



Santa Clara Valley Water District Board of Directors Meeting

Headquarters Building Boardroom
5700 Almaden Expressway
San Jose, CA 95118

SPECIAL MEETING AGENDA

**Wednesday, December 5, 2018
3:00 PM**

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 Act.

**Santa Clara Valley Water District
Board of Directors
SPECIAL MEETING
AGENDA**

Wednesday, December 5, 2018

3:00 PM

Headquarters Building Boardroom

1. CALL TO ORDER:

1.1. Roll Call.

1.2. Pledge of Allegiance/National Anthem.

1.3. 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.

REGULAR AGENDA:

2. BOARD OF DIRECTORS:

2.1. Board of Directors Fiscal Year 2019-20 Strategic Planning Session. [18-1055](#)

- Recommendation:
- A. Participate in the Board's Fiscal Year 2019-20 (FY20) Strategic Planning Session identifying goals, strategies, and challenges/opportunities for FY20;
 - B. Direct the Board Policy and Planning Committee to review collected information and develop a draft Fiscal Year 2019-20 Board Work Plan and budget message for Board review and approval; and
 - C. Identify any Board Governance Policies that may require revisions and assign to the Board Policy and Planning Committee for review.

Manager: Michele King, 408-630-2711

Attachments: [Attachment 1: FY2018-19 Board Work Plan](#)
[Attachment 2: FY2018-19 Goal Update Information](#)

Est. Staff Time: 10 Minutes

3. WATER UTILITY ENTERPRISE:

3.1. State Water Project Tax Discussion. [18-0896](#)

- Recommendation: Consider information provided by staff and provide policy direction as necessary.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: Powerpoint](#)
[Attachment 2: Letter from City of Palo Alto](#)

Est. Staff Time: 10 Minutes

3.2. Open Space Credit Policy Discussion. [18-0839](#)

- Recommendation:
- A. Consider information provided by staff and provide policy direction as necessary; and
 - B. Develop an Agricultural water charge adjustment for Williamson Act and Conservation Easement participation that would hold the agricultural water charge to 6% of the Municipal and Industrial (M&I) charge.

Manager: Darin Taylor, 408-630-3068

Attachments: [Attachment 1: PowerPoint](#)

Est. Staff Time: 25 Minutes

3.3. Priority Ranking Criteria for the Capital Improvement Program.

[18-1053](#)

Recommendation: Review and provide direction to staff on recommended refinements to the Priority Ranking Criteria for the FY 2020-24 CIP.

Manager: Ngoc Nguyen, 408-630-2632

Attachments: [Attachment 1: FY 2020-24 CIP Proposed Priority Ranking Criteria](#)
[Attachment 2: FY 2019-23 CIP Priority Ranking Criteria](#)

Est. Staff Time: 10 Minutes

4. ADJOURN:

4.1. Clerk Review and Clarification of Board Requests.

4.2. Adjourn to 11:00 a.m. Closed Session and 1:00 p.m. Regular Meeting on Tuesday December 11, 2018, in the Santa Clara Valley Water District Headquarters Building Boardroom, 5700 Almaden Expressway, San Jose, California.

File No.: 18-1055

Agenda Date: 12/5/2018

Item No.: 2.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Board of Directors Fiscal Year 2019-20 Strategic Planning Session.

RECOMMENDATION:

- A. Participate in the Board's Fiscal Year 2019-20 (FY20) Strategic Planning Session identifying goals, strategies, and challenges/opportunities for FY20;
- B. Direct the Board Policy and Planning Committee to review collected information and develop a draft Fiscal Year 2019-20 Board Work Plan and budget message for Board review and approval; and
- C. Identify any Board Governance Policies that may require revisions and assign to the Board Policy and Planning Committee for review.

SUMMARY:

The Board establishes long-term goals and objectives (also known as Board Governance Policies) for each of the District's core business areas (Water Supply, Natural Flood Protection, and Environmental Stewardship).

Since 2016, the Board has conducted a yearly planning session to develop strategies to accomplish the goals and objectives and to identify specific areas that need direct Board engagement and monitoring. These areas generally have immediate challenges related to managing water resource systems that provide clean, safe water, flood protection and stewardship of streams and creeks for residents and business in Santa Clara County.

In 2018, the Board developed a Fiscal Year 2018-19 (FY19) Board Work Plan that identified goals, challenges/opportunities, FY19 focus for each goal, and Board monitoring and engagement methods (Attachment 1).

Attachment 2, provided as information to the Board, contains input collected from Board committees, staff and the public on each FY19 Goal, as well as identified changes, challenges and opportunities the could impact the existing Board Goals for FY20.

This planning session allows the Board to receive an update on the FY19 Board Goals, and to identify, discuss, and provide information and input on goals, strategies, and challenges/opportunities for FY20.

It is recommended that after the session, the Board directs the Board Policy and Planning Committee to review the information collected and develop a draft FY20 Board Work Plan and FY20 budget message for Board review and approval.

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

ATTACHMENTS:

Attachment 1: FY2018-19 Board Work Plan

Attachment 2: FY2018-19 Goal Update Information

UNCLASSIFIED MANAGER:

Michele King, 408-630-2711



Board Work Plan

FY 2018-19

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Message from the Board Chair of the Santa Clara Valley Water District

At the Santa Clara Valley Water District, we manage a complex water resource system that provides clean, safe water, flood protection and stewardship of streams and creeks to nearly 2 million residents and businesses here in Santa Clara County.

As elected officials, we are tasked with balancing the needs of our constituents and the county-wide challenges we face including our aging infrastructure, the need for storage capacity and federal funding for both our water supply and flood protection projects. While the goals identified in our Board Governance Policies provide guidance to achieve the District's mission, the Board's work plan is a roadmap for the year ahead. Part of our annual strategic planning process, my fellow Board members and I have identified nine specific areas that we will be monitoring closely and engaging as necessary. We believe these areas have immediate challenges in ensuring water supply for the future, reducing flood risks and preparing our county for emergencies. While our role is as policy makers, we will continue to engage in discussions through board committees, provide direction and monitor progress in the nine focus areas.

Earlier this year I outlined these priorities for the coming year as incoming Board chair. I stated this would be a year of action. The Board's work plan demonstrates how we plan to "act" this year.

I look forward to reporting our progress and hope you find this document useful.



Richard P. Santos
Board Chair
Santa Clara Valley Water District



SANTA CLARA VALLEY WATER DISTRICT

Founded in 1929, the Santa Clara Valley Water District (District) is the primary water resources agency for Santa Clara County, with key water supply, water quality, flood protection, and environmental stewardship responsibilities.

SANTA CLARA VALLEY WATER DISTRICT MISSION

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

VALUES

1. We are **entrusted** to serve the public and are responsible for carrying out the District mission for the **benefit of the community**.
2. We are **committed** to providing excellent service to all customers.
3. All individuals are **unique and important**, and will be treated with fairness, dignity, and respect.
4. We take **pride** in our work and are **accountable** and trusted to carry out our responsibilities safely with **honesty** and **integrity**.
5. Initiative, leadership, **personal development**, and training are vital for us to continuously improve.
6. Open **communication**, **cooperation**, and **teamwork** are shared responsibilities and essential to the successful performance of our work.
7. We are committed to creating an **inclusive work environment** which reflects and supports the **diversity** of our community and enriches our perspectives.
8. A **balance** between work and family is essential to the quality of our lives, and we will promote a **family-friendly** work environment.

BOARD OF DIRECTORS

The Santa Clara Valley Water District Board of Directors (Board) is comprised of seven members, each elected from equally-divided districts. Specific job outputs of the Board include connecting with the community in Santa Clara County, developing policies to further the District's mission, and monitoring the performance of the organization.

The Board governs with an emphasis on outward vision, encouragement of diversity in viewpoints, strategic leadership more than administrative detail, and proactivity rather than reactivity.

The Board meets twice a month on the second and fourth Tuesday. All meetings are open to the public and may be viewed online.



Left to right: Tony Estremera, District 6; Richard Santos, District 3; John L. Varela, District 1; Gary Kremen, District 7; Barbara Keegan, District 2; Nai Hsueh, District 5; Linda J. LeZotte, District 4

BOARD COMMITTEES

The Board of Directors has established Board Committees to assist in performing its job. Committees meet regularly and are comprised of three members of the Board. They are open to the public.

To monitor progress of the FY19 focus areas, project updates are provided regularly to the following committees in **bold**:

- Agricultural Water Advisory Committee
- Board Audit Committee
- **Board Policy and Planning Committee**
- **Capital Improvement Program Committee**
- **Coyote Creek Flood Risk Reduction Ad Hoc Committee**
- **Diversity and Inclusion Ad Hoc**
- Environmental and Water Resources Committee
- **Fisheries and Aquatic Habitat Collaborative Effort (FAHCE) Ad Hoc Committee**
- Homeless Encampment Ad Hoc Committee
- Joint Recycled Water Advisory Committee (City of Palo Alto, City of East Palo Alto, City of Mountain View and SCVWD)
- Joint Recycled Water Committee (City of Sunnyvale and SCVWD)
- Joint Recycled Water Policy Advisory Committee (City of San Jose/SCVWD/City of Santa Clara)
- Joint Water Resources Committee (City of Gilroy, City of Morgan Hill, and SCVWD)
- **Recycled Water Committee**
- San Felipe Division Reach One Committee
- Santa Clara Valley Water Commission
- Water Conservation and Demand Management Committee
- **Water Storage Exploratory Committee**
- Youth Commission

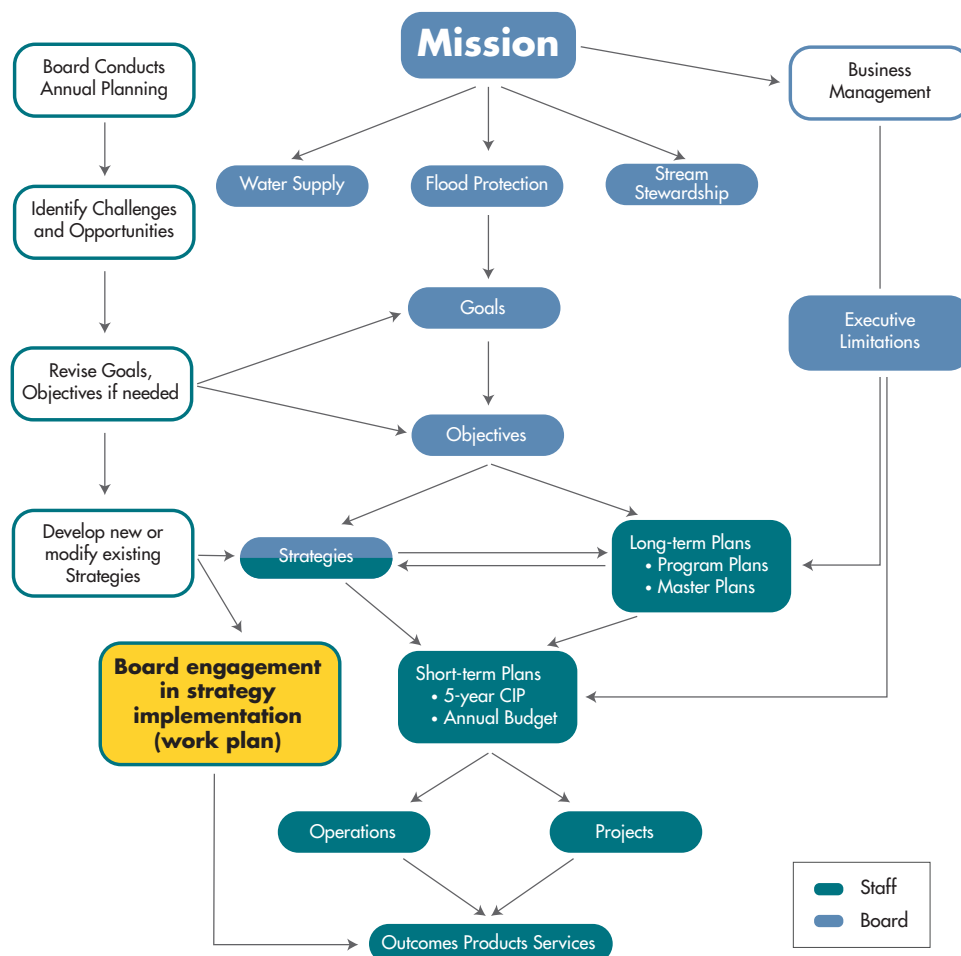
PURPOSE OF THE BOARD WORK PLAN

To perform its job, the Board established **long-term goals** and **objectives** (also known as Board Governance Policies – see Appendix A) for each of the District’s core business areas (Water Supply, Natural Flood Protection and Environmental Stewardship). Annually, the Board conducts planning sessions to develop **strategies** to accomplish the goals and objectives. The flow chart below describes the process in more detail.

All strategy implementation is monitored by the Board through Executive Limitation (see Appendix A) requirements and Board Appointed Officer performance evaluations.

As part of the annual planning process, the Board also determines the strategies requiring more detailed engagement and more frequent monitoring by the Board (Board Work Plan). Strategies in this document have been identified for FY19. The strategies will be reviewed annually and evolve based on progress and performance.

The primary purpose of this document is to communicate with the public, community and stakeholders, the Board’s FY19 work plan and how the plan supports the District’s mission and long-term goals and objectives.



Board Long Term Goals	FY19 Work Plan
<p>Water Supply</p> <p>Goal: Ensure current and future water supply for municipalities, industries, agriculture and the environment is reliable</p> <p>Goal: Raw water transmission and distribution assets are managed to ensure efficiency and reliability</p> <p>Goal: Reliable high quality drinking water is delivered</p>	<ul style="list-style-type: none"> • Advance Anderson Dam Seismic Retrofit Project • Finalize Fisheries and Aquatic Habitat Collaborative Effort (FAHCE) • Actively pursue efforts to increase water storage opportunities • Actively participate in decisions regarding the CA Waterfix • Advance recycled and purified water efforts with the City of San Jose and other agencies
<p>Natural Flood Protection</p> <p>Goal: Provide natural flood protection for residents, businesses and visitors as well for future generations</p> <p>Goal: Reduce potential for flood damages</p>	<ul style="list-style-type: none"> • Provide for watershed-wide regulatory planning and permitting efforts • Ensure Immediate Emergency Action Plans and Flood Protection are Provided for Coyote Creek
<p>Environmental Stewardship</p> <p>Goal: Protect and restore creek, bay and other aquatic systems</p> <p>Goal: Improved quality of life in Santa Clara County through appropriate public access to trails, open space, and District facilities</p> <p>Goal: Strive for zero net greenhouse gas emissions to achieve carbon neutrality by 2020</p>	<ul style="list-style-type: none"> • Foster a coordinated approach to environmental stewardship efforts
<p>Business Management</p> <p>Goal: Ensure a work environment that is diverse, inclusive, free of discrimination and harassment, and that provides equal opportunity employment</p>	<ul style="list-style-type: none"> • Advance Diversity and Inclusion Efforts



WATER SUPPLY

There is reliable, clean water supply for current and future generations.

Goal 1: Ensure current and future water supply for municipalities, industries, agriculture, and the environment is reliable.

Strategy	Finalize the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE)
Challenge/ Opportunity	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, Guadalupe River, and Stevens Creek. Challenges include obtaining federal and state permits from multiple regulatory agencies, filing water rights change petitions and preparing a Fish Habitat Restoration Plan and Environmental Report.
FY19 Focus	Complete the planning, permitting, and other actions necessary to finalize resolution of the complaint.
Monitoring	Monitor progress and develop strategies through the FAHCE Ad Hoc Committee meeting.
Strategy	Actively Pursue Efforts to Increase Water Storage Opportunities
Challenge/ Opportunity	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.
FY19 Focus	Seek and secure funding sources and partnerships for the Pacheco Reservoir Project.
Monitoring	Monitor progress through the Water Storage Exploratory Committee and begin planning activities for the Pacheco Reservoir Project.

Strategy	Actively Participate in Decisions Regarding the California WaterFix
Challenge/ Opportunity	As much as 40 percent of the water Santa Clara County uses each year comes through the Delta. But the Delta's aging network of earthen levees faces risks from rising seas, earthquakes and flooding, while the declining conditions for fish and wildlife have led regulators to put more restrictions on when water can move through the Delta. Participation in the California WaterFix project is necessary to protect water supply in Santa Clara County and to restore the Delta for fish and wildlife.
FY19 Focus	Continue to engage and negotiate financial arrangements to protect Santa Clara County's and the residents' interests through participation serving on the Delta Conveyance Design and Construction Authority. This Joint Powers Authority is charged with the management of design and construction of the WaterFix facilities.
Monitoring	Monitor and identify issues affecting District's interest and Board's Guiding Principles.*
Strategy	Advance Recycled and Purified Water Efforts with the City of San Jose and Other Agencies
Challenge/ Opportunity	<p>Recycled and purified water continue to play a key role in the long-term sustainability of our county's water supplies. Identifying and working with the appropriate agencies within the county to negotiate and execute various Memoranda of Understanding to expand the use of non-potable recycled water and the production and use of advance purified water is a high priority.</p> <p>Opportunities exist to expand District's Silicon Valley Advanced Water Purification Center. However, there are challenges in resolving issues of land, treated wastewater quality, and reverse osmosis concentrate management.</p>
FY19 Focus	<p>Increase efforts to expand non-potable and advance purified water county-wide by engaging with all cities within the county to determine county-wide interest and prioritization.</p> <p>Work with City of San José to resolved identified issues of land, treated wastewater quality, and reverse osmosis concentrate management.</p> <p>Pursue a Public-Private Partnership (P3) delivery method for the program.</p>
Monitoring	Monitor through the Recycled Water Committees.

*Board's Guiding Principles for the WaterFix were approved at the October 17, 2017 Board meeting

Goal 2: Ensure efficiency and reliability of our raw water transmission and distribution assets.

Strategy	Advance Anderson Dam Seismic Retrofit Project
Challenge/ Opportunity	<p>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. Recent discovery of engineering issues related to the dam has significantly altered the scope of the project and its schedule.</p> <p>Given the reservoir'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.</p>
FY19 Focus	<p>Continue to work with appropriate regulatory agencies to review and obtain approval for all project design plans.</p> <p>Release for review and certify the Draft Environmental Report.</p> <p>Continue to inform the public and neighborhoods of the project progress and construction timeline.</p>
Monitoring	Monitor project progress through the Capital Improvement Program Committee.



NATURAL FLOOD PROTECTION

There is a healthy and safe environment for residents, businesses and visitors, as well as for future generations.

Goal 1: Provide natural flood protection for residents, businesses, and visitors.

Strategy	Provide for a Watershed-Wide Regulatory Planning and Permitting Effort
Challenge/ Opportunity	As part of the Board's Legislative Priorities for 2019, the District continues 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.
FY19 Focus	<p>At the federal level, expedite U.S. Fish and Wildlife Service permit process and streamline the permit review process.</p> <p>At the state level, continue to pursue legislation (SB 1301 [Beall] Expedited Permitting for Dam Safety and Flood Risk Reduction) to expedite 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.</p>
Monitoring	Monitor project progress through updates to the Capital Improvement Program Committee.

Goal 2: Reduce potential for flood damages.

Strategy	Ensure Immediate Emergency Action Plans and Flood Protection are Provided for Coyote Creek
Challenge/ Opportunity	<p>Since the 2017 President's Day flood event on Coyote Creek, the Board took immediate actions and completed interim measures, including the installation of two new flood barriers, new creek gauges and visible markers in the creeks, and the removal of up to 16 acres of an invasive giant reed that can back up creek flows.</p> <p>Part of the voter-approved Safe, Clean Water and Natural Flood Protection Program, the Coyote Creek Flood Protection Project is currently in the planning phase. With a modified project scope, the District is working with the U.S. Army Corps of Engineers on a feasibility study to assess flood risks and evaluate the possibility of a federally supported project.</p> <p>In November 2017, Santa Clara Valley Water District Board of Directors and San José City Council approved a Joint Emergency Action Plan (EAP), outlining strategies and actions for agency coordination during potential flooding along waterways in San José. Recognizing other flood-prone areas, the EAP will be applied to other hotspots.</p>
FY19 Focus	<p>Continue to pursue state and federal funding avenues for the Coyote Creek Flood Protection Project.</p> <p>Apply the Emergency Action Plan to other areas in San José and other cities throughout the county.</p> <p>Continue to raise awareness to property along creeks where the District does not have property rights and manage expectations/awareness of owners to the flood risks associated with encroachments, downed trees, etc.</p>
Monitoring	Monitor project progress through the Coyote Creek Flood Risk Reduction Ad Hoc Committee.



ENVIRONMENTAL STEWARDSHIP

There is water resources stewardship to protect and enhance watersheds and natural resources and to improve the quality of life in Santa Clara County.

Goal 1: Protect and restore creek, bay, and other aquatic ecosystems.

Strategy	Foster a Coordinated Approach to Environmental Stewardship Efforts
Challenge/ Opportunity	<p>The District strives to be a leader in environmental stewardship. Internally, recognizing the need to coordinate efforts between Watersheds and Water Utility divisions, additional staff has been assigned to maximize positive impact.</p> <p>As part of the Board's Legislative Priorities for 2019, 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.</p>
FY19 Focus	<p>At the federal level, expedite U.S. Fish and Wildlife Service permit process and streamline the permit review process.</p> <p>At the state level, expedite 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.</p>
Monitoring	Monitor progress through regular updates to the Board of Directors.



