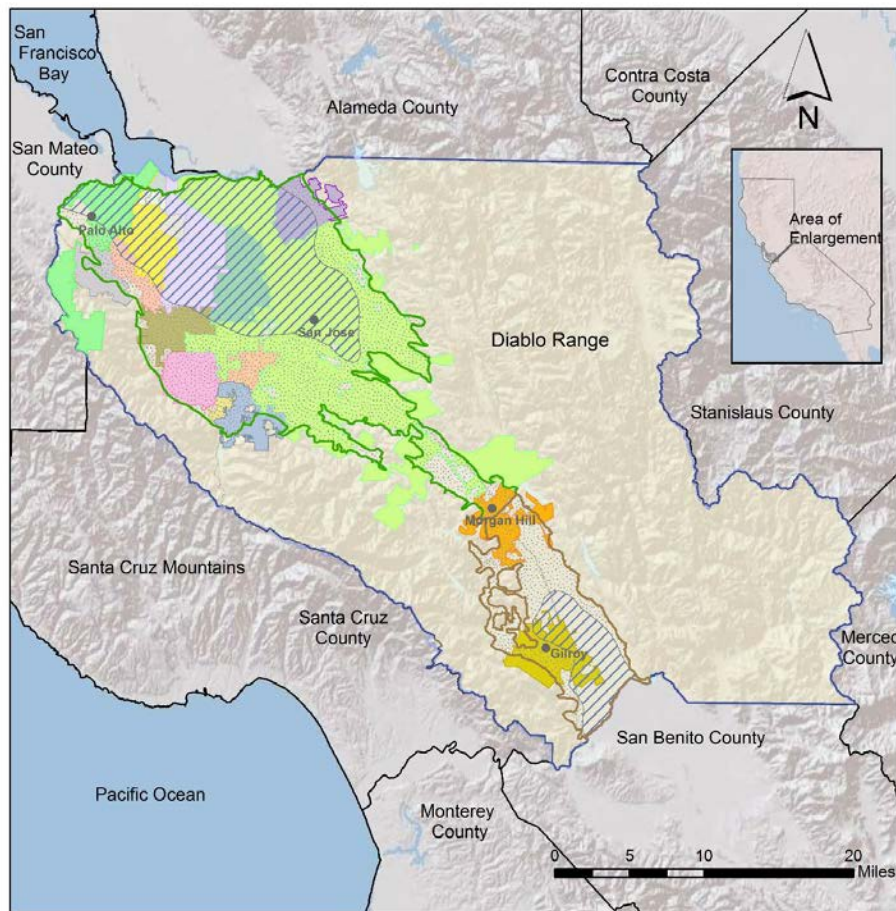
Temporary and ongoing dewatering represent a small component of subbasin outflows compared to pumping for beneficial use. For example, temporary dewatering within Palo Alto, an area experiencing increased basement construction, was approximately 350 acre-feet in 2017. Despite temporary and ongoing dewatering activities, groundwater conditions are sustainable throughout the subbasins.

Compared to principal aquifers, shallow groundwater quality is often poorer due to the stronger connection to overlying land use. There are over 600 open sites where fuels or other contaminants have been released to soil and/or shallow groundwater, requiring oversight by regulatory agencies such as the Regional Water Quality Control Boards. While shallow groundwater quality is impacted at many of these sites, impacts to principal aquifers have been very limited.