BUSINESS MANAGEMENT

The Board shall promote practice, activities, decisions, and organizational circumstances that are lawful and supportive of commonly accepted business and professional ethics.

Goal 1: Ensure a work environment that is diverse, inclusive, free of discrimination and harassment, and that provides equal opportunity employment.

Strategy	Advance Diversity and Inclusion Efforts
Challenge/ Opportunity	<p>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.</p> <p>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.</p>
FY19 Focus	<p>Develop performance reports on recruitment, hires and promotions.</p> <p>Benchmark with best practices in diversity and inclusion programs.</p>
Monitoring	<p>Provide regular project updates to the Diversity and Inclusion Ad Hoc Committee.</p>

Appendix A

Board Governance Policies/Long-Term Goals and Objectives

The Board has adopted **Board Governance Policies** which describe how the board conducts its business, what they have directed the CEO and other Board Appointed Officers (BAO) to accomplish, and constraints on the CEO and BAOs that establish prudent and ethical boundaries within which all activity and decisions must take place.

A full list of the Board Governance Policies can be found here: <https://www.valleywater.org/how-we-operate/board-governance-policies>

Ends Policies, also referred to as **Long Term Goals and Objectives**, provide direction to the CEO and BAOs to accomplish the District's mission.

Long Term Goals and Objectives



Water Supply Long-Term Goals

Goal 1: Current and future water supply for municipalities, industries, agriculture, and the environment is reliable.

Objectives

- a. Aggressively protect groundwater from the threat of contamination and maintain and develop groundwater to optimize reliability and to minimize landsubsidence and salt water intrusion.
- b. Protect, maintain and develop local surface water.***
- c. Protect, maintain, and develop imported water.***
- d. Protect, maintain, and develop recycled water.
- e. Maximize water use efficiency, water conservation, and demand management opportunities.
- f. Prepare for and respond effectively to water utility emergencies.

Goal 2: Raw water transmission and distribution assets are managed to ensure efficiency and reliability.

Objective

- a. Raw water transmission and distribution assets are managed to ensure efficiency and reliability.***

* FY 19 Board Focus

Goal 3: Reliable high quality drinking water is delivered.

Objective

- a. Meet or exceed all applicable water quality regulatory standards.
- b. Maintain effective relationships with the retailer and other stakeholders to ensure high quality, reliable drinking water.



Natural Flood Protection Long-Term Goals and Objectives

Goal 1: Provide natural flood protection for residents, businesses, and visitors.

Objective

- a. **Protect parcels from flooding by applying an integrated watershed management approach that balances environmental quality and protection from flooding.***
- b. Preserve flood conveyance capacity and structural integrity of stream banks, while minimizing impacts on the environment and protecting habitat values.

Goal 2: Reduce potential for flood damages.

Objective

- a. Promote the preservation of flood plain functions.
- b. Reduce flood risks through public engagement.
- c. **Prepare and respond effectively to flood emergencies countywide to protect life and property.***



Environmental Stewardship Long-Term Goals and Objectives

Goal 1: Protect and restore creek, bay, and other aquatic ecosystems.

Objective

- a. Preserve creeks, bay, and ecosystems through environmental stewardship.
- b. Improve watersheds, streams, and natural resources.
- c. Promote the protection of creeks, bay, and other aquatic ecosystems from threats of pollution and degradation.
- d. Engage and educate the community in the protection of water quality and stream stewardship.
- e. Prepare and respond to emergencies that threaten local waterways.
- f. To the extent within practicable control of the District, adopt a strategy to restore the salmonid fishery on identified salmonid streams within 15 years of strategy adoption by creating suitable accessible spawning and rearing habitats.

* FY 19 Board Focus

Goal 2: Improved quality of life in Santa Clara County through appropriate public access to trails, open space, and District facilities.

Objective

- a. Support healthy communities by providing access to additional trails, parks, and open space along creeks and in the watersheds.
- b. Support healthy communities by providing appropriate public access to District facilities.

Goal 3: Strive for zero net greenhouse gas emission or carbon neutrality.

Objective

- a. Reduce greenhouse gas emissions to achieve carbon neutrality by 2020



Business Management

Executive Limitations (EL), provide boundaries to the CEO and BAOs in which all executive activity and decisions must take place. Executive Limitations have been established in the following areas:

Executive Limitations

EL-1 General Principles

EL-2 Customer Relations

EL-3 Human Resources

EL-4 Financial Management

EL-5 Procurement

EL-6 Asset Protection

EL-7 Communication and Support to the Board

EL-8 Inclusion, Equal Employment Opportunity, Discrimination/Harassment Prevention, and Diversity*

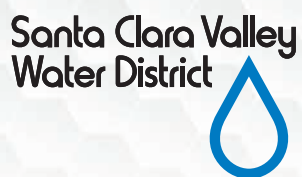
* FY 19 Board Focus

Appendix B

Program Plans and Master Plans

Program plans and master plans are developed to achieve the Board's long-term goals and objectives in relation to the District's mission and overall business management. Below is a list of current program and master plans. Other plans can be obtained by contacting (408) 630-2277.

- 5-Year Capital Improvement Program
<https://www.valleywater.org/how-we-operate/five-year-capital-improvement-program>
- Safe, Clean Water and Natural Flood Protection Program
<https://www.valleywater.org/project-updates/safe-clean-water-and-natural-flood-protection-program>
- Diversity and Inclusion Master Plan
<https://www.valleywater.org/how-we-operate/about-the-water-district/diversity-and-inclusion-program>
- FY2018-19 Operating and Capital Budget
<https://www.valleywater.org/how-we-operate/financebudget>
- Water Supply Master Plan
<https://www.valleywater.org/your-water/water-supply-planning/water-supply-master-plan>
- Urban Water Management Plan
<https://www.valleywater.org/your-water/water-supply-planning/urban-water-management-plan>
- One Water Plan
<https://onewaterplan.wordpress.com>



Santa Clara Valley Water District
5750 Almaden Expressway, San Jose, CA 95118-3686
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www.valleywater.org

WATER SUPPLY	
Goal 1: Ensure current and future water supply for municipalities, industries, agriculture, and the environment is reliable	
Strategy 1: Finalize the Fisheries and Aquatic Habitat Collaborative Effort (FAHCE)	
FY19 Focus: Complete the planning, permitting and other actions necessary to finalize resolution of the complaint.	
Board Review/Input	<ul style="list-style-type: none"> • September 25, 2018 – Board approved contract amendment on • Board Updates: <ul style="list-style-type: none"> ○ July 16, 2018 – District fisheries efforts update (which included FAHCE) was presented to the Environmental and Water Resources Committee ○ September 11, 2018 – update per Board’s request (Closed Session) ○ October 15, 2018 – FAHCE update provided to the Environmental and Water Resources Committee ○ October 24, 2018 – District fisheries efforts update (which included FAHCE) was presented to the Santa Clara Valley Water Commission
FAHCE Committee Work/Staff Input	<ul style="list-style-type: none"> • Fish Habitat Restoration Plan (FHRP) • FAHCE Ad Hoc Committee holds regular meetings
Public Input	FAHCE has been discussed in 3 separate public committee meetings in FY19 (see above), with a specific FAHCE update provided at the October 15, 2018 Environmental and Water Resources Committee; in October 2018, staff published an introductory blog post and plan to follow up with additional posts expounding on key issues and projects. Public sentiment, from those who have been engaged regarding FAHCE, includes frustration with the project scheduling/delays, and overarching concern regarding fish habitat and the health of fish species. Some of those concerns were mitigated via discussions of the numerous District efforts to improve these habitats.
Changes, Challenges, Opportunities	<ul style="list-style-type: none"> • Challenge: EIR public draft deadline has shifted to spring 2019 • Challenge: Modeling is complex and has required more time than anticipated

	<ul style="list-style-type: none">• Challenge: Overall program costs have escalated due to model and EIR complexity• Opportunity: Expediting early implementation of feasibility studies, monitoring activities, planning and construction of various fish passage improvements identified in the FAHCE settlement agreement
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WATER SUPPLY	
Goal 1: Ensure current and future water supply for municipalities, industries, agriculture, and the environment is reliable	
Strategy 2: Actively Pursue Efforts to Increase Water Storage Opportunities	
FY19 Focus: Seek and secure funding sources and partnerships for the Pacheco Reservoir Project.	
Board Review/Input	<ul style="list-style-type: none"> • July 27, 2018 informal Board Member Request (iBMR) – Evaluated the possibility of raising the height of Calero Dam to expand Calero Reservoir’s storage capacity • September 18, 2018 iBMR – Provided the Water Storage Exploratory Committee (WSEC) information related to raising Sisk Dam (San Luis Reservoir) for additional water storage, including potential benefits to the District, and any possible interactions with Pacheco Reservoir Expansion Project • October 13, 2018 iBMR – Provided a project timeline/schedule for Pacheco Expansion Reservoir Project, (contracts) • Board Meeting Updates: <ul style="list-style-type: none"> ○ August 14, 2018 – Extended the Stantec agreement ○ August 28, 2018 – Budget adjustment for new FTEs ○ September 11, 2018 – Budget adjustment for new FTEs ○ October 23, 2018 – Approved relocation of existing plaque ○ November 20, 2018 – Approved the new consultant agreements
Water Storage Exploratory Committee Work/Staff Input	<p>Pacheco</p> <ul style="list-style-type: none"> • October 17, 2018 – Project update to Treated Water Retailers - • District and United States Bureau of Reclamation (USBR) discuss the feasibility study for the San Luis Low Point Improvement Project (SLLPIP) (study expected June 2019) <p>Sites</p> <ul style="list-style-type: none"> • Other agencies and Sites JPA evaluate water supply benefits/costs

	<p>Los Vaqueros</p> <ul style="list-style-type: none"> • Webinar to review the results of the water resource model – available for review October 2018. • GM Meeting at November 2018 ACWA Conference – feedback on governance
Public Input	<p>Most of the Santa Clara County federal and state legislative delegations sent letters of support for the Pacheco Project. There has also been a letter of support from Governor Brown designating the project as “state-led” to secure federal funding for the project. In communications with environmental stakeholders, there was strong interest in the wildlife and other environmental benefits of the project, but most preferred to wait for an environmental impact report before taking a position on the project.</p> <p>At the California Water Commission, numerous organizations expressed support for the project, including NAACP, La Raza, California Chamber and Local Chambers of Commerce, Bay Area Council, and Silicon Valley Leadership Group, as well as representatives of public agencies such as SLDMWA, San Benito County Water District, Santa Cruz County Zone 7 Flood Control District, etc.</p>
Changes, Challenges, Opportunities	<ul style="list-style-type: none"> • Opportunity: Exploring additional funding opportunities • Challenge: District’s role in governance on Sites project • Challenge: Funding to continue participation in feasibility and planning for all projects • Challenge: Federal authorization for Pacheco Reservoir Project • Challenge: Complex participation structure for Los Vaqueros • Opportunity: State partnership and regulatory support (CDFW) opportunities for Pacheco Reservoir Project

	<ul style="list-style-type: none">• Opportunity: The California Water Commission conditionally approved the District’s CA Prop 1 Water Storage Investment Program \$484.55M funding request as well as an early Funding award of \$24.2M• Opportunity: Early Funding Agreement from the California Water Commission
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WATER SUPPLY	
Goal 1: Ensure current and future water supply for municipalities, industries, agriculture, and the environment is reliable	
Strategy 3: Actively Participate in Decisions Regarding the California WaterFix	
FY19 Focus: Continue to engage and negotiate financial arrangements to protect Santa Clara County's and the residents' interests through participation serving on the Delta Conveyance Design and Construction Authority (DCA). This Joint Powers Authority is charged with the management of design and construction of the WaterFix facilities.	
Board Review/Input	<ul style="list-style-type: none"> • August 14, 2018 – Approved/authorized CEO to execute Agreement (Advance contribution of funds (\$1,092,975) of to the DWR for Preconstruction Planning Costs • Appointed Director Tony Estremera, and alternate Director Barbara Keegan, to serve on the Board of Directors of the Design and Construction JPA for the first two years following formation. Director Estremera is Chair of the Board. • Board Updates: <ul style="list-style-type: none"> ○ July 6, 2018 – Approved the Delta Conveyance Finance Authority Joint Powers Agreement (JPA); designated Director Kremen and alternate Director Hsueh to serve on the Board of Directors of the Delta Conveyance Finance Authority for the first two years following formation; and approved the Delta Conveyance Finance Authority JPA. ○ August 14, 2018 – Received an update on the California WaterFix; and approved the CEO to execute the agreement for the District's funding contribution to the Department of Water Resources for preconstruction planning costs of the California WaterFix.
Staff Input	<ul style="list-style-type: none"> • The DCA Requests for Proposals: <ul style="list-style-type: none"> ○ <i>Engineering Design – August 29-30, 2018 (DCA selection made October 1, 2018)</i>

	<ul style="list-style-type: none"> ○ <i>Geotechnical – September 11, 2018</i> ○ <i>Real Estate – September 19, 2018</i> ● October 26, 2018 – DWR draft EIR available for public review (comments due December 10, 2018) ● November 9, 2018 – The Delta Stewardship Council (DSC) released a draft determination that CA WaterFix is inconsistent with the delta plan ● December 20-21, 2019 – Formal adoption of DSC final decision - ● November 13, 2018 – Program Management Services consultant approved by DCA Board
Public Input	<ul style="list-style-type: none"> ● The Board has held numerous public meetings regarding the California WaterFix and the public comments received have been extensive. They ranged from strong opposition to any tunnel project to strong concerns about the security of water supplies for Santa Clara County. There continues to be interest in various options such as desalination, recycled water, potable reuse, storm water capture, groundwater recharge, and continued water conservation.
Changes, Challenges, Opportunities	<ul style="list-style-type: none"> ● Change: From Governor Brown to Governor Newsom – January 1, 2019 ● Challenge: Concerns of how agriculture sector pays for their share of the project ● Challenge: Multiple obstacles and legal hurdles preventing the project from moving forward ● Opportunity: Board members are influential decision makers on the Design & Construction Authority (DCA) and Finance Authority ● Challenge: State’s decision on the water quality control plans will influence the future feasibility of the project

WATER SUPPLY	
Goal 1: Ensure current and future water supply for municipalities, industries, agriculture, and the environment is reliable	
Strategy 4: Advance Recycled and Purified Water Efforts with the City of San Jose and Other Agencies	
FY19 Focus: Increase efforts to expand non-potable and advance purified water county-wide by engaging with all cities within the county to determine county-wide interest and prioritization. Work with City of San José to resolve identified issues of land, treated wastewater quality, and reverse osmosis concentrate management. Pursue a Public-Private Partnership (P3) delivery method for the program.	
Board Review/Input	<ul style="list-style-type: none"> • No FY19 items to date
Recycled Water Committee Work/ Staff Input	<ul style="list-style-type: none"> • September 12, 2018 –Recycled Water Committee meeting to discuss agreements with the City of Palo Alto for the expansion of purified water • November 14, 2018 – Staff presented the Conceptual Alternatives and completed deliverables of the Countywide Water Reuse Master Plan at the Board's Recycled Water Committee • Palo Alto/Mountain View/District Meetings to discuss future coordination regarding treated wastewater for purification (District can receive 9 million gallons per day of treated wastewater for purification)
Public Input	<ul style="list-style-type: none"> • Generally there is a positive sentiment regarding recycled and purified water; however concerns remain due to incomplete research regarding constituents of emerging concern (CECs)
Changes, Challenges, Opportunities	<ul style="list-style-type: none"> • Challenge: Obtaining consensus from all cities on alternatives to Countywide Water Reuse Master Plan • Challenge: Getting commitments from cities on wastewater allocations • Challenge: Declining flows at wastewater treatment plants • Challenge: Monitoring and treating Constituents of Emerging Concern (CECs)

	<ul style="list-style-type: none">• Change: Recent rollout of regulatory requirements at state level regarding surface water augmentation• Opportunity: Positive results on the Reverse Osmosis (RO) Concentrate management study
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WATER SUPPLY	
Goal 2: Ensure efficiency and reliability of our raw water transmission and distribution assets.	
Strategy 1: Advance Anderson Dam Seismic Retrofit Project	
FY19 Focus: Continue to work with appropriate regulatory agencies to review and obtain approval for all project design plans. Release for review and certify the Draft Environmental Report. Continue to inform the public and neighborhoods of the project progress and construction timeline.	
Board Review/Input	<ul style="list-style-type: none"> October 23, 2018 – Project update to the Board regarding construction sequencing for the four projects and environmental documentation and informal consultation process (no action taken)
CIP Committee Work/Staff Input	<ul style="list-style-type: none"> September 2018 – The Board of Consultants provided letter report with technical review comments for 60% design plans October 17 and 22, 2018 – District/Morgan Hill Meeting (construction impacts to City) October 24, 2018 – Environmental Permitting Interagency meeting (project schedule, geotechnical investigations, mitigation sites) October 24, 2018 – Public meeting with City of Morgan Hill November 7, 2018 –Conference call with the Federal Energy Regulatory Commission Division of Hydropower Administration and Compliance (FERC DHAC) and the Department of Safety of Dams (DSOD) (status of regulatory compliance and permitting)
Public Input	<p>In meetings with federal, state, and local elected officials regarding the project, there is a sentiment for urgency, to expedite delivery of the project.</p> <p>At the October 24, 2018 project update public meeting, residents inquired about flood risk reduction efforts along Coyote Creek, the status of the dam project, its lengthy project timeline and its recreational impacts, such as boating. Project</p>

	<p>team members were available to respond to questions. Despite the project delays, negative feedback was minimal, with the exception of commentary from four San José residents, who experienced flooding from Coyote Creek in 2017 and wanted prioritization regarding work concerning that effort. Approximately 85 people attended the event, along with Facebook views reaching a high of 16.</p>
Changes, Challenges, Opportunities	<ul style="list-style-type: none">• Challenge: Regulatory oversight into post-construction operations and permitting• Challenge: Sequencing of District's dam seismic retrofit projects• Challenge: Misaligned priorities with regulatory agencies• Challenge: Water supply reliability during construction• Opportunity: Global approach to permitting with FAHCE and Coyote Creek project• Opportunity: Incorporate lessons learned from SFPUC Calaveras Reservoir Retrofit Project• Opportunity: Exploring options for alternative finance mechanisms

Natural Flood Protection	
Goal 1: Provide natural flood protection for residents, businesses, and visitors.	
Strategy 1: Provide for a Watershed-Wide Regulatory Planning and Permitting Effort	
FY19 Focus: At the federal level, expedite U.S. Fish and Wildlife Service permit process and streamline the permit review process. At the state level, continue to pursue legislation (SB 1301 [Beall] Expedited Permitting for Dam Safety and Flood Risk Reduction) to expedite 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.	
Board Review/Input	<ul style="list-style-type: none"> September 28, 2018 – District-sponsored bill, SB1301 (Beall) Expedited Permitting for Flood Protection and Dam Safety vetoed by Gov. Brown (budget issues not resolved through legislative bill) Ongoing – Staff and the Board continue to meet with the SFRWQCB to improve collaboration efforts and to facilitate District-wide regulatory permitting. Board Updates: <ul style="list-style-type: none"> August 21, 2018 – Legislative support from the cities of Morgan Hill and Gilroy
CIP Committee Work/Staff Input	<ul style="list-style-type: none"> November 5, 2018 – Bay Restoration Regulatory Integration Team (BRRIT) MOA executed for District to support the funding for the initial year Staff scheduled quarterly meetings to coordinate regulatory issues across Watershed and Water Utilities Currently negotiating the Stream Maintenance Program II renewal
Public Input	In SB 1301 meetings with numerous state elected officials, state agencies, and key stakeholders, the sentiments expressed ranged from concern the

	<p>safety risks created by delayed project delivery to concern that expediting permitting would compromise environmental protection.</p> <p>The Governor's office has expressed that they see permit processing delays as a budget issue that should not be resolved through a legislative bill such as SB 1301.</p> <p>Through the BRRIT, federal and state permitting agencies have acknowledged the problem of regulatory delay and are working on solutions, albeit only for multi-benefit wetland restoration projects around San Francisco Bay.</p> <p>Staff advocated with U.S. Fish and Wildlife officials and congressional offices for streamlined permitting.</p>
Changes, Challenges, Opportunities	<ul style="list-style-type: none">• Opportunity: Upper Berryessa litigation provides an opportunity to set expectations for future participation from SFRWQCB• Opportunity: New discussions with incoming administration• Opportunity: Support from other stakeholder groups and legislature for regulatory reform

Natural Flood Protection	
Goal 2: Reduce potential for flood damages.	
Strategy 1: Ensure Immediate Emergency Action Plans and Flood Protection are Provided for Coyote Creek	
FY19 Focus: Continue to pursue state and federal funding avenues for the Coyote Creek Flood Protection Project. Apply the Emergency Action Plan to other areas in San José and other cities throughout the county. Continue to raise awareness to property along creeks where the District does not have property rights and manage expectations/awareness of owners to the flood risks associated with encroachments, downed trees, etc.	
Board Review/Input	Board Updates: <ul style="list-style-type: none"> • August 21, 2018 – Joint meeting with the cities of Morgan Hill and Gilroy (Emergency Services Coordination discussion) • September 5, 2018 – Joint meeting with the City of Santa Clara (Emergency Services Coordination discussion) • September 11, 2018 – Emergency Service and Security Update • November 5, 2018 – Approved staff recommendation to maintain 40 percent rule curve at Anderson Dam through 2018-2019 winter season due to seismic retrofit concerns • November 20, 2018 – Winter Preparedness Briefing
Coyote Creek Flood Risk Reduction Ad Hoc Committee Work/Staff Input	<ul style="list-style-type: none"> • Staff continues to work with the cities and county, along with retailers and other partners, to ensure that emergency preparedness efforts support each other • A Flood Emergency Action Plan (EAP) for Guadalupe River, and Canoas, West Little Llagas, Uvas, and Ross Creeks is in process • September 19, 2018 – City OES visited the District EOC to hold a joint planning meeting to discuss the agenda items for the October 1, 2018 Joint Management monthly meeting and schedule the November 5, 2018 exercise training and

	<ul style="list-style-type: none"> • October 1, 2018 – Joint planning table top exercise meeting with City of San José • October 28, 2018 – Final revisions to the Joint EAP with CSJ (includes the new Guadalupe, Canoas and Ross Creeks) provided to City’s consultant for Table Top exercise planning • November 5, 2018 – Staff from the City SJ and District met to test the Joint EAP (“Coyote EAP”) in a table top exercise
Public Input	<p>There is strong public interest in the flood protection efforts at Coyote Creek, given the 2017 flooding. There is desire to expedite such work, specifically for neighbors in the Naglee Park and William Street areas, the mobile home park community near Old Oakland Road and the Rock Springs Community. Planned public meetings are being scheduled in early 2019 to provide updates.</p> <p>No formal public input on the flood EAPs yet for Uvas Creek in Gilroy or the Guadalupe River and Canoas and Ross creeks; however District social media posts have generated a significant number of comments from concerned residents.</p>
Changes, Challenges, Opportunities	<ul style="list-style-type: none"> • Opportunity: Mid-Coyote Flood Risk Reduction Project Public Meeting in early 2019 • Opportunity: Potential federal funding support for Mid-Coyote Project • Opportunity: Private participation in land development and flood protection projects • Challenge: Aligning the federal partnership timeline with Mid-Coyote Project with the need to provide flood protection while Anderson Dam is under construction • Challenge: Regulatory permitting

	<ul style="list-style-type: none">• Challenge: Affordability of maintenance on non-District owned properties• Challenge/Opportunity: Updating the encroachment policy and implementation
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ENVIRONMENTAL STEWARDSHIP	
Goal 1: Protect and restore creek, bay, and other aquatic ecosystems.	
Strategy 1: Foster a Coordinated Approach to Environmental Stewardship Efforts	
FY19 Focus: At the federal level, expedite U.S. Fish and Wildlife Service permit process and streamline the permit review process. At the state level, expedite 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.	
Board Review/Input	<ul style="list-style-type: none"> Staff and Board members continue to meet with the SFRWQCB to improve collaboration efforts and to facilitate District-wide regulatory permitting.
Staff Input	<ul style="list-style-type: none"> Staff is updating the annual Stewardship Report to improve external awareness of the District's activities and accomplishments October 26, 2018 – District met with staff from Google pertaining to the Los Gatos Creek Restoration project joint effort to build a habitat restoration/flood protection project at Google's downtown campus along Los Gatos Creek November 19, 2018 – A new Assistant Officer in Watershed Stewardship and Planning on reports to the DOO of Watershed Stewardship & Planning Division and will lead key watersheds stewardship activities and programs
Public Input	Recent public surveys put a high value on climate change and environmental stewardship.
Changes, Challenges, Opportunities	<ul style="list-style-type: none"> Change: Developing annual stewardship report in FY19 Opportunity: Better communicate with constituents regarding what they want in regard to stewardship efforts Challenge: Funding to create multi-purpose projects

Business Management	
Goal 1: Ensure a work environment that is diverse, inclusive, free of discrimination and harassment, and that provides equal opportunity employment.	
Strategy 1: Advance Diversity and Inclusion Efforts	
FY19 Focus: Develop performance reports on recruitment, hires and promotions. Benchmark with best practices in diversity and inclusion programs.	
Board Review/Input	<ul style="list-style-type: none"> February 13, 2018 – D&I Ad Hoc Committee formed October 2, 2018 (iBMR) – Staff to explore bolstering recruitment efforts for veterans
D&I Ad Hoc Committee Work/Staff Input	<ul style="list-style-type: none"> September 10, 2018 – The Great Places to Work Survey (GPTW) closed on, and 73% of staff participated in the survey a 2% increase from the last GPTW survey in 2016). Results from the survey were discussed in detail at the 2018 All Employee Meeting Staff published a report on the District’s Certification as a GPTW September 27, 2018 – D&I Ad Hoc Committee meeting to review HR staff reports on the District internship program and receive feedback regarding potential enhancements to the existing program Staff will be going over the Emerging Leaders Certificate Program D&I Master Plan Project findings for best practices
Public Input	Not applicable.
Changes, Challenges, Opportunities	Opportunity: Through external stakeholder research, the Emerging Leaders Certificate Program Capstone Project group found that the District’s D&I Program is at the forefront of similar, external programs, with a plan, established program, and budget for D&I activities

June 8, 2018 — Board Leadership Study

Work Study Goal: Discuss how the Board can ensure effective representation for constituents as we provide safe, clean and affordable supply of water, construct natural flood protection projects, and deliver on our environmental and stream stewardship commitments to our community for a healthy life, environment and economy within our current funding constraints.

Outcome: *See June 8, 2018 Special Board Leadership Study Notes (Attachment A)*

The general outcome of the work study session was to identify opportunities to generate new revenue for the District.

The Board Chair formed a working group consisting of Directors Hsueh, LeZotte and Keegan to research opportunities and methods which the District could generate new revenue sources i.e. Special Parcel Tax, Benefit Assessments, Development Impact Fees, etc.

The working group provided Chair Santos with an October 31, 2018 memo summarizing months of research and discussion on the subject *(Attachment B)*.

September 18, 2018 — Board Retreat

Retreat Goal: Opportunity for the Board, staff and public to idea share, discuss, give direction and make decisions on current and long-term issues, opportunities, and processes to better communicate and engage, and get results.

Outcome: *See September 28, 2018 Special Board Retreat Notes (Attachment C)*

Communication and teamwork are key in making progress on projects and resolving issues, engaging with and responding to the public, working collaboratively across the district as well as with outside agencies and the community, to ensure that we meet our goals.

Additional Board Requests July — November	
Discuss Succession Planning (Requested by Vice Chair LeZotte)	

Santa Clara Valley Water District

Board of Directors Meeting: Special Board Leadership Study

Friday, June 8, 2018



Summary of Item 2.1: Board Leadership Work Session

The Board, staff and members of the public engaged in a facilitated work session to discuss and brainstorm on how the Board could ensure effective representation for our constituents as we provide a safe, clean and affordable supply of water, construct natural flood protection projects, and deliver on our environmental and stream stewardship commitments to our community for a healthy life, environment and economy within our current funding constraints.

The discussion related to the following sub-topics:

1. Current and potential future demands on Watersheds Stream Stewardship Property Tax Revenue
2. Meeting District Commitments with the Safe, Clean Water Special Tax Revenue; and
3. Affordability of Water Charges.

The Leadership Study Work Session began with a financial overview presentation from the Chief Financial Officer on the strongest opportunities to generate new revenue and the financial status of each of the three funds that correspond with the three sub-topics.

Strongest Opportunities to Generate New Revenue

(according to November 2017 Report by Financial Consultant, William C. Statler)

1. Special Parcel Tax

- Similar to SCW measure passed by voters in 2012
- Would require two-thirds voter approval
- Largely an unrestricted revenue source

2. Benefit Assessments

- Similar to existing flood protection benefit assessments
- Would require property owner majority voter approval
- Must be based on benefit per parcel per engineer's report

3. Development Impact Fees

- Can only be used for capital improvements benefitting new development
- Typically collected by cities and counties along with building permit fees
- District's ability to collect contingent on cooperation of land use planning agencies

Financial Status by Fund

- **Watershed Stream Stewardship Fund** – Many potential future demands on \$50M FY 28 surplus reserves.
- **Safe Clean Water Fund** – Many potential future demands on \$12M FY 28 surplus reserves.
- **Water Utility Fund** – Financially healthy but projected rate increases are substantial.

The facilitated discussion focused on identifying the following for each of the sub-topics:

- **Givens** – Identify what is known and will not change, such as Board Priorities (FY19) and Board actions.
- **Strive to avoid** – Identify what we don't want to have to do and what our solutions will strive to avoid.
- **Consider pursuing** – Identify solutions for staff to analyze for the Board's consideration.

Participants in the discussion included the Board, staff and members of the public.

The tables enclosed are a summary of the discussion notes that were displayed during the meeting. The Board directed staff to further research for feasibility the ideas shown in the Consider Pursuing column. In addition, Board directed staff to pursue further analysis on feasibility of the three strongest opportunities to generate new revenue (Special Parcel Tax, Development Impact Fees, and Benefit Assessments) for each of the three sub-topics, summarized above, and requested a clear explanation of how each option works. The Board also directed staff to include interested stakeholders in the feasibility review process for Benefit Assessments for funding Water Utility capital projects and explore a water affordability and environmental stewardship tax or benefit assessment.

Watersheds Stream Stewardship Property Tax Revenue

Givens	Strive to Avoid	Consider Pursuing
<p>Board Priorities (FY19):</p> <ul style="list-style-type: none"> Provide for watershed-wide regulatory planning and permitting effort Foster a coordinated approach to environmental stewardship effort Immediate Emergency Action Plan and flood protection for Coyote Creek <p>Board actions:</p> <ul style="list-style-type: none"> Directed staff to look into feasibility of potential private funding for supporting Open Space Credit Board Homeless Encampment Ad Hoc Committee is scheduled to research potential funding sources for encampment cleanup beyond 2019 Chair Santos assigned 3 Board members to research feasible revenue sources allowed by the District Act <p>Group's additions:</p> <ul style="list-style-type: none"> Board doesn't have control over the amount collected each year Board has control over how funds are spent Open Space Credit is funded by the 1% property tax When the Capital Improvement Program (CIP) projects are completed in the next 5-8 years, the operations and maintenance (O&M) costs will increase 	<ul style="list-style-type: none"> Negative public perception Avoid excessive permitting and mitigation requirements Legal challenges, such as California Environmental Quality Act (CEQA) lawsuits Conflicts with sister agencies, non-profits, environmental agencies Being distracted from our vision while being flexible and adaptable Avoid conflicts with property ownership; (e.g. encroachments) Misalignment of public's expectations with District priorities Providing unrealistic timelines Conflicts with non-profit and environmental agencies 	<p>Explore Tax Options</p> <ul style="list-style-type: none"> Find out if the 1% ad valorem tax is based on all of the County taxes, including personal property, or only real property. If not, do we have authority for collection. If personal property is not included in the 1% ad valorem tax from the county, the District should explore other taxes, including personal property taxes on businesses Explore a process for the Board to be engaged in allocation of the property tax prior to the budget process (e.g. possibly using property tax to address Safe, Clean Water shortfalls) <p>Open Space Credit Endowment Fund</p> <ul style="list-style-type: none"> Explore working with a foundation to set up an endowment fund that would allow private companies contribute funds to help keep open space and agriculture alive and well. Explore business partnerships or sponsorships <p>Water conservation credit and possible separation from groundwater charges</p> <ul style="list-style-type: none"> Related to the endowment fund concept, consider disconnecting water conservation from water rates by moving the water conservation budget, including all of our landscaping rebate programs related to new developments and existing retrofits, out of from groundwater charges into some kind of a program that is based on a parcel tax or benefit area. Consider a water conservation credit that allows businesses who can't comply with "conservation as a way of life requirements" to pay for water conservation residential programs in lieu of making water use reductions

		<p>Partnering to generate revenue &/or reduce costs</p> <ul style="list-style-type: none"> • Partner with county and Santa Clara Valley Transportation Authority (VTA) and Open Space Authority on trails projects and pursue funding together • Partner with other agencies to do stream stewardship in conjunction with parks and recreation projects. Consider pursuing the following: <ul style="list-style-type: none"> ○ Continue to engage other policy makers for partnership opportunities ○ Explore a mix of local and county revenue sources ○ Realize revenue together, with other agencies on integrated projects ○ Use One Water as a vehicle to integrate stewardship, recreation, flood protection, and water supply. Currently it is forward looking, but it could look at existing projects for integration. ○ To avoid spending funds on projects that are not critical to our mission, consider partnering with cities/county on a joint ballot measure that includes recreational items with a formula to split where the funds go, which could be more appealing to voters • Explore partnering with the county on taxes they are able to implement that the District cannot (i.e. sales tax) • Partner with other agencies to pursue different revenue sources • Work with other agencies to identify resources to collectively address priorities outside of District's core mission areas (i.e. homeless encampments)
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Safe, Clean Water Special Tax Revenue

Givens	Strive to Avoid	Consider Pursuing
<p>Program Priorities:</p> <p>Priority A: Ensure a safe, reliable water supply</p> <p>Priority B: Reduce toxins, hazards and contaminants in our waterways</p> <p>Priority C: Protect our water supply from earthquakes and natural disasters</p> <p>Priority D: Restore wildlife habitat and provide open space</p> <p>Priority E: Provide flood protection to homes, businesses, schools, and highways</p> <p>Other Givens:</p> <ul style="list-style-type: none"> • Special tax sunsets in FY28 • Commitment to deliver 38 projects <p>Board actions:</p> <ul style="list-style-type: none"> • Board Homeless Encampment Ad Hoc Committee is scheduled to research potential funding sources for encampment cleanup beyond 2019 • Chair Santos assigned 3 Board members to research feasible revenue sources allowed by the District Act • Board CIP Committee is scheduled to develop some more robust prioritization criteria for stewardship capital projects for the Board's discussion <p>Group's additions:</p> <ul style="list-style-type: none"> • We are entering the second 5 years of the Program • Priorities A, C and E are on track 	<ul style="list-style-type: none"> • Avoid not delivering any Safe, Clean Water project • Avoid waiting too long to come to the Board to make key decision (esp. stewardship projects) • Avoid creating challenges in delivering stream stewardship projects (i.e. approach like CIP projects instead) • Avoid being short-sighted with how we manage this Program • Avoid creating conflicts for the FAHCE team as we engage on stream stewardship projects 	<p>Internal proactive effort to focus on delivery, prioritization and funding</p> <ul style="list-style-type: none"> • Create a unit or team to support the ongoing effort to deliver the Safe, Clean Water Program and manage the following initiatives: <ul style="list-style-type: none"> ◦ Review Priorities and funding to ensure all Priorities have sufficient funding to be accomplished under the Program ◦ Develop a clear vision of the path forward in delivering current priorities and identifying future priorities for voter consideration ◦ Maintain an adequate level of contingency based upon Program year to ensure sufficient funds are available to deliver the Program ◦ Identify adjustments or modifications that may be required to address funding priorities ◦ Identify potential issues and roadblocks to the delivery of Priorities B and D ◦ Identify staff resources to plan, coordinate, and lead strategic communications for all stream stewardship projects, including Fisheries and Aquatic Habitat Collaborative Effort (FAHCE) projects <p>SCW alignment with FAHCE</p> <ul style="list-style-type: none"> • Work internally and externally to ensure consistency with Fisheries and Aquatic Habitat Collaboration Effort (FAHCE) settlement • Explain the linkage between the Safe, Clean Water stewardship projects with FAHCE <p>Board engagement on Watershed Stream Stewardship (WSS) Fund</p> <ul style="list-style-type: none"> • Explore a process for the Board to be engaged in allocation of the property tax prior to the budget

<ul style="list-style-type: none"> • Priorities B and D (environmental stewardship projects) require more Board engagement • If we want to go out for another special parcel tax, we have to deliver • Assumptions made at the onset of the Program are causing challenges • Board has the authority to make changes to the Program 		<p>process (e.g. possibly using property tax to address Safe, Clean Water shortfalls)</p> <ul style="list-style-type: none"> • Engage the Board on high level issues such as funding or land use when working with the county on stream stewardship projects <p>Proactively engage cities and county in planning, partnerships, and regulatory lobbying</p> <ul style="list-style-type: none"> • Be proactive when working with other agencies • Work with partners within the county to identify opportunities to lobby together (i.e. with regulatory agencies) on regulatory issues that are mutually beneficial • Review the feasibility of suggestions from Congresswoman Zoe Lofgren regarding implementing joint powers authorities (JPAs) • Establish a closer working relationship with the County moving forward, for example identifying joint principles and interests on various issues • Participate with other agencies when they develop their strategic plans • Request presentations from cities on their strategic plans to the Board <p>Definition: "Other agencies" include cities, counties, retailers and NGOs.</p>
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Water Charges

Givens	Strive to Avoid	Consider Pursuing
<p>Board Priorities (FY19):</p> <ul style="list-style-type: none"> • Make key decisions regarding the California (CA) Water Fix • Advance the Anderson Dam Seismic Retrofit Project • Advance recycled and purified water efforts • Finalize Fisheries and Aquatic Habitat Collaboration Effort (FAHCE) • Actively pursue efforts to increase water storage opportunities <p>Additional:</p> <ul style="list-style-type: none"> • Staff requested Proposition 1 funding for water storage projects <p>Board actions:</p> <ul style="list-style-type: none"> • Approved the P3 (public-private partnership) project delivery and financing for the Purified Water Program to ease the projected water charges • Chair Santos assigned 3 Board members to research feasible revenue sources allowed by the District Act • Board CIP Committee is studying feasibility of available methods, other than Water Charges, to fund capital projects • Board directed staff to research affordability for disadvantaged communities and bring back recommendations on how to implement a low income and senior resident water payment assistance program 	<ul style="list-style-type: none"> • Unaffordable rates • Avoid increasing water rates • Avoid letting others establish the narrative for us • Avoid infrastructure failure and water shortage • Avoid community fatigue of rate increases • Avoid misuses of the rates • Avoid pitting the environment against water reliability 	<p>Strategic communications and coordination</p> <ul style="list-style-type: none"> • Follow Government Relations lead with communications for politically sensitive topics • Spend more time strategically engaging with other agencies • Consider opportunities to use “plain English” to explain to the public • Create a simple, easy-to-understand explanation of how rates work so people understand • Coordinated communications with the cities regarding rates and water storage <p>Additional opportunities for revenue</p> <ul style="list-style-type: none"> • Explore water rights that are for sale and storage opportunities outside the county • If we have a water surplus, could we sell it and are there restrictions on those revenues? • Pursue external funding, such as grant funding and cost-share agreements • Explore opportunities for revenue generation through identifying alternative uses for District-owned properties <p>Water Supply Master Planning</p> <ul style="list-style-type: none"> • Explore additional opportunities to capture and store water • Engage Board in the 2040 Water Supply Master Plan • Pursue a connection to environmental stewardship by looking at how we operate our facilities to carry out the function of groundwater recharge and conveyance, as we have received a lot of comments and suggestions from environmental groups about how we look to the future and operate these facilities

<p>Group's additions:</p> <ul style="list-style-type: none"> • District has two groundwater charge zones • District also has four active zones and one inactive zone for flood-protection benefit assessments • Water rates are going up • Per capita usage is projected to go down 		<ul style="list-style-type: none"> • While pursuing a balanced, multi-objective approach to operating our facilities, as referenced above, ensure compliance with the purposes for which groundwater production charges can be used • With the demonstrated water conservation by the community and the new legislation of "Conservation a California way of life", reaching a 20% Conservation goal on an ongoing basis does not seem unreachable. Therefore, a lower Level of Service Goal for future water supply should be evaluated as part of the 2040 Water Supply Master Plan. • Consider and plan for the effects of climate change • Pursue opportunities under the Water Bond • Explain how today's ideas are being considered in the 2040 Water Supply Master Plan at next Board meeting
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Next Steps

- Staff to summarize today's discussion and report an initial analysis to the Board, sooner rather than later.



MEMORANDUM

FC 14 (01-02-07)

TO: Santa Clara Valley Water District Board Chairman,
Richard P. Santos

FROM: Directors Linda LeZotte,
Barbara Keegan, and Nai
Hsueh

SUBJECT: Research of Feasible Revenue Sources
allowed by the District Act

DATE: October 31, 2018

Summary

Due to Water Utility capital needs to rehabilitate existing infrastructure, and the need to invest in new water supplies for the future, wholesale water charges are projected to more than double over the next 10 years. Such a projection has generated concerns of affordability from communities. In addition, the good news that the California Water Commission awarded \$484.55 million to support the Pacheco Reservoir Expansion Project, comes with a significant challenge in that the remaining cost of the project has not been included in the most recent 10-year wholesale rate projection.

With regard to flood protection and environmental stewardship, lack of funding has been a problem for decades. Today, the District has several hundreds of millions of dollars' worth of unfunded flood protection projects, an extensive list of deferred operations and maintenance activities, a rapidly escalating need for funding to address encampment issues, and the need for additional funding to meet stewardship commitments. In addition, the Board's Open Space Credit policy is projected to put more demand on the District's share of 1% ad valorem property tax revenue into the future, a revenue source that is relied upon to fund flood protection and stream stewardship activities.