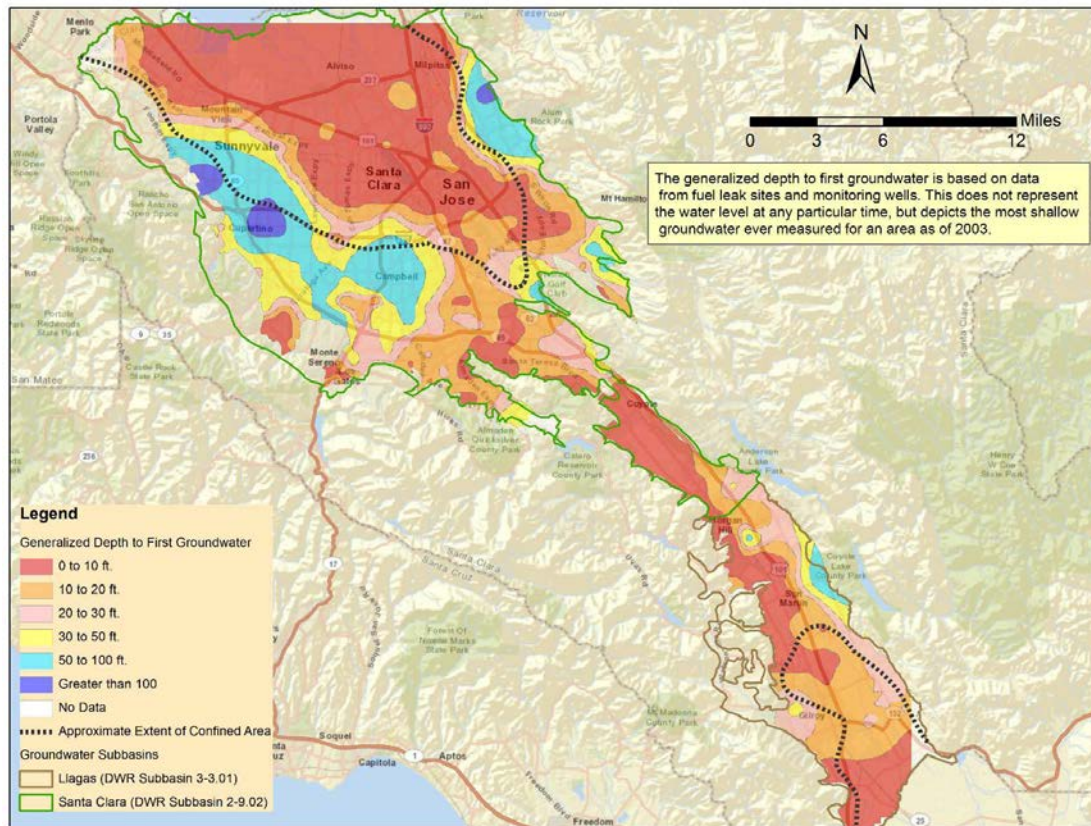
The District's Well Ordinance Program helps to ensure that wells and other deep excavations are properly constructed, maintained, and destroyed so they will not allow the vertical transport of water of poor quality into deeper aquifers used for drinking water. Through this program, all water supply wells being constructed must have a sanitary seal of at least 50 feet. Additionally, all wells that are constructed through the principal aquitards (around 100 feet deep in the Llagas Subbasin and 150 feet deep in the Santa Clara Subbasin) are required to have sanitary seals that extend from the surface and into aquitard materials. This is designed to prevent commingling of water of the shallow and principal aquifers to avoid cross-contamination to aquifers and to protect current and future users of the groundwater being pumped.

The subbasins in Santa Clara County are not adjudicated, and the District does not control the operation of wells or the amount of water that can be pumped. Rather, the District works to ensure sustainable groundwater supplies through managed aquifer recharge and "in-lieu" recharge programs that reduce pumping such as treated water deliveries, water conservation, and recycled water programs. The District's comprehensive water supply management halted historic groundwater problems, including chronic overdraft, permanent subsidence, and salt water intrusion. Effective water supply management, including proactive planning and investments, helps ensure continued, sustainable groundwater conditions into the future.

Attachments 1 and 2 (Maps)



Generalized Map of Depth to First Groundwater



No action was taken.

If you have any questions or concerns, you may contact me at, gbrambill@valleywater.org or 1.408.630.2408.

Thank you.

Glenna Brambill, Management Analyst II,
Board Committee Liaison
Office of the Clerk of the Board