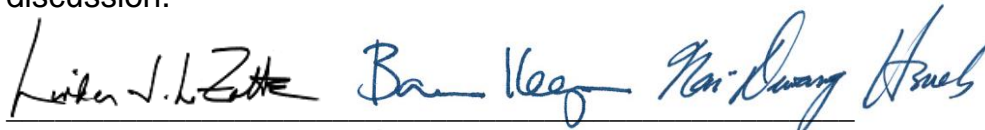
Consequently, you assigned the three of us to research feasible new revenue sources with respect to District Act authorities. Our analysis included a review of the report prepared by financial consultant, Bill Statler, titled "Revenue Options Assessment, November 2017," and incorporated additional research prepared by staff. Our recommendations are summarized directly below, with the remainder of this memo devoted to summarizing all of the revenue generating ideas that we analyzed.

Recommendations:

- A. **Special Parcel Tax** – Conduct polling to determine whether a ballot measure based on a suite of projects (water storage projects for example) with the Pacheco Reservoir Expansion as the anchor project would be approved by voters.
- B. **Development Impact Fees, Water Utility** – Engage a consultant to undertake a comprehensive development impact fee study that would generate revenue for the development and expansion of the water supply system (anticipated cost is \$75k to \$100K). Begin campaign to reach out to land use agencies to gain their necessary cooperation.

- C. **Development Impact Fees, Flood Protection** – Engage a consultant to undertake a comprehensive development impact fee study (anticipated cost is \$75k to \$100K). Begin campaign to reach out to land use agencies to gain their necessary cooperation. Investigate opportunities for developers to pay for the impact of development via mitigation.
- D. **Benefit Assessment, Creekside Properties** – Work with community leaders to generate interest in a community or property-owner led effort to establish a benefit assessment zone for properties that back to a creek, which could fund District activities to remove debris, address encampments, and construct environmental enhancements for example.
- E. **Investigate the concept of fund raising via donations, and partnering with like-minded agencies to help preserve agricultural land or open space** – Staff to further research the feasibility of a donation funding concept and develop a roadmap of actions that could be taken to establish a program, including investigation of Corporate Social Responsibility funding sources. To facilitate receiving donations from philanthropic organizations and individuals, the District could pursue establishment of a “special projects fund” under the Silicon Valley Community Foundation (SVCF), which would distribute donated funds to the District on a periodic basis in the form of a grant, for agricultural/open space preservation efforts. The District would be responsible for fund raising, and Board members would likely need to take a lead role in fund raising efforts with staff providing technical support.
- F. **Evaluate potential state ballot measure that would refine Proposition 13** such that commercial and industrial property – but not homes and small businesses – would be regularly reassessed and taxed at their full property value. If passed, it is estimated that this change could bring \$20M per year incremental property tax revenue to the District, however this initiative could draw significant opposition from the business community.

If you would like to bring these recommendations for consideration to the full Board at an upcoming Board meeting, staff would prepare a PowerPoint presentation to facilitate the discussion.



Directors Linda LeZotte, Barbara Keegan, and Nai Hsueh

NEW REVENUE IDEAS

1. Special Parcel Tax

Pros	Cons
Largely unrestricted revenue source (can only be spent on activities defined in ballot measure)	Requires two-thirds voter approval (possible “no” vote)
Would reduce water charge projection	Staffing costs and election fees could total several million dollars
Seniors and low income property tax payers could be exempted	
Stable revenue source	

Purpose: Pay for Pacheco Reservoir Expansion or a suite of projects with the Pacheco Reservoir Expansion as the anchor project.

District Authority to Implement? Yes

Next Steps: Conduct polling to determine chance of success. Then begin developing a ballot measure targeting November 2020 election.

- A very similar alternative is to form a Community Facilities District (CFD) to establish a Mello-Roos special tax, which would have the same pros and cons as a special tax. In general, a special tax would be simpler to pursue because of the avoided work associated with establishing a CFD. However, if the District wanted to implement a tax for a subsection of the county (as opposed to a county-wide tax), then establishing a CFD would be an option. The District could also establish a special parcel tax for the common benefit of a participating “zone”, which would need to be supported by an engineering study of the costs to be borne by the participating zone.
- A CFD can also be established for new development areas. For new development, the amount generated by the Mello-Roos special tax would depend on the cost of the facilities needed to serve the new development and any ongoing operating and maintenance costs that the CFD would be responsible for. This alternative is generally more applicable to cities.

Discussion: Pursuit of a special tax is a viable alternative to fund the Pacheco Reservoir Expansion project.

Recommend pursuing next steps for a Special Parcel Tax.

2a. Development Impact Fees – Water Utility

Pros	Cons
No voter approval requirement	District ability to collect contingent on cooperation of land use planning agencies
Would reduce water charge projection	Can only be used for capital improvements benefitting new development
“Growth pays for growth”	Unstable revenue source

Purpose: Generate revenue to support the development and expansion of the water supply system to serve new development.

District Authority to Implement? No, implementation would require cooperation from land use planning agencies

Next Steps: Engage a consultant to undertake a comprehensive impact fee study. Cost would range from \$75K to \$100K. Study would determine what percentage of water supply projects would benefit new development. Begin campaign to reach out to land use agencies to gain their cooperation.

- The Inland Empire Utilities Agency (IEUA) implemented a development impact fee in 2016 to pay for a \$91M capital program that included recycled water development and water conservation projects, which required the cooperation of the local agencies to administer. The fee collection procedure required local agencies to alert IEUA of a customer seeking to add or upgrade a water meter connection. The customer would then pay the fee directly to IEUA. This is a potential model that the District could follow.

Discussion: Although the District cannot impose a development impact fee for Water Utility purposes, this alternative has merit. It would address the inequity associated with investing in new water supplies to accommodate development while not charging those who would benefit. This alternative has a significant implementation hurdle in that it requires the cooperation of all land use planning agencies, however a motivating factor to cooperate would be a corresponding reduced water charge projection. Finally, the Inland Empire Utilities Agency, a wholesale water provider, has developed a procedure that the District could model to implement this fee in cooperation with land use planning agencies.

Recommend pursuing next steps.

2b. Development Impact Fees – Flood protection

Pros	Cons
No voter approval requirement	District ability to collect contingent on cooperation of land use planning agencies
Would provide supplemental funding for flood protection	Can only be used for capital improvements benefitting new development
“Growth pays for growth”	Unstable revenue source

Purpose: Generate revenue to support flood protection and storm water drainage projects driven by new development.

District Authority to Implement? Yes

Next Steps: Engage a consultant to undertake a comprehensive impact fee study. Cost would range from \$75K to \$100K. Study would determine what percentage of existing and/or future flood protection and storm water drainage projects would benefit new development. Begin campaign to reach out to land use agencies to gain their cooperation. Explore opportunities for developers to pay for the impact of new development via mitigation efforts.

- Zone 7 Water Agency implemented a flood protection and storm water drainage development impact fee in 2009. The Zone 7 program is intended to provide funding for any flood protection facilities required for new development. Funds are expended on the

planning design, lands and right of way acquisition, environmental review, permitting, and construction for drainage projects.

- Section 5.9 of the District Act authorizes the District to impose a development impact fee on new development to pay for storm drainage and flood protection improvements. The District would need to demonstrate that newly developed land has not already been charged its fair share as part of any other existing property tax assessment. And again, the District would need to arrange collection and remittance procedures with all land use planning agencies in the county.

Discussion: The District has the authority to impose a development impact fee for flood protection. An “incremental” development impact fee alternative is based on the concept that new development pays for the incremental cost of system capacity needed to serve new development. This alternative would be inconsistent with the District’s current business model, which is to construct flood protection projects for a fully developed community. However, the District could explore a “buy in” development impact fee alternative, which is based on the principle of achieving capital equity between new and existing customers. Although flood protection projects are quite expensive, other agencies have implemented development impact fees to collect less than 10% of the cost of the facilities needed to serve new development, with the remainder being funded by non-development impact fee sources.

There may be opportunity to have developers pay for the impact of new development via mitigation efforts instead of through a development impact fee, which the District could explore.

Recommend pursuing next steps.

3a. Benefit Assessment – Water Utility

Pros	Cons
Requires property owner majority voter approval, weighted by assessment (lower threshold than two-thirds voter approval for special tax)	Requires property owner majority voter approval, weighted by assessment (possible “no” vote)
Would reduce water charge projection	Must be based on benefit per parcel; Engineer’s report required
Stable revenue source	Cannot be used to fund projects that provide general countywide benefits
	Staffing, engineer’s report, and election costs could total several million dollars

Purpose: Pay for Pacheco Reservoir Expansion or a suite of Water Utility projects with the Pacheco Reservoir Expansion as the anchor project.

District Authority to Implement? Yes

Next Steps: Conduct polling to determine chance of success. Determine target Water Utility project(s). Then engage engineer to prepare Engineers report, which would describe the project and describe the method to apportion the costs among specific parcels based on benefit. It is possible that the existing groundwater charge zones of benefit (Zone W-2 and Zone W-5) could be leveraged for Water Utility benefit assessments.

- An idea is that the District could establish a benefit assessment zone or zones for the water conservation program (with the goal to remove the water conservation program from being funded by water charges).

Discussion: While this alternative appears simple enough, developing a nexus that would link the project benefits to each individual parcel in order to satisfy the stringent Proposition 218 requirements would be a significant challenge. None of the wholesale comparator agencies reviewed in the “Revenue Options Assessment, November 2017” Report prepared by Mr. Statler, have a benefit assessment for water supply projects.

Recommend not pursuing.

3b. Benefit Assessment – Flood protection

Pros	Cons
Requires property owner majority voter approval, weighted by assessment (lower threshold than two-thirds voter approval for special tax)	Requires property owner majority voter approval, weighted by assessment (possible “no” vote)
Would provide supplemental funding for flood protection	Must be based on benefit per parcel; Engineer’s report required
Stable revenue source	Cannot be used to fund projects that provide general countywide benefits
	Staffing, engineer’s report, and election costs could total several million dollars

Purpose: Pay for flood protection project(s) TBD.

District Authority to Implement? Yes

Next Steps: Conduct polling to determine chance of success. Determine target flood protection project(s). Then engage engineer to prepare Engineers report, which would describe the project and describe the method to apportion the costs among specific parcels based on benefit.

Discussion: This alternative is currently being used by the District. The District has 5 watershed zones, 4 of which currently have a benefit assessment in place to pay for debt obligations. The Uvas-Llagas Watershed is the only zone without a benefit assessment as the debt was paid off in FY 2012-13. The benefit assessments for the other 4 zones are not scheduled to be paid off until FY 2029-30. The District’s existing flood protection benefit assessments are based on land use categories and parcel size, which approximate the benefit of a flood protection project to that parcel relative to another parcel. However, since the passage of Proposition 218, nexus requirements are more stringent, which would likely mean that only those properties in a flood plain would directly benefit from a flood protection project. Since flood protection projects are very expensive, a new benefit assessment would likely be too expensive and therefore unviable.

Recommend not pursuing.

3c. Benefit Assessment – Creekside Properties

Pros	Cons
Requires property owner majority voter approval, weighted by assessment (lower threshold than two-thirds voter approval for special tax)	Requires property owner majority voter approval, weighted by assessment (possible “no” vote)
Would provide supplemental funding for District activities such as encampment clean up, debris removal, environmental enhancements, etc...	Must be based on benefit per parcel; Engineer’s report required
Stable revenue source	Cannot be used to fund projects that provide general countywide benefits
	Staffing, engineer’s report, and election costs could total several million dollars

Purpose: Pay for District activities to maintain and enhance creeks.

District Authority to Implement? Yes

Next Steps: Work with community leaders to generate interest in a community or property-owner led effort to establish a benefit assessment zone for properties that back to a creek. Conduct polling to determine chance of success. Determine target creekside activities that would be paid for by the benefit assessment. Then engage engineer to prepare Engineers report, which would describe the project and describe the method to apportion the costs among specific parcels based on benefit.

Discussion: This alternative could help address the issue of Creekside maintenance on non-District owned property. Ideally, this is something that the community would ask for. This alternative could be piloted in a particular area and then expanded if successful.

Recommend pursuing next steps.

4. Silicon Valley Community Foundation

Pros	Cons
Leverage philanthropic organizations and individuals to help support District mission related causes	Cost would likely be 5% of the donation in the beginning, moving to a flat fee as the workload associated with the program becomes known
Would potentially provide supplemental funding for District activities	Potentially unstable revenue source depending on how it is established.
District would not need to establish a 501(c)(3) (saves staff time)	
Maintains healthy separation between donor funds and the District	

Purpose: Establish a fund that would accept charitable donations and pass them on to the District (or to District customers or partners) for agricultural preservation (to potentially offset open space credit or purchase open space lands in partnership with other agencies), or trails and recreation, or to address homelessness for example.

District Authority to Implement? Yes

Next Steps: Staff to further research the feasibility of a donation funding concept and develop a roadmap of actions that could be taken to establish a program. Research partnership opportunities with agencies like the Santa Clara Valley Open Space Authority, Midpeninsula Regional Open Space District, Sierra Club, Greenbelt Alliance, and others. Pursue establishment of a “special projects fund” under the SVCF, which would receive donations from philanthropic organizations and individuals, and distribute the donations to the District on a periodic basis in the form of a grant. The District would be responsible for fund raising, and Board members would likely need to take a lead role in fund raising efforts with staff providing technical support.

Discussion: This alternative would not be easy, but may be feasible. SVCF does not solicit donors, that work would need to be done by the District. However, events could be organized for the purpose of raising money for causes, like agricultural preservation, encampment cleanup, and trails. This idea could be piloted for agricultural preservation and expanded to other worthy causes later if successful. There may be opportunity to partner with like-minded agencies on these efforts, which could enhance the feasibility of this option but which should be piloted first.

Recommend pursuing next steps.

NEW REVENUE IDEAS THAT REQUIRE SPECIAL LEGISLATION

5. Sales Tax

Pros	Cons
Potential to leverage County authority to establish a sales tax	Special legislation must be sought from the state legislature to enable the District to levy a sales tax
Would provide supplemental funding for District activities	Sales tax rates are at statutory limit for Cities of San Jose and Campbell
	Requires two-thirds voter approval (possible "no" vote)

Purpose: Generate revenue to support water affordability and environmental stewardship.

District Authority to Implement? No, would require special legislation to allow District to adopt this tax. However, the District could potentially partner with the County to levy a tax.

Next Steps: Research statutory limits for sales taxes to determine if this is a viable option. If so, reach out to County officials to gauge interest in partnering on a tax measure. Conduct polling to determine chance of success.

Discussion: This alternative does not appear to be viable in light of the statutory limit. One could argue that a sales tax unfairly targets lower income persons.

Recommend not pursuing.

6. Employee Head Tax

Pros	Cons
Would shift funding burden from residential to business	Special legislation must be sought from the state legislature to enable the District to levy a business license tax
Would provide supplemental funding for District activities	Potential heavy opposition from business community
	Requires property owner majority voter approval (possible “no” vote)

Purpose: Generate revenue to support water affordability and environmental stewardship.

District Authority to Implement? No, would require special legislation to enable the District to levy a business license tax.

Next Steps: Conduct polling to determine chance of success. Engage in effort to obtain legislative authority to levy a business license tax.

Discussion: This alternative would not only require special legislation to be viable, it would spark heavy opposition from the business community, which would not bode well for the District’s potential efforts to solicit donations to pay for agricultural preservation, encampment cleanup etc...

Recommend not pursuing.

7. General Obligation Bond

Pros	Cons
Would provide supplemental funding for District activities	Special legislation must be sought from the state legislature to enable the District to issue general obligation bonds
	Requires two-thirds voter approval (possible “no” vote)
	Can only be used for capital improvements

Purpose: Generate revenue to support water utility and/or flood protection capital improvements.

District Authority to Implement? No, would require special legislation to enable the District to issue general obligation bonds.

Next Steps: Conduct polling to determine chance of success. Engage in effort to obtain legislative authority to issue general obligation bonds.

Discussion: The District has existing authority to levy a special tax upon achieving the same two-thirds voter approval threshold, and a special tax has fewer restrictions on the use of revenues.

Recommend not pursuing.

OTHER NEW REVENUE OPPORTUNITIES

8. Potential State Ballot Measure that would Refine Proposition 13

Schools and Communities First, a wide-ranging group of community organizations, education advocates, unions and foundations is attempting to put an initiative on the November 2020 state ballot that would refine Proposition 13. The proposed ballot measure calls for a split tax roll that would require commercial and industrial property – but not homes and small businesses – to be regularly assessed and taxed at their full value. If passed, it is estimated that this change could bring \$20M per year incremental property tax revenue to the District.

Pros	Cons
The ballot measure could pass with little active effort from the District	Anticipated opposition from the business community
Would provide supplemental funding for District activities estimated at \$20M per year	

Discussion: This potential ballot measure could bring in substantial incremental revenue, but could draw significant opposition from the business community.

Recommend evaluating the initiative.

**Santa Clara Valley Water District
Board of Directors Meeting: Special Board Retreat
Tuesday, September 18, 2018**

The Board, staff and members of the public engaged in a Board Retreat. Below are notes summarizing the discussions of Items Agenda Items 2.2 through 2.9.

2.2 INTRODUCTIONS

Coastal Cleanup

Chair Santos, Director LeZotte and Rick Callender, Chief of External Affairs, provided the following information on the September 15, 2018 Coastal Cleanup event:

- This was the 34th annual cleanup event.
- There were 47 cleanup sites (3 Directors attended a total of 6 sites).
- There were 1,900 volunteers who participated.
- Total of 73 miles of creeks cleaned.
- There were 53,458 pounds of trash removed.
- The Board suggested investing in trash bags with handles and District logo.
- Consider providing additional outreach to the youth within the County.
- Chair Santos thanked all the volunteers for their work and the Board for funding the event.

Great Places to Work Survey

Anil Comelo, Deputy Administrative Officer, provided a high-level report on the recent Great Places to Work survey and the Board and staff provided the following input:

- 73% of District employees participated (last survey, there was 71% participation).
- Overall, most staff (87% of those that took the survey) agreed that the District is a great place to work (last survey was 69%).
- The Board has heard from constituents that the District's Diversity and Inclusion program and union contracts are well received.
- There have been great gains in terms of projects and collaboration, which demonstrates that people are happier when there is clear direction from management and the Board. The Board thanks management and the unions for being part of that process.
- In the end, management needs to understand the value of staff and how they are making a lot of progress. State-wide, many organizations are seeing and recognizing the District's work and progress and innovation occurring amongst our staff. It takes a partnership with staff and management to make progress and the next generation of projects to happen.

How can the Board help management and staff get work done?

The following input was provided by the Board and staff on how the Board can help staff get work done:

- Lack of Resources
 - There are a lot of high priority projects occurring right now which places the District in a unique situation. Additional resources necessary to complete high priority projects impact rates, and requires more work than simply prioritizing tasks/projects.
- Board Work Plan
 - There is not enough bandwidth to make sure there is frequent monitoring to accomplish everything we want to accomplish. The Board work plan aims to address this and to prioritize work.
- Staff Perspective
 - Engineer's Society Union (ES) – when staff feels valued they do not mind extra work. The many high priority projects do compound into a bandwidth. It's necessary to strategically choose where resources are allocated.
 - There are additional priorities that come up on a rolling basis which staff need to promptly respond to (community requests/responses).
- Board Involvement with Community Requests
 - If staff shifts resources to address pressure from the community, and it's not a Board priority, management/staff should bring this to the Board's attention (Board Policy and Planning Committee).

Action Items

1. Consider holding a homeless summit to get all agencies together to discuss homeless encampment issues in the county.
2. Communicate to the Board when staff/management have conflicting priorities and must shift resources.
3. Provide the Board with more information on the Great Places to Work Survey results.

2.3 LEGAL ISSUES

District Counsel staff and the Board provided the following input on current and long-term legal issues the District is facing:

- FAHCE
 - The Board finds that the FAHCE Ad Hoc Committee has been very helpful.
 - The full Board will have a closed session soon on FAHCE.
- Responding to Sexual Harassment and #METOO Era
 - The District has not seen a notable increase in harassment complaints.
 - Public agencies are finding it harder to fight for their cases. The District set a case for trial for February of 2019 involving an alleged allegation (3-year-old case) and it will be tried during the #METOO era.

- District conducts legally mandated training. The MLT and LT were recently given a refresher training course.
- What costs to water supply should we apply to Groundwater Charges?
 - Concern – even though the supreme court says the District is no longer subject to Prop 218, we are subject to Prop 26. We have 13 cases ready to go and some are legacy cases.
 - Important to emphasize that when the Board deliberates cost of water supply, we must think about the impact that it can have on a single case.
 - Think about finding other funding sources in order to impact rates as little as possible.
 - Start thinking outside the box regarding water storage.

Action Items

1. Schedule sexual harassment case closed session update in November 2018.
2. Schedule FAHCE closed session soon.
3. Find other funding sources to impact rates as little as possible.
4. Look at other water agencies to partner with to offset costs.

2.4 COMMUNICATION

The following input was provided by the Board and staff on how the District communicates and engages:

- District Signage
 - Staff is evaluating what signs we have, what needs to be replaced, and where we need more signs.
 - Staff is working on a process for implementing project signs and to update existing District signs throughout the county.
 - Staff is going to the Board in October 2018 to discuss signs and the branding of the District. Discussions will include identify what the District wants to look like to constituents. Staff will replace signs after a new logo and brand are selected. Staff will bring forward a new process for ribbon cutting ceremonies and informational sign placement.
- Government Relations
 - Board wants response communications to external officials/organization from government relations to be copied to the appropriate Board members.
 - Staff needs to know when Directors respond to communications so that efforts are not duplicated.
- Communications
 - Local training of staff in responding to Board communications (specifically in writing).
- Community Meetings
 - District presentations to communities need to more focused on recognizing what the needs of the community are and how the District can help.

- Considering providing apparel to employees working District-sponsored events for easy recognition and identification.

Action Items

1. Consider contracting out signage replacement.
2. Consider asking our creek cleanup volunteers to look at District signage in the areas they perform cleanup work.
3. Local training of staff in responding to Board communications (specifically in writing).
4. District presentations to communities need to be more focused on recognizing what the needs of the community are and how the District can help.
5. Consider providing apparel to employees working District-sponsored events.
6. Board wants response communications to external officials/organization from government relations to be copied to the appropriate Board members.

2.5 COMMUNITY ENGAGEMENT

- Youth Commission
 - Need to ask this group of young people why they want to participate on the Youth Commission, and then design meetings around their interests.
 - Model should be like youth commissions at the cities.
 - Make their meeting agendas simple.
 - Try not to impose our regular Board meeting process as it may be too structured and may result in lack of engagement.

2.6 BOARD SUPPORT

- Board noted that there has been a significant improvement in Board support and communication.

2.7 PERMIT PROCESS

The following input was provided the by the Board and staff on permit process improvement:

- Consider creating a centralized process.
- Management and staff are currently looking to a variety of projects to develop an overall strategy on permitting; cross pollination of ideas between watersheds and water utility. An increase in management participation in the permitting process is resulting in an overall organizational strategy perspective.

2.8 CHALLENGES

Staff identified the following short-term and long-term challenges facing the District:

- Increasing diversity of water supply support, i.e., completing Pacheco; stabilizing imported water; expanding purified water without significantly increasing water rates; water supply decisions need to incorporate climate change.

- What is the federal government going to look like after November 2018 elections? How will that structure affect how the District obtains funding for projects such as Shoreline and Upper Guadalupe?
- Increasing communication, including readership, and finding better ways to reach constituents in a culture where accessing information is ever-changing. Identifying methods to use to reach and inform the community in a way that the bay area receives information is key.
- Managing large volumes of work with lack of resources. We need to be flexible, efficient, and fast; all while being responsible, consistent, transparent, and accountable to the public.

2.9 SUMMARIZE RETREAT

The Board, staff and the public provided the following summary information:

- Communication amongst staff, management, and the Board is getting better.
- The Board will continue to look at the big picture and strategically address issues.
- Employees Association is proud to partner with the Board.
- This meeting format is an improvement that allows staff, management, and the Board to have an open and collaborative dialogue in a less formal environment.
- The District needs to look to regional solutions for future projects.
- This meeting illustrates the collaboration across the District at all levels of management, staff, bargaining units, and the Board.
- Staff represents the Board at ground level, so it is management's responsibility to relay information to staff, especially in responding to our community.
- Learning how to convey what/who we are to the community, what we want to be, and how we want to deal with challenges together.
- Engaging in deep discussion about Board priorities versus the community priorities helps us balance both.
- Teamwork amongst management and the Board is pertinent.
- Investing in public/private partnerships to continue providing water is important.

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File No.: 18-0896

Agenda Date: 12/5/2018

Item No.: 3.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

State Water Project Tax Discussion.

RECOMMENDATION:

Consider information provided by staff and provide policy direction as necessary.

SUMMARY:

The State Water Project (SWP) is a system of reservoirs, aqueducts, power plants, and pumping plants. Its main purpose is to store water and distribute it to urban and agricultural water suppliers in Northern California, the San Francisco Bay Area, the San Joaquin Valley, and Southern California.

The SWP Tax is a tax that may be levied by the SWP contractors to pay their obligations arising from their SWP water supply contracts with the California Department of Water Resources (DWR). In 1960, State voters approved the SWP indebtedness, which is paid for by the SWP Tax. Because this indebtedness was approved by the voters prior to the 1978 passage of Proposition 13, it is considered an “override tax”, not subject to Proposition 13 limitations.

The SWP Tax was initially levied by the District in fiscal year (FY) 1979-80 after passage of Proposition 13 when the District’s “5 cent” property tax revenue was reduced by 58%. When the District levies a SWP Tax to pay for its SWP water supply contractual obligations, both Water Code Section 11652 and the District’s SWP water supply contract require that levy be placed upon all property within the District’s jurisdiction not exempt from taxation.

For many years, the Board has adopted resolutions affirming its intent to rely on the SWP Tax to pay for 100% of the District’s financial obligations under its SWP water supply contract. There is a broad range of reliance on the SWP Tax among the other 28 SWP contractors to pay financial obligations under their SWP water supply contracts.

The District’s April 2018 SWP Tax levy projection ranges from \$18 million in FY 2018-19 to \$34 million in FY 2027-28, with the corresponding average annual SWP Tax bill for a single-family residence ranging from \$27 to \$46 per year respectively. If the SWP Tax is used to pay for the SWP portion of the California WaterFix (CWF) project, then the average annual SWP Tax bill for a single family residence could increase by as much as \$37 per year. However, DWR filed a validation action in July 2017 seeking judicial determination of DWR’s statutory authority to issue revenue bonds for

the CWF, which could bring into question whether the CWF is part of the SWP, and whether the SWP Tax may be used for the CWF. Consequently, staff recommends the Board not use the SWP Tax to pay for the SWP portion of the CWF until DWR's validation action is resolved.

Guiding Principle #5

In October 2017, the Board adopted seven guiding principles for the District's participation in the CWF project. Guiding principle #5 provides that each water agency in the County that serves communities in which 85% of the water supply is not District-managed will receive, directly or indirectly, funding not exceeding the SWP Tax collected in that water agency's jurisdiction. Both the City of Palo Alto and Purissima Hills Water District would be eligible for guiding principle #5 grant funds.

Principle #5 funding may only be used for water conservation programs, recycled water, purified water, wastewater treatment plant environmental upgrades, automatic meter infrastructure updates, or dedicated environmental focused grants. Based on the April 2018 SWP Tax projection, staff anticipates that a total of \$22 million of funding would be available between FY 2018-19 and FY 2025-26 to carry out the purposes of guiding principle #5.

Guiding principle #5 requires the following:

- Water agencies contribute a 20% match toward eligible programs/projects, and
- Unused grant funds return to the Water Utility Fund in fiscal year 2025-2026.

Palo Alto and Purissima Hills

The importation of SWP water provides several general public benefits to Santa Clara County (County), including:

- Provides additional water supply.
- Prevents subsidence due to groundwater overdraft.
- Prevents saltwater intrusion due to groundwater overdraft.
- Supports economic growth in the county due to the availability of SWP water.

There are two retail customers (the City of Palo Alto and Purissima Hills Water District) in the County that do not pump groundwater or receive District treated water, but instead rely 100% on imported Hetch Hetchy water for primary water supply. In addition to the general public benefits mentioned

above, the City of Palo Alto's emergency water supply source is available, in part, as a result of the importation and groundwater recharge (both direct and in lieu) of SWP water. In addition to the 8 wells used by the City of Palo Alto for emergency back-up, there are over 250 wells within the City of Palo Alto used by private property owners as a source of supply. While the Purissima Hills Water District itself does not have any wells that fall within North County Zone W-2, there are approximately 65 wells within the Purissima Hills Water District service area used by private property owners as a source of supply. The jurisdiction of both agencies also benefit from the District/SFPUC intertie via the availability of emergency water supply. However, unlike benefit assessments, which must be tied to benefits a property receives, a tax may be used for general government purposes without regard to the benefits provided to specific tax payors. As discussed above, the SWP Tax pays for indebtedness approved by State voters in 1960.

The City of Palo Alto sent a letter to the Board on October 26, 2018 (Attachment 2), which details their concerns with regard to District reliance on the SWP tax. City of Palo Alto officials have been invited to address the Board at the December 5, 2018 Board meeting.

Other Agency Reliance on the SWP Tax

SWP contractors' reliance on the SWP Tax collected within their respective jurisdiction varies from 0% to 100%. The following SWP contractors rely on the SWP Tax to pay for 100% of their SWP contractual obligations:

- Mojave Water Agency
- Coachella Valley Water District
- Castaic Lake Water Agency

SWP contractors that rely on the SWP Tax to pay for less than 100% of their SWP contractual obligations include:

- Metropolitan Water District (15%) - The Board had previously limited its reliance on the SWP Tax, but has suspended the tax limit clause in its Act since FY 2013-14
- Kern County Water Agency (12-15%) - Remainder, or 85% to 88% of SWP costs are billed directly to member units
- Antelope Valley East Kern Water Agency (62%) - current practice is that variable SWP costs

are paid by water rates, and fixed SWP costs are paid by the SWP Tax

- Zone 7 (80%) - current practice is that variable SWP costs are paid by water rates, and fixed SWP costs are paid by the SWP Tax
- San Bernardino Valley Municipal Water District (95%) - current practice is that variable SWP costs are paid by water rates, and fixed SWP costs are paid by the SWP Tax

SWP contractors that do not utilize the SWP Tax for paying their contractual obligations include:

- Tulare Lake Basin Water Storage District
- Central Coast Water Authority
- Ventura County Watershed Protection District
- County of Kings

SWP Tax Alternatives

Below are several alternatives for Board consideration regarding the District's reliance on the SWP Tax:

- Option 1: Rely on SWP Tax to pay 100% of SWP costs (excluding CWF portion)
Option 2: Rely on SWP Tax to pay fixed portion (~85%) of SWP costs only
Option 3: Rely on SWP Tax to pay <85% of SWP costs only

Pros of reduced reliance on SWP Tax:

- Reduced property tax bill for county residents

Cons of reduced reliance on SWP Tax:

- Would increase Groundwater Production Charge and Open Space Credit to recoup lost revenue
- Reduces "fixed" revenue source and adds financial volatility

FINANCIAL IMPACT:

Depending on direction provided by the Board, there could be a future financial impact to the District, rate payers, and tax payers in the County.

CEQA:

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

ATTACHMENTS:

Attachment 1: PowerPoint

Attachment 2: Letter from City of Palo Alto

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

State Water Project Tax Discussion

December 5, 2018

Santa Clara Valley
Water District



SWP Tax: Background

What is the State Water Project (SWP) Tax?

- **Override tax – a tax in excess of the one-percent cap, imposed to pay voter-approved indebtedness**
- **State voters approved the State Water Project and its financing with state bonds in 1960 (Burns-Porter Act)**
- **Tax implemented by SCVWD in FY 1979-80 after passage of Prop 13 reduced the District's "5 cent" property tax revenues by 58%**
- **SWP tax is collected county-wide**
- **SCVWD relies on SWP Tax to pay for 100% of SWP contractual obligations**
 - **SWP Tax can only be used for SWP contractual obligations**

Note: DWR filed a validation action in July 2017 seeking judicial determination of DWR's statutory authority to issue revenue bonds for CWF, which could bring into question whether CWF is part of the state water project, and whether override taxes may be levied

SWP Tax Projection

April 2018 SWP Tax projection

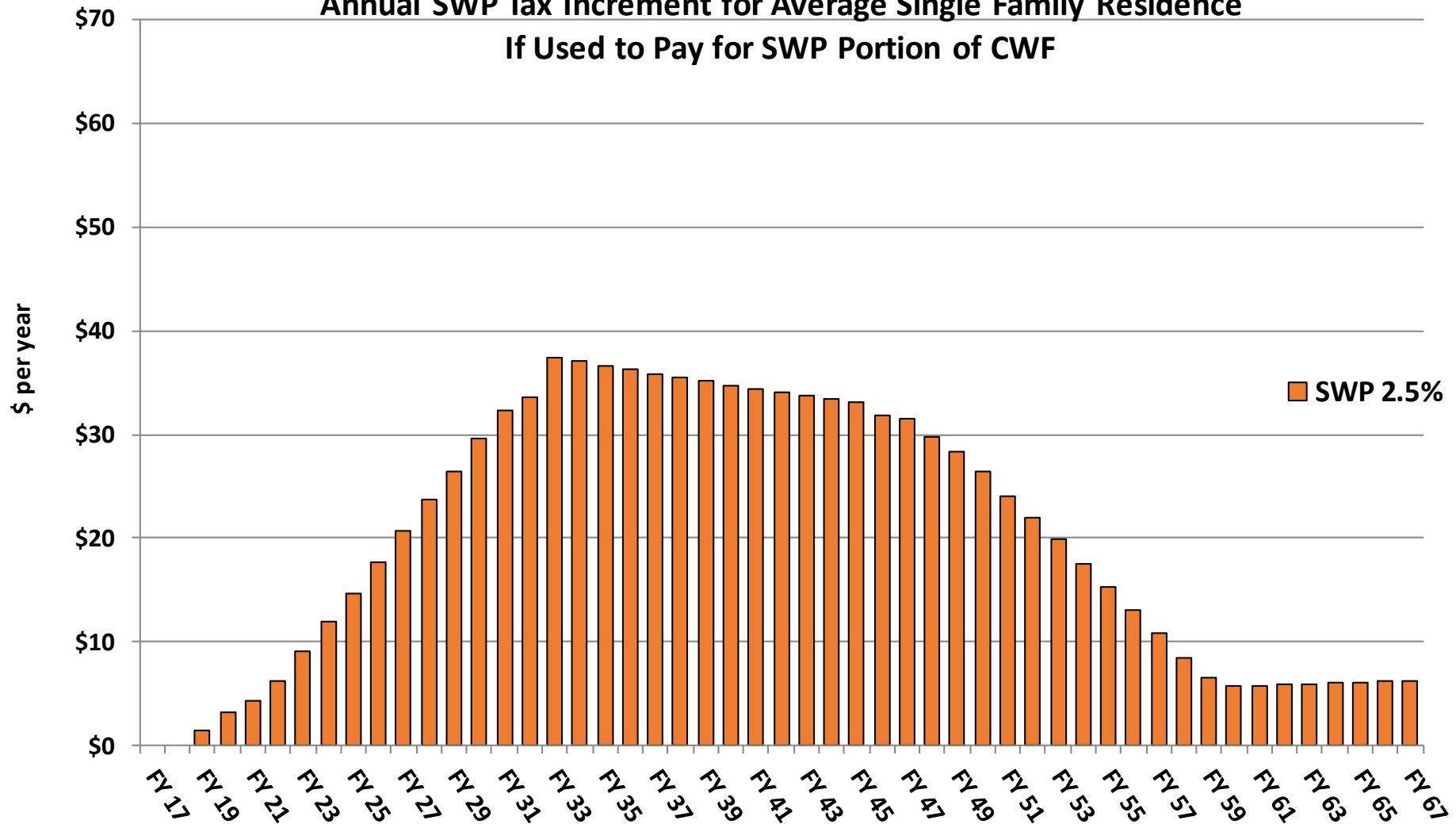
	Total Collection (\$K)	Avg Annual SWP Tax Bill Single Family Residence
FY 19	\$18,000	\$27.49
FY 20	\$21,000	\$31.61
FY 21	\$24,000	\$35.60
FY 22	\$25,000	\$36.54
FY 23	\$26,000	\$37.45
FY 24	\$28,000	\$39.75
FY 25	\$30,000	\$41.97
FY 26	\$31,000	\$42.74
FY 27	\$33,000	\$44.84
FY 28	\$34,000	\$45.53

Note: Excludes California WaterFix impact

- **SWP Tax comprises ~7% of FY 19 Water Utility Revenue**
- **Impact if SWP Tax not collected in FY 19**
 - \$98/AF in terms of North County M&I groundwater charge
 - \$21/AF in terms of South County M&I groundwater charge
 - \$525K in terms of Open Space Credit
- **FY 18 SWP Tax reserve balance at \$12.8M**

What if SWP Tax pays for SWP portion of CWF?

**Annual SWP Tax Increment for Average Single Family Residence
If Used to Pay for SWP Portion of CWF**



SWP Tax: CWF Guiding Principle #5

- **Establish grants to water agencies that serve communities in which 85% of water supply is not District-managed up to amount of SWP Tax paid**
- **Water agencies required to contribute 20% match toward eligible water supply or environmental enhancement programs/projects**
- **Unused grant funds return to Water Utility Fund in FY 26**

Based on April 2018 SWP Tax projection, anticipate \$22M total available funds between FY 19 and FY 26

SWP Tax: Palo Alto and Purissima Hills

Both have expressed concern about District reliance on SWP tax

Background Information:

- **They rely 100% on Hetch Hetchy water supplied by the SFPUC**
- **They rely on SCVWD for emergency supply**
 - **Palo Alto via groundwater**
 - **Both via SFPUC intertie**
- **They benefit from SWP water (additional water supply, subsidence & saltwater intrusion prevention, increased economic growth)**
- **They provide similar benefits to Santa Clara County via provision of Hetch Hetchy water**

Do other SWP contractors rely on SWP tax?

100% reliance on SWP Tax

- SCVWD
- Mojave Water Agency
- Coachella Valley Water District
- Santa Clarita Valley Water Agency

No reliance on SWP Tax

- Tulare Lake Basin Water Storage District
- Central Coast Water Authority
- Ventura County Watershed Protection District
- County of Kings

Less than 100% reliance on SWP Tax

- Metropolitan Water District (15%)
- Kern County Water Agency (12-15%)
- Antelope Valley East Kern Water Agency (62%)
- Zone 7 (80%)
- San Bernardino Valley MWD (95%)

Board has suspended limitation

Remainder of SWP costs billed directly to member units

Variable SWP costs paid by rates, fixed SWP costs paid by SWP Tax

April 2018 Groundwater Charge Increase Forecast

- Assumes continued reliance on SWP Tax to pay 100% of SWP costs (excl. CWF portion)

April 2018 annual percentage increase forecast (M&I Groundwater)

	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25
North County	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%
South County	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%

SWP Tax: Policy Question & Alternatives

To what degree should District rely on SWP Tax?

Alternatives:

- 1) Rely on SWP Tax to pay 100% of SWP costs (excl. CWF portion)
- 2) Rely on SWP Tax to pay fixed portion (~85%) of SWP costs only
- 3) Rely on SWP Tax to pay <85% of SWP costs only

Pros of reduced reliance on SWP Tax:

- Reduced property tax bill for county residents

Cons of reduced reliance on SWP Tax:

- Would increase Groundwater Charge & Open Space Credit to recoup lost revenue
- Reduces “fixed” revenue source & adds financial volatility

Alternative For Future Discussion - Rely on SWP Tax to pay SWP portion of CWF

- Staff recommends not implementing CWF portion of SWP tax until after successful validation action by DWR

Back Up Slides

Santa Clara Valley
Water District



SWP Background

What is the State Water Project?

- A conveyance system stretching from Lake Oroville in Northern California to Lake Perris in Southern California
- South Bay Aqueduct conveys water to Santa Clara County from the Sacramento-San Joaquin Delta
- Managed by the California Department of Water Resources (DWR)
- SCVWD entered into contract with DWR in 1961 for water supply
- SCVWD is one of 29 state water contractors
- Contract obligates levy of tax if other funding sources insufficient
- Water Code section 11652 also obligates levy of tax to ensure sufficient payment of water contract when necessary

Each year Board sets the SWP tax amount by resolution

Excerpt from Resolution 18-31:

“WHEREAS, the Board, after reviewing and considering all the facts, information and reports provided by District staff, and information communicated to the Board during public meetings in which the District's Fiscal Year 2018-19 budget and proposed increase of rates and charges were considered, **has determined that it is necessary to raise the amounts hereinafter specified as an ad valorem real property tax, and that it is not practicable to raise said sums from water rates or other sources; and ...**”

History

- Pre 1961 – Several cities contract with SFPUC for Hetch-Hetchy (HH) water supply**
- July 1961 – 5-cent county-wide tax established to start water importation program**
- Nov. 1961 – SCVWD contracts with DWR for State Water Project (SWP) water**
- March 1963 – Board establishes policy for in-county credit to agencies that receive HH water**
- June 1963 – Residents in Zone W-1 approve \$42M bond for in-county distribution & treatment facilities to optimally use SWP imported water. Paid for by W-1 debt service tax.**
- July 1964 – Groundwater production charges are established**
- June 1978 – Proposition 13 passes. District no longer receives ad valorem taxes as established, but instead receives a portion of the 1% ad valorem tax (~58% reduction).**
- July 1979 – The SWP override tax is first levied to pay for SWP contract obligations**
- June 1981 – Board adopts resolution 81-44 declaring that in-county credit is no longer justified**
- June 1984 – In-county credit is phased out**

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CITY OF
**PALO
ALTO**

OFFICE OF THE CITY ATTORNEY

250 Hamilton Avenue, 8th Floor
Palo Alto, CA 94301
650.329.2171

October 26, 2018

VIA FIRST CLASS MAIL AND EMAIL

Santa Clara Valley Water District Board of Directors
Joint Recycled Water Committee – City of Palo Alto/SCVWD
Chief Executive Officer Norma Camacho
5750 Almaden Expressway
San Jose, CA 95118-3686

Dear Members of the Santa Clara Valley Water District Board, Members of the Joint Recycled Water Committee of the City of Palo Alto and SCVWD, and SCVWD Chief Executive Officer Norma Camacho:

At the September 2018 meeting of the Joint Recycled Water Committee, the City of Palo Alto's continuing concern about the unfair collection of the State Water Project (SWP) tax from Palo Alto property owners was briefly discussed. The purpose of this letter is to reassert the City's position that the Santa Clara Valley Water District's longstanding practice of taxing property owners in Palo Alto and other parts of Santa Clara County who do not receive water from the SWP to pay for the entirety of the District's SWP contractual obligations, rather than attempting to fund those costs from rate payers who use SWP water, is clearly inequitable and legally tenuous. For many years, the City has expressed a willingness to work with the District to address these concerns shared by the City and other affected jurisdictions, but the District has taken no concrete action to redress the inequity and has instead continued to fully fund its SWP obligations through taxation without adequate justification. The City urges the District to take immediate steps to eliminate the ad valorem property tax collection in Palo Alto, develop revised rates to address the inequities in assessing Palo Alto taxpayers the full cost of a system they cannot and do not use, or implement another mechanism that provides tangible credit for SWP property taxes collected in Palo Alto. The City is prepared to work with the District to those ends, and requests a meaningful response and action to address the inequities perpetuated by the District's funding practice.

State Water Project

The Burns-Porter Act (Water Code §§12930 *et seq.*), approved by California voters in 1960, authorized the construction and operation of specified state water facilities, including dams, reservoirs, levees and an aqueduct system to convey water from the Sacramento-San Joaquin Delta to other parts of the state and a \$1.75 billion bond for initial construction of

these facilities. The Act directed the State Department of Water Resources (DWR) to enter into contracts to sell water and power, so that revenue from those sales would pay to operate the facilities and repay the bond.

The Santa Clara Valley Water District ("SCVWD" or "District") is one of 29 contractors that purchases SWP water from the State. The SWP is one source of potable water that the District receives and sells to water customers in many areas of Santa Clara County. The District has a long-term contract with the DWR for deliveries from the SWP system. As part of that long-term obligation, the District can collect SWP costs through water rates, though the District has authority to collect funding shortfalls through property taxation where necessary.

District's Reliance and Burden on Taxpayers, Not Water Rate Payers, to Fund the District's SWP Obligations is Inequitable

Some parts of the County, including Palo Alto, do not receive SWP water from the District. Instead, their potable water is supplied by and through contracts with the San Francisco Public Utilities Commission (SFPUC) from the Regional Water System (RWS). Although these property owners do not rely on SWP water, the District for decades has imposed an ad valorem tax (based on the assessed property value) on property owners throughout the County (even those who do not benefit from SWP water) to meet 100% of its SWP contract obligations, instead of recovering those costs through water rates charged to its customers who use and benefit from SWP water. As of July 1, 2018, property owners pay a tax of approximately \$42 per \$1 million in property valuation to fund the District's SWP obligations. A property owner who directly benefits from SWP water pays the same as a property owner who does not receive SWP water. Palo Alto taxpayers collectively pay between \$1 million and \$1.5 million per year in property taxes to fund the SWP, effectively subsidizing the rates of SWP water consumers. These property owners who receive water from the RWS also separately pay for infrastructure and other contract costs associated with their water provider – SFPUC – which SWP water consumers do not pay.

In the past, the District acknowledged the inequity in charging taxpayers for a water system they do not use by providing jurisdictions who receive RWS water with an "in-county credit" to offset the amount paid for the SWP tax, but in 1982 stopped providing that credit to North County jurisdictions including Palo Alto. The District has continued providing the in-county credit in the South County, however.

District's SWP Funding Practice is Inconsistent with State Law; District Has Not Shown That Its Sole Reliance on Taxation to Fully Fund Its SWP Obligations is Necessary

The District has the authority to fund its SWP costs in a variety of ways, including through rates charged to water users. While property taxes may also be utilized, according to the District's contract with the DWR, the Water Code, and the Burns-Porter Act, property taxes are intended to be a secondary collection method that provides assurance to bond holders that

debts will be paid in years when other funding sources are insufficient to meet SWP costs. State law expresses a clear preference that water charges fund SWP obligations before taxation and that property taxes may be increased only if it is infeasible to increase the fees or rates of customers using system water or power or pumping groundwater. This hierarchy of funding sources is reflected in the legislative history of the Burns-Porter Act, as described at some length by the Attorney General:

The Burns-Porter Act expresses a preference for water charges over taxation in that it provides that the state system would be supported primarily by the sale of water and power. It directs the Department of Water Resources to enter into contracts to sell the water and power and it pledges the revenues from those contracts to the operation of the system and the service of the bonded debt. (Wat. Code § 12937.) The Legislature and the voters clearly contemplated an essentially closed, self-supporting system. The Act even provides that revenues from water and power sales would be sufficient to reimburse the California Water Fund for amounts that had been expended for the construction of the State Water Resources Development System. (Wat. Code § 12937(b)(3).) The ballot argument in favor of the Burns-Porter Act echoed this preference:

‘The program will not be a burden on the taxpayer; no new state taxes are involved; the bonds are repaid from project revenues through the sale of water and power. In other words, it will pay for itself.’ (Voters Pamphlet, Nov. 8, 1960, p.3; emphasis in original.)

The Burns-Porter Act and water contracts under that act do contemplate that local taxes may be required to pay the obligation to the state, and authorize such taxation. However, that authority is expressly limited to situations where it is necessary. The Burns-Porter Act incorporates by reference the Central Valley Project Act. ... The Central Valley Project Act authorizes local taxation, but only where necessary:

‘The governing body [of any public agency that has contracted with the State] shall whenever necessary, levy upon all property owners not exempt from taxation, a tax or assessment sufficient to provide for all payments under the contract then due or to become due within the current fiscal year or within the following fiscal year before the time when money will be available from the next general tax levy.’ (Wat. Code § 11652; emphasis added.)

Similarly, the contract with the Metropolitan Water District authorizes taxation only where revenue from the sale of water proves insufficient:

'If in any year the District fails or is unable to raise sufficient funds by other means, the governing body of the District shall levy upon all property in the District not exempt from taxation, a tax or assessment sufficient to provide for all payments under this contract then due or to become due within that year.' (Metropolitan Water District of Southern California contract, article 34(a); emphasis added.)

(61 Ops.Cal.Atty.Gen. 373 (1978).) SCVWD's 1961 contract with DWR uses this same language as in the Metropolitan Water District contract cited by the Attorney General.

Disregarding both state law and the fair treatment of County taxpayers, the District has made no effort to collect SWP from water rates; nor has it demonstrated an inability to raise funds by means other than taxation or, conversely, a necessity to utilize taxation. The District has simply, as a default, resorted to taxation to fund 100% of its SWP costs. The course of action taken by the District is not the norm among local water districts throughout the state. In contrast, other local water districts collect their SWP costs at least partially from retail water sales, not taxes. For example, Metropolitan Water District (MWD) and Alameda County Water District rely on water rates, not taxes, to fund a significant portion of their SWP obligations.

Local water districts that undertake SWP funding in the same manner as the District are susceptible to legal challenge by taxpayers, advocacy groups, and public agencies. The City is aware of at least one citizen-initiated effort in another part of the state to redress such unfair taxation, and the impetus to challenge these practices will become greater if SWP costs increase substantially as anticipated.

Conclusion

The District should take prompt action to correct its practice of relying on property taxpayers to meet 100% of its SWP obligations, rather than waiting until litigation is filed against it. Taking corrective action would be fair to County taxpayers who receive no SWP water and would be consistent with state law and the promises made to voters when the SWP was approved. The City remains open to working with the District collaboratively to achieve a solution to this longstanding problem.

Sincerely,


Molly Stump
City Attorney


Ed Shikada
Assistant City Manager

File No.: 18-0839

Agenda Date: 12/5/2018

Item No.: 3.2.

BOARD AGENDA MEMORANDUM

SUBJECT:

Open Space Credit Policy Discussion.

RECOMMENDATION:

- A. Consider information provided by staff and provide policy direction as necessary; and
- B. Develop an Agricultural water charge adjustment for Williamson Act and Conservation Easement participation that would hold the agricultural water charge to 6% of the Municipal and Industrial (M&I) charge.

SUMMARY:

The purpose of this discussion is to review the District's Open Space Credit policy, discuss and consider potential changes, and provide direction as appropriate. This memo includes a summary of actions taken to date in response to the following Board direction provided on April 24, 2018:

1. Analyze agricultural water usage trend scenarios and potential impact on Open Space Credit projection
2. Research feasibility of a reduced agricultural charge for Williamson Act and Conservation Easement participants
3. Seek contributions from local private companies or other governmental agencies to fund Open Space Credit

Background

The District Board has historically recognized that agriculture brings value to Santa Clara County in the form of open space and local produce. In an effort to help preserve this value, the District Act limits the agricultural charge to be no more than 25% of the municipal and industrial (M&I) charge. In 1999, to further its support for agricultural lands, a policy was put into place further limiting the agricultural groundwater production charge to no more than 10% of the M&I charge. The agricultural community currently benefits from low groundwater charges that are 2% of M&I charges in North County and 6% of M&I charges in South County. According to Section 26.1 of the District Act, agricultural water is "water primarily used in the commercial production of agricultural crops or livestock."

The credit to agricultural water users has become known as an “Open Space Credit.” It is paid for by fungible, non-rate related revenue. To offset lost revenue that results from the difference between the adopted agricultural groundwater production charge and the agricultural charge that would have resulted at the full cost of service, the District redirects 1% ad valorem property taxes generated in the Water Utility, General and Watershed Stream Stewardship Funds. The South County Open Space Credit is currently estimated to be \$8.0 million in FY 2018-19 and projected to continually increase in the years that follow.

Since 2013, the Board has continued the past practice of setting the Agricultural Charge at 6.0% of the South County M&I Charge. On September 18, 2017, in response to the President’s Day Flood event, the Board’s Capital Improvement Program Committee analyzed scenarios to decrease the Open Space Credit and therefore provide more funding for flood protection projects. Accordingly, alternatives were prepared to reduce the Open Space Credit by increasing the Agricultural charge to 10% or 25% of M&I over a multi-year timeframe. For FY 2018-19, staff recommended increasing the agricultural charge to 6.8% of M&I. On May 8, 2018, the Board chose to continue the past practice of setting the Agricultural Charge at 6.0% of the South County M&I Charge for FY 2018-19. This decision followed the April 24, 2018 groundwater charge public hearing where the Board directed the following:

1. Analyze agricultural water usage trend scenarios and potential impact on Open Space Credit projection
2. Research feasibility of a reduced agricultural charge for Williamson Act and Conservation Easement participants
3. Seek contributions from local private companies or other governmental agencies to fund Open Space Credit

Analyze Agricultural Water Usage Trend

Staff reached out to the Santa Clara Farm Bureau regarding the reasonableness of a flat agricultural water usage projection. The feedback from Jess Brown, Santa Clara Farm Bureau president, was that growers felt that a flat projection was reasonable for the next 5 to 10 years. If the agricultural water usage were to decrease to 90% of the current projection by FY 2029-30, then the savings to the Open Space Credit would total roughly \$11 million over that timeframe.

Research Feasibility of a Reduced Agricultural Charge for Williamson Act and Conservation Easement Participants

The Williamson Act enables local governments to enter into contracts with private landowners for the purpose of restricting specific parcels of land to agricultural or related open space use. Under these voluntary contracts, landowners gain substantially reduced property tax assessments. A land owner whose property is devoted to agricultural use and is within an agricultural preserve may file an application for a Williamson Act contract with the County. Per the Santa Clara County of Ordinances section C13-12, to be eligible for a Williamson Act contract:

1. The property proposed for inclusion in the contract is at least ten acres in size in the case of

prime agricultural land, and 40 acres in size in the case of nonprime agricultural land;

2. All parcels proposed for inclusion in the contract are devoted to agricultural use; and
3. There are no existing or permitted uses or development on the land that would significantly displace or interfere with the agricultural use of the land.
4. Even if all of the criteria are met, the Board of Supervisors may, in its discretion, choose not to approve the application.

Conservation easement is a power invested in a qualified organization or government to constrain, as to a specified land area, the exercise of rights otherwise held by a landowner so as to achieve certain conservation purposes. For example, a land owner whose property constitutes open-space land as defined in Government Code §§ 51075(a) and 65560 may file an application for an agreement with the County.

Per the Santa Clara County of Ordinances section C13-36, to be eligible for an Open Space Easement Agreement with the County:

1. The land proposed for inclusion in the agreement is at least 20 acres in size;
2. All parcels proposed for inclusion in the agreement are devoted to open-space;
3. There are no other existing or permitted uses or development on the land that would significantly impair the open-space value of the land; and
4. The Board of Supervisors makes the required findings in Government Code § 51084.
5. Even if all of the criteria in are met, the Board of Supervisors may, in its discretion, choose not to approve the application.

There are also three open space authorities that have jurisdiction to enter into conservation easements in Santa Clara County.

There are 174 Williamson Act parcels and 10 conservation easement parcels in the combined Zone W-2 and Zone W-5. The parcels comprise roughly 33% of total agricultural water use on average.

An agricultural water charge adjustment could be predicated on Williamson Act or conservation easement participation and paid for by the Open Space Credit. Staff recommends implementing an adjustment such that if the District were to increase the agricultural water charge to something greater than 6% of M&I, then an adjustment would be applied to all Williamson Act and conservation easement properties, that would result in a net agricultural charge of 6% of M&I for those properties. There would be no need for an application process, and as such the incremental costs associated with the adjustment would be negligible. The District currently receives from the county the list of Williamson Act properties and will obtain the conservation easement property information direct from the open space districts. Staff would establish a timeframe by which a property must be listed as a

participant in order to receive the adjustment for the following fiscal year. Further details would be developed over the next few months.

If the District were to increase the agricultural groundwater charge to 10% of M&I over a 7-year timeframe, and adjust back to 6% of M&I for Williamson Act and conservation easement properties, then staff anticipates a cumulative savings to the Open Space Credit of roughly \$2 million over the 7-year timeframe.

Seek Contributions from Local Private Companies or Other Governmental Agencies to Fund Open Space Credit

This is a work in process. Staff is researching potential avenues to seek donations from philanthropic organizations and individuals.

FINANCIAL IMPACT:

Depending on direction provided by the Board, there could be a future financial impact to the District, and the various rate payers.

CEQA:

CEQA Guidelines section 15273: CEQA does not apply to establishment or modification of water rates.

ATTACHMENTS:

Attachment 1: PowerPoint

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068

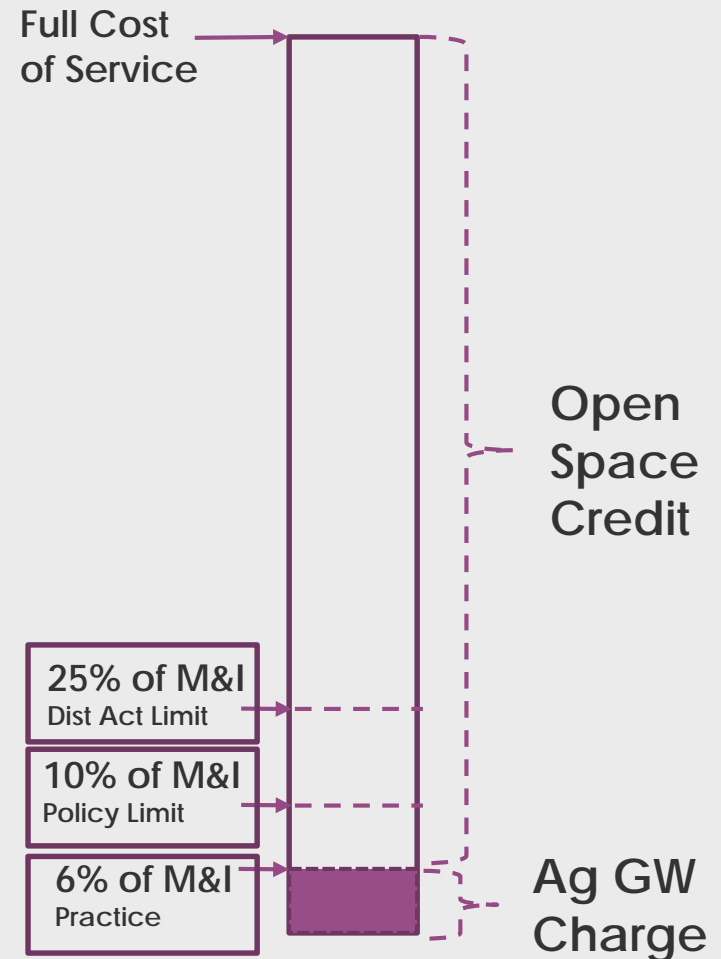
Open Space Credit Policy Discussion

December 5, 2018

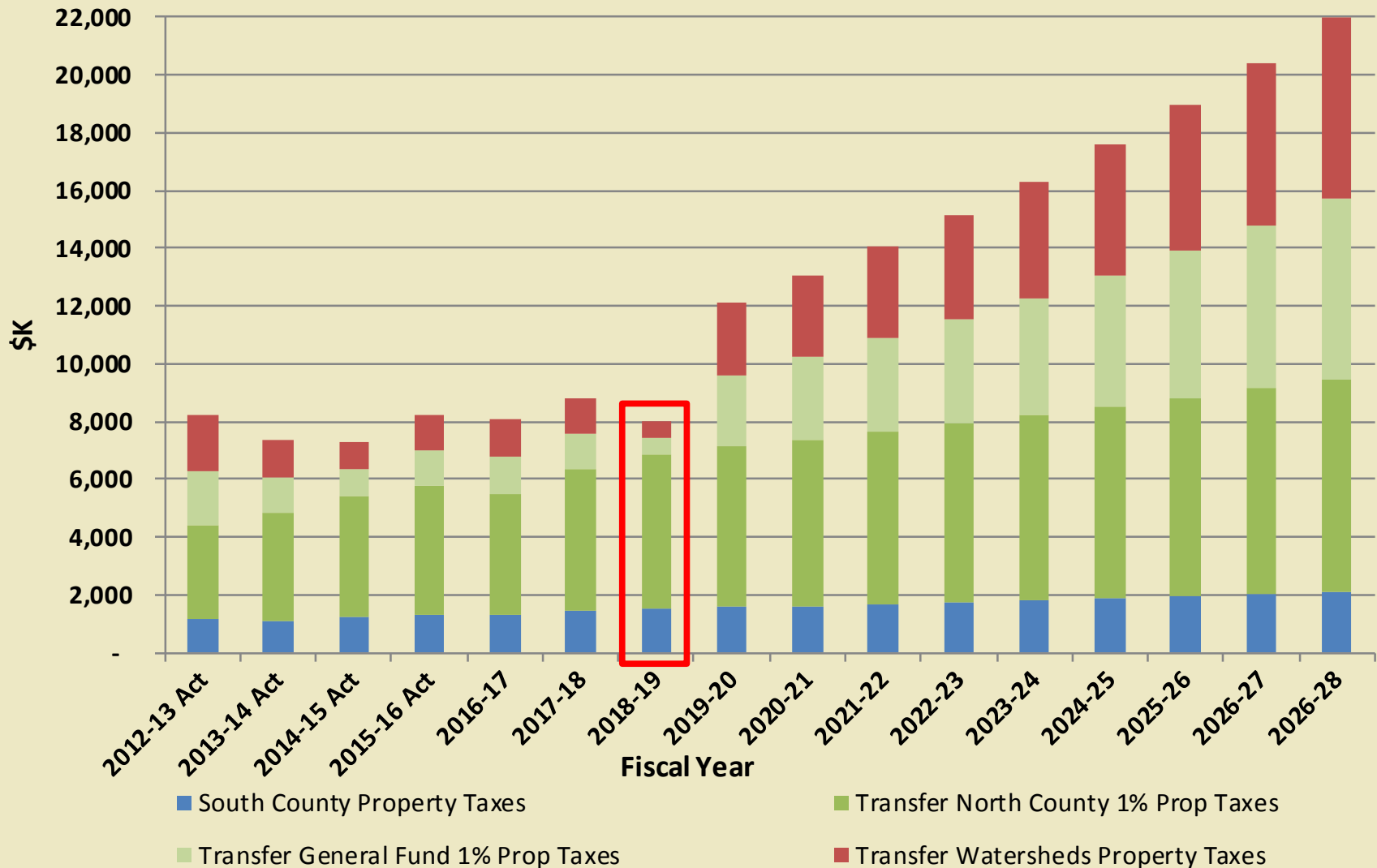


What is the Open Space Credit (OSC)?

- Formal definition: “The use of non-rate related revenue to offset reduced agricultural revenue as a result of keeping agricultural rates lower than needed to recoup the full cost of service”
- Applies to agricultural water users only, not to all open space



Open Space Credit: April 2018 Projection



Background on OSC Policy Discussions

- 2013
 - ▶ Staff completes extensive OSC policy review and stakeholder engagement process
 - ▶ Board maintains OSC policy as is
 - ▶ South County Ag charge maintained at 6% of M&I
- 2014 - 2016
 - ▶ Board confirms direction to maintain OSC policy as is
- 2017
 - ▶ Presidents Day Flood occurs, CIP Committee explores OSC reductions to free up funding for flood protection projects
- Feb 2018
 - ▶ Special Ag Advisory Committee meeting convened to discuss OSC Policy

Background on OSC Policy Discussions

April 2018

► Board directs staff to:

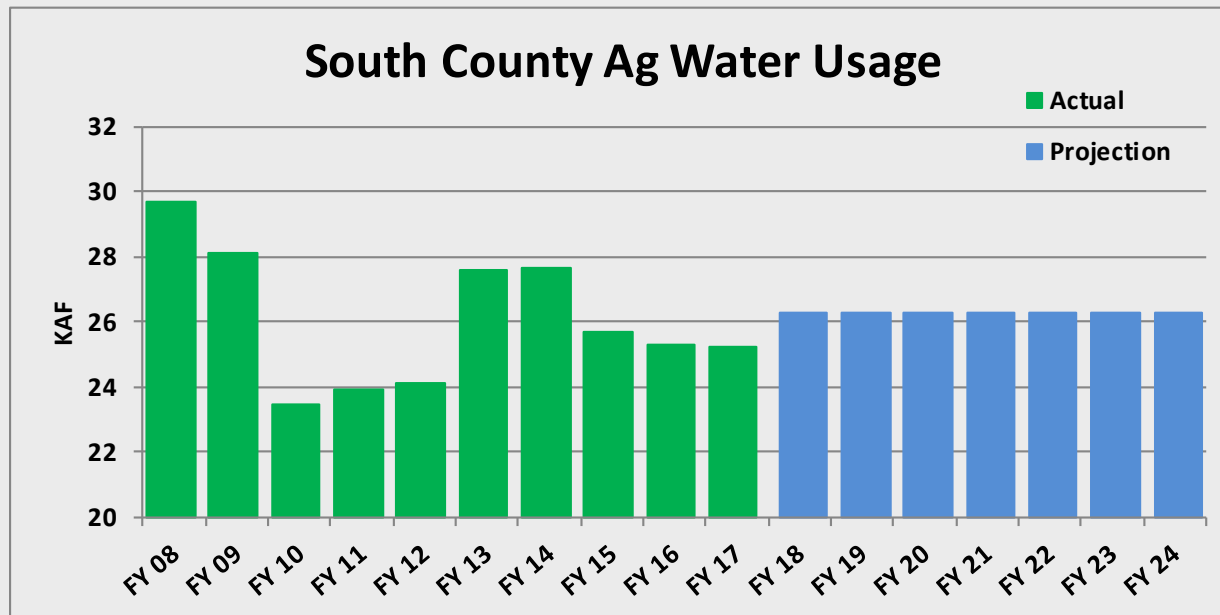
1. Analyze ag water usage trend scenarios and potential impact on Open Space Credit projection
2. Research feasibility of a reduced ag charge for Williamson Act participants
3. Seek contributions from local private companies or other governmental agencies to fund Open Space Credit

May 2018

► Board continues past practice of setting Ag Charge at 6.0% of South County M&I charge for FY 19

Agricultural Water Use Projection

- ▶ Santa Clara Farm Bureau confirms that flat ag water use projection for next 5 to 10 years is reasonable
 - ▶ Consistent with current staff projection



- ▶ If ag water use ramps down to 90% of current projection by FY 30, then OSC savings would be \$11M over that timeframe

Williamson Act & Conservation Easements

- ▶ Williamson Act provides tax benefits to property owners who do not develop their land
- ▶ Conservation Easements permanently extinguish development rights

	Williamson Act Parcels	Conservation Easement Parcels	Average % of Total Ag Water Use
North County	3	0	1%
South County	171	10	32%
Total	174	10	33%

Williamson Act & Conservation Easements

- ▶ **Ag Charge Adjustment Program Alternative for Consideration**
 - ▶ Predicated on Williamson Act or conservation easement participation
 - ▶ If: Ag charge increased to >6% of M&I
 - ▶ Then: Adjust back to 6% for Williamson Act and Conservation easement properties
 - ▶ Staff could implement with minimal effort

- ▶ **Example: Increase Ag charge to 10% of M&I over 7-year timeframe (from FY 20 to FY 26)**

Anticipated Savings to Open Space Credit							
FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Total
\$ 63	\$ 131	\$ 204	\$ 283	\$ 367	\$ 459	\$ 557	\$ 2,064

Note: Dollars are in thousands

Williamson Act & Conservation Easements

Conservation Organizations support an Ag Charge Adjustment program for Williamson Act and conservation easement properties:

- ▶ Santa Clara Valley Open Space Authority
- ▶ Peninsula Open Space Trust
- ▶ Midpeninsula Regional Open Space

Seeking help to fund Open Space Credit

▶ Work In Process

- ▶ Staff researching avenues to receive donations from individual and corporate sponsors

Recommendation

- ▶ Direct staff to develop an adjustment for Williamson Act and Conservation Easement participation that would hold agricultural water charge to 6% of M&I
- ▶ Provide further direction as necessary for the FY 20 rate setting cycle

Back Up Slides

History of Open Space Credit

- Pre-1991
 - ▶ Ag charge set at 25% of M&I charge
- 1991
 - ▶ Board implements “Open Space Credit” to avoid spike in Ag charge (caused by drought) that would have threatened viability of agriculture in the county
 - ▶ Board establishes practice of setting Ag charge at 10% of M&I
- 1999
 - ▶ Board practice to set Ag charge at 10% of M&I becomes policy under Resolution 99-21
- 2011
 - ▶ Open Space Credit methodology changes to conform to Proposition 218

Open Space Credit: Extensive Review Conducted in 2013

At February 12, 2013 Board meeting, Board expressed concern about the sustainability of the Open Space Credit and requested stakeholder engagement.

1. Contracted with Economic Consultant, era economics LLC
2. Established a Working Group
3. Conducted Community Stakeholder Meeting
4. Obtained feedback from 3 Advisory Committees
5. Reviewed Findings with Board on 11/12/13

Open Space Credit: Result of 2013 Economic Study

► Constructed an economic model of agriculture in Santa Clara County

► 3 scenarios with 10 year phase-in

- Baseline (Maintain Ag Charge at 6% of M&I rate)
- 10 % of M&I rate
- 25 % of M&I rate

Scenario	Permanent Fallow (acres)	% Change in Irrigated Acres	Irrigated Acres ¹
Baseline	-	-	15,668
10% of M&I	17	0.11%	15,651
25% of M&I	549	3.50%	15,119

¹ Harvested acreage includes an additional 3,650 acres of grain hay

Open Space Credit: Board Direction in November 2013

1. Maintain Open Space Credit Policy language as is (limit Ag charge to 10% of M&I charge)
 - Staff to continue referring to the Board's policy as the "Open Space Credit Policy"
2. Explore other sources of funding to improve the financial health of the Watershed Stream Stewardship Fund
3. Maintain the South County agricultural charge at 6% of M&I
 - Continue practice of setting the North County Ag charge equal to South County Ag charge

Board direction as of November 2016 has been consistent

Agricultural Commissioner's Office Study – Jan 2016

- Study prepared by era economics LLC
- Ecosystem service benefits of Agricultural lands quantified below:

Service	Low Value per acre	High Value per acre
Flood Control	\$40	\$85
Recharge	\$55	\$70
Water Quality	\$25	\$30
Pollination	\$20	\$65
Biodiversity	\$20	\$30
Open Space	\$450	\$1,000
Total	\$610	\$1,280

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File No.: 18-1053

Agenda Date: 12/5/2018

Item No.: 3.3.

BOARD AGENDA MEMORANDUM

SUBJECT:

Priority Ranking Criteria for the Capital Improvement Program.

RECOMMENDATION:

Review and provide direction to staff on recommended refinements to the Priority Ranking Criteria for the FY 2020-24 CIP.

SUMMARY:

Each year a five-year Capital Improvement Program (CIP) is prepared for Board consideration and approval. The CIP describes the District's capital investment priorities. Only projects that are funded are included in the CIP, and all projects receive a priority ranking based on the Priority Ranking Criteria. To ensure that projects in the CIP reflect Board priorities, the proposed Priority Ranking Criteria for the FY 2020-24 CIP are presented in Attachment 1 for Board discussion. The CIP Priority Ranking Criteria will be used to prioritize projects for the FY 2020-24 CIP. The Preliminary CIP will be presented to the Board on January 8, 2019. For reference, the Priority Ranking Criteria that were used for the Board-adopted FY 2019-23 CIP are presented in Attachment 2.

The proposed FY 2020-24 Priority Ranking Criteria reflect modifications recommended by staff and/or the Board CIP Committee. The recommended changes incorporate climate change and environmental justice consideration into the criteria. Staff is also recommending some changes to the categories of Primary Objective and Cost Recovery to standardize the criteria among the five categories of projects included in the District's CIP.

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: FY 2020-24 CIP Proposed Priority Ranking Criteria

Attachment 2: FY 2019-23 CIP Priority Ranking Criteria

UNCLASSIFIED MANAGER:

Ngoc Nguyen, 408-630-2632

CIP Priority Criteria Water Supply Projects

NORMALIZED PRIORITY SCORE = 0
RAW SCORE = 0

Project Name Here

PRIMARY OBJECTIVE (70%)	<p>Water Supply (E-2.) 0</p> <p>A1 <input type="checkbox"/> <input type="checkbox"/> Project maintains existing water utility infrastructure or is required to meet the current and future water supply demand, comply with water quality standards or meet other regulatory requirements I = Impact (H, M, L); P = Probability (H, M, L)</p> <p>OR</p> <p>A2 <input type="checkbox"/> <input type="checkbox"/> Project expands water utility infrastructure or provides additional water supply, including recycled water to meet current or near future demand (5 years) I = Impact (H, M, L); P = Probability (H, M, L)</p> <p>B <input type="checkbox"/> Project increases water supply portfolio, improves climate change adaptability and/or resilience, increases operation flexibility, improves maintenance capabilities, adds efficiency, or improves post-disaster reliability of water utility infrastructure [Example: improving the systematic reliability of water utility infrastructure to continually perform during and after a devastating event; improving the systematic flexibility of water utility infrastructure to utilize various source water; or adding redundancy so infrastructure can be taken off-line for maintenance] (H, M, L)</p> <p>C <input type="checkbox"/> Timing of when project is needed to meet water supply demands, water quality standards, or other regulations (I = Immediately (0-5 yrs.); S = Short-term (5-10 yrs.); L = Long-term (10+ yrs.))</p>	0
ENVIRONMENTAL JUSTICE (5%)	<p>Environmental Justice (EL-1.1) - Check if applicable 0</p> <p><input type="checkbox"/> Promotes practices, principles and programs that support environmental justice or for disadvantaged communities</p>	0
COMMUNITY VALUES (5%)	<p>Social Factor - Check if applicable 0</p> <p><input type="checkbox"/> Promotes Emergency Recovery</p> <p><input type="checkbox"/> Addresses projected water supply demand identified by Cities/County</p> <p>Positive Interaction (E-1) - Check all that apply</p> <p><input type="checkbox"/> With the community <input type="checkbox"/> With other agencies</p>	0
ENVIRONMENTAL & NATURAL RESOURCES SUSTAINABILITY (10%)	<p>Water Quality (E-2.3.) - Check if applicable 0</p> <p><input type="checkbox"/> Promotes drinking water quality <input type="checkbox"/> Protects ground water</p> <p><input type="checkbox"/> Protects surface water <input type="checkbox"/> Addresses storm water issues</p> <p>Natural Resources Sustainability (E-4.1.) - Check all that apply</p> <p><input type="checkbox"/> Promotes water use efficiency <input type="checkbox"/> Reduces reliance on imported water</p> <p><input type="checkbox"/> Promotes stream management <input type="checkbox"/> Encourages water conservation</p> <p><input type="checkbox"/> Protects upland or wetland habitat <input type="checkbox"/> Expands or improves fish habitat</p> <p><input type="checkbox"/> Includes climate change resiliency and/or adaptation elements <input type="checkbox"/> Promotes energy efficiency or incorporates energy efficient features, greenhouse gas reduction or offsets, green or natural infrastructure</p> <p>Project Designed to:</p> <p><input type="checkbox"/> LEED Certification (C = Certified; S = Silver; G = Gold; P = Platinum)</p> <p><input type="checkbox"/> Envision Achievement (I = Improved; E = Enhanced; S = Superior; C = Conserving; R = Restorative)</p>	0
COST RECOVERY (10%)	<p>Lifecycle costs are minimized - Check One 0</p> <p><input type="checkbox"/> Annual cost savings of more than \$500,000</p> <p>A <input type="checkbox"/> Annual cost savings of \$200,000 to \$500,000</p> <p><input type="checkbox"/> Annual cost savings of less than \$200,000 (reference ½ PY)</p> <p>OR</p> <p>Funding Available from Other Agencies - Check One</p> <p><input type="checkbox"/> Over 50% of project costs available from other agencies</p> <p>B <input type="checkbox"/> 26% to 50% of project costs available from other agencies</p> <p><input type="checkbox"/> Up to 25% of project costs available from other agencies</p>	0

Note:

Blue text denotes new additions, mostly regarding the Climate Change Action Plan and Environmental Justice

CIP Priority Criteria Flood Protection Projects

NORMALIZED PRIORITY SCORE = 0

Project Name Here

RAW SCORE = 0

PRIMARY OBJECTIVE (60%)	Natural Flood Protection (E-3) <div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="display: flex; align-items: center;"> <input type="checkbox"/> I <input type="checkbox"/> P </div> <div> Project restores existing watershed infrastructure to its intended level of flood protection I = Impact on home, school, or business parcels (H = 1000+, M = 200 to 1000 , L = <200); P = Probability based on frequency of flooding (H = every 10 yrs, M = every 25 yrs, L = every 50+ yrs) </div> </div> <div style="margin-top: 10px;"> <input type="checkbox"/> Project is a Board or USACE priority, builds new flood protection (H, M, L) </div> <div style="margin-top: 10px;"> <input type="checkbox"/> Project promotes adaptability and/or resiliency to climate change effects (10 points) </div>	0
ENVIRONMENTAL JUSTICE (5%)	Environmental Justice (EL-1.1) - Check if applicable <div style="margin-top: 10px;"> <input type="checkbox"/> Promotes practices, principles and programs that support environmental justice or for disadvantaged communities </div>	0
COMMUNITY VALUES (5%)	Positive Interaction (E-1) - Check all that apply <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div> <input type="checkbox"/> With the Community </div> <div> <input type="checkbox"/> With other agencies </div> </div> <hr/> Good Neighbor (E-1.6.) - Check all that apply <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div> <input type="checkbox"/> Graffiti removal or Prevention Features <input type="checkbox"/> Trash removal features </div> <div> <input type="checkbox"/> Improves aesthetics of project location </div> </div>	0
ENVIRONMENTAL & NATURAL RESOURCES SUSTAINABILITY (15%)	Ecological Function (E-4.1.) - Check all that apply <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div> <input type="checkbox"/> Fish barrier removal / structural or nonstructural improvement to fish habitat / SRA plantings or improved water temperature <input type="checkbox"/> Riparian habitat (planting, setback or protect in place) <input type="checkbox"/> Resilient or adaptable to future climate changes </div> <div> <input type="checkbox"/> Upland habitat protection / preservation <input type="checkbox"/> Wetland habitat protection / preservation </div> </div> <hr/> Physical Stream Function (E-3.1.) - Check all that apply <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div> <input type="checkbox"/> Holistic watershed approach <input type="checkbox"/> Geomorphologic Design Elements </div> <div> <input type="checkbox"/> Hardscape reduction <input type="checkbox"/> Erosion control or sediment source reduction <input type="checkbox"/> Greenhouse gas reduction or sequestration </div> </div> <hr/> Water Quality (E-2.1.) - Check all that apply <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div> <input type="checkbox"/> Storm water treatment (pervious pavement, green roofs, etc.) <input type="checkbox"/> TMDL Improvements </div> <div> <input type="checkbox"/> Hazardous material removal (asbestos, lead, hydrocarbons, etc.) </div> </div> <hr/> Trails & Open Space (E-4.2.) - Check all that apply <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div> <input type="checkbox"/> Trail-friendly features </div> <div> <input type="checkbox"/> Open space protection / preservation </div> </div>	0
COST RECOVERY (15%)	Lifecycle costs are minimized - Check One <div style="margin-top: 10px;"> <input type="checkbox"/> Annual cost savings of more than \$500,000 A <input type="checkbox"/> Annual cost savings of \$200,000 to \$500,000 <input type="checkbox"/> Annual cost savings of less than \$200,000 (reference ½ PY) OR Funding Available from Other Agencies - Check One <div style="margin-top: 10px;"> <input type="checkbox"/> Over 50% of project costs available from other agencies B <input type="checkbox"/> 26% to 50% of project costs available from other agencies <input type="checkbox"/> Up to 25% of project costs available from other agencies </div> </div>	0

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CIP Priority Criteria Water Resources Stewardship Projects

NORMALIZED PRIORITY SCORE = 0

Project Name

RAW SCORE = 0

PRIMARY OBJECTIVE (55%)	Water Resources Stewardship (E-4) <div style="margin-top: 10px;"> A <input type="checkbox"/> Project creates stewardship features to achieve stewardship commitments: meet a permit condition/requirement, settlement agreement, voter-approved measure (SCW) (H, M, L) B <input type="checkbox"/> Project creates stewardship features that have broad community support (H, M, L)* C <input type="checkbox"/> Project promotes adaptability and/or resiliency to climate change effects (10 pts) </div>	0
ENVIRONMENTAL JUSTICE (5%)	Environmental Justice (EL-1.1) - Check if applicable <input type="checkbox"/> Promotes practices, principles and programs that support environmental justice or for disadvantaged communities	0
COMMUNITY VALUES (5%)	Positive Interaction (E-1) - Check all that apply <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> With the community <input type="checkbox"/> With other agencies </div> <hr/> Good Neighbor (E-1.6.) - Check all that apply <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Graffiti removal or prevention features <input type="checkbox"/> Trash removal features <input type="checkbox"/> Improves aesthetics of project location </div> <div> Education Element <input type="checkbox"/> Promotes stream stewardship, flood and Bay protection </div> </div>	0
ENVIRONMENTAL & NATURAL RESOURCES SUSTAINABILITY (25%)	Ecological Function (E-4.1.) - Check all that apply <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Fish barrier removal / structural or nonstructural improvement to fish habitat / SRA plantings or improved water temperature <input type="checkbox"/> Riparian habitat (planting, setback or protect in place) <input type="checkbox"/> Resilient or adaptable to future climate changes </div> <div> <input type="checkbox"/> Upland habitat protection / preservation <input type="checkbox"/> Wetland habitat protection / preservation </div> </div> <hr/> Physical Stream Function (E-3.1.) - Check all that apply <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Holistic watershed approach <input type="checkbox"/> Geomorphologic Design Elements </div> <div> <input type="checkbox"/> Hardscape reduction <input type="checkbox"/> Erosion control or sediment source reduction <input type="checkbox"/> Greenhouse gas reduction or sequestration </div> </div> <hr/> Water Quality (E-2.1.) - Check all that apply <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Storm water treatment (pervious pavement, green roofs, etc.) <input type="checkbox"/> TMDL Improvements </div> <div> <input type="checkbox"/> Hazardous material removal (asbestos, lead, hydrocarbons, etc.) </div> </div> <hr/> Trails & Open Space (E-4.2.) - Check all that apply <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Trail-friendly features <input type="checkbox"/> Open space protection / preservation </div>	0
COST RECOVERY (10%)	Lifecycle costs are minimized - Check One <div style="margin-top: 5px;"> <input type="checkbox"/> Annual cost savings of more than \$500,000 A <input type="checkbox"/> Annual cost savings of \$200,000 to \$500,000 <input type="checkbox"/> Annual cost savings of less than \$200,000 (reference ½ PY) </div> <p>OR</p> <hr/> Funding Available from Other Agencies - Check One <div style="margin-top: 5px;"> <input type="checkbox"/> Over 50% of project costs available from other agencies B <input type="checkbox"/> 26% to 50% of project costs available from other agencies <input type="checkbox"/> Up to 25% of project costs available from other agencies </div>	0

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CIP Priority Criteria Buildings & Grounds Projects

NORMALIZED PRIORITY SCORE = 0

Project Name

RAW SCORE = 0

PRIMARY OBJECTIVE (60%)	<p>Buildings and Grounds</p> <p>A <input type="checkbox"/> ^I <input type="checkbox"/> ^P Project maintains or replaces existing building infrastructure to provide continuous housing of existing functions and/or to comply with employer safety standards I = Impact (H, M, L); P = Probability (H, M, L)</p> <p>B <input type="checkbox"/> Project enhances building infrastructure to address treatment of staff issues (H, M, L)</p> <p>C <input type="checkbox"/> Project positions the District to meet projected future space needs; Project promotes adaptability and/or resiliency to climate change effects (H, M, L)</p>	0
ENVIRONMENTAL JUSTICE (5%)	<p>Environmental Justice (EL-1.1) - Check if applicable</p> <p><input type="checkbox"/> Promotes practices, principles and programs that support environmental justice or for disadvantaged communities</p>	0
COMMUNITY VALUES (5%)	<p>Positive Interaction (E-4) - Check all that apply</p> <p><input type="checkbox"/> With the community <input type="checkbox"/> With other agencies</p> <p>Good Neighbor (E-4) - Check all that apply</p> <p><input type="checkbox"/> Graffiti removal or prevention features</p> <p><input type="checkbox"/> Improves aesthetics of project location</p>	0
ENVIRONMENTAL & NATURAL RESOURCES SUSTAINABILITY (15%)	<p>Natural Resources Sustainability (E-3.2) - Check all that apply</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="checkbox"/> Air quality & visibility improvement <input type="checkbox"/> Energy efficient features (lighting, HVAC, maximize daylight use, etc.) / greenhouse gas reduction or offsets <input type="checkbox"/> Water efficient features: plumbing fixtures, landscaping, etc. </div> <div style="width: 45%;"> <input type="checkbox"/> Recycled water, rain water or gray water utilized <input type="checkbox"/> Use of recycled or alternative building materials <input type="checkbox"/> Renewable energy use </div> </div> <p>Trails & Open Space (E-3.3) - Check all that apply</p> <p><input type="checkbox"/> Trail friendly features <input type="checkbox"/> Open space protection / preservation</p> <p><input type="checkbox"/> Provides / improves bicycle commute route</p> <p>Project Designed to:</p> <p><input type="checkbox"/> LEED Certification (C = Certified; S = Silver; G = Gold; P = Platinum)</p> <p><input type="checkbox"/> Envision Achievement (I = Improved; E = Enhanced; S = Superior; C = Conserving; R = Restorative)</p>	0
COST RECOVERY (15%)	<p>Lifecycle costs are minimized - Check One</p> <p><input type="checkbox"/> Annual cost savings of more than \$500,000</p> <p>A <input type="checkbox"/> Annual cost savings of \$200,000 to \$500,000</p> <p><input type="checkbox"/> Annual cost savings of less than \$200,000 (reference ½ PY)</p> <p>OR</p> <p>Funding Available from Other Agencies - Check One</p> <p><input type="checkbox"/> Over 50% of project costs available from other agencies</p> <p>B <input type="checkbox"/> 26% to 50% of project costs available from other agencies</p> <p><input type="checkbox"/> Up to 25% of project costs available from other agencies</p>	0

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CIP Priority Criteria Information Technology Projects

NORMALIZED PRIORITY SCORE = 0
SCORE = 0

Project Name _____

PRIMARY OBJECTIVE (70%)	<p>Information Technology 0</p> <p>A <input type="checkbox"/> <input type="checkbox"/> Project maintains existing mission critical software systems and/or Information Technology infrastructure to improve reliability for business continuity; protection of intellectual property information and files from loss or damage I = Impact (H, M, L); P = Probability (H, M, L)</p> <p>B <input type="checkbox"/> Project enhances mission critical software systems and/or IT infrastructure to improve user functionality (H, M, L)</p> <p>C <input type="checkbox"/> Project enhances mission critical software systems and/or IT infrastructure to meet projected future needs (H, M, L)</p> <p>D <input type="checkbox"/> Ties into IT Master Plan finding and/or recommendations (10 pts.)</p>
ENVIRONMENTAL JUSTICE (5%)	<p>Environmental Justice (EL-1.1) - Check if applicable 0</p> <p><input type="checkbox"/> Promotes practices, principles and programs that support environmental justice or for disadvantaged communities</p>
COMMUNITY VALUES (5%)	<p>Good Neighbor (E-1.6.) - Check all that apply 0</p> <p><input type="checkbox"/> Project facilitates the distribution of information to the community (public transparency)</p> <p><input type="checkbox"/> Project provides an opportunity for community interaction with the District</p>
ENVIRONMENTAL & NATURAL RESOURCES SUSTAINABILITY (15%)	<p>Net Positive Impact on the Environment (E-1.4.) - Check all that apply 0</p> <p><input type="checkbox"/> Promotes energy efficiency or incorporates energy efficient features, greenhouse gas reduction or offsets, green or natural infrastructure (moving to cloud-based services)</p> <p><input type="checkbox"/> Hazardous waste reduction through selection of technology asset with reduced hazardous content</p> <p><input type="checkbox"/> Extend asset life, reduce waste or encourages recycling</p> <p><input type="checkbox"/> Energy savings: reduces printing, ink and paper (ENERGY STAR)</p>
COST RECOVERY (10%)	<p>Lifecycle costs are minimized - Check One 0</p> <p><input type="checkbox"/> Annual cost savings of more than \$500,000</p> <p>A <input type="checkbox"/> Annual cost savings of \$200,000 to \$500,000</p> <p><input type="checkbox"/> Annual cost savings of less than \$200,000 (reference ½ PY)</p> <p>OR</p> <p>Funding Available from Other Agencies - Check One</p> <p><input type="checkbox"/> Over 50% of project costs available from other agencies</p> <p>B <input type="checkbox"/> 26% to 50% of project costs available from other agencies</p> <p><input type="checkbox"/> Up to 25% of project costs available from other agencies</p>

Note:

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WATER SUPPLY PROJECTS

Priority Ranking Criteria

NORMALIZED PRIORITY SCORE = 0
RAW SCORE = 0

Project Name Here

PRIMARY OBJECTIVE (75%)	<p>Water Supply (E 2) 0</p> <p>A1 <input type="checkbox"/> <input type="checkbox"/> Project maintains existing water utility infrastructure or is required to meet the current and future water supply demand, comply with water quality standards or meet other regulatory requirements. I = Impact (H, M, L); P = Probability (H, M, L)</p> <p>A2 <input type="checkbox"/> <input type="checkbox"/> Project expands water utility infrastructure or provides additional water supply to meet current or near future demand. I = Impact (H, M, L); P = Probability (H, M, L)</p> <p>B <input type="checkbox"/> Project increases water supply portfolio, increases operation flexibility, improves maintenance capabilities, adds efficiency, or improves post-disaster reliability of water utility infrastructure [Example: improving the systematic reliability of water utility infrastructure to continually perform during and after a devastating event; improving the systematic flexibility of water utility infrastructure to utilize various source water; or adding redundancy so infrastructure can be taken off-line for maintenance]. (H, M, L)</p> <p>C <input type="checkbox"/> Timing of when project is needed to meet water supply demands, water quality standards, or other regulations. (I = Immediately (0-3 yrs.); S = Short-term (3-5 yrs.); L = Long-term (5+ yrs.))</p>
COMMUNITY ENGAGEMENT (7.5%)	<p>Social Factor - Check if applicable 0</p> <p><input type="checkbox"/> Promotes Emergency Recovery <input type="checkbox"/> Addresses projected water supply demand indentified by Cities/County</p> <p>Positive Interaction (E 4) - Check all that apply</p> <p><input type="checkbox"/> With the Community <input type="checkbox"/> With other agencies</p>
ENVIRONMENTAL SUSTAINABILITY (7.5%)	<p>Water Quality (E 3.2) - Check if applicable 0</p> <p><input type="checkbox"/> Promotes drinking water quality <input type="checkbox"/> Protects Ground Water</p> <p><input type="checkbox"/> Protects Surface Water <input type="checkbox"/> Addresses Storm Water issues</p> <p>Natural Resources Sustainability (E 3.2) - Check all that apply</p> <p><input type="checkbox"/> Promotes water use efficiency <input type="checkbox"/> Reduces reliance on imported water</p> <p><input type="checkbox"/> Promotes stream management <input type="checkbox"/> Encourages Water Conservation</p> <p><input type="checkbox"/> Protects Upland or Wetland Habitat <input type="checkbox"/> Expands or Improves Fish Habitat</p> <p><input type="checkbox"/> Includes Climate Change Elements <input type="checkbox"/> Promotes energy efficiency or incorporates energy efficient features</p>
COST RECOVERY (10%)	<p>Lifecycle costs are minimized - Check One 0</p> <p><input type="checkbox"/> Annual cost savings of more than \$500,000</p> <p><input type="checkbox"/> Annual cost savings of \$200,000 to \$500,000</p> <p><input type="checkbox"/> Annual cost savings of less than \$200,000 (reference ½ PY)</p> <p>Funding Available from Other Agencies - Check One</p> <p><input type="checkbox"/> Over 50% of project costs available from other agencies</p> <p><input type="checkbox"/> 26% to 50% of project costs available from other agencies</p> <p><input type="checkbox"/> Up to 25% of project costs available from other agencies</p>

FLOOD PROTECTION PROJECTS

Priority Ranking Criteria

NORMALIZED PRIORITY SCORE = 0

Project Name Here

RAW SCORE = 0

PRIMARY OBJECTIVE (60%)	<p>Flood Protection (E 3)</p> <div style="display: flex; justify-content: space-between;"> <div style="display: flex; align-items: center;"> <input type="checkbox"/> I <input type="checkbox"/> P </div> <div> <p>Project restores existing watershed infrastructure to its intended level of flood protection.</p> <p>I = Impact on home, school, or business parcels (H = 1000+, M = 200 to 1000, L = <200);</p> <p>P = Probability based on frequency of flooding (H = every 10 yrs, M = every 25 yrs, L = every 50+ yrs)</p> </div> </div> <div style="margin-top: 10px;"> <input type="checkbox"/> Project is a Board or USACE priority, improves watershed infrastructure to achieve the committed level of flood protection, or provides flood protection beyond the level of commitment. (H, M, L) </div> <div style="margin-top: 10px;"> <input type="checkbox"/> Timing of when the flood protection benefit will be realized by the community. I = Immediate (0-3 years); S = Short-term (3-5 years); L = Long-term (more than 5 years) </div>	0
COMMUNITY ENGAGEMENT (10%)	<p>Positive Interaction (E 4) - Check all that apply</p> <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> With the Community <input type="checkbox"/> Environmental Justice </div> <div> <input type="checkbox"/> With other agencies </div> </div> <p>Good Neighbor (E 4) - Check all that apply</p> <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Graffiti removal or Prevention Features <input type="checkbox"/> Trash removal features (vortex weirs) </div> <div> <input type="checkbox"/> Improves aesthetics of project location </div> </div>	0
ENVIRONMENTAL SUSTAINABILITY (15%)	<p>Ecological Function (E 3.1, 4.1)</p> <input type="checkbox"/> Project incorporates at least one of the following: removal of fish barrier; structural improvements to fish habitat; inclusion of riparian habitat (planting, setback or protect in place); inclusion of SRA plantings and/or features designed to improve water temperature; improvements to facilitate habitat connectivity, upland habitat and/or wetland habitat protection or preservation; or reduction of hardscape elements.	0
	<p>Physical Function (E 3.2)</p> <input type="checkbox"/> Project incorporates at least one of the following: a holistic watershed approach; energy efficiency; geomorphic design elements; erosion control (sediment source reduction); floodplain connectivity; or protection from sea level rise.	
	<p>Water Quality and Supply (E 3.2)</p> <input type="checkbox"/> Project incorporates TMDL improvements or provides opportunity for recharge	
	<p>Trails & Open Space (E4.2, E4.3) - Check all that apply</p> <input type="checkbox"/> Project incorporates trail friendly features, provides protection or preservation of open space, or provides/improves Bicycle Commute Route	
COST RECOVERY (15%)	<p>Funding Available from Other Agencies - Put an "X" in the % column based on the percentage eligible for cost sharing; Put an "H", "M", or "L" in the C column based on the level of confidence</p> <div style="display: flex; justify-content: space-between;"> <div style="display: flex; align-items: center;"> <input type="checkbox"/> % <input type="checkbox"/> C </div> <div> <p>50% or more of project costs available from other agencies</p> <p>% = Percentage of cost provided; C = Confidence Level (H, M, L)</p> </div> </div> <div style="margin-top: 10px;"> <input type="checkbox"/> <input type="checkbox"/> 26% to 49% of project costs available from other agencies % = Percentage of cost provided; C = Confidence Level (H, M, L) </div> <div style="margin-top: 10px;"> <input type="checkbox"/> <input type="checkbox"/> Up to 25% of project costs available from other agencies % = Percentage of cost provided; C = Confidence Level (H, M, L) </div>	0

WATER RESOURCES STEWARDSHIP PROJECTS

Stewardship Priority Ranking Criteria

NORMALIZED PRIORITY SCORE = 0

RAW SCORE = 0

Project Name

PRIMARY OBJECTIVE (55%)	<p>Stewardship Projects 0</p> <p>A <input type="checkbox"/> Project creates Stewardship features to achieve stewardship commitments. (H, M, L)</p> <p>B <input type="checkbox"/> Stewardship activities beyond the current commitment. (H, M, L)</p>
COMMUNITY ENGAGEMENT (15%)	<p>Positive Interaction (E 4) - Check all that apply 0</p> <p><input type="checkbox"/> With the Community <input type="checkbox"/> With other agencies</p> <p><input type="checkbox"/> Environmental Justice</p> <p>Good Neighbor (E 4) - Check all that apply 0</p> <p><input type="checkbox"/> Graffiti removal or Prevention Features <input type="checkbox"/> Promotes stream stewardship</p> <p><input type="checkbox"/> Trash removal features (vortex weirs) <input type="checkbox"/> Promotes flood protection</p> <p><input type="checkbox"/> Improves aesthetics of project location <input type="checkbox"/> Promotes Bay protection</p> <p><input type="checkbox"/> Promotes water conservation</p>
ENVIRONMENTAL SUSTAINABILITY (15%)	<p>Ecological Function (E 3.2) - Check all that apply 0</p> <p><input type="checkbox"/> Fish Barrier Removal / Structural or nonstructural improvement to fish habitat <input type="checkbox"/> Upland Habitat Protection/Preservation</p> <p><input type="checkbox"/> Riparian Habitat (planting, setback or protect in place) <input type="checkbox"/> Wetland Habitat Protection/Preservation</p> <p><input type="checkbox"/> SRA Plantings or Improved water temperature <input type="checkbox"/> Hardscape Reduction</p> <p>Physical Stream Function (E 3.2) - Check all that apply 0</p> <p><input type="checkbox"/> Holistic Watershed Approach <input type="checkbox"/> Erosion Control or Sediment Source Reduction</p> <p><input type="checkbox"/> Geomorphologic Design Elements</p> <p>Water Quality (E 3.2) - Check all that apply 0</p> <p><input type="checkbox"/> Storm Water Treatment (pervious pavement, green roofs, etc.) <input type="checkbox"/> Hazardous Material Removal (Asbestos, Lead, Hydrocarbons, etc.)</p> <p><input type="checkbox"/> TMDL Improvements</p> <p>Trails & Open Space (E3.3) - Check all that apply 0</p> <p><input type="checkbox"/> Trail friendly features <input type="checkbox"/> Open Space Protection / Preservation</p> <p><input type="checkbox"/> Provides/Improves Bicycle Commute Route <input type="checkbox"/> Climate change elements</p>
COST RECOVERY (15%)	<p>Funding Available from Other Agencies - Check One 0</p> <p><input type="checkbox"/> <input type="checkbox"/> Over 50% of project costs available from other agencies % = Percentage of cost provided; C = Confidence Level (H, M, L)</p> <p><input type="checkbox"/> <input type="checkbox"/> 26% to 50% of project costs available from other agencies % = Percentage of cost provided; C = Confidence Level (H, M, L)</p> <p><input type="checkbox"/> <input type="checkbox"/> Up to 25% of project costs available from other agencies % = Percentage of cost provided; C = Confidence Level (H, M, L)</p>

BUILDINGS & GROUNDS PROJECTS

Priority Ranking Criteria

NORMALIZED PRIORITY SCORE = 0

RAW SCORE = 0

Project Name

PRIMARY OBJECTIVE (60%)	Buildings and Grounds (EL 3.4) 0 <div style="display: flex; align-items: center; margin-top: 10px;"> <div style="margin-right: 10px;"> <div style="display: flex; justify-content: space-around; width: 100px;"> IP </div> <div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> <input type="checkbox"/> </div> </div> <div> Project maintains or replaces existing building infrastructure to provide continuous housing of existing functions and/or to comply with employer safety standards. I = Impact (H, M, L); P = Probability (H, M, L) </div> </div> <div style="margin-top: 10px;"> B <input type="checkbox"/> Project enhances building infrastructure to address treatment of staff issues. </div> <div style="margin-top: 10px;"> C <input type="checkbox"/> Project positions the District to meet projected future space needs. </div>
COMMUNITY ENGAGEMENT (10%)	Positive Interaction (E 4) - Check all that apply 0 <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <input type="checkbox"/> With the Community <input type="checkbox"/> With other agencies </div> Good Neighbor (E 4) - Check all that apply <div style="margin-top: 10px;"> <input type="checkbox"/> Graffiti removal or Prevention Features <input type="checkbox"/> Trash removal features (vortex weirs) <input type="checkbox"/> Improves esthetics of project location </div>
ENVIRONMENTAL SUSTAINABILITY (15%)	Natural Resources Sustainability (E 3.2) - Check all that apply 0 <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 48%;"> <input type="checkbox"/> Air Quality & Visibility Improvement <input type="checkbox"/> Energy Efficient Features (Lighting, HVAC, maximize daylight use, etc.) <input type="checkbox"/> Renewable Energy Use <input type="checkbox"/> Water Efficient Features: Plumbing fixtures, Landscaping, etc. </div> <div style="width: 48%;"> <input type="checkbox"/> Recycled Water, rain water or gray water utilized <input type="checkbox"/> Construction Site Waste Management <input type="checkbox"/> Recycle/Re-use Solid Waste <input type="checkbox"/> Reduce Solid Waste Production <input type="checkbox"/> Use of Recycled or Alternative Building Materials </div> </div> Trails & Open Space (E3.3) - Check all that apply <div style="margin-top: 10px;"> <input type="checkbox"/> Trail friendly features <input type="checkbox"/> Provides/Improves Bicycle Commute Route <input type="checkbox"/> Open Space Protection / Preservation </div>
COST RECOVERY (15%)	Funding Available from Other Agencies (Grants & Cost-share) - Check One 0 <div style="margin-top: 10px;"> <input type="checkbox"/> Over 50% of project costs available from other agencies <input type="checkbox"/> 26% to 50% of project costs available from other agencies <input type="checkbox"/> Up to 25% of project costs available from other agencies </div>

INFORMATION TECHNOLOGY PROJECTS

Priority Ranking Criteria

NORMALIZED PRIORITY SCORE = 0
SCORE = 0

Project Name

PRIMARY OBJECTIVE (75%)	<p>Information Technology (EL 7.5)</p> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="border: 1px solid black; width: 50px; height: 20px; margin-left: 10px;"></div> 0 </div> <div style="display: flex; margin-top: 10px;"> <div style="margin-right: 10px;"> <div style="display: flex; justify-content: space-around; width: 100px;"> IP </div> <div style="display: flex;"> <div style="width: 20px; height: 20px; border: 1px solid black; margin-right: 5px;"></div> <div style="width: 20px; height: 20px; border: 1px solid black; margin-right: 5px;"></div> </div> </div> <div> <p>A <input type="checkbox"/> <input type="checkbox"/> Project maintains existing mission critical software systems and/or Information Technology infrastructure to improve reliability for business continuity; protection of intellectual property information and files from loss or damage.</p> <p style="color: red; font-weight: bold;">I = Impact (H, M, L); P = Probability (H, M, L)</p> <p>B <input type="checkbox"/> Project enhances mission critical software systems and/or IT infrastructure to improve user functionality.</p> <p style="color: red; font-weight: bold;">(H, M, L)</p> <p>C <input type="checkbox"/> Project enhances mission critical software systems and/or IT infrastructure to meet projected future needs.</p> <p style="color: red; font-weight: bold;">(H, M, L)</p> <p>D <input type="checkbox"/> Ties into IT Master Plan finding and/or recommendations (10 pts.)</p> </div> </div>
COMMUNITY ENGAGEMENT (15%)	<p>Good Neighbor - Check all that apply</p> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="border: 1px solid black; width: 50px; height: 20px; margin-left: 10px;"></div> 0 </div> <div style="margin-top: 10px;"> <div style="display: flex; margin-bottom: 10px;"> <input type="checkbox"/> <div style="margin-left: 10px;">Program promotes the distribution of information to the community (public transparency)</div> </div> <div style="display: flex;"> <input type="checkbox"/> <div style="margin-left: 10px;">Program provides an opportunity for community interaction with the District.</div> </div> </div>
COST RECOVERY (10%)	<p>Funding Available from Other Agencies - Check One</p> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="border: 1px solid black; width: 50px; height: 20px; margin-left: 10px;"></div> 0 </div> <div style="margin-top: 10px;"> <div style="display: flex; margin-bottom: 10px;"> <input type="checkbox"/> <div style="margin-left: 10px;">Over 50% of project costs available from other agencies</div> </div> <div style="display: flex; margin-bottom: 10px;"> <input type="checkbox"/> <div style="margin-left: 10px;">26% to 50% of project costs available from other agencies</div> </div> <div style="display: flex;"> <input type="checkbox"/> <div style="margin-left: 10px;">Up to 25% of project costs available from other agencies</div> </div> </div>

